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## **SHAPING THE FUTURE OF ESF – ESF AND EUROPE 2020**

### **ESF CONFERENCE 23-24 JUNE 2010, BRUSSELS**

SPEAKING NOTES FOR JØRGEN RØNNEST, CHAIRMAN SOCIAL AFFAIRS COMMITTEE, BUSINESSEUROPE

Thank the organisers for the invitation.

Timely event, in view of the upcoming Commission communication on the future of European Social Fund (ESF) and in the context of the next multiannual financial framework. We are at a moment in time when it is more crucial than ever to set the right priorities for Europe and invest our scarce resources wisely.

The ESF has a long history of targeting people in the restructuring following from major shifts and challenges, for instance in the transition to an information society. The challenges we are facing today are well known: demographic ageing, climate change and restructuring following on from globalisation. Workers and companies will have to adapt to cope with these challenges and to ensure that Europe is kept on a sustainable growth path.

Therefore, it makes perfect sense to align the priorities of the Fund with the priorities of the Europe 2020 strategy: smart growth, inclusive growth and sustainable growth, as suggested by the recently adopted ESF Committee Opinion.

The key question is how can the fund function as a tool to achieve this?

The European social partners have discussed the conditions for growth in the joint statement on the Europe 2020 strategy. We agreed, among many things, on the need to increase the EU's growth rate to at least 2% in the coming years. A European economy growing at 2% instead of 1% amounts to 6.5 million additional jobs and a public debt consolidation of 450 billion Euros. We also reiterated our support for the flexicurity principles and called upon Member States to implement a right mix of policy measures addressing flexibility and security dimensions.

With a point of departure in our joint statement, let me point to a couple of fields of activity where ESF has an instrumental role in contributing to future growth:



### *Boosting employability and adaptability of workers*

In order to ensure an inclusive recovery, enabling the many people who have lost their jobs in the recent economic crisis to re-enter the labour market, increasing the employability and adaptability of workers is absolutely vital.

It is our belief that the route to social inclusion passes through active inclusion, meaning that ESF should focus its efforts on active measures like retraining and up-grading of skills and competencies of workers.

We base this on solid facts. Recent research shows that subsidised public sector jobs programmes and programmes for youth are generally less successful than other types of active labour market policy. By contrast, active measures like classroom and on-the-job training programmes tend to show better outcomes in the medium term.

From 2010, demographic ageing results in the decline in working-age population of over 3 million workers by 2020 and much more beyond. ESF is in a position to address this urgent challenge, by promoting lifelong learning, training older people in the workplace to allow them to stay in employment longer or bringing them back into the labour market.

ESF should also facilitate transitions between education and work, for instance by providing support to apprenticeships. By developing generic competencies of workers, in particular adaptability, employees will be better equipped to move from one work place to another.

### *Speeding up structural reforms*

Obviously, training cannot create jobs. However, there are structural weaknesses in European labour markets. Targeting mismatches is one important element in reducing structural unemployment. It should be complemented by flexible labour markets that encourage companies to hire.

As the European social partners put forward in the joint statement, modern labour markets are required in order to achieve an EU employment rate of 75%, and successfully addressing the labour market and financial implications of population ageing.

ESF should continue and enhance support for modernisation of labour markets and strengthening of labour market institutions, including capacity-building of social partners. This means providing support for Member States to review, and if necessary adjusting the design of labour law, job protection systems and, together with social partners, collective bargaining practice.

The activities mentioned are crucial for Europe in the recovery and beyond.



## **Conclusion:**

With a new multiannual financial framework coming up, the EU should think carefully about how to make best use of the EU budget.

All EU instruments need to continuously earn their share of the scarce resources, by delivering added value for Member States.

An intelligent use of the fund to complement national efforts, putting the emphasis on growth promoting activities that facilitates necessary structural reforms, has the support of business.

A long-term, strategic approach is necessary. However, getting the priorities right and acting on them is an urgent matter.

We expect the Commission to make sure that priorities, scope and delivery system of ESF are fit to improve these results and to help achieve the growth priorities of the Europe 2020 strategy. As the Committee opinion rightly states; the ESF is one of the best tools the EU has at its disposal to help people to increase their employability and adaptability, to contribute to and to reap the benefits of future growth.

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