

# Youth employment policies in Sweden – the Swedish response to the Council recommendation on establishing a Youth Guarantee



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## 1. Introduction

This document describes how Sweden addresses and takes into account the Council recommendation of 22 April 2013 on establishing a Youth Guarantee.

High youth unemployment is a challenge Sweden shares with most other EU Member States. Youth unemployment is in fact one of Sweden's most important societal challenges. Many young people have difficulties entering the labour market and unemployment in this group remains relatively high.

To address youth unemployment effectively, the Government has introduced major reforms in several areas to improve the resilience of the Swedish economy, addressing both structural and cyclical challenges. A number of measures have been undertaken in recent years to increase youth employment: reforms have been made in the areas of education, labour market and tax policy (see previous National Reform Programmes).

More specifically, the aim of the measures for youth is to support their entry into the labour market or to find a way to pursue and complete an education. In this context, it is important to acknowledge that young people are not a homogeneous group and it is therefore important to meet every individual's needs.

This paper presents, against the background of the Recommendation on establishing a Youth Guarantee, the Swedish strategic policy for promoting youth employment and the measures the Government has implemented and will implement to improve the situation of youth in Sweden. The measures presented here should be seen as complementary and mutually reinforcing and set against the Government's broader enacted and planned labour market, tax and education policies. The individual measures should, in other words, not be interpreted in isolation from one another. Furthermore, this plan should be read together with the Swedish commitments under the Europe 2020 Strategy, as presented, for example, in the Swedish National Reform Programme 2014.

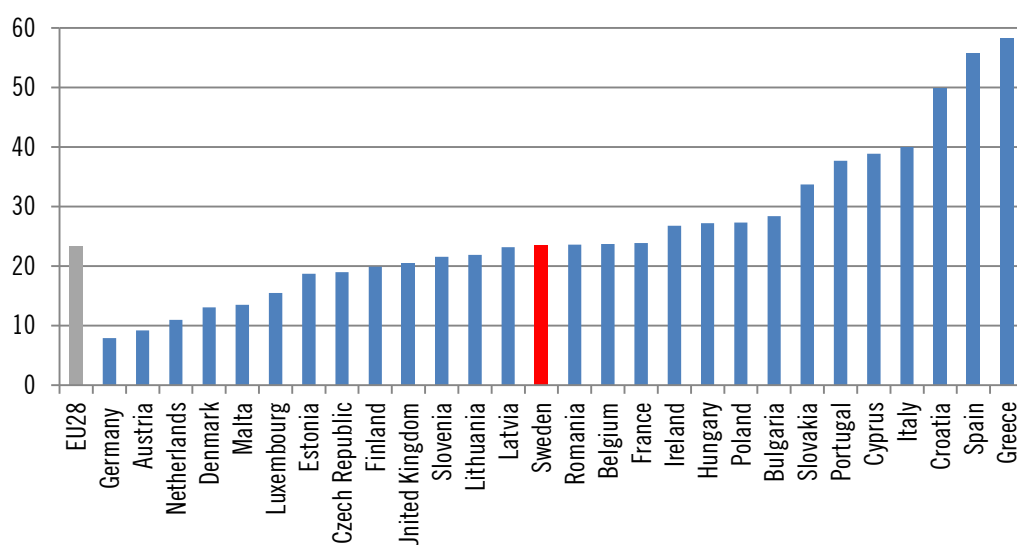
Taken together, it is the Government's view that labour market policies in Sweden well reflect and are in line with the Council Recommendation on establishing a Youth Guarantee.

Before addressing the strategic policy and the specific measures, the statistics behind Sweden's average performance in terms of youth unemployment warrant closer explanation.

## 2. Youth unemployment statistics

In 2013, almost 24 per cent, or 156 000 young people aged between 15 and 24 were unemployed – see Figure 1. This was close to the EU average, but compared with total unemployment in Sweden, which was 8 per cent 2013, youth unemployment is relatively high. Unemployment was slightly higher for young men (24.8 per cent), than for young women (22.3 per cent). 76 000 or nearly half of the unemployed young people are full-time students searching for a part-time or full-time job. Young people often become unemployed in connection with their transition from school to working life. The number of people aged 15 – 24 in employment 2013 was 507 000.

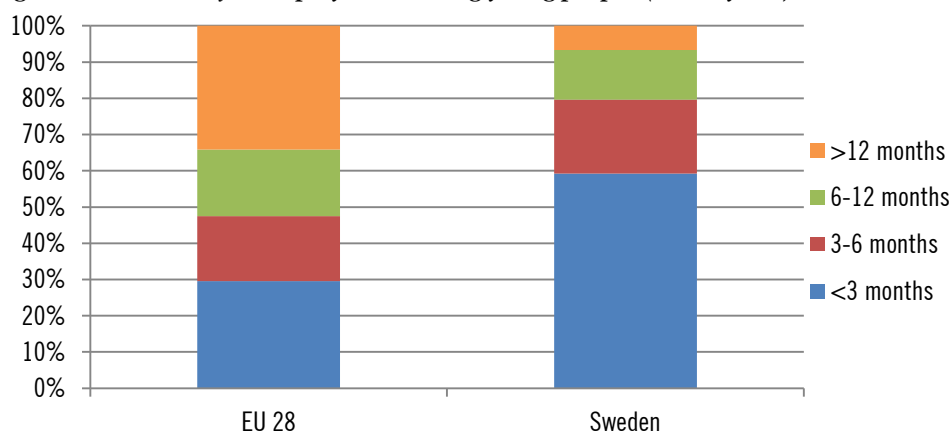
Figure 1: Youth unemployment rate, 2013



Source: Eurostat.

