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SUMMARY OF THE IMPACT ASSESSMENT

Accompanying document to the

Proposal for a

COUNCIL RECOMMENDATION

on policies to reduce early school leaving

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EXECUTIVE SUMMARY

This impact assessment will accompany the proposal for a Recommendation of the Council on policies against early leaving from education and training.

1. PROBLEM DEFINITION

In 2009 14.4% of all 18–24 year olds left education and training with only lower secondary education or less¹. Although the situation has improved in nearly all Member States, the progress achieved has been insufficient to reach the initial target of reducing ESL rates to less than 10% by 2010. With eight countries having reached this benchmark and some close to the target, a further reduction of ESL rates is realistic. But to achieve this especially in times of economic and financial crisis needs stronger and better coordinated efforts.

The need to reduce ESL was given still greater political urgency under the Europe 2020 strategy for the entire EU, adopted by the European Council in June 2010. It takes its reduction to less than 10% by 2020 as one of five headline targets. The new strategy highlights three mutually reinforcing priorities: 'smart growth' based on knowledge and innovation, 'sustainable growth' promoting a greener economy and 'inclusive growth' fostering high employment and social cohesion. High rates of ESL are a bottleneck for smart and inclusive growth².

ESL creates high individual, social and economic costs. The consequences of ESL affect people throughout their lives, and reduce their chance to participate in the social, cultural and economic life of society. ESL increases their individual risk of unemployment, poverty and social exclusion. High rates of ESL in European societies have long-term effects on labour markets, on the availability of skilled employees and thus on economic growth. Such effects are likely to increase in many EU Member States due to the economic and financial crisis.

ESL is a complex phenomenon and the processes that lead to ESL are driven by different factors. The reasons why young people leave education and training prematurely are highly individual. Nevertheless it is possible to indicate some recurrent characteristics of ESL processes:

- ESL is strongly linked to social disadvantage and low education backgrounds. Children from socially disadvantaged backgrounds tend to lack sufficient support from their families, face discrimination within the education system and have limited access to non-formal and informal learning opportunities outside compulsory schooling.

¹ Eurostat, LFS 2010. More information on http://epp.eurostat.ec.europa.eu/portal/page/portal/europe_2020_indicators/headline_indicatorshttp://epp.eurostat.ec.europa.eu/tgm/table.do?tab=table&init=1&plugin=1&language=en&pcode=t2020_40. Data are based on the Labour Force Survey. Early school leavers refers to persons aged 18 to 24 fulfilling the following two conditions: first, the highest level of education or training attained is ISCED 0, 1, 2 or 3c short, second, respondents declared not having received any education or training in the four weeks preceding the survey.

² Commission Communication "Europe 2020 - A strategy for smart, sustainable and inclusive growth" - COM(2010) 2020; Conclusions of the European Council 17 June 2010.

- Educational problems often start already in primary education with first experiences of school failure and growing alienation from school. Education and training systems often do not provide sufficient targeted support for pupils at risk to cope with difficulties and to remain in education and training.
- Only few Member States implement a consistent and comprehensive strategy to reduce ESL. The lack of evidence-based, consistent and comprehensive against ESL in most Member States has contributed significantly to the relatively slow improvement in ESL rates to date.

Effective policies against ESL need to be evidence-based, comprehensive and consistent, which requires shifting from implementing individual measures to introducing comprehensive strategies against ESL. They should address all levels of education, be cross-sectoral and involve stakeholders from the areas such as youth policy, social and employment policies and the health sector. In addition policies against ESL should focus on prevention, intervention and compensation.

- Prevention seeks to avoid the conditions from arising where processes leading to early school leaving can start.
- Intervention addresses difficulties at an early stage and seek to prevent them from leading to school drop-out.
- Compensation offers opportunities to re-enter education and training for those who dropped out.

2. ANALYSIS OF SUBSIDIARITY

Education and Training Policy is an area where, as a result of the subsidiarity principle, the EU has supporting competence as defined by the Treaty on the Functioning of the European Union (Lisbon Treaty). The Treaty (Articles 165) provides that "the Union shall contribute to the development of quality education by encouraging cooperation between Member States and, if necessary, by supporting and supplementing their action".

In addition Article 9 requires EU to "take into account requirements linked to the promotion of a high level of employment, the guarantee of adequate social protection, the fight against social exclusion, and a high level of education, training and protection of human health".

An initiative on ESL addresses the quality improvement of education and training and its outcomes, helps to reduce skill mismatches, and supports employability and social cohesion. It focuses on facilitating and encouraging cooperation between Member States and aims to support their initiatives. The initiative respects the subsidiarity principle by providing support and facilitating exchange among Member States, but respecting the responsibility of the Member States for the content of teaching and the organisation of their education systems.

