

Special Report

**EU Youth Guarantee:  
first steps taken but  
implementation risks  
ahead**



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**Special Report**

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(pursuant to Article 287(4), second subparagraph, TFEU)

# Audit team

The ECA's special reports set out the results of its performance and compliance audits of specific budgetary areas or management topics. The ECA selects and designs these audit tasks to be of maximum impact by considering the risks to performance or compliance, the level of income or spending involved, forthcoming developments and political and public interest.

This performance audit was produced by Audit Chamber II — headed by ECA Member Henri Grethen — which specialises in the structural policies, transport and energy spending areas. The audit was led by ECA Member Iliana Ivanova, supported by Tony Murphy, head of private office; Mihail Stefanov, attaché of private office; Emmanuel Rauch, head of unit; Valeria Rota, team leader; Kristina Maksinen, auditor and Paolo Pesce, auditor.



From left to right: P. Pesce, T. Murphy, I. Ivanova, M. Stefanov, K. Maksinen, E. Rauch.

## Paragraph

### Abbreviations

### Glossary

I–V **Executive summary**

1–23 **Introduction**

1–8 **Youth unemployment in the EU**

9–10 **The EU's role in employment policy**

11–13 **Youth Guarantee: a measure to support young people in finding a job and structural reform to improve school-to-work transitions**

14–23 **Funding of the Youth Guarantee scheme**

24–26 **Audit scope and approach**

27–84 **Observations**

27–43 **The Commission provided adequate and timely support to the Member States in setting up the Youth Guarantee scheme**

29–31 **Commission guidance on designing the Youth Guarantee scheme provided to Member States within 5 months of the Council recommendation**

32–35 **The Commission carried out a comprehensive and timely assessment of the draft YGIPs submitted by Member States**

36–37 **The Commission's assessment identified many of the shortcomings in draft YGIPs**

38–39 **Not all Member States submitted a revised YGIP following the Commission's assessment**

40–43 **Commission assessment of YGIPs not sufficiently coordinated with its assessment of the *ex ante* conditionality for ESF/YEI operational programmes**

44–84 **The Court identified a number of risks to the effective implementation of the Youth Guarantee scheme**

45–57 Risk that total funding may not be adequate

58–64 Lack of definition of good quality job offer may hamper the effectiveness of the Youth Guarantee

65–84 Comprehensive Youth Guarantee monitoring and reporting framework still being developed

## 85–91 **Conclusions and recommendations**

**Annex I — Youth unemployment rate (June 2014)**

**Annex II — Countries eligible for YEI funding**

**Annex III — Commission assessment of YGIP and YEI *ex ante* conditionalities**

## **Reply of the Commission**

**AIR:** Annual Implementation Report

**CPR:** Common provisions regulation (Regulation (EU) No 1303/2013 of the European Parliament and of the Council of 17 December 2013 laying down common provisions on the European Regional Development Fund, the European Social Fund, the Cohesion Fund, the European Agricultural Fund for Rural Development and the European Maritime and Fisheries Fund and laying down general provisions on the European Regional Development Fund, the European Social Fund, the Cohesion Fund and the European Maritime and Fisheries Fund and repealing Council Regulation (EC) No 1083/2006 (OJ L 347, 20.12.2013, p. 320)).

**CSRs:** Country-specific recommendations

**EMCO:** Employment Committee

**ESF:** European Social Fund

**ESIF:** European Structural and Investment Funds

**GDP:** Gross domestic product

**IA:** Impact assessment

**ICT:** Information and communication technology

**ILO:** International Labour Organisation

**NEETs:** (Young people) Not in Employment, Education or Training

**OP:** Operational programme

**PES:** Public employment services

**SWD:** Staff working document

**YAT:** Youth Action Team

**YEI:** Youth Employment Initiative

**YG:** Youth Guarantee

**YGIP:** Youth Guarantee Implementation Plan

**European Network of Public Employment Services:** The network was established following a Decision by the Council and the European Parliament to maximise the efficiency of public employment services (PES). The network comprises all 28 EU countries and the European Commission. It aims to compare PES performance through benchmarking, identify evidence-based good practices and foster mutual learning, promote the modernisation and strengthening of PES service delivery, including that of the Youth Guarantee, prepare inputs to the European Employment Strategy and the corresponding national labour market policies.

**European Semester:** The European Semester is the first phase of the EU's annual cycle of economic policy guidance and surveillance. Each European Semester, the European Commission analyses the fiscal and structural reform policies of every Member State, provides recommendations, and monitors their implementation. In the second phase of the annual cycle, known as the National Semester, Member States implement the policies they have agreed.

**European Social Fund:** The European Social Fund (ESF) aims to strengthen economic and social cohesion within the European Union by improving employment and job opportunities (mainly through training measures), encouraging a high level of employment and the creation of more and better jobs.

**Ex ante conditionalities:** These are concrete and precisely predefined critical factors which are a prerequisite for, and have a direct and genuine link to, and direct impact on, the effective and efficient achievement of a specific objective for an investment priority or a Union priority. When preparing operational programmes receiving co-financing from the European Structural and Investment Funds (ESIF) in the 2014–20 programming period, Member States must assess whether these conditionalities have been fulfilled. If they have not been fulfilled, action plans need to be prepared to ensure fulfilment by 31 December 2016.

**Front loading:** In the context of the YEI, front loading means that the related full budget will be available for disbursement during the first 2 years of the multiannual financial framework (MFF) instead of being distributed over the 7 years (2014–20).

**Impact assessments:** The impact assessments (IAs) contribute to the EU decision-making processes by systematically collecting and analysing information on planned interventions and estimating their likely impact. IAs must be carried out for all major policy initiatives (i.e. those presented in the annual policy strategy (APS) or, later, in the Commission's legislative work programme (CLWP)), with some clearly defined exceptions. In addition, other significant initiatives can be covered on a case-by-case basis.

**International Labour Organisation:** The International Labour Organisation (ILO) is a United Nations agency dealing with labour issues, and in particular with international labour standards. 185 of the 193 UN member states are members of the ILO. Unlike other United Nations specialised agencies, the International Labour Organisation has a tripartite governing structure — representing governments, employers, and workers. The ILO is a major provider of labour statistics.

**NEETs:** NEETs are defined as young people 'neither in employment, education or training'. This definition was agreed by the Employment Committee (EMCO) in April 2010 for use in the context of the Europe 2020 Integrated Guidelines. This definition of NEET includes unemployed people not in education and training and inactive people not in education and training.



In other words, 'not employed' includes both unemployed and inactive, while 'not in education or training' means that people who are employed and/or receiving formal or non-formal education are not considered to be NEETs.

**Operational programme:** An operational programme (OP) sets out a Member State's priorities and specific objectives and how the funding (EU and national public and private co-financing) will be used during a given period (generally 7 years) to finance projects. These projects must contribute to achieving a certain number of objectives specified at the level of the OP's priority axis. OPs exist for each of the funds in the Cohesion area (i.e. ERDF, CF and ESF). An OP is prepared by the Member State and has to be approved by the Commission before any payments from the EU budget can be made. OPs can only be modified during the period covered if both parties agree.

**Youth Action Team:** In February 2012, the Commission, together with the eight Member States with the highest levels of youth unemployment at the time, set up Youth Action Teams (YATs) to identify measures to make use of EU funding (including that from the ESF) still available under the 2007–13 programming period to support job opportunities for young people and small and medium-sized businesses.

**Youth Employment Initiative:** The Youth Employment Initiative (YEI) aims to provide financial support to regions experiencing youth unemployment rates above 25 %, by supporting the implementation of the Youth Guarantee to reinforce and complement the activities funded by the ESF. It funds activities directly, targeting young people not in employment, education or training (NEETs) under the age of 25 years (or where the Member States consider relevant, under the age of 30). It has an overall budget of 6 billion euro. The policy framework for the YEI is constituted by the Youth Employment Package and in particular by the recommendation on establishing the Youth Guarantee. The legal basis for the YEI is provided by the ESF regulations for 2014–20.

**Youth Guarantee:** The Youth Guarantee, adopted by the Council recommendation of 22 April 2013 on establishing a Youth Guarantee, should ensure that all young people up to the age of 25 receive a good quality offer of employment, continued education, an apprenticeship or a traineeship within 4 months of leaving formal education or becoming unemployed. The Youth Guarantee is a crucial structural reform, making institutions work better together to provide concrete results for young people.

**Youth Guarantee Implementation Plan:** The Youth Guarantee Implementation Plan (YGIP) sets out how the Youth Guarantee will be implemented at national level, the respective roles of public authorities and other organisations, how it will be financed (including the use of EU funds), how progress will be assessed and the timetable. These plans are prepared by the Member States. They are not adopted by the Commission.

## I

An average unemployment rate of 22 % in the EU in June 2014 for young people aged between 15 and 24 represents a significant challenge for all Member States. The situation is critical in some Member States where the unemployment rates affect between one in two or one in three young people, raising the prospect of a lost generation with significant socioeconomic costs.

## II

As a reaction to the worsening situation for unemployed young people, which was exacerbated by the economic and financial crisis, in 2012 the Commission made a proposal for a Youth Guarantee Scheme which resulted in the adoption of a Council recommendation in April 2013. In this, the Council made recommendations to the Commission and Member States to set up the 'Youth Guarantee', which is defined to ensure systematically, throughout the EU, that all young people under 25 receive a 'good quality' offer of employment, continued education, apprenticeship or traineeship within 4 months of becoming unemployed or leaving formal education.

## III

The Scheme will be financed from the EU budget through the European Social Fund and a dedicated Youth Employment Initiative with an estimated allocation of 12,7 billion euro for 2014–20. Complementary national funding will be required, since in addition to measures directed at individuals, structural reforms are also needed.

## IV

The Court's audit assessed whether the Commission has provided appropriate support to Member States in setting up their Youth Guarantee schemes and reviewed possible implementation risks. The Court concluded that the Commission provided timely and appropriate support to the Member States. However, three potential risks to the effective implementation of the scheme were identified, namely, the adequacy of the total funding, how a good quality offer is defined and the way in which the Commission monitors and reports on the results of the scheme.

## V

The Court recommends that:

- Member States should provide a clear and complete overview of the cost of all planned measures to combat youth unemployment under the Youth Guarantee scheme in order that the Commission can assess the overall funding needs.
- The Commission should promote a set of qualitative attributes that should be fulfilled for jobs, traineeships and apprenticeships to be supported from the EU budget. This could be based on the elements which define a good quality offer in the Commission Guidance for evaluation of the Youth Employment Initiative.
- The Commission should put in place a comprehensive monitoring system for the Youth Guarantee scheme, covering both structural reforms and measures targeting individuals. The results of this monitoring should be reported to the European Parliament and the Council.

## Youth unemployment in the EU

### 01

Over the last decade, and in particular since the beginning of the economic and financial crisis, the number of unemployed people in the EU has increased considerably. The risk of being unemployed is even higher for young people (15–24 years): for example, as young people are less experienced, they are often the first targets of job cuts. In some Member States, during the height of the economic and financial crisis this resulted in a situation where the transition of young people from school to the job market was almost impossible<sup>1</sup>.

### 02

Youth unemployment is also more sensitive to the economic cycle than overall unemployment, and young people are also more likely to be employed in economic sectors more exposed to economic downturns, such as the manufacturing, construction, retail or hospitality sectors. In the last 4 years, the overall employment rates for young people have fallen by three times as much as for adults. According to the International Monetary Fund (IMF), cyclical factors explain about 50 % of the changes in youth unemployment rates across Europe, but 70 % of the increase in unemployment rates in stressed euro area countries<sup>2</sup>.

### 03

In 2010, the Commission launched the 'Youth on the Move'<sup>3</sup> Europe 2020 flagship initiative, which advocated better education and training, more successful labour market integration and greater mobility as tools to combat youth unemployment. The Commission also called upon Member States to ensure that all young people are in a job, further education or other activation measure within 4 months of leaving school and to provide this as a 'Youth Guarantee'<sup>4</sup>.

