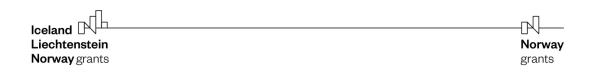


# YOUNG ENTREPRENEURS SUCCEED

# DII: Toolkit box 'Organizing Research for future Trust-Based Partnership Models'

WP Leader: AUA

The project has received funding from Iceland, Liechtenstein and Norway through the EEA and Norway Grants Fund for Youth Unemployment under grant agreement no 2017-1-314



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Content and Rationale of the document: This deliverable was developed as a guide and toolkit box with reference to how work and research can be designed and carried out for future TBPM. This 1<sup>st</sup> version builds on the work undertaken so far among partners and capitalises on their understandings and alternative procedures followed. The Toolkit Box will be updated in subsequent phases to include implemented case studies about best practices in each country, with each target group or with specific tools or methods.





# DII: Toolkit box 'Organizing Research for future Trust-Based Partnership Models'



# #YoungEntrepreneurs Succeed

# Implemented by:

















The Scaling trust-based partnership models to recharge youth entrepreneurship: Supporting underserved communities with innovative entrepreneurship support instruments (TPM-RYE) project, benefits from €2,3M grant from Iceland, Liechtenstein and Norway through the EEA and Norway Grants Fund for Youth Employment. The aim of the programme is to activate unemployed youth to access the labour market and promote entrepreneurship.

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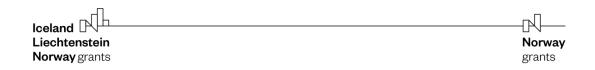
# Introduction



# Introduction

This document is a practical guide (a toolkit) that can be applied in different regions, countries and for diverse target groups. It can be used by researchers as well as practitioners wishing to design employment and entrepreneurship programs aimed at improving the employment situation of young people neither in employment nor in education and training (NEETs). The toolkit has been created through a collaborative effort within the context of the project "Scaling trust-based partnership models to recharge youth entrepreneurship: Supporting underserved communities with innovative entrepreneurship support instruments (TPM-RYE)" funded by Iceland, Lichtenstein and Norway through the EEA and Norway Grants Fund for Youth Unemployment. The document is organized into five chapters, each focusing on a key activity in the process of designing and implementing employment and entrepreneurship programs for young adults. The toolkit first summarizes the process of conducting secondary research at an early stage for the purpose of informing decision-making in the subsequent phases of the program. Secondly, it discusses the rationale for the selection of specific target groups within the country of implementation. Third, it proposes a step-by step approach for the successful outreach of NEETs. Chapter 4 is dedicated to the implementation phase. Chapter 5 covers the development of the Theory of Change (ToC) and consequent impact assessment framework, including the choice of data collection methods. Finally, the toolkit discusses steps in the process of piloting a Trust-based Partnership Model (TPM), including the challenges involved in the development of partnerships. This practical guide also includes tools in the form of tables, templates, flowcharts and example of applications linked to corresponding activities.

# 1 Secondary research



# 1 Secondary research

"Secondary information consists of sources of data and other information collected by others and archived in some form" (Stewart & Kamins, 1998, p. 1). Being rather inexpensive and arguably easy to access, secondary data should be the starting point for any program, whose designers and implementers want to avoid relying on wrong assumptions and making uniformed guesses. The secondary information gathered gains value when it is critically evaluated by researchers, and actionable results are drawn for practitioners in an informative report (an example of report based on secondary data is available at the end of this document, see Annex A). Gathering evidence from secondary sources such as government statistics and reports, academic journals, newspaper articles, books, websites can be overwhelming, especially if the questions, which lead the research are not specific enough and data sources are not prioritized based on their credibility. Table 1 below provides suggested questions leading secondary research for programs aimed at supporting NEETs in entering education/employment or becoming self-employed in specific regions or countries.

Research questions	Purpose	
1. Why are there NEETs?	Understanding local labour market dynamics of supply and demand, which contribute to the NEET issue	
2. Who are the NEETs?	Profiling NEETs (knowing their demographics, socio-economic characteristics and vulnerabilities)	
3. Where are the NEETs?	Identifying clusters of high and low NEET rates within the country	
4. What is being done for NEETs?	Being aware of existing interventions, which address the NEET issue (see Template 1)	
<ol><li>How is the issue being addressed? (see Template 1)</li></ol>	Recognizing the success factors and weaknesses of existing interventions (see Template 1)	

Table 1. Suggested questions leading secondary research Source: Authors

Questions 4 and 5 in Table 1 are meant to guide the development of an inclusive and by no means exhaustive overview of existing national policies and interventions implemented by diverse stakeholders and targeted at NEET youth. With this purpose in mind, we developed a ready template, which should facilitate secondary data collection by mapping existing interventions (see Annex B).





# 2 Selection of target groups

# 2.1 Targeting excluded or underserved NEET groups

A deep analysis of the local context should be conducted and solid targeting criteria established when recruitment is based on self-selection. In fact, programs may fail to attract the people most in need in a context of very unfavourable job market conditions. To help this process, we have developed a tool that can help identify potential target groups among NEET youth and establish sensible program's participation criteria. Partly drawing on the work by Bruce (2003), the flowchart below (see Figure 1) shows sequential steps to select target groups and priorities the inclusion of excluded NEET groups, underserved NEET groups and vulnerable NEETs in the program.

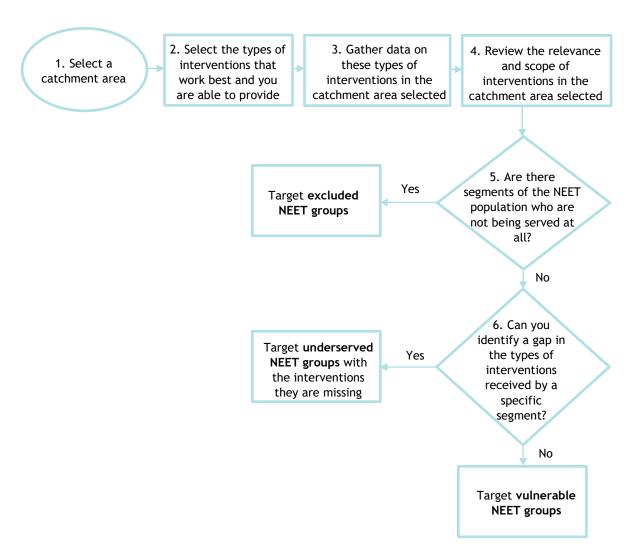
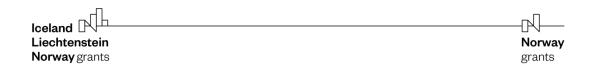


Figure 1. Flowchart describing the target group selection process Source: Author

First of all, programs designers and implementers should be clear on the catchment area they intend to operate in. Of course, this decision could be based on the secondary data collected by researchers. However, oftentimes the catchment area is determined by the capacities and networks of the organizations leading the implementation phase. Following this step, field partners should also agree



on the types of services that could be successfully delivered (depending on their budget, experience, capabilities, etc.). In the next stage, partners should have a clear overview about the types and characteristics of interventions targeting NEETs in the catchment area selected. Annex B described in the previous chapter could be easily adapted to fulfil such purpose. Once the data collection takes place, information should be critically evaluated to understand the relevance and scope of the interventions in the catchment area of interest. At this point, program designers should be able to spot excluded groups of NEETs, who are left out of existing interventions for various reasons. If this is not the case, the selection should instead move to underserved groups of NEETs, who are excluded only by more specific types of interventions, and program designers might deem appropriate to increase the range of support services available to them.

# 2.2 Targeting vulnerable NEET groups

When, however, gaps in service provision are not easily identifiable, a second-best option would be to focus on vulnerable groups of NEETs or, alternatively, to increase the scope of a successful exiting intervention (this option is explored at the end of this chapter). According to Eurofound (2016), NEETs are subject to diverse degrees of vulnerability depending on their labour market participation and risk of social exclusion. The following categories of NEETs are considered highly vulnerable:

- Long-term unemployed
- Discouraged workers
- Unavailable due to illness or disability
- Unavailable due to family responsibilities, especially if forced into it
- Other inactive, depending on an individual assessment

The following categories of NEETs are characterized by a lower degree of vulnerability:

- Re-entrants
- Short-term unemployed

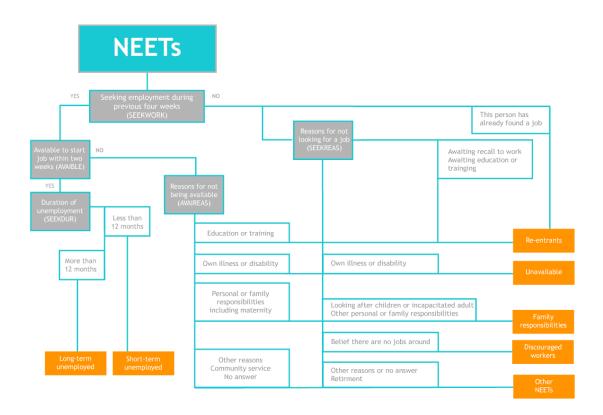
In order to systematically categorize NEETs into the aforementioned subgroups, you can interview NEETs individually using the EU Labour Force Survey (see Figure 2 below) or, alternatively, integrate Eurofound's vulnerability criteria (for instance, duration of unemployment) in the selection process of your program.

Figure 2. EU Labour Force Survey Source: Eurofound, 2016

# 2.3 Increasing the scope of a successful intervention

Finally, an option, that program designers could consider as an alternative to targeting vulnerable groups, is the identification of a specific intervention among the ones listed at point 3 of the flowchart in Figure 1, that has proven to be particularly successful in the catchment area. In this case, practitioners should conduct an in-depth analysis of the selected intervention in order to clearly identify the strengths (and weaknesses), and then target additional NEETs in the same segment with similar services. The analysis should include information with regards to the intervention's timeline, budget and scale, geographical reach, target groups, aims and objectives, activities, impact and results, formal evidence of success, success factors, stakeholders involved and opportunities for improvement.





# 3 Outreach activities

# 3 Outreach activities

# 3.1 A step-by-step approach for outreach activities

NEET youth is a diverse group in European countries and it comprises both unemployed and inactive young people. For instance, Eurofound (2012) grouped the characteristics of NEETs in various EU member states into four clusters (see Figure 3). Because of the differences in NEET profiles among and within countries, outreach activities need to vary in order to succeed. Dedicated outreach activities at a national level need to take local peculiarities into consideration. Moreover, even a local strategy needs to allow for further flexibility depending on the program's focus (e.g. rural vs. urban, migrants vs locals, female vs male).

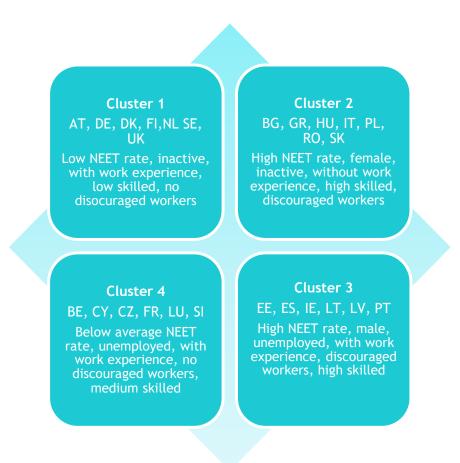


Figure 3. Characteristics of four NEET clusters in Europe Source: Eurofound, 2012

Despite the significant differences in NEET profiles among member states, Table 2 below presents a step-by-step process, which can help guide outreach activities. The approach presented is derived from marketing strategies and it is based on the premise that, in the initial part of this phase, NEETs should be thought of as "customers" rather than a more generic "target group".



# Step 1: Creation of NEET avatar

In this phase you need to identify who your ideal NEET (or NEET avatar) is. Think of who could be the best representative of your target group and who embodies key attributes of your audience. You can do this by analysing secondary data you have collected previously as well as by gathering new, more in depth information in relation to the target group selected. Preliminary assumptions can be developed, which could be tested with selected representatives of the target group, and validated and/or revised or even rejected in subsequent steps.

# Step Stakeholder analysis

2:

During this phase you need to establish which institutions and organizations are more likely to be in contact with the NEET avatar or have already established contact and trust with NEETs. You can do this by observing where your NEET avatar likes to spend time. Note, that, in that direction, "gatekeepers" (such as social workers, priests, etc) can prove to be valuable sources of information especially on NEETs who might be difficult to identify e.g. those that do not receive support or move under the radar of local employment offices.

# Step 3: Engagement of stakeholders

At this point, you need to get in contact with the stakeholders identified in Step 2 and cooperate with them in order to approach your target group. You might receive meaningful insights from the stakeholders because they might know target group better than you do.

# Step 4: Establishment of participatory planning group

In this phase, you should establish a participatory planning group, which will help you conduct a need assessment, generate programs' ideas and goals and translate them into practical strategies. This step is frequently missing in NEET supporting activities. Most NEET initiatives forget the importance of involving the target group when designing a program.

# Step 5: Feedback analysis

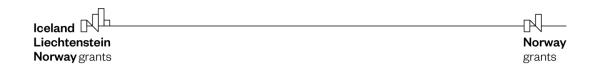
At this point, you should analyse the feedback you have got from the participatory planning group and define the program's plan.

Table 2. Steps in outreach activities Source: Authors

# 3.2 Potential stakeholders in outreach activities

The following paragraphs briefly discuss potential stakeholders, which could be involved in the outreach activities.

### **Public employment services**



Unemployed young adults looking for a job can be identified and reached via public employment services (PES) or job agencies and job centres. PES use tools (such as skills audit) to help job-seekers

shape their profiles and match young adults looking for a job with potential employers. Local PES can be a decisive ally since they oftentimes provide advice on future steps and refer their clients to career guidance counsellors and employment programs.

Schools and other education providers

Early warning systems in schools can help to identify pupils at risk and help them get support before they actually drop out. Some education providers have also proved to smooth transitions from school to work by recommending students where to get qualified information about perspective jobs or where to apply for specialized employment trainings or mentoring programs.

### **NGOs and Grassroot organisations**

NGOs and cultural mediators often have access to very specific NEET groups, that might be otherwise difficult to reach (e.g. refugees, migrants and disabled NEETs). This type of organisations can be important partners in the process of approaching NEETs and suggest outreach tools since they usually have well-established, trusted relationships with NEET sub-groups.

Further potential partners to consider are youth centres, sport clubs, municipalities, and religious centres.

# Street worker approach

Finally, street workers are often required to reach the most vulnerable of NEETs. Street workers focus mainly on the engagement of young people who are regarded as 'hard-to-reach' by visiting public spaces and places that are popular among local youth with the aim of building trusting relationships with them. Their work involves listening to their concerns and offering practical and emotional support and later inviting them to participate in youth employment programs.





# 4 Developing interventions

The implementation phase should follow a logic process for the choice and design of interventions aimed at improving the employment situation of NEETs. With this purpose, we suggest a three step approach to guide this process as depicted in Figure 4. The following phases are based on the premise that a specific target group has been selected and all partners involved in the development of activities have agreed on strict selection criteria to fix on the end beneficiaries chosen.



