EUROPE 2020 STRATEGY FOR A SMART, INCLUSIVE AND SUSTAINABLE GROWTH: A FIRST EVALUATION

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1. Introduction

Here we are: it is 2020 and the target planned by the Europe 2020 strategy should have been reached. Of course, many and unforeseen events have occurred, the latest one – and perhaps the worst and most unpredictable – is the Covid-19 pandemic, whose effects we will be able to fully evaluate only in due time. However, it is now worth analysing the level of development reached by the European Union just before the pandemic, also in order to state how Italy performed in comparison with other European Countries.

In this paper, an analysis of the Europe 2020 strategy indicators has been carried out, in order to identify in what socio-economic conditions European Countries have reached 2019.

The "Europe 2020 Strategy", proposed by the European Commission, has been adopted by the European Council in 2010 (European Commission, 2010). The ten years strategy, defined three priorities for growth in the European countries: Smart growth (developing an economy based on knowledge and innovation), Inclusive growth (fostering high employment, and ensuring social and territorial cohesion) and Sustainable growth (promoting a more resources-efficient, greener and more competitive economy).

To reach these objectives, a number of benchmarks have been set, and the indicators identified to measure these goals have been and still are subject to regular statistical monitoring and reporting (Eurostat, 2019). In this way, the policy objectives (smart, sustainable and inclusive growth) were declined in measurable, and thus well-defined, numerical targets, making governments "accountable" to the citizens and to the Commission (Rondinella and Grimaccia, 2017). The five targets are currently measured by eight headline indicators, concerning employment, research and innovation, climate change, renewables and energy, education and poverty.

Europe2020 is perhaps not a complete set of indicators for measuring the progress of societies and the quality of life of their citizens, but it is a very important

recognition of European institutions that GDP alone is not enough and that it must necessarily be integrated with measures that take into account equity and sustainability (Grimaccia and Rondinella, 2018). The Europe2020 Indicators have been included in the "GDP and beyond" initiative and present the characteristics of simplicity and reliability needed to monitor the crisis.

In this study, an analysis of Europe 2020 indicators is carried out, in order to show the trends of the eight indicators from the beginning of the Strategy to the most recent data, underlying the convergence (or divergence) processes among European countries, and Italy more specifically. The particular condition of Italy, that appeared in 2019 well behind the other European countries in the development process, has been analysed measuring the distances between national and European targets, and the Europe 2020 indicators values at the beginning of process and in 2019.

2. Data

Europe 2020 is the EU's ten-year growth strategy that puts forward three mutually reinforcing priorities (European Commission, 2010):

– Smart growth: developing an economy based on knowledge and innovation;

– Sustainable growth: promoting a more resource efficient, greener and more competitive economy;

– Inclusive growth: fostering a high-employment economy delivering social and territorial cohesion.

These three mutually reinforcing priorities should help the EU and the Member States deliver high levels of employment, productivity and social cohesion (Steurer and Hametner, 2013).

This strategy should provide a road map for economic recovery and guarantee the EU a strong position in international relations. It is essential that five headline targets are met and have been agreed for the whole EU (European commission 2010; Ruser and Anheier, 2014).

The policy objectives (smart, sustainable, and inclusive growth) were declined in well-defined, measurable, numerical targets. Inclusive growth is monitored by the Employment rate (it should be 75% of the population aged 20–64 in 2020), and by the number of People at risk of poverty or social exclusion (there should have been 20 million people at risk of poverty less). Smart growth is measured by the share of Early leavers from education and training (that should decrease to under 10%), by the share of Tertiary educational attainment (that should reach 40% of the population aged from 30 to 34 years old), and by the Gross domestic expenditure on research and development (R&D) that should increase to 3% of the EU's GDP. Sustainable growth: the "20/20/20" climate/energy targets should be met reducing by 20%

Greenhouse gas emissions (30% of emissions reduction if the conditions are right), raising the Share of renewable energy by 20%, and enhancing Energy efficiency, reducing energy consumption by 20% (Table 1).