### 04

In December 2011, the Commission proposed a 'Youth Opportunities Initiative'<sup>4</sup> and in January 2012 it announced that it would work with the eight Member States most affected by youth unemployment by establishing 'Youth Action Teams' (YATs) with a view to making better use of the EU funding still available during the 2007–13 programming period.

### 05

In December 2012, in its 'Youth Employment Package'<sup>5</sup>, the Commission proposed a Council Recommendation to establish a 'Youth Guarantee'. This proposal was adopted by the EU's Council of Ministers in April 2013<sup>6</sup> and further endorsed by the June 2013 European Council<sup>7</sup>.

- 1 United Nations Regional Information Centre for Western Europe 'Youth: the hardest hit by the global financial crisis' (<http://www.unric.org>).
- 2 International Monetary Fund, Country Report No 14/199 'Euro Area Policies', July 2014, Part 'Youth Unemployment in Europe: Okun's Law and Beyond'.
- 3 COM(2010) 477 final of 15 September 2010 'Youth on the Move'.
- 4 COM(2011) 933 final of 20 December 2011 'Youth Opportunities Initiative'.
- 5 COM(2012) 729 final of 5 December 2012 'Proposal for a Council Recommendation on establishing a Youth Guarantee'.
- 6 Council Recommendation of 22 April 2013 on establishing a Youth Guarantee (OJ C 120, 26.4.2013, p. 1).
- 7 European Council Conclusions, 27–28 June 2013, EUCO 104/2/13 (<http://www.consilium.europa.eu>).

06

In 2014, youth unemployment within the EU as a whole was still at alarmingly high levels (see **Box 1** and **Annex I**).

There is a gap of nearly 50 percentage points between the Member State with the lowest rate of youth unemployment (Germany at 7.8 % in June 2014) and the one with the highest rate (Spain at 53.4 % in June 2014).

07

Moreover, the gap between the countries with the highest and the lowest unemployment rates for young people is extremely high (see **Figure 1**).

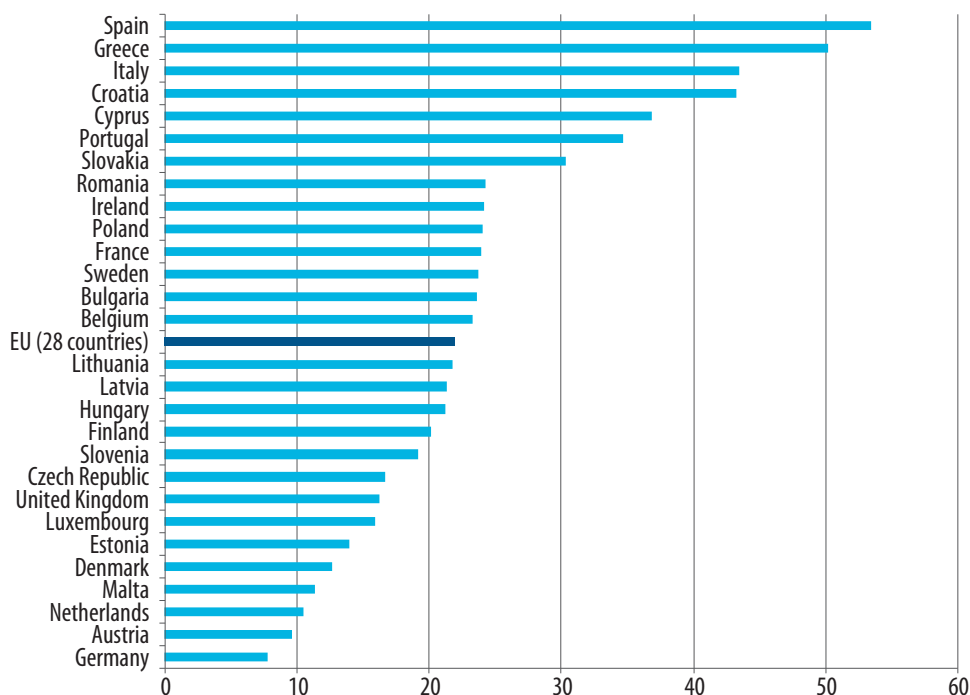
Box 1

Youth unemployment in the EU — some figures on the situation in 2014

Just under 5 million young people (under 25) were unemployed in the EU-28 area in June 2014, of whom over 3.3 million in the euro area. This represents an unemployment rate of 22 % in the EU. More than one in five young EU citizens on the labour market cannot find a job; in Greece and Spain it is one in two.

Figure 1

Youth (15–24 years old) unemployment rates in EU Member States (June 2014)



Source: Eurostat.

## Introduction

### 08

Youth unemployment also has a significant socioeconomic cost. A 2012 Eurofound<sup>8</sup> study concluded that young Europeans between 15 and 24 who are not employed, not in education and not in training (NEETs) are estimated to have a cost (in terms of unemployment benefits and foregone earnings and taxes) of around 153 billion euro (around 1.2 % of EU GDP) per year. In addition, there is a long-term cost of youth unemployment to the economy, to society and to the individuals concerned, such as increased risk of future unemployment (as a result of the skills deterioration and demotivation which result from protracted unemployment and inactivity) and poverty. In 2014, a total of 7.5 million young people were NEETs.

### The EU's role in employment policy

### 09

The EU's role in employment policy is to ensure that the employment policies of the Member States are coordinated, in particular by defining guidelines for these policies. The Commission may also support and, if necessary, complement national actions to combat unemployment<sup>9</sup>.

### 10

In the context of the European Semester, the Commission also has a role in proposing recommendations to the Council following its multilateral surveillance of Member States' economic policies, including employment<sup>10</sup>.

The Commission considers that these recommendations known as 'country-specific recommendations' (CSRs) are politically binding, once they are endorsed by the European Council. Ultimately they may lead to sanctions: if they are addressing weaknesses considered as putting the Member States in a situation of macro-economic imbalance and/or excessive deficit where the European Council considers that they are not subsequently sufficiently addressed by the Member State concerned<sup>11</sup>.

- 8 Eurofound (2012), NEETs — 'Young people not in employment education or training: Characteristics, cost and policy responses in Europe', Publications Office of the European Union, Luxembourg.
- 9 Article 5(2) and 147 of Consolidated Version of the Treaty on the Functioning of the European Union (OJ C 115, 9.5.2008, p. 47).
- 10 Article 148 of Consolidated Version of the Treaty on the Functioning of the European Union (OJ C 115, 9.5.2008, p. 47).
- 11 Regulation (EU) No 1176/2011 of the European Parliament and of the Council of 16 November 2011 on the prevention and correction of macroeconomic imbalances (OJ L 306, 23.11.2011, p. 25).

## Youth Guarantee: a measure to support young people in finding a job and structural reform to improve school-to-work transitions

### 11

The 2013 Council recommendation outlines the concept of the Youth Guarantee (see **Box 2**) and addresses specific recommendations to both the Member States and the Commission regarding the setting up and the implementation of the Youth Guarantee.

### 12

Unlike previous measures, the Youth Guarantee aims to provide one of four alternative offers (job, apprenticeship, traineeship or continued education) to young persons neither in employment, nor in any education or training across the EU in a systematic way. According to the Council, Member States should deliver the Youth Guarantee 'in accordance with national, regional and local circumstances'<sup>12</sup>.

### 13

The implementation of the Youth Guarantee requires a mix of measures which can be implemented in the short, medium and longer term. While some results relating to actions directed at individuals can be achieved quickly, others will require some time to have a positive impact. Examples of long-term measures include: structural reforms in relation to public employment services (PES) and, adjustments to labour legislation.

12 Recommendation 1 of Council Recommendation of 22 April 2013 on establishing a Youth Guarantee.

## Box 2

### What is the 'Youth Guarantee'?

Under the Youth Guarantee Member States should ensure that, within 4 months of leaving school or losing a job, young people under the age of 25 can either find a 'good quality' job suited to their education, skills and experience or acquire the education, skills and experience required to find a job in the future through an apprenticeship, a traineeship or continued education.

### Funding of the Youth Guarantee scheme

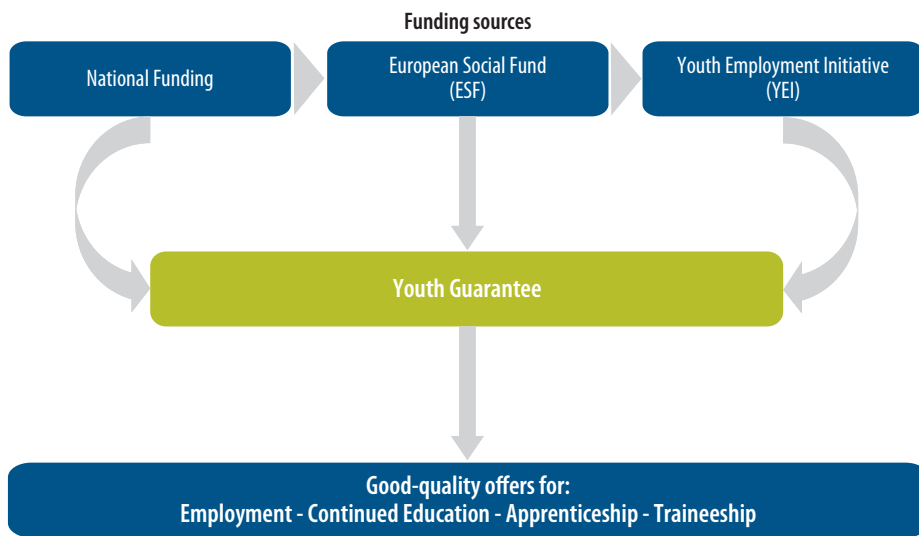
#### 14

The Youth Guarantee scheme is financed from the EU budget, in particular through the Youth Employment Initiative (YEI)<sup>13</sup> and the European Social Fund (ESF) for the 2014–20 programming period, and from national budgets (see **Figure 2**).

This public funding can be complemented by private funding (e.g. investments by companies on apprenticeships schemes or training schemes financed by private foundations).

13 European Council conclusions, 8 February 2013, EUCO 37/13 (<http://www.consilium.europa.eu>).

**Figure 2** Overview of the funding of the Youth Guarantee



Source: ECA.

## Introduction

### European Social Fund

#### 15

The ESF is by far the most important source of EU funding for the Youth Guarantee scheme. In February 2015, the Commission estimated that the ESF funding will total around 9.5 billion euro including the 3.2 billion euro required to match the YEI funding, where appropriate (see paragraph 16). The ESF can finance measures specifically targeting individuals as well as those relating to structural reforms (see **Box 3**).

#### Box 3

#### Examples of activities that can be supported by the ESF

Examples of activities that can be supported by the ESF include: development of specialised youth services, set-up of one-stop-shops (e.g. within Public Employment Services (PES) and on the Internet), enhanced databases, support to employment and schools careers services, awareness-raising campaigns, support to voluntary organisations providing mentors, setting up centres for analysis and developing policy models.

### Youth Employment Initiative

#### 16

To top up available EU financial support to the regions where individuals struggle most with youth unemployment and inactivity, the Council and the European Parliament agreed to create a dedicated 6.4 billion euro Youth Employment Initiative (YEI). The YEI funding comprises 3.2 billion euro from a specific new EU budget line dedicated to youth employment which is to be matched by at least 3.2 billion euro from national allocations under the existing ESF.

Unlike the ESF part, the specific allocation for YEI is not subject to the national co-financing requirement<sup>14</sup> and costs incurred by Member States since 1 September 2013 are eligible for reimbursement on a retrospective basis. The total YEI funding is front-loaded so that these funds are available in 2014 and 2015 and the related expenditure is due to be incurred by the end of 2017 and 2018.

14 Article 22(3) of 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 (OJ L 347, 20.12.2013, p. 470).



**17**

The YEI is part of the overall ESF programming and approved either in specific YEI operational programmes or as part of ESF operational programmes as a priority axis or even as part of a priority axis<sup>15</sup>.

