

STRATEGY FOR ENTREPRENEURSHIP AND YOUTH EMPLOYMENT **2013/2016**



ESTRATEGIA DE
EMPENDIMIENTO Y
EMPLEO **JOVEN**



GOBIERNO
DE ESPAÑA

MINISTERIO
DE EMPLEO
Y SEGURIDAD SOCIAL





Presentation of the Strategy

Promoting the integration of young people in the world of work and improving their situation in the labour market are two of the main priorities of the Government of Spain.

Today, of all the effects of the economic crisis, unemployment for young people is one of the most worrying. More than half the young people aged below 25 who want to work cannot find a job opportunity, and almost 35% of unemployed young people have been in this situation for over one year.

If corrective measures are not taken, there is a serious risk that a whole generation will be lost to employment and full participation in society. Firm action must therefore be taken immediately.

Although it is true that the crisis has worsened the situation, there is a certain structural imbalance in access to the labour market for young people. This is shown clearly by the fact that, in the years of greatest economic growth, the rate of unemployment among young people never dropped below 18%. The Strategy therefore covers both the structural problems of youth unemployment and those that have arisen as a consequence of today's economic situation.

These are the premises on which, after a process of dialogue and participation with the Social Partners, the Ministry of Employment and Social Security has drawn up the Strategy for Entrepreneurship and Youth Employment 2013-2016.

The aims of this Strategy are to improve the employability of young people as well as the quality and stability of employment, to promote equal opportunities for access to the labour market and to foster entrepreneurship. The key aspects of the Strategy are the creation of incentives for hiring young workers and for business initiatives among young people, adaptation of the education and training they receive to the reality of the labour market and reduction in the number of early school leavers.

In order to make all this possible, the Strategy covers **100 measures** aiming to integrate young people in the labour market, either as employees or through entrepreneurship. The measures are classified according to their impact and their timing.

Firstly, there are **15 early-impact measures**, or 'emergency measures' for the short term to encourage employment and entrepreneurship and to improve education and training and mediation in the labour market.

There are also **85 medium to long-term measures** which require a longer time to take effect and aim to correct the structural problems that affect employment for young people.

They include measures to adapt education and training to the real needs of the labour market and to improve the guidance, support and information young people receive when seeking employment. There are also measures to encourage hiring, enhance flexibility and foster equal opportunities for finding work.

The Strategy forms part of the National Programme of Reform and is in line with the recommendations and initiatives adopted in this area by the European Union, especially the objectives of the Youth Guarantee recently proposed by the European Commission.

The Strategy will be the instrument to promote these measures aiming to reduce youth unemployment. But it also aims to serve as a channel for participation for public and private institutions, businesses and organisations of all types wishing to collaborate in achieving these targets.

It has therefore been drawn up as an open tool that can be used by anyone wishing to contribute with their own initiatives to the challenge of youth employment in all its forms, including entrepreneurship and self-employment. It will have a seal or emblem that can be used to acknowledge such contributions.

This open approach stems from the awareness that it is necessary for everyone to collaborate in brin-

ging us back to the growth path and to stable, quality employment, especially for young people. It is they who can guarantee the future of the Welfare State, and who personify the creativity, energy and drive that are so essential today.

The future of Spain depends on them and, therefore, on the opportunities that we offer them today.

Fátima Báñez García

Minister of Employment and Social Security







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Executive summary





Executive summary

Why a Strategy for Entrepreneurship and Youth Employment?

Behind the strategy is a vocation to serve as a channel for participation by all types of organisations and institutions working to promote employment for young people

The Strategy for Entrepreneurship and Youth Employment 2013-2016 falls within the Government's objective to promote measures to reduce unemployment among young people, either through opportunities in the job market or through self-employment and entrepreneurship.

The Strategy, which is the result of a process of dialogue and participation with the Social Partners, takes up the recommendations made by the European Commission with regard to jobs for young people and forms part of the National Plan of Reform adopted by the Government.

It is also in line with the objectives of the European Youth Guarantee and adopts many of the specific recommendations or lines of action proposed in this document.

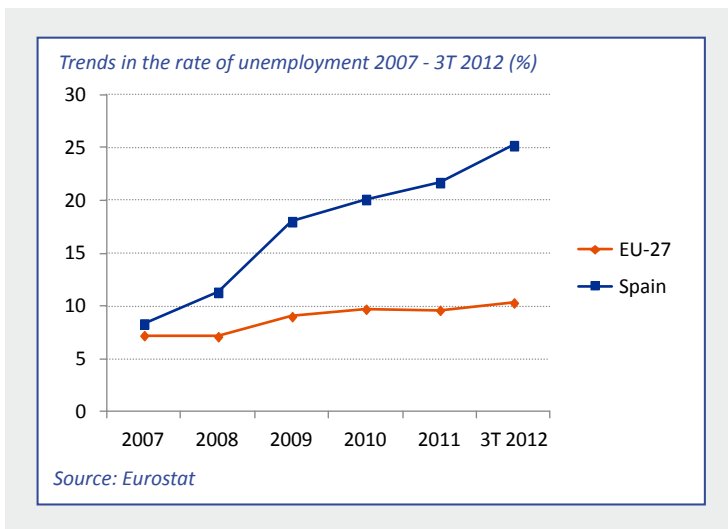
Starting situation

Youth unemployment in Spain is a structural problem that has been aggravated by the crisis. It has serious consequences for the present and future of young Spaniards and limits the Spanish economy's potential for growth in the long term.

During the third quarter of 2012, Spain recorded an unemployment rate of 54.1% for young people aged under 25, as opposed to 23% for the EU-27.

In Spain the rate of youth unemployment is double the average of the EU-27

According to a breakdown of the Spanish Labour Force Survey (EPA), the rate of unemployment is 74% for young people aged 16-19, 51.7% for those aged 20-24 and 34.4% for those aged 25-29.



Structural weaknesses in youth employment

Analysis of the starting situation shows that, in addition to circumstances stemming from the current economic situation, there are a number of structural weaknesses that have a direct effect on figures for youth unemployment, such as:

- High rate of **early school leavers**, double that of the EU-27.
- Marked **polarisation** of the labour market, with some young people giving up their studies and having few skills, while others who are highly qualified are under-employed.
- Low weight of medium-level **Vocational Training**.

There are a number of structural weaknesses that have a direct effect on figures for youth unemployment

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- Poor employability among young people, especially regarding **foreign language** skills.
 - High rate of **temporary employment**, with 82.3% of young people working involuntarily in temporary employment.
 - High levels of **undesired part-time employment**, with 51% of young people in part-time employment wanting a full-time contract.
 - Difficult access to the labour market for groups at risk of **social exclusion**.
 - Need to raise the level of **self-employment** and entrepreneurial initiative among young people.

Objectives and lines of action

Four main strategic objectives for Entrepreneurship and Youth Employment

The Strategy is based on one essential motivation: to reduce the rate of youth unemployment and deal with the structural causes that make it higher than that for the rest of the population. This motivation falls within the strategic objective of reducing unemployment in general.

The objectives are as follows:

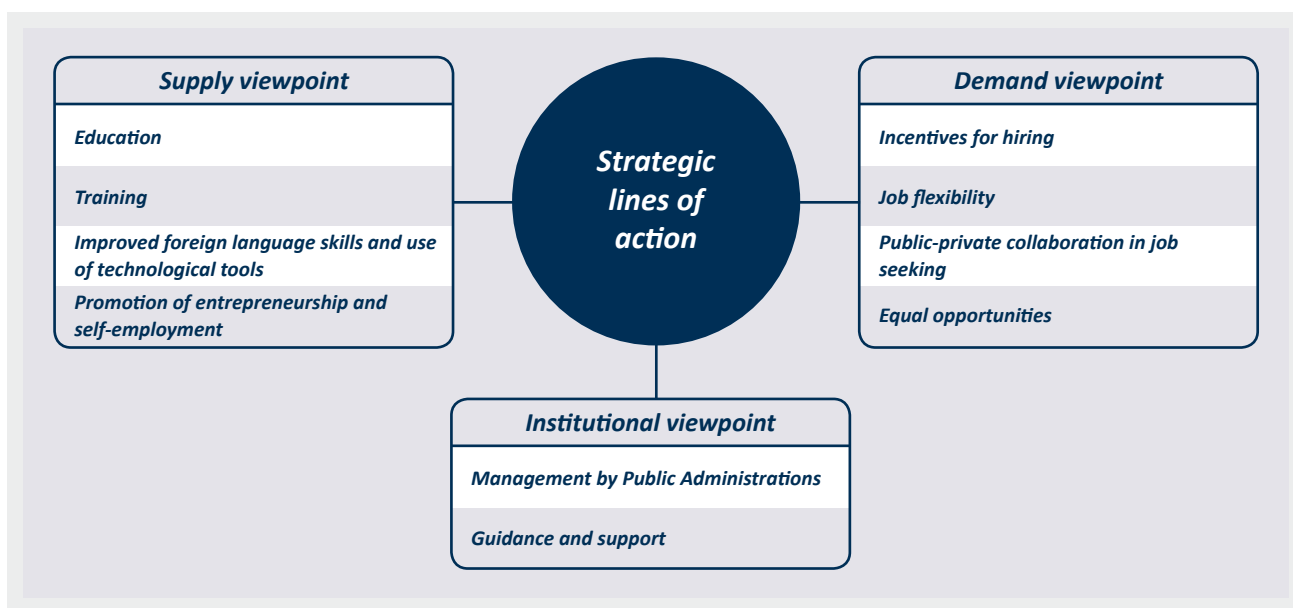
Objective 1. To help improve the employability of young people

Objective 2. To increase the quality and stability of youth employment

Objective 3. To promote equal opportunities

Objective 4. To promote entrepreneurship

To achieve these objectives, work is to be done on 10 lines of action, grouped by area of influence:



For each line of action, the Strategy includes a set of specific measures to improve the situation of entrepreneurship and youth employment.

The actions covered by the Strategy address young people in general under the age of 30, and especially those who are unemployed. In the case of disabled persons, with a disability of 33% or more, the actions cover a further five years.

100 new measures to promote entrepreneurship and youth employment

The 100 measures of the Strategy have been drawn up to correct the various areas of imbalance that have been identified, with the priority on the integration of young people in the labour market, promotion of entrepreneurship and improved employability

The Strategy includes 100 measures, of which 15 are early-impact measures and 85 are for the medium to long term

In addition, the Strategy introduces other initiatives to deal with the situation as described above and any other imbalance identified for the medium and long term such as temporary work, under-employment and/or undesired part-time employment.

Early-impact or emergency measures

These **15 measures**, which are expected to have an effect in the short term, aim to stimulate hiring and entrepreneurship and improve mediation.

1. Education, training and improved employability:

- *To extend training programmes leading to certificates of proficiency and training programmes with an employment commitment.*

During the period of action covered by this Strategy, Public Employment Services will be encouraged to offer specific programmes for training and integration for under-30s leading to Certificates of Proficiency, or modules leading to certificates of proficiency or including an employment commitment.

- *Creation of incentives for unemployed persons who left school early to obtain the Compulsory Secondary Education qualification.*

This is a programme in collaboration with the Autonomous Communities allowing unskilled, unemployed young people to resume training voluntarily in order to improve their skills and increase their possibilities of finding a place on the labour market.

2. Promotion of entrepreneurship and self-employment

- ***Flat rate for young self-employed workers.*** *Fixed contribution to the Social Security.*

Young self-employed workers registering for the first time with the Special Regime for Self-Employed Workers (RETA) will have an 80% reduction during the first six months in the minimum contribution for common contingencies. This amounts to a contribution of about 50 euros a month.



Subsequently and for the next six months, they will receive a reduction on the minimum base amount of 50% and, after the first year, men up to age 30 and women up to 35 will continue to enjoy a reduction and discount of about 30% in their contributions for the next 18 months.

“Set up a business with credit”

- *Compatibility of unemployment benefits with the start of self-employed activity.*

This allows receipt of unemployment benefit for a maximum of nine months while carrying out self-employed activity.

- *Greater possibilities of capitalisation of unemployment benefit.*

It will now be possible for those receiving unemployment benefit to capitalise it up to a lump sum of 100% in order to make a contribution to the share capital of any type of mercantile company, providing that an open-ended relationship is established with the company and that it is a newly-founded company.

Moreover, the capitalisation of the unemployment benefit can be used by the new entrepreneur to acquire advisory services, training and information, and to cover the costs of setting up a new company.

- *Improved financing for self-employed workers and entrepreneurs.*

This aims to promote funding, through different ministerial departments having competencies in this area, in the form of seed capital, microcredits, ‘angel funding’ and participating loans to facilitate the setting up of companies and to finance key activities in the processes of start-up and implementation.

“Set up a business with protection”

- *Improved safety net for self-employed workers to allow for a second opportunity.*

This allows workers to once again receive unemployment benefit after carrying out self-employed activity if, after a maximum of five years from the start of the self-employed activity, they drop out of the self-employed regime.

“Know how to set up a business”

- *Creation of offices in the Public Employment Services specialising in advice and support for new entrepreneurs.*

Initiatives will be set up – in collaboration with the Autonomous Communities - to follow up and support entrepreneurs who opt for capitalisation of unemployment benefit using formulae for technical assistance and training to contribute as far as possible to the success of the project.

- *“GENERATIONS” Contract. Incentives for hiring experienced people to work in new, young entrepreneurial projects.*

This is an incentive for open-ended employment which aims to encourage young self-employed workers to hire long-duration unemployed workers aged over 45 who can offer the experience they need to achieve business success.

- The reduction in the employer’s Social Security contribution for common contingencies will be 100% during the first year of the contract.



Collective entrepreneurship

- *Promotion of the Social Economy and of collective entrepreneurship.*

The aim is to promote collective entrepreneurship and encourage the inclusion of young unemployed persons aged under 30 in Social Economy enterprises.

The inclusion of under-30s will be encouraged in cooperatives and worker-owned companies as working partners and of unemployed young people at risk of social exclusion in social insertion enterprises by means of a discount in the employer's Social Security of 800 euros per year for a total of three years.

3. Improved mediation:

- *Channelling and systematisation of a "SINGLE EMPLOYMENT PORTAL".*

This refers to the creation of a virtual space to facilitate job searching throughout Spain including full information to serve as a guide for young people.

4. Incentives for hiring

- *"ON-THE-JOB TRAINING". Incentives for part-time employment including training.*

This is an incentive for part-time employment of young people under 30 with no work experience who come from sectors where there is no demand for employment or who have been unemployed for more than twelve months, providing they reconcile the job with accredited training or are sent by the public employment services, as well as any type of training in languages or information and communication technologies.

- The reduction in the employer's contribution to the Social Security for common contingencies is 75% for companies with more than 250 workers and 100% for others.

- ***“MICRO-SME AND SELF-EMPLOYED WORKERS”***. *Elimination of the Social Security contribution for open-ended employment of young people by micro-enterprises and self-employed workers.*

This is an incentive for open-ended employment allowing self-employed workers and micro-enterprises to take on unemployed young people aged under 30.

Self-employed workers and companies having up to nine workers that have maintained net employment may benefit from this. The worker may not have had a prior labour relationship with the company.

- The reduction in the employer's contribution to the Social Security for common contingencies will be 100% during the first year of the contract for the first young worker hired after entry into force of this rule.

- ***“FIRST JOB” contract for young people.***

This is a type of temporary contract requiring lack of experience in the worker covered by it (subjective requirement).

An incentive is given for transforming the contract into an open-ended contract in the form of 500 euros a year for a maximum of three years, or 700 euros if the party concerned is a woman.

- ***“WORK EXPERIENCE” CONTRACT. Incentives for work experience contracts for the first job.***

The aim is to allow young people who have completed their training to gain their first work experience in the field of their qualification.



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When such contracts are signed with young people aged under 30, the five-year limit from the end of their studies will not apply, and there will be a reduction in the employer’s Social Security contribution for common contingencies of up to 50%.

These measures can be grouped, in line with the different profiles of the potential beneficiaries, as follows:

<i>Without training</i>	<i>Without experience or newly-trained</i>	<i>Qualified</i>
<i>Expand training programmes leading to certification of proficiency and training programmes involving a hiring commitment</i>	<i>“FIRST JOB” contract for young people</i>	<i>“WORK EXPERIENCE” Contract. Incentives for work experience contract for first job</i>
<i>Development of programmes allowing unemployed early school leavers to obtain the Compulsory Secondary Education qualification</i>	<i>“GENERATIONS” contract: Incentives to hire people with experience for new young entrepreneurial projects</i>	<i>Improved social protection for work experience</i>
<i>Incentives for part-time employment involving a training component</i>	<i>Incentives for part-time employment involving a training component</i>	

<i>Recipients of benefits</i>	<i>All (unemployed workers under 30)</i>
<i>Compatibility of unemployment benefit with the start of a self-employed activity</i>	<i>Single Employment Portal to facilitate job-seeking</i>
<i>Greater possibilities for capitalising unemployment benefit</i>	<i>Flat rate for young self-employed workers. “Set up a Business with Credit”, “Set up a Business with a Safety Net”, “Entrepreneurial Know-how”, “Collective Entrepreneurship”</i>
<i>Renewal of unemployment benefit after performing a self-employed activity</i>	<i>“MicroSMEs and Self-employed Workers” Elimination of Social Security contribution for open-ended employment of young workers by microSMEs and self-employed workers</i>

These measures aim to resolve the structural problems that affect youth employment

Measures with an impact in the medium and long term

The Strategy covers another **85 measures**, whose impact can be expected in the medium to long term since they require a longer period to be developed. These measures aim to resolve the structural problems that affect youth employment.

They include:

- Actions aiming to improve the employability of young people through education, training, better foreign language skills and the use of information and communication technologies.
- Initiatives to promote entrepreneurship and self-employment.
- Measures to improve the management and efficiency of the public structures that deal with the supply and demand for jobs, in order to improve mediation by public employment services and collaborative bodies.
- Incentives for hiring workers and for enhancing flexibility and equal opportunities.
- Actions aiming to promote public-private collaboration in job searching and for meeting the Strategy objectives.

Scope and budget

The early-impact measures covered by the Strategy should benefit over 1 million young people

According to calculations and in line with the budget laid down in Chapter six, it is estimated that the Strategy's early-impact measures will lead to over two million actions which should benefit over one million young people over the four years of their implementation.

To these should be added the beneficiaries of the measures for the medium and long term as well as those of additional initiatives promoted by different bodies, both public and private, that join the Strategy.



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Regarding the budget, to achieve the Strategy's objectives and implement the new measures it comprises, new resources amounting to **3.485 billion euros** have been earmarked.

Of this amount, almost 2.4 billion euros are from the General State Administration and just over 1.1 billion from the European Social Fund.

