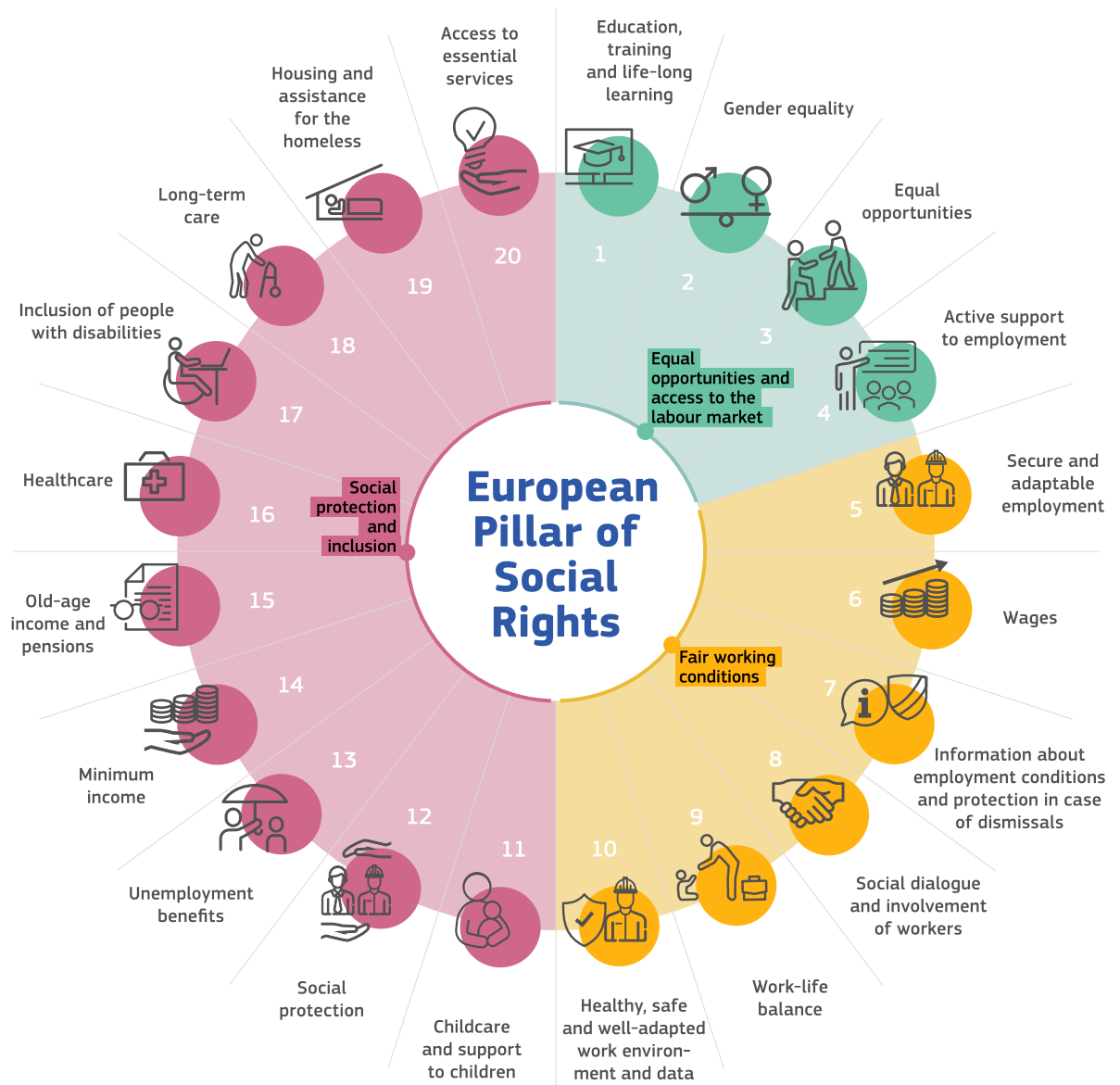


THE SOCIAL PILLAR AND THE FUTURE OF THE EU SOCIAL AGENDA

Tommaso Grossi, Laura Rayner, Danielle Brady, Xheimina Dervishi



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EXECUTIVE SUMMARY

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After enduring decades of neoliberal policy making that advocated for a small state and promoted the market as the primary instrument for the efficient allocation of jobs and resources, the welfare state must undergo significant revitalisation, facilitated by the European Pillar of Social Rights (EPSR). The EPSR's emphasis on an inclusive labour market, dignified working conditions and adequate social protection systems, as well as social inclusion policies, are vital for the well-being of individuals and the overall resilience of the EU's societies.

Given the redesign of the EU's economic governance, the start of a new legislature in Brussels in 2024, the upcoming EPSR action plan review of 2025 and in the context of war in Ukraine, the "cost-of-living" crisis, the green and digital transitions, and the splintering of the political landscape, the EPSR and its role as a compass and counter-crisis narrative has never been more important. The emphasis on the EPSR and the implementation of its 20 thematic principles are not guaranteed to remain in place. Addressing these issues requires collective efforts, innovative policies, forward-looking investments and solidarity amongst member states.

Understanding the EPSR's impact on equal opportunities, working conditions, and social protection and inclusion is central to addressing the critical socio-economic challenges and the "new social risks" emerging as a consequence of the dramatic transformations that the EU is currently facing.

Currently, the EPSR is implemented by a threefold approach. Firstly, this implementation strategy encompasses both legislative and non-legislative measures, with a primary focus on reinforcing and scrutinising the existing social acquis. The emphasis lies on enforcing established social norms and standards and, where deemed necessary, updating

them to align with evolving societal needs and challenges.

Secondly, the implementation of the EPSR is facilitated through specific funding mechanisms, such as the European Social Fund Plus (ESF+). This financial support is designed to bolster initiatives and programmes that directly contribute to the realisation of the EPSR's objectives. The allocation of funds serves as a proactive measure to address social disparities.

Finally, the Semester process, a key component of the EU's socio-economic governance framework, has undergone adjustments to accommodate the principles outlined in the EPSR. The Semester process, traditionally focused on economic and fiscal policies, now better incorporates considerations related to social aspects.

While these achievements underscore the EU's commitment to social progress, challenges remain. Ensuring the full implementation of these policies requires further measures, continuous monitoring, robust enforcement mechanisms and adequate financial resources. Additionally, addressing the diverse needs of different member states and ensuring effective coordination between national and EU-level initiatives are essential for the successful implementation of the EPSR's objectives.

The full implementation of the EPSR at the European level presents a multifaceted challenge, marked by various obstacles hindering its effective realisation, rooted in historical, political and administrative complexities.

PREFACE

PREFACE

The European Pillar of Social Rights (EPSR), introduced in 2017, stands as a beacon of the EU's commitment to promoting social inclusion and fairness across its member states. Encompassing 20 fundamental principles organised in three chapters (equal opportunities and access to the labour market, fair working conditions, and social protection and inclusion), the EPSR sets a bold trajectory toward a more equitable and prosperous Europe. This initiative marked a significant milestone in the EU's history, underscoring its commitment to strengthening the social dimension of European integration. Serving as a blueprint for a more just Europe, the EPSR's principles reflect the EU's resolve to strengthen social rights and tackle the distinctive challenges of the 21st century, including the digital transition, the climate and environmental crises, and demographic shifts.