**18**

YEI support concentrates on regions experiencing youth unemployment rates above 25 % and on young people not in employment, education or training (NEETs). It funds activities directly targeting young people under the age of 25 or, where the Member States consider it to be relevant, under the age of 30<sup>16</sup> (see **Box 4**).

**19**

Twenty Member States are eligible for YEI funding (see **Figure 3** and **Annex II**), as they had regions where youth unemployment was over 25 % in 2012<sup>17</sup>.

**20**

In 2014, the Commission stated that in order to make the Youth Guarantee a reality, Member States also need to prioritise youth employment measures in their national budgets<sup>18</sup>.

15 Article 18 of Regulation (EU) No 1304/2013.

16 Article 16 of Regulation (EU) No 1304/2013 and Annex VIII of Regulation (EU) 1303/2013.

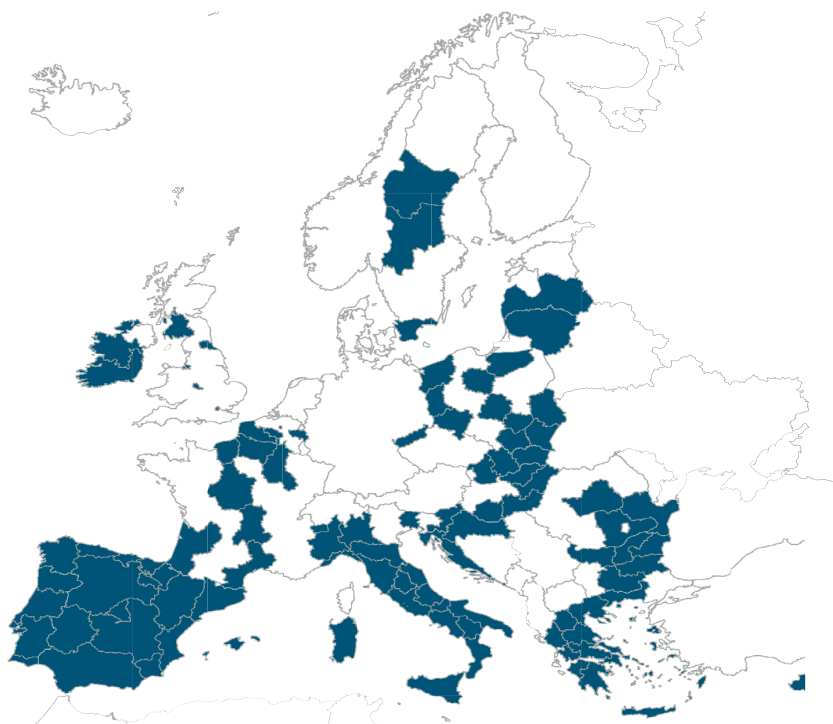
17 Article 16 of Regulation (EU) No 1304/2013.

18 European Commission MEMO 'The EU Youth Guarantee', 8 October 2014.

**Box 4****Examples of activities that can be supported by YEI**

Measures that can be financed through the YEI are, for example: provision of first job experience, job coaching for individuals, mobility measures to bring skills and jobs together, start-up support for young entrepreneurs, direct support for traineeships and apprenticeships, and provision of digital skills training.

**Figure 3** Youth Employment Initiative — eligible regions



### Eligible regions

#### SWEDEN:

Mellersta Norrland, Norra Mellansverige, Sydsverige

#### BELGIUM:

Hainaut Province, Liège Province, Région Bruxelles Capitale

#### IRELAND:

Border, Midland and Western, Southern and Eastern

#### UNITED KINGDOM:

Inner London, Merseyside, South Western, Scotland, Tees Valley and Durham, West Midlands

#### FRANCE:

Aquitaine, Auvergne, Centre, Champagne-Ardenne, Haute Normandie, Languedoc-Roussillon, Nord-Pas-de-Calais, Picardie, Mayotte, Guadeloupe, Guyane, Martinique, Réunion

#### PORTUGAL:

Alentejo, Algarve, Centro (PT), Lisboa, Norte, Região Autónoma da Madeira, Região Autónoma dos Açores

#### SPAIN:

Andalucía, Aragón, Canarias, Cantabria, Castilla y León, Castilla-La Mancha, Catalunya, Ciudad Autónoma de Ceuta, Ciudad Autónoma de Melilla, Comunidad de Madrid, Comunidad Foral de Navarra, Comunidad Valenciana, Extremadura, Galicia, Illes Balears, La Rioja, País Vasco, Principado de Asturias, Región de Murcia

#### ITALY:

Abruzzo, Basilicata, Calabria, Campania, Emilia-Romagna, Friuli-Venezia Giulia, Lazio, Liguria, Lombardia, Marche, Molise, Piemonte, Puglia, Sardegna, Sicilia, Toscana, Umbria, Valle d'Aosta/Vallée d'Aoste

#### POLAND:

Dolnoslaskie, Kujawsko-Pomorskie, Łódzkie, Lubelskie, Lubuskie, Maloposkie, Podkarpackie, Swietokrzyskie, Warminsko-Mazurskie, Zachodniopomorskie

#### CZECH REPUBLIC:

Severozápad

#### HUNGARY:

Dél-Alföld, Dél-Dunántúl, Észak-Alföld, Észak-Magyarország

#### SLOVAKIA:

Stredné Slovensko, Východne Slovensko, Západné Slovensko

#### ROMANIA:

Centru, Sud-Muntenia, Sud-Est

#### BULGARIA:

Severen tsentralen, Severoiztochen, Severozapaden, Yugoiztochen, Yuzhen tsentralen

#### SLOVENIA:

Vzhodna Slovenia

#### CROATIA:

Jadranska Hrvatska, Kontinentalna Hrvatska

#### GREECE:

Anatoliki Makedonia-Thraki, Attiki, Dytiki Ellada, Dytiki Makedonia, Ipeiros, Kentriki Makedonia, Kriti, Notio Aigaio, Peloponnisos, Sterea Ellada, Thessalia, Vorejo Aigaio

#### LATVIA, LITHUANIA, CYPRUS

Source: European Parliamentary Research Service.

### Role of the Commission in the set-up, implementation and monitoring of the Youth Guarantee

#### 21

The Commission's role in relation to the set-up, implementation and monitoring of the Youth Guarantee was specifically defined in the April 2013 Council recommendation<sup>19</sup>. In particular, the Commission should:

- encourage Member States to make best use of the ESF, in accordance with the relevant ESF investment priorities for the 2014–20 programming period, and the YEI, where applicable, to support the set-up and implementation of Youth Guarantee schemes as a policy instrument for combating and preventing youth unemployment and social exclusion;
- monitor the design, implementation and results of the Youth Guarantee schemes, in the context of the multilateral surveillance of the Employment Committee (see paragraph 68) within the framework of the European Semester and as part of the annual work programme of the European Network of Public Employment Services, analyse the impact of the policies in place, and address, where appropriate, country-specific recommendations to Member States, on the basis of the guidelines for the Member States' employment policies.

#### 22

According to the Council recommendation, in line with the 2014–20 common provisions regulation the Commission and the Member States are to ensure the effectiveness of ESF and YEI funds during preparation and implementation through monitoring, reporting and evaluation<sup>20</sup>.

### The Commission's assessment of the Youth Guarantee implementation plans

#### 23

Following the June 2013 Commission Communication 'Call to Action on Youth Unemployment'<sup>21</sup> and the European Council meeting<sup>22</sup>, the Member States committed themselves to submitting a Youth Guarantee Implementation Plan (YGIP) to the Commission. The eligible YEI Member States were to send these documents by the end of 2013 and the others in 2014. Within the framework of the European Semester, the Commission's Directorate-General for Employment, Social Affairs and Inclusion was entrusted with assessing the available Member States' YGIPs in January 2014 so that feedback could be provided to Member States during the European Semester bilateral meetings in February 2014.

19 Recommendation of 22 April 2013 on establishing a Youth Guarantee.

20 Article 4.9 of Regulation (EU) No 1303/2013.

21 COM(2013) 447 final of 19 June 2013.

22 European Council Conclusions, 27–28 June 2013, EUCO 104/2/13 (<http://www.consilium.europa.eu>).

## 24

Through this audit, the Court assessed whether the Commission provided appropriate support to Member States in setting up the Youth Guarantee scheme and reviewed possible implementation risks.

## 25

The audit covered the period from the adoption of the Council Recommendation in April 2013 to June 2014. At this date, the design phase of the Youth Guarantee scheme was complete, including the submission of YGIPs by Member States and their subsequent assessment by the Commission. Moreover, some additional information provided by the Commission up until February 2015 (concerning, in particular, the estimated EU funding allocated to the Youth Guarantee and the development of the monitoring system) has been taken into account by the Court. The audit aimed to identify potential risks which could have an impact on the implementation of the scheme. The Court intends to also cover issues concerning youth employment, including the implementation of EU initiatives at Member State level, in future reports.

## 26

The audit focused on the Commission's assessment of the YGIPs for a sample of five Member States: Ireland, Italy, Lithuania and Portugal, which were also subject to the Youth Action Teams (YAT), and France. For these five Member States, the Court re-performed the Commission's assessment and analysed both the feedback that the Commission provided to the Member States and the subsequent follow-up. The Court also examined, for the Member States for which the information was available, the link between the assessment of the YGIPs and the assessment of the YEI-related *ex ante* conditionalities. Finally, the Court assessed the EU framework for monitoring progress towards an effective implementation of the Youth Guarantee scheme and related reporting.

## The Commission provided adequate and timely support to the Member States in setting up the Youth Guarantee Scheme

### 27

Implementing the Youth Guarantee requires in-depth structural reforms of training, job search and education systems to improve school-to-work transitions and the employability of young people. In addition to these structural reforms, the Youth Guarantee also encourages the use of a wide range of proactive measures to help boost demand for young people's labour. These measures (such as temporary and well-targeted wage or recruitment subsidies or apprenticeship and traineeship grants) can help young people enter the job market and further develop their skills.

### 28

The Council recommendation provides good practice guidance for setting up an effective Youth Guarantee scheme. The Court examined to what extent the Commission has included these good practice criteria in its assessment of the Youth Guarantee Implementation Plans (YGIPs). Furthermore the Court assessed to what extent the Member States took account of the Commission's analysis of the draft YGIPs and whether the Commission's assessment of YGIPs was well coordinated with its *ex ante* assessment of ESF/YEI OPs.

## Commission guidance on designing Youth Guarantee Scheme provided to Member States within 5 months of the Council recommendation

### 29

The Court's analysis showed that the Commission produced guidance for developing a national YGIP and circulated it to Member States in September 2013, i.e. 5 months after the adoption of the Council Recommendation in April 2013. This guidance note comprised a template covering the key elements necessary for building a comprehensive implementation plan, based on the different axes of the Council recommendation:

- the national context and how the Youth Guarantee would add value to current provisions;
- building up partnership approaches;
- early intervention and activation measures;
- supportive measures enabling labour market integration;
- funding of the Youth Guarantee scheme;
- the assessment and continuous improvement of the reforms and initiatives.

### 30

In addition, the Commission supported Member States by publishing 'frequently asked questions' in December 2013 on the website dedicated to the Youth Guarantee and various supporting documents, such as a staff working document which details the basic concept of the Youth Guarantee and the principles that could contribute to its success. Moreover, the Commission organised thematic events in October 2013 and April 2014 and succeeded in having all Member States appoint a national Youth Guarantee coordinator.

### 31

The Court therefore considers that the Commission provided timely support to Member States. This facilitated Member States to initiate the set-up of their national Youth Guarantee schemes and allowed them to submit their YGIPs within the short timeframe agreed in the June 2013 Council conclusions, that is by the end of 2013 for YEI-eligible Member States and by spring 2014 for the remaining ones (see *Annex II*).

### The Commission carried out a comprehensive and timely assessment of the draft YGIPs submitted by Member States

### 32

The Court notes that the responsibility for the YGIPs rests with the Member States. The Commission's role is to carry out a thorough, timely and consistent assessment of the draft YGIPs to identify shortcomings that may negatively affect the possibility of achieving an effective Youth Guarantee. On this basis Member States could then adjust their YGIPs accordingly. In particular, this would enable Member States to make best use of the ESF and the YEI, where applicable, and support the set-up and implementation of Youth Guarantee schemes.

