

YOUTH EMPLOYMENT ACTION TEAMS

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At the informal European Council in January 2012, the Commission launched an initiative to help the eight Member States with the highest levels of youth unemployment. Action teams composed of national and Commission officials were set up in February 2012 with Greece, Ireland, Italy, Latvia, Lithuania, Portugal, Slovakia and Spain. The actions teams worked to reallocate and accelerate EU funding to support job opportunities for young people and to help SMEs access finance.

In May 2012, the European Council received a summary of the preliminary results of the action teams. This note provides updated information on the situation in March 2013 and sets out how the European Union can continue to tackle youth unemployment in the months and years to come.

I. Youth unemployment in the European Union

By the end of 2012, the rate of youth unemployment across the EU had risen from 22.6% in March to 23.4% (see Table 1). Young people actively participating in the labour market are twice as likely to be unemployed as the active adult population. The proportion of young people who are neither in employment nor in education or training ('NEETs') is also rising: in the second quarter of 2012, 12.6 % of youth were NEETs, 2.3 percentage points higher than four years previously.

The situation in the eight Member States where action teams were created (shaded in Table 1) varies. In Ireland and Lithuania, the youth unemployment rate declined by 0.8 and 4.3 percentage points respectively over the course of the year. However, the picture in the other six Member States has continued to deteriorate, particularly in Spain and Greece where youth unemployment increased to over 55 % and 59% respectively by the end of the year.

The case for urgent action in these and other Member States remains as strong as ever.

Table 1. Youth unemployment rates in the EU*

	Youth unemployment rate %		Number of young people unemployed in thousands	
	March 2012	December 2012**	March 2012	December 2012**
EU 27	22.6	23.4	5 521	5 702
BE	18.7	20.0	77	85
BG	29.3	27.5	75	69
CZ	19.3	21.0	73	78
DK	15.4	14.7	70	65
DE	8.1	8.0	370	362
EE	22.4	19.5	16	13
IE	31.0	30.2	70	68
EL	52.2	59.4	161	186
ES	51.2	55.6	931	957
FR	23.4	27.0	672	794
IT	35.1	36.6	587	610
CY	25.2	28.5	10	12
LV	29.2	31.7	29	32
LT	27.9	23.6	33	31
LU	18.6	18.8	3	3
HU	27.1	27.9	78	87
MT	13.4	15.7	4	5
NL	9.3	10.0	131	144
AT	8.9	8.5	52	51
PL	25.9	28.4	414	436
PT	36.0	38.3	153	174
RO	23.7	23.0	196	194
SI	16.8	26.9	14	22
SK	32.6	35.9	71	85
FI	19.1	18.9	63	63
SE	22.9	23.9	150	154
UK	21.7	20.5	991	938

* Seasonally adjusted, based on the Labour Force Survey and census data

** Based on November data for EE and HU; October data for EL, LV, RO and UK

Source: European Commission

II. Results of the youth employment action teams

Targeted investment from the EU structural funds can have a powerful impact on growth and employment. The aim of the action teams was to maximise the impact of EU structural funding by directing the funds still to be allocated for the 2007-2013 period to projects directly supporting young people and SMEs.

At the start of the exercise in 2012, it was estimated that around EUR 82 billion in structural funding was still to be allocated for the budgetary period 2007-2013 across the EU. This included around EUR 30 billion for the eight Member States where action

teams were created. The work of the teams has contributed to a major mobilisation of this funding, as Table 2 illustrates.

Table 2. Summary of the results of the action teams*

	Funds allocated, including through the work of the action teams (EUR million)	Number of young people likely to benefit (estimated)	Number of SMEs likely to benefit (estimated)
Total for the eight MS	~ 16 000	780 000	about 55 000
EL	1 150	350 000	12 400
ES	1 260	150 000	7 700
IE	63	5 200	50
IT	12 100**	128 300	28 000 ¹
LT	31	18 000	400
LV	91	25 000	1 400
PT	643	90 000	4 500
SK	295	13 000	410

* The figures included in this table are tentative and provisional: several decisions by national authorities are still pending and the estimates of the impact of the various measures may be revised over time.

