



Kumitat għall-Kontroll tal-Baġit

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DOKUMENT TA' HĦDMA

dwar ir-Rapport Speċjali Nru 5/2017 tal-QEA (Kwittanza 2016): Il-qgħad fost iż-żgħażaġh – il-politiki tal-UE għamlu differenza? Valutazzjoni tal-Garanzija għaż-Żgħażaġh u tal-Inizjattiva favur l-Impjieg taż-Żgħażaġh

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Rapporteur: Derek Vaughan

Introduction

Youth unemployment is not a new phenomenon and several EU Member States (MS) have experienced extremely high levels for many years. The economic crisis has made it more difficult for young people in particular to integrate into the labour market. While the unemployment rate in the EU for the active population aged 25-74 increased by 3.7 percentage points between 2008 and 2013, the same figure for the 15-24 age group rose by more than double that number - 8.8 percentage points, to peak at 23.9%. The situation has improved over the past few years, yet at the end of June 2016 there were still 4.2 bln EU citizens under the age of 25 who did not have a job (18.8% of the concerned population).

Apart from the young people who are unemployed, there is another group of those who are not engaged in any form of education or professional training, and who do not actively seek work. Together they constitute a distinct population called NEETs that comprises people aged 15-24 (in some MS up to 29) who are not in employment, education or training. The NEET rate varies greatly between MS and the composition of the NEET population also varies among them. The rates for unemployed NEETs are highest in Croatia (13.4 %), Greece (11.0 %) and Spain (10.6 %), where a scenario of economic growth could facilitate their integration into the labour market. The situation is different in Bulgaria, Italy and Romania, where the rates of inactive NEETs are the highest (14.3 %, 12.0 % and 11.7 % respectively). In these MS, the labour services have to play a much more active role to integrate young people into the labour market.

One of the most significant EU actions to improve the situation of young people on the labour market is the Youth Guarantee (YG). This proposal was put forward in the context of the Europe 2020 Youth on the Move flagship initiative. It is a commitment by all MS to ensure that all young people under the age of 25 years receive a good quality offer of employment, traineeship, apprenticeship or continued education within a period of four months of becoming unemployed or leaving formal education.

In December 2012, the European Commission proposed a Council Recommendation to establish the YG in its Youth Employment Package. It was adopted by the EU's Council of Ministers in April 2013 and further endorsed by the June 2013 European Council. There was no specified target date for the implementation of the Youth Guarantee for the entire NEET population. As a first step, MS were asked to prepare their Youth Guarantee Implementation Plans (YGIPs). These plans were due to be adopted by the end of December 2013, or the end of spring 2014, depending on the individual Member State's level of youth unemployment.

Under the Council Recommendation, MS should monitor and evaluate all measures implemented under their YG schemes in order to develop more evidence-based policies and interventions that will ensure the efficient use of resources and positive returns on investment. On its side, the Commission monitors the implementation process through the multi-lateral surveillance of the Employment Committee (EMCO).

While the Youth Guarantee is a political commitment to provide an offer to all NEETs less than 25 years old, the Youth Unemployment Initiative (YEI) is a funding instrument for measures that target individuals in the same population. Created in 2013, the YEI is a part of European Social Fund (ESF) programming and is approved either in the form of specific YEI Operational Programmes or within ESF Operational Programmes. The overall approved budget for the YEI is 6.4 billion euro for the 2014-2020 programme period, comprising 3.2

billion euro from a specific new EU budget line that is to be matched by at least 3.2 billion euro from national allocations under the existing ESF.

In October 2016, the Commission published a Communication that highlights the main achievements of the YG and the YEI, and draws conclusions on how to improve their effectiveness. In parallel, it proposed that the budget for the YEI should be extended and should provide an additional 1 billion euro for the YEI's specific budget allocation over 2017-2020 period, matched by 1 billion euro from the ESF.