Yet, in an era of “permacrisis” – with one crisis seamlessly following another and with a permanent and pervasive sense of insecurity lingering over Europe, severely testing the principles of the EPSR – the EU and its member states have been confronted with the need to strengthen their social policy agendas, making them fit for present and future challenges. In the ever-evolving and increasingly challenging socio-economic landscape of the EU, the pursuit of social cohesion, economic fairness and equal access to opportunities has become paramount. Recognising this urgency, the EPSR's action plan emerged in 2021 to reemphasise the EU's commitment to fostering a fair, resilient and prosperous society for all people across the EU.

In view of the redesign of the EU's economic governance, the start of a new legislature in Brussels in 2024, the upcoming EPSR action plan review of 2025 and in the context of war in Ukraine, the “cost-of-living” crisis, the green and digital transitions, and the splintering of the political landscape, the

EPSR and its role as a compass and counter-crisis narrative has never been more important.

Nevertheless, with the change of European Commission and the new Parliament in such a fragmented environment, the emphasis on the EPSR and the implementation of its 20 thematic principles are not guaranteed to remain in place. Addressing these issues requires collective efforts, innovative policies, forward-looking investments and solidarity among member states. Just as in the past, the EU's ability to navigate these challenges and implement effective and fair solutions will define its future.

Against this background, the Foundation for European Progressive Studies (FEPS), Social Platform, AK EUROPA, SOLIDAR and the European Policy Centre (EPC) have worked collectively to suggest innovative strategies and policies that address the pressing issues faced by EU member states and to prevent new ones. By pooling their expertise, resources and diverse perspectives, this consortium has collaborated to identify key areas requiring intervention, such as education, employment, health and care throughout the life cycle, and social protection, and highlighted new ones where reflection is necessary, concerning, for instance, artificial intelligence (AI) and upskilling and reskilling mechanisms to meet the structural changes brought about by the Green Deal and the rise of green industrial strategies.

We would like to thank FEPS, Social Platform, AK EUROPA and SOLIDAR for their contributions. By building on their collective expertise, we have compiled the following report.

Tommaso Grossi, Laura Rayner, Danielle Brady, Xheimina Dervishi

1. INTRODUCTION

1. INTRODUCTION

This policy study aims to offer an analysis of the EU's progress in advancing equal opportunities, improving working conditions, and strengthening social protection and inclusion, as envisioned by the EPSR, at both national and European levels. Furthermore, it underscores the importance of social partners' and civil society organisations' insights into shaping effective policies and decisions in the form of a "shadow social agenda" for informing and influencing the next legislature.

The examination is driven by the recognition that understanding the EPSR's impact on equal opportunities, working conditions, and social protection and inclusion is central to addressing the critical socio-economic challenges and the "new social risks"¹ emerging as a consequence of the dramatic transformations that the EU is currently facing.

Equal opportunities are the bedrock upon which fair, inclusive societies are built. They not only ensure that individuals are empowered to pursue their aspirations, regardless of gender; age; socio-economic, ethnic or racial background; disability or circumstances, but also bolster economic prosperity and social stability. Within the EU, achieving gender equality and bridging socio-economic disparities within and across countries should be considered integral to the pursuit of a more prosperous, resilient and united Europe.

Working conditions, on the other hand, play a pivotal role in shaping the quality of life for millions of Europeans. Upward social convergence of

countries, decent work and fair wages are not only ethical imperatives but also essential components for tackling poverty and vulnerability, and to combat social dumping. Through fair employment conditions, societies can create a buffer against the inequalities that market forces can generate, which are vital for maintaining high social inclusion standards, and can facilitate the transition from education and training to work.²

As seen during the COVID-19 pandemic, the capacity of a country to address unforeseen challenges and shocks lies in a strong and resilient welfare system that provides solid automatic stabilisers. An adequate social protection system provides an efficient and inclusive way to do this. As outlined in Principles 14 and 20 of the EPSR, all people living in the EU should have effective access to adequate minimum income support and essential goods and services. This access is intended to be complemented by a broader approach that combines incentives which encourage individuals to (re)integrate into the labour market, with adequate income support and access to quality services, as stated in the Commission's recommendation on the active inclusion of people excluded from the labour market.³ Together, quality employment policies and equal opportunities constitute the necessary tools for the de-commodification of people and workers in relation to the market. Furthermore, establishing a robust connection between social and economic rights is thus crucial to break free from the siloed approach that has characterised past attempts to achieve upward social convergence. By intertwining social, employment and economic aspects, policies



All people living in the EU should have effective access to adequate minimum income support and essential goods and services.



can be developed holistically, recognising that social equity, quality employment and economic prosperity are closely connected. This integrated approach ensures that initiatives aiming for social inclusion are aligned with economic and quality employment strategies.

In the past two decades, tools of policy coordination and calls from civil society organisations (CSOs) and social partners to be structurally and meaningfully involved in policy making through established civil dialogue and social dialogue processes have often been side-lined, if not overlooked. It is crucial to enhance the involvement of social stakeholders in shaping social policy from inception right through the design and implementation process. This is especially important if the aim is to carve out space for social targets within fiscal and macroeconomic rules. CSOs should be granted a prominent presence at the highest political levels, facilitated by regular summits and dialogue sessions at the EU level.

Moreover, European social policies need to transcend the limitations of a siloed approach. This method of policy making has hindered interventions in social areas, often prioritising them only if they align with broader economic objectives. When policies in areas such as education and active labour market policies (ALMPs) are designed to work together, they can create synergies that enhance their impact on individual well-being and societal outcomes.⁴ Avoiding compartmentalisation and establishing, instead, a principle of horizontality and policy complementarity is essential for crafting policies that truly address the interconnected challenges of our time. What happens in and around the workplace is not confined to the workplace but also affects the domestic environment and other individual spheres, and vice versa.

On top of these issues, the importance of policy complementarity extends beyond social, employment and macroeconomic domains, encompassing environmental and climate policies and sustainability efforts as well. Every economic intervention and social measure should consider its environmental and climate impacts, and vice versa. Thus, employment, social, economic, environmental and climate policies cannot be standalone, but need to be an integrated part of a broader strategy aiming to build a more sustainable, prosperous, inclusive and resilient Europe for all. Scholars and activists are advocating for a proactive role from governments and policymakers in introducing innovative eco-social policies.⁵ The goal is to redefine the welfare state synergically with climate mitigation policies, striving for coexistence with economic growth and going even further towards a transformative shift into a beyond growth or post-growth paradigm. Welfare states are recognised as crucial actors in facilitating a just transition, having the means to compensate for negative externalities, address impacts and create positive outcomes.⁶

In this context, the EPSR not only reinforces and reiterates traditional welfare principles but also seeks to transcend them. After enduring decades of neoliberal policy making that advocated for a small state and promoted the market as the primary instrument for the efficient allocation of jobs and resources, the welfare state can undergo significant revitalisation through the EPSR. The EPSR aims not only to enhance social cohesion and strengthen the overall economic fabric of society but also holds the potential to become a crucial driver of fair green and digital transitions. Importantly, these transitions must be understood as social transitions too, in light of the impact they will have on communities.



