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Proposal for a

**DECISION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL**

**on a European Year of Skills 2023**

(Text with EEA relevance)

## EXPLANATORY MEMORANDUM

### 1. CONTEXT OF THE PROPOSAL

#### • Reasons for and objectives of the proposal

In her **State of the European Union Address** on 14 September 2022, President von der Leyen identified a “*workforce with the right skills*” as a crucial factor underpinning the current and future competitiveness of our social market economy. Skills mean more and better jobs because a skilled workforce is a key driver of growth, enhancing the innovation power and competitiveness of all European companies, in particular small and medium-sized enterprises (SMEs).

Equipping the EU workforce with the skills needed also ensures that the green and digital transitions are socially fair and just. It empowers individuals to successfully navigate labour market changes and to fully engage in society and democracy, so that nobody is left behind, as stated in the **European Skills Agenda of 2020**<sup>1</sup> and in line with the European way of life.<sup>2</sup> Building on it, the **Porto Declaration**,<sup>3</sup> agreed by the EU leaders in May 2021, shows a strong commitment to upskilling and reskilling and to improved employability. It welcomed the ambitious EU headline targets set by the European Pillar of Social Rights Action Plan of at least 60% of adults participating in training every year and an employment rate of at least 78% by 2030, which requires significant effort to activate more women and young people for the labour market.

The **2023 European Year of Skills**, announced by President von der Leyen in her State of the European Union Address, represents a unique opportunity to support European companies, and especially small and medium-sized enterprises, “*grappling with a shortage of staff*” by putting “*more focus in our investment on professional education and upskilling*”, by ensuring “*better cooperation with companies*”, by matching companies’ needs “*with people’s aspirations*” of both low and high skilled, and by speeding up and facilitating the “*recognition of qualifications also of third country nationals*”.

The COVID-19 pandemic and now Russia’s war of aggression against Ukraine, have signalled and accentuated the strategic dependencies and labour mismatches we recognise in Europe.

In addition, the green and digital transitions, and other structural evolutions such as the need for increased resilience and globalisation impact all professions on the European labour market, changing the skills needed for the European economy to grow in a sustainable and competitive manner. For example, putting an end to the dependency on Russian energy imports and achieving the ambitious EU energy-efficiency and renewable energy targets require a massive and rapid deployment of energy efficiency improvements, building renovations and renewable energy. This hinges upon the availability of a skilled workforce all across the EU.

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1 Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions - European Skills Agenda for sustainable competitiveness, social fairness and resilience ([COM\(2021\)274 final](#))

2 The 2022 Strategic Foresight Report (COM(2022)289 final) called, for instance, for increasing expenditure in education and training, while stressing that this entails both learning skills to adapt to a rapidly transforming technological reality and labour market, as well as green skills and climate awareness.

3 [The Porto declaration - Consilium \(europa.eu\)](#)

At the same time, demographic change is reducing the available labour force. While the EU average unemployment rate remains stable at 6% in August 2022,<sup>4</sup> 77% of companies struggled to find employees with the required skills already in 2019.<sup>5</sup> In particular, the availability of skilled staff and experienced managers is the most important problem for a quarter of EU's small and medium-sized enterprises, representing 99% of all EU businesses.<sup>6</sup> And in 2021, 28 occupations were classified as having shortages, including the healthcare, hospitality, construction and service sectors, in addition to shortages of IT and security specialists, in particular cybersecurity experts, and workers with science, technology, engineering and mathematics background<sup>7</sup>, showing a growing demand for both, high and low-skilled workers. In this context, the smooth functioning of the European labour market depends on the availability of a workforce with the right skills as much as on ensuring that individuals' engagement in upskilling and reskilling meets companies' needs across the Union.

The EU is facing an unparalleled shortage of women in Science, Technology, Engineering and Mathematics (STEM) careers and education. Women make up 52% of the European population and make up the majority of tertiary graduates in the EU, yet only 2 out of 5 scientists and engineers are women and only 18% of specialists in ICT.<sup>8</sup> At the same time, young girls are attracted to the STEM field in school, and in some countries perform better than boys. This phenomenon of lost talent is referred to as the “leaky pipeline”.

Addressing skills gaps can boost the innovation power, productivity and growth of the European social market economy. This is particularly relevant for digital skills. To illustrate, 70% of businesses report a lack of staff with adequate digital skills as an obstacle to investment,<sup>9</sup> while almost half of the EU population has no or very low level of digital skills.<sup>10</sup> Recognising this challenge, the 2030 Digital Compass Communication sets the EU target of 80% of adults having at least basic digital skills and 20 million ICT specialists employed by 2030.<sup>11</sup> Proposal 32 of The Conference on the Future of Europe further highlighted the need to empower all EU citizens with the necessary digital skills.<sup>12</sup>

A workforce with the right skills is a precondition for the green transition too, forecasted to generate 2.5 million additional jobs in the EU by 2030.<sup>13</sup> The importance of skills was also stressed as a finding of the 2022 European Year of Youth, highlighting the urgency to equip the European youth with skills for the future.

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4 Eurostat, Unemployment rate, ([une\\_rt\\_m](#))

5 Eurofound, European Company Survey 2019

6 Eurostat, [Key Figures on European Businesses](#), 2022 Edition, p. 10.

7 European Labour Authority, Report on labour shortages and surpluses 2021 and ENISA, Cybersecurity skills development in the EU, March 2020. The ENISA studies identify there is a gap of 291,000 professionals in cybersecurity.

8 European Institute for Gender Equality, [Gender equality index 2020 : key findings for the EU](#), Publications Office of the European Union, 2021

9 Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions – 2030 Digital Compass: the European way for the Digital Decade ([COM/2021/118 final](#))

10 European Commission, Digital Economy and Society Index ([DESI](#))

11 Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the regions 2030 Digital Compass: the European way for the Digital Decade ([COM/2021/118 final](#))

12 Conference on the Future of Europe, [Report of the Final outcome](#), May 2022

13 Cedefop, The green employment and skills transformation, p. 22

Given that only around 37% of adults undertake training,<sup>14</sup> further investing in upskilling and reskilling opportunities and encouraging all working-age adults to take part in them is essential to realise the opportunities of the green and digital transitions.

The already evident shortage of staff will deepen further, as the size of the European working-age population is expected to shrink from 64% in 2019 to 56% in 2070,<sup>15</sup> and the old-age dependency ratio is expected to increase from 32 in 2020 to 54 in 2070.<sup>16</sup> Thus, additional effort is needed to activate more people for the labour market through reskilling and upskilling, in particular women and young people not in education, employment or training. It is also important to promote the digital skills of the older population and ensure they have the capacity to fully participate in society and access vital services increasingly available only online.

Yet, the EU domestic workforce alone is and will not be sufficient to meet current and future labour market demands. In this context, migrants already play a crucial role in Europe's economy and society. In the last decade, migrant workers<sup>17</sup> filled a significant part of new jobs in the EU, helping to address labour market needs. Admission of migrants is part of a wider policy mix to address both the existence and the root causes of labour and skill shortages. The COVID-19 pandemic showed that as many as 13% of workers performing essential functions – from doctors to nurses and drivers – are migrants<sup>18</sup>.

Thus, making the EU an attractive choice for talent in shortage occupations from around the world is a precondition for the Union to remain globally competitive. For this, third country nationals have to be able to realise their full potential and use their skill-set on the European labour market, but also to benefit from learning opportunities, mobility and recognition of qualifications in a mutually beneficial and circular way. This applies both to newly arrived foreign talent and third country nationals already legally residing in the EU, whose labour market participation rates tend to lag behind those of EU citizens.<sup>19</sup> It also includes the continuous support for the labour market integration of people fleeing the war in Ukraine as long as they decide to stay in the EU.

In order to boost competitiveness of European companies, in particular SMEs, to realise the full potential of the digital and green transitions in a socially fair, inclusive and just manner, the **2023 European Year of Skills** would further promote a mindset of reskilling and upskilling. The aim is to ensure that nobody is left behind in the twin transitions and the economic recovery, and to notably address labour shortages for a better skilled workforce in the Union that is able to seize the opportunities of this process, by:

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14 Eurostat, [TRNG AES 100](#), data from 2016, referring to participation in training over the last 12 months, excluding on the job training.

