

EIB'S INITIATIVES FOR YOUTH EMPLOYMENT



Eighteenth Meeting of the WBIF Steering Committee
Session: SME development under the WBIF Umbrella

Anna Canato

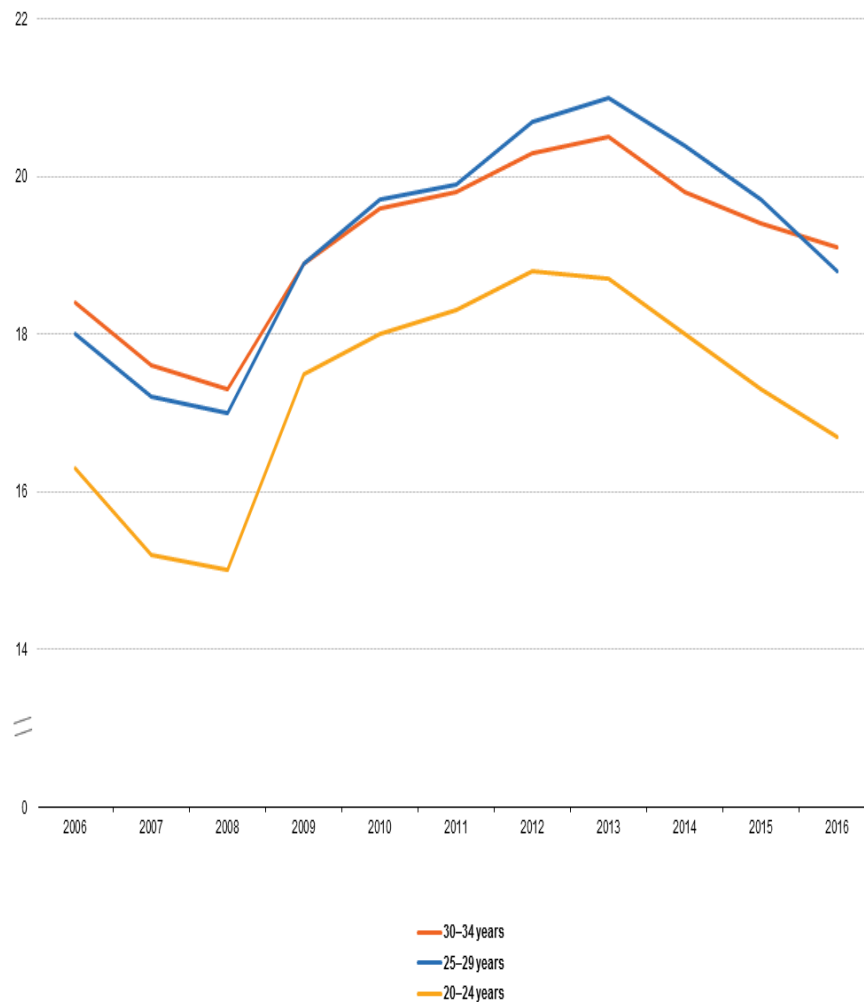
June 19th, 2018 - Paris

Outline

- I. EU Youth employment initiative
- II. European Youth employment and Training initiative for the Western Balkans (WB EYET)

The EU's Youth Employment Initiative (YEI)

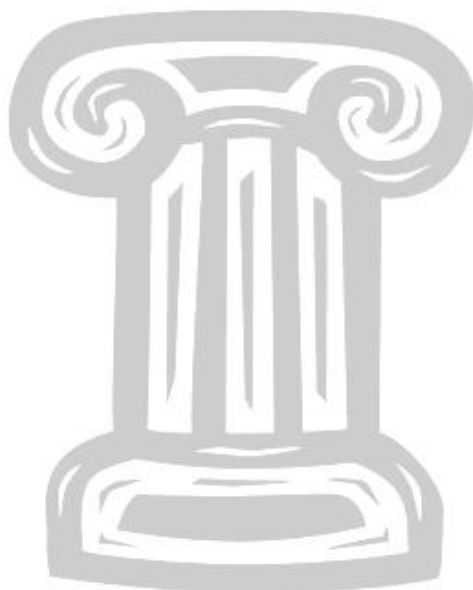
- Since 2013, the YEI supports **young people (15 – 25 years)** not in education, employment or training;
- Positive trends across Europe, with regional differences.