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Additionally, the EPSR operates within the framework of the EU, allowing for cross-border collaboration, exchange of good practices and – to some extent – harmonisation of social policies between member states, as well as providing a compass towards implementation of the social acquis for the EU's candidate countries. This supranational approach provides an obvious, yet clear, distinction from individual national welfare systems. The EPSR's emphasis on an inclusive labour market, dignified working conditions and adequate social protection systems, as well as social inclusion policies, are vital for the well-being of individuals and the overall resilience of the EU's societies. Other than an economic rationale of strong returns on investment and a boost in productivity deriving from improving human capital, the EU should strive towards these objectives by default.

Building on semi-structured interviews, desk research and a roundtable organised in the past months with key stakeholders and experts, this policy study formulates recommendations for the design of a shadow European social agenda that can influence the review of the EPSR action plan, the next European Commission work programme and the Council's strategic agenda. To build strong, feasible policy recommendations, it is essential to analyse the state of implementation of the EPSR to date, assessing its key achievements in the past legislatures and identifying the persistent challenges and gaps that require targeted interventions. Additionally, it is crucial to conduct comprehensive comparative research, examining social policies and initiatives in EU member states that have effectively enhanced social cohesion and inclusivity. This comparative analysis will enable us to identify best practices, innovative approaches and successful

experiments that can be scaled up or replicated at the European level.

Moreover, a forward-looking approach is essential. Anticipating future societal trends, demographic shifts and economic developments is vital to craft policies that are adaptable and resilient in the face of evolving challenges. As highlighted in the Commission's strategic foresight report 2023,⁷ enhancing the socio-economic resilience of a society requires a range of actions. These include maintaining a sound fiscal position to be able to absorb shocks, adapting at the time of exposure to shock and when its intensity increases, and transforming to ensure that the system not only bounces back but finds new, sustainable and inclusive development paths for bouncing forward.⁸ Strengthening welfare states through the principles of the EPSR thus becomes a true foresight exercise.

Lastly, it is imperative to consider the global context, acknowledging the interconnectedness of social issues with broader international challenges, such as climate change, migration and technological advancements. Integrating these considerations into the policy framework of the EPSR will ensure that the shadow European social agenda is holistic, responsive and capable of navigating the complexities of the 21st century. By combining these elements – rigorous analysis of past efforts, comparative research, inclusive stakeholder consultations, forward-looking planning and a global perspective – we can construct a robust shadow European social agenda that charts a course toward a more socially just and inclusive EU, where the EPSR and its principles of social and economic justice and solidarity become the steering instruments of European governance.

2. PROGRESS AND ACHIEVEMENTS TO DATE

2. PROGRESS AND ACHIEVEMENTS TO DATE

This chapter is structured through an examination of the progress and key achievements pertaining to equal opportunities, working conditions, and social protection and inclusion. To provide a comprehensive understanding of the EPSR's three chapters, we opted to explore specific selected principles, drawing not only from European and national-level policy documents and discussions, but also from the invaluable insights gathered through surveys and meetings with high-level stakeholders. By combining survey data with expert opinions, the analysis captures a rich tapestry of perspectives, offering a detailed understanding of how policies are perceived and experienced at grassroots levels and by policymakers.

2.1 From Gothenburg to Porto

In November 2017, the EU institutions and member states proclaimed the EPSR in Gothenburg, Sweden. The launch of the EPSR marked a significant milestone in the EU's commitment to enhancing social and employment rights. While existing social acquis already provided normative and policy instruments, the EPSR was not just a legal framework but a declaration of principles and a potent political message. Its inception came in the aftermath of the eurozone crisis and the Brexit vote, both of which underscored the need for a renewed focus on Europe's social dimension and to soothe the political and social costs of austerity measures, which placed a severe burden on the EU's social fabric. Unlike previous social frameworks, such as the European Employment Strategy and the Social Investment Package, the EPSR was a true political action aimed at breathing new life into Europe's social sphere.⁹ The inception of the EPSR was furthermore intrinsically linked to the context of the Economic and Monetary Union (EMU), aiming

to establish a more equitable monetary zone. This initiative emerged in response to the social justice deficit within the convergence and conditionality policies of the EMU. Notably, the EPSR was designed to be applicable to all EU member states, extending beyond those in the eurozone.

Despite the good premises of the EPSR, it was not self-evident that it would survive the transition from the Juncker (2014-2019) to the von der Leyen Commission (2019-2024).¹⁰ However, the EPSR continued to play a pivotal role in shaping the EU's social policy agenda and, three and a half years after the proclamation of the EPSR during the social summit in Porto, the European Commission published an action plan to implement the 20 principles of the EPSR. With this, the European Commission aimed to turn the principles into action, setting three headline targets to be achieved by 2030. The action plan, designed to build a "strong Social Europe that focuses on jobs and skills for the future and paves the way for a fair, inclusive and resilient socio-economic recovery",¹¹ was hailed as the best crisis-response mechanism to COVID-19, integrating the recovery strategy into Europe's broader EU social agenda, aiming to ensure no one would be left behind. Against the backdrop of labour market polarisation, inadequate social protection and increased vulnerability, the action plan emerged as the linchpin of the current Commission's social agenda.

The action plan focuses on three headline targets supported by secondary targets that the EU aims to achieve by 2030:

- 1) At least 78% of the population aged 20-64 should be in employment.

a) At least halve the gender employment gap compared to 2019. This will be paramount to progress on gender equality and achieve the employment target for the entire working-age population.

b) Increase the provision of formal early childhood education and care (ECEC), thus contributing to better reconciliation between professional and private lives and supporting stronger female labour market participation.

c) Decrease the rate of young people not in employment, education or training (NEETs) aged 15-29 from 12.6% (2019) to 9%, namely, by improving their employment prospects.

2) At least 60% of all adults should be participating in training every year.

a) At least 80% of those aged 16-74 should have basic digital skills, a precondition for inclusion and participation in the labour market and society in a digitally transformed Europe.

b) Early school leaving should be further reduced and participation in upper secondary education increased.

3) The number of people at risk of poverty or social exclusion (ARPE) should be reduced by at least 15 million.

a) Out of 15 million people to be lifted out of poverty or social exclusion, at least 5 million should be children.

Member states were invited to set national targets to jointly deliver on the EU headline targets. These targets were intended to steer and encourage national reform and investment priorities in the social and employment sphere and were intended to be implemented by the end of 2026. These reform and investment priorities were included in national recovery and resilience plans (NRRPs) as a condition to benefit from funding under NextGenerationEU's (NGEU) Recovery and Resilience Facility (RRF).

2.2 Progress on reaching action plan targets

2.2.1 An employment rate of at least 78%

According to the 2024 draft joint employment report, solid employment growth, on average, between 2020 and 2022 has positioned the EU favourably to attain its target employment rate by 2030. With a rise to 74.6% in 2022, there remains a requirement for a 3.4 percentage point (pps) increase (0.5% annual employment growth) by 2030 to achieve the 78% goal.¹² Despite the possibility of slower growth at elevated starting levels, this trajectory aligns well with the Union's 2030 employment rate objective, especially when compared to the 1.1% average yearly growth recorded in the pre-COVID period of 2013-19.

