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Subject: Developing skills and enhancing employability in the light of the PIAAC and PISA results  
- *Policy debate*  
(Public debate pursuant to Article 8(2) CRP [proposed by the Presidency])

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Following consultation of the Education Committee, the Presidency has drawn up the attached discussion paper as the basis for the policy debate at the EYCS Council meeting on 24 February 2014.

## Presidency discussion paper

### Developing skills and enhancing employability in the light of the PIAAC and PISA results

#### Introduction

Relevant, high-quality skills not only underpin employability and productivity, they also enhance competitiveness and fuel innovation. The Council conclusions due for adoption in February 2014 underline the fundamental role of education and training in developing and enhancing the skills needed for future growth which meet the demands of the labour market.

The findings of the recent international surveys PISA and PIAAC<sup>1</sup>, as well as data presented by the Commission in its Education and Training Monitor 2013<sup>2</sup>, confirm the validity of the strategic policy directions outlined in the European Annual Growth Survey and the country-specific recommendations adopted by the Council in the context of the European Semester.

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<sup>1</sup> The PISA Survey (Programme for International Student Assessment) has, since its first launch in 2000, become a key tool for the international assessment of skills provided by school systems. It has sparked educational reform across EU Member States. Its fourth up-date was published in December 2013.

[See: [http://ec.europa.eu/education/policy/strategic-framework/doc/pisa2012\\_en.pdf](http://ec.europa.eu/education/policy/strategic-framework/doc/pisa2012_en.pdf)]

The new Survey of Adult Skills (PIAAC), published in October 2013, provides for the first time ever, comparable data on the skills of the adult population. It contains information about adults' skills in areas of fundamental importance, such as being able to work with texts and numbers and to use ICTs for solving problems. [See:

[http://ec.europa.eu/education/policy/strategic-framework/doc/piaac\\_en.pdf](http://ec.europa.eu/education/policy/strategic-framework/doc/piaac_en.pdf)]

<sup>2</sup> See: [http://ec.europa.eu/education/library/publications/monitor13\\_en.pdf](http://ec.europa.eu/education/library/publications/monitor13_en.pdf)

Overall, there is a structural problem underlying the performance of education systems in Europe, which has negative consequences for both the economy and society at large. An increasing number of young people are completing higher education, partly as a result of national policy and partly because they have chosen to stay in education longer because of the economic crisis. However, there are too many graduates who are unemployed or under-employed, while employers say that they cannot find the people with the skills they need. Addressing these shortcomings calls for appropriate policy measures and sustained and efficient investment in education and training at national level.

Securing such investment is, however, difficult at a time of scarce public resources. Indeed, many Member States are currently reducing their education budgets. This trend undermines Europe's growth potential. The 2014 European Annual Growth Survey<sup>3</sup> calls both for growth-friendly fiscal policies (including by protecting investment in education) and for efforts to improve the efficiency of public spending.

### **Strategic implications of the findings**

#### **1. Imbalances in skills supply**

The PIAAC survey brings to light a serious issue concerning the inconsistent quality of education across the Union. It is remarkable, for instance, that upper-secondary graduates in some Member States achieve the same, or sometimes even better, results than higher education graduates in others. Secondly, Europe currently faces a serious problem of skills mismatches, a problem which in many ways has been compounded by the economic crisis. The current situation of young people on the labour market, and their difficulties in making the transition from school to work, stem partly from the fact that formal education has not equipped them sufficiently with the relevant skills. Many young people who leave school with low levels of skills accordingly start their working lives with a significant handicap and find it difficult later in life to make up for any shortcomings.

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<sup>3</sup> Doc. 15803/13.

More work-based learning is needed. Compared to curricula designed entirely by educators and taking place entirely in schools, work-based learning equips young people to develop “hard” skills on modern production methods and “soft” skills such as teamwork, communication and negotiation through real world experience. This facilitates employability and applies whether young people are pursuing a vocational stream or following a more academic route.

As for working adults, insufficient skills also limit their employability and thus contribute to long-term and structural unemployment.

Finally, it should also be noted that some Member States are faced with the problem of "brain drain" and find many of their best performing graduates and most highly skilled individuals taking their skills elsewhere.

## **2. High share of low-skilled adults**

Another finding of the PIAAC survey is not only that one in five European adults has low literacy and numeracy skills but also that one in four cannot make proper use of ICTs, thus excluding many from full participation in society and future-proof jobs. Moreover, the PISA survey shows that socio-economic background has the strongest impact on educational achievement, which can serve to entrench educational inequalities. Low-skilled adults often find themselves in a "low-skills-trap", since they do not participate sufficiently in education and training activities. On the other hand, the labour market is becoming more and more demanding in terms of skills and qualifications, a trend which further increases the risk of unemployment and, in the worst case, of poverty and social exclusion.