However, compared with other age groups, unemployed young people generally have good opportunities to find employment, which means that most young people experience relatively short periods of unemployment. In 2013, about 60 per cent of the unemployed youth were unemployed for less than three months – see Figure 2.

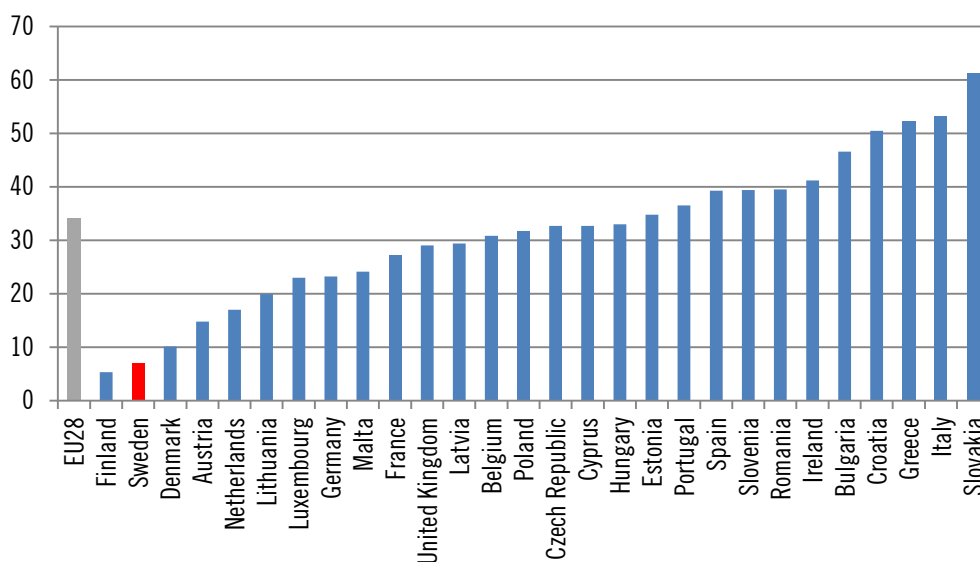
Figure 2: Duration of unemployment among young people (15–24 years), 2013



Source: Eurostat.

The youth long-term unemployment rate in Sweden is among the lowest in the EU – see Figure 3. However, for certain groups of young people, it often takes a considerably longer time to gain a firm foothold in the labour market than for young people on average. This is particularly true for young people with incomplete grades from primary or secondary education and for young people born outside Europe.

*Figure 3: Long-term unemployment (12 months or more) as a percentage of the total unemployment (15–24 years), 2013*



Source: Eurostat.

## 2.1. NEETs

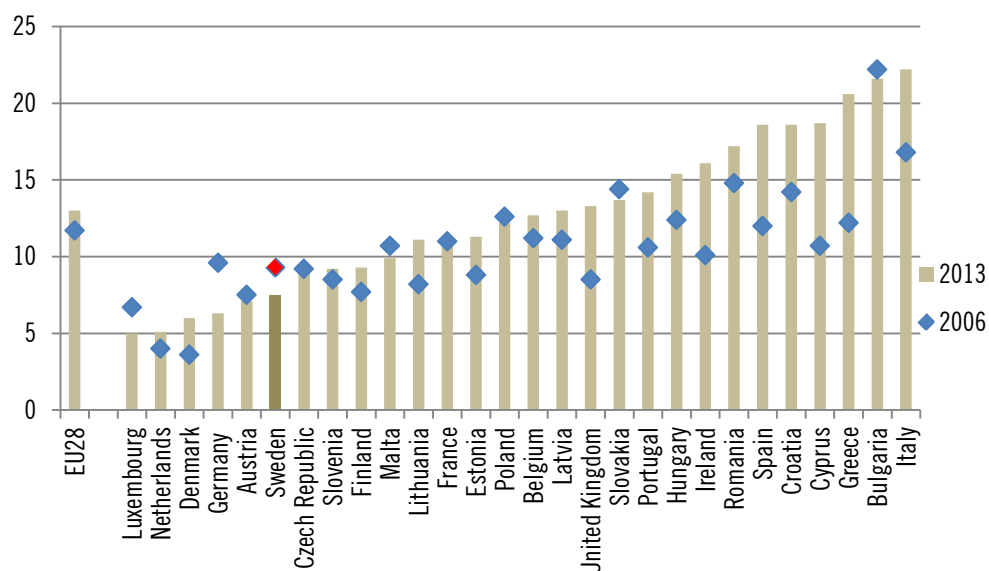
Education is one of the most important factors for young people's future opportunities. Young people who have dropped out of, or never started, upper secondary education often find themselves in a very vulnerable position. Young people who lack upper secondary education risk unemployment and a range of other destructive factors in both the short and the long term. Assisting young people under the age of 20 who are outside upper secondary education is therefore highly important for both individuals and society. Each year, about 30 000 young people in Sweden drop out of upper secondary education and some 2 000 never start.<sup>1</sup> In many cases, young people who are not in employment, education or training are in a complicated situation. They often have a background of social problems and educational failure and have special needs for flexible, individually adapted and in some cases long-term measures.