Figure 4. Three step approach in developing interventions Source: Authors

#### 4.1 Needs assessment

According to Watkins, West-Meiers, & Visser (2012, p. 44), "To begin any needs assessment, you must determine what decisions the assessment is meant to inform". In the context of this Toolkit, we suggest to use a needs assessment as a tool to inform decisions with regards to the choice of interventions supporting NEETs. We recommend to conduct two separate types of needs assessment. The first type, often referred to as intensive needs assessment, examines in-depth only a few cases. In Chapter 3, we have seen how program designers should consider the establishment of a participatory planning group in order to gather first-hand information on the types of support NEETs require. However, alternative methods can be used to conduct a thorough intensive needs assessment. For instance, the Italian company Microfinanza, after an early pre-screening process is conducted to check for participants' eligibility to the program, holds one-on-one interviews with each of them to inquire about their availability, needs, professional aspirations and goals. Useful resources, which could help you conduct a needs assessment, include a report by the Coalition Supporting Young Adults (CSYA) in Louisville, Kentucky. CSYA used a mixed methods approach to assess the needs and size opportunities for NEETs by inviting "disconnected" youth to complete a survey and/or participate in a focus group. The results of this effort (including the questionnaire used) can be found at: http://www.connectlouisvilleyouth.org/wp-content/uploads/2017/09/CSYA-Opportunity-Youth-Needs-Assessment-Final-Report-12-1-17.pdf.

The second type of approach instead, is frequently referred to as extensive needs assessment, and it mostly relies on secondary data and population-based indicators. During this process we recommend to focus, for instance, on data concerning current skills gaps between job-seekers and labour demand in the catchment area chosen. This approach should first assess, which employment opportunities are available in the region/community, and what qualifications would be actually needed to improve possibilities of getting a job-offer or starting a new business and maintaining these jobs. Thus, an analysis of skill shortages in the area of interest could be of utmost importance to inform decisions with regards to the activities to implement. A useful resource in this regard is the Skills Panorama initiative by the European Commission, Directorate-General for Employment, Social Affairs and Inclusion and powered by Cedefop, the European Centre for the Development of Vocational Training. Skills Panorama has been created with the purpose of helping practitioners become more attentive to actual labour market needs in the European Union. Table 3 below summarizes information gathered



from Skills Panorama with regards to the four countries of implementation involved in the program YES! Young Entrepreneurs Succeed.

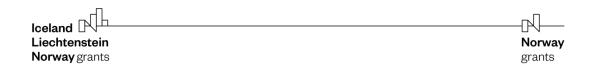
Countries	Italy	Greece
Skills in demand	Foreign languages, work-based learning backgrounds, higher literacy skills, computer skills, top skilled workers (most of them migrate)	Export-related skills (logistics, foreign languages , regulations and compliance), ICT competencies, energy and waste management skills, customer service skills, Russian language skills (in hospitality)
High-demand occupations	ICT professionals, STEM occupations, Health-related occupations, teaching, marketing, design and creative professionals	ICT operations & user support technicians, business services & administration managers, sales, marketing & development managers
Low-demand occupations	Low skilled jobs in construction, tourism and traditional manufacturing	Mining and construction, wood treaters and related, painters and related, social and cultural backgrounds, building frame and related occupations
Countries	Spain	Poland
Skills in demand	More qualified profiles, VET backgrounds, foreign languages, higher literacy and numeracy skills, computer skills, entrepreneurial skills	Higher qualifications (skilled white collars occupations), university graduates, problemsolving in technology-rich environments, motivation to work
High-demand occupations	ICT specialists, high-level engineering high level professionals, managers, sales and related, shipping, medical doctors and related	ICT specialists, healthcare specialists, teaching, skilled manual workers, managers, science and engineering backgrounds
Low-demand occupations	Primary sector occupations, plant & machine operators, building and related occupations, manufacturing occupations	Forestry and fishery occupations, food processing workers, wood workers, social and cultural backgrounds, garment and other craft professionals

Table 3. Summary of data gathered in the extensive needs assessment phase in the context of the project YES! Young Entrepreneurs Succeed

Source: Authors

### 4.2 Strategies identification

At this point, program designers (with the help of researchers) should identify evidence-based interventions, which could help address the needs assessed in the previous phase because of their successful application in similar contexts. For this step it is useful to think of such needs as gaps in results (Watkins, West-Meiers, & Visser, 2012). A list of evidence-based interventions should be generated gathering data from various sources: for instance, peer-review publications presenting findings of interventions, government reports, evaluations of interventions conducted by well-known institutions such as the World Bank or the European Commission, etc. Another useful source is the Abdul Latif Jameel Poverty Action Lab (J-PAL) because of its high standards in terms of rigorous



research. Randomized impact evaluations conducted in the field of interested (e.g. employment) can be extracted from the J-PAL database and analysed.

Evidence on what works in finding solutions to youth employment, however, is still scarce (IEG, 2013). A rather recent systematic review of 18 re-engagement interventions for NEETs by Mawn et al. (2017) reported that successful interventions were high-contact, multi-component (combining classroom and work-based approaches) and adjusted to contextual factors, as the latter influenced the interventions' effectiveness. These findings are in agreement with good practices suggested in a 2018 document by Massimiliano Mascherini, Senior Manager at Eurofound. Additionally, Mascherini highlighted the need for flexible interventions, whose activities are able to be adapted to an evolving and changing labour market and the necessity to involve a comprehensive range of stakeholders such as training providers, employers and the private sector, public employment services, local government, social partners, third sector organisations, health and other authorities.

## Skills trainings and access to finance

According to IEG (2017), however, general skills trainings and job-search support have rather small impact in job-depressed environments. Although there is no successful one-fits-all approach in highunemployment environments, context-specific measures tested in different countries have given positive results. For instance, with a youth unemployment rate over 50 percentage points, South Africa has been investing heavily in employability programs for young adults. The Siyakha Youth Assets for Employability project is a study evaluating the results of eight employability programs in the country. The project has demonstrated that the inclusion of financial literacy in the programs led to better outcomes: more young people found and kept work and positive effects were recorded also among those, who remained unemployed (Graham et. al., 2016). Similarly, Microfinanza runs several projects in the Caribbean region. The organization provides financial education and social entrepreneurship trainings aimed at giving the right tools and knowledge for starting and managing economic activities, where business support comes as one of the steps within a comprehensive financial education program. The approach used involves the delivery of financial skills trainings in order to teach positive financial behaviours translated into daily practices among the end beneficiaries. Microfinanza's offer also includes the delivery of entrepreneurship learning models supported by smart tools for designing business models and business plans. The organisation measures the impact of its interventions by means of an impact evaluation toolkit aimed at assessing enduring improvements in financial well-being, financial resilience and access to financial services.

### Mentoring

Mentoring interventions represent a key tool in order to engage more hard-to-reach and vulnerable NEETs, who often distrust formal institutions. In the context of entrepreneurial education interventions, Youth Business International (YBI) has successfully implemented, monitored and evaluated mentoring programmes for young entrepreneurs in more than 40 countries all over the world. Mentors support young entrepreneurs create and sustain their businesses. Additionally, mentors learn from the young entrepreneurs and can use this exchange for their personal development as well (this effect is known as reverse mentoring). In Spain, the Foundation Autoocupació, a member of YBI, relies on a five-steps process (depicted in Figure 5 below) to develop mentoring programs for entrepreneurs.

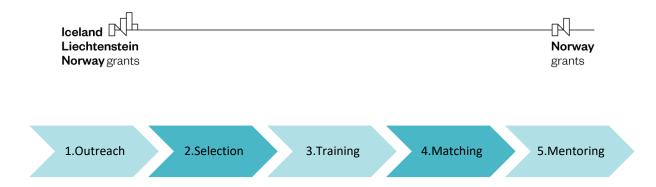


Figure 5. Overview of steps in the mentoring process Source: Authors

During the outreach phase, the foundation promotes the mentoring program via diverse marketing channels to catch the attention of both of early stage entrepreneurs interested in receiving valuable guidance and experienced ones willing to share their knowledge. In the next stage, Autoocupació staff conducts a series of telephone interviews to screen applicants from both sides in order to organize a pool of selected mentors and a pool of selected entrepreneurs. In phase 3, the two groups undertake separate compulsory trainings (mentors have a 5 hour training session and mentees have a 3 hour training session). Autoocupació replicates YBI's training model in which the concept of mentoring is explained in combination with skills practice sessions. The training help mentors to understand their role and emphasises the three stages of the mentoring relationship: establishing, maintaining and ending the relationship. During this time, Autoocupació staff has the important task of analysing the attitude of both mentors and mentees when interacting with other people in order to gather key information for the next phase of the process. The matching phase takes place shortly after the trainings end. Matching criteria include good personality fit, early stage entrepreneurs' needs and mentor's preferences, availability and areas of expertise. Finally, the mentoring relationship is formalized in a mentoring agreement signed by the three parts (the mentee, the mentor & the YBI delivery partner), in which all their rights and duties are described. Autoocupació is also involved in regular follow-up of the mentoring relationships established and evaluation of the program.

#### 4.3 Best-fit test

Once a list of potential strategies has been compiled, program designers are able to assess the interventions listed according to the framework based on the work by the Substance Abuse and Mental Health Services Administration (SAMHSA, 2007) and presented in Figure 6: The approach revolves around three considerations that determine best-fit interventions to include in the action plan:

- Conceptual fit
- Practical fit
- Evidence of effectiveness

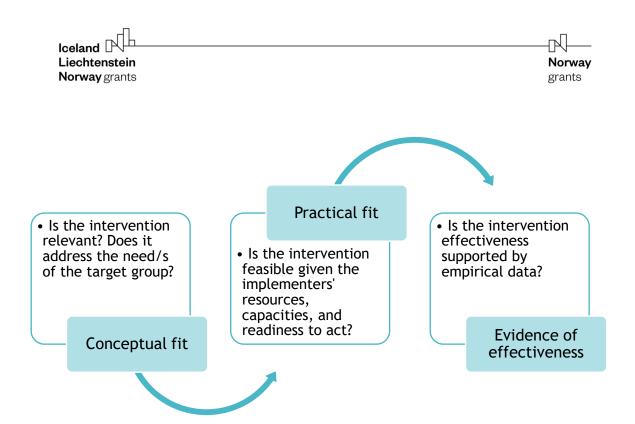


Figure 6. Best-fit test Source: SAMHSA, 2007

# 5 Theory of Change and impact assessment framework



# 5 Theory of Change and impact assessment framework

# 5.1 Developing the ToC

Developing the Theory of Change (ToC) is about analysing the underlying assumptions on which a program or intervention is based and making explaining the causal relationship to produce the desired change. Part of a program's ToC consists in making explicit and writing down the steps undertook in Chapter 4 in the process of selecting best-fit interventions. Besides being useful evaluative methodological tools, ToCs should also be seen as an approach to enhance cooperation within and among organizations. Being specific about the theory and assumptions guiding the work of practitioners, in fact, forces them to reach consensus about what they are trying to do and why (Weiss, 1995). Program designers and implementers should interpret a ToC as a collaborative effort, that starts by an agreement on the main problem one wants to solve, and the long term goals to be accomplished. Additionally, a solid ToC includes a detailed description of all mini-steps needed to achieve the long-term goals previously established, as in the example provided below (see Figure 7).

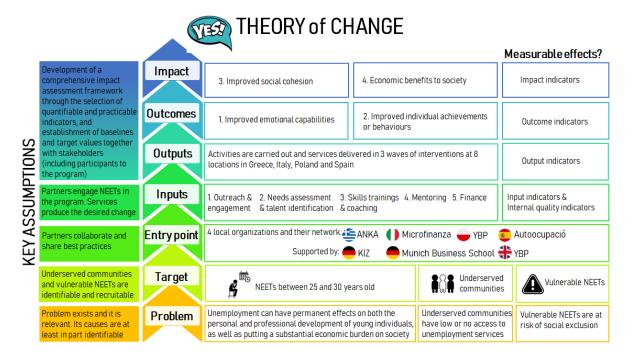


Figure 7. ToC of YES! Young Entrepreneurs Succeed program Source: Authors

Various resources that can help you in the process of creating a ToC are available online. For examples of ToC templates you can look at www.diytoolkit.org and www.informingchange.com. The company ActKnowledge is even piloting Theory of Change Online (TOCO), a free, web-based application to create Theories of Change and to learn more about the methodology.

# 5.2 Creating an impact assessment framework

The development of a ToC is closely linked to decisions related to the evaluation of the program. This is why ToCs include an overview of the impact assessment framework chosen to assess the program.



An impact assessment framework requires that all partners within the program have a clear understanding of the terminology related to the evaluation of results, specifically:

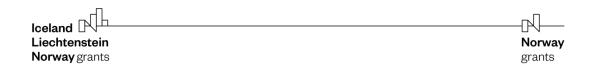
- Inputs: the resources needed to realize activities
- Outputs: the direct objectively measurable results of activities
- Outcomes: the effects of the activities within the target group and preconditions to realize long-term goals
- Impact: the societal effects

The measurement of inputs, outputs, outcomes and impact relies on **indicators**, which are ways to quantify change in phenomena or processes. Indicators should be based on **validated scales** that have been developed by researchers in the past and have demonstrated high validity and reliability by being able to capture the phenomenon of interest in similar contexts. Scales are composed of several **items** (sentences), that cannot be easily modified without compromising their validity. An exhaustive assessment framework should comprise a four-layers evaluation and include input, output, outcome and impact indicators. Additionally, **internal quality indicators** can be used to determine the quality of services provided and assess if variations in the results obtained can be attributed to changes in the quality of services available to the program's participants. Table 3 below shows examples of input and output indicators for a mentoring intervention offered to NEET youth.

#### Input indicators **Output indicators** Cost intervention (such Number of of hours of mentoring infrastructure, materials, paid staff, delivered etc.) Number **NEETs** engaged Number of staff mentoring Average experience of staff Number of mentoring relationships established Typical qualifications of staff Average duration mentoring relationships

Table 3. Potential input and output indicators of a mentoring intervention for NEETs Source: Authors

While the levels of inputs and outputs provide information on the project's cost-efficiency and can be fairly easy to monitor, the assessment of outcomes and impact is usually more challenging. Drawing on the work by McNeil, Reeder & Rich (2012), we suggest the following conceptual framework to guide the choice of indicators for the assessment of outcomes and impact (see Figure 8).



