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# EFSI's contribution to the public consultation on the Europe 2020 strategy

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Registered organisation

Main area(s) covered by the contribution: Employment

Register ID number: 57795906755-89

Authorisation given to publish the reply

## **1) Taking stock: the Europe 2020 strategy over 2010-2014**

### **CONTENT AND IMPLEMENTATION**

#### **1.1 For you, what does the Europe 2020 strategy mean? What are the main elements that you associate with the strategy?**

The Europe 2020 strategy represents the EU long-term roadmap framing and guiding all EU policies and activities. The main elements we associate with the strategy are the employment targets, the European Semester of economic policy coordination and the Employment Package adopted in 2012.

#### **1.2 Overall, do you think that the Europe 2020 strategy has made a difference? Please explain.**

As far as the personal and household services (PHS) sector is concerned, the assessment of the Europe 2020 strategy is mitigated. On the one hand, the strategy has underlined the need to create jobs, notably for women, low-skilled people and long-term unemployed and has – through the Employment Package – identified the job creation potential of the PHS sector. On the other hand, no progress has been made in relation to a proposal for guiding principles to promote enabling conditions for job creation and enhanced working conditions (i.e. reduction of undeclared work, enhanced professionalization and better work-life balance). Quite the contrary, the focus on austerity measures and budgetary constraints of the European Semester cycles has been made in many cases at the expense of current policies and recommendations in the social and employment fields. This is why, EFSI considers that the renewed Europe 2020 strategy should go beyond recognition and awareness of the PHS contribution to our societies in order to really make a difference.

**1.3 Has the knowledge of what other EU countries are doing in Europe 2020 areas impacted on the approach followed in your country? Please give examples.**

No comment.

**1.4 Has there been sufficient involvement of stakeholders in the Europe 2020 strategy? Are you involved in the Europe 2020 strategy? Would you like to be more involved? If yes, how?**

Stakeholders have been involved thanks to several public consultations. In this regard, EFSI contributed to the consultation on the new strategy (2010) and the consultation on exploiting the employment potential of personal and household services (2012). However, EFSI deplors an insufficient involvement of stakeholders when it comes to the concrete implementation and operationalization of the various communications related to the Europe 2020 Strategy as well as in regard to the adoption of the Country Specific Recommendations (CSR). In this regard, EFSI considers that stakeholders involvement will be particularly important in the design and implementation of the renewed Europe 2020 strategy, for instance in highlighting the importance of a target to measure progress towards the reduction of undeclared work or progress toward an enhanced participation of women to the labour market.

**TOOLS**

**1.5 Do the current targets for 2020 respond to the strategy's objectives of fostering growth and jobs?**

EFSI fully supports the employment policy objectives of the Europe 2020 strategy, particularly the aim to reach a labour market participation rate of 75% of the people at working age. These targets are in line with the strategy's objective of fostering growth and jobs. However, these targets appears to be essentially political objectives and are not in itself a sufficient tool to help to measure and guide the different aspects of the strategy. In addition, current targets do not take into account the qualitative aspects of the Europe 2020 strategy such as the quality and the sustainability of the jobs created or the reduction of long-term unemployment.

**1.6 Among current targets, do you consider that some are more important than others? Please explain.**

Generally speaking, EFSI considers the current targets as being of equal importance. However, under the current economic and social situation – which strongly deteriorated due to the economic crisis and austerity measures – it is necessary that during the next five years the European Commission and Member States make every efforts to reach the following targets:

- increasing the employment rate of the population aged 20-64 to at least 75%,
- reducing school drop-out rates to less than 10% and increasing the share of the population aged 30-34 having completed tertiary education to at least 40%,
- lifting at least 20 million people out of the risk of poverty and social exclusion.

**1.7 Do you find it useful that EU-level targets are broken down into national targets? If so, what is, in your view, the best way to set national targets? So far, have the national targets been set appropriately/too ambitiously/not ambitiously enough?**

Because of the diversity of economic and social situations across Member States, EFSI considers that it is useful and necessary to set national targets. Furthermore, the success of the Europe 2020 strategy depends on the ability of EU Member States to play their parts in implementing necessary reforms at national level. However, EU level targets have not been translated into sufficiently ambitious national targets and they do not cumulatively reach the EU-level ambition. This is why, in order to encourage more ambitious national targets and sufficient coherence among Member States, EFSI recommends that once the renewed Europe 2020 strategy is adopted and prior to the adoption by Member States of their own National Reform Programmes, a EU-wide debate should be held between the European Commission, the Council and the European Parliament on the national targets. This debate should also ensure that both national and European stakeholders can voice out their concerns. In addition, an assessment of national targets must be carried out each year as part of the European Semester, using supplementary indicators and qualitative analysis. This assessment must enable policy makers to include within the Country-Specific Recommendations, analysis concerning the advancement towards the Europe 2020 targets.