Table 1 – *The Europe 2020 strategy's key priorities and headline targets.*

Priorities	Headline targets
Smart growth	Increasing in R&D to 3 % of GDP Reducing school drop-out rates to less than 10 % Increasing the share of the population aged 30–34 having completed tertiary education to at least 40 %
Inclusive growth	Increasing the employment rate of the population aged 20–64 to at least 75 % Lifting at least 20 million people out of the risk of poverty and social exclusion
Sustainable growth	Reducing greenhouse gas emissions by at least 20 % compared to 1990 levels Increasing the share of renewable energy in final energy consumption to 20 % Moving towards a 20% increase in energy efficiency

Source: Eurostat 2019.

In order to raise effectiveness in implementing the strategy, each Member State (MS) should develop their own policies, such as: action plans and defining goals and short-term, mid-term and long-term actions; preparing qualitative and quantitative measures allowing to make comparisons between the MSs and between countries and the whole Europe Union (EU); translate strategic objectives and schedules into national action plans; periodic reviews of the strategy implementation in terms of realisation its objectives and exchanging experiences (Barder et al., 2013; Ruser and Anheier, 2014). Each MS set its own targets, according to their level of development, measured by the eight Europe 2020 indicators. Italy chose very unambitious targets, in soe cases as lower as a half of the EU goals.

The EU will not accomplish its goals if the individual member states do not pursue them. The Union is a community of great economic potential but with many problems to overcome. It is composed of 27 countries with different levels of socio-economic development[1].

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[1] In this paper, since the United Kingdom exit from the Union in 2019, the EU is considered to be composed of 27 Member States.

3. Analysis of Europe 2020 Indicators

In this Section, an analysis of the Europe 2020 indicators in the ten years considered in the Strategy is presented. Afterwards, a more specific study on Italy's target and achievement is presented.

3.1. Europe 2020 Strategy indicators in the European Union

The employment target has a pivotal role in the strategy, among education-related targets, and the goal of poverty reduction. For the monitoring of the target, the employment rate of people aged between 20 and 64 was chosen as the key indicator, setting a target of 75 percent.

In 2010, the average European employment rate of people aged between 20 and 64 was 6.8 percentage points lower than the target set for 2020. However, this average summarizes strong differences between Member States: some countries, including Sweden, Denmark and Germany, had already reached the target set for 2020, while many others, including Italy and Spain, had differences of more than 10 percentage points with the European target.

Figure 1 - *Employment rate by sex, age group 20-64 in the UE –2009, 2019 and 2020 national and EU targets (percentages).*
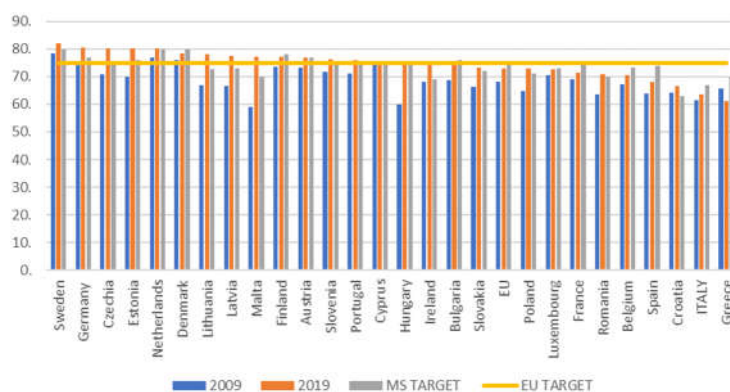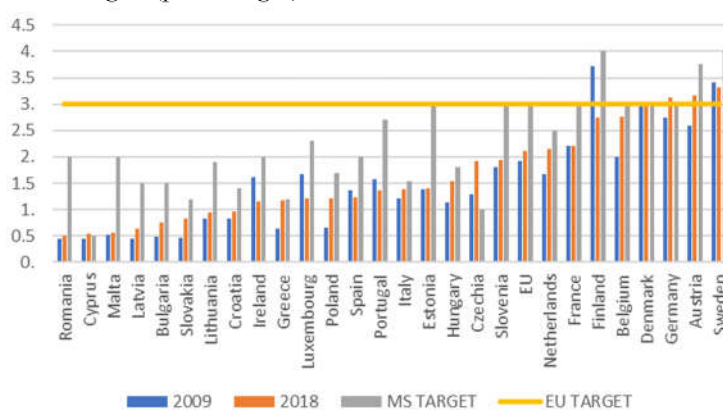