Cost of New Measures	Annual	Strategy
Emergency measures	446.020.307 €	1.784.081.230 €
Medium-term measures	425.178.737 €	1.700.714.949 €
Breakdown by source of new funds	Annual	Strategy
Ministry of Employment (to promote employment and entrepreneurship)	344.056.187 €	1.376.224.750 €
European Social Fund	277.142.857 €	1.108.571.429 €
Current Framework – Adjustment	160.000.000 €	320.000.000 €
New Framework – New Fund	131.428.571 €	394.285.714 €
New Framework – Adjustment	131.428.571 €	394.285.714 €
General State Budget	250.000.000 €	1.000.000.000 €
ESTIMATED TOTAL	871.199.045 €	3.484.796.178 €

The new emergency measures will have an economic impact over the 4 years of implementation of the Strategy of over 1.75 billion, of which 40% aim to encourage hiring, 38% will be for measures to promote self-employment and entrepreneurship, and 22% will be for training and improved mediation.

The budgetary provisions for implementing the Strategy amount to 3.485 billion euros

Regarding the other measures to be adopted over the four years of implementation of the Strategy, there is also a budgetary provision of 1.7 billion additional euros, of which at least 50% will be for actions in the field of Training and Education.

However, these figures are an initial contribution for starting up the Strategy. To this should be added, where applicable, new funds from the appropriate Public Adminis-

trations as well as the expenditure made by companies joining the Strategy during its period of validity.

Joining the strategy: the seal or symbol

The Strategy includes the possibility of “joining” and there will be a seal or symbol that any public or private institutions collaborating in it may use

The Strategy for Entrepreneurship and Youth Employment aims to serve as a channel for participation for anyone wishing to collaborate in dealing with what is one of Spain’s main challenges today, reducing the rate of unemployment among young people.

The Strategy includes the possibility of “joining” for social agents, Autonomous Communities, local entities, public and private enterprises and any organisations setting up actions, the results of which should facilitate access for young people to the labour market through employment or entrepreneurship.

Once proposals have been evaluated, they will be included within the Strategy, and the applicant entity will be entitled to use, under the applicable terms and conditions, the seal or symbol to show that it belongs to the Strategy.



Seal of the Strategy for Entrepreneurship and Youth Employment



Mechanisms for follow-up and control

The document includes a number of indicators to evaluate the degree of compliance of any actions taken. These are **indicators of performance**, to measure the real effects of the physical implementation of each of the actions; and **indicators of impact**, to measure the effects of the Strategy on the socio-economic reality.

An **Inter-Ministerial Commission** is to be set up to supervise that the objectives laid down in the Strategy are met, as well as a **Working Group** made up of social partners and the administration.

The Strategy shall be subject to control and follow-up mechanisms to guarantee that it is correctly implemented



Strategic and operational framework



2.

Strategic and operational framework

When drawing up the Strategy, the strategic and operational guidelines established within Spain and the European Community were taken into account.

2.1. Community strategy

A) Strategic Community initiatives

The Strategy is in line with the recommendations established by the Community with regard to the economy, employment and youth employment and, in particular, the following:

- **Framework for European cooperation in the field of youth 2010-2018.** Definition of the Strategy takes into account Council Resolution of 27 November 2009 regarding a new framework for European cooperation in the field of youth (2010-2018), especially where it refers to the fields of education and work practice, employment, creativity, entrepreneurs and social inclusion, and to the guiding principles relating to gender equality, non-discrimination and the consideration of differences among young people, especially in terms of disadvantages.

Other actions forming part of the framework

for European cooperation in the field of youth are also considered, such as the European Youth Pact, which aims to help achieve the growth and employment objectives of the Lisbon Strategy, and the New Social Agenda which identifies childhood and youth as top-priority areas of action.

- **Europe 2020 Strategy.** The Europe 2020 Strategy for smart, sustainable, inclusive growth is also taken into account, especially regarding the five objectives set for 2020 for employment: R&D, climate change and energy, education and the fight against poverty and social exclusion.
- **Emblematic Youth in Action Initiative and Opportunities for Youth Initiative.** To achieve the objectives set by the 2020 Strategy, the Commission identifies seven emblematic initiatives. Of these, special consideration has been given in drafting the Strategy to the Youth on the Move initiative which covers a package of educational and labour measures for European youth.

In the context of this emblematic initiative, on 20 December 2011 the European Commission launched the Youth Opportunities Initiative to reduce youth unemployment in Europe. This initiative



proposes that the tools available to the different Member States and the European Union itself should be used to maximum advantage to mobilise all the available resources and facilitate the entry of young people into the labour market.

In this framework, the informal European Council meeting held on 30 January 2012 agreed to set up urgent measures to reduce youth unemployment which has been aggravated by the crisis. It decided that each Member State should reorient any non-committed resources from the Structural Funds for the current programming period in order to adopt a strategy for youth employment.

- **Youth Guarantee.** Other more recent recommendations from the Community regarding youth employment have also been taken into account, such as the Youth Guarantee.

On 5 December 2012, the Commission published a draft Council Recommendation on establishing a Youth Guarantee, which aims to ensure that young people can gain access to training or a job in a maximum period starting from their arrival on the labour market.

The Strategy for Entrepreneurship and Youth Employment contains measures aiming to achieve this objective and also for implementing many of the specific recommendations or lines of action proposed by the Community document, including the following:

- Ensure that all young people are fully informed about the services and support available, strengthening cooperation among employment services, suppliers of career guidance, education and training centres and youth support services, and taking maximum advantage of all appropriate information channels.
- Promote associations among employers and appropriate labour market agents (employment services, various levels within the administration, trade unions and youth services) in order to provide opportunities for employment, apprenticeships and work practice for young people.
- Ensure that social partners at all levels participate actively in the design and adoption of policies for young people and promote synergies within

their initiatives in order to establish systems for training apprentices and for work practice.

- Allow employment services, as well as other parties providing support for young people, to offer personalised guidance and individual plans of action, including individual, made-to-measure support systems based on the principle of mutual obligation in the initial stage.
- Offer young people who left school early or are unskilled methods to return to education and training or second-opportunity educational programmes providing them with learning environments that meet their specific needs and allow them to obtain the qualifications they failed to obtain.
- Ensure that efforts to improve talents and skills include ICT or digital training and raise the category of vocational knowledge and skills, guaranteeing that study courses and ICT certifications are in line with comparable international standards.
- Encourage schools, vocational training centres and employment services to promote and provide young people with on-going guidance on entrepreneurship and self-employment, including courses on entrepreneurship.
- Reduce non-wage labour costs to increase employment prospects for young people.

- Promote labour mobility, informing young people of job offers, work practice and apprenticeships, as well as any support available in different locations, regions and countries, through services and systems such as EURES that promote mobility and work in the EU; and ensure that young people finding work in another location or another Member State receive appropriate support for adapting to the new environment.
- Provide more services in support of business creation, especially closer cooperation between employment services, business support entities and suppliers of (micro) finance.

On 8 February 2013, the European Council decided to set up a Youth Employment Initiative for a total of 6 billion euros for the period 2014-2020 to support the measures established in the Youth Employment Package of December 2012, and especially to support the Youth Guarantee.

This fund will be created with an additional provision of 3 billion euros, of which approximately 918 million may be assigned to Spain.

B) European Funds:

European Social Fund (ESF)

During the period 2007-2013 Spain used ESF funding to face its main challenges in the field of promoting entrepreneurship and adaptability, employability,



social inclusion and gender equality, human capital and transnational and inter-regional cooperation. Special emphasis was placed on the top-priority areas of training and employment, education, poverty and social inclusion.

The Operational Programmes for the current programming period may include actions up to 2015 which is when, in parallel, the programmes for the new programming period of 2014-2020 will be implemented.

Therefore, the ESF resources allocated to the Strategy fall within the current programming period 2007-2013 which was drawn up in a very different socio-economic context to the current one, when unemployment rates were much lower. However, thanks to the flexibility of the ESF, it has been possible to adapt actions included within the Operational Programmes in order to meet the new priorities of training and employment that are required to improve the situation of young people in Spain.

Appropriate adaptations of the Operational Programmes have therefore been carried out to reassign funds to actions to promote entrepreneurship and youth employment. These are laid down in Chapter six of this document.

One of the actions being carried out is reorientation – by introducing new integrating, innovative measures – of the activities covered by the 19 Regional Operational Programmes and two Multi-Regional Programmes that receive funding from the European Social Fund (ESF).

The Strategy, as the tool to be used by resources from the European Social Fund in Spain, should take on challenges in management, follow-up and control of the ESF, with special attention being focused on the people for whom it is most difficult to enter and remain in the labour market, thus helping achieve the objectives laid down by the Europe 2020 Strategy.

Other European Funds

In addition to the European Social Fund, there is also potential for funding from the European Regional Development Fund (ERDF) and the European Globalisation Adjustment Fund (EGF) for workers in sectors affected by restructuring processes. These are in line with European guidelines that set priorities for Community investment for young unemployed workers.

More specifically with regard to the EGF funds, in Spain since 2007 a total of 16 projects have been, or are being, set up in different Autonomous Communities to improve employment in some specially significant sectors such as automobiles, apparel, footwear, the naval sector and timber.

The effectiveness of these programmes can be seen from the latest data which indicate that more than 90,000 Europeans have benefited from such actions and that, of them, about 43% have found new jobs.

In Spain, 12,700 people have benefited from EGF aid.

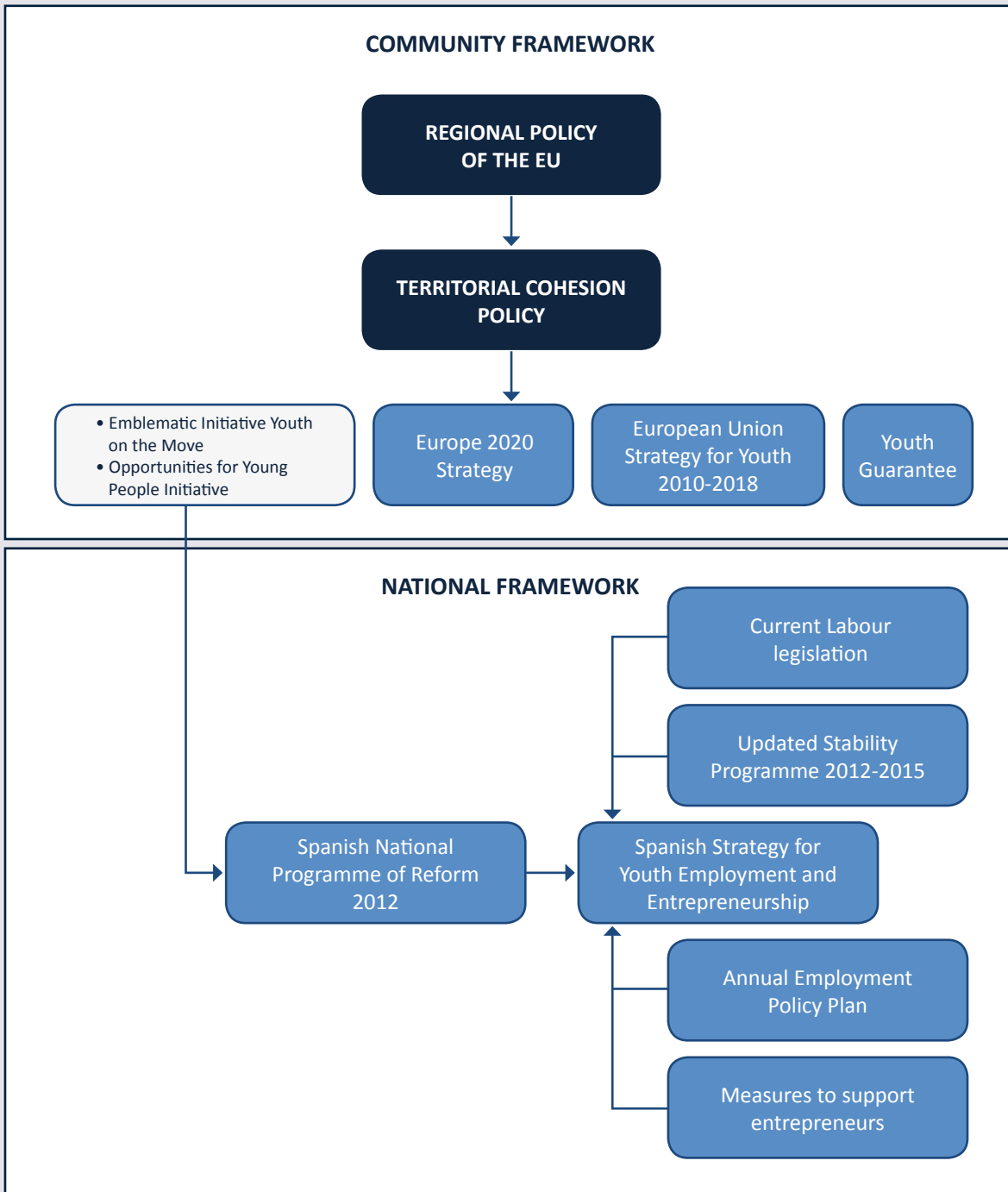
European guidelines concerning the management of structural funds in the period 2014-2020 considered when defining the Strategy.

For the new programming period, 2014-2020, a number of changes are expected in the themes, the profile of beneficiaries and fund management, which may affect future policies for young people. The main new features are the following:

- ***Performance orientation:*** the results and impacts for the various objectives will be checked to ensure they are clear and quantifiable.
- ***Concentration of themes:*** funding will be concentrated on certain priority areas for investment, in line with the Europe 2020 Strategy, in order to increase the impact and achieve a greater critical mass.
- ***Simplification and speed:*** the complexity of management will be reduced by simplifying, computerising and harmonising procedures.
- ***Evaluation:*** Payment of additional funds will depend on the results obtained. Formulae for positive incentives to reward the meeting of objectives and good management will be studied.



POLITICAL FRAMEWORK FOR THE STRATEGY



2.2. National strategy

The Strategy falls within the Government plans in the fields of the economy and employment, especially the following:

- **Spanish National Programme of Reform.** The Strategy falls within the guidelines given in point eight (Youth Employment Plan), section four (Labour market: flexibility, training and education) of the Spanish National Programme of Reform 2012 and is in line with the other initiatives included in this section, mainly with regard to reform of labour institutions, active employment policies, education and vocational training, improved employability, university system, efficiency of student grant policies and promotion of language learning.
- **Updating of Spain's Stability Programme.** This programme, which has been sent to the European Commission, establishes a path towards fiscal consolidation to achieve the deficit objectives established and reduce public debt. The Strategy measures will receive priority and are compatible with such objectives.
- **Labour legislation.** The actions included in the Strategy fall within the framework of the current legislative context on labour matters, with a special focus on aspects that have a marked impact on the targeted population group.

- **Package of measures to support entrepreneurs.** The initiatives being adopted by other ministerial departments in relation to support for self-employment, the promotion of entrepreneurial culture, administrative simplification for the creation of enterprises and support for internationalisation, among others, are also considered.
- **Annual Employment Policy Plan.** Act 56/2003, of 16 December, establishes the following as tools for coordinating the National Employment System: the Spanish Employment Strategy, the Annual Employment Policy Plan and the Public Employment Services Information System.

These tools form the framework for coordinating and implementing active employment policies throughout Spain and a shared framework for Public Employment Services to draw up and manage their own active employment policies. When the Strategy was drawn up, it included the objectives, areas of action and actions defined in the Annual Employment Policy Plan for 2012.

2.3. Current labour legislation

This Strategy is based on current labour legislation, especially that relating specifically to young people.

For example, Spain has certain types of contract that have been specially devised to help young people enter the labour market, namely, training contracts.



The special characteristic of these training contracts is that they do not only cover “paid services” but also help to contribute to, or complete, the theoretical and practical training of workers.

Within such training contracts, the Statute of Workers’ Rights distinguishes between **Work Practice Contracts** and **Training and Apprenticeship Contracts**. The former are for those who hold a university or medium or higher-level vocational training qualification or proficiency certification but do not have work experience in the same field as their training.

In this way, together with the provision of services, the contract allows workers to acquire work experience at the same level as their theoretical training.

Young people who do not have the qualification needed for such a work practice contract may take up an alternative. Unlike the former, the **Training and Apprenticeship Contract** aims to achieve a dual objective, both practical and theoretical, by providing workers with the formal training they need to carry out their work.

So the **Training and Apprenticeship Contract** aims to develop workers’ skills in a regime whereby they alternate paid work in a company with training received in the framework of the vocational training system or the education system.

In addition, for the purpose of clarification, there is also work practice that is not covered by a labour contract even though it is currently covered by So-

cial Security. Of special interest is work practice regulated by Royal Decree 1543/2011 of 31 October for non-labour, that is, unpaid practice in companies.

Such non-labour, unpaid practice is seen as training for unemployed workers in the framework of article 25.3 of Royal Decree 395/2007, of 23 March, on vocational training for employment, and the aim is to achieve integration into the labour market for young unemployed persons aged 18 to 25 who hold a university or medium or higher-level vocational training qualification or proficiency certificate and who have not had any type of labour relationship nor vocational experience in excess of three months in the same activity.

Unlike the types of contract that are regulated in the Workers’ Rights Statute, these do not involve a labour relationship between those performing the practice and the organisations where this practice is carried out.

In addition to these measures that exclusively address young workers, there are also discounts and/or reductions in contributions for the employment of people having a specific social and/or personal situation, as well as other specific discounts and aid for self-employed workers. These may also help achieve integration in the labour market of young people in such situations.

In **self-employment and entrepreneurship**, there are specific measures for the population targeted by the Strategy such as the possibility of receiving

up to 100% of the unemployment benefit in a lump sum to be invested in a new enterprise in the case of young people aged under 30 and women aged under 35.

Men aged up to 30 and women up to 35 who begin an activity as self-employed workers may also benefit from a reduction and discount in their contributions of 30% during the first 30 months of activity.

In addition, discounts are applicable when temporary contracts are converted into open-ended ones, the aim being to help mitigate the duality in the labour market, which is especially marked among young people.

2.4. Transformation of Active Employment Policies

In order to create new job opportunities for the unemployed and shorten the time that they are without employment, a thorough review is under way on the active policies being implemented by public employment services at both state and regional level, taking as reference the Annual Employment Policy Plan.

The measures planned fall within the following lines of action:

- Reorientation of employment promotion programmes to improve the efficiency and effectiveness of active employment policies aiming

to assist in integration in the labour market, through both employment and self-employment, giving priority to young people in order to reduce unemployment among them.

- Reorientation of Vocational Training programmes in order to step up competition, transparency and evaluation in the use of public resources and maximise the impact of expenditure on improving worker employability and improving the quality of training on offer.
- Improved coordination of Public Employment Services and adoption of a culture of evaluation in active employment policies.