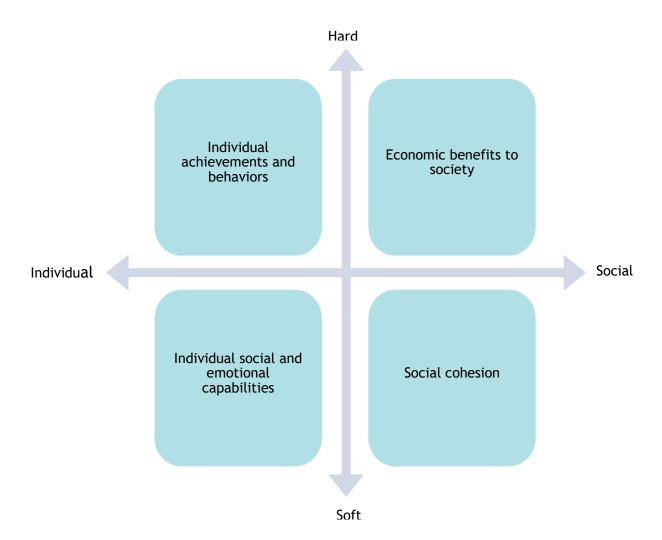


Figure 8. Conceptual framework guiding outcomes and impact assessment Source: adapted from McNeil, Reeder & Rich, 2012

The two quadrants on the left hand side of Figure 5 represent the outcomes (the effects of the program on the target group), while the two sections on the right hand sight refer to the program's impact (the effects of the program on society). Figure 5 also distinguish between "soft" and "hard" categories. While soft outcomes and impact are valued by and relate to participants to the program and rely on self-assessment measures; hard outcomes and impact can usually be measured more objectively by other people (researchers, trainers, etc). Drawing on the conceptual framework described above, Table 3 below includes examples of what results could be measured to assess achievements connected to an intervention aimed at improving the employment situation of NEETs.



Outcomes	Individual social and emotional capabilities
	Individual achievements and Individual behaviours
	Economic benefits to society
Impact	Social cohesion

Improves: • evaluations of self-belief (self-esteem, self-efficacy, self-confidence) • personal skills (creativity, cognitive flexibility) • attitudes (proactivity, optimism) • aspirations (job-search goals, entrepreneurial intentions)

Improves skills in: literacy, numeracy, informatics, tax management, business management, CV writing, financial literacy, marketing and sales, foreign languages

- Diminishes: lifetime cost (decreased welfare dependence, increased contributions in the form of taxes)
- Increases: consumption (through rise in net disposable income
- Increases: social responsibility, social relations, trust in people, acceptance of diversity, identification, trust in institutions, perception of fairness, neighbourliness, solidarity and helpfulness, respect for social rules, civic participation, sociocultural participation, formal relations, volunteering, use of services, community engagement, electoral participation, charitable giving, etc.
- Decreases: isolation, discrimination, offending behaviour, etc.

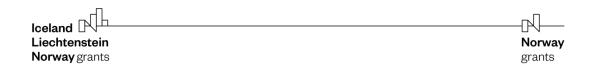
Table 4. Examples of results in the context of an intervention for NEETs

Besides the choice of meaningful indicators, the focal point of a solid ToC and impact assessment framework is the ability to establish clear links between activities, outputs, outcome and impact. Demonstrating those links can give programs' designers and implementers confidence in focusing on what they are trying to do and why. The use of research literature might be very effective in the attempt of making those links. Most common employment and entrepreneurship interventions targeting NEETs (including skills trainings, field-specific trainings, counselling or mentoring, entrepreneurial education and facilitation in access to finance) seem to rely, either implicitly or explicitly, on Social Cognitive Theory introduced as the Social Learning Theory by behavioural psychologist Albert Bandura in the 1960s. The theory revolves around the concept of "self-efficacy". In general terms, Bandura defined self-efficacy as one's belief about the ability to execute a specific task (Bandura, 1977). Because self-efficacy beliefs "determine how much effort people will expend and how long they will persist in the face of obstacles and aversive experience" (Bandura, 1977, p. 194), they have proven to be a reliable outcome measure when trying to predict an individual's behaviour in several fields, including job-search, job performance and entrepreneurial success.

# 5.3 Linking activities and outputs to outcomes

Because of its critical importance in organizing and guiding people's behaviours, self-efficacy should be a must-have outcome when trying to measure the success of interventions for NEETs. Self-efficacy also provides a robust justification for the implementation of activities such as trainings and mentoring schemes. In fact, Bandura and many other scholars after him provided evidence that self-efficacy can be developed through four main sources of influence:

- Mastery experiences: mastering skills through hands-on experience
- Vicarious experiences: observing others achieve success



- Verbal persuasion: verbal encouragement from others
- Positive emotional and physiological states: reduction of stress and other negative emotions

Being aware of the research literature at the base of Social Learning Theory could help design interventions, that specifically draw upon one or more sources of self-efficacy. For example, Foundation Autoocupació developed in Spain a mentoring program, where experienced entrepreneurs and professionals share their experience for a year as volunteers, with the aim of helping young entrepreneurs to develop their competences for their businesses consolidation and growth. This type of intervention clearly makes use of vicarious learning and verbal persuasion to support young aspiring entrepreneurs achieve their goals.

# 5.4 Linking outputs to outcomes and impact

Because with high levels of self-efficacy, people are more willing to undertake challenges and sustain their own behaviours despite setbacks, self-efficacy is often seen as prerequisite for the implementation of a task (for example, learning a new skill). Specifically, self-efficacy may be considered "a multiplier, a skill that makes all other skills possible to learn and master" (Advani, 2017) and, therefore, generally, provides a solid logical link between soft and hard outcomes as well as a connection between outcomes and impact. Self-efficacy has, in fact, been linked to civic participation (Manganelli, Lucidi & Alivernini, 2014), and trust (Mishra, 1996; Whitener et al., 1998). Additionally, Fledderus, Brandsen & Honingh (2014) describe self-efficacy as a trust-building mechanism, which is the base of social capital.

# 5.5 Primary methods of data collection

When collecting data for the evaluation of programs, researchers involved should rely on primary methods of data collection. Unlike secondary research, already explored in Chapter 1, primary research relies on first-hand, real-time data, which is unique and collected for the specific purpose at hand. Because primary data involves the development of questionnaires, focus groups, interviews, experiments, etc., it is usually time-consuming and more expensive than already existing secondary data. Primary research can make use of quantitative or qualitative data or a mix of both. The difference between the two is that, while quantitative research relies on numerical data, which is analysed by looking at correlations, comparisons of means, and statistical significance of findings; qualitative research is based on textual data, usually in the form of a narrative report with contextual description and direct quotations from research participants. Table 5 below presents an overview of primary research methods and their characteristics. Annex C provides you with an example of a questionnaire developed in the context of the project YES! Young Entrepreneurs Succeed to gather data on a series of variables (including self-efficacy, resilience, proactivity, job-search goals, social responsibility, social trust, and institutional trust) from the participants to the program.



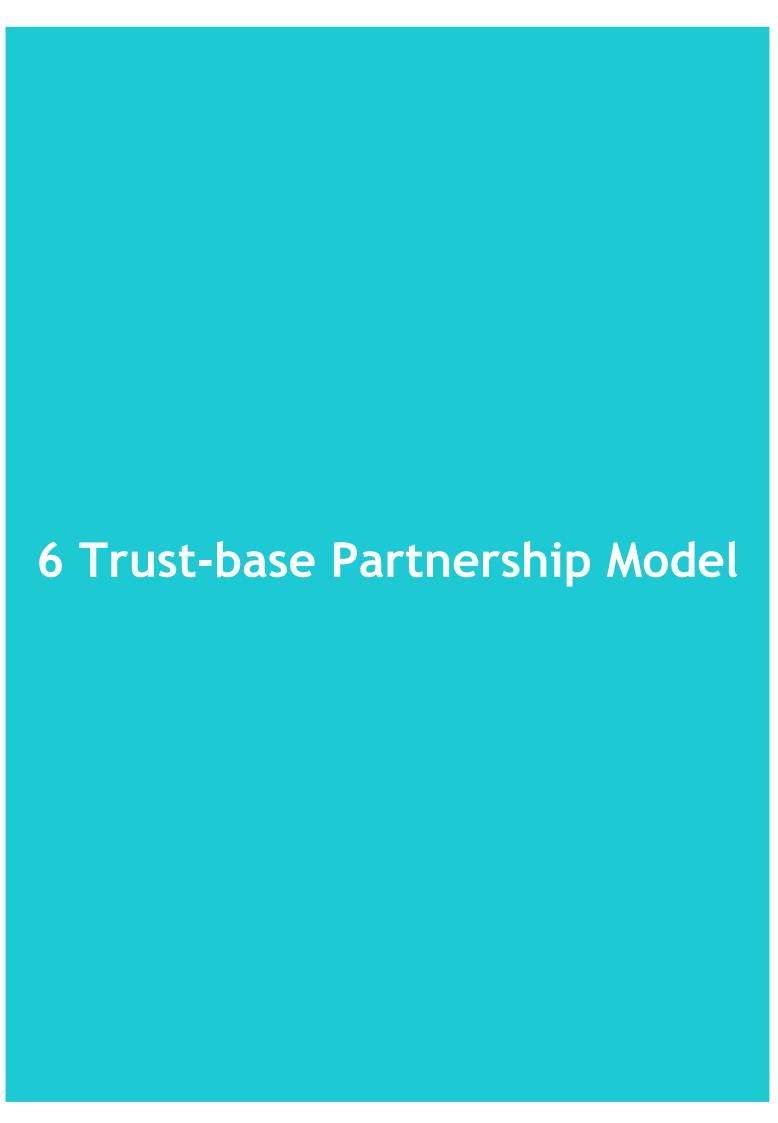
Research method	Description	Type of data	Sample size
Observations	Observing people and other measurable events	Quantitative and/or qualitative	Medium
Interviews	Asking participants questions in a one- on-one or small group setting	Qualitative	Small
Surveys	Asking participants about their opinions and behaviours through a questionnaire	Quantitative and/or qualitative	Large
Focus groups	Small group of people participating in a discussion	Quantitative and/or qualitative	Small

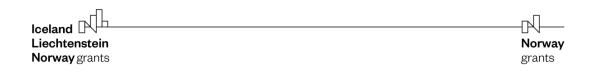
Table 5. Overview of primary research methods

Source: Driscoll, 2011

# 5.6 Counterfactual impact evaluation

Counterfactual Impact Evaluations (CIEs) allow the comparison of results (i.e. labour status) between individuals participating in a program (i.e. employment program) and a comparison group (often referred to as control group), whose individuals did not benefit from the program. While the advantages of rigorously evaluating the impact of programs appear evident, CIEs are a rather recent growing global trend. One of the biggest challenges in conducting a CIE is the selection of a control group, "which will have the same characteristics as the group of participants in the program ("treatment group"), except for the fact that the units in the comparison group do not benefit from the program" (Gertler, Wilde, Premand, Rawlings, & Vermeersch, 2016, p.38). The book "Impact Evaluation in Practice" published by the World Bank Group is available as electronic version online and can help program designers and implementers follow simple guidelines to conduct a CIE.





# 6 Trust-base Partnership Model

The Trust-based Partnership Model (TPM), an alternative innovative approach aiming to tackle youth unemployment and support NEETs to (self)employment and/or re-enter into training/formal education, operates on the premise that every partner only does what comes naturally and what she can do best. It is based on trust, checks and balances where each partner commits to following the same principles and guidelines. Thus, partners in the TPM assume complementary services, and the model develops in subsequent steps.

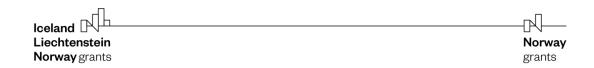
In the spirit of Schumpeter, the trust based partnership approach is based on the understanding that institutional innovations can be defined as the process of developing new (combinations of) approaches or practices for resolving societal challenges through mobilising civil society actors to further inclusive, socially fairer and environmentally sustainable economic development and social change. This includes re-designing and re-engineering business models and value chains, new relationships or collaborations between public, private and third sector organisations, and delivery mechanisms for public policies.

# 6.1 Collecting evidence

As described earlier in this guide, in a first step, the partners/consortium collect empirical evidence about the status quo and (if possible) on the number of potential beneficiaries as well as their specific needs. Put differently, researchers in collaboration with implementation partners should determine the skills, means and structures the target groups already dispose of and, thus, the skills-gap, mapping the terrain, identifying weaknesses and gaps in service provision, and setting the ground for future implementations.

# 6.2 Determining transferability

Based on the empirical results, the team should in a second step identify the key factors that determine the transferability of planned interventions (namely training, mentoring, and/or advisory/coaching services) but also available and/or potential financial instruments that could be used to implement the trust-based partnership model. Where needed, new instruments/support services should be developed to address the beneficiaries' needs. Our hypotheses predict that there exists the need for scaling existing instruments of trust-based partnership models in terms of depth (adding new locations), reach (adding new target groups) as well as scope (adding new instruments) to generate significant social and economic impact.



	Phase 1 depth	Phase 2 reach	Phase 3 scope
Location	new	conventional	conventional
Target group	conventional	new	conventional
Financial instrument	conventional	conventional	new

Table 6. Project working hypotheses/Scaling matrix

Source: Authors

# **6.3 Scaling solutions**

Based on the above mentioned hypotheses, there could be three phases in transferring the trust-based partnership model. Phases may run in parallel and/or subsequently depending on the actual focus of the consortium, and the consortium/(potential) partnership objectives and dynamics:

Phase 1: Scaling depth - geographical transfer

This phase will analyse the potential to transfer the concept of trust-based partnership to additional urban and/or rural areas. Interestingly enough, the development of rural areas has received increasing attention recently in order to help the regions cope with the economic, environmental and social challenges of the 21st century: The European Commission, for example, aims at (1) investing in rural jobs and growth, (2) supporting agricultural sustainability and (3) achieving a balanced territorial development of rural economies and communities (see for instance, European Commission, 2014). A tailored TPM for NEETs could support these ambitious objectives.

Phase 2: Scaling reach - transfer to additional target groups

In phase 2, the project may focus on transferring the established interventions and instruments of TPMs to additional targets groups in order to scale the reach of the concept. Potential additional beneficiary groups include marginal/vulnerable groups such as migrants and refugees or Roma population while potential vehicles to support youth employment can be found on social economy enterprises. Regarding vulnerable groups, so-called work integration social enterprises are now increasingly experimenting with

innovative paths of work experience and on-the-job training with a view to supporting the integration of asylum seekers and refugees into the open labour market in several EU countries. There is a wide consensus in the literature that the way migrants integrate into the labour market, and the time they take to do so, will determine the long-term impact of this inflow of migrants on the economy in the receiving country (Martín & Arcarons, 2016). In line with literature, the main argument here is that the failure to integrate asylum seekers, who are in most cases potentially productive workers, is a source of inefficiency. In addition to wasting human capital, it generates substantial costs that must be covered by public expenditures. Thus, given the importance of early interventions to facilitate labour market integration along with micro-business development, we argue that TPM can prove useful in designing solutions to enhance autonomy and integration of asylum seekers from the outset.