Source: Author's elaboration on Eurostat data

The increase in the employment rate in the period considered was not as high as was expected. The target for the EU as a whole has not been achieved, although some countries (such as Germany and Sweden) have exceeded expectations. Italy has not

achieved the EU target and not even its national target, that was lower and set at 67%.

Research and Development, and innovation are key policy components of the Europe 2020 strategy and they contribute to a well-functioning knowledge-based economy and industrial competitiveness (Eurostat, 2019). R&D intensity in the EU is growing too slowly to meet the Europe 2020 target. Moreover, the national target set by Italy for 2020 is clearly less ambitious and is only half of the European one (1.53%). The national target – until 2018 – has not been reached, nor the EU one.

Figure 2 - *Gross domestic expenditure on R&D. –2009, 2019 and 2020 MS and EU Europe 2020 targets (percentages).*
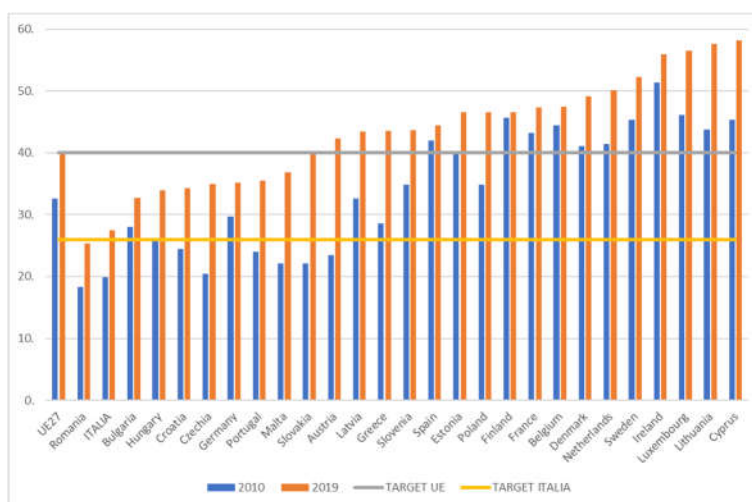

Source: Author's elaboration on Eurostat data

Closely linked to the objectives relating to the labour market, and to R&D and innovation, it is that of university education. The target set for the share of graduates between 30 and 34 years for the Union is 40 percent.

In 2009, almost half of the countries of the Union had already reached the target set: some northern European countries (Sweden, the Netherlands, Ireland, Denmark, and Finland) but also France, Belgium, and Spain, had rates close to or above 40 percent. Thanks to the positive dynamics observed between 2009 and 2019, many other European countries have reached this share. Among these, the Baltic republics and Poland, with progress even over 10 percentage points (Figure 3). Italy, on the other hand, had a fairly low indicator value (19.0 percent) in 2009, ranking fourth last in the ranking of the European Union, and lost further ground, limiting itself to reach 27.5 percent of graduates between 30 and 34 years of age and finishing at the bottom of the ranking.