EIB's "Skills and Jobs – Investing for Youth" programme

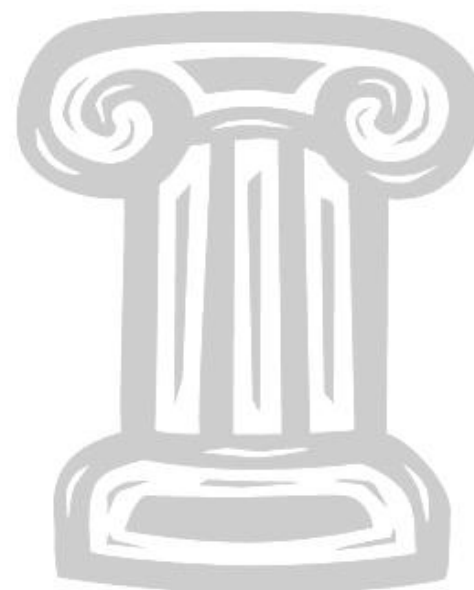
Two complementary pillars: Increasing investments in skills and human capital and enhancing conditions for youth employment

EUR 3 bn



Investing in Skills

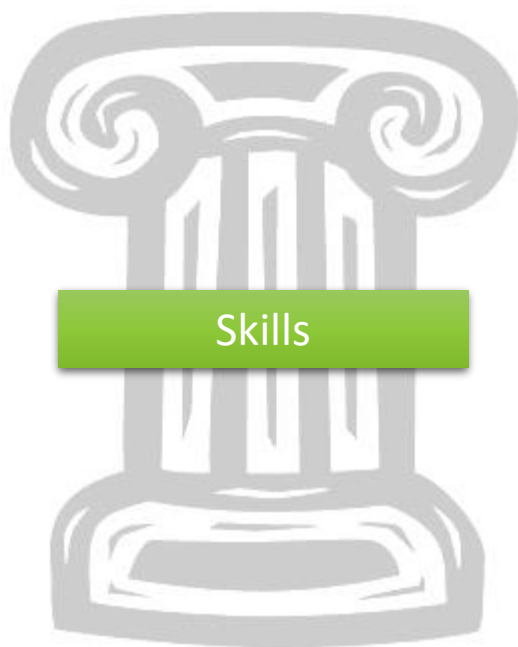
EUR 3 bn



Jobs for Youth

“Skills and Jobs – Investing for Youth” programme

Investing in Skills



EUR 3 bn annually

Facilities

- Universities/research facilities
- Schools for upper secondary/tertiary education
- Social housing for students and mobile employees
- Buildings for Public Employment Services

Vocational training programmes

- Private & public sector promoters

Student loans & mobility programmes

- **Student loans:**
 - Link between loans and the costs incurred during the studies
 - Eligible costs broadly defined
- **Mobility** programmes for apprentices & young employees:

«Skills and Jobs – Investing for Youth» programme

Jobs for Youth



SMEs & Mid-Caps

EUR 3 bn annually

Microfinance (EIF)