Analysis of the context



3.

Análisis de contexto

3.1. Analysis of the starting situation

Employment in Spain is feeling the negative effects of the economic situation more than other countries

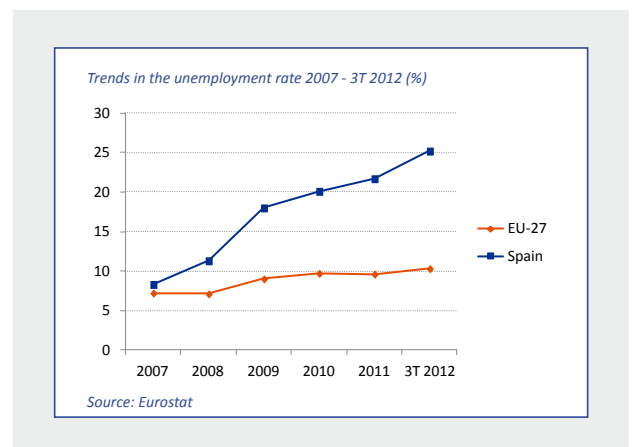
The period 2007-2012 has been marked by an international economic and financial crisis that has had considerable effects on labour markets throughout Europe, after several years of growth in employment. The countries of the European Union (EU-27) have been affected to different extents, they have all seen an increase in unemployment. In the third quarter of 2012, average unemployment in the EU-27 was 10.5%.

In the specific case of Spain, up to 2007, the scenario was one of very high job creation rates. This meant that our country was able to converge with the EU average for employment, with unemployment rates below 8%.

However, during the economic crisis, job destruction has been higher in Spain than in its neighbouring countries. From the second quarter of 2008 to the se-

cond quarter of 2012, 14.7% of jobs were destroyed in Spain, while in the EU-27 from the start of the crisis up to 2011, job destruction stood at about 1.8%.

During the third quarter of 2012, together with Greece, Spain has been the European Union country with the highest level of unemployment, reaching 25.6%, that is, 15 points above the Community average (10.5%), according to Eurostat data.



The Spanish Labour Force Survey (EPA) for the last quarter of 2012 shows an increase in unemployment to 26.02% of the active population, with a total of 5,965,400 unemployed persons.



The statistics of the State Public Employment Service show a figure of 4,848,723 unemployed persons at the end of December 2012.

The most adverse effects of the process of job destruction in Spain have been for young people

The high level of youth unemployment in Spain is a structural problem that has serious consequences for the present and future of young Spaniards and limits the growth potential of the Spanish economy in the long term.

In Spain the activity rate for young people over recent years was very similar to the European average, standing just above 40%. Although this rose gradually to almost 50% during the years of the economic boom, it then returned fast to about 40%, at a distance from countries like Germany or the United Kingdom where a large percentage of young people form part of the working population.

Regarding the activity rate among young people in Spain (19.3%), it is significantly lower than the European average (34%) and shows marked variations over the economic cycle whereas in the other countries it is much more stable. During the good parts of

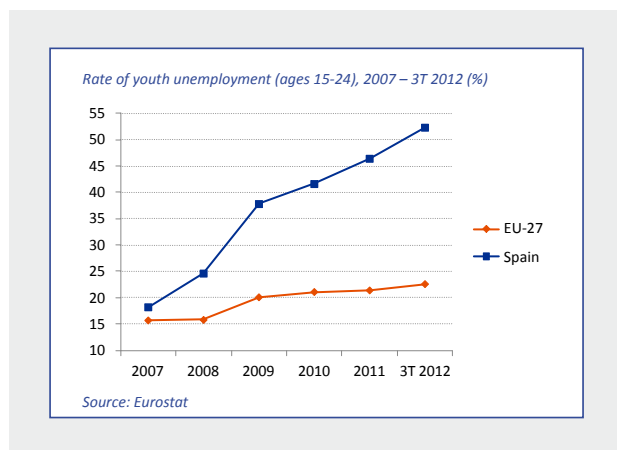
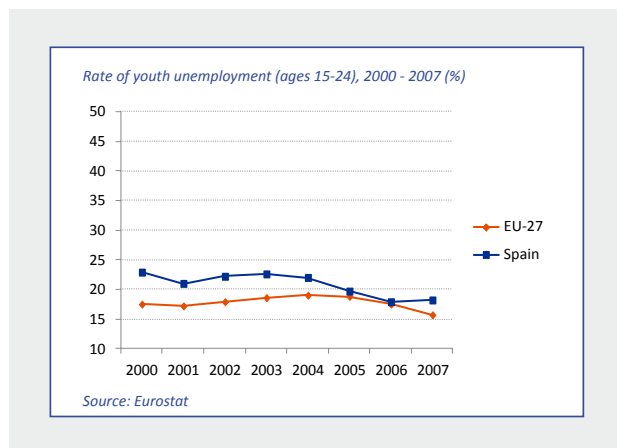
the cycle, the percentage of young people working rose to above 40%, but in 2012 the rate was below 20%. In countries such as Germany or the United Kingdom, the activity rate for the total young population is much higher, reaching about 50%.

If we observe the unemployment rate in Spain, during the period of greatest growth it fell amongst under-25s from 22.9% in 2000 to almost 18% in late 2006 and early 2007. But after the start of the economic crisis it multiplied by 2.5 in just four years, reaching 46.4% in 2011.

In 2012, the figure continued to rise to more than twice the average for youth unemployment of the EU-27. In the third quarter of 2012, Spain recorded an unemployment rate of 54.1% for under-25s as against an average for the EU-27 of 23% (Eurostat data).

According to the Labour Force Survey for the fourth quarter of 2012, 930,200 young people aged under 25 were unemployed at the end of 2012, bringing the rate of youth unemployment to 55.1%. The unemployment figures as recorded by the Public Employment Services give a total of 456,635 young people aged under 25 unemployed in December 2012.

When the Labour Force Survey data are broken down by age group, in the fourth quarter of 2012, unemployment was at 74.04% for young people aged between 16 and 19, 51.68% for young people aged 20-24, and 34.36% for young people aged 25-29.



Regarding unemployment benefit, in December 2012 a total of 1,403,282 persons received unemployment benefit at contributory level. Of them, 56,945 were aged 16-24 and 158,560 25-29, that is, 4.06% and 11.30% of the total, respectively.

18.5% of young people neither study nor work nor receive training, although only 3.5% wish to be in this situation

Spain has one of the highest proportions of young people who neither study, nor work nor receive any type of training. These are popularly described as NEETs (Not in Employment, Education or Training).

According to Eurostat data, in 2011 the rate of NEETs in Spain was only exceeded in Bulgaria and Italy. It was five points higher than the EU-27 average (12.9% in the EU-27 as opposed to 18.5% in Spain). The situation has worsened with the economic crisis because up to 2008 the Spanish rate converged with the European average and between 2002 and 2004 it was even slightly lower. But in 2008, the rate started to climb, rising from 14.4% in 2008 to 18.5% in 2011.

The situation is no better for those aged 25-29 for whom the rate of NEETs is even higher (25% in Spain and 19.8% in the EU-27).

It should, however, be pointed out that the figure of 18.5% of the Spanish population aged 15-24 and considered NEETs would be just 3.5% if we take into account the number of young people who do not wish to work or study as opposed to the rest who do wish to find a job but have not yet been successful.

These data are in line with those published on 11 September 2012 by the OECD in its report Education at a Glance: OECD Indicators 2012. This report shows that, although Spain appears to be the European country with the largest proportion of young NEETs,

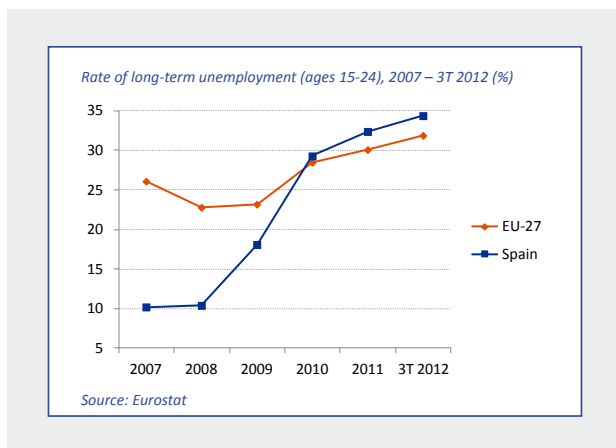


this is because of the large number of unemployed people who cannot find work. This is different to the situation in countries such as Italy and the United Kingdom where the main problem is inactivity.

Almost 35% of young unemployed people in Spain have been out of work for 12 months or more

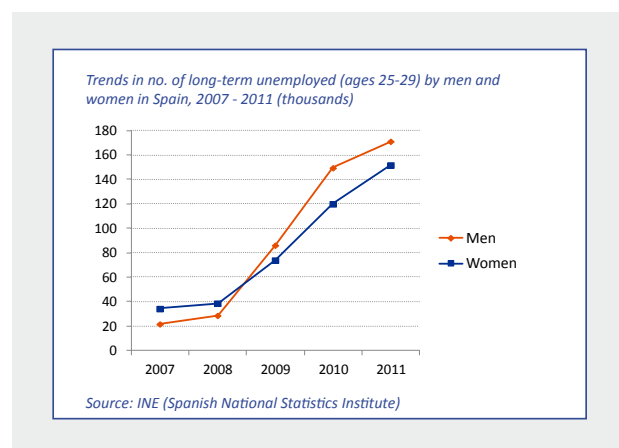
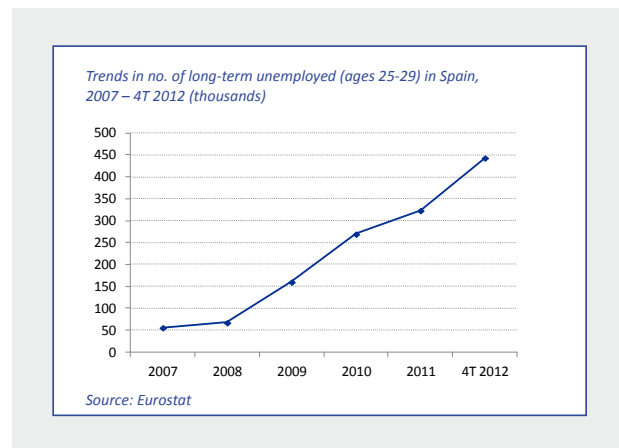
One of the most worrying effects seen during the years of economic crisis has been the increase in long-duration unemployed young people, that is, people who have been unemployed for 12 months or more.

In 2007, the percentage of young people aged 15-24 that were long-duration unemployed accounted for 13% of the total of young unemployed, well below the EU-27 average (26.1%). However, long-duration unemployment tripled to reach 34% of total young people unemployed, exceeding the EU-27 average (31.9%).



Long-term unemployment in Spain mostly affects those aged between 25 and 29. According to the Labour Force Survey, in the fourth quarter of 2012,

over half the unemployed young people in this age group (51.64%) had been in this situation for 12 months or more, which means that the figure had practically tripled between 2007 and 2012.

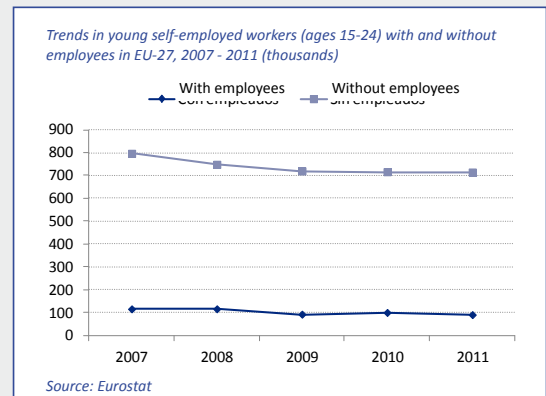
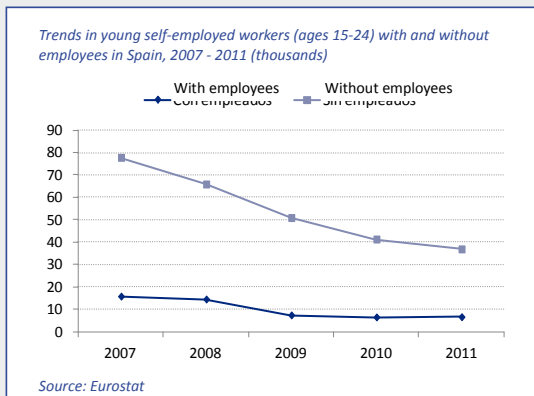


In four years self-employment among young people dropped

Between 2007 and 2011 there was a sharp drop in the number of young people aged 15-24 who were self-employed (53.7% in four years), whereas this figure dropped by 11.8% in the EU-27 over the same period.

The impact was greater for young self-employed workers with lower levels of training (pre-school, primary and first stage of secondary) for whom self-employment dropped by 34,000 people.

Between 2007 and 2011 the number of young self-employed workers decreased by 50,200 people, over 18% of whom had employees.



SELF-EMPLOYED WORKERS REGISTERED UNDER RETA (Special Regime for Self-Employed Workers)

YEAR	TOTAL	UNDER 24	UNDER 30	% OF TOTAL SELF-EMPLOYED WORKERS
2007	3.167.847	103.708	432.968	3,27
2008	3.323.399	89.620	390.291	2,70
2009	3.168.377	72.020	325.289	2,27
2010	3.111.700	66.651	297.061	2,14
2011	3.079.019	64.700	280.282	2,10
2012	3.033.183	62.097	266.963	2,05

Data at 31 December each year.

Source: General Department for Self-Employed Workers, the Social Economy and Corporate Social Responsibility.

In comparison with paid employment, self-employed work dropped by one point less between the fourth quarter of 2008 and the fourth quarter of 2012.

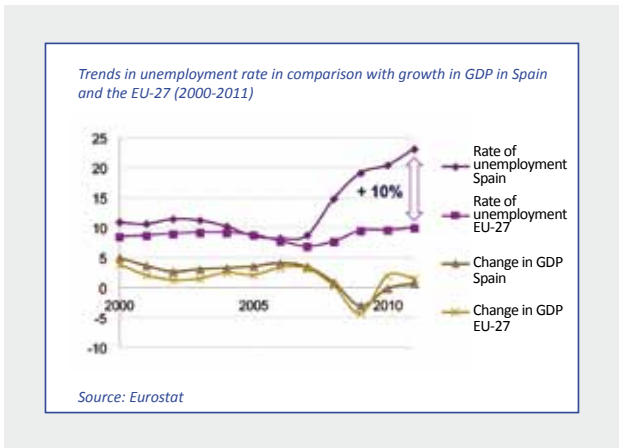


3.2. Structural weaknesses in youth employment

Spain has a high level of structural unemployment because it records higher levels of unemployment than the average of developed countries, in both periods of growth and periods of economic crisis.

One of the characteristics of the labour market in Spain is that, in comparison with GDP trends, unemployment increases in a disproportionate way in recessions and tends to remain low in times of economic growth, in comparison with the other EU-27 countries.

This structural unemployment has a marked effect on groups for which it is especially difficult to enter the labour market such as young people.

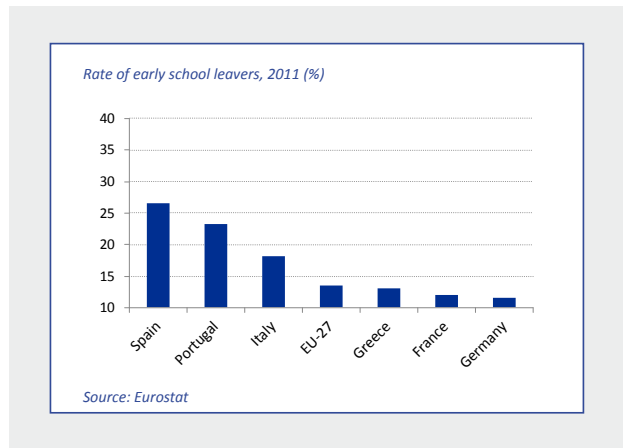


The eight main structural weaknesses identified in Spain that affect entrepreneurship and paid employment for young people are analysed below.

1. High rate of early school leavers, twice the EU-27 figure

Although during the economic crisis and because of the damage to the labour market, the number of young people who have chosen to continue training has risen, in Spain the rate of early school leavers (population aged 18-24 who have only completed secondary education and have no additional training) is still double the average for the EU-27, which is 13.5%.

According to Eurostat, the rate of early school leavers has fallen back between 2007 and 2011 by 4.5 points to reach 26.5%, but the figure is still very far from those of other European countries such as Germany and France (11.5% and 12%, respectively) or even peripheral countries such as Greece, Italy and Portugal (13.1%, 18.2%, 23.2%).



Labour market experts agree that one of the causes of youth unemployment is precisely early school leavers because employability largely depends on training levels. This is a problem which is particularly serious

for those who left school to take up job opportunities in sectors needing plenty of unskilled labour. In many cases, such workers now find themselves with no training and no opportunity to begin again.

The consequences of a high rate of early school leavers are very serious because of the time such young people waste and the opportunities they miss for training for the rest of their working lives. It also reduces the economic potential of the country as a whole.

In Spain, expenditure on education doubled during the period 2000-2009 and its share of GDP rose from 4.35 to 5.03, according to data from the Spanish National Statistics Institute (INE). However, the increase in public expenditure on education did not result in better quality teaching or greater skills among students. This is clear from documents such as the report of the International Programme for Student Assessment, or PISA Report, which continues to point to room for improvement in Spain in comparison with the results obtained by other European students.

2. Marked polarisation in youth employment

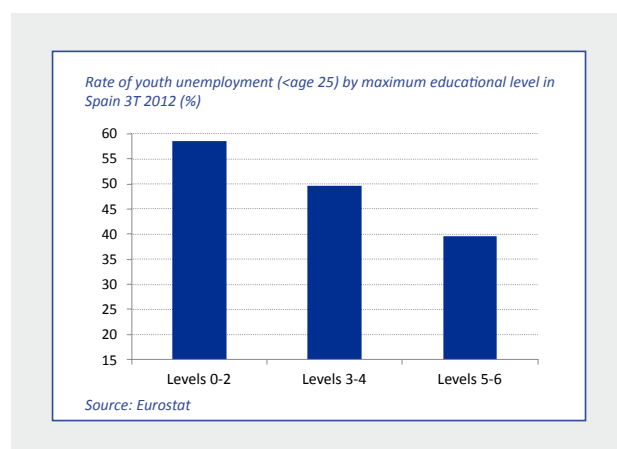
Factors such as the large supply of low-skilled jobs during the period of fast economic growth, which led many young people to leave school early, and rapid development of the education system which has been able to generate in a short period of time a large number of young graduates, are the main reasons why the Spanish labour force is so polarised by training levels.