Phase 3: Scaling scope: Transfer to additional financing instruments



The classic instrument used in most cases to finance start-ups and /or self-employed is microfinance, i.e. a loan up to EUR 25.000. However, based on the evidence from the first research phase, it might seem suitable to move beyond microloans to include additional financing instruments for the different contexts incl. for example, hybrid financing mechanisms, patient capital or any other possible combination of funding sources (e.g., in form of a pay per success structure) and non-financial services, or potentially a pay-for-success instrument (Cozarenco, 2015; Deutsches Mikrofinanz Institut, 2016; Kraemer-Eis & Conforti, 2009).

In conclusion, in every phase, one additional aspect may be transferred or added to the previous stage:



Figure 8. Research process

Source: Authors

## 6.4 Steps to develop a specific 'Trust-based Partnership Model'

This section provides an overview of the set-up of how could a TPM could be organised.

#### 1. A moderated process

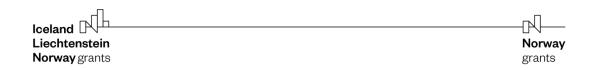
The core of the trust-based partnership model is, as the name suggests, partners with complementary functions that cooperate on the basis of mutual trust! It makes a lot of sense, to fill this principle with life and include all partners in its design, planning, implementation, monitoring and evaluation.

Therefore, we suggest starting a moderated process as the next step. Participants should be all partners, who are able to contribute to the set-up of the system and are willing, capable or supposed to do so. It is not a matter of taking everybody along who might be interested. But all those organisations who can contribute to success (or failure) should be involved.

It has to be ensured that the development process is actually supported by every stakeholder. On a first glance, such an inclusive approach might slow down the process. However, after a short period of time the process will gain speed, since all problems will be taken into consideration from the very beginning and a lot of people will work on the respective implementation with their individual strength.

# 2. Development of partnerships

We suggest assisting committed partners in forming a development partnership. For this purpose, a written agreement (for instance a "Memorandum of Understanding") could be concluded among all partners. This agreement should not constitute a legally binding obligation but, instead, would document the commitment of each partner. Targeted/selected partners will have to show their interest and preparedness to participate in an open dialogue and structured, moderated discussion



process that would establish a road map (with clear responsibilities and time schedule for deliveries) for mobilising and committing the key actors needed for establishing the individual components of a TPM.

## 3. Topics to discuss / working groups

The topics to discuss are manifold.

We suggest forming working groups for distinct topics, with the participation of all those who are able to contribute to the concept/design or are affected by it. The topics mentioned below (working groups) reflect questions addressed during our project's development. The workshops will provide space to discuss all relevant issues and form a common position.

We suggest launching the consultation and planning process by organising the following moderated workshops (note that not all topics have to be dealt with by all participants):

# I. Products and methods

- a. Who is the target group?
- b. What needs does the target group have?
- c. What financial and non-financial products meet the needs?
- d. What methodology should be employed to address those needs?

# II. Financing/Funding

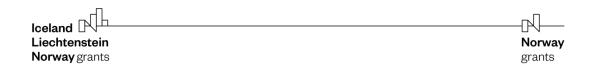
- a. What costs need to be covered by/for partners in TPM?
- b. What kind of financial recourses are actually available?
- c. What does the financing concept for all participants look like during the set up phase?
- d. What does the financing concept for all participants look like in the long run?

# III. Philantropic sector

- a. Which role can be taken over by foundations, what kind of role would they like to take over?
- b. What requirements for a potential cooperation do exist?

# IV. regional/national/EU financial instruments

- a. Which financial instruments are available and can be used?
- b. What kind of liability model can be derived from it?
- c. How could additional funding sources be mobilized to support interventions



# V. Governance/management

- a. How is governance and participation organised?
- b. How should decision-making be organised? Who has a say in it?
- c. Which bodies should the organisation have and how should those positions be filled?

Note: this list should not be seen as exhaustive or final. The topics and groups, which have to be dealt with or need to be in place, will be derived during the concrete work in the project.

# 4. Project phases

Next phases of the organization of the project should enable all partners a soft entry and leave room for each partner to end their engagement, in case a further commitment to the project is no longer possible.

### Phase 1: setting up the project

In cooperation with the project leaders some fundamental decisions have to be made, which determine the process. We suggest that the following questions and decisions will be tackled before starting with the moderated workshops or alternatively be tackled at the start of each of the moderated workshops.

Decisions on how to proceed:

- Should a trust-based partnership model be set up with the aim to provide access to finance for organisations, which are currently not served by traditional banking markets?
- Should the trust-based partnership model be set up in a moderated process to ensure a broad acceptance by all stakeholders and a swift implementation of the model?

Decisions on partnerships:

- Who should be involved in the moderated process?
- Which financial recourses should/can be used for what purpose?

Decisions on product design:

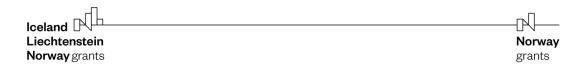
- Should the developed trust-based partnership model be eligible for different needs or target groups in the end?
- Which target groups should be served in a first step?

Once those decisions have been taken, meetings with potential partners could be conducted in a next step to ensure their participation in a development partnership for the project. At the end of this phase, committed participants for the next step have been identified.

Phase 2: set up of the "development partnership" (DP)

We propose to organise the official beginning of the DP in the form of a large common kick-off workshop with all participants of the DP. The goal of this phase is to establish a common understanding for the model, which will be set up jointly. It is not so much about content related issues, but more about the framework, expectations and contributions of the different partners.

During the workshop the following questions have to be dealt with:



- 1. Development of a joint understanding
- 2. Agreement on targets and framework conditions
- 3. Roles and arrangements

We suggest that at the end of this phase, partners conclude a partnership agreement (Memorandum of Understanding). The agreement should be designed in a way it creates a moral and political commitment but does not have any legal obligations for the partners.

It could be determined within this partnership agreement, which partner will contribute in the respective working groups.

# Phase 3: Development of the final concept

In Phase 3 the system should, finally, be configured. The work will predominantly be conducted in small groups while periodical meetings with all members of the DP have to be conducted.

The challenge of a central project management is to encourage and instruct all groups to monitor the timeline and to maintain an overview. How many meetings of the respective working groups and partnership meetings will be necessary, can only be determined at the end of Phase 2.

At the end of Phase 3 a final concept should be available, which could be used as a plan for implementation. All tasks of partners have been set down in a new MoU, specifying the tasks and contributions of each partner including a timeline.

### Phase 4: Preparing implementation

In Phase 4 the start of the programme will be prepared. Contracts will be drafted, forms designed and manuals will be drafted. A marketing campaign will be prepared and marketing material will be printed. Finally, a dedicated website will be set up.

This phase will require regular meetings of working groups. At the end of this phase everything is prepared so interventions can start.

# Phase 5: Pilot phase

And then it's time: The product goes to market - still only a new chapter starts. Within the first days, weeks and months a significant amount of adaption work will be necessary, which might stem from questions which were not taken into consideration in the very beginning. That itself should not present a problem. The concern is to ensure that questions arising from live operations will be answered fast and straightforward.

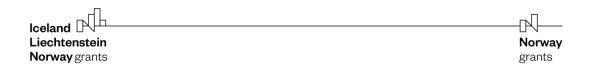
# Phase 6: Growth phase

While processes dealing with the day-to-day operations will be verified and optimised during the pilot phase, the growth phase focuses on selection, accreditation and linking of new partners.

# Phase 7: Roll-out

As soon as all processes have been established, verified and consolidated, the roll-out can start. This phase comes to an end if these new products are available and ready to be shared and adopted in different regions and with different sub-groups of NEETs.

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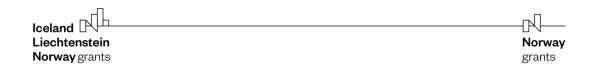
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## Annex A

Country report: Italy

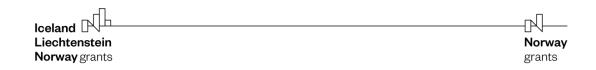
# 1 Introduction



### 1 Introduction

The report aims to gather and present relevant data about the Italian labour market with the purpose of informing decision-making in the context of the project "YES! Young Entrepreneurs Succeed" funded by by Iceland, Liechtenstein and Norway through the EEA and Norway Grants Fund for Youth Unemployment. Coordinated through the cooperation of eight partners, the project's goal is to improve the employment situation for young people neither in employment nor in education and training (NEETs) through innovative approaches and transnational cooperation on labour market issues as well as building youth entrepreneurial support among project's partners. This report proceeds as follows; after a brief introduction provided in Section 1, Section 2 underpins the three core themes which characterise the Italian job market: age, skills, geographical location, Section 3 profiles NEETs in Italy giving a brief overview of their demographic and socio-economic variables, plus their composition and regional distribution is presented. Subsequently, Section 4 discusses the policy context by analysing three selected local interventions, and the last section concludes and presents Italy's outlook and prospects.

# 2 Core Themes



## 2 Core themes

#### 2.1 No country for young people?

The fact that Italy faces various political and economic challenges is, unfortunately, old news. According to Marco Annunziata, "the labour market is the best example of how deep-rooted Italy's structural weaknesses are." (Annunziata, 2018). If one looks at some major labour market variables, the Italian labour market is particularly unpromising¹: in 2017, Italy recorded an unemployment rate of 11.2% (against an EU average of 7.6%) and the highest long-term unemployment rate (6.5%) in Europe after Greece. According to data in 2017, Italy had the lowest activity rate in the EU and the highest rate of "available but not job-seeking" people among the Member States (11.6% against the European average of 7.6%), which includes, among others, discouraged workers who have given up on the hope of finding work. Italy also falls short in terms of youth employment in Europe, having the highest NEET rate among Member States (25.5% against an EU average of 14.7% for young adults between 15 and 34 years old).

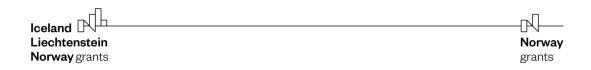
Observing unemployment rates over time, one can see that Italy experienced three dramatic surges of unemployment in the last 50 years. All three episodes were followed by periods of recovery decreased unemployment rates and increased GDP. The first surge in unemployment from 1975-1988 is associated with the oil price shock, which had negative effects on economic productivity, and, consequently, on the job market. The second, the "early 1990s recession", affected many countries in the Western world and resulted in a rise in unemployment rates in Italy between 1993 and 1998 (Bertola & Garibaldi, 2006). The last and most recent instance of an economic downturn is known as "The Great Recession", which hit global markets during the late 2000s. While this crisis displaced thousands of workers in the housing industry, decreasing consumer confidence and tighter conditions on loans indirectly affected other sectors through a sharp decline in sales. In Italy, as in most European countries, unemployment rates began to rise in 2008 and skyrocketed to a record high (12.7%) in 2014.

Figure 1 shows the trend in total unemployment and unemployment of people under 25 years old in Europe and Italy over the past 35 years (data on EU averages are available only starting in 1999). While more recent data reveals a general declining trend in unemployment rates both in Italy and, on average, in Europe, this should be viewed with caution. Journalist Erik Sherman suggests that falling unemployment rates could be a consequence of a rise of "missing workers", namely people who have given up on finding

work and disappear from the data because they are not employed nor unemployed<sup>2</sup> (Sherman, 2018). Furthermore, moving the focus to the youth population, Figure 1 unveils an undisputable truth: Italy's unemployment among youth has always been high, even during periods of recovery.

<sup>&</sup>lt;sup>1</sup> All data in this report is based on EUROSTAT (2018) unless otherwise stated.

<sup>&</sup>lt;sup>2</sup> Only individuals who are actively seeking for a job are considered unemployed.



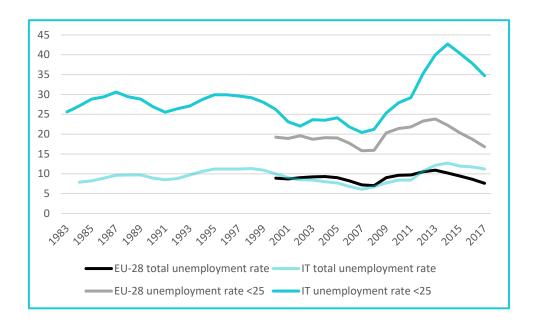


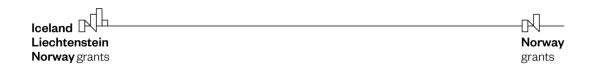
Figure 1. Total and <25 unemployment rate, Italy and EU-28, 1983-2017 (%).

Source: EUROSTAT, 2018.

Worryingly, the graph depicts how the most recent recession affected Italian youth far more than any other (compared to previous shocks to the economy). The gap between total and youth unemployment was already considerably high (14.3%) at the start of the crisis in 2008, and it reached 30 percentage points in 2014. However, this does not seem to be the case for the rest of Europe, where although unemployment rates for people under 25 years old are higher than total unemployment, nevertheless, the gap remained steady, around 10 percentage points throughout the 2000s. This begs the question: why is the Italian job market particularly hostile to young people? Just as Leonardi and Pica (2015) suggest in a chapter of the book "No country for young people? Youth labour market problems in Europe", there is no all-encompassing answer and a great number of factors contribute to poor prospects for Italian youth.

#### "Demand" for workers

The Italian economy has been stagnating for the past two decades. Slow growth has been caused not only by macroeconomic shocks but also from internal shortcomings, which negatively affect an already weakened labour market, the direct result of hampered job creation. As Quintini & Martin (2014) note, excessive labour costs in the form of high taxation represent an obstacle for many small and medium-size businesses, which are the backbone of Italy's economy. Labour wedge, especially in a period of economic stagnation, results in lower hiring rates and inexperienced youth usually suffer the consequences. A third factor contributing to the creation of a hostile environment for young people is the quality of entry jobs. In 2011, a third of youth were employed under temporary contracts (Quintini & Martin, 2014) seemingly the rule rather than the exception today. Temporary contracts are easier to terminate, giving young adults little job security and vulnerability to economic contractions; they are more likely to lose their job when firms face tough times.



#### 2.2 When education is not enough: the shortcomings of the Italian system

#### "Supply" of workers

Italy's youth shows low educational attainment levels, demonstrated by its third-lowest score in upper secondary attainment (and above) in 2016 among EU Member States, with only Malta and Portugal following behind. Additionally, only about 30% of students who are enrolled in the first year of university will complete their program and get a degree, making Italy one of the OECD countries with the highest university dropout rates (Gitto, Minervini & Monaco, 2011). University students also take a longer time to graduate compared to OECD averages (Gitto, Minervini & Monaco, 2011). As Pastore (2017) illustrates, the phenomenon is known as "fuoricorsismo": many students fail to finish their university studies in the time allocated to them. This might be a social issue since families still play a significant role in the journey from school to work (Pastore, 2017) providing such support that there are fewer incentives to finish studies in the prescribed time.

