

Cohesion policy support for youth employment

The EU is on the job, but ensuring lasting employment for young people still needs work



EUROPEAN
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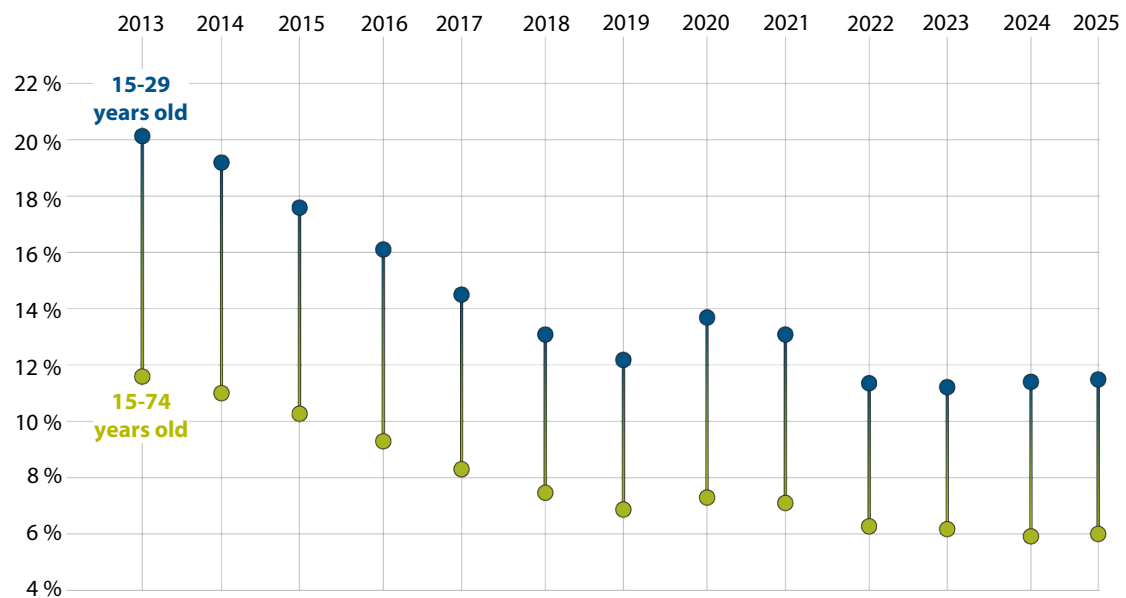
Main messages

Why this area is important

- 01** Bringing young people into sustainable employment has been one of the biggest employment challenges for many EU member states during the past decade. Employment is primarily a member state responsibility: annual spending by member states on labour market policy measures for all age groups has averaged around €60 billion since 2014, excluding pandemic peaks of about €80 billion in 2020 and 2021¹. The EU supports and, where necessary, complements member state action in this area.
- 02** Since 2014, around €25 billion of cohesion policy funding has been devoted specifically to preventing and tackling youth unemployment and inactivity, notably through the European Social Fund (ESF), the Youth Employment Initiative (YEI) and the Recovery Assistance for Cohesion and the Territories of Europe (REACT-EU) top-up for the period 2014-2020, as well as the European Social Fund Plus (ESF+) and the Just Transition Fund (JTF) for 2021-2027.
- 03** The unemployment rate for young people aged 15-29 in the EU has fallen from 20 % in 2013 to below 12 % over the last few years. Despite this improvement, since 2013 it has consistently exceeded the overall unemployment rate for the whole labour force (people aged 15-74) by between 5 and 8 percentage points (*Figure 1*). In 2025, 4.7 million young people were unemployed in the EU, representing 11.6 % of the labour force aged 15-29.

¹ Eurostat, [LMP expenditure by type of action](#), total LMP measures.

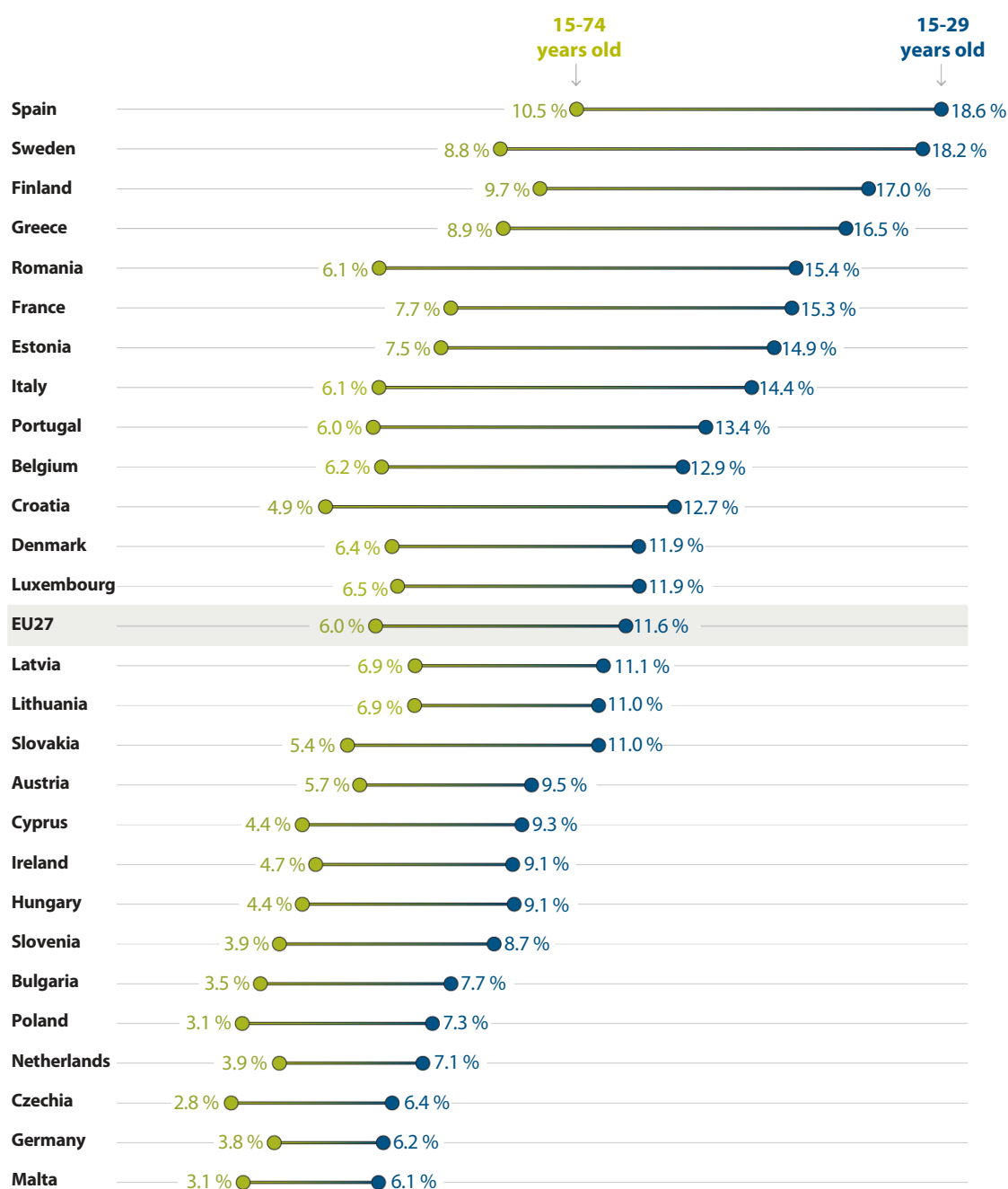
Figure 1 | Youth unemployment in the EU vs overall unemployment
2013-2025, annual data



Source: ECA based on [Eurostat data](#), extracted on 25.3.2026.

- 04** Despite a steady decline overall, youth unemployment rates remain high in many member states, the highest being in Spain (18.6 %) and Sweden (18.2 %). Conversely, Malta (6.1 %) and Germany (6.2 %) have the lowest rates ([Figure 2](#)).

Figure 2 | Unemployment rates (for young people and total labour force), 2025



Source: ECA based on Eurostat data, extracted on 25.3.2026.

05 The objective of our audit was to examine how the EU has contributed to supporting the sustainable integration of young people into the labour market. We therefore assessed how EU policies and funding have contributed to member states' efforts during the 2014-2020 and 2021-2027 programming periods. In this context, we assessed:

- how the Commission supported member states to improve the job situation of young people, and how it monitored the results; and

- o whether EU-funded measures facilitated the sustainable integration of young people into the labour market, including the most vulnerable groups.

06 Through our report we aim to provide insights and recommendations that could contribute to the planning and implementation of post-2027 support for youth employment. For more background information, and details on the audit scope and approach, see [Annex I](#).

What we found and recommend

07 The Commission made appropriate use of the tools at its disposal to support member states in their efforts to address youth unemployment between 2013 and 2024. However, the hiring incentives we examined in member states lacked sufficient focus on the long-term integration of young people into the labour market, and efforts have not yet succeeded in adequately reaching the most vulnerable, in particular those who are inactive.

08 The Commission provided a strategic framework to assist member states in combating youth unemployment through the Youth Guarantee and the European Semester (paragraphs [20-25](#)), along with corresponding EU funding (paragraphs [26-46](#)). The dedicated operational programmes under the ESF and the YEI in the 2014-2020 programming period helped member states design and implement strategic approaches to address youth unemployment by outlining specific measures to be supported and allocating specific funding (paragraphs [26-35](#)).

09 The additional funding provided by REACT-EU since 2020 contributed to member states' efforts to tackle youth unemployment, which had increased during the COVID-19 pandemic. This support included short-term measures to keep people in jobs (paragraphs [37-40](#)). The EU continued to support youth employment measures in the 2021-2027 programming period, this time through the ESF+ and JTF. However, ESF+ implementation was sluggish in the first years of implementation. While project selection in member states has been picking up significantly, the risk remains that increased pressure to use the funding towards the end of the programming period could lead to it being used less effectively (paragraphs [41-46](#)).

10 The Commission has little information on the longer-term results of EU financial support to youth employment. Future policy evaluations may address this aspect, but it is uncertain whether and when they will do so. The Commission proposal on a performance framework for the post-2027 period includes a result indicator for specific support to youth employment. However, this doesn't include a long-term perspective. Longer-term result indicators beyond six months exist under the framework for monitoring the

implementation of the Youth Guarantee, but this is separate from the ESF+ framework and covers some, but not all, ESF+ youth employment measures (paragraphs 47-51).

- 11** Measures aimed at reducing youth unemployment are designed and implemented by member states and can take a variety of forms, such as hiring incentives, job retention measures, and other active labour market policies. The Commission has not conducted a detailed analysis comparing the impact of the different types of support with a specific focus on youth employment (paragraphs 52-56).



Recommendation 1

Enhance the monitoring and evaluation of cohesion policy funding supporting youth employment

The Commission should:

- (a) exploit the follow-up indicators defined under the Youth Guarantee Indicator Framework to gain insight into the medium and longer-term results of cohesion policy measures supporting youth employment;
- (b) as part of the ESF+ *ex post* evaluation, assess to what extent measures supporting youth employment have lasting effects, including an analysis comparing the impact of the various types of support and – drawing from this assessment – support member states in improving their related measures.

Target implementation date: (a) end 2027 (b) end 2031

- 12** Together with job retention schemes, across-the-board hiring subsidies can serve as a rapid response in downturns, such as the COVID-19 pandemic, when the priority is to support labour demand and avoid deeper short-term contractions. In the longer-term, hiring incentives can be more successful in providing lasting employment if they:

- take into account labour market needs;
- are combined with on-the-job training, improving the employability of young people and helping address skills gaps; and
- have appropriate safeguards to ensure that the newly created jobs last after the end of EU support (paragraphs 60-63).

