

POLICYMAKING UNDER EXTREMELY SEVERE ECONOMIC CONDITIONS

THE *YOUTH GUARANTEE* IMPLEMENTATION PLAN IN GREECE

Report for the Task Force for Greece

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Disclaimer:

Responsibility for the information and views set out in this report lies entirely with Mr Bruno Coquet.

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TABLE OF CONTENTS

[1]	EXECUTIVE SUMMARY AND MAIN RECOMMENDATIONS.....	9
[1.1]	The context.....	9
[1.1.1]	<i>Labour market situation and policy priorities</i>	<i>9</i>
[1.1.2]	<i>Youth Guarantee and project Management</i>	<i>9</i>
[1.1.3]	<i>Evaluation, evidence-based policymaking</i>	<i>10</i>
[1.1.4]	<i>Social dialogue</i>	<i>11</i>
[1.2]	The plan	12
[1.2.1]	<i>Financing structures and institutions</i>	<i>12</i>
[1.2.2]	<i>Youth Guarantee Guidance and Public Employment Service reform.....</i>	<i>12</i>
[1.2.3]	<i>The 4 months target</i>	<i>13</i>
[1.2.4]	<i>Job subsidies.....</i>	<i>13</i>
[1.2.5]	<i>Apprenticeship and professional education.....</i>	<i>14</i>
[1.2.6]	<i>Subsidies to entrepreneurship.....</i>	<i>14</i>
[2]	STRUCTURAL REFORMS.....	17
[2.1]	Essential labour market reforms have been passed	17
[2.2]	Costs and constraints stemming from non-reform.....	18
[2.3]	Labour market situation	19
[2.4]	Context and problems to address.....	21
[2.4.1]	<i>Diagnosis and identification of policy challenges.....</i>	<i>21</i>
[2.4.2]	<i>Youth: relative or absolute problem?.....</i>	<i>24</i>
[2.4.3]	<i>Policy priorities should better reflect Greek labour market specificities</i>	<i>26</i>
[3]	POLICY MANAGEMENT.....	29
[3.1]	Building on and pursuing institutional simplification	29
[3.2]	Poor assessment and no evaluation of similar previous programmes	29
[3.3]	Probably deeply rooted weaknesses	31
[3.4]	YGIP: a full-scale experiment for renewing public policy management?.....	33
[3.5]	Consensus building, social dialogue, policymaking.....	35
[3.6]	Too late for an evidence-based YGIP, not for clarification.....	38
[4]	YOUTH GUARANTEE: RE-BALANCE ACTIONS AND SECURE IMPLEMENTATION.....	41
[4.1]	Background and overall structure of the YGIP.....	41
[4.1.1]	<i>Youth Guarantee Background.....</i>	<i>41</i>
[4.1.2]	<i>Structure, destination, and consistency of actions.....</i>	<i>41</i>
[4.2]	OAED and the guidance challenge	47

[4.3]	4 months: a goal or a constraint?	50
[4.4]	Subsidizing private or public jobs?	51
	<i>[4.4.1] Benefits and limits of subsidizing private jobs</i>	<i>51</i>
	<i>[4.4.2] Reconsidering the option of subsidizing public jobs</i>	<i>55</i>
[4.5]	Apprenticeship: to what extent is it a “solution”?	57
	<i>[4.5.1] Apprenticeship and economic conditions</i>	<i>57</i>
	<i>[4.5.2] Apprenticeship and skills needs</i>	<i>58</i>
	<i>[4.5.3] Apprenticeship reform and YGIP</i>	<i>59</i>
[4.6]	Supporting entrepreneurship: at any price?	60
[5]	BIBLIOGRAPHY	65
[6]	ANNEXES	67
[7]	GLOSSARY	81



LIST OF FIGURES

1 – Unemployment rate: Greece and selected EU member states (15-64, 2000-2013).....	20
2 – Unemployment rate: Greece and selected EU member states (15-24, 2000-2013).....	20
3 – Hirings and separations by sector (Annual average, 2008-2011).....	22
4 – Annual hiring rate by sector (Gross, Annual average, 2008-2011)	23
5 – Labour force, hiring and separations (share of the total from 2008 to 2011).....	23
6 – Incidence of youth unemployment (Unemployed 15-24 / 15-64 years old, 2000-2013)..	25
7 – Incidence of youth unemployment (Unemployed 15-24 / 15 -64 years old, 2013).....	25
8 – EU budget under the Youth Guarantee compared to youth unemployment.....	25
9 – Reviving social dialogue: priority to informality.....	37
10 – Structure of the YGIP: planned budgets and recipients by destination.....	45
11 – Structure of the YGIP: planned budgets by programme.....	45
12 – Minimum wage and labour costs: Greece and France (2013)	53
13 – Subsidies to private or public jobs in Greece and France (2013)	53
14 – Job subsidies as a share of the minimum wage Greece and France (2013)	54

LIST OF TABLES

Table 1 – Worker flow characteristics (2008-2011).....	22
Table 2 – YGIP programmes: planned budgets, recipients and unit costs (simplified view)....	43
Table 3 – YAP programmes in January 2013: budgets, recipients and unit costs.....	44
Table 4 – Similar programmes in YGIP and YAP.....	46
Table 5 – Examples of programmes supporting entrepreneurship in Germany.....	62

LIST OF BOXES

Box 1 – Greek National Reforms Programme on “Evaluation of ALMPs”	31
Box 2 – Doubling OAED guidance capacity?	48



FOREWORD

This report was undertaken at the request of the Task Force for Greece of the European Commission, in order to assist the Greek Ministry of Labour, Social Security and Welfare for the implementation of the Youth Guarantee. The aim was to provide evidence based analytical perspective of the current labour market situation, in order to help the Greek government to improve the effectiveness and efficiency of active labour market programmes embodied in the draft Youth Guarantee Implementation Plan, which was submitted in December 2013 to the European Commission. This draft plan is the cornerstone of the work carried out in the present report, which identifies and highlight areas where there is room for significant improvements and efficiency gains. Beyond this specific purpose, this work was also considered as an opportunity in a view to providing advice and recommendations for improving the Ministry's capacity building as regards the design and implementation of labour market policies.

The reports builds extensively on information collected during a fact finding mission in Athens, carried out from 22nd to 31st January 2013. In this occasion, we benefited from the precious support of Greek officials from the Ministry of Labour, Social Security and Welfare, OAED, as well as from numerous fruitful meetings with Greek Social partners, labour market policy experts, and business actors, who helped to identify key issues for analysis.

I would like to thank the whole Task Force Greece team for its trustful support, in particular Georgette Lalis and Johannes Luchner in Athens office, Ken Lambert and Georges Siotis in Brussels office. Last, but not least, I'm particularly grateful to Eirini Georgiopoulou for the extremely efficient support that she provided to me in organising and carrying out the fact-finding mission in Athens.



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When compared with previous similar plans (Youth Action Plan in 2012, Employment Action Plan in 2013), the draft YGIP marks real progress in policy implementation management, although comments from the European Commission DG EMPL highlights several shortcomings. Many stakeholders appear to have been involved in its design, and a project management structure is described in the draft plan, in charge of monitoring and piloting the YGIP both at technical and political level (Working Group and Steering Group). In addition the plan follows the Commission template and is well structured, and clearly intends to give relevant and detailed information, even if these aspects could be improved further. From all these points of view, Greek authorities have well taken into account previous recommendations.

Our report draws general lessons from a policy implementation point of view, and makes specific recommendations regarding the overall balance, as well as details, of the planned labour market programmes. The report's recommendations can be expected to yield significant savings that should be reoriented toward more appropriate policy programmes, including public work programmes.

[1.1] The context

[1.1.1] Labour market situation and policy priorities

Beyond broad macroeconomic figures, the Greek labour market is not precisely described. Impressive facts, such as dreadful unemployment rates, undeclared work, wages crunch, etc. overshadow less visible features. This is unfortunate, the latter being crucial for policymakers in charge of targeting and designing efficient policy tools.

Greek labour market situation should be described in detail, to better highlight its specificities. Indeed Greece and its labour market face an exceptional situation, calling for specific answers, specific tools, and a specific balance of these tools.

In addition, labour market analyses are most of the time negative (including in the YGIP) without any positive view, in particular of what works. Indeed, in Greece also, virtuous behaviours or trends undoubtedly exist, and some youth probably succeed in finding regular jobs, etc. Thereby, it could be rewarding and relevant to design policy tools based on such positive observations.

[1.1.2] Youth Guarantee and project Management

YG implementation and policy management. The YGIP is a unique occasion to improve labour market policy management: well financed, clearly limited in time, focused on a specific population, with a clear leadership assigned to the Ministry of Labour. Moreover this plan involves many stakeholders that must collaborate efficiently, and has connections with other reforms already in progress that should be

well managed (OAED, apprenticeship and professional education, information systems, undeclared work, etc.).

Project management. A project management structure is provided in the plan. Yet, as Ministries and administrations are not used to work in project mode, this organisation should be reinforced and empowered. In this context the following suggestions should be considered:

- **Legitimacy and top-down empowerment:** the Project Director¹ (PD) should be identified as such, and unique. She acts in the name of the Minister and his cabinet to implement the YG, so as to benefit from a visible and continuous support from political level. The PD should have a permanent correspondent in the cabinet, to which she will report (at least weekly). This doesn't mean creating a new hierarchy or bypassing the existing one: the intention is to simplify the chain of command, communication, and having a single focal points at political and technical levels, for all issues.
- **Information:** comprehensive monitoring information (detailed scoreboards) should be made available automatically, on a regular basis (weekly) to all stakeholders (at least all Working Group and Steering Group members), so that they can work with the same information, with the advantage of being able to share their view and analysis on all YG programme, including beyond their own operational responsibility.
- **Working Group and Steering Group functioning:** the PD should be supported in organising and managing meetings (agenda, inputs, information, feedback, expected outcomes, participants' role and motivation, next steps, etc.). Support from a specialized consultant, experienced with such working methods, is highly desirable.

Producing, sharing and using information. Beyond the YG, this is a key issue to improve working methods and efficiency within the Ministry: whatever their role or duties, people involved in a project should be able to “collaborate” at any moment, which requires sharing the same information, at the same time. Beyond project management this step is a prerequisite to improve evaluation, and in the future evidence-based policymaking.

[1.1.3] Evaluation, evidence-based policymaking

Evidence-based policymaking relies on good evaluations of what worked or not in the past, on accurate descriptions of labour market needs, and on precise identification of issues to address.

Monitoring and analysis. For most programs, huge progress could be made through carrying out in depth analysis of scoreboards figures. This is a top priority, which could be pursued in the short term within the Ministry and OAED, at no cost. These analyses should be used to feeding the *Working Group*.

¹ The “Project Director” is already identified called “YG coordinator” in the YGIP.

Skills' needs forecast. Skills forecasting is indispensable if Greece wants to improve skills' matching between education, lifelong learning, and companies' needs. It's urgent. For the first projection, a joint-team of Greek economists² and foreign experienced experts should be considered, to rapidly transfer skills to Greek researchers. CEDEFOP, the specialized EU agency (Greece based), could support this project, and speed it up.

Evaluations. The YGIP foresees evaluations for each programme (YGIP, Table 4.2). Yet if some programmes deserve scientific evaluations, with sophisticated economic techniques (typically programs financing job subsidies, training, guidance, etc.), is not necessary to apply these sophisticated techniques to all programmes. Technical evaluations should be sub-contracted to research centres (public or private): some should be paid (to meet quality requirements, get the right indicators, in short deadlines, etc.) but evaluating is not always costly, to the extent that researchers are constantly looking for datasets and evaluations to carry out for academic purposes.

[1.1.4] Social dialogue

Reviving social dialogue and social collaboration is of utmost importance. Whatever the future of Greece, this will happen because no country can move forward without sharing a minimum social and political consensus.

Beyond official postures, there is a strong willingness among all stakeholders (employees and employers' organisations, charities, think tanks, researchers, intellectuals, iconic businessmen, etc.) to work together. However, opportunities and instruments to make this happen are very rare.

Simple actions may help a lot:

- Currently, national social dialogue is mainly confined to mandatory meetings, which favours political statements and postures, but rarely constructive "dialogue". Bilateral contacts between government officials and social partners are useful but not sufficient. These forms of social dialogue should be maintained, and enhanced.
- **A bottom up approach is both desirable and practicable:** restoring links, cooperation, as first steps to restoring confidence, are prerequisites to revive consensus building and, in the longer term, a fruitful social dialogue on substance.
- **Civil and social dialogue among stakeholders,** at technical level, is underutilized. They should be encouraged to organise technical conferences on specific issues, and to publish papers; exchanges of best-practices should be promoted; official public reports could be ordered to iconic businessmen, intellectuals, and their results freely disseminated, to prepare the ground –and discussions– for future reforms, etc.

² For example KEPE, Centre for planning and economic research, has a relevant economic expertise, and could be a good candidate for such a forecast.

- **A Labour Market Independent Committee**, gathering experts, policymakers, and social partners could be created. Its purpose would be to share figures, views, analyses, knowledge, etc. on labour market issues. Its agenda would be disconnected from the government's, but its publications could be reused later, as inputs for technical discussion when preparing reforms. Such a Committee could also be used to give technical opinions on labour market reforms (for example a future YGIP).

These actions share a common aim: restoring a peaceful "civil dialogue". Cost is low, rewards can be huge. The sooner will be the better.

[1.2] The plan

[1.2.1] Financing structures and institutions

Care for youth, but don't forget the others. Considering current labour market situation, and financial resources scarcity, there is relatively substantial financing for youth policies. Symmetrically, money will be relatively scarcer for others population groups (for example prime age unemployed).

Money for youth, benefiting to all. Within a broader perspective, the YGIP should take this "soft budget constraint" into account to contribute to a better balancing of funds allocated to labour market programmes: a possibility would be to allocate more a substantial share of YGIP money to "structures" under YGIP (Public Employment Service Reform, Guidance offices and information, apprenticeship reform, etc.), even if some of these actions could also benefit to non-youth, during the next two years, or later.

[1.2.2] Youth Guarantee Guidance and Public Employment Service reform

Detail guidance supply. Guidance is an underestimated issue in most of YGIP programmes: yet, guiding well requires time, work, information, and substance. This is costly, sometime expensive. These aspects should be more precisely detailed in the plan: who does what and when, with a precise schedule.

Upgrading Public Employment Services. The YG workload will be huge, requiring human, technical and financial resources. Roughly speaking, the plan as currently foreseen would more or less double OAED's workload, or would require doubling its resources dedicated to guidance. There are three main strategies to deal with this challenge: first, creating "youth offices" as spin-offs from OAED, secondly bypassing OAED by creating a specific public youth employment service (or a private one, but this would require a specific control structure in the Ministry), finally mixing both previous solutions to take advantage from competition to select best practices for the future, with the disadvantage of multiplying control structures both in OAED and in the Ministry of labour.

More € for two purposes. As the YGIP is well funded, it would be wise to use this framework to channel money to the Public Employment Service (PES), for YG purposes, that would also contribute to speeding up PES structural reform (including OAED reengineering plan).

[1.2.3] The 4 months target

Reconsider the target. The 4 months deadline, the core target of the YGIP, could be envisaged as an objective rather than a constraint. For example, in the light of implementing a Youth Guarantee on a pilot basis, it could be decided for YGIP as a whole, or for each programme in particular, to aim for x% of beneficiaries to get their solution within 4 months (for the moment the implicit target is 100%).

Nonetheless, proposals for relaxing the “4 months” target set-up by the EU Council should rely on precise and detailed arguments.

[1.2.4] Job subsidies

The three programmes that are planned to subsidize private sector jobs undoubtedly contain one of the most important problems of the draft YGIP: underfinanced compared to entrepreneurship subsidies, these programmes are also too expensive in terms of unit costs, and crowd out subsidies to public jobs.

Private jobs subsidies should avoid creating jobs “against the market”. Indeed, these aids are efficient at influencing hiring of disadvantaged people but marginally influence employers’ decisions to create new jobs (this depends of demand for products).

This section of the YGIP deserves an in depth reconsideration:

- **Programmes’ targeting.** Programmes should be targeted to prioritizing specific subgroups (long-term unemployed, non-qualified, highly qualified, etc.).
- **Lower subsidies to private jobs.** Job subsidies to private work programmes should be lowered: planned unit costs are far too high, thus displacing regular jobs. Subsidies should be allocated at an hourly rate, sharply lower than the minimum wage, and a ceiling should be imposed in terms of working time (half-time jobs). This would allow involving many more young workers in YGIP programmes, favouring their inclusion into the labour market, while not displacing regular jobs.
- **Less funds for private subsidized jobs.** Budget allocated to private jobs programmes should be reduced, as these are inefficient and undesirable in the present context. The main problem concerns unit costs: subsidies are too high compared to the minimum wage, and designed for full-time jobs. Thereby, the current design of these contracts both maximises risks of displacing regular jobs, and minimises the number of beneficiaries.
- **Create a programme to subsidize public jobs.** A programme for subsidizing public jobs should be created. In the foreseeable labour market situation of the next two

years, it would be desirable to allocate the bulk of job subsidies to this program. The challenge is to find good employers, able to manage this young workforce, and to give it a real work experience: these employers undoubtedly exist, and as demand for public intervention is high (in particular social assistance) these jobs can be demand-driven, and visibly useful for both recipients and citizens.

[1.2.5] Apprenticeship and professional education

Apprenticeship is a smart and attractive “solution”: students leaving general education, or the renewed professional education, will instantly become NEETs, but NEETs with a solution, well before the 4 months deadline.

All possible synergies between YG implementation and the apprenticeship reform should be used. Indeed, these two plans can be mutually reinforcing, thus balancing negative effects stemming from the economic context. However, the government should remain vigilant, to the extent that any problems encountered in the implementation of one of these two projects could jeopardize the other.

Boosting apprenticeship under the YG is thereby extremely challenging:

- **Identify skills needs before orienting youth.** Relying too much on apprenticeship before having in hands a comprehensive skills' forecast for the medium term would be risky.
- **Clarify the apprenticeship “business model”.** More details should be given to clarify how apprenticeship is financed: will money go to guidance, training costs, to institutions, guidance, to employers and to apprentices?
- **Well-calibrated subsidies.** Even if it seems key to make this reform a success, subsidies should not be too high: in such a case it would artificially distort labour demand. Subsidies to apprenticeship should be calibrated optimally, as all subsidies going to private sector jobs (see above).
- **Greek authorities should remain flexible to reorient financing** from (or to) these programmes to others solutions offered to youth, if economic activity limits labour demand for apprenticeship.

However, present and foreseeable economic conditions are unfriendly for boosting apprenticeship. Indeed labour demand for these positions changes in line with economic conditions. This is why we should keep in mind that, even if it creates positive youth transitions into the labour market, apprenticeship is unlikely to have strong effects on employment and revenues in the short term.

[1.2.6] Subsidies to entrepreneurship

Programmes supporting entrepreneurs form the biggest part of the YGIP: they attract 41% of the whole YGIP budget (146,5 Mo€), but will benefit to only 33% of youth treated under YGIP. More importantly these programs are both very expensive and poorly described. Finally, recent experience show important weaknesses regarding

how these programmes were managed: in spite of being well funded, the bulk of these programmes have not been implemented, thereby freezing money that could have been used for other important purposes.

The programmes should be reconsidered along the following guidelines:

- **Less money should be allocated to these programmes**, at least in a first step. It seems very risky to make the same bet than in the YAP, without being sure that this money will be used, for relevant and well-controlled purposes.
- **Average unit costs should be sharply reduced**: by international standards, subsidies are very high and unconditional, instead of being directed towards precise levers, that usually complement and ease private initiative, rather than substituting it, thus risking creating businesses “against the market”.
- **Split programmes, to save money and gain efficiency**. As many aims, and many types of entrepreneurs or situations, are targeted under these programmes, they could be disaggregated into smaller ones, with clearer goals. That would improve policy management, and save money. Indeed, on the one hand most business-plans could require little money, on the other hand it’s important that this type of programmes rely on co-financing (the entrepreneur, its relatives, banks, and public money only to make things possible) rather than single public subsidies. If some promising businesses could require big money, it should never rely only on administrative decisions but on private ones ("promising" means that private investors should be attracted), public money being used mainly to reassure other stakeholders.



[2.1] Essential labour market reforms have been passed

Many essential structural reforms have been passed during the last two years. As these reforms may reduce barriers to hiring and facilitate labour market mobility they are of particular importance from a youth employment perspective:

- In 2012 the minimum wage has been reduced by -25%, to 586€ per month, and a specific minimum wage has been introduced for young workers (510€), -32% lower than the previous rate. This reform is intended to restoring competitiveness by lowering unit labour costs.
- Labour legislation has been made more flexible, in particular through lowering severance payments (reduced to one year of salary), through extending trial period for permanent contracts (up to one year), and also by restricting previous possibilities of extending social partners agreements.
- Labour Inspectorate has been reformed, and been given unprecedented powers to punish employers in case of undeclared work (fines up to a year of salary), in particular for companies hiring unemployment insurance recipients. Undeclared work is still high and probably rising (OECD, 2013), but targeted actions in the sector of tourism coincided with unexpected job “creations”, suggesting that tighter controls are efficient.