**The figure for Italy refers to the entire Cohesion Action Plan, as described in the Annex to this report. The benefits of this wide-ranging Action Plan are not limited to young people and SMEs.

Source: European Commission

By the beginning of 2013, around EUR 16 billion of EU funding had been targeted for accelerated delivery or reallocation. This funding will help around 780 000 young people and 55 000 SMEs as well as supporting other growth-enhancing measures. This means a doubling of the initial estimates reported to the European Council last May (from EUR 7.3 billion to EUR 16 billion), due in large part to the ambitious recent reprogramming efforts in Italy, Greece and Portugal. It also represents a significant overall increase in the number of potential young beneficiaries, from around 460 000 in May last year.

While it will take time for the effects of the action team work to be felt in full, the initial signs are encouraging. Examples taken from each Member State provide a clear illustration of the potential of this type of financial support from the EU:

- In **Greece**, a national youth action plan was announced in January 2013 with a budget of EUR 517 million. The plan is intended to promote youth related activities and targets nearly 350 000 young people. Additional support of EUR 1.2 billion to address the liquidity needs of SMEs is planned under the latest programming exercise.
- In **Spain**, over EUR 286 million in EU funding was reallocated to actions related to youth in 2012. EUR 135 million was directed to the public employment service to help young people find work. Over EUR 372 million is foreseen to set up five

¹ The number of SMEs for the third phase of reprogramming has not yet been quantified.

revolving funds to ease access to finance of innovative SMEs, including working capital; and over EUR 446 million will support a new aid scheme through loans for strategic industrial sectors.

- In **Portugal**, a national initiative called 'Impulso Jovem' proposing a comprehensive re-programming has already been agreed with the Commission. It includes EUR 143 million reallocated to finance measures that will create opportunities for 90 000 young people, such as the employment passport relating to internships in key economic sectors. An additional EUR 500 million was redirected to support priorities such as youth traineeships, school infrastructure or competitiveness related initiatives.
- In **Italy**, a major prioritisation exercise was launched in December 2011, and is already in its third phase with the support of the action team. It includes the financing of an employability plan in Sicily, which should benefit around 50 000 young people; new education activities for 65 300 students from the South and 13 000 new mobility opportunities (Erasmus/Leonardo); a "Tax credit" scheme to encourage the employment of disadvantaged people including young people, and EUR 620 million for activities to support young entrepreneurs, researchers, apprenticeships or NEETs.
- In **Lithuania**, a project was refocused offering vocational training programmes to about 6 000 young people. A new measure (worth EUR 3 million) was approved to increase the attractiveness of loan schemes for start-ups and self-employment, and a project providing first-job skills for young people was extended with an additional budget of EUR 6 million, which will support around 6 000 young people. Overall, some 12 000 young entrepreneurs would be mentored or coached and some 25 000 young people would be better informed on business financing opportunities.
- In **Slovakia**, EUR 70 million will be spent on projects aiming at the creation of up to 13 000 jobs in the regions with the highest levels of unemployment. EUR 225 million was reallocated to support SMEs, with a focus on young recruits.
- In **Ireland**, EUR 25 million was redirected to the integrated *Youthreach* programme which provides education, training and work experience to young people who have left school early without qualifications or vocational training. This will allow 3 700 training places to be maintained until the end of 2013. Furthermore, a Labour Market Education & Training Fund has been established to provide skills training for up to 6 500 long-term unemployed via the 'Momentum' initiative.
- In **Latvia**, over EUR 62 million was allocated for upgrading the equipment and facilities of the Vocational Education Schools and EUR 11 million was allocated to support young people without vocational qualifications and seeking new, labour-market oriented qualifications. Overall, the proportion of the young unemployed receiving EU support would jump from 24% to 40% with the numbers in vocational training doubled.

