



DET KONGELIGE
FINANSDEPARTEMENT

*Royal Ministry of Finance
The Minister of Finance*

Minister of Finance Mr. Michael Noonan TD
Department of Finance, Office of the Minister
Upper Merrion Street
Dublin 2
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Your ref

Our ref
09/3079 JCW

Date
30.01.2013

Dear Michael,

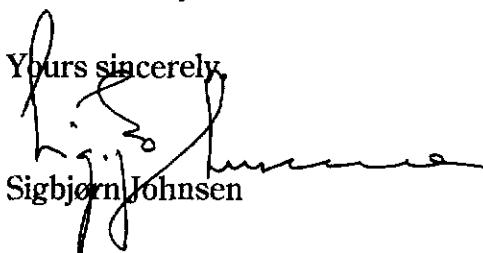
Deposit Guarantee Schemes

I want to thank you for our pleasant meeting in Dublin 18 January 2013. I hope that you succeed with your work on strengthening the economy and financial market regulations.

I would like to draw your attention once again to one the topics that we discussed at our meeting. As I underlined in our meeting, it is very important for Norway to maintain our present (from 1996) permanent (ordinary) guarantee coverage for bank deposits (250 000 euro per depositor per bank). Norway would be the only EU/EEA country which would have to reduce the existing (ordinary) permanent guarantee scheme if Norway should adopt a 100 000 euro coverage level (a reduction of 60 pct). The adoption by the EU Parliament of a new Article 5.3a in the Deposit Guarantee Scheme Directive solves this specific Norwegian issue, and will not disturb the level playing field. Comprehensive crisis measures, including unlimited (state) guarantees, are of course in its nature temporary. I strongly hope Ireland will support Article 5.3a.

As promised, I enclose a short note on our youth guarantee. As you will see, the system is not entirely static.

Yours sincerely,


Sigbjørn Johnsen

Enclosure: The Norwegian youth guarantee

The Norwegian Youth Guarantee

Youth unemployment is a big waste of talent. In many European countries persistent high youth unemployment now slows down economic growth at a time when also shrinking working age population is putting a break on growth. At the same time, youth unemployment is the most important cause of social exclusion and poverty among young people.

There are no simple solutions to the youth unemployment problem. However, labour markets should be flexible. Structural barriers to higher youth labour market participation should be removed. In many countries, rigid employment protection legislation has contributed to highly segmented labour markets to the detriment of the youth's long term prospects for permanent jobs instead of temporary contracts.

In Norway, as in other Nordic countries, youth below 25 years are given priority in labour market programmes. Youth guarantees have been an important tool for many years. They have varied both in size and design over time, depending on the general situation in the labour market. Some Norwegian studies indicate that greater effort in this area has positive effects. Participation in the labour market may increase, and we have seen a more rapid transition from unemployment to work. But we have also studies showing less positive conclusions. As in other areas, new or extended measures should be monitored closely. The current Norwegian Youth Guarantee is described in more details in the following.

Youth under 20 years

A guarantee offers persons below 20 years access to labour market programmes if they are not working or in education. Youth in this age group often have not completed upper secondary education. There is a close cooperation between the local authorities on education and the local Public Employment Service (the Norwegian labour and welfare administration (NAV)) to follow up the youngest ones and motivate them to complete upper secondary education. Work practice in ordinary firms is the most common measure, often in combination with elements from upper secondary education.

Youth 20-24 years

The NAV office assesses the individual's job ability and potential need for assistance to find work for all registered job seekers. If labour market measures or considerable assistance is needed, the administration decides upon an individual follow-up plan (resolution). The guarantee for youth aged 20-24 implies:

- An approved activity plan should be established within one month. Early activation is an aim.
- Among youth with reduced work capacity, 90 percent of them should have an approved activity plan at any time.

The activity plan is prepared in close cooperation with the individual. The plan may include traditional labour market measures from NAV, but also other measures such as elements of upper secondary education or training, treatment related to drug abuse or physical and mental health services.

The guarantee schemes for youth 20-24 years implies a strong emphasis on assistance according to individual needs, with an even stronger purpose to assist young people to find employment. Young people who do not need assistance, is expected to find reasonable work or education without any special support from NAV, relying on simple guidance and internet service.