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

Working together for Europe's young people

A call to action on youth unemployment

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A CALL TO ACTION ON YOUTH UNEMPLOYMENT**

Young people hold the key to Europe's future dynamism and prosperity. Their talents, energy and creativity will help Europe to grow and become more competitive as we move beyond the economic and financial crisis. Yet young people have been hit particularly hard by the crisis. At present, nearly 6 million people in Europe under the age of 25 are unemployed and a total of 7.5 million are not in employment, education or training. Youth unemployment rates in Europe stood at 23.5% in the first quarter of 2013, more than twice the - already very high - rate for the population at large. In some countries, more than half of the young people who want to work are unemployed.

This represents both a huge untapped resource that Europe cannot afford to squander and a social crisis that Europe cannot allow to persist. Youth unemployment has a profound impact on individuals as well as on society and the economy. Unless current trends are reversed quickly, today's levels of youth unemployment risk damaging the longer-term employment prospects for young people, with serious implications for future growth and social cohesion. Within Europe's broader strategy to create growth and jobs, helping young people to enter and remain in the labour market and to acquire and develop the skills that will pave the way for future employment is therefore a top priority for the European Union.

Throughout the financial crisis, the Commission has been working with Member States to address the economic and social consequences of high and rising unemployment. Some of this work will take time to bear fruit: Europe needs deep structural reform to become more competitive and this cannot be delivered overnight. Essential reforms must therefore be flanked by fast-acting measures to boost growth and to help young people find jobs and acquire essential skills. These measures will boost confidence and show young people that they have a bright future.

The Commission has proposed a number of practical and achievable measures that have the potential to make an immediate impact, most recently in the December 2012 Youth Employment Package and the March 2013 proposals for the EUR 6 billion Youth Employment Initiative. Some of these proposals have been agreed at EU level and must now be translated urgently into opportunities for young people. Others are yet to be agreed at EU level, in particular those linked to the Multiannual Financial Framework (MFF) for 2014-2020.

Against this backdrop, this report sets out steps to be taken without delay to get young people back into work, education or training. These steps cover:

- the implementation of the Youth Guarantee;

- investment in young people through the European Social Fund;
- the front-loading of the Youth Employment Initiative;
- support for intra-EU labour mobility with EURES;
- steps to ease the transition from education to work by boosting the supply of high-quality apprenticeships and traineeships and addressing skills shortages;
- an acceleration of reforms to deliver a genuine EU labour market in the longer run; and
- measures to support job creation in the immediate term, especially by SMEs, and to incentivise the hiring of young people.

In many of these areas, the groundwork has been done. The priority now is to accelerate and front-load implementation. Success will depend both on the political will of the Member States and the capacity of the private sector to create opportunities for young people. The EU cannot substitute for the work that is required at national level. But it can help to make things happen, by pinpointing the most critical reforms through the Country-Specific Recommendations, disseminating best practice, channelling investment from the EU budget, and helping young people to take full advantage of the European single market.

The European Commission calls upon the European institutions, Member States, the social partners and civil society to work in partnership to implement the measures in this report; and on the June European Council to give its strong political backing to these steps.

1. Making the Youth Guarantee a reality

As part of the Youth Employment Package presented in December 2012, the Commission called on Member States to ensure that all young Europeans receive a good quality offer of employment, continued education, an apprenticeship or a traineeship within four months of leaving school or becoming unemployed. This is the Youth Guarantee.

The Commission's proposal was adopted by the Council in April 2013. The priority now is implementation. This is reflected in the Commission's Country-Specific Recommendations for 2013. The Commission has identified urgent steps needed in 19 Member States to combat youth unemployment through *inter alia* active labour market policies, reinforcement of public employment services and support for training and apprenticeship schemes. These steps will all contribute to the delivery of the Youth Guarantee (see Annex I for a summary of related recommendations).

Implementing the Youth Guarantee will require sustained investment at national level. However, experience has shown, for example in Austria and Finland, that this investment pays off and that the economic and social costs of inaction are far higher than the costs of

implementation. It will take time for the Youth Guarantee to become fully operational, so it is essential that the process begin now with a clear country-by-country implementation plan explaining exactly how the Youth Guarantee is going to be put into practice, taking due account of variations in the scale and nature of the challenges in different national contexts.

The Commission therefore calls upon:

- The Council to adopt the proposed **Country Specific Recommendations** on the Youth Guarantee and on youth employment more generally and Member States to implement these recommendations swiftly.
- Member States with regions experiencing youth unemployment rates above 25% to submit a **Youth Guarantee Implementation Plan** by October 2013. These plans should set out how the Youth Guarantee will be implemented at national level, the respective roles of public authorities and other organisations, how it will be financed, how progress will be monitored and the timetable. Other Member States are encouraged to submit similar plans by spring 2014.