Audit scope and approach

The Court assessed whether the Youth Guarantee was delivering results in the MS and whether the Youth Unemployment Initiative was contributing towards it. In particular, the Court examined whether MS had made progress in implementing the YG, whether they had appropriately addressed related factors, which might influence the progress of implementation of the YG based on the provisions of the Council Recommendation, and whether they had implemented the YEI in such a way as to support the achievement of YG objectives.

Seven MS (Ireland, Spain, France, Croatia, Italy, Portugal, and Slovakia) were visited to assess the progress of the YG scheme. Except for Ireland and Slovakia, the same MS were visited in order to evaluate the contribution provided by the YEI. The audit covered the period between the official launch of the YG in April 2013 and May 2016.

European Court of Auditors' observations

The Court considered that it was an appropriate time to analyse the MS' performance in achieving the specific objectives set in the Youth Guarantee programme.

Firstly, the Court observed that the NEET population decreased in all MS visited (except for France due to a technical adjustment) during the audit period. However, this reduction was correlated with the decline in the overall youth population. While the number of young people in education increased by 315 000, also because of the postponement of their entry into the labour market, the absolute number of young people employed actually decreased by 40 000 between the first quarters of 2013 and 2016.

A limited progress in identification and registration of NEETs was accomplished. The MS launched their YG schemes at different moments, hence the various levels of their advancement. In addition, some MS decided to transfer all young people who were already registered with the public employment services (or similar providers) to the YG scheme, whereas others decided to build up specific new Youth Guarantee registers. In the case of Italy, the latter solution created an additional burden for the NEETs and resulted in a very low registration rate.

The Court mentioned significant divergences in methodologies used by MS to determine the number of people who entered the YG in 2014 and 2015, which made it difficult to assess the contribution of the YG to NEETs registration process.

The YG preparatory phase can end with a positive or negative exit. A positive exit corresponds to the take-up of an offer of employment, traineeship, apprenticeship or continued education. A negative exit means that the young person remains an unemployed or

inactive NEET. If the Member State is not capable of verifying the status of the NEET after his/her departure from the scheme, his/her destination is registered as unknown. The proportion of unknown destinations generally reflects the quality of the data and the monitoring system.

At the end of 2015, the share of positive exits varied substantially among the MS, ranging from 58 % in Spain to 99 % in Italy. The highest percentage of negative exits (15 %) was reported by Slovakia. Employment was the most common outcome in all MS visited, excluding Italy, where traineeship represented 54 % of all positive exits. In all other MS, exits towards employment ranged between 64 % in Ireland and 90 % in France.

The number of positive exits in the seven MS covered only around half of the total NEETs registered with the YG, although it slightly increased between 2014 and 2015 (from 53 % to 62 %). None of the MS was able to provide all the NEETs with an opportunity to take up an offer within four months of entering the YG scheme. Moreover, the situation deteriorated in 2015 compared to 2014 as the overall share of positive exits dropped from 70 % to 59 %.

The Court also noted that sustainable integration of young people into the labour market still constitutes a challenge. The MS were asked to monitor the status of the YG participants at 6, 12 and 18 months after they successfully left the scheme. For the majority of the MS, the percentage of the youth who were still employed, in education or training six months after exiting in 2014 fluctuated around 60-65 %. After 12 months, the situation was similar, with the exception of Spain, where only 45 % maintained their status, compared to 63 % after six months. The rate for successful integration 18 months after a positive exit fell when compared to 12 months in all MS except for Ireland.

Factors impacting the results of the Youth Guarantee

MS should actively seek to identify and register all NEETs and motivate them to join the YG scheme. The Court examined whether the MS had set out a coherent strategy with concrete and measurable objectives for reaching all NEETs and whether they involved and consulted relevant stakeholders.

Based on the analysis of YG Implementation Plans it was found that two MS (Italy and Ireland) targeted only a narrower sub-population of NEETs, which left a significant part of young people omitted from the start. Another approach that limited the scope of the YG was the requirement of 'proactivity' (e.g. in Spain). In general, the MS strategies were not focused enough, did not include quantified objectives and did not set a clear calendar of actions. Nevertheless, several of them had developed innovative methods for reaching previously unidentified NEETs (awareness campaigns through traditional and modern media channels).