3. OBJECTIVES OF THE INITIATIVE

The general objective of the initiative is to contribute to the development of quality education by encouraging cooperation between Member States and by supporting their action. The specific objective is to reduce ESL in Europe and to accelerate the speed of its reduction. A

reduction of the average ESL rate in the EU to less than 10% would cut the number of early school leavers in Europe by approximately 2 million. It would help to provide more young people with qualifications, increase their employability and reduce their risk of poverty and social exclusion.

The operational objectives aim to help Member States in developing effective and efficient policies against ESL. The initiative shall support them in defining the main elements of a national policy framework, introducing an evidence-based approach to address ESL and taking comprehensive and consistent measures against ESL in all policies targeting children and young people. It is intended to broaden Member States' cooperation and exchange of experiences and good practice. Cooperation should include also representatives and stakeholders from other relevant policy areas such as social and employment policies and youth policy. A holistic approach toward ESL should foster cross-sectoral cooperation on all levels, take the combination of factors leading to ESL in consideration and reinforce the commitment of all actors to pro-actively reduce ESL. A better targeted use of EU funding shall complement efforts of Member States to reduce ESL.

4. POLICY OPTIONS

Option A (baseline scenario): Currently the reduction of ESL forms part of the ET2020 framework. The Open Method of Coordination facilitates cooperation and exchange of good practice among Member States. Existing funding opportunities, mainly European Social Funds (ESF), the Lifelong Learning Programme (LLP) or the Framework Programmes for Research and Innovation (RTD), allow for the launch of targeted action, comparative studies, research and development of new approaches.

Option B: A policy framework provides Member States with a tool which helps them to develop national policies against early school leaving following a holistic approach. It stresses the need to improve the evidence base for developing policies against early school leaving and argues for a better monitoring, for comprehensive policies against ESL and a better cooperation between all policy areas affecting directly or indirectly young people and especially those at risk of dropping out. Proposed measures on prevention, intervention and compensation of ESL are based on tested and evaluated policy measures in Member States and can be adapted to the concrete situation within other Member States. Member States, who do not yet have a policy against ESL, can use it to develop a national policy framework. Other Member States may use the policy framework to assess and revise their existing policies. The framework can also serve as an agenda for future cooperation between Member States, steer future policy development on EU level and guide the effective and efficient use of EU funding.

It should be noted that option B is not a self-contained option; it needs an instrument for its implementation. Options B.1 and B.2 describe different approaches to promote and implement the policy framework using different legal instruments. While the content of the policy framework remains unchanged, the use of different instruments to implement it will lead to different results and impacts.

Option B1 (Commission Communication or Recommendation): The Commission adopts a Communication or Recommendation which describes the policy framework for effective and efficient policies against ESL. It can be used by Member States for policy development and provides an overview of research results and European experiences.

Option B2 (Council Recommendation): The Council adopts a Recommendation which describes the policy framework. This Recommendation provides a basis for further cooperation among Member States. The Recommendation also supports a broadened and cross-sectoral process under the OMC.

Option C (Funding programme): In order to launch targeted initiatives EU funding could be made available for specific measures against ESL at EU level, especially for comparative research and for pilot projects which involve several Member States and provide European added value. This option has been discarded as it risks overlapping with existing funding schemes such as European Social Fund and the Lifelong Learning Programme. It would not respond well to the specific and operational objectives of this initiative: additional funding does not necessarily lead to the development of better targeted, evidence-based, consistent, and comprehensive strategies to reduce ESL. It rather risks continuing project based approaches to tackle ESL. Therefore it is considered that an additional funding scheme cannot be justified.

5. ASSESSMENT OF IMPACTS

To reduce ESL rates will have significant economic and social impacts. They can be summarised as follows:

- Increase of skill levels and employability of young people, improved well-being, health status, and living conditions of young people.
- Reduced risk of poverty and social exclusion and limited dependency on social assistance; better social cohesion in European societies.
- Decrease of skill mismatches, provision of better qualified employees and thus support of economic growth.

There are only limited environmental impacts and no impacts on administrative burdens, or on third countries. There is no other impact on human rights.

The social and economic impacts are in line with the general objectives of the initiative. The different policy options are likely to contribute differently to their achievement depending on the expected speed and success in reducing ESL in Europe. For option A and B1, the impact assessment revealed that the reduction of ESL rates would accrue too slowly and be too small to counteract the difficult economic, fiscal and social circumstances in Member States resulting from the economic crisis.

The analysis of the baseline scenario (option A) showed that the current OMC can support policy development based on the exchange of experiences and good practice, but it lacks strong additional input such as a policy framework or guidelines for policies against ESL. Experiences showed that without such a framework or common agenda not all Member States were able to take full advantage of the lessons learnt within peer learning. New and successful approaches highlighted in the OMC in the past could not easily be integrated into existing national policies. A Commission Communication or Recommendation as foreseen in option B1 would provide such an additional input, nevertheless a Commission document might not receive sufficient policy attention in the Member States. It reflects the commitment and opinion solely of the Commission and does not offer Member States the opportunity to take

ownership of the proposed policy framework. A Commission Communication or Recommendation might therefore not sufficiently promote evidence-based, comprehensive and consistent policies and not strengthen the effectiveness and efficiency of measures against ESL.

