



# First Challenge

Promotion of youth employment in Eastern Slovenia

**SLOVENIA**

**Title of the practice (in original language)**

Prvi izziv 2015

**Who is implementing the practice?**

- Employment Service of Slovenia (ESS)
- Ministry of Labour, Family, Social Affairs and Equal Opportunities

**Which other organisations were involved in the practice?**

- None

**What were the main objectives of the practice?**

To increase employment among young people in Eastern Slovenia by providing employers with financial incentives to hire them.

**When was the practice implemented?**

November 2015 – December 2016

**Which groups were targeted by the practice?**

First Challenge targeted unemployed people aged up to 29 years old who had been registered at the public employment service (PES) for at least three months with permanent residence in the Eastern Slovenia region.

**What activities were carried out?**

While only young people from the Eastern Slovenia region were eligible for support, employers from all over Slovenia could apply for a subsidy to offer them a job. The programme's targets were:

1. To offer 2 859 unemployed people from Eastern Slovenia, aged between 15 and 29, a job for a period of at least 15 months (including a three-month probation period).
2. For at least 88 % of the participants to complete the 15-month employment period successfully.

Implementation of the programme:

- An employer could apply for up to five subsidies as long as they had already recruited at least one non-subsidised worker<sup>1</sup> prior to participating in the scheme.
- Employers were required to publish a vacancy after which the ESS would select candidates from a target group who had previously signed an employment plan, i.e. a written agreement between an unemployed person and the ESS with clearly defined objectives and actions to meet them. After the employer selected a candidate, he applied for a subsidy in accordance with the public invitation provisions.

<sup>1</sup> This does not refer to a specific group of workers but refers to any worker.

## What activities were carried out?

- Once the employer's application for a subsidy was approved, a contract between the ESS and employer was signed.
- After that, a separate contract between the ESS and unemployed person was signed.
- Lastly, a contract of employment was signed between the employer and the unemployed person.
- Employers would receive a subsidy of up to EUR 7 250 for employing a young person full-time for 15 months (and proportionally less for part-time employment).
- The subsidy was divided in two payments:
  - For the probation period (first three months), an amount of EUR 2 250 was paid upon the start of the employment contract.
  - For the remaining period (12 months), an amount of EUR 5 000 was paid upon completion of the probation period.
- In cases where the employment contract was terminated before the end of the 15-month subsidy period, the employer would have to pay back a proportionate part of the subsidy (EUR 417 per each month of missing employment).

## What are the sources of funding?

First Challenge was jointly funded by the European Union (using the Youth Employment Initiative (YEI) and the European Social Fund (ESF)) and from the national budget. For the whole implementation period, the estimated cost of First Challenge was EUR 20.7 million, of which 89 % came from EU funds and the remaining 11 % from the national budget.

## What are the outputs: people reached and products?

### People reached

- A total of 2 985 unemployed young people took part in the programme; the programme's participation target (2 859) was therefore exceeded by 4.4 %. 50 % of the participants were female; 62 % belonged to age group 25-29; 38 % to age group 18-24.
- The key characteristics of participants were as follows: 41 % with secondary education, 32 % were long-term unemployed and 59 % were first-time jobseekers. Also 33 disabled people took part in the measure.

### Nature of employment

- The total number of employment contracts<sup>2</sup> was 2 469; 85.8 % of the employers engaged with the programme for one subsidised employment only.
- Young people were most frequently employed in the following sectors: hospitality, catering, retail, sales, and administration

## What are the outcomes: medium-term results or effects?

### Overall outcomes of Youth Guarantee measures:

Since the introduction of the Youth Guarantee (YG) scheme in Slovenia (including First Challenge 2012 and 2014), unemployment has decreased more significantly among young people than among all other age groups. Participants in all YG measures:

- have received 40 % more referrals for job vacancies;
- have had 10 times more meetings with employers;
- have been 70 % more involved in training than those young people who have not (yet) participated.

### Programme-specific intermediary outcomes:

- 2 985 young people entered into employment between December 2015 and June 2017.
- 92 % of them (2 627) completed their three-month probation period (no target had been set on probation period completion).

<sup>2</sup> There was only one contract concluded between the ESS and each employer. If an employer already had a contract with the ESS but wanted to hire an additional person from the target group, an annex would be added to that contract.

## What are the outcomes: medium-term results or effects?

- As of September 2017, 1 557 young people had completed their 15-month employment period while the remaining 1 070 participants were still on the programme).
- Information on whether all 2 627 young people who had passed probation will have successfully completed their 15-month employment period will be available in the first quarter of 2018.

## What are the lessons learnt and success factors?

### Lessons learnt

- In the future, a programme could be developed to promote the employment of young people into shortage/bottleneck occupations.

### Success factors

- The probation period during which employers can get to know and test young people for the job is an important aspect of the programme. Other employment programmes did not include this feature.
- Priority in joining the programme was given to long-term unemployed young people within the target group, those who were not included in any other active labour market policy (ALMP) measure, first job seekers, those with greater chances for completing the programme and staying in employment as well as people with social and health problems. With these priority groups, possible dead weight programme effects were reduced.
- Employers could complete and submit their programme applications electronically on the ESS Portal. As of April 2017, the participating employers can submit their final programme reports electronically on the ESS Portal.

### Further evaluation

- The ESS is currently monitoring the programme participants' transitions into regular employment (after 3, 6 and 12 months). The results of this evaluation are foreseen for August 2018.

## What are key source(s) of information?

Link to the website of the practice: [https://www.ess.gov.si/delodajalci/financne\\_spodbude/razpisi/Prvi-izziv-2015](https://www.ess.gov.si/delodajalci/financne_spodbude/razpisi/Prvi-izziv-2015)