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2020/0086 (COD)

Proposal for a

REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL

amending Regulation (EU) No 1303/2013 as regards the resources for the specific allocation for the Youth Employment Initiative

EXPLANATORY MEMORANDUM

1. CONTEXT OF THE PROPOSAL

• Reasons for and objectives of the proposal

The objective of the proposal is to adapt the amount of resources available for economic, social and territorial cohesion set out in Article 91(1) of Regulation (EU) No 1303/2013[1] and the amount of resources for the specific allocation for the Youth Employment Initiative ('YEI') set out in Article 92(5) of that Regulation and the annual breakdown of commitment appropriations reflected in Annex VI of that Regulation in order to reflect the increase of the resources of the specific allocation for the YEI. More specifically, in line with the adopted budget for 2020, commitment appropriations for the specific allocation for the YEI for 2020 should be increased by an amount of EUR 28 333 334 in current prices, bringing the overall amount for 2020 up to EUR 145 million.

In addition, the proposal clarifies that the relevant provisions that were introduced in order to facilitate programming of additional YEI resources in 2019, will apply as well to the additional YEI resources in 2020.

• Consistency with existing policy provisions in the policy area

This proposal is the result of the 2020 Union budget.

• Consistency with other Union policies

The proposal is consistent with other proposals and initiatives adopted by the European Commission.

2. LEGAL BASIS, SUBSIDIARITY AND PROPORTIONALITY

• Legal basis

The review reflects the increase of the resources for the specific allocation for the Youth Employment Initiative (YEI) in the 2020 Union budget.

• Subsidiarity (for non-exclusive competence)

The proposal complies with the subsidiarity principle.

• Proportionality

The proposal is proportionate. It includes the necessary technical adjustments following the adoption of the 2020 budget increasing the resources of the YEI specific allocation.

• Choice of the instrument

Proposed instrument: amendment of the current regulation.

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[1] Regulation (EU) No 1303/2013 of the European Parliament and of the Council of 17 December 2013 laying down common provisions on the European Regional Development Fund, the European Social Fund, the Cohesion Fund, the European Agricultural Fund for Rural Development and the European Maritime and Fisheries Fund and laying down general provisions on the European Regional Development Fund, the European Social Fund, the Cohesion Fund and the European Maritime and Fisheries Fund and repealing Council Regulation (EC) No 1083/2006 (OJ L 347 20.12.2013, p. 320), as last amended by Regulation (EU) 2019/711 of the European Parliament and of the Council of 17 April 2019 amending Regulation (EU) No 1303/2013 as regards the resources for the specific allocation for the Youth Employment Initiative (OJ L 123, 10.5.2019, p. 1).

The Commission has explored the scope for manoeuvre provided by the legal framework and considers it necessary to propose amendments to Regulation (EU) No 1303/2013.

3. RESULTS OF EX-POST EVALUATIONS, STAKEHOLDER CONSULTATIONS AND IMPACT ASSESSMENTS

- **Ex-post evaluations/fitness checks of existing legislation**

Given the specific circumstances of this proposal, there was no ex-post evaluation/or fitness checks of the existing legislation.

- **Stakeholder consultations**

Given the specific circumstances of this proposal, there was no consultation of external stakeholders.

- **Collection and use of expertise**

Use of external expertise has not been necessary.

- **Impact assessment**

Not applicable.

- **Regulatory fitness and simplification**

This is not an initiative within the Regulatory Fitness Programme (REFIT).

- **Fundamental rights**

The proposal has no consequences for the protection of fundamental rights.

4. BUDGETARY IMPLICATIONS

The commitment appropriations for 2020 of the specific allocation for the YEI should be increased by EUR 28 333 334 to EUR 145 million in current prices.

The proposed amendment is estimated to result in additional payments of EUR 3 million in 2020.

5. OTHER ELEMENTS

- **Implementation plans and monitoring, evaluation and reporting arrangements**

Not applicable.

- **Explanatory documents (for directives)**

Not applicable.

- **Detailed explanation of the specific provisions of the proposal**

The objective of the proposal is to adapt the amounts of resources available for economic, social and territorial cohesion and for the specific allocation for the YEI set out in Article 91(1) and in Article 92(5) of Regulation (EU) No 1303/2013 and the annual breakdown of commitment appropriations reflected in Annex VI to reflect additional resources for the specific allocation for the YEI. Therefore, in line with the adopted budget for 2020, commitment appropriations for the specific allocation for the YEI should be increased by an

amount of EUR 28 333 334 in current prices, bringing the overall amount for 2020 up to EUR 145 million in current prices.