Cost-competitiveness of Greek companies has been largely restored: the required adjustment has been made in term of cost, at least at aggregated level (OECD, 2013). Yet, as pointed out by many of our contacts, credit shortage and the cost of capital are the two key binding constraints for investment and jobs creation in the short term; in addition business expectations are still shaky, in line with the macroeconomic outlook, and domestic demand remains weak as well as exports.

Thanks to this package of structural reforms, the Greek labour market could benefit from a future economic recovery: reforms of employment protection could rapidly stimulate labour market flows. This activation could be further reinforced if stricter mutual obligations were imposed to registered unemployed³ (currently under discussion, mentioned in the YGIP).

But considering that these reforms are unlikely to rapidly create new jobs by themselves, it would be unrealistic to expect a strong employment recovery in the short term. Thus ALMPs programmes will continue to confront very difficult conditions.

³ In particular unemployment benefit recipients

[2.2] Costs and constraints stemming from non-reform

All reforms passed comply with pressing recommendations from international organisations, some dating back before the present crisis. Regarding youth employment, some of the regulations enacted even go beyond recommendations made in the OECD's Jobs for Youth Study (2010), thus attesting a strong commitment to reforming.

There are three noteworthy exceptions:

- *Fixed term contracts legislation is still restrictive.* While the absence of fixed term contracts may apparently limit employment instability, in reality it chiefly limits job creation. This is of particular importance under present circumstances, when companies' order books ensure activity only for the very short-term, when anticipations are fragile, and companies reluctant to engage in stable labour contracts associated with potentially expensive firing costs. Some of our contacts have pointed out that the new legislation on trials periods allows employers to use permanent contracts as a substitute for fixed-term contracts; nonetheless the situation is not satisfactory. The new legislation may have similar effects as those of the "unique labour contract" the OECD (2010) promotes, but it can generate adverse effects, in particular in the current economic situation and for vulnerable groups of workers, including youth (see below).
- *Product market regulations are still important,* contributing to widening the gap between wages and the cost of living. Recent tax increases also pushed price upward, thereby reducing further households' purchasing power. Combined with the cut in minimum wage, this may create disruptive work incentives since well-being associated with employment has strongly decreased. Making work pay (declared work) is crucial for incentives to employment, investment and for economic recovery.
- *Tax wedge on labour is still very high,* giving strong incentives to undeclared work both to employers and workers. This has been reinforced by restrictive reforms of social benefits, in particular unemployment benefits.
- *Competition coming from undeclared work* adds specific constraints. Policymakers must take it into account when designing youth active labour market programmes and calibrating subsidies. Greece implemented bold reforms to reinforce labour inspection. Yet, fighting undeclared work not only requires to control employers, but also individuals' behaviour: financial incentives should make it clear, unambiguously to anyone that it is always preferable to work than not working. To that end moral hazard regarding social protection and social assistance schemes could probably be better addressed (individualisation, individual accounts, etc.).

Yet, some of our contacts mentioned that labour costs (both wage and non-wage labour costs) were not an issue in many sectors (in particular manufacturing industries). Indeed they reported positive opinions regarding the high quality of

labour force qualifications, its skills, its productivity and motivation. To the opposite, other interlocutors also expressed more conventional views, underscoring high labour cost and inadequacy of youth qualifications to labour market needs.

This is no evaluation, but it suggests that heterogeneity may be important between sectors, thus emphasising the usefulness of detailed data and analysis, in order to precisely evaluate concrete problems of labour market.

[2.3] Labour market situation

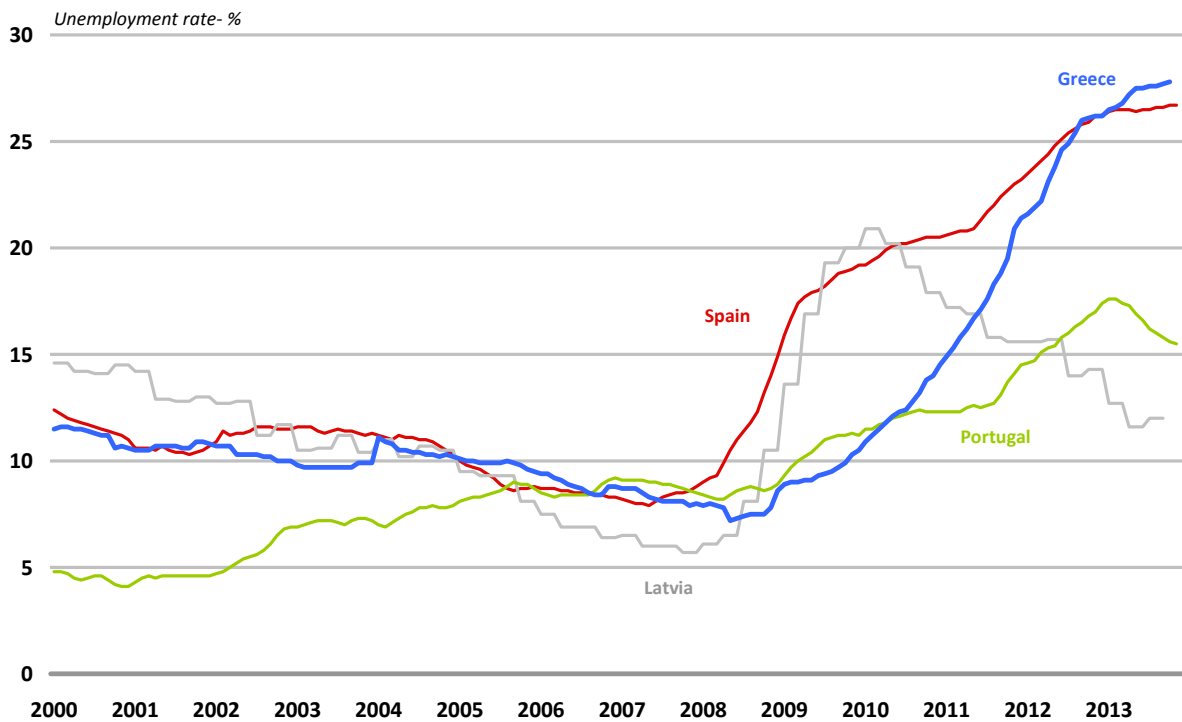
Following the fiscal and financial crisis, the Greek labour market experienced an extremely severe deterioration from 2009. Greek unemployment was less than 8% five years ago; it is now above 27%, the highest in the EU and still on the rise. The upward trend in unemployment slightly slowed down in 2012, yet no sign of stabilisation has been observed since then (Fig. 1). The unemployment rate only compares with the Spanish one, and is twice the level registered in other countries under Economic Adjustment Programmes like Portugal and Latvia.

The increase in unemployment is more recent in Greece than in other European countries where the crisis hit sooner (for example in Spain, Fig. 1). This delay is noteworthy: as a consequence, prevalence of long-term unemployment will certainly continue to increase sharply in Greece during the next two years, probably surpassing levels observed in others EU countries facing similar difficulties. So, even if the unemployment rate stabilizes in the near future, Greece will probably have to deal with increasing problems attached to long-term unemployment and social distress. Anticipating this context, the country should be prepared to stand a fight that promises to be long, and that will require huge resources.

Greece also has the highest youth unemployment rate in Europe, 58%. But youth situation is also very bad in many other European countries, 3 member states having a rate above 50% and 5 above 40%. Greece is specific regarding the fact that unemployment affects the whole labour force: in others countries youth account for a larger share of unemployed. This may stem from the fact that the Greek economic collapse brought down demand as a whole, thus hitting the entire labour force, not only youth. Indeed, some evidence supports this interpretation:

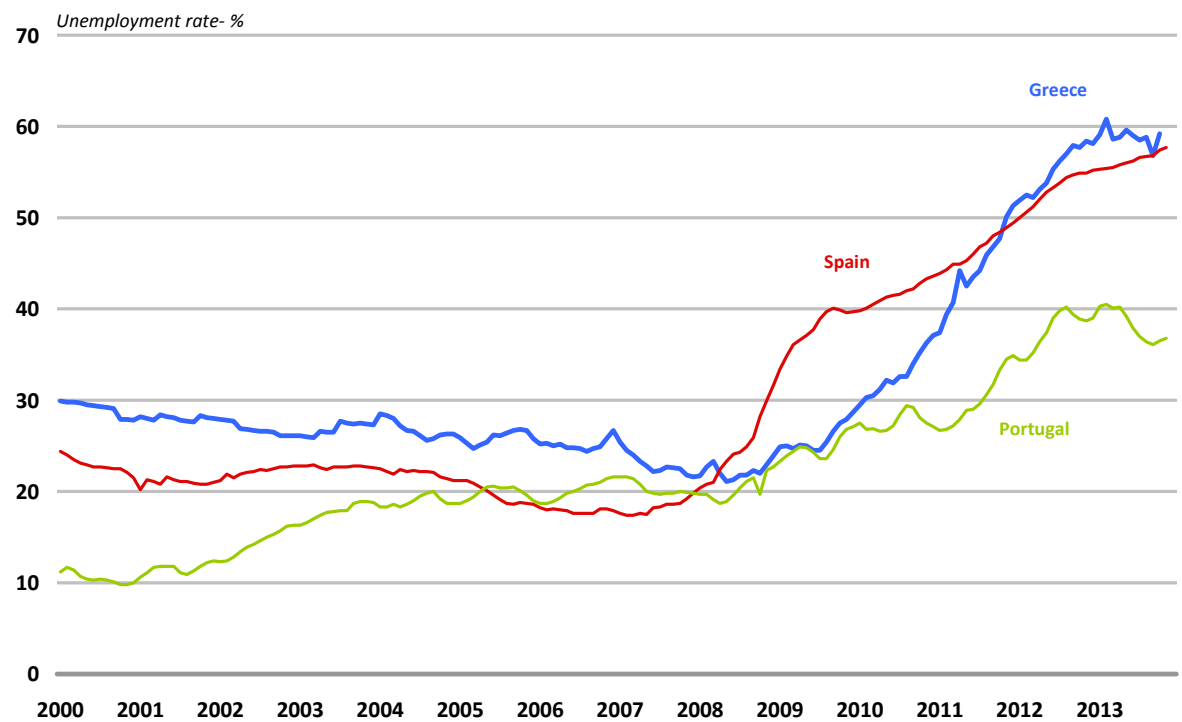
- Since the beginning of 2013 overall unemployment rate continued rising, while youth unemployment rate was stabilizing at high level.
- The share of young unemployed continuously declined since late 1990's, and this trend appears unaffected by the crisis (Fig. 6). If youth had been the earliest victims of the crisis, as in others countries when companies stop hiring, this trend would have been smoothed, or reversed.
- Youth unemployment rate was already very high before the crisis, meaning that the impact of low activity on youth employment has been much more balanced than in other countries, where the crisis and labour hoarding excluded youth from the labour market (Fig. 5 & 6).

1 – Unemployment rate: Greece and selected EU member states (15-64 years old, 2000-2013)



Sources: Eurostat. Author's calculations.

2 – Unemployment rate: Greece and selected EU member states (15-24 years old, 2000-2013)



Sources: Eurostat. Author's calculations.

Given the current level of unemployment, our interpretation is not intended to give an overoptimistic view youths' situation in Greece. Yet it suggests that youth do not face more specific adverse selection since the beginning of the crisis. As a consequence, policies designed to help them getting a job may create stronger substitution effects on the rest of the population than in other countries.

The aim of this report is not to draw a comprehensive and detailed analysis of Greek labour market situation. These examples intend to show that:

- A detailed analysis of the labour market is possible with existing data,
- It would be far more acute with more detailed data
- Such an analysis is crucial to propose relevant solutions to Greek problems.

Labour market policy is not panacea: it is about designing relevant programs to fix proved problems. Each problem should be proved, each clue deserves inquiry, and stereotyped solutions should be avoided.

[2.4] Context and problems to address

[2.4.1] Diagnosis and identification of policy challenges

Compared to previous ALMPs programmes (EAP, YAP) the Draft YGIP marks a real improvement: it includes a brief description of the context, giving in particular figures assessing the magnitude of the NEETs problem in Greece.

But the unemployment rate is so overwhelming that it obscures everything else: indeed beyond a rough diagnosis of the highness of the youth unemployment rate, it is unclear what type of youth specific problems should be fixed. As a consequence the broad consensus prevailing among macroeconomists overshadows important details, creating the weaknesses and serious loopholes in policymaking assumptions. Examples given in Fig 3 & 6 clearly show that although these broad evidences are accurate, too general ideas can be misleading when time comes to design relevant and accurate policy tools.

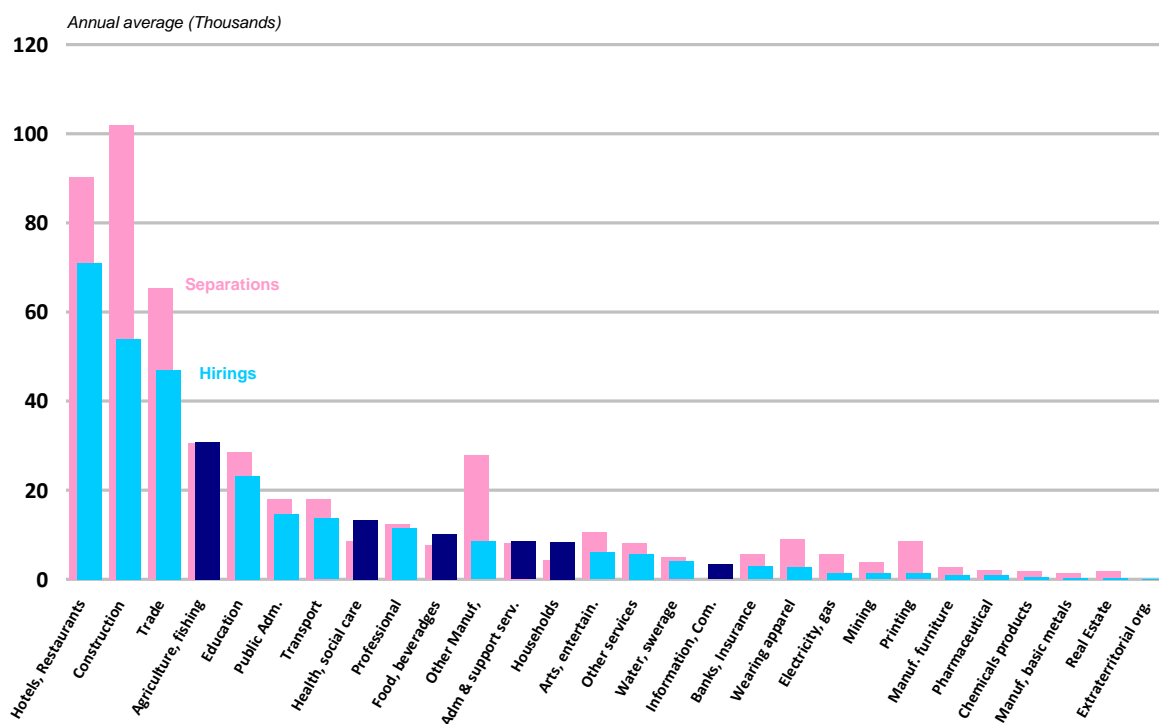
The YGIP is not based on a comprehensive and detailed description of the labour market situation. Data analysis is very incomplete, and not specific enough. As a consequence it's impossible to really identify and address current challenges. Accordingly it's difficult to be sure that proposed programmes are relevant, as well to prioritize these actions. Labour economists should complement and refine the founding diagnosis on this plan.

Table 1 – Worker flow characteristics (2008-2011)

2008q3 to 2011q2	Hirings		Separations	
	% employment	% Structure	% employment	Structure
Number (2008-2011)	346,500	346,500	487,600	487,600
Gender				
Men	7.4	56.9	11.2	61.6
Women	8.4	43.1	10.6	38.4
Total	7.9	100.0	11.0	100.0
Local units size				
[0-19[	8.1	77.0	11.1	74.5
[20-50[	7.1	6.6	12.4	8.2
50+	6.1	8.3	7.7	7.4
Other Units	7.8	8.1	13.5	9.9
Age group				
[15-30[	17.3	44.6	26.7	49.0
[30-50[	6.2	44.8	8.5	43.6
50+	3.3	10.6	3.4	7.3
Education				
Tertiary	6.2	29.4	6.6	22.2
Secondary	8.8	49.5	12.7	50.5
Primary	8.4	21.1	15.5	27.7

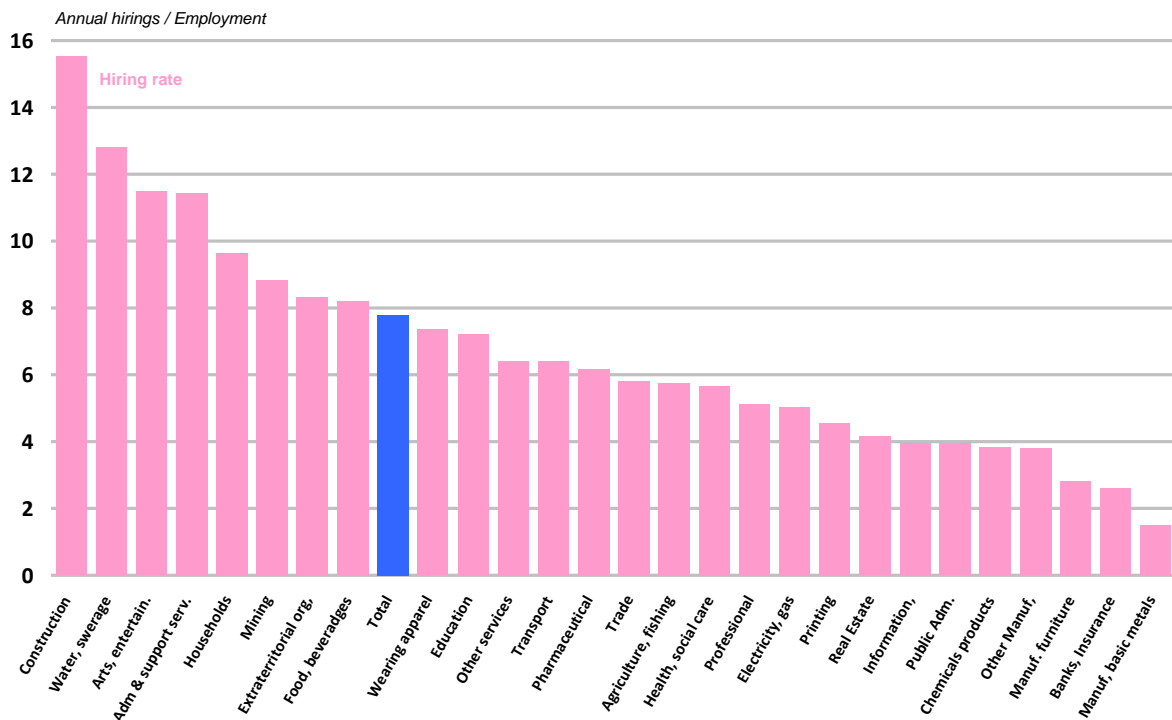
Source: Labour Force Survey (Kanellopoulos, 2012).