### **3. Challenges in funding education**

Although the results of the international surveys clearly plead in favour of more and better investment in skills development, the Education and Training Monitor (cf. section C in the annex) shows that sixteen Member States in fact decreased their education expenditure at some stage between 2008 and 2011, with six of them showing further significant budget decreases in 2012. In times of scarce public finances, efforts are therefore needed to achieve more with less, and there is a universal need to improve the efficiency of education and training.

### **4. Shared interest in strengthened cooperation**

While the findings show that the situation in terms of strengths, weaknesses and challenges varies from one Member State to another, it is clear that all share a common interest in improving the skills of their workforces and populations, for social as well as the obvious economic reasons. Cooperation at the EU level, especially via the "ET2020" strategic framework for European cooperation in education and training and its open method of coordination, can help Member States to learn from each other by exchanging information and experiences on "what works". The EU-level supports this joint work, among other things, by strengthening evidence-based policy-making and providing comparable data, including country-specific and cross-country analyses.

Measures which provide added value and have multiplier effects are required both at national and European level. Such measures need to allow for greater synergies between the State, education bodies and businesses with a view to enhancing lifelong learning as well as increasing cohesion, equality, social inclusion and citizenship, since the unemployed are directly threatened with social exclusion. This is not only related to new types of skills, but also to the areas in which those skills are emerging. In the area of reading, for example, digital information is far more important today than it was when PISA was first established, and places very different demands on students. Similarly, in the area of mathematics, issues around statistics and complex numeracy are much more important today than they were in the past.

Against this background, it is clear that a key challenge facing Ministers responsible for education is to better understand the evolution of skills requirements in the labour market and to find ways to reshape education policies in ways that respond to these changing needs.

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**Ministers are invited to respond to the following questions:**

- 1. In the light of the new evidence offered by the recent PISA and PIAAC surveys, what is the single most notable skills challenge faced by citizens in your country and what measures do you propose to meet this?**
- 2. How could the work done at EU level (policy cooperation and funding instruments) add value to your efforts to address this challenge? What are the implications of PISA and PIAAC for future European cooperation under the "ET 2020" strategic framework?**

In order to promote an interactive, free-flowing debate, the Presidency will be inviting two external speakers to give their perspectives on this issue:

- Prof. Frank VANDENBROUCKE, Research Centre of Public Economics – Katholieke Universiteit Leuven, and
- Frank-Jürgen WEISE, Head of the German Public Employment Service.

In their interventions, Ministers should be guided by the indications in the text box above and by the presentations of the external speakers. Ministers will be encouraged to intervene freely and spontaneously in response to the speakers. The Presidency will also invite the external speakers to respond to the debate as it unfolds, and reflect on points made by Ministers.

In order to give all Ministers an opportunity to contribute, as well as to foster a more interactive discussion, interventions should be as concise as possible. Ministers whose first intervention is less than two minutes will have the option of intervening a second time.

The Presidency's aim is that each Minister leaves the discussion with practical ideas which they can take back to their capitals for further discussion.

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**Analysis of recent data conducted by the European Commission**

**A. Implications of the Survey of Adult Skills (PIAAC) for education and training policies in Europe**

1. 20% of the EU working age population has low literacy and low numeracy skills.
2. Education and skills increase employability: this represents a challenge for the one in four unemployed who has low literacy and numeracy skills.
3. The high-skilled are progressing well through adult learning, but people with low proficiency are easily caught in a 'low skills trap' as they are less likely to participate in learning activities.
4. There are significant differences between individuals with similar qualifications across the EU17 member countries: upper secondary graduates in some Member States score similar or better than higher education graduates in others.
5. 25% of adults lack the skills to effectively make use of ICTs.
6. The skills of a person tend to deteriorate over time if they are not used frequently. The gap in literacy proficiency skills between generations is more than two thirds of a proficiency level (equivalent to five years of education).
7. Sustaining skills brings significant positive economic and social outcomes.