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amending Regulation (EU) No 1303/2013 as regards the resources for the specific allocation for the Youth Employment Initiative

THE EUROPEAN PARLIAMENT AND THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty on the Functioning of the European Union, and in particular Article 177 thereof,

Having regard to the proposal from the European Commission,

After transmission of the draft legislative act to the national parliaments,

Having regard to the opinion of the European Economic and Social Committee[2],

Having regard to the opinion of the Committee of the Regions[3],

Acting in accordance with the ordinary legislative procedure,

Whereas:

(1) Regulation (EU) No 1303/2013 of the European Parliament and of the Council[4] lays down the common and general rules applicable to the European Structural and Investment Funds.

(2) The general budget of the Union for the financial year 2020[5] amended the total amount of resources for the Youth Employment Initiative ('YEI') by increasing commitment appropriations for the specific allocation for the YEI in 2020 by an amount of EUR 28 333 334 in current prices and bringing the total amount of commitment appropriations for the specific allocation for the YEI for the entire programming period to EUR 4 556 215 406 in current prices.

(3) For 2020, the additional resources of EUR 23.7 million in 2011 prices are funded by the Global Margin for Commitments within the margin of the multiannual financial framework for the years 2014-2020.

(4) As it is urgent to amend the programmes supporting the YEI to include the additional resources for the specific allocation for the YEI before the end of 2020, this Regulation should enter into force on the day following that of its publication in the *Official Journal of the European Union*.

(5) Regulation (EU) No 1303/2013 should therefore be amended accordingly,

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2 OJ C […], […], p. […].

3 OJ C […], […], p. […].

4 Regulation (EU) No 1303/2013 of the European Parliament and of the Council of 17 December 2013 laying down common provisions on the European Regional Development Fund, the European Social Fund, the Cohesion Fund, the European Agricultural Fund for Rural Development and the European Maritime and Fisheries Fund and laying down general provisions on the European Regional Development Fund, the European Social Fund, the Cohesion Fund and the European Maritime and Fisheries Fund and repealing Council Regulation (EC) No 1083/2006 (OJ L 347, 20.12.2013, p. 320).

5 OJ C […], […], p. […].

HAVE ADOPTED THIS REGULATION:

Article 1

Regulation (EU) No 1303/2013 is amended as follows:

(1) in Article 91, paragraph 1 is replaced by the following:

"1. The resources for economic, social and territorial cohesion available for budgetary commitment for the period 2014-2020 shall be EUR 330 105 627 309 in 2011 prices, in accordance with the annual breakdown set out in Annex VI, of which EUR 325 938 694 233 represent the global resources allocated to the ERDF, the ESF and the Cohesion Fund and EUR 4 166 933 076 represent a specific allocation for the YEI. For the purposes of programming and subsequent inclusion in the budget of the Union, the amount of resources for economic, social and territorial cohesion shall be indexed at 2% per year.";

(2) in Article 92, paragraph 5 is replaced by the following:

"5. Resources for the YEI shall amount to EUR 4 166 933 076**,** of which EUR 23.7 million constitute the additional resources for 2020. They shall be complemented by ESF targeted investment in accordance with Article 22 of Regulation (EU) No 1304/2013.

Member States who benefit from the additional resources for the specific allocation for the YEI may request the transfer of up to 50% of the additional resources for the specific allocation for the YEI to the ESF to constitute the corresponding ESF targeted investment as required by Article 22(1) of Regulation (EU) No 1304/2013. Such a transfer shall be made to the respective categories of region corresponding to the categorisation of the regions eligible for the increase of the specific allocation for the YEI. Member States shall request the transfer in the request for amendment of the programme in accordance with Article 30(1) of this Regulation. Resources allocated to past years may not be transferred.

The second subparagraph shall apply to any additional resources for the specific allocation for the YEI allocated in 2019 and 2020.".

(3) Annex VI is replaced by the text set out in the Annex to this Regulation.

Article 2

This Regulation shall enter into force on the day following that of its publication in the *Official Journal of the European Union*.

This Regulation shall be binding in its entirety and directly applicable in all Member States.