Figure 3 - *Tertiary educational attainment by sex, age group 30-34 in EU countries (Isced 5-8) –2009, 2019 and 2020 MS and EU Europe 2020 targets (percentages).*
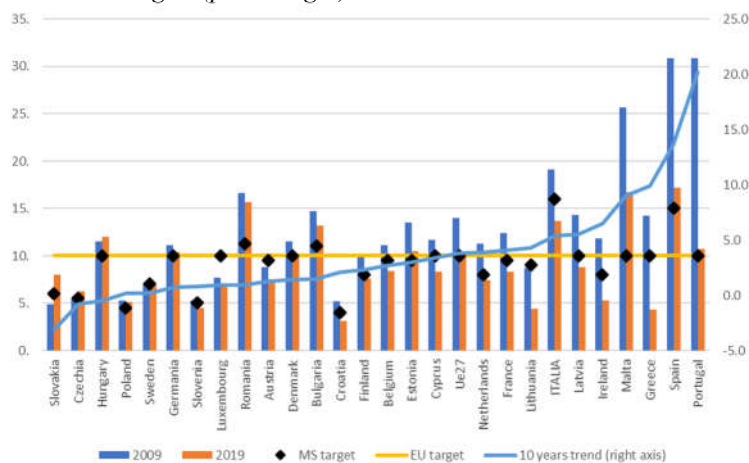

Source: Author's elaboration on Eurostat data

For this indicator, the efforts made by the countries are highly diversified. Some countries like Slovakia set very high targets and reached them. Some countries such as Austria, Czechia and Lithuania have exceeded their very ambitious targets. Italy, instead, has established an unambitious target, and has reached and surpassed it.

Reducing the dropout rate to less than 10 percent by the end of the decade is the second goal for education set by the Europe 2020 Strategy. The term "early school leaving" means all forms of drop out from school or training before completion of upper secondary education or its equivalents in vocational training. The indicator chosen for monitoring is the share of the population belonging to the age group between 18 and 24 years old who dropped out of studies without having obtained a qualification higher than the upper secondary education diploma (level 3C short of the classification international education level Isced). In 2009, Italy was among the countries of the Union with the highest school dropout rate (19 percent of young people, compared to a European average of 14 percent). In this context, Italy is among the countries that has made the greatest progress, decreasing the drop-out rate by 5 points and exceeding the set national target (the least ambitious among all 27 countries, equal to 16 percent). However, the school dropout rate for young people between 18 and 24 is still higher than the European average in Italy (13% compared to 10).

Figure 4 - *Early leavers from education and training in EU countries, 2009, 2019, MS and EU 2020 targets (percentages).*

Source: Author's elaboration on Eurostat data

Figure 5 - *People at risk of poverty or social exclusion in EU countries, 2018 differences from 2008, MS 2020 targets and distance from the target.*
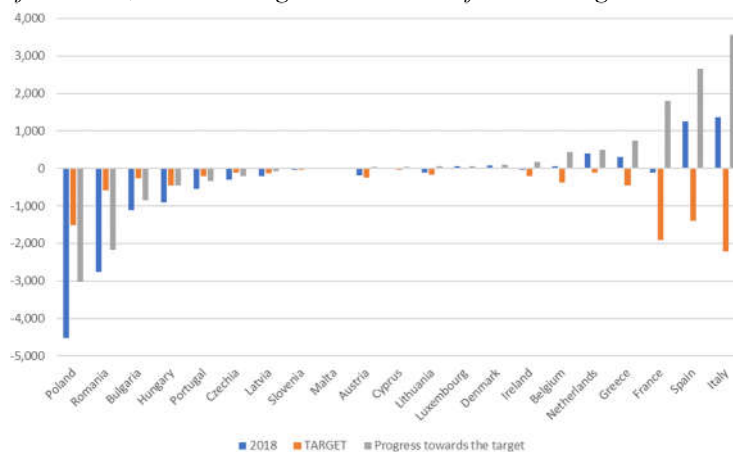
Source: Author's elaboration on Eurostat data

Poverty deserves a separate analysis: in Italy, instead of the foreseen reduction of the number of poor people by 2.2 million, an increase of more than one million poor has occurred (Figure 5).

Italy, together with Spain, France and Greece, is the only EU MS presenting this trend, and it is the worst performing.

With regard to environmental aspects of the strategy, Italy is in line with European levels and targets. The section of the Europe 2020 Strategy dedicated to sustainable growth from an environmental point of view identifies specific targets to be reached by the end of the decade: a 20% reduction in greenhouse gas emissions compared to 1990 levels; the 20% increase in the share of final consumption from renewable energy; a 20 percent increase in energy efficiency.