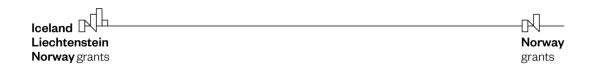
Another aspect to consider is that the Italian educational system is producing adults who are not highly skilled. Graduates from Italy seem to have lower basic skills than high school leavers in Japan and the Netherlands. Data collected from the PIAAC survey carried out in Italy in 2012 shows that Italy ranks among the last countries in Europe regarding literacy, numeracy skills and computer experience (OECD, 2015). All these factors contribute to cumbersome, slow school-to-work transitions for young adults and show the need for up-skilling. However, this does not give a complete picture. For example, there is no justification for highly educated and skilled individuals struggling to find employment and leaving the country looking for opportunities elsewhere. An explanation, certainly difficult to distill in a few lines, might come from three different aspects.

The first aspect is that Italy shows extremely weak links between education and the labour market. Combining studies and internships (or other sorts of work experiences) is still rare in Italy (Pastore, 2017). Therefore, recent graduates might attempt to enter the labour market at a relatively late age (if we consider that the mean university graduation age in Italy is 27-28 years old) with little-to-no practical experience and competence. Furthermore, university courses have a theoretical leaning with no emphasis on practical relevance (Pastore, 2017). Difficult interactions between the education system and the labour market appeared evident when firms were asked through the 2013 Excelsior survey about their difficulties in filling vacancies. Most private-sector employers identified qualitative reasons (applicants having inadequate skills) as the most important factor (Montanari, Pinelli & Torre, 2015).

The second aspect is the weak link between school and the real world, this is also expressed by the fact that often education and training providers, as well as families fail to give accurate information on labour market needs. Young people end up basing their educational choices on other factors, which may lead to poor career prospects. For instance, high school graduates interested in an academic path should be advised to pursue degrees linked to favourable job prospects - there is an increasing demand from firms for mathematicians, actuaries and statisticians, software and application developers and analysts, and electrotechnology engineers (Skills Panorama, 2016).

The third aspect is that reform over the past few years in Italy have aimed to create more flexible vocational education and training systems (VET), which are meant to provide direct entry into the job market by teaching technical skills and practical competences.

Despite the efforts put into creating vocational programs at tertiary levels, participation is still very low (1% of current students) (Montanari, Pinelly & Toree, 2015). The shortage of VET graduates is both a challenge and an opportunity for Italian youth.



#### 2.3 A divided, draining nation

The last aspect we decided to investigate in order to better understand the Italian labour market is the North-South cultural and economic divide. Its origins are controversial and can be traced back in history (Federico, 2007) to the so-called "Southern Question". However, this is still an unsettled problem, especially regarding the labour market. In fact, Italy recorded one of the highest dispersions of unemployment rates in the EU (50%) in 2017, an increase of 6.7 percentage points since 2013. Differences between North and South unemployment rates have been increasing since 2009 when they reached a record low (7.6%) and the gap was recorded at 12.8% in 2017. In general, unemployment rates in the South (and Islands) are three times higher than in the North of the country. The gap between North and South NEET rates is significant: NEET rates in the South are double the number in the Northern regions. In 2017, NEET rates for young adults between 18 and 24 years old were 27.8% in the South and 14.2% in the North. With NEET rates of 39.6 % in the Southern region of Sicily in 2017, almost one out of two young adults are unemployed, making it the worst underperforming region in Europe for youth employment.

Statistics confirm stereotypes associated with Southern Italy. Significantly, the gender unemployment gap (i.e. the difference between female and male unemployment rates) is double in the South (4.7%) in comparison to the North (2.3% in the North-West of the country) possibly due to Southern Italians following more traditional gender roles. Owing to the poor job prospects the South of Italy had to offer, interregional South to North migration patterns characterized the second half of the 20<sup>th</sup> century. People from poorer and low wage regions in the South moved to the more urbanized North in search of work. Internal migration slowed down between the 70s and 90s, then picked up again in the 2000s. (Biagi, Faggian & McCann, 2010).

While the South-Center-North migration pattern has become a common trait of Italian society, latest data by the Italian National Institute of Statistics (ISTAT) appears alarming: the net loss of population in Southern regions over the past 20 years is estimated to be one million people (ISTAT, 2018b). As expected, younger individuals are more prone to migrate (Biagi, Faggian & McCann, 2010). However, the phenomenon distinguishing Italian youth over the past decade is a sharp increase in international migration too as young Italians are moving abroad in huge numbers. In 2017, around 28,000 Italian graduates fled to other countries (an increase of 4% compared to the year 2016). Italian migrants are mostly moving to the UK (18%), Germany (16.1%), France (10.8%) and Switzerland (9.1%) (ISTAT, 2018b). Brain drain from Italy is costing the country its most talented citizens. Between 2013 and 2017, ISTAT (2018b) recorded a steep increase in the number of Italian emigrants with a high school diploma (+32.9%) and with a university degree (+41.8%).

The lack of skilled and highly skilled youth in-country not only demonstrates the difficulties in finding a job but rather the disadvantageous conditions offered by *employers in Italy* compared to the countries like the UK or Germany. Italian newspaper La Repubblica has been gathering stories of young Italians who decided to move abroad. Reading their accounts, a few common themes emerge: young skilled Italian migrants complain about the salary, types of contracts and the quantity of job offers received in Italy. They do not feel appreciated. One of the contributors writes: "After all, if your country does not want you but rather does everything to obstruct you, what alternatives do we have? My dream is to come back one day but only when there will be better conditions." ("Italiani all'estero," 2019). The directors Gustav Hofer and Luca Ragazzi suggest the dilemma for Italian youth, with their aptly-titled 2011 movie "Italy: love it or leave it". Yet leavinge is an expression of dissatisfaction, despite the high emotional price.



## 3 Statistical overview of NEETs in Italy

The issue of youth unemployment first reached formal recognition and political engagement about 25 years ago (Williamson, 2010), but the concept of NEET's became a routine talking-point on the European Policy Agenda as late as 2010. The term NEET, besides being an acronym widely used by the media industry, has shown some major advantages in the European policy arena and, specifically, the NEET indicator helped better understand young people's vulnerabilities (Eurofound, 2016). This confirmed that the NEET rate should be a keystone for the statistical background we provide in this section. The NEET rate is calculated as the number of young people not in employment, education or training divided by the total population of young people. It differs from the youth unemployment rates because it considers inactive people and does not include unemployed individuals in training.

As previously anticipated, Italy is one of the Member States with very high NEET rates (over 24% in 2017 among young adults between 15 and 29 years old). While the rate of young people aged 15-29 who are not in education, in employment nor training has been falling in Italy from 2014, NEET rates in Italy are still clearly above Europe average levels, as shown in Figure 2, and in the year 2013 the gap between European and Italian NEET rate has surpassed 10 percentage points.

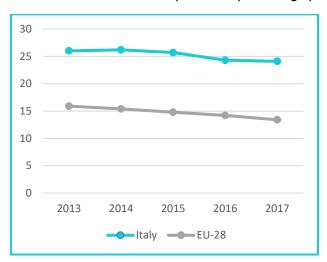
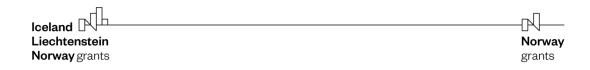


Figure 2. NEET rate, 15-29 years, Italy and EU-28, 2013-2017 (%).

Source: EUROSTAT, 2018.

#### 3.1 Demographic variables

Much emphasis has been placed on gender composition of the unemployed group in Europe among policymakers over the past decades, and, as a result, the gap between male and female youth unemployment is steadily decreasing in most European countries (Loi, Patrizio, & Samek, 2017).



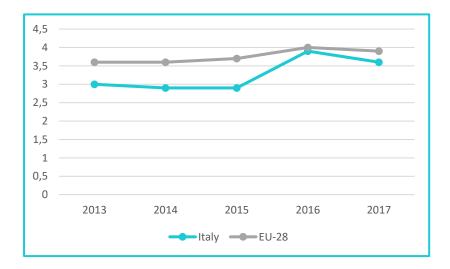
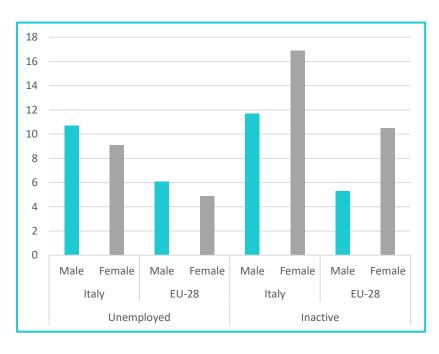


Figure 3. Gender gap of NEETs aged 15-29 years, Italy and EU-28, 2013-2017 (%).

Source: EUROSTAT, 2018.

As Figure 3 shows, in Italy the gap between genders from 2013 and 2017 has reached a record low (2.9 %) in 2014 and 2015. Despite an increase to 3.6 percentage points in 2017, it remains below the European average (3.9%). Young males between 15 and 29 years old are therefore as likely to fall in the NEET group as their female counterparts.

The gender variable plays a significant role both in Italy and across the EU when analysing the labour status of NEET youth as depicted in Figure 4. While within the NEET group young men are more likely to be unemployed (looking for a job), young women are more likely to be inactive (not actively looking for a job). Eurofound (2016) attributes these differences to the traditional role of the woman in the family structure. In fact, women more often than men tend to stay home caring for children or incapacitated adults.



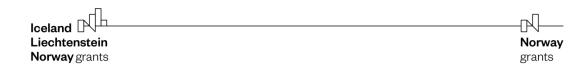


Figure 4. NEET rate for people aged 15-29 by sex and activity status, Italy and EU-28, 2017, %. Source: EUROSTAT, 2018.

A non-native background (here represented by foreign country of birth) also increases the risk of becoming NEET. Across Europe in 2017, NEET rates for young people with migration backgrounds (20.3%) were almost 8 percentage points higher than for their national counterparts (12.6%). However, an analysis of youth unemployment by gender and country of birth reveals that young women with a migration background (here represented by the foreign country of birth) are the group most at risk of becoming NEETs, see Figure 5. With a NEET rate of 42.6%, in Italy, almost every second young woman with a migration background is unemployed. This number significantly contrasts with NEET rates of national-born females (23.5%) suggesting that foreign-born young women are almost twice as likely to be unemployed compared to their national born counterparts. Secondly, their NEET rate is also much higher than the NEET rates for males with a migration background (23.8%). While a gap in NEET rates between national and foreign-born residents is to some extent noticeable all over across Europe, the wide gap between national and foreign-born females in Italy (19.1%) clearly diverges from the EU average (11.7%).

This data should be viewed with scepticism: a significant number of foreign-born women in Italy are migrants, who are active in informal labour market channels. For instance, ISTAT (as cited in Cadeo, 2017) suggests that there are around 2 million domestic workers in Italy, at least 60% of them do not have a regular working contract and 77% are foreigners, especially women. It seems therefore reasonable to suppose that a significant share of foreign-born women who declare to be unemployed are de facto working in a shadow economy.

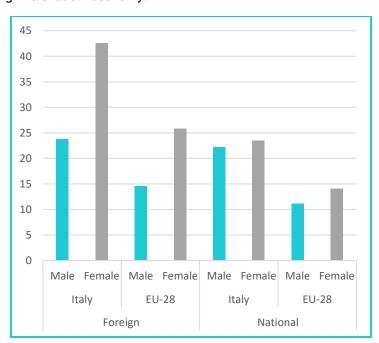


Figure 5. NEET rate by country of birth, people aged 15-29, Italy and EU-28, 2017 Source: EUROSTAT, 2018.

The age variable also plays a key role in profiling unemployed young adults. In line with European averages, data confirms that in Italy the risk of becoming NEET increases with age. Figure 7 gives evidence that NEET rates are higher in the subgroup of young adults aged 25-29 compared to those in



the groups of young adults under 25 years old. NEET rates for youth under 25 years old might be closely linked to the rate of early school leavers. Italy has, in fact, one of the highest rates of early leavers from education and training in the EU (14% against a European average of 10.6% in 2017).

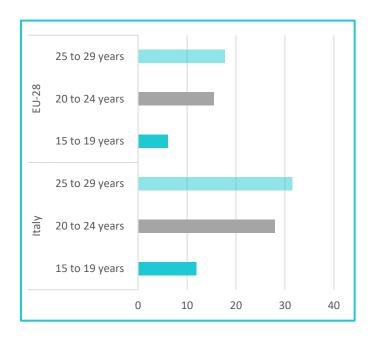


Figure 7. NEET rates by age group, Italy and EU-28, 2017.

Source: EUROSTAT, 2018.



Finally, in Italy, the degree of urbanization does not seem to be a significant determinant of the risk of young people to become NEETs. As Figure 8 depicts, in Italy, NEET youth seems to be equally distributed among cities, towns and suburbs and rural areas with no significant differences among the three places of residence.

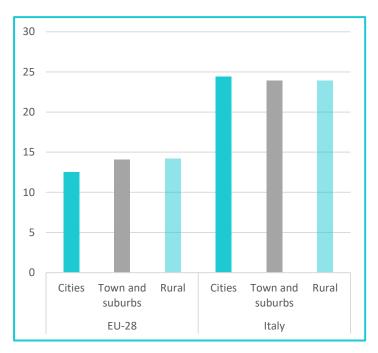


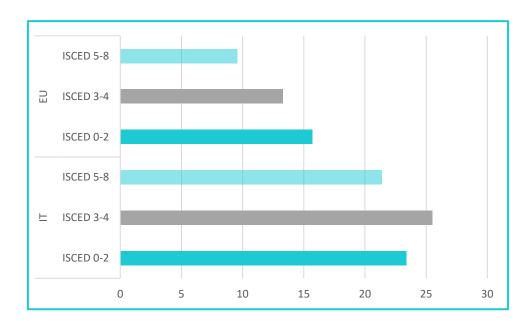
Figure 8. NEET rate by degree of urbanization of people aged 15-29, Italy, 2017.

Source: EUROSTAT, 2018.



#### 3.2 Socio-economic variables

One of the most revealing socioeconomic variables when analysing unemployment is educational attainment. Data indicates that on average, in the European Union, tertiary education represents effective protection against unemployment - NEET rates decrease with increasing levels of education. Yet conversely in Italy, young people with a secondary level of education (ISCED 3-4) are more at risk of becoming NEETs. As Figure 10 depicts, the NEET rate for people with a tertiary level of education (ISCED 5-8) is lower than the NEET rate of young adults with lower educational attainment, however, NEET rates forLow educated individuals (ISCED 0-2) are also lower than those of individuals with a medium educational attainment level.

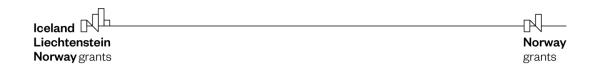


Figure~10.~NEET~rate~by~educational~attainment~of~people~aged~15-29,~Italy~and~EU-28,~2017.

Source: EUROSTAT, 2018.