3 – Hirings and separations by sector (Annual average, 2008-2011)



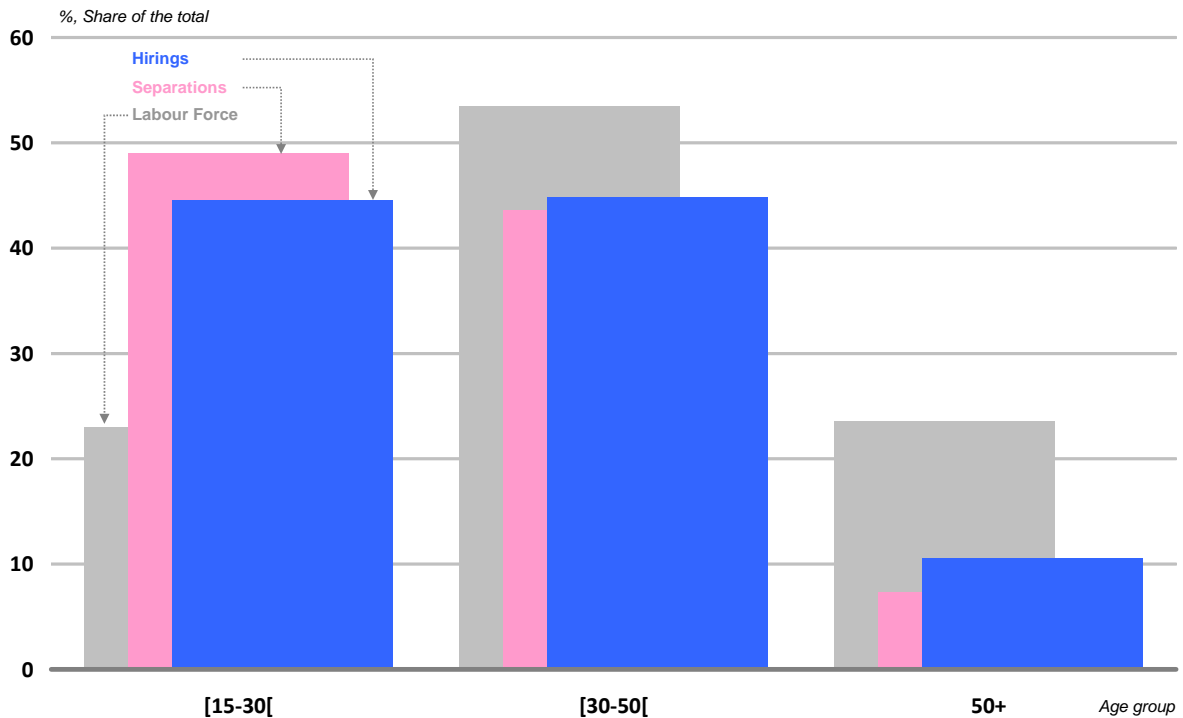
Source: Labour Force Survey (Data, Kanellopoulos, 2012, Table 1).

4 – Annual hiring rate by sector (Gross, Annual average, 2008-2011)



Source: Labour Force Survey (Data, Kanellopoulos, 2012, Table 1).

5 – Labour force, hiring and separations (share of the total from 2008 to 2011)



Source: Source: Labour Force Survey (Data, Kanellopoulos, 2012, Table 1), Eurostat, authors calculations.

Reading notes.

Figure 3 – Bars represent average flows registered each year (over a 3 years period from 2008-q3 to 2011-q2) in the Greek Economy (27 sectors). During this period Hotels & Restaurants hired 90,300 new employees while 71,000 jobs were suppressed (or short term contracts ended). Dark blue bars point out sectors where balance between hiring and separations was positive on average.

Figure 4 – Turnover (hiring/employment) is 7,8% on average in Greece, and above 8% in 8 economic sectors.

Figure 5 – Young people (up to 29), represented 23% of the whole labour force in Greece in 2011, 44,6% of hiring over the period 2008-q3 to 2011-q3, and 49% of separations. This illustrates that youth are overrepresented in short-term contracts and bear the bulk of job rotation.

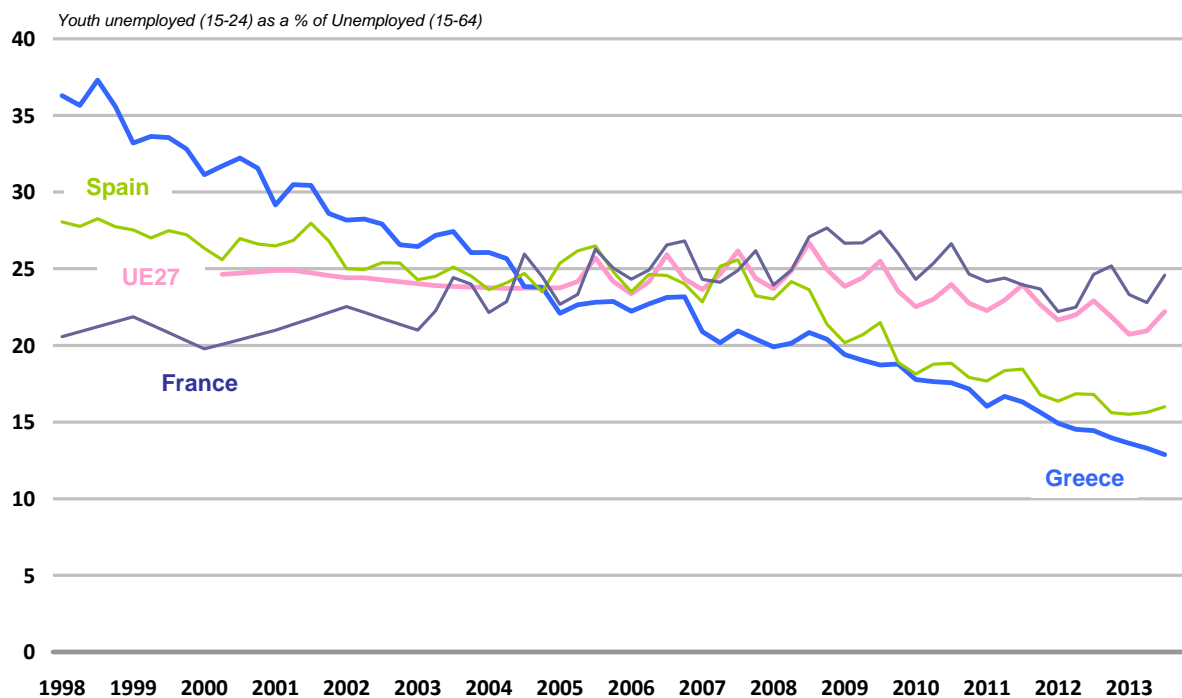
[2.4.2] Youth: relative or absolute problem?

A crucial issue is to understand whether youth is currently the most vulnerable category in the Greek labour market, thereby deserving to be the top priority.

Youth unemployment rate has always been high in Greece, even before the present crisis, when labour demand was more dynamic. But now, after 5 years of crisis, Greece is the EU country where young people represent the smallest share of the unemployed (Fig. 7). This reflects the fact that unemployment is widespread, across all generations.

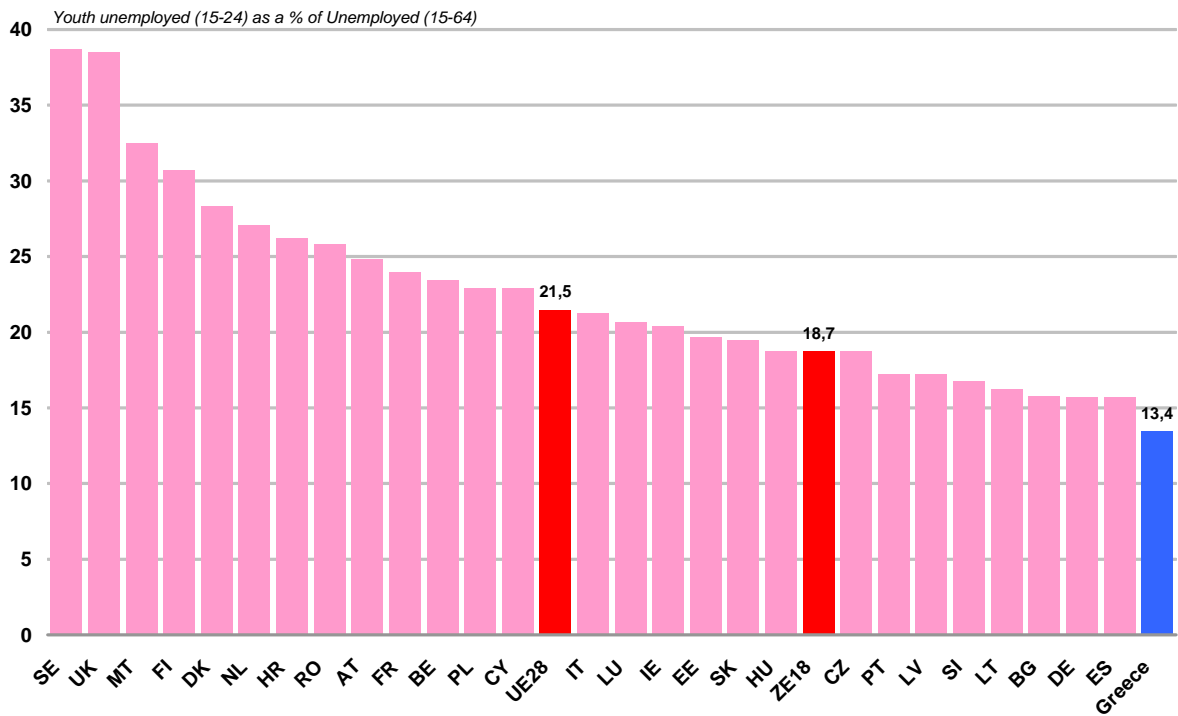
This is of particular importance in a country like Greece, where strong familial solidarity was traditionally used to cushion the effects of high unemployment among youth. As a consequence of the crisis on employment and revenues, more and more families are no longer able to provide such support to their children.

6 – Incidence of youth unemployment (Unemployed 15-24 / 15 -64 years old,2000-2013)



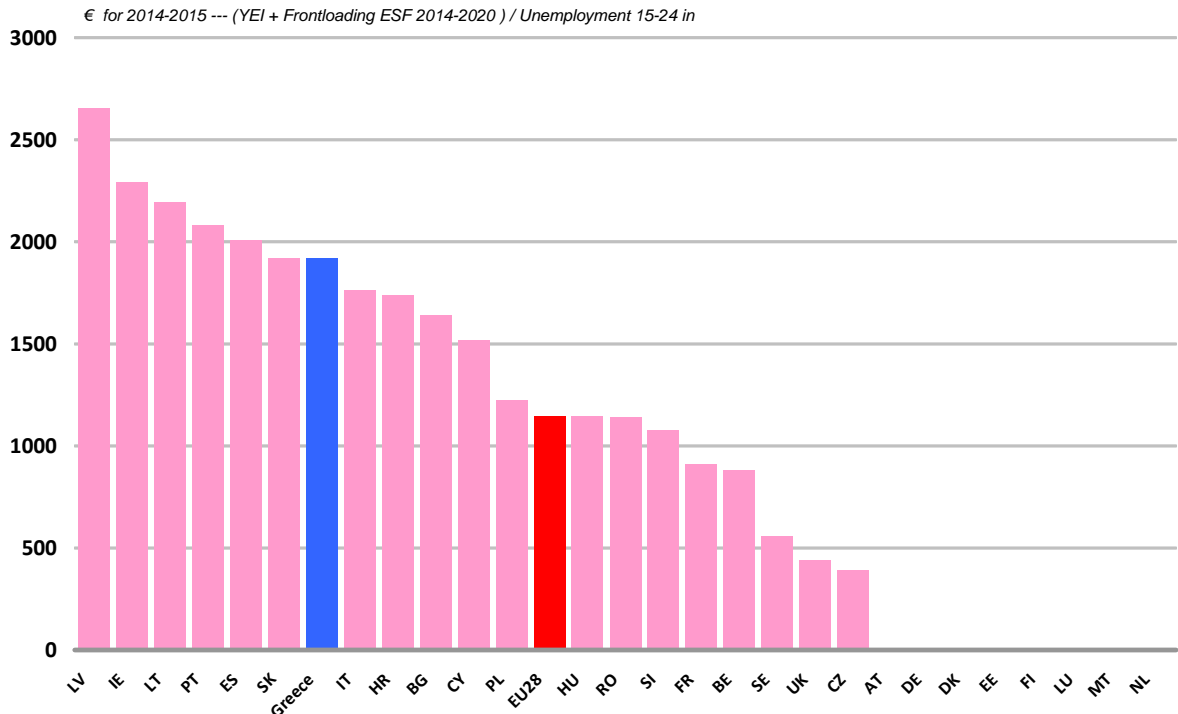
Sources: Eurostat. Author's calculations.

7 – Incidence of youth unemployment (Unemployed 15-24 / 15 -64 years old, 2013)



Sources: Eurostat. Author's calculations.

8 – EU budget under the Youth Guarantee compared to youth unemployment



Sources: <http://ec.europa.eu/esf/>; author's calculations

Reading notes.

Figure 6 – From 1998 to 2013 the share of youth among unemployed declined from 35% to 13,4%: before the crisis this trend reflected improvement in youth employment. Since 2008, the declining trend is the consequence of a higher increase of unemployment among non-youth (over 25) age groups.

Figure 7 – The same indicator than in figure 6, for 2013 for all EU Member States. Greece has the lowest proportion of youth among unemployed (13,4%); thereby, older age groups represent a larger share of unemployment (86,6%).

Figure 8 – Greece benefits from substantial financing under the Youth Guarantee: an average of amount of nearly 2,000€ (including ESF frontloading) is programmed for each youth unemployed. This is comparable to Spain or Portugal, and well above EU average.

As a consequence, the policymaking challenge is profoundly changed compared to what it was until two years ago. Policy tools should be adapted to current problems:

- Youth situation is less specific in the current context that it used to be a few years ago. Piling up money on youth's head, disregarding of how the context changed around them in recent years, could prove both useless and dangerous. Low labour demand is currently the major problem on the Greek labour market, hitting hard across all age groups, thus pushing structural problems (among which age-specific problems) in the background.
- Moreover as money is scarce, it should be allocated to the more pressing problems: focusing cyclical policies on a specific age-group is probably not relevant and "general" policies should be prioritized and reinforced until employment recovers. However it remains relevant, at least in part, to focus ALMPs on the most disadvantaged groups regarding characteristics such as unemployment length, skills, etc.
- The growing share of non-youth unemployed should be reflected in public spending for labour market policies. Even confronted to the scaring risk of a "lost generation" of youth, Greek authorities should be careful not to forget helping prime-age workers, in particular in households with a single breadwinner.

This is not about giving up in front of youth unemployment. It's crucial to supply Public policy adapted to the changing environment; further, without underestimating the importance of youth problems, it is necessary to ensure a fair balance between funds allocated to them, and those dedicated to solve problems facing other segments of the population.

[2.4.3] Policy priorities should better reflect Greek labour market specificities

Presently, policymakers are virtually blind when they are required to prioritize policies, and to set up detailed action plans. If setting up set up the same policies than others EU countries, for the same categories, with the same amount of money, the Greek YGIP would probably achieve worse result than any other countries. Indeed, Greek problems being specific, accordingly cures should also be specific. For example, as unemployment is far higher in Greece, the "margins of the labour

market” are further, more difficult to reach, and many vulnerable people are already waiting for a “solution” in the core unemployment.

Thereby Greece faces a descriptive challenge: it is crucial to invest in capacity building, to equip policymakers so that they can precisely indentify problems, design the right tools, and avoid wasting energy and money in useless or lost battles against too vague targets.

First of all the description of the labour market situation should better evidence Greek specificities. There are some well known specific features of Greek labour market, for example undeclared work (OECD, 2013), labour market dualism⁴ rather than but many key facts are poorly documented, such as women’s activity and employment, education achievements and skills, unemployment duration, etc. And these specificities probably differ across sectors, regions, age groups, etc. This is not saying that problems are everywhere, but that it’s indispensable for policymakers to look everywhere, in depth, to be perfectly aware about all what happens in their domain of competence, to produce relevant analysis, to propose priorities, and to monitor targets they have to deal with.

It’s also worth mentioning that, unfortunately, no analysis currently describes what works in the Greek labour market: this should change, not to promote positive thinking or wishful thinking, but because it’s more constructive and easier to build policies based on things that work rather than the opposite (see for example Fig 3 & 4). Even in Greece and now, it undoubtedly happens that some youth enter virtuously into the labour market, rapidly finding a job with the right skills.



⁴ Nicolitsas (2007) and Mitrakos & alii (2010) mention that it’s difficult for youth to enter the labour market, whatever their age and qualification, because they have no work experience. Heterogeneity is strong (education level, schools or specialities in tertiary education, gender, etc.) but have second order-effects.

[3.1] Building on and pursuing institutional simplification

Over years, Greece had created many institutions and public bodies, with overlapping domains of competences and, often, unclear goals.

Thanks to recent organisational changes, the Ministry of labour and social affairs eventually gets a clear strategic and operational leadership over labour market policies⁵. This is a crucial outcome and a strong asset considering the necessity to implement more efficient policies, and first of all the YG.

Illustrating these achievements, the draft YGIP denotes that structural reforms are gradually inducing positive changes in policymaking organisation: the YGIP relies on a clear structure, is short but comprehensive, indicates a real will of collaboration within the administration and among administrations, gives some details about futures programmes, identifies pilots for each programme, presents summary tables, etc. This is a proof of a clear determination on the part of the lead ministry, the Ministry of Labour, Social Security and Welfare, to reinforce its policy ownership.

These are real breakthroughs, and encouraging steps toward better policy management. Nevertheless, the reform process needs to be taken much further, through a comprehensive strategy and an implementation process to ensure that the strategy is given effect on the ground. To that end Greece needs to further strengthen its policy management, so as to secure policy delivery.

[3.2] Poor assessment and no evaluation of similar previous programmes

As regards the substance, the draft YGIP clearly marks real efforts to address key labour market policies issues: policy management, labour market institutions (Public Employment Service and the Apprenticeship system), and the quality of orientation services delivered to students as well as guidance provided to registered unemployed. Furthermore, the YGIP also proposes innovative labour market programmes: indeed, most of proposed actions did not exist in the two plans implemented during the last two years (YAP, EAP)⁶. Finally, a planning of assessments for “non-financial aspects” of structural reforms programmes is included in the YGIP (Table 4.1).

Although this proves a strong commitment of the authorities to implement new and better tools, it's really puzzling that very few references are made to previous programmes, in particular whether these programmes proved efficient or ineffective.

We observed that managers rarely use (almost never) scoreboards or monitoring data; from a general point of view, it's strikingly difficult to find basic descriptive

⁵ As in most other EU member states, macroeconomic aspects of the labour market –in particular those in relation with wage policies, and social protection financing– are under control of the Economic Ministries.

⁶ Some actions could be the same than in previous action plans, labelled differently.

data, as well as tables gathering figures, and analysis based on this information. And it's noticeable that managers never spontaneously refer to scoreboards or indicators to explain policy-needs as well as their own action. This probably reflects a broad weakness of monitoring and assessment culture within the Ministry.

This could stem from an informal management culture relying on "commitments" based on strong confidence between individuals, but it can also possibly be due to insufficient ownership of operational programmes, or the absence of regular follow up at political level. Monitoring and analysis tools should be reinforced, and used to reinforce and feed formal management processes, involving teams in regular processes, rather than individuals on ad-hoc basis.

We found only one exception: the follow-up Table of the ESF management authority. This table gathers figures on the 20 YAP programmes (number of beneficiaries, budget consumption, etc.). This table is accompanied by a document labelled as a "State of implementation of the action plan", briefly comparing objectives with provisional results, for each programme.

It must be acknowledged that the Greek National Reforms Programme (2013)⁷ includes "Evaluation" items for "Recent labour market legislation" and "ALMPs" (Box 1). However these evaluations only consist in short comments based on descriptive statistics, and do not refer to analytical or academic studies.

Imprecise analysis of labour market needs and the absence of shared evaluations of previous programmes are insuperable obstacles for policymakers having to set up relevant labour market programmes.

The two entrepreneurship programmes planned in the YAP are, each one of its own reasons, enlightening examples (see below, § 4.6):

- YGIP programme n°21 seems to be the same than YAP programme n°19, even though the latter has never been "activated" without any explanation. The average unit cost is unchanged (37,500€). This programme is renewed without any idea of its shortcomings.
- Conversely, YAP programme n°20 (entrepreneurship women) activated only during the first quarter of 2014, appeared very successful, while cheaper for public finances than YAP n°19; Yet, this programme is surprisingly not renewed in the YGIP, let alone with a higher budget.

These two examples are no exceptions: only 6 YAP programmes among 20 are planned to continue under the YGIP (see Table 4). This is a clear clue that policymaking is not evidence-based.

⁷ Chapter 8: Labour Market – Poverty, pp.41-43.

Box 1 – Greek National Reforms Programme on “Evaluation of ALMPs”

The Greek National Reform Programme submitted to the European Commission mentions evaluations of active labour market policies programmes.

“Since 2010 more than 1,291,567 persons either as employees or as self-employed or as trainees, have been benefited from 74 OAED (Greek Manpower Organization) programmes for job retention, promotion of employment or training, of a total budget of €3,87 billion. It is estimated that so far the beneficiaries amount to 1,291,567 persons while the maximum number of beneficiaries upon completion of these programmes will reach to 1.471.829 persons.

More specifically, the outcomes of these programmes so far are the following:

- *Retention of 339.260 jobs, including 11.669 jobs in the tourism sector.*
- *194.177 unemployed have been benefited from 33 programmes of finding a job or promoting small scale entrepreneurship.*
- *Expansion of seasonal employment by 79.473 jobs in the tourism sector.*
- *Vocational training of 625.209 persons, through LAEK and structural adjustment programmes.*
- *Initial vocational training for 41.779 young people.*

It is estimated that the above actions have contributed to a halt in the growth rate of unemployment of at least 5%-7%.”