Done at Brussels,

For the European Parliament	*For the Council*
The President	*The President*

LEGISLATIVE FINANCIAL STATEMENT

1. FRAMEWORK OF THE PROPOSAL/INITIATIVE

1.1. Title of the proposal/initiative

Proposal for a Regulation of the European Parliament and of the Council amending Regulation (EU) No 1303/2013 as regards the resources for the specific allocation for the Youth Employment Initiative

1.2. Policy area(s) concerned in the ABM/ABB structure[6]

4 Employment, social affairs and inclusion

04 02 64 – Youth Employment Initiative (YEI)

1.3. Nature of the proposal/initiative

☐ The proposal/initiative relates to **a new action**

☐ The proposal/initiative relates to **a new action following a pilot project/preparatory action**[7]

☒ The proposal/initiative relates to **the extension of an existing action**

☐ The proposal/initiative relates to **an action redirected towards a new action**

1.4. Objective(s)

1.4.1. The Commission's multiannual strategic objective(s) targeted by the proposal/initiative

N/A

1.4.2. Specific objective(s) and ABM/ABB activity(ies) concerned

Specific objective No

N/A

ABM/ABB activity(ies) concerned

N/A

1.4.3. Expected result(s) and impact

Specify the effects which the proposal/initiative should have on the beneficiaries/groups targeted.

N/A

1.4.4. Indicators of results and impact

Specify the indicators for monitoring implementation of the proposal/initiative.

N/A

[6] ABM: activity-based management; ABB: activity-based budgeting.

[7] As referred to in Article 54(2)(a) or (b) of the Financial Regulation.

1.5. Grounds for the proposal/initiative

1.5.1. Requirement(s) to be met in the short or long term

N/A

1.5.2. Added value of EU involvement

N/A

1.5.3. Lessons learned from similar experiences in the past

N/A

1.5.4. Compatibility and possible synergy with other appropriate instruments

N/A

1.6. Duration and financial impact

☐ Proposal/initiative of **limited duration**

– ☒ Proposal/initiative in effect from 01/01/2017 to 31/12/2023

– ☒ Financial impact in 2017 - 2020

☐ Proposal/initiative of **unlimited duration**

– Implementation with a start-up period from YYYY to YYYY,

– followed by full-scale operation.

1.7. Management mode(s) planned[8]

☐ **Direct management** by the Commission

– ☐ by its departments, including by its staff in the Union delegations;

– ☐ by the executive agencies

☒ **Shared management** with the Member States

☐ **Indirect management** by entrusting budget implementation tasks to:

– ☐ third countries or the bodies they have designated;

– ☐ international organisations and their agencies (to be specified);

– ☐the EIB and the European Investment Fund;

– ☐ bodies referred to in Articles 208 and 209 of the Financial Regulation;

– ☐ public law bodies;

– ☐ bodies governed by private law with a public service mission to the extent that they provide adequate financial guarantees;

– ☐ bodies governed by the private law of a Member State that are entrusted with the implementation of a public-private partnership and that provide adequate financial guarantees;

– ☐ persons entrusted with the implementation of specific actions in the CFSP pursuant to Title V of the TEU, and identified in the relevant basic act.

[8] Details of management modes and references to the Financial Regulation may be found on the BudgWeb site: http://www.cc.cec/budg/man/budgmanag/budgmanag_en.html

– *If more than one management mode is indicated, please provide details in the 'Comments' section.*

Comments

N/A

2. MANAGEMENT MEASURES

2.1. Monitoring and reporting rules

Specify frequency and conditions.

N/A

2.2. Management and control system

2.2.1. Risk(s) identified

N/A

2.2.2. Information concerning the internal control system set up

N/A

2.2.3. Estimate of the costs and benefits of the controls and assessment of the expected level of risk of error

N/A

2.3. Measures to prevent fraud and irregularities

Specify existing or envisaged prevention and protection measures.

N/A

3. ESTIMATED FINANCIAL IMPACT OF THE PROPOSAL/INITIATIVE

3.1. Heading(s) of the multiannual financial framework and expenditure budget line(s) affected

- Existing budget lines

In order of multiannual financial framework headings and budget lines.

Heading of multiannual financial framework	Budget line	Type of expenditure	Contribution			
	Number [Heading……...……]	Diff./Non-diff.[9]	from EFTA countries [10]	from candidate countries[11]	from third countries	within the meaning of Article 21(2)(b) of the Financial Regulation
1 Smart and Inclusive Growth	04 02 60 – European Social Fund – Less developed regions - Investment for growth and jobs goal 04 02 61 – European Social Fund – Transition regions - Investment for growth and jobs goal 04 02 62 – European Social Fund – More developed regions – Investment for growth and jobs goal 04 02 64 – Youth Employment Initiative (YEI)	Diff.	NO	NO	NO	NO

- New budget lines requested

In order of multiannual financial framework headings and budget lines.

Heading of multiannual financial framework	Budget line	Type of expenditure	Contribution			
	Number	Diff./Non-	from	from	from third	within the

[9] Diff. = Differentiated appropriations / Non-diff. = Non-differentiated appropriations.

[10] EFTA: European Free Trade Association.