15 Eurostat, 'Population on 1st January by age, sex and type of projection (proj\_19np)'

16 Defined as the ratio between the number of persons aged 65 and over and the number of persons aged between 15 and 64, multiplied by 100. See Eurostat, [PROJ\\_19NDBI](#)

17 On 1 January 2021, the third-country nationals residing in EU-27 Member States represented 5.3% of total population. However, according to Eurostat, in 2020 (using the LFS data and ISCO-08 classification), they accounted for 8.7% of cleaners and helpers, 7.2% of food preparation assistants, 6.9% of agricultural, forestry and fishery labourers, 6.1% of building workers and 6.0% of labourers in mining, construction, manufacturing and transport.

18 JRC, [Immigrant Key Workers: Their Contribution to Europe's COVID-19 Response](#), April 23, 2020

19 Eurostat, [Migration Integration Statistics – labour market indicators](#) (data extracted in April 2021). For example, in 2020, the EU employment rate for people aged 20 to 64 years was 61.9 % for those born outside the EU, compared to 73.5 % for the native-born population as well as for people born in another EU Member State.

1. Promoting increased, more effective and inclusive investment into training and upskilling to harness the full potential of the European current and future workforce and to support people in managing job-to-job transitions, active ageing, and benefiting from the new opportunities brought by the ongoing economic transformation.
2. Strengthening skills relevance by closely cooperating with social partners, public and private employment services, companies, education and training providers and developing joined-up approaches with all branches of governments.
3. Matching people's aspirations and skills-set with labour market opportunities especially those offered by the green and digital transitions and the core sectors in need of recovery from the pandemic. A special focus will be given to activate more people for the labour market, in particular women and young people especially those not in education, employment or training (NEETs).
4. Attracting people from third countries with the skills needed by the Union, including by strengthening learning opportunities and mobility, and by facilitating the recognition of qualifications.

- **Consistency with existing policy provisions in the policy area**

Principle 1 of the **European Pillar of Social Rights** proclaims everyone's right to education, training and lifelong learning, enabling individuals to participate fully in society and to manage successfully labour market transitions. Principle 4 states that everyone has the right to timely and tailor-made assistance to improve their employment or self-employment prospects, including the right to receive support for training and re-qualification. Principle 5 on secure and adaptable employment emphasises that, regardless of the type and duration of the employment relationship, workers should enjoy fair and equal treatment with respect to working conditions, access to social protection and training.

European initiatives supporting the realisation of these rights have a long history. The European Year of Skills 2023 will further strengthen a number of existing initiatives, realising synergies between the actions and with a focus on accelerating the path towards the 2030 EU targets on employment and skills.

The 2020 **European Skills Agenda for sustainable competitiveness, social fairness and resilience** is the Commission's five-year strategic plan to train more people, more often and for the skills needed on the labour market. It sets out 12 concrete actions, including the Council Recommendations on vocational education and training, individual learning accounts, micro-credentials for lifelong learning and employability, the upskilling of researchers and the Pact for Skills. Their implementation will be further promoted via the European Year of Skills 2023, ensuring that they reach their full potential. This will also contribute to the priority of the new **European Agenda for Adult learning** to reinforce the supply and take-up of upskilling and reskilling opportunities with sustainable funding.

The **Updated 2020 New Industrial Strategy for Europe** lays out a plan for the EU's industry to draw lessons from the COVID-19 pandemic, strengthen economic resilience and accelerate the green and digital transition. This includes a flexible ecosystem-based policy approach, focused on better connecting all players within a value chain or an industrial ecosystem and inter alia featuring transition pathways that have a strong skills dimension. The European Year of Skills 2023 will enhance the voice of European companies and their employees within the industrial ecosystems, also relying on existing social dialogue structures.

The European Commission's comprehensive approach to legal migration and integration is set out in the **New Pact on Migration and Asylum**. Regarding legal migration, the Commission proposed a number of initiatives aimed at contributing to attracting third-country nationals with skills needed in the EU. This includes the roll-out of an **EU Talent Pool** and of **Talent Partnerships** with partner countries. In 2023, Member States will also implement the **Recast EU Blue Card Directive** and the **Proposals to recast the Long-Term Residents Directive and the Single Permit Directive** should be negotiated. In addition, the European Commission will promote **complementary pathways to the EU** for people in need of international protection, in order to harness refugees' talent.

The **Action Plan on Integration and Inclusion 2021-2027** recognises that skills and talents of migrants as well as EU citizens with a migrant background are often undervalued or underutilised and proposes actions to better harness their potential on the EU labour market. The European Year of Skills 2023 will promote these existing initiatives and complement their impact, including by speeding up and facilitating the recognition of qualifications awarded outside the Union, allowing third country nationals to realise their full potential on the European labour market.

Following the State of the European Union Speech in 2021, the European Commission has implemented a structured dialogue with the Member States across government and stakeholders to advance investment in and reforms of digital education and skills policies, in view of the cross-cutting challenges posed by the digital transition and the need for acceleration of policy and results. The European Year of Skills 2023 could build on the structured dialogue process, expanding its focus to fit the objectives outlined above.

**European Union funds and instruments** will also play a key part in the implementation of the European Year of Skills 2023. The European Social Fund Plus (ESF+) with a budget of over €99 billion for the 2021-2027 programming period remains the main instrument for investing in people, working in synergy with other funds (the InvestEU programme, the European Globalisation Adjustment Fund for displaced persons, the European Regional Development Fund (ERDF), the Just Transition Fund (JTF), the European Solidarity Corps, the Digital Europe Programme, Erasmus+, Horizon Europe, the Programme for Environment and climate action (LIFE), the Modernisation Fund, the Technical Support Instrument (TSI), the Neighbourhood, Development and International Cooperation Instrument (NDICI)) and with skills-related reforms and investments included in Member States' national plans under the Recovery and Resilience Facility (RRF).

The European Year of Skills 2023 will also draw on the work of all **Union Agencies** active in the field of skills and employment, further strengthening their activities and creating synergies, in particular with the European Centre for the Development of Vocational Training (Cedefop), the European Foundation for the Improvement of Living and Working Conditions (Eurofound), the European Training Foundation (ETF), the European Labour Authority (ELA), the European Agency for Safety and Health at Work (EU-OSHA) and the European Union Agency for Cybersecurity (ENISA).

- **Consistency with other Union policies**

The European Year of Skills 2023 will also promote synergies between skills policies and EU initiatives on training. The **Digital Education Action Plan** prioritises the enhancement of digital skills and competences including democratic resilience and media literacy. The **European Education Area** supports the further development of education and training systems in the Member States. Creating the space for discussion and exchange, the European Year of Skills 2023 will further establish bridges between these domains. Fostering

researchers' core and transversal skills is a central element of the **European Research Area**, thereby responding to the labour market demand for highly-skilled talents.

The reinforced **Youth Guarantee**, focuses on the integration of NEETs into the labour market. A key driver is providing access to quality education and training to improve employability in line with labour market needs.

Increasing women's participation in the labour market has a strong, positive impact on the economy, notably in the context of a shrinking workforce and skills shortages and the ambitious Porto target of employment of 78% by 2030. The **Gender Equality Strategy**, aims at addressing the gender pay and pensions gaps; and gender stereotypes, for example, in traditionally male or female-dominated professions such as sciences, technology, engineering and mathematics, or in the care sector.

Despite a continuous small increase of the employment rate of persons with disabilities during the last decade, disability employment gap persists at around 24 percentage points in the EU. The **Disability Employment package** presents actions to improve the employment rate of persons with disabilities, by allowing them to acquire the skills, reskill or upskill to meet the needs of the labour market, and highlights the need to increase the employment rate of persons with disabilities.

Moreover, as skills are fundamental and relevant to all economic sectors, most EU initiatives envisage measures expressly related to skills. Skills development plays a prominent role for the successful implementation of a number of other Union policies, on which the European Year of Skills 2023 will build. This includes the **European Green Deal**, with initiatives such as the **Fit for 55 package**, the **Renovation Wave for Europe**, the **REPowerEU Plan**, the proposal for a **recast of the Energy Efficiency Directive**, the **New Circular Economy Action Plan**, the **Zero Pollution Action Plan**, the **EU Biodiversity Strategy for 2030**, the **Farm to Fork Strategy**, and the **Communication on a new approach for a sustainable blue economy in the EU**.