These figures are not referenced. We didn't find other documents mentioning those figures, in particular detailing methods and consistency with other sources. For example it's difficult to understand if job retention, seasonal employment, and vocational training are homogeneous and comparable concepts. Strictly speaking these monitoring data can't be considered as evaluations.

Source: Greek National Reforms Programme (2013), pp.42-43

This situation was already pointed out in the OECD jobs for youth study in 2010: *“no rigorous evaluation of activation programs has been carried out in Greece, and even performance measurement –i.e. the recording of participants’ outcomes after they have completed a programme– rarely takes place.”* The situation seems roughly unchanged.

While sticking to demands for effective evaluations of labour market programmes, authorities should also be committed to addressing more fundamental issues: in Greece, the most pressing challenge in policy management is to issue, use and share basic operational figures, scoreboards, and to carry out regular performance analysis. No evidence-based policy management can be implemented in the absence of such tools. There is no hope for improving Active Labour Market Policies efficiency without firstly fixing these basic issues.

[3.3] Probably deeply rooted weaknesses

The information shortage appears to be so huge and persistent that it can only result from a deeply rooted management culture. Addressing this issue is a priority, requiring resolute actions, in multiple directions and at different levels.

The challenge consists in changing and improving managers' behaviour by creating new tools. Difficulties may arise at four different levels, all of them needing to be addressed, prioritizing the most basic ones (that are indispensable), without neglecting more sophisticated ones:

- *Monitoring data* (Descriptive figures, follow-up). How many persons enter into each programme, when, and what is their profile (age, education, region, sector, etc.). This also includes financial monitoring (budget, payments) and operational results (performance vs target at detailed level).
- *Outcomes data* (Descriptive figures, performance analysis). What happens during the programme (early dropouts and causes), interpretation of spatial heterogeneity in the use of the programme (spatial outcomes, individuals' characteristics, etc.), etc.
- *Evaluation* (Statistical and econometric analysis). In depth analysis of the programme, its results in the medium and long term, its cost/benefits value added. Such evaluations –sophisticated or not– are indispensable when designing new plans: efficient programmes should be renewed and reinforced, inefficient ones should be adapted to avoid adverse effects and drawbacks, or removed. As no programme works under all circumstances, these evaluations should be adapted to evolving labour market conditions, with a focus on youth specificities and needs.
- *Political ownership*. The absence of follow-up and communication on policy programmes' outcomes can reflect weak appropriation by political authorities. Indeed, without political demand, administrations are not encouraged to produce data or accountability (at each level mentioned above).

The ERGANI real-time database recently implemented, mainly for labour inspection purposes (to fight undeclared work, etc.) gathers comprehensive data and information on labour market situation, labour market flows, including detailed characteristics of employees and employers.

This existing database can feed an operational reporting on labour market issues, in particular for labour market policies and programmes. But it's unclear if a real comprehensive and operational "information system" has been built, dedicated to support both management and policymaking⁸.

The only regular reporting we identified is the monthly press release available on the website of the Ministry; however our interviews suggest that tables included in this document are handmade, and not released through an automatic output. Though it should be more precisely attested, this observation could suggest that the implementation of an effective operational reporting is still pending.

⁸ The present mission was not intended at focusing on this specific issue. But it clearly should be investigated, to understand who is "authorized" and have access to these data, is the system capable of producing pre-formatted datasets, tables, figures, and if yes are these tables available to all relevant management, etc.?

[3.4] YGIP: a full-scale experiment for renewing public policy management?

The project management structure at central level is promising. Yet, many things should be further clarified and braced in order to insure process efficiency and limit the risks usually attached to the implementation phase Active Labour Market Policies programmes, when financial and operational pressure rises.

At this initial stage, the draft YGIP already envisages a project management structure:

- A clear “*YG coordinator*”, who is a high level director in the Ministry of Employment.
- A “*Steering Committee*” is overseeing the project at political and strategic level.
- A “*Working Group*” gathering all stakeholders is responsible of implementation and operational issues.

These are clear improvements, and key drivers of success, considering management loopholes previously noted in the implementation of Employment Action Plan (EAP) and Youth Action Plan (YAP).

The YGIP offers the opportunity to initiate new processes and new working methods. Considering that the YGIP is limited in time (2 years) and regarding the targeted population, Greek authorities have an opportunity to create a “full scale” experiment, and thus a “best practice”, that could be used as a benchmark for future policies.

The authorities should be careful to build on this structure to ensure achieving “quick wins” on policy management issues (and above all, irreversible wins). To that end they should pay attention to the following aspects⁹:

- *Project director*: the authority of the “*YG coordinator*” must be clearly displayed and empowered so that she can act with the power required to be a real “project director”, with a large delegation of responsibility. The project director should have the clear leadership of the working group, and the responsibility to report to the Steering group (during meetings and through written communication). She should have an easy and permanent direct relation with the person in charge of the YGIP within the Minister’s cabinet, and benefit from a visible political support.
- *Information*. In the Greek context, information sharing is a key issue: follow-up information (in first stance basic data) should be issued regularly, and shared within the whole Ministry. A very comprehensive employment database (ERGANI) has been set up that registers on-time employers’ declarations, thus all labour market flows. An official publication issued monthly on the Ministry’s website presents some statistics extracted from this database. Yet, in spite of unanimous positive comments on this tool, there seems to be no culture of using those data in an operational perspective, both in order to reinforce team working and as

⁹ Having in mind that the size of draft YGIP is probably more limited in the version sent to the Commission than in the Greek edition, thus that the authorities may have a more precise view of the management structure than what is currently summarized in the draft YGIP.

regards policy-implementation monitoring. When asked for results, Ministry staff appeared short of information, probably meaning that if they receive scoreboards and detailed reporting data, these elements are not used to share targets or results within a permanent workflow.

- *Working and steering.* A clearer breakdown of the respective role of each committee should be set up. Missions assigned to each committee could be more precise: frequency and nature of meetings, work they should carry out, inputs needed to do so, outputs they should produce, their use or destination. Ideally, in very general terms:
 - The *working group analyses* scoreboards reporting information in details (prepared regularly and prior to the meetings by relevant services), checking results against forecasts (the latter should be made before the YGIP starts). Members give comments and insights to explain positive as well as negative outcomes. The *Working group* proposes corrective actions to the *Steering group*.
 - The *steering group decides and support* initiatives to push forward some programmes, reorient others, give extra funds to the best performing ones, etc. It could also validate a formal follow-up of programmes, that could be shared with all relevant stakeholders (social partners, chambers of commerce, think tanks, etc.) to further promote these programmes. The Steering group also endorses the conclusions of the Working group, gives feedback, ask questions.
- *Responsibilities.* All members should have in mind a clear understanding of their role in the two groups. Do they have an active operational role (in charge of implementation of part of programmes, associated with targets achievements, etc.), a reporting role (sending data to the group, and/or explaining what happens in their area of competences, etc.) or an expert role (sharing policy priorities, giving advises, alerting, etc.), a financial role? Despite a real effort to present all actors involved (§1.2 & 2.2, Table 2.2), there should be a short but more precise description of who is in charge of what in the playing field (OAED, Ministries, municipalities, regions, companies, etc.), so as to understand who should report what.
- *Transforming management into action.* A management structure at central level, money in the ESF purse, and a comprehensive plan are not sufficient to guarantee that programmes will become reality¹⁰:
 - *Translating budgets into targets.* There should be an operational breakdown of policy objectives. Currently there is no clue that precise targets will be assigned to responsible operational entities.
 - *Supporting action.* The Ministry should insure that controlling authorities are not more numerous than acting ones, and effectively supportive of programme

¹⁰ See for example YAP programme that have not been activated one year after the plan was launched.

implementation. For example the risk exists that OAED would be the only responsible for implementing the YGIP: in that case the project management should be careful not to transfer the whole managing pressure onto the operator. In such a situation, “project coordination” at central level would be only about taking note of “black-box effects” at operational level. This has nothing to do with “management” and would clearly be useless.

- *Disseminate*. Building on Political ownership is a key driver of success. Key actors that have no direct reason to be associated with the YGIP from an institutional point of view could nevertheless play a decisive role in its implementation. Social partners, chambers of commerce, think tanks, iconic leaders (managers, intellectuals, politicians), could be associated to public policy reports preparing minds, to events promoting programmes, to good practices events, etc. also supported by Ministers and/or high level Cabinets’ members.
- The final objective of these groups is to implement the YP plan as foreseen and agreed. Their intermediate objectives are to maintain political and operational ownership, to pilot, support or reorient actions when necessary. They also have the responsibility of setting up new working methods, in order to make YGIP management a good practice benchmark for the future: to that end they should stimulate debate, favour exchanges of ideas (strategy, design, and implementation issues), ease work and pave the way for more streamlined and efficient programmes.

[3.5] Consensus building, social dialogue, policymaking

During the highly critical moment when Greece was fighting the deadly financial turmoil, bypassing social partners allowed to speed-up structural reforms. The drawback is that social dialogue has been deeply damaged.

Traumas inherited from this period are still vivid. Some of our interlocutors pointed out that in this occasion Greece turned her back to its international commitments such as ILO Conventions or the EU “acquis”. Although important reforms were undeniably indispensable, a common feeling is that decades of outcomes have been suddenly wiped out, raising disappointment and distrust. The feeling of betrayal also concerns the real meaningfulness of these international commitments, to the extent they proved unable to empower and protect social dialogue in a crucial moment. Confidence is dramatically undermined, so that governments and international institutions will probably face a long lasting defiance from civil and social partners.

This is a very important concern as it will probably slow down future reforms. Even in the short term the absence of informal social dialogue, and even of civil dialogue, is an impediment to better well-accepted reforms, and in particular an obstacle to more efficient policymaking on labour market issues.

Repairing social dialogue and social collaboration is of utmost importance. Whatever the future of Greece, this will happen because no country can move forward without sharing a minimum social and political consensus.

Restoring links, cooperation, is a first step to restoring confidence. Both are prerequisites to revive consensus building and, in the longer term, a fruitful social dialogue on substance. All necessary ingredients are already available: employees and employers' organisations, charities, think tanks, researchers, intellectuals, iconic businessmen, etc. The many interviews we conducted with persons belonging to all these groups show a unanimous and strong willingness for working together. However opportunities and instruments to make this happen are very rare. Everyone seems to be relatively isolated.

Social dialogue is often embodied in formal compulsory meetings, where social partners express their agreement or disagreement on a specific question. This type of meeting favours political statements and postures, but rarely constructive "dialogue". Depending on the competences given to social partners, "decision making" meetings are the more stressful level, generating tensions and "political" positions. "Consultative" meetings may leave room for more constructive positions, except if social partners are not involved in decisions, thereby transforming "consultations" in a "upper" (and unique) level for political expression.

At informal level, bilateral contacts between government officials and the social partners are useful but not sufficient: conducting a series of meetings is very different from organising an informal meeting gathering all stakeholders. Information given may differ, discussion may take different routes, listening one by one all stakeholders precludes "dialogue" among them, etc. Thus, bilateral discussions can usefully complement other forms of social dialogue, but can't replace more formal and informal events gathering all stakeholders in the same place, at the same time (Fig. 9).

In Greece, the most important thing to do is ending stakeholders' isolation. Very simple means can be used to that end:

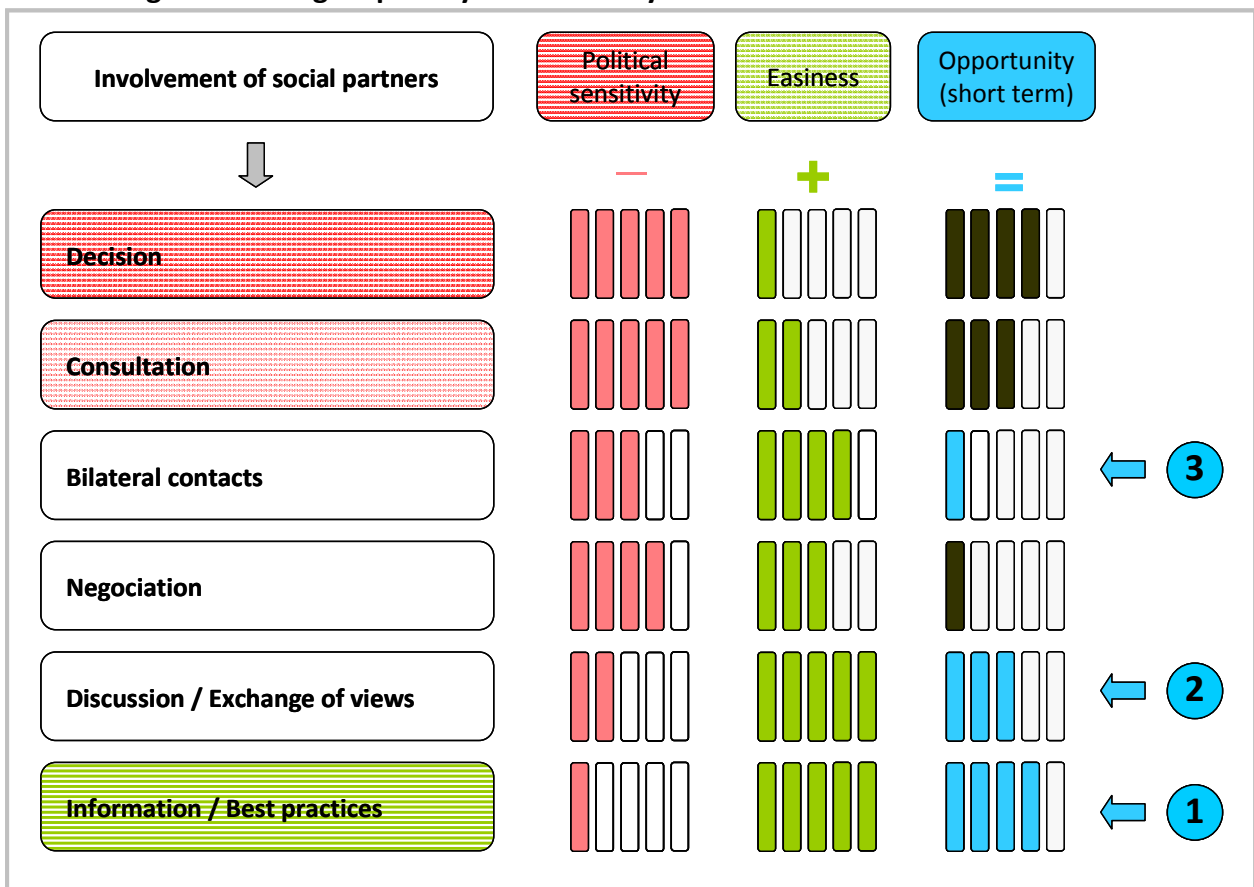
- Support all organisations (employees, employers, think tanks, academics, Foundations, etc.) to organise technical conferences on specific issues, where papers' discussants would not only be "like-minded", to give incentives to publications, etc.
- Present best-practices among and across stakeholders (see above), taking advantage of these occasions to communicate and stimulate cross-feeding dissemination, both bottom-up to the government and top-down from the government. Link these best practices to government actions.
- Ordering official public reports to iconic businessmen, intellectuals, from all sensibilities and organise debates gathering all stakeholders to present these reports in an open minded approach.

- A labour market independent Committee, gathering experts, policymakers, and social partners could be created. Its purpose would be to share figures, views, analyses, knowledge, etc. on labour market issues. Its agenda would be disconnected from the government’s one, but its publications could be reused later, as inputs for technical discussion when preparing reforms.
- Etc.

These actions share a common aim: restoring a peaceful "civil dialogue", including with social partners, in order to stimulate debate, and discussion, on technical and personal basis. This is an indispensable step to restore trustful relationships and credibility of social dialogue: indispensable for incorporating more substance, and also to demystify issues, to soothe political tensions.

Currently, national social dialogue is mainly confined to mandatory meetings. Considering recent history, as well as the current context, this type of “dialogue” tends to be “deaf dialogue”, raising tensions while being politically sterile. No need to say to what extent rebuilding civil dialogue, trust, and thereby reviving social dialogue, is crucial to Greece’s recovery. Simple actions may help a lot. The sooner will be the better.

9 – Reviving social dialogue: priority to informality



Source: Author.

[3.6] Too late for an evidence-based YGIP, not for clarification.

The draft YGIP relies on very few reference to previous labour market programmes. This is consistent with observations made above about labour programmes follow-up and management.

It would have been relevant to base this third action plan on outcomes observed with policy tools previously used in the framework of other plans (YAP, EAP): to strengthen program relevance, for fine tuning unit-costs or groups' targeting, to rely on actors able to efficiently implementing programs, possibly to empower them further, etc. We only know that some programs have been implemented, while other programmes have not been implemented at all, or "activated".

It is obviously too late to make the YGIP more evidence based. But three things could probably useful to do, for the YGIP, and in the future:

- *Policy mapping*: a comprehensive description of all labour market programmes (in the form of a table), for all categories of workers, clearly showing how programmes complement each others and shape a consistent strategy. Currently it is impossible to map existing programmes, and even to give a comprehensive view of their specific and total budget, year by year. This type of follow-up shouldn't be restricted to co-financed programmes, but should cover all labour market programmes.
- *Programmes' fiches*: for each action a detailed but concise fiche should be written, (see the YAP best practice). These fiches are simple and powerful tools to ease policy implementation and to give rise to dialogue among stakeholders: Ministers' cabinet, communications to social partners, communication to potential recipients and users, discussion with international organisations, etc. It may favour policy ownership at all level, on the same basis.
- *Thematic classification of actions*. The present classification of YGIP programmes could be clearer: by nature, by actors, by responsible. It is meaningful that these policies are not grouped by aim or nature, but presented in reference of to the administrative organisation. Nonetheless, both are not completely disconnected.

This policy "pedagogy" is key for successful implementation. Indeed, ownership of programmes' characteristics strengthens efficiency of programs' piloting, to the extent it allows for cross-surveillance among colleagues (as in the YGIP working group). The aim is not to name and shame, but to gather competences and experience around the table, while easing work.

As an example, it is unclear to appreciate how programmes calibration took into account labour cost changes, in particular the reduction of the minimum wage. This applies to the YAP, to the extent the minimum wage level was revised at the same time it was implemented. This is also true for the YGIP: when YGIP programmes are similar to YAP programmes, unit costs didn't change in due proportion with the minimum wage.

Another difficulty is to understand whether policy programmes adequately cover all labour market areas where needs have been identified: to the extent it is impossible to get a comprehensive view of labour market programmes, it's also impossible to evaluate if these actions complement well, overlap, or leave people outside the "policy radar".



[4.1] Background and overall structure of the YGIP

[4.1.1] Youth Guarantee Background

Last year, unemployment reached unprecedented levels in the European Union, leaving more than 23% of youth out of work. A series of decisions and recommendations of the European Council led to building a comprehensive plan to combat youth unemployment. Endorsed in June 2013, this European plan includes a commitment for a rapid implementation of both the “Youth Employment Initiative” and the “Youth Guarantee”:

- The *Youth Employment Initiative* (YEI) is dedicated to reinforcing and accelerating measures outlined in European Commission’s “Youth Employment Package” issued in 2012. This initiative is supported by 6 Bn€ of EU Funds: 3 Bn€ will be channelled from the ESF 2014-2020 Multiannual Financial Framework, specifically earmarked to be available in 2014-2016 (“frontloading”) instead of being spread over its entire seven-year duration, and 3 Bn€ coming from a specific additional EU budget.
- The *Youth Guarantee* (YG) aims at ensuring that “*within four months of becoming unemployed or leaving formal education all young people up to the age of 25 receive a high-quality offer for a job, an apprenticeship or a traineeship*”. YG schemes prepared by Member states will be supported by the EU through the use of EU structural funds including those devoted to Youth Employment Initiative. This framework is fully operational from January 2014.

Two specific extraordinary EU Councils and Ministerial meetings –in Berlin in July 2013, and Paris in November 2013– where Heads of Public Employment Services were also invited, have been organised to support and speed up the implementation of this plan.

Under this YG Plan Greece can benefit from 340 Mo€ (Including 170 Mo€ from ESF 2014-2020) in the next two years, 2014-2015.

To benefit from these funds, member states had to adopt comprehensive plans to tackle youth unemployment, including through the implementation of the Youth Guarantee, before the end of the 2013. Greece submitted its own draft plan on time.

[4.1.2] Structure, destination, and consistency of actions

The draft YGIP includes many tables presenting planned programmes, budget figures and, in most of the cases, indications about the number of recipients foreseen to benefit from these programmes.

