



TACKLING YOUTH UNEMPLOYMENT: USING EU STRUCTURAL FUNDS TO HELP YOUNG PEOPLE

(PROVISIONAL OUTCOME AS OF 21 MAY 2012)

Youth unemployment has increased dramatically as a result of the crisis. Across the EU, it has reached an average of more than 22% and it is as high as 50% in some Member States. Young people are twice as likely to be unemployed as the adult population.

Faced with such unacceptably high levels, the Commission has been mobilising its policies and instruments. In December 2011, it presented a "Youth Opportunities Initiative" setting out measures to drive down youth unemployment. This built on the "Youth on the Move" flagship initiative previously launched as part of the Europe 2020 strategy and on the experience of action funded through the European Social Fund.

Table 1. Unemployment rates in the EU (March 2012)

	Unemployment rates in % (total population)	Number of persons unemployed (rounded)	Youth unemployment rates in %	Number of young unemployed (rounded)		Unemployment rates in % (total population)	Number of persons unemployed (rounded)	Youth unemployment rates in %	Number of young unemployed (rounded)
EU	10.2	24 772 000	22.6	5 516 000	LT	14.3	229 000	34.3	45 000
BE	7.3	353 000	7.1	78 000	LU	5.2	12 000	17.4	3 000
BG	12.6	423 000	32.8	84 000	HU	11.2	485 000	28.4	84 000
CZ	6.7	352 000	9.0	68 000	MT	6.8	12 000	13.6	4 000
DK	8.1	237 000	5.1	71 000	NL	5.0	441 000	9.3	131 000
DE	5.6	2 382 000	7.9	368 000	AT	4.0	176 000	8.6	50 000
EE	11.7	81 000	24.9	17 000	PL	10.1	1 821 000	26.7	425 000
IE	14.5	307 000	30.3	61 000	PT	15.3	829 000	36.1	158 000
EL	21.7	1 079 000	51.2	164 000	RO	7.5	735 000	24.8	225 000
ES	24.1	5 540 000	51.1	918 000	SI	8.5	85 000	16.5	14 000
FR	10.0	2 940 000	21.8	608 000	SK	13.9	382 000	33.9	76 000
IT	9.8	2 506 000	35.9	534 000	FI	7.5	203 000	19.4	63 000
CY	10.0	40 000	28.8	10 000	SE	7.3	371 000	22.8	149 000
LV	14.6	168 000	27.3	34 000	UK	8.2	2 588 000	21.9	994 000

Source: European Commission

At the informal European Council meeting of 30 January 2012, as part of its "Youth Opportunities Initiative", the Commission called on Member States to develop and implement comprehensive initiatives for youth employment, education and skills, and to develop youth jobs plans within their national reform programmes.

The Commission also proposed a pilot action to help the eight Member States with the highest levels of youth unemployment to re-allocate some of their EU structural funds allocations to tackle youth unemployment. The aim was to mobilise EU funding still available in the 2007-2013 programming period to support job opportunities for young people and to facilitate SMEs' access to finance, since SMEs are a major source of job creation across the EU.

The scale of the challenges and the amount of available EU funding vary significantly across Member States. By the end of 2011, it was estimated that about € 82 billion was still to be allocated for the budgetary period 2007-2013 across the EU.

Much of this money is already destined for important projects at national, regional or local level. However, by giving a higher priority to fighting youth unemployment and helping SMEs, the Commission and the eight Member States were able to re-allocate important sums. Based on experience, and by adjusting priorities, it proved possible to move money away from underperforming or lower priority projects or programmes into others that have proved to be effective.

Table 2. EU funds still to be allocated for the period 2007-2013 (estimate by end 2011)

	ESF* unallocated (€ m)	ERDF* unallocated (€ m)	Total unallocated (€ m)	Unallocated funds as % of total EU funds		ESF* unallocated (€ m)	ERDF* unallocated (€ m)	Total unallocated (€ m)	Unallocated funds as % of total EU funds
EU	22 271	60 043	82 314	24%	LT	289	761	1 050	15%
BE	45	85	130	6%	LU	0	5	5	10%
BG	422	1 578	2 000	30%	HU	2 190	4 010	6 200	25%
CZ	1 370	5 630	7 000	26%	MT	20	55	75	9%
DK	91	14	105	21%	NL	0	240	240	14%
DE	2 112	3 688	5 800	23%	AT	78	322	400	33%
EE	93	340	434	11%	PL	3 775	13 725	17 500	26%
IE	2	0	2	0%	PT	1 760	1 240	3 000	14%
EL	1 495	2 805	4 300	21%	RO	698	5 102	5 800	30%
ES	2 712	8 000	10 712	31%	SI	204	371	575	14%
FR	747	3 500	4 247	32%	SK	39	2261	2 300	20%
IT	3 674	4 326	8 000	29%	FI	89	261	350	22%
CY	0	0	0	0%	SE	195	105	300	18%
LV	0	150	150	10%	UK	230	1 170	1 400	11%

Note: Commission estimate of EU funding in programmes still to be allocated to specific operations on the ground by the end of 2011. These figures do not take account of recent re-programming efforts initiated since early 2012.

