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**NOTE**

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From:	General Secretariat of the Council
To:	Permanent Representatives Committee/Council
Subject:	Youth employment State of play on the implementation of EU actions - Presentation by the Commission

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Delegations will find attached a Commission note on the above subject with a view to the EPSCO Council on 18 June 2015.

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## **Youth employment**

### **State of play on the implementation of EU actions**

#### **Macroeconomic data**

Approximately 4.8 million young people (aged 15-24 years) in the EU are unemployed today (March 2015). Youth unemployment in the EU28 dropped significantly since the launch of the Youth Guarantee: by 850,000 since March 2013 and by 520,000 since March 2014 (i.e. almost 10% in one year). Although it has decreased – from 22.8% one year ago to 20.9% in March 2015 – the youth unemployment rate is still very high in the EU. The EU youth unemployment rate is more than double the overall unemployment rate (20.9% compared with 9.8% in March 2015) and masks big differences between countries: there is a gap of more than 40 percentage points between the Member State with the lowest rate of youth unemployment (Germany at 7.2%) and the Member States with the highest rates, Greece and Spain (50.1%).

In total, 7.1 million people in the 15-24 age group are neither in employment nor in education or training (NEETs). Their percentage is very high: in 2014, 12.4% of youth were NEETs, up from 10.9 in 2008. 6% of young people in this age group are inactive NEETs.

Long-term youth unemployment is still at record highs<sup>1</sup>. Young people are over-represented in temporary and part-time work<sup>2</sup>. This reflects segmented labour markets, with young people at particular risk of being trapped in the lower end of the labour market, with less on-the-job training, lower wage levels and worse long-term employment and career prospects.

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<sup>1</sup> The long-term unemployment rate increased by 4.2 percentage points (to 7.7% of the young labour force) between 2008 and 2014, compared with a 2.5 percentage point increase for the total population (to 5.1%)

<sup>2</sup> 43.3% of youth employees (15-24 age group) were on temporary contracts in 2014, compared to 14% of the overall working age population. 31.9% had part-time jobs, compared to 19.6% of workers overall.

## **Youth Guarantee (YG) – state of play and monitoring**

The Council adopted the **Recommendation on establishing a Youth Guarantee** in April 2013<sup>3</sup>, calling on Member States to ensure that all young people under 25 receive a good quality offer of employment, continued education, an apprenticeship or a traineeship within four months of leaving formal education or becoming unemployed. All EU Member States have submitted their Youth Guarantee Implementation Plans (YGIPs), in many cases followed by a revised and improved version and/or additional updates and focus is now on implementation at national level. 28 national YG coordinators have been appointed, who meet regularly to discuss implementation and exchange good practices.

The Commission monitors the implementation of YG schemes within the framework of the European Semester and, where appropriate, makes proposals for country-specific recommendations to Member States. EMCO – in its preparation of Council deliberations – also pursues its multilateral surveillance on its implementation.

The Commission and the multilateral surveillance reviews by EMCO (latest youth-related on 3 December 2014) recognised that Member States are making substantial efforts to implement the YG. This was echoed in the December 2014 EPSCO discussions on youth unemployment and the YG. The implementation of the YG has been assessed in particular in the Commission's **country reports** 2015 that were published in February. However, progress is uneven. An important issue of concern is that in many cases not all young NEETs are reached. As highlighted as well in the Joint Employment Report 2015, the country reports show that the YG has lent impetus to bold structural reforms. Member States strengthened for example the capacity of Public Employment Services (PES), adopted incentives to stimulate job creation or took measures to improve Vocational Education and Training systems.

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<sup>3</sup> OJ C of 26.4.2013, C 120/1

However, the YG is a structural reform effort which takes time to fully materialise. Further efforts are needed to, in particular, engage with those further from the labour market, strengthen the delivery of services and quality offers to young people and find new ways of engaging business. Strengthening the capacity of PES and reforming education and training systems are also among the important challenges.

In 2015 the Commission proposed **country specific recommendations** (CSRs) that concern the transition of young people into the labour market for fifteen countries, of which six specifically point to the need for action on youth unemployment and strengthening outreach to non-registered NEETs (BG, ES, FI, IT, PT, RO). Besides, CSRs related to participation of specific target groups (BE), transition between education and the labour market (HU), labour market segmentation (PL) as well as skills, vocational education and training (for instance EE, LT, LV, MT, UK) and second chance education (SK), are particularly relevant.

The revised **employment guidelines**, currently discussed in Council and EP, are expected to be adopted soon with a strong reference to addressing youth unemployment, including through the full implementation of the YG.

