Report on outreach performance and YGS implementation: results and efficiency in Spain

Results and efficiency in Spain

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ABSTRACT

In this study, we first provide the statistical profile of the NEETs in Spain. We then analyse how they stand in terms of outreach. For the unemployed NEETs, we find that the average LFS outreach level is 77.8%. Among the inactive NEETs, the average LFS outreach level is 35.0%. For both collectives, we have also explored whether differences in the proportion of NEETs registered at the PES in each region might be driven by the social coverage each region offers. For the unemployed NEETs, there seems to be no strong evidence in that direction. However, for the inactive NEETs, this correlation is relatively strong and positive. We believe that the existence of such relationship for the inactive NEETs but not for the unemployed NEETs might come from the nuance differences between both states for NEETs in the Spanish context.

This report also analyses the Youth Guarantee System by carrying out a qualitative study via surveys filled in by relevant Spanish regional employment officials. We find that although the service offered as part of the policy has noticeably improved the labor situation of the youth, it should be reformed to align the policy's interventions with its objectives.

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1. Introduction

In Europe, there are almost 10 million NEETs, i.e. young people who are unemployed, not receiving an education nor in vocational training. They represent 16.4% of people between 20 and 29 years old. Young people from the South and East of Europe especially, are notably more affected by this phenomenon. Only in Spain, there are almost one million NEETs (19.6%).

The existence of high NEETs rates across European, especially in the South and Eastern countries as mentioned, is a pressing policy challenge. There is evidence that the conditions at the start of the labour history of young people have a scarring effect in their work trajectories, persistently hampering their access to more stable jobs, higher wages, and shorter unemployment states (Arulampalam et al., 2001; Gregg and Tominey, 2005). Being a NEET thus increases the risk of social exclusion and diminishes the probability of obtaining stable employment. This challenge is even more alarming in the long run. The hardships the youth face when accessing quality jobs do not only have an impact on their wellbeing but also have long term costs, which may last for their entire remaining working lifetime. Hence, bringing the NEETs into employment, education, or training thus yields numerous promises.

Recognising these potential gains, governments throughout the world devote substantial resources to policies and programs to tackle youth unemployment and reduce the NEET share. European countries are sensitive to this phenomenon and have supported many initiatives to improve their labour market opportunities. At the European level, the European Youth Guarantee (YG) was introduced in 2013 to combat youth unemployment. This program seeks that all youth that participates in the program receives a job, training, or apprenticeship offer after finishing their studies or becoming unemployed. Recognising effective outreach work as an essential ingredient in the activation of the youth, the European Council decided in 2014 that European member states needed to improve their cooperation on reaching out to the NEETs, devoting more effort to share successful experiences and best practices (see Hall et al., 2015).

Seven years in, policies resulting from YG still lack comprehensive evaluations in a cross-country framework. How effectively are young people supported in the labour market? The *Youth Employment PartnerSHIP* project aims to answer this question by evaluating both the efficacy and the efficiency of employment initiatives targeting youth in Spain, Hungary, Italy, and Poland.

As part of the Youth European PartnerSHIP project, this study characterises the NEETs in Spain. For this exercise, we make use of both the Spanish Labor Force Survey (LFS) and the administrative data coming from the Spanish Public Employment Services (PES). We first situate NEETs within the general youth population. We then profile the NEETs with

regard to their demographics and their socio-occupational characteristics. We finally explore how the inactive and unemployed NEETs perform in terms of outreach.

The report is structured as follows. Section 2 explains the methodology employed in this study. We first introduce the datasets that allow us to develop the analysis. We then cover how an array of relevant concepts is defined in each dataset. In Section 3, we provide the descriptive analysis, profiling the NEETs in terms of their demographics and labour-market-related characteristics. In Section 4, we provide the main results of this report, discussing how the NEETs stand in terms of outreach. The final section closes this discussion by providing the main conclusions of this report.

2.   Methodology

2.1.   Introducing the LFS and the PES data sources

This section presents the two data sources employed to provide NEET's demographic and socio-occupational profile.

The first of these two sources is the Economically Active Population Survey, collected by the Spanish National Statistics Institute. Quarterly published, the *LFS* is carried out on a representative sample of the Spanish working-age population of 60,000 households per quarter—or about 200,000 individuals. As the Spanish LFS, its main objective is to track the Spanish labour market, collecting data on the labour force and its various categories (employed, unemployed) as well as on the population outside the labour market (inactive). The LFS follows Eurostat common coding scheme and some standard definitions adopted by the ILO.

This report also makes use of the administrative data coming from the *PES*, the Spanish Public Employment Services. Published monthly by the Spanish Ministry of Labour and Social Economy, it tracks every unemployed people that register herself in one of the regional employment offices. Hence, data from the PES does not come from a representative survey. Instead, its register follows the whole unemployed population.

The remainder of Section 2 provides an overview of how each of these two sources defines several relevant concepts.

2.2.   Definitions

The first of these concepts is that of being *unemployed*. For the LFS, a person of working age will be classified as unemployed provided that she meets the following three conditions simultaneously: *(i) being unemployed, (ii) being actively looking for a job, and*

(iii) being available to take up employment. This definition is internationally accepted, as it is the definition developed by the ILO. In practice, the LFS operationalises the first of these conditions by considering an individual unemployed if she has not worked during the week preceding the survey. For the second condition, the LFS count as "active job searching" active actions such as sending CVs and asking relatives, searching for open positions on newspapers or social networks, among others. Finally, the last condition requires that the individual is ready to take up employment within the two weeks following the survey.

As introduced above, the *PES* tracks every unemployed person that registers herself in one of the regional employment offices. Demands still unsolved the last day of each month are recorded in the unmet employment demand register. For the PES, a working-age person will thus be considered unemployed if she *has signed up on the unmet employment demand register and still has an unmet employment demand the last day of the month.*

For the purposes of this report, it is also necessary to clarify how the *NEETs* are defined in each of the two employed sources. Neither the LFS nor the PES constructs their own NEET definition. Hence, we follow the ILO and Eurostat conceptualization of the NEETs to identify NEETs in each datasource. We choose the ILO and Eurostat's definition of NEETs because it is one of the most commonly employed. These institutions have adopted the following definition of the NEET rate: the percentage of the young population who is not employed and not involved in further education or training—either formal or informal.

Following the ILO and Eurostat definition, we now turn to define the NEETs using both the LFS and the PES. We first define the youth equally for both sources: all those individuals between 20 and 29 years old. Using the *LFS*, we define the NEETs as the *share of unemployed and inactive young people that are not involved in further formal or informal education or training.* The *PES* register is conceived for the unemployed, and hence we define the NEETs as *those unemployed young people that are not involved in further formal education or training.* In practice, the latter is operationalised excluding demands on the unmet employment demand register signed up by students.

The last definition is that of outreach. We define *outreach* as the extent to which people in the NEET collective are registered at PES. Outreach is operationalised differently depending on the data source used. For the *LFS*, outreach is defined as the *proportion of unemployed and inactive young people that declare being registered at the PES offices.* For the *PES*, defining outreach follows a different process. Using the PES microdata on registrations at the employment offices, we first obtain the actual volume of registrations at PES for the whole population of unemployed individuals in each Spanish region. We then measure outreach as *the ratio between the unemployed registered at PES and the proportion of them that report in the LFS being registered at PES* (we call this

indicator the PES/LFS outreach measure). Using this second definition of outreach makes it possible to assess the extent to which those classified as unemployed in the LFS are formally registered in the PES.

2.3. Database choice

After introducing each datasource and presenting how some key concepts are defined in each datasource we close this section explaining how we will use each source for the analysis. We argue that a more in-depth characterisation of the NEETs is possible by combining the insights that both data sources can bring. Our motivation is to exploit each data source's main strengths.

From this dual perspective, we choose the last LFS available for the main analysis of this report (first quarter of 2018). Several reasons support this choice. Firstly, the latter is believed to be more useful than the PES database in terms of profiling the NEETs. While the LFS is representative of the whole Spanish working-age population the PES only tracks those unemployed. The LFS is thus more suitable for describing both inactive and unemployed NEETs. Additionally, the LFS also follows international standards for defining the unemployed, which makes cross-country comparisons easier.