This has given rise, on the one hand, to the existence of a large number of young people with few skills for whom it is very difficult to find jobs and, on the other, a large group of highly-skilled young people who are under-employed.

If trends in the rate of youth unemployment are observed from the viewpoint of educational level, unlike what has happened in neighbouring countries, during the period of economic expansion, in Spain rates of unemployment moved in parallel reaching almost the same level irrespective of educational level.

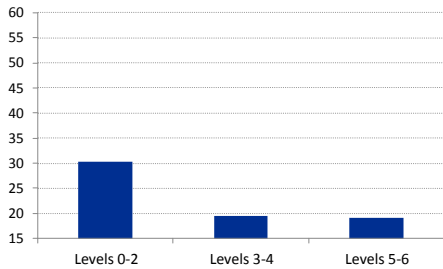
During the crisis period, however, there has been a greater increase in youth unemployment rates than in other European countries for all educational levels but especially among young people with a lower level of training.

So, for lower educational levels (primary and the lower level of secondary education) and according to data for the third quarter of 2012, Spain had a rate of unemployment of 58.6% for young people aged under 24, as opposed to 30.3% for the EU.



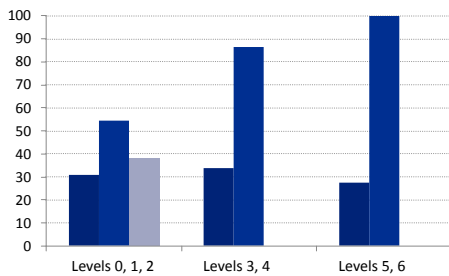


Rate of youth unemployment (<age 25) by maximum educational level in EU-27 3T 2012 (%)



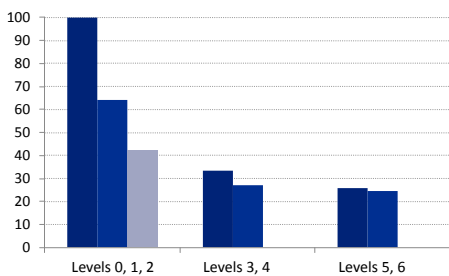
Source: Eurostat

Rate of youth unemployment by maximum educational level reached (ages 25-29), men in Spain 4T 2012 (%)



Source: INE (Spanish National Statistics Institute)

Rate of youth unemployment by maximum educational level reached (ages 25-29), women in Spain 4T2012 (%)



Fuente: INE (Spanish National Statistics Institute)

Moreover, the Labour Force Survey published by Eurostat shows that Spain is the EU country with the

highest level of under-employment. This is confirmed by OECD data, which consider under-employment by taking the number of university graduates aged 25-29 employed in an occupational category between groups four and nine in the international classification of occupations (ISCO-1988): clerical staff, catering and personal services, protection and trade, farming and fishing, unskilled artisans, facility and machinery operators and unskilled workers.

So, and according to data given in the report Youth Unemployment in Spain: causes and solutions (Desempleo Juvenil en España: causas y soluciones) by the Economic Observatory of the Research Department of the BBVA in September 2011, under-employment in Spain stood at about 45%, as opposed to just under 20% on average among OECD countries.

This is partly due to technological advances which have increased the relative demand for skilled workers and reduced that for unskilled workers, and partly because skilled workers are being taken on in occupations that do not require skills.

3. Low relative weight of medium-level Vocational Training

34% of workers in Spain have a high level of training, 40% have a low level and just 26% have an intermediate level in comparison with the figure of 47% in Europe.

This can be seen from data for 2010 from the European Centre for the Development of Vocational Training (CEDEFOP), an EU institution that specialises in the analy-

sis of qualifications. It estimates that in Europe up to 2020, the percentage of workers with low training profiles will drop by 25% while that of workers with medium-level training will increase to almost 33%.

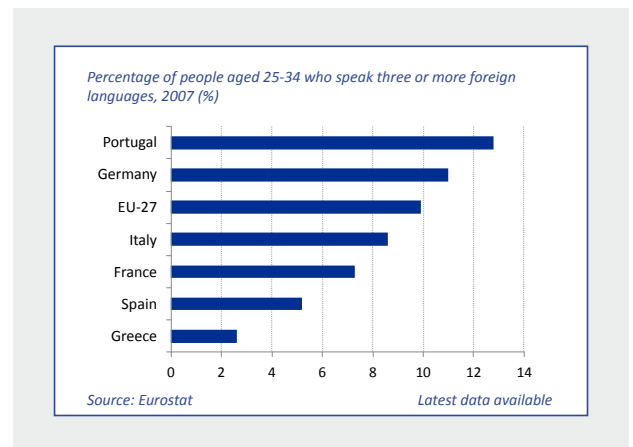
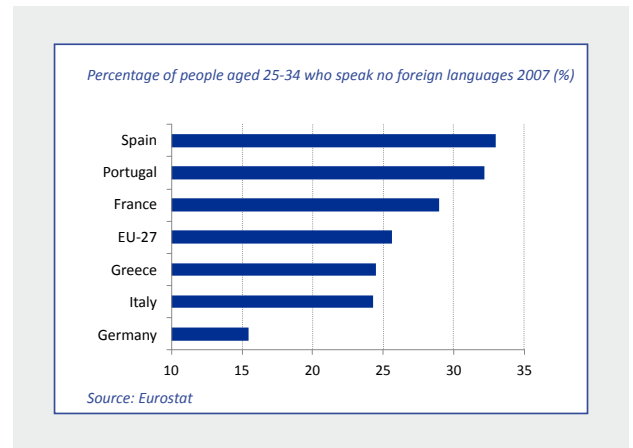
The same projections indicate that in Spain in 2020, the demand for workers with medium-level training will grow above the EU average.

In Spain, although the number of students registered at every level of Vocational Training increased by 30% between the 2007/2008 and 2010/2011 academic years, the Bachillerato continues to be the preferred option among young people. In the 2010/2011 academic year, about 70% of all the students that had completed compulsory secondary education chose to study for the Bachillerato as opposed to just over 30% who chose medium-level Vocational Training.

4. Low employability among young people, especially regarding foreign language skills

One of the key factors for finding a job is foreign language skills. In 2007, the latest data published by Eurostat, Spanish young people aged 25-34 were in the lead for the percentage of people who had no foreign language skills.

According to the same report, in Spain, 33% of people aged 25-34 only knew their mother tongue, a 17.5 percentage point difference with other countries such as Germany and 7.4 points higher than the EU-27 average (25.6% of the population).



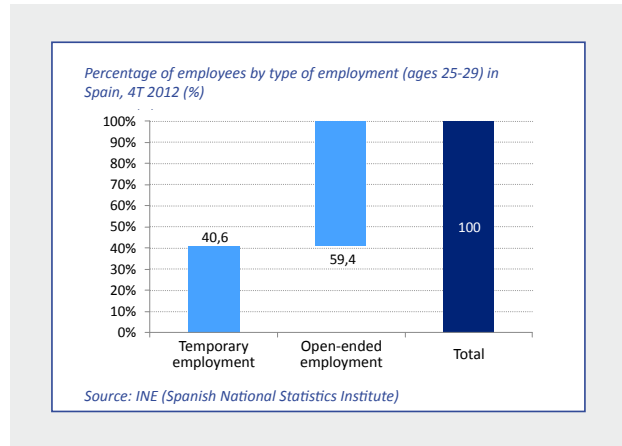
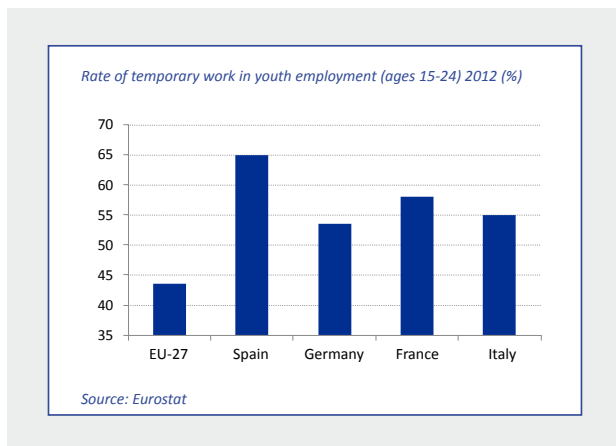
Regarding the number of foreign languages known, Spain has the largest proportion of young people who only know one (5.3 points higher than the EU-27 average) whereas the proportion of young people who know two or three foreign languages is lower than the European average.



5. High rates of temporary work, with 82% of young people in temporary employment preferring full-time employment

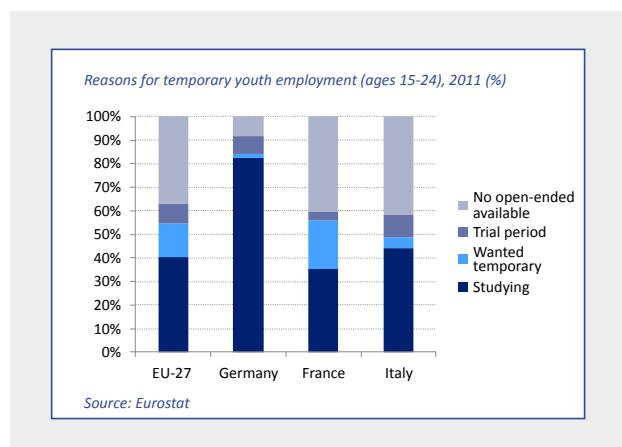
High rates of temporary work is a characteristic of youth employment in all European countries but this is especially so in Spain which, at any time of the economic cycle, maintains a rate that is higher than the European average. Moreover, one of the main problems in Spain is the high level of temporary work among young persons who would prefer full-time work.

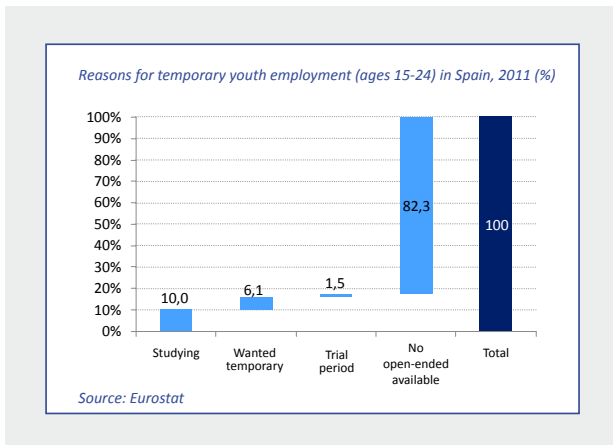
For the 15-24 age group, Spain recorded 64.9% of temporary work in the third quarter of 2012. This is 20 percentage points above the EU-27 average (43.6% in the third quarter) and is in contrast to the rates of temporary work observed in Germany, France and Italy which range from 53% to 58%.



For the 25-29 age group, the differences are smaller regarding the weight of temporary employment in total paid employment. In 2012 temporary employment in Spain for young people aged 25-29 was 40.9% of the total of paid workers of that age.

According to the Labour Force Survey published by Eurostat for 2012, Spain is the country with the largest proportion of young people having temporary employment contracts because they are unable to find stable jobs. In the first quarter of 2012 this was the case for 82.3% of young Spaniards aged 15-24 as opposed to the EU-27 average of 36.7%.





Regarding trends in temporary work and in line with general trends in hiring, while in the third quarter of 2007 52.97% of jobs for workers aged 16-29 were temporary, in the third quarter of 2012, the figure was 47.51%.

If we also consider contract duration, we note that the weight of shorter contracts rises. More specifically, Labour Force Survey data for the fourth quarter of 2012 show that 26.43% of temporary contracts for those aged 16-19 were for less than 3 months (although the figures are lower for the 20-24 and 25-29 age groups, standing at 20.18% and 17.09% respectively).

Contracts for over one year accounted for less than 20% of temporary contracts for young people in 2012 in all age groups (5.72%, 12.52% and 17.75% respectively, and the figures for contracts for over two years accounted for less than 7% (0.39%, 4.44% and 6.73%).

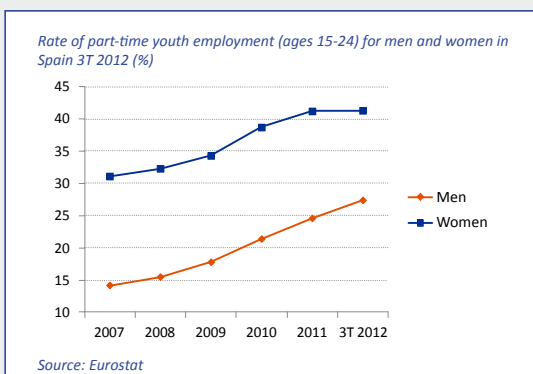
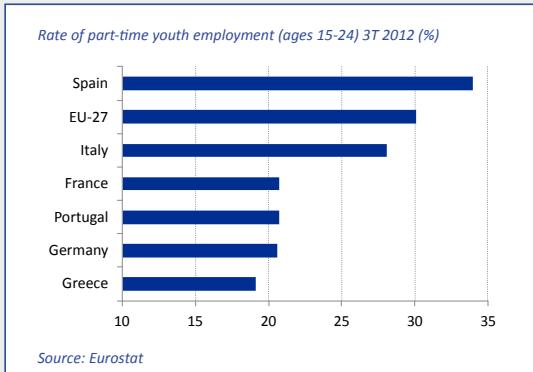
6. 51% of young people have part-time work because they have been unable to find full-time work

Spain's rate of part-time work for young people exceeds the EU-27 average by almost four percentage points. In the third quarter of 2012, three out of every ten young people employed in Spain worked part-time (34% in the third quarter of 2012, as opposed to 30.1% on average in the EU-27).

Analysis by gender shows that the percentage of young Spanish women in part-time employment was 41.3% in the third quarter of 2012 as against 27.4% for men. This difference has been maintained during the period of the economic crisis.

In addition to this difference between men and women, another relevant point is that 51% of young people in part-time employment would prefer a full-time job. This figure is much higher than the EU-27 average (28%) and is only exceeded by Italy, where seven out of every ten young people take part-time employment because it is impossible for them to find a full-time job. In only 37.2% of cases, part-time employment was because the young person was continuing to study or receive training.

In other countries, part-time employment is a favourite option for workers because it allows them to continue to study or to care for their families.



people (aged under 30) at risk of exclusion between 2007 and 2010 was in excess of 30%, bringing the figure above the European average.

The survey on living conditions carried out by the Spanish National Statistics Institute (INE) with data for 2011 places the risk of social exclusion for young people aged 16-29 at 23.9% (22% if rent is taken into account).

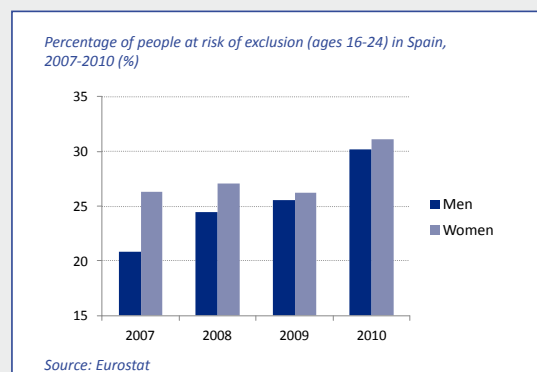
Young people at risk of social exclusion pose one of the main challenges for employment policies because these people have the greatest difficulties for finding and keeping a quality job.

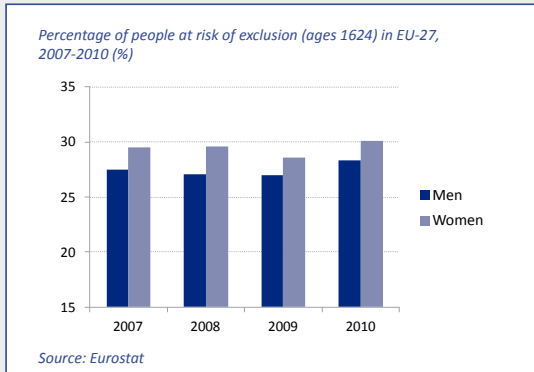
The principle of equal treatment and equal opportunities is a guarantee of better opportunities in the transition to the world of work for young people. Without measures to make up for inequality, school drop-outs and school failures are more common amongst the children of families with a poor socioeconomic situation and amongst those who, because of their personal and/or social situation, need help to overcome initial disadvantages.

7. Difficulties for people at risk of exclusion to enter the labour market

Spain has a larger number of young people aged 16-24 at risk of social exclusion than the average for the EU. In 2010, 30.6% of young people were in this situation, while the EU-27 average was 29.1%.

This turned around the favourable situation of 2007 when the figure was 23.5% of the population, below the EU-27 average of 28.5%. The increase in young





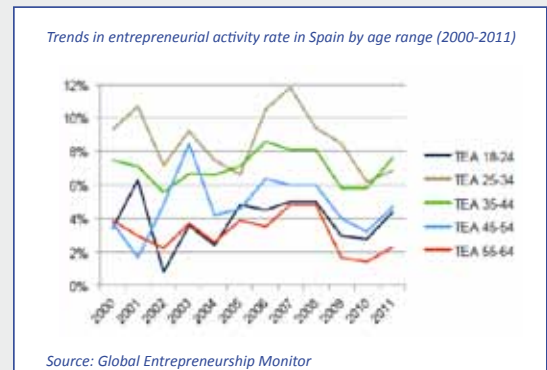
8. Need to improve entrepreneurship and business initiative among young people

The levels of self-employment and business initiative among young people in Spain are significantly lower than those needed to return to the path towards growth and job creation. In fact, entrepreneurial activity in Spain, not only among young people, is slightly below that of many neighbouring countries, as stated in the Global Entrepreneurship Monitor Report for 2011. If we compare this rate with the main developed countries, we note that Spain is one point below the average.

According to this report, the Rate of Entrepreneurship in Spain is 5.8%. That is, six people out of every hundred aged between 18 and 64 were connected with entrepreneurial activities or initiatives at the date of the report. The rate has grown sharply over the last year (35%), probably because of the unemployment in Spain, and has reached 2005 levels.

This rate covers new activity (3.3%) and activities in the process of consolidation (2.5%). Although the levels are very similar to those of Sweden (5.8%), France (5.7%) and Germany (5.6%), they are far from those of other countries such as the United States (12.3%), Australia (10.5%), United Kingdom (7.3%) and Ireland (7.3%).

By age, the highest rate is to be found in the group aged 35-44 (7.6%), followed by 25-34 (6.9%). The rate of entrepreneurship amongst young people aged 18-24 (4.4%) is below the average (5.8%).



The main causes that have been identified for the low level of self-employment and entrepreneurship amongst the young are the following:

- **Difficulty in gaining access to credit**

The lack of access to continuing channels for funding is an obstacle to setting up a new enterprise. It is therefore necessary to promote the development of, and joint collaboration with, informal private investors who can provide funds



and equity so that new enterprises can be set up and consolidated.