The Year of Skills 2023 will furthermore build on the **New European Bauhaus**, **Horizon Europe** and its missions, the **new European Innovation Agenda**, the **European Strategy for Universities**, a strategy **Shaping Europe's Digital Future**, a **European Strategy for Data**, the **Digital Decade**, the Commission's proposal for a **European Declaration on Digital Rights and Principles for the Digital Decade**, the **joint EU/OECD financial competence framework for adults**, the **Strategy for the Rights of Persons with Disabilities**, the **EU anti-racism action plan**, the **EU Roma Strategic Framework** for equality, inclusion and participation, the **Action Plan on Integration and Inclusion 2021-2027**, the **European Democracy Action Plan**, the **the Long Term Vision for EU's Rural Areas**, the **Communication on a new approach for a sustainable blue economy in the EU**, the **European Care Strategy**, the **Action plan for the social economy and the Transition pathway for the proximity and social economy industrial ecosystem**, the **European Critical Raw Materials Act and the Communication on Critical Raw Materials Resilience**, the **Joint Communication on Defence Investment Gaps and Way Forward**, and the **Space Programme Regulation**. Each of these initiatives and policies includes measures that may relate to skills development in general or for particular groups or refers to specific skill sets.

In addition, the EU is championing skills policies and investments globally. The **Global Gateway strategy** and the **Youth Action Plan** prioritise investments in quality education systems in partner countries. Team Europe is contributing to skills development, for example through supporting teacher training and vocational education and training related initiatives.

These efforts in the external dimension complement directly the objectives set out in this proposal.

## **2. LEGAL BASIS, SUBSIDIARITY AND PROPORTIONALITY**

### **• Legal basis**

In accordance with Article 149 of the Treaty on the Functioning of the European Union, in the field of employment the Union has the competence to support actions of the Member States, to encourage cooperation and to provide comparative analysis and advice, and to promote innovative approaches. Article 149 TFEU provides that the Union's action may "*encourage cooperation between Member States*" and shall "*support their action in the field of employment through initiatives aimed at developing exchanges of information and best practices, providing comparative analysis and advice as well as promoting innovative approaches and evaluating experiences, in particular by recourse to pilot projects*".

The Decision will contribute to objectives set out in Article 145 TFEU, which requires Member States and the Union "*to work towards developing a coordinated strategy for employment and particularly for promoting a skilled, trained and adaptable workforce and labour markets responsive to economic change*".

### **• Subsidiarity (for non-exclusive competence)**

The present proposal is in conformity with the principle of subsidiarity as provided for in Article 5(3) of the Treaty on European Union (TEU). The objectives of the proposal cannot be achieved to a sufficient extent solely by action undertaken by the Member States. This is because action at national level alone would not benefit from the European dimension of exchange of experience and good practice between Member States. The Union shall pursue its objectives by appropriate means commensurate with the competences which are conferred upon it by the Treaties. In addition, Member States' action would benefit from the awareness and visibility created within and beyond the EU.

### **• Proportionality**

The present proposal is in conformity with the principle of proportionality as provided for in Article 5(4) TEU. The proposed course of action is simple. It relies on existing programmes and on refocusing communication activities on the themes of the European Year of Skills 2023. It imposes no disproportionate management constraints on administrations implementing the proposal.

The Union action will support and complement the efforts of Member States. This action will firstly improve the effectiveness of the Union's own instruments. Secondly, it will act as an enabler by encouraging synergies and cooperation among Member States, organisations and foundations, and private and public enterprises.

The Union action will not go beyond what is necessary to address the identified problems and to achieve the objectives of the initiative.

### **• Choice of the instrument**

A decision of the European Parliament and of the Council is the most appropriate instrument to ensure the full involvement of the legislative authority in designating 2023 as the European Year of Skills.



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

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

N/A

- **Stakeholder consultations**

N/A

- **Collection and use of expertise**

N/A

- **Impact assessment**

No impact assessment has been carried out as there is no need. The objectives of the proposed initiative fall within the objectives of existing Union policies and programmes. The European Year of Skills 2023 can be implemented within existing budget limits by using those programmes that provide for setting funding priorities on an annual or multiannual basis. The proposed initiative would not have any significant social, economic or environmental impact beyond that of the existing instruments.

- **Regulatory fitness and simplification**

N/A

- **Fundamental rights**

N/A

### **4. BUDGETARY IMPLICATIONS**

The proposal does not require any additional budgetary resources in terms of credits. All needs can be met through redeployments from the technical assistance of ESF+, including the hiring of some interim staff to help implement communication campaign and events on the ground, already from 2022 and up to 2024. Permanent staff in place will ensure the supervision of the interim staff to ensure a smooth implementation throughout the whole year.

### **5. OTHER ELEMENTS**

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

The proposal includes an obligation for the Commission to report by 31 December 2024 on the implementation, results and overall assessment of the initiatives covered by the European Year of Skills.

- **Explanatory documents (for directives)**

N/A

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

Proposal for a

**DECISION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL**

**on a European Year of Skills 2023**

(Text with EEA relevance)

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 149 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<sup>20</sup>,

Having regard to the opinion of the Committee of the Regions<sup>21</sup>,

Acting in accordance with the ordinary legislative procedure,

Whereas:

- (1) A skilled workforce is crucial to ensuring socially fair and just green and digital transitions, and to strengthening the Union's sustainable competitiveness and resilience in the face of adverse external shocks such as the COVID-19 pandemic or the fallout of Russia's war of aggression against Ukraine. More and better skills open up new opportunities and empower individuals to fully participate in the labour market, society and democracy, to harness and benefit from the opportunities of the green and digital transitions and to exercise their rights.
- (2) Across the Union, companies report difficulties to find workers with the necessary skills. In 2021, 28 occupations were classified as having shortages, including the healthcare, hospitality, construction and service sectors, in addition to shortages of IT and security specialists, in particular cybersecurity experts, and workers with science, technology, engineering and mathematics background.<sup>22</sup> Increasingly, the biggest constraint to a successful digital and green transition is the lack of workers with the right skills. In many Member States, demographic ageing is expected to accelerate over the coming decade as "baby boom" cohorts retire, reinforcing the need to make use of the full potential of all working-age adults through continuous investments in their skills as well as activating more people, in particular women and young people especially those not in education, employment or training (NEETs).

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20 OJ C , , p. .

21 OJ C , , p. .

22 European Labour Authority, Report on labour shortages and surpluses 2021 and ENISA, Cybersecurity skills development in the EU, March 2020. The ENISA studies identify that there is a gap of 291,000 professionals in cybersecurity.

- (3) The availability of skilled staff or experienced managers also remains the most important problem for a quarter of Union's 25 million small and medium-sized enterprises (SMEs)<sup>23</sup>, constituting the backbone of Union's economy, representing 99% of all businesses and employing 83 million people. The Commission Communication "An SME strategy for sustainable Europe"<sup>24</sup> recognises the essential role of SMEs to Europe's competitiveness and prosperity.
- (4) Low skills of working-age adults remain a significant challenge for the Union, pointing to considerable untapped potential of upskilling and reskilling to help mitigate increasing labour shortages in sectors such as manufacturing and services, and in particular in economic activities related to hospitality and manufacturing of computer and electronic equipment, and the care sector.<sup>25</sup> However, participation in adult learning in the Union has stagnated over the last decade and 21 Member States fell short of the 2020 EU-level target. For many adults, such as those in atypical forms of work, employees of small and medium-sized enterprises, the unemployed, the inactive and the low-qualified, skills development opportunities are too often out of reach. Increasing the upskilling and reskilling opportunities for these groups, and all working-age adults, also contributes to reaching the EU employment target of 78%, with employment rate in the EU in 2021 being at 73.1%.<sup>26</sup>
- (5) The first principle of the European Pillar of Social Rights<sup>27</sup> states that everyone has the right to quality and inclusive education, training and lifelong learning in order to maintain and acquire skills that enable them to participate fully in society and successfully manage transitions in the labour market. Principle 4 touches on active support for employment, to uphold everyone's right to timely and tailor-made assistance to improve their employment or self-employment prospects, including the right to receive support for training and re-qualification. Principle 5 on secure and adaptable employment emphasises that, regardless of the type and duration of the employment relationship, workers should enjoy fair and equal treatment with respect to working conditions, access to social protection and training. Article 14(1) of the Charter of Fundamental Rights of the European Union (the 'Charter')<sup>28</sup> states that everyone has the right to education and access to vocational and continuing training.
- (6) Principle 3 of the European Pillar of Social Rights underlines that regardless of gender, racial or ethnic origin, religion or belief, disability, age or sexual orientation, everyone has the right to equal treatment and opportunities, and this includes employment and education. The European Year of Skills should be carried out in a way that is inclusive and actively promotes equality for all. The European Pillar of Social Rights Action Plan<sup>29</sup> points out that by increasing participation of groups which are currently under-presented in the labour market, we can achieve a more inclusive employment growth.