Sweden has one of the lowest NEET rates in the EU (young people who are neither employed nor in education or training as a share of the population aged 15–24) and the share has decreased from 9.3 per cent in

<sup>1</sup> SOU 2013:13 Ungdomar utanför gymnasieskolan – ett förtydligt ansvar för stat och kommun.

2006 to 7.5 per cent in 2013. This means that the share of young people who are left behind and difficult to mobilise to work, look for a job or study is rather low since, in comparative terms, many young Swedish people are in education.

Figure 4: NEET (15–24) rate in Europe 2006 and 2013



Source: Eurostat.

### 3. Strategic policy for promoting youth employment

#### 3.1. Labour market policy initiatives should target those whose need is greatest

Since 2006 Sweden has had a certain strategic policy for promoting youth employment, in line with the Council Recommendation on establishing a Youth Guarantee. The main reform of the new strategy was the establishing of a Job guarantee for youth in December 2007. The Swedish Job guarantee for youth is based on research that has shown that early programme placement of youth should be avoided as this can lead to ‘lock-in’ effects and thus lower search activity, which may increase the time in unemployment. The launch of the Job guarantee for youth brought about a priority system which assured that the measures were geared towards the individuals most likely to get stuck in long-term unemployment.

The Job guarantee for youth is directed towards young individuals who have been unemployed and registered as jobseekers at the Public Employment Service (PES) for at least three months. The initial focus in the Job guarantee for youth is on support and job search activities. The purpose of the strategy of placing a limited number of young people in a programme early on during unemployment is to avoid ‘lock-in’ effects on the participants, in the sense that their job search activity level is

expected to decrease while in training or education, which may lower their chances of finding a job. The strategy is based both on research and on the specific situation in Sweden, where most youth are only unemployed for a short period of time. For instance, in 2012 Sweden had an average of 154 000 young unemployed persons, of whom 47 000, or nearly one third (which was the highest share in the EU), had been unemployed for less than a month and 60 per cent for less than three months. Given these statistics, it is natural to avoid measures other than support measures (job search activities etc.) for youth in Sweden early in their period of unemployment.

The Government believes that labour market policy initiatives should target those whose need is greatest, i.e. the long-term unemployed. However, some measures can be taken early in a period of unemployment in order to prevent people at risk from becoming long-term unemployed. Young people are often unemployed for a relatively short time, but those who have not completed an upper secondary school leaving certificate, for example, are at risk of becoming trapped in long-term unemployment. Since 2012, these and other youth with a substantial risk of becoming long-term unemployed may be placed in an 'active measure' such as on-the-job training, study motivation measures or education from their first day of unemployment (see *Profiling, the assessment tool and early activation measures*). This was not the case in 2007 when the Job guarantee for youth was first implemented but the 'new strategy' has been continuously followed up and the package of labour market measures for youth has been changed and improved as time has passed.

<p>2007 launch of the Job guarantee for youth  2008 launch of new start jobs (NSJ)  2009 individualised coaching for unemployed aimed at supporting a high level of job search activity  2010 launch of study motivation courses within the Job guarantee for youth  2011 launch of the higher study grant for unemployed youth  2011 study motivation courses available from day 1 of unemployment  2012 launch of profiling tool  2012 launch of activation measures from day 1 of unemployment  2013 strengthening of PES possibilities to support youth from day 1 of unemployment  2013 strengthening of NSJ for long-term unemployed youth  2013 launch of the activity report  2014 clarifications in the legislation to ensure that young people receive the support and assistance they need to return to education  2014 launch of the support for vocational introduction jobs</p>
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The public authority in charge of managing youth employment measures in Sweden is the Public Employment Service (PES). The PES is a single authority which means that all PES offices in Sweden are governed by



the same rules and regulations. This ensures that the service offered is the same all over the country. Of course factors such as local differences in labour demand will affect the education/training available, but in general all measures are offered on a national level. The Ordinance on labour market policy activities<sup>2</sup> states that labour market policy should be conducted in collaboration with other actors in the labour market, such as social partners, government agencies, municipalities, private businesses and organisations.

Besides the Job guarantee for youth and other measures for youth managed by the PES, some municipalities have their own labour market measures for unemployed youth. Further, the Government has taken other general initiatives to open new and broader paths to working life for young people through support to vocational introduction jobs, investments in education, apprenticeship and vocational programmes, and reduced social security contributions. Last but not least, the European Social Fund (ESF) is contributing by opportunities to complement and strengthen national and local employment policies with a variety of measures targeting youth. All these measures together should be seen as Sweden's strategy for promoting youth employment and thus the response to the Council Recommendation on establishing a Youth Guarantee.

### **3.2. The municipalities' responsibility for young people**

Sweden has a local self-government, which means that the municipalities run local and regional affairs, acting on their own responsibility and in the local population's interest. Since 1991 schools in Sweden have been run by the municipalities.

Far too many young people – about 30 000 individuals per year – either do not start or drop out of upper secondary school and are then without an occupation. Municipalities are currently required to keep themselves informed of the occupation of young people who are not in upper secondary school and are under the age of 20. The purpose of this is for the municipalities to be able to offer these young people measures that will strengthen their prospects of returning to education or moving on into work. However, municipalities differ widely in how they choose to organise and implement their responsibility for these young people; some municipalities also offer their own labour market measures.