2. Putting the European Social Fund to work for young people

The EU structural funds have proven over many decades to be a powerful driver of job creation and social cohesion in Europe. The **European Social Fund** (ESF) amounts to almost EUR 80 billion for the 2007-13 period. This has provided extensive support for activities throughout Europe designed to help integrate young people into the labour market and to develop human capital.

Looking ahead to the 2014-2020 period, the European Structural and Investment Funds (ESIF) will have a crucial role to play in supporting young people and implementing the Youth Guarantee. An agreement on the next MFF and the programmes implementing it is urgently required to ensure that the ESF and other ESIF can be mobilised immediately in January 2014. This agreement must reflect the priority that the EU attaches to fighting and preventing youth unemployment: a minimum share of 25% of cohesion policy funding for the ESF would help to ensure that at least EUR 80 billion remains available for investment in Europe's human capital.

In parallel, Member States are working intensively with the Commission to design the next generation of Operational Programmes that will govern how this funding is put to use. This is a golden opportunity to gear the new programmes to the most pressing reform priorities for growth and jobs, as set out in the Country-Specific Recommendations, and in particular to delivering the Youth Guarantee.

The Commission therefore calls upon:

- The European Parliament and Council to agree swiftly on the **Multiannual Financial Framework and new ESIF regulations**, which should ensure that a 25% minimum share of cohesion policy funding (at least EUR 80 billion) is allocated to the European Social Fund. Member States with particularly high levels of youth unemployment should earmark a fixed share for priorities linked to combating youth unemployment.
- Member States to accelerate work with the Commission on the **Partnership Agreements and Operational Programmes** for the ESIF and to maintain a very sharp focus on youth employment, investment in human capital and the adaptation of education and training systems to labour market realities.

3. Kick-starting the Youth Employment Initiative

To focus financial support still further on the regions and individuals struggling most with youth employment and inactivity, the European Council agreed in February to create a dedicated **Youth Employment Initiative (YEI)** to be supported by EUR 6 billion from the EU budget. This will target individual young people aged 15-24 not in employment, education or training (NEETs) and complement the support provided by the ESF for the implementation of the Youth Guarantee.

The Commission has fast-tracked the necessary legal proposals and presented them to the European Parliament and Council in March 2013.¹ The priority now is for the European Parliament and Council to agree these proposals and to make this funding available as soon as possible.

3.1 Focusing and front-loading the YEI

The Commission has proposed to concentrate support from the YEI in regions experiencing youth unemployment rates above 25%, and within these regions on young people (NEETs) aged between 15 and 24. These criteria should be maintained: any reduction in the threshold would spread funds too thinly to the detriment of those regions in greatest need.² It is also vital that the YEI be used above all to support the implementation of the Youth Guarantee. Other target groups will be supported by other sources of funding from the ESIF and in particular from the ESF.

¹ COM(2013) 144 final

² Lowering the threshold to regions with youth unemployment rates above 20% and extending support to the 25-29 age group would more than halve the level of support per NEET from EUR 1360 to EUR 560, with a severely detrimental effect on the effectiveness of these interventions.

To ensure that the money from the YEI starts flowing quickly once the legal framework has been agreed, the Commission proposes to adjust the profile of the next MFF to make available the entire amount of EUR 6 billion in commitments within the first two years of the next MFF. This will be achieved by changing the implementation profile of other programmes so as to leave the overall annual levels of commitments unchanged.

Member States will need to be ready to hit the ground running with their Operational Programmes and a pipeline of projects to help get young people into good quality jobs, apprenticeships or education. Implementation should begin without delay, even before the Partnership Agreements are in place and before the legal framework has entered into force. This depends on Member States being ready with their programmes in time: the Commission will process them rapidly.

The Commission therefore calls upon:

- The European Parliament and Council to agree the **Youth Employment Initiative** to target support to regions experiencing youth unemployment rates above 25% and to young people (NEETs) aged between 15 and 24, and with a strong focus on actions to support the Youth Guarantee.
- The European Parliament and Council to agree to **commit all EUR 6 billion of the YEI in 2014 and 2015** by adjusting the commitment profile of the next MFF and to adapt the ESIF regulations to allow expenditure under the YEI to be deemed eligible as of the date of submission of the YEI operational programmes, even before the Partnership Agreements are in place and before the legal framework has entered into force.
- Member States to **accelerate the preparation of the specific YEI programmes** and to submit these programmes during 2013 for immediate implementation.

3.2 Relaunching the Youth Employment Action Teams

In 2012, the Commission established joint **Youth Employment Action Teams** with the Member States experiencing particularly high levels of youth unemployment. These teams worked to help ensure that the EU structural funds are being used to maximum effect to support young people. Through this work, about EUR 16 billion of EU funding has already been targeted for accelerated delivery or reallocation. This will eventually help more than one million young people and the results are already being felt on the ground (see below and Annex II).

