



The Employment Committee

EMCO (25/11/2005)

Contribution on the Cambridge Review Country Examination of the Employment Sections of the NRPs for 2005

The Employment Committee carried out a country examination with respect to the employment dimension of the new National Reform Programmes which Member States presented as a follow up to the refocused Lisbon strategy. The integrated nature of the strategy was reflected in the participation of the EPC and SPC in the review.

This paper presents the key findings of the peer review and emphasises some thematic issues to be considered during the implementation phase. The EMCO Cambridge Review Report, which synthesises the exchange of experience in greater detail, accompanies this contribution.

General observations

All Member States fully participate in transposing the refocused Lisbon strategy in strategic national reform programmes. Overall, the choices made by the Member States are in line with the aims of the Lisbon strategy. Member States presented strategic and thus **forward-looking national programmes**, albeit well-embedded in ongoing long-term reform projects at national level. The employment dimension in the NRPs has been well articulated and every NRP has a clearly **identifiable employment section**.

In the Employment Guidelines, **three priority areas** were identified:

1. Attract and retain more people in employment, increase labour supply and modernise social protection systems
2. Improve adaptability of workers and enterprises
3. Increase investment in human capital through better education and skills

The priorities to increase the labour supply and enhance human capital are prevailing in the NRPs. Regarding labour supply, themes such as more participation of female and older workers, and increasing the number of hours worked, are highlighted. As to human capital, lifelong learning is identified as pivotal. The priority of adaptability is less articulated.

Key findings

EMCO suggests taking the following issues into account to ensure that the announced measures will be sharp and comprehensive enough to deliver the expected outcome.

- Member States are clearly making the **shift towards active and preventative policies**. It will be crucial that active labour market policies continue to be deployed and operate in better synergy with social protection instruments to encourage and help people to find paid employment. Both incentives and sanctions will continue to play an important role.

- Overall, the **measures for those with low skills and low pay**, in particular those on the margins of the labour market, would need more focus to make a difference with respect to more and better jobs. Both demand and supply measures are crucial, including making work pay.
- Member States focus on **labour supply** and target groups such as the young, women, older workers, immigrants and minorities. Currently a **lifecycle approach** is not sufficiently expressed, nor is comprehensive action with respect to **anti-discrimination** and **gender equality**.
- Labour market participation of the disadvantaged and the modernisation of the social security systems should be more supported by **social inclusion and social protection policies**, hereby also drawing on the contribution of the OMC.
- **Adaptability** receives relatively limited attention in the NRPs. However, flexibility combined with employment security to meet the needs of companies and workers, is considered in the strategy as a centrepiece of policies and regulations to improve adaptability of workers and enterprises.
- **Human capital development** is central to the shift towards a more knowledge-based economy. In this respect, more attention should be given to the provision of the right incentives for education and lifelong learning to achieve a breakthrough.
- Whereas employment participation is highlighted, **productivity and quality at work** are not covered in depth. Given the dual challenge of a slow down of growth in employment and productivity, this issue should also be monitored carefully during the implementation phase so as to ensure that both employment and productivity growth are concretely addressed.
- Regarding **governance and social partnership**, relatively little has been communicated as to how the measures will be implemented and who will be in charge of doing so. In addition, little information is available on budgetary allocations, including the structural funds, and time schedules for implementation.
- With all Member States subscribing to the Lisbon strategy, and incorporating important elements in their NRPs, the **focus should now be on implementation**. Therefore, it is crucial that the guidelines remain stable over the coming period and that the emphasis is placed on the implementation of the NRPs.