**Public employment services** are a central player in the YG implementation in almost all EU countries. The European Network of PES, established following a European Parliament and Council Decision<sup>4</sup>, will contribute to the implementation of the YG by monitoring the measures implemented by PES in this context and the PES measures dedicated to the outreach and activation of NEETs and exchanging good practices<sup>5</sup>. The PES Network is also a key instrument to increase PES capacity and to improve PES services, including for young people, through mutual learning and cooperation at EU level.

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<sup>4</sup> OJ L of 28.5.2014, L 159/32

<sup>5</sup> See two studies produced by the Network: PES practices for the outreach and activation of NEETs and PES Network Catalogue of Measures for implementation of the Youth Guarantee

## Data collection

The Council Recommendation acknowledges the important contribution a thorough and regular monitoring makes for the successful implementation of YG schemes. It invites the EU Member States to put in place evidence-based approaches and calls on the Commission to monitor and report regularly on YG schemes, attributing an essential role to EMCO, particularly through its multilateral surveillance.

To underpin monitoring and multi-lateral surveillance, an Indicator Framework for Monitoring the YG was therefore developed within EMCO, through its Indicators Group. The Framework comprises indicators related to three levels:

- Macroeconomic indicators monitoring the situation of young people in the labour market;
- Implementation indicators measuring the direct impact of YG delivery;
- Follow-up indicators assessing the sustainability of labour market integration of young people who have taken up a YG offer.

Following a pilot exercise, regular data collection will start in June 2015 with a view to have data available by autumn 2015. Timely submission of high quality data, aggregated from as many YG providers as possible will be crucial to help improving the delivery of YG schemes on the ground. As highlighted in the EMCO key messages<sup>6</sup> on the Framework, endorsed by the December 2014 EPSCO Council, strong political commitment is required to overcome existing administrative and legal challenges to data collection. Data will also inform the **Commission's 2016 report on the implementation of the YG**, as requested by the June 2013 European Council.

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<sup>6</sup> Council doc. 15415/14.

## Improving outreach

One of the main issues in YG implementation is reaching the target group of young people Not in Education, Employment or Training (NEETs), especially those further from the labour market.

In order for the YG to be a success, young people need to register with their YG Provider. Yet, awareness of YG schemes remains low among the target group. A Flash Eurobarometer survey published in April 2014 highlighted that almost eight in ten young people had not heard of the YG. Impact of national information activities remains uneven. As one way to improve outreach, a pilot supporting **information and communication activities** on the YG is currently conducted in Finland, Latvia, Portugal and Romania. Developed materials are at the disposal of all Member States, and a call for proposals to support further Member States in awareness raising and communication activities is currently published.

Outreach to those with **multiple disadvantages** is another issue to be strengthened (e.g. through street counsellors, partnerships with youth workers/social services etc.). Norway is willing to host a peer review on outreach to NEETs in September 2015 with the mutual learning programme.

## EU financial support to youth employment

Substantial EU financial support to youth employment measures is provided by the European Social Fund (ESF) and the Youth Employment Initiative (YEI). During the 2014-20 programming period, both sources will directly invest at least EUR 12.7 billion in youth labour market integration measures.

In addition, the ESF invests considerable resources in modernising labour market institutions and education systems reform which will also impact youth employment. For instance, the total allocation by Member State to education measures, including higher education, amounts to over EUR 26 billion, with young people likely to be the main beneficiaries of this funding.

The implementation of the YG Recommendation is specifically identified as a priority in the Member States' ESF/YEI Operational Programmes in relation to investments in youth employment.

To accelerate the spending under the YEI, the co-legislators adopted in May a Commission proposal to **increase pre-financing payments** to the Member States eligible for the YEI<sup>7</sup>. **By the end of May 2015 all due payments have been made** by the Commission for the 33 adopted Operational Programmes containing YEI funding, **worth close to EUR 900m**.

The data received from the Member States YEI structured data reports<sup>8</sup> indicate that in 2014-2015 significant actions are being taken and young people are receiving services and support. This proves the 30% pre-financing increase to be right, as it allows additional financial liquidity for projects. The overall achievements for the reporting period (up to end 2014) can be summarised as follows:

- 13,000 participants completed a YEI intervention (unemployed, long-term unemployed and inactive young persons);
- 8,400 young people received an offer of employment, continued education, a traineeship or an apprenticeship upon leaving the YEI intervention;
- 6,400 participants are in education/training, gain a qualification or are in employment, including self-employment, upon leaving the YEI intervention.
- EUR 873m already allocated to projects on the ground.

However, most Member States have finalised selection criteria for operations only in 2015<sup>9</sup> so it is expected that in 2015 progress in YEI implementation will significantly speed up.

