

# Youth Employment Initiative

## In a nutshell

The Youth Employment Initiative (YEI) is the main EU funding programme of the Youth Guarantee (YG) political commitment. It was established to support young people not in education, employment or training (NEETs) in regions with a youth unemployment rate above 25 %. The YEI has been in place for three years and both the initial results and the initial evaluations are positive.

## EU Multiannual Financial Framework (MFF) heading and policy area

Heading 1 – Smart and Inclusive Growth

Subheading 1b – Economic, Social and Territorial Cohesion

## 2014-20 financial envelope (in current prices and as % of total MFF)

Commitments: €4 411.22 million (0.4 %)

## 2016 budget (in current prices and as % of total EU budget)

Commitments: (none in 2016, due to frontloading in 2014-2015)

Payments: €1 050 million (0.77 %)

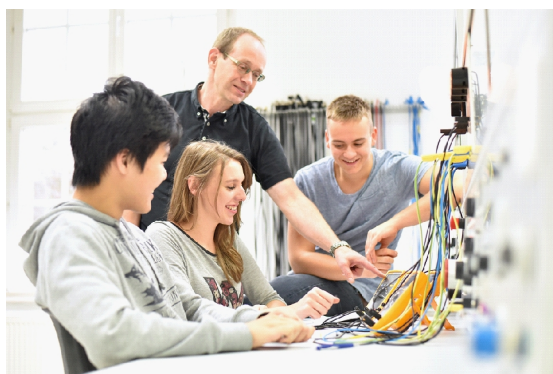
## 2017 budget (in current prices and as % of total EU budget)

Commitments: €500 million (0.37 %) (proposed in DAB 3/2017)

Payments: €600 million (0.45 %)

## Methods of implementation

*Shared management* (European Commission and Member States)



## In this briefing:

- EU role in the policy area: legal basis
- Financial allocation
- Objectives and functioning
- Funded actions
- Assessment of the initiative
- Other EU programmes and actions in the field

## EU role in the policy area: legal basis

Full employment, social inclusion and cohesion are at the heart of the European Union. [Article 3 \(3\)](#) of the Treaty on European Union (TEU) states 'The Union ... shall work for the sustainable development of Europe ... aiming at full employment and social progress .... It shall combat social exclusion and discrimination... . It shall promote economic, social and territorial cohesion ...'.

The instrument to achieve such goals, established in [Article 162](#) of the Treaty on the Functioning of the European Union (TFEU), is the European Social Fund (ESF), created 'to improve employment opportunities for workers in the internal market and to contribute thereby to raising the standard of living'. The ESF 'shall aim to render the employment of workers easier and to increase their geographical and occupational mobility within the Union, and to facilitate their adaptation to industrial changes and to changes in production systems, in particular through vocational training and retraining'.

The economic and financial crisis resulted in young people becoming one of the age groups most at risk of [social exclusion](#). The unemployment rate of young people aged 15-24 years reached a height of 24.0 % in February 2013 in the EU, with peaks of 60.0 % in Greece, 56.2 % in Spain, 49.8 % in Croatia, 44.1 % in Italy<sup>1</sup> and 40.7 % in Portugal. The Council addressed this situation in its [recommendation](#) of 22 April 2013, which established the Youth Guarantee, a political commitment to ensure that all young people under the age of 25 years receive a good-quality offer of employment, continued education, an apprenticeship or a traineeship within a period of four months of becoming unemployed or leaving formal education. To support the policy financially, Articles 16 to 23 of [Regulation \(EU\) No 1304/2013](#) on the European Social Fund (the ESF Regulation) created and regulated the Youth Employment Initiative (YEI).

## Financial allocation

Regulation (EU) No 1303/2013 (Article 91), proposed a specific allocation of €3 billion for the YEI, which should be matched by the same amount from the European Social Fund (ESF). During the MFF 2014-2020 negotiations, and in view of the high youth unemployment rates, the amount was raised to €3.2 billion and a specific flexibility was included in the [MFF Regulation](#), to allow for all the funds to be frontloaded to 2014-2015.<sup>2</sup>

The ESF Regulation was amended by [Regulation \(EU\) 2015/779](#) in May 2015, to help countries facing budget constraints to swiftly mobilise the resources allocated to the YEI. The amendment raised the initial pre-financing amount paid to operational programmes supported by the YEI/ESF from 1 % to 30 %.