- 13** The national authorities responsible for designing the incentives covered in this audit had tools to assess the labour market situation and needs, but they did not use them to target support, instead offering incentives across most sectors without distinction. In sectors

facing acute skills shortages, where candidates are available but may lack experience or require upskilling, hiring incentives are more effective if they include a strong training component. The hiring incentives we examined were not dependent on providing on-the-job training that could lead to the development of relevant skills (paragraphs [64-67](#)).

- 14** Spain and Italy implemented mechanisms to promote job creation and employment lasting beyond the subsidised period (i.e. when funding was available), including through mandatory permanent contracts or minimum retention periods. Not all workers stayed in the job. For example, a quarter of all young people benefiting from subsidised contracts under a measure we audited in Italy resigned, and so did workers in two out of ten contracts we sampled for another measure in Spain. Those two member states had no effective tools in place – such as exit interviews – to assess the underlying reasons for the early termination of the contracts, which could have highlighted specificities compared to the general labour market trend (paragraphs [68-71](#)).
- 15** In the operational programmes we audited there was no clear definition of when a young person could be considered to have been successfully integrated into the labour market. This creates the risk that the allocation and use of EU funds supporting youth employment may lack sufficiently specific and measurable objectives, making it more difficult to design effective support and measure results (paragraphs [72-74](#)).
- 16** If not well designed, hiring incentives may result in inefficient spending of public money, particularly if the subsidised jobs would have been created or maintained anyway. This is known as “deadweight effects”. Evaluators in both Italy and Spain have pointed to the need of better defining the target population and recommended adjusting eligibility criteria to those who are more vulnerable or less likely to find a job without an incentive. However, this remains highly dependent on the way calls for funding are designed (paragraphs [59; 75-81](#)).
- 17** In addition, job coaching and support for vocational training have shown a positive impact on improving the participants’ employment prospects. They can serve as a necessary first step to identifying a suitable job offer, or otherwise increasing the employability of the individuals (paragraphs [82-86](#)).



Recommendation 2

Improve the effectiveness of EU-funded hiring incentives for young people and reduce the risk of deadweight

The Commission should engage with member states using EU-funded hiring incentives in support of youth employment to highlight that the focus and objectives of these measures should be clearly defined and well-targeted, and aimed at achieving a lasting integration of young people into the labour market and reducing the risk of deadweight.

This engagement could, for instance, involve collecting, analysing and disseminating relevant information as best practice, and cover the following aspects:

- how hiring incentives can be linked to on-the-job training that increases the future employability of young people and reduces the skills gap;
- how hiring incentives can be focused on individuals who face greater difficulty in securing a job, e.g. through specific eligibility criteria or varying levels of support;
- which mechanisms can be put in place to encourage employers to increase net employment and retain workers after the subsidy expires.

Target implementation date: end 2027

18 Young people not in employment, education or training (NEETs) comprise both unemployed and inactive individuals (see [Box 1](#) in [Annex I](#)). Inactive NEETs typically face institutional barriers to entering the labour market, indicating that their challenges extend beyond the reach of labour market policies alone. During 2014-2020, the NEET rate decreased in the EU, and so did the absolute number of both young unemployed and inactive NEETs. However, the number of inactive NEETs decreased much less than the number of unemployed NEETs (by 16 % vs 50 %). When looking at the three member states we audited, the number of inactive NEETs actually increased in Germany and Spain. Overall, the composition of the NEET population in the EU has changed significantly and now consists predominantly of inactive young people, who have proven more difficult to reach (paragraphs [87-91](#)).

- 19** This indicates that inactive young people remain a target group which is difficult to address. In the three audited member states, evaluators and stakeholders have emphasised that adequate outreach activities are needed to engage with the most vulnerable and disadvantaged groups. The Commission introduced in the 2021-2027 cohesion legislative framework specific provisions requiring member states to put in place targeted outreach strategies for young people. However, it is too early to conclude whether these provisions have yielded appreciable results (paragraphs [92-95](#)).



Recommendation 3

Provide more targeted support to inactive young people under cohesion policy

The Commission should:

- (a) in the current programming period, provide more support to member states in their efforts to better identify inactive young people and foster their participation in EU-funded measures, thus facilitating their integration into the labour market;
- (b) as part of the ESF+ *ex post* evaluation, and also based on the evaluations performed by member states, assess whether the outreach implemented by member states in the 2021-2027 programming period has been successful; and
- (c) drawing upon this assessment, collect, analyse and disseminate examples of best practice to support member states in improving their related measures.

Target implementation date: (a) end 2027 (b) and (c) end 2031

A closer look at our observations

The Commission supported member states through EU-wide strategies and funding, but undertakes only limited monitoring of long-term effects

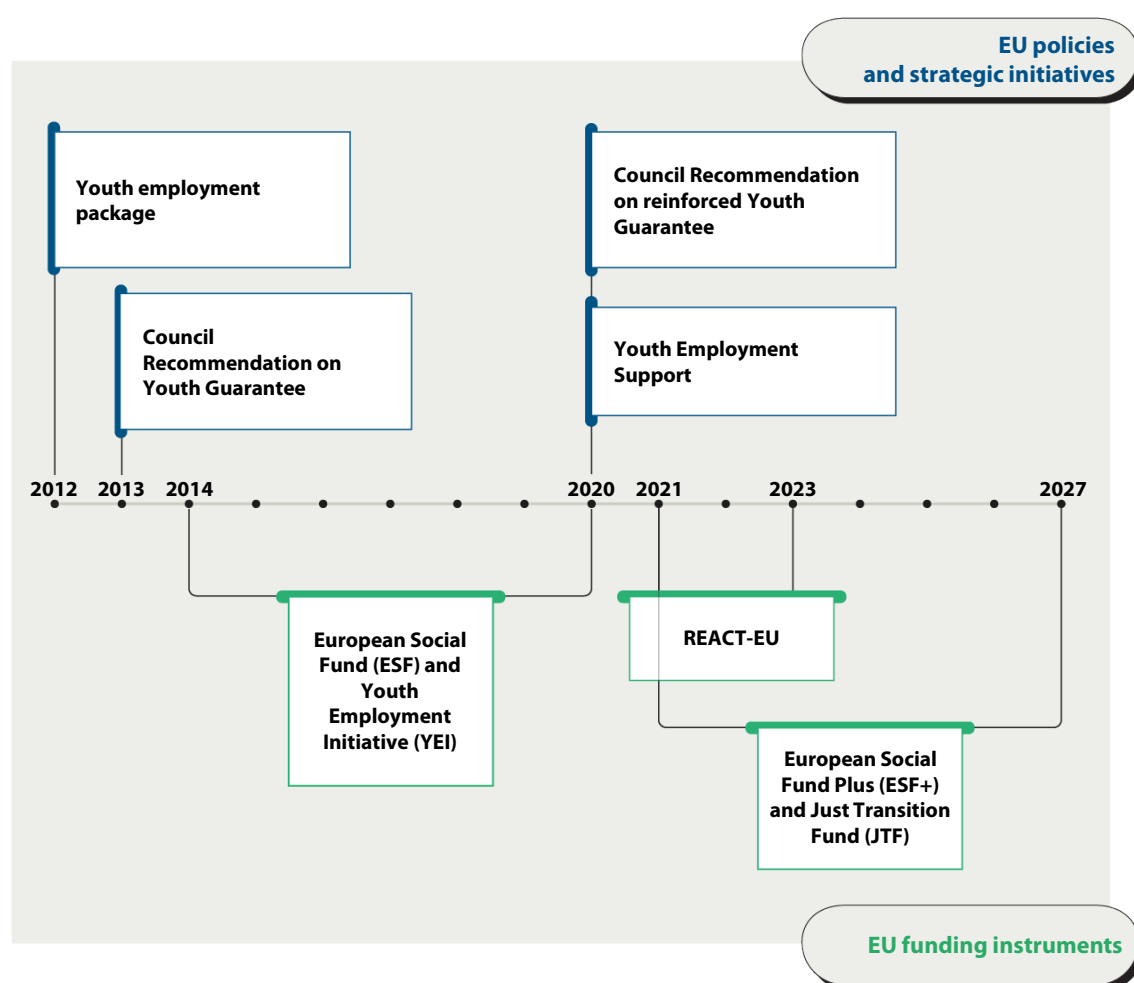
The Commission made use of policy and legislative tools to help member states tackle youth unemployment

- 20** Employment and social policy is primarily a member state responsibility. The Commission's role, within the scope set out by the Treaties² and the [European Employment Strategy](#), is to propose policy priorities, offer tailored guidance and ensure coordination in the areas of employment and social inclusion, including for young people. In the European Semester process, the Commission is responsible for covering issues linked to youth unemployment, report on this in the country reports and propose country-specific recommendations.

² Article 3(3) of the [Treaty on European Union](#), and Articles 9 and 145-161 of the [Treaty on the Functioning of the European Union](#).

- 21** We reviewed the Commission's activities in the area of youth unemployment since 2012, starting from the launch of a package of measures on youth employment that year, followed in 2013 by the creation of a specific initiative (the **Youth Guarantee**) and a new funding tool (the **Youth Employment Initiative – YEI**). **Figure 3** provides an overview of EU initiatives and funding instruments to tackle youth unemployment set up from 2012 to 2024. We present further details on the use of EU funding instruments in paragraphs **26-46**.

Figure 3 | EU initiatives and funding tools set up to tackle youth unemployment, 2012-2024



Source: ECA.

- 22** The EU's different policy and strategic initiatives have developed to reflect changing needs. The **Youth Guarantee**, introduced in 2013 by a Council recommendation, has shaped youth employment policies at EU and national level. In 2020, to mitigate the negative impact of the COVID-19 pandemic on young people, the Commission adopted the Youth

Employment Support package³, which included a proposal for a [reinforced Youth Guarantee \(Box 1\)](#).

Box 1

Youth Guarantee in its original and reinforced form

The **Youth Guarantee** was a 2013 EU initiative to address youth unemployment and inactivity and ensure that, within four months after becoming unemployed or leaving formal education, young people under the age of 25 received one of the following:

- an offer of good quality employment;
- continued education;
- an apprenticeship;
- a traineeship.

Key features included promoting opportunities that could lead to a lasting integration of young people into the labour market.

The **reinforced Youth Guarantee** of 2020 is an updated version of the original initiative, which it replaced. It was put forward as part of the Commission's continued efforts to combat youth unemployment, particularly the challenges arising from the COVID-19 pandemic and changing economic conditions. It aimed to provide more comprehensive and adaptable support, matching young people with opportunities that align with current and future labour market needs. It extended the Youth Guarantee to those aged 15-29 and aimed to step up the outreach to vulnerable young people.

23 From 2014, member states implemented the Youth Guarantee based on national **Youth Guarantee implementation plans**. The plans identified the measures needed to implement youth employment reforms and detailed how related activities would be financed. This brought a more structured approach to tackling youth unemployment. As a result, most public employment services improved and expanded their services for young people and took on a wider range of responsibilities in the management, coordination and direct service provision for the Youth Guarantee⁴. In addition, the member states were asked to nominate national Youth Guarantee coordinators.

³ [COM/2020/276](#).

⁴ See European Network of Public Employment Services, [2021 PES Capacity Questionnaire Part II: Monitoring of PES support of the reinforced Youth Guarantee](#).

- 24** The Commission has consistently used the European Semester process to highlight the need for member states, particularly those with a high youth unemployment rate, to focus on, and invest in, young people. Many country reports produced for the European Semester acknowledge that young people still face considerable challenges in the labour market. This is reflected in the 2025 country reports for [Spain](#) and for [Italy](#), despite the substantial progress made by both member states on most youth employment indicators. The situation in [Germany](#) is better, with a youth unemployment rate and the share of young people classified as not in employment, education or training (NEETs) below the EU average.
- 25** As part of its support and enabling roles, the Commission has set the overall strategic direction for EU employment and social policy and helped draw attention to youth unemployment through the annual European Semester process, encouraging member states to focus on tackling it.