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<sup>7</sup> OJ L of 21.5.2015, L 126/1

<sup>8</sup> In accordance with Article 19(3) of Regulation (EU) No. 1304/2013.

As part of the key next steps in YEI/ ESF implementation Member States are expected to finalise the establishment and designation of the YEI/ESF management structures and ensure the functioning of the payment and certification cycle on the ground. This is necessary so that Member States can be reimbursed by the Commission. In addition, sufficient administrative and human resources have to be allocated to key services and structures implementing YEI actions, in order to ensure the effectiveness and quality of the interventions.

### **New priorities in the field of vocational education and training (VET) (period 2015-2020)**

Effective vocational education and training (VET) systems have a very important role in boosting youth employment as they are best placed to provide tailor-made and quick responses to fulfil labour market needs. They also offer essential support to the implementation of the Youth Guarantee; specifically, VET systems have a direct impact in 3 of the 4 response measures foreseen; i.e. offer of continued education, an apprenticeship, or a traineeship. In this regard, They play a vital role in supporting transitions from education to working life, and between jobs. VET also helps strengthen key competences and skills, which enhances employability – particularly of young jobseekers.

While the performance, quality and attractiveness of VET has been improved in the last decade, more work is needed in some key areas. Consultation of stakeholders in Member States has led to the definition of new priorities for action around five themes:

- 1) Work-based learning in all its forms (including Apprenticeships)
- 2) Quality assurance in VET / information and feedback loops in VET
- 3) Access to training and qualifications for all (*aimed to up-skill and re-skill*)
- 4) Key competences in VET
- 5) Professional development of VET teachers and trainers



These five medium-term deliverables will be discussed and are expected to be endorsed – in Presidency Conclusions, at a high-level meeting of Ministers in charge of VET, EU-level social partners and the European Commission in Riga, on 22 June.

### **European Alliance for Apprenticeships**

The high level meeting in Riga on 22 June will also be used to give a new boost to the European Alliance for Apprenticeships (EAfA). The Commission will present the next steps for the European Alliance for Apprenticeships particularly with the aim to mobilise more companies (including SMEs) to engage in apprenticeships. The Alliance was launched in July 2013 to support Member States in their efforts to modernise vocational training and introduce apprenticeships (one of the four offers under the Youth Guarantee). The Alliance is a platform that brings together public authorities, business and social partners, vocational education and training providers, youth representatives and other key actors, such as chambers, in order to coordinate various initiatives.

Since 2013, progress has been made regarding Member States' commitments and stakeholder's pledges. Up until now, 24 Member States have made commitments and about 45 companies have committed themselves to take concrete actions to give a positive input for the development of apprenticeships. However, there is a need to bring more companies on board, in particular small and medium-sized enterprises (SMEs) with the aim of increasing the supply of apprenticeships at EU level. To this end, the Commission – together with the Latvian Presidency of the Council of the EU, will hold a targeted session in Riga on 22 June, with the aim of reinvigorating the European Alliance for Apprenticeships.

## **Quality Framework for Traineeships**

The Council Recommendation on a Quality Framework for Traineeships (QFT)<sup>9</sup> adopted by EPSCO in March 2014 defines the minimum standards for traineeships outside education curricula. A traineeship is one of the four offers under the YG. Member States committed to take appropriate measures to apply the QFT as soon as possible. All Member States must step up efforts to ensure that traineeships offered to young jobseekers comply with agreed quality standards. Traineeships should serve to enhance the skills and employability of young people, facilitating their entry to the labour market.

The QFT specifies that Member States shall provide information to the Commission by the end of 2015 on measures taken in accordance with the Recommendation. The Commission will report on the progress in applying the QFT on the basis of this information in 2016.

## **European Court of Auditors Special Report on the Youth Guarantee**

The European Court of Auditors carried out a performance audit on the effectiveness of the Commission's support to Member States for the setting up of the YG scheme. The audit was published on 24 March 2015<sup>10</sup>. The special report is overall positive and contains three recommendations: The first one is directed to the Member States and recommends providing a clear and complete overview of the costs of the YG schemes. The second and third ones, both directed to the Commission, call for the promotion of a set of qualitative attributes that should be fulfilled for jobs, traineeships and apprenticeships to be supported from the EU budget, and for putting in place a comprehensive monitoring system for the YG, covering both structural reforms and measures targeting individuals, to be reported to the European Parliament and the Council. The Court of Auditors will follow up later this year with a report dedicated to the implementation of the YG by Member States.

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<sup>9</sup> OJ C of 27.3.2014, C 88/1

<sup>10</sup> Special Report (SR) n°3/2015 entitled "EU Youth Guarantee: first steps taken but implementation risks ahead"