III. Building on the momentum: EU support for youth employment in 2013 and beyond

Preliminary results indicate that the work of the action teams has made an important contribution to the ongoing fight against youth unemployment. However, as the latest figures clearly demonstrate, the number of young people out of work continues to increase and therefore youth unemployment remains one of the most pressing concerns for the European Union.

Reversing this trend will require continued effort at national and European level. Through support from the EU structural funds, the work of the action teams, the implementation of the Youth Employment Package – including the Youth Guarantee – and the Youth Employment Initiative, the Commission has shown how coordinated European action can contribute. The priority now is to redouble our efforts to implement these policies and to maximise the impact of EU funding.

With regard to the EU structural funds specifically, of the EUR 30 billion available for reallocation at the end of 2011, over half has now been allocated with the work of the action teams contributing significantly. While around EUR 14 billion remains to be legally committed to specific projects, this funding has already been earmarked for activities including support for young people and as such the scope for further reprogramming in the current period is very limited. The focus will instead be on implementation so as to ensure that the projects supporting young people and SMEs are a success and the potential benefits realised in full.

Looking ahead, negotiations are well-advanced on the next generation of EU structural funding for the 2014-2020 period. In parallel with the legislative work – which must be completed in time for the new programmes to be launched in 2014 – discussions have begun between the Commission and Member States on how to ensure that the new funding is targeted at activities with the greatest potential for growth and job creation.

Support for youth employment will be further boosted by the EUR 6 billion Youth Employment Initiative endorsed by the European Council in February. This will build on the already very significant support provided by the EU structural funds by earmarking EUR 3 billion from the European Social Fund and a further EUR 3 billion from a new dedicated budget line to fund measures to support young people, including the Youth Guarantee. The Commission will now make the legislative proposals necessary to make this Initiative a reality for Europe's young people.

Annex: Detailed results of Action Teams

NB: ESF = European Social Fund

ERDF = European Regional Development Fund

GREECE

In Greece, the overall amount of structural funds reprogrammed is EUR 1.15 billion. A national youth action plan was announced in January 2013. Up to now, an amount of approx. EUR 635 million has targeted 182 812 beneficiaries while an additional budget of EUR 517 million targeting 350 000 participants has already been committed and is being used to promote youth related activities under the action plan. The revisions of 8 ERDF and 4 ESF programmes were submitted in Q3 2012 and programmes were approved in December. These revisions have the following aims:

- To provide an additional support of EUR 1.2 billion to address the liquidity needs of SMEs.
- To ensure the effective functioning of the Guarantee Fund.
- To provide additional support of approximately EUR 466 million ESF and EUR 51 million ERDF (total EUR 517 million) to promote youth employment.
- Transfer of projects from the regional Operational Programmes to the national Operational Programmes to facilitate the absorption of the latter and 'release' funds from the former to finance the Guarantee Fund.
- The revision of the national Operational Programmes will lead to EUR 255 million in EU funding that will be transferred to the Competitiveness Operational Programme.

SPAIN

In Spain, total reprogramming has already reached EUR 1.26 billion. The Spanish authorities introduced most requests to modify programmes as from July 2012. A number of these have already been decided by the Commission and a few are still on-going.

- For ESF, in 2012 funds were reallocated towards actions related to youth. They amounted to EUR 286.3 million (135 in the Adaptabilidad y Empleo Operational Programme + EUR 101.3 million in regional Operational Programmes + EUR 50 million in the Fight against Discrimination Operational Programme).
- As regards the ERDF, the following measures – totalling EUR 1032.9 million – have already been implemented or will be adopted in the coming weeks:
 - the establishment of five revolving funds aiming at easing access to finance for innovative SMEs – including working capital – with a total ERDF contribution of EUR 372.1 million.
 - a new aid scheme through dedicated loans with a total ERDF funding of EUR 446.2 million for reindustrialisation and strategic industrial sectors;

- increased support to SMEs in the agro-food sector in the regions where the youth unemployment rate is the highest;
- construction and renovation of education and training infrastructures with a total ERDF funding of EUR 214.6 million.