We will however use the PES for obtaining additional information for the unemployed NEETs. In particular, we will use the PES/LFS definition of outreach to measure outreach rates for the whole unemployed NEET population. This will help us to measure more precisely outreach for this collective—as the PES/LFS definition uses not survey report information on registration at PES but administrative data on the formal registration at PES. Additionally, this second approach will also allow us to evaluate the reliability of the LFS for measuring outreach, by comparing both measures of outreach.

3. Descriptive analysis

An in-depth analysis of the effectiveness of the outreach activities of Public Employment Services directed to improve the employability of the NEETs requires an initial characterisation of the sociodemographic profile of this collective. This section provides such description. To do so, we first situate NEETs within the general youth population. We then profile the NEETs with regard to their socio-demographics—gender, age group, and education—and their socio-occupational characteristics—working status, registration at PES, and social assistance coverage. We then provide the outreach estimates across the Spanish regions, stratifying results for both the inactive and the unemployed NEETs. The main analysis is based on the last LFS available. This section concludes with a discussion of the outreach performance for the unemployed using PES data.

3.1.   Profiling the youth

Before providing the NEETs' profile, we briefly present an overview of the young population in Spain. As stated previously in section 2.2, we define the youth as people aged 20-29. To provide this overview, the youth is stratified by their employment status, obtaining the share of this collective being either employed, unemployed, or inactive. The idea is to illustrate then how the NEET group is constructed and understand their relative weight as part of the young population in Spain.

Figure 1 presents the youth by their employment status. In Spain, based on the LFS, 4,736,378 people are between 20 and 29 years old. As shown in the figure, about one out of every two young people in Spain is employed—2,428,142 people. 18.1% of the youth do not have a job—854,916 people. The remaining 30.2% are inactive—1,453,320 people.

Figure 1 The youth by employment status
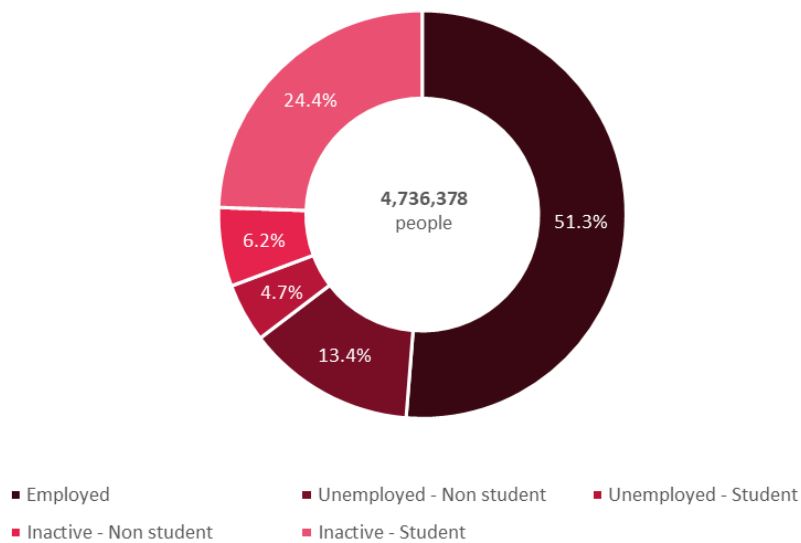
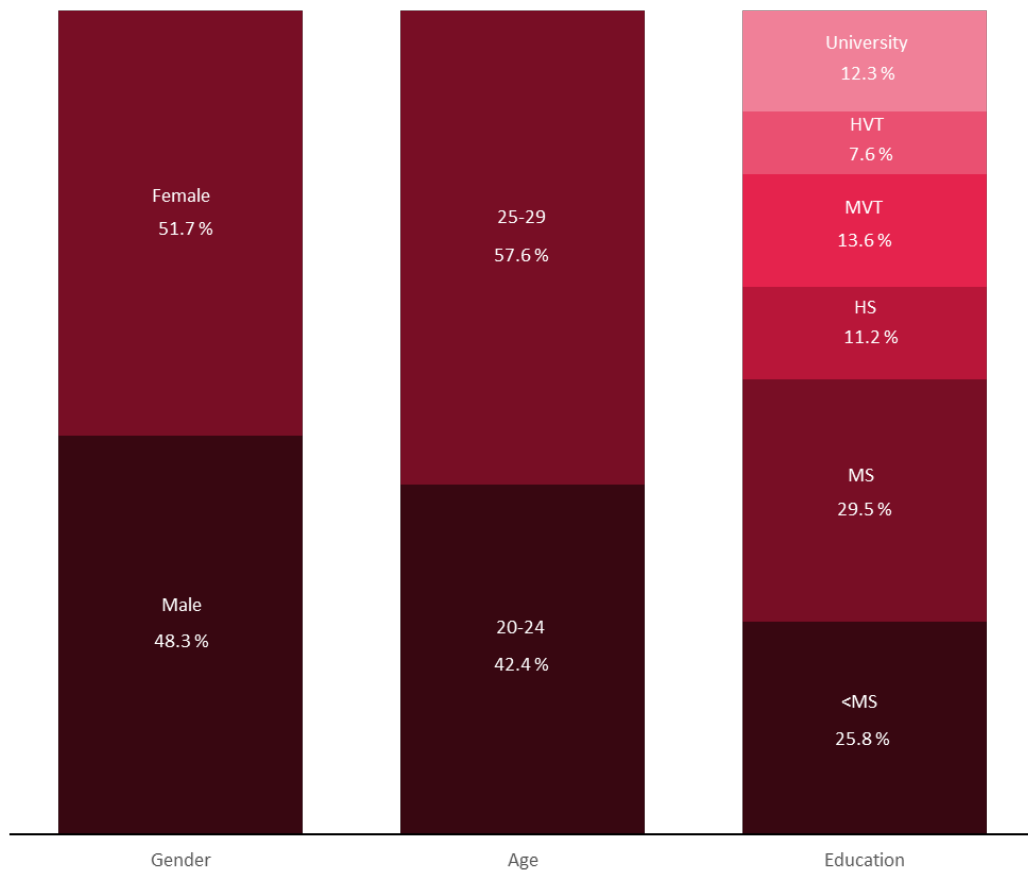*Source: own elaboration based on the Spanish LFS*

We now turn to the NEETs, that is, the population group composed of young people who are either unemployed or inactive that are not involved in any education or training program. The NEETs in Spain represent 13.4% of the youth that are unemployed and not in formal or informal education—633,699 people—and 6.2% of the youth of the young population that are inactive and not in formal or informal education—295,845 people. In Spain, based on the LFS, NEETs thus represent the 19.6% of the youth, reaching 929,544 people.

3.2.　　　Profiling the NEETs

Once we have placed the NEET group within the whole young population in Spain, this section characterises the NEETs with regard to their socio-demographic and socio-occupational profile. This exercise will help us understand the peculiarities of this group.

Figure 2 presents the socio-demographics of the NEETs. With regard to their gender, we observe a higher proportion of females among NEETs. Specifically, of the 929,544 NEETs, 480,211 are females and 449,333 are males—51,7% and 48,3% of the NEETs, respectively. In terms of their *age*, we find that most of the NEETs belong to the oldest age group of the two. In particular, 535,607 NEETs are between 25 and 29 years old-representing 57.6% of people in the NEET collective.

*Figure 2 NEETs socio-demographic profile*

Source: own elaboration based on the Spanish LFS

Note: High vocational training (HVT), Med. Voc. Training (MVT)

As shown in Figure 2, the remaining 393,937 people belong to the youngest age group—representing 42.4% of the NEETs. Finally, the socio-demographic characterisation of the NEETs also considers their *highest education level achieved*. Of the 929,544 NEETs,

239,664 people have not completed middle school—about 25.8% of the NEETs. 274,018 NEETs have achieved a maximum of a middle school degree—about 29,5% of the NEETs. 103,914 NEETs hold a high school degree, representing 11,2% of the NEETs. 126,590 NEETs have completed a medium vocational training degree (equivalent in years of training to high school)—about 13,6% of the NEETs. 70,999 have completed a high vocational training degree (similar to community college, or two years of university)— about 7,5% of the NEETs. Finally, 114,359 NEETs hold a university degree—about 12,3% of the NEETs. More than half of the NEETs have thus achieved a maximum of a middle school degree, meaning that a low education level is one of the main characteristics of this group of people.