Different EU funding sources supported member states' efforts to integrate young people into the labour market

- 26** The Treaties establish funding aimed at improving employment opportunities for workers and entrust its administration to the Commission⁵. Member states are responsible for planning the use of EU cohesion policy funds; the Commission, being ultimately responsible for the sound use of the EU budget, should oversee this process appropriately to ensure effective and efficient spending.
- 27** We examined the support that cohesion policy gave to the sustainable integration of young people into the labour market. We analysed different EU funding tools under cohesion policy as well as a number of selected programmes, in order to draw conclusions on the Commission's support for member states' efforts to integrate young people into the labour market.
- 28** We found that various cohesion policy funds had contributed to member states' measures to tackle youth unemployment. The main tools during 2014-2020 were the **European Social Fund (ESF)**⁶ and, for the 20 member states with youth unemployment rates above 25 %, the **Youth Employment Initiative (YEI)**⁷. The YEI was additional to ESF

⁵ Articles 162-164 of the [Treaty on the Functioning of the European Union](#).

⁶ [Regulation \(EU\) 1304/2013](#).

⁷ *Ibid.*, chapter IV, Article 16.

support and national measures focused on youth unemployment and only supported young people who were classified as NEETs.

- 29** Between 2021 and 2023, member states could supplement the resources they were using to help young people with additional EU funding from the **Recovery Assistance for Cohesion and the Territories of Europe (REACT-EU)** initiative⁸.
- 30** Furthermore, the 2021-2027 **European Social Fund Plus (ESF+)** required member states to allocate an appropriate amount of their resources to targeted measures and structural reforms **to support youth employment** (in particular when implementing schemes under the Youth Guarantee)⁹.
- 31** Member states retain discretion in how they allocate cohesion policy resources to specific measures across priorities and objectives, including those addressing youth unemployment. Subject to the minimum thematic concentration requirement for the ESF+ (paragraph 41), the funding earmarked for youth-related measures primarily reflects national or sub-national policy choices, alongside labour market conditions at the time of allocation, the size of the youth population, and the overall amount allocated to each member state.
- 32** Funding specifically to support youth employment was earmarked via an investment priority in 2014-2020 and a dedicated priority in 2021-2027¹⁰. Funding can also be traced via a specific “intervention code” (103 – *sustainable integration into the labour market of young people*)¹¹ in 2014-2020 and a similar “intervention field” (136 – *specific support for youth employment and socioeconomic integration of young people*)¹² in 2021-2027. Funding under other intervention codes and fields may also support youth employment, albeit indirectly or without an exclusive focus on this target group.
- 33** For the **ESF** (including REACT-EU top-ups) or **YEI**, using the selected intervention codes as the basis of our calculation, member states had allocated total EU funding of €14.2 billion under intervention code 103 (**Figure 4**, and **Table 1** of **Annex I**). Italy (with €3.9 billion) and Spain (with €3.4 billion) were the member states with the largest share. For the **ESF+**, the total EU funding planned under intervention field 136 was €10.6 billion. Italy (with €2.7 billion) and Spain (with €1.9 billion) were again the two member states with

⁸ Regulation (EU) 2020/2221.

⁹ Regulation (EU) 2021/1057, Article 7(6).

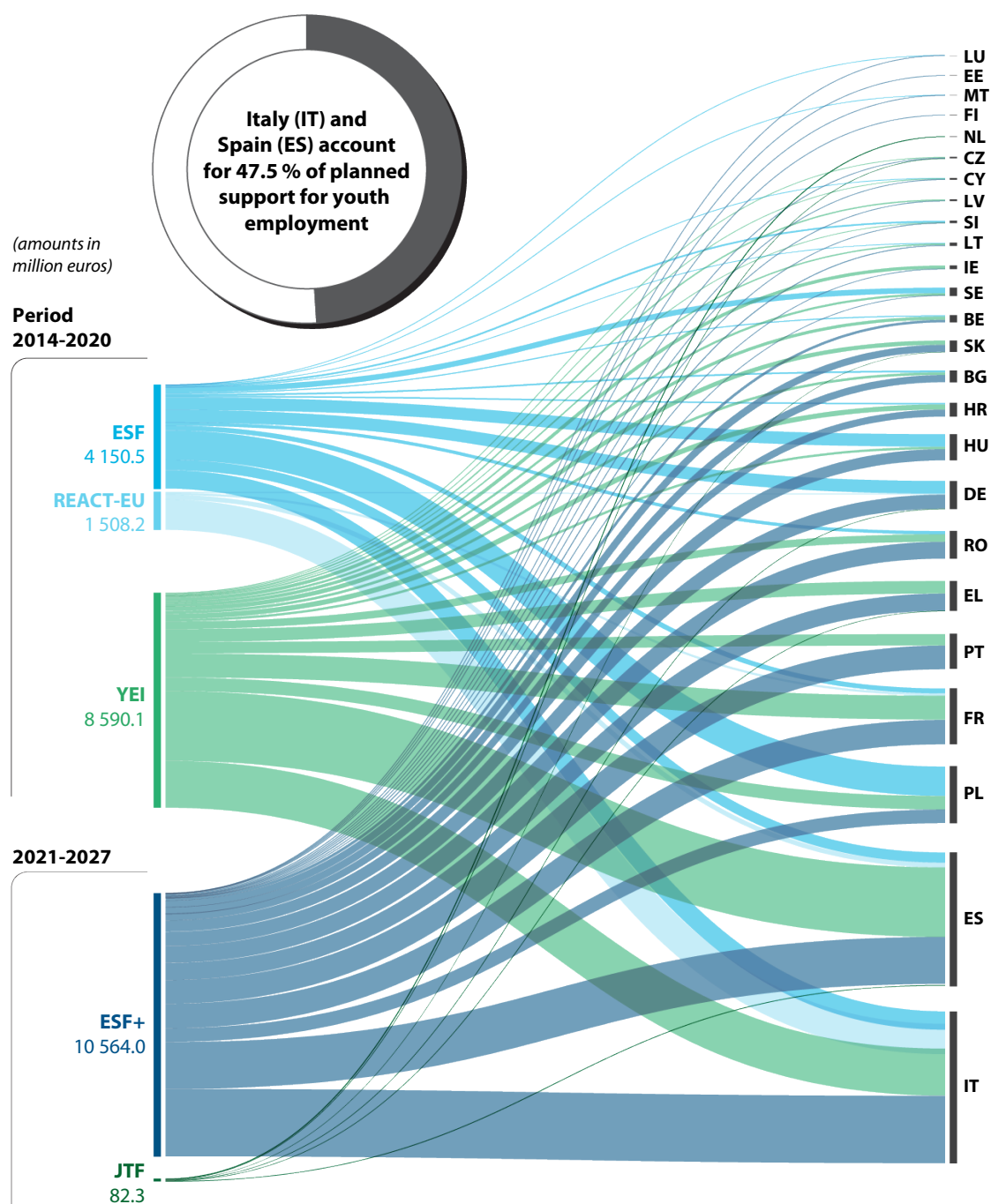
¹⁰ Regulation (EU) 1304/2013, Article 3(1)(a)(ii) and Regulation (EU) 2021/1057, Article 11.

¹¹ Commission Implementing Regulation (EU) 215/2014, Annex I.

¹² Regulation (EU) 2021/1060, Annex I.

the highest allocation under this intervention field. In 2021-2027, six member states also decided to allocate **JTF** funding to intervention field 136, for a total amount of €82 million. For the two programming periods combined, allocations totalled €24.9 billion.

Figure 4 | ESF, YEI, REACT-EU, ESF+ and JTF amounts allocated to intervention code 103 and intervention field 136



Notes: Denmark and Austria did not plan any funding under intervention code 103 and field 136. EU amounts are shown without member state co-financing. Data for 2014-2020 exclude the United Kingdom.

Source: ECA, based on data extracted from the [cohesion open data platform](#) on 10.2.2026 and [SFC](#).

In 2014-2020, dedicated operational programmes strengthened the focus on tackling youth unemployment

- 34** Operational programmes for the ESF or YEI agreed between the Commission and the member states provided strategic approaches in terms of measures to be supported and the overall allocation of funding to tackle youth unemployment.
- 35** For 2014-2020, dedicated programmes addressing youth employment – such as *Empleo juvenil* in Spain and *Iniziativa Occupazione Giovani* in Italy – helped national authorities better coordinate national-level action, involving specific measures and monitoring of young people. This was not the case in previous programming periods.
- 36** Five member states (Denmark, Estonia, the Netherlands, Austria, and Finland) did not plan ESF and YEI funding under the youth employment intervention code (103). In fact, none of these member states was subject to major challenges or received country-specific recommendations related to this policy area¹³ at the time funds were allocated. Only in more recent years has the youth unemployment situation worsened in some of these member states (see the latest [Joint Employment Report](#)).

REACT-EU provided additional funding to hire young people or keep them in employment

- 37** Additional resources were made available via REACT-EU in 2020 to address the impact of the COVID-19 pandemic. A significant proportion (23 %) of REACT-EU resources was directed towards supporting employment¹⁴. These resources were primarily used to support keeping workers, including young people, in jobs, also through short-time work schemes; job creation for people in vulnerable situations; and specific youth employment measures.
- 38** The amount of REACT-EU funding allocated by member states to support the sustainable integration of young people into the labour market (under **intervention code 103**) amounted to **€1.5 billion**. We found that only four member states allocated funding under this intervention code: Italy (€1.23 billion), Spain (€193 million), Germany (€47 million) and France (€33 million) (see examples in [Box 2](#)).

¹³ SWD(2020) 216, pp. 14-16.

¹⁴ Special report 02/2023.

Box 2

REACT-EU measures tackling youth unemployment in Germany, Spain and Italy

In **Germany**, Rhineland-Palatinate earmarked €26 million of REACT-EU funding to its ESF operational programme, out of which €5.8 million was specifically planned for youth employment. We audited a measure (*Jump*) targeting young people who needed assistance in transitioning from school to work. It supported those who faced challenges finding an apprenticeship or employment by providing them with services such as counselling, training in soft skills, and job placement support.

In 2021, **Spain** earmarked €0.7 billion of REACT-EU funding to a 2014-2020 ESF operational programme for Catalonia, an amount that exceeded the ESF and YEI support received by Catalonia for the whole 2014-2020 period, to support recovery from the crisis in the context of the COVID-19 pandemic and its social consequences. Catalonia's public employment service ran a project specifically supporting youth employment (*Ayudas a la contratación para jóvenes*, €125 million) by giving a subsidy to employers offering full-time employment contracts to under-30s. The support was granted regardless of the contract type, as long as they lasted at least one year.

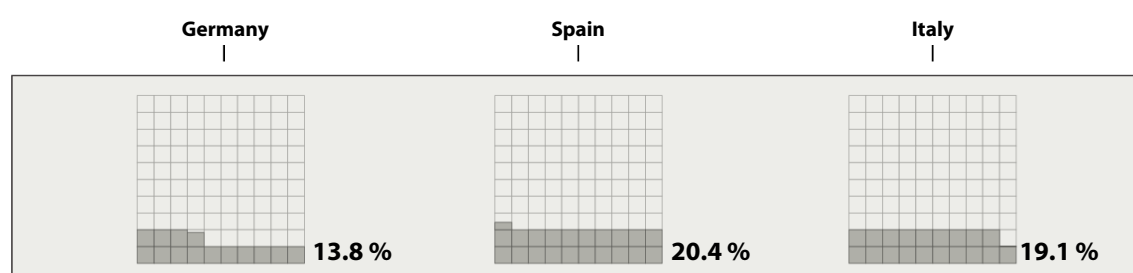
In 2021, **Italy** earmarked €4.5 billion of REACT-EU funding – later increased to €6 billion – in its national operational programme “Employment” (*Sistemi di politiche attive per l'occupazione*), dedicated to strengthening active labour market policies, improving employability, and reducing unemployment, especially in less developed regions. Among the measures, *Esonero giovani under 36* was specifically introduced to support youth employment through hiring incentives, with an initial allocation of €200 million for 2021, increased to €1.2 billion in subsequent years.