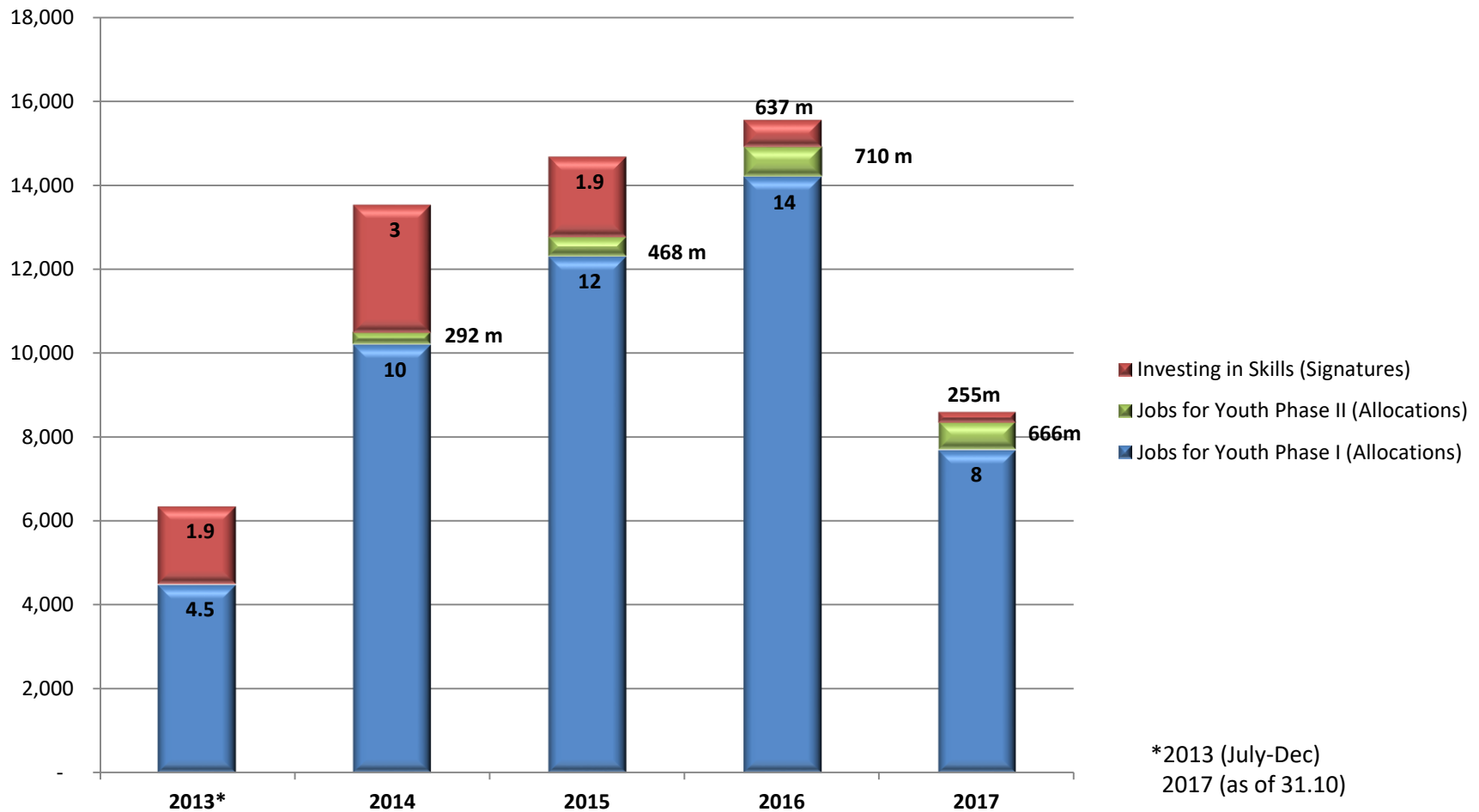
- Microfinance operations focusing on young entrepreneurs

SME & Midcap loans – 3 phases

- **Phase 1** (2013): increased lending to companies in regions with high youth unemployment (> 25%);
- Estimate of jobs for young that have benefitted from the loans: **50 000**
- **Phase 2:** (Q3 2013) dedicated operations/tranches for companies