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23 Eurostat, [Key Figures on European Businesses](#), 2022 Edition, p. 10.

24 Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the regions "An SME Strategy for a sustainable and digital Europe" ([COM/2020/103 final](#))

25 European Commission, 2021 Labour Market and Wage Developments in Europe, p. 26

26 Eurostat, Employment (as % of the population aged 20 to 64), ([LFSI\\_EMP\\_A](#))

27 Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the regions Establishing a European Pillar of Social Rights ([COM/2017/0250 final](#))

28 Charter of fundamental rights of the European Union (2000/C 364/01)

29 [The European Pillar of Social Rights Action Plan](#) (europa.eu)

- (7) The European Skills Agenda<sup>30</sup>, adopted in July 2020, calls for a skills revolution to ensure the recovery of our economy, strengthen Europe’s global competitiveness and turn the green and digital transitions into opportunities for all. It aims to foster collective action on skills, ensure that training content is aligned with the evolving labour market needs, and better match training opportunities with people’s aspirations to incentivise their uptake across the working-age population. The European Parliament welcomed the objectives and actions of the European Skills Agenda in its Resolution of 11 February 2021.<sup>31</sup>
- (8) On 25 June 2021, the European Council welcomed the EU headline targets of the European Pillar of Social Rights Action Plan, in line with the Porto Declaration<sup>32</sup>, thereby supporting the ambition of ensuring, by 2030, an employment rate of at least 78% and that at least 60% of all adults participate in training every year.
- (9) On 14 September 2022, President von der Leyen announced in her State of the European Union<sup>33</sup> Address that the European Commission would propose to make 2023 the European Year of Skills. The President pointed to the problem of labour shortages in certain sectors and underlined the importance of investments in professional education and upskilling. She also underlined that attracting the right skills to Europe has to be part of the solution, supported by speeding up and facilitating the recognition of qualification also of third country nationals. In bringing the European Year of Skills to life, the Commission seeks to increase momentum and foster implementation of the many actions it has already taken to strengthen reskilling and upskilling in the Union to address labour market shortages and support the sustainable growth of the EU social market economy.

On 15 September 2021, President von der Leyen announced in her State of the European Union Address the launch of a structured dialogue at top-level to strengthen commitments on digital skills and education. Member States appointed national coordinators for this process. The European Year of Skills 2023 will build on the structured dialogue process, expanding its focus in line with the objectives of this Decision.

The Year of Skills follows the 2022 European Year of Youth which sought to empower, honour, support and engage with young people, including those with fewer opportunities, in a post-COVID-19 pandemic perspective with a view to having a long-term positive impact for young people. The European Year of Youth already emphasised the importance of skills to find good quality employment for young people.

- (10) As companies and other stakeholders know best what skills are needed in their industrial ecosystems, strengthening their collective action on skills development has to be part of the solution. The Pact for Skills brings together companies, social

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30 Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions - European Skills Agenda for sustainable competitiveness, social fairness and resilience ([COM\(2021\)274 final](#))

31 European Parliament, European Parliament resolution of 11 February 2021 on the Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions European Skills Agenda for sustainable competitiveness, social fairness and resilience ([2020/2818\(RSP\)](#))

32 [European Council Conclusions](#), 24-25 June 2021. This follows up on the [Porto Declaration](#) of 8 May 2021

33 State of the Union Address 2022, online at: [https://state-of-the-union.ec.europa.eu/index\\_en](https://state-of-the-union.ec.europa.eu/index_en)

partners, education and training providers, public employment services and other key skills stakeholders, both private and public. So far, more than 700 organisations have signed up and 12 large scale partnerships in strategic sectors have been set up, with pledges to promote 6 million training opportunities. The regional dimension is also important, including in border regions, where finding workers with the right skills requires targeted measures to support effective cross-border labour markets. Similarly, disadvantaged and remote regions, including the outermost, face particular challenges as access to the labour market and upskilling and reskilling opportunities are limited.

- (11) The Council Recommendations on Individual Learning Accounts<sup>34</sup> and Micro-credentials for lifelong learning and employability<sup>35</sup> help people to update or complete their skill-sets, also in response to emerging skills needs in the labour market, in a more flexible and targeted way. The Council Resolution from December 2021 on a new European Agenda for Adult Learning 2021-2030<sup>36</sup> promotes upskilling and reskilling that can in turn reduce skills mismatches and labour shortages. Skills guidance and skills self-assessment opportunities are among the measures which support people in their up- and reskilling.
- (12) The strengthened active labour market policies advocated for by the EASE (Effective Active Support to Employment) Commission Recommendation<sup>37</sup> aim to support transitions into new employment amid the recovery from the COVID-19 crisis and the better matching of skills in the labour market, supported by employment services with a sufficient administrative capacity.
- (13) The Council Recommendation on vocational education and training (VET)<sup>38</sup> supports modernisation of VET systems to equip young people and adults with the knowledge, skills and competences they need to thrive in the evolving labour market and society, to manage the recovery and the just transitions to the green and digital economy, in times of demographic change and throughout all economic cycles. It promotes VET as a driver for innovation and growth, which is agile in adapting to labour market changes and providing skills for occupations in high demand.
- (14) Skills for the green transition and the upskilling and reskilling of the workforce will be needed in the context of the shift to a modern, resource-efficient and competitive economy, as laid out under the European Green Deal<sup>39</sup> setting the path towards EU climate neutrality by 2050. The Commission Communication “Fit for 55”<sup>40</sup> recognises that the green transition can only succeed if the Union has the skilled workforce it

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34 Council Recommendation of 16 June 2022 on individual learning accounts ([OJ C 243, 27.6.2022, p. 26](#))

35 Council Recommendation of 16 June 2022 on a European approach to micro-credentials for lifelong learning and employability ([OJ C 243, 27.6.2022, p. 10](#))

36 Council Resolution on a new European agenda for adult learning 2021-2030 ([OJ C 504, 14.12.2021, p. 9](#))

37 Commission Recommendation of 4.3.2021 on an effective active support to employment following the COVID-19 crisis (EASE) ([OJ L 80, 8.3.2021, p. 1](#))

38 Council Recommendation of 24 November 2020 on vocational education and training (VET) for sustainable competitiveness, social fairness and resilience ([OJ C 417 2.12.2020, p. 1](#))

39 Communication from the Commission to the European Parliament, the European Council, the Council, the European Economic and Social Committee and the Committee of the Regions - The European Green Deal ([COM/2019/640 final](#))

40 Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions – Fit for 55: delivering the EU's 2030 Climate Target on the way to climate neutrality ([COM\(2021\) 550 final](#))

needs to stay competitive and points to the flagship actions of the Skills Agenda to equip people with the skills that are needed for the green and digital transitions.

- (15) The Digital Decade Policy Programme 2030<sup>41</sup> reiterates the objective of ensuring that at least 80% of the EU population have at least basic digital skills by 2030, and sets the target of 20 million employed ICT specialists, with the aim of achieving gender convergence, by 2030, also by creating a cooperation framework between the Member States and the Commission. The Digital Decade<sup>42</sup> stresses the lack of capacity of specialised education and training programmes to train additional ICT experts. The Digital Education Action Plan 2021-2027<sup>43</sup> emphasises that technological means should be used to ease accessibility and strengthen flexibility of learning opportunities, including upskilling and reskilling.
- (16) The Commission Communication on An Updated Industrial Strategy<sup>44</sup> calls for decisive action to make lifelong learning a reality for all and ensure that education and training keep pace with and help deliver the digital and green transitions. It underlines that a skilled workforce is key in ensuring successful transitions, supporting the competitiveness of the European industry, its digital and green transition and quality job creation. It also recognises the importance of strong partnerships between the EU, Member States, social partners and other relevant stakeholders and cooperation between and within industrial ecosystems. The social economy can play a decisive role as it is an important proponent of socially fair and inclusive digital and green transitions and a key driver of social innovation, including in the field of reskilling and upskilling.
- (17) Attracting skilled third-country nationals can contribute to tackling the Union's skills and labour shortages. In October 2021, the revised EU Blue Card Directive<sup>45</sup> entered into force, a key achievement for attracting highly skilled talent into the labour market. The New Pact on Migration and Asylum<sup>46</sup> also places a strong emphasis on labour migration and on integration of third country nationals. Against this background, the Commission adopted a Skills and Talent Package<sup>47</sup> in April 2022 to reinforce the legal framework and Union action in this area. Proposals to recast the Long-Term Residents Directive and the Single Permit Directive will allow to simplify the procedures for the admission of workers of all skill levels to the Union. The Commission will also