In 2022, significant progress was observed across all EU member states in achieving their national employment targets. The 2022 employment rates exceeded the 2020 levels for all EU countries, indicating advancement toward their respective national targets. While most member states still need additional efforts to bridge the gaps to their 2030 targets, five countries – Estonia, the Netherlands, Slovakia, Sweden and Denmark – already surpassed their 2030 national targets in 2022, while Ireland's employment rate sits on the 78% target. Despite significant progress overall, substantial increases in the employment rate are required in several member states to meet their targets by 2030. Italy aims for the most substantial increase (8.2 pps), followed by Belgium (8.1 pps), Spain (6.5 pps) and Romania (6.2 pps).¹³ There also remain vast regional differences between levels of unemployment, even in those member states with the highest levels of employment.

As part of the employment target, the Commission also set out to halve the gender employment gap, which translated to a target of 5.8 pps. In 2022, the gender employment gap in the EU stood at 10.7 pps, marking a paltry 0.2 pps decrease from the previous year.¹⁴

2.2.2 At least 60% of adults attending training courses every year

The target focusing on adult learning promotes policy initiatives aimed at empowering individuals in the workforce and ensuring adaptability to evolving skill requirements. The measurement of participation in education and training has undergone changes, notably in the labour force survey (LFS) starting from 2022. The LFS now captures data on involvement in both formal and non-formal education and training over the preceding 12 months, conducted biennially, in addition to the conventional four-week reporting period.

However, at the time of writing, the 12-month data was not yet available. Nevertheless, in 2022, the share of people in the EU aged 25-64 who had participated in education or training in the previous four weeks stood at 11.9%.¹⁵ This signals a 2.8 pps rise in the participation rate of individuals aged 25-64 who engaged in education and training within the preceding four weeks, surpassing the levels recorded in both 2020 and the pre-COVID-19 year of 2019.¹⁶ A rise in training participation of individuals within the preceding four weeks suggests that it is likely that there will also be an increase of participation over the course of 12 months as well.

However, the 2024 draft joint employment report highlights the substantial advancements that must be made to meet the 2030 skills target, aligning with the necessary ambition for Europe to sustain competitiveness, foster innovation and promote inclusivity amidst significant forthcoming transformations.¹⁷ Member states started at different points of departure and have therefore set their 2030 national targets on adult learning at varying levels of ambition, but increased efforts are needed overall to ensure that the 60% goal is met by 2030.

2.2.3 Lifting 15 million people out of the risk of poverty or social exclusion

Regarding the target of lifting 15 million people out of the risk of poverty and social exclusion, the figures remain stable overall, with no significant change. In 2022, the overall count of individuals falling under the category of AROPE saw a modest decline of around 0.3 million, closely aligning with its 2019 baseline.¹⁸

Nevertheless, there are other worrying trends: there have been increases in the severe material and social deprivation rate in around a third of member states, reflecting that the real disposable income of households worsened in 2022. There has been an increase in energy poverty, as reflected by the share of the population declaring an inability to keep their home adequately warm, which has increased from 6.9% in 2021 to 9.3% in 2022. The overall share of people in the EU reporting financial distress rose sharply from March 2022 onwards. By March 2023, the share of the overall population in financial distress had risen to 16.8%, well above the previous peak during the COVID pandemic and returning to the sort of levels last seen in 2013-2014. There has also been a deterioration in the poverty and relative income situation of older people (aged 65 or older), and the situation regarding income inequalities has deteriorated in almost half of the member states.¹⁹

Moreover, these general statistics hide significantly worse poverty and social exclusion levels for various groups at higher risk, such as persons with disabilities, who often face extra costs that are unmet by social protection schemes; ethnic minorities, such as Roma; people with a migrant background, including undocumented migrants; and children.

While several member states, including Greece, Poland and Croatia, achieved notable reductions in the AROPE rate of 11%, others, such as France, Germany, Spain, Austria, Finland, the Netherlands, Slovakia, Sweden, Ireland, Estonia, Denmark and Luxembourg, experienced the opposite trend. Notably, Cyprus was the sole country to reach its national target in 2022.²⁰

The 2030 target includes a specific focus on ensuring that at least five million individuals lifted out of poverty or social exclusion are children. However, the data for 2022 shows that the number of children falling into the AROPE category increased by 915,000 in the EU compared to 2019.²¹ Positive developments were observed in only half of the 19 member states that had established related complementary targets.²² This does not bode well for the 2030 target and signals the need for significantly increased efforts in many member states.

2.3 Progress on the implementation of the EPSR

The EPSR's agenda is not unprecedented but echoes previous efforts of increasing attention on social and employment rights. The EU2020 strategy, for instance, aimed to transform the EU into a sustainable and inclusive economy with high levels of employment and productivity.²³ Furthermore, the EPSR resonates with key principles of the Treaty on the Functioning of the European Union (TFEU). Article 151 of TFEU states that:

The Union and the member states shall have as their objectives the promotion of employment, improved living and working conditions, so as to make possible their harmonisation while the improvement is being maintained [...] the Union shall support and complement the activities of the member states in a range of social policy fields, including working conditions.²⁴

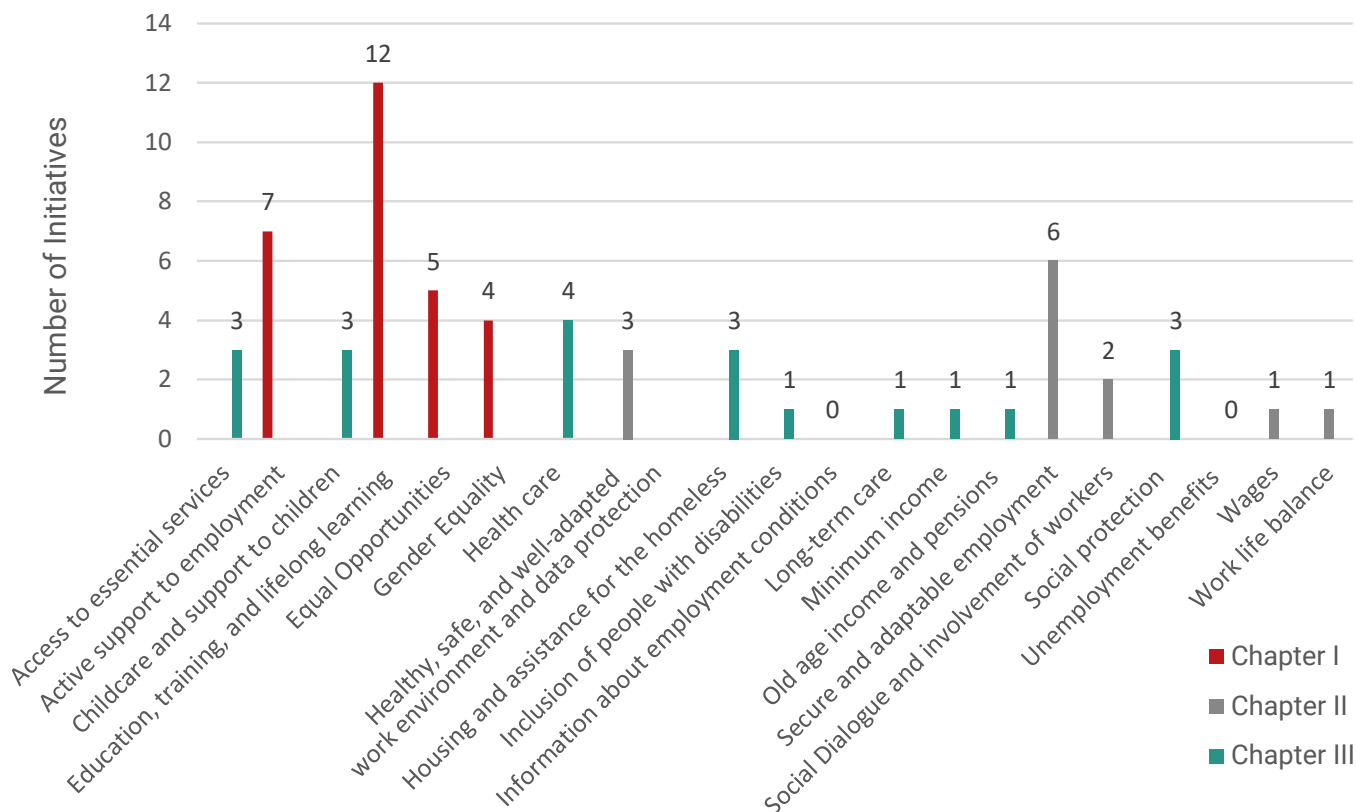
Nonetheless, the EPSR stands out for its ambitious principles, and for its expansion and reinforcement of social and civic rights. A substantial number of new legislative initiatives (Figure 1) have indeed been introduced across several Directorate-Generals (DG), most of them adopted or at an advanced stage of agreement.