Although the MS acknowledged the need to involve and consult relevant stakeholders, they did not specify how these partnerships would lead to the overall aim of approaching all NEETs. On the other hand, the signing of agreements with suitable organisations that help tackle youth unemployment indicates a growing coordination within the programme. This is particularly important for the inactive NEETs whose number - in contrast to the unemployed - remained stable.

With regard to the financial aspect of the YG implementation, the Court pointed out that none of the seven MS visited could provide an estimate of the necessary level of national funding

that would supplement the resources available from the EU budget. All MS presented a series of measures to be offered to NEETs based on the YEI and ESF funds. However, the research by independent organisations demonstrated that it is not possible to address the whole NEET population with the EU financing alone. Therefore, the MS should properly assess the costs of their YG schemes and mobilise additional resources from their domestic budgets.

According to the Council Recommendation, steps undertaken in the context of a YG scheme should concentrate on existing skills mismatches to better meet labour-market demands. The Court observed that none of the MS had performed a comprehensive analysis of the skills deficiencies in the highly heterogeneous NEET population. Furthermore, the results of studies carried out by various institutions were not, or were only partially, taken into account when designing the types of offers that should have been dedicated to the individual needs of the participants. Nevertheless, modifications of the profiling systems for NEETs and the definitions of a good quality offer developed in several MS were appreciated by the Court.

In order to evaluate correctly the progress made thanks to the YG, the matter of the data accessibility concerning the assistance received by the NEETs prior to the intervention was important. All MS visited only had limited information in this department. As there was no harmonised reporting system to EMCO, comparability of the data was affected by the use of different practices in the MS; a few inconsistencies and reliability issues were also noticed.

Assessment of the contribution of the Youth Employment Initiative

Youth Employment Initiative supplements financing available under the ESF and accounts for a significant share of the financial resources available for the implementation of the YG. The Court examined whether adequate analyses and assessments had been carried out for the YEI interventions included in the Operational Programmes (OPs), whether meaningful objectives and monitoring mechanisms had been developed to assess the results, and what results had been achieved so far and if they were in line with the established targets.

The Court found that the assessment of the NEETs carried out by the five visited MS was superficial and insufficient. The YEI target population was divided into two subgroups (inactive and unemployed NEETs), without any further differentiation for other categories e.g. early school leavers, long-term unemployed. The national authorities relied mainly on basic statistical parameters (age, regional distribution, level of education) while preparing the options included in the OP. There were also no studies to determine which measures could maximise the sustainable integration of the different NEET subgroups into the labour market.

The lack of an in-depth knowledge of the NEETs population resulted in a vague design of the OPs which did not define the target groups most in need and did not clearly illustrate why the proposed actions would be the most appropriate to address the existing misalignments. Certain stakeholders complained as well about the transparency of the procedure and the lack of due consultation.

The Court highlighted the risk of a substitution, at least partial, of the expenditure previously financed from the national budget by the YEI/ESF funds. The majority of the measures which were to receive YEI support already existed prior to the introduction of the YG, which casts doubt on whether the EU resources will lead to a net increase in the level of available funding for NEETs in the Member States.

Another problem was the quality of the data which was provided by the MS to confirm the validity of the baseline scenarios and targets. As the baseline for result indicators were generally associated with historical success rates in finishing similar measures and with statistical information, the national authorities were asked to prepare evidence to support the given figures. Whereas all MS delivered generic explanations about the process of compiling the data, none was capable of providing the requested information in full. In the case of Portugal, a couple of indicators were wrongly calculated.

The Court also expressed its reservations about the Commission's guidance on data collection. In certain circumstances, the job offers received by NEETs might not be linked to the YEI intervention and thus should not lead to the overstatement of the accomplished results. Likewise, when the participant does not accept an offer because it is not appropriate to his/her profile, it should not be counted as a positive result.