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41 Proposal for a Decision of the European Parliament and of the Council establishing the 2030 Policy Programme "Path to the Digital Decade" ([COM/2021/574 final](#))

42 Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the regions; 2030 Digital Compass: the European way for the Digital Decade ([COM\(2021\)118 final](#))

43 [Communication from the Commission](#) to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions on the Digital Education Action Plan (COM/2018/022 final)

44 Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions - Updating the 2020 New Industrial Strategy: Building a stronger Single Market for Europe's recovery ([COM\(2021\) 350 final](#))

45 Directive (EU) 2021/1883 of the European Parliament and of the Council of 20 October 2021 on the conditions of entry and residence of third-country nationals for the purpose of highly qualified employment, and repealing Council Directive 2009/50/EC ([OJ L 382, 28.10.2021, p. 1](#))

46 Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions on a New Pact on Migration and Asylum ([COM/2020/609 final](#))

47 Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions Attracting skills and talent to the EU ([COM/2022/657 final](#))

continue to roll out an EU Talent Pool to facilitate labour matching with non-EU nationals. The Commission is also working towards the launch of tailor-made Talent Partnerships with specific key partner countries to boost international labour mobility and development of talent in a mutually beneficial and circular way. In addition, the Union continues to be the leading contributor to global funding for education focusing especially on teacher training, girls education and vocational education and training. This work, under the umbrella of the Global Gateway strategy<sup>48</sup>, is complementary to the objectives of this proposal.

- (18) Trust in and transparency of qualifications, whether acquired in Europe or beyond, is key in facilitating their recognition. EU transparency tools (European Qualifications Framework, Europass, ESCO, EU Skills Profile Tool for third country nationals, European Digital Credentials for Learning) are a starting point to help increase the transparency and comparability of qualifications. For well functioning labour markets, skills must be understood and valued, whether acquired in formal, non-formal or informal settings. Skills identification and documentation, as well as guidance to make skills visible, are crucial steps in this context.
- (19) Overall public and private investments in upskilling and reskilling are insufficient. Most job-related training in the Union is employer-sponsored. However, many companies, in particular SMEs, do not provide or fund training for their staff, and individuals in atypical work have less or no access to employer-sponsored training. Such inequalities undermine individuals' welfare and health, reduce economic competitiveness, result in missed opportunities and barriers to innovation and risk leaving people behind in the transition to more sustainable economic activities. An enabling framework unlocking and incentivising employers' financial investments in skills and giving visibility to the economic value of upskilling and reskilling is needed.
- (20) In the past, the Union witnessed significant increases in the public investments in initial education and training. However, so far, this has not been matched with corresponding increases in investments to support continuing skills development throughout the entire working life.<sup>49</sup> The Council Conclusions of 8 June 2020<sup>50</sup> invite Member States to “explore possible models for public and private financing of lifelong learning and the development of skills on an individual level”, and call on the Commission to support Member States in these efforts.
- (21) Significant EU funding support is available for reskilling and upskilling, for instance through the European Social Fund Plus (ESF+), the Recovery and Resilience Facility (RRF)<sup>51</sup>, the European Regional Development Fund (ERDF), the Just Transition Fund (JTF), the InvestEU programme, the Digital Europe Programme, Erasmus+, Horizon Europe, the Programme for Environment and climate action (LIFE), the Modernisation Fund, the Neighbourhood, Development and International Cooperation Instrument (NDICI). The ESF+ remains the main EU funding tool to invest in more and better skills of the workforce, in particular by supporting institutions and services to assess and anticipate skills needs and challenges, supporting reskilling and upskilling

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48 Joint Communication to the European Parliament, the Council, the European Economic and Social Committee, the Committee of the Regions and the European Investment Bank The Global Gateway (JOIN/2021/30 final)

49 See for instance the increase in tertiary attainment, cf. [Education and Training Monitor 2021](#)

50 [Council Conclusions of 8 June 2020](#) on reskilling and upskilling as a basis for increasing sustainability and employability, in the context of supporting economic recovery and social cohesion

51 Established by [Regulation \(EU\) 2021/241](#) of 12 February 2021.

opportunities for workers offered by the public and private sectors. Reforms and investments included in Member States' national recovery and resilience plans have a prominent skills dimension, often linked with active labour market policies, in particular youth employment support. In the national recovery and resilience plans endorsed by the Commission and the Council so far, around 20% of the social expenditure is dedicated to "employment and skills"<sup>52</sup>. REACT-EU was the first instrument of NextGenerationEU to make payments for the recovery of Member States. It helped create jobs and invest in skills in the regions most in need. Workers that lose their jobs due to large-scale restructuring events, may also benefit from support through the European Globalisation Adjustment Fund for Displaced Workers (EGF) to find new jobs, for instance through further education and training and tailored career guidance and advice.

- (22) Regulation (EU) 2021/1056 of the European Parliament and of the Council establishing the Just Transition Fund<sup>53</sup> recognises that upskilling and reskilling of workers and jobseekers is an instrument needed to ensure a fair and inclusive green transition and to mitigate adverse consequences. The Council Recommendation on ensuring a fair transition towards climate neutrality<sup>54</sup> sets out specific guidance to help Member States devise and implement policy packages on relevant employment and social aspects, including upskilling and reskilling policies. Furthermore, the Council Recommendation on learning for the green transition and sustainable development<sup>55</sup> promotes policies and programmes to ensure that learners of all ages acquire the knowledge and skills to benefit from a changing labour market, live sustainably and take action for a sustainable future.
- (23) The InvestEU programme, under its Social investment and Skills window, supports demand for and supply of skills, improving final recipients' skills sets or skills utilisation and fostering skills-investment markets. InvestEU supports also general investments in education, training and related services. In addition, the Just Transition Scheme under the InvestEU supports investments, including those aimed at supporting upskilling and reskilling of workers, in regions having an approved just transition plan under the Regulation (EU) 2021/1056 or projects that benefit those regions, provided they are key to the transition of those territories.
- (24) Tailor-made expertise through the Commission's Technical Support Instrument (TSI) can help Member States undertake reforms linked to national or regional strategies on skills, translating temporary EU funding into durable improvements in the available reskilling and upskilling opportunities. Mutual learning, facilitated by the Commission, can also support the process.

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52 Social categories are defined and applied based on the methodology adopted by the Commission in consultation with the European Parliament and the Member States in the [Delegated Regulation 2021/2105](#). By 03/10/2022, 25 recovery and resilience plans have been endorsed by the Commission and the Council.

53 Regulation (EU) 2021/1056 of the European Parliament and of the Council of 24 June 2021 establishing the Just Transition Fund PE/5/2021/REV/1 ([OJ L 231, 30.6.2021, p. 1](#))

54 Council Recommendation on ensuring a fair transition towards climate neutrality ([OJ C 243, 27.6.2022, p. 35](#))

55 Council Recommendation of 16 June 2022 on learning for the green transition and sustainable development, OJ C 243, 27.6.2022, p. 1.



- (25) The European Strategy for the Rights of Persons with Disabilities 2021-2030<sup>56</sup> aims to ensure their full participation in society, on an equal basis with others in the Union and beyond. Within the Strategy, the European Commission commits to make sure that persons with disabilities can take part in trainings and learn new skills, as a fundamental requisite for employment and independence.
- (26) At Union level, the necessary financial allocation for the implementation of this Decision would be identified within the budget of the contributing programmes in accordance with the Multiannual Financial Frameworks 2014-2020 and 2021-2027. Without prejudice to the powers of the budgetary authority, the aim should be to provide funding for the implementation of this Decision of at least 9.3 EUR million for operational expenses.
- (27) Since the objectives of this Decision cannot be sufficiently achieved by the Member States, but can rather by reason of the scale and effects of the proposed action be better achieved at Union level, the Union may adopt measures, in accordance with the principle of subsidiarity, as set out in Article 5 TEU. In accordance with the principle of proportionality, as set out in that Article, this Decision does not go beyond what is necessary in order to achieve those objectives.
- (28) In order to ensure swift implementation of the European Year of Skills, this Decision should enter into force as a matter of urgency on the day following that of its publication in the *Official Journal of the European Union*.

HAVE ADOPTED THIS DECISION:

*Article 1*  
*Subject matter*

The year 2023 shall be designated as the ‘European Year of Skills 2023’ (hereinafter referred to as the ‘European Year’).