Figure 3 NEETs profile in terms of their socio-occupational characteristics
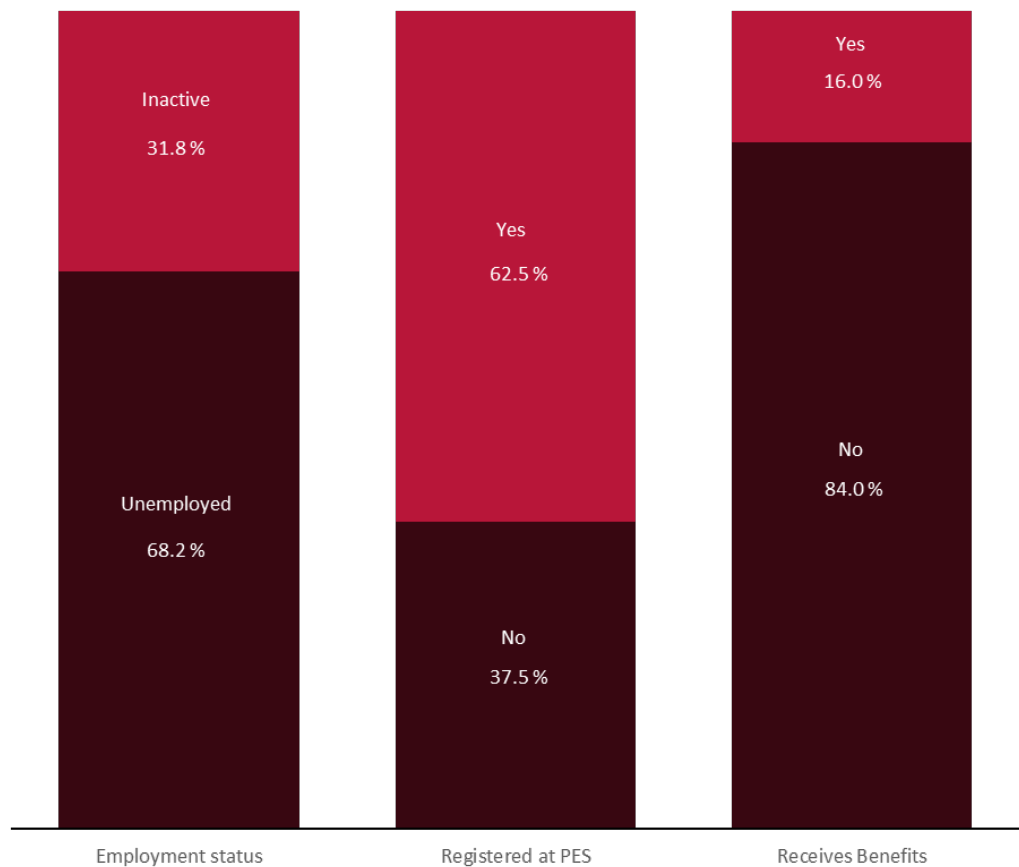
Source: own elaboration based on the Spanish LFS

Figure 3 profiles the NEETs in terms of their main *socio-occupational characteristics*. Concerning the *employment status* of NEETs, we observe that most of them are unemployed. Specifically, of the 929,544 NEETs, 633,699 are unemployed, and 295,845 are inactive—68.2% and 31.8% of the NEETs, respectively. With regard to their *registration at PES*, we find that a remarkable share of people in the NEET collective is not registered at PES. In particular, 348,890 NEETs are not registered at PES—they

represent 37.5% of the NEET population. The remaining 580,654 NEETs are already registered at the public employment offices— 62.5% of the NEETs. This indicator is the first outreach definition, introduced in section 2.1. Consequently, outreach among the NEETs—as measured by LFS— still presents opportunities for further improvement. We close the discussion of Figure 3 by describing NEETs' *social assistance coverage.* As the figure shows, most NEETs do not receive social benefits. Specifically, 780,619 NEETs do not receive social benefits—84.0% of the NEETs. Only 148,925 NEETs receive social benefits—the remaining 16.0%.

We complete this profiling by exploiting additional information from the LFS. Respondents are asked to report information on their inactivity. Figure 4 provides such information, presenting the reasons why inactive NEETs are not searching for a job. This information is particularly valuable, as inactivity beyond being a student should be a rare status for the youth. As shown on the top of the figure, of the 295,845 inactive NEETs, 102,787 people do not look for a job because of their dedication to caretaking—they represent 34.7% of all inactive NEETs. 76,607 people do not look for a job due to illness or disability—they represent 25.9% of all inactive NEETs. 16,755 people because of being discouraged—they represent 5.7% of all inactive NEETs. 72,798 people do not look for a job due to other reasons—they represent 24.6% of all inactive NEETs.

Finally, the remaining and 26,896 inactive NEETs have not answered this question—they represent 9.1% of all inactive NEETs. *The main reason inactive NEETs are not searching for a job is thus their dedication to caretaking.* The figure also shows that a substantive share of inactive NEETs is not searching for a job due to illness or disability. Furthermore, when stratified by their social assistance coverage, *we find that the vast majority of inactive NEETs does not receive social benefits.* In particular, 88.7% of inactive NEETs do not receive social benefits, and more specifically, 90.3% of inactive NEETs are not searching for a job due to their dedication to caretaking. 96.2% of inactive NEETs not searching for a job due to illness or disability. We believe that many of the inactive NEETs that do not receive social benefits could be unemployed individuals that have exhausted their unemployment benefits and that end up not updating their registration at PES as unemployed individuals and become inactive, although we cannot test this theory directly.

Finally, it is equally insightful to stratify inactive NEETs by gender. As the lower right panel of Figure 4 shows, *most of the inactive NEETs dedicated to caretaking are females.* In particular, 85.6% of inactive NEETs dedicated to caretaking are females. We believe that many of them are young mothers, although, again, we cannot confirm this with the available data.

Figure 4 Reasons for being inactive among the inactive NEETs

Reasons for being inactive,
by social coverage

Reasons for being inactive,
by gender
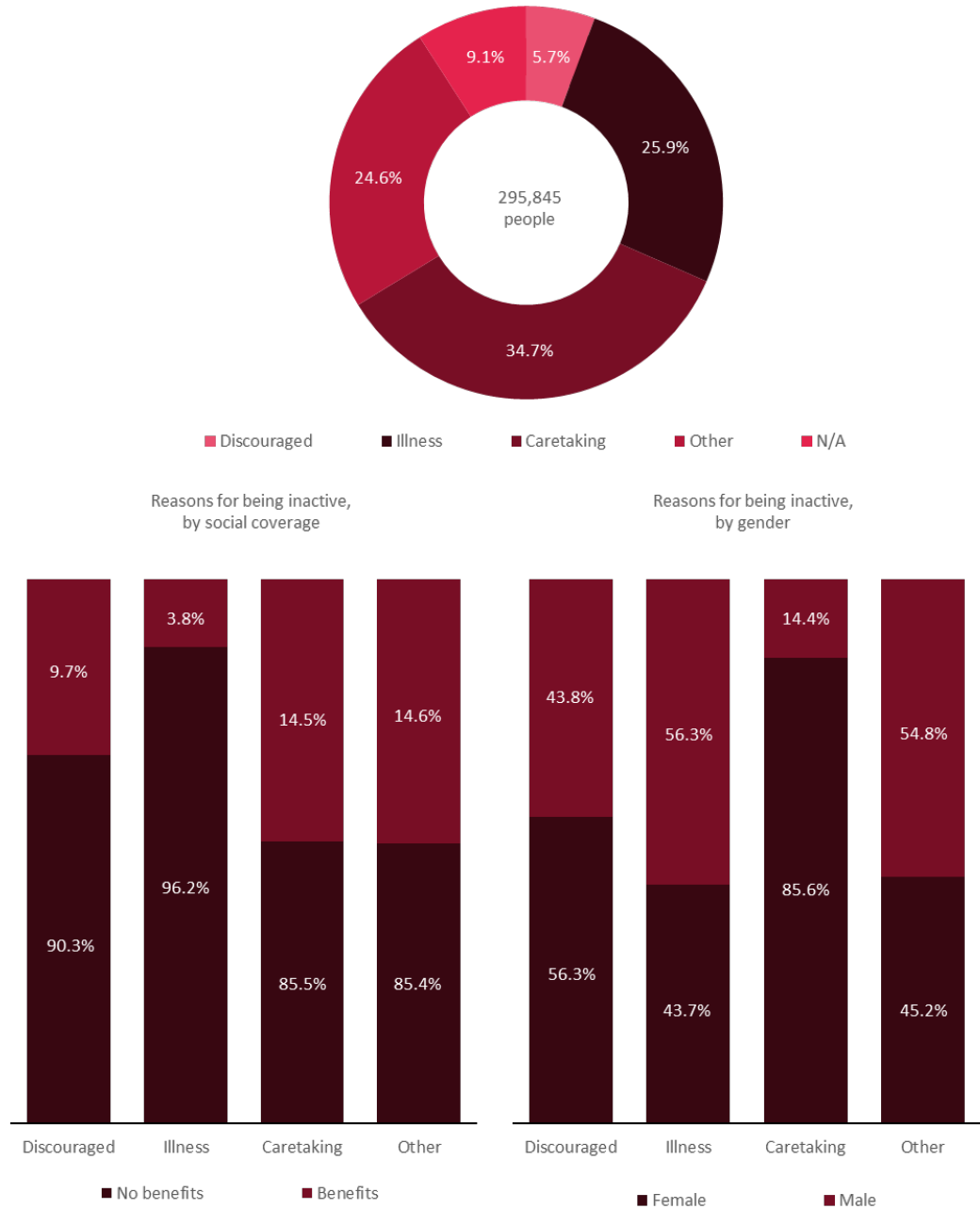
Source: own elaboration based on the Spanish LFS