Yet the information given is very heterogeneous and sometimes appears incoherent in different parts of the document¹¹. More specifically it should be paid attention to the following points:

- The text mentions that “*YG scheme for Greece comes to 340 Mo€*”. Yet, data computed from different tables give a total amounting to 331.6 Mn€ in one case (Table 2.4 p.24 and table p.31) but higher 363.6 Mn€ later in the text (Table 3 p.32). A possible cause could be uncertainty about the eligibility to EU Funds of some programmes planned in Table 3.
- The European Commission has published an amount of 171.5 Mo€ of “*additional allocation*” to Greece for implementing the YEI, suggesting that the total amount earmarked for the YG is about 333 Mo€ for the whole country in the next two years. Of course Greece can allocate more money to YGIP programmes, but it would be at the expense of other programmes possibly devoted to other potential recipients of EU Funds (and thus unwise considering that currently the risk exists that “too much” money could be allocated to youth in relative terms).
- As a consequence of budget gaps, differences also appear in the total number of youth foreseen to benefit from YGIP programmes. The text sets the overall objective (p.10): “*The ultimate target of the plan is to achieve full implementation of the youth guarantee until 2016. Taking into account the aforementioned conditions, the goal for 2014 is to provide a good quality offer of either employment, training, apprenticeship or traineeship within four months of leaving formal education or work to at least 40,000 NEETs (15-24)*”. Figures given in different tables are inconsistent with this total of potential recipients: 58,756 (Table 2.4) 61,956 (Table 3, excluding the whole population of NEETs targeted by advertising) for two years. A typo, 40,000 for 2014-2015 instead of 2014 alone, would leave a serious gap, the objective being 30% lower than what could be deduced from the table. A frontloading of programmes on the first year (2/3 of potential beneficiaries in 2014) could be a possible explanation (yet surprising), but should then be better explained in the text.

Furthermore, characteristics and substance of programmes sometimes raise key questions:

- Age brackets differ among programmes (despite explanations given §1.4 “*Targeting*”, p.9). Only 7 programmes strictly address the YG target (15-24); one programme targets a larger one (18-29); all other programmes target subsamples of the YG target: 15-19 (1programme) 18-24 (6), 19-24 (1) 20-24 (3). It should be clear why programmes address age brackets others than the theoretical one, 15-24, in order to be sure that no youth would be excluded from a programme only because he doesn’t meet the age criteria (Annex 1, Table A-1.2).

¹¹ Some differences may be due to typo. In those cases our remarks don’t apply.

Table 2 – YGIP programmes: planned budgets, recipients and unit costs (simplified view)

Number and Name of the reform/initiative	People	Budget	Unit cost
Planned interventions (Table 3)			
1 Re-organization of OAED			
2 Establishment of National Qualifications Framework & National System for Certification			
3 Diagnostic System as regards Labour Market Needs			
Planned initiatives (Table 3)			
	4,000	42,000,000	
4 Information sharing and awareness targeted at NEETS in Municipalities / Regions	1,000	5,000,000	
5 Implementation of a coherent / complete awareness & outreach strategy for youth		3,000,000	
6 Provision of Consulting services through EPAS (Apprenticeship Schools) & Career Offices		1,000,000	
7 Career counselling services	3,000	1,000,000	333
8 Enrichment and intensification of the personalized approaching process		2,000,000	
9 Integrated Intervention Activities (Consultancy services)		30,000,000	
Planned Reforms			
10 <i>Expansion of apprenticeship and implementation to vocational edu. (see § apprenticeship)</i>		10,000,000	
11 Redefining the Business Model of OAED			
12 Establishing the legal framework for Internships			
13 Establishing legal framework for unemployed and PES mutual obligations			
Apprenticeship			
		22,250,000	
10 Expansion of apprenticeship and implementation to all vocational education		10,000,000	
14 Foundation and operation of OAED's SEK (VTS) providing education for 3 school years		12,250,000	
15 Establishment and operation of SEK within other institutions besides OAED			
Re-entrance to the education system			
	1,500	2,000,000	
16 Development of "Second Chance" programs in secondary education	1,500	2,000,000	1,333
Skills improvement			
	5,456	30,500,000	
17 Training programs to enhance skills and qualifications of young persons	5,000	20,000,000	4,000
*18 Modernization of Training in Naval Professions. Certification of trainees	456	500,000	1,056
19 Specific actions aimed to promote employment of youth with disabilities		10,000,000	
Promote Youth Entrepreneurship			
	18,300	146,500,000	
20 Subsidy Program for employment and self-employment of socially vulnerable youth	500	5,000,000	10,000
*21 Support of Youth Entrepreneurship		60,000,000	
*22 Assist in establishing business incubators with a technological or innovative basis	1,000	12,500,000	12,500
*23 Pilot action to support youth for the establishment of Social Cooperative Enterprises	500	7,500,000	15,000
24 Enhancing youth entrepreneurship through promotion of business angels, seed capitals	800	20,000,000	25,000
*25 Establishment "New Farmers" priority to specific rural areas and product standardization	2,500	11,500,000	4,600
26 Program "Flat Rate on social security contributions"	10,000	20,000,000	2,000
27 Reference Offices in PES to provide advice and support to young entrepreneurs	3,000	10,000,000	3,333
Work Experience / Subsidies of wage and non-wage costs			
	33,000	120,000,000	
28 Pilot program for private enterprises to give a "First Job Contract"	10,000	30,000,000	3,000
*29 Subsidy programs for attaining work experience	20,000	70,000,000	3,500
30 Subsidy to employment of young people from in private businesses and from freelancers	3,000	20,000,000	6,667
Labour Force Mobility			
	500	350,000	
31 Further utilization and development of Greek EURES network to promote labour mobility		% of ESF	
32 Program for youth labour mobility in EEA States (within 'My first EURES Job')	500	350,000	700
TOTAL	61,356	358,250,000	

Source: Youth Guarantee Implementation Plan (2013), YAP (2012). See annex 1 for detailed tables (A-1.1 to A 1.3).

Table 3 – YAP programmes in January 2013: budgets, recipients and unit costs

Number and Name of the reform/initiative	People	Budget	Unit cost
Actions by Ministry of Labour, Social Security and Welfare	4,400	55,000,000	
*1 Voucher entrance of unemployed young people (up to 29) into the labour market	45,000	174,900,000	3,887
*2 Promotion of youth innovative entrepreneurship and counselling to entrepreneurs	7,000	91,000,000	13,000
^x *3 Entrepreneurship in the countryside	3,000	12,780,000	4,260
4 National framework of immediate social intervention	1,200	40,000,000	33,333
5 Community service programs in the sector of culture for young individuals	3,200	15,000,000	4,688
6 Grant Program for enterprises to recruit unemployed graduate from higher education	2,500	37,500,000	15,000
^x *7 Pilot action to support to young people in the creation of Social Community Enterprises	500	7,500,000	15,000
8 Support to enterprises for the employment of high specialization personnel	500	11,000,000	22,000
Actions by Ministry of Education, Religious Affairs, Culture & Sports	218,670	122,900,000	
9 Apprenticeship programs in tertiary education (Universities)	20,500	22,600,000	1,102
10 Apprenticeship programs in tertiary education (TEI)	10,000	26,400,000	2,640
11 Apprenticeship programs in private & public vocational training institute (IEK) Initial VT	9,200	8,700,000	946
12 Apprenticeship programs in vocational schools (EPAS) OAED	770	10,800,000	14,026
*13 Apprenticeship programs of Merchant Marine Academies (EPAS) 1 st year students	6,000	31,000,000	5,167
14 Apprenticeship programs in technical education graduates (TEI)	8,500	16,600,000	1,953
15 Career offices of tertiary education (Universities)	97,700	4,000,000	41
16 Career offices of tertiary education (TEI)	66,000	2,800,000	42
17 Innovation & entrepreneurship units (Universities)	45,500	4,600,000	101
18 Innovation & entrepreneurship units (TEI)	17,900	3,300,000	184
Actions by Ministry of Development, Competitiveness, Infrastructures, Transports	76,500	131,680,000	
^x *19 Strengthening youth entrepreneurship (B' Cycle)	1,600	60,000,000	37,500
20 Integrated intervention to support women's employment by enhancing entrepreneurship	1,500	20,000,000	13,333
Work Experience / Subsidies of wage and non-wage costs	48,500	230,900,000	
TOTAL	348,070	540,480,000	

Source: Youth Guarantee Implementation Plan (2013), YAP (2012). See annex 1 for detailed tables (A-1.1 to A 1.3).

Reading notes.

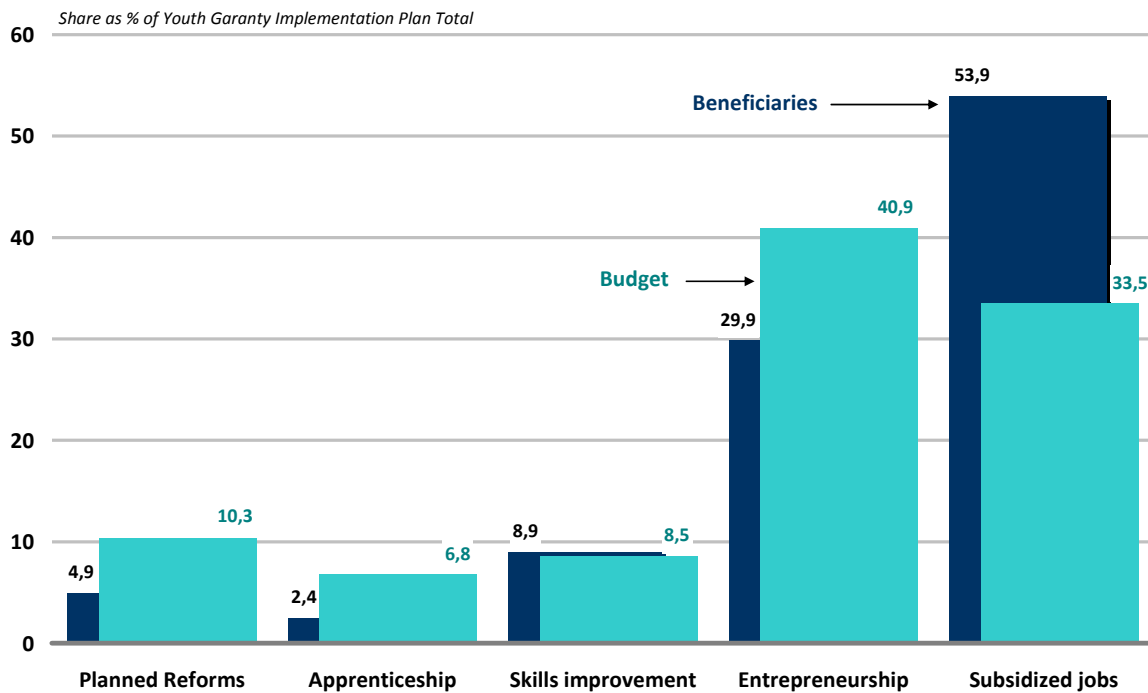
Table 2 – We use simplified labels for the YGIP programmes. Unit costs are derived from planned budgets and beneficiaries, which are not available for all programmes. Total number of beneficiaries is underestimated. Action 10 is referenced in two rubrics of the YGIP. Programmes number with * are reported in Table 4, and programmes with ^x had not been activated in at the end of September 2013 (Greek Government, 2013a).

Table 3 – We use simplified labels for the YAP programmes. Programmes have their number of the YAP but are reclassified in YGIP categories. Unit costs are derived from planned budgets and beneficiaries. The total of beneficiaries aggregates very heterogeneous recipients, and is not really significant. Action 10 is referenced in two rubrics of the YGIP. Programmes number with * are reported in Table 4.

Figure 10 – Share of YGIP programmes by categories as a % of YGIP total budget: Programmes for entrepreneurship represent 40,9% of YGIP budget and 29,9% of beneficiaries of this initiative.

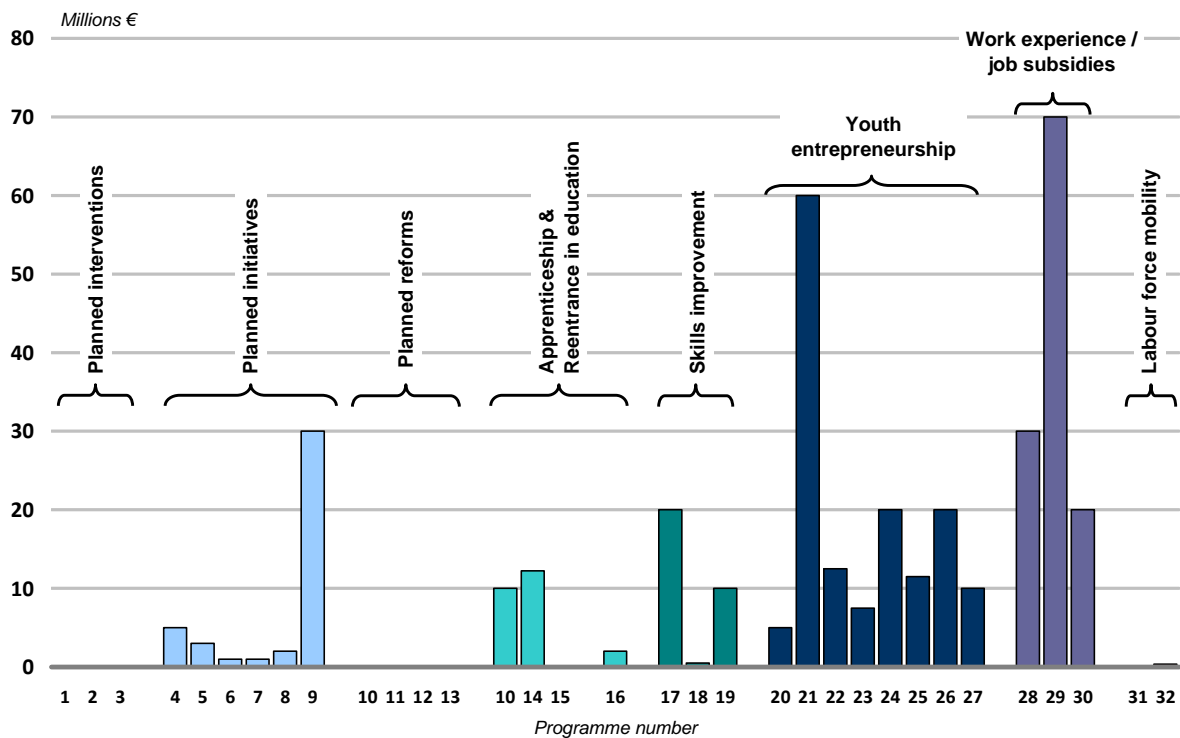
Figure 11 – YGIP by programmes in €: Programme n°29 (see Table 2) is planned with a budget of 60 Mo€.

10 – Structure of the YGIP: planned budgets and recipients by destination



Sources: Youth Guaranty Implementation Plan. Author's calculations.

11 – Structure of the YGIP: planned budgets by programme



Sources: Youth Guaranty Implementation Plan.

Table 4 – Similar programmes in YGIP and YAP

YGIP	People	Budget	Unit cost	YAP	People	Budget	Unit cost
18	456	500,000	1,056	13	6,000	31,000,000	5,167
21		60,000,000		19 ^x	1,600	60,000,000	15,000
22	1,000	12,500,000	12,500	2	7,000	91,000,000	13,000
23	500	7,500,000	15,000	7 ^x	500	7,500,000	15,000
25	2,500	11,500,000	15,000	3 ^x	3,000	12,780,000	4,260
29	10,000	30,000,000	3,500	1	45,000	174,900,000	3,887

Source: Tables 2 & 3

- Unit costs of the programmes are in general very high¹². High by Greek standards, but also high in nominal terms when compared to similar programmes in others countries (see for example comparison with France¹³, Fig. 13 & 14). This is an issue, considering that the same amount of money could probably be spread on many more recipients (see above for guidance, subsidized jobs, and entrepreneurship subsidies). Beyond typo, for several programmes unit costs are difficult to compare with similar YAP programmes previously implemented (Programmes 18, 21, 25, 29, Table 4): the financial risk is substantial, but more importantly this could reveal possible problems (budget, technical aspects, etc.).
- The text refers to conditionality but these conditions not reported in the tables, except for actions for disabled, excluded, high tech farmers, entrepreneurs in incubators. In fact, programmes are rarely targeted, for example on large vulnerable groups, such as long-term unemployed or non-qualified workers, or smaller but sensitive ones in present circumstances such as highly educated youth.
- A majority of YGIP funds (41%) are planned to benefit to young entrepreneurs, while only 33% will go to subsidized jobs, which will be the “solution” for 54% of youth under a YGIP programme.

However, Greece’s challenge is to give a solution, even a temporary one, to as many as possible youth. Lowering unit costs of subsidized jobs, would probably allow incorporating a great number of youth into YGIP programmes. Thus, while keeping money on entrepreneurship, Greece should probably reallocate money towards job subsidies or apprenticeship schemes.

The YGIP should be reinforced as regards data consistency. Targets should be detailed, in order to secure money allocation, and give the right amount of resource to each programme.

¹² Aides à la création d’entreprise en France : <https://www.apce.com/pid1622/principales-aides-financieres.html>

¹³ France is an example, for practical reasons (data availability) not an absolute best practice nor the most relevant one.

[4.2] OAED and the guidance challenge

The substance of the YG initiative is about matching “youth” and “solutions”. But matching is not an automatic or timeless process. The YG process can be disaggregated into 3 phases:

1. Youth identification
2. Guidance
3. Solutions

Thus the YGIP should have stressed 3 main policy strands, namely the 3 steps of the YG described above. Yet the guidance step seems underdeveloped, and probably underestimated in the draft YGIP.

This is a crucial problem, because guidance is a key driver of programme efficiency. Therefore it should not be underestimated, both in terms of quality and quantity:

- Only skilled counsellors should carry out youth guidance. These persons have to be well informed (solutions) and they could need specific training.
- Guidance is a substantial process that takes time: analysing youth profile, their needs, aims, their capacities and matching all these characteristics with a solution, is not an instantaneous event, nor costless.
- This is not a one step process: ideally there should be a follow-up to insure that the solution given by the counsellors really becomes a reality, and that youth's fulfil their duties commitments (training, work, etc.).
- It requires specific financing, and possibly new tools (identification, follow-up), because adding new specific tasks.

Even if it is very blurred in the draft YGIP, the Greek public employment service (OAED) will obviously be the backbone actor of the YGIP, as it will be in charge of providing guidance to youth.

The reference made to the “Reorganisation of OAED” (YGIP Programme n°1), without any budget or deadline is scanty. Budgets allocated to the “Enrichment and intensification of the personalized approaching process” (2 Mo€) and to “Integrated Intervention Activities (Consultancy services)” (30 Mo€) are far more significant. Yet these actions are not described in details, so that it's impossible to understand to whom will benefit this money, OAED or other institutions.

The risk that OAED could be unable to deal with this new challenge without additional human and financial resources is well identified, but not clearly addressed through YGIP planned actions.

Indeed a successful YGIP supposes a real breakthrough for the Greek Public Employment Service:

- OAED is notoriously understaffed: in the whole country only 608 counsellors are supposed to receive, guide and advise unemployed and to collect job offers from

possible employers. This implies that each of these counsellors has to take care of more than 2,200 jobseekers. In addition this staff is not always skilled to deal with current labour market needs, and is not accustomed to dealing with so many sophisticated active labour market programmes. OAED can probably not afford extra workload, in particular if it consists in guiding disadvantaged groups confronted to severe difficulties requiring more intensive care and sophisticated guidance processes.

- Providing “solutions” requires having a structure to receive the unemployed and a clear process to match each NEET with the right programme. However, the content of the YG guidance process is not clearly described, and no indication is given as regards the schedule and time needed to complete the whole process for each youth¹⁴ (see above). In particular it’s unclear how a NEET will concretely get his own tailor-made “solution”. The selection process allowing a jobseeker to enter into a public programme is not described: but this will be a tricky issue considering there will certainly be many possible candidates for each available solution; in so far as “solutions” are not targeted to specific characteristic of youth unemployed (age, qualification, unemployment duration, etc.) the task will be made harder for the counsellor.

Box 2 – Doubling OAED guidance capacity?

As an example let’s suppose that:

- A qualified counsellor is paid twice the minimum wage he costs 18142€ a year (social security contributions included). Additional costs (office, learning, IT systems, etc.) amount to 50% to total cost of a counsellor would be 27,214€ / year.
- Considering that the YGIP is scheduled for 2 years, the budget devoted to guidance appears to be really substantial: 32 Mo€ would allow hiring 588 counsellors to advise more or less 115,000 NEETs. This could double OAED guidance capacity, which is today about 608 counsellors ...for 954,000 non-youth NEETs (Data YGIP p.4) and all others unemployed.