Access to sources of funding for enterprises should also be facilitated through seed capital funds and venture capital. These can help entrepreneurs who have innovative projects by providing not only capital but also support in management of the enterprise.

- **Improved promotion of entrepreneurship in education and training**

The development and promotion of entrepreneurship has focused to date on those able to set up a business project rather than starting out with younger people from the early stages of education.

In order for a context of entrepreneurship to take root among young people it seems clear that the principles of entrepreneurship and the development of business initiatives should be included in education from an early age by introducing the concepts of entrepreneur and enterprise as key aspects for the development of the economy and society.

- **Administrative complexity for business creation**

A long-standing claim amongst self-employed professionals and entrepreneurs is that it is difficult to set up a new enterprise.

They point to the administrative procedures required before a new enterprise can start operating,

the high start-up costs involved, and the heterogeneity of processes and formalities in different parts of the administration.

- **Limited international projection**

The reasons for this are mainly that Spanish SMEs have traditionally not shown much interest in internationalisation, Spanish young people have poor foreign language skills and there was a high level of domestic demand in Spain during the growth years from 2000 to 2007.

3.3. Conclusions of the analysis

After analysing the context, it is clear that the high rate of youth unemployment in Spain is a labour market problem, although the recession is taking its toll above all on young people. All of this has serious consequences for the present and future of young Spaniards and limits the growth potential of the Spanish economy.

However, in Spain employment has been affected more than in other countries, especially amongst young people among whom rates of unemployment are high. These effects are apparent at every educational level, are persistent, tend to produce long-term unemployment and raise the risk of social exclusion.

There are also a number of structural weaknesses that directly affect youth employment, such as:

-
- High rate of **early school leavers**, double the EU-27 rate.
 - **Polarisation of the labour market for young people**, characterised by:
 - a higher percentage than in other European countries of young people with a low educational level for whom the unemployment rate is double the European average.
 - a higher percentage than in other European countries of highly-qualified young people who are under-employed or for whom unemployment is much higher than the average of the Euro zone.
 - **Low relative weight of medium-level Vocational Training**, which is not in line with the qualifications needed by the economy.
 - High rate of **temporary work and undesired part-time work**. In Spain more than three quarters of the young people that are in temporary or part-time work or both do not want this type of contract.
 - It is difficult for people at **risk of social exclusion** to gain access to the labour market.
 - **Limited entrepreneurship**. The number of self-employed young people dropped by more than half during the period 2007-2011 and there is little entrepreneurial initiative.

In view of the current situation of youth unemployment, as described below, the measures covered by the Strategy have been designed to correct the imbalance identified. The top priority has been placed on integrating young people in the labour market. This is followed by improving employability and promoting entrepreneurship.

However, the Strategy includes measures to deal with the above-mentioned situation and the other imbalance identified in the medium to long term, such as temporary work, under-employment and/or undesired part-time work.

Chapter 5 of this document therefore describes a set of measures which should have a positive impact, in line with the priorities laid down in the next chapter, reducing the rate of youth unemployment and improving the quality and stability of employment.





Strategic objectives and lines of action



4.

Strategic objectives and lines of action

4.1. Motivation and objectives

In the context analysed above, the Strategy has been drawn up on the basis of a fundamental motivation: to reduce the rate of youth unemployment, and deal with the structural causes that push it so high above the rate for the population in general. This motivation forms part of the strategic objective of reducing general unemployment.

In order to define the strategic objectives, the conclusions drawn from analysing the context have been taken into account. This analysis explains in detail the current situation of employment for young people and its main structural and short-term causes.

Also considered are the strategic and operational guidelines laid down by the Government and the European Commission.

As a consequence of this process of reflection, the objectives set are the following:

- **Objective 1.** To help improve the employability of young people and make it easier for them to enter the job market.

To help raise young people's possibilities of finding a job or furthering their careers.

- **Objective 2.** To increase job quality and stability.

To collaborate in improving the labour situation for young people who are currently under-employed or have an undesired type of contract and seek more stable employment.

- **Objective 3.** To promote equal opportunities.

Effective integration of young people into the labour market, with a special focus on the needs of young people at risk of social exclusion.

- **Objective 4.** To promote entrepreneurship.

To strengthen the values of initiative, responsibility, innovation and enterprise in the education and training of children and young people and to support personal and collective entrepreneurial and self-employment initiatives.



4.2. Lines of action

In order to achieve these objectives, it is important to work on different lines of action. These have been drawn up from three viewpoints:

- **Supply viewpoint:** lines of action that aim to meet the needs of workers who hope to enter or stay in the labour market or improve their situation in it.
- **Demand viewpoint:** lines of action that aim to meet the needs of companies or employers seeking workers on the labour market.
- **Institutions viewpoint:** lines of action to improve the efficiency of intervention by the Public Administration in the labour market.

The following are the **10 lines of action** drawn up from these three viewpoints:

- **Education**

To guide and prepare young people for their working future and reduce school failure rates and the number of early school leavers.

- **Training**

To improve vocational training for young people through training actions (apprenticeship, skills training, new skills, work practice) or labour actions (first job combined with training, programmes for employment including training, etc.)

Such measures increase opportunities for finding a job and keeping it. They also help workers to improve their working situation and find a new job if necessary.

- **Improved foreign language skills and use of technological tools**

To enable young people to acquire the skills they need on today's labour market, stressing aspects such as language skills, the use of technological tools and innovation.

- **Promotion of entrepreneurship and self-employment**

To foster self-employed work and enterprise creation through education, training and information and to help develop such enterprise through access to credit and advisory services.

- **Management by Public Administration**

To improve the efficiency and effectiveness of intervention by the Public Administration and the Public Employment Services in the labour market.

- **Guidance, support and improved mediation by public employment services and collaborating entities**

To inform, support and advise young people on entering the labour market, improving their labour potential or helping them set up an enterprise, with support for social agents in this field and for associations representing self-employed workers.

- **Incentives for hiring**

To encourage the hiring of young people, improve their job quality and help them retain their jobs.

- **Job flexibility**

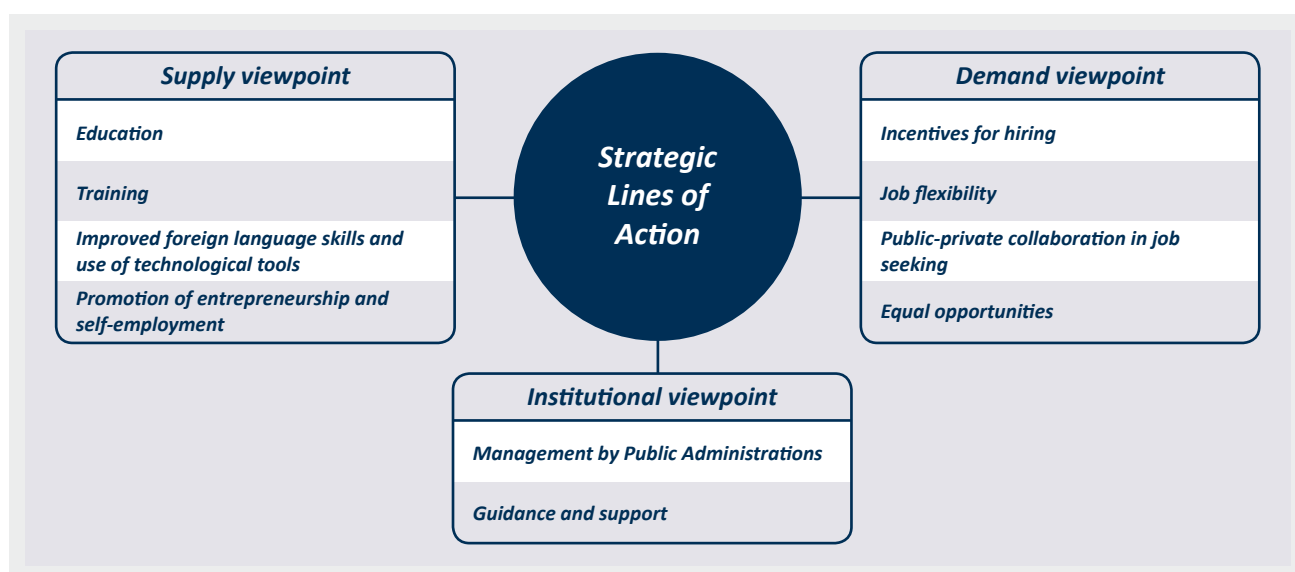
To promote hiring, work-life balance and, where possible, reduce job destruction.

- **Equal opportunities**

To help all young people enter and remain in the labour market and in training under equal conditions and to eliminate discrimination especially with regard to underprivileged persons or those at risk of social exclusion.

- **Public-private collaboration in job searching**

To improve the functioning and optimise the results obtained from synergies generated by cooperation among all the agents involved in the process of searching for and performing well in a job.





4.3. Priorities

The actions covered by the Strategy address young people aged under 30, especially those who are unemployed. In the case of disabled persons having a recognised disability of 33% or more, the age range goes up to 34.

The total universe addressed by the Strategy measures comprises 6,559,200 young people, of whom 4,186,500 form part of the active population aged 16-29 (National Statistics Institute – Labour Force Survey INE-EPA, fourth quarter 2012) and 2,372,700 are students within the same age range who may be participants in the lines of action for Training and Education.

In view of the current situation of youth unemployment and as stated in the previous chapter, the Strategy measures have been drawn up to correct the imbalance identified and the top priority is to integrate young people into the labour market, especially those who have no prior work experience.

- **Priority 1.** Young unemployed workers who have had no prior work or have had experience of under three months.

According to data from the State Public Employment Service, at the end of 2012 there were 221,869 unemployed job seekers who had not had a job before and 398,547 unemployed job seekers with work experience of less than three months.

Many of the emergency measures described in Chapter 5 address young unemployed workers who have had no prior experience.

After this first priority area, the groups that also receive priority in the Strategy comprise over five million young people (see table on the young Spanish population according to their employment situation based on Labour Force Survey data for the fourth quarter of 2012). They can be broken down as follows:

- **Priority 2.** Young unemployed workers. Group of 1,788,800 young people aged 16-29 who wish to enter the labour market and cannot. Most of the NEETs, about 70%, are in this situation.

Special attention will be paid to young people who have completed their training and have not yet had a first job.

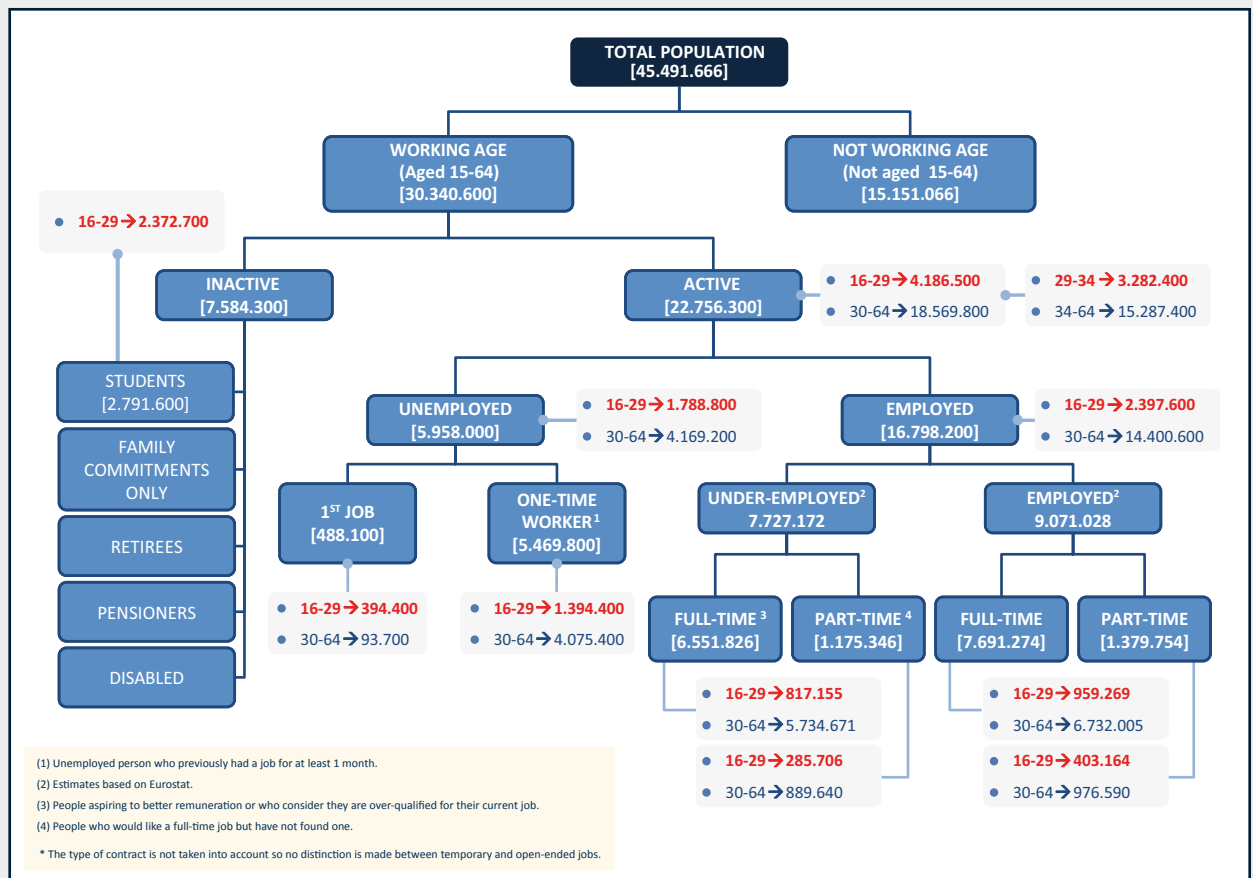
Many of the emergency measures also address young unemployed workers.

- **Priority 3.** Young under-employed workers. This group is estimated at 1,102,861 young people who have temporary or part-time contracts but wish to find more stable or full-time work.
- **Priority 4.** Young, economically inactive people who are studying. This group is made up of 2,372,700 young people aged 16-29.

For this group, measures are proposed to reduce the school dropout rate, to promote a culture

of entrepreneurship and to improve employability, amongst others. These measures should also help young NEETs who are not seeking employment.

In addition, measures have been designed for the **2,397,600 employed young people** for whom training measures are applicable to improve their competitiveness and productivity, promote entrepreneurship or foster equal opportunities.



(1) Unemployed person who previously had a job for at least 1 month.
 (2) Estimates based on Eurostat.
 (3) People aspiring to better remuneration or who consider they are over-qualified for their current job.
 (4) People who would like a full-time job but have not found one.
 * The type of contract is not taken into account so no distinction is made between temporary and open-ended jobs.

Source: EPA 4th T 2012





Initiatives proposed



5. Initiatives proposed

5.1. Introduction. 100 measures for employment

In order to tackle youth unemployment and the structurally weak areas identified, the Strategy introduces a total of 100 measures which are divided into two groups, based on their impact and development over time.

This package of measures has been developed following a process of dialogue and engagement with the social partners. Similarly, major self-employment and Social Economy entities and associations, among others, have been consulted.

- **Early-impact, short-term measures.** This is a total of **15 measures** whose effects are expected in the short term and which relate to education and training, recruitment incentives, entrepreneurship and enhancing mediation.
- **Medium and long term measures.** There are a total of **85 actions** that need further development over time and whose effects are therefore expected in the longer term.

These initiatives include, from the point of view of supply, actions designed to enhance the employability of young people through education, training and the improvement of foreign language skills and the use of information and communication technologies. Similarly, other actions to promote entrepreneurship and self-employment are also considered.

From the point of view of demand, there are a number of actions proposed to encourage hiring, promoting flexibility and equal opportunities in access to the job market as well as the promotion of public-private collaboration in job searching.

From an institutional point of view, initiatives relating to public sector management are contemplated, as well as guidance, support and improved mediation of public employment services and their partner organizations.



5.2. Early-impact measures

The Strategy for Entrepreneurship and Youth Employment includes a total of 15 emergency measures affecting training, the improvement of employability, recruitment incentives and the promotion of entrepreneurship and self-employment.

5.2.1. Education, training and improved employability

These measures are aimed at improving the employability of young people and the integration of young unemployed people in the labour market and at encouraging early school leavers to complete their Compulsory Secondary Education (ESO). They include:

1

EXTENDING TRAINING PROGRAMMES LEADING TO PROFICIENCY CERTIFICATES AND PROGRAMMES WHICH INCLUDE A COMMITMENT TO EMPLOY

AIM: to improve employability, skills and career prospects for unemployed young people.

DEVELOPMENT OF THE INITIATIVE: during the action period covered by this Strategy, Public Employment Services will be encouraged to incorporate into their training agenda, with the appropriate public offer of vocational training for employment, new training and employment programmes for young people under 30 which include at least one of the following activities:

- **Training activities leading to proficiency certificates or proficiency certificate modules.**

This type of training will be accredited in accordance with the provisions of Article 11.1 and 3 of Royal Decree 395/2007, of March 23, and in Royal Decree 34/2008, of January 18, which regulate proficiency certificates, as amended by Royal Decree 1675/2010, of December 10, and its implementing regulations.

- **Training activities which include a commitment to employ.**

30% of young people who undertake this type of training are guaranteed employment at a company within a maximum of three months from the end of such training period by means of a part-time or full-time employment contract which must be for at least six months.

In cases where the young people have not completed the training programme, they may be employed by a company through a contractual arrangement that includes training.

2

DEVELOPMENT OF PROGRAMMES FOR UNEMPLOYED EARLY SCHOOL LEAVERS TO COMPLETE THEIR COMPULSORY SECONDARY EDUCATION

AIM: to train young people who left school early in order to enter the job market and who are now unable to find job opportunities because of the low level of their skills.

DEVELOPMENT OF THE INITIATIVE: at present, and according to the statistical data provided by the State Public Employment Service, at the end of 2012, 77,816 young people under 30 had no education or had not completed primary school, and a total of 456,926 young people lacked Compulsory Secondary Education qualifications.

As stated in previous chapters of this document, many young people left school attracted by the employment opportunities offered in low-skilled, labour-intensive sectors and are now, in many cases, left with no education and no jobs.

Consequently, and given that employability and educational standards are related, a specific programme will be promoted and financial assistance will be provided for low-skilled unemployed young people who wish to resume their education, in collaboration with the regional authorities.

This type of financial assistance will vary according to family income and will be subject to obtaining the relevant qualifications at the end of the programme and to a commitment to work or to actively seek employment through the Public Employment Services, in accordance with procedures to be determined.

Family income will be used to determine the amount of financial assistance made available but it will not, under any circumstances, limit access or the participation of potential beneficiaries in the programme.