[11] Candidate countries and, where applicable, potential candidate countries from the Western Balkans.

	[Heading……]	diff.	EFTA countries	candidate countries	countries	meaning of Article 21(2)(b) of the Financial Regulation
	[XX.YY.YY.YY]		YES/NO	YES/NO	YES/NO	YES/NO

3.2. Estimated impact on expenditure

Commitment appropriations for the specific allocation for the YEI for 2020 should be increased by EUR 28 333 334[12] in current prices. The proposed amendment is estimated to result in additional payments of EUR 3 million in 2020.

3.2.1. Summary of estimated impact on expenditure

[12] These additional resources are funded by the Global margin for commitments (GMC) within the margin of the MFF 2014-2020 ceiling.

EUR million in current prices (to three decimal places)

Heading of multiannual financial framework	Number 1b	Smart and Inclusive Growth

DG: EMPL, REGIO			2014	2015	2016	2017	2018	2019	2020	**TOTAL**
• Operational appropriations										
1b: Economic, social and territorial cohesion European Regional Development Fund, the European Social Fund, the Cohesion Fund	Commitments 04 02 64 – Youth Employment Initiative (YEI)	(1)							28, 333	28, 333

	Payments 04 02 64 – Youth Employment Initiative (YEI)	(2)							3,000	3,000
Appropriations of an administrative nature financed from the envelope of specific programmes[13]										
N/A		(3)								
TOTAL appropriations for DG EMPL, REGIO	Commitments	= 1 + 1a + 3							28, 333	28, 333
	Payments	= 2 + 2a + 3							3,000	3,000

• TOTAL operational appropriations	Commitments	(4)							28, 333	28, 333

[13] Technical and/or administrative assistance and expenditure in support of the implementation of EU programmes and/or actions (former 'BA' lines), indirect research, direct research.

	Payments	(5)							3,000	3,000
• TOTAL appropriations of an administrative nature financed from the envelope for specific programmes		(6)							0,000	0,000
TOTAL appropriations under HEADING 1b of the multiannual financial framework	Commitments	=4+6							28, 333	28, 333
	Payments	=5+6							3,000	3,000

If more than one heading is affected by the proposal / initiative:

• TOTAL operational appropriations	Commitments	(4)								
	Payments	(5)								
• TOTAL appropriations of an administrative nature financed from the envelope for specific programmes		(6)								
TOTAL appropriations under HEADINGS 1 to 4 of the multiannual financial framework (Reference amount)	Commitments	=4+ 6								
	Payments	=5+ 6	0							**0**

Heading of multiannual financial framework	**5**	'Administrative expenditure'

EUR million (to three decimal places)

		Year **N**	Year **N+1**	Year **N+2**	Year **N+3**	Enter as many years as necessary to show the duration of the impact (see point 1.6)			**TOTAL**
DG: <…….>									
• Human resources									
• Other administrative expenditure									
TOTAL DG <…….>	Appropriations								

TOTAL appropriations under HEADING 5 of the multiannual financial framework	(Total commitments = Total payments)								

EUR million (to three decimal places)

		Year **N**[14]	Year **N+1**	Year **N+2**	Year **N+3**	Enter as many years as necessary to show the duration of the impact (see point 1.6)			**TOTAL**
TOTAL appropriations under HEADINGS 1 to 5 of the multiannual financial framework	Commitments								
	Payments								

[14] Year N is the year in which implementation of the proposal/initiative starts.

3.2.2. Estimated impact on operational appropriations

– ☐ The proposal/initiative does not require the use of operational appropriations

– ☒ The proposal/initiative requires the use of operational appropriations, as explained below:

Commitment appropriations in EUR million (to three decimal places)

Indicate objectives and outputs ⇩			Year **N**		Year **N+1**		Year **N+2**		Year **N+3**		Enter as many years as necessary to show the duration of the impact (see point 1.6)						**TOTAL**	
	OUTPUTS																	
	Type[15]	Average cost	No	Cost	No	Cost	No	Cost	No	Cost	No	Cost	No	Cost	No	Cost	Total No	Total cost
SPECIFIC OBJECTIVE No 1[16]…																		
- Output																		
- Output																		
- Output																		
Subtotal for specific objective No 1																		
SPECIFIC OBJECTIVE No 2 ...																		
- Output																		
Subtotal for specific objective No 2																		
TOTAL COST																		

15 Outputs are products and services to be supplied (e.g.: number of student exchanges financed, number of km of roads built, etc.).