In the EU countries, the level of greenhouse gas emissions in 2009 was 17.6% lower than in 1990, therefore not far from the 20% target set by Europe 2020. This reduction, however, was largely due to the significant contraction that has occurred since 2008 (Figure 6), that is, in correspondence with the economic crisis.

In fact, despite the slowdown in the economy, only some of the main European countries (Denmark, Sweden and Germany) achieved the emissions reduction target, while many others remained above 80% of 1990 emissions, including Italy.

Figure 6 – *Greenhouse gas emissions – Anni 1990- 2017 (numeri indici 1990=100).*
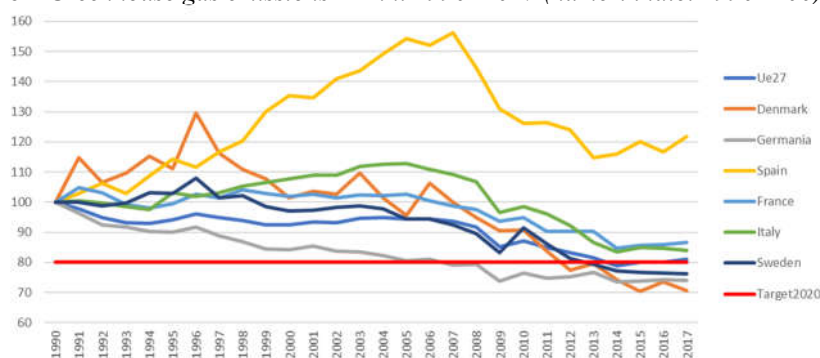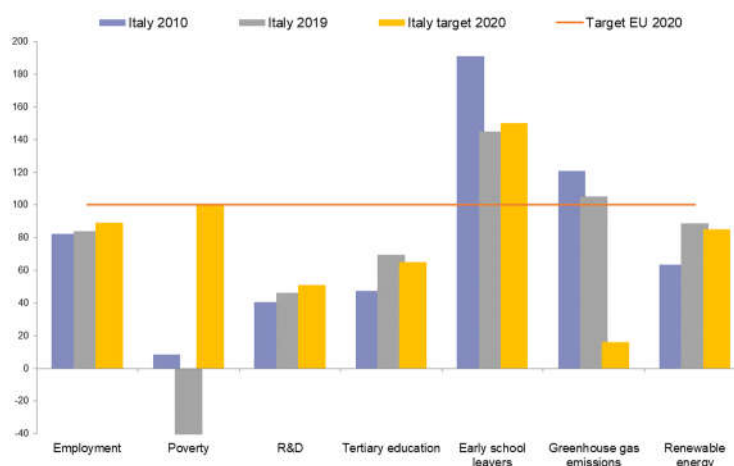

Source: Author's elaboration on Eurostat data

3.2. Europe 2020 target and indicators for Italy

A dynamic analysis of the distance from the European targets shows, in summary, that Italy has achieved its objectives for tertiary education and school dropouts, shows trends in terms of the employment rate and expenditure on research and development that are positive but not sufficient to reach their targets, with positive trends for the two environmental indicators but with particularly high deviations from the target value compared to the risk of poverty (Figure 7).

In the past ten years, the Italian objectives related to education have been achieved and exceeded, but the values of the indicators are still far from the level of the targets of the European Union as a whole. For school dropouts, a target of 15% was foreseen, exceeded in 2018 with 14.5% of dropouts, marking a significant progress compared to 19% in 2010, but still with a level 50% higher than the EU27 targets, established at 10%. Same trend for university degrees: the target of 26% of young graduates was already achieved in 2018 (with a share of 27.9% of young people between 30 and 34 years of age), but it is still a much lower level to that established - and achieved - by the European Union in 2019.

Figure 7 - *Distances from Europe 2020 Targets- ITALY- 2009 and 2019[2] (percentages).*

Source: Author's elaboration on Eurostat data

Different speech must be made - instead - for the employment rate. Compared to this important indicator, Italy has not even reached the national target, further increasing the distance from the European average.