* ESF = European Social Fund. ERDF = European Regional Development Fund.

The pilot action focused on the eight Member States with levels of youth unemployment at rates over or at 30% at the end of 2011: Greece, Ireland, Italy, Latvia, Lithuania, Portugal, Slovakia and Spain.

Action teams composed of national and Commission officials were set up and worked between February and May 2012 to target available funding. As summarised in the table below, this pilot action has already contributed to a significant mobilisation of EU funds, including through further (re-)programming.

About € 7.3 bn of EU financing has been targeted for accelerated delivery or re-allocation through this initiative so far, with at least 460 000 young people and 56 000 SMEs likely to benefit.

Table 3. Main results of the work of the eight action teams so far (as of 21 May 2012)*

	EU funds still to be allocated end 2011 (in € Mio, rounded estimates)	Funds allocated through the work of the action teams (Mio)	Number of young people likely to benefit (rounded estimates)	Number of SMEs likely to benefit (rounded estimates)
Total for the eight "pilots"	29 800	already 7 300	over 460 000	over 56 000
EL	4 300	1 837	278 000	12 400
ES	10 700	1 100	to be determined	7 700
IE	2	35	up to 10 200	-
IT	8 000	3 600	128 300	28 000
LT	1 050	up to 50	18 000	200
LV	450	67	13 600	1 400
PT	3 000	already 330 (pending decision)	to be determined (pending decision)	4 500
SK	2 300	295 (EU + State budget)	15 000	2 000

* The figures including in this table are tentative and provisional: several decisions by national authorities are still pending and the likely impacts of the various measures will require a more precise evaluation. For IE, since it had no unallocated Structural Funds in the current programming period, the fact that the amount re-allocated is higher than the amount initially estimated to be available is explained by the re-prioritisation of certain activities.

Examples of concrete actions include:

- In Greece, working with the dedicated Commission Task-Force for Greece and the other related Commission services, an action plan with 180 priority projects with a budget of about € 11 billion is being implemented, which is expected to create around 100 000 jobs, notably in the construction sector. Following the work of the youth action team in Spring 2012, new targeted actions are being initiated for youth and SMEs including a new liquidity instrument of € 500 million (guaranteeing for EIB SME loans in Greece) signed on 23 March 2012.
- In Spain, € 135 million has been redirected to the public employment service to help young people find work, and the possibility of redirecting an additional amount of up to € 1 billion more is being considered. Over € 80 million will be reallocated for the young. € 157 million has also been reallocated for the creation of a temporary working capital fund for SME finance to be run primarily for innovative firms.
- In Portugal, while a number of decisions are pending, the Government is considering the re-allocation € 140 million to support 35 500 young people under its "Employment Passport" scheme relating mostly to internships in key economic sectors, as well as a reinforcement of SME support measures by € 1,13 billion (including EIB and private banks financing).
- In Italy, a major exercise of prioritisation of spending was initiated last year, which led to allocating half of the available money, notably in the Southern regions (€ 3,6 billion out of 8 billion). This includes the financing of an employability plan in Sicily, which should benefit around 50 000 young people, and new education activities for 65 300 students from the South. In addition, 13 000 new mobility opportunities (Erasmus/Leonardo) could be offered. Moreover, a major initiative aimed at tackling early school leaving was initiated in the convergence regions (worth € 311 million) and additional funding is being directed to support youth entrepreneurship, amounting to € 100 million.

- In Lithuania, the number of young unemployed benefitting from direct EU support will go up from 12 000 to 21 000 over the next two years. Concerning SMEs, a reallocation has been made among other actions in favour of investments into high value-added production and development of services to business, amounting to € 12,45 million.
- In Slovakia, based on the decision of the Government of mid-May 2012, € 70 million (coming from the EU and the State budget) will be spent on national projects for youth in the regions with the highest unemployment. € 220 million (coming from the EU and the State budget) will be spent to support SMEs, with a focus on job creation. Together these measures should create or support 15 000 jobs for young people.
- In Ireland, € 25 million were shifted 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 end 2013.
- In Latvia, € 44 million were allocated for upgrading the equipment and facilities of the Vocational Education Schools.

The results of these 8 "pilots" show that, with political will and administrative support at national level, there are ways to target EU funding to support youth employment, including through support to SMEs. To follow up from this initiative, the Commission intends to:

- Continue working with the 8 pilot Member States to finalise the reprogramming and facilitate rapid implementation on the ground.
- Continue to engage, as part of its "Youth Employment Initiative", with all Member States whose youth unemployment levels are above the EU average. Bilateral meetings have taken place with 15 of them and the Commission's country-specific recommendations foreseen to be adopted end May 2012 will also address the issue.
- Stand ready to assist other Member States in the (re-)programming of available EU funds to support youth employment.

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