4.   Results: Outreach estimates

Once we have provided the profiling of the NEETs, we now turn to discuss how NEETs stand in terms of outreach. This is the most important section of this document, as it contains the outreach estimates for the NEETs. We first use LFS data to provide the

outreach rates for both the unemployed and inactive NEETs. We then use PES microdata to provide further evidence on the outreach levels of the inactive NEETs. This in-depth depiction of outreach rates will help to understand the magnitude of the problem so that decisions on allocating resources to policies and programs to reduce the NEET share are well informed.

4.1.   Outreach estimates for NEETs by employment status

This section analyses how the unemployed and inactive NEETs stand in terms of outreach. To perform such analysis, we use the last LFS available (first quarter of 2018).

In this analysis, we will first describe, for both the unemployed and inactive NEETs, which are the regions where a higher proportion of NEETs is registered at PES and which regions are lagging behind in the matter. We will then explore whether existing differences in social benefits for NEETs between regions can explain why some regions have a higher proportion of NEETs registered at the employment offices.

Before presenting these results for the employed and inactive NEETs, we briefly explain how this analysis is conducted. As posed, we are interested in (i) describing regions in terms of outreach and (ii) exploring if regions with greater social coverage for NEETs do in fact achieve higher PES registration rates for NEETs. Using the rich information of the LFS, we will measure social coverage by the amount of NEETs receiving social benefits. Both measures (outreach and social benefits) are continuous. The idea is to simplify this relationship creating groups and then compare whether some overlap exists between the groups of both variables, that is, whether those regions with a higher proportion of NEETs receiving social benefits also have better performance in terms of outreach.

The methodological question that then arises is how to create those groups following a transparent criteria. How do we define a "low" level of NEETs receiving social benefits, which is the threshold between "high" and "low" outreach? Given that we will compare several outreach measures and different collectives, these questions are particularly relevant. To solve these issues, we use quintiles, dividing the 17 regions into five ordered groups—where the first quintile is composed of those regions with values lower than the 25% of a given variable range. For example, when measured using the LFS, regions have outreach levels among the unemployed NEETs that range from 57.1% to 92.0% (see Table A.1 in the Annex). Given this distribution, regions with LFS outreach levels below 70.7% are in the first quintile of the distribution of this indicator. Balearic Islands, Murcia, Catalonia, and Madrid have LFS outreach levels of 57.1%, 60.3%, 63.9% and 69,8%, respectively. Those regions will hence form the first quintile. The rest of the quintiles are constructed in a similar fashion. In practice, using quintiles allows us to rank the Spanish regions. For the sake of simplicity, we hereinafter label the quintiles of the variable of interest as very low, low, medium, high, and very high [outreach].

We now present the outreach results by employment status. We begin the discussion focusing on the unemployed NEETs.

Figure 5 provides LFS outreach levels by region for the *unemployed NEETs*. Using this measure, the average outreach level across regions is 77.8%. We discussed in section 3.2 that the outreach for the NEETs in Spain was 64.1%. This implies that *the lion's share of outreach problems in Spain does not come from the unemployed NEETs.* We will discuss later on in more depth how the inactive NEETs stand in terms of outreach.

Figure 5 Outreach levels across Spanish regions, unemployed NEETs

Source: Own elaboration based on the LFS.

Note: Outreach is measured using the LFS definition, see section 2.2 for further details.

We now turn to discuss outreach levels among the unemployed NEETs across the Spanish regions. We use the methodology introduced at the beginning of this section. Figure 5 ranks Spanish regions by their LFS outreach level for the unemployed NEETs. As shown in the figure, *Extremadura, Asturias, and Cantabria are the regions with a higher proportion of unemployed NEETs registered at the PES services.* Conversely, *Madrid, Catalonia, Murcia, and Balearic Islands are the regions where there is greater room for improving outreach levels among the unemployed NEETs.*

In particular, of the seventeen regions, four of them present medium levels of outreach— La Rioja, Andalusia, Canary Island, and Valencian Community, with outreach levels ranging from 76.4% to 83.4%. On the other hand, Castille and León and Aragon

show low outreach levels— from 74.2% to 76.4%— while Madrid, Catalonia, Murcia, and Balearic Islands have very low outreach levels—ranging from 57.1% to 69.8%. Castilla-La Mancha, Basque Country, Galicia, and Navarre present high levels of outreach for the unemployed NEETs, with levels ranging from 85.0% to 84.3%. Finally, Extremadura, Asturias, and Cantabria are in the top quintile in terms of outreach, with levels ranging from 85.6% to 92.0%. Outreach rates among the unemployed NEETs across regions are provided in Table A.1 of the Annex.

We now turn to explore whether existing differences in social benefits for the unemployed NEETs across regions explain why some regions have a higher proportion of unemployed NEETs registered at the employment offices. Those regions offering better social coverage to the unemployed might incentivise unemployed NEETs to register themselves, which could then explain why a given region ranks higher in terms of outreach among NEETs in this collective.

Figure 6 explores whether differences in the proportion of unemployed NEETs registered at the PES in each region might be driven by the social coverage each region offers to unemployed NEETs. The figure provides the proportion of the unemployed NEETs declaring to receive social benefits in each region (left panel of Figure 6) and the proportion of the unemployed NEETs declaring to being registered at PES (right panel of Figure 6). The correlation between both indicators is weak and negative (-0.11). Hence, *there seems to be no strong evidence on the association between social coverage each region offers to unemployed NEETs and its outreach level among NEETs in this collective.*

Figure 6 Percentage perceiving benefits and outreach (LFS) across Spanish regions, unemployed NEETs
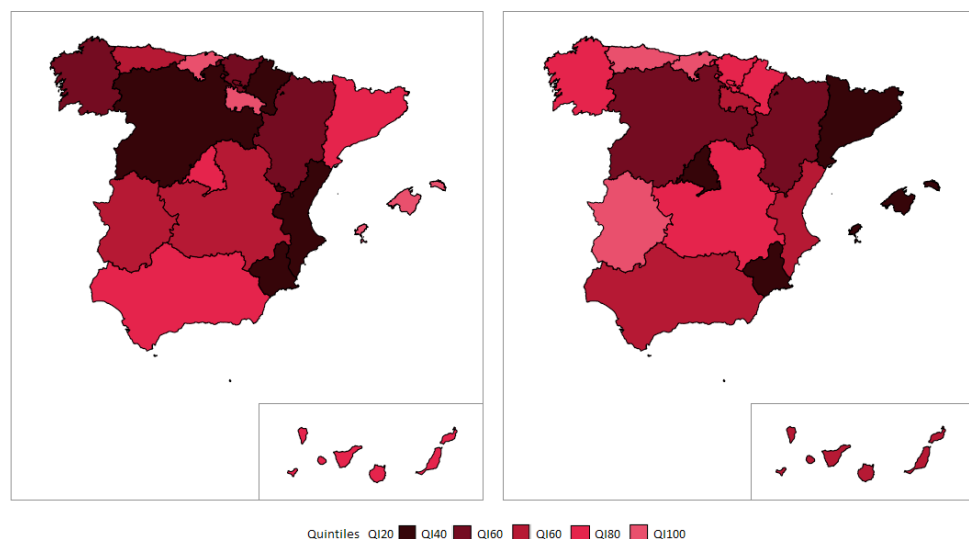
Quintiles QI20 QI40 QI60 QI60 QI80 QI100

Source: Own elaboration based on the LFS.