The Government has recently proposed clarifications in the legislation, including the requirement from the *responsibility to be informed* to the *responsibility to act*. The purpose of the clarification is to ensure that young school drop-outs receive the support and assistance they are in need of – first and foremost, measures aiming to bring them back into

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<sup>2</sup> Förordning (2000:628) om den arbetsmarknadspolitiska verksamheten

education. There is also a proposal to give municipalities new tasks of compiling statistics and documenting the measures they provide for these young people. A further proposal is that head teachers of secondary schools and secondary special schools must immediately notify the municipality of the address of a student who – without valid reason – is frequently absent from school. The changes are proposed to come into effect in January 2015. The municipalities' work with school drop-outs is one of many measures that taken together should be seen as Sweden's response to the Council recommendation on establishing a Youth Guarantee.

The Swedish National Agency for Education has been commissioned to develop a model for national follow-up of NEETs under the age of 20 and offer support for the municipalities' work with this target group. A model for national follow-up will make it easier in the future to decide how outreach to non-registered NEETs should be designed, how it could be further developed and what the group's needs are.

Further, in February 2014 the Government commissioned Statistics Sweden to follow-up the establishment process of young people who have not started or have interrupted upper secondary education can be implemented. The results of the study may provide the basis for regular monitoring of the establishment process. Statistics Sweden is to report the results of the study by 16 June 2014.

#### **4. Labour market measures for youth**

##### **4.1. Early activation at the PES**

###### *Profiling, the assessment tool and early activation measures*

As shown by the statistics presented above, most youth in Sweden are unemployed for only a short period of time (Figure 2) and in order to avoid 'lock-in' effects, the initial focus for most unemployed youth is on support and job search activities. However, individuals who face a high risk of long-term unemployment may take part in early activation measures from the first day of unemployment, as early intervention and activation measures seek to tackle the problem even before it exists. Early activation measures can mean enhanced support and placement assistance, study motivation courses, education or work experience. These are basically the same activities as within the Job guarantee for youth (see below), but the choice of activity should always be based on the needs of the individual. To support advisers in deciding which young people are at risk of long-term unemployment, an assessment tool is used for every new person registered at the PES.

The assessment tool is a web-based questionnaire with a number of questions which the adviser will ask the jobseeker, registering the answers. The tool, which was introduced at the PES in January 2012, makes a statistical calculation based on factors that affect the risk of long-term unemployment. The factors taken into account include age, disabilities, place of birth, education, history of unemployment, profession, etc. There are four possible outcomes in the assessment:

- Should have very good opportunities to work
- Should have good opportunities to work
- Consider the need for support to increase opportunities to work
- Needs support to increase opportunities to work, consider early intervention.

In this way, jobseekers with a relatively high risk of long-term unemployment are identified at an early stage and can receive activation measures from the first day of unemployment. The purpose is to avoid long-term unemployment and a range of other destructive factors in both the short and the long term.

Those without a high risk of long-term unemployment may participate in educational and vocational counselling and jobseeker activities from the first day of unemployment. In the Budget Bill for 2014, the Government proposed a strengthening of early intervention and activation.

A study motivation course (described below) is also available from the first day of unemployment for those with incomplete grades from primary or secondary education, irrespective of the result of the assessment tool.

#### *Individual action plan*

Each new individual registered with the PES is to have an individual action plan within 30 days of registering and even faster for youth. The action plan is an agreement between the unemployed person and the advisers about what the individual should do to find a job and what support the PES can offer. The plan may contain an agreement to contact a number of employers, a CV update, activities the jobseeker is to take part in, etc.

#### *Activity report*

All persons registered with the PES and participants in a labour market programme must document all activities carried out to find a job and the jobs applied for in an activity report. The activity report was launched in September 2013 and is based on the idea that the more active the unemployed are while looking for a job, the greater the chances are to find one. Carefully documenting all the jobs applied for and everything else done in order to leave unemployment enables the individual to receive better support in looking for work. Between the 1<sup>st</sup> and the 14<sup>th</sup>

of each month, the activity report must be completed/updated. Together with the action plan, the activity report provides good support for the unemployed as well as for the adviser when planning how to proceed in order to find work.

*Requirement to register for PES measures*

Every young unemployed person in Sweden is offered individual support and financial compensation after (at the latest) three months of registration at the PES, to help them get a job or begin or resume education as quickly as possible. However, to be guaranteed PES support and measures, the individual has to register with the PES. This is partly because the PES documents and compiles statistics on their participants (individual characteristics, follow-up, etc.) and partly because the individual receives financial support while in a measure. The system does not exclude anyone; it just requires each person who wants to participate in a PES measure to register with the PES. It is possible to access information and support services in PES offices and on the PES website without being registered.

It is a challenge to establish contact with young people who have not previously been in contact with the PES. In order to reach young people and to enhance confidence in the agency, the PES arranges information campaigns at schools and other venues. The PES also has special instructions to collaborate with schools to ensure and facilitate the transition from school to work for young people with disabilities.

The PES also collaborates with the National Board of Institutional Care, the Swedish Prison and Probation Service and the Swedish Police with the aim of identifying youth who are at risk of recruitment by criminal networks. The main focus is on young people aged 15–25 who are serving a penalty or are criminally active.

Everyone is welcome to register with the PES and registration is required to be guaranteed active support from the PES.