In the [mid-term review/revision](#) of the Multiannual Financial Framework 2014-2020, the Commission proposed to reinforce the programme with a further €1 billion for the period 2017-2020. The amount was raised to €1.2 billion by the European Parliament and the Council in a draft [joint statement](#).<sup>3</sup> Following Council approval of the mid-term revision on 20 June 2017, a proposal to include the first €500 million of this additional funding in the 2017 budget is currently under discussion.<sup>4</sup>

## Objectives and functioning

The Youth Employment Initiative's main objective is the fight against youth unemployment in the worst-affected EU regions. It targets all people between the ages of 15 and 24 not in employment, education or training ([NEETs](#)), with Member States free to decide to extend support to include young persons under the age of 30. Eligible regions

are those where the youth unemployment rate for young persons aged 15 to 24 years was higher than 25 % in 2012, or those where youth unemployment rose more than 30 % in 2012, resulting in an unemployment rate higher than 20 %.<sup>5</sup>

Resources are allocated by region, calculating the ratio between the unemployed young persons in every eligible region and the total number of unemployed young persons in all eligible regions. The allocation for each Member State is the sum of the allocations for each of its eligible regions ([Regulation \(EU\) 1303/2013, Annex VIII](#)). The eligible regions and the allocation by country are shown in Table 1 below.

**Table 1 – Youth Unemployment Initiative by country**

Country	Eligible regions	YEI allocation (€)
Belgium (BE)	Hainaut, Liège and Brussels-Capital.	€42 435 070
Bulgaria (BG)	Severen tsentralen, Severoiztochen, Severozapaden, Yugoiztochen and Yuzhen tsentralen.	€55 188 745
Czech Republic (CZ)	Severozapad.	€13 599 984
Ireland (IE)	All regions.	€68 145 419
Greece (EL)	All regions.	€171 517 029
Spain (ES)	All regions.	€943 496 315
France (FR)	Aquitaine, Auvergne, Centre, Champagne-Ardenne, Haute-Normandie, Languedoc-Roussillon, Nord-Pas-de-Calais, Picardie, Mayotte, Guadeloupe, Guyane, Martinique, Réunion.	€310 161 401
Croatia (HR)	All regions.	€66 177 144
Italy (IT)	Abruzzo, Basilicata, Calabria, Campania, Emilia-Romagna, Friuli-Venezia Giulia, Lazio, Liguria, Lombardia, Marche, Molise, Piemonte, Puglia, Sardegna, Sicilia, Toscana, Umbria, Valle d'Aosta.	€567 511 248
Cyprus (CY)	All the country.	€11 572 101
Latvia (LV)	All the country.	€29 010 639
Lithuania (LT)	All the country.	€31 782 633
Hungary (HU)	Dél-Alföld, Dél-Dunántúl, Észak-Alföld, Észak-Magyarország	€49 765 356
Poland (PL)	Dolnoslaskie, Kujawsko-Pomorskie, Łódzkie, Lubelskie, Lubuskie, Malopolskie, Podkarpackie, Swietokrzyskie, Warminsko-Mazurskie, and Zachodniopomorskie	€252 437 822
Portugal (PT)	All regions.	€160 772 169
Romania (RO)	Centru, Sud-Muntenia and Sud-Est.	€105 994 315
Slovenia (SI)	Vzhodna Slovenija	€9 211 536
Slovakia (SK)	Stredné Slovensko, Východné Slovensko and Západné Slovensko.	€72 175 259
Sweden (SE)	Mellersta Norrland, Norra Mellansverige and Sydsverige.	€44 163 096
United Kingdom (UK)	Inner London, Merseyside, South Western Scotland, Tees Valley and Durham, and West Midlands.	€206 098 124

Source: European Commission, March 2017, [Youth Guarantee country by country](#), country fiches and factsheets.

Note: The allocation is matched by the same amount from the ESF in all countries, with the exception of Slovakia, where the allocation coming from the ESF is €122 175 259.

