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# **DRAFT REPORT**

on control of spending and monitoring of EU Youth Guarantee schemes' cost-effectiveness  
(2016/2242(INI))

Committee on Budgetary Control

Rapporteur: Derek Vaughan

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## MOTION FOR A EUROPEAN PARLIAMENT RESOLUTION

### **on control of spending and monitoring of EU Youth Guarantee schemes' cost-effectiveness (2016/2242(INI))**

*The European Parliament,*

- having regard to Articles 145, 147, 165, 166 and 310(5) of the Treaty on the Functioning of the European Union (TFEU),
  - having regard to the Council Recommendation of 22 April 2013 on establishing a Youth Guarantee<sup>1</sup>,
  - having regard to Regulation (EU) No 1304/2013 of the European Parliament and of the Council of 17 December 2013 on the European Social Fund and repealing Council Regulation (EC) No 1081/2006<sup>2</sup>, and Regulation (EU) 2015/779 of the European Parliament and the Council of 20 May 2015 amending Regulation (EU) No 1304/2013, as regards an additional initial pre-financing amount paid to operational programmes supported by the Youth Employment Initiative<sup>3</sup>,
  - having regard to the European Court of Auditors (ECA) Special reports No 3/2015 entitled 'EU Youth Guarantee: first steps taken but implementation risks ahead', No 17/2015 entitled 'Commission's support of youth action teams: redirection of ESF funding achieved, but insufficient focus on results' and No 5/2017 entitled 'Youth unemployment - have EU policies made a difference?',
  - having regard to the Commission communication of 4 October 2016 entitled 'The Youth Guarantee and Youth Employment Initiative three years on' (COM(2016)0646) and (SWD(2016)0324),
  - having regard to Rule 52 of its Rules of Procedure,
  - having regard to the report of the Committee on Budgetary Control and the opinions of the Committee on Budgets, the Committee on Employment and Social Affairs and the Committee on Culture and Education (A8-0000/2017),
- A. whereas youth unemployment has been and continues to be a problem in a number of Member States, with more than 4 million young people aged between 15 and 24 unemployed in the EU;
- B. whereas there is another group of young people who are not engaged in any form of education or professional training and who do not actively seek work (NEETs), whose number and composition vary greatly between Member States;
- C. whereas since the introduction of the European employment strategy in 1997, the Commission has supported a number of measures designed to improve young people's

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<sup>1</sup> OJ C 120, 26.4.2013, p. 1.

<sup>2</sup> OJ L 347, 20.12.2013, p. 470.

<sup>3</sup> OJ L 126, 21.5.2015, p. 126.

employment and education prospects<sup>1</sup>, placing particular emphasis on the Youth Guarantee (YG), which was established by the Council in April 2013, and the Youth Employment Initiative (YEI), which was launched in late 2013;

- D. whereas the YG requires the Member States to ensure that all young people under the age of 25 (or aged 30 and under in some Member States) receive a good-quality offer of employment, continued education, an apprenticeship or a traineeship within a period of four months after becoming unemployed or leaving formal education;
- E. whereas the overall approved budget for the YEI for the 2014-2020 programme period is EUR 6.4 billion, comprising EUR 3.2 billion from a new specific EU budget line to be matched by at least EUR 3.2 billion from national allocations under the existing European Social Fund (ESF); whereas this will be supplemented by an additional EUR 1 billion for the YEI's specific budget allocation over the 2017-2020 period, which will be matched by EUR 1 billion from the ESF in order to boost youth employment in the most affected regions;
- F. whereas the YG and YEI cover different actions, with the YG intended to encourage structural reform in education and serve as a short-term measure to combat youth unemployment, while the YEI is a funding instrument; whereas the YG is financed through the ESF, national budgets and the YEI, while the YEI can finance the direct provision of jobs, apprenticeships, traineeships or continued education for the YEI target group in the eligible regions; whereas while the YG applies to all 28 Member States, only 20 Member States are eligible for YEI support; whereas, finally, YEI intervention has no predefined duration, while the YG requires an offer to be made within four months;