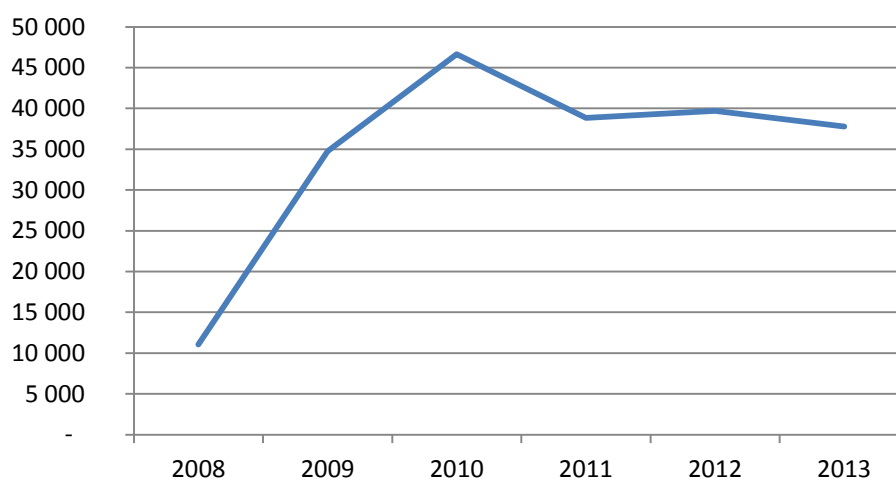
#### **4.2. Job guarantee for youth**

In December 2007 the labour market policy programme ‘Job guarantee for youth’ was introduced in Sweden. The purpose of the Job guarantee for youth is to offer young people individual employment measures at an early stage in order for them to get a job or begin or resume education as quickly as possible.

The Job guarantee for youth is directed towards young people (aged 16–24) who have been unemployed and registered as jobseekers at the PES for at least three months over a four-month period. In 2013, the programme had an average of 38 000 participants per month, which was a

decrease of nearly 2 000 participants on average per month compared to 2012.

*Figure 5: Participants on average per year in the Job guarantee for youth 2008–2013*



Source: PES Sweden.

During the first three months in the programme, the focus is generally on in-depth assessment, educational and vocational counselling, and jobseeker activities with coaching. After three months, the initial activities can be combined with work experience, education or training, study motivation courses, business start-up support, employability rehabilitation, etc. However, based on the needs of the individual, it is possible to participate in education or training/work experience from day one in the Job guarantee for youth.

It is important that participants actively look for work while participating in the Job guarantee for youth and that advisers are kept informed about which jobs each individual has applied for. It is also important for participants to comply with their part of the agreement in the action plan and that they accept suitable work offered.

#### *Education opportunities in the Job guarantee for youth*

Young people with incomplete grades from primary or upper secondary education have a higher risk of long-term unemployment and future labour market-related problems. It is important to enable them to gain the qualifications they are missing. A person who lacks a school-leaving certificate from compulsory or upper secondary school may take part in a motivation course arranged at an educational institution called a 'folk high school'. The course is available in the guarantee and those who are registered as jobseekers at the PES are eligible to take it from the first day of unemployment. The aim of the course is to motivate participants to complete or continue their education. The course is temporary and soon about to be evaluated.

The higher study grant in the system of financial support for studies is also available (on a temporary basis in 2011–2014) to participants in the

Job guarantee for youth aged 20–24 who lack a school-leaving certificate from compulsory or upper secondary school, for participation in municipal adult education or for studies at a folk high school. The higher level of support can be received for three years or until a certificate is obtained.

Further, participants in the Job guarantee for youth who have reached the age of 20 are entitled to take part in the guarantee on a part-time basis, to allow them time to participate in municipal adult education courses or study Swedish for Immigrants. The aim is to increase motivation to study, clarify the role of education in the labour market and encourage more participants to choose to study full time.

#### *Financial support*

Participants who have reached the age of 18 receive financial support while participating in the Job guarantee for youth. The support is paid by the Swedish Social Insurance Agency (*Försäkringskassan*). An individual can participate in the guarantee until they begin full-time work or start studying outside of the guarantee, for example, at a higher education institution. The maximum period in the Job guarantee for youth is 15 months. After 15 months in the programme the person is enrolled in the job and development guarantee.

#### *Challenges in the Job guarantee for youth*

In 2013, the guarantee had an average of 38 000 participants per month. The ambition with the Job guarantee for youth is to give all young people individual support in order for them to enrol in work or education as quickly as possible. Given the high volumes in the programme, not all young people have been able to obtain the measures that best meet their individual needs. For example, competition for workplace activities is hard when individuals from other vulnerable groups (newly arrived, disabled, long-term unemployed, etc.) are also in need of this measure. However, all young unemployed people receive support and financial compensation after three months of registration at the PES. Starting a couple of years ago, the Government and the PES have made efforts to increase the level of activity and the proportion of work-based activities in the guarantee. Further, actions funded by the ESF (including the Youth Employment Initiative (YEI)) will provide a good opportunity to both reinforce and complement the guarantee.

### **4.3. Measures for newly arrived**

#### *Act on introduction activities for certain newly arrived immigrants*

Through the reform to speed up the introduction of newly arrived immigrants in work and community life, Sweden offers measures targeting newly arrived young immigrants aged 20 (in some cases 18) and

up. Newly arrived immigrants are refugees and other persons in need of protection, and their family members.

The reform involves the following features:

- *Central government responsibility, with the PES as coordinating agency.*

The PES has been given a central role and primary responsibility to underline the importance of a fast introduction to the labour market.

