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Subject: The economic case for education and training in the context of the mid-term review of the Europe 2020 strategy  
- *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 12 December 2014.

***The economic case for education and training  
in the context of the mid-term review of the Europe 2020 Strategy***

**Presidency discussion paper**

***1. Overall context***

*Europe 2020* was designed as the European Union's strategy for growth and jobs in response to the severest economic crisis in the Union's history. From the outset, education has played a key role within the Strategy, as demonstrated by the headline target that was adopted <sup>1</sup>.

The decision to give an important role to education within *Europe 2020* was based on the rationale that quality education and the development of skills are pre-requisites for the innovation, sustainable and inclusive growth, inclusion in the labour market, competitiveness and high productivity which Europe needs. Similarly, the action being taken, for instance, to reduce student dropout rates has been acknowledged to have a significant impact on the economy, as well as on equity and social cohesion.

At this mid-term stage of the Strategy, there is broad agreement among policymakers in the Member States on the following:

- Firstly, what matters most is the quality of educational outcomes. The empirical evidence on the quality of educational outcomes (as reflected in PISA surveys, PIAAC data and school drop-out rates) shows that there is no room for complacency and that much still needs to be done to achieve quality education for all.

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<sup>1</sup> i.e. to reduce the rate of early school-leavers to below 10% and to increase tertiary or equivalent attainment to at least 40% by 2020

To unlock the full potential of education as a driver for competitiveness, innovation and social cohesion, quality education needs to be the overriding goal for education policies and reforms.

- Secondly, the economic case shows that low-quality education comes at a cost. Low or inefficient funding of education systems is bound to produce economic under-performance.

Member States that devote a relatively low share of their GDP to education (less than 4%, as compared with an EU average of 5.3%) are among those which have cut education budgets further in 2012. This is an indication that expenditure for education is not treated systematically as an investment. Yet in order to achieve quality outcomes, the necessary investments need to be made.

- Thirdly, there is room to improve efficiency. There are marked differences between countries in terms of how much they spend for education and what kind of results they achieve.

Many examples illustrate the importance of how resources are spent. To improve the quality of education requires education systems to be modernised, but also to be made more efficient at a time of scarce public resources.

- Fourthly, there is room to investigate, assess and improve the complex and systemic relationship between education, skills and jobs, both at secondary and tertiary level. It is important to prevent a widening gap between curriculum development and the rapidly evolving demands of labour markets, the innovation sector and society.

## 2. *The role of education in the revised Europe 2020 Strategy*

This policy debate is taking place at a defining moment, when the strategic direction of the European policy agenda is being re-defined. It therefore offers a timely opportunity to focus on the specific role played by education in this new policy agenda and to discuss how governance of the Strategy should be shaped so as to ensure that education plays its full part in promoting innovation, inclusive growth, competitiveness, productivity and social cohesion.

The "headline target" is among the most prominent elements of *Europe 2020*. The education headline target and its underlying rationale have had important consequences. Under the European Semester, Member States have been called upon to protect investment in inclusive growth-friendly policies such as education and a significant share of allocations from the European Structural and Investment Funds has been programmed for measures in the education field. The increased importance attached to education has also been reflected in the overall Multiannual Financial Framework through the increased allocations for Erasmus+.

Good progress has been achieved towards both elements of the headline target, which thus seems broadly achievable by 2020. The average share of early school leavers stood at 12% in 2013 and the percentage of 30-34 year olds having completed tertiary or equivalent education stood at 36.9% in 2013, although there are significant variations between Member States.

Against this background, Ministers are invited to consider the following questions in the context of the *Europe 2020* review:

**Question 1**

*To what extent do ministers think that the inclusion of education and training in the Europe 2020 Strategy has had a positive impact on the economy and the improvement of education and training?*

**Question 2**

*In addition to the EU headline target for education and training, are there any other priorities in the field of education and training that you would wish to identify for the coming period?*

**Question 3**

*Do you consider the governance of Europe 2020 helpful in terms of implementing and monitoring reforms at both national and European level, and could it be improved in any way?*

**3. *Developing better synergies between education, macro-economic, fiscal and employment policies***

In view of the importance of education for macro-economic development, the education sector has a lot to offer in support of *Europe 2020*. In particular, the work being done in the context of EU-level cooperation under the "ET 2020" Strategic Framework can help to:

- provide improved and more detailed country-specific evidence and cross-country analysis;
- share experience through innovative actions, such as policy experimentation under Erasmus+, and promote mutual learning under the "ET 2020" framework;

- strengthen cooperation between relevant organisations at both national and international level, with particular attention being paid to data and information links;
- make good use of EU-level tools to promote the broader *Europe 2020* objectives.

One important question for the review of *Europe 2020*, however, is whether in practice the strategy makes good use of all the positive elements that education can contribute. The hallmark of *Europe 2020* is that it brings together a broad range of policy areas, (employment, research and development, climate and energy, education, and the fight against poverty and social exclusion) to exploit synergies between them. Initiatives such as the European Alliance for Apprenticeships<sup>2</sup> and the Council Recommendation on a Quality Framework for Traineeships<sup>3</sup> are testimony to the benefits of close cooperation between different Council formations.

In this context, the EPSCO Council endorsed a joint contribution from the **Employment Committee** and the **Social Protection Committee** on the Europe 2020 mid-term review at its meeting on 16 October 2014. Section 2 of this document specifies that: "*EMCO will cooperate with the Education parts of the Council and explore ways of improving and better structuring this relationship, with emphasis on building a basis for evidence based debate on human capital issues.*"<sup>4</sup>

Education ministers are invited to discuss whether the current level of cooperation with other Council formations is appropriate or whether it should be strengthened.

#### **Question 4**

***How can synergies between education and other fields such as employment and economic policy be better exploited within the context of the revised Europe 2020 Strategy?***

<sup>2</sup> See document 14986/13.

<sup>3</sup> OJ C 88, 27.3.2014, pp. 1-4.

<sup>4</sup> 13809/14, page 8, paragraph 21, 3rd indent.

**Follow up**

By mid-December, all the Council formations involved in the Europe 2020 Strategy will have debated the issues raised in the context of the mid-term review. The Presidency will draw together all the contributions for presentation to the December General Affairs Council and the European Council and as input for subsequent Commission work on the review.

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