As the apprenticeship action labelled “*Expansion of apprenticeship and implementation to vocational education*” (YGIP Programme n°10) could also be considered as money allocated to guidance, figures above could even be higher.

It could be considered:

- To transfer this money to programmes currently with no budget, that are of primary importance but not costless, namely YGIP Programmes n°1, 2 & 3.
- To speed-up some others programmes, such as upgrading profiling tools YGIP Programme n°8.
- Some money could also be allocated to essential tasks that can’t –strictly speaking– be included in “Programmes”: for example, enhance project management capacity inside the Ministry, and to carry out dissemination of best practices.

¹⁴ And related unit costs.

Effective implementation of the YG thus requires creating new structures to guiding youth. Three options could be considered:

- *Creating OAED spin-offs.* This option would consist in creating new specific offices, dedicated to youth, under the authority of OAED. It's dubious that OAED will be able to cover the whole territory at reasonable cost: so the priority should be to implement offices in regions where youth unemployment is higher (cities?). These offices would be created for two years, covering the whole period of implementation of the YG. They could be used as a full-scale experiment for implementing the new processes and working methods that the Greek public employment service needs, as well as best practices benchmarks to speed up the advent of the "new OAED" (as described in the re-engineering plan). This option would require a dedicated project management, directly reporting to OAED's Governor, and working closely with the Ministerial YGIP *Working Group* and *Steering Committee*. This is also an opportunity to channel extra money into OAED reform, thus giving it new momentum: Indeed YG is provided with a relative huge budget regarding the magnitude of the youth unemployment in Greece. Allocating funds to institutions under the umbrella of the YGIP, towards targets that may also serve all unemployed and the wider objective of labour market reform could be great opportunity.
- *Bypassing OAED.* The basic idea is the same than in the previous option. The difference is that guidance would be subcontracted to private companies (possibly including chambers of commerce, employers' or employees' organisations, etc.) under the authority of OAED or preferably the Ministry of Labour. In any case it would also require a dedicated project management within the supervising authority. This option avoids adding new burden on OAED's reform agenda. Transferring good practices to OAED would probably be more difficult, but this option could also be a first step toward a split of OAED competencies: OAED being focused on managing and paying social allowances and benefits, and a new organisation (public or private) being in charge of providing labour market placement and guidance services (PES).
- *Mixing spin-offs and bypass.* Evaluate outcomes and select best practices to feed OAED's reform process, after the end of the YGIP. As the diversity of experiments would be greater, it would require carrying out numerous and reliable evaluations. As the evaluation culture is currently weak, this option could be a too ambitious to achieve.

All these options depend on eligibility to ESF funding: it's unclear if these actions can be co-financed by ESF and YG budgets. Yet, financing the guidance process for young NEETs is clearly inseparable from the YG: thus money allocated to creating (temporary) guidance offices dedicated to finding solutions for these youth should obviously be eligible to EU funding. Considering that YGIP programmes 8 & 9 are eligible, they should nevertheless be detailed.

The YGIP could also be a threat to OAED reengineering plan if it leads to overloading OAED. But this threat could also be seen as an opportunity to speed up the transformation of this organisation Public Employment Services, for example by focusing on quality improvement service, or developing a new more efficient network.

[4.3] 4 months: a goal or a constraint?

Considering what we know about Greek labour market institutions, the main binding constraint to YG implementation is probably the 4 months time limit to offer a “solution” to young NEETs. Even if one can imagine automatic tools to dispatch youth into ALMP programmes to bypass this constraint, it would be at a high price in terms of policy efficiency and "customer" satisfaction (people and companies).

The combination of extremely high unemployment, institutional weaknesses, human resources scarcity in the PES¹⁵ (both in terms of quantity and competences) should lead to relaxing this 4 months YG requirement. Indeed, it appears to be:

- *Undesirable*: considering that 172,000 unemployed youth (15 to 24 years old) represent around 13% of the unemployed, and that all other jobseekers also need to be accompanied, and for some of them oriented toward labour market programmes (EAP, YAP), the YG should not be the only ALMP programme, and probably not the main one.
- *Unrealistic*: both in term of volume and quality, even if the bulk of OAED resources were devoted to this target.
- *Impossible*: OAED already has numerous missions to fulfil (managing and paying unemployment benefits, family benefits, housing benefits, etc.); at the same time OAED is carrying out a global reengineering process (see above). Piling-up new duties on its agenda could be a deadly threat to this organisation.

Considering the unemployment situation in Greece, and its specific causes, it could be considered to relax some constraints. For example:

- The “4 months” could be seen as a target rather than an obligation. In some cases this would allow providing “solutions” consisting in an enhanced guidance, possibly associated with learning of basic job search tools (writing a CV, a letter, preparation to hiring interview, etc.).
- The eligible population could be focused on youth registered in unemployment offices, instead of young people regardless of their labour market participation behaviour.
- etc.

¹⁵ We should underline that our contacts in the Ministries, OAED and elsewhere didn't mention human resources as a binding problem, even when asked very precisely on that point. However documents supporting OAED's reengineering process, clearly mention human resources as a very binding constraint.

The size and quantity of problems that should be addressed (around 100,000 young NEETs, and unknown inflows and outflows of NEETs) calls for flexibility regarding means used to achieve EU Council's ambitions.

[4.4] Subsidizing private or public jobs?

The rationale for subsidizing jobs is to give a compensation to the employer for hiring people with a low productivity (unskilled workers, long term unemployed, etc.), or to pay him for a service (for example when he trains the recipient).

Indeed, hiring workers with such characteristics at the minimum wage is often non-profitable, so that without the subsidy, jobs would not exist and GDP would be lower. Thus the aim is to unlock a decision by marginally reducing labour costs.

[4.4.1] Benefits and limits of subsidizing private jobs

Greek labour market policies interventions strongly rely on ALMPs, and often include subsidized jobs programmes. These programmes reflect a very strong strategic philosophy: subsidies are mainly oriented toward supporting job creation in the private sector.

The YGIP includes 3 programmes for subsidizing private jobs, totalling 120 Mo€ for 2014-2015, planned to benefiting 33,000 young workers. Most job subsidies programmed 18 months ago, under the YAP, were also designed to support jobs creation in the private sector: alone, the "employment cheque" was foreseen to benefit 45,000 youths within two years. Conversely, the Employment Action Plan (EAP) adopted last year included a programme subsidizing jobs in the public sector (up to 75,000 subsidized jobs for the 2014-2020 programming period)¹⁶.

When confronted to implementing a new plan for youth, this strategic choice favouring private sector jobs should be carefully examined, in particular because the labour market situation is profoundly different from what it was two years ago (see above), when the YAP was drafted:

- For many years, economic evaluations have shown that supporting entry into the labour market by paying job subsidies to private employers is far more efficient than subsidizing jobs in the public sector, and thus preferable. The outcomes of private jobs programmes in terms of access to permanent job are better.
- Subsidized jobs for private employers may create two important adverse effects: deadweight losses (employers taking advantage of the subsidy to hire someone they would have hired without it), and job displacement (crowding-out of normal jobs by subsidized jobs). In the Greek context, another drawback is the risk of substitution between regular and subsidized jobs. This is why previous programmes of subsidized jobs (YAP and EAP) imposed restrictions to employers, forbidding layoffs during a long period prior to hiring subsidized youth, and all

¹⁶ Employment Action Plan (2013).

along the duration of the contract; these restrictions also intended to control laying-off of young workers with the intention of rehiring them with a subsidized contract a few days later.

- Another reason for subsidizing private jobs is to fight undeclared work: up to a point it's more profitable to subsidize a proportion of labour cost to avoid inducing employers to escape from high labour taxation.

As a consequence policymakers are confronted to a trade-off when they try to find the right level of job subsidies:

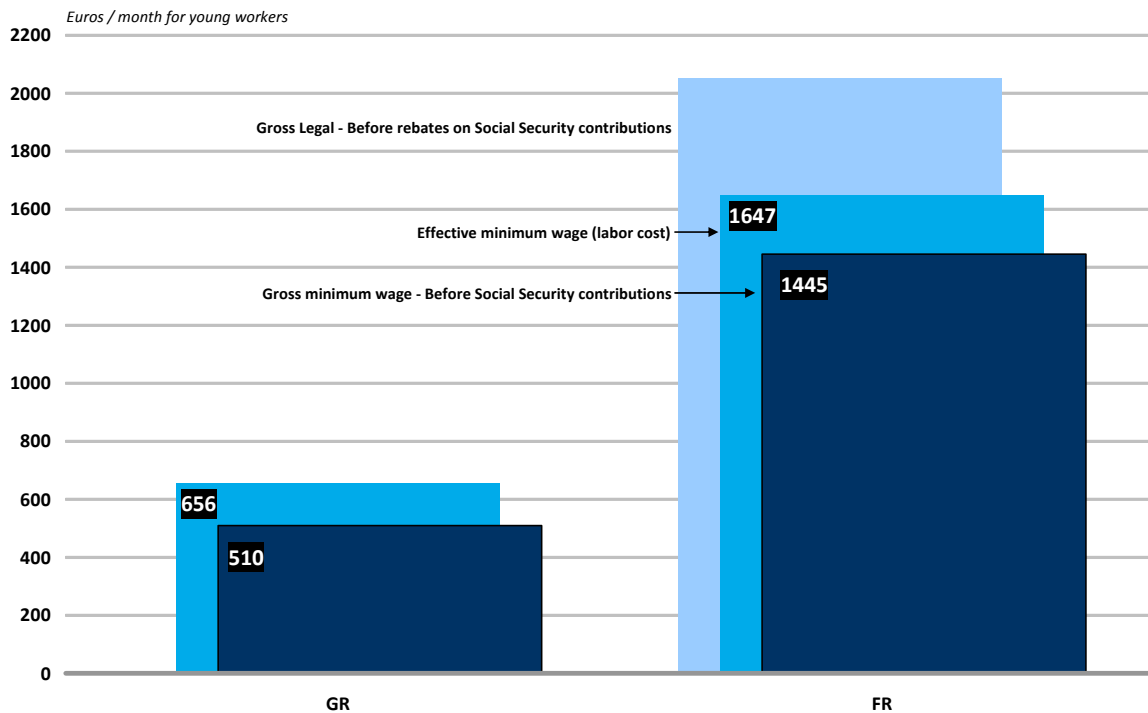
- *The subsidy depends from labour market conditions.* When there is no labour demand, employers don't hire, whatever the subsidy they can earn.
- *The subsidy shouldn't be too low.* In such a case it would be unattractive, thus unable to overtake incentives too undeclared work. And, for an employer complying with the law, insufficient funding would lead him to forego hiring that he could otherwise have considered with lower labour cost.
- *The subsidy shouldn't be too high.* Up to a point this would signal that the economic rationale behind the job is very weak, and that it will disappear when the subsidy will end. If employers are still reluctant to hire when subsidies are so high, raising them further puts a threat to regular jobs. Indeed the amount of the subsidy then gives an incentive to employers to substitute costly regulars jobs with subsidized workforce. Greek subsidized jobs for the private sector are undoubtedly far above this critical level, when completely covering labour cost, for full time jobs at minimum wage (Fig. 13 & 14). The belief that these subsidized jobs are "good jobs" is a misleading illusion: these are "bad jobs", as they replace regular unsubsidized jobs, the worst effect that a public subsidy can have, destroying value rather than giving incentives to create more. Compared to what exists in other European countries, job subsidies are too high compared to the minimum wage (sometimes above), and for full-time jobs, rather than hourly subsidies for part time jobs; in absolute terms Greek employers receive more money to hire a youth than a French employer, in spite the French minimum wage being more than twice higher than the Greek one (Fig. 12). Moreover, Greek programmes are not focused on vulnerable groups (long term unemployed, etc.), thus further strengthening risks of deadweight losses and job displacement.

As a consequence, well-designed ALMPs, for "normal" labour market conditions, can become dangerous tools when the economic context is changing. This is what happened in Greece: Greek governments were right to favour active labour market programmes, and right to focus on private jobs before the crisis. Initially appropriate and rightly focused, these job subsidies suddenly became obsolete and toxic.

ALMPs should urgently be redesigned, to be adapted to current economic circumstances. This doesn't mean completely removing support to workers and employers: this means financing different people, different employers, with different means, at different rates for different reasons. And, when it comes to private sector businesses, subsidies should be calibrated to support private initiative, to make it

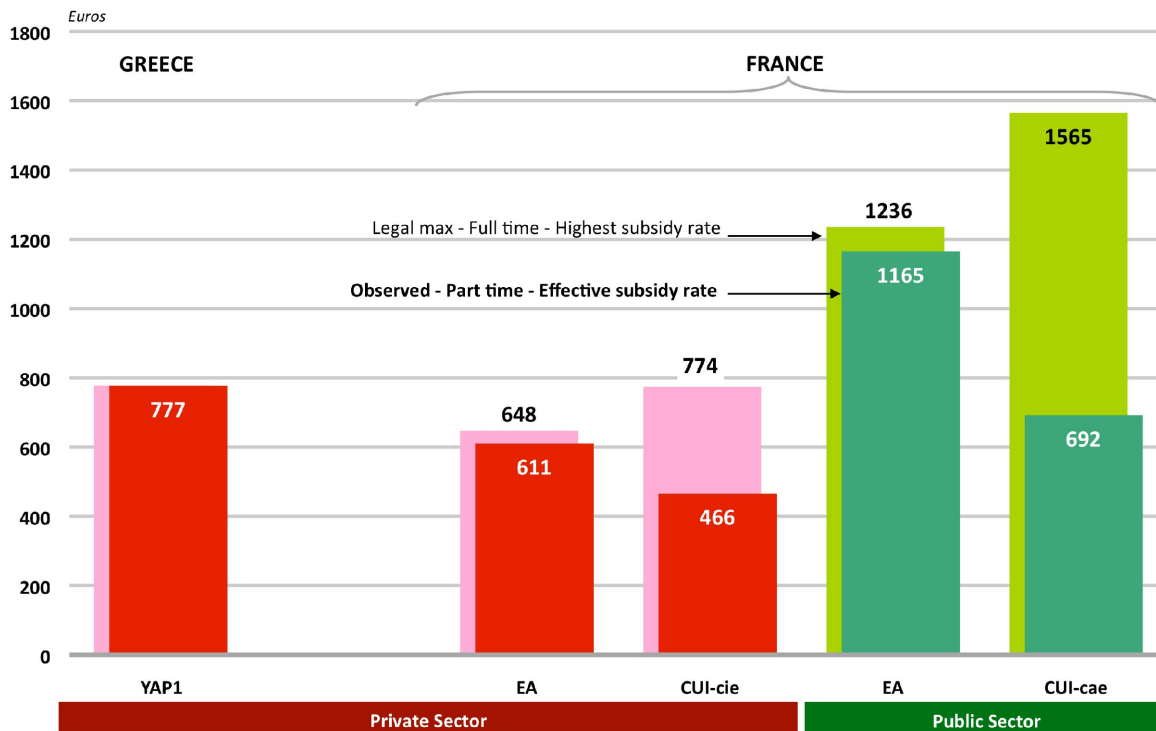
possible when marginal obstacles lock it, but raising subsidies up to the sky can't create jobs against market conditions.

12 – Minimum wage and labour costs: Greece and France (2013)



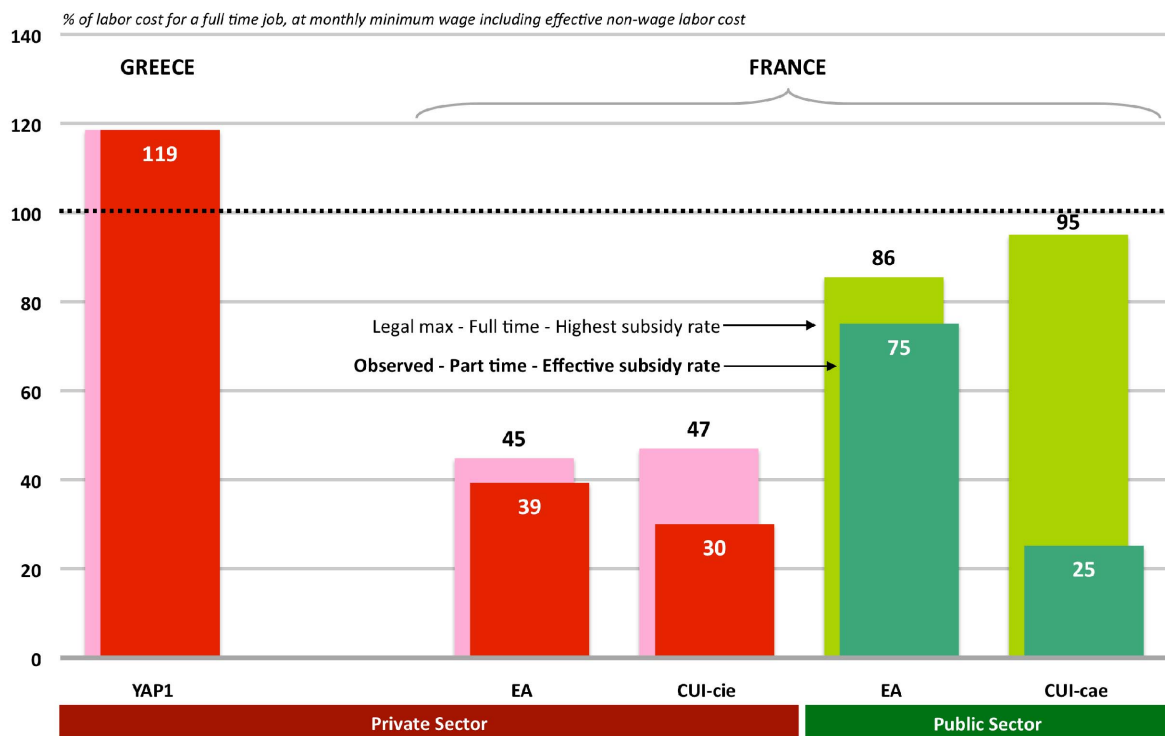
Sources: National legislation. Author's calculations.

13 – Subsidies to private or public jobs in Greece and France (2013)



Sources: National legislation. Author's calculations.

14 – Job subsidies as a share of the minimum wage Greece and France (2013)



Sources: National legislation. Author's calculations.

Reading notes.

Figure 12 – The gross minimum wage is 1,445 € / month in France, and the total labour cost is 1,647 € including rebates on Social Security contributions. Without those rebates the total labour cost would be above 2,000 €. In Greece the Minimum Wage for young people is at 510 € / month, 656 € including non-wage labour costs.

Figure 13 – Job subsidies in €. EA (Emploi d'avenir) is a "high quality" focused public work programme, benefiting from very high subsidies by French and international standards. CUI (Contrat Unique d'Insertion) is a more common public work programme. Public and private employers can use both, but with higher subsidies for public jobs (more or less twice the level of private jobs), subsidies apply to hourly wage. Fine-tuning of subsidies is possible at regional level (adapted to employers' characteristics, youth's characteristics, job quality, etc.). Light colour bars indicate the maximum legal level of the subsidy at the monthly minimum wage: 648 € (EA) and 774 € (CUI-cie) for private jobs, 1236 € (EA, full time) and 1565 € (CUI-cae) for public jobs. In fact (given real part-time rate, and effective rates of subsidy), unit costs are: 611 € (EA) and 466 € (CUI-cie) for private jobs, 1165 € (EA) and 692 € (CUI-cae) for public jobs (dark colour bars). No social Security Contributions is charged. In Greece there is only one rate of subsidy, designed for full time jobs in the private sector: 777€ including Social Security contributions.

Figure 14 – Job subsidies in % of the monthly minimum wage. Light colour bars indicate the maximum legal subsidy: 47% of the minimum wage € (EA) and 30% (CUI-cie) for private jobs, 86% (EA, full time) and 95% (CUI-cae) for public jobs. In fact (given real part-time rate, and effective rates of subsidy), unit costs are: 39% (EA) and 30% (CUI-cie) for private jobs, 75% (EA) and 25% (CUI-cae) for public jobs (dark colour bars). No social Security Contributions is charged. In Greece there is only one rate of subsidy, designed for full time jobs in the private sector: 119% including Social Security contributions.

[4.4.2] Reconsidering the option of subsidizing public jobs

In very severe and durable economic circumstances, as those Greece is experiencing since five years, there is a large consensus that subsidies to public work programmes should be considered¹⁷.