- *Individual introduction plan.* An introduction dialogue between the PES and the newly arrived immigrant should lead to an introduction plan that is based on a mapping of the newly arrived immigrant's educational background, previous work experience and need for training and other measures.<sup>3</sup>

- *Individualised benefit.* Newly arrived immigrants who take part in activities under an introduction plan are entitled to a benefit.

- *Civic orientation.* The aim is to foster a basic understanding of Swedish society and provide a foundation for continued knowledge acquisition.

- *Introduction guide.* This is an independent actor working on assignment from the PES to support newly arrived immigrants in their search for work.

#### *Entry Recruitment Incentive*

Employers who recruit newly arrived immigrants with a residence permit can receive financial compensation. In order to receive compensation, the employee has to be over 20 years of age, registered as a jobseeker at the PES and studying Swedish for immigrants (sfi) while working. Both private and public employers can receive compensation. The compensation applies to permanent and temporary employment, as well as part-time employment. The support is 80 per cent of the wage cost, but no more than SEK 800 per working day. The employer also receives compensation for supervision provided in the workplace.

#### **4.4. Measures through the ESF**

As a complement to the national measures managed by the PES and local measures managed by the municipalities, the ESF has had, and will continue to have, an important role in promoting employment for youth. A number of projects financed by the ESF have been and will continue to be in operation, with a special focus on early intervention and activation measures for NEETs. Youth and measures for youth are prioritised in the new ESF programme for 2014–2020. The ESF, including the YEI, will contribute to the national policy for promoting youth employment by making it possible to complement and strengthen the existing Swedish schemes.

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<sup>3</sup> For this group, the individual introduction plan replaces the individual action plan.

The PES participates in a number of projects funded by the ESF, with the aim of developing effective outreach strategies, for instance. One example is ‘Unga in’ (‘Youth in’). The aim of this project is to find ways to reach and motivate young people who are inactive. ‘Youth in’ applies a holistic approach and takes the participant’s entire life situation into account. The method involves an individual approach based on participants’ formal and informal knowledge. Parallel to this, within the project participants can take part in a series of activities aimed at bringing them closer to the labour market, for example through short-term jobs, mentoring, internships and workplace visits.

For more information, please see the proposed programme for the Swedish European Social Fund 2014–2020.

## **5. Supportive measures for labour market integration**

### **5.1. New support measure for vocational introduction jobs**

A lack of traditional work-based vocational education has entailed a weak link between school and work. However, the reform of upper secondary school in 2011 alongside quality enhancement of vocational education programmes and a new support measure for vocational introduction jobs are geared towards strengthening the transition from school to work.

Since 2010 social partners in some sectors in Sweden have signed collective agreements concerning vocational introduction. Even though traditional apprenticeship contracts can be found on the Swedish labour market, for example in the construction sector, they are scarce and these vocational introduction agreements are a novelty. They are inspired by apprenticeship systems in e.g. Germany, Austria and Switzerland, where youth unemployment is comparatively low.

The agreements that have been signed, or are being discussed, typically involve employment to 75 percent, at a wage according to collective agreement in the sector, and a training component of 25 percent. Thus the individual obtains a wage and a training component that, together, add up to a total of 100 per cent. The training component consists of on-the-job training supervised by an experienced worker and some contracts also include the possibility of classroom training. The target group is young people who lack relevant work experience in the sector. However, few young people were employed under these agreements.

The Government’s view is that in the long run a wider use of these agreements will contribute to a smoother transition from school to work



and this will decrease youth unemployment. Therefore, a new support measure which targets young people aged 15–24 is available from January 2014 for employers bound by collective agreements on vocational introduction who are hiring on vocational introduction contracts. The employment may be temporary or permanent but must last for a period of at least six months. The employment should be a vocational introduction job or equivalent to that according to the collective agreement for the sector. The administration of the support (applications for support, etc.) is handled by the PES.

The wage subsidy is equivalent to the higher standard employer's social security contribution (31.42 per cent), subject to a ceiling of a gross wage of SEK 18 750 per month. This means that all wages at and below SEK 18 750 will be subsidised at 31.42 per cent. The employer's social security contribution for this age group is 15.49 per cent (the social security contribution is 15.49 per cent for all individuals under the age of 26, as opposed to the standard rate of 31.42 per cent for individuals aged 26 or older. The wage subsidy is limited to 12 months.

Further, in discussions with the social partners about the main obstacles to recruitment on these contracts, both trade unions and employers pointed to the lack of time available and lack of experience in providing supervised on-the-job training, i.e. the absence of a tradition of having an apprentice at the workplace. Therefore, to stimulate/kick start the system, the employer will receive financial compensation for the cost of the training component at a rate of SEK 2 500 per employee per month during the vocational introduction employment. This training compensation is also limited to 12 months.

The Government has requested the Swedish Agency for Public Management (*Statskontoret*), the National Institute of Economic Research (*Konjunkturinstitutet*), the Swedish Competition Authority (*Konkurrensverket*) and the Institute for Evaluation of Labour Market and Education Policy (*IFAU*) to evaluate the new support. Among other things, the evaluation process will include an overall assessment of the support's purpose of stimulating youth employment and contributing to a smoother transition from education to work. The support measure is funded from the central government budget.

In some sectors the social partners have signed collective agreements concerning student introduction employments which aims to facilitate students' transition from education to employment. The Government has introduced a financial support for information on the agreements.