“Skills and Jobs – Investing for Youth” programme

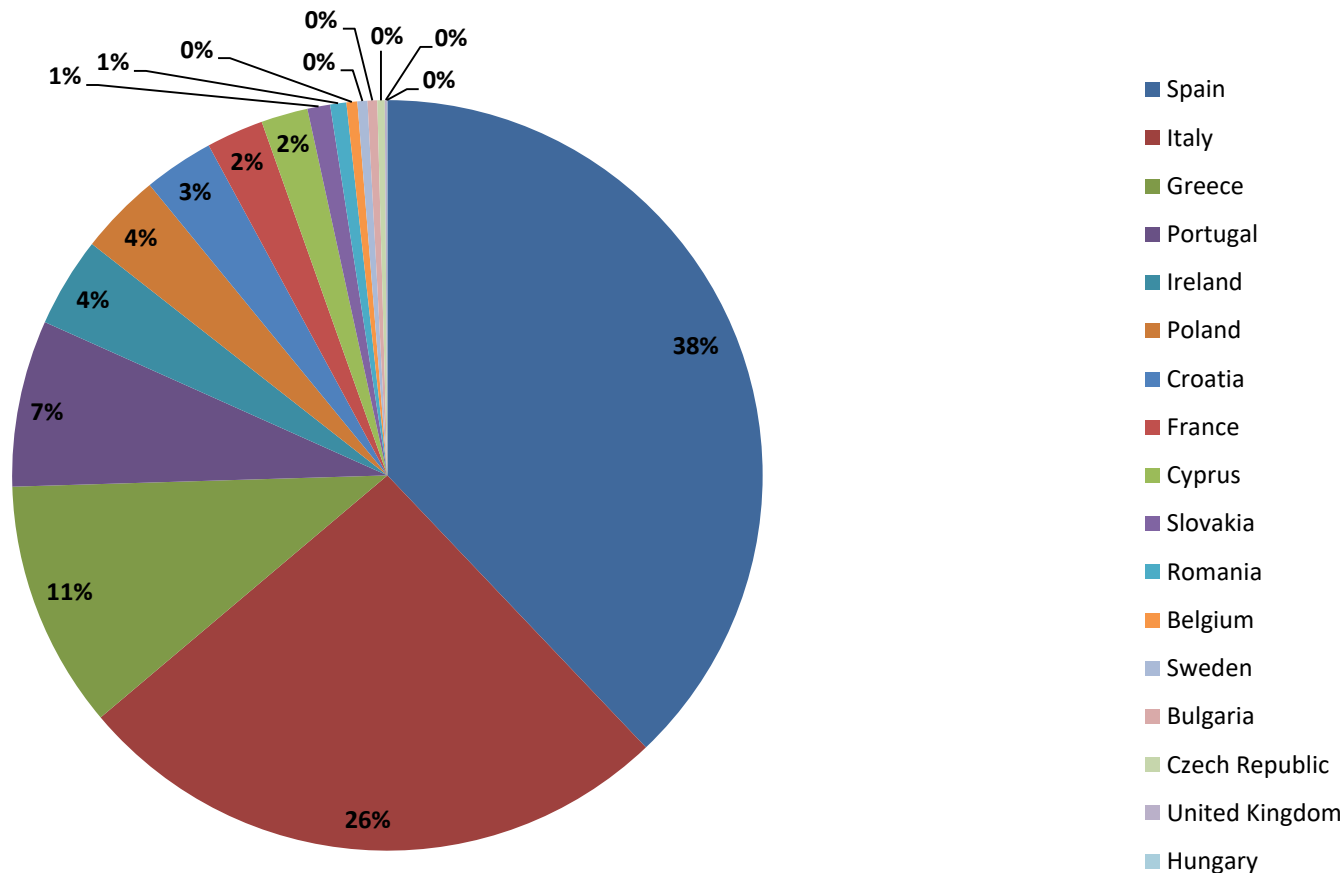
EIB Contribution to Youth Employment



“Skills and Jobs – Jobs for Youth” programme

Jan-Oct 2017

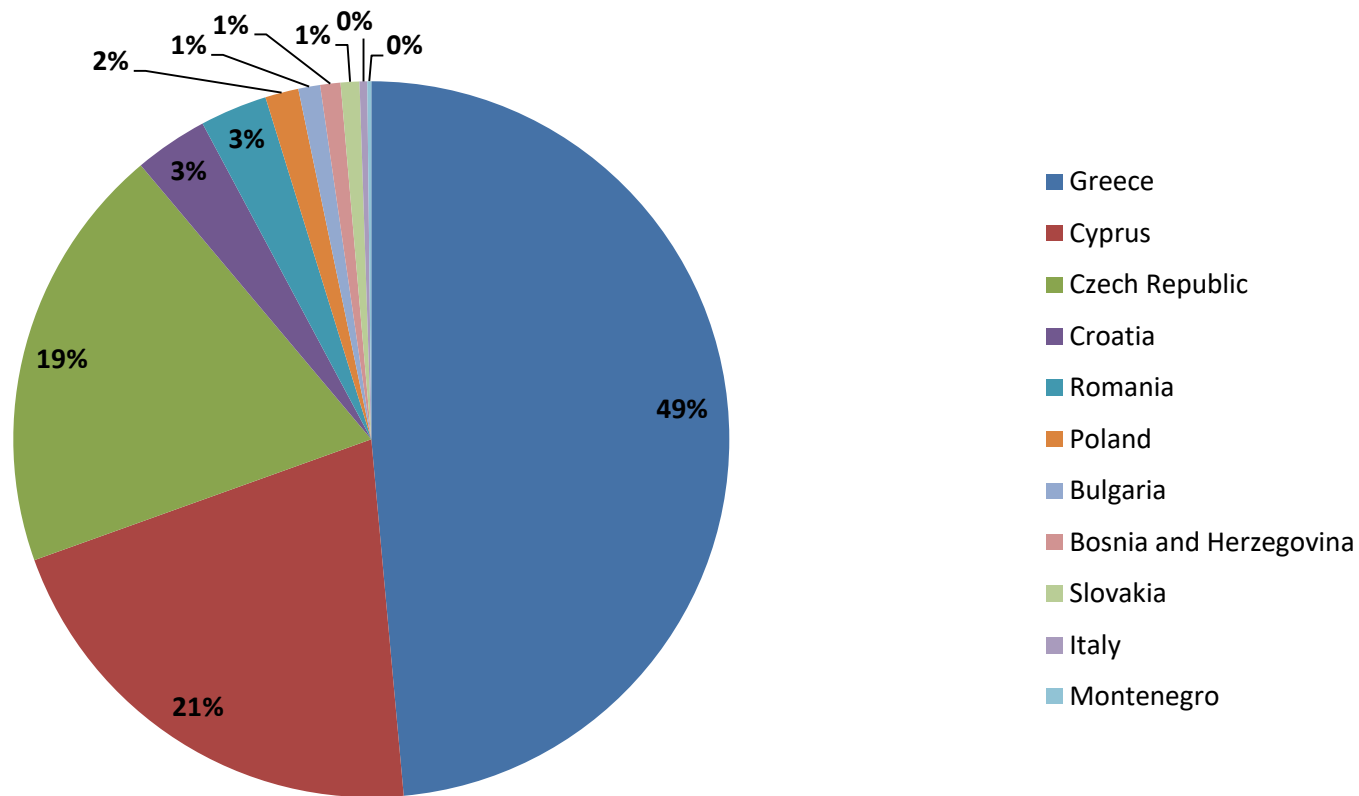
Lending for "Jobs" 2017 - Phase I Allocations