### ***General remarks***

1. Notes that the youth unemployment rate in the EU has decreased in the past few years; regrets, however, that in mid-2016 18.8 % of young people in the EU were still unemployed; urges the Member States to utilise available EU support in order to tackle this longstanding issue;
2. Is strongly concerned that NEETs are disconnected from the education system and the labour market; understands that this demographic is the hardest to reach through existing operational programmes that implement youth unemployment funding schemes; considers that, for the 2017-2020 period, the focus should be on this demographic so as to ensure that the main YG objectives are achieved;
3. Stresses that the integration of NEETs requires significantly more EU financing and that the Member States should mobilise additional resources from their national budgets;
4. Emphasises that the YG has made a positive contribution to tackling youth unemployment since 2012 but that the youth unemployment rate remains unacceptably high; welcomes, therefore, the agreement reached by the co-legislators for the extension of the YEI until 2020;

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<sup>1</sup> Other measures include the 'Youth on the Move' initiative launched in September 2010, the 'Youth Opportunities Initiative' launched in December 2011 and the 'Youth Action Teams' launched in January 2012.

5. Welcomes the fact that the YEI was frontloaded in the years 2014 and 2015 and the increase of the initial pre-financing to EUR 1 billion designed to ensure a swift mobilisation of resources;
6. Notes that the YEI is intended to support young NEETs under the age of 25 who do not normally receive any employment or education support; regrets the fact that YEI adoption affects the allocation of ESF commitments in other programmes, and stresses that the resources from the specific allocation of the YEI should at least be matched by the same amount of ESF funds;
7. Calls for specific expertise to be developed in the Member States within public employment services (PES) in order to support people that cannot find a job within four months after becoming unemployed or leaving formal education;
8. Regrets that the majority of NEETs in the EU do not yet have access to any YG scheme; asks the Council to consider continuing a learning exchange within the existing PES network with a view to developing strategies based on best practices to reach and support NEET youth;
9. Notes with regret that most Member States have not established a definition of a ‘quality offer’; urges the Member States to use the existing networks to work on the development of commonly agreed characteristics of this concept; welcomes the ECA’s recommendation in its Special report No 5/2017 that more attention needs to be paid to improving the quality of offers;
10. Notes that in order to achieve the goal of securing an offer of quality and continuous employment for all young people aged 24 and under, considerably more resources are required at human, technical and financial level; welcomes the fact that several Member States have raised the maximum age of young people eligible for YG support to 30;
11. Notes that in its communication of October 2016, the Commission draws conclusions on the need to improve the effectiveness of the YEI; believes that this should be achieved by ensuring that NEETs are integrated into the labour market in a sustainable fashion and by setting objectives that reflect the diverse composition of NEETs, with specific, logical interventions for each of the sub-target groups;
12. Notes the persistent challenge of skills mismatches with labour-market demands; asks the Commission, within the framework of the Employment Committee of the European Union (EMCO), to promote the exchange of best practices between the Member States in order to address this issue;
13. Invites the Commission and the Council to consider proactive transitional initiatives, such as vocational orientation, careers guidance and information about the labour market, as well as support services in schools and careers services at universities, in order to facilitate young people’s transition into work by equipping them with transition and career management skills;

### ***Implementation and Monitoring***

14. Notes that implementation of the YG is being monitored through the European Semester,

the EMCO reviews, and a dedicated Indicator Framework developed by the EMCO in conjunction with the Commission; calls on the Council to support the Member States in improving the reporting of data;

15. Notes that most issues causing delays to implementation of the YEI by the Member States are of a procedural nature; calls on the MS concerned to continue making efforts to improve its implementation;
16. Welcomes the Commission's cooperation with the Member States in identifying and disseminating good monitoring and reporting practices on the basis of the existing systems across the Member States; reminds the Commission that the comparability of data remains fundamental for these purposes;
17. Is concerned that data on the beneficiaries, outputs and results of the YEI are sparse and often inconsistent; calls on the Commission and the Member States to take the necessary measures to set up less administratively burdensome and more up-to-date monitoring systems for the remaining YEI funding;
18. Recognises the significant efforts made by the Member States to implement the YG; observes, however, that most reforms have not yet been fully implemented, in particular in the forging of partnerships with social partners and young people and in supporting those facing multiple barriers; concludes that considerable efforts and financial resources are needed in the long term to achieve the YG objectives;
19. Believes that a cost estimation of the YG is a necessary contribution to assessing the value for money of the scheme; takes note of previous estimates provided by the International Labour Organisation and Eurofound and asks the Commission to confirm or update these projections;

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20. Instructs its President to forward this resolution to the Council, the Commission, and the Court of Auditors.