Support provided under the YEI directly targets young people not in employment, education or training. In that sense it is different from the European Social Fund, which supports systems and structures. Nevertheless, the YEI is integrated in ESF programming and, according to its regulation, the programming arrangements can take the form of 1) a dedicated operational programme; 2) a dedicated priority axis within an operational programme; or 3) a part of one or more priority axes.<sup>6</sup>

When a project is approved, it receives an allocation from the YEI and a matching allocation from the ESF. The amount allocated from the YEI does not require national co-financing, while the matching amount from the ESF is to be co-financed using the highest co-financing rate ([Article 22\(3\) of the ESF Regulation](#)). Normally, a project is financed in three tiers: one from the YEI, one from the ESF and one from national sources.

### Funded actions

As there are more than 120 eligible regions in 20 countries, there is a very large and varied array of actions to promote the inclusion of NEETs in the labour market. They include:

- Stepping up of early activation and intervention with the development of individual action plans (CZ, FR, LT, HU);
- Improvements to the quality of general education and training, including reforms in the vocational education and training system and in the apprenticeships system (ES, SE, UK), better digital technologies (BG, IE, LV) and foreign language learning (BG), support for young people who have not completed secondary education to return to education or training (CZ, FR);
- Easier school-to-work transitions, for instance by helping young people secure their first work experience (BG, EL, CY), or traineeship (CZ, PL), with the objective of increasing their employability and labour market attachment, including in the public sector (HR, PT);
- Acquisition of professional skills in new professions or professions where there are labour shortages, in training and on-the-job training (BE, IE, LV, HR, SK, SE);

#### Box 1 – Examples of concrete YEI measures.

##### Belgium

The '*Popul'ArtCité: street art et rénovation urbaine au rendez-vous de l'insertion des jeunes*' project, developed by the Charleroi Public Centre for Social Action (CPAS) and involving multiple local actors, targets 68 young people aged 18 to 24 years. The action began in September 2015 and will run during 2015-2018 with a budget of €1 275 million. The main objective is to promote the establishment of an integrated system of career guidance, pre-qualification, qualification, employment and education support actions for young job-seekers. A mix of activities related to the field of urban art and revitalisation of neighbourhoods will help to the acquisition of skills, in areas such as construction, industrial painting, graphic and audio-visual arts, and consequently young people's professional integration.

##### Greece

The 'voucher scheme for first work experience leading to labour market entry for young people aged up to 29' aims at helping young people acquire their first work experience in the private sector. Many local actors are involved in the programme, such as public employment offices, professional chambers, trade unions, etc. The scheme has two target groups: 1) 12 000 NEETs (3 000 tertiary education graduates and 9 000 secondary and post-secondary education graduates) aged 15-24, with a budget of €43 million; and 2) 30 000 NEETs (12 000 tertiary education graduates and 18 000 secondary and post-secondary education graduates) aged 25-29, with a budget of €108 million.

##### Spain

'Tarifa Joven', a project which ran from 5 July 2014 to 30 June 2016 and supported an estimated 4 500 young people, provided subsidised employment for the young. Employers received a €300 per month reduction in their social security contribution for a period of six months if they offered a permanent contract to a young person registered with the Youth Guarantee programme. In the case of a part-time contract, the reduction ranged from €150 to €225 per month. The employer was required to maintain or increase the company's employment level while receiving the bonus, to avoid replacement effects. The total budget for the project was €1.43 million, with a YEI/ESF contribution of €1.31 million.