16 As described in point 1.4.2. 'Specific objective(s)…'

3.2.3. Estimated impact on appropriations of an administrative nature

3.2.3.1. Summary

– ☒ The proposal/initiative does not require the use of appropriations of an administrative nature

– ☐ The proposal/initiative requires the use of appropriations of an administrative nature, as explained below:

EUR million (to three decimal places)

	Year **N** [17]	Year **N+1**	Year **N+2**	Year **N+3**	Enter as many years as necessary to show the duration of the impact (see point 1.6)			**TOTAL**
HEADING 5 of the multiannual financial framework								
Human resources								
Other administrative expenditure								
Subtotal HEADING 5 of the multiannual financial framework								
Outside HEADING 5[18] of the multiannual financial framework								
Human resources								
Other expenditure of an administrative nature								
Subtotal outside HEADING 5 of the multiannual financial framework								
TOTAL								

The appropriations required for human resources and other expenditure of an administrative nature will be met by appropriations from the DG that are already assigned to management of the action and/or have been redeployed within the DG, together if necessary with any additional allocation which may be granted to the managing DG under the annual allocation procedure and in the light of budgetary constraints.

[17] Year N is the year in which implementation of the proposal/initiative starts.

[18] Technical and/or administrative assistance and expenditure in support of the implementation of EU programmes and/or actions (former 'BA' lines), indirect research, direct research.

3.2.3.2. Estimated requirements of human resources

– ☒ The proposal/initiative does not require the use of human resources.

– ☐ The proposal/initiative requires the use of human resources, as explained below:

Estimate to be expressed in full time equivalent units

		Year **N**	Year **N+1**	Year **N+2**	Year **N+3**	Enter as many years as necessary to show the duration of the impact (see point 1.6)		
• Establishment plan posts (officials and temporary staff)								
XX 01 01 01 (Headquarters and Commission's Representation Offices)								
XX 01 01 02 (Delegations)								
XX 01 05 01 (Indirect research)								
10 01 05 01 (Direct research)								
• External staff (in Full Time Equivalent unit: FTE)[19]								
XX 01 02 01 (AC, END, INT from the 'global envelope')								
XX 01 02 02 (AC, AL, END, INT and JED in the delegations)								
XX 01 04 **yy** [20]	- at Headquarters							
	- in Delegations							
XX 01 05 02 (AC, END, INT - Indirect research)								
10 01 05 02 (AC, END, INT - Direct research)								
Other budget lines (specify)								
TOTAL								

XX is the policy area or budget title concerned.

The human resources required will be met by staff from the DG who are already assigned to management of the action and/or have been redeployed within the DG, together if necessary with any additional allocation which may be granted to the managing DG under the annual allocation procedure and in the light of budgetary constraints.

Description of tasks to be carried out:

Officials and temporary staff	
External staff	

19 AC= Contract Staff; AL = Local Staff; END= Seconded National Expert; INT = agency staff; JED= Junior Experts in Delegations.

20 Sub-ceiling for external staff covered by operational appropriations (former 'BA' lines).

3.2.4. Compatibility with the current multiannual financial framework

– ☒ The proposal/initiative is compatible the current multiannual financial framework.

– ☐ The proposal/initiative will entail reprogramming of the relevant heading in the multiannual financial framework.

Explain what reprogramming is required, specifying the budget lines concerned and the corresponding amounts.

– ☐ The proposal/initiative requires application of the flexibility instrument or revision of the multiannual financial framework.

Explain what is required, specifying the headings and budget lines concerned and the corresponding amounts.

3.2.5. Third-party contributions

– The proposal/initiative does not provide for co-financing by third parties.

– The proposal/initiative provides for the co-financing estimated below:

Appropriations in EUR million (to three decimal places)

	Year **N**	Year **N+1**	Year **N+2**	Year **N+3**	Enter as many years as necessary to show the duration of the impact (see point 1.6)			Total
Specify the co-financing body								
TOTAL appropriations co-financed								

3.3. Estimated impact on revenue

– ☒ The proposal/initiative has no financial impact on revenue.

– ☐ The proposal/initiative has the following financial impact:

☐ on own resources

☐ on miscellaneous revenue

EUR million (to three decimal places)

Budget revenue line:	Appropriations available for the current financial year	Impact of the proposal/initiative[21]						
		Year **N**	Year **N+1**	Year **N+2**	Year **N+3**	Enter as many years as necessary to show the duration of the impact (see point 1.6)		
Article …….								

For miscellaneous 'assigned' revenue, specify the budget expenditure line(s) affected.

Specify the method for calculating the impact on revenue.

[21] As regards traditional own resources (customs duties, sugar levies), the amounts indicated must be net amounts, i.e. gross amounts after deduction of 25 % for collection costs.