Currently, the EPSR is implemented by a threefold approach. Firstly, this implementation strategy encompasses both legislative and non-legislative measures, as well as thematic equality strategies, with a primary focus on reinforcing and scrutinising the existing social acquis. The emphasis lies on the enforcement of established legislative and non-legislative measures and, where deemed necessary, updating and complementing them with new initiatives to align with evolving societal needs and challenges.

Secondly, the European Semester process (“the Semester”) – a key component of the EU’s socio-economic governance framework – determines the EU’s annual cycle of fiscal and economic policy coordination indicated through country-specific recommendations (CSRs) and the social deficits where member states should intervene to comply with the principles outlined in the EPSR. According to Zeitlin and Vanhercke,²⁵ the Semester, traditionally focused on economic and fiscal policies, now better incorporates considerations related to social and employment aspects.

Finally, the implementation of the EPSR is facilitated through EU funding mechanisms, with the European Social Fund Plus (ESF+) being the main instrument supporting its implementation. The ESF+ combines four funding instruments that were separate in the programming period 2014-20: the European Social Fund (ESF); the Fund for European Aid to the Most Deprived (FEAD); the Youth Employment Initiative; and the European Programme for Employment and Social Innovation (EaSI). This financial support is designed to bolster initiatives and programmes that directly contribute to the realisation of the EPSR’s objectives. The allocation of funds serves as a proactive measure to address social disparities. Moreover, member states can also make use of the Invest-EU and React-EU programmes or the RRF to fund measures combatting social exclusion.

Figure 1. EPSR implementation by principle and chapter - Number of initiatives per policy area



Source: European Commission. Authors' own elaboration.

2.3.1 Employment

Over the course of the past two mandates, the EU has made significant strides in advancing its education and training, employment and skills policy agenda through the principles of the EPSR. These initiatives include:

- The European Skills Agenda and the Skills Pact; the Digital Education Action Plan; the Council's recommendation on vocational education and training for sustainable competitiveness, social justice and resilience; the strengthened Youth Guarantee; and the Commission's recommendation for effective active employment (EASE).
- The directive on adequate minimum wages was a significant milestone, putting forward a framework to improve the adequacy of minimum wages, increase the access of workers to minimum wage protection and to strengthen collective bargaining at the national level. The establishment of guidelines on minimum wages marked a positive step towards improving the living standards of workers. Additionally, the Strategic Framework on Health and Safety at Work (2021-2027) laid the foundation for a safer and healthier working environment,

demonstrating the EU's commitment to safeguarding the well-being of workers. The establishment of the European Labour Authority bolstered cooperation and coordination among EU member states in addressing cross-border labour mobility challenges. This initiative facilitates the enforcement of labour rights and ensures better protection for workers in the context of a dynamic and interconnected labour market.

- The proposal for a Platform Work Directive acknowledges the evolving nature of work and seeks to offer a long-awaited opportunity to guarantee that all workers in the platform economy enjoy labour rights and social benefits. The European Commission's proposal for a directive attempts to introduce the first EU rules on algorithmic management and the use of AI in the workplace, potentially setting the standards for the protection of workers' rights in the overall labour market in view of the digital transition. However, at the time of writing, the Platform Work Directive is still under negotiations and trilogues are unlikely to be finalised in this mandate.
- The Pay Transparency Directive represents a significant step in the fight against gender-based pay discrimination. By promoting transparency in pay structures and fostering equal pay for equal work, the EU aims to address gender inequalities in the labour market.
- The recommendation on social dialogue acknowledges and promotes social dialogue between employers' and workers' representative organisations, calling for the systematic involvement of social partners in the design and implementation of employment and social policies and increased support to social partners.
- The Work-Life Balance Directive seeks to ensure a more equal sharing of parental leave between men and women, empowering the latter's representation in the labour market and supporting work-life balance for both parents and carers.

2.3.2 Social protection

Social protection schemes, consisting of policies targeted at protecting people from macroeconomic oscillations and personal misfortune, are a crucial feature of resilient welfare states. The EPSR has made significant strides to ensure that people in the EU can benefit from adequate and inclusive social protection.

- The recommendation on access to social protection for workers and the self-employed invites member states to expand and strengthen existing social safety nets, ensuring that both traditional employees and self-employed individuals have access to essential adequate social protection.
- The recommendation on adequate minimum income sets guidelines for adequate minimum income schemes, providing a safety net for vulnerable individuals and families. It aims to combat poverty and social exclusion by promoting adequate income support as well as better coverage and take-up of minimum income schemes. In addition, it encourages member states to ensure effective access to and enable essential services for persons lacking sufficient resources and fostering labour market integration of those who can work, in line with the active inclusion approach.
- The introduction of the European Child Guarantee demonstrates the EU's commitment to tackling child poverty and promoting equal opportunities for children. By recommending that member states ensure access to and sufficiently fund essential services, such as education, healthcare, nutrition and childcare, the EU aims to break the cycle of poverty and invest in future generations.
- The EU's efforts to ensure the inclusion of persons with disabilities not only in the labour market but also in society has been underlined by the Strategy for the Rights of Persons with Disabilities 2021-2030, which outlines a comprehensive framework to enhance the social inclusion and participation of people with

disabilities. It also proposed the creation of the European disability card.

2.3.3 Equal opportunities

The EU prohibits discrimination based on factors such as race, religion, disability, age and sexual orientation. Gender equality has been a central focus in the EU's efforts to offer equal opportunities, with efforts to ensure parity between men and women in employment, education and political participation. The EU emphasises accessibility for individuals with disabilities, encompassing physical spaces, transportation and digital services. Nevertheless, there remains a tendency to reduce equal opportunities in society to employment.