- 39** Member states could use REACT-EU funding to support not only NEETs, but young people in general, as a response to the specific labour market situation during the COVID-19 pandemic.
- 40** The national authorities we interviewed in Germany, Spain and Italy considered the timely availability of REACT-EU as well as the high co-financing rate (amount of funding from the EU in addition to national resources) as positive elements. REACT-EU distributed additional resources to all member states to be used by 2023, in effect providing “bridge funding” between the 2014-2020 and 2021-2027 periods. However, the availability of this additional funding meant that implementation of measures pursuing similar objectives under the ESF+ was delayed (paragraph 45).

Tackling youth unemployment continues to be a key objective of the 2021-2027 ESF+, but implementation was delayed

- 41** The 2021-2027 period introduced “thematic concentration” in the ESF+ Regulation¹⁵, i.e. the prioritisation of measures that address certain challenges. In relation to youth unemployment, in member states where the number of NEETs was above the EU average between 2017-2019, 12.5 % of the ESF+ should be spent on targeted actions and structural reforms to support youth employment, vocational education and training¹⁶.
- 42** Of the three member states we examined in detail for this audit, Spain and Italy were required to comply with the minimum 12.5 % thematic concentration, while Germany was not because the number of NEETs in its population was below the EU average. [Figure 5](#) shows the corresponding ESF+ allocations to youth employment in these three member states as of December 2025, according to data provided by the Commission.

Figure 5 | ESF+ allocations to support youth employment in Germany, Spain and Italy as of December 2025



Source: ECA based on data provided by the Commission.

- 43** Implementation of 2021-2027 cohesion policy programmes faced challenges which led to delays compared to previous programming periods¹⁷. The resources allocated to projects selected for funding under intervention field 136 in the ESF+ programmes we audited in Spain and Italy increased significantly in 2025, but declared expenditure lagged behind ([Figure 6](#)).

¹⁵ Regulation (EU) 2021/1057, Article 7.

¹⁶ Ibid., Article 7(6) and Article 11.

¹⁷ COM(2025) 164, p. 2.

Figure 6 | Value of selected projects and declared expenditure in the audited ESF+ programmes as of December 2024 and December 2025, compared to planned amounts

(amounts in million euros)	Planned amounts in the operational programme	December 2024		December 2025	
		Value of selected projects	Declared expenditure	Value of selected projects	Declared expenditure
ESF+ North Rhine-Westphalia 	178.5	112.8	8.4	173.7	27.7
ESF+ Rhineland Palatinate 	18.0	9.9	7.8	10.3	8.7
FSE+ Empleo Juvenil 	924.5	542.0	-	851.9	150.2
PN Giovani Donne e Lavoro 	1 394.4	27.5	-	1 328.9	140.4

Note: EU amounts (without member state co-financing) under intervention field 136.

Source: ECA based on SFC and data provided by the Commission.

- 44** Implementation of the ESF+ started later due to the slower-than-expected adoption of the legal framework, the need to address successive crises, and the priority given to implementing the RRF, which has a shorter deadline¹⁸.
- 45** As noted in our [2023 report](#) on adapting cohesion policy rules to respond to the COVID-19 pandemic, the EU reacted promptly. The significant new resources introduced with REACT-EU allowed member states to fund additional investments, but with increased pressure to spend, especially with the very short implementation timeframe. The changes in the legal framework meant additional programming and administrative work for the managing authorities and contributed to the delayed start of funding in the 2021-2027 period.
- 46** Overall, member states allocated around €10 billion in ESF+ funding to specific support for youth employment. However, implementation of these funds was slower than expected in the first years of the period. While project selection in member states has been picking up significantly, the risk remains that pressure to use the funding towards the end of the programming period could lead to it being used less effectively.

The Commission lacks information on the long-term effects of EU-funded measures supporting youth employment

- 47** The Commission is responsible for monitoring the implementation of EU cohesion policy funds to support youth employment by the member states, in order to measure their effectiveness and take informed decisions on future initiatives. We checked how the Commission does this monitoring, including the indicators it relies on.

¹⁸ COM(2025) 163.

- 48** To assess the results of measures supporting young people separately from all other jobseekers, information should be collected and reported by age group. In practice, next to measures dedicated to young people, there are measures open to all age groups, for which data on results are not disaggregated by age group. This means that complete information on results specific to young people is not available.
- 49** Moreover, for the ESF+ there is no common longer-term result indicator that would provide feedback on whether measures targeting youth employment have lasting effects. The longer-term result indicators report only on the employment situation after six months. No common result indicator is available to monitor ESF+ funding beyond six months, such as 12 or 18 months after the support. Longer-term result indicators beyond six months exist under the [framework for monitoring the implementation of the Youth Guarantee](#), but this is separate from the ESF+ framework and covers some, but not all, ESF+ youth employment measures.
- 50** According to the Commission, limiting the measurement of longer-term indicators to six months was designed to strike a balance between the need to measure sustainability of results and ensure sufficient data quality, while keeping administrative cost to a reasonable level. However, this means that the Commission and member states lack information on the lasting effect of supported measures. This limits the potential for policy learning, notably to better shape future youth employment initiatives. Future policy evaluations may address these aspects, but it is uncertain whether and when they will do so.
- 51** The proposal establishing a budget expenditure tracking and performance framework for the post-2027 programming period¹⁹ includes an output indicator for measures improving access to youth employment, tracking the *“number of participants – by gender, by labour market status, by age and by level of education”*, and a result indicator tracking the *“number of participants – by status after participating (gaining a qualification, engaged in job searching, in education or training, in employment) and by gender”*²⁰. However, the result indicator does not include a long-term perspective.

¹⁹ COM(2025) 545.

²⁰ Ibid., Annex I – Intervention fields and indicators, # 443.

EU-funded measures supported hiring of young people, but lacked focus on achieving sustainable results and reaching vulnerable groups

A range of EU-funded measures supported youth employment

- 52** Member states are responsible for designing measures and allocating EU funding to them in their operational programmes, while the Commission remains ultimately responsible for the sound use of the EU budget.
- 53** We selected 10 programmes in our audit, six for 2014-2020 and four for 2021-2027, in three member states: **Germany, Spain** and **Italy**, as shown in [Figure 7](#). We selected these programmes based on the amounts planned to support youth employment under intervention code 103 and intervention field 136 (paragraph [32](#)). We looked specifically at nine measures focusing on youth employment implemented during the 2014-2020 programming period, as described in [Annex II](#).

Figure 7 | Programmes we selected for audit and amount planned under intervention code 103 and field 136

		Amount allocated (million euros)	Funding source				Programme period	
			ESF	REACT-EU	YEI	ESF+	2014-2020	2021-2027
 DE	Operationelles Programm ESF Rheinland-Pfalz	• 5.8					✓	
	Operationelles Programm ESF Nordrhein-Westfalen	○ 244.8					✓	
	Programme ESF Plus /JTF North Rhine-Westphalia	○ 178.5						✓
	Programme ESF Plus Rhineland-Palatinate	○ 18.0						✓
 ES	PO FSE 2014 EMPLEO JUVENIL	○ 3 196.2					✓	
	PO FSE 2014 C.A. CATALUÑA	○ 125.0					✓	
	FSE+ Empleo Juvenil	○ 924.5						✓
 IT	PON Iniziativa Occupazione Giovani	○ 1 969.0					✓	
	PON Sistemi di politiche attive per l'occupazione	○ 1 260.5					✓	
	PN Giovani, donne e lavoro	○ 1 394.4						✓

Note: Planned EU amounts (without member state co-financing) under intervention code 103 (ESF, YEI, REACT-EU) and intervention field 136 (ESF+).

Source: ECA based on data extracted from SFC in January 2026.

54 EU financial support for the sustainable integration of young people into the labour market takes a variety of forms. EU-funded measures to reduce youth unemployment are designed and implemented by member states, and can be grouped into:

- hiring incentives, consisting of financial benefits granted to employers who recruit young people;
- job retention measures, aimed at keeping young people in employment;
- other active labour market policies (e.g. upskilling, job coaching, support for attending vocational training programmes).

- 55** The Commission does not have a record of EU funds allocated by member states to the different measures nor of the number of young people participating in each of them, and has not conducted a detailed analysis comparing the impact of the different types of support.
- 56** In the two German federal state programmes we examined, 2014-2020 funding under intervention code 103 mainly supported participation in vocational training. In Spain, around half of the expenditure in the two programmes we reviewed went to hiring incentives and job retention schemes, with substantial amounts also spent on upskilling and various activation and inclusion measures. In Italy, the programmes we selected focused primarily on hiring incentives, particularly under REACT-EU, while significant funding under the Youth Employment Initiative was also allocated to upskilling and job coaching.

Hiring incentives alone are insufficient to address youth unemployment effectively

- 57** The rationale behind hiring incentives can be threefold²¹:
- economic, focusing on stimulating overall labour demand and creating jobs;
 - social, aiming to support employment among specific groups who may face disadvantages on the labour market, compensating for lower initial productivity to promote a more inclusive distribution of jobs; and
 - upskilling, seeking to enhance workers' skills and employability, for example by combining subsidies with training to address skill needs of both employers and workers.

In practice, many hiring incentives reflect a combination of these goals rather than fitting neatly into a single category.

- 58** Member states design hiring incentives in terms of target groups and results to be achieved. Such incentives should be carefully targeted to increase the chance of them meeting the desired objectives. The Council had already recommended in 2013 that targeted and well-designed wage and recruitment subsidies be used to encourage employers to create new opportunities for young people²². For the hiring incentives we

²¹ Stimulating job demand: The design of effective hiring subsidies in Europe, EEPO Review (2014).

²² Youth Guarantee, point 17.

selected, we checked the extent to which member states designed them with a focus on ensuring sustainable integration of young people into the labour market, including whether there was a clear understanding of when a young person can be considered successfully integrated (paragraphs [60-74](#)).

- 59** The effectiveness and efficiency of active labour market policies – including hiring incentives – largely depend on how they are designed and implemented. If not well designed, hiring incentives may result in wasteful spending of public money, particularly if the subsidised jobs would have been created or maintained anyway (known as “deadweight loss”), or if the subsidies simply induce employers to hire or keep certain workers instead of others (known as “displacement effects”)²³. We checked the extent to which member states put in place safeguards to reduce the risk of deadweight for the hiring incentives we selected (paragraphs [75-81](#)).

The hiring incentives we audited were not always designed to ensure sustainable jobs for young people

- 60** Reflecting the economic rationale, across-the-board hiring subsidies – alongside job retention schemes (see example in [Box 3](#)) – can serve as a rapid response in economic downturns. In both cases, the priority during recessions (such as that caused by the COVID-19 pandemic) is to support labour demand and avoid a deeper economic contraction, helping to preserve or create jobs in the short term.

Box 3

Job retention schemes in Spain during the COVID-19 pandemic

In Spain, we assessed a short-term work scheme (*Expedientes de Regulación Temporal de Empleo – ERTE*). The measure targeted young people working for companies that suspended contracts or reduced working hours to avoid dismissing staff during the pandemic. The supported people were young employees who had previously registered and received support from the Youth Guarantee scheme. They benefited from the incentive during ERTE’s period of validity. ERTE was designed and implemented as one-off support in a crisis, and is an example of how EU funds can be used to address specific needs in a flexible and agile way.