### 33

The Court has reviewed the Commission assessment of the national YGIPs and to what extent Member States have subsequently reacted to the shortcomings identified.

### 34

The Court found that the Commission developed a comprehensive evaluation grid, covering the key aspects of the Council recommendation. On the basis of this grid, the Commission was in a position to systematically assess the draft YGIPs submitted by Member States. The assessments were then subject to horizontal crosschecks with a view to ensuring consistency across all 28 YGIPs.

## Observations

### 35

As regards the Member States covered by this report, the Commission had assessed all the YGIPs reviewed by the Court and was in a position to provide feedback in time for bilateral meetings held in February 2014.

#### The Commission's assessment identified many of the shortcomings in draft YGIPs

### 36

The Commission assessment identified a number of shortcomings in relation to information provided by the Member States concerning key aspects included in their national YGIPs. Examples of such shortcomings include: poor or non-existent analysis of skills mismatch, failure to set out how the planned measures will ensure that all young NEETs will be reached, and inconsistencies in what constitutes a good quality offer.

### 37

However the Commission did not thoroughly and consistently address the following aspects which are specifically included in the Council recommendation:

- **ICT/digital skills:** The Commission had identified that ICT skills could offer great potential for the creation of sustainable jobs<sup>23</sup>. Moreover, it highlighted that currently '... the number of ICT graduates is insufficient in order to fill all the vacancies in the ICT sector, where, even in times of recent economic turmoil, the demand for ICT practitioners has been growing at a rate of 3 % per year'<sup>24</sup>.

While the Commission raised the fact that the Italian and Lithuanian YGIPs did not contain any measures for enhancing ICT/digital skills, it did not do so for Ireland and Portugal even though the reference to ICT/digital skills was equally absent in their YGIPs.

- **Mutual obligation:** The Council recommendation recognises 'young people's individual responsibility in finding a route into economic activity.' In some Member States, young unemployed persons risk the removal or reduction of unemployment or social assistance benefits if they do not take up any reasonable offer of employment, internship, training or education. Failure to consider this principle risks limiting the effectiveness of a Youth Guarantee scheme since it has a detrimental effect on participants' commitment and reduces the responsibility of the Member States to provide a good quality offer. The presence of mutual obligation was not assessed by the Commission for any of the YGIPs reviewed. The Court found that out of the five YGIPs reviewed only that from Ireland included a specific reference to this principle.

23 COM(2008) 868/3 'New skills for new jobs, Anticipating and matching labour market and skills needs'.

24 European Commission Staff Working Document, SWD(2012) 409 final, p. 21.

- **Mutual learning:** The Council recommendation calls on Member States ‘... to promote mutual learning activities at national, regional and local level between all parties involved in combating youth unemployment, in order to improve the design and delivery of future YG schemes’<sup>25</sup>. The Commission did not assess this relevant aspect, which is linked to the cost effectiveness of implementation in the Member States, and the Court found that with the exception of the French YGIP the principle of ‘mutual learning’ is not included in any of the reviewed YGIPs.

### Not all Member States submitted a revised YGIP following the Commission’s assessment

## 38

During the assessment process, the Commission, where appropriate, asked all Member States covered by this report for further clarification and/or pointing out the main weaknesses of their draft YGIPs in written feedback. The Commission also held bilateral meetings with the Member States to further discuss the shortcomings identified. Moreover, the Commission carried out technical visits to certain Member States to clarify a number of issues and identify outstanding problems in the YGIPs<sup>26</sup>.

## 39

A number of important shortcomings remained in the YGIPs after the bilateral meetings and the Commission asked for additional information from all Member States. For the Member States reviewed, the Court’s analysis showed that Lithuania was the only one which had committed itself to submitting a revised version of the YGIP<sup>27</sup>. France, Italy and Portugal, were all invited to present a new version of their implementation plans but they declined for different reasons. For instance, according to the Commission, the Italian authorities replied that they would ‘... focus on the careful drawing up of relevant OPs rather than rewriting a new YGIP’.

- 25 Recommendation 25 to Member States.
- 26 In the sample audited only Italy received such a technical visit.
- 27 In addition to Lithuania, 12 other Member States submitted revised YGIPs by June 2014 (Belgium, Bulgaria, Greece, Spain, Croatia, Hungary, Latvia, the Netherlands, Poland, Romania, Sweden and Slovakia), following the Commission’s request.



### Commission assessment of YGIPs not sufficiently coordinated with its assessment of the *ex ante* conditionality for ESF/YEI operational programmes

#### 40

According to the CPR regulation for the 2014–20 programming period, Member States must fulfil specific *ex ante* conditionalities to ensure an effective and efficient use of the EU funds. The CPR<sup>28</sup> states that ‘the assessment of fulfilment by the Commission shall be limited to the criteria laid down in the Fund-specific rules and in Part II of Annex XI and shall respect national and regional competences to decide on the specific and adequate policy measures including the content of strategies’. The relevant investment priority for ESF/YEI OPs is the ‘sustainable integration into the labour market of young people, in particular for NEETs, including young people at risk of social exclusion and young people from marginalised communities, including through the implementation of the Youth Guarantee’.

#### 41

The Commission must assess the consistency and adequacy of the information provided by Member States in relation to the specific *ex ante* conditionality before the adoption of an OP<sup>29</sup>. The *ex ante* conditionality for YEI is the existence of a strategic policy framework for promoting youth employment, including through the implementation of the Youth Guarantee<sup>30</sup>. The Court considers that the Commission’s assessment of this specific *ex ante* conditionality for YEI and the assessment of the YGIP should be closely coordinated to ensure that the ESF/YEI OP and the Youth Guarantee scheme are in line.

#### 42

The Court assessed whether the shortcomings identified by the Commission during the assessment of YGIPs were also addressed by it when drawing conclusions on the fulfilment, or otherwise, of the *ex ante* conditionalities.

#### 43

The Court found that the Commission considered the *ex ante* conditionalities related to ESF/YEI OPs as ‘fulfilled’ despite the YGIPs being evaluated by it as ‘very limited’ or ‘partial’ (see **Annex III**). The Court considers this as a missed opportunity for the Commission to ensure that Member States introduce a youth employment strategy in accordance with their political commitment to the Youth Guarantee scheme prior to the approval of the ESF/YEI OPs for the 2014–20 programming period. In addition, the Court’s review showed that the checks carried out by the Commission for the approval of OPs do not cover how the ESF/YEI OPs, in particular, will contribute to the effective implementation of the Youth Guarantee.

28 Article 19(3) of Regulation (EU) No 1303/2013.

29 Article 19(1) and (3) of Regulation (EU) No 1303/2013.

30 Annex XI of Regulation (EU) No 1303/2013.

## Observations

### The Court identified a number of risks to the effective implementation of the Youth Guarantee Scheme

#### 44

The Court also considered whether potential risks to the effective implementation of the Youth Guarantee Scheme could be identified when reviewing the Commission's assessment. In particular, the adequacy of the Youth Guarantee funding, the way the good quality offer is defined and the monitoring of the Youth Guarantee Scheme were considered.

#### Risk that total funding may not be adequate

#### 45

The implementation of Youth Guarantee schemes in Member States will be a costly measure, especially when considering the current scale of youth unemployment across the EU. The Court considers that a robust global estimate of the necessary funding for the Youth Guarantee Scheme can only be established based on reliable figures for the cost of implementing the Youth Guarantee in each Member State. Moreover, there should be clarity on the sources from which the national Youth Guarantee schemes are to be financed.

#### 46

The Court notes that the Youth Guarantee Scheme aims not only to provide financial support to young people (unemployed or at risk of being unemployed), but also fundamental structural reforms in the medium and long term. It is therefore evident that the Youth Guarantee will require substantial investment.

#### 47

Moreover, the amount of national funding which is made available to the Youth Guarantee Scheme has not yet been fully determined. According to the Commission's analysis of the YGIPs submitted by the Member States, nine<sup>31</sup> out of 28 Member States have not provided any information on the envisaged national funding. The remaining Member States have provided information with a varying degree of detail.

#### No impact assessment carried out for the Youth Guarantee Scheme

#### 48

In principle all major Commission legislative, budgetary and policy defining initiatives with significant impact must undergo an IA<sup>32</sup>. IAs must specify the costs and benefits of proposals, how they occur and who is affected. According to the Commission's guidelines, all impacts should be quantified and monetised where possible and appropriate, based on robust methods and reliable data<sup>33</sup>.

- 31 Estonia, Ireland, Spain, Luxembourg, Malta, Poland, Finland, Sweden and the United Kingdom.
- 32 Special Report No 3/2010 'Impact assessments in the EU institutions: do they support decision-making?', paragraph 3 (<http://eca.europa.eu>).
- 33 European Commission, 'Impact assessment guidelines', SEC(2009) 92.

## 49

The Court notes that the Commission, before proposing the Youth Guarantee scheme, did not carry out any impact assessment. The Commission's staff working document (SWD) which accompanied the Proposal for a Council Recommendation on Establishing a Youth Guarantee only made reference to the International Labour Organisation (ILO) 2012 estimates (see Commission staff working document section 2.3) and provided preliminary estimates for some Member States (Austria, Finland, Sweden and the UK)<sup>34</sup>. As a result, apart from the ILO estimates, there is no information on the potential global cost of implementing such a scheme across the EU.

**The ILO presented different estimates, in 2012 and 2013, of annual funding requirements for the implementation of a Youth Guarantee**

## 50

In February 2015, the Commission estimated that for the entire 2014–20 programming period, 12.7 billion euro of EU funding will be allocated to finance the schemes. Previously, in April 2014 the Commission estimated<sup>35</sup> that this would be complemented by national, regional and even private resources of 4 billion euro. This total of 16.7 billion euro amounts to around 2.4 billion euro per year.

## 51

In 2012, the ILO reported that the estimated annual cost of effectively implementing the Youth Guarantee in the euro area would be 0.2 % of GDP<sup>36</sup> or 0.45 % of government spending, which amounts to 21 billion euro<sup>37</sup>. ILO cost estimates published in 2013 based on six countries of the euro area<sup>38</sup> ranged between approximately 0.5 % and 1.5 % of GDP<sup>39</sup>. According to ILO, these implementation costs differ depending on the availability of the administrative infrastructure for the implementation of guarantee on a larger scale and the size of the eligible population.

**No robust estimate of costs for specific measures of the Youth Guarantee schemes**

## 52

In 2013, the Commission requested Member States to provide a cost estimate of the planned measures and the related sources of funding when submitting their YGIPs. In particular, Member States were asked to set out the sources of funding and its allocation to the different key reforms and measures/initiatives in a financing plan, and to provide specific information on each of the measures (such as the cost per measure, the expected number of beneficiaries per measure, the percentage of the target population to be reached by each measure, the additional cost of new measures and the expected outcomes).

- 34 European Commission Staff Working Document, SWD(2012) 409 final, pp. 11–12.
- 35 European Parliament Public Hearing, Committee on Budgets in cooperation with the Committee on Employment and Social Affairs, Tuesday 1 April 2014, page 23.
- 36 ILO, Global Employment Outlook, 'Global spill-overs from advanced to emerging economies worsen the situation for young jobseekers', September 2012, <http://www.ilo.org>
- 37 ILO, 'Eurozone job crisis: trends and policy responses', July 2012. The information was also published on the Commission website <http://ec.europa.eu>
- 38 Belgium, Ireland, Spain, France, Netherlands and Portugal.
- 39 ILO, 'Youth guarantees: a response to the youth employment crisis?', 2013 (<http://www.ilo.org>).

