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"I/A" ITEM NOTE

From:	General Secretariat of the Council
To:	Permanent Representatives Committee (Part 2)/Council
No. prev. doc.:	5026/16, 5027/16
Subject:	Draft Council conclusions on Special Report No 17/2015 by the European Court of Auditors: "Commission's support of youth action teams: redirection of ESF funding achieved, but insufficient focus on results" - Adoption

1. On 14 December 2015, the General Secretariat of the Council received Special Report No. 17/2015 "Special Report No 17/2015 by the European Court of Auditors: "Commission's support of youth action teams: redirection of ESF funding achieved, but insufficient focus on results", adopted by the Court of Auditors at its meeting on 11 November 2015.
1. Pursuant to the rules laid down in the Council conclusions on improving the examination of special reports drawn up by the Court of Auditors¹, the Permanent Representatives Committee (Part II), at its meeting on 13 January 2016, instructed the Working Party on Structural Measures to examine this report according to the rules laid down in the above-mentioned conclusions.

¹ Doc. 7515/00 FIN 127 + COR 1.

2. The Working Party on Structural Measures examined the Special Report on 26 January and on 9 February 2016, and an agreement on draft Council conclusions was reached on 19 February 2016 following a silence procedure.
 3. The Permanent Representatives Committee is therefore invited to recommend to the Council to adopt, as an "A" item, these draft Council conclusions as set out in the Annex to this document.
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Draft Council conclusions on Special Report No 17/2015

by the European Court of Auditors:

"Commission's support of youth action teams: redirection of ESF funding achieved, but insufficient focus on results"

THE COUNCIL OF THE EUROPEAN UNION:

- (1) WELCOMES the Special Report from the European Court of Auditors (hereafter referred to as "the Court") and the Commission's observations;
- (2) UNDERLINES that the challenging youth unemployment situation can to a great extent be explained through structural socio-economic problems which require the implementation of structural reforms based on an integrated cross-sectorial approach and with financial support combining different funds, such as the European Regional Development Fund (ERDF) and the European Social Fund (ESF); this, however, does not preclude more sectorial short-term measures, e.g. to address skills mismatches;
- (3) STRESSES that the youth action teams (YATs) were a political initiative, taken at the highest political level, aimed at raising awareness about the urgent need to address the dramatic youth unemployment situation which developed in the aftermath of the post 2008 economic crisis;

- (4) CONSIDERS that, given the legal, financial and administrative framework in place, using existing well-performing programmes through a fast redirection of the 2007-2013 ESF operational programmes (OPs) was a suitable way forward, given that about EUR 10 billion of unallocated ESF funds were still available at the end of 2011 in the eight Member States targeted by the YATs' initiative;
- (5) STRESSES the importance of the Court's performance audits, but UNDERLINES that the parameters used by the Court should be without prejudice to political decisions taken by other EU institutions within their respective competences;
- (6) STRESSES that YATs have been instrumental in paving the way for new initiatives to combat youth unemployment, including the Youth Guarantee (YG), the Youth Employment Initiative (YEI) and the improved 2014-2020 legal framework for the ESF, and that all these new initiatives to combat youth unemployment are only starting to produce results;
- (7) BELIEVES that the YATs therefore contributed positively to the fulfilment of the expectations raised at the informal **European Council** of 30 January 2012;
- (8) NOTES the finding by the Court that YATs made limited specific proposals and that the advisory role of the Commission was hampered by the level and quality of the information available to it;
- (9) NOTES that some of the findings of the Court appear to be factually incorrect, REGRETS that the Court did not cross-check the information received from the Commission with the concerned Member States, and INVITES the Commission and the Court in future audits to consult the responsible national authorities in order to avoid a different interpretation of the information available;

(10) ACCEPTS the Court's recommendations, but CONSIDERS also that the new European Structural and Investment Funds (ESIF) legal framework for 2014-2020 already addresses most of the recommended requirements:

- Article 30 of the Common Provisions Regulation (CPR) requires that requests for amendment of OPs submitted by a Member State are duly justified and in particular set out the expected impact of the changes on achieving Europe 2020 objectives;
- Article 50 of the CPR requires annual implementation reports to set out key information on the implementation of the OPs and their priorities by reference to the financial data, common and programme-specific indicators and quantified target values;
- Article 125 of the CPR requires the managing authorities to provide the monitoring committee with all the necessary information, in particular data relating to the progress of the operational programme in achieving its objectives, financial data and data relating to indicators and milestones;

(11) CALLS on the Commission and Member States, for future initiatives of this kind, to:

- take due account of the possibilities and constraints given by the political and legal contexts, as well as the availability of the corresponding financial resources at EU and Member State level;
- formulate the targets set and resources applied in a specific, adequate and transparent way;
- where relevant, given shared management responsibilities, cooperate more closely when transmitting and communicating data to be used;
- ensure that minimum plausibility and reliability checks are systematically carried out, especially given the risk of unreliable or incorrect statements being included in updates and reports being provided by the Commission or Member States.