**1.8 What has been the added value of the seven action programmes for growth? Do you have concrete examples of the impact of such programmes?**

As far as employment is concerned, the flagship initiative “Agenda for new skills and jobs” did not tackle the objectives of improving the quality of jobs offered and ensuring better working conditions but mainly focused on skills mismatches and on equipping people with the right skills. Actions focusing on ensuring the quality of jobs created are missing, as well as on improving the accessibility of the labour market for all people that can work. As such, this flagship initiative did not create a coherent framework for employment policies, enabling synergies between the different European actions and especially with the European Semester. Thus, as far as the PHS sector is concerned, the added value of the “Agenda for new skills and jobs” is rather limited and even inexistent.

However, due to inadequacy of the flagship initiative and the deepening of the crisis, the European Commission adopted in 2012 an Employment Package “Towards a job rich recovery”. The Employment Package contributed to a necessary shift in the policy focus but – just like the flagship initiative on employment – failed to create effective links with European Semester. Generally speaking, EFSI regrets that the seven action programmes for growth (or Flagship Initiatives) had not been used as effective policy levers to enhance policy coordination and implementation at all levels along the European Semester.

## **2) Adapting the Europe 2020 strategy: the growth strategy for a post-crisis Europe**

### **CONTENT AND IMPLEMENTATION**

#### **2.1 Does the EU need a comprehensive and overarching medium-term strategy for growth and jobs for the coming years?**

Despite the fact the Europe 2020 strategy policy targets in relation to employment rates are still far away, EFSI still considers that a comprehensive and overarching medium-term strategy is needed. This renewed Europe 2020 strategy must be ambitious enough in order to transform current positive sign of economic recovery into job creation and additional growth. However, the effectiveness of this post-crisis EU strategy requires a rebalancing of financial and economic priorities with strong commitment to social priorities as well as a deep revision of its implementation tools.

#### **2.2 What are the most important and relevant areas to be addressed in order to achieve smart, sustainable and inclusive growth?**

Since 2009, indicators on employment, poverty and social exclusion show a continuous and sharp deterioration. The EU unemployment rate has increased steadily to reach 11% or 26 million people in 2013. As such, between 2008 and 2013 the pool of unemployed in the EU as a whole grew by 10 million people and there are currently no signs of any reversal of this upward trend across most of the EU Member States. Low-skilled workers (pre-primary, primary and lower secondary education), long-term unemployed, female and young workers appear to be among those most hit by the crisis. Those groups' contribution to the labour market, economic growth and social inclusion is far below their potential. In this regard, it should be recalled that the services' sector – and in particular the PHS sector – plays an important part in the social inclusion of vulnerable workers by providing them with quality jobs and adequate trainings as well as life-long learning opportunities. It should also not be forgotten that the services sector is currently the first employer across the EU and it has the highest job creation potential in the coming years.

Currently, the EU's capacity for job creation is weak and the continuous goal of adjustment of macroeconomic imbalances has dominated the policy agenda at the expense of the inclusive growth objective. In addition, the EU will face an unprecedented demographic challenge in the next decades. While in 2010, the share of Europeans aged 65-79 years old reached 14% of the EU27 population and 6% for those aged 80 years or above, the latest projections estimate that in 2060 their share in the EU population will reach respectively 18% and 14%. This ageing of the EU population combines with a fastest growth of the oldest-old compared to any other population segment.

This is why, EFSI considers that employment, professionalization, entrepreneurship and our societies' adaptation to the current and long-term demographic challenges should be the key priorities areas in order to achieve smart, sustainable and inclusive growth. EFSI would like to stress that a strong ambition at the European level is more than needed.