## Observations

### 53

This would have allowed the Commission to assess if adequate resources were allocated for the Youth Guarantee scheme. For example, 'Lack of complementary national funding, which could undermine the implementation of the Youth Guarantee in the short- and long-term'<sup>40</sup> was identified by the Commission as one of the most important challenges of delivering a Youth Guarantee in Spain. Therefore the Court reviewed the YGIPs submitted by the five Member States covered by this report (Ireland, France, Italy, Lithuania and Portugal) and checked whether any information was provided in relation to the estimated costs of the planned measures and the related sources of funding.

### 54

The Court found that generally Member States provided estimates for the cost of measures aimed at individuals. For some Member States, however, the YGIPs submitted lacked relevant information such as costs per beneficiary related to the offers (Ireland and France), the participation targets per measure and the percentage of the target population expected to be reached by the YG (France). As a result, the absence of such information does not allow early identification by the Commission of possible shortfalls as envisaged.

### 55

Moreover, none of the five Member States provided information on the estimated implementation cost of the structural reforms required for the delivery of an effective Youth Guarantee in their YGIPs.

### 56

For three of the five Member States reviewed, the national allocation specified in the YGIP is significantly less than that of the various EU funds, varying between 13 % (for Portugal) and 35 % (for Italy and Lithuania) of the total amount. For Ireland, the national allocation exceeded that of the EU while for France, the data available did not allow for such comparison. In addition, with the exception of Lithuania, the Member States declared the EU sources of funding related to the measures globally (under the same heading EU/ESF/YEI). Due to the lack of complete and accurate information, it was therefore not possible for the Commission to assess the suitability of the funding source for the measures or to conclude on the overall feasibility and sustainability of the Youth Guarantee financial plans.

40 European Commission Staff Working Document, SWD(2014) 410 final, p. 25.

## Observations

### Specific challenges in verifying the regularity of YEI expenditure

#### 57

According to the ESF regulation<sup>41</sup>, the programming arrangements of the YEI may take one or more of the following forms (see paragraph 17):

- a dedicated operational programme;
- a dedicated priority axis within an operational programme;
- a part of one or more priority axes.

The Court considers that there is a specific challenge (as compared to standard ESF expenditure) for the Member States and the Commission to effectively verify the regularity of YEI expenditure declared. This is due to more stringent eligibility requirements, the possibility to declare expenditure incurred since September 2013 and, particularly in the last case above, the absence of co-financing for YEI.

### Lack of definition of good quality job offer may hamper the effectiveness of the Youth Guarantee

#### 58

The Court recalls that the Youth Guarantee aims to offer young people a genuine opportunity to increase their employability with a view to sustainable and rewarding labour market integration, and to consequently boost overall youth employment rates.

The Council recommends therefore that Member States ensure that all young people under the age of 25 receive a 'good quality' offer within 4 months of becoming unemployed or leaving formal education. The Council recommendation, however, does not indicate what a 'good quality' offer is, or specify who should provide such a definition.

#### 59

A number of EU documents (such as the Council Recommendation for a Quality Framework for Traineeships<sup>42</sup> and the Council Declaration 'European Alliance for Apprenticeships'<sup>43</sup>) set out non-binding qualitative minimum standards of good quality for traineeships and apprenticeships to prevent companies exploiting them as cheap sources of labour. On the other hand, there are no equivalent documents establishing principles defining a good quality job.

#### 60

In December 2013, the Commission issued guidance according to which a 'good quality' offer is an offer which is expected to result in 'sustainable labour market attachment' and which should not 'only have as an immediate effect to reduce the statistics of youth unemployment for a while'<sup>44</sup>.

41 Article 18 of Regulation (EU) No 1304/2013.

42 Council Recommendation for a Quality Framework for Traineeships, Brussels, 10 March 2014 (<http://www.consilium.europa.eu>).

43 Council Declaration "European Alliance for Apprenticeships", Employment, Social Policy, Health and Consumer Affairs Council, Luxembourg, 15 October 2013.

44 FAQs on the Youth Guarantee, question 6 (<http://www.ec.europa.eu>).

## 61

Based on a review of relevant studies<sup>45</sup> in this field, the Court considers that there may be a combination of attributes which are relevant for defining whether a job offer should be considered to be 'good quality': namely duration of the contract (fixed duration or open-ended contract), type of contract (part-time voluntary-involuntary/full-time); remuneration level linked to the cost of living of the Member State in question; the skills content of jobs and the related level and type of qualification required, and availability of additional job-related training. Within the principle of subsidiarity a minimum set of attributes could have been defined at EU level while leaving Member States the flexibility to establish their own standard values for each of these.

## 62

The Court found for example that the Commission, when assessing the draft YGIPs submitted by Italy, would consider an offer of temporary employment (5 to 6 months) to be 'good quality' even if the salary is below the monthly income poverty threshold in most parts of the country, based on data from the Italian National Institute of Statistics (ISTAT)<sup>46</sup>. No other qualitative elements were taken into account by the Commission.

## 63

The absence of a set of qualitative attributes for a good quality job offer leads to the risk that the Youth Guarantee schemes might be implemented inconsistently and ineffectively across Member States or even within an individual Member State. While it is obviously possible to check the quality of offers being made in the different Member States *ex post* (i.e. through evaluations), by that time most of the YEI budget would be already committed and/or spent (in view of the frontloading of funds in 2014 and 2015) and any shortcomings impacting the effectiveness of the YEI expenditures would not be addressed.

## 64

The Court notes that in July 2014 the Commission provided specific guidance to be used for the evaluation of the YEI<sup>47</sup>, foreseen in the ESF regulation<sup>48</sup> for the end of 2015 and end of 2018, which requires the evaluators to report on the quality of employment offers received by YEI participants, also taking into account qualitative criteria such as those set out above.

- 45 European Parliament, 'Indicators of Job Quality in the European Union', PE429.972, 2009 (<http://www.europarl.europa.eu>); CSES, 'Study on Measuring Employment Effects', June 2006; OECD, 'Local Implementation of Youth Guarantees: Emerging Lessons from European Experiences', 2014.
- 46 Italian National Institute of Statistics (ISTAT) 'Calcolo della soglia di povertà assoluta' (<http://www.istat.it>).
- 47 European Commission, 'Guidance on Evaluation of the Youth Employment Initiative', July 2014.
- 48 Article 19(6) of Regulation (EU) No 1304/2013.

### Comprehensive Youth Guarantee monitoring and reporting framework still being developed

#### 65

The Court considers that an ongoing assessment of measures under the Youth Guarantee is crucial to ensure that funds are invested wisely and measures are implemented in ways that will make a real difference for young people. Robust monitoring mechanisms should therefore be built into the design of Youth Guarantee measures from the beginning<sup>49</sup>. This is the basis for effective, evidence-based policymaking which should alert the European Parliament and the Council when objectives are not being reached or when the efficiency of the measures is not satisfactory, allowing them to improve the design or the implementation of the measures.

#### 66

The Commission monitors the implementation of the Youth Guarantee Scheme within the framework of the European Semester, and it is asked to analyse the impact of the policies in place, and to address, where appropriate, CSRs to Member States, on the basis of the guidelines for the employment policies of the Member States<sup>50</sup>.

#### 67

The Court assessed the framework established to monitor the implementation and results of both the Youth Guarantee as a whole and also in relation to those actions financed by the YEI.

### Comprehensive monitoring and reporting arrangements not built into design of the Youth Guarantee scheme from the beginning

#### 68

Through its recommendation, the Council entrusted the Commission with monitoring the implementation of the Youth Guarantee through the multilateral surveillance of the Employment Committee<sup>51</sup> (EMCO) within the framework of the European Semester (see **Box 5**). According to the Council recommendation, however, it is not planned to report the results of this monitoring to the European Parliament.

- 49 European Commission, 'The Youth Guarantee: Making It Happen', 2014, p. 3.
- 50 Council Recommendation of 22 April 2013 on establishing a Youth Guarantee, Recommendation 6.
- 51 The EMCO was created by Council Decision 2000/98/EC of 24 January 2000 establishing the Employment Committee (OJ L 29, 4.2.2000, p. 21) on the basis of article 150 of the TFEU. Each EU Member State and the Commission nominate two members to EMCO.

#### Box 5

### Role of the Employment Committee (EMCO)

EMCO's primary role is as an advisory committee for Employment and Social Affairs Ministers in the Employment and Social Affairs Council (EPSCO). EMCO's multilateral surveillance helps to assess implementation comprehensively across Member States with similar challenges, together with assessing policy options and plans. It monitors Member States' progress in implementing reforms prompted by the CSRs. One of its subgroups is mandated to select and develop indicators to monitor the employment strategy, which includes monitoring the Youth Guarantee.

## Observations

### 69

Progress on the implementation of the Youth Guarantee was reviewed by EMCO in May 2014, along with an assessment of Member States' employment situation and national reform programmes. This took the form of peer reviews and was intended to offer as complete a coverage as possible to identify key challenges in Member States.

### 70

Based on the reports reviewed for the Member States covered by the May exercise, the Court found that the level of detail of this analysis varied significantly. For example, whereas the examination of Ireland focused extensively on the Youth Guarantee, that of Portugal did not cover the Youth Guarantee at all.

### 71

The Court also notes that a sub group of EMCO has developed specific indicators to monitor the implementation and results of the Youth Guarantee at EU level<sup>52</sup>. These are macroeconomic indicators that are expected to complement indicators that measure the direct impact of policy and the speed of delivery of offers to young people. The indicators were endorsed by the Council in December 2014. A pilot exercise to test the methodology was launched in October 2014 and the result will be evaluated during 2015 which, according to EMCO, may lead to some technical revision of the indicator framework<sup>53</sup>.

### 72

As these indicators are not mandatory, relevant information about the success of the Youth Guarantee as a whole will depend on the continued commitment of the Member States to provide comprehensive and reliable data. The Court also considers that availability of these indicators at an earlier stage would have allowed Member States to include them in their administrative system at the design stage of the Youth Guarantee scheme.

### Long-term reforms needed to address Youth Guarantee-related country-specific recommendations

### 73

In the framework of the European Semester, the Commission also analyses the impact of employment policies taking into account data reported in the scoreboard (see **Box 6**) and, where appropriate, points out the weaknesses to the Member States through annual CSRs.

### 74

The Court reviewed how the Youth Guarantee was addressed in the CSRs. In particular, for the sampled Member States, checks were carried out on whether the recommendations were specific, measurable and achievable.

52 INDIC/07/13052014/EN — Monitoring the Youth Guarantee — Revised Working Group note for the IG meeting on 13 May 2014.

53 Council of the European Union: 'Implementation of the Youth Guarantee and monitoring framework — endorsement of the EMCO's key messages', 17 November 2014.



## Box 6

**Commission scoreboard on Youth unemployment and NEETs indicators**

Youth unemployment and NEETs indicators are part of a newly developed Commission scoreboard of key employment and social indicators which identifies the major employment and social imbalances within the EU. The first such Scoreboard was published as part of the Joint Employment Report 2014, jointly adopted by the Commission and the EU's Council of Ministers. It is composed of five key indicators and forms the basis of the Commission's proposals for structural reforms.

**75**

The Court found that the 2013 CSRs related to youth unemployment were in general neither specific nor measurable (see **Box 7**).

**76**

In 2014, the Commission proposed specific recommendations on the implementation of the Youth Guarantee to eight countries (Bulgaria, Ireland, Spain, Italy, Croatia, Poland, Portugal and Slovakia). The Court found that these CSRs provided more detail and some of them also included milestones.

**77**

The effective implementation of CSRs depends, however, on political commitment at national level. According to the Commission only 10 % of all 2013 CSRs have been fully implemented while 45 % have seen limited or no progress<sup>54</sup>. This was also addressed by the European Parliament in October 2014<sup>55</sup>.

**78**

The Court notes that in relation to the CSRs addressing the Youth Guarantee, considerable reforms are needed which are unlikely to be implemented in the short term.

54 Commission website: Country-Specific Recommendations 2013 (<http://ec.europa.eu>).

55 European Parliament resolution of 22 October 2014 on the European Semester for economic policy coordination: implementation of 2014 priorities (2014/2059(INI)).