##### Italy

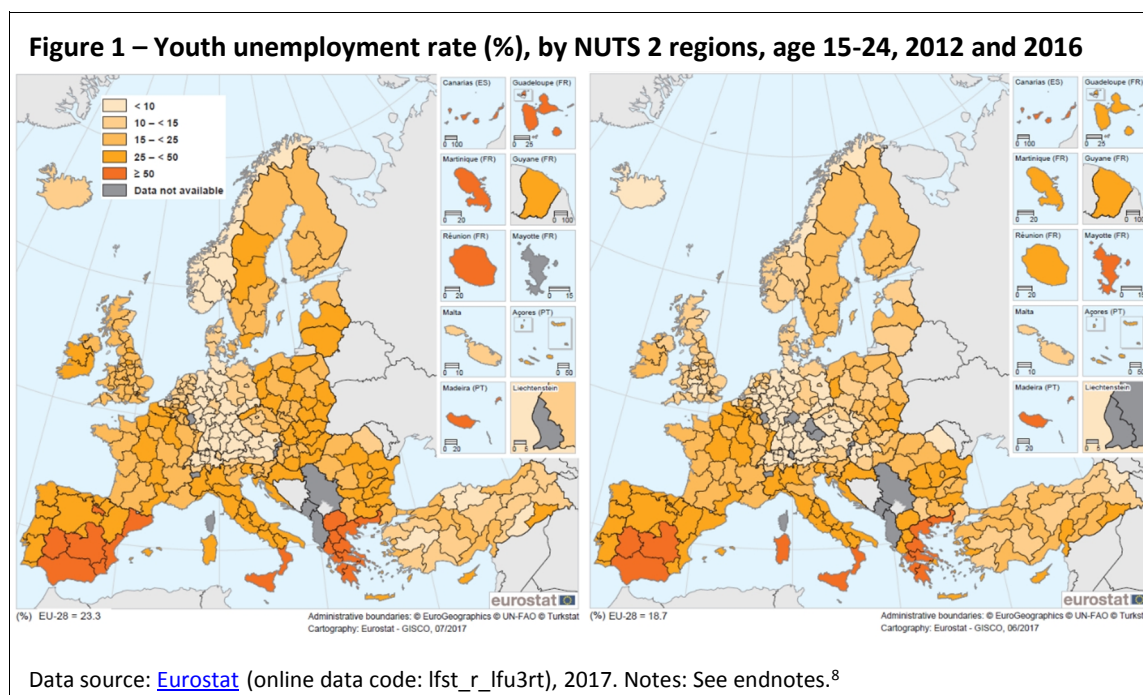
The YEI supports the 'SELFIE-employment' financial instrument, launched in March 2016 to enhance self-employment among young people up to 29 years old. 'SELFIE-employment' provides micro-credit (up to €25 000) and small loans (up to €50 000) to young people who want to engage in entrepreneurship and self-employment activities, but would typically not find financing through the traditional channels. To access the funds, the beneficiary has to develop a business plan, which must attract a positive evaluation. To reduce the risk associated with starting a business, the young person also has to participate in training supervised by the regional Chamber of Commerce and receives support services for the first 12 months following the signing of the loan agreement.

Source: European Commission, March 2017, [Youth Guarantee country by country](#), country fiches and factsheets.

- Strengthening public employment services (PES) capacity, with the establishment of an integrated system of career guidance (BE, FI, SE), help and guidance for job seekers, such as CV and cover letter, or job interview preparation (FR, HU, SE);
- Implementation of mentoring schemes as a part of labour market services, either when the young person is in training or on-the-job (CZ, SK, FR);
- Activation support for self-employment, such as start-up support (including mentoring) for young entrepreneurs (BG, IE, HR, IT);
- Incentives for employers, such as wage and recruitment subsidies and reductions of non-wage labour costs (CZ, ES, FR, SI, SK).

### Assessment of the initiative

Since 2013 the youth unemployment rate has fallen in the EU from a peak of 24.0 % in February 2013 to 16.9 % in July 2017. This improvement can be seen in Figure 1 that compares the situation in the regions in 2012 and 2016. Youth unemployment is however still higher than before the crisis, when it reached a low of 15.1 % in February 2008. Moreover, the most recent data from Eurostat shows that unemployment is above the EU average in Greece (46.6 %), Spain (39.3 %), France (21.7 %), Croatia (26.3 %), Italy (34.0 %), Cyprus (29.6 %), Luxembourg (18.5 %), Portugal (23.7%), Romania (20.4 %), Slovakia (18.2 %), Finland (20.4 %) and Sweden (17.6 %).<sup>7</sup> The situation in Greece, Spain and Italy remains especially worrying.