Examples of results of the work of the Youth Employment Action Teams

- In **Portugal**, the 'Impulso Jovem' initiative has entailed a comprehensive reprogramming of EU structural funds and will benefit 90 000 young people and support 4 500 SMEs by the end of 2015. For example, EUR 143 million of EU funding has been reallocated to finance measures that include traineeships in key economic sectors, as well as support for the contracting of people aged 18-30 years old via reimbursement of employers' social security contributions.

- In **Spain**, over EUR 286 million in ESF funding has been reallocated to actions related to youth. Actions implemented so far include workshop schools and employment workshops, with about 9 500 young participants. Subsidies in the form of reductions in social security contributions for companies recruiting young people have been implemented for 142 000 young people. The new Entrepreneurship and Youth Employment Strategy sets out 100 further measures to combat youth unemployment. EUR 3.485 billion has been earmarked for these actions, some of which will be co-funded by the ESF. Several specific measures are being funded by the ERDF in regions where the youth unemployment rates are highest.
- In **Italy**, as part of the Cohesion Action Plan, EUR 1.4 billion has been allocated to actions aimed at young people, including a Youth Employment Plan in Sicily worth EUR 452 million, education activities for 65 300 students from Southern regions and 13 000 new mobility opportunities. In a second phase, a further EUR 620 million has been dedicated to new actions supporting young people and NEETs, including child care, support for entrepreneurship and combating early school leaving. The ESF will also co-finance actions to support apprenticeship schemes (EUR 100 million) and to provide guidance and placement for pupils and young graduates (EUR 36 million).

Building on this positive experience, the Commission is ready to relaunch and expand the Action Teams to work with the Member States eligible for financial support under the Youth Employment Initiative. At the initiative of the Member States in question, teams will be set up to support and accelerate work on the preparation of the Operational Programmes and to advise on how EU funding from the ESF and YEI can best be used to implement the Youth Guarantee.

The Commission therefore calls upon:

- Member States eligible for the Youth Employment Initiative, at their request, to work with Commission experts through dedicated **Youth Employment Action Teams** to assist with the implementation of the Youth Guarantee scheme and the mobilisation of the ESF and YEI to this end. To support this process and upon request by a Member State, the Commission will coordinate technical assistance, for example through Member State twinning.

4. Boosting mobility with EURES and the ESF

The single market offers a wealth of job, apprenticeship and training opportunities for Europe's young people. All the evidence indicates that young people are eager to seize these opportunities. However, identifying and taking advantage of opportunities in other Member States in real time can be daunting. The Commission has therefore long been working to make mobility easier both for the benefit of the individuals, employers and the European economy at large.

The **EURES portal** gives access to over 1.4 million job vacancies and nearly 31 000 registered employers. However, the EURES network is not yet operating to its full potential. The Commission has begun a major reform to make the EURES system more responsive to labour market realities and to strengthen the focus on the mobility of young people by offering jobs as well as opportunities to combine work with learning, such as apprenticeships. The EURES portal is also being revamped to make it more user-friendly and a EURES Charter providing commonly agreed EU guidance for national EURES delivery measures will

be tabled before the end of this year. In addition, the Commission is working on new legislation to strengthen EURES services for both employers and job-seekers. The objective is to supply more job vacancies and improve the matching of job vacancies with applications while deepening the integration of EURES within national Public Employment Services.

For a young person, identifying opportunities to work or learn abroad is one thing; taking advantage of them is another. The Commission is currently piloting a new system to help young people seize the job opportunities advertised on EURES, while helping SMEs to recruit young job-seekers from across Europe. **'Your first EURES Job'** helps young people to find jobs in other Member States by providing financial support for language courses and other training needs, travel expenses and integration programmes in the case of recruitment by an SME. The 'Your First EURES Job' pilot will help to place around 5 000 people in the six participating Member States and will be extended in 2013 to cover apprenticeship and traineeship placements. Initial results have been very encouraging and some Member States, for example Germany, have based their own mobility schemes on this model.

Under the next MFF, the European Programme for Social Change and Innovation will provide additional direct funding of around EUR 5 million annually to support this type of targeted scheme. However, in view of the scale of the challenge the onus will be on Member States – working through their Public Employment Services – and employers to step up their financial support for employment through intra-EU mobility, drawing on the experience of Your First EURES Job. The ESF is there to help: from 2014, financial support will be available for language and career-orientation training, travel costs and integration in the host country.

The Commission therefore calls upon:

- Member States to make use of ESF funding opportunities and national funding sources to **promote intra-EU labour mobility**, including using EURES, and to reinforce the capacity of national Public Employment Services in this regard.
- The European Parliament and Council to consider rapidly the forthcoming legislative proposal from the Commission to **strengthen EURES**, which will be tabled by the end of 2013.