## Box 7

**Country-specific recommendations in 2013 — Examples of Lithuania and Italy**

The CSR for Lithuania was to 'Improve the employability of young people, for example through a Youth Guarantee, enhance the implementation and effectiveness of apprenticeships schemes, and address persistent skills mismatches'; for Italy it was to: 'Take further action to foster labour market participation, especially of women and young people, for example through a Youth Guarantee'. Both CSRs made reference to the Youth Guarantee scheme, but neither provided details on how the countries should implement the schemes to have most impact; nor did either provide any measurable targets, or interim milestones.

## No plans for systematic reporting on the Youth Guarantee schemes as a whole

### 79

The CPR regulation requires the Commission to send a summary report of the annual implementation reports (AIRs) to the European Parliament each year, starting from 2016. Moreover, in 2017 and 2019, the Commission is to present to the European Parliament strategic reports summarising the progress reports of the Member States and attend the Parliament's debate on those reports<sup>56</sup>.

### 80

The Court notes that Youth Guarantee measures that are not funded through the ESF/YEI OPs would not be included in these reports since the AIRs cover only EU-funded interventions. As a result, with the exception of the EMCO indicators, there is no provision for any reporting on the nationally funded part of the Youth Guarantee scheme at EU level. This carries the risk that stakeholders will not have a clear overview of how and to what extent the Youth Guarantee as a whole contributes to tackling youth unemployment.

## The new performance framework for ESF/YEI focuses on results

### 81

ESF/YEI-funded Youth Guarantee actions are to be monitored according to the legal framework of the European Structural and Investment Funds<sup>57</sup>. The ESF regulation contains specific provisions for monitoring, reporting and evaluating the YEI to ensure that its impacts and contribution to the Youth Guarantee can be measured and made visible. In particular, it requires that 'At least twice during the programming period, an evaluation shall assess the effectiveness, efficiency and impact of joint support from the ESF and the specific allocation for YEI including for the implementation of the Youth Guarantee. The first evaluation shall be completed by 31 December 2015 and the second evaluation by 31 December 2018'<sup>58</sup>.

### 82

In addition, as from April 2015 and for subsequent years, the Member States must send structured data related to common indicators to the Commission for EU-supported actions together with the annual implementation reports (AIRs). These reports must also set out and assess the quality of employment offers received by participants as well as their progress in continuing education, finding sustainable and decent jobs, or moving into apprenticeships or quality traineeships<sup>59</sup>.

- 56 Article 53 of Regulation (EU) No 1303/2013.
- 57 Regulation (EU) No 1303/2013 and Regulation (EU) No 1304/2013.
- 58 Article 19(6) of Regulation (EU) No 1304/2013.
- 59 Article 19(3) and 19(4) of Regulation (EU) No 1304/2013.

### 83

The ESF regulation provides for mandatory common output and results indicators for all actions supported by an operational programme (OP)<sup>60</sup>. For the OP activating the YEI it also requires that Member States detail specific result indicators.

### 84

The Court has examined the relevance of the YEI result indicators as set out in the ESF regulation and identified that the following result indicators could be more detailed when approving future ESF/YEI OPs or when making amendments to existing OPs:

- the YEI-specific results indicators ‘Unemployed/Long-term unemployed/Inactive participants who receive an offer of employment, continued education, apprenticeship or traineeship upon leaving’ does not require Member States to provide data which differentiate between the four different offers which participants can receive under the Youth Guarantee scheme. The absence of such a requirement means that details will not be available on the types of Youth Guarantee offers taken up by young people and consequently whether corrective actions will be necessary to improve the effectiveness of the measures;
- the YEI longer-term result indicators measure the situation of young people just 6 months after the intervention has ended, whereas measuring over a longer time lag would facilitate drawing conclusions on the sustainability of certain offers (e.g. job offer);
- the regulation allows Member States to extend, on a voluntary basis, the YEI target group to people over 25 but under the age of 30. However, none of the YEI result indicators cover the 25–29 age group, making it difficult to assess the effectiveness of measures for this age group. While the Commission guidance strongly encourages Member States to develop their own output indicators (such as participants in YEI-funded actions) for the 25–29 age group, it makes no reference to the related result indicators. The Court found that of the four Member States examined which chose to extend the YEI scope (France, Italy, Lithuania and Portugal), none has established additional programme-specific result indicators, and two (France and Portugal) have not even set the additional output indicators to cover the extended target group.

<sup>60</sup> Annex II of Regulation (EU) 1304/2013.

## 85

The Youth Guarantee recommendation was formally adopted by the EU's Council of Ministers on 22 April 2013 on the basis of a proposal made by the Commission in December 2012. This recommendation made specific recommendations to both Member States and the Commission for the implementation of the scheme. In particular, the Commission was entrusted with assessing the available Member States' Youth Guarantee implementation plans so that feedback could be provided to Member States during the European Semester bilateral meetings.

### **The Commission provided adequate and timely support to the Member States in setting up the Youth Guarantee scheme**

## 86

Overall, the Court concludes that the Commission provided adequate and timely support to the Member States in the process of setting up the Youth Guarantee. In particular, the Commission issued guidance on designing Youth Guarantee schemes in September 2013, i.e. only 5 months after the adoption of the Council recommendations in April 2013 (paragraphs 29 to 31).

## 87

The Commission carried out a comprehensive and timely assessment of the draft YGIPs submitted by Member States and successfully identified several shortcomings. However, the Commission did not thoroughly and consistently assess the following aspects: ICT/digital skills, mutual obligation and mutual learning. The Court also found that not all Member States submitted an updated YGIP following the Commission's assessment (paragraphs 32 to 39).

### **Risks to an effective implementation of the Youth Guarantee schemes have been identified by the Court**

## 88

Based on the Court's review of the Commission's assessment of the Youth Guarantee implementation plans, a number of risks have been identified relating to the adequacy of the total funding and the nature of a 'good quality offer', as well as monitoring and reporting arrangements for the Youth Guarantee scheme.

### **Adequacy of total funding for the Youth Guarantee scheme**

## 89

The Court considers that, in the absence of an impact assessment by the Commission, there is insufficient information on the potential cost of implementing a Youth Guarantee scheme in the EU Member States. Moreover, at the time of the audit, the Commission did not have a detailed picture of the EU and national funding amounts allocated by the Member States to the different measures of the Youth Guarantee scheme, and in particular to measures related to structural reforms. The Court considers that due to the lack of such information there is a risk that total funding may not be adequate to implement the Youth Guarantee scheme (paragraphs 45 to 57).

## Conclusions and recommendations

### Recommendation 1

Member States should provide a clear and complete overview of the cost of all planned measures to combat youth unemployment under the Youth Guarantee Scheme in order that the Commission can assess the overall funding needs.

### Nature of a 'good quality offer'

#### 90

The 'good quality' nature of offers, a factor highlighted in the definition of what constitutes a Youth Guarantee, is crucial for providing young people with a genuine opportunity to increase their employability with a view to sustainable and rewarding labour market integration, and consequently boosting overall youth employment rates. The absence of a set of qualitative attributes for a job offer to be considered as being of 'good quality' entails the risk of inconsistent and ineffective implementation of Youth Guarantee schemes across (and even within) Member States (paragraphs 58 to 64).

### Recommendation 2

The Commission should promote a set of qualitative attributes that should be fulfilled for jobs, traineeships and apprenticeships to be supported from the EU budget. This could be based on the elements which define a good quality offer in the Commission Guidance for evaluation of the YEI.

### Monitoring of the Youth Guarantee schemes

#### 91

The Court found that a comprehensive Youth Guarantee monitoring and reporting framework is still being developed. To have a clear picture of the implementation of the Youth Guarantee Scheme as a whole, all measures should be monitored to ensure that funds are invested wisely and measures are implemented in ways that will make a real difference for young people. This should also make it possible to react proactively when it becomes clear that targets will not be met. This information should be reported in a way that allows the success (or otherwise) of the Youth Guarantee to be demonstrated (paragraphs 65 to 84).

### Recommendation 3

The Commission should put in place a comprehensive monitoring system for the Youth Guarantee Scheme, covering both structural reforms and measures targeting individuals. The results of this monitoring should be reported to the European Parliament and the Council.

This report was adopted by Chamber II, headed by Mr Henri GRETHEN, Member of the Court of Auditors, in Luxembourg at its meeting of 25 February 2015.

*For the Court of Auditors*

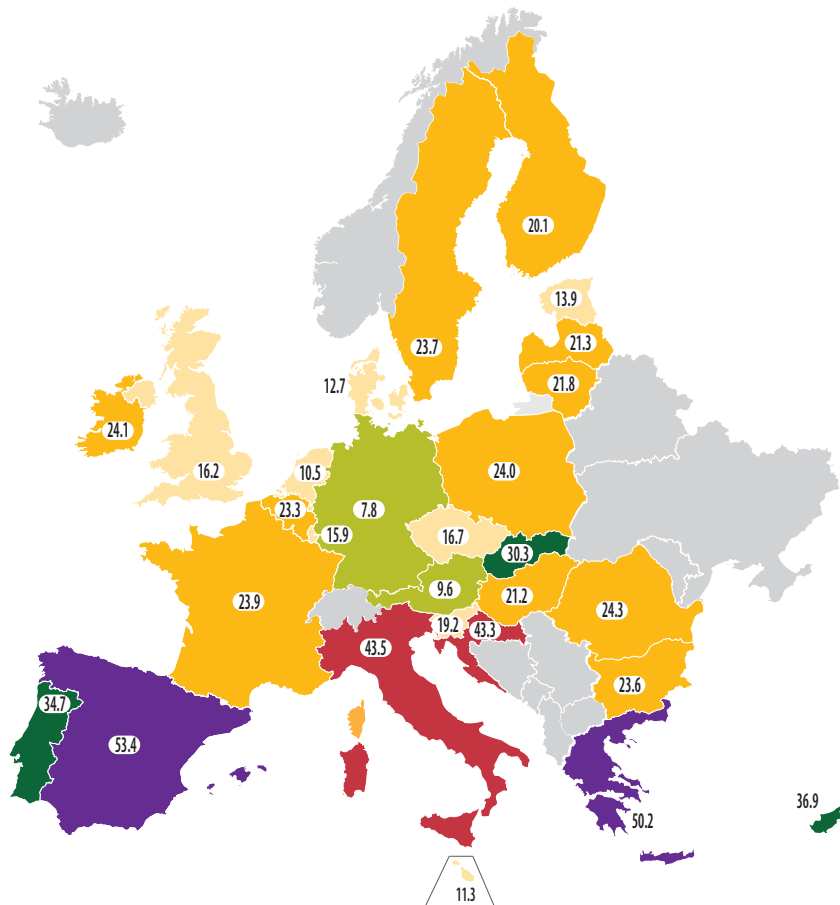


Vítor Manuel da SILVA CALDEIRA  
*President*

## Youth unemployment rate (June 2014)

Percentage of labour force  
(EU average = 22 %)

- < 10
- 10-20
- 20-30
- 30-40
- 40-50
- > 50



Source: Eurostat.