- Regarding equal opportunities and labour market inclusion, the European Gender Equality Strategy reaffirmed the EU's commitment to promoting gender equality in all spheres of life.
- The Women on Boards Directive aims to increase the representation of women in corporate leadership positions, breaking the glass ceiling and enhancing gender diversity in corporate governance.
- The recognition of informal learning achievements (ILAs) and the development of the Micro-Credential Framework provides avenues for skills recognition and lifelong learning, enhancing employability and adaptability in the labour market.
- The reinforced Youth Guarantee initiative addresses the challenges faced by young people entering the labour market, providing targeted support, training and employment opportunities.
- To achieve a Union of Equality and to fight racism within the Union, the European Commission proposed the EU Anti-racism Action Plan 2020-2025. The main objective of this action plan was to ensure the implementation of national anti-discriminatory and anti-racism initiatives and policies in member states.
- A further initiative aimed at ensuring equal opportunities for all within the EU is the 2020-2030 EU Roma Strategic Framework. This strategic framework, part of the EU's anti-racism action plan, gives particular focus on protecting Roma people from racial discrimination and anti-gypsyism. The adoption of the Council recommendation on Roma equality, inclusion and participation also represented an important and concrete step, aiming to strengthen the commitment of member states towards the inclusion of Roma people in education, employment, health and housing and in guaranteeing their social and political participation.
- The integration and inclusion of migrants and people with a migrant background has been supported by the Action Plan on Integration and Inclusion 2021-2027, the ESF+, and the Asylum, Migration and Integration Fund (AMIF). The aim of the action plan is to support member states through funding, guidance and fostering relevant partnership with migrants, host communities, social partners and civil society.
- The LGBTIQ+ Equality Strategy 2020-2025 represented the first concrete strategy adopted by the EU aiming to promote and protect diversity and equality of all people and members of the LGBTIQ+ community. The purpose of this strategy was to tackle any form of discrimination against LGBTIQ+ people by celebrating diversity as a collective richness. The key achievements of this strategy encompass the strengthening of the role of equality bodies to enforce equal treatment legislation and policies aimed at promoting inclusion and diversity in the workplace.

3. SHORTCOMINGS AND CHALLENGES TO EPSR IMPLEMENTATION

3. SHORTCOMINGS AND CHALLENGES TO EPSR IMPLEMENTATION

While these achievements underscore the EU's commitment to social progress in recent years, challenges remain. Ensuring the full implementation of these policies requires continuous monitoring and evaluation, robust enforcement mechanisms, and adequate financial resources. Additionally, addressing the diverse needs of different member states and ensuring effective coordination between national- and EU-level initiatives are essential for the successful implementation of the EPSR's objectives.

The full and ambitious implementation of the EPSR at the European level presents a multifaceted challenge, marked by various obstacles hindering its effective realisation, rooted in historical, political and administrative complexities. Social partners, CSOs and EU experts provided valuable insights into these obstacles, highlighting key issues faced during the implementation process. The following sections synthesise their responses, shedding light on the most significant barriers encountered and offering recommendations for overcoming them.

3.1 Legal obstacles and political will

Although only a few comprehensive studies have analysed the implementation of the EPSR at a more granular level,²⁶ some of the ambiguities and shortcomings of the EPSR are self-evident. Since its inception, the implementation of the EPSR has notoriously been bound to member states' agendas and their political will, as the Interinstitutional Proclamation on the EPSR itself states: "For them to be legally enforceable, the principles and rights first require dedicated measures or legislation to be adopted at the appropriate level". Most experts highlight, as obstacles, its legal underpinning (or lack thereof), social shortcomings and frictions with member states that still tend to prioritise fiscal,

macroeconomic and budgetary objectives over social ones. The lack of political will and political commitment has been repeatedly highlighted as a persistent challenge in the comprehensive implementation of the EPSR.

3.2 Political competence

A further hindrance stems from the implementation of the EPSR primarily occurring at the national and sub-national levels. While the EPSR provides a common framework of social rights at the EU level, the responsibility for translating these principles into concrete policies largely falls on individual member states with national, regional and local governments remaining primarily responsible for the update of their individual social systems. While this decentralised approach is not a problem in itself, it can result in diverging levels of commitment and uneven implementation across and within EU countries.

Several principles of the EPSR require further legislative initiatives to fully implement the action plan's targets. To reach its full potential, it is argued that the EPSR should have stronger legislative power. Otherwise, it risks remaining a "soft governance" instrument of "indirect action", providing recommendations for member states to act upon as they see fit and an exercise of consolidation for policymakers, providing an indication of which principles the institutions should embrace.²⁷

Survey respondents show that, for governments with a strong social policy agenda, the decentralised nature of the EPSR can be seen as an opportunity to tailor social policies to the specific needs and contexts of their populations. However, for those less committed to robust social policies, the lack of

a stronger legislative foundation in the EPSR may lead to a reluctance to prioritise and fully integrate the proposed social rights into their national frameworks.

3.3 Resistance by business interests

Another challenge arises from resistance encountered by various stakeholders and interest groups, at both national and EU levels. Business lobbies and certain governments have been resistant to social policies that might impact economic interests. This resistance can lead to diluted or delayed initiatives, reflecting a lack of commitment to robust social reforms.

Concerning policy measures in the domain of platform work, some of Europe's major digital platforms have exhibited significant reluctance and even hindered the adoption of the proposed directive on platform work. France, backed by the Czech Republic, Finland, Greece, Hungary, Ireland, Latvia, Lithuania and Sweden, opposed the texts. Notably, countries such as Estonia, Finland and Germany, which also host prominent digital platform companies, have also expressed disagreement to the proposal. Alongside these member states, some of the largest digital platforms have established industry associations in Brussels and, to safeguard their corporate interests and wield influence over the proposed legislation, have intensified their lobbying efforts, as reflected by increased spending in this regard.²⁸

The historical context and political legacies of individual member states also play a role in shaping political will. Countries with longstanding social welfare traditions may be more inclined to embrace EPSR principles, while others with neoliberal policy orientations or fiscally conservative governments and ministries might exhibit resistance, hesitancy or lack of enthusiasm in adopting certain social policies. At the same time, however, resistance from member states with long-standing social welfare traditions has negatively impacted progress made at the EU level. For example, Nordic labour unions have long been sceptical of EU labour standards regulation and, in particular, have opposed setting

an EU-level minimum wage. The scepticism about EU labour regulation arises from the Nordic model of industrial relations, which Nordic unionists perceive as highly successful and superior to other systems.²⁹

In Denmark, a country that belongs to the Nordic model of the welfare state, there is a perception among some respondents that the EPSR is deemed irrelevant. This viewpoint stems from the belief that the majority of the EPSR's principles are already effectively implemented within the Danish model, characterised by its strong emphasis on social policy and ALMPs. Furthermore, organised labour and collective bargaining play integral roles in Denmark's socio-economic landscape. A survey respondent contends that these established mechanisms within the Danish system already address and uphold many of the principles outlined in the EPSR, albeit with increasing distinction made between Denmark's citizens and those without citizenship. Despite the absence of an official minimum wage set by law in Denmark, with wage levels being set internally by trade unions, even the lowest incomes in the country are comparatively high and well above the poverty threshold. At the same time, Danish respondents have also claimed that significant barriers to equality still persist.