The [Central Bank of Spain analysed](#) the ERTE scheme in 2022 and found that, compared to workers with similar characteristics but who were inactive or unemployed and not covered by ERTE, the chance of returning to employment was better overall for those supported by ERTE. However, it also warned that the

²³ [European Semester: Thematic factsheet – Active labour market policies – 2017](#), p. 9.

effectiveness of ERTE fell the longer it lasted, particularly among certain groups such as younger workers, those with temporary contracts, and employees in specific service sectors, indicating that the scheme might not be suitable for long-term support.

- 61** From a longer-term perspective, if jobs are created for the duration of the subsidy only, the overall benefit is reduced, although the experience may still enhance the employability of the workers involved²⁴.
- 62** In 2021, the Commission recommended²⁵ that hiring incentives should contain appropriate safeguards to ensure that the newly created jobs are viable and maintained after the incentives have expired, with support gradually phasing out over time. They should typically include a strong on-the-job training component of relevance to the labour market and be tailored to the regional labour market situation.
- 63** To do so, member states may take the following action:
- assess the labour market situation, including employers' needs, and tailor incentives accordingly;
 - combine hiring incentives with other active labour market policies, such as training, to improve the employability of young people;
 - design mechanisms to encourage employers to retain workers after the subsidy expires.

²⁴ European Semester: Thematic factsheet – Active labour market policies – 2017, p. 9.

²⁵ Commission Recommendation (EU) 2021/402, paragraph 6.

- 64 Tools such as the *Excelsior information system* in Italy, the *IAB Beruf-Struktur-Entwicklung* in Germany, or the unit within the Spanish public employment service called *Observatorio de las Ocupaciones* (**Box 4**), provide relevant information to national authorities and stakeholders about the labour market.

Box 4

Tools to provide information about the labour market in Germany, Spain and Italy

In Germany, the statistics department of the *Bundesagentur für Arbeit* regularly publishes general labour market information, including statistics on registered vacancies as well as on developments in employment and unemployment, and an annual skills shortage analysis. This information is complemented by longer-term forecasts of the labour market comprising the demand and supply side, primarily derived from skills monitoring conducted by the *QuBe project*. In addition, the *Institut für Arbeitsmarkt und Berufsforschung* provides selected research findings on the labour market.

In Spain, the *Observatorio de las Ocupaciones* reports regularly on changes in economic activities and occupations. The aim is to anticipate and respond to the challenges and needs of the labour market. The Observatory's outputs include labour market reports at national and regional level, employment trends in best-performing occupations, and employment information on specific sub-groups of population, e.g. youth²⁶. This report does not include a specific assessment of employers' needs. Data on young people is not always split by age.

Italy bases its analysis of labour market needs on information from the *Excelsior information system*, a project promoted by the Italian chambers of commerce in cooperation with the Ministry of Labour and Social Policy and the EU. In place since 1997, this system monitors employment prospects and the professional, training and skills needs of Italian companies. For example, the latest foresight document (for 2024-2028) indicates a high need for staff with a tertiary education qualification in STEM subjects (science, technology, engineering and mathematics), but a significant gap is expected: overall, an additional 17 000 to 26 000 young people with this type of qualification are needed each year²⁷.

²⁶ *Informe Jóvenes y mercado del trabajo*, a report on the youth labour market.

²⁷ *Previsioni dei fabbisogni occupazionali e professionali in Italia a medio termine (2024-2028)*, p. 46.

- 65** Although tools are available to assess the labour market situation and needs, we found that hiring incentives for young people were not targeted but generally applied uniformly across all economic sectors, with very few exclusions (see example in [Box 5](#)).

Box 5

Hiring incentives for young people in Italy were available to most sectors before, during and after the COVID-19 pandemic

Esonero Giovani under 36 was a YEI-funded incentive, which provided a 50 % reduction in social security contributions for private employers who hired employees under 36 in 2019-2020. In 2021, the exemption rose to 100 %, or up to €6 000 per year for three to four years (depending on the region), with funding from REACT-EU and subsequently the ESF+.

In line with previous similar measures, *Esonero Giovani* offered incentives across most sectors, excluding only the financial sector and household employers. Hiring incentives for 2024-2025, financed by the ESF+, had similar features and extended eligibility to financial sector workers.

- 66** In sectors facing acute skill shortages, the primary obstacle is the limited supply of qualified candidates, which cannot be addressed through hiring incentives alone. Additionally, in job markets where skilled workers are in short supply, subsidies for hiring skilled labour offer a straightforward illustration of deadweight effects (paragraph [59](#)): when demand is already high, a substantial share of subsidised hires would take place regardless of the policy intervention.
- 67** Where candidates are available to work but may lack experience or require upskilling, financial incentives can be used to encourage employers to recruit and invest in their training. In these upskilling contexts, hiring incentives need to include a strong training component, both to improve the future employability of beneficiaries and to help address skills gaps. While we identified measures aimed at improving the employability of young people and reducing the skills gap, the hiring incentives we examined were not conditional on compulsory training and skills development (see example in [Box 6](#)).

Box 6

Hiring incentives are generally not conditional on providing training and skills development

At the request of the Commission, the Italian 2021-2027 ESF+ programme *Giovani, Donne e Lavoro* recognises that “*in designing the measures, due consideration will be given to the need to develop young people’s skills in those economic sectors most affected by the green and climate transition, such as sustainable transport, waste management, water resource management, construction, and the energy system*”.

Both public and private employment services in Italy can refer a young person to EU-funded training measures if they cannot immediately find a suitable job, and the programme includes measures to facilitate reskilling and upskilling of workers, including wage compensation for workers while attending training. However, there are no provisions making hiring incentives conditional on the development of relevant skills.

68 Hiring incentives should also include mechanisms that encourage employers to increase net employment and retain workers after the subsidy expires. In 2017²⁸, in order to increase the probability that hiring incentives resulted in lasting employment, the Commission highlighted the benefit of introducing conditions and checking whether:

- the supported young person is still employed at a certain point in time (retention period) after the end of the subsidy;
- net job creation is taking place with the employer.

69 In Spain, hiring incentives for young people financed by the ESF/YEI sometimes provided longer support for permanent contracts. For example, *Programa Empleo Joven* was a measure co-financing young workers’ contracts for six months for fixed-term contracts, or up to 12 months for permanent contracts. However, the programme did not require a minimum retention period afterwards. Under the ESF+, a minimum retention period of up to 24 months for certain measures has been required since 2021, in line with a reform in Spain’s recovery and resilience plan ([Box 7](#)).

²⁸ European Semester thematic factsheet – Active labour market policies, 2017.

Box 7

Retention period and permanent contracts in Spain

Spain's recovery and resilience plan included "**Component 23. New public policies for a dynamic, resilient and inclusive labour market**". This covered contract simplification reforms, the default option being permanent contracts to promote stable employment (reform 4) and the modernisation of active employment policies and incentive system rationalisation (reform 7). Spanish Royal Decree-Law 32/2021 restricted the use of temporary contracts.

Spain's ESF+ youth employment programme included "**Measure 5.A.08 Incentives for the permanent recruitment of young people not in employment, education or training**". This consisted of a flat-rate payment to encourage ongoing recruitment of young people. Due to the above-mentioned labour market reforms, employment was to be maintained up to 24 months after the programme benefit ended.

- 70** In Italy, one of the measures we examined only provided incentives for permanent contracts, albeit without imposing a minimum retention period after the end of EU support. In an attempt to ensure net job creation and avoid displacement effects, the measure also included provisions to exclude employers who, within a specified period before and after recruitment, dismissed individual workers or carried out collective redundancies affecting positions comparable to those being subsidised.
- 71** We also observed that in some cases people left subsidised jobs before the funding ended. In our (small) sample of young people supported by the *Programa Empleo Joven – La Caixa* in Spain, two out of ten abandoned the measure before it finished. Similarly, in the case of the *Incentivo Occupazione NEET 2018-2019* in Italy, approximately a quarter of contracts ended 24 months after the start of the employment contract due to worker resignation²⁹. The measures did not require any exit interview with employment services where potential issues could be raised to improve the design of such measures in the future.

²⁹ *Incentivi all'assunzione Garanzia Giovani. Un'analisi valutativa*. Collana Focus Anpal N° 105, p. 15.

There is a lack of clarity on when a young person can be considered successfully integrated into the labour market

72 In 2017, the European Public Employment Services Network developed a [toolkit](#) for public employment services to assist them in designing and implementing their approach to sustainable integration. It provides three dimensions to consider when defining sustainable integration into the labour market:

- integration into **long-term employment**, focusing on the volume of work by length of employment;
- integration into **employment that represents career advancement**, focusing on the quality of job matches;
- **jobseekers' employability**, i.e. the extent to which jobseekers' skills are in line with labour market needs.

73 The toolkit is intended to support the design and delivery of labour market integration measures, but its use is not mandatory. We found that the member states we visited did not clearly define “*sustainable integration of young people into the labour market*” across the above three dimensions in their operational programmes.

74 Without a clear understanding of when a young person can be considered to have been successfully integrated into the labour market, there is the risk that the allocation and use of EU funds supporting youth employment may lack sufficiently specific and measurable objectives. In practice, this may make it more difficult to design effective support such as hiring incentives, and results may be more difficult to measure (see also paragraphs [47-51](#)).

Hiring incentives are prone to deadweight, which may lead to inefficient outcomes

75 A 2023 evaluation in Spain (Catalonia) of the implementation and impact of hiring incentives for young people found that hiring incentives had been insufficiently targeted, and recommended that the authorities:

- define the target population of young unemployed people not only by age but through other variables, such as educational attainment, gender or period of unemployment;
- classify vulnerable unemployed young people based on these variables and prioritise them according to their vulnerability.

- 76** The recommendations reflected the social rationale of hiring incentives (paragraph 57), and would also help mitigate the risk of deadweight. In 2023, the Catalan authorities took steps to address these recommendations (Box 8). However, whether and how the target population is adequately identified and prioritised ultimately depends on the criteria set within each individual funding call.

Box 8

Steps taken by Spain to address recommendations on hiring incentives

In 2023, the Catalan authorities revised the legal framework of the hiring incentives (ORDEN EMT/213/2023) following the recommendations of an evaluation. A funding call's decision could now determine a differentiated funding allocation depending on:

- the type of eligible measures;
- the type of beneficiaries or entities;
- the type of employment contract;
- a territorial criterion, linked, where appropriate, to unemployment data; or
- the employment status of the people targeted by the measures.

- 77** The new rules also introduced a cap on the subsidy, limiting it to 80 % of the standard monthly cost of the job to the employer, explicitly aiming to reduce the risk of deadweight. The cap results in employers bearing part of the labour cost. This reflects a basic principle of responsible public spending, and limits public expenditure per hire. However, the cap did not contribute to prioritising individuals who are only likely to be hired if there is a monetary incentive to do so, such as young people with limited work experience, low qualifications or prolonged inactivity, and therefore it did not directly address the risk of deadweight, i.e. subsidies going to hires that would have happened anyway.

- 78** Evaluations of Italy's 2014-2020 programming period³⁰ highlighted inherent issues with hiring incentives, such as the deadweight and selection effects. The selection effect occurs when companies use the incentive to hire young people they already intended to recruit. This means they are likely to have found a job regardless of the incentive. The evaluations recommended adjusting eligibility criteria and subsidy amounts to better align with the employability of the supported young person, using both quantitative and qualitative indicators. Although the 2021-2027 programme included provisions for this, later hiring

³⁰ *Incentivi all'assunzione Garanzia Giovani. Un'analisi valutativa*. Collana Focus Anpal N° 105.

incentives³¹ fell short as they simply replicated previous measures. Stakeholders³² also recommended better targeting efforts toward those most in need, but their call was not taken up in implementation.