“Skills and Jobs – Jobs for Youth” programme

Jan-Oct 2017

Lending for "Jobs"- Phase II Allocations 2017



Lessons learnt on Jobs for Youth

- Relevant and effective intervention: SME and Midcaps are the largest employers of young people
- Companies which benefited from the program created more jobs and hired more young people, with respect to companies in similar conditions
- 26 000 extra jobs created for under 25 years
- Importance of the relationship with the financial intermediary
- Business environment (demand), credit availability, but also skills availabilities are important limitations for investment
- Relevance of complementary action and complementary investments to maintain the positive impact

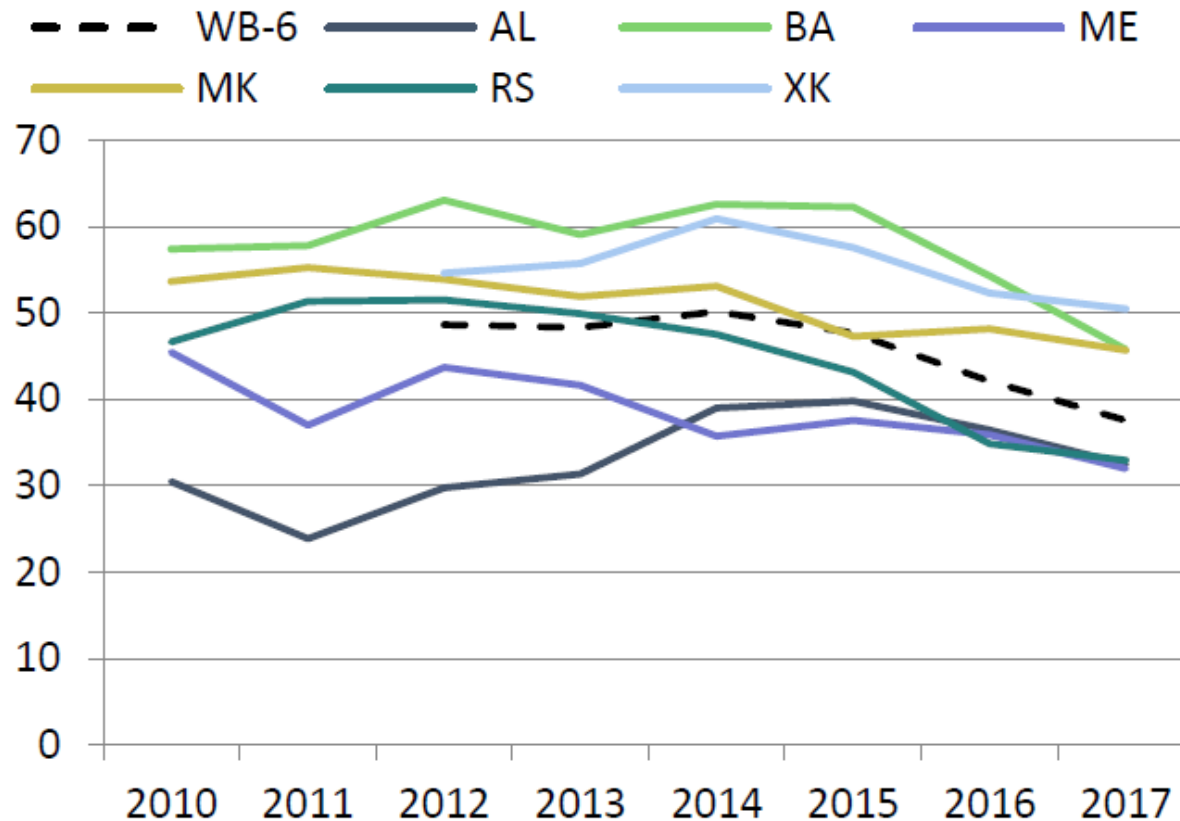
Source: EIB Survey to SME and Midcaps in PT, IT, Poland and Spain (2015)