Note: Outreach is measured using the LFS definition, see section 2.2 for further details.

This weak correlation for the unemployed NEETs is driven by the large disparities at the observation level (the Spanish regions) on the relationship between social coverage and outreach for NEETs in this collective—see Table A.1 of the Annex. Of the seventeen autonomous communities, two of them—Cantabria and Aragon— have the same level for both variables. For nine of the regions, having more unemployed NEETs receiving social benefits is associated with being in a relatively higher position in the classification of the proportion of unemployed NEETs registered at PES—Galicia, Asturias, Basque Country, Navarre, Aragon, Castille and León, Extremadura, Castilla La Mancha, and Valencian Community are on this situation. However, the remaining six regions present a negative relationship between the proportion of social benefit recipients and outreach—this group is composed of La Rioja, Catalonia, Balearic Islands, Madrid, Andalusia, and Canary Islands.

Figure 7 now provides LFS outreach levels by region for the *inactive NEETs.* Using this measure, the average outreach level across regions is 35.0%. *That is, about two out of every three inactive NEETs in Spain are not registered at the public employment offices.* As discussed in section 3.2, the outreach for the whole NEET population in Spain was almost two times greater—64.1%. *This suggests that there is considerable room for improving Spain's outreach levels by focusing on the inactive NEETs.*

Figure 7 Outreach levels across Spanish regions, inactive NEETs

Source: Own elaboration based on the LFS.

Note: Outreach is measured using the LFS definition, see section 2.2 for further details.

We now turn to discuss outreach levels among the inactive NEETs across the Spanish regions. As shown in the figure, *Balearic Islands, Cantabria, Extremadura, and Basque Country are the regions with a higher proportion of inactive NEETs registered at the PES services.* Conversely, *Canary Islands, Catalonia, Murcia, and La Rioja are the regions where there is greater room for improving outreach levels among the inactive NEETs.*

In particular, of the seventeen regions, four of them present medium levels of outreach—with Andalusia, Madrid, Castilla-La Mancha, and Castilla-Leon having outreach levels ranging from 32.0% to 35.7%. Asturias has a low outreach levels (31.0%) while Aragon, Canary Islands, Catalonia, Murcia, and La Rioja have very low outreach levels—from 22.3% to 26.8%. Galicia, Navarre, and Valencian Community have high outreach levels, with levels ranging from 36.1 % to 40.5%. Balearic Islands, Cantabria, Extremadura, and Basque Country, are in the top quintile in terms of outreach for the inactive NEETs, with levels ranging from 42.7% to 53.4%. Specific outreach rates among the inactive NEETs across regions are provided in Table A.2 of the Annex.

We now turn to explore the relationship between social benefits coverage and registration at PES for the inactive NEETs. As for the unemployed NEETs, we expect that those regions offering better social coverage to the inactive might incentivise inactive NEETs to register themselves, which could then explain why a given region is ranking higher in terms of outreach among NEETs in this collective.

Figure 8 explores whether differences in the proportion of inactive NEETs registered at the PES in each region might be driven by the social coverage each region offers to inactive NEETs. The figure provides the proportion of inactive NEETs that declare receiving social benefits in each region (left panel of Figure 8) and the proportion of the inactive NEETs that declare being registered at the PES (right panel of Figure 8). The correlation between both indicators is relatively strong and positive (0.43). Hence, *there seems to be some evidence on the association between social coverage each region offers to inactive NEETs and its outreach level among NEETs in this collective.* That is, *regions offering higher social coverage to the inactive NEETs tend to perform better in terms of outreach levels among the inactive NEETs.*

This correlation for the inactive NEETs is driven by the relatively small disparities at the observation level (the Spanish regions) on the relationship between social coverage and outreach for NEETs in this collective. Of the seventeen autonomous communities, seven of them—Cantabria, Basque Country, Aragon, Madrid, Castilla La Mancha, Balearic Islands, and Murcia—have the same level for both variables. For four regions, having more individuals receiving social benefits is associated with being in a relatively higher position in the classification of the proportion of unemployed NEETs registered at PES— Galicia, Castille and León, Valencian Community, Extremadura are on this situation. Finally, only six regions present a negative relationship between the proportion of social

benefit recipients and outreach— Asturias, Navarre, La Rioja, Catalonia, Andalusia, and Canary Islands belong to this group.

Figure 8 Percentage perceiving benefits and outreach (LFS), inactive NEETs
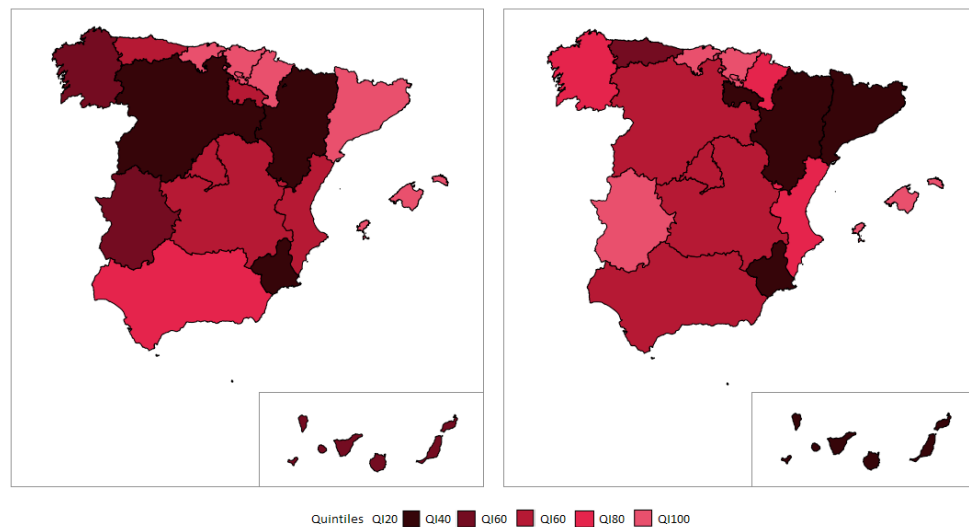
Source: Own elaboration based on the LFS.

Note: Outreach is measured using the LFS definition, see section 2.2 for further details.

We believe that the existence of such a relationship for the inactive NEETs but not for the unemployed NEETs might come from the nuanced differences between both states in the Spanish context. For NEETs in Spain, there are no substantive differences between being an unemployed NEET or an inactive NEET. As explored in Figure 4, the group of inactive youth seems to be mostly formed by caretakers (young mothers), people that are not looking for a job due to illness or disability, people who do not meet the requirements to be considered unemployed by the LFS e.g., they are not actively looking for a job, and by young people whose benefits have expired and have not updated their status in the PES—the way to update their status varies between Autonomous Communities. People in the last two groups are thus potential shifters between the unemployed and inactive NEET status. In this scenario, those regions offering better social coverage to the inactive NEETs might incentivise NEETs to keep themselves registered as inactive NEETs.

4.2.   Outreach estimates using PES data

Up to this point, we have used LFS data to estimate outreach. Using the LFS has several advantages, discussed in section 2.3. However, since the former is a survey, the outreach measure obtained from LFS data only captures the proportion of NEETs that

declare being registered at the PES offices. The actual registration at PES rate among NEETs might differ from the rate captured using LFS data.

In this section, we analyse the extent to which those classified as unemployed in the LFS are formally registered in the PES, introducing a second approach to measuring outreach. This exercise will also allow us to measure outreach rates more precisely. Additionally, this second approach will also allow us to evaluate the reliability of the LFS for measuring outreach by comparing results obtained in section 4.1 to the ones discussed in this section.