#### **2.3 What new challenges should be taken into account in the future?**

In order to efficiently improve the social and labour market situation, EFSI considers that the most important challenges that should be tackled by the renewed Europe 2020 strategy are:

- **the low employment rate of women** (which in 2013 reached 62.5% in the EU 28 compared with 74.2% for men) **and the necessity to create job opportunities for long-term unemployed and low-skilled people.** Priority should be given to mechanisms tackling the specific problems of these targets groups. EFSI stresses the potential of the PHS sector in the creation of quality and sustainable jobs, including jobs that are appropriate for people with lower skills and accessible to people most excluded by the labour market,
- **the need to foster job creation in labour intensive sectors which are in addition non-relocatable.** EFSI underlines the need to promote a climate of entrepreneurship and job creation through an improved functioning of the labour market and adapted financial and fiscal regulation making it sustainable and attractive for employers to create jobs and hire people on the fringe of the labour market,
- **the increase in recent years of undeclared work throughout Europe.** In this regard, the European Commission should adopt a comprehensive strategy comprising of both compliance-oriented and deterrence approaches as well as specific approaches for sector with a high share of undeclared work. These sector specific measures should be accompanied by measures enhancing working conditions and professionalization in order to make formal employment more attractive for both workers and employers,
- **the impact of austerity measures on social services.** The recent budget constraints have reduced access to and financing of a whole range of social services, including childcare services and help and care services for elderly and dependents people. A sufficient level of investment in these services should be guaranteed in order to ensure their appropriate functioning,
- **the lack of broad legislation and concrete measures across the EU to better reconcile private and professional life.** This challenge will become more and more pressing because of the increasing will of new generations to better balance work and private life. In addition due to population ageing, workers' caring obligations are going to increase, while at the same time retirement age is postponed. In this regard, EFSI believes that PHS are an important tool to overcome the difficulties of daily life, and their development must be accompanied by appropriate care leave and the promotion of flexible working time arrangement, these three elements being indivisible of any reconciliation policy.

EFSI considers that the renewed Europe 2020 strategy should put a stronger focus on these challenges in order to trigger policy action in the Member States, including at regional and national levels. EFSI underlines that the PHS sector can bring an important contribution in tackling effectively and over the long-term these challenges. The PHS sector will definitely expand and ought to be considered as an important labour supplier and as an answer to the need to support childcare services and care services for the elderly and other dependents as well as the marginalization of vulnerable groups.

#### **2.4 How could the strategy best be linked to other EU policies?**

EFSI considers that the renewed Europe 2020 strategy long-term goals and related policy measures and long-term investments should be included in the main programming documents of the European

Semester. As such, it should ensure an alignment of short-term actions and long-term goals. More specifically, EFSI recommends that concrete actions and recommendations on all headline targets should be included in the Annual Growth Survey (AGS) and in Country-Specific Recommendations (CSR). In addition, National Reform Programmes (NRP) should include ambitious roadmaps to deliver on the Europe 2020 targets as well as reports on how they have been implemented.

## **2.5 What would improve stakeholder involvement in a post-crisis growth strategy for Europe?**

### **What could be done to increase awareness, support and better implementation of this strategy in your country?**

EFSI underlines that stakeholders involvement would be improved thanks to a clear, transparent and well-structured procedure for drafting and evaluating the Europe 2020 Strategy. The full range of EU-level stakeholders should be involved as equal partners in a timely and meaningful way. Such procedure should foster involvement in developing, implementing, monitoring and evaluating policies under Europe 2020 as well as in evaluating National Reform Programmes' actions towards Europe 2020 targets.

Finally, EFSI considers that the European Commission could facilitate cross-national exchanges and cooperation on the issue at national and regional levels. Thus, public and private sector experts and practitioners as well as civil society organisations should be given the opportunity to voice out their concerns and exchange ideas on the implementation of the Europe 2020 Strategy. Such dialogue should increase national stakeholders' awareness and support.

## **TOOLS**

### **2.6 What type of instruments do you think would be more appropriate to use to achieve smart, sustainable and inclusive growth?**

EFSI considers that current instruments (such as the headline targets, the European Semester and the Flagship initiatives) are appropriate but must be improved to achieve smart, sustainable and inclusive growth. Flagship initiatives should be renewed into comprehensive strategies. As such, EFSI considers that a comprehensive job creation strategy aiming for strategic investment in the PHS sector involving Member States and key stakeholders operating in the field would be a very useful tool. As expressed above (*see question 2.4*), the European Semester could be a very useful tool if it integrated the long-term goals of the renewed Europe 2020 strategy.

