

# STRATEGY FOR ENTREPRENEURSHIP AND YOUTH EMPLOYMENT 2013/2016

Executive summary



ESTRATEGIA DE  
EMPENDIMIENTO Y  
EMPLEO **JOVEN**



GOBIERNO  
DE ESPAÑA

MINISTERIO  
DE EMPLEO  
Y SEGURIDAD SOCIAL



# 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.

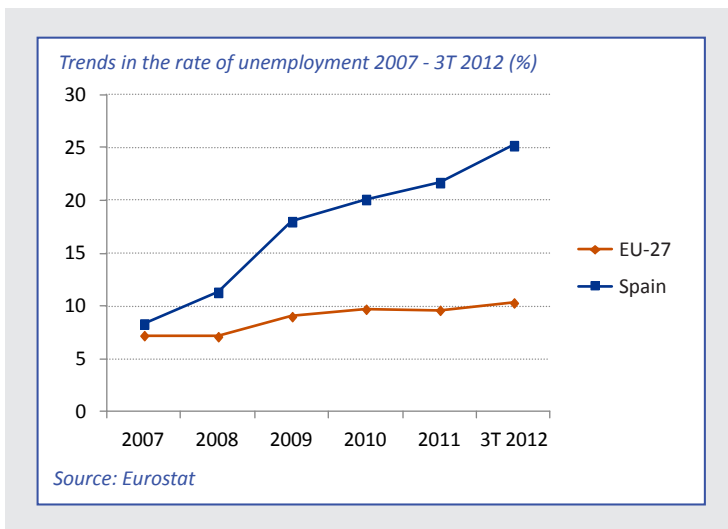
## Starting situation

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.

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.

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



## 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

- 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

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:

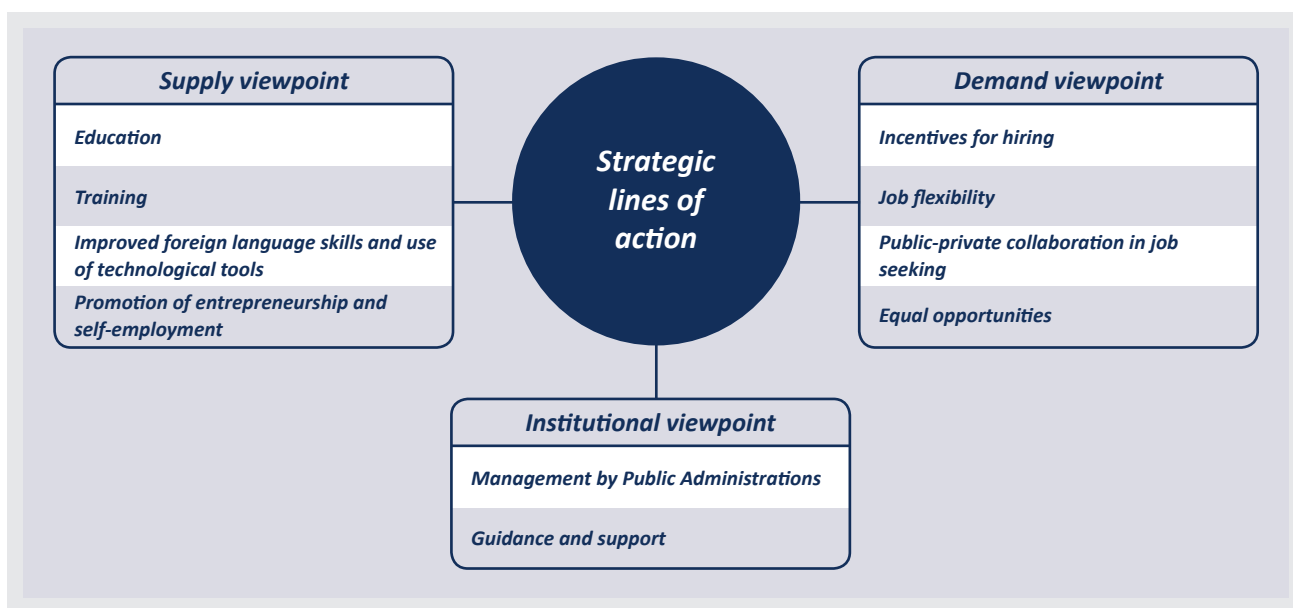
***Objective 1. To help improve the employability of young people***

***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.

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### ***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.

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### ***“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.

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- 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.



**STRATEGY FOR ENTREPRENEURSHIP AND YOUTH EMPLOYMENT**

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:

<b>Without training</b>	<b>Without experience or newly-trained</b>	<b>Qualified</b>
<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>	

<b>Recipients of benefits</b>	<b>All (unemployed workers under 30)</b>
<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>

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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.



## STRATEGY FOR ENTREPRENEURSHIP AND YOUTH EMPLOYMENT

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
<b>Ministry of Employment (to promote employment and entrepreneurship)</b>	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 €
<b>General State Budget</b>	250.000.000 €	1.000.000.000 €
<b>ESTIMATED TOTAL</b>	<b>871.199.045 €</b>	<b>3.484.796.178 €</b>

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-

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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



# ESTRATEGIA DE EMPRENDIMIENTO Y EMPLEO **JOVEN**



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