As Denmark offers accessible, high-quality education, promotes social mobility, and maintains collaborative labour agreements among social partners, one of the primary obstacles within the country is discrimination. Factors such as race, ethnicity, gender, age, or disabilities can constrain the accessibility of quality employment and equal opportunities. (DK1)

Moreover, the Danish government has not been directly pursued initiatives to combat precarious forms of work, which are instead left to labour organisations (DK2).

Finally, the continuing heterogeneity of national and sub-national social policies makes it difficult to align EU social standards to national priorities and their social, political, economic and cultural environments. In particular, the EU enlargement to the east and the deep economic and debt crisis have significantly increased the divergence of welfare states in the EU.

3.4 Data collection and reporting

The implementation of the EPSR is monitored through the Social Scoreboard and the Semester, which also steers its implementation; these are important tools used for these purposes. Country reports within the Semester often highlight diverse policy activities and the level of implementation of the EPSR in EU member states. However, there are notable gaps in the current monitoring framework, as highlighted by the stakeholders engaged in this study.

One of the main criticisms made towards the Social Scoreboard is that it lacks disaggregated data by various characteristics, such as gender, age, ethnicity and socio-economic status, which would better enable the measurement of the impact of policies on various groups, particularly those in vulnerable situations. Data should include information on key groups, such as the Roma, and address racial and ethnic origins, aligning with the requirements of the EU's anti-racism action plan and the principles of equality data collection.

Furthermore, while at least partially covering 18 of the 20 EPSR principles, the Scoreboard lacks indicators for key aspects, like Principle 8, which pertains to social dialogue and workers' involvement, for which it has been suggested that an indicator should be developed to measure the practice of participative management in enterprises. A further example of the limit of indicators in the Social Scoreboard is regarding the rights of persons with disabilities, where the only indicator covers the disability employment gap, vastly failing to encompass the numerous other barriers that persons with disabilities face. Another example is given by the housing cost overburden indicator, which does not provide information on

homelessness covered in Principle 19. A further gap suggested by responders is on "job creation by social economy for groups in vulnerable situations". An indicator assessing this development would be especially useful for Principle 4 (active support to employment). Criticisms have also been raised by CSOs regarding the Scoreboard's failure to monitor and address some crucial aspects relative to social exclusion, primarily due to the challenge of assessing the status of such a multifaceted concept that involves various interconnected factors such as poverty, unemployment, education, health and discrimination.

Social indicators can be subject to high data volatility, time lags and a lack of data disaggregation.³⁰ All the indicators included in the Social Scoreboard are outcome indicators. For instance, one such indicator is the AROPE rate, which only becomes available after a significant delay and partly relies on subjective information. The definition of poverty remains difficult, as it does not measure "absolute" poverty, but rather income inequality, because it is calculated relative to a median population value.³¹ Similarly, severe material deprivation, one of the components of the AROPE, presents problems in terms of comparability, since the basic items included in the definition vary across countries. Youth unemployment and NEET rates are problematic to the extent that they are sensitive to changes in the active population and even to seasonality.³² Currently, substantial disparities exist among member states' data collection procedures, emphasising the need for extensive efforts to standardise these processes and ensure accurate, comparable and timely data.

To address some of these concerns, the EPSR's action plan proposed a revision of the Social Scoreboard. This revision – aiming to update the existing set of indicators, ensuring a more comprehensive tracking of the EPSR's implementation progress – was not fully finalised because of a disagreement between member states on the revision of secondary indicators. The need for a reformed Social Scoreboard and its use in the Semester is evident; the traffic light methodology used in the Semester based on the Social Scoreboard should not merely compare



The Semester was originally designed as a tool to monitor economic and fiscal policies of member states. Despite attempts to recognise the wider social, employment and, more recently, climate consequences of economic policies in the process, and strengthen social reform and investment recommendations within the CSRs, the macroeconomic strand still dominates.



EU member states in terms of best and worst performers against EU averages. Instead, it should measure progress against ambitious, quantified targets and objectives, encouraging nations to strive for significant progress, rather than settling for being slightly above average. Additionally, there is a pressing need to reform the process so that the Scoreboard triggers ambitious recommendations for concrete policy changes, in case a member state falls behind. This could involve additional support, funding or specific recommendations tailored to the country's situation.

The Social Convergence Framework is an important first step towards improving social monitoring in the Semester. However, the approach agreed by the Social Protection Committee (SPC) and Employment Committee (EMCO) – which is being, at the time of writing, included as a pilot project into the 2024 Semester cycle – presents some shortcomings, including the use of the traffic light methodology of the joint employment report and the insufficiently ambitious methodology used to identify potential risks to upward social convergence in the first-stage country analysis on social convergence. This presents a risk of overlooking social convergence risks, especially for specific groups in vulnerable situations which often experience deep, multiple and intersecting disadvantages. Furthermore, the approach to categorise member states only in comparative terms through the traffic light methodology in the first-stage assessment is lacking. If many member states face significant issues in a specific policy area, this approach will not allow for the identification of all risks to upward social convergence.³³ However, ensuring the permanent integration of the Social Convergence Framework into

the European Semester cycle is crucial for fostering a cohesive and comprehensive approach to economic and social policies. It would be beneficial, however, to continue to refine and adjust its methodology to actively identify and address social convergence risks.

Finally, despite the intrinsic value of the Social Scoreboard, in practice, it remains subordinate to the Macroeconomic Imbalance Procedure Scoreboard in terms of political priorities. The Semester was originally designed as a tool to monitor economic and fiscal policies of member states. Despite attempts to recognise the wider social, employment and, more recently, climate consequences of economic policies in the process, and strengthen social reform and investment recommendations within the CSRs (especially since the outbreak of the COVID-19 pandemic), the macroeconomic strand still dominates.³⁴ Furthermore, although an assessment of progress towards implementation of the sustainable development goals (SDGs) has been integrated into the Semester over the course of this Commission mandate, integrating the environmental and climate policies – as well as the impact of economic policy choices – on social, employment, environmental and climate outcomes requires further development.

3.5 EPSR mainstreaming

3.5.1 EU budget

Budget instruments, as well as monitoring and evaluation tools, were also discussed by survey respondents. Expenditure on social policy initiatives

represents a sizeable proportion of the EU budget. The implementation of the EPSR is facilitated through various financial instruments and budgetary tools. Coming into force in July 2021, the ESF+ integrated former European funding schemes to maximise the efficiency and coherence of EU funding under a single overarching initiative. In the same spirit as the ESF, the ESF+ is the main EU budgetary instrument for improving social cohesion and workers' mobility and increasing competitiveness across Europe and has a budget of almost €99.3 billion for the 2021-2027 period. It also serves as a vital financial tool that enables member states to translate the principles and objectives of the EPSR into tangible actions.