5. Easing the transition from education to work

Helping young people to integrate into the job market after leaving school or university is an indispensable part of delivering the Youth Guarantee. In this year's Country-Specific Recommendations, the Commission has recommended to 16 Member States to focus on reforming vocational and educational training (VET) programmes by increasing their labour market relevance through a stronger work-based learning component and accelerating the reform of apprenticeships. The EU budget can support this process: Member States can use the ESF, the YEI and the 'Erasmus +' programme to help improve the quality and efficiency of education and training systems.

The transition from education to work was a central theme of the Youth Employment Package, which launched two specific initiatives to facilitate this transition: the European Alliance for Apprenticeships and the Quality Framework for Traineeships.

5.1 Implementing the European Alliance for Apprenticeships

Experience has shown that countries with strong, attractive VET systems and especially those with well-established apprenticeship systems and strong work-based learning tend to perform better in terms of facilitating the transition from school to work and keeping youth unemployment down. Improving the supply and quality of apprenticeships is therefore an important part of the youth employment strategy.

As announced in the Youth Employment Package, the Commission is launching a European Alliance for Apprenticeships to help improve the quality and supply of apprenticeships and to change mind-sets towards work-based learning. The Alliance will bring together Member States, social partners, businesses, the Commission and other relevant actors to develop high quality apprenticeship-type training and excellence in work-based learning in VET, and to promote national partnerships for dual learning.

The launch of the Alliance on 2 July 2013 is an opportunity to galvanise the private sector and to give new impetus to the supply of and demand for high-quality apprenticeships and work-based learning. Businesses have everything to gain from access to a huge pool of potential candidates for apprenticeships and from investing now to create a highly-skilled workforce for the future.

The Commission therefore calls upon:

- The Member States to implement the proposed **Country Specific Recommendations** on apprenticeships and on vocational education and training.
- Member States to include **apprenticeship reform within their Youth Guarantee Implementation Plans** and to mobilise EU funding to support this objective; and to set up strong partnerships at national level for dual learning bringing together authorities responsible for education and employment, social partners, chambers, VET providers, youth and student organisations, employment services and agencies managing EU funding.
- The **private sector to support fully the Alliance** and to commit to increasing the supply of high quality apprenticeships, building on recent industry-driven initiatives.

5.2 Delivering high-quality traineeships

Traineeships also have an important role to play in smoothing the transition from education to work, particularly in the context of the crisis. High-quality traineeships help boost the employability of young people and are important stepping stones in the progression to regular employment.

However, despite the broad consensus on the importance of traineeships, there are serious concerns about the quality of traineeships on offer and their added-value. These concerns relate to insufficient learning content, inadequate working conditions and repeated traineeships that in reality are used as substitutes for real jobs. To address these concerns, the Commission announced as part of the Youth Employment Package a new European initiative for a European Quality Framework for Traineeships. The Commission has consulted the social partners and work on this framework will now be accelerated in order to present a proposal by the end of 2013.

The Commission therefore calls upon:

- The Council to work quickly on the forthcoming Commission proposal on a **Quality Framework for Traineeships** with a view to having the new Framework in place in early 2014.

5.3 'Erasmus +': opening up cross-border education and training opportunities

Dedicated EU programmes also make an important contribution to the development of VET and to helping young people take full advantage of the single market. Increased mobility of students increases labour mobility and contributes to the creation of a more integrated labour market. For example, the current Lifelong Learning Programme - and in particular the 'Leonardo Da Vinci' sub-programme for VET - has already allowed 500 000 VET learners and 225 000 higher education students to take advantage of work-based training in another Member State, enabling them to develop both the job-relevant and cross-cutting skills that employers are seeking.

Examples of how European VET mobility programmes have helped young people

- In 2012, Lili from Romania participated in a 'Leonardo da Vinci' mobility project entitled 'Applying modern healthcare systems'. She spent four weeks developing nursing skills during a training course at the Barmherzige Bruder Hospital in Vienna in Austria. This gave her the opportunity to acquire new knowledge regarding nursing techniques and modern research techniques and to develop her German language skills. This experience and the Europass Mobility Certificate obtained at the end of the placement helped her to find a new job abroad.
- Joanna, from Poland, took part in 2008 in a one-month vocational placement in Germany through the 'Leonardo da Vinci' programme, working for a local seed company, Appels Wilde Samen. The placement allowed her to acquire skills in the cultivation of many species of plants as well as to work in a different language and cultural environment. This experience paved the way for her to open her own farm in Poland, where she maintains strong links with the host company in Germany.

- Matthias, from Germany, undertook initial vocational traineeship at Munich International Airport to become a mechatronics specialist and then went for three weeks to Vienna Airport to gain experience abroad through the 'Leonardo da Vinci' programme. A placement abroad allowed him to gain new insights into differences in working practices and culture and gave him a new perspective concerning working processes in his home company.