*Article 2*  
*Objectives*

In line with principles 1, 4 and 5 of the European Pillar of Social Rights, contributing to the objectives set out in the 2020 European Skills Agenda and the EU headline targets set by the European Pillar of Social Rights Action Plan, the overall objective of the European Year shall be to further promote a mindset of reskilling and upskilling thereby boosting competitiveness of European companies, in particular small and medium-sized enterprises, realising the full potential of the digital and green transitions in a socially fair, inclusive and just manner. More specifically, the activities of the Year will promote skills policies and investments to ensure that nobody is left behind in the twin transition and the economic recovery, and to notably address labour shortages for a better skilled workforce in the Union that is able to seize the opportunities of this process, by:

1. Promoting increased, more effective and inclusive investment into training and upskilling to harness the full potential of the European current and future workforce and to support people in managing job-to-job transitions, active ageing, and

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56 Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the regions Union of Equality: Strategy for the Rights of Persons with Disabilities 2021-2030 ([COM/2021/101 final](#))

benefiting from the new opportunities brought by the ongoing economic transformation.

2. Strengthening skills relevance by closely cooperating with social partners, public and private employment services, companies, education and training providers and developing joined-up approaches with all branches of governments.
3. Matching people's aspirations and skills-set with labour market opportunities especially those offered by the green and digital transitions and the core sectors in need of recovery from the pandemic. A special focus will be given to activate more people for the labour market, in particular women and young people especially those not in education, employment or training (NEETs).
4. Attracting people from third countries with the skills needed by the Union, including by strengthening learning opportunities and mobility, and by facilitating the recognition of qualifications.

### *Article 3*

#### *Type of measures*

1. The measures to be taken to achieve the objectives set out in Article 2 shall include the following activities at European, national, regional or local level, and, where relevant, in cooperation with third countries, linked to the objectives of the European Year:
  - (a) conferences, forum discussions and further events to promote debate on the role and contribution of skills policies to achieve competitive, sustainable and fair economic growth in light of the demographic change and to mobilise relevant stakeholders to ensure access to training is a reality on the ground;
  - (b) working groups, technical meetings and events to promote discussion and mutual learning on the actions and approaches that public, private and third-sector stakeholders can take, including the preparation, publication and dissemination of good practice examples, guidelines and further supporting documents deriving from the events;
  - (c) initiatives targeting *inter alia* individuals, companies, chambers of commerce and industry, social partners, public authorities, education and training providers to promote the provision, financing and uptake of upskilling and reskilling opportunities;
  - (d) information, communication and awareness-raising campaigns on EU initiatives for upskilling and reskilling, promoting their implementation and delivery on the ground and also their uptake by potential beneficiaries;
  - (e) increasing dialogue in existing stakeholder groups and networks, also via established online platforms;
  - (f) implementing and as necessary developing further skills intelligence tools, while promoting and disseminating their application in identifying current and future skills needs, particularly linked to the green and digital transitions, the core sectors in need of recovery from the pandemic, energy crisis and the impact of Russia's war of aggression in Ukraine;
  - (g) promoting tools and instruments for increased transparency of qualifications, including qualifications awarded outside the Union;

- (h) promoting programmes, funding opportunities, projects, actions and networks of relevance to public, private and non-governmental stakeholders, involved in the design, dissemination and implementation of upskilling and reskilling opportunities and vocational training;
- 2. The Commission may identify other activities which could contribute to the objectives of the European Year and allow references to the European Year to be used in promoting those activities in so far as they contribute to achieving those objectives. Other Union institutions and Member States may also identify such other activities and suggest them to the Commission

*Article 4*  
*Coordination at national level*

The organisation of participation in the European Year at national and regional level shall be a responsibility of the Member States. To that end, each Member State shall appoint a national coordinator that can represent the different branches of government in a holistic manner. The national coordinators shall ensure the coordination of relevant activities at national and regional level.

*Article 5*  
*Coordination at Union level*

- 1. The coordination of the European Year at Union level shall have a transversal approach with a view to creating synergies between the various Union programmes and initiatives in the field of skills.
- 2. The Commission shall rely on the expertise and assistance of relevant Union Agencies in implementing the European Year.
- 3. The Commission shall convene meetings of the national coordinators in order to coordinate the activities referred to in Article 3. These meetings shall also serve as opportunities to exchange information regarding the implementation of the European Year at national and Union level. Representatives of the European Parliament and relevant Union Agencies may participate in those meetings as observers.
- 4. The Commission shall engage with social partners, labour market bodies and representatives of organisations or bodies active in the field of skills, to assist in implementing the European Year at Union level.

*Article 6*  
*Cooperation at international level*

For the purpose of the European Year, where necessary, the Commission shall cooperate with third countries and competent international organisations, in particular with the the OECD, Unesco and the ILO, while ensuring the visibility of the Union's participation.

*Article 7*  
*Monitoring and evaluation*

By 31 December 2024, the Commission shall present a report to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions on the implementation, results and overall assessment of the initiatives provided for in this Decision.

*Article 8*  
*Entry into force*

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

Done at Brussels,

*For the European Parliament*  
*The President*

*For the Council*  
*The President*

## **LEGISLATIVE FINANCIAL STATEMENT**

### **1. FRAMEWORK OF THE PROPOSAL/INITIATIVE**

#### **1.1. Title of the proposal/initiative**

#### **1.2. Policy area(s) concerned**

#### **1.3. The proposal/initiative relates to:**

#### **1.4. Objective(s)**

*1.4.1. General objective(s)*

*1.4.2. Specific objective(s)*

*1.4.3. Expected result(s) and impact*

*1.4.4. Indicators of performance*

#### **1.5. Grounds for the proposal/initiative**

*1.5.1. Requirement(s) to be met in the short or long term including a detailed timeline for roll-out of the implementation of the initiative*

*1.5.2. Added value of Union involvement (it may result from different factors, e.g. coordination gains, legal certainty, greater effectiveness or complementarities). For the purposes of this point 'added value of Union involvement' is the value resulting from Union intervention which is additional to the value that would have been otherwise created by Member States alone.*

*1.5.3. Lessons learned from similar experiences in the past*

*1.5.4. Compatibility with the Multiannual Financial Framework and possible synergies with other appropriate instruments*

*1.5.5. Assessment of the different available financing options, including scope for redeployment*

#### **1.6. Duration and financial impact of the proposal/initiative**

#### **1.7. Management mode(s) planned**

### **2. MANAGEMENT MEASURES**

#### **2.1. Monitoring and reporting rules**

#### **2.2. Management and control system(s)**

*2.2.1. Justification of the management mode(s), the funding implementation mechanism(s), the payment modalities and the control strategy proposed*

*2.2.2. Information concerning the risks identified and the internal control system(s) set up to mitigate them*

*2.2.3. Estimation and justification of the cost-effectiveness of the controls (ratio of "control costs ÷ value of the related funds managed"), and assessment of the expected levels of risk of error (at payment & at closure)*

#### **2.3. Measures to prevent fraud and irregularities**

### **3. ESTIMATED FINANCIAL IMPACT OF THE PROPOSAL/INITIATIVE**

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

**3.2. Estimated financial impact of the proposal on appropriations**

*3.2.1. Summary of estimated impact on operational appropriations*

*3.2.2. Estimated output funded with operational appropriations*

*3.2.3. Summary of estimated impact on administrative appropriations*

*3.2.4. Compatibility with the current multiannual financial framework*

*3.2.5. Third-party contributions*

**3.3. Estimated impact on revenue**

## LEGISLATIVE FINANCIAL STATEMENT

### 1. FRAMEWORK OF THE PROPOSAL/INITIATIVE

#### 1.1. Title of the proposal/initiative

European Year of Skills 2023

#### 1.2. Policy area(s) concerned

Policy Area: Employment and Skills

#### 1.3. The proposal/initiative relates to:

a new action

a new action following a pilot project/preparatory action<sup>57</sup>

the extension of an existing action

a merger or redirection of one or more actions towards another/a new action

#### 1.4. Objective(s)

##### 1.4.1. General objective(s)

The general objective of the European Year of Skills 2023 shall be to further promote a mindset of reskilling and upskilling, ensuring that nobody is left behind in the twin transitions and notably addressing labour shortages for a better skilled workforce in the EU that is able to seize the opportunities of this process, thus boosting the competitiveness of European companies, in particular small and medium-sized enterprises, realising the full potential of the digital and green transitions in a socially fair, inclusive and just manner.