Regarding other relevant socio-economic variables, Robson (2008) found that in a sample of European countries with data collected between 1994 and 2001, the general trend is that increasing levels of household income are negatively correlated to the probability of falling into the NEET group. Essentially, NEETs tend to come from poorer families. However, in a later empirical study by Shinozaki (2012) on NEET predictors in Japan, the effect of family income on NEET status seems to have a U-curve shape. The level of family income decreases the probability of becoming NEET up to a certain point and increases it after that point. This hypothesis has been tested empirically in the Italian context by Bonollo (2013) on a sample of about 600 NEETs between 20 and 39 years old living with their parents. The results indicate that economic variables are relevant when one tries to identify predictors of NEET status. Bonollo gives evidence that an increasing per capita income decreases the likelihood of becoming NEET up to a point but after that point increasing per capita income is positively associated to the probability of becoming NEET.

One explanation for this phenomenon could lie in the fact that while poor families benefit from an increasing per capita income up to a certain point, very high levels of per capita income could act as a safety cushion for young adults, who are therefore less motivated to look for a job.



#### 3.3 NEET composition and vulnerability

The most recent Eurofound report (2016) on NEET diversity proposes a division of the NEET population into seven sub-groups (re-entrants, short-term unemployed, long-term unemployed, unavailable due to family responsibilities, unavailable due to illness or disability, discouraged workers and other inactive) based on the EU Labour Force Survey. This categorisation goes beyond common demographic and socioeconomic variables and tries to identify reasons for an individual's NEET status in order to help policymakers and interventions' planners.

According to the report, the different categories are characterised by diverse degrees of vulnerability in terms of labour market participation and risk of social exclusion. Re-entrants and short-term unemployed display low to moderate degrees of vulnerability. Unavailable due to illness or disability and long-term unemployed and discouraged workers are classified as highly vulnerable groups since they are the people more at risk of social exclusion. Finally, the categories of unavailable due to family responsibilities and other inactive are a mix of vulnerable and non-vulnerable NEETs, who require further analysis to determine their potential labour market participation and risk of social exclusion.

Figure 11 provides an overview of NEETs in Italy according to the seven Eurofound categories described above. The chart shows at least three alarming trends. Firstly, the biggest group of NEETs in Italy is made of long-term unemployed (26.3% - 3.2 percentage point higher than the EU average). Secondly, the share of discouraged workers in Italy (14.1%) is more than twice as large as the EU average rate (5.9%). Both afore-mentioned groups are considered highly vulnerable groups made of individuals at risk of social exclusion who have the potential to become long-term disengaged. Thirdly, the share of short-term unemployed in Italy (14.8%), who generally are characterized by lower degrees of vulnerability, is lower than the EU average (25.5%).

Positively, the rate of NEETs unavailable due to illness or disability (3.6%) is significantly lower than the EU average (7.1%) suggesting that the country has put in place effective measures of social support. Also, the rate of Italian NEETs unavailable due to family responsibilities (15%) is significantly lower than the EU average (20.5%).

This last measure, however, is difficult to interpret as it is currently not known which NEETs are voluntarily inactive because of family responsibilities and which ones are instead forced into it because they cannot afford, for instance, paid care. Finally, a significant number of NEETs belonging to the group "other inactive" (15.1% against an EU average of 11.7%) calls for a deeper analysis of this heterogeneous category.



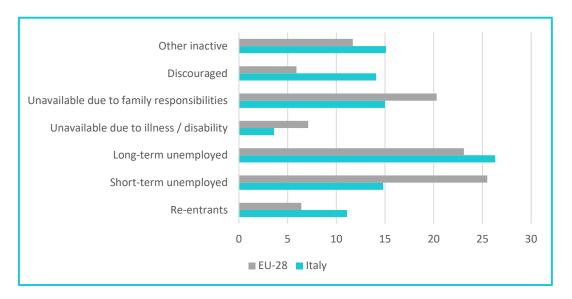


Figure 11. Composition of the NEET group in Italy and EU-28 (%), 15-29 year olds (2013) Source: Eurofound, 2016.





#### 3.4 Regional distribution

While general demographic data on NEETs is of extreme importance to glean a complete picture, further context-specific factors intervene at a national level in determining who the NEETs in Italy are. Because of the wide regional diversity of the country, this report suggests that the macro-region of residence carries high significance when trying to further understand the composition of the NEET population in Italy, as suggested in Chapter 2.

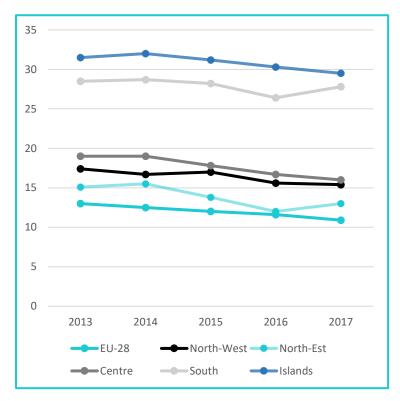


Figure 12. NEET rates by macro-regions Italy and EU-28, people aged 15-24 (2017)

Source: Eurostat

Figure 12 illustrates the massive North-South divide in NEET rates among young adults. In the South and on the Islands, NEET rates have surpassed 30 percentage points. A slight decline in the past two years sees rates at 27.7% for the South<sup>3</sup> and 29.5% for the Islands<sup>4</sup> in 2017 (against a European average of 10.9%). The Centre<sup>5</sup> and North of the country score better on youth unemployment with NEET rates at 16% for the Centre, 13% in North-East<sup>6</sup>, and 15.4% in the North-West<sup>7</sup>.

<sup>3</sup> It includes the following regions: Abruzzo, Molise, Campania, Puglia, Basilicata, Calabria.

<sup>&</sup>lt;sup>4</sup> It includes the following regions: Sicilia, Sardegna.

<sup>&</sup>lt;sup>5</sup> It includes the following regions: Toscana, Umbria, Marche, Lazio.

<sup>&</sup>lt;sup>6</sup> It includes the following regions: Trentino Alto-Adige, Veneto, Friuli-Venezia Giulia, Emilia\_Romagna.

<sup>&</sup>lt;sup>7</sup> It includes the following regions: Piemonte, Valle d'Aosta, Liguria, Lombardia.

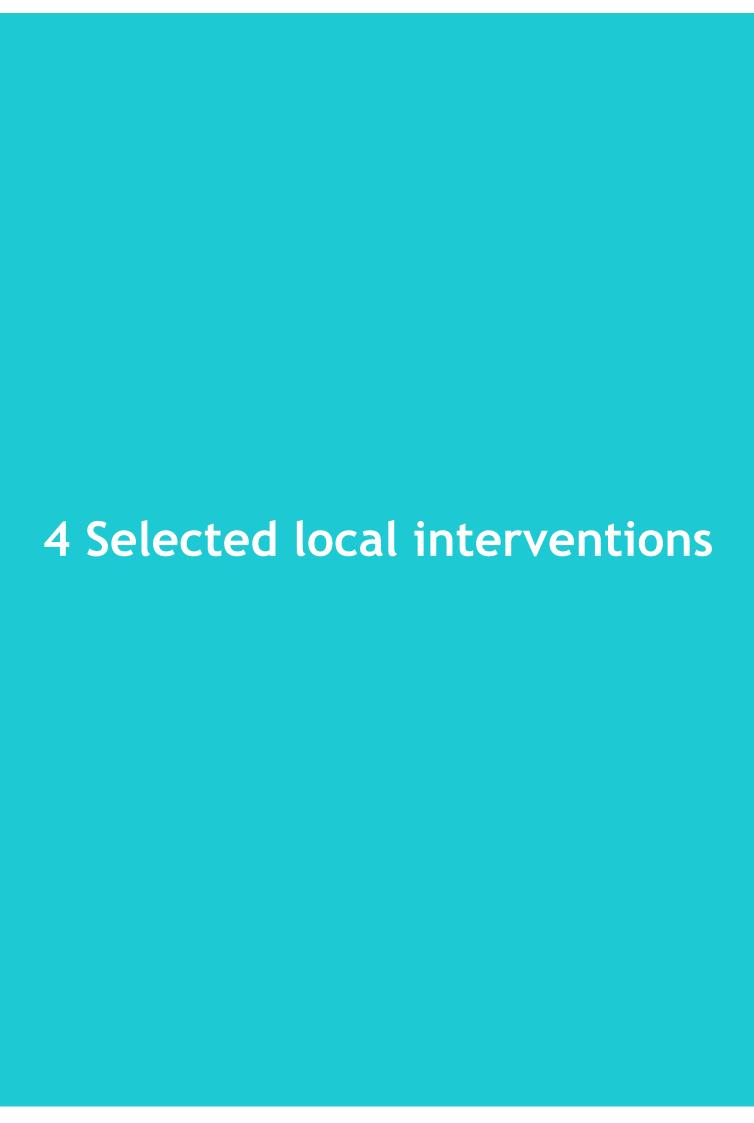


Although the most underperforming relative comparison among Italian macro-regions shows a better situation in the North and Centre, the imbalance with the EU average remains significant across the whole country.

The historical North-South divide helps explaining the disparate development of unemployment rates. However, official statistics might hide part of the truth. Working "off the books" can distort unemployment levels, especially in the South and Islands, where illegal employment is widespread. Informal work represents a social safety net for those who are unemployed, and it involves over 3 million people in Italy, contributing to 6.5% of the national GDP. The Southern region of Calabria ranks first for informal employment in with 146,000 informal workers who contribute to a (regional) added value of 2.891 million Euros (9.9% of the total regional added value against a national average of 5.2%). In general, data reveals that the South has roughly 1.3 million informal workers who generate 8% of the added value, costing the Italian government 15 million Euros in lost tax revenue (CGIa, 2018).

To conclude, the above analysis showed that in Italy (generally):

- 1. Gender (female) is a significant variable if associated with labour status (inactivity) and migration background (foreign country of birth).
- 2. The risk of becoming NEET increases with age.
- 3. Tertiary educational is associated with significantly lower NEET rates.
- 4. The degree of urbanization does not seem to play a key role in increasing the risk of becoming NEET.
- 5. The region of residence plays a critical part in becoming NEET. Southern regions and Islands have substantially higher NEET rates with respect to the Centre and North of the country.
- 6. The share of vulnerable NEETs who are "long-term unemployed" and "discouraged workers" are significantly higher in Italy compared to EU averages.





## 4 Selected local interventions

The plague of youth unemployment and its causes have been of interest to theorists, practitioners and policymakers throughout modern history (Levin, 1983; Melvyn & Freedman; 1979; Hess, Petersen & Mortimer, 1994). NEETs are now a recurring topic on the European Policy Agenda since they have been identified as the single most important challenge in recent labour market trends (Eurofound, 2016). The reasons for European leaders' special attention to youth unemployment are typically twofold: long-term unemployment can have permanent effects on both the personal and professional development of a young individual, but also, unemployed citizens put a substantial economic burden on society (Council of the European Union, 2013). Policies actively addressing the issue generally try to improve school-to-work transitions (such as the Youth Guarantee by the European Union) or foster entrepreneurship, especially in job-depressed regions. Financial support instruments such as unemployment benefits or other types of income support are instead directed at mitigating the adverse immediate financial effects of job loss, which often results in deteriorating living standards (Mascherini, Ledermaier, Vacas-Soriano & Jacobs, 2017). These types of measures usually do not help secure employment unless they are coupled with work inclusion policies.

The report now turns to a review of three active policies in Italy, aiming to tackle the problem of youth unemployment from different angles. The first is Italy's implementation of the Youth Guarantee, which is the most important policy framework ever established in Europe. Its goal is to prevent social exclusion and long-term disengagement of youth (Mascherini et al, 2017). The scale and reach of this policy initiative are extremely significant. The second program analysed in the report is called Resto al Sud ("I stay in the South") and it is an incentive scheme that targets unemployed young people in job-depressed regions in the South of the country. The initiative is noteworthy as it represents a regionally targeted labour policy aimed at creating jobs and combatting brain drain by fostering youth entrepreneurship. The third intervention addressed is Reddito di cittadinanza, a new reform rolled-out in March 2019, which consists of a minimum income scheme conditional to work. The single most important objective of this intervention is lifting people out of poverty through financial benefits, and importantly, the scheme includes an employment insertion path for those who can work. This could have significant consequences on the Italian labour market.

#### 4.1 The Youth Guarantee by the European Union

Adopted in April 2013, the Youth Guarantee is the European plan that Member States agreed to. They will engage more actively in the fight against unemployment by supporting youth in finding a work placement or a personalized educational/training path. Specifically, the offer is addressed to NEETs between 15 and 29 years old within four months of being unemployed or leaving education to avoid long-term disengagement.

The Council recommendation of Youth Guarantee highlights the need for a tailored approach to tackle the issue of youth unemployment and invites Member States to present their own implementation plan depending on local circumstances. Italy presented a Youth Guarantee Implementation Plan on 23 December 2013 consisting of three different sequential phases: 1) informative services to promote the Youth Guarantee contents among young unemployed adults, 2) reception and analysis of requests, 3) personalized offers (such as work placement, apprenticeship, internship, formal education path, entrepreneurship or community service) based on the needs and preferences of the end beneficiary.



On the one hand while Youth Guarantee aims at reaching significant numbers of disengaged youth, yet it is evident that the large catchment area still fails to include severely disadvantaged NEET subgroups. Because the Youth Guarantee scheme in Italy is implemented in a way that requires young adults that are not in education, training or employment to make the ask, inactive and hidden NEETs such as mothers of young children or people with poor health are often excluded. They may be reluctant in joining the scheme and try instead to make it on their own for a while supported by other social safety mechanisms such as family and friends becoming increasingly hard-to-reach (OECD, 2016). The Youth Guarantee has also been criticized because of the weak incentive scheme set up in Italy since it establishes a generous allocation of funds to temp agencies and private companies even before NEETs are being offered a job opportunity (Cannavò, 2015).

#### 4.2 Resto al Sud

Since the Italian unification was formalized in 1861, various national policies have tried to introduce mechanisms and schemes with the aim of reducing the North-South economic divide. The notorious *Cassa per il Mezzogiorno* (Casmez) or "Fund for the South", was a public agency, active from 1959 to 1984 and created for the development of the Italian Southern regions. The failure of this massive intervention is still being debated and a recent book "*La dinamica economica del Mezzogiorno*" by the Svimez Research Centre fights clichés about the Casmez fiasco. Casmez represented government unproductivity and poor management of resources, fueling Italian public opinion that all spending in the South was doomed to fail (Tupputi, 2016). This example, in combination with economic liberalization, globalization and privatization of many public companies, meant that the country has drastically lowered the public resources available to the Southern regions (Tupputi, 2016).

Given the extremely high unemployment levels, most recent interventions in the South have focused on providing tax breaks for companies that hire young unemployed people on one side and fostering entrepreneurship among youth on the other.

The public program *Resto al Sud* was introduced by the Italian Government in 2017 to promote entrepreneurship for young adults between 18 and 35, who live in eight Southern regions or, alternatively, youth from other Italian regions willing to move to the South and start their own venture. Since 2019, this intervention has extended the age range to include individuals up to 46 years old. The initiative seems to target a specific need of many necessity entrepreneurs<sup>8</sup>, those who lack capital and require startup financing in order to lower entry barriers (*Resto al Sud* foresees a non-repayable financing for 35% of the initial investment and an interest-free loan for the remaining 65%). Preliminary results available on the official *Resto al Sud* website show disappointing numbers. Out of 7,816 loan requests presented to date, only 3,035 of them (39%) have been accepted and deemed positive. The high percentage (61%) of rejected requests raises important questions about the program.