Under the next MFF, as part of the 'Erasmus +' programme proposed by the Commission, support for mobility will be scaled up significantly to help almost 5 million young people in total, including over 700 000 VET placements. Cooperation between employers and education providers will be deepened through strategic partnerships and sector skills alliances to support higher quality education programmes and cross-border mobility.

The impact of this cooperation can be increased by the injection of national and EU funds - in particular the ESF – to provide opportunities for an even larger number of young people. It is clear that the demand for cross-border mobility is high and that the number of placement opportunities abroad therefore has significant growth potential. To help exploit this potential, the Commission will accelerate the implementation of this part of the 'Erasmus +' programme and Member States should use their ESF allocations for this purpose.

The Commission therefore calls upon:

- European Parliament and Council to agree rapidly on the new '**Erasmus +**' programme. The Commission will accelerate the implementation of the VET component of this programme once it launches in 2014.
- Member States to use the ESF to **develop and support mobility in VET** to help young people acquire the skills necessary to find their place in the labour market.

5.4 Investing in skills and addressing skills mismatch

Europe's competitiveness, innovative capacity and productivity depend critically on the availability of highly-educated and well-trained workers. The long-standing trend towards ever higher skill requirements means that young people without the skills that the economy requires will find it increasingly difficult to find employment. Tackling youth unemployment therefore requires action to tackle skills shortages and mismatches.

The process of acquiring skills begins at school and continues through higher education and work-based learning. However, today the performance of many education systems is inadequate as they display unacceptably high drop-out rates and may fail to provide young people with essential skills. There is therefore an urgent need to make education systems more responsive to current and future skills needs so as to avoid skills mismatches and bottlenecks.

Addressing skills mismatch in sectors with recognised job creation potential, such as ICT, healthcare and the green economy is a particular priority. The Commission launched in March 2013 an EU-wide multi-stakeholder partnership – the Grand Coalition for Digital Jobs - to tackle the shortage of ICT skills in the EU and to fill the projected several hundred thousand

vacancies requiring these skills. As part of its action plan for the EU health workforce, the Commission launched in April 2013 a Joint Action to help improve health workforce forecasting and planning, bringing together the Member States and shareholders to exchange best practice. The Commission is also carrying out a cross-country mapping study on innovative recruitment strategies such as the use of social media to attract young people to take up a career in healthcare. The Commission will launch similar coalitions or broader action plans to unleash the job creation potential of the "green economy".

Entrepreneurial skills are also key for young people seeking employment and starting their own businesses. Practical entrepreneurial experiences for all young people help to make the link between education and the real world, turning creative ideas into entrepreneurial action. To support change across the education system, the Commission will provide more detailed policy guidance on entrepreneurship in education. A collaboration action with the OECD on Guiding Frameworks for Entrepreneurial Education at the levels of schools, VET and universities, will encourage entrepreneurial teaching and learning.

To further help young people taking up jobs abroad, the Commission is working in close cooperation with Member States and stakeholders towards the creation of a European Area for Skills and Qualifications. This will ensure that skills and qualifications can be easily recognised across borders and facilitate labour mobility.

The Commission therefore calls upon:

- Member States to **modernise and improve their education systems** by addressing the gaps in basic skills, stepping up efforts to tackle early-school leaving, improve the provision of transversal skills such as digital, entrepreneurial and language skills and scaling up the use of ICT-supported learning.
- All stakeholders to step up their support for the **Grand Coalition for Digital Jobs** with a view to addressing the projected shortfall of 900,000 ICT professionals in Europe by 2015.

6. Building a European labour market for the longer term

Most of the actions described above, if implemented now, will have an immediate effect. However, there is much more to be done in the medium term to reform the economy so as to build a genuine European labour market in which all citizens, young and old, are able to move freely to work, study and train. This will make the European economy more dynamic and flexible while ensuring that the necessary protections are in place for those exercising their rights to live, work and study abroad.

There are already many proposals on the table that will help to make the single market work more efficiently, including the proposed amendments to the Professional Qualifications Directive and to the Directive on portability of supplementary pension rights and the Directive

on the enforcement of the rights of mobile workers. There is also a pressing need to improve enforcement of existing EU law, in particular with regard to jobs and working conditions. In addition, the Commission is working on more citizen-friendly rules on social security coordination concerning unemployment benefits and is analysing the possibility of enabling unemployment benefits to be paid for a period longer than the current 3 months to workers seeking employment in another Member State.

The recent Commission proposal to modernise and enhance cooperation between Public Employment Services will also contribute to improving the operational functioning of labour markets and the delivery of labour market programmes and therefore to helping young people into the labour market. The Commission will propose to establish a network of Public Employment Services in order to start a benchmarking system and corresponding mutual learning activities will contribute to the construction of a European labour market and ultimately provide jobseekers and employers with better and more effective employment services.