Furthermore, EFSI considers that three new instruments should be adopted: specific impact assessments, operationalization work plans and progress scoreboards. Thus, the European Commission should include in its impact assessment procedure an analysis of the impact of each proposal regarding the achievement of Europe 2020 targets, so that policies implemented to reach one of the targets of Europe 2020 are not detrimental to another. This progress scoreboard should take into account economic as well as social benefits such as social inclusion and work-life balance. The comprehensive strategies should be translated into concrete operationalization work plans and finally, progress towards the targets' achievement should be yearly monitored in a structured way in partnership with all levels of government and relevant stakeholders.

## **2.7 What would best be done at EU level to ensure that the strategy delivers results? What would best be done at Member State level?**

The European Commission could favour successful actions at Member States level through meeting of EU Ministers to discuss structural reforms and exchange best practices. It could also provide funding for pilot projects at national levels in line with the Europe 2020 strategy targets.

## **2.8 How can the strategy encourage Member States to put a stronger policy focus on growth?**

EFSI considers that Member States could be encouraged to put a stronger policy focus on growth via the European Semester process. Thus, recommendations towards more social measures and less austerity should encourage them to adopt adequate policy reforms and long-term investments necessary to ensure growth.

In addition, a more transparent and well-structured implication of all stakeholders at European and national level (*see above answer to question 2.5*) could raise the national visibility of the Europe 2020 Strategy and increase citizens' interest over their country's performance toward the targets.

## **2.9 Are targets useful? Please explain.**

As stated above (*see answer to question 1.5*), the current targets are in line with the strategy's objectives of fostering growth and jobs but their effectiveness is limited to political discourse. Thus, EFSI considers that the new targets must set relevant and credible challenges. In order to increase their effectiveness, a possibility could be to break down the targets (e.g. by population, age, gender, etc.) and differentiate them territorially at national, regional and local level. The territorial targets should be set in partnership by all levels of government, mixing top-down and bottom-up processes, while ensuring that they cumulatively reach the EU-level ambition. Furthermore, EFSI estimates that targets should be accompanied by qualitative indicators (e.g. quality of jobs created, etc.). These changes should bring more public visibility and clarity about the effectiveness of the Europe 2020 strategy and should facilitate the adjustment of the actions programmes and national strategies over time.

## **2.10 Would you recommend adding or removing certain targets, or the targets in general ? Please explain.**

In accordance with what is stated above (*see answer question 2.9*) , EFSI considers that the following sub-targets should be added to the headline targets:

- **low-skilled unemployed:** the employment rates of the working age population should reach 60% for those with less than primary, primary and lower secondary education (levels 0-2) and 75% for those with upper secondary and post-secondary non-tertiary education (levels 3 and 4). In 2013, 51.5% of the 20-64 years old having completed education at levels 0-2 were employed and 69.4% of those having completed levels 3 and 4 (*Eurostat*),
- **long-term unemployed:** the long-term unemployment rate should be kept below 5% in every EU Member States,
- **undeclared work:** undeclared work in every Member States should be reduced by 50% by 2020,

- **women's participation to the labour market:** the Europe 2020 renewed Strategy should actively seek a reduction in the overall difference in the labour market participation rate of men and women so that women's employment rate should reach a minimum of 72% by 2020. Furthermore, as parenthood is one of the main factors underlying gender activity and employment gaps, every EU country should ensure that 33% of children under 3 year of age and 90% of children aged between three and mandatory school age are enrolled in childcare facilities. At present, it appears that only 10 EU Member States<sup>1</sup> meet the Barcelona target of 33% and another 10 EU Member States<sup>2</sup> meet the Barcelona target of 90% or at least score rather high,
- **society's ageing:** 50% of those aged between 65 and 79 years old and 90% of those aged above 80 years old should have access to long-term care services of their choice, being home-based or institutional services,
- **work-life balance:** the ability to properly balance private and professional life should be universally shared among EU citizens. In this regards, the renewed Europe 2020 Strategy should commit that at least 50% of Europeans workers have access to measures ensuring a better balance between professional and private lives such as flexible working hours; on-site childcare facilities; support in finding, organizing or financing childcare; or special family or household services.

EFSI considers that without a breakdown of the headline targets, it will be impossible to measure, evaluate and monitor the way in which the Europe 2020 Strategy and the European Semester are impacting on progress to achieve sustainable growth and quality jobs creation.