In such situations subsidies to private sector jobs become less attractive for employers, and subsidies should be dramatically increased, far beyond what is desirable and efficient, if government absolutely wants to preserve their gross effects on job creation (anyway the net effect is null, see above). When aggregate demand is depressed and vacancies are scarce, temporary employment programmes in the public sector can then be used:

- As a work test for unemployment benefit claimants
- To help the most disadvantaged jobseekers maintaining contact with the labour market, acting as a backstop to activation (thus helping to maintain the credibility of ALMP policies in the context of severe labour market slack).
- As essential means to provide income support to those at risk of poverty in particular a social safety net when social protection systems do not cover well the unemployed: this has become a (the?) major problem in Greece considering current level of unemployment.

Nevertheless, strict programme design, combined with careful follow-up and evaluations, is necessary to offset drawbacks associated with such programmes:

- These subsidies to public work programmes should always be temporary to avoid them becoming a permanent subsidy to employment, and also to prevent lock-in effects.
- The best design is to subsidizing only part-time work combined with job-search support, and the obligation to look for work, backed by the threat of moderate benefit sanctions.
- Programme should preferably target private non-profit activities, in sectors producing goods and services close to social and market needs such as services to individuals (home services, social care, etc.), transport, and environmental protection or recycling, etc. the supply of these products by private enterprises should not be displaced by public provision.
- Prioritization and conditionality are important: for example targeting specific unemployed profiles in particular long-term unemployed, disabled, senior workers and other disadvantaged groups.
- Transparency and accountability, credible monitoring and evaluation systems, designed at the earliest stage of the programme (preferably before its launching). Indeed, policymakers should be able to correct programmes' specifications and respond to sudden changes which can alter effective implementation.

¹⁷ Martin & Grubb (2001), OECD (2009). Shweighofer (2013) for a recent overview.

These public work programmes, their characteristics and aims, are well adapted to current economic and labour market conditions in Greece. The current public works programmes need to be evaluated and redesigned as necessary in the light of the evaluation and the comments above. Re-developing these programmes is an option that should be considered: it would save money, restore healthy economic incentives in the private sector; it would also allow public institutions to provide social services to citizens at a moment when demand for such services is high and public resources are scarce. With the same budget than currently allocated to private jobs subsidies, such programmes would provide basic resources to a far greater number of unemployed (roughly double than foreseen in the draft YGIP).

There are three main obstacles to overcome:

- There is a deep consensus in Greece that providing full time private job subsidies avoids replacing good jobs by bad jobs. This argument clearly relies on misinterpretation (see above): from an employer view, regular jobs can't compete with free full time jobs (Fig. 13 & 14). Moreover, this view is largely endemic, and would not resist an international benchmark.
- It's a tricky issue to subsidize jobs for the public sector, while having to reduce the number of civil servant in public administrations. However, this general trend can be consistent with staff redeployment, and hiring, in particular at local level in administration or sectors where demand for public intervention is high (social policies).
- Public institutions are often believed to be unable to providing suitable, useful and motivating positions to young people. This argument denotes a deeply rooted defiance against public management: but when social needs are so high, and public resources so scarce, it's certainly possible to find a place where young people could be hired in useful positions, and well managed (for example the YAP programmes n°4 and n°5 linking social community financing to subsidized jobs, was a promising design¹⁸). If public management is sometime an obstacle, public servants are not a lost workforce, nor a forever-incompetent workforce. Greece's recovery will happen with better management. Even if it could appear today challenging bet, it should one day replace complaints and confessions of impotence about incompetence. It could be considered that public programmes should be used to help people, but also as vehicles to support the emergence of good practices regarding better public management, including for human resources.

Social partners from many other EU countries, as well as at European level, could probably be helpful if they were invited to share their experience of the benefits deriving from subsidized job in the public sector, when unemployment is high.

¹⁸ As already noted for other YAP programmes, these two programmes have been removed, without being evaluated before (see also below, youth entrepreneurship programmes).

Piling up money on a limited number of “good” subsidized contracts is probably useless, and undoubtedly creates strong adverse effects. The YGIP is a unique opportunity to revise outdated strategic orientations regarding subsidized jobs. Cheaper and more efficient options are possible, with stronger positive effects on the population and the labour market.

[4.5] Apprenticeship: to what extent is it a “solution”?

Apprenticeship is a very attractive solution for solving youth problems. Indeed, this ALMP is positively evaluated all over the world. Moreover, it favours labour market integration, and such programmes are particularly adapted to fix Greek labour market weaknesses, as they would increase employment rates among the youngest (15-19 years old), and facilitate the transition from school to work for all youth, whatever their age (Mitrakos & *alii*, 2010).

There is a wide agreement on the fact that the Greek professional education, as well as the apprenticeship system were ineffective and should be reformed. Moreover, reforming apprenticeship was an obligation included in the second Memorandum of Understanding. A reform –drafted last autumn¹⁹– of both apprenticeship and professional education is underway; two pilot projects are to be financed under the YGIP.

Apprenticeship is a powerful mechanism for training youth, while favouring their inclusion into employment. Thus all possible synergies between YG implementation and the apprenticeship reform should be used at best. Conversely the government should remain vigilant, to the extent that any problems encountered in the implementation of one of these two projects could jeopardize the other.

[4.5.1] Apprenticeship and economic conditions

On the one hand, Greece’s recent economic collapse, and current social situation, may change attitudes towards education: lower rewards of general and higher education, and labour market mismatches, could both deter young people from investing into education. On the other hand, youth may prefer acquiring technical skills, more demanded on the labour market and more rewarding in the short term. This contradiction raises tricky issues for policymakers, but creates a positive background for promoting apprenticeship and professional education.

From the policymakers’ point of view, apprenticeship is a powerful and attractive instrument, benefiting both to companies and individuals:

- Employers recruit apprentices when they need extra labour force and face difficulties to find the right competences at reasonable price on the labour market.

¹⁹ Unofficial draft transmitted to the EU Commission.

- Youth can acquire both general and professional skills, desired by companies on the labour market. These contracts often end in a definitive hiring of the apprentice, in the company that trained him, that finds a competent worker with the right specific skills. It also allows for testing the employee during a long “trial” period.

Unfortunately, present and foreseeable economic conditions weigh on business confidence. Employers’ anticipations are gloomy, both in terms of quantity and quality: many companies currently face low demand for their product, and uncertainty as regards their future business plans.

Such a context is notably unfriendly for boosting apprenticeship. And Greece is no exception: it is a well known feature of apprenticeship, as well as all private subsidized jobs, that demand for these jobs changes in line with economic conditions. They are more used by employers when labour demand is high, and conversely. Demand for apprenticeship will thus probably be low in Greece in the short term, while skills needs are still uncertain in the medium term.

Apprenticeship is an efficient and desirable scheme when economic prospects give a clear view of recruitment needs in the short term as well as skills needs in the medium term. It should thus be used cautiously when labour demand is low and economic outlook uncertain.

[4.5.2] Apprenticeship and skills needs

In Greece, students’ orientation suffers from a major weakness: no comprehensive forecast of skills needs has ever been carried out. In the absence of such an outlook, the only signal that a competence is needed, or will be desired in the near future, is a clear demand from specific employers.

The apprenticeship reform takes place under tricky circumstances. This context requires prudence and patience from policymakers:

- Supporting apprenticeship is in general desirable, but supporting it regardless of the cost, against economic conditions, could raise problems.
- Policymakers should be very careful in so far as they will encourage students to acquire skills with hardly any clue that these competences will be demanded when they will graduate.
- There is also a cultural change to achieve: formal on-the-job training is not a common practice among Greek companies. Surveys carried out before the crisis showed that Greece is lagging far behind other EU countries regarding on-the-job training²⁰. The high proportion of small companies in the Greek economy, less prone to formal on-the-job training, reinforces this weakness. These statistical observations are confirmed by Greek stakeholders’ experience.

²⁰ Nicolitsas (2009), OECD (2010).

Completely resetting a professional education system takes time. There is uncertainty concerning the timing of institutional reforms, and concrete results for young people: In such a context the government should carefully control the policy design of apprenticeship contracts:

- Subsidies should be calibrated to avoid competition with regular jobs.
- Employers' learning duties should be precise and ambitious.
- Outcomes, in particular skills acquisition, should be carefully monitored.

Controlling these characteristics is of utmost importance in particular in case of retraining. Indeed, in that case beneficiaries are already skilled (even if those skills are inappropriate), thus having a higher productivity than non-qualified students, implying that the subsidy offered to the employer risks being too high, thus potentially creating regular jobs displacement.

[4.5.3] Apprenticeship reform and YGIP

Yet apprenticeship reform's momentum should be used to link the apprenticeship system reform with YGIP's commitments and budget. Indeed these two plans can be mutually reinforcing, thus balancing negative effects stemming from the economic context.

Including the apprenticeship reform within the YG framework is both in line with EU Council recommendations and pragmatic: students engaged in the renewed professional education curricula ending in a dual-system apprenticeship, will not be looking for employers before three years, thus delaying dropouts and labour market inflows; moreover, students leaving general education, or the renewed professional education, will instantly become NEETs, even if they immediately enter into the apprenticeship year that now comes on the top of the professional education years. As a consequence, this organisation will spontaneously create NEETs with a solution, well before the 4 months deadline.

Taking advantage of the professional education reform can thus allow Greece to get rapid positive results from the YG perspective. However, even if it creates positive youth transitions into the labour market, it is unlikely to have strong effects on employment.

Finally, apprenticeship programmes planned in the YGIP are difficult to interpret. 10 Mo€ will finance two pilot initiatives: but the number of apprentices that will be involved is not specified (as well as in the description of the same action in the draft plan for professional education reform²¹); moreover it's unclear whether money will go to students, to employers subsidies, will finance guidance or training institutions. The current information doesn't allow for a real evaluation of this programme, and should be detailed further.

²¹ Unofficial draft transmitted to the EU Commission.

[4.6] Supporting entrepreneurship: at any price?

There is a wide agreement on the fact that Greece lacks big companies, and that small ones should grow larger. Individual or family businesses are indeed often poorly efficient, poorly innovative, unable to raise their productivity, and thereby to increase their founders' revenues.

However, stimulating growth of small and medium sized companies is not conflicting with entrepreneurship support. This is in general efficient regardless of economic conditions. In depressed economic circumstances, supporting small business creation could in particular encourage individual dynamism against unemployment, retain young qualified people in Greece, and of course stimulate investment and innovation. Moreover small companies, in particular craft industries, are often fond of hiring apprentices, a desirable side effect in the Greek context of reforming and boosting a dual system apprenticeship.

Programmes supporting entrepreneurship form the biggest part of the YGIP: they benefit from huge budgets (146.5 Mo€, 40% of the whole plan), but are planned to benefit to only 33% of youth treated under the YGIP. As others YGIP programmes, these don't rely on evaluations of similar programmes previously implemented under the YAP (Tables 3 & 4); it is all the more important that some of these programs have not even been "activated" before. In addition their content is poorly described.

Support to entrepreneurship can be divided into two main categories:

1. Employment policies: these policies focus on people facing difficulties on the labour market. Supporting entrepreneurship aims at helping unemployed to create their own job (in particular those who are not highly qualified), or help finding a solution in case of redundancy, etc.
2. Development and innovation policies: these policies focus on people facing difficulties on the credit market. The aim is to give public support to promising projects of small companies. These companies can be small existing ones, needing money to invest and grow-up, or new entrepreneurs that are already employed, etc. These actions do not necessarily focus on unemployed or vulnerable people, even if those people are not excluded from the target. Such policies are not designed to support employment in the short term, but to increase Greece potential growth in the long term.

The main weaknesses of YGIP programmes supporting youth entrepreneurship are the following ones:

- When excluding programme n°26, 126.5 Mo€, 35% on the YGIP budget will benefit to less than 10,000 youth, barely 15% of recipients of the YG²².
- The biggest programme (n°21, 60 Mo€) seems to be the same than the YAP programme n°19 ("entrepreneurship, high value added products") that was still "not activated" at the end of October 2013, for unknown reasons. As the YGIP

²² Computed from YGIP,s table n°2.4 and table n°3.

programme n°21, the YAP programme n°19 had a budget planned for 60 Mo€, for 1,600 direct beneficiaries instead of an unknown number of recipients in the YGIP version. This programme alone accounts for almost 20% of the YGIP, while there is no assessment, no explanation of reasons that delayed its "activation" under the YAP²³, how these obstacles could be overcome in the future, and why the same budget is now allocated for two years instead of one in the YAP. This is all the more surprising that this programme is still very generous, with an average unit cost planned at 37,500€, an extremely high level (by international standards).

- Programme n°24 intended at promoting investment from business angels, is planned at an average unit cost of 50,000€. This is an enormous amount, about 100 monthly minimum wages! The age target is only 20-24, yet coherent if this programme targets highly educated youth.
- By comparison, programme n°26, that seems subsidizing all social security contributions for young qualified people starting a business, is planning to allocate about 2,000€ per beneficiary, more or less 6 months of both employers and employees social contributions at the minimum wage (510€ gross).
- Programme n°27, financing consultancy to entrepreneurs, plans a subsidy up to 3,333€ per beneficiary (more than 6 month of minimum wage for a full-time job). These average unit cost is huge, as well as the total budget allocated to this programme (10 Mo€).
- YAP programme n°20 (entrepreneurship women) activated only during the first quarter of 2014, attracted 1,239 potential beneficiaries (1,500 were planned for the whole year) with a budget totalling 39 Mo€ if all proposals had been accepted (20 Mo€ were planned for this programme). This programme, less expensive than the previous one (an average of 13,333€ instead 37,000€ for the YAP n°19) appears to be both under operation and attractive. Surprisingly this programme is not renewed in the YGIP, let alone with a higher budget.

In the field of employment policies, these entrepreneurship programs also significantly differ from programs usually used to support starting-up businesses. Indeed, by international standards:

- *YGIP Subsidies are not focused on labour market difficulties.* When giving money to entrepreneurs, governments (or micro-credit associations) try to control moral hazard. To that end, the entrepreneur should invest some of his own money, or at least to commit himself through a bank loan. Public money acts at the margins: for example, complementing the loan, to subsidize interest rates for lowering the cost of money, or giving the guarantee the bank may require, etc. Pure public subsidies are very rare; and when business are very promising, such subsidies should come from the ministry of economy, allocated for economic reasons rather than for employment policy purposes (2nd Category referring to the description above, even if in that situation the start-up may benefit of labour market programmes, others than entrepreneurship ones).

²³ Greek Government (2013a).

- *YGIP subsidies are very high.* Among 8 programs, 6 will benefit directly to entrepreneurs, of which 4 allow a minimum subsidy ranging from 10,000€ to 50,000€ per beneficiary (20 to 100 monthly gross minimum wage). As regards employment policies, these subsidies are extremely high if compared to minimum wage, or GDP per head. In general subsidies to young entrepreneurs are smaller. Table 5 gives two examples from Germany, significantly less generous than YGIP programmes²⁴. In France such subsidies never exceed 10,000€ per beneficiary when given for employment purposes (7 monthly minimum wage), and are in general like those described in the previous bullet, thus often reimbursable and not cash for free (guarantee given to a private lender, reduced interest rates, etc.).

As many aims and many types of entrepreneurs or situations are targeted under these programmes, they could be disaggregated into smaller ones, with clearer goals. That would improve policy management, and save money.

Indeed, on the one hand most business-plans could require little money, and on the other hand it's important that this type of programmes rely on co-financing (the entrepreneur, its relatives, banks, and public money only to make things possible) rather than only on public subsidies. Only one programme, YGIP n°24 is based on this type of public-private co-financing design.

If some promising businesses could require big money, it should never rely only on an administrative decision, but on a private one ("promising" means that private investors should be interested). In that case public money is used mostly to reassure other stakeholders (banks, business angels, etc.). But then the money should come from economic budgets, not labour market ones.

Table 5 – Examples of programmes supporting entrepreneurship in Germany

	Bridging Allowance	Start-Up Subsidy
Eligibility conditions	Unemployment benefit <i>entitlement</i> Approval of the Business Plan by an external source (eg. Chamber of commerce)	Unemployment benefit <i>receipt</i> Approval of the Business Plan Claim to be renewed each year
Financial support	Unemployment benefit for 6 months Lump-sum covering +/-70% of Social Security liabilities	1 st year : 600€ / month 2 nd year : 360€ / month 3 rd year : 240€ / month
Others	Social security affiliation is not mandatory	Pension insurance mandatory Reduced rate for health insurance

Source: Baumgartner & Caliendo (2007)



²⁴ Even if this example refers to 2007 data.

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Annex 1

Table A 1.1 – YGIP programmes: nature, targets, and managing authorities

Table A 1.2 – YGIP programmes: planned budgets, recipients and unit costs

Table A 1.3 – YGIP programmes: detailed comments

Annex 2

Persons met during the fact-finding mission in Athens

Table A1.1 – YGIP programmes: nature, targets, and managing authorities

Name of the reform/initiative	Key objective(s)	Group Target	Scale	Pilot & partners	Funding
Planned interventions (Table 3)					
1	Re-organization of OAED				
2	Establishment of a National Qualifications Framework and a National System for Certification				
3	Diagnostic System as regards Labour Market Needs				
Planned initiatives (Table 3)					
4	Activities to promote information sharing and awareness targeted at youth with specific characteristics (NEETS) in GR Municipalities / Regions	1000 youth involved in the implementation -- Priority will be given to Municipalities/Regions with greater density in NEET and unemployed youth	All youth 15-24 (NEETs or not)		
5	Development and implementation of a coherent / complete awareness & outreach strategy targeted at youth	Activities may include: publication; improvement of OAED's online portal to include new features; mobile youth unit in local admin. to directly address target group; use of social networks to inform youth about programs, initiatives reforms; annual job fairs etc.	All youth 15-24 (NEETs or not)		
6	Provision of Consulting services through EPAS (Apprenticeship Schools) and Careers Offices				
7	Career counselling services	Employment consultants and specialised staff, through visits of them to secondary education units (pilot project)			
8	Enrichment and intensification of the personalized approaching process	Upgrading of the profiling tools			
9	Integrated Intervention Activities (Consultancy services)	Provision of consultancy services and linking counselling with training or employment / self-employment			
Planned Reforms					
10*	Expansion of apprenticeship and implementation to vocational education (4th optional year as apprentice for all EPAL graduates) Law 4186/2013	Linkage between traditional education with the labour market through the binary system model Decrease of NEETs through the placement of EPAL graduates into apprenticeship programs	EPAL Graduates	National	OAED, MERA
11	Redefining the Business Model of OAED	Improve services provided by the Greek PES organization		National	OAED
12	Establishing the legal framework for Internships	Decrease timeframe for gaining work experience, within framework establishing a European Quality Framework for Internships		National	MLSSW / RSS
13	Establish legal framework: unemployed & PES mutual obligations	Certified work search		National	OAED, MLSSW

Apprenticeships						
10	Expansion of apprenticeship and implementation to all vocational education (4th optional year as apprentice for all EPAL graduates) Law 4186/2013	Linkage between traditional education with the labour market through the binary system model Decrease of NEETs through the placement of EPAL graduates into apprenticeship programs Provision of incentives for employers to retain apprenticeship positions	EPAL Graduates	National level	MERA, OAED	YG & ESF
14	Foundation and operation of OAED's SEK (VTS) providing education for 3 school years	Reduce early school leaving and provide for the re-entering of youth aged 15-25 into the vocational training-apprenticeship schemes.	Graduates of compulsory education	National, regional, local (in 51 SEK - VTS)	OAED	ESF
15	Establishment and operation of SEK within other institutions besides OAED	Gradual increase in the number of apprentices from 2016				
Re-entrance to the education system						
16	Development of "Second Chance" programs in secondary education	To encourage youth that dropped out of compulsory education to return to school and furthermore assist them in enhancing their skills/qualifications		National	MERA, OAED, VS	ESF
Skills improvement						
17	Training programs to enhance skills and qualifications of young persons	To improve skills of young persons in order to be absorbed in dynamic economic sectors / will result in certification of qualifications or will be implemented on the basis of approved professional framework	key sectors (tourism, agri., new tech., etc.)	National	MLSSW, MERA, VTC, GSY, RSS	YG and ESF
18	Initiatives for modernization of Training in Naval Professions; lead to certification of trainees in accordance with STWC	Improve skills and qualifications of youth employed in naval professions		National	MMA, CMA, MLSSW	ESF
19	Specific actions aimed to promote employment of disabled youth	To increase access to employment for groups with difficulties and increased risk of social exclusion		National	MLSSW, MERA, CPD	YG
Promote Youth Entrepreneurship						
20	Subsidy Program for employment and self-employment of socially vulnerable youth	Increase access to employment for groups with difficulties and increased risk of social exclusion	Disabled, ex-prison, ex-drug addicts, etc.)	Local	OAED; Municipalities	ESF
21	Support of Youth Entrepreneurship	Support establishment and operations of enterprises run by young persons in all economic sectors, except the agricultural sector.		National	MDC, MLSSW	OP "Compet / ESF/ ERDF/ YG
22	Programs to assist in establishing business incubators and co-working spaces with a technological or innovative basis	Encourage establishment of innovative start-ups by young persons and promote self-employment		National	MLSS, MDC, GSY, RSS; CC; EA, etc.	ESF