PORTUGAL

In Portugal, the overall amount of structural funds reprogrammed is EUR 643 million. The Portuguese authorities drafted a national initiative called 'Impulso Jovem'. A comprehensive re-programming proposal was sent to the Commission after the June European Council meeting. The official reprogramming proposals of ESF and ERDF programmes have all been formally adopted.

- EUR 143 million from the ESF has been reallocated to support 90 000 young people through the implementation of measures contained in the programme "Impulso Jovem". These measures are professional internships (such as the employment passport scheme relating mostly to internships in key economic sectors), support for the contracting of people aged 18-30 years via reimbursement of employer's social security contributions, which is also co-financed by the ESF, entrepreneurship and support to investment directed at companies.
- The Commission approved ERDF reprogramming for a total value of more than EUR 500 million
 - An ERDF transfer of EUR 70 million from three mainland Convergence regional Operational Programmes to the national Competitiveness Operational Programme;
 - A transfer of EUR 10 million from the Madeira ERDF Operational Programme to the corresponding ESF Operational Programme in order to support youth traineeships;
 - An internal reallocation resulting in a further ERDF EUR 98 million being made available for school infrastructure as part of an overall drive to combat early school leaving.
 - In two Convergence regional Operational Programmes the investment in local infrastructure was reduced by EUR 98 million with a corresponding increase in competitiveness related initiatives;

ITALY

Italy adopted in December 2011 a Cohesion Action Plan to speed up implementation of structural fund programmes. It concerns primarily the four Convergence regions through national and regional programmes and, to a more limited extent, Competitiveness regions. The overall amount concerned (ERDF + ESF) leads to a total reprogramming exercise of EUR 12.1 billion. This has been achieved primarily through a reduction of the national co-financing and the earmarking of this national money to a number of areas

under the Action Plan with high relevance to Europe 2020 and the action team initiative. As to the ESF, important actions are also carried out within the existing programmes (with no changes of the co-financing rates), in particular in the areas of education, training and tax credits.

In parallel, two Task Forces (for Campania and Sicily) have been set up with the objective of reviewing major projects, advancing with financial engineering instruments for SMEs, and supporting administrations. Even if the situation of most convergence programmes remains below expectations, it has improved and over the past 12 months the level of expenditure was close to equal that of the three preceding years.

- The first phase (December 2011) focused on reprogramming resources from regional operational programmes towards four priorities (education, employment, railways, and digital agenda) and amounted to EUR 3.7 billion (of which EUR 1.4 billion for actions aimed at boosting education and employment). The action team aimed at supporting this process and further prioritising spending on targeted action towards youth employment and SMEs. This includes the financing of an employability plan in Sicily worth EUR 452 million and likely to benefit around 50 000 young people, new education activities for 65 300 students from the South or 13 000 new mobility opportunities (Erasmus/Leonardo).
- The second phase (May 2012) focused on reprogramming resources from national and interregional operational programmes and amounted to EUR 2.3 billion (including EUR 620 million for actions directed at young people). It will finance a series of measures in favour of youth and in particular: childcare (EUR 400 million), reduction of school dropout (EUR 77 million), support for non-profit projects promoted by young entrepreneurs (EUR 38 million), self-employment and self-entrepreneurship (EUR 50 million), apprenticeship and new initiatives for NEETs and integration of young researchers in international research networks (EUR 5.3 million).
- A third phase (December 2012) primarily concerns programmes of the convergence areas, in particular Sicily, Calabria and Campania - where it involves a further reduction of the national co-financing - and, to a limited extent, programmes under the Competitiveness objective. The overall amount concerned (ERDF, ESF) will be of the order of EUR 5.7 billion, of which EUR 219 million for measures specifically in favour of youth, as well as a tax credit for disadvantaged workers, including young people (EUR 175 million). The national funds freed up will flow into the Action Plan where they will be used to support, primarily, anti-cyclical measures designed to help workers, businesses and citizens to face the prolonged crisis. This phase will primarily concern the ERDF, with less than EUR 200 million coming from the ESF (as most ESF resources have already been programmed).