Three factors could possibly help to explain the low numbers of both incoming and accepted applications. Firstly, a 2017 study conducted by OECD/EU highlighted the fear of failure as one of the main barriers in venture creation among youth in Europe. Over the period 2012-2016, almost 60% of young Italians between 18 and 30 years old (about 20 percentage points more than OECD averages) responded yes to the question "Does a fear of failure prevent you from

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<sup>&</sup>lt;sup>8</sup> Necessity entrepreneurs are people who feel urged to start their own business because job opportunities in the area are either non-existent or unsatisfactory.



starting a business?". Resto al Sud might partly address fears related to the financial issues arising from bankruptcy but, it does not deal with cultural stigmas of entrepreneurial failure. Secondly, young people may doubt their very own entrepreneurial abilities. Data collected by OECD/EU and reported in the study mentioned above confirms that 30% of young adults are uncertain about their abilities, which acts as a barrier when it comes to venture creation. However, the unfavourable context may force many into entrepreneurship as a last resort option, regardless of the perception of the abilities that one holds - as a result the share of people doubting their entrepreneurial skills but becoming entrepreneurs could be higher in the South with respect to the national average. Finally, the fact that necessity entrepreneurs are not driven by demand (Van Stel, Storey & Thurik, 2007) could compromise the creation of a viable business plan and be behind the significant number of rejected applications.

#### 4.3 Reddito di cittadinanza

Unemployment is a huge part of income insecurity and often results in poverty and social exclusion (Sen, 1997). This section 4.3 explores policies that have been made with the attempt to alleviate poverty, in-work poverty and social exclusion.

It focusses on a recent key reform introduced by the Conte I Cabinet, namely *Reddito di cittadinanza* (RdC) (basic income or citizens' income). According to Eurostat, roughly one-fifth of the European population is at risk of poverty and social exclusion (22.4% as of 2017). The European Anti-Poverty Network (EAPN) claims that there are, on average, significant improvements across the EU (Cesarini Sforza & Teodosi, 2018), although Italy's numbers demonstrate the opposite: the number of people at risk of poverty and social exclusion in Italy has been increasing, changing from 24.9% at the dawn of the global financial crisis in 2009 to 28.9% in 2017. Under domestic and international pressures (Ciccarone, Dente & Rosini, 2016), the Italian government undertook a series of actions to tackle this problem over the past decade. The following paragraphs shed light on the previous efforts of reform and how they culminated in the latest initiative to address this - a basic income scheme rolled-out in March 2019.

After a failed attempt to launch a minimum income scheme called *reddito minimo di inserimento* (RMI) in 1997, the first significant reform of this type was introduced by the Berlusconi government (2008) with the *Carta acquisti ordinaria* (ordinary purchase card), intended for the elderly over 65 or children under 3, with extremely low disposable incomes, it gives recipients a monthly allowance of 40 Euros on a pre-paid card and is still in use today. It is solely for financial help to guarantee basic amenities such as food, health and energy and does not require any participation in social inclusion programs. Another similar scheme was implemented four years later, in 2012, when the government introduced the *Social card sperimentale* (experimental social card). As the name suggests, this intervention was first experimentally introduced in 12 Italian cities and then rolled-out at the national level in 2015 with a different name, *Sostegno per l'inclusione attiva* (SIA, active inclusion subsidy). Unlike the *Carta acquisti ordinaria*, this income support tool was coupled with a path for social inclusion, which engaged the end beneficiaries in social activities at a municipal level. The card offered 80 Euros monthly per family member for families with low incomes and poor housing conditions.

After the experimental phase, SIA became a structural reform in 2018 and various amendments were made, income thresholds rose, duration of benefits increased from 12 to 18 months and it was given the new name *Reddito di inclusione* (REI). One year later, an even more



comprehensive policy, called *Reddito di cittadinanza* (RdC, basic income or citizens' income) was then introduced and launched at the national level. The only change from REI to RdC is that higher payments for the most disadvantaged aim to guarantee that everybody lives above the poverty line figure of 780 Euros a month.

To be clear, most literature on the issue agrees on Van Parijs's (1992, p.3) definition of basic income as an "income unconditionally paid to all on an individual basis, without means test or work requirement", a definition that clearly deviates from the 2019 Italian reform. Although RdC has been frequently referred to as basic income or citizens' income (a more literal translation), this leads to misconceptions.

The policy is a minimum income scheme conditional to work rather than a more revolutionary universal basic income scheme (Gobetti, 2018).

The idea was first piloted for six months in 2016 with 100 families in Livorno, an Italian coastal city in the region of Tuscany. Beneficiary families received 500 Euros per month and, only if interested, were involved in community work, cultural and environmental projects. A study conducted by Roma Tre University on the pilot assessed the perceived effects of the scheme by the beneficiaries themselves. In general, two thirds of them reported an improvement in their economic conditions during the semester of delivery. However, recipient families highlighted the lack of work integration paths as a significant shortcoming and 20% of the sample interviewed added the need to couple the cash transfers with other non-economic interventions such as support in the care of minor children or disabled family members (Dhimgjini, 2017).

The work inclusion path is a central defining component of RdC since recipients of the benefits will have to enroll in employment trainings and cannot turn down more than three job offers, under penalty of exclusion from the scheme. While the idea seems great in theory, strong criticisms have emphasized the fact the Italian public administration simply lacks the personnel, infrastructure and funds to deliver the work integration element of the scheme (Hurst, 2019). Initially, the government proposed the introduction of a new work profile, a "navigator", who acts as tutor, coach or mentor accompanying unemployed receivers of the RdC through a personalized work inclusion path. Early speculations discussed 30,000 navigators, who would be hired under temporary contracts by Agenzia Nazionale Politiche Attive Lavoro (ANPAL, National Agency for Active Labour Market Policies) and would be working in the 550 Centri Pubblici per l'Impiego (CPI, public employment offices). Aspiring navigators undertook a public exam to compete for one of the 6,000 places available (one-fifth of the initial amount) and their results were available in June 2019. The new work profile started being operative in July 2019 after specific trainings sessions were held in different municipalities in Italy. Thus far, the plan has not run smoothly and Luigi Oliveri, the public manager of Verona's provincial administration, ironically talked about the "shipwreck of navigators".

The first problem is a lack of physical infrastructure. Even though the government has talked about tens of thousands of navigators, there are no concrete plans about the opening of new CPIs, where the navigators would be working. The current set-up of public employment structures is clearly inferior to what this scheme requires and should involve in order to deliver its mission. An adapted database system is still missing so coordination among the CPIs at a national level is not possible. Furthermore, current employees are lacking the digital skills needed for this change. In 2018, ISTAT conducted a crucial investigation about the functioning of public employment services (PES) in Italy and other European countries, which highlighted the Italian system's lack of human infrastructure. For instance, there has been little public investment into labour market services, which include costs intended for public employment services, in 2015 Italy spent 0.04% of the GDP, in sharp contrast to Germany (0.36%) and France (0.25%). In the same year, Italy employed about 10,000 workers in PES in contrast to the 110,000



people employed in Germany and 50,000 in France. This means a public expenditure of about 100 Euros on each unemployed person in Italy, while Germany and France spent 3,700 and 1,300 Euros, respectively (ISTAT, 2018a).

Experts estimate that for a smooth implementation of the scheme the creation of at least 50,000 jobs would be necessary (Brusini, 2018). The new navigators, however, appear as a stopgap measure on a dubious system, namely 6,000 temporary jobs that add to the issue of precarious work among youth in Italy. Vincenzo de Luca, President of Campania, blocked the navigators' call for applications in his region and refused to sign an agreement with ANPAL. He stated, "navigators have no future", referring to the fact that eventually, they will add to the crowds of unemployed people when their employment contracts will end, in April 2021 (Scaperrotta, 2019). Critics of the minimum income scheme introduced in 2019 also emphasized several other issues related to the measure. For instance, the existence of a fundamental funding problem: the investments required could partly come from resources diverted from other social programs, but they are unlikely to be enough and this raised concerns about the government's plans to increase the already worrisome country's public debt (Kirchdorfer, 2018; Girardi, 2019). Other difficulties in the implementation phase arise also from the country's infamous high levels of tax evasion and informal work, which could result in a failure to reduce unemployment rates (Girardi, 2019).

# 5 Outlook and conclusions



## 5 Outlook and conclusions

According to the IMF (2019), unemployment rates in Italy are forecasted to stay at relatively stable levels around 10% for the next 5 years. However, challenges such as globalisation and automation have the potential to lower the quality of new jobs and create greater disparities amongst workers within the Italian labour market (OECD, 2019). Additionally, it remains to be seen how recent changes in the government will affect ongoing labour market reform. As the Chairman and CEO of Samasource Leila Janah said: "Labour looks different in the 21st century. And so should our job training programs". Based on this report, innovative employment programs developed with the objective of connecting NEETs in Italy to jobs available in the labour market or, alternatively, supporting them in creating their own business, should aim at the right target, offer the appropriate content, be aware of the public policy environment in which they operate, and be able to provide solid, credible evidence on their impact.

Regarding the target group, it would appear that new programs should attempt to include hidden, inactive and discouraged NEETs, who may have failed to join other schemes or initiatives. Moreover, even though the prevailing European definition of NEET defines young people as between 15 and 29 years old, it is reasonable to question if youth employment programs in Italy should instead extend the age range to include older groups of youth, adapting to the local context: allowing for sociological and cultural specificities of the Italian job market and educational system. In fact, even ISTAT, the official Italian National Institute of Statistics, includes people up to 34 years old in its definition of NEETs. In relation to the content of the programs, it is important that employment programs act as a link between labour demand and supply by a) providing accurate information on labour market needs (for instance by highlighting areas with shortages of workers, or presenting vocational and/or educational paths with good career prospects) b) facilitating labour market entry through up-skilling and re-skilling and also c) supporting new business creation through solid entrepreneurship education, especially in job-depressed regions.

With reference to the public policies discussed above, it is worth considering if and how RdC will affect other work inclusion initiatives. According to INPS, the Italian National Institute for Social Security, the approved recipients of RdC until July 2019 accounted for about 1 million people in the whole country, with Campania and Sicily being the top regions by number of recipients (INPS, 2019). It should be acknowledged that the amount of RdC beneficiaries could be detrimental for other employment programs operating in those areas due to the fear of possible revocation of the financial benefits, as they are conditional to specific work inclusion paths offered by the, under-staffed, Italian PES.

Finally, it is vital for innovative projects to be developed around a well-founded impact assessment framework, which would enable policymakers, funders and program designers to access solid evidence of what works and what does not work in the world of youth employment programs.

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# Annex B



## **Annex B**

#### Goal of the questionnaire

This questionnaire filled by local partners and researchers aims at describing existing national policies and interventions by diverse stakeholders targeted at NEET youth.

#### **Details:**

Table 1 in page 2 provides a summary of interventions which try to prevent or address youth unemployment. You can see on the top the stakeholders who implement the interventions, the middle of the chart lists the types of interventions including definitions with examples9, while the bottom of the table shows the beneficiaries of the interventions. The questionnaire is divided into six sections. The first six section are dedicated to the six specific types of intervention, while the last part investigates if the above-mentioned interventions target any specific sub-group of the youth population and poses some final questions.

#### Structure of the questionnaire:

- 1. Financial payments
- 2. Vocational education and training
- 3. Remedial classes and recovery training programs
- 4. Career guidance and counseling
- 5. Community programs
- 6. Other interventions
- 7. Sub-groups and final questions

Country: Choose an item. Name, surname and e-mail of responding expert: Click or tap here to enter text.

<sup>9</sup> Based on Britton, Gregg, Mcmillan & Mitchell (2011).

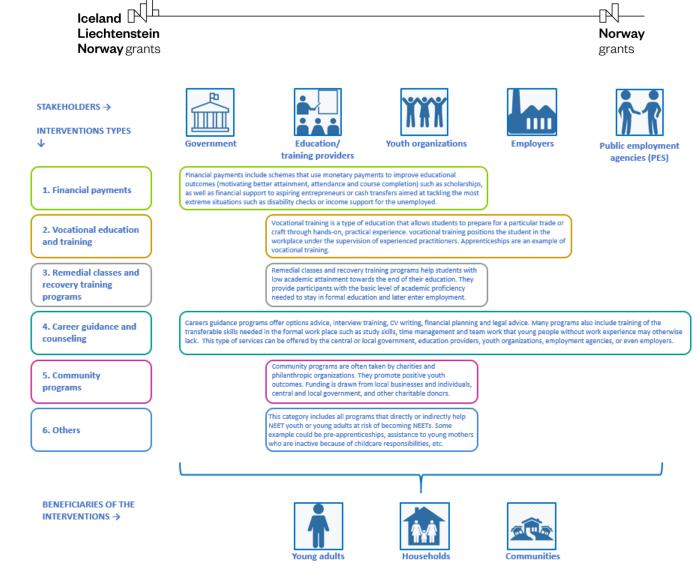


Table 1. Summary of interventions targeted at NEET youth



### 1 Financial payments

1 Which financial payments are currently in place in your country in order to prevent or address youth unemployment? Please, use the following table to answer and focus on big-scale interventions. The second row is filled with an example from the UK to help you complete the rest of the table.

Intervention's name	Timeline (how long does it run for?)	Budget/Scale (how many people does it target?)	Target group	Geographical reach (national, regional, local level)		Impact and results	Have you worked as part of this intervention?
Education Maintenance Allowance (EMA)	1999 - ongoing	Per year: £549 million and it supported 526,000 learners (year 2009)	16-19 year olds in post-16 education, low family incomes	National (the scheme is implemented in Wales, Northern Ireland and Scotland - except England)	compulsory attendance &	Positive impact on participation & attainment	□ Yes ⊠ No
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### 2 Vocational education and training

2 Which vocational education and training programs are currently in place in your country in order to prevent or address youth unemployment? Please, use the following table to answer and focus on big-scale interventions. The second row is filled with an example from Germany to help you complete the rest of the table.

Interv name	vention's	Timeline (how long does it run for?)	Budget/Scale (how many people does it target?)	Target group	Geographical reach (national, regional, local level)	Aims and objectives	Impact and results	Have you worked as part of this intervention?
The Dual Syster	German training m	1969-on going	Total of 1,323,894 people in 2017	Not specified	National (Germany)	Impart skills to facilitate employment	Low youth unemployment	□ Yes ⊠ No
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### 3 Remedial classes and recovery training programs

3 Which remedial classes and recovery training programs are currently in place in your country in order to prevent or address youth unemployment? Please, use the following table to answer and focus on big-scale interventions. The second row is filled with an example from Portugal to help you complete the rest of the table.

