



## **EUROPEAN SOCIAL FUND PLUS: Focus on youth employment**

Date: 18th July 2018

## **Background**

On the 30th of May, the European Commission published its proposal for the European Social Fund Plus (ESF+). ESF+ is the successor to the current European Social Fund (ESF) and represents the main funding instrument for the implementation of the European Pillar of Social Rights, and for financing measures supporting youth employment and social inclusion, in the context of the post-2020 Multiannual Financial Framework (MFF).

The ESF+ envelope amounts to €101.2 billion. Of this €101.2 billion, €100 billion is to be invested in “inclusive jobs and growth”, that includes funding for social inclusion, employment and education.

To tackle youth unemployment, the proposed ESF+ regulation foresees two main tools:

- Featuring young people among the specific objectives/investment priorities under employment, where the ESF+ regulation explicitly states that resources should support measures “improving access to employment of all jobseekers, in particular youth and long term unemployed [...]”.<sup>1</sup>
- Including a provision on earmarking for youth employment:<sup>2</sup> Member States with a NEET rate (15-29) above the EU average in 2019 will be obliged to earmark at least 10% of their ESF+ resources to “targeted action and structural reforms” tackling youth unemployment, particularly in the context of the implementation of the Youth Guarantee.

## **Key questions**

The European Youth Forum identified some key questions and concerns around the European Commission’s proposal for ESF+, including:

1. Clarifying whether, in practice, the ESF+ envelope has seen an increase compared to the current ESF allocation.
2. Clarifying how much, in absolute terms, will be invested in youth employment under ESF+.
3. How to ensure that the Country Specific Recommendations (CSRs) truly reflect social issues, and that, through the European Semester, enough funding is allocated to youth, and to addressing youth unemployment in particular.

## **Funding for social rights: analysis**

ESF+ pools together a series of EU funds (ESF, YEI, FEAD, EU Health Programme, EaSI) which are currently independent, for a total amount of €101.2 billion - around €14 billion more than the current ESF envelope (€86 billion).

However, the increase in the ESF+ allocation does not go much beyond the sum of the respective current budgets of all of these individual programmes:

- European Social Fund (ESF): €86 billion;
- Youth Employment Initiative (YEI): €4.4 billion;
- Fund for European Aid to the Most Deprived (FEAD): €3.8 billion;
- EU Health Programme: €0.449 billion;
- EU Programme for Employment and Social Innovation (EaSI): €0.919 billion.

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<sup>1</sup> European Commission, Proposal for a Regulation on the European Social Fund Plus, 2018. Available at: [https://ec.europa.eu/commission/sites/beta-political/files/budget-may2018-european-social-fund-plus-regulation\\_en.pdf](https://ec.europa.eu/commission/sites/beta-political/files/budget-may2018-european-social-fund-plus-regulation_en.pdf)

<sup>2</sup> Ibid.

The total of all these EU funds together is: €95.5 billion - i.e. around €5.7 billion less than the proposed ESF+ envelope.

More ambition was needed to ensure that the political commitments such as the European Pillar of Social Rights<sup>3</sup> are backed by adequate funding to achieve a truly social Europe.

### **Funding for youth employment: analysis**

In the current MFF 2014-2020, a total of €8.8 billion are allocated to the implementation of the Youth Guarantee (ESF and YEI). As shown in table 1, these are allocated, on the basis of their youth unemployment rate, to 20 Member States and to regions within these Member States.

**Table 1 - Youth Employment Initiative allocation per Member State<sup>4</sup>**

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

What would be the situation under the new ESF+ proposal? Given that the European Commission is yet to publish the specific ESF+ allocation per each Member State, the European Youth Forum carried

<sup>3</sup> European Pillar of Social Rights. Available at: [https://ec.europa.eu/commission/priorities/deeper-and-fairer-economic-and-monetary-union/european-pillar-social-rights/european-pillar-social-rights-20-principles\\_en](https://ec.europa.eu/commission/priorities/deeper-and-fairer-economic-and-monetary-union/european-pillar-social-rights/european-pillar-social-rights-20-principles_en)

<sup>4</sup> For more information, see: [http://www.europarl.europa.eu/RegData/etudes/BRIE/2017/608688/EPRS\\_BRI%282017%29608688\\_EN.pdf](http://www.europarl.europa.eu/RegData/etudes/BRIE/2017/608688/EPRS_BRI%282017%29608688_EN.pdf)

out an exercise to calculate how much would be earmarked for youth employment if the new rules applied now, under the current MFF. In other words, how much would be invested in youth employment if Member States with a NEET rate (15-29) above the EU average would have to allocate 10% of their ESF and YEI resources to the implementation of the Youth Guarantee?

To be able to answer such question, it is necessary to identify:

- The current NEET rate (15-29), at EU and Member State level (table 2)
- ESF & YEI allocation per relevant Member States (table 3).

Table 2 includes the latest data on the NEET rate (15-29) in Europe. According to Eurostat, in 2017 the **EU average** was 13.4%. If the new rules on earmarking applied now, the following **Member States** would have to allocate at least 10% of their ESF & YEI resources to youth employment: Bulgaria, Cyprus, Greece, Spain, France, Croatia, Italy, Romania and Slovakia. In total, this would mean 9 Member States - 11 less than the 20 currently covered by the YEI.