- 79** Effective targeting of incentives requires not only appropriate rules, but also adequate controls to ensure that they are correctly applied. In our annual compliance audits, we have drawn attention to various issues with controls of eligibility conditions for the targeted young people (paragraph 11 of *Annex I*). The Commission has also identified certain issues in its own audits and requested remedial actions. While ineligibility does not necessarily result in deadweight, this nevertheless points to potential weaknesses in the control of targeting rules.
- 80** Deadweight effects are inherently difficult to measure; it is necessary to establish, or at least estimate, what employers or workers would have done without the incentive. All other things being equal, the higher the employability of a young person, the higher the risk of deadweight.
- 81** The Italian authorities calculated an indicator measuring the employability of young people registered in the Youth Guarantee and reflecting how far they were from the labour market (*indice di profilazione*³³). This indicator is calculated before any measures are implemented. Comparing this indicator for those who then benefited from hiring subsidies in the period 2015-2019, and those who did not, shows that the former were more employable at the outset, in particular as they had – on average – more previous work experience³⁴. This indicates the presence of deadweight. Still, even when a job would have been created without a hiring incentive, the incentive might nonetheless have contributed to more favourable contractual conditions³⁵, such as a permanent contract being required under the subsidy rules instead of a fixed-term one.

³¹ Decreto-Legge 7 maggio 2024, n. 60, Article 2.

³² Dipartimento per le politiche di coesione, Programmazione della politica di coesione 2021-2027, Tavolo 4 “Un’Europa più sociale” – Sintesi degli esiti del confronto partenariale (January 2020). Document available on opencoesione.gov.it.

³³ *La Garanzia Giovani rafforzata e le politiche attive a sostegno dell’occupazione giovanile* – Primo rapporto di monitoraggio, INAPP, June 2025.

³⁴ *Incentivi all’assunzione Garanzia Giovani. Un’analisi valutativa*. Collana Focus Anpal N° 105, p. 9.

³⁵ *Ibid.*, p. 51.

Job coaching and support for vocational training facilitate the integration of young people into the labour market

- 82** Other EU-funded measures not directly linked to a job offer can also support the integration of young people into the labour market. In line with the reinforced Youth Guarantee these should, as far as possible, be tailor-made for the young people receiving the support. They often take the form of what are known as “activation measures”: personalised guidance, individual action planning, and support for training, including vocational training. These support measures are important tools for national authorities. They may be a necessary first step in identifying a suitable job offer, or may increase an individual’s employability when a job offer cannot be provided. We checked how these measures supported the integration of young people into the labour market.
- 83** The three member states we audited have supported young people via several types of active labour market policies (paragraph 56), and our audit covered a number of them. Where possible, we analysed the employment situation of the participants supported by these measures.
- 84** In Italy, we assessed a job-coaching measure (*Accompagnamento al lavoro*, Box 9) that supports young people in getting a job by defining a personalised pathway. This measure may or may not be accompanied by other active labour market policies, such as hiring incentives.

Box 9

Job coaching as a way of helping young people enter the labour market in Italy

Looking at the employment status of young people who took part in job coaching under **Italy’s operational programme for youth employment (*Iniziativa occupazione giovani*)**, those who received job coaching had, on average, higher employment rates than those who had not³⁶.

As of 31 December 2022, 804 868 young people had completed one or more measures in this programme. Of these participants, 534 474, or 66.4 %, were in employment. Looking at the types of measure in detail, the highest employment rates were recorded for hiring incentives (76.8 %) and for job coaching as a standalone measure (76.6 %), i.e. not followed

³⁶ *Garanzia giovani in Italia*. Collana Focus Anpal N° 92, Section 3.2.

by other active labour market policies³⁷. Although participation in one of these measures did not guarantee a job offer, employment service providers were reimbursed only if a job was secured, with the reimbursement amount varying by contract type (higher for permanent contracts).

For illustrative purposes, we analysed the situation of 10 young people who had received a job offer under this measure at 6, 12 and 18 months after starting their job. The results are illustrated below.



Source: ECA.

85 In Spain, the registration with the Youth Guarantee gave NEETs access to a number of assisting measures, such as personalised guidance and individual action planning, including tailor-made individual support schemes. In our [2021 annual report](#)³⁸ we reported cases where young people benefiting from hiring incentives were registered retroactively in the Youth Guarantee, meaning they had not been able to take full advantage of all the additional benefits available under the Youth Guarantee.

86 In Germany, we audited three measures supported by the ESF and REACT-EU focused on preventing unemployment or inactivity (see [Annex II](#)). These measures helped students explore career options and guided them to make informed decisions about their education and future career. They offered alternative learning pathways, such as apprenticeships (to prevent young people ending their school formal education early and becoming unemployed). This also improved chances of employment, since an apprenticeship

³⁷ *L'attuazione della garanzia giovani in Italia - Un bilancio del periodo maggio 2014-dicembre 2022*, Section 3.2 (2023, Collana Biblioteca Anpal, N° 27).

³⁸ [2021 annual report](#), Box 5.5.

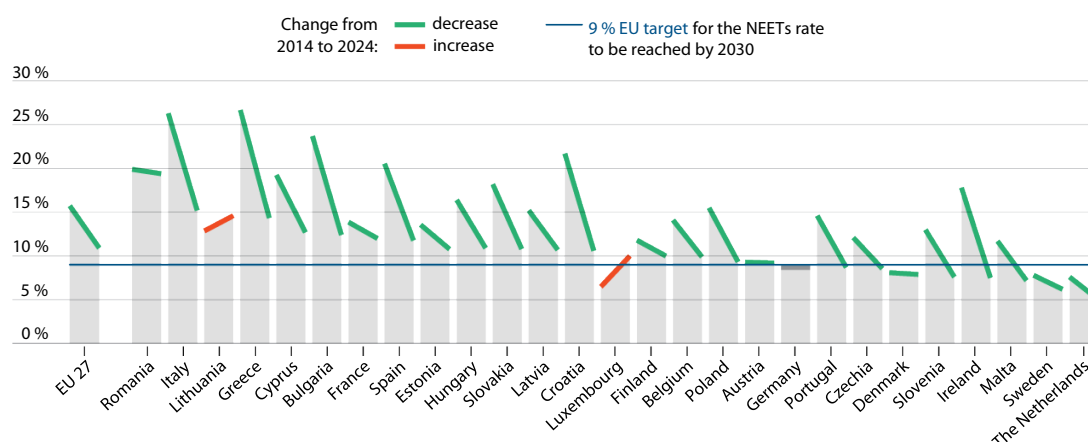
represents a key pathway to stable employment in Germany. There was, however, insufficient information on the participants' job situation after the measures, and analysing this 12 or 18 months after young people had entered the measure was not feasible.

Inactive young people remain difficult to reach

- 87** The [2013 Council Recommendation that established the Youth Guarantee](#) recommended effective outreach strategies and mechanisms to identify and engage with those furthest away from the labour market, i.e. inactive young people. This recommendation was reinforced in 2020. We examined actions taken by the Commission and member states to identify and engage with young people in this position, with a view to integrating them into the labour market.
- 88** The rate of young people not in employment, education or training (NEETs) continues to decline³⁹. However, this positive change is not equally spread across the two components of the NEET population, namely the unemployed and the inactive (i.e. people outside the labour market).
- 89** The overall NEET rate fell in the EU by 4.6 percentage points between 2014 and 2024, with variations between EU member states ([Figure 8](#)). In 2024, 11.1 % of 15-29-year-olds in the EU were NEETs, still two percentage points above the 9 % target set by the European Pillar of Social Rights Action Plan to be reached by 2030.

³⁹ [COM\(2024\) 701](#).

Figure 8 | Young people (aged 15-29) not in employment, education or training (NEETs), 2014 and 2024 (%)



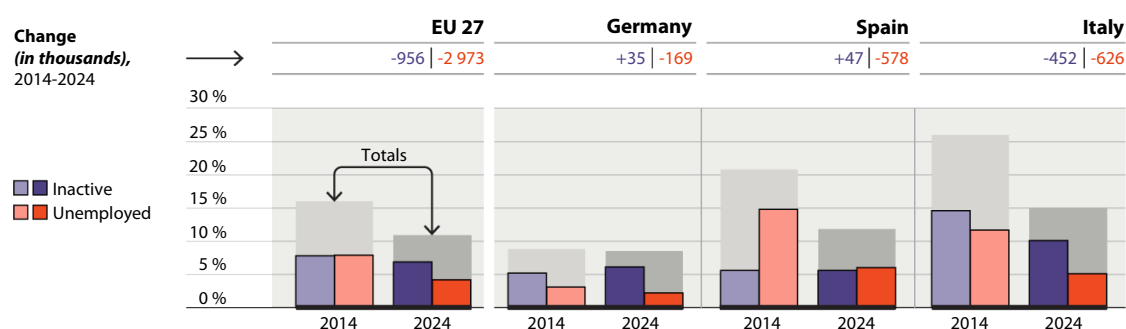
Note: There are breaks in the time series for Belgium, Bulgaria, Germany, Ireland, Greece, Spain and France.

Source: ECA, based on [Eurostat data](#) extracted on 14.1.2026.

90 Our analysis for the EU as a whole shows that the improvement (3.9 million fewer NEETs in 2024 than in 2014) comes mainly from the fall in the number of unemployed young people (2.97 million), rather than inactive ones (0.96 million, around half of these in Italy). The composition of the NEET population is therefore changing, as there is a higher proportion of inactive young people⁴⁰. While in 2014, 49.7 % of young NEETs were inactive, in 2024, this percentage increased to 62.2 %. This trend can be observed in all the three member states we audited, with the number of inactive young people even increasing in Germany and Spain (see [Figure 9](#), and [Annex III](#) for the trend in all 27 member states). Since inactive young people are often more distant from the labour market – for reasons such as lack of relevant skills, education, or work experience; geographical location; health issues; or social barriers such as discrimination – they are the most difficult to reach and integrate.

⁴⁰ SWD(2020) 216, p. 12.

Figure 9 | Young people (aged 15-29) who are inactive and unemployed, 2014 and 2024 (%)



Source: ECA, based on Eurostat data extracted on 14.1.2026.

91 Inactive NEETs typically face institutional barriers to entering the labour market, highlighting the need for comprehensive strategies that go beyond labour market policies alone. In 2022, the Commission published a toolkit⁴¹ with tools and practices to support stakeholders when using ESF+ resources to help integrate inactive people into work. The toolkit recommended that public and private stakeholders work closely together. National authorities could consider:

- involving organisations with experience in delivering specialist support to inactive people;
- encouraging outreach approaches to connect support services with vulnerable people;
- continuing to develop such approaches to encourage vulnerable people to get involved in labour market integration programmes.

92 In the 2021-2027 legislative framework for EU funding the Commission also introduced specific provisions requiring member states to put in place targeted outreach measures for young people⁴². The reinforced Youth Guarantee equally stressed this point.

⁴¹ Improving collaboration to support the integration of long-term unemployed and inactive people, 2022.

⁴² Regulation (EU) 2021/1057, Article 7(6), and Regulation (EU) 2021/1060, Annex IV, Enabling condition 4.1.