## Countries eligible for YEI funding

Member State	Region(s) eligible for funding under the Youth Employment Initiative	Youth Employment Initiative specific allocation (euro)
Belgium	Yes	42 435 070
Bulgaria	Yes	55 188 745
Czech Republic	Yes	13 599 984
Denmark	No	-
Germany	No	-
Estonia	No	-
Ireland	Yes	68 145 419
Greece	Yes	171 517 029
Spain	Yes	943 496 315
France	Yes	310 161 402
Croatia	Yes	66 177 144
Italy	Yes	567 511 248
Cyprus	Yes	11 572 101
Latvia	Yes	29 010 639
Lithuania	Yes	31 782 633
Luxembourg	No	-
Hungary	Yes	49 765 356
Malta	No	-
Netherlands	No	-
Austria	No	-
Poland	Yes	252 437 822
Portugal	Yes	160 772 169
Romania	Yes	105 994 315
Slovenia	Yes	9 211 536
Slovakia	Yes	72 175 259
Finland	No	-
Sweden	Yes	44 163 096
United Kingdom	Yes	206 098 124
<b>TOTAL</b>		<b>3 211 215 406</b>



Commission assessment of YGIP and YEI *ex ante* conditionalities

Member States	Outcome of YGIP assessment	<i>Ex ante</i> conditionality
Bulgaria	● Very limited	● Fulfilled
Czech Republic	● Very limited	● Fulfilled
Greece	● Very limited	● Fulfilled
Italy	● Very limited	● Fulfilled
Lithuania	● Very limited	● Fulfilled
Poland	● Very limited	● Fulfilled
United Kingdom	● Very limited	● Fulfilled
Belgium	● Partial	● Fulfilled
Ireland	● Partial	● Fulfilled
Spain	● Partial	● Fulfilled
France	● Partial	● Fulfilled
Croatia	● Partial	● Fulfilled
Cyprus	● Partial	● Not fulfilled
Latvia	● Partial	● Fulfilled
Hungary	● Partial	● Fulfilled
Portugal	● Partial	● Fulfilled
Slovenia	● Partial	● Fulfilled
Slovakia	● Partial	● Fulfilled
Sweden	● Partial	● Fulfilled

Note: The YEI *ex ante* conditionalities for Romania were not assessed by the Commission at the time of the audit.

## Executive summary

### V First bullet

The Commission notes the recommendation addressed to Member States and would indeed welcome in some cases a better overview of the estimated cost of all planned measures to combat youth unemployment.

The template produced by the Commission requested Member States to provide information on EU, national, regional/local, employer and other funding sources thus encouraging the Member States to give the complete information on the overall costs and funding of a YG (including funding gaps).

19 out of 28 Member States have provided this information (with different degrees of detail).

### V Second bullet

The Commission accepts the recommendation and considers it as partially implemented, in particular through the Council recommendation on a quality framework for traineeships, the European Alliance for Apprenticeships and the related Council declaration and the monitoring of the quality of employment in the European Semester.

Regarding the promotion of qualitative attributes, the Commission will further stimulate the reflection around 'good quality' offers, taking into account the qualitative attributes mentioned in the Guidance for evaluation of the YEI. The Commission will in particular: animate a debate on the concept of 'good quality' offers in the next meeting of national YG coordinators, invite Member States to discuss the concept of 'good quality' offers in the context of the EMCO work, explore the possibility of addressing 'good quality' YG offers under the Mutual Learning Programme (MLP), and provide further guidance on 'good quality' in the YG FAQ document.

The Commission notes that *ex post* evaluations will provide evidence on the quality of job offers, as recommended in the guidance for the evaluation of YEI.

### V Third bullet

The Commission accepts the recommendation and considers it as partially implemented through the indicators framework as endorsed by the EPSCO Council, through the relevant arrangements that are set out in Article 19 and Annex I and II of the ESF regulation and relevant CPR provisions related to monitoring and evaluation in the case of measures financed from the YEI and through its commitment to report on the implementation of the Youth Guarantee to the European Parliament and the Council in 2016.

Monitoring activities will feed into the Commission's assessment of the Youth Guarantee implementation under future European Semesters. They will also inform the Commission's 2016 report on the implementation of the Youth Guarantee, which will be formally submitted to the European Parliament and the Council through the appropriate channels.

## Introduction

### 15

The Commission notes that a further 11 billion aim at measures such as modernisation of employment services and self-employment measures which will also indirectly support youth employment.

Over 26 billion euros will be spent on education measures including life-long learning where young people are likely to be among the main beneficiaries.

## Observations

### 37

The Commission would like to remind that it operates in a soft law environment, based on a Council recommendation and that while many sub-elements of a Youth Guarantee are desirable where appropriate, not all of them need to be part of a particular national scheme.

Moreover, the evaluation of the submitted YGIP was just a first step in a process of continued monitoring of the implementation of the Youth Guarantee in Member States. The Commission monitors the implementation of Youth Guarantee schemes within the European Semester. The European Semester process covers a broad spectrum of national policies which are linked to the delivery of a Youth Guarantee.

### 37 First indent

In the context of the European Semester, the need for enhancing ICT/digital skills is highlighted where appropriate.

### 37 Second indent

The Commission is of the opinion that failure to consider a link between the non-acceptance of a reasonable offer and unemployment or social assistance benefits does not necessarily limit the effectiveness of a Youth Guarantee scheme.

The Commission's staff working document sets out that principles of mutual obligation such as participation in active labour market policies could be considered when designing a Youth Guarantee scheme<sup>1</sup>.

In the Council recommendation the principle of mutual obligation is called upon in the context of early intervention and activation (recommendation 10).

While 'mutual obligation' may carry important benefits, it does not figure in the assessment grid, as it would be too prescriptive to judge a scheme against its inclusion in case a Member State chooses to not base their scheme on it or in case their national provisions and practices do not allow it.

Priority was therefore given to assess the main building blocks of the Youth Guarantee and the intended existence and coverage of offers.

### 41

In the context of an adoption of an operational programme containing YEI-related measures, 'a strategic policy framework for promoting youth employment' must be in place before any disbursement of funds from the Commission. The Commission's assessment of this pre-condition (so called YEI *ex ante* conditionality) is based on the Member State's self-assessment and the information provided therein. Whenever the Member State has referred to additional national strategies on youth employment other than the YGIP, the Commission had to base its assessment regarding the YEI *ex ante* conditionality fulfilment on all the strategic documents for youth employment referred to by the Member States. Nevertheless, when assessing the YEI *ex ante* conditionality, the Commission looks at the consistency with the YGIP so that the ESF investments will match the policy objectives of the Member State concerned.

### 42

The Commission notes that the assessment framework for YGIP is not the same as for the YEI *ex ante* conditionality, as the two processes are driven by different objectives — respectively policy objective (YG) and legal compliance (YEI).

The criteria for fulfilment of the *ex ante* conditionality do require 'the existence of a strategic policy framework for promoting youth employment including through the implementation of the Youth Guarantee'. The sub-criteria against which this 'strategic policy framework' should be assessed by the Commission services were also laid down in the regulation. The latter do not make any reference to the existence of a YGIP and a fortiori to its positive assessment by the Commission.

Therefore, there is no automatic link between the assessment of the YGIP which is done from a policy perspective and against the Youth Guarantee recommendation and the assessment of the YEI-related EAC which is done through a fixed set of criteria detailed in the CPR.

<sup>1</sup> European Commission Staff Working Document, SWD(2012) 409 final, p. 4.

The Commission notes that such a link which would have made the existence of a YGIP a legal requirement for fulfilling the YEI *ex ante* conditionality was proposed by the Commission but rejected by the Council during the legislative process.

### 43

The Commission refers to its reply to paragraph 42. The sometimes nuanced or slightly different outcomes of the two processes are explained by their different although to some extent interlinked nature.

The sub-criteria against which the 'strategy policy framework for promoting youth employment' should be assessed contain also qualitative elements such as the identification of key stakeholders, including the public authorities involved and the coordinating arrangements with the partners, the set-up of early intervention and activation systems as well as the monitoring arrangements. The assessment of these qualitative elements is going beyond a pure formality check.

Moreover, to the extent feasible, the context of the Commission's assessment of the YEI *ex ante* conditionality fulfilment did serve as a channel for requesting certain modifications to the YGIP (for example in the case of France).

### Common Commission reply to paragraphs 55 and 56

The Commission agrees and would like to point out that investing in a Youth Guarantee is crucial for the EU to preserve its future growth potential. Significant EU financial support can help — most notably from the European Social Fund and in the context of the Youth Employment Initiative. But to make the Youth Guarantee a reality, Member States also need to prioritise youth employment measures in their national budgets.

### 47

19 out of 28 Member States have provided information on the envisaged sources of funding of their Youth Guarantee scheme (with different degrees of detail). In some cases, the Commission would however welcome a better overview of the estimated cost of all planned measures even if it is aware that any estimates of the costs of a Youth Guarantee are subject to caveats.

### 49

The Youth Guarantee recommendation does not prescribe any precise way in which the Member States will implement the Youth Guarantee since it will very much depend on the national situation (i.e. number of the NEETs they have and their specific characteristics).

The impacts will therefore depend on the choice of Member States as regards the targeting and the design of the support.

As explained in the Explanatory Memorandum of the Commission's proposal, it is accompanied by a staff working document (SWD), which goes into more details about what constitutes a Youth Guarantee, addresses questions about costs and benefits of such schemes, and describes one by one the ingredients necessary to make the Youth Guarantee a success. Furthermore, in an annex, the SWD presents policies supporting youth employment already in place in the 27 Member States and Croatia, reflecting the various starting points of these countries towards setting up fully-fledged Youth Guarantee schemes.

The real cost of a Youth Guarantee will also depend on the national circumstances and the way in which it is set up and implemented in each Member State. As such, any estimates of the costs of a Youth Guarantee are subject to a number of caveats.

In that respect, country examples of Austria, Finland, Sweden and the UK could be considered as an indication of potential costs for the Member States intentions about implementing the Youth Guarantee.

### 50

The Commission refers to its reply to paragraph 15.

### 53

The Commission refers to its reply to paragraph 47.

### 54

The Commission indeed informed France that the quantitative overall targets of the plan are not sufficiently clear and indicated that doubts remain on the qualitative aspects of the offers that Pôle Emploi will propose to the NEETs in order to comply with the YG. Further follow up is taking place in the context of the European Semester.

In its YGIP, Ireland provided a table which sets out information on average participation, inflow of new participants, the expected inflow of young people and the indicative cost of youth provision. Irish authorities are reticent to project future participation numbers until national budget allocations are decided and therefore did not provide any figures beyond 2014. It was therefore not deemed necessary or appropriate to request further information from the Irish authorities.

### Common Commission reply to paragraphs 55 and 56

The Commission considered that it was primarily important to be able to see if (sufficient) national resources were allocated in addition to the EU funds. It therefore provided the Member States with a template where they were asked to provide information on the available funding sources, i.e. whether it would originate from EU, national, regional/local, employer and/or other funding sources.

The breakdown between the different EU funds was secondary at that stage, since the operational programmes were to follow shortly. The Commission considered that a detailed breakdown of EU funding sources by ESF/YEI funds would be provided within the relevant OPs, especially as the informal negotiations on the OP financial plans were still ongoing between the Member States and the Commission.

### 57

The Commission notes that regularity of YEI expenditure will be subject to verifications as part of the normal assurance-building process which duly takes specific risks into account.

### Common Commission reply to paragraphs 61 and 62

The Commission agrees that 'good quality' is a crucial element for implementing the Youth Guarantee.

The Commission promotes a set of qualitative attributes for traineeships (through the Council Recommendation on a Quality Framework for Traineeships) and for apprenticeships (through the European Alliance for Apprenticeships and the related Council Declaration). For jobs, the Commission monitors the quality of employment in the European Semester, with particular attention being paid to school-to-work transitions and issues related to labour market segmentation.

Regarding the quality of employment in the open market, the Commission is of the view that any quality assessment will be dependent on the situation of the relevant labour market, including aspects such as labour laws or the current economic climate.

The Commission will further stimulate the reflection around 'good quality' offers, taking into account the qualitative attributes mentioned in the Guidance for evaluation of the YEI. The Commission will in particular animate a debate on the concept of 'good quality' offers in the next meeting of national YG coordinators, invite Member States to discuss the concept of 'good quality' offer in the context of the EMCO work, explore the possibility of addressing 'good quality' YG offers under the Mutual Learning Programme (MLP), and provide further guidance on 'good quality' in the YG FAQ document.

### 63

The Commission refers to its common reply to paragraphs 61 and 62.

In addition, the Commission considers that a consistent implementation of the YG and a 'one-size-fits-all' approach is neither possible nor in line with the Council recommendation, which clearly indicates that YG schemes should be in accordance with local, regional and national circumstances.

However, the Commission agrees that an effective implementation of Youth Guarantee schemes is crucial. The outcome-based approach followed by the Commission has precisely many advantages in assessing the effectiveness of the measures within the YG schemes, as it takes into account the diverse labour market situations and the suitability of an offer to the individual.