## **B. Implications of the results of the 2012 PISA survey for education and training policies in Europe**

1. When it comes to progress towards the 2020 benchmark of at most 15% low achievers, the EU as a whole is seriously lagging behind in the area of mathematics. Significant policy reform will be required in order to break with this stagnation.
2. Progress in reading and science is on track, but the slow pace of improvement demands that Member States sustain their efforts to tackle low achievement in school education.
3. The share of low achievement in mathematics and science does not reveal significant differences between boys and girls, which is promising for later STEM fields of study. But the gender gap remains striking in the area of reading, where boys have a strong disadvantage. Measures motivating boys to strengthen their reading skills are the key to reaching the 2020 benchmark in the area of reading.
4. Socio-economic status is a driving determinant for a 15-year-old's achievement in mathematics, but also for a country's performance as regards the ET 2020 benchmark. This illustrates the persisting inequities found in European education and training systems. Education alone cannot tackle this challenge, but a focus on regional discrepancies and more holistic, cross-sectorial solutions are a first step.
5. Migrant status has clear overlaps with the effects of socio-economic background, but also exercises an independent influence on mathematics performance. The strong disadvantage of foreign-born students in maths skills is partly related to language difficulties.
6. Early childhood education and care (ECEC) proves vital for later development of basic skills, demanding more evidence on those not participating in these services, as well as on the quality criteria for ECEC to live up to its potential.

### C. Findings from the 2013 Education and Training Monitor

1. Sixteen Member States decreased their education expenditure at some stage between 2008 and 2011, with six of them showing further significant budget decreases in 2012 (EL, IT, CY, LV, PT, UK-WLS). Cutbacks in spending per student across Europe started to be most prevalent in tertiary education (12 Member States) between 2008 and 2010. Whereas the majority of Member States decreased spending per student for at least one level of education, BG, ES, HR, IT, LV and RO cut down on all levels from primary to tertiary in this period.
2. The employment rate of recent graduates with at least upper secondary education stands at 75.7%, down from 82.0% in 2008. An advantage of tertiary education attainment over upper secondary education attainment is still visible in all Member States. However, across the EU, 21% of people with tertiary qualifications are active in jobs that usually require lower qualifications. This suggests that, in spite of the high levels of unemployment, there is also evidence of skills mismatches.
3. The transition from education to work can be facilitated through quality traineeships, apprenticeships and dual learning models. Students from vocational education and training programmes have a better transition from education to work in Member States with developed work-based learning (e.g. DK, DE, NL and AT). Many Member States are working on reforms that build on the experiences of these countries.
4. Early school leavers are struggling to move between the worlds of work and education. The rate of early leavers from education and training stands at 12.7%. However, between 2009 and 2012, IT, DE, FR and CY have been making little progress and HU, RO and BE have even shown an increase in their early school leaving rates. The biggest challenge lies in the transition from school to work, with the unemployment rate amongst early school leavers at 40.1%, and from work back to learning, with only 0.8% of 18 to 24 year-olds in non-formal learning after having left formal education.

5. A global race for talent changes the landscape of higher education. With the tertiary attainment rate now at 35.7%, the policy focus is shifting towards improving completion rates (still below 70% in many Member States), further enhancing quality and relevance and promoting the international mobility of students. International mobility in higher education increases the probability of mobility after graduation and can help in tackling skills mismatches and bottlenecks across the European labour market.
6. 20% of 16 to 65 year-olds is unable to exceed a basic level of literacy and 24% is unable to do so in numeracy. The results from the Survey of Adult Skills underline the need for lifelong learning. However, skills levels and participation in adult learning are strongly connected in many countries, confirming that lifelong learning is still not profited from by those who would benefit from it most. Adult participation in lifelong learning stands at only 9.0% and is most prevalent amongst the young and highly educated.
7. Only half of the EU population aged 15 years and above agree that their school education helped them to develop entrepreneurial competences. Virtually all countries that show an above-average performance in entrepreneurial attitude also have above-average percentage participation, at school or university, in courses or activities concerning entrepreneurship. Efforts to develop entrepreneurial skills are needed to support new business creation, employee innovation within existing companies and to improve employability levels of the young. Entrepreneurship education is a tool to drive up the economic benefits of education.
8. Inequalities persist in European education and training systems. Evidence suggests that many education and training systems in Europe are marked by inequalities, reflected by strong disadvantages in the skills and qualifications of social groups such as young people with a migrant background. There is also wide variation between different Member States in their success at addressing the problem. These inequalities have severe consequences for individuals, for economic progress and for social cohesion.

9. Rethinking how we attract, educate and support teachers, school leaders and teacher educators is a pressing issue, with the teaching profession across Europe strongly affected by demographic trends. In many Member States, the majority of teachers currently in employment are in the highest age brackets. In IT, DE, EE and NL, for example, more than 45% of the teaching workforce is in the 50+ category and in IT, BG, DE and ES there are very few teachers under the age of 30.
  
  10. Europe is lagging behind in the development of Open Educational Resources (OER) and Massive Open Online Courses (MOOCs). Although digital technologies are fully embedded in the way people interact, work and trade, they are not being fully exploited in European education and training systems. While 70% of teachers in the EU recognise the importance of training in ICT-supported pedagogies, only 20% of students are taught by digitally confident and supportive teachers.
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