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**COMMUNICATION FROM THE COMMISSION TO THE EUROPEAN
PARLIAMENT, THE COUNCIL, THE EUROPEAN ECONOMIC AND SOCIAL
COMMITTEE AND THE COMMITTEE OF THE REGIONS**

Youth Employment Initiative

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Introduction

The economic crisis is having an exceptionally severe impact on young people: the EU youth unemployment rate stood at 23.6 % in January 2013, more than twice as high as the adult rate, and no signs of improvement are in sight. 7.5 million Europeans aged 15-24 are neither in employment nor in education or training.

The situation is particularly acute in certain Member States and in certain regions. This poses a serious threat to social cohesion in the EU and risks having a long-term negative impact on economic potential and competitiveness. EU institutions and governments, businesses and social partners at all levels need to do all they can to avoid a "lost generation".

To tackle the unacceptably high levels of youth unemployment, the Commission adopted the Youth Employment Package on 5 December 2012. It includes a proposal for a Council Recommendation on Establishing a Youth Guarantee¹, launches a second-stage social partner consultation on a Quality Framework on Traineeships², announces a European Alliance for Apprenticeships and outlines ways to reduce obstacles to mobility for young people.³

The EU structural funds have already made an important contribution to the on-going fight against youth unemployment, in particular through the action teams established under the Youth Opportunities Initiative adopted in December 2011⁴.

The European Council of 7-8 February 2013 recalled the considerable support already provided by the EU. Recognising the particularly difficult situation of young people in certain regions, it has proposed a Youth Employment Initiative (YEI) with a budget of € 6 billion over seven years (2014-2020) and open to all regions with a level of youth unemployment above 25%.

¹ COM(2012) 729 final
² COM (2012) 728 final
³ COM(2012) 727 final
⁴ COM(2011) 933 final

This initiative would be funded within the Cohesion Policy sub-heading by € 3 billion coming from targeted investment from the European Social Fund (ESF) and € 3 billion coming from a dedicated budget line.

In order to put in place all conditions necessary for a quick implementation of the YEI, the Commission sets out hereafter the key parameters it proposes for the YEI and introduces the Commission proposals for the corresponding amendments to the Common Provisions Regulation (CPR) covering the European Structural and Investment Funds and to the European Social Fund Regulation that are currently in discussion between the European Parliament and the Council.

Making the Youth Employment Initiative a reality

By reinforcing and accelerating the delivery of activities supported by ESF funding, the YEI should support in the eligible regions the implementation of important Commission initiatives, namely, the Youth Employment Package and in particular the Recommendation on Establishing a Youth Guarantee, politically agreed by the Council on 28 February 2013 which aims to ensure that all young people aged 15-24 not in employment, education or training (so-called NEETs) receive a good-quality offer of employment, continued education, an apprenticeship or traineeship within a period of four months of becoming unemployed or leaving formal education.

The precise measures will be agreed between the Commission and the Member States in the context of the cohesion policy programming process, but all activities supported by the YEI will target individual persons who are not in employment, education or training rather than systems or structures. The YEI will thus be complementary to operations undertaken at national level, including those with ESF support, with a view to setting up or implementing the Youth Guarantee schemes. To achieve this complementarity, the implementation of the YEI should be fully integrated in ESF programming under the investment priority on support to the sustainable integration of young NEETs into the labour market. Where appropriate, Member States should be allowed and encouraged as part of the YEI to allocate for dealing with the problem of youth unemployment and inactivity more ESF resources than the minimum € 3 billion ESF effort required as match funding of the specific YEI allocation.

The investments supported by the YEI should be strongly oriented towards achieving concrete results and achieving them quickly. The Commission therefore proposes to frontload the YEI, notably by not submitting it to the performance reserve mechanism, to achieve tangible impact early on in the implementation. It will also encourage Member States to use the new

instrument of Joint Action Plans proposed for the 2014-2020 programming period as a way to simplify implementation and focus on results. In order to avoid that budgetary constraints become an impediment to a smooth implementation of the YEI, it is proposed that only the ESF contribution should be co-financed from national resources.

The implementation of the YEI should be based on a comprehensive strategy for achieving the objectives of the Youth Employment Package and for establishing a Youth Guarantee in line with the Council Recommendation. As described in the Council Recommendation, Member States will design the scheme according to national, regional and local circumstances, considering issues such as the fact that young people are not a homogenous group, principles of mutual obligation and the need to address the risk of cycles of inactivity. Macroeconomic conditionality should apply. When taking into account the economic and social circumstances of the Member State concerned, attention should be paid to the labour market situation and prospects of young people.

At Member State level, the YEI would be programmed within the ESF. Specific provisions for publicity, monitoring progress and evaluating impact as well as financial management and reporting of the YEI will be of particular importance to ensure that its implementation is simple and its contribution can be measured and is visible.

For this purpose, the Commission is amending its proposals for the Common Provisions Regulation and the ESF Regulation.

Conclusion

Making the Youth Guarantee a reality requires well-targeted public investments, which the ESF can strongly support. The YEI should reinforce the necessary ESF support to human capital investment as called for by the European Council. The Commission therefore reiterates its proposal for establishing ESF minimum shares with the aim to ensure that the ESF part in EU cohesion policy resources increases from the current 22% to at least 25%.