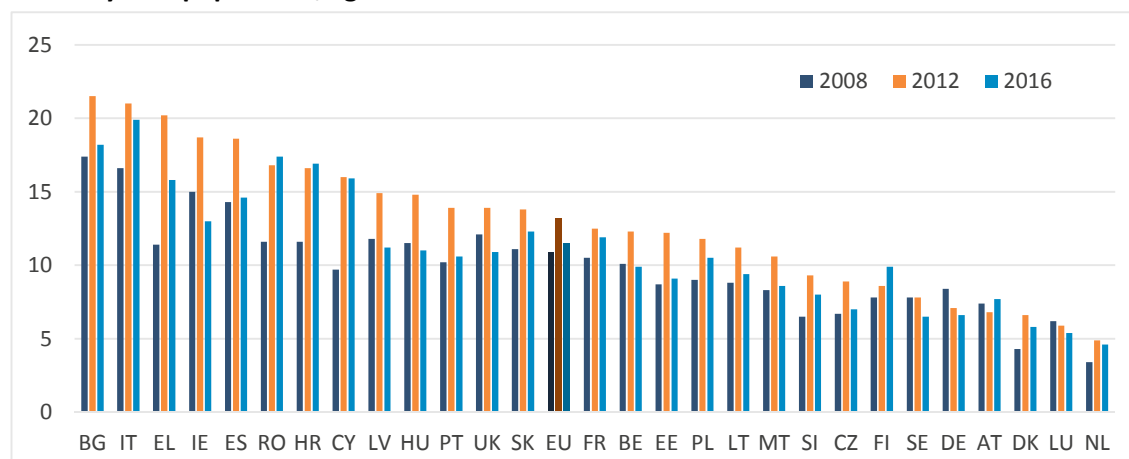


The NEET rate has also fallen, from 13.2 % in 2012 to 11.5 % in 2016, however annual data from 2016 show that it remains above the pre-financial crisis level (see Figure 2). In some countries, such as Cyprus, France, Italy, Poland and Slovakia, improvements are slow. In others, Croatia, Finland, and Romania, for instance, there is no improvement at all, and the situation is even worse than in 2012.

The YEI has undoubtedly contributed to these lower unemployment and NEET rates, especially because it not only supports young people individually, but has also provided structural reforms. However, it is not yet possible to gauge to what extent, nor to distinguish the effect of the reforms from the general improvement in macroeconomic conditions. As structural reforms require some time to become effective, it is still too

early to make a complete assessment of the initiative, even more so considering implementation was delayed. Nevertheless, Article 19 (6) of the ESF Regulation, requires two evaluations of the YEI, to be completed by 31 December 2015 and by 31 December 2018.

**Figure 2 – Young people neither in employment nor in education and training (NEET rate), % of total youth population, age 15-24**



Data source: [Eurostat](#), 2017.

A [communication](#) from the European Commission, published in the second part of 2016, summarises the first evaluation and gives some preliminary impressions of the results. The document highlights that there were delays in setting up the programmes, designating authorities and submitting payment applications. Nevertheless, once the structures were in place, over 1.4 million young people benefited from the YEI and 404 500 young persons finalised a YEI-financed operation, well above initial projections. Of the total budget of €6.4 billion, €4.7 billion has already been allocated to specific actions and projects. In some countries, such as Spain, the YEI is the main financial support for the Youth Guarantee.

In August 2015, the European Youth Forum Board published a [position paper](#) evaluating the implementation of the Youth Guarantee after two years. The paper recognises the potential of the YG and the YEI for improving the situation of young people, but expresses concern regarding the risks of the YG becoming a mere declaration of intent, and proposes several measures to avoid this. The main concerns are the existence of counter-productive measures;<sup>9</sup> the difficulty of reaching young people in general and the most vulnerable young people in particular; the low quality of some offers; the need to monitor a large array of different measures; and finally the lack of involvement and cooperation between the relevant stakeholders.

The European Policy Centre, in a [paper](#) published in September 2016, concludes that the YG has brought important reforms to education and labour market policies and points out some weaknesses, such as the lack of continuity in the measures adopted over time; the disconnection between activation and protection measures; flaws in the partnership approach; and insufficient effort to reach out to non-registered NEETs. They recommended prolonging EU support to the second half of the current MFF and enlarging the coverage of the YG to the most vulnerable, i.e. the non-registered NEETs, including young migrants.

The European Court of Auditors issued a [special report](#) to evaluate the YG and the YEI. They concluded that the results 'fall short of initial expectations' after visiting Ireland, Spain, France, Croatia, Italy, Portugal and Slovakia, mainly because expectations were unrealistic. The auditors also pointed to the fact that the Commission needs to develop better indicators and better defined targets to be able to monitor the results, even though the Commission states that monitoring is one of the strengths of the YEI.