## **5.2. Reduced social security contributions for youth**

The Government has lowered social security contributions for young people under the age of 26 from 31.42 per cent to 15.49 per cent. The

reduction is considered to have led to an increase in willingness to employ young people and thus to lower youth unemployment. This is mainly because the lower contributions for young people are expected to reduce the difference between young people's expected productivity and the starting salaries that employers pay.

*More focused reduction of social security contributions for the youngest*

Unemployment is particularly high among young people entering the labour market directly after upper secondary school, and gradually declines with age. Young people with a post-secondary education enter the labour market more rapidly and unemployment in this group is substantially lower. The current reduction in social security contributions is mainly believed to make labour market entry easier for young people with an upper secondary education but no previous work experience.

In the Budget Bill for 2014, the Government proposed a more focused reduction of social security contributions for the youngest. For people under the age of 23, the proposal includes a further reduction from 15.49 per cent to 10.21 per cent. For people aged 23–24, the current rate of 15.49 per cent is proposed to remain in effect. For people who are 25 or older, the social security contribution rate is proposed to be the regular rate of 31.42 per cent. The new design of the reduction in social security contributions is proposed to be effective from 1 July 2014.

### **5.3. New start jobs**

An employer may hire a person between 20 and 26 years old who has been unemployed or absent from work for at least six months for a new start job. This entails a financial reduction corresponding to twice the employer's social security contributions for this group (31.42 per cent). The financial reduction is available for as long as the employee has been out of work, but a maximum of one year. Further, employers who hire a young person who has been out of work or absent from working life for at least twelve months can receive support equivalent to four times the employer's social security contributions for the age group (62.84 per cent).

### **5.4. Special recruitment incentive**

An employer hiring a young person who has been unemployed for a long period and is participating in the job and development guarantee can receive financial compensation for twelve months. The support is 85 per cent of the wage cost, up to a maximum of SEK 890 per working day. The employer can also receive a payment for supervision provided.

### **5.5. Relocation grants**

Relocation grants aim at improving matching between jobseekers and job vacancies by encouraging mobility among unemployed people with a low propensity to relocate. A relocation grant can consist of compensation for travel and accommodation ('applicant travel'), household goods transportation and commuter assistance. It is granted when relocation is motivated in terms of labour market policy and it is considered that the person cannot find work in or near his or her place of residence. The compensation for travel and accommodation ('applicant travel') is available to young people aged 20 or over. Generally, household goods transportation and commuter assistance is available to people aged 25 or over. However, in the Budget Bill for 2013, these grants were made available for a three-year pilot period to people aged 20 or over who have been unemployed for at least twelve months. This pilot scheme will be evaluated after three years.

### **5.6. Specific labour market initiatives for people with disabilities**

In addition to the general labour market measures, a large number of labour market measures and programmes are specifically aimed at jobseekers with disabilities. If necessary, these people may be entitled to both vocational rehabilitation and/or special assistance in the form of subsidised employment or other support. This may include assistive devices in the workplace, a personal assistant, a special support person (an SIUS consultant), measures for people with impaired sight and hearing, and special support to start a business. Jobseekers with disabilities may also be offered subsidised employment in the form of wage subsidies, public sheltered employment, and security and development employment. The individual's work capacity determines the size of the wage subsidy. In certain cases, provider allowances are also paid.

#### *Wage-subsidised employment*

The aim of wage-subsidised employment is to support people in their development towards a regular job and to stimulate employers to hire people from this group. Wage subsidies may be granted for a maximum of four years and are subject to the Employment Protection Act. When the provider is a public organisation, a provider allowance may also be paid.

#### *Development employment*

The aim of development employment is to offer individuals an opportunity to try to develop their work capacity through work and development initiatives. Development employment may last for a period of 12 months with a possibility of extension.

### *Public sheltered employment*

Public sheltered employment aims to promote rehabilitation of the individual, develop and enhance work capacity and improve opportunities of finding a regular job. The target group consists of people with (socio-medical) disabilities and substance abusers.

### *Security employment*

The aim of security employment is to offer individuals an opportunity to try to develop their work capacity through work and a range of development initiatives. The target group may also consist of people with disabilities whose needs cannot be met in any other way. Security employment is subject to the Employment Protection Act.

### *Samhall*

The target group may also be offered employment at Samhall AB, whose aim is to produce goods and services in demand and, by doing so, create meaningful and stimulating work for people with disabilities. Youth under the age of 30 are prioritized to these employments 2014-2017.

### *Assistive devices*

Assistive devices in the workplace can be excellent tools, and are often all that is needed in a new job. This may entail adapting the workplace or acquiring a particular product, and support may be given to both the employer and the employee. Employers and employees may each receive support of up to SEK 100 000.

### *Personal assistance*

An employee may sometimes need to ask a colleague for help with certain tasks. In these cases, the employer may receive a contribution to offset any extra costs. Employers may also receive compensation if they take on a young person with disabilities for practical vocational orientation and if they are providers of labour market programmes. Self-employed people may also receive this support.

### *Individual support from an SIUS consultant*

If a person needs a great deal of individual support to learn to perform their work tasks, employers can receive personal introduction assistance from a specially trained employment officer, known as a special introduction and follow-up support consultant (SIUS consultant). This support is gradually decreased over the support period and will end completely when the person is able to perform their tasks independently.

### *Trainee programmes in the state sector*

The Swedish Public Employment Service has been instructed to gradually implement trainee programmes in the state sector for people with disabilities. Public employers should set an example.