Looking at cross-sectoral cooperation, it was noted that the current implementation arrangements for the ET2020 strategic framework currently remain limited to education and training. Also a Commission Communication or Recommendation would also not directly influence on the scope of the existing OMC nor extend cross-sectoral cooperation at European level, because it commits the Commission, but not the Member States. Limiting the exchange of experience and good practice to education and training policies risks to narrow subsequent policy developments.

The continuation of the current OMC and its working methods does not correspond to the increased attention on the ESL benchmark within the Europe 2020 strategy. There is a risk that both option A and option B1 will not enhance sufficiently the effectiveness and efficiency of measures against ESL.

The impact assessment came to the conclusion that a Council Recommendation as proposed in option B2 would enhance the development of evidence-based, comprehensive and consistent policies against ESL in Member States. It should lead to a faster reduction of ESL rates and a faster achievement of the desired economic and social impacts.

The Recommendation would contain a policy framework for reducing ESL based on existing experiences in Member States and on comparative research. It would assemble concrete measures against ESL in a strategic framework and address shortcomings in current policies against ESL. By setting out this policy framework with the formal backing of the Council, the Recommendation would support Member States in their policy development and should help to speed up the implementation of evidence-based and well targeted measures against ESL. The process of discussing, adopting and implementing the Recommendation within the Council would offer Member States an instrument to review their policy approaches and take position concerning the future policy needs in this area.

A broadened and cross-sectoral process of cooperation under the OMC could be launched on the back of a Council Recommendation addressed to Member States as a whole, not just to in respect of education. This would foster policy development at EU level and would give feedback to Member States to help make policy design against ESL more effective. The Recommendation would set out a clear agenda and define a new focus for future cooperation.

Option B2 offers the strongest commitment of Member States in the development of the policy framework. Discussions within the Education Committee and the Council will provide relevant input in creating a policy framework which is applicable for Member States and has the potential to be used in education politics. The resulting Council Recommendation should therefore be underpinned by a greater engagement, understanding and political commitment than any of the other scenarios, which commit only the Commission.

6. COMPARISON OF OPTIONS

Option B2, a Council Recommendation, answers best to the objectives of the initiative.

- It supports Member States in developing consistent and coherent policies against ESL.
- It provides additional thematic input, gives new impetus to the OMC and involves Member States strongly in the development of the policy framework.
- It can also be assumed that it secures the highest level of commitment of Member States, has the potential to influence policy development widely in Member States and helps most to reduce ESL rates in Europe.

Compared to the other options it represents the strongest legal instrument possible. This seems is justified with regard to the importance of the target and the urgency to reduce ESL.

Option A, the baseline scenario, provides little additional input and it cannot be expected that it will lead to an accelerated reduction in ESL. The most distinctive difference between option B and C is the greater level of Member State involvement in option C which should make it more likely that they will apply it.

With regard to a cost-effectiveness analysis, it should be noted that applying evidence-based, comprehensive and consistent policies does not necessarily create more costs. It depends on the concrete policy approach within a Member State and the current means of data collection and analysis. Improving the availability of relevant data and information on early school leaving is not necessarily creating huge additional costs. In addition it allows for better targeted policies and measures. To the extent that option B2 implies greater political commitment, it should lead to more policy action within Member States. Applying evidence-based, comprehensive and consistent policies is likely to achieve better results and reduce the costs of ESL faster and more efficiently. This might outweigh additional costs. Therefore and especially in times of budget cuts, option B2 might be the preferred option in order to invest the limited resources in the most efficient way.

7. MONITORING AND EVALUATION

The reduction of ESL will be a central subject of the reporting process in Europe 2020. The European targets in Europe 2020 are backed up by national targets; policies to reach these targets are subject to National Reform Programmes (NRP). The reports from Member States on the implementation of their NRPs should provide detailed information on the progress towards reducing ESL and describe key measures foreseen by the Member States. Together with reporting in the framework of the strategic framework for cooperation in education and training (ET 2020) and the annual ET 2020 Progress Reports by the Commission, as well as other sources such as Eurostat, sufficient data and information should be available to monitor developments in Member States and on European level.

With regard to the proposed Recommendation, the legal text will foresee an implementation report by the Commission; the timing of the report shall be in line with the reporting on Europe 2020. This report will analyse the developments in Member States, but will in addition analyse the effectiveness and efficiency of the policy framework and will lead to revision of that framework if needed.

In terms of ongoing monitoring, identification and exchange of good practice on ESL reduction, it is intended that the adoption of the Recommendation will be followed by

establishment of a new Member State expert group, coordinated by the Commission, involving specialists in education, social, health and employment policies.