##### 1.4.2. Specific objective(s)

The European Year of Skills 2023 shall follow four specific objectives:

1. Promoting increased, more effective and inclusive investment into training and upskilling to harness the full potential of the European current and future workforce and to support people in managing job-to-job transitions, active ageing, and benefiting from the new opportunities brought by the ongoing economic transformation.

2. Strengthening skills relevance by closely cooperating with social partners, public and private employment services, companies, education and training providers and developing joined-up approaches with all branches of governments.

3. Matching people's aspirations and skills-set with labour market opportunities especially those offered by the green and digital transitions and the core sectors in need of recovery from the pandemic. A special focus will be given to activate more people for the labour market, in particular women and young people especially those not in education, employment or training (NEETs).

4. Attracting people from third countries with the skills needed by the Union, including by strengthening learning opportunities and mobility, and by facilitating the recognition of qualifications.

<sup>57</sup> As referred to in Article 58(2)(a) or (b) of the Financial Regulation.

### 1.4.3. *Expected result(s) and impact*

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

The European Year of Skills 2023 is expected to have positive effects at individual, governmental and societal level. The types of measures foreseen (events, information, communication and awareness-raising campaigns, increased dialogue, promotion and development of tools) will lead to:

more and better focused investment in labour market relevant reskilling and upskilling opportunities, benefitting workers and employers by addressing existing labour shortages and fostering employment and social inclusion.

- increased information exchange, mutual learning, and strengthened collaboration, benefitting the work of public and private organisations, as well as social partners, at international, European, national, regional and local level.

### 1.4.4. *Indicators of performance*

*Specify the indicators for monitoring progress and achievements.*

Outcome indicators:

- Number of events organised
- Number of outputs to be set up in the framework of the information campaign

By 31 December 2024, the Commission shall submit a report to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions on the implementation, results and overall assessment of the initiatives provided for in this Decision.

## 1.5. **Grounds for the proposal/initiative**

### 1.5.1. *Requirement(s) to be met in the short or long term including a detailed timeline for roll-out of the implementation of the initiative*

Short-term: strengthened cooperation and increased awareness among public and private actors about skills policies and instruments. Short-term requirements will be met in the course of the European Year of Skills 2023, with the implementation of the types of measures foreseen.

Long-term: promote increased opportunities for upskilling and reskilling, thereby contributing to address the issue of labour shortages in the EU.

### 1.5.2. *Added value of Union involvement (it may result from different factors, e.g. coordination gains, legal certainty, greater effectiveness or complementarities). For the purposes of this point 'added value of Union involvement' is the value resulting from Union intervention which is additional to the value that would have been otherwise created by Member States alone.*

The added value of Union involvement results from:

-greater effectiveness of the Union's own instruments by raising awareness and visibility of skills policies.

-complementing national level actions with a European dimension allowing for an exchange of experience and good practice between Member States, social partners and other stakeholders, private and public enterprises, within and beyond the EU. In



addition, Member States' action would benefit from the awareness and visibility created within and beyond the EU.

*1.5.3. Lessons learned from similar experiences in the past*

The European Years organised over the last 10 years have proven their value as effective awareness raising instruments, which had an impact on both the general public and multipliers and have created synergies between different areas of intervention at Union and Member States level.

*1.5.4. Compatibility with the Multiannual Financial Framework and possible synergies with other appropriate instruments*

The European Year of Skills 2023 will promote synergies between skills policies and other relevant Union policies. The European Year of Skills 2023 will build on existing relevant Union initiatives, as skills development is fundamental and relevant to all economic sectors.

More specifically, the European Year of Skills 2023 will build on the European Skills Agenda, the Digital Education Action Plan, the European Education Area, the European Research Area, the European Green Deal, including the Fit for 55 package, the Renovation Wave for Europe, the REpowerEU Plan, the New Circular Economy Action Plan, the Zero Pollution Action Plan and the EU Biodiversity Strategy for 2030, the Farm to Fork Strategy, and the Communication on a new approach for a sustainable blue economy in the EU. It will furthermore build on the New European Bauhaus, Horizon Europe and its missions, the new European Innovation Agenda, the European Strategy for Universities, the Commission's proposal for a European Declaration on Digital Rights and Principles for the Digital Decade, a strategy Shaping Europe's Digital Future, a European Strategy for Data, the Digital Decade, the reinforced Youth Guarantee, the Strategy for the Rights of Persons with Disabilities, the joint EU/OECD financial competence framework for adults, the EU anti-racism action plan, the EU Roma Strategic Framework for equality, inclusion and participation, the Action Plan on Integration and Inclusion 2021-2027, the Gender Equality Strategy, the European Democracy Action Plan, the Long Term Vision for EU's Rural Areas, the Communication on a new approach for a sustainable blue economy in the EU, the European Care Strategy, the Action plan for the social economy and the Transition pathway for the proximity and social economy industrial ecosystem, the Joint Communication on Defence Investment Gaps and Way Forward, and the Space Programme Regulation, the Global Gateway strategy and the Youth Action Plan. Each of these initiatives and policies includes measures that may relate to skills development in general or for particular groups or refers to specific skill sets.

*1.5.5. Assessment of the different available financing options, including scope for redeployment*

Two options were envisaged: requesting additional credits or trying to fund the European Year of Skills through redeployments.

Given that the needs in credits are distributed over three years (2022-2024), it was possible to meet all needs in credits through internal redeployments, building on the ESF+ technical assistance, both operational and administrative.

However, in terms of staff, mere redeployment was not assessed possible. Therefore, permanent staff will be reinforced by interim staff for the duration of the activities.

The costs related to interim staff can also be funded through redeployments of credits.

## 1.6. Duration and financial impact of the proposal/initiative

### limited duration

- in effect from adoption of the decision to 31/12/2024
- Financial impact from 2022 to 2024 for commitment appropriations and from 2022 to 2026 for payment appropriations.

### unlimited duration

- Implementation with a start-up period from YYYY to YYYY,
- followed by full-scale operation.

## 1.7. Management mode(s) planned<sup>58</sup>

### 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 70 and 71 of the Financial Regulation;
  - public law bodies;
  - bodies governed by private law with a public service mission to the extent that they are provided with 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 are provided with 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.
- *If more than one management mode is indicated, please provide details in the 'Comments' section.*

Comments

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58 Details of management modes and references to the Financial Regulation may be found on the BudgWeb site:  
<https://myintracomm.ec.europa.eu/budgweb/EN/man/budgmanag/Pages/budgmanag.aspx>

## **2. MANAGEMENT MEASURES**

### **2.1. Monitoring and reporting rules**

*Specify frequency and conditions.*

Work Programme of the European Year

### **2.2. Management and control system(s)**

#### **2.2.1. *Justification of the management mode(s), the funding implementation mechanism(s), the payment modalities and the control strategy proposed***

Direct management, as per article 62.1(a) of the Financial Regulation, is the preferable mode as the actions will be implemented by the European Commission, in particular DG EMPL, which will ensure the coordination with the Member States and the various stakeholders

#### **2.2.2. *Information concerning the risks identified and the internal control system(s) set up to mitigate them***

The controls are part of DG EMPL internal control system. These new activities will be covered by the same approach to identify risks and mitigate them.

#### **2.2.3. *Estimation and justification of the cost-effectiveness of the controls (ratio of "control costs ÷ value of the related funds managed"), and assessment of the expected levels of risk of error (at payment & at closure)***

The controls are part of DG EMPL internal control system. These new activities will generate non-significant additional costs of control at DG level.

### **2.3. Measures to prevent fraud and irregularities**

*Specify existing or envisaged prevention and protection measures, e.g. from the Anti-Fraud Strategy.*

The Commission shall ensure that, when actions financed under this Decision are implemented, the financial interests of the Union are protected by the application of preventive measures against fraud, corruption and any other illegal activities, by effective checks and by the recovery of the amounts unduly paid and, if irregularities are detected, by effective, proportional and dissuasive penalties. The Commission is authorised to carry out checks and verifications in situ under this Decision, in compliance Council Regulation (Euratom, EC) No 2185/96 of 11 November 1996 concerning on-the-spot checks and inspections carried out by the Commission in order to protect the European Communities financial interests against fraud and other irregularities. If need be, investigations shall be carried out by the European Anti-Fraud Office and shall be governed by Regulation (EC) No 1073/1999 of the European Parliament and of the Council of 25 May 1999 concerning investigations conducted by the European Anti-Fraud Office (OLAF)

### 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	Diff./Non-diff. <sup>59</sup>	from EFTA countries 60	from candidate countries 61	from third countries	within the meaning of Article 21(2)(b) of the Financial Regulation
		Diff./Non-diff.	YES/NO	YES/NO	YES/NO	YES/NO
2.a	07.020502 – ESF – Operational technical assistance – Financing under REACT-EU	Diff.	NO	NO	NO	NO
2.a	07.010101 – Support expenditure for the ESF+ - shared management	Non-diff.	NO	NO	NO	NO
2.a	07.010101 – Support expenditure for the ESF+ - shared management – Financing under REACT-EU	Non-diff.	NO	NO	NO	NO

<sup>59</sup> Diff. = Differentiated appropriations / Non-diff. = Non-differentiated appropriations.

