



Press Release

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Young and unemployed in Europe: obstacles ahead for the EU's Youth Guarantee

A report published today by the European Court of Auditors (ECA) identifies three risks to the successful implementation of the EU Youth Guarantee initiative supported by €12.7 billion of EU funding: adequacy of total funding, the definition of a “good quality offer”, and the way the Commission monitors and reports on the results of the scheme.

"Youth unemployment is a huge challenge that most EU countries are facing today. The European Union has responded by setting up an important tool called the 'Youth Guarantee' aimed at getting some 7.5 million young Europeans who are not in employment, education or training back on the right path, allowing them to make a positive contribution to society," said Iliana Ivanova, the ECA Member responsible. "While this is a financially expensive scheme to implement, the alternative is to continue incurring huge socio-economic costs through unemployment benefits and foregone earnings and taxes, which, according to EU Agency Eurofound estimates, amount to €153 billion a year – over 1 % of EU GDP. Yet the Youth Guarantee's future success cannot be taken for granted while serious questions remain unanswered. We have identified as potential risks the adequacy of the scheme's funding, the 'good quality' nature of the offer it proposes to young jobless people and the way in which the Commission monitors and reports on the results of the scheme. Addressing these risks early is key for the effectiveness of the Youth Guarantee."

The EU auditors conclude that the Commission provided timely and appropriate support to the Member States in setting up their Youth Guarantee schemes. Yet they also note that it did not carry out an impact assessment specifying expected costs and benefits, despite this being a standard procedure for all major Commission initiatives. As a result, there is no information on the potential global cost of implementing the scheme across the EU and, consequently, a risk that total funding may not be adequate. Together with the lack of a clear definition of a "good quality" job offer, this represents a major risk that the scheme might be implemented ineffectively and inconsistently across the EU.

The Youth Guarantee scheme was established in June 2013 in response to the worsening situation for young unemployed people, which was exacerbated by the economic and financial crisis. More than one in five Europeans under the age of 24 on the labour market are out of work, while in some Member States the jobless rate is as high as half of all young people on the labour market. From 2014 to 2020, the scheme will be partly financed to a total of €12.7 billion from the EU budget through the European Social Fund and a dedicated Youth Employment Initiative. However, Member States will need to provide additional funds to pay not just for measures directed at those suffering from unemployment but also measures related to fundamental structural reforms in areas such as training, job seeking and education systems, in order to improve school-to-work transitions and the employability of young people. The amount of national funding available to the scheme is not yet clear: nine Member States have not provided any information to the Commission while the remaining countries have done so to a varying degree of detail.

The latest available Commission estimates indicate an overall allocation (EU and national resources) of €16.7 billion to fund the scheme in the 2014-2020 period. However, according to the International Labour Organization, the cost of implementing the scheme could potentially reach €21 billion per annum.

The purpose of this press release is to give the main messages of the special report adopted by the European Court of Auditors.

The full report is available at www.eca.europa.eu

Notes to editors

Nearly five million young people (under the age of 25) were unemployed in the EU-28 area in June 2014, of whom over 3.3 million live in the euro area. This represents a youth 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. 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).

In 2013, the EU's Council of Ministers and the European Council adopted a "Youth Guarantee" scheme. Under the scheme, Member States should ensure that, within four months of leaving formal education or becoming unemployed, young people under the age of 25 are able either to find a "good quality" job suited to their education, skills and experience, or to acquire the education, skills and experience required to find a job in the future through an apprenticeship, a traineeship or continued education. The scheme is financed from the EU budget and from national budgets. This public funding can be supplemented by private funding (e.g. by investments from companies in apprenticeship schemes or training schemes financed by private foundations).

The special report (3/2015) entitled "**EU Youth Guarantee: first steps taken but implementation risks ahead**" assesses whether the Commission has provided appropriate support to Member States in setting up their Youth Guarantee schemes and reviews the possible risks which could have an impact on the implementation of the scheme. The audit focused on the Commission's assessment of the Youth Guarantee implementation plans of a sample of five Member States: France, Ireland, Italy, Lithuania and Portugal.

Although the Commission had asked Member States to provide a cost estimate of the specific measures envisaged and the related sources of funding when submitting their Youth Guarantee implementation plans, the auditors, in their review of the five Member States, found that some responses lacked relevant information, while none provided estimated costs for the structural reforms required to deliver an effective Youth Guarantee.

The EU auditors recommend that:

- The Member States provide a clear and complete overview of the cost of all the planned measures to combat youth unemployment under the Youth Guarantee scheme so that the Commission can assess the overall funding needs;
- the Commission promote a set of qualitative attributes that jobs, traineeships and apprenticeships should possess to qualify for EU support. This could be based on the elements which define a good quality offer in the Commission's Guidance on Evaluation of the Youth Employment Initiative;
- the Commission 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.

In future reports, the ECA intends to cover further issues concerning youth employment, including the implementation of EU initiatives at Member State level. ECA special reports are published throughout the year, presenting the findings of selected audits of specific EU budgetary areas or management topics.

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