As for the additional pre-financing for the YEI/ESF OPs, the MS were able to utilise it only partially. It suggests that the Commission underestimated the time required to put in place essential structures to spend and claim expenditure.

The Court observed that the reported results generally fell short of expectations for the YEI/ESF supported measures. At the end of 2015, the initial output target, i.e. the number of participants, was attained only in the French region of Nord-Pas-de-Calais. The share of participants that completed the YEI/ESF funded YG scheme varies among the MS. In Portugal and France, this figure is below one third.

The spending levels presented in the annual reports for 2015 were also low. The additional EU funding made available through YEI/ESF has not been fully used by the MS to provide NEETs with increased assistance. A risk that the pre-financing may have to be reimbursed to the Commission emerged, although many of the MS claimed that they had not yet made the relevant administrative arrangements to certify the expenditure already incurred.

Finally, the Court's analysis pointed towards deficiencies in the evaluation reports submitted by the MS. Limitations in the monitoring systems and the lack of reliable data as well as the fact that the programmes were still in their early stages were responsible for the absence of assessment of the YEI funded measures, their cost-effectiveness or their impact.

Conclusions and recommendations

The seven MS had made progress in implementing the Youth Guarantee and some results had been achieved. However, after more than three years after the adoption of the Council Recommendation, the Court concluded that the situation falls short of the initial expectations raised at the launch of the YG, which aims to provide a good quality offer to all NEETs within four months. In addition, the contribution of the Youth employment initiative to the achievement of the YG objectives in the five MS visited was very limited at the time of the audit.

None of the MS had yet ensured that all NEETs had the opportunity to take up an offer within four months, which would help them to integrate into the labour market in a sustainable way. As the Youth Guarantee is based on a Council recommendation, i.e. "soft law", its implementation depends on the goodwill of MS.

With regard to identification and registration of NEETs, the share of them registered by the end of 2015 had not shown a marked increase and it was difficult to assess the Youth Guarantee's contribution.

In relation to the sustainability of positive exits, the Court concluded that the level of sustainability deteriorated progressively from 6 to 12 to 18 months. Noting, that in some cases this was difficult to assess due to lack of information available from Member States.

When analysing the factors that impact on the results of the Youth Guarantee, the Court concluded that MS did not create adequate strategies with clear milestones and objectives to reach all NEETs. More effort is needed to support those young people who are most detached from the labour market, a conclusion also shared by the Commission in its 2016 communication.

While employment policy is primarily the competence of MS, none of the seven visited were able to provide an estimate of the addition expected cost of providing an offer to all NEETs within four months. In addition, the Court concluded that it is not possible to address all young people becoming unemployed or leaving formal education, which was the expectation raised by the Council Recommendation, with the resources available from the EU budget alone.

According to the Court's assessment, no comprehensive analysis of the NEET population has been carried out. An adequate skills assessment and proper profiling in view of labour market demand are crucial for better sustainability.

The poor quality of data provided by the MS affected its comparability and reporting.

When assessing the contribution of the Youth Employment Initiative to the overall implementation of the YG, the Court concluded that the contribution of the YEI in the five MS visited has so far been very limited due to shortcomings in the design of OPs in terms of the YEI, issues regarding the measurement of the YEI results and the fact that additional pre-financing made available was only partially used.

The Court concluded, when assessing YEI/ESF OPs/axes, that the majority of the measures which were to receive YEI funding already existed previously, increasing the risk that YEI/ESF substitutes national funding.

The Court also found that the quality of data, particularly the baseline scenarios and the results indicators, and the Commission guidance on data collection affect the measurement of the YEI results.

The additional pre-financing set in May 2015 for YEI/ESF OPs was only partially used, with the reported results being below expectations for YEI/ESF supported measures. People who benefited most from YEI co-financed measures were the ones that were easiest to reach, whereas the most disadvantaged groups were under-represented.