The Commission therefore calls upon:

- The European Parliament and Council to step up work on all proposals designed to promote the development of a **genuine European labour market** accessible to all young people.

7. Creating jobs: helping firms to recruit young people

Youth unemployment will only fall in a sustainable manner if the economy creates more jobs. All the work underway in Europe to rekindle growth and job creation will therefore contribute to addressing the youth unemployment problem. The priorities highlighted at European level in the context of the Annual Growth Survey and at national level in the framework of the Country-Specific Recommendations set out the way forward. In this context, a particular effort is needed to create the right incentives for firms, notably SMEs, to recruit and retain young people.

Young people are disproportionately hit by unemployment. This is a reflection of broader, deep-rooted problems in the functioning of labour markets. Moreover, in many countries, young people are over-represented among workers on temporary contracts. Reducing the gap between employment protection legislation for temporary and permanent contracts will contribute to facilitating the transition of newcomers, including young people, from entry jobs with short duration to more stable jobs that offer good career prospects. Moreover, reducing the cost of employing young people in their first job, for example through targeted subsidies and reductions in social security contributions in the case of low-skilled positions, can make an important contribution in the right circumstances.

SMEs and in particular micro-enterprises are an especially important motor of job creation for young people and as such every effort should be made to help them access the finance they

need to thrive. Here EU instruments, in particular the European Regional Development Fund, play an important role, both in providing direct support to SMEs and co-funding a wide range of financial instruments. The European Investment Bank (EIB) also has a crucial role to play with regard to access to finance for SMEs. The recent capital increase of EUR 10 billion is expected to allow EUR 12.5 billion to be released annually in direct financial support for SMEs in 2013-15 and may mobilise in total around EUR 37.5 billion in SME loans when other types of lending indirectly benefiting SMEs and co-financing are taken into account. In addition, the Commission is currently working with the EIB to develop joint instruments to support lending to SMEs.

The Commission therefore calls upon:

- Member States to implement the **Country-Specific Recommendations** addressed to them, including by limiting the tax burden on labour, reducing the gaps in employment protection between different types of work contracts and exploring targeted measures to incentivise the hiring of young people.
- The **EIB to step up support for SMEs** creating jobs and offering apprenticeships for under-25s and to accelerate work with the Commission to implement new mechanisms to support SMEs.

Annex 1 : Youth employment-related Country-Specific Recommendations

BE	Simplify and reinforce coherence between employment incentives, activation policies, labour matching, education, lifelong learning and vocational training policies for older people and youth.
BG	Accelerate the national Youth Employment Initiative, for example through a Youth Guarantee. Adopt the School Education Act and pursue the reform of higher education, in particular through better aligning outcomes to labour-market needs and strengthening cooperation between education, research and business.
DK	Improve the quality of vocational training to reduce drop-out rates and increase the number of apprenticeships.
EE	Continue efforts to improve the labour-market relevance of education and training systems, including by further involving social partners and implementing targeted measures to address youth unemployment.
ES	Implement and monitor closely the effectiveness of the measures to fight youth unemployment set out in the Youth Entrepreneurship and Employment Strategy 2013-2016, for example through a Youth Guarantee. Continue with efforts to increase the labour market relevance of education and training, to reduce early school leaving and to enhance life-long learning, namely by expanding the application of dual vocational training beyond the current pilot phase and by introducing a comprehensive monitoring system of pupils' performance by the end of 2013.
FI	Implement and monitor closely the impact of on-going measures to improve the labour-market position of young people and the long-term unemployed, with a particular focus on the development of job-relevant skills.
FR	Take further measures to improve the transition from school to work through, for example, a Youth Guarantee and promotion of apprenticeship.
HU	Address youth unemployment, for example through a Youth Guarantee. Implement a national strategy on early school-leaving and ensure that the education system provides all young people with labour-market-relevant skills, competences and qualifications. ... Support the transition between different stages of education and towards the labour market. Implement a higher-education reform that enables greater tertiary attainment, particularly by disadvantaged students.
IT	Take further action to foster labour market participation, especially of women and