- 93** In Spain, a second evaluation of the Youth Guarantee⁴³ suggested a specific measure for inactive young people. It recommended an effort to analyse needs and reach out to those young people not in education and classified as “inactive”. This was to incorporate them in Youth Guarantee measures, thus strengthening the approach towards inactive young people, enabling access channels to this group and matching opportunities to their needs.
- 94** Spain addressed the evaluation recommendation by adding a measure in its Youth Guarantee Plus Plan (2021) on better coordination between public employment services and social and youth services, as well as with other entities working with young people and their families⁴⁴. It is too early to find out whether this measure achieved the intended results.
- 95** In Italy, the 2021-2027 programme we examined noted that, according to the evaluations of the Youth Guarantee, the most vulnerable and disadvantaged groups had not been sufficiently reached and engaged with. The programme therefore included a specific outreach action for this purpose. However, by August 2025, the measure had not yet started, and the funding allocated to it had been significantly reduced (**Box 10**).

Box 10

Funding for the outreach strategy in the Italian 2021-2027 ESF+ programme *Giovani, Donne e Lavoro* was reduced

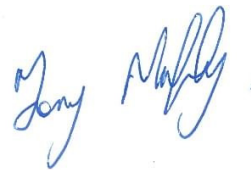
The original version of this programme for *Youth, Women and Jobs* had earmarked €500 million NEET outreach strategies for 2023-2024, to be carried out by the end of 2024. The measures had not yet started at the time of our audit in 2025. The latest version of the programme approved by the Commission in August 2025 indicated an overall amount of €150 million for the same strategy. This amount was reallocated to other measures supporting youth employment, in particular hiring incentives, which were, however, not strategically directed to outreach activities.

⁴³ II EVALUACIÓN DE LA INICIATIVA DE EMPLEO JUVENIL *Informe de Evaluación*, 2018.

⁴⁴ Measure 8: “Guidance for inactive young people who are discouraged and far from the labour market, including those in a situation of social exclusion or at risk of it, and those on minimum living income benefits”.

This report was adopted by Chamber II, headed by Mrs Annemie Turtelboom, Member of the Court of Auditors, in Luxembourg at its meeting of 22 April 2026.

For the Court of Auditors

A handwritten signature in blue ink, appearing to read 'Tony Murphy', with a small horizontal line at the end.

Tony Murphy
President

Annexes

Annex I – About the audit

Youth unemployment

- 01** “Youth unemployment” refers to unemployment amongst those aged 15-24 (under the original [Youth Guarantee](#)), or 15-29 (under the [reinforced Youth Guarantee](#)), who are unemployed. It is a significant concern in most member states, despite a steady decline since its peak in 2013.
- 02** Addressing youth employment is primarily the responsibility of national and regional governments. However, the EU supports and, where necessary, complements member state action in this area. At EU level there are common definitions for “unemployment”, “employment” and “inactivity” ([Box 1](#)).

Box 1

Definitions for “unemployed” and “inactive” people

According to Eurostat and based on guidelines of the [International Labour Organization](#), an **unemployed person** is:

- o aged 15 to 74 years;
- o not employed (according to the definition of [employment](#)) during any particular “reference week” for labour market statistics;
- o currently available for work, i.e. available for paid employment or self-employment before the end of the two weeks following the reference week; and
- o actively seeking work, i.e. have either carried out activities to seek paid employment or self-employment in the four-week period ending with the reference week, or found a job to start within a period of three months at most from the end of the reference week;

an **inactive person** is:

- o someone of working age **outside the labour force**, i.e. not part of the labour force, and thus neither “employed” nor “unemployed”. The term includes people who are not currently employed and are not actively seeking work, such as those that are unable to work or engage in regular activities due to prolonged illness, discouraged workers, as well as school children, full-time students and pensioners.

Source: Eurostat and International Labour Organization.

Legal basis, policy framework

- 03** The EU shares employment and social policy powers with member states. EU initiatives include coordinating and monitoring national policies, facilitating the exchange of best practice, and enacting legislation on workers' rights and social security systems. Employment policy is based on **Article 3(3) of the Treaty on European Union**.
- 04** According to the **Treaty on the Functioning of the European Union**¹, member states and the EU must develop a coordinated employment strategy to promote a skilled, trained, and adaptable workforce and labour markets that can respond to economic change. The EU “*shall contribute to a high level of employment by encouraging cooperation between member states and by supporting and, if necessary, complementing their action*”². Similarly, the promotion of employment is a common social and employment goal shared by the EU and its member states³.
- 05** The **2013 Youth Guarantee** and the **2020 reinforced Youth Guarantee** are the EU’s reference policy framework to tackle youth unemployment and labour market inactivity. A majority of member states launched their national youth guarantee schemes as early as in January 2014.

¹ Articles 145 and 146 of the **Treaty on the Functioning of the European Union**.

² Ibid., Article 147.

³ Ibid., Article 151.

- 06** Since November 2017, the Youth Guarantee has been considered a social right. According to principle 4 of the **European Pillar of Social Rights (“Active support to employment”)** “... young people have the right to continued education, apprenticeship, traineeship or a job offer of good standing within four months of becoming unemployed or leaving education”. The 2021 European Pillar of Social Rights Action Plan introduced new, ambitious targets for young people, such as reducing the rate of young people aged 15-29 who are NEETs from 12.6 % (2019) to 9 % by 2030.
- 07** The REACT-EU and ESF+ Regulations require adherence to the 2020 Council Recommendation on **reinforcing the Youth Guarantee** when providing support to young people⁴. This implies that the support should follow a personalised approach in terms of profiling, individualised action plans, counselling, guidance and mentoring. It should also be timely (i.e. take place within four months of a young person becoming unemployed or leaving formal education).

Roles and responsibilities

- 08** Responsibility for employment policy lies primarily with the member states. The EU's responsibilities with regard to employment are complementary and covered by a **European Employment Strategy**. The roles and responsibilities of the Commission and member states are presented in [Figure 1](#).

⁴ [Regulation \(EU\) 2020/2221](#), Article 92(b), and [Regulation \(EU\) 2021/1057](#), Article 11.

Figure 1 | Roles and responsibilities



Commission

Implements the European Employment Strategy mainly as part of the European Semester, namely through the employment guidelines, joint employment reports and national reform programmes (until 2023), as well as the country reports and country-specific recommendations.

Monitors youth unemployment through the European Semester country reports published as part of the “Spring Package”, and the country specific recommendations.

The **Directorate-General for Employment, Social Affairs and Inclusion (DG EMPL)** is jointly responsible with member states for planning the **funding** that supports youth employment (i.e. ESF, YEI, REACT-EU and ESF+), monitoring implementation, and evaluating and reporting on the results and outcomes.



Member states (national and/or sub-national level)

Are **responsible for implementing employment policy**. In the context of coordination at EU level, they have been required to draw up and submit annual national reform programmes (NRPs) and have the political obligation to implement the country-specific recommendations. National parliaments are involved in translating the overall EU targets into national targets as well as in the drafting of the annual NRPs (from 2024, the NRPs were replaced by medium-term fiscal structural plans).

Within the legislative framework for cohesion policy, member states **propose and submit operational programmes** to the Commission, which then assesses and approves them. Member states have to **implement, monitor and report on progress**, and **evaluate the outcomes** of the measures financed by the operational programmes.

Source: ECA.

Key financial information

- 09** The EU supports young people's employment, employability and avoidance of social exclusion through EU funds such as the 2014-2020 ESF/YEI, REACT-EU, and the 2021-2027 ESF+ and JTF ([Table 1](#)).

Table 1 | Amount (*in million euros*) of EU funding planned per member state under ESF, REACT-EU, YEI (intervention code 103) and ESF+ (intervention field 136) for 2014-2020 and 2021-2027

Member state	ESF	REACT-EU	YEI	ESF+	JTF
Belgium	58.5	-	128.8	106.2	-
Bulgaria	66.2	-	110.6	292.9	-
Czechia	-	-	27.2	38.7	1.1
Germany	489.5	47.4	-	541.1	20.7
Estonia	-	-	-	8.8	-
Ireland	-	-	136.3	15.7	-
Greece	-	-	512.4	686.8	23.0
Spain	411.7	192.8	2 784.5	1 877.4	2.9
France	237.6	33.3	964.5	988.0	-
Croatia	64.2	-	206.3	279.2	-
Italy	738.7	1 234.7	1 880.2	2 691.2	-
Cyprus	5.3	-	36.3	28.0	-
Latvia	-	-	58.0	19.0	-
Lithuania	17.5	-	63.6	43.7	-
Luxembourg	5.6	-	-	1.4	-
Hungary	503.8	-	99.5	447.7	-
Malta	4.8	-	-	6.0	-
The Netherlands	-	-	-	-	24.5
Poland	1 179.4	-	539.4	552.9	-
Portugal	-	-	460.3	951.2	-
Romania	136.3	-	303.2	673.5	-

Member state	ESF	REACT-EU	YEI	ESF+	JTF
Slovenia	73.0	-	18.4	9.9	-
Slovakia	-	-	172.3	284.0	10.2
Finland	-	-	-	20.4	-
Sweden	158.5	-	88.3	-	-
Total	4 150.5	1 508.2	8 590.1	10 564.0	82.3

Notes: Denmark and Austria did not plan any funding under intervention code 103 and field 136. EU amounts are shown without member state co-financing. Data for 2014-2020 exclude the United Kingdom. ESF data are shown excluding REACT-EU, which is presented separately. The data available on the cohesion data platform cover programme updates up to December 2023 for the ESF, REACT-EU and YEI, and up to October 2025 for the ESF+. We reviewed updated data for the ten operational programmes selected for this audit and identified a significant subsequent revision for one of them (in Italy), which is reflected in the data presented.

Source: ECA, based on data extracted from the cohesion data platform on 10.2.2026 and from SFC in January 2026.

Audit scope and audit approach

- 10** The objective of our audit was to examine how cohesion policy contributed to supporting the sustainable integration of young people into the labour market. We assessed how the ESF/YEI, REACT-EU and the ESF+ have contributed to the efforts of member states to provide young people with long-term jobs. Concerning the ESF+, due to its slow implementation, we mainly focused on the legislative framework and the design of measures supporting youth employment. Our audit covered the period up to December 2025. The JTF was not part of this audit.
- 11** Our audit complements our [previous work](#) on youth unemployment, including in the context of our annual statement of assurance⁵, and provides information on the use of available EU funding during the 2014-2020 and 2021-2027 programming periods.

⁵ See e.g. Box 5.5. of our [2019 annual report](#); Boxes 5.2 and 5.5 of our [2021 annual report](#); Boxes 6.9 and 6.11 of our [2023 annual report](#).

12 In our audit we assessed:

- how the Commission's supported member states to improve the job situation of young people using specific strategies, policies and funding from their operational programmes in 2014-2020 for the ESF/YEI (including REACT-EU) and 2021-2027 for the ESF+, and how it monitored the results;
- whether EU-funded measures supported by the ESF/YEI (including REACT-EU) and the ESF+ facilitated the sustainable integration of young people into the labour market, including the most vulnerable groups.

13 Details on the evidence sources we analysed and our audit approach are presented in [Figure 2](#). Our [audit methodology](#) complies with the international standards on auditing issued by the International Organization of Supreme Audit Institutions (INTOSAI).

Figure 2 | Evidence sources and audit approach

Documents



Applicable legal framework, staff working documents, relevant EU policy documents, selected ESF/YEI, REACT-EU and ESF+ programmes, Commission and member state reports and evaluations, and reports from stakeholders (e.g. trade union position papers and other reports from EU agencies Eurofound and CEDEFOP, and the Eurydice network of data on European education systems).

Data



Data from different sources, mainly from the Commission, Eurostat, the Cohesion Open Data Platform, national authorities.

Audit visits to the Commission and member states



We interviewed EU officials primarily involved in planning and/or implementation of the ESF/YEI, REACT-EU and the ESF+.