3.5.2 The EPSR and the RRF

The establishment of the RRF as a strategic response to emerge stronger and more resilient from the COVID-19 crisis formally introduced the adoption of a performance-based approach to EU spending and has become another funding tool for enhancing and achieving social objectives, among others. The RRF regulation states that national reforms and investments should relate to the CSRs of the Semester and the implementation of the EPSR: the recovery plan is expected to “effectively contribute to strengthening the growth potential, job creation, and economic, social and institutional resilience of the member state, contributing to the implementation of the European Pillar of Social Rights”.³⁵ By integrating the EPSR into the EU's recovery strategy from the pandemic through the action plan, the EU marked a shift from “ex-post to ex-ante solidarity”³⁶ and has progressively stepped back from austerity's “structural reforms” as its main crisis-management framework to respond to the sovereign debt crisis.³⁷

According to Vanhercke and Verdun³⁸, while the European Commission, particularly Directorate-General for Economic and Financial Affairs (DG ECFIN), holds a significant role in steering the RRF, national actors should have, in principle, important avenues for influence. Social partners and CSOs, at both domestic and EU levels, have however struggled to strategically leverage the institutional

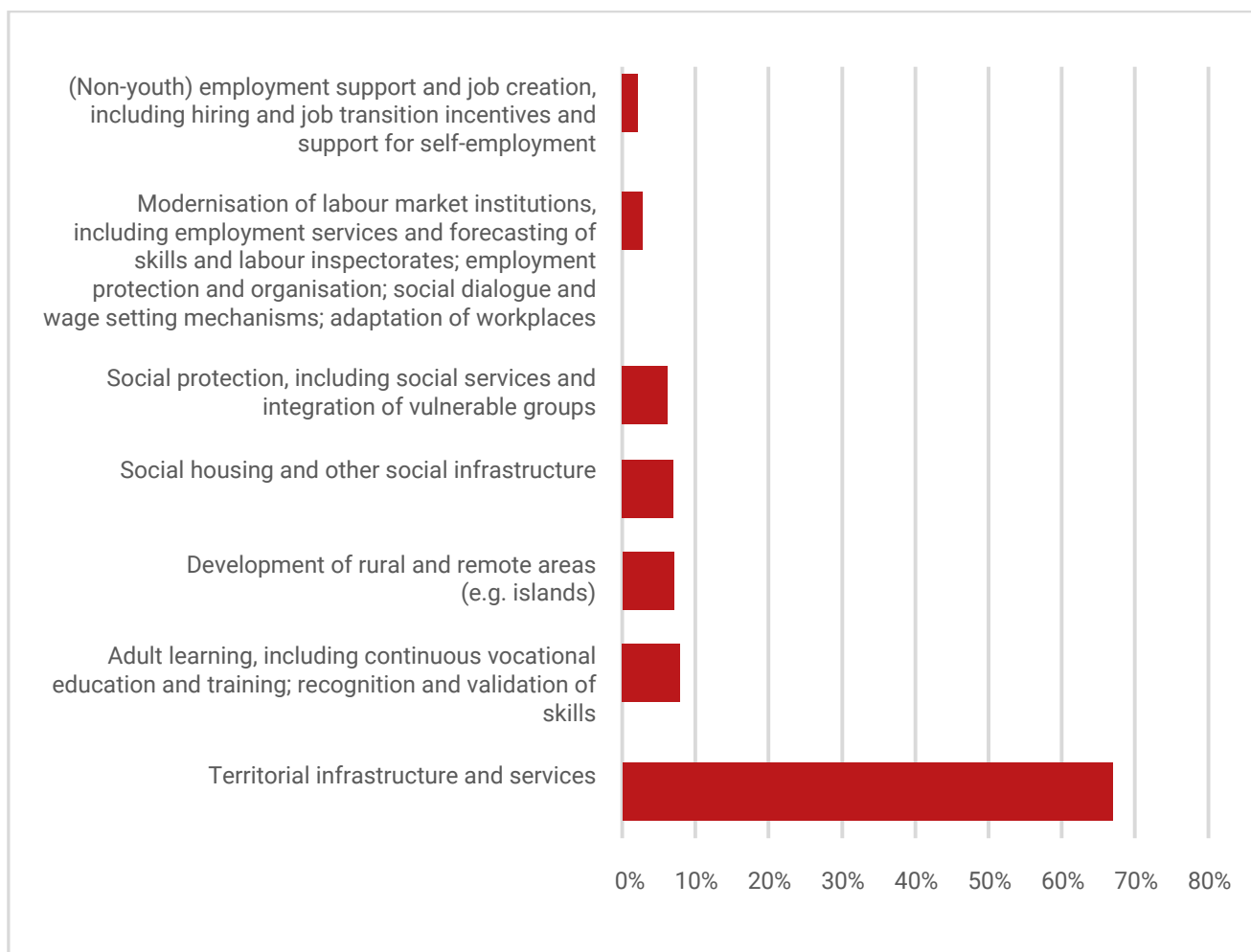
frameworks of the Semester as a means to actively participate and express their perspectives within the RRF process.³⁹

Rainone⁴⁰ highlights challenges in integrating the EPSR through the RRF within the Semester. Rainone emphasises the obstacles to its effective “socialisation”, noting concerns about the Commission's monitoring of NRRPs' compliance with the EPSR and how, despite high compliance ratings, planned reforms may not adequately address the social challenges identified in the Semester's CSRs, particularly in welfare policies and social assistance. This suggests that a comprehensive understanding of national interventions requires considering NRRPs alongside non-RRF-covered national reform agendas. At the same time, as shown in Figure 2, reforms and investments in NRRPs within the social and territorial cohesion pillar focus primarily on enhancing territorial infrastructure and services. Other policy areas, such as social protection, are significantly less addressed through reforms and investment.

The CSRs are not legally binding but foresee financial sanctions for non-compliance with recommendations from macro-economic imbalance or excessive deficit procedures. In her analysis of CSRs, Rainone⁴¹ observes the limited impact that the EPSR had in redirecting the annual growth survey towards a more social perspective, noticing a shift only in response to COVID-19. Furthermore, the principles enshrined in Chapter II have long been absent from the CSRs, with more emphasis given to education, skills and training.

Corti and Vesan⁴² view the RRF as being pivotal for Social Europe, providing fresh financial resources tied, in theory, to EPSR principles. Their empirical research shows, however, that the RRF has only partially contributed to reinforcing member states' compliance with the social CSRs. According to the authors, a significant portion of the measures outlined in the NRRPs deviates from the CSRs, with some CSRs, for countries like Austria, Belgium and Germany, not being translated into specific investments. This indicates a potential gap in

Figure 2. Breakdown of expenditure supporting social and territorial cohesion per policy area - EU27



Source: Recovery and Resilience Scoreboard. Authors' own elaboration.

addressing all the crucial aspects identified by the Social Scoreboard and the Semester.

Regarding the analysis of the alignment between the RRF, specifically the NRRPs, and the EPSR, Austria and Spain – amongst the countries pooled for this study – warrant attention. The Austrian NRRP introduces initiatives to ease access for inactive and long-term unemployed to public employment services, along with pathways for upskilling and reskilling. Additionally, there is a minor proposed revision to the pension system for couples with children. However, as the authors report, “Austria

does not intervene to address the challenges in the low participation in early childhood education and care, as well as gender employment gap, rising (regional) inequalities and low integration of vulnerable people in the labour market”.⁴³ Moreover, 69% of the social investments in the Austrian plan were pre-planned and do not involve additional spending but rather replace existing national commitments.⁴⁴ Furthermore, Austria dismisses recommendations concerning the sustainability of health and long-term care and the necessity to shift taxes from labour to sources less detrimental to inclusive and sustainable growth.