Following those conclusions, the **Court recommends:**

1. For future initiatives in the area of employment, the Member States and the Commission should:

- manage expectations by setting realistic and achievable objectives and targets;
- perform gap assessments and market analyses prior to setting up the schemes.

Deadline for implementation: whenever a new initiative is proposed.

2. MS should establish appropriate outreach strategies to identify the entire NEET population with the objective of registering them. These strategies should set out concrete and measurable annual objectives and identify the main challenges and appropriate action plans to overcome them. The Commission should support MS in this respect.

Deadline for implementation: mid-2018.

3. MS should establish a complete overview of the costs of implementing the Youth Guarantee for the entire NEET population. Based on this estimate, they should prioritise the related measures to be implemented according to the available financing. Where requested by MS, the Commission should support them in this process.

Deadline for implementation: mid-2018.

4. The Commission should, together with EMCO, develop and propose standards for quality criteria for offers to be made under the Youth Guarantee. MS should ensure that offers are only considered to be of good quality if they match the participant's profile and labour market demand and lead to sustainable integration in the labour market.

Deadline for implementation: mid-2018.

5. The Commission should identify and diffuse good practice in monitoring and reporting based on its overview of the existing systems across MS. The MS should improve their monitoring and reporting systems in order to regularly provide quality data to facilitate the development of more evidence-based youth policies. In particular, they should improve the capacity to follow up the participants that exit the YG in order to reduce the number of unknown exits to the maximum extent possible.

Deadline for implementation: mid-2018.

6. The Commission should ensure through its approval process for OP amendments, in particular in view of the impending significant increase in YEI funding, that MS perform a global assessment of the characteristics of the NEET population in order to ensure that the YEI measures included in the OPs will adequately address the needs of the young persons.

Implementation date: amendment of OPs following increase in YEI budget allocation.

7. The Commission should revise its guidance on data collection to minimise the risk of overstatement of results. In particular:
 - the YEI result indicators should only report the situation of YEI participants that completed the measure, assessing their situation at four weeks and six months after completion.

- in the case of training measures aiming at certification, their accomplishment should not be counted again as an achievement at four weeks and six months after completion.

MS should revise their baselines and targets accordingly.

Deadline for implementation: September 2017, in time for MS to be able to reflect in their 2017 annual implementation report.

European Commission's replies

The Commission considers that the current results in Youth Guarantee implementation do not fall short of initial expectations.

Whilst recognising that additional efforts are still needed to reach out to all young people, delivering quality and timely offers, the Commission underlines that the YG has led to positive results on structural reforms and policy innovation.

With regard to recommendation 1, the Commission considers it is primarily addressed to MS but accepts it insofar as it concerns the Commission and intends to set out appropriate actions when new initiatives will be proposed.

The recommendation 2 is primarily addressed to MS but the it accepts it insofar as it concerns the Commission and notes that it is already implementing it.

The Commission notes that the recommendation 3 is primarily addressed to MS. The Commission would welcome a better overview of the estimated cost of all planned measures to implement the YG and will upon request of the MS support them in this process.

The Commission accepts recommendation 4 insofar as it concerns the Commission and will explore the possibility if discussing standards for quality criteria in the context of the work on YG monitoring in EMCO.

The Commission accepts the first part of the recommendation 5 and considers it partially implemented. The Commission is already cooperating closely with MS in this field, in particular through the work in the EMCO Indicators Group, the support offered to MS reporting data under the Indicator Framework and the ILO targeted support given to three MS as part of the EC-ILO action on youth unemployment.

The second part of this recommendation is addressed to MS.

Finally, the Commission does not accept recommendations 6 and 7. The Regulations do not set out a specific requirement for a detailed assessment of the characteristics of the different subgroups of young people supported by the YEI in the OP. According to the Commission, recommendation 7 has the potential risk of under-reporting results and hamper comparability of data reported.