LITHUANIA

In Lithuania, the overall amount of structural funds reprogrammed is EUR 31 million. They have been mobilised recently for youth employment measures by amending programmes or making internal reallocations between measures. Labour market reforms to remove disincentives for employers to take on more staff are ongoing, in particular to

facilitate temporary work contracts for up to two years; flexibility in setting working hours; teleworking; transparent and equal remuneration for work / terms of notification.

- In April 2012, the ESF project “Integration into Labour Market” was refocused on youth, offering vocational training programmes to about 6,000 young people. From the ERDF, EUR 1.3 million was transferred to measure “Assistant-3” and EUR 12.45 million to “Invest LT-2” for actions dedicated to young entrepreneurs and various business services for young people.
- The Entrepreneurship Promotion Fund (ESF EUR 14.5 million), currently provides loans and training services for start-ups and self-employment, with youth among the prioritised focus groups under this measure. A new ESF measure (EUR 3 million), “Subsidies for entrepreneurship promotion”, has been approved recently by the government in order to increase the attractiveness of loan schemes provided for start-ups and self-employment.
- In August 2012, the project "Be active on the labour market" (providing first-job skills for young participants) was extended until 1 September 2013 and its budget was increased by EUR 6 million (ESF), with a view to supporting around 6 000 young people.
- Another new ESF measure (EUR 9.3 million) “Support for the first job” has been recently approved, replacing the existing social security reduction scheme for the first job by wage subsidies.
- ERDF resources were reallocated to support youth to commercialise business ideas and improve accessibility of financial resources. Overall, some 12 000 young entrepreneurs would be mentored or coached and some 25 000 young people would be better informed on business financing opportunities.

SLOVAKIA

In Slovakia, the overall amount of structural funds reprogrammed is EUR 295 million.

- EUR 70 million reallocated within ESF is spent in two national projects launched in autumn 2012. The projects aim at the creation of up to 13 000 jobs in private and self-governance sector for mainly young people in the most affected regions of Eastern and Central Slovakia.
- ERDF EUR 225 million was reallocated to support SMEs, aiming in particular at measures to recruit from the young unemployed.

IRELAND

In Ireland, the overall amount of structural funds reprogrammed is EUR 63 million.

- Ireland requested already in December 2011 the transfer of EUR 25 million to the integrated Youthreach programme which provides education, training and work

experience to young people who have left school early without any qualification or vocational training. This will ensure that 3 700 training places for early school leavers are maintained until the end of 2013.

- A further re-programming has taken place under a ERDF regional programme – this has led to a transfer of EUR 38 million from less performing Priorities to the Innovation and Knowledge Economy Priority.
- Furthermore, and as part of the Government’s “Action Plan for Jobs”, the Labour Market Education & Training Fund (LMETF) has been established, with the aim to provide skills training for up to 6 500 long-term unemployed via the so called Momentum initiative. Training and education solutions will be provided to respond to the needs of both the long-term unemployed and employers in four specifically targeted themes, three of which are based on occupational clusters where job vacancies are likely to arise, and the fourth is targeted specifically at the long-term unemployed aged under 25. The total investment is EUR 20 million, the LMETF will be co-financed by the ESF.

LATVIA

In Latvia, the overall amount of structural funds reprogrammed is EUR 91 million. The proportion of the young unemployed receiving EU support would increase from 24% to 40% with the numbers in vocational training doubled.

- EUR 62.2 million was allocated for upgrading the equipment and facilities of the Vocational Education Schools and EUR 11 million was allocated for youth without vocational qualifications, including unemployed the as well as youth having a vocational qualification but wishing to gain an additional qualification in order to acquire competences and skills necessary for integration into the labour market (94 programmes with duration of 1 – 1.5 years are available for 54 different professions identified in cooperation with the employers' organisations).

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