	<p>young people, for example through a Youth Guarantee.</p> <p>Strengthen vocational education and training, ensure more efficient public employment services, and improve counselling services for tertiary students. ... Step up efforts to prevent early school leaving and improve school quality and outcomes, also by reforming teachers' professional and career development.</p>
LT	<p>Improve the employability of young people, for example through a Youth Guarantee, enhance the implementation and effectiveness of apprenticeship schemes, and address persistent skill mismatches.</p>
LU	<p>Step up efforts to reduce youth unemployment by improving the design and monitoring of active labour market policies. Strengthen general and vocational education to better match young people's skills with labour demand, in particular for people with migrant background.</p>
LV	<p>Tackle long-term and youth unemployment by increasing coverage and effectiveness of active labour market policies and targeted social services. Improve the employability of young people, for example through a Youth Guarantee, establish comprehensive career guidance, implement reforms in the field of vocational education and training, and improve the quality and accessibility of apprenticeships.</p>
MT	<p>Continue to pursue policy efforts to reduce early school leaving, notably by setting up a comprehensive monitoring system, and increase the labour market relevance of education and training to address skills gaps, including through the announced reform of the apprenticeship system.</p>
PL	<p>Strengthen efforts to reduce youth unemployment, for example through a Youth Guarantee, increase the availability of apprenticeships and work-based learning, strengthen cooperation between schools and employers and improve the quality of teaching.</p>
RO	<p>To fight youth unemployment, implement without delay the National Plan for Youth Employment, including for example through a Youth Guarantee.</p> <p>Step up reforms in vocational education and training. Further align tertiary education with the needs of the labour market and improve access for disadvantaged people. Implement a national strategy on early school leaving focusing on better access to quality early childhood education, including for Roma children.</p>
SE	<p>Reinforce efforts to improve the labour-market integration of low-skilled young people and people with a migrant background by stronger and better targeted measures to improve their employability and the labour demand for these groups. Step up efforts to facilitate the transition from school to work, including via a</p>

	wider use of work-based learning, apprenticeships and other forms of contracts combining employment and education. Complete the Youth Guarantee to better cover young people not in education or training.
SI	<p>Take further measures to increase employment of the young tertiary graduates, older persons and the low-skilled by focusing resources on tailor-made active labour market policy measures while improving their effectiveness.</p> <p>Address the skills mismatch by improving the attractiveness of the relevant vocational education and training programmes and by further developing cooperation with the relevant stakeholders in assessing labour market needs.</p>
SK	Step up efforts to address high youth unemployment, for example through a Youth Guarantee. Take steps to attract young people to the teaching profession and raise educational outcomes. In vocational education and training, reinforce the provision of work-based learning in companies. In higher education, create more job-oriented bachelor programmes.
UK	<p>Building on the Youth Contract, step up measures to address youth unemployment, for example through a Youth Guarantee. Increase the quality and duration of apprenticeships, simplify the system of qualifications and strengthen the engagement of employers, particularly in the provision of advanced and intermediate technical skills.</p> <p>Reduce the number of young people aged 18-24 who have very poor basic skills, including through effectively implementing the Traineeships programme.</p>

Annex 2 – How the Youth Employment Action Teams have helped young people

Ireland	<ul style="list-style-type: none"> – A Labour Market Education & Training Fund, known as Momentum and part of Ireland's Action Plan for Jobs, was launched in December 2012 to provide skills training for up to 6 500 long-term unemployed. The ESF will contribute EUR 10 million to this Fund, which has an overall budget of EUR 20 million. One of the four strands of this Fund is specifically designed for young people under 25. Currently, 816 young people are supported under this specific strand. But since young people can also participate in the other three strands, the total number of young participants in Momentum is 1 353. – EUR 25 million has been redirected to the integrated <i>Youthreach</i> 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.
Slovakia	<ul style="list-style-type: none"> – Following the ESF re-allocation, two national projects (worth EUR 70 million) were launched in November 2012 supporting job creation for young people under 29 in private and self-governing sectors in the regions with the highest levels of unemployment (target: 13 000 new jobs). The implementation of the projects to date has been successful, with microenterprises and SMEs showing the greatest interest in offering work opportunities for young people. By mid-May 2013, more than 6 200 new jobs had been created (EUR 33.1 million contracted).
Lithuania	<ul style="list-style-type: none"> – In Lithuania, all planned ESF actions are being implemented. A project was refocused to offer vocational training programmes to about 6 000 young people. The budget is about EUR 6 million. The project started on August 2012 and will end in August 2013. The number of participants is 4 851. – 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. The project started on July 2011 and will end on November 2013. 4 382 young unemployed people have already participated in this project. – The Entrepreneurship Promotion Fund (ESF EUR 14.5 million), currently provides loans and training services for start-ups and self-employment, with young people among the prioritised focus groups under this measure. A new measure (worth EUR 3 million) was approved to increase the attractiveness of this loan scheme for start-ups and self-employment. – 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. The project started on August 2012 and will end in September 2015. The planned number of participants is about 20 000. The number of applications received by 18 April 2013 is 4 858.