For our audit at member-state level we visited **Germany, Spain and Italy**. We made our selection taking into account the amounts allocated by 2014-2020 ESF/YEI and REACT-EU to the sustainable integration of youth into the labour market (based on intervention code 103), as well as covering member states with both high and low youth unemployment. We interviewed:

- ministries in charge of youth employment policies, managing authorities of the selected ESF/YEI (including REACT-EU) and ESF+ programmes;
- national/regional public employment services;
- Youth Guarantee coordinators;
- other national and regional authorities and implementing bodies involved in providing youth employment support.

We also consulted employers' associations and trade unions in each of the three member states.

We carried out our work based on the selection of ten ESF/YEI and ESF+ operational programmes, as well as nine relevant measures (Annex II) funded by the ESF/YEI (including REACT-EU), three in each member state selected for our audit. We selected these measures based on the highest amounts allocated.

90 individual cases



We tested 30 individual cases per member state, i.e. young people receiving support under the selected measures, to assess whether this support resulted in them still being in employment after 18 months. We randomly selected these young people among those who received support from 2018 onwards.

Source: ECA.

Annex II – Measures audited in the three selected member states

Operational programme	Audited measure	Funding source	Total amount allocated in euros	Type of measure	Short description
GERMANY					
2014DE05SFOP010 – Operationelles Programm Nordrhein-Westfalen	<i>Kurs auf Ausbildung</i>	REACT-EU	37 444 328 (audited projects: 9 822 542)	Other active labour market policies	<i>Kurs auf Ausbildung</i> in North Rhine-Westphalia was designed to support young people who were at risk of dropping out of school or who had already dropped out. The measure provided young people with support and counselling so they could successfully transition into vocational training or apprenticeship programmes.
	<i>Ausbildungsprogramm NRW</i>	ESF	10 352 332 (audited projects: 859 830)	Other active labour market policies	<i>Ausbildungsprogramm NRW</i> in North Rhine-Westphalia was designed to help young people get vocational training, as well as matching job applicants with companies.

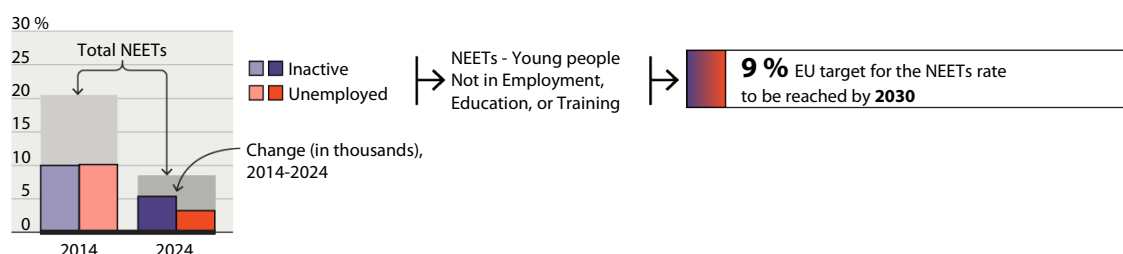
Operational programme	Audited measure	Funding source	Total amount allocated in euros	Type of measure	Short description
2014DE05SFOP015 – Operationelles Programm Rheinland-Pfalz	<i>Jump</i>	REACT-EU	4 443 963 (audited projects: 861 446)	Other active labour market policies	<i>Jump</i> in Rhineland-Palatinate targeted young people who needed support transitioning from school to work. It supported those who faced challenges finding an apprenticeship or a job. The programme aimed to help these individuals find long-term employment by providing them with services such as counselling, soft skills training, and job placement support.
SPAIN					
2014ES05SFOP007 – Programa Operativo FSE Cataluna 2014 – 2020 (POCAT)	SOC – <i>Ayudas a la contratación para jóvenes</i>	REACT-EU	125 000 000	Hiring incentives	Catalonia's public employment service (SOC) ran a programme providing an incentive to companies and labour cooperatives to recruit unemployed young people. The subsidised contract offered could be any type, other than trainee and apprenticeship contracts, and had to last a minimum of one year on a full-time basis. Prior registration in the Youth Guarantee was not considered as an eligibility criterion.

Operational programme	Audited measure	Funding source	Total amount allocated in euros	Type of measure	Short description
2014ES05M9OP001 – Programa Operativo de empleo juvenil 2014-2020 (POEJ)	Aid for workers included in short-term work scheme (ERTE)	ESF/YEI	161 836 287	Job retention measure	ERTE POEJ 5 YEI was a flexibility measure for companies. To avoid them dismissing workers during the COVID-19 pandemic, employment, and thus employment contracts, could be suspended, on a temporary basis, or working hours reduced. Young people received payments to keep their job while the measure was in place. The measure concerned young people registered under the Youth Guarantee who, due to COVID-19, were placed in ERTE. All participants had previously been working and, at some point in the past, had registered and benefited from Youth Guarantee support.
	<i>Empleo joven – La Caixa</i>		12 958 735	Hiring incentives	La Caixa supported the recruitment of young people registered in the national youth guarantee system. It subsidised the cost of a young worker's contract for six months for fixed-term (temporary) employment, or a maximum of 12 months for permanent employment.

Operational programme	Audited measure	Funding source	Total amount allocated in euros	Type of measure	Short description
ITALY					
2014IT05M9OP001 – Programma operativo nazionale FSE Iniziativa occupazione giovani 2014-2020	<i>Accompagnamento al lavoro</i>	ESF/YEI	116 513 738	Other active labour market policies	Measure to support young people to enter the labour market by defining a personalised pathway aimed at helping them find employment. This was preparatory or complementary to the other programme measures, which included hiring incentives. Although participation in one of these measures did not guarantee a job offer, the expected result was an employment relationship of indefinite duration or an apprenticeship.
	<i>Incentivo Occupazione NEET 2018-2019</i>		104 952 592	Hiring incentives	An incentive for private employers recruiting young people aged 16-29 classified as NEETs who were part of the Youth Guarantee programme. The incentive covered all of Italy except the Autonomous Province of Bolzano.

Operational programme	Audited measure	Funding source	Total amount allocated in euros	Type of measure	Short description
2014IT05SFOP002 – <i>Pon Sistemi di Politiche Attive per l'Occupazione (SPA0) 2014-2020</i>	<i>Esonero Giovani under 36</i>	REACT-EU	1 234 684 525	Hiring incentives	The measure granted employers who, in 2021 and 2022, hired young people under 36 on permanent contracts an exemption from social security contributions for a maximum of 36 months, increased to 48 months for private employers who recruited at a location or production unit in the following regions: Abruzzo, Molise, Campania, Basilicata, Sicily, Puglia, Calabria and Sardinia. Compared with ESF/YEI-financed measures, the age limit was extended from 29 to 35 years.

Annex III – Young people (aged 15-29) who are inactive and unemployed, 2014 and 2024, EU and 27 member states



Source: ECA based on Eurostat data ([edat_lfse_20](#) and [lfsi_neet_a](#)), extracted on 8.1.2026.

Abbreviations

Abbreviation	Definition/Explanation
CEDEFOP	European Centre for the Development of Vocational Training
ESF(+)	European Social Fund (Plus)
Eurofound	European Foundation for the Improvement of Living and Working Conditions
JTF	Just Transition Fund
NEET	Young person not in employment, education or training
NRP	National reform programme
REACT-EU	Recovery Assistance for Cohesion and the Territories of Europe
YEI	Youth Employment Initiative

Glossary

Term	Definition/Explanation
Country-specific recommendations	Annual guidance which the Commission issues, as part of the European Semester, to individual member states on their macroeconomic, budgetary and structural policies.
Employment Committee	Main advisory body to the Council responsible for monitoring developments in employment and employment policy in the member states and the EU as a whole.
European Foundation for the Improvement of Living and Working Conditions	EU agency that provides information, advice and expertise in the field of EU social policy on the basis of comparative information, research and analysis.
European Pillar of Social Rights	EU framework with 20 principles covering equal opportunities and access to jobs, fair working conditions, and social protection and inclusion.
European Semester	Annual cycle that provides a framework for coordinating the economic policies of EU member states and monitoring progress.
European Social Fund	EU fund for creating educational and employment opportunities and improving the situation of people at risk of poverty. Superseded by the European Social Fund Plus.
Inactive person	Someone who is of working age but outside the labour force.
International Labour Organization	United Nations agency dealing with labour issues, and international labour standards in particular.
Intervention field	Category of activities financed by the European Regional Development Fund, the Cohesion Fund or the European Social Fund Plus in 2021-2027. Also referred to in 2014-2020 as an intervention code.
Labour force	Employees, self-employed and unemployed people of working age, also known as the “economically active population”.
NEET	Young person who is not in employment, education or training.
(Operational) programme	Framework for implementing EU-funded operations in line with the priorities and objectives laid down in a partnership agreement between the Commission and the member state concerned.
Partnership agreement	Agreement between the Commission and a member state or one or more non-EU countries in the context of an EU spending programme, setting out, for example, strategic plans, investment priorities or the terms of trade or development aid provision.
REACT-EU	NextGenerationEU programme that provides additional funding for existing cohesion policy programmes to support crisis recovery while promoting green and digital transformation.
Unemployment rate	Unemployed people as a percentage of the labour force.

Young person	For the purposes of the Youth Guarantee, a person between 15 and 25 years of age, amended after 2020 to between 15 and 29 years of age.
Youth Employment Initiative	EU programme which supports young people not in employment, education or training in regions with a youth unemployment rate above 25 %.
Youth Guarantee	EU policy framework under which young people who become unemployed or leave formal education are offered employment or training opportunities within four months.

Replies of the Commission

<https://www.eca.europa.eu/en/publications/SR-2026-15>

Timeline

<https://www.eca.europa.eu/en/publications/SR-2026-15>

Audit team

The ECA's special reports set out the results of its audits of EU policies and programmes, or of management-related topics from specific budgetary areas. The ECA selects and designs these audit tasks to be of maximum impact by considering the risks to performance or compliance, the level of income or spending involved, forthcoming developments and political and public interest.

This performance audit was carried out by Audit Chamber II – Investment for cohesion, growth and inclusion, headed by ECA Member Annemie Turtelboom. The audit was led by ECA Member Carlo Alberto Manfredi Selvaggi, supported by Daniela Morgante, Head of Private Office and Matteo Tartaggia, Private Office Attaché; Maria Eulàlia Reverté I Casas, Principal Manager; Michele Zagordo, Head of Task; Marija Grguric, Ana Diogo and Horst Fischer, Auditors. Jennifer Schofield, Luis Ferrer Lopez and Janina Schmidt Maximo provided linguistic support. Alexandra-Elena Mazilu-Dina provided graphical support.



From left to right: Alexandra-Elena Mazilu-Dina, Michele Zagordo, Daniela Morgante, Matteo Tartaggia, Carlo Alberto Manfredi Selvaggi and Maria Eulàlia Reverté I Casas.

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Bringing young people into sustainable employment has been one of the biggest employment challenges for many EU member states during the past decade. To address this challenge, the EU established a strategic framework, and allocated around €25 billion through cohesion policy since 2014. We found a wide range of EU-funded measures in member states supporting youth employment, but these lacked a focus on long-term labour market integration, and little information exists on their lasting effects. Inactive young people face particular barriers to entering the labour market and remain difficult to reach. We recommend enhancing the monitoring and evaluation of cohesion policy funding for youth employment, improving the effectiveness of hiring incentives, and providing more targeted support to inactive young people.

ECA special report pursuant to Article 287(4), second subparagraph, TFEU.



EUROPEAN
COURT
OF AUDITORS



Publications Office
of the European Union

EUROPEAN COURT OF AUDITORS
12, rue Alcide De Gasperi
1615 Luxembourg
LUXEMBOURG

Tel. +352 4398-1

Enquiries: eca.europa.eu/en/contact
Website: eca.europa.eu
Social media: @EUauditors