Finally, a recently published [in-depth analysis](#) from the EPRS concluded that even though there is not yet enough comparable data, the information available shows that the YEI has not only contributed to lower youth unemployment, but also provided some lessons that 'will facilitate future mechanisms established by the EU and individual Member States to further improve the situation'.

### Other EU programmes and actions in the same field

The [European Solidarity Corps](#), launched in December 2016, is a European Union initiative which offers young people the opportunity to volunteer or work in projects that benefit communities and people around Europe. It has a **volunteering strand**, where young people can carry full-time voluntary service of between two and twelve months in another country, and an **occupational strand** that gives young people the opportunity of a job, traineeship or apprenticeship, in solidarity-related sectors. The European Commission has presented a proposal for allocating €341.5 million to the programme for 2018-2020.

The [European Alliance for Apprenticeships \(EaFA\)](#), launched in July 2013, is a platform which connects governments, businesses, social partners, chambers, vocational education and training (VET) providers, regions, youth representatives and think-tanks, to strengthen the quality, supply and image of apprenticeships in Europe, thus reinforcing the quality of offers under the Youth Guarantee.

The [EU Programme for Employment and Social Innovation \(EaSI\)](#) promotes the modernisation of employment and social policies (PROGRESS axis), job mobility (EURES axis) and access to micro-finance and social entrepreneurship (Microfinance and Social Entrepreneurship axis). The total envelope for 2014-2020 is €919.47 million.

The [European Globalisation Adjustment Fund \(EGF\)](#) provides support to workers, including young workers, made redundant by changes in the global economy. It has an annual budget of €150 million. Because the fund provides support in urgent and unexpected circumstances, the EGF is outside the Multiannual Financial Framework.

The [Fund for European Aid to the Most Deprived \(FEAD\)](#) helps to provide material assistance to Europe's most deprived individuals. The earmarked budget for 2014-2020 is €3.8 billion.

### Main references

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European Court of Auditors, [Special Report No 5/2017: Youth unemployment – have EU policies made a difference?](#), 2017.

Lecerf, M., [NEETs: who are they? Being young and not in employment, education or training today](#), European Parliamentary Research Service (EPRS), 2017.

## Endnotes

- <sup>1</sup> The figure for Italy is from March 2014, when youth unemployment was highest.
- <sup>2</sup> The YEI plus the matching amount from the ESF equals a total of €6.4 billion. Additionally, €6.3 billion is earmarked for youth employment measures coming directly from the ESF, totalling €12.7 billion.
- <sup>3</sup> As in the previous years, this will be the specific YEI allocation and there will be a matching amount from the ESF.
- <sup>4</sup> [Draft Amending Budget No 3/2017](#).
- <sup>5</sup> The YEI uses the definition of regions used for cohesion policy purposes, so regions have been defined at NUTS level 2. See [Eurostat](#) for explanation and definitions.
- <sup>6</sup> See the definitions of operational programme, priority axis, etc. in [Regulation \(EU\) No 1303/2013, Article 96](#).
- <sup>7</sup> Eurostat, monthly seasonal adjusted data. Downloaded June 2017.
- <sup>8</sup> In the 2012 map: Bremen, Gießen, Leipzig (Germany), and Limousin (France): 2011. Oberfranken, Unterfranken and Kassel (Germany): 2010. Oberpfalz (Germany), Salzburg, and Vorarlberg (Austria): 2009. In the 2016 map: Severozapaden, Severen tsentralen, Yugoiztochen (Bulgaria), Mittelfranken, Mecklenburg-Vorpommern, Lüneburg, Dresden (Germany), Limousin (France), Opolskie (Poland), Algarve (Portugal), North Yorkshire and Cornwall and the Isles of Scilly (the United Kingdom): 2015. Kassel (Germany), Lubuskie (Poland), Região Autónoma dos Açores, Região Autónoma da Madeira (Portugal), Cumbria, and the Highlands and Islands (the United Kingdom): 2014. Oberfranken, Chemnitz and Leipzig (Germany): 2013. Both include data of low reliability for many regions.
- <sup>9</sup> Two of the counter-productive measures listed are 'cutting access to social benefits for young people or decreasing the share of national budgets dedicated to education'.

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