**Table 2 - % of young people (15-29) not in employment, education, or training in the EU (2017)<sup>5</sup>**

<b>EU 28</b>	<b>13.4</b>
<b>Austria</b>	8.4
<b>Belgium</b>	12.6
<b>Bulgaria</b>	<b>18.9</b>
<b>Cyprus</b>	<b>17.5</b>
<b>Czech Republic</b>	10
<b>Germany</b>	8.5
<b>Denmark</b>	9.1
<b>Estonia</b>	11
<b>Greece</b>	<b>21.3</b>
<b>Spain</b>	<b>16.4</b>
<b>Finland</b>	10.9
<b>France</b>	<b>13.9</b>
<b>Croatia</b>	<b>17.9</b>
<b>Hungary</b>	13.3
<b>Ireland</b>	12.9
<b>Italy</b>	<b>24.1</b>
<b>Lithuania</b>	10.2
<b>Luxembourg</b>	6.6
<b>Latvia</b>	12.3
<b>Malta</b>	8
<b>Netherlands</b>	5.9
<b>Poland</b>	12.9
<b>Portugal</b>	10.6

<sup>5</sup> <http://appsso.eurostat.ec.europa.eu/nui/submitViewTableAction.do>

<b>Romania</b>	<b>17.8</b>
<b>Sweden</b>	6.8
<b>Slovenia</b>	9.3
<b>Slovakia</b>	<b>16</b>
<b>UK</b>	11.4

Table 3 includes the ESF and YEI allocation for each of the 9 Member States identified as those that would be required to allocate resources if the ESF+ rules applied in the current MFF; as well as a calculation of how much the 10% of this would be. According to these calculations, the total earmarked for youth employment would be around € 4.3 billion.<sup>6</sup>

**Table 3 - ESF and YEI allocation per relevant Member State**

<b>MFF Resources 2014-2020</b>				
<b>Member State</b>	<b>ESF (€ billion)</b>	<b>YEI (€ billion)</b>	<b>Total</b>	<b>10% of total</b>
<b>Bulgaria</b>	1.46	0.11	1.57	0.157
<b>Cyprus</b>	0.114	0.036	0.147	0.014
<b>Croatia</b>	1.4	0.2	1.6	0.160
<b>France</b>	5.55	0.94	6.44	0.644
<b>Greece</b>	3.89	0.5	4.4	0.44
<b>Italy</b>	10.1	1.8	11.8	1.18
<b>Romania</b>	4.6	0.3	4.9	0.49
<b>Slovakia</b>	2	0.2	2.2	0.22
<b>Spain</b>	7.08	2.7	9.78	0.978
				<b>4.283</b>

While the earmarking for youth employment under ESF+ is welcome, as is the use of the NEET rate (15-29) to earmark ESF+ resources; the numbers identified as a result of this preliminary analysis seem to confirm that, should the European Commission's proposal for ESF+ remain unchanged, it is extremely likely that the resources allocated to tackling youth unemployment and implementing the Youth Guarantee would not be sufficient to adequately support young people, particularly those most vulnerable, in overcoming the obstacles they face in the labour market.

<sup>6</sup> It is of course possible and likely that other Member States, beyond those whose NEET rate is above the EU average, will choose to earmark ESF+ resources for youth employment.

## **ESF+ and European Semester - analysis**

The European Commission's proposal establishes a strong link between ESF+ and the European Semester<sup>7</sup> process. In particular, the proposal focuses on the role that Country Specific Recommendations (CSRs) adopted in the context of the European Semester can have in influencing how ESF+ resources are spent at country level. In other words, Member States will have to allocate adequate ESF+ resources to tackling the issues raised through the European Semester, and through the CSRs in particular.

Should this link be kept, this means that the European Semester will become an even more relevant process to influence to ensure that the CSRs not only focus on social issue, but also reflect the specific challenges that young people face, so that Member States will be pushed to invest adequate resources to tackle them.

The European Youth Forum carried out an internal analysis of the 2018 CSRs. This analysis showed that:

- Out of the 73 CSRs, only 4 included an explicit mention of young people, while 25 were related to social issues.
- Young people were otherwise mentioned in the recitals for a total of 23 times (including multiple mentions for the same Member State).

While this constitutes an improvement compared to the 2017 European Semester cycle, in which young people were explicitly mentioned only in 1 CSR, it is clear that more can and should be done to influence this process.

## **Next steps**

The European Youth Forum will continue to work with its partners (EU institutions, civil society, and trade unions, etc.) to amend the proposed the ESF+ regulation, and ensure more resources are earmarked for youth employment.

Moreover, the European Youth Forum will continue to build the internal capacity of its Member Organisations to influence the design of ESF+ Operational Programmes at national level, and ensure that Member States allocate adequate resources to youth employment, regardless of their NEET rate.

Lastly, the European Youth Forum will continue to follow the European Semester process to ensure that it adequately reflects social issues.

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<sup>7</sup> The European Semester is the coordination mechanism of the Europe 2020 Strategy, and aims to address challenges at national and European level to achieving the targets set out in the Strategy. Through this process, Member States align their budgetary and economic policies with the objectives agreed at the EU level. For more information, see: [https://ec.europa.eu/info/business-economy-euro/economic-and-fiscal-policy-coordination/eu-economic-governance-monitoring-prevention-correction/european-semester\\_en](https://ec.europa.eu/info/business-economy-euro/economic-and-fiscal-policy-coordination/eu-economic-governance-monitoring-prevention-correction/european-semester_en)