YOUTH EMPLOYMENT INITIATIVE IN WESTERN BALKANS

Relevance of the intervention in Western Balkans

- SME and MidCaps represent the vast majority of the employers
- Large pool of young unemployed despite positive trends in recent years
- Low activity rates, above among young people and women
- Large share of population below 35 years old
- Need for upskilling and training of young population, underdeveloped VET system

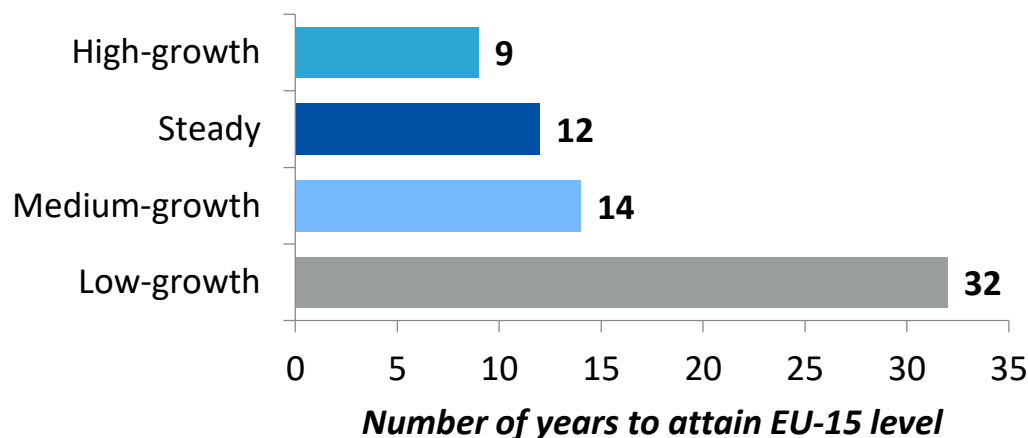
Youth unemployment rates, positive trend to be sustained



Source: SEE jobs Gateway

Scenarios about private sector and SMEs investment needs

- A dedicated study (EIB/ University of Nice) analysed the future investment needs and employment trends for the SME sector in Western Balkans, following different growth objectives and under the assumption of a relatively stable share in the value added.
- The study showed that, in order to attain the EU-15 level of the employment-to-population ratio (52%), 3 million additional jobs should be created.
- Under a medium growth scenario SMEs investment needs in the WB6 region until 2020 are estimated in the range 9.7 EUR bn (low bound) - 12.5 EUR bn per year (upper bound).