## 6. Evaluation of labour market measures

Youth unemployment can have long-term effects on individuals' job prospects and can thus be costly not only for individuals but also for society as a whole. Therefore, the Swedish Government has put great emphasis on measures that promote youth employment. As this paper shows, many reforms have been implemented in recent years. The reforms are under continuous review to ensure effectiveness and improvements are made.

The PES collects and reports monthly data on participants in labour market measures managed by the PES. Through the data set, it is possible to follow up on the participants by sex, age, region of birth, educational background, disability and time with the PES. The result of the measure can be evaluated by the status of the participant 1, 90 or 180 days after leaving the intervention. The different statuses used for participant follow-up include 'employed without support', 'studied', 'in new start job', 'in subsidised employment', 'still unemployed but not in a measure' or 'in the job and development guarantee'. The collected data is analysed for use in continuous improvement of labour market policy measures.

Further, a research institute under the Swedish Ministry of Employment, the Institute for Evaluation of Labour Market and Education Policy (IFAU), has the objective of promoting, supporting and carrying out scientific evaluations. IFAU has been given four tasks by the Government: follow-up and evaluation of labour market activities; evaluation of the effects of measures in the education system; evaluation of the effects of social insurance on the labour market; and studies of the functioning of the labour market. IFAU has published many working papers and reports regarding labour market policies for youth. Some of these are:

- W.P. 2013:27 - Do payroll tax cuts raise youth employment?
- W.P. 2013:26 - Sanctions for young welfare recipients
- W.P. 2013:24 - The effect of summer jobs on post-schooling incomes
- W.P. 2013:22 - Time preferences and lifetime outcomes
- W.P. 2013:18 - How long and how much? Learning about the design of wage subsidies from policy discontinuities
- W.P. 2011:18 - When strong ties are strong – networks and youth labour market entry

## 7. Education

Education is one of the most important factors for young people's future opportunities. The Swedish Education Act stipulates that all children and young people must have access to education of equal value, irrespective of gender, place of residence and social and financial circumstances. In

Sweden, compulsory schooling lasts for nine years and children have a right to education from the age of seven. Upper secondary school is divided into 18 three-year national programmes, 12 of which are vocational programmes and six of which are preparatory programmes for higher education. The preparatory programmes for higher education provide basic eligibility for further studies in higher education at undergraduate level. Pupils in vocational programmes can obtain eligibility for higher education by taking some extra courses.

Young people lacking upper secondary education need special attention and risk unemployment and a range of other destructive factors in both the short and the long term. Assisting young people under the age of 20 who are outside upper secondary education is therefore highly important for both individuals and society. A young person may drop out of upper secondary education for various reasons, for example, illness, to start working, travel abroad or to start some other form of education.

In many cases, young people who are not in employment, education or training are in complicated situations. They often have a background of social problems and educational failure. Such backgrounds in many cases lead to poor self-esteem and difficulty in dealing with simple everyday activities. A large proportion of these people were born abroad, and this group includes recent arrivals in Sweden, as well as young people with different disabilities. The target group therefore has a need for flexible, individually adapted and in some cases long-term measures.

The government has taken many initiatives in recent years to improve the education system. Some of these are:

- Career positions for teachers.
- New teachers' education and in-service training for teachers and head teachers.
- In-service training in effective methods for teachers of mathematics and Swedish.
- Teacher registration and stricter qualifying rules for teachers.
- New curricula, a new grading scale and national tests in more subjects and grade levels to better monitor pupils' achievement in primary and upper secondary education.
- Targeted initiatives to develop skills in reading, writing and mathematics among pupils.
- Increased instructional time in mathematics in primary school.
- Increased instructional time in Swedish for newly arrived pupils.
- Government grants for arranging homework support and summer school.
- New Education Act which, for example, strengthened pupils' rights to special support.
- New upper secondary school including measures to make vocational programmes more focused on preparing for working life.
- Apprenticeship as part of the new upper secondary school.

### *Municipal adult education (Komvux)*

Municipal adult education is offered at basic level to help adults gain the knowledge they need to take part in society and working life. It is also meant to prepare adults for further study. Municipal adult education at upper secondary level, in turn, is to equip adults with knowledge corresponding to the levels set for pupils at upper secondary school.

### *Higher education*

Sweden has a long tradition of free higher education paid for by the taxpayer. However tuition fees have been introduced for citizens from countries outside the EU, the EEA and Switzerland. Education gives people the opportunity to shape their own lives and to influence their own situation, and is thus very valuable at individual level. Higher education is also of strategic importance for the future. Sweden's ability to maintain and develop welfare depends to a large extent on our country's ability to manage knowledge.

## **8. Involvement of the social partners**

The social partners play a key role in creating conditions for sustainable growth and full employment. The Swedish labour market has a high degree of organisation, broad collective bargaining agreement coverage and a well-developed social dialogue. The social partners in Sweden traditionally resolve many issues by means of collective bargaining agreements, without central government intervention in the form of legislation or the involvement of public authorities.

Regular consultations take place between the Government and the social partners on matters associated with the Europe 2020 Strategy, as well as other EU matters that concern the social partners. These consultations, which take place both at the political level and with senior civil servants, provide opportunities to discuss important EU issues in relation to the Government's actions and national policies.

Furthermore, the Ministry of Employment consults the social partners ahead of each EPSCO Council meeting.

As regards this Youth Guarantee Implementation Plan, the Ministry has informed the social partners about the plan on 24 April 2014 and they have been given the opportunity to comment on the plan.



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