The trend of the indicator relating to the risk of poverty is even worse. The number of people at risk of poverty and social exclusion, which had been established to decrease by 2.2 million, instead increased by 1.3 million. An opposite trend, therefore, to that expected in 2010.

Overall, it is important to highlight how the target levels for Italy were all less ambitious than those set by the Union (Figure 1). For employment, for investment in

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[2] Data refer to 2017 for poverty and R&D, and to 2018 for emissions and energy.

research and development, for education Italy had set targets between 10 and 50% lower than in the EU27. The environmental objectives were indicated at 20% for all, while the reduction of poverty was established individually for each country. When the objectives were established, the main problems (i.e. the greatest distances between the Italian levels in 2009 and the European objectives) referred to the sectors most linked to competitiveness, highlighted by the research and development indicators, higher education and of school dropouts. For the representation of the indicator relating to the "poverty" objective, which in the Europe 2020 strategy envisages a reduction of 20 million people at risk of poverty and exclusion as the EU aggregate value, the quota assigned to Italy was a reduction of 2.2 million people.

4. Conclusions and policy remarks

Public policy has an important impact on people's wellbeing: income, work, environment are all factors that affect the main determinants of quality of life. Therefore, monitoring of objective indicators, such as poverty, employment or greenhouse emissions, policy makers could measure the modifications of the wellbeing of different populations (Grimaccia and Lima, 2015).

This study shows that – according to the Europe 2020 indicators, in the EU social and economic disparities have stopped narrowing, poverty and exclusion have increased, including in the richer Member States. EU27 as a whole shows a progress in sustainability and smartness indicators but it failed in the inclusion indicators (no improvement in employments level and poverty increased). More specifically, Italy set very unambitious targets, well below the other MSs and the EU's ones. Moreover, the employment rate did not increase enough to reach even the national target (8 percentage points lower than the EU one). The number of poor people presents a growing trend that is opposite to what was expected in 2010. This increase in the number of poor is a trend that is not common in Europe, with Poland and Romania reducing the number of poor of 4.8 and 3 million respectively.

The European Union, in 2010, set clear development goals - ambitious and measurable. This should have allowed policy makers to follow up on achieving these goals. Analysing the situation 10 years later (but with data that do not take into account - for temporal reasons - the shock due to Covid-19 pandemic) it can be seen that Europe has not achieved its objectives. Looking at the detail of single MSs, apart from virtuous countries such as Sweden and Austria, many MSs did little to achieve the goals that were considered important by the countries themselves. Italy - which had set itself much lower targets than the rest of Europe - in many cases did not achieve them.

For the future, UN Sustainable Development Goals certainly identify an important pattern for fair and sustainable development, but the use of more than 200 indicators (some of which are currently not measurable) certainly makes progress more difficult to monitor, and countries less accountable for their development's progress efforts.

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SUMMARY

Europe 2020 Strategy for a Smart, Inclusive and Sustainable Growth: A First Evaluation

In this paper, an analysis of the Europe 2020 strategy indicators has been carried out, in order to identify in what socio-economic conditions European Countries have reached 2019. The strategy defined three priorities for growth in the European countries: Smart growth (developing an economy based on knowledge and innovation), Inclusive growth (fostering high employment, and ensuring social and territorial cohesion) and Sustainable growth (promoting a more resources-efficient, greener and more competitive economy). These goals were declined in eight headline indicators, and thus measurable targets, making governments "accountable" to the citizens and to the Commission. The indicators are related to employment, research and innovation, climate change, renewables and energy, education and poverty. For each indicator, a benchmark has been set, and the eight indicators are subject to regular statistical monitoring and reporting. Europe2020 is perhaps not a complete set of indicators for measuring the progress of societies and the quality of life of their citizens, but it is a very important recognition of European institutions that GDP alone is not enough and that it must necessarily be integrated with measures that take into account equity and sustainability . After 10 years, the EU has not reached the target identified in 2010, and Italy in 2019 was well behind the other countries in the EU.

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