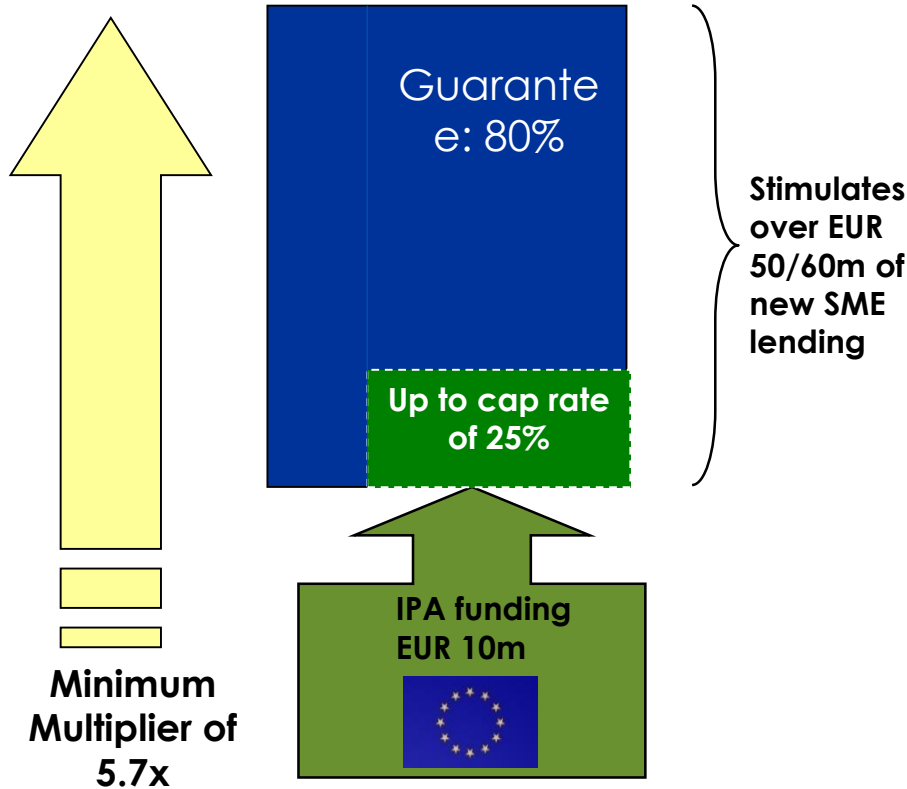


Sources: STAREBEI Study, EIB Institute. University of Nice – Sophia Antipolis (France)

European Youth employment and Training initiative for the Western Balkans (WB EYET)

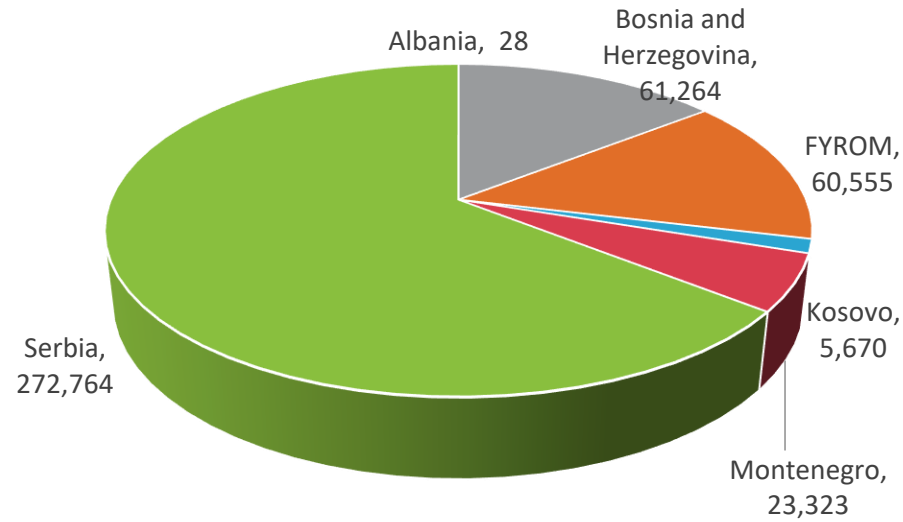
- Follows the engagement at the WB6 Vienna Submit (2015)
- Sub-loan agreement with increased financial advantage to final beneficiaries (SMEs) that in the last 6 months:
 - have hired and still employ at least one young person (2 for SME 10-100 employees, 5 MidCaps 101-250), and /OR
 - Have provided vocational training or internship position for at least one young person (2 for SME, 5 MidCaps) of at least 6 month duration
- Currently implemented through local intermediaries in Serbia, Bosnia and Herzegovina, Montenegro
- Complements other interventions for skills and for SMEs

Guarantee Facility for Youth Employment



- Under the Guarantee Facility, EIF provides guarantees to selected financial intermediaries in Western Balkans.
- Under the envisaged YE window, EIF will cover 80% of the risk incurred by the banks on a loan by loan basis, up to max 25% of the aggregate portfolio, thus incentivising them to provide facilitated access to finance for YE SMEs.

WB YVET complement other interventions: Number of SMEs supported by EIB Group 2009-17



423,604 man/year jobs are sustained for a total amount of EUR 2,555m on allocations.

Thank you !

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