After completing Secondary Education (ESO), students interested should be given the opportunity to access medium-level Vocational Training modules and those who want to enter the job market should be encouraged to participate in employment programmes.

In parallel, reinforcement action will be taken in the educational sector in order to prevent school dropouts.





5.2.2. Promotion of entrepreneurship and self-employment

This is a new series of measures aimed at encouraging entrepreneurship and the starting up of self-employment activities, improving funding opportunities, and protecting self-employed people and entrepreneurs.

They are also intended to provide a better safety net by offering a second chance in the event that the projects prove to not be viable.

The measures have been divided into FIVE groups: FLAT RATE for young self-employed people, Start a business with FINANCE, Start a Business with a SAFETY NET, COLLECTIVE entrepreneurship, and Entrepreneurial KNOW-HOW.

FLAT RATE FOR YOUNG SELF-EMPLOYED PEOPLE

3

FLAT RATE ON SOCIAL SECURITY CONTRIBUTIONS: ESTABLISHMENT OF A FLAT 50 € CONTRIBUTION AT THE START OF SELF-EMPLOYMENT ACTIVITIES

AIM: to facilitate self-employment and the start of business activities for young people under the age of 30.

DEVELOPMENT OF THE INITIATIVE: young self-employed people registering with the Special Self-Employment Regime (RETA) will be able to pay a minimal contribution for common contingencies during the first few months so they can start a self-employed activity.

Consequently, during the six months immediately following the date of registration, an 80% reduction will be applied on the amount that results from applying the minimum contribution applicable at any time under this regime to the lowest base rate. In this way, a self-employed person under the age of 30 may pay an approximate contribution of 50 € for the first semester.

Subsequently, and for the following six months, a further reduction of 50% will be applied to the minimum base rate.

One year after registration with the RETA regime, men under 30 years of age and women under 35 will benefit from reduced rates and a 30% discount on their contributions over the following 18 months.

In the case of young people under 35 years of age with a recognized degree of disability equal to or greater than 33%, the 80% reduction will be applied during the first 12 months from the date of registration, then a 50% discount will be maintained for up to five years.

REQUIREMENTS:

- Only applicable to first time RETA registrations.
- Must be under 30 years of age.
- May not employ other workers (must not have an employer's contribution account).

START A BUSINESS WITH "FINANCE"

4

COMPATIBILITY OF UNEMPLOYMENT BENEFITS WITH THE START OF A BUSINESS

AIM: to promote self-employment and starting a business among young people under 30 who are unemployed.

DEVELOPMENT OF THE INITIATIVE: at the end of December 2012, a total of 215,505 young people under the age of 30 were recipients of unemployment benefit.

As an alternative to capitalization, and in order to ensure a minimum income for unemployed persons who decide to start a business, and to facilitate the implementation of their projects, it is proposed that, for a maximum of nine months, receiving unemployment benefits should be made compatible with registration with the RETA scheme (congruent with the previous initiative). Unemployment benefit will continue to be paid until it runs out regardless of deregistration with the RETA scheme.

REQUIREMENTS:

- Must be under 30 years of age.
- May not employ other workers (must not have an employer's contribution account).

5

EXTENDING THE POSSIBILITY OF CAPITALISING UNEMPLOYMENT BENEFITS

AIM: to allow unemployment benefit capitalisation to become the key to entrepreneurship.

DEVELOPMENT OF THE INITIATIVE: each year about 18,000 people under the age of 30 cash in their unemployment benefits to start a self-employment activity or to join a cooperative or business partnership.

The possibilities of capitalising unemployment benefits to start a business activity are extended in the following ways:

1. Recipients of unemployment benefit may now capitalise up to 100% of their benefits in order to make a **capital contribution to any type of newly created business** provided that a permanent contractual relationship is established with the business.
2. Capitalisation of unemployment benefit may now be used to contract **specific consultancy, training and information services** and to cover the costs of establishing a new business.





6

IMPROVING ACCESS TO FINANCE FOR ENTREPRENEURS

AIM: to encourage entrepreneurship among young people and to help support projects which are already running.

DEVELOPMENT OF THE INITIATIVE: in order to improve access to finance for the self-employed and entrepreneurs, all the different ministry departments with responsibilities in this area will make efforts to obtain seed capital funds, microcredits and angel funding and will strengthen participating loans for the purpose of starting businesses and financing key activities in early stages.

START A BUSINESS WITH A SAFETY NET

7

CONTINUATION OF UNEMPLOYMENT BENEFIT PAYMENTS AFTER BEING SELF-EMPLOYED

AIM: to improve social protection for self-employed people and to encourage entrepreneurial initiative.

DEVELOPMENT OF THE INITIATIVE: in order to provide greater protection to self-employed workers, and to allow for a second chance if a project becomes unviable, those entitled to unemployment benefit may now collect it again after deregistering with the RETA scheme, provided that five years have not passed since registration as a self-employed worker.

This is an alternative option for those who prefer not to capitalise or to make their unemployment benefits compatible with the start of a business on their own, but instead choose to start a business with a future safety net.

It has been shown by reports issued by the National Statistics Institute (INE) that 50% of new business activities turn out to be no longer viable five years later, a timeframe which extends beyond the date when people are once again eligible to receive unemployment benefit, which was suspended as soon as the unemployed person registered as self-employed.

This measure aims to cover such cases so that the beneficiary may once again be entitled to collect unemployment benefit in the event that they deregister with RETA, thus matching the maximum suspension time with the average lifespan of the expected viability of business activities.



ENTREPRENEURIAL "KNOW-HOW"

8

ESTABLISHING REFERENCE OFFICES IN PUBLIC EMPLOYMENT SERVICES THAT SPECIALISE IN PROVIDING ADVICE AND SUPPORT TO NEW ENTREPRENEURS

AIM: to offer advice through Public Employment Services to young people who are unemployed and want to start a business on their own.

DEVELOPMENT OF THE INITIATIVE: In parallel with the broadening of the possibilities of capitalization, and in collaboration with the regional authorities, new initiatives will be launched for monitoring and supporting entrepreneurs who have decided to capitalise their unemployment benefit, through various forms of technical assistance and training to contribute as much as possible to the success of the project.

9

GENERATIONS CONTRACT: INCENTIVES TO EMPLOY PEOPLE WITH EXPERIENCE IN NEW BUSINESS PROJECTS STARTED BY YOUNG ENTREPRENEURS

AIM: to help incorporate experience into the projects of the young self-employed.

DEVELOPMENT OF THE INITIATIVE: this is an incentive for open-ended contracts that encourages young people to hire unemployed persons over 45 years of age who can provide the expertise to ensure business success.

BENEFICIARIES: young self-employed and long-term unemployed aged 45 and over.

REQUIREMENTS:

- For the self-employed person:
 - Must be under 30 years of age.
 - May not have other workers in employment prior to formalisation of the contract.
- For the employee:
 - Must be long-term unemployed (12 months) aged 45 or over or a beneficiary of the Prepare Plan.

INCENTIVE: full-time or part-time open-ended contract with a 100% reduction in Social Security contributions for common contingencies for the first year of the contract.

TIME SCHEDULE: this measure will be applicable until the unemployment rate is reduced below 15%.





COLLECTIVE ENTREPRENEURSHIP

10

PROMOTION OF THE SOCIAL ECONOMY AND COLLECTIVE ENTREPRENEURSHIP

AIM: to promote social and collective entrepreneurship and to encourage the inclusion of the unemployed under 30 years of age into Social Economy enterprises.

DEVELOPMENT OF THE INITIATIVE: it seeks to promote and encourage collective entrepreneurship by developing a package of measures directly related to the Social Economy and the support of the activity carried out by cooperatives, worker-owned companies and social insertion companies.

In fact, the Social Economy, and in particular cooperatives and social insertion companies, have shown a greater ability to maintain employment during the years of economic crisis thanks to the adoption of internal flexibility mechanisms. Similarly, the Social Economy contributes very effectively to local development through the creation of quality, non-transferable employment.

These are consequently very appropriate measures for potential entrepreneurs and they constitute a real and successful alternative to traditional paid employment.

In particular, and in parallel with existing measures to capitalise unemployment benefit, this should encourage the involvement of young unemployed people under the age of 30 in cooperatives and worker-owned companies as working partners, because of an annual 800 € discount in the employer’s contributions to the Social Security for a total of three years.

Likewise, the same incentive will be given to social insertion companies to hire young people who are at risk of social exclusion.

5.2.3. Guidance, support and improvement of mediation by public employment services and partner organisations

Public services must have the technological tools that allow better utilisation and increased effectiveness and efficiency in the development and implementation of public policies.



11

SINGLE JOB PORTAL TO FACILITATE JOB SEARCHES

AIM: to facilitate mediation and job searching through information and communication technologies.

DEVELOPMENT OF THE INITIATIVE: all the relevant information that may be useful to young people will be available in a single Internet portal with the aim of providing tools to facilitate job searching or the starting of a business, in coordination with the one-stop-shop for Business.

Thus, in one website, and with the cooperation of the regional authorities and the social partners, all vacancies available from public databases, and from any private ones included, will be displayed ensuring that all job offers comply with current legislation.

It will also include information on the main sources of employment for young people who are studying, so that they may be able to choose a particular training route.

This Portal will focus on its compatibility and interoperability with the most common information channels (social networks, blogs, forums, etc.).

Similarly, young people may have a customised and upgradeable digital file containing all the relevant information for easier job application.

In addition, the portal will have a virtual assistant to help young people find out and optimise their degree of employability.

5.2.4. Incentives for hiring

In order to encourage hiring, a number of short-term measures will be adopted for young people to access the job market or to gain their first work experience.

The incentives have been designed in response to the reality of the country's production fabric and will be applicable in relation to the size of the companies involved and the social groups for which they are intended.

Therefore, starting with the group of under 30's, special emphasis has been placed on those young people who have no previous work experience or who have

worked in sectors where there is no demand for employment at this time. Also, the improvement of the employability of young people is encouraged by harnessing training and employment through part-time contracts and new incentives for trainee recruitment.

In addition, and depending on the size of the companies involved, along with general incentives designed for all sectors, greater reductions and discounts have been established in Social Security contributions for small and medium sized businesses. Also, a special reduction has been set for open-ended contracts for self-employed people and micro-businesses on the grounds that they have to make a greater effort when hiring staff.



12

ON-THE-JOB TRAINING. INCENTIVES FOR PART-TIME CONTRACTS INCLUDING TRAINING

AIM: to encourage recruitment, while enabling young people to improve their employability by connecting professional training and experience.

DEVELOPMENT OF THE INITIATIVE: this is an incentive for hiring workers on a part-time basis with a training component, which allows the unemployed to gain an occupational qualification connected to the job market.

BENEFICIARIES: young unemployed aged under 30 without previous employment and with work experience of less than three months (398,547 at the end of 2012), or coming from another sector (retraining), and who will combine employment with training in any of the following circumstances:

- Accredited training or training related to a call by the Public Employment Services.
- Training in foreign languages or information and communication technologies with a minimum duration equivalent to at least certificate level 1 (90 hours).

Similarly, young people under the age of 30 who have been unemployed for more than 12 months (256,698 at the end of 2012) and who combine employment and training as described above are also eligible.

REQUIREMENTS:

- For the employee:
 - Must provide evidence of training completed or in progress within the six months prior to the contract date, even if such training is not directly linked to the job offered.
- For the company:
 - Must maintain net employment (in order to avoid the substitution effect).

WORKING HOURS: maximum working hours must be 50% of the full-time working day.

INCENTIVE: reduction of employer's Social Security contributions for common contingencies for a maximum period of 12 months: 75% reduction for companies employing more than 250 people and 100% for the rest.

This incentive may be extended for a further 12 months on condition that the employee provides evidence of completion of the relevant training programme, within the second year or within the six months immediately prior to renewal.

TIME SCHEDULE: this measure will be applicable until the unemployment rate is reduced below 15%.



13

"MICRO-SMES AND SELF-EMPLOYED PERSONS". ELIMINATION OF SOCIAL SECURITY CONTRIBUTIONS FOR PERMANENT CONTRACTS FOR YOUNG PEOPLE WITH MICRO-SMES AND SELF-EMPLOYED PERSONS

AIM: to encourage open-ended contracts for young people with Micro-SMEs and self-employed persons.

DEVELOPMENT OF THE INITIATIVE: this establishes an open-ended hiring incentive that allows self-employed persons and Micro-SMEs to hire an unemployed young person under excellent conditions.

BENEFICIARIES: young unemployed aged under 30 (1,000,000 at the end of 2012).

REQUIREMENTS:

- For the company:

- Self-employed persons and businesses employing up to nine people.
- Must maintain net employment (in order to avoid the substitution effect).
- Each company or self-employed person may file only one contract of this type.

- For the employee:

- Must not have held any previous employment with the company.

- Contract:

- The Special Contracts for Entrepreneurs, the Permanent Intermittent Contract, the Open-ended contract for Workers with Disabilities, and those contracts which qualify for the Employment Promotion Scheme do not apply.
- Full-time or Part-time open-ended contract.

INCENTIVE: 100% reduction in the employer's Social Security contributions for common contingencies during the first contract year of the first young worker who is hired by this formula from the date of entry into force of the applicable rule.

This incentive will be subject to the actual duration of the contract exceeding 18 months, except in the case of lawful termination.

TIME SCHEDULE: this measure will be applicable until the unemployment rate is reduced below 15%.





14

FIRST JOB CONTRACT FOR YOUNG PEOPLE

AIM: to make it possible for young people to have a first job experience.

DEVELOPMENT OF THE INITIATIVE: this is a form of the existing temporary contract, based on the lack of experience of the worker under contract (a subjective cause), and is intended as an incentive to turn it into a open-ended contract.

BENEFICIARIES: jobseekers under the age of 30 with less than three months' work experience.

REQUIREMENTS:

- For the company: Must maintain net employment (in order to avoid the substitution effect).

WORKING HOURS: must be at least 75% of the full-time working day.

INCENTIVE: companies that turn these contracts into open-ended contracts are entitled to an annual discount in the employer's Social Security contributions of 500 € for three years, and 700 € if the contract involves employing women.

TIME SCHEDULE: this measure will be applicable until the unemployment rate is reduced below 15%.

15

WORK EXPERIENCE CONTRACT. INCENTIVES FOR WORK EXPERIENCE CONTRACTS FOR THE FIRST JOB

AIM: to make it possible for young people who have completed their training period to have an initial work experience that relates to their qualification.

DEVELOPMENT OF THE INITIATIVE: development of additional incentives to increase the usability of the work experience contract provided for in Article 11.1 of the Workers' Statute of Rights whenever the contract involves young people under the age of 30.

BENEFICIARIES: those provided for in Article 11.1 of the Workers' Statute of Rights.

Similarly, there will be incentives for turning internships and unpaid practical work into work experience contracts.

MODIFICATIONS:

- Work experience contracts must include the possibility of turning internships and unpaid practical work in companies into employment contracts.

- For jobseekers up to the age of 30, the five-year limit from completion of studies will not be applicable in order to enter into the type of contract contemplated in the first paragraph of Article 11.1 of the Workers' Statute of Rights.

- The provision whereby a Work Experience Contract may not be agreed in relation to a proficiency certificate obtained as a consequence of a training contract previously agreed at the same company has been eliminated.

WORKING HOURS: as specified in the Work Experience Contract.

INCENTIVE: whenever the contract involves young people up to the age of 30, the employer's Social Security contributions for common contingencies will be reduced by up to 50%.

TIME SCHEDULE: this measure will be applicable until the unemployment rate is reduced below 15%.

These initiatives may be grouped, in relation to the different **profiles of potential beneficiaries**, in the following manner:

<i>Without training</i>	<i>Without experience or retraining</i>	<i>Qualified</i>
<i>Expand training programmes leading to certification of proficiency and training programmes involving a hiring commitment</i>	<i>“FIRST JOB” contract for young people</i>	<i>“WORK EXPERIENCE” Contract. Incentives for work experience contract for first job</i>
<i>Development of programmes allowing unemployed early school leavers to obtain the Compulsory Secondary Education qualification</i>	<i>“GENERATIONS” contract: Incentives to hire people with experience for new young entrepreneurial projects</i>	<i>Improved social protection for work experience</i>
<i>Incentives for part-time employment involving a training component</i>	<i>Incentives for part-time employment involving a training component</i>	

<i>Recipients of benefits</i>	<i>All (unemployed workers under 30)</i>
<i>Compatibility of unemployment benefit with the start of a self-employed activity</i>	<i>Single Employment Portal to facilitate job-seeking</i>
<i>Greater possibilities for capitalising unemployment benefit</i>	<i>Flat rate for young self-employed workers. “Set up a Business with Credit”, “Set up a Business with a Safety Net”, “Entrepreneurial Know-how” and “Collective Entrepreneurship”</i>
<i>Renewal of unemployment benefit after performing a self-employed activity</i>	<i>“MicroSMEs and Self-employed Workers” Elimination of Social Security contribution for open-ended employment of young workers by microSMEs and self-employed workers</i>





5.3. List of medium and long term initiatives

The Strategy also includes 85 measures whose implementation requires more time and whose results are expected in the mid to long term.

5.3.1. Education

The differences identified between Spain and the European Union average in terms of early school leaver rates is a factor that has an undeniable impact on the high rate of youth unemployment in our country.

For this reason, it is essential to define measures to reduce school failure and early school leaving, enhance the quality and prestige of the different educational pathways, improve general comparative results and encourage both permanence in the educational system and opportunities to access and stay in the job market.

Here are the new measures proposed to overcome the educational imbalances identified in Spain.

For this line of action **10 measures** are being proposed:

1. To expand on the curriculum content that relates to **entrepreneurship and career opportunities**, as well as **knowledge of labour relations** and the job market.

From the perspective of educational values, it is important to include those that focus

on responsibility, teamwork, leadership, innovation, creativity and the concept of education and training as an investment in the future, which seem very appropriate in the socioeconomic context in which the future of democratic 21st century societies is set.

Along with the addition of these values, the educational programmes of each training cycle must include the functioning of the world of work into which children and young people will enter.

Similarly, education must project the real image of entrepreneurs and the role they play in the social and economic development of the country. For this, it is essential to improve teacher training in these content areas, in collaboration with the social partners.

2. To reinforce the **value of respect** and the key role played by teachers, and to foster a **culture of accountability** and personal growth.

The aim of this measure is to strengthen the role of teachers so as to improve the learning process, improve relations in schools and enhance the quality of teaching.

3. To have the Public Administration guarantee **equal opportunities** through prevention, intervention and compensation measures, with the aim of encouraging permanence in the educa-

tional system and improving the results obtained in it, and thus to guarantee access to the job market in conditions of equality.