Intervention's name	Timeline (how long does it run for?)	Budget/Scale (how many people does it target?)	Target group	Geographical reach (national, regional, local level)		Impact and results	Have you worked as part of this intervention?
Second Chance School of Matosinhos	2008 - ongoing	449 students	15-25 year olds who left school without minimum qualifications to access employment or another education/training program.	National (Portugal)	Provide students with employability skills	64% of the students reached their certification goals	□ Yes ⊠ No
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### 4 Career guidance and counseling

4 Which career guidance and counseling programs are currently in place in your country in order to prevent or address youth unemployment? Please, use the following table to answer and focus on big-scale interventions. The second row is filled with an example from Germany to help you complete the rest of the table.

Intervention's name	Timeline (how long does it run for?)	Budget/Scale (how many people does it target?)	Target group	Geographical reach (national, regional, local level)		Impact and results	Have you worked as part of this intervention?
Initiative Bildungskette (The Initiative on Educational Chains)	2010-2020	€460 million (2010- 2014), €1.3 billion (2014-2018)	Young adults in general education and vocational education who are at risk of dropping out	National (Germany)	Integration of young people in the labour market, preventing school dropouts	First intermediate reports show positive effects on the integration of at-risk youth into vocational education and training	□ Yes □ No
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### 5 Community programs

5 Which community programs are currently in place in your country in order to prevent or address youth unemployment? Please, use the following table to answer and focus on big-scale interventions. The second row is filled with an example from Spain to help you complete the rest of the table.

Intervention's name	Timeline (how long does it run for?)	Budget/Scale (how many people does it target?)	Target group	Geographical reach (national, regional, local level)	Aims and objectives	Impact and results	Have you worked as part of this intervention?
MILMA Project	2018-on going.	Budget: 3,593,342.20 EUR	16-19 year olds in post-16 education, low family incomes	Local (Fuenlabrada, Spain)	Reduce the number of unemployed people in through the increase of their possibilities to access the job market or through entrepreneurship	Results forthcoming.	☐ Yes ☑ No
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| Click or tap<br>here to enter<br>text. | Click or tap here to enter text.    | Click or tap<br>here to enter<br>text. | ☐ Yes<br>☐ No |



#### **6 Other interventions**

6 Which other interventions are currently in place in your country in order to prevent or address youth unemployment? Please, use the following table to answer and focus on big-scale interventions. The second row is filled with an example from the UK to help you complete the rest of the table.

Intervention's name	Timeline (how long does it run for?)	Scale (how many people does it target?)	Target group	Geographical reach (national, regional, local level)	Aims and objectives	Impact and results	Have you worked as part of this intervention?
Care to Learn	2013- on going	Not available	Young parents (under 20 years old)	Regional (England)	The Care to Learn scheme helps with childcare costs while parents study. It aims at decreasing teenage parents' education dropout rates.	Only one in four who received Care to Learn were NEET after their course, compared with two in three before the course	□ Yes ⊠ No
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#### 7 Sub-groups

7.1 Do the interventions described in answer to questions 1, 2, 3, 4, 5, and 6 target any of the following socio-demographic<sup>10</sup> sub-groups? Complete the blanks by listing the interventions that apply.

Socio-demographic NEET sub-groups	Interventions
NEET males	Click or tap here to enter text.
NEET females	Click or tap here to enter text.
NEETs with migration background	Click or tap here to enter text.
NEETs aged 15-19	Click or tap here to enter text.
NEETs aged 20-24	Click or tap here to enter text.
NEETs aged 25-29	Click or tap here to enter text.
NEETs with low educational attainment (0-2 ISCED) <sup>11</sup>	Click or tap here to enter text.
NEETs with medium educational attainment (ISCED 3-4) <sup>12</sup>	Click or tap here to enter text.
NEETs with high educational attainment (ISCED 5-8) <sup>13</sup>	Click or tap here to enter text.
NEETs living in cities	Click or tap here to enter text.
NEETs living in towns and suburbs	Click or tap here to enter text.
NEETs living in rural areas	Click or tap here to enter text.

<sup>&</sup>lt;sup>10</sup> The socio-demographic variables were selected based on Statistical Office of the European Communities, 2018 EUROSTAT

 $<sup>^{\</sup>rm 11}$  It refers to primary or lower secondary level of education.

<sup>&</sup>lt;sup>12</sup> It refers to upper secondary or post-secondary non-tertiary education.

<sup>&</sup>lt;sup>13</sup> It refers to tertiary education.



Other NEET sub-groups, please specify: Click or tap here	Click or tap here to enter text.
to enter text.	

7.2 Do the interventions described in answer to questions 1, 2, 3, 4, 5, and 6 target any of the following additional sub-groups<sup>14</sup>? Complete the blanks by listing the interventions that apply.

Additional sub-groups	Interventions
Re-entrants <sup>15</sup>	Click or tap here to enter text.
Long-term unemployed <sup>16</sup>	Click or tap here to enter text.
Short-term unemployed <sup>17</sup>	Click or tap here to enter text.
Discouraged workers <sup>18</sup>	Click or tap here to enter text.
Unavailable due to illness and disability <sup>19</sup>	Click or tap here to enter text.
Unavailable due to family responsibilities <sup>20</sup>	Click or tap here to enter text.

<sup>&</sup>lt;sup>14</sup> These additional sub-groups are based Mascherini & Ledermaier (2016).and were developed using the EU Labour Force Survey.

<sup>&</sup>lt;sup>15</sup> "young people who will soon re-enter employment education or training [...]. They have already been hired or enrolled in education or training." (Mascherini & Ledermaier, 2016)

<sup>&</sup>lt;sup>16</sup> "available to start within two weeks, and have been unemployed for more than a year" (Mascherini & Ledermaier, 2016)

<sup>&</sup>lt;sup>17</sup> "available to start within two weeks, and have been unemployed for less than a year" (Mascherini & Ledermaier, 2016)

<sup>18 &</sup>quot;This group captures all young people who have stopped looking for work because they believe that there are no job opportunities for them" (Mascherini & Ledermaier, 2016)

<sup>&</sup>lt;sup>19</sup> "This category includes all young people who are not seeking employment or are not available to start a job within two weeks due to illness or disability" (Mascherini & Ledermaier, 2016)

<sup>&</sup>lt;sup>20</sup> "those who are not seeking work or are not available to start a new job because they are caring for children or incapacitated adults, or have other less specific family responsibilities" (Mascherini & Ledermaier, 2016)



Other inactive <sup>21</sup> , please specify: Click or tap here to	Click or tap here to enter text.
enter text.	

7.3 Among the interventions described in answer to questions 1, 2, 3, 4, 5, and 6, which one/s do you believe to be the most effective in your country? Remember to mention the name of the intervention/s. Please, justify your answer by listing its/their success factors.

Click or tap here to enter text.

#### Sources

Britton, J., Gregg, P., Mcmillan, L., & Mitchell, S. (2011). The Early Bird... Preventing Young People from becoming a NEET statistic (Rep.). Bristol: Department of Economics and CMPO, University of Bristol.

Mascherini, M., & Ledermaier, S. (2016). Exploring the diversity of NEETs (Rep.). Luxembourg: Publications Office of the European Union.

Statistical Office of the European Communities. (1990). *EUROSTAT*: Statistics on young people neither in employment nor in education or training. Luxembourg: Eurostat.

<sup>&</sup>lt;sup>21</sup> "This group contains all NEETs whose reasons for being NEET do not fall into any of the previous six categories" (Mascherini & Ledermaier, 2016)



# Thank you for your cooperation!

# Annex C



### Questionnaire

In the context of this project, we are conducting research on employment and entrepreneurship. The survey should only take 10 minutes. Thank you for agreeing to take part in it. We really appreciate your input!

1. Please, indicate your registration number:

2. If someone opposes me, I can find the means and ways to get what I want.						
strongly disagree	disagree	neither agree nor disagree	agree	strongly agree		
3. It is easy f	or me to stick to	my aims and accompli	sh my goals.			
strongly disagree	disagree	neither agree nor disagree	agree	strongly agree		
4. Thanks to	my resourcefulne	ss, I know how to hand	lle unforeseen	situations.		
strongly disagree	disagree	neither agree nor disagree	agree	strongly agree		
5. I can solve	most problems i	f I invest the necessary	effort.			
strongly disagree	disagree	neither agree nor disagree	agree	strongly agree		
6. I can rema	in calm when fac	ing difficulties because	e I can rely on	my coping abilities.		
strongly disagree	disagree	neither agree nor disagree	agree	strongly agree		
Û						



7. I can usually handle whatever comes my way.

strongly disagree nor disagree agree strongly agree

8. I am able to adapt when changes occur.

strongly disagree neither agree nor disagree agree strongly agree

9. I tend to bounce back after illness, injury, illness or other hardships.

strongly disagree neither agree nor disagree agree strongly agree

10. I am constantly on the lookout for new ways to improve my life.

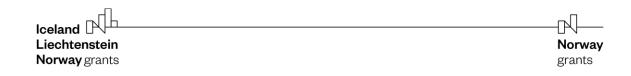
strongly disagree neither agree nor disagree agree strongly agree

11. Wherever I have been, I have been a powerful force for constructive change.

strongly disagree neither agree agree strongly agree

12. Nothing is more exciting than seeing my ideas turn into reality.

strongly disagree neither agree agree strongly agree



13. If I see something I don't like, I fix it.

strongly disagree	disagree	neither agree nor disagree	agree	strongly agree

14. No matter what the odds, if I believe in something I will make it happen.

strongly disagree	disagree	neither agree nor disagree	agree	strongly agree

15. I love being a champion for my ideas, even against others' opposition

strongly disagree	disagree	neither agree nor disagree	agree	strongly agree

16. I excel at identifying opportunities.

strongly disagree	disagree	neither agree nor disagree	agree	strongly agree

17. I am always looking for better ways to do things.

strongly disagree	disagree	neither agree nor disagree	agree	strongly agree

18. If I believe in an idea, no obstacle will prevent me from making it happen.

strongly disagree	disagree	neither agree nor disagree	agree	strongly agree



19. I can spot a good opportunity long before others can.

strongly disagree	disagree	neither agree nor disagree	agree	strongly agree

20. I will work hard to improve my work situation.

strongly disagree	disagree	neither agree nor disagree	agree	strongly agree

21. I am willing to put in effort to have a job I enjoy.

strongly disagree	disagree	neither agree nor disagree	agree	strongly agree

22. Having a good job is important to my sense of well-being.

strongly disagree	disagree	neither agree nor disagree	agree	strongly agree

23. It is no use worrying about current events or public affairs, I can't do anything about them anyways.

strongly disagree	disagree	neither agree nor disagree	agree	strongly agree

24. Every person should give some of his time for the good of his town or country.

strongly disagree	disagree	neither agree nor disagree	agree	strongly agree





25. Our country would be a lot better off if we didn't have so many elections and people didn't have to vote so often.

strongly disagree	disagree	neither agree nor disagree	agree	strongly agree

26. Letting your friends down is not so bad because you can't do good all the time for everybody.

strongly disagree	disagree	neither agree nor disagree	agree	strongly agree

27. It the duty of each person to do his job the very best he can.

strongly disagree	disagree	neither agree nor disagree	agree	strongly agree

28. People would be very better off if they could live far away from other people and never have to do anything for them.

strongly disagree	disagree	neither agree nor disagree	agree	strongly agree

29. When I was at school, I usually volunteered for special projects.

strongly disagree	disagree	neither agree nor disagree	agree	strongly agree

30 I feel bad when I have failed to finish a job I promised I would do.

strongly disagree	disagree	neither agree nor disagree	agree	strongly agree



31. Most people tell a lie when they can benefit by doing so.

strongly disagree	disagree	neither agree nor disagree	agree	strongly agree

32. Those devoted to unselfish causes are often exploited by others.

strongly disagree	disagree	neither agree nor disagree	agree	strongly agree

33. Some people do not cooperate because they pursue only their own short-term self-interest. Thus, things that can be done well if people cooperate often fail because of these people.

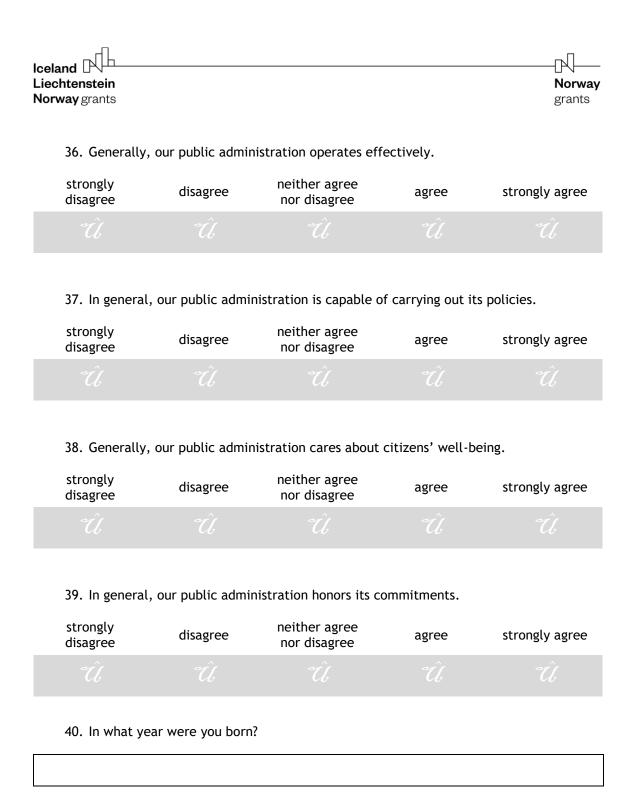
strongly disagree	disagree	neither agree nor disagree	agree	strongly agree

34. Most people are basically honest.

strongly disagree	disagree	neither agree nor disagree	agree	strongly agree

35. There will be more people who will not work if the social security system is developed further.

strongly disagree	disagree	neither agree nor disagree	agree	strongly agree

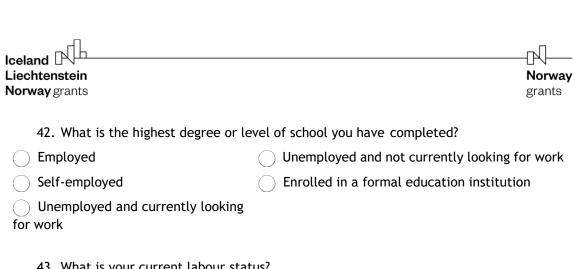


41. In what year were you born?

Famale

Male

Other



Employed	Unemployed and not currently looking for work		
Self-employed	Enrolled in a formal education institution		
<ul><li>Unemployed and currently looking for work</li></ul>			
43. What is your current labour stat	cus?		
Employed	Unemployed and not currently looking for work		
Self-employed	Enrolled in a formal education institution		
Unemployed and currently looking for work			
44. Are you currently receiving uner	mployment benefits of other types of social benefits?		
Yes			
○ No			
45. What was your net income last i	month?		
Less than 600 EUR	2000 - 2700 EUR		
600 - 1300 EUR	More than 2700 EUR		
1300 - 2000 EUR			
46. What is the postal code of the place where you live			

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