### **2.11 What are the most fruitful areas for joint EU-Member States action? What would be the added value?**

For EFSI, joint EU-Member States actions on the challenges listed above such as the need to create jobs, undeclared work or the impact of austerity on social services (*see answer to question 2.3*) would be highly beneficial towards the achievement of the renewed Europe 2020 strategy's targets. These actions should take the form of best-practices exchanges, transnational studies on the macroeconomic effects of policies as well as the establishing of common monitoring indicators. It would help Member States to adopt the adequate reforms and ensure a certain level of coherence across the EU. In certain case and in accordance with the subsidiarity principles, EU legislations should be adopted.

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<sup>1</sup> Belgium, Denmark, France, Luxembourg, the Netherlands, Portugal, Slovenia, Spain, Sweden and the United Kingdom.

<sup>2</sup> Belgium, Denmark, Estonia, France, Germany, Italy, the Netherlands, Slovenia, Sweden, and the United Kingdom.

### **3) Do you have any other comment or suggestion on the Europe 2020 strategy that you would like to share?**

EFSI would like to stress the contribution of the PHS sector to inclusive growth and job creation and considers useful to recall that:

- the PHS sector contributes to **create non-relocatable jobs for long-term unemployed and low-skilled people** as well as for **migrant workers**. Formal employment in the sector is estimated at 7.5 million throughout the European Union and at least 5.5 million jobs could be created in the PHS sector if appropriate regulatory and fiscal measures are implemented,
- fostering job creation in the PHS sector contributes to the **reduction of undeclared work**, thus contributing to more inclusive labour markets and enhanced working conditions. Member States which have implemented proactive measures (such as Belgium, Finland France and Sweden, notably through services vouchers' solutions) have considerably lowered their levels of undeclared work in the sector,
- the PHS sector contributes to **women's participation to the labour market and social inclusion**, by directly providing them a job (thus on average 90% of PHS workers are women) and by giving them access to services enabling them to better combine their private and professional lives,
- the development of PHS is one of the key solutions to adequately **tackle EU population ageing** thanks to the provision of home care services for the elderly as well as services supporting family carers.

This is why, EFSI calls on the European Commission to duly take into account the PHS sector's numerous contributions to our societies when designing the EU's post-crisis growth strategy as well as in the forthcoming "Jobs, Growth and Investment Package". The European Commission should learn the lessons of the 1<sup>st</sup> implementation phase of the Europe 2020 strategy and built upon them in order to make strong and ambitious political commitments and adopt effective and adequate implementing tools.

Finally, EFSI insists on the fact that the objectives and actions of the forthcoming "Jobs, Growth and Investment Package" should target the whole EU population including women, young people, older workers, low-skilled people, long-term unemployed and migrants. EFSI is concerned by the declarations of the next European Commission's President, which mention that "*a significant amount {of investment towards new, sustainable and job-creating projects} should be channeled towards projects that can help get the younger generation back to work*". In no case, this focus on the younger generation should be made at the expense of the other target groups mentioned above, as they also require EU coordinated actions to strengthen and improve their labour market integration. In addition, this new investment Package should equally target the industry and services sectors and take into account that the services sector is currently the first employer across the EU and it has the highest job creation potential.

EFSI considers that it is an essential prerequisite in order to have a chance to reach a labour market participation rate of 75% of the people at working age.

As the European Federation for Services to Individuals, EFSI brings together national federations and associations as well as companies involved in the development of personal and household services in Europe. Through its members, EFSI is present in 22 EU members' states (Austria, Belgium, Bulgaria, Czech Republic, Denmark, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Luxembourg, Netherlands, Poland, Portugal, Romania, Slovakia, Slovenia, Spain, Sweden, United-Kingdom). The EFSI seeks to ensure that the specificity of the sector is recognised and that the provision and access to high quality and affordable personal and household services are granted thanks to adequate economic, social and legal conditions.

Personal and household services (PHS) comprise of a broad range of activities that contribute to the well-being of families and individuals which are: home services (housework, ironing, gardening, small repair work, delivery of food, etc.), child care facilities including all kind of services(nursery, nanny, shared childcare, holiday centres, baby sitting, etc.), tutoring (school help, IT assistance etc.),services to enable disabled, dependants and elderly people to continue to live in their own home.

More info: [www.efsi-europe.eu](http://www.efsi-europe.eu)