4. To reinforce any actions in the educational context designed to reduce the numbers of **early school leavers**.
5. To devise mechanisms to enable **the educational system to reinstate** young people who return after losing their jobs, so they can get an academic qualification that allows them access to jobs which are different from those they have done previously.
6. To design and implement an **information campaign on the National System of Vocational Training Qualifications** through the Internet and social networks.
7. To implement measures to ensure that universities are more responsive to the country's socio-economic demands. In this sense, and in line with the contents of Article 61 of the Sustainable Economy Act, the continuous **improvement of university programmes and curricula** must be guaranteed in terms of the needs of the various business and social sectors.
8. To contribute to the development of **quality research** with transparent results, which must fo-

cus on the economic and social development of the local context, and **cooperation with other national and international institutions** to encourage knowledge transfer with other universities, research centres, vocational training centres (through specific gateways), companies, etc.

9. To create strategies for **cooperation between businesses and universities**, in order to foster permanent and systematic interaction between the two, through actions such as improving flexibility and achieving greater transparency in the management of universities, and also encouraging practices related to obtaining a college degree and R+D+ i.
10. At universities, to **encourage entrepreneurship and innovation** and to promote entrepreneurial initiatives.

5.3.2. Training

The job market provides employment opportunities for people with a specific training profile. Therefore, the lack of adequate training for the conditions of today's job market, as well as the lack of recognition of prior work experience, are shortcomings faced by many young people, especially those who left their training early and nowadays cannot find job opportunities.



Moreover, it is essential to continue the process of enhancement of Vocational Training in our country.

In order to respond to these conditions, various measures have been launched to adapt the training of young people to the needs of those who provide jobs, and new initiatives will be promoted to encourage young people to acquire the training and skills needed to find their place in the job market, or to have these properly acknowledged, either through employment or entrepreneurship.

For this line of action **16 measures** are being proposed:

- 11.** To extend **Vocational Training with Employment Scheme or Dual Vocational Training**, in coexistence with the current Vocational Training system, as a set of measures and initiatives aimed at the professional qualification of workers by combining the teaching and learning processes both in the workplace and at the training centre.
- 12.** To promote **pilot projects in work-linked vocational training** in order to ensure the adequacy of training to the productive fabric which is ultimately being addressed, mainly for students who have dropped out of the education system prematurely and are seeking employment.
- 13.** To review **training for employment programmes** in depth, in the context of social dialogue, and to revitalize the General Council for Vocational Training.

Preference will be given to specific training which relates to the current requirements of jobs, to needs arising from the change in the production model and to the priority of acquiring cross-cutting skills for improving employability, including training young people in self-learning skills, versatility, innovation or adaptation to new production and organizational conditions of the job market.

- 14.** To regulate the **National Register of Training Institutions and Centres** in order to have a single registry, which will be connected to the various registers in the regions.

This registry will contain information on the particular mode of instruction, whether face to face or e-learning, as well as the different types of centres (public or private, companies, organizations ...).

The registry will also include those centres or training institutions which provide training activities included in the training plans aimed primarily at employed people who are not currently registered.

- 15.** To review and give preference to employment and training initiatives that include the **Training School Workshops, Trade and Employment Centres**, and activities which relate to emerging sectors: green jobs, white jobs, information and communication technology, etc.

16. To implement specific programs in **rural areas** in order to give young people real opportunities for employment or self-employment, so as to promote the rejuvenation of the population and its establishment in the area.

17. To establish lean management procedures which produce results in the shortest possible time to continuously update the **National Catalogue of Professional Qualifications**.

18. In line with the above, and in partnership with social partners, to update the **Catalogue of Vocational Training Qualifications** and the **National Register of Proficiency Certificates**, in order to meet the needs of young people, the requirements of businesses and the necessity for a sustainable productive system.

19. To increase the number of processes of **certifiable training** and recognition of work experience, as well as **e-learning** opportunities.

This measure covers all types of occupations and, in particular, those associated with ICTs, care of people in situations of dependency (white jobs), in communication with the sector and with the objective of promoting the acquisition of such training by young people.

Also, and in line with future environmental challenges, it will cover mainly those occupations that contribute to protect ecosystems and biodiversity, to develop energy, mate-

rials and water efficiency, to reduce carbon dependency in the economy and to minimize the production and recycling of waste and pollution (green jobs), as well as other sources of employment that may be identified.

20. To make progress in the implementation of the **training account**, which is associated to each employee and which will be managed by the Public Employment Services, so that the full training history of each person is taken into consideration.

21. To anticipate the skills required by companies in the **ICT** sector and to tailor existing qualifications, using the communication channels with the private sector to perform the relevant analyses on qualifications and occupations.

22. To promote, both in training courses and in designing e-learning courses, the use of **advanced technology-based educational tools**.

23. To implement **training** programs with specific differential funding for young people to acquire skills in certain activities and employment opportunities that may involve the creation of jobs and opportunities for entrepreneurship, promoting the establishment of population in the area.

24. To facilitate the transition from training to employment and to establish a regulatory framework to **improve social protection** for traineeships.



- 25. To extend the implementation of **internship programmes in companies linked to academic or professional qualifications** in the finishing stages of study.
- 26. To enable young people who have completed their training to gain, as soon as possible, their **first professional experience** or to continue to improve their skills in line with the provisions of the **Youth Employment Guarantee Scheme**.

5.3.3. Improving foreign language skills and the use of technological tools

The analysis of the context highlights the importance of adequate training and retraining among young people in order to improve their opportunities and employability as well as their access to and permanence in the job market.

The job market is an environment where those seeking a job must have the skills required, and some aspects such as language skills, qualifications in the use of technological tools or an innovative and entrepreneurial spirit are of primary importance. Each person, in addition to developing the capacities and skills which have been acquired during the training stage, must learn to complement them with others and maximise them to suit the demands of the job market.

Language skills or the development of expertise in technological tools increase the opportunities for

access to and permanence in employment, for improving current job prospects and for relocation in case of unemployment.

For this line of action, **5 measures** are being proposed:

- 27. To promote, in collaboration with the regional authorities, and through the systems defined in the framework of the applicable educational legislation, **foreign language learning** among students, with the goal that by the end of compulsory education, all students must be able to speak a foreign language.

In the understanding that one of the key factors which increase opportunities is the knowledge and use of foreign languages, it is desirable that school curricula incorporate a bilingualism approach.

This is a medium and long term investment that aims to solve a structural deficiency of the Spanish educational system.

- 28. To **increase the range of language learning courses** already available at employment training centres and official language schools, adapting it to needs.
- 29. To incorporate **original version programmes** in the audio-visual media in those languages most in demand, particularly focusing on children and the young.

The experience of our neighbouring countries has shown that contact with foreign languages in leisure activities for the young substantially increases their knowledge of such languages.

Broadcasting original version content and showing subtitles with the sound in the original language instead of Spanish, as is currently the case, will need to be promoted.

30. To promote the learning of the **languages that are most in demand and used** in productive sectors requiring **higher professional qualifications**. It will be necessary to design training programmes which are suited to the requirements of the highly qualified jobs on offer.

31. To facilitate the use of tools that enable access to **digital content** in order to promote **self-learning**.

5.3.4. Promoting entrepreneurship and self-employment

In the current social and economic climate, self-employment and entrepreneurship are particularly important as an alternative to paid employment because, in particular, young people are thus offered the possibility to start professional projects that allow them to develop their skills and start their careers.

Furthermore, entrepreneurship, whether individual or collective, is not only a personal alternative for the

entrepreneurs themselves, but has a high potential for generating employment for others.

For this line of action, **17 measures** are being proposed:

32. To facilitate **entrepreneurship among university and Vocational Training students** through incentives to help them accompany their training with self-employment.

The wide gap between the period of training and the period of employment among the young does not seem to be offering the best results, so new measures should be included in order to introduce a new culture in terms of people's achievement history at the transition between early stages of education and the start of their working lives.

33. To study the feasibility of creating a **"Passport to Entrepreneurship"**, to be connected to a residence permit.

This measure would be aimed at prospective investors in Spain who are nationals of non-EU countries, and who must provide documentary evidence of investment in economic terms having a significant socioeconomic impact and either capable of creating jobs or of establishing their presence in Spain in order to set up a business or to monitor the early stages of a project.

34. To conduct an impact **assessment of the administrative burdens** which the self-employed have to



undertake in order to reduce them to a minimum and to remove administrative barriers, facilitating electronic setting-up of a business project.

The purpose of this measure is to study, in collaboration with social partners and the representative bodies of the self-employed, how to reduce existing burdens and remove administrative barriers in order to provide solutions to one of the historical demands of entrepreneurs, so that they can concentrate primarily on their business.

This measure would have a positive impact on young entrepreneurs starting a business on their own.

- 35. To consolidate the system of prior authorization through the **statutory statement of accountability** for certain activities and in some cases in regard of the circumstances of the premises, or the business or professional activity.
- 36. To encourage young entrepreneurs to undergo **training courses on e-marketing** and to promote the use of social networks and other digital communication forums as a promotional platform and a showcase for ideas.

In this sense, social media and new digital media are an opportunity for young entrepreneurs when starting a successful business, but they require proper training and new skills.

- 37. To consider schemes which will allow **part-time Social Security contributions** for the self-employed in certain cases, such as multiple activities or compatibility of self-employment activities with study.
- 38. To disseminate and increase the **social protection measures** established by current legislation for the self-employed as well as any to be implemented in the future.

This aims to achieve greater convergence between the levels of social protection of the self-employed and those of salaried employees in order to minimize the risks associated with undertaking a business activity and encourage self-employment and entrepreneurship.

- 39. To continue to promote measures to ensure **Market Unity** in Spain in order to encourage the operation of any activity undertaken under regional legislation in the rest of the national territory.
- 40. To analyse measures allowing the self-employed and entrepreneurs who have not been successful to get a **second chance**, while preserving balance with any rights affected.
- 41. In the context of the Social Security, and in order to facilitate **maintenance of the activity or a second chance**, deferrals will be available and the conditions for repayment of any debts incurred by the self-employed will be made more flexible.

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- 42. To promote **business incubators** and **co-working spaces** with a technological or innovative basis in order to provide guidance for young people and equip them with a space to start a business, to encourage the creation of infrastructure for the incubation and development of entrepreneurial projects and to coordinate existing resources so that they become powerhouses for business development and consolidation.
 - 43. To raise the profile of the role of **Mutual Guarantee Societies**, especially in order to promote access to finance on preferential terms for young people and for independent Social Economy organisations.
 - 44. To seek alternatives such as **microloans** in order to help young people start up businesses.
 - 45. To promote the **internationalisation of companies** created by young people and to encourage participation by Spanish companies in projects and public tenders at EU or at other international levels, especially in sectors with high added value component.
 - 46. To promote the role model of the **young 'intrapreneur'**, which highlights how important it is that employees also engage in the search for alternative and innovative activities for their business, in order to make it more competitive.
 - 47. To encourage the media to communicate a **positive outlook on young people's entrepreneurship** and the importance of employers and workers in society. Also, to encourage the dissemination

of values related to compliance with labour laws and regulations and a commitment to take action in the context of Corporate Social Responsibility.

- 48. To support **R&D+i** initiatives so that authorities promote entrepreneurial projects with high added value and practical applications, which will ensure high returns for society at large.

5.3.5. Management of the public administration

It is essential to adapt the operation of the statutory bodies that manage the supply and demand for jobs, as part of the drive for efficiency of available resources, but emphasising the need to maximise effectiveness in reaching the goals which are the reason for them to exist.

Specifically, for this line of action **8 measures** are being proposed:

- 49. **To modernise public employment services** and to promote new management models that incorporate flexibility, specialisation, innovation, transparency and proximity to people, so that their needs are best met.
- 50. To promote the **assessment of Government employment policies**.

This area of work will include measures to ensure the assessment of results of actions carried out directly by the Public Adminis-



tration or by organisations on its behalf, through the appropriate agreements.

The impact assessment will consider the analysis of the existing situation on which it operates (ex-ante assessment), during the period of implementation of the policy (mid-term assessment) and after (ex-post assessment) in order to ensure maximum efficiency and maximum social and economic return on investment.

In this manner, it can be found out whether the policies and measures which have been designed are aligned with the needs of the job market at all times, and whether such measures are achieving the expected results.

perspective of the Central Government, and as part of the essential relationship of coordination and cooperation.

- 51.** To create an **Inter-ministerial Committee** for the development and monitoring of the Strategy.

An Inter-ministerial Committee is planned to ensure the achievement of the objectives set in the Strategy, as well as accomplishment of the proposed measures. This Committee will report to the Executive Committee on Economic Affairs periodically, at least every six months.

The open and dynamic nature of the Strategy and the cross-cutting nature of many of the lines of work require the creation of a specific Inter-ministerial Committee, including all the departments concerned. The aim is to ensure the inclusion of as many suggestions as possible in order to help strengthen and properly develop the Strategy itself, from the

- 52.** To provide the necessary tools and to organise **forums on good practices with other countries' Public Administrations** that have may have implemented programmes, courses of action and measures that are consistent with the objectives outlined in this Strategy.
- 53.** To coordinate, from a synergistic point of view, all actions arising from the **implementation and development of the Strategy** with other Central Government plans which may include measures that affect entrepreneurs and youth employment.
- 54.** To make inroads in granting **greater freedom of access and operation of professional activities**, removing unjustified barriers to the provision of professional services, which could help facilitate access and improve competition.
- 55.** To promote monitoring and control policies in recruitment processes in order to ensure compliance with labour and Social Security legislation in respect of young people, with special attention to the proper use of the system of internships and work practice. Also, to strengthen control over potential fraud in the collection of benefits or Social Security fraud.
- 56.** In the context of the training of employees of Public Employment Services, to ensure they can offer personalised attention which is suited to the diversity of unemployed people.

5.3.6. Guidance, support and improvement of mediation provided by public employment services and collaborating organisations

Supporting young people in their job search process or at the start of their business activity should be established as a priority for all those involved in the design of policies to promote their integration into the workplace.

Personalised attention, access to information and advice, at the start or as a complement to job training programmes, awareness of labour rights and the effectiveness of public employment services can become key factors for reaching the goal of finding or keeping a job.

The following are the measures proposed in relation to guidance and support for young people in the development and implementation of their careers.

For this line of action **12 measures** are being proposed:

57. To enhance the role played by **occupational observatories** regarding the local dimension of employment in order to facilitate the adaptation of employment policies to the real needs of the labour market in each geographical area and to identify and anticipate the needs and challenges of the future.

58. To develop a **Practical Guide for the Entrepreneur**.

This would make available to the entrepreneur a user-friendly manual with highly practical content in order to facilitate the understanding of the procedures required to become self-employed and/or to start up a business, with answers to the main problems that may be encountered by the potential entrepreneur.

59. To increase the information that young people receive about the **situation of the job market**, both in secondary schools and in universities, so that they know the job opportunities that their studies can lead to and the regulatory framework of labour relations.

60. To improve the quality of the information provided and to intensify **advice and guidance to employers** on these supporting measures and the employability of young people.

61. To favour the adoption of agreements with social partners in order to carry out **information and training activities for employers about the different types of contract** that current legislation contemplates.

62. To implement, through the agents and providers of **Continuing Education programmes**, ad hoc training activities, in line with the specific requirements of companies seeking specific job profiles.



- 63. To adopt and expand programmes that facilitate and **promote the return of young people** who have started their careers in other countries and encourage their participation in entrepreneurial projects.
- 64. To channel, through the Public Employment Services, **job offers from outside Spain**, assuring the labour rights of those who choose to search for employment abroad.
- 65. To enhance and extend the activities of the Public Employment Services in their **commitment to the unemployed** who want to start a business on their own. In line with the above, to identify unemployed people who are registered at the Public Employment Services and who meet the appropriate training and experience requirements in order to **inform them of the possibilities of access to the job market as entrepreneurs**.
- 66. To establish specific programmes on **guidance for collective self-employment for young entrepreneurs** through the social economy organisations. These programmes must include training processes, and bureaucratic and administrative support for business start-up, and other types of assistance for the start of the activity.
- 67. To create a **working group** which includes the presence of social partners with the aim of **modernising the operation of Public Employment Services** in order to deploy, amongst others, tools to ensure that the information provided on jobseekers meets the information needs of employers when offering jobs.

- 68. To have Public Employment Services **identify niches of employment and business opportunities** in rural areas from the standpoint of sustainable economy principles and to promote channels of collaboration between organisations representing workers and entrepreneurs in rural areas with the relevant administrative structures.

This measure is aimed at preventing depopulation in rural areas, regenerating the environment and developing tourist industries by facilitating access to technological tools.

5.3.7. Promoting employment contracts

In this line of action a set of measures has been articulated with the aim of encouraging Spanish companies to offer better employment opportunities for young people. For this purpose, **4 measures** are being proposed:

- 69. To promote **open-ended contracts** through existing contractual formulas and to encourage the conversion of existing training contracts into open-ended contracts.
- 70. An incentive to the **bridging contract** covered under Article 12.7 of the Workers' Statute of Rights, is being proposed for study and consideration in the context of the Toledo Agreement, whereby a new employee is contracted by a company as a result of partial retirement of another employee who has reached the statu-

tory retirement age and therefore has voluntarily extended their professional lifespan.

71. To establish mechanisms to promote youth participation in **cooperatives and worker-owned companies**, through stimulus measures that will allow **generational change**, incorporating new members to replace those who complete their working life.
72. To promote the use of different types of training contracts, as contemplated by current labour legislation and to promote the use of **Contracts for Training and Learning**, whose objective is to provide professional qualifications to people in jobs by combining training with paid work in a company.

This has been designed as a tool to promote the employment and training of young people by combining alternate periods of paid work for a company with training activities under the system of vocational training for employment or the educational system.

5.3.8. Flexibility

The measures contained in this section are intended as formulas to reconcile work and family life, as well as training. **3 measures** are being proposed for this line of action:

73. To further develop **formulas for part-time employment** for those who want to combine work

with their studies or other training activities or for personal reasons.

74. To encourage the implementation of measures, through collective bargaining, as stated in Agreement II for Employment and Collective Bargaining, which allow the adoption of **flexible work schedules and work-life balance**.
75. To promote **teleworking**, especially by means of mixed formulas that combine this mode with physical presence, assuring the employment and social rights that pertain to all workers. This mode of work favours work-life balance and allows combining training and employment.

5.3.9. Equal opportunities

The following are measures to ensure equal treatment and opportunities for everybody, regardless of their personal and/or social circumstances, and to address their specific needs, with special attention to those who are in a situation of disadvantage and/or at risk of social exclusion.

For this line of action **8 measures** are being proposed:

76. To channel resources from the **European Social Fund** and the **European Globalisation Adjustment Fund** towards employability policies for groups with greater difficulties.
77. To ensure effective implementation of the **principle of equal treatment and opportunity** through



adequate specialisation of Public Employment Services offices, so that they become referential as providers of specialist guidance adapted to the profile of the applicants (people at risk of social exclusion, people with disabilities, etc.), with staff specifically trained to provide personalised and comprehensive attention to job seekers.