	<ul style="list-style-type: none"> - A new measure worth EUR 2.3 million "Promotion of youth employment and motivation" was approved on 17 April 2013. Two of the projects will focus on volunteering and individual support for vulnerable young people.
Latvia	<ul style="list-style-type: none"> - EUR 11 million has been allocated to several measures supporting young people without vocational qualifications and seeking new, labour market oriented, qualifications. As a result of these measures, the proportion of young unemployed receiving EU support will jump from 24% to 40%, while the number of persons in vocational training would double. - The 5-year project "Acquiring Vocational Education Programmes, Basic Skills and Competences for Sustaining Education and Career Development" is aimed at preparing secondary VET level professionals in order to promote the acquisition of vocational competences and skills for occupational activities and further education as well as facilitating integration in the labour market. It is being implemented in partnership with VET schools to provide 12-18 month programmes for 2nd and 3rd level professional qualifications for at least 4 000 under-25s. By the end of May 2013, 1 372 students have received the 2nd and 3rd level of professional qualification. - In 2013, the measure "Youth workshops", co-financed by the ESF, is being implemented with the objective of helping up to 500 young people aged 15-24 without previous vocational education to experience 3 professions and make a well-informed career choice.
Portugal	<ul style="list-style-type: none"> - A national initiative called 'Impulso Jovem' entailed a comprehensive re-programming of structural funds which will benefit 90 000 young people by the end of 2015 in mainland Portugal. EUR 143 million of ESF funding was reallocated to finance measures including traineeships in key economic sectors, as well as support for the contracting of people aged 18-30 years old via reimbursement of employer's social security contributions. - In February 2013, the scope of the programme was broadened, enlarging the eligibility criteria as well as expanding it to additional regions. By the end of May, 9 676 young people have been covered by the programme so far. A transfer of EUR 10 million from the Madeira ERDF Operational Programme to the corresponding ESF Operational Programme was made in order to support youth employment measures such as traineeships and hiring incentives. By the end of May, 1 497 additional young people had been covered.
Spain	<ul style="list-style-type: none"> - In Spain, during 2012, over EUR 286 million in ESF funding was reallocated to actions related to youth. From this, EUR 135 million was directed to the public employment service to help young people find work. The youth actions implemented so far are workshop schools and employment workshops, with about 9 500 young participants. These are mixed

	<p>programmes of employment and training. Furthermore, subsidies in the form of reductions in social security contributions for companies recruiting young people have been implemented for a total of about 142 000 young people.</p> <ul style="list-style-type: none"> – With regard to the EUR 50 million ESF reallocated in 2012 in the Fighting Against Discrimination programme, measures to tackle youth unemployment consist mainly of activities related to integrated pathways to employment adapted to the specific needs of different groups, such as young with disabilities, young Roma, young with special difficulties and unemployed young with a medium level of employability. – The Spanish Government presented on 12 March 2013 the Entrepreneurship and Youth Employment Strategy 2013-2016. This initiative provides 100 individual measures to combat youth unemployment. The actions address young people in general under the age of 30, and especially those who are unemployed. To achieve the Strategy’s objectives and implement the new measures, new resources amounting to EUR 3.485 billion have been earmarked. Some of the actions will be partially funded by the ESF during the current and future programming periods.
Italy	<ul style="list-style-type: none"> – As part of the first phase of the Cohesion Action Plan, EUR 1.4 billion has been allocated to actions aimed at boosting education and employment, including a Youth Employment Plan in Sicily worth EUR 452 million and expected to benefit around 50 000 young people, new education activities for 65 300 students from Southern regions or 13 000 new mobility opportunities. In a second phase, a further EUR 620 million has been dedicated to actions supporting young people and NEETs, including support for entrepreneurship and combating early school leaving. – The ESF is also co-financing the “AMVA programme” worth EUR 118 million to support apprenticeship schemes and the “FIXO programme” (promotion of guidance and placement of young pupils) worth EUR 36 million.
Greece	<ul style="list-style-type: none"> – Following extensive re-programming at the end of 2012, a national youth action plan was endorsed in January 2013 with EU funding of EUR 517 million. The plan is intended to promote youth employment, training and entrepreneurship and targets nearly 350 000 young people. Additional support of EUR 1.2 billion to address the liquidity needs of SMEs is being allocated under the latest re-programming exercise. According to the latest information coming from the Greek authorities, the new initiatives included in the adopted youth action plan that have already started (approx. EUR 47 million) include the temporary hiring of the young unemployed (up to 35 years old) in community-based work programmes in the cultural sector as well as the provision of support to social structures, which aim at combating

	<p>poverty and social exclusion, for the recruitment of the young unemployed.</p> <ul style="list-style-type: none"><li data-bbox="339 224 1420 495">– In addition, the implementation of the following schemes from the action plan (approx. EUR 146 million) is being launched: a) "voucher for entrance in the labour market" which combines training with a 5-month job placement in businesses and targets 45 000 young unemployed up to 29 years old; b) blended theoretical and on-the-job training for 1000 young unemployed seamen up to the same age limit.
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