In this regard, the Commission is of the view that, in general, an offer is of good quality if the person who benefits from it achieves sustainable labour market attachment. That is to say, does not return to unemployment or inactivity thereafter; a 'good quality' offer can thus be measured by its outcome. As said (cf. common reply to paragraphs 61 and 62) the Commission will further stimulate the reflection around 'good quality' offers.

The Commission notes that offers of apprenticeships, traineeships and continued education, be they subsidised offers — such as those financed under YEI/ESF programmes or under national programmes — or not, are already covered by quality standards.

### 65

The Commission would like to point out that a lengthy consensus-building exercise was necessary to define a common monitoring framework. This might have delayed the adoption of the Youth Guarantee Council recommendation at a critical moment and thus hindered swift delivery.

### 68

The Commission would like to point out that the results from the monitoring feed into the key documents adopted by the European Commission in the context of the European Semester (Commission staff working documents, in-depth reviews, proposals for country-specific recommendations).

The Commission has regular exchanges with the European Parliament on the European Semester developments.

Moreover, further to the 27–28 June 2013 European Council conclusions, the Commission will report to the European Parliament and the Council in 2016 on the implementation of the Youth Guarantee and on the operation of the YEI.

### Common Commission reply to paragraphs 69 and 70

The Commission notes that a second review of progress on the implementation of Youth Guarantee schemes in 21 Member States took place in EMCO on 3 December 2014 with conclusions for each reviewed Member State. These will be followed up in May 2015. All December 2014 EMCO reviews focused extensively on the Youth Guarantee schemes in a consistent manner, according to Working Methods applied to all Member States. Both the May and December 2014 reviews were echoed in the following EPSCO meetings on Youth unemployment and the Youth Guarantee.

### 71

The Indicator Framework for Monitoring the Youth Guarantee was endorsed by EMCO on 22 September 2014. The EPSCO Council endorsed in December 2014 the EMCO Key messages on the Indicator Framework for Monitoring the Youth Guarantee which ask for a strong political commitment to overcome the existing obstacles in data collection and ensure a sound monitoring system of the Youth Guarantee at EU and Member State level, based on the proposed framework.

See also Commission reply to paragraph 65.

## Reply of the Commission

### 72

The Commission agrees that the continued commitment of Member States is needed. The YG pilot data collection was launched by the EMCO indicators' group in October 2014. The aim was to test the methodology proposed for the regular administrative data collection for monitoring the implementation of the Youth Guarantee and assess the obstacles faced by Member States and how they can be overcome in view of launching regular data collection in June 2015. By 18 February all Member States but three have sent their contributions. The remaining contributions are expected soon.

### 73

The reading of the scoreboard of key employment and social indicators is supplemented by the additional information derived from — inter alia — the Employment Performance Monitor (EPM), and the assessment of policy measures undertaken by the Member States.

### Common Commission reply to paragraphs 74 to 76

The Commission emphasises that the formulation and adoption of CSR is foremost a political process, where on the basis of country-specific analysis in the staff working documents, the Commission makes a proposal which is then reviewed through a multilateral surveillance process in Committees, Council Groups and subsequently endorsed by the European Council.

The Commission's proposals for country-specific recommendations take into account the specificities of each country's situation.

### Box 7

The Commission considers that recommendations for both Lithuania and Italy took duly into account the specificities of each country's situation.

### 77

The Commission notes that on a whole, the Semester process is leading, over a medium-term perspective, to considerable reform efforts in Member States.

### 80

The Commission considers that the YGIP submitted by Member States provide already in most cases a useful general overview of all Youth Guarantee measures.

Moreover, the Commission has set up a monitoring system for the Youth Guarantee. Structural reforms are monitored through the European Semester, including EMCO. Measures targeting individuals will be monitored both through the Indicator Framework for Monitoring the Youth Guarantee, and in the case of measures financed from the YEI, through the relevant arrangements that are set out in Article 19 and Annex I and II of the ESF regulation and relevant CPR provisions related to monitoring and evaluation.

### 84

The Annex II ESF indicators for YEI have been designed to follow as closely as possible the ESF Annex I common indicators. At the same time, they reflect the specific nature of YEI.

### 84 First indent

For the purpose of ensuring the quality result in relation to the (YEI) funding provided, the Commission is interested in measuring the overall outcomes in relation to the change in the person's status — namely that from being a NEET at the stage of entering the operation to a potential change after the YEI support.

The Youth Guarantee has its own monitoring requirements which will allow tracking the type of offers provided under the Youth Guarantee from 2016 onwards.

### 84 Second indent

The YEI indicators follow the logic and pattern of the ESF common indicators.

Subsequent monitoring for former participants in YEI measures places additional burden on the participants and administrative resources. For some of the measures such as extensive obligatory monitoring might be seen as costly and excessive. Effects observed after prolonged time also decrease causality linking observations to the interventions, decreasing the value-added of these observations.

However, Member States can in addition to compulsory monitoring decide to have additional longer term indicators, for example to repeat a survey after 6 months. Also, Member States have an obligation to carry out impact evaluations, which will provide insights on long-term effects of interventions such as income differentials for subsequent year and similar indicators in addition to the indicators presented in Annex II.

### 84 Third indent

Whenever a Member State has stated in its OP that it plans to extend the target group to below 30 years, the Commission has requested that the Member State includes additional programme-specific indicators to cover the 25–29 group.

Result indicators are not age specific as such and do not cover any age group such as 15–18, etc. However, Member States are asked by the Commission to include programme-specific output indicators for YEI age group 25–29, if they decide to target them. Such indicators will allow assessing effectiveness of interventions when crossed with YEI Annex II Result indicators.

## Conclusions and recommendations

### 87

See Commission reply to paragraph 37.

### 89

The Commission refers to its reply to paragraph 47.

The Commission notes that the Council recommendation does not prescribe any precise way in which the Member States will implement the YG (i.e. employment, continued education, apprenticeship or a traineeship) since it will depend on the national situation (i.e. how many NEETs they have, the structure of NEETs). The targeting and the design of the precise support influences the costs and benefits and makes it difficult to estimate in advance the costs and benefits of all potential options.

The Commission however agrees that there might be a risk that total funding may not be adequate to implement the Youth Guarantee schemes and has encouraged Member States to prioritise youth employment measures in their national budgets.

It should also be recalled that EU funds support to the YG goes beyond direct YEI and ESF measures for young persons' training and employment measures. The ESF also supports labour market services modernisation, self-employment, education and social inclusion measures — which partly also support youth employment from a structural reform point of view.

### Recommendation 1

The Commission notes the recommendation addressed to Member States and would indeed welcome in some cases a better overview of the estimated cost of all planned measures to combat youth unemployment.

The template produced by the Commission requested Member States to provide information on EU, national, regional/local, employer and other funding sources thus encouraging the Member States to give the complete information on the overall costs and funding of a YG (including funding gaps).

19 out of 28 Member States have provided this information (with different degrees of detail).



### 90

The Commission considers that a consistent implementation of the Youth Guarantee and a 'one-size-fits-all' approach is neither possible nor in line with the Council recommendation, which clearly indicates that YG schemes should be in accordance with local, regional and national circumstances.

The Commission agrees that an effective implementation of Youth Guarantee schemes is crucial. The outcome based approach followed by the Commission has precisely many advantages in assessing the effectiveness of the measures within the YG schemes, as it takes into account the diverse labour market situations and the suitability of an offer to the individual.

In this regard, the Commission is of the view that, in general, an offer is of good quality if the person who benefits from it achieves sustainable labour market attachment. That is to say, does not return to unemployment or inactivity thereafter; a 'good quality' offer can thus be measured by its outcome.

The Commission notes that offers of apprenticeships, traineeships and continued education, be they subsidised offers — such as those financed under YEI/ESF programmes or under national programmes — or not, are already covered by quality standards.

In this regard, the Commission promotes a set of qualitative attributes for traineeships (through the Council Recommendation on a Quality Framework for Traineeships) and for apprenticeships (through the European Alliance for Apprenticeships and the related Council Declaration). For jobs, the Commission monitors the quality of employment in the European Semester, with particular attention being paid to school-to-work transitions and issues related to labour market segmentation.

Regarding the quality of employment in the open market, the Commission notes that any quality assessment will be dependent on the situation of the relevant labour market, including aspects such as labour laws or the current economic climate.

### Recommendation 2

The Commission accepts the recommendation and considers it as partially implemented, in particular through the Council Recommendation on a Quality Framework for Traineeships, the European Alliance for Apprenticeships and the related Council Declaration and the monitoring of the quality of employment in the European Semester.

Regarding the promotion of qualitative attributes, the Commission will further stimulate the reflection around 'good quality' offers, taking into account the qualitative attributes mentioned in the Guidance for evaluation of the YEI. The Commission will in particular: animate a debate on the concept of 'good quality' offers in the next meeting of national YG coordinators, invite Member States to discuss the concept of 'good quality' offer in the context of the EMCO work, explore the possibility of addressing 'good quality' YG offers under the Mutual Learning Programme (MLP), and provide further guidance on 'good quality' in the YG FAQ document.

The Commission notes that *ex post* evaluations will provide evidence on the quality of job offers, as recommended in the guidance for the evaluation of YEI.

### 91

The Commission monitors the implementation of the Youth Guarantee within the European Semester, including through bilateral meetings with Member States, and through fact-finding missions.

Through its membership in the Employment Committee (EMCO) — in its preparation of Council deliberations — the Commission also contributes to the multilateral surveillance on Youth Guarantee implementation. Dedicated multilateral surveillance reviews were held by EMCO in this regard once in 2013 and twice in 2014. Both the May and December 2014 reviews were echoed in the following EPSCO meetings on Youth unemployment and the Youth Guarantee.

The Commission, where appropriate, proposes country-specific recommendations to Member States. The conclusions of the EMCO multilateral reviews feed into the final CSR negotiations.

EMCO endorsed an Indicator Framework for Monitoring the Youth Guarantee on 22 September 2014, based on macroeconomic, implementation and follow-up levels indicators which, taken together, will aim to provide a holistic view of Youth Guarantee schemes' impact on the labour market situation of young people across Europe. The administrative data necessary for the 'implementation level' is currently tested through a pilot data collection exercise in all 28 Member States, with regular data collection due to start in 2015. Key messages on the Indicator Framework were endorsed by the EPSCO Council on 11 December 2014, highlighting Member States' political commitment to providing the necessary data.

Measures targeting individuals will be monitored both through the Indicator Framework for Monitoring the Youth Guarantee, and in the case of measures financed from the YEI, through the relevant arrangements that are set out in Article 19 and Annex I and II of the ESF regulation and relevant CPR provisions related to monitoring and evaluation. Regarding specifically the YEI, the Commission has set up a framework for monitoring the YEI actions implemented within YG framework, by setting common indicators in its ESF regulation.

### **Recommendation 3**

The Commission accepts the recommendation and considers it as partially implemented. through the indicators framework as endorsed by the EPSCO Council, through the relevant arrangements that are set out in Article 19 and Annex I and II of the ESF regulation and relevant CPR provisions related to monitoring and evaluation in the case of measures financed from the YEI and through its commitment to report on the implementation of the Youth Guarantee to the European Parliament and the Council in 2016.

Monitoring activities will feed into the Commission's assessment of the Youth Guarantee implementation under future European Semesters. They will also inform the Commission's 2016 report on the implementation of the Youth Guarantee, which will be formally submitted to the European Parliament and the Council through the appropriate channels.

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Youth unemployment is a huge challenge facing Member States across the EU. In this regard an initiative, the Youth Guarantee, was launched by the European Council in 2013. Under this scheme, all young people under 25 should receive a 'good quality' offer of employment, continued education, apprenticeship or traineeship within 4 months of becoming unemployed or leaving formal education. It will be financed partly from the EU budget and complementary national funding will be required. With this report, the Court assessed whether the Commission has provided timely and appropriate support to the Member States in developing their Youth Guarantee Implementation Plans. In addition, the Court examined whether potential risks to the effective implementation of the scheme could be identified.



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