It is essential that in the management of human resources those population groups with greater difficulties in accessing the job market, among them younger people, people with disabilities and/or at risk of social exclusion, are especially taken into account.

- 78.** To launch new incentives for social insertion companies to offer job contracts to young people at risk of social exclusion.

Also support programmes will be deployed for the creation and/or strengthening of social insertion companies, especially those whose work focuses on young people under 30 with low qualifications and/or the long-term unemployed.

- 80.** To reinforce incentives for entrepreneurship and for recruitment both in sheltered employment (Special Employment Centres) and in general conditions, on behalf of young people with **disabilities** or at risk of **social exclusion**.

Also, it will be important to seek innovative solutions through the use of ICTs in order to improve access and integration in the job market of young people with disabilities or who have greater difficulties of access.

- 79.** To promote **corporate social responsibility** policies, especially with regard to the management of human resources, so as to facilitate the access of young people and other groups with greater difficulties to enter the job market, as well as people with disadvantages derived from their personal and/or social status.

In doing this, it is important to send the message to all types of companies, regardless of size, that their greater social responsibility should be to contribute to the creation and maintenance of jobs and insist that equality and non-discrimination are mandatory principles in staff selection and appraisal processes in the workplace.

- 81.** To develop the **special arrangement for people with disabilities**, with difficulties for entering and remaining in employment, so that they can pay Social Security contributions even if they are not in employment.

This special arrangement is a breakthrough in the field of social protection for people with disabilities because it makes it possible for those who have never worked or who have done so for a time which is insufficient to generate benefits, to become contributors and accrue rights to receive certain benefits.

82. To promote the development of **career plans for young women** with different levels of responsibility in companies.

83. To encourage the **access of women** to career paths where they are underrepresented and encourage the hiring of women in production sectors where they have a smaller presence.

5.3.10. Public-private sector collaboration in job searching

In conjunction with the Public Employment Services, a wide range of agents are operating in the job market: private employment agencies and temporary employment agencies, recruitment agencies, employment Internet sites, among others.

The aim of this course of action is to achieve the collaboration of all of these agents in order to design, implement, monitor and evaluate innovative initiatives that will improve their performance.

There follows a description of the measures constituting the initial proposal of the Strategy which will be developed by the social partners, the public and the private sectors during the period 2013-2015.

For this particular course of action **2 measures** are being proposed:

84. To make progress in the modernisation, specialisation, efficiency and effectiveness of Public

Employment Services in the tasks of **mediation and relocation of the unemployed**, especially those who are most disadvantaged, focusing on the provision of a personalised service.

85. To promote public-private sector collaboration with employment agencies and outplacement companies as associates of the Public Employment Services, with the aim of increasing the effectiveness and efficiency of mediation services.

This is aimed at achieving closer collaboration with these organisations in order to pool the efforts of all those who can help in finding a job.

The objectives of this measure are to help reduce the average duration of unemployment so that job seekers have access to jobs which are more suited to their profiles, and help employers find the people who are best suited for the jobs on offer.





Proposed budgetary allocation and scope

6



6. Proposed budgetary allocation and scope

6.1. Budget

This section describes the estimated cost of the new measures included in the Strategy for the period 2013-2016, as well as the estimation of the measures and policies that are already under way in terms of youth employment through the European Social Fund (ESF).

The economic impact can be broken down over the period of implementation in the following manner:

- **Estimated funds from the ESF:** 4.03 billion Euros.

The total amount scheduled for the 2007-2013 period under the European Social Fund (ESF) is 8.055 billion Euros, which in reality becomes 11.272 billion Euros if we take into account co-financing from the Public Administration and its partner organisations.

The amount earmarked for actions related to youth employment within this framework amounts to 4.03 billion Euros, which represents 36% of the total budget.

In particular, for 2013, 870 million Euros have been consigned to policies for young people.

- **Provision for new measures:** 3.485 billion Euros.

Meanwhile, to meet the objectives of the Strategy and implement the new measures, new resources amounting to **3.485 billion** Euros are estimated.

Of this, nearly 2.4 billion Euros are funds from the Central Government and over **1.1 billion** Euros are from the ESF.



Cost of New Measures	Annual	Strategy
Emergency measures	446.020.307 €	1.784.081.230 €
Medium-term measures	425.178.737 €	1.700.714.949 €
Breakdown of funds according to source	Annual	Strategy
Ministry of Labour (entrepreneurship and employment incentives)	344.056.187 €	1.376.224.750 €
European Social Fund	277.142.857 €	1.108.571.429 €
Current Framework – Reorientation	160.000.000 €	320.000.000 €
New Framework – New Fund	131.428.571 €	394.285.714 €
New Framework – Reorientation	131.428.571 €	394.285.714 €
General State Budget	250.000.000 €	1.000.000.000 €
ESTIMATED TOTAL	871.199.045 €	3.484.796.178 €

In particular, the new short-term measures will have an economic impact over the four years of implementation of the Strategy worth over 1.75 billion Euros, of which 40% will be assigned to recruitment incentives, 38% to measures for self-employment and entrepreneurship,

and 22% to training and the improvement of mediation.

In this calculation only the cost of the new measures for young people or the cost of improving existing ones are taken into account.

Cost of Early-impact Measures	Total cost	% of Total
Entrepreneurship	677.905.292 €	38%
Training, Employability and improvement of Mediation	396.000.000 €	22%
Incentives to employ	710.175.938 €	40%

As for other measures to be implemented over the four years of the Strategy, it has been planned to provide more than **1.7 billion** Euros in additional funds, of which at least **50%** will be channelled towards actions relating to Training and Education.

As for the source of the funds, the Ministry of Employment and Social Security has allocated 1.276 billion to measures to promote employment contracts, 1 billion Euros are new funds from the General State Budget, nearly 400 million Euros come from the new fund in support of youth employment for the years 2014, 2015 and 2016, and 714 million Euros are redirected funds for youth from different regional and multi-regional programmes sponsored by the European Social Fund in the current period and the next.

The final destination of resources for the new medium-term measures will be defined by the Inter-ministerial Committee during implementation of the Strategy.

- **Other resources:**

The new Mediation Lines that ICO has launched in 2013 must also be taken into consideration: ICO Business and Entrepreneurs 2013, to finance investment projects in Spain and the financial needs of self-employed individuals and companies, and ICO International 2013, to promote export activities and internationalisation of Spanish companies, financing investment and liquidity.

However, the figures contained in this chapter are meant as an initial outlay to get the Strategy under way. If applicable, new funds from public authorities joining the Strategy will need to be added, as well as any expenditure made by companies that join the Strategy during its implementation.

6.2. Scope

According to these calculations, it is estimated that the early-impact measures of the Strategy include more than two million actions, which will benefit more than one million young people over the four years of implementation, bearing in mind that a single person may be a beneficiary of several actions.

Number of planned actions	Annual	Total
Incentives to employ	394.819	1.579.278
Entrepreneurship	53.254	213.017
Training and Employability	57.625	230.502
ESTIMATED TOTAL	505.699	2.022.797

In terms of areas of activity, stimulus measures for employment contracts will provide over 394,000 actions a year and over a million and a half in the overall estimate of the Strategy. Measures to promote entrepreneurship contain more than 53,000 actions per year and more than 213,000 over the four years of implementation. Finally, the training provided will reach almost 58,000 people aged under 30, more than 230,000 by 2016.



STRATEGY FOR ENTREPRENEURSHIP AND YOUTH EMPLOYMENT

Number of planned actions	Total	% of Total
Incentives to employ	1.579.278	78%
Entrepreneurship	213.017	11%
Training and Employability	230.502	11%
ESTIMATED TOTAL	2.022.797	100%

To these figures new beneficiaries should be added following the development of measures for the mid and long term, as well as new beneficiaries of additional initiatives promoted by the various public and private agencies that join the Strategy.



Joining the strategy



7.

Joining the strategy

7.1. Commitment to solidarity and how to join

The Strategy for Entrepreneurship and Young Employment has been conceived to serve as a channel for participation for those who want to collaborate in what is one of the fundamental challenges that Spain is facing today: to reduce the unemployment rate among young people.

The aim is to combine the effort and resolve of all of the economic agents that want to show a commitment to solidarity for youth employment, as this is a problem that requires the participation and involvement of all.

Consequently, it has been articulated by means of an open proposal that includes an initial battery of measures to give young people more and better opportunities in the job market, as well as various initiatives to promote a culture of entrepreneurship and self-employment.

The distinguishing feature of the Strategy is that there is space for everyone who wants to contribute to its objectives to join, by means of concrete actions that they are taking or are planning to take.

In this manner, the Strategy envisages the possibility of “joining”, which is open to the Autonomous Communities, the local authorities, public and private businesses and all organisations that initiate actions whose net results contribute to facilitating access for young people to the job market, whether by means of employment contracts or through entrepreneurship, and that are formally committed to seeing them through.

Membership of the Strategy will be voluntary and must be formalised at the Ministry of Employment and Social Security, through its Directorate General for Self Employment, Social Economy and Corporate Social Responsibility, which is responsible for managing the European Social Fund in Spain. Any organisation that wishes to join must state its intention to implement a measure that falls within the main scope and priorities of the Strategy, and must quantify, as far as possible, the funding available, the implementation schedule and the number of young people who would benefit.

Once the proposals have been assessed, they will be incorporated into the Strategy, and proposing organisations will then be eligible to use, under the conditions and requirements established, the logo or seal showing membership of the Strategy.



On an annual basis, member organisations must submit to the Directorate General a follow-up report on the initiatives that have been presented, describing their results and using the indicators included in the monitoring section of this document.

In addition, the following bodies will be regularly informed on the organisations that join the Strategy, the essential features of initiatives and the main results: the Inter-ministerial Committee for Monitoring the Strategy, the Executive Committee on Eco-

nomic Affairs, the social agents, the State Council on Corporate Social Responsibility and any other consultative bodies that may be deemed appropriate.

The Ministry of Employment and Social Security may grant further special recognition to any organisations or specific initiatives which, by virtue of their impact, innovation or effort, are especially significant, quantitatively or qualitatively, in terms of achieving the objectives of the Strategy.



7.2. Possible areas of collaboration

The complexity of the problem of youth unemployment and the threat of its effects requires mobilizing the commitment of all stakeholders. Among them, the participation of all the Public Administration and the private sector is essential, since their performance is a cross cutting factor which is central to achievement of the objectives and successful development of the policies.

Below are the main content areas for collaborative work in relation to the Strategy, particularly in relation to improving opportunities for young people in the job market, supporting the adaptation of training programmes to the current context of the labour market and the needs of young people, the design of products and services specifically to enable young people to start a business, supporting access and permanence in the job market for young people with greater difficulties in access to employment and the increased presence of young people in Corporate Social Responsibility policies.

Improving opportunities for young people in the job market

Any private investment or any actions aimed at improving the suitability and the qualifications of young people seeking employment will bring benefits to the job market in the mid and long term, and also for young people themselves, who will benefit from greater employment opportunities.

Collaboration by the private sector is thus of key importance to properly design qualifications and training policies for young people, given that employability is determined by the current and future needs of businesses. In connection with this, collaboration should not only be limited to support in the design of public policies, but can also be extended to the definition, deployment and implementation of measures under the responsibility of the employers themselves, whose aim would be to give young people their first job opportunity, to facilitate their mobility among industry sectors and internationally, to promote bilingualism, etc.

Support for tailoring training to the needs of the private sector

From the point of view of training, it is essential that the private sector continues to promote the inclusion of young people in their value chain from the point when they start university or vocational training.

For this purpose, it is necessary that the exchange of information between the private sector and the public sector flows unhampered so that the design of actions on continuing education fits into the real context of the job market.

Offer of products and services that facilitate the creation of businesses

In relation to self-employment, companies can offer products and services tailored to the specific needs of young people.



Moreover, the private sector can attend events sponsored by the public sector whose purpose is the presentation of innovative ideas from young people with entrepreneurial spirit to national and international investors, so as to obtain finance for projects with high added value.

Increasing inclusion in the labour market of young people with greater difficulties of access

Companies can also collaborate with the public sector in the inclusion of young people with greater difficulties in the job market by providing access to employment and permanence in it.

The goal is to combine efforts to ensure equal opportunities for all employees, regardless of their personal and/or social circumstances, to enable them to have access to stable and quality employment.

Increasing the presence of young people in Company Social Responsibility (CSR) policies

The application of social responsibility policies aimed at facilitating the access of young people to employment, giving special attention to those who find it especially difficult to find a job, can be a useful tool in achieving the objectives that are outlined in this Strategy.

Therefore, encouraging and disseminating CSR so that its principles and values permeate throughout the business fabric, with special emphasis on small and medium-sized companies, may well constitute a parallel line of action to the development of the

measures contained in this document.

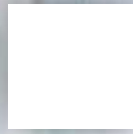
Through the application of the values of social responsibility, employers can help young people to find quality, stable employment.

Therefore it is important to ensure that employers see social responsibility not only as mere compliance with current regulations, but as an ongoing process in which companies voluntarily commit to the development of the society fabric in which they are embedded, to citizens and to their environment.



Monitoring and evaluation

8



8

Monitoring and evaluation

8.1. Indicators

The tasks of monitoring and evaluating the objectives that have been set aim to permanently oversee the planning, the degree of progress, the implementation and the results and impact of each of the proposed measures, as well as of the Strategy as a whole.

In order to monitor and evaluate the Strategy an Inter-ministerial Committee and a Working Group will be established, whose members will be the social partners. They will use and analyse the results provided by the following indicators:

- **Implementation and outcome indicators**, to measure the level of development and progress of the measures included in the Strategy.
- **Impact indicators**, to determine the effectiveness of the measures on job market developments.

Implementation and outcome indicators

Implementation indicators are intended to immediately measure the scope and level of development of each of the measures included in the Strategy or any combination of them.

For this purpose, control and monitoring of the following indicators are proposed:

1. Number of measurements made.

Example: number of training initiatives in language learning developed in order to improve the employability of young people.

2. Budget allocated to the measure.

Example: Total cost for conducting the training activities developed.

3. Number of beneficiaries.

Example: number of young people who have attended the training activities.

Additionally, for each of the actions included in the Strategy specific implementation and outcome indicators will be set in order to compare the results obtained against the expected results.



Impact indicators

The results of the Strategy for correcting the imbalances identified in the main section of this document which analyses the context will be measured by means of impact indicators, so that evolution of the state of entrepreneurship and youth employment can be properly monitored.

In order to meet this objective, the Ministry of Employment and Social Security will release an annual report which will show the evolution of the main variables affecting young people by using commonly accepted criteria and including at least the following:

- 1. Youth employment rate (ages 16 to 24)**
- 2. Youth employment rate (ages 25 to 29)**
- 3. Youth unemployment rate (ages 16 to 24)**
- 4. Youth unemployment rate (ages 25 to 29)**
- 5. Percentage of young people with involuntary part-time contracts.**
- 6. Temporary employment rate**
- 7. Percentage of young people at risk of social exclusion in relation to population total**
- 8. Rate of NEETs**
- 9. Early school leaver rate**
- 10. Percentage of young people with low qualifications**
- 11. Percentage of students in Vocational Education in relation to the total number of students in Secondary Education**
- 12. Percentage of young people with foreign language skills**
- 13. Number of self-employed young people registered with RETA**
- 14. Percentage of self-employed people under 30 registered with RETA in relation to the total number of self-employed people registered with RETA**
- 15. Overall rate of entrepreneurial activity**
- 16. Rate of entrepreneurial activity among young people**

IMPACT INDICATORS FOR MONITORING

Indicator	Reference value	Current value EU-27	Source	Value Yr. 1	Value Yr. 2	Value Yr. 3	Value Yr. 4
Youth employment rate (ages 15 to 24)	19,3% (3Q 2012)	34,0%	Eurostat				
Youth employment rate (ages 25 to 29)	57,17% (4Q 2012)	–	Labour Force Survey				
Youth unemployment rate (ages 15 to 24)	52,3% (3Q 2012)	22,6%	Eurostat				
Youth unemployment rate. (ages 25 to 29)	34,4% (4Q 2012)	–	Labour Force Survey				
Percentage of young people with involuntary part-time contracts (ages 15 to 24)	51,0% (2011)	28,0%	Eurostat				
Temporary employment rate among young people (ages 15 to 24)	64,9% (3Q 2012)	43,6%	Eurostat				
Percentage of young people at risk of social exclusion in relation to total population	27% (2011)	24,2%	Eurostat				
Percentage of NEETs (ages 15 to 24)	18,5% (2011)	12,9%	Eurostat				
Early school leaver rate	26,5% (2011)	13,5%	Eurostat				
Percentage of young people with low qualifications (ISCED Levels 0-2)	53,4% (2011)	45,2%	Eurostat				
Percentage of students in Vocational Education in relation to the total number of students in Secondary Education	45,4% (2011)	–	Ministry of Education				
Percentage of young people with foreign language skills (ages 25 to 34)	67,0% (2007)	74,4%	Eurostat				
Number of self-employed young people registered with RETA	280.282 (2011)	–	Ministry of Labour				
Percentage of self-employed people under 30 registered with RETA in relation to the total number of self-employed people registered with RETA	9,1% (2011)	–	Ministry of Labour				
Overall rate of entrepreneurial activity	5,8% (2011)	–	GEM				
Rate of entrepreneurial activity among young people (ages 18 to 24)	4,4% (2011)	–	GEM				



8.2. Designing a procedure for the collection and processing of information

In order to properly follow up the progress of the Strategy, each of the organisations responsible for a specific action should provide the necessary information, which will be subject to aggregation and statistical processing at the Ministry of Employment and Social Security.

They must also include information on the progress of the measures, and any incidents arising during implementation.

8.3. Regular follow-up reports

Finally, the organisation responsible for each action or measure of the Strategy must forward, on an annual basis, a monitoring report to the Ministry of Employment and Social Security. The content of monitoring reports must be as follows:

- Description and scope of the measure.
- Implementation dates and milestones of the measure.
- Person responsible for implementation of the measure and agencies involved.
- Degree of progress (state of the lifecycle) and implementation (expected completion date).

These reports must be submitted to the Inter-ministerial Monitoring Committee, which will review the progress of the various tasks that are being carried out and, where appropriate, any deviation. The Inter-ministerial Committee will present reports and results to the Executive Committee on Economic Affairs.





ESTRATEGIA DE EMPRENDIMIENTO Y EMPLEO **JOVEN**



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DE EMPLEO
Y SEGURIDAD SOCIAL

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DIRECCIÓN GENERAL DEL
TRABAJO AUTÓNOMO, DE
LA ECONOMÍA SOCIAL Y
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