23	Pilot action to support youth for the establishment of Social Cooperative Enterprises	Promote self employment of young people in the social sector		National	MLSSW, SSP, GSY, RSS	
24	Program for enhancing youth entrepreneurship through the promotion of business angels, seed capitals etc	Encourage establishment of innovative start-ups by young persons and promote self-employment / 40 Mo€ (from which 20.000.000 are public funding and the other 20 Mo€ are private funds)	Youth in incubators etc.	National	MERA, GSY, Universities, RSS, etc.	YG + private funds
25	Initiative for establishment “New Farmers” with priority given in specific rural areas and in entrepreneurship initiatives of youth that will deal with the standardization of agricultural products	Promote youth’s self employment; to promote agriculture and de-centralization through encouraging young people to become involved in the agricultural sector		Rural Areas	MRDF	YG
26	Program “Flat Rate on social security contributions”	initiative to establish a flat minimum fee at start of self-employed activities (coverage of 100% of social contributions for the first year)To facilitate self-employment and the start of business activities for young qualified people wanting to start a business	800 businesses	National	OAED, MLSSW	YG
27	Establishing Reference Offices in regional PES to provide targeted advice and support to young entrepreneurs on legal and financial issues	Offer assistance and advice through establishment of registries of young lawyers and accountants active in selected regions who through regional PES offices will provide support & advice to young people unemployed wanting to start a business of their own.		National OAED regional offices	OAED / RSS (EA, CC, etc.)	YG
Work Experience / Subsidies of wage and non-wage costs						
28	Pilot program for private enterprises to give a “First Job Contract”	Within a specific time frame from the completion of secondary and/or higher education / To decrease the transition gap from education to the labour market;		National	MLSSW, OAED	YG
29	Subsidy programs for attaining work experience	To provide for youth’s work experience		National	MLSSW	ESF
30	Subsidy program for the employment of young people from commercial and/or manufacturing businesses and from freelancers	To improve employability and to provide youth with the opportunity to gain work experience		Regional	OAED, Municipalities	ESF
Labour Force Mobility						
31	Further utilization and development of the Greek EURES network regarding the promotion of labor mobility	To assist labour force mobility and to increase placements through the network / To increase awareness of young people through the network / Financing % of ESF to be used for activities and services of the EURES network within and outside the country, 2014-2020		National	OAED – EURES	
32	Program for youth labour mobility in EEA States (within the framework of ‘My first EURES Job’)	To increase the percentage of interviews undertaken		National	OAED – EURES	YG

Source: Youth Guarantee Implementation Plan

Table A1.2 – YGIP programmes: planned budgets, recipients and unit costs

Name of the reform/initiative	Periods	Age Target	People Total	People / year	Total Budget	Unit cost
Planned interventions (Table 3)						
1	Re-organization of OAED					
2	Establishment of a National Qualifications Framework & a National System for Certification					
3	Diagnostic System as regards Labour Market Needs					
Planned initiatives (Table 3)						
4	2014-2015	15-24	1,000	500	5,000,000	
5	2014-2015	15-24			3,000,000	
6	May 2015				1,000,000	
7	Dec. 2015		3,000	1500	1,000,000	333
8	2014-2015				2,000,000	
9	2014-2015				30,000,000	
Planned Reforms						
10*	2014-2020 : Pilot 2014-15	18-24			10,000,000	
11	Redefining the Business Model of OAED					
12	Establishing the legal framework for Internships					
13	Establishing legal framework for unemployed and PES mutual obligations					
Apprenticeships						
10	2014-2020: Pilot 2014-15	18-24			10,000,000	
14	Foundation and operation of OAED's SEK (VTS) providing education for 3 school years					
15	Establishment and operation of SEK within other institutions besides OAED					
Re-entrance to the education system						
16	2014-2015	15-19	1,500	750	2,000,000	1,333

Skills improvement							
17	Training programs to enhance skills and qualifications of young persons	2014-2015	15-24	5,000	2,500	20,000,000	4,000
18	Initiatives for modernization of Training in Naval Professions & lead to certification of trainees in accordance with STWC	2014-2015	18-24	456	228	500,000	1,056
19	Specific actions aimed to promote employment of youth with disabilities	2014-2015	15-24		0	10,000,000	
Promote Youth Entrepreneurship							
20	Subsidy Program for employment and self-employment of socially vulnerable youth	2014-2015	15-24	500	250	5,000,000	10,000
21	Support of Youth Entrepreneurship	2014-2015	18-29		0	60,000,000	
22	Programs to assist in establishing business incubators and co-working spaces with a technological or innovative basis	2014-2015	19-24	1,000	500	12,500,000	12,500
23	Pilot action to support youth for the establishment of Social Cooperative Enterprises	2014-2015	18-24	500	250	7,500,000	15,000
24	Program for enhancing youth entrepreneurship through the promotion of business angels, seed capitals etc	2014-2015	20-24	800	400	20,000,000	50,000
25	Initiative for establishment "New Farmers" with priority to specific rural areas and to entrepreneurship initiatives dealing with the standardization of agricultural products	2014-2015		2,500	1 250	11,500,000	4,600
26	Program "Flat Rate on social security contributions"	2014-2015		10,000	5 000	20,000,000	2,000
27	Establishing Reference Offices in regional PES to provide targeted advice and support to young entrepreneurs on legal and financial issues	2014-2015	18-24	3,000	1 500	10,000,000	3,333
Work Experience / Subsidies of wage and non-wage costs							
28	Pilot program for private enterprises to give a "First Job Contract"	2014-2015	18-24	10,000	5,000	30,000,000	3,000
29	Subsidy programs for attaining work experience	2014-2015	18-24	20,000	10,000	70,000,000	3,500
30	Subsidy to employment of young people from commercial and/or manufacturing businesses and from freelancers	2014-2015	18-24	3,000	1,500	20,000,000	6,667
Labour Force Mobility							
31	Further utilization and development of the Greek EURES network to promote labor mobility	2014-2017	20-24			% of ESF	
32	Program for youth labour mobility in EEA States (within the framework 'My first EURES Job')	2014-2017	20-24	500	125	350,000	700

Source: Youth Guarantee Implementation Plan

Table A1.3 –YGIP programmes: detailed comments, missing information and questions

Name of the reform/initiative		Total Budget	Comments
General Comments			
A	Programmes' content		It's often unclear if money will go to structures (purposes: reform, guidance, training, counselling), to actions (ie. To employers, as jobs subsidies, social security contributions exemptions, etc.) or to people (entrepreneurship, wage, etc.).
B	Age Target		Many action don't mention age target. As some actions mention age targets different from the YG target, larger or straighter, it could be useful to be precise.
C	Vulnerable groups		Only 4 actions are targeted to vulnerable groups.
D	Number of beneficiaries		No one targets long-term unemployed (typically job subsidies should).
D	Target size		Many programmes don't mention how much beneficiaries are planned to enter into the programme
E	Unit costs		As all programmes do not target all NEETs it would be useful to have informative about the size of targeted subgroups. As a consequence of the previous loophole, unit costs can't be calculated for many programmes.
Planned interventions (Table 3)			
1	Re-organization of OAED		The contribution of this reform to YGIP should be detailed, as well as how the YGIP may support or speed-up AED re-engineering
2	Establishment of a National Qualifications Framework & a National System for Certification		It should be clear that the timing of implementation of this reform will allows it to contribute to YGIP, and how.
3	Diagnostic System as regards Labour Market Needs		This crucial project is not planned for the moment.
Planned initiatives (Table 3)			
4	Activities to promote information sharing and awareness targeted at youth with specific characteristics (NEETS) in GR Municipalities / Regions	5,000,000	Age target : all youth or only NEETs ? Promotion targeted to specific population or of not? (Targeting = identification and profiling => higher cost) Finance OAED only? If not what are "mobile youth units" (OAED, specific people, etc?)
5	Development and implementation of a coherent / complete awareness & outreach strategy targeted at youth	3,000,000	Age target : all youth or only NEETs ? Unknown number of recipients. Promotion targeted to specific population or of not? (targeting means identification and profiling => higher cost) Finance OAED only? If not what are "mobile youth units" (OAED, specific people, etc?)
6	Provision of Consulting services through EPAS (Apprenticeship Schools) and Careers Offices	1,000,000	Imprecise: who does the job? who are recipients, and how many? Cheap compared to other guidance actions: why?
7	Career counselling services	1,000,000	same comment as Programme 6
8	Enrichment and intensification of the personalized approaching process	2,000,000	OAED or Dedicated Youth PES?
9	Integrated Intervention Activities (Consultancy services)	30,000,000	OAED or Dedicated Youth PES?

Planned Reforms			
10*	Expansion of apprenticeship and implementation to vocational education	10,000,000	See action 10 below
11	Redefining the Business Model of OAED		Not in table 3 p,33
12	Establishing the legal framework for Internships		To which programmes is this reform related: does it precludes implementations of specific actions, and which ?
13	Establishing legal framework for unemployed and PES mutual obligations		Helpful for including unemployed in programmes. But what does "mutual obligations" means if the unemployed are not unemployment benefits recipients (in particular youth with no professional experience)?
Apprenticeships			
10	Expansion of apprenticeship and implementation to all vocational education	10,000,000	Same action as the "Planned Reform" above. Why is it classified under two types of actions? Is it a problem of eligibility to EU Funds? Does the action benefits from 2*10Mo€ or only 10? The content of the action slightly differs form action 10* above. Who will get this money? OAED, vocational schools? employers ? etc. Unknown number of recipients. What is thetarget size?
14	Foundation and operation of OAED's SEK (VTS) providing education for 3 school years		Is it Guidance? In spite being labelled as "ESF" financed, no budget allocated to this action: how will this work concretely?
15	Establishment and operation of SEK within other institutions besides OAED		Same comments as Programme 14.
Re-entrance to the education system			
16	Development of "Second Chance" programs in secondary education	2,000,000	Guidance? Who will do that, for example in OAED: the unemployed referent?
Skills improvement			
17	Training programs to enhance skills and qualifications of young persons	20,000,000	Unit cost is high (4000€, more than 7 months of minimum wage): is this cost a direct training cost or a budget financing structures. What is thetarget size?
18	Initiatives for modernization of Training in Naval Professions & lead to certification of trainees in accordance with STWC	500 000	Unit cost = 1096 if computed with YGIP data on the same line. Possible Gap +18.2 k€. Outcomes of the same type of programme in YAP?
19	Specific actions aimed to promote employment of youth with disabilities	10,000,000	Unknown number of recipients. Compared with programme 17 above, the budget allocated to this very focused group appears to high. What is the target size?
Promote Youth Entrepreneurship			
20	Subsidy Program for employment and self-employment of socially vulnerable youth	5,000,000	Very low budget for an apparently large target. What is the target size?
21	Support of Youth Entrepreneurship	60,000,000	Too few information for a programme representing 20% of the whole YG budget. Age target: how many youth under 25 ? Eligibility of the whole amount to YG ? Numbers of beneficiaries unknown. Same programme in YAP (n°1)9 1600 beneficiaries, average cost 37500 (ranging 20000-150000). Very high unit costs
22	Programs to assist in establishing business incubators and co-working spaces with a technological or innovative basis	12,500,000	Same comments as Programme 21. Very high unit costs.

23	Pilot action to support youth for the establishment of Social Cooperative Enterprises	7,500,000	Same Cost as programme n°7 under YAP? Evaluation of YAP 7?
24	Program for enhancing youth entrepreneurship through the promotion of business angels, seed capitals etc	20,000,000	Same comments as Programme 21. Extremely high unit costs.
25	Initiative for establishment "New Farmers" with priority to specific rural areas and to entrepreneurship initiatives dealing with the standardization of agricultural products	11,500,000	Unit Cost ? 4500 in Table 3. possible total Gap +250 k€
26	Program "Flat Rate on social security contributions"	20,000,000	Unit Cost ? 2500 in Table 3. Possible total Gap +5 Mo€
27	Establishing Reference Offices in regional PES to provide targeted advice and support to young entrepreneurs on legal and financial issues	10,000,000	Expensive (but YAP2 planned a Unit cost of 13000 / beneficiary). Who will hire and supervise the work of these consultants? If OAED why is a so specialized staff benefiting from a budget while common referent for YG guidance under the YGIP is not planned, and benefits no budget (may be programme 9 does that, but it's unclear, see comments above).
Work Experience / Subsidies of wage and non-wage costs			
28	Pilot program for private enterprises to give a "First Job Contract"	30,000,000	Unit Cost? 4000€ in Table 3, 3,000€ if calculated here. Possible total Gap +10 Mo€ / Why not labelled as "within 4 months" rather than "reduce the gap between from education to LM? See comments in the text.
29	Subsidy programs for attaining work experience	70,000,000	Cost in YAP1 (Private WP): 4,000€ for 5 months / Cost EAP1 (Public WP): 3600-4320. Why 3,500 here? Programme specificities?
30	Subsidy to employment of young people from commercial and/or manufacturing businesses and from freelancers	20,000,000	Why unit cost double vs actions 28 & 29? Duration?
Labour Force Mobility			
31	Further utilization and development of the Greek EURES network to promote labor mobility	% of ESF	
32	Program for youth labour mobility in EEA States (within the framework 'My first EURES Job')	350,000	

Source: Youth Guarantee Implementation Plan



ANNEX 2: PERSONS MET DURING THE FACT FINDING MISSION IN ATHENS

This report is mainly based on interviews, realised with persons listed below, during a fact-finding mission in Athens, from 21st January to 31st January 2013.

Task Force for Greece, Athens Office.

Mrs Georgette Lalis, European Commission, Head of Task Force for Greece in Athens

Mr Johannes Luchner, European Commission, Deputy Head of Task Force for Greece in Athens

Mr Nikos Kleniatis, European Commission, Task Force for Greece in Athens.

Ministry of Labour, Social Security and Welfare (MLSSW)

Mr Bakeas, Ministry of Labour, IT advisor of the Minister (ERGANI Information system)

Mrs Athina Diakoumakou, Ministry of Labour, Social Security and Welfare (MLSSW), Head of Directorate of Employment. National *Youth Guarantee* Coordinator

Mrs Eirini Kalavrou, Ministry of Labour, Documentation Unit.

Mrs Elvira Kourkougou, Ministry of Labour, Directorate for Employment

Mr Dimitris Panopoulos, Ministry of Labour, official and member of YG WG

Mr Ioanna Palla Ministry of Labour, Documentation Unit

Ms Matoula Papoulia, Director, ESF Action for Coordination and Monitoring Authority

Mrs Katerina Sotiriou, Deputy Head of Employment Policies Department

Mr Kostas Tsatsoulis IT officer, Labour inspectorate

OAED

Mr Abatzoglou, OAED, Governor

Mr Derdilis, , OAED, Advisor of the Governor

Mr Georges Karachalios, , OAED, OAED EURES network

Mrs Makri, OAED, coordinator of Youth Guarantees of OAED

Mrs Marili Fotia, OAED, interlocutor on Youth Guarantees,

Mr Papadimitriou, OAED, (member of YG WG)

Mrs Nasia Theodoridou, OAED, DG Apprenticeship

Diplomatic representations

Mrs Agnès Bankual, Deputy Director, Economic Department, French Embassy in Greece

Mrs Véronique Dussaussois, Second Counsellor French, Embassy in Greece (TFGR counterpart)

Mr Bruno Freytag, Commercial Counsellor, *Advantage Austria*, Austrian Embassy in Greece

Mr Konstantinos Papadakis, ILO, Senior Liaison officer for Greece

Think tanks & Labour market experts

Mr Ioannis Cholezas, KEPE, Centre for Planning and Economic Research, Research Fellow, Human Capital and Labour Economics.

Mr Christos A. Ioannou Deputy Ombudsman, *The Greek Ombudsman Independent Authority*. (Member of Employment Action plan team).

Mr Nikitas Kastis, Menon Institute, President of the Board of Directors (member of Employment Action plan team).

Mr Nikolaos Kanellopoulos, KEPE, Centre for Planning and Economic Research, Research fellow.

Ms Daphne Nicolitsas, Bank of Greece, Deputy Director, Domestic Economy, Economic research Department.

Mr Konstantinos S. Peppas, IOBE, Foundation for Economic and Industrial Research, Research Associate.

Mr Ioannis Prodromidis, KEPE, Centre for Planning and Economic Research, Senior Research Fellow, Labour and Regional Economics.

Mr Savvas Robolis, GSEE, Institute of Labour, Scientific Director. Professor at Panteion University of Athens.

Mr Isaac D. Sabethai Bank of Greece, Advisor.

Mrs Foteini Thomaidou, IOBE, Foundation for Economic and Industrial Research, Research Associate, Macroeconomics Analysis Department.

Mr Panos Tsakloglou Ministry of Finance, Chairman of the Council of Economic Advisors.

Social partners & Companies

Mrs Rena Bardani, SEV, Hellenic Federation of Enterprises, Director Social Affairs.

Mr Fotopoulos, GESEE (Employees Organisation) Professor Macedonian University

Mr Christos Goulas GESEE (Employees Organisation), Director.

Mr Dimitrios Koukoumpanis OD & Training Consultant, Executive Coach.

Mrs Tessa Michou SEV Hellenic Federation of Enterprises, Senior Advisor Social Affairs.

Mr Dimitris Stais, EZA Industries, Business development Director.

Mr Alexandros Vassilikos, Athens-Attica and Argosaronic Hotel Association, President.

Members of the WG on Youth Guarantee

Maria Bartsoka, Manpower Employment Organization (OAED), Head of Department of Apprenticeship

Athina Diakoumakou, Ministry of Labour, Social Security and Welfare, Head of Directorate of Employment

Kyriaki Drakou, Ministry of Labour, Social Security and Welfare, ESF Action for Coordination and Monitoring Authority (EYSEKT).

Marili Fotia, Manpower Employment Organization (OAED), Governor’s Office
Yiannis Fougiaxis, Ministry of Labour, Social Security and Welfare, ESF Action for Coordination and Monitoring Authority (EYSEKT).
Katherina Giannetou, Ministry of Maritime, Seafarer Work Agency.
Sofoklis Gogos, Ministry of Education and Religion Affairs, Managing Authority of “Education O.P.”.
George Karachalios, Manpower Employment Organization (OAED) – EURES Network.
Elvira Kourkoulou, Ministry of Labour, Social Security and Welfare, Directorate of Employment.
Stasou Moscha, Manpower Employment Organization, (OAED).
Ioanna Palla, Ministry of Labour, Social Security and Welfare, Social Security and Welfare, Analysis and Documentation Unit.
Oikonomakos Panagiotis, Ministry of Labour, Social Security and Welfare, Head of the managing authority of the O.P. Development of Human Resources (EPANAD).
Dimitris Panopoulos, Ministry of Labour, Social Security and Welfare, Directorate of Employment.
Panagiota Papaloukopoulou, Ministry of Agriculture.
Angeliki Staikou, Ministry of Labour, Social Security and Welfare, Directorate of Employment.O.P. Development of Human Resources Authority (EPANAD).
Katerina Sotiriou, Ministry of Labour, Social Security and Welfare, Directorate of Employment, Deputy Head of Employment Policies Department.
Ghintika Triada, Ministry of Development and Competitiveness, National Coordination for National Strategic Reference Framework.
Vasileios Tsinos, Ministry of Education, General Secretariat for Youth, Director of Development and Employment Initiatives Directorate.
Anastasia Tsoukala, Ministry of Labour, Social Security and Welfare, Directorate of Employment.
Anna Vagiona, Manpower Employment Organization (OAED), Governor’s Office.



[7] GLOSSARY

ALMP	Active Labour Market Policy
CC	Chambers of Commerce
CMA	Commercial Maritime Academies
CPD	Confederation of People with Disabilities (ESAmEA)
EA	Employers Associations
EAP	Employment Action Plan
EPAL	Vocational Upper Secondary Schools
EU	European Union
GSY	General Secretariat of Youth
MDC	Ministry of Development and Competitiveness
MERA	Ministry of Education and Religious Affairs
MLSSW	Ministry of Labour, Social Security and Welfare
MMA	Ministry of Maritime and Aegean
MRDF	Ministry of Rural Development and Food
NEET	Not in Education, Employment or Training
OAED	Greek Public Employment Service
OECD	Organisation for Economic Co-operation and Development
RSS	Relevant social stakeholders
SSP	Secretariat for Social Protection
VS	Vocational Schools
VTC	Vocational Training Centres
VTS	Vocational Training Schools
YAP	Youth Action Plan
YGIP	Youth Guarantee Implementation Plan



