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| From: | Presidency |
| To: | Permanent Representatives Committee/Council |
| Subject: | Comprehensive solutions to demographic challenges: Supporting parents and unlocking the untapped potential of young and older generations - <i>Policy debate</i> |

Delegations will find attached a steering note prepared by the Presidency, with a view to the policy debate on the above subject at the EPSCO Council on 2 December 2024.

**Comprehensive solutions to demographic challenges:
supporting parents and unlocking the
untapped potential of young and older generations**

Policy debate

Demographic change has a major influence on the societies and human capital of the European Union. It affects our economies as a whole, as well as our territorial and social cohesion. Europe's population is ageing and will start to decrease soon. By 2050, the EU's share of the global population is expected to be less than 5%. These demographic trends can have significant implications on the EU's long-term competitiveness. If such trends persist, they could exacerbate shortages in the labour market and create pressure on national budgets and social security systems. In addition to sustainability concerns, these trends have a profound impact on productivity as well.

Demographic change is largely influenced by individual choices. Therefore, the main aim of EU and national policies should be to support individuals in achieving their aspirations related to personal career and family life, amongst others.

Supporting parents in today's pressing demographic challenges

In view of the above-mentioned challenges, particular focus should be placed on enhancing comprehensive support for parents to create a more family-friendly environment that addresses the socio-economic impacts of ageing and declining birth rates. Such environment should take into account the benefits of improving work-life balance and gender equality in allowing both parents, women and men, to engage in paid work. Policies should explore and enhance measures such as strengthening adequately compensated and flexible parental leave, including paternity leave, affordable, accessible, and high-quality childcare and long-term care, and measures facilitating access to affordable, decent and sustainable housing.

When supporting individuals and parents in reconciling work and private life, it is essential to consider a ‘needs-based approach’, which means a flexible, adaptive framework that prioritises and addresses the varying personal and professional needs of workers, while promoting equal sharing of care responsibilities between women and men and fostering reconciliation between work and care responsibilities. Such an approach emphasises the importance of understanding and accommodating the specific needs of individuals in order to enhance their well-being. It involves assessing and taking into account the specific circumstances of EU citizens, such as family responsibilities and life plans, including child-rearing and professional development goals as well as promoting gender equality. Flexible working arrangements can significantly enhance the work-life balance of parents, enable them to be active in the labour market and allow them to better manage family and work. This needs to be coupled with affordable, accessible and high-quality services for early childhood education and care, as well as long term care.

Gender equality is another important aspect. When supporting parents and families, it is essential to encourage the equal participation of women and men in care and household responsibilities as well as to enhance workplace policies that respond to the individual needs and circumstances of women and men raising young children, thus allowing them to fulfil their aspirations. This will also prevent early withdrawal of persons with care responsibilities from the labour market.

Besides work-life balance, availability and access to affordable and decent housing is also of utmost importance to create a family-friendly environment. It contributes to a sense of security and provides a foundation for starting a family. For instance, well-targeted housing subsidies, especially in a non-refundable format, can undoubtedly help to achieve this goal, when combined with structural measures to ensure the supply and availability of affordable, decent and sustainable housing.

The financial stability of families is central when addressing the issue of demographic change, by addressing its root causes while also adapting to new realities. Well-designed tax-benefit systems ensure that individuals are financially better off when taking up paid work. Child benefits are also a way of supporting family formation and overcoming financial obstacles regarding the fulfilment of individual life plans.

The measures aiming at fostering needs-based work-life balance, promoting gender-equality, supporting access to affordable housing as well as ensuring financial stability and economic independence of families aim to make it easier for parents to achieve their aspirations regarding having children and fulfilling their professional goals. By reducing financial and social barriers, these policies aim to encourage economic growth, relieve economic pressures on parents, and create stable conditions for child-rearing across EU Member States.

Unlocking the untapped potential of young and older generations

To manage today's pressing demographic challenges, we can also tap into the strengths of both younger and older generations. As highlighted in the Demography Toolbox, using the labour market potential of younger and older groups has been, and will be, one of the most effective measures in mitigating the impacts of demographic change. At the same time, there is a growing need to bridge different realities among generations and foster collaboration, on a voluntary basis, that eases caregiving responsibilities of parents.

Additionally, there is a need to harness the skills and potential of both younger and older people, focusing on education, reskilling, and flexible employment options to adapt to demographic realities, boost economic resilience and foster intergenerational solidarity across the EU. Younger generations can provide fresh perspectives, help with tech skills, and educational support to children, allowing parents more time to focus on their own roles. Programmes that allow young adults, besides their personal and career development, to voluntarily connect with families in need of tutoring, childcare, or mentoring could lighten parents' day-to-day burdens, offering practical and emotional relief.

At the same time, the older generation possesses rich life experience that can greatly benefit young families. Establishing intergenerational initiatives and activities, such as educational and tutorial programs, volunteer networks, or flexible, part-time caregiving by retirees, also on a voluntary basis can empower older adults to step in as mentors, helpers and carers. These can not only enrich family life but can also give older adults experiencing loneliness a sense of purpose.

All these measures and efforts together can create a supportive community that is based on intergenerational dialogue and solidarity where the potential of every generation contributes to a coherent society, sharing the weight of parenting in ways that benefit everyone.

In light of the above, Ministers are invited to discuss the following steering questions:

- *How can we provide assistance for young individuals to fulfil their aspirations regarding their personal professional development and the establishment of a family?*
 - *What measures can help to further support a needs-based work life balance for parents, especially parents with young children?*
 - *How can intergenerational solidarity as well as unlocking the untapped potential of young and older generations contribute to the work-life balance of parents in the context of demographic change?*
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