Rakkomandazzjonijiet tar-Rapporteur:

Il-Parlament Ewropew:

1. Jilqa' r-rapport tal-Qorti u huwa kuntent li l-Kummissjoni taċċetta xi whud minn dawn ir-rakkomandazzjonijiet, u se tikkunsidrahom;
2. Jinnota li r-rata tal-qgħad fost iż-żgħażaġh fl-UE qiegħed jonqos f'dawn l-aħħar snin; jiddispjaċih, madankollu, li f'nofs l-2016, il-qgħad kien għadu jaffettwa lil 18.8 % taż-żgħażaġh; jinkoraġġixxi bil-qawwa lill-Istati Membri tal-UE biex jużaw l-appoġġ disponibbli tal-UE biex jindirizzaw din is-sitwazzjoni li ilha teżisti għal żmien twil;
3. Huwa mħasseb ħafna dwar il-fatt li l-popolazzjoni NEET (barra mill-edukazzjoni, l-impjieg jew it-taħriġ) hija skonnessa mill-edukazzjoni u s-suq tax-xogħol; jifhem li din il-popolazzjoni hija l-aktar diffiċli biex tintlaħaq permezz ta' programmi operazzjonali li jimplimentaw skemi finanzjarji tal-qgħad fost iż-żgħażaġh; iqis li għall-perjodu 2017–2020, l-attenzjoni għandha tkun fuq din il-popolazzjoni, sabiex jiġi żgurat il-ksib tal-oġettivi ewlenin tal-Garanzija għaż-Żgħażaġh (YG);
4. Jenfasizza li l-integrazzjoni tal-popolazzjoni NEET tirrikjedi, b'mod sinifikanti, iżjed finanzjament tal-UE u jenħtieġ li l-Istati Membri jimmobilizzaw ukoll riżorsi addizzjonali mill-baġits nazzjonali tagħhom;
5. Jenfasizza li l-Garanzija għaż-Żgħażaġh għamlet kontribut pożittiv favur l-indirizzar tal-qgħad fost iż-żgħażaġh mill-2012 iżda li r-rata ta' qgħad fost iż-żgħażaġh tibqa' għolja b'mod inaċċettabbli, u għalhekk jitlob li l-Inizjattiva favur l-Impjieg taż-Żgħażaġh tiġi estiża sal-2020;
6. Jiddispjaċih li l-ebda wiehed mill-Istati Membri li saru żjarat fihom ma seta' jipprovdi lin-NEETs kollha b'opportunità li jaċċettaw offerta fi żmien erba' xhur minn meta jidhlu fl-iskema tal-Garanzija għaż-Żgħażaġh;
7. Jilqa' b'mod speċjali r-rakkomandazzjoni tal-Qorti li jeħtieġ li tingħata aktar attenzjoni sabiex titjieb il-kwalità tal-offerti;
8. Jinnota li l-Kummissjoni fil-komunikazzjoni tagħha ppubblikata f'Ottubru 2016 tikkonkludi dwar il-ħtieġa li tittejjeb l-effikaċja tagħha;
9. Jinnota li għad hemm l-isfida ta' nuqqas ta' tlaqqiġ tal-hiliet biex jissodisfaw it-talbiet tas-suq tax-xogħol; jitlob lill-Kummissjoni, fil-qafas tal-EMCO, biex tippromwovi l-iskambju tal-aħjar prattiki bejn l-Istati Membri bl-għan li din il-kwistjoni titqajjem fl-aġenda tal-impjieg;
10. Jilqa' l-kooperazzjoni tal-Kummissjoni mal-Istati Membri biex jidentifikaw u jxerrdu prattika tajba fil-monitoraġġ u r-rappurtar ibbażat fuq is-sistemi eżistenti fl-Istati Membri; ifakkar lill-Kummissjoni li l-komparabilità tad-data tibqa' fundamentali għal dawn il-finijiet;
11. Jinnota li sabiex jintlaħaq l-għan ta' offerta ta' impjieg ta' kwalità fit-tul għaż-żgħażaġh kollha taħt l-24 sena f'reġjuni identifikati, se jkunu meħtieġa ħafna aktar riżorsi.