We are able to perform this exercise thanks to our access to the microdata on registrations at the employment offices in Spain. Using PES microdata, we obtain the actual volume of registrations at PES for the universe of unemployed individuals in each Spanish region. As a result, we come up with a new measure outreach that is defined as the proportion of individuals that is registered at PES among the individuals in that collective that report in the LFS being registered at PES. We call this indicator the PES/LFS measure of outreach. For the rest of this section, we discuss how the whole unemployed young population and the whole unemployed NEET population perform in terms of PES/LFS outreach[1].

Figure 9 provides the PES/LFS outreach levels by region for the *whole unemployed young population.* Using this measure, the average PES/LFS outreach level across regions is 64.8%. As shown in the figure, *Castilla la Mancha, Cantabria, Asturias, and Navarre are the regions where a higher proportion of unemployed young people is formally registered at the PES services.* Conversely, *Catalonia, Balearic Islands, Valencian Community, and Castille and León are the regions where there is greater room for improving outreach levels among the unemployed youth.*

In particular, of the seventeen regions, three of them present medium levels of outreach—with Galicia, Andalusia, and Canary Islands having outreach levels ranging from 61.2% to 64.2%. Outreach is lower than the average value for seven regions. Murcia, Madrid, and Extremadura have low outreach levels while Catalonia, Balearic Islands, Valencian Community, and Castille and León have very low outreach levels—in particular, from 56.7% to 60.5% and from 50.6% to 55.3%, respectively. Finally, seven regions have higher than the mean outreach levels. Of those seven regions, Aragon, La Rioja, and Basque Country have high outreach levels, with levels ranging from 66.5% to 68.4%. Navarre, Asturias, Cantabria, and Castilla la Mancha conform the top quintile in terms of outreach for the unemployed youth, with levels ranging from 71.5% to 95.5%. Outreach rates among the whole unemployed young population across regions are provided in Table A.3 of the Annex.

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[1] Hereinafter, we refer to these collectives as the "whole unemployed young population" or the "whole unemployed NEET population" to highlight that, since we are exploiting PES administrative data, we are analysing the universe of individuals in that collective.

Figure 9 Outreach (PES/LFS), whole unemployed young population
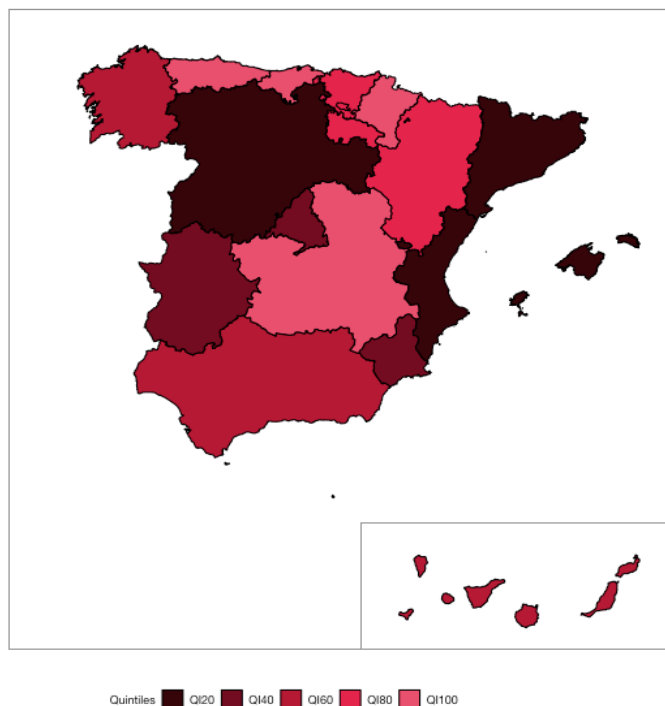
Quintiles ■ QI20 ■ QI40 ■ QI60 ■ QI80 ■ QI100

Source: Own elaboration based on the LFS.

Note: Outreach is measured using the LFS definition, see section 2.2 for further details.

Once we have described the regions where a higher proportion of the unemployed is registered at PES, we turn to explore PES/LFS outreach rates among the *whole unemployed NEET population.* Describing this group is the most important goal of this section, as it will allow us to measure more precisely outreach rates among the unemployed NEETs. Moreover, this exercise will also allow us to evaluate the reliability of the LFS for measuring outreach among the unemployed NEETs, by comparing results obtained in section 4.1 to the ones discussed in the remainder of this section.

To construct the PES/LFS measure of outreach rates among the whole unemployed NEET population, we exclude the student unemployed from the whole unemployed population (see Figure 1). Using this measure, the average PES/LFS outreach level across regions is 88.4%. As shown in the figure, *Navarre, Basque Country, Cantabria, and Castilla la Mancha are the regions where a higher proportion of unemployed NEETs is formally registered at the PES services.* Conversely, *Catalonia, Balearic Islands, Valencian Community, and Castille and León are the regions where there is greater room for improving outreach levels among the unemployed NEETs.*

We discuss in Figure 10 how the PES/LFS measure of outreach for the whole unemployed NEET population varies across regions. Of the seventeen regions, two of

them present medium levels of outreach—with La Rioja and Murcia having outreach levels ranging from 81.6% to 81.9%. Andalusia, Madrid, Canary Islands, and Extremadura have low outreach levels while Cataluña, Balearic Islands, Valencian Community, and Castille and León have very low outreach levels—in particular, from 76.3% to 78.8% and from 63.1% to 70.8% respectively. Galicia, Aragon, and Asturias have high outreach levels, with levels ranging from 85.0% to 100.7%. Navarre, Basque Country, Cantabria, and Castilla la Mancha are the top 20% regions in terms of outreach for the unemployed NEETs, with levels ranging from 105.5% to 141.9%. Outreach rates among the whole unemployed NEET population across regions are provided in Table A.4 of the Annex.

Figure 10 Outreach (PES/LFS), whole unemployed NEET population
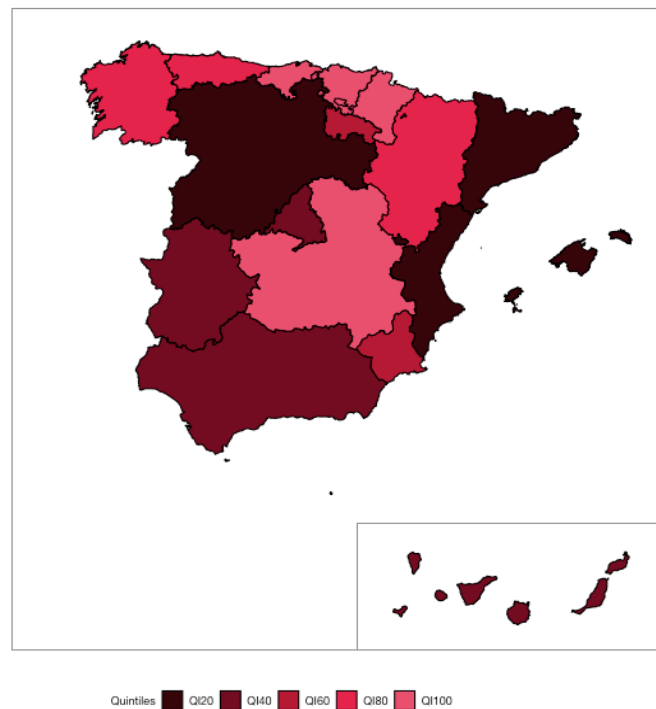
Quintiles Ql20 Ql40 Ql60 Ql80 Ql100
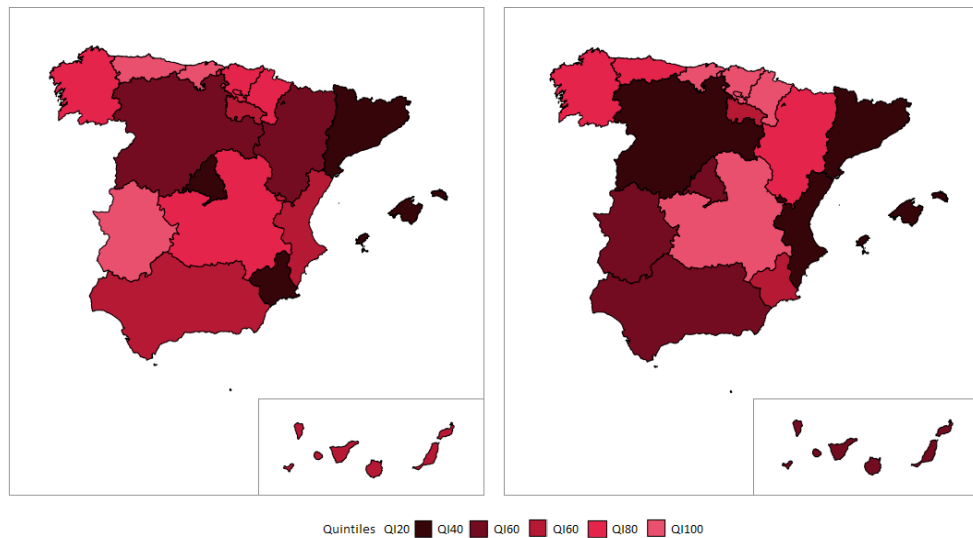
Source: Own elaboration based on the LFS.