<sup>60</sup> EFTA: European Free Trade Association.

<sup>61</sup> Candidate countries and, where applicable, potential candidates from the Western Balkans.

### 3.2. Estimated financial impact of the proposal on appropriations

Programmes and budget lines mentioned below are indicative. Appropriate funding will be identified within the envelopes of contributing programmes, in accordance with the applicable financial rules.

#### 3.2.1. Summary of 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:

EUR million (to three decimal places)

<b>Heading of multiannual financial framework</b>	Number	Under Heading 2a: Cohesion, Resilience and Values						
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DG EMPL			2022	2023	2024	2025	2026	TOTAL
○ Operational appropriations								
Budget line 07 02 05 02	Commitments	(1a)	8,500	0,500	0,300	0	0	9,300
	Payments	(2a)	0	3,600	1,920	3,660	0,120	9,300
	Commitments	(1b)						
	Payments	(2b)						
	Commitments	(1c)						
	Payments	(2c)						

○ TOTAL operational appropriations	Commitments	1a+1b+1c	8,500	0,500	0,300	0	0	9,300
	Payments	2a+2b+2	0	3,600	1,920	3,660	0,120	9,300

• Appropriations of an administrative nature financed from the envelope of specific programmes	2022	2023	2024	2025	2026	TOTAL
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Budget line 07 01 01 01	Commitments / Payments	(3)	0,108	0,443	0,158			<b>0,710</b>
Budget line 07 01 01 01 – REACT-EU	Commitments / Payments	(3)	0,000	0,506	0,000			<b>0,506</b>
○ TOTAL appropriations DG EMPL	Commitments		<b>8,608</b>	<b>1,449</b>	<b>0,458</b>			<b>10,516</b>
	Payments	2a+2b +2	<b>0,108</b>	<b>4,549</b>	<b>2,078</b>	<b>3,660</b>	<b>0,120</b>	<b>10,516</b>

<b>Heading of multiannual financial framework</b>	<b>7</b>	‘Administrative expenditure’
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EUR million (to three decimal places)

		2022	2023	2024	2025	2026	TOTAL
DG EMPL							
○ Human resources		0,125	0,502	0,084			<b>0,711</b>
○ Other administrative expenditure			0,017				<b>0,017</b>
<b>TOTAL DG EMPL</b>	Appropriations	0,125	0,519	0,084			<b>0,728</b>

<b>TOTAL appropriations under HEADING 7 of the multiannual financial framework</b>	(Total commitments = Total payments)	0,125	0,519	0,084			<b>0,728</b>
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EUR million (to three decimal places)

		2022	2023	2024	2025	2026	TOTAL
<b>TOTAL appropriations</b>	Commitments	8,734	1,968	0,542			<b>11,243</b>

<b>under HEADINGS 1 to 7</b> of the multiannual financial framework	Payments	0,234	5,068	2,162	3,660	<b>0,120</b>	<b>11,243</b>
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### 3.2.2. Estimated output funded with operational appropriations

Commitment appropriations in EUR million (to three decimal places)

Indicate objectives and outputs ↓	Type 62	Average cost	2022		2023		2024		2025		Enter as many years as necessary to show the duration of the impact (see point 1.6)						TOTAL			
			OUTPUTS																	
			No	Cost	No	Cost	No	Cost	No	Cost	No	Cost	No	Cost	No	Cost	No	Cost	Total No	Total cost
SPECIFIC OBJECTIVES No 163...																				
- Output	Communication campaign	7,000	1	7,000														1	7,000	
- Output	Commission's events	1,500			5	0,300												5	1,500	
- Output	Presidency's events	0,500			3	0,167												3	0,500	

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

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



- Output	Evaluation	0,300					1	0,300									1	0,300
Subtotal for specific objective No 1																		
SPECIFIC OBJECTIVE No 2 ...																		
- Output																		
Subtotal for specific objective No 2																		
<b>TOTALS</b>			1	7,000	8	2,000	1	0,300									10	9,300

### 3.2.3. Summary of estimated impact on administrative appropriations

- 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)

	2022	2023	2024	2025	Enter as many years as necessary to show the duration of the impact (see point 1.6)	TOTAL
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<b>HEADING 7 of the multiannual financial framework</b>								
Human resources	0,125	0,519	0,084					<b>0,711</b>
Other administrative expenditure		0,017						<b>0,017</b>
<b>Subtotal HEADING 7 of the multiannual financial framework</b>	<b>0,125</b>	<b>0,519</b>	<b>0,084</b>					<b>0,728</b>

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<b>Outside HEADING 764 of the multiannual financial framework</b>								
Human resources	0,108	0,949	0,158					<b>1,216</b>
Other expenditure of an administrative nature								
<b>Subtotal outside HEADING 7 of the multiannual financial framework</b>	<b>0,108</b>	<b>0,949</b>	<b>0,158</b>					<b>1,216</b>

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<b>TOTAL</b>	<b>0,234</b>	<b>1,468</b>	<b>0,242</b>					<b>1,948</b>
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- 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.

64 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.

### 3.2.3.1. 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

	2022	2023	2024	Year N+ 3	Enter as many years as necessary to show the duration of the impact (see point 1.6)		
<b>○ Establishment plan posts (officials and temporary staff)</b>							
20 01 02 01 (Headquarters and Commission's Representation Offices)	3	3	0.50				
20 01 02 03 (Delegations)							
01 01 01 01 (Indirect research)							
01 01 01 11 (Direct research)							
Other budget lines (specify)							
<b>○ External staff (in Full Time Equivalent unit: FTE)<sup>65</sup></b>							
20 02 01 (AC, END, INT from the 'global envelope')							
20 02 03 (AC, AL, END, INT and JPD in the delegations)							
<b>07 01 01 01 66</b>	- at Headquarters	7	7	5			
	- in Delegations						
01 01 01 02 (AC, END, INT - Indirect research)							
01 01 01 12 (AC, END, INT - Direct research)							
Other budget lines (specify) 07 01 01 01 NGEU	0	8	0				
<b>TOTAL</b>	<b>10</b>	<b>18</b>	<b>5.50</b>				

- **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	Formulating and coordinating with other services the work plan of the Year; drawing up the terms of reference for service and purchase contracts and accompanying the selection process; ensuring the interinstitutional coordination; preparing briefings and speeches for Commissioner and DG; ensuring input for press work; accompanying ex-post evaluation
External staff	

<sup>65</sup> AC= Contract Staff; AL = Local Staff; END= Seconded National Expert; INT = agency staff; JPD= Junior Professionals in Delegations.  
<sup>66</sup> 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:

- the proposal is compatible with the current multiannual financial framework
- can be fully financed through redeployment within the relevant heading of the Multiannual Financial Framework (MFF).
- requires use of the unallocated margin under the relevant heading of the MFF and/or use of the special instruments as defined in the MFF Regulation.
- requires a revision of the MFF.

3.2.5. *Third-party contributions*

The proposal/initiative:

- does not provide for co-financing by third parties
- provides for the co-financing by third parties estimated below:

Appropriations in EUR million (to three decimal places)

	Year N <sup>67</sup>	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								

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67 Year N is the year in which implementation of the proposal/initiative starts. Please replace "N" by the expected first year of implementation (for instance: 2021). The same for the following years.

### 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 other revenue
  - please indicate, if the revenue is assigned to expenditure lines

EUR million (to three decimal places)

Budget revenue line:	Appropriations available for the current financial year	Impact of the proposal/initiative <sup>68</sup>							
		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 assigned revenue, specify the budget expenditure line(s) affected.

Other remarks (e.g. method/formula used for calculating the impact on revenue or any other information).

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<sup>68</sup> As regards traditional own resources (customs duties, sugar levies), the amounts indicated must be net amounts, i.e. gross amounts after deduction of 20 % for collection costs.