Note: Outreach is measured using the LFS definition, see section 2.2 for further details.

As stated above, the average PES/LFS outreach level for the whole unemployed NEET population across regions is 88.4%.

This measure is insightful for at least two issues: firstly, as provided in section 3.2, the LFS outreach for the unemployed NEET population in Spain was 78.1%. Hence, *the outreach rate for the whole unemployed NEET population is higher when one measures outreach under the PES/LFS definition.* This would imply that the *LFS outreach underestimates the true outreach rate, at least for the unemployed NEET population.* Still, both outreach variables tend to behave in a similar fashion. To illustrate this idea,

we compare the LFS measure of outreach with the PES/LFS measure of outreach in Figure 11. As shown by the figure, there is a significant degree of overlap between both outreach measures. Most regions belong in the same group of outreach in both indicators or move slightly in the ranking in the PES/LFS measure of outreach. Besides, the correlation between both indicators is relatively strong and positive (0.55).

Figure 11 LFS outreach and PES/LFS outreach, unemployed NEET population

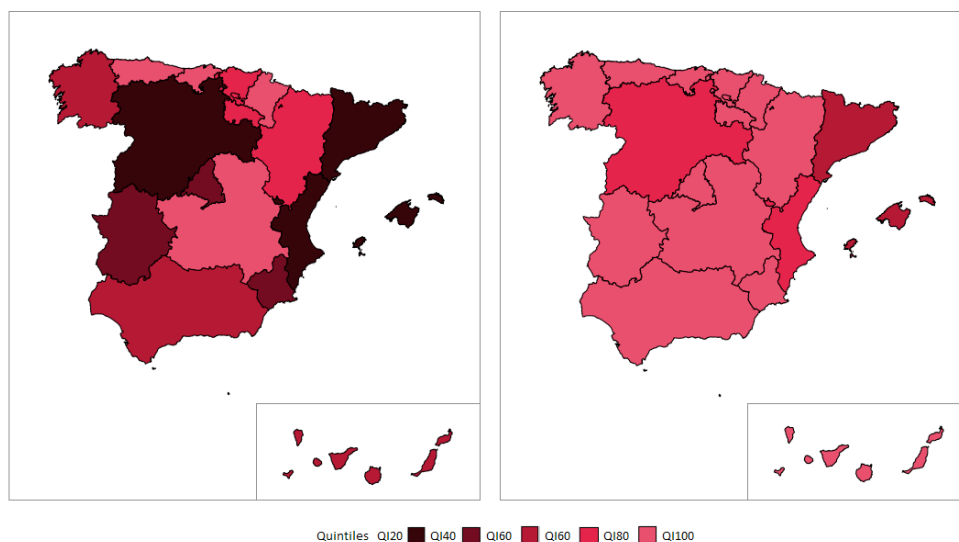*Source: Own elaboration based on the LFS.*

Note: Outreach is measured using the LFS definition, see section 2.2 for further details.

Secondly, as discussed above, the PES/LFS outreach for the whole unemployed young population in Spain was 64.8%. *The PES/LFS outreach rate for the whole unemployed NEET population is thus higher than for the whole unemployed young population. We interpret the former as a sign of a poorer understanding of the material benefits of being registered at the public employment office among unemployed students.*

We explore how this finding varies across the Spanish regions in Figure 12. The figure compares the PES/LFS measure of outreach for the whole unemployed and the whole unemployed NEET population across regions. The left-hand side map presents the PES/LFS measure of outreach for the whole unemployed young population, while the right-hand side map does for the whole unemployed NEET population. Both figures use the same scale, as the primary interest is to compare how outreach changes from the first to the second collective. As Figure 12 shows, outreach for the unemployed NEET is higher for any region—vis-à-vis its whole unemployed young population counterpart. Moreover, experienced changes are substantial. We find that the average gain across the seventeen Spanish regions is about 25%. Regions thus move up in the scale, as

shown by the figure. This provides further evidence on the relatively poorer understanding of the material benefits of being registered among unemployed students.

Figure 12 PES/LFS measure of outreach for the unemployed population and the unemployed NEETs
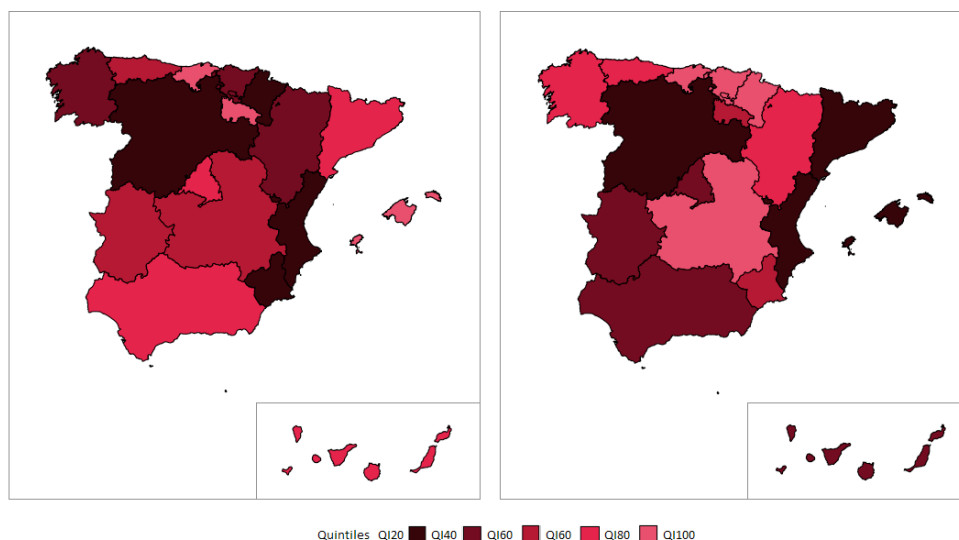

Quintiles QI20 QI40 QI60 QI60 QI80 QI100

Source: Own elaboration based on the LFS.

Note: Outreach is measured using the LFS definition, see section 2.2 for further details.

Finally, we revisit in Figure 13 the relationship between social benefits coverage and registration at PES for the unemployed NEETs.

We took a look at this relationship under the LFS definition of outreach in Figure 5. We now complete this picture using the PES/LFS outreach measure. Given the relatively high correlation between both outreach measures shown in Figure 11 and the weak association between social benefits coverage and the LFS measure of outreach shown in Figure 6, we do not expect to find strong evidence on the relationship between social benefits coverage and PES/LFS outreach. As shown in the figure, there seems to be no strong evidence on the association between social coverage each region offers to unemployed NEETs and its outreach level among NEETs in this collective when the latter is defined using PES administrative data. This additional adjustment helps us provide further evidence on the association between social benefits and outreach levels for the unemployed NEETs.

Figure 13 Percentage perceiving benefits and outreach (PES/LFS) across Spanish regions, whole unemployed NEET population

Source: Own elaboration based on the LFS.

Note: Outreach is measured using the LFS definition, see section 2.2 for further details.

5.   Concluding remarks

This report has first provided the statistical profile of the NEETs. In terms of their socio-demographics, we observe a higher proportion of females among NEETs. Most of the NEETs also belong to the oldest age group. In terms of education, more than half of the NEETs have achieved a maximum of a Middle School degree. This report has also provided the NEETs profile with regard to their main socio-occupational characteristics. We observe that most of them are unemployed and that a remarkable share of NEETs is not registered at PES. Finally, it is shown that most NEETs do not receive social benefits.

For the unemployed NEETs, we find that the average LFS outreach level across regions is 77.8%. For the inactive NEETs, the average LFS outreach level across regions is 35.0%. We discussed in section 3.2 that the outreach for the whole NEET population in Spain was 64.1%. *This implies that there is room for improving outreach levels in Spain by focusing on the inactive NEETs (as opposed to unemployed NEETs).*

For both collectives, we have also explored whether differences in the proportion of unemployed or inactive NEETs registered at the PES in each region might be driven by the social coverage each region offers to NEETs in each collective. For the unemployed NEETs, there seems to be no strong evidence in that direction. This picture does not change even if we adopt the PES/LFS definition of outreach. However, for the inactive

NEETs, the correlation between both indicators is relatively strong and positive (0.43). Regions offering higher social coverage to the inactive NEETs thus tend to perform better in terms of outreach levels among the inactive NEETs.

We believe that the existence of such relationship for the inactive NEETs but not for the unemployed NEETs might come from the nuance differences between both states in the Spanish context. As explored in the analysis, the group of inactive youth seems to be mostly formed by caretakers (young mothers), people that are not looking for a job due to illness or disability, people who do not meet the requirements to be considered unemployed by the LFS, and by young people whose benefits have expired but have not updated their situation in the PES. People in the last two groups are thus potential shifters between the unemployed and inactive NEET status. In that scenario, those regions offering better social coverage to the inactive NEETs might incentivise NEETs to keep registered themselves as inactive NEETs.

On the other hand, the Youth Guarantee System has had a noticeable role in the strategy to tackle youth labor instability in Spain. After the economic recession, more young people are enrolled in different education schemes or have obtained an opportunity to enter the labor force that they previously lacked.

However, there is much more to be accomplished, as youth employment in Spain is still far from the European average, and certainly far from the model countries. Some recommendations could be of special interest for that purpose.

The structure of the YGS should be modernized, introducing more freedom to organize programs and hire professionals, improving communication between administrations and adapting the contents of job or training offers to the current labor market situation. Additionally, a new advertising strategy should be launched to give a face lift to the employment institutions, in order to appear as more useful to the young public. Finally, those who fall off the limits of the YGS should be found and introduced, since they are the most in need of an opportunity to succeed.

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Table 1 Relationship between receiving social benefits and outreach level across regions, unemployed NEETs

	Benefit measure		Outreach measure	
	% declaring to receive social benefits (LFS)	Quintile of the benefit measure distribution	LFS measure of outreach	Quintile of the benefit measure distribution
La Rioja	38.40%	Qi5	83.40%	Qi3
Cantabria	27.60%	Qi5	85.60%	Qi5
Balearic Islands	26.70%	Qi5	57.10%	Qi1
Catalonia	22.80%	Qi4	63.90%	Qi1
Andalusia	21.60%	Qi4	82.20%	Qi3
Madrid	20.50%	Qi4	69.80%	Qi1
Canary Islands	19.40%	Qi4	76.60%	Qi3
Asturias	15.80%	Qi3	86.60%	Qi5
Castilla-La Mancha	15.50%	Qi3	85.00%	Qi4
Extremadura	15.40%	Qi3	92.00%	Qi5
Basque Country	14.90%	Qi2	84.90%	Qi4
Aragon	14.20%	Qi2	74.20%	Qi2
Galicia	13.60%	Qi2	84.60%	Qi4
Murcia	12.60%	Qi1	60.30%	Qi1
Valencian Community	11.20%	Qi1	76.40%	Qi3
Castille and León	8.70%	Qi1	75.40%	Qi2
Navarre	4.90%	Qi1	84.30%	Qi4

Source: own elaboration based on LFS.

Table 2 Relationship between receiving social benefits and outreach level across regions, inactive NEETs

	Benefit measure		Outreach measure	
	% declaring to receive social benefits (LFS)	**Quintile of the benefit measure distribution**	**LFS measure of outreach**	**Quintile of the benefit measure distribution**
Navarre	13.7%	Qi5	39.1%	Qi4
Balearic Islands	11.9%	Qi5	53.4%	Qi5
Cantabria	9.7%	Qi5	44.8%	Qi5
Catalonia	9.1%	Qi5	25.2%	Qi1
Basque Country	9.0%	Qi4	42.7%	Qi5
Andalusia	8.8%	Qi4	32.0%	Qi2
Valencian Community	7.6%	Qi4	36.1%	Qi4
La Rioja	7.6%	Qi3	22.3%	Qi1
Asturias	6.0%	Qi3	31.0%	Qi2
Madrid	5.2%	Qi3	32.3%	Qi3
Castilla-La Mancha	5.0%	Qi2	35.7%	Qi3
Galicia	5.0%	Qi2	40.5%	Qi4
Canary Islands	4.7%	Qi2	26.6%	Qi1
Extremadura	4.0%	Qi1	42.8%	Qi5
Murcia	3.5%	Qi1	23.1%	Qi1
Aragon	2.6%	Qi1	26.8%	Qi2
Castille and León	0.6%	Qi1	34.2%	Qi3

Source: own elaboration based on LFS.

Table 3 Relationship between receiving social benefits and outreach level across regions, whole unemployed young population

	Benefit measure		Outreach measure	
	% declaring to receive social benefits (LFS)	Quintile of the benefit measure distribution	LFS measure of outreach	Quintile of the benefit measure distribution
La Rioja	33.9%	Qi5	67.5%	Qi4
Balearic Islands	30.1%	Qi5	52.1%	Qi1
Catalonia	18.8%	Qi5	50.6%	Qi1
Andalusia	18.5%	Qi5	64.2%	Qi3
Cantabria	18.0%	Qi4	84.4%	Qi5
Asturias	17.0%	Qi4	74.0%	Qi5
Canary Island	16.3%	Qi4	61.2%	Qi3
Madrid	15.3%	Qi3	56.8%	Qi2
Castilla-La Mancha	14.7%	Qi3	95.5%	Qi5
Murcia	13.8%	Qi3	56.7%	Qi2
Extremadura	13.7%	Qi2	60.5%	Qi2
Basque Country	12.5%	Qi2	68.4%	Qi4
Aragon	12.0%	Qi2	66.5%	Qi4
Galicia	11.6%	Qi1	62.7%	Qi3
Valencian Community	10.0%	Qi1	53.4%	Qi1
Castille and León	8.6%	Qi1	55.3%	Qi1
Navarre	3.3%	Qi1	71.5%	Qi5

Source: own elaboration based on LFS.

Table 4 Relationship between receiving social benefits and outreach level across regions, whole unemployed NEET population

	Benefit measure		Outreach measure	
	% declaring to receive social benefits (LFS)	Quintile of the benefit measure distribution	LFS measure of outreach	Quintile of the benefit measure distribution
La Rioja	38.4%	Qi5	81.9%	Qi3
Cantabria	27.6%	Qi5	126.5%	Qi5
Balearic Islands	26.7%	Qi5	63.1%	Qi1
Catalonia	22.8%	Qi4	64.2%	Qi1
Andalusia	21.6%	Qi4	78.8%	Qi2
Madrid	20.5%	Qi4	78.8%	Qi2
Canary Island	19.4%	Qi4	76.3%	Qi2
Asturias	15.8%	Qi3	100.7%	Qi4
Castilla-La Mancha	15.5%	Qi3	141.9%	Qi5
Extremadura	15.4%	Qi3	76.3%	Qi2
Basque Country	14.9%	Qi2	112.7%	Qi5
Aragon	14.2%	Qi2	89.2%	Qi4
Galicia	13.6%	Qi2	85.0%	Qi4
Murcia	12.6%	Qi1	81.6%	Qi3
Valencian Community	11.2%	Qi1	69.1%	Qi1
Castille and León	8.7%	Qi1	70.8%	Qi1
Navarre	4.9%	Qi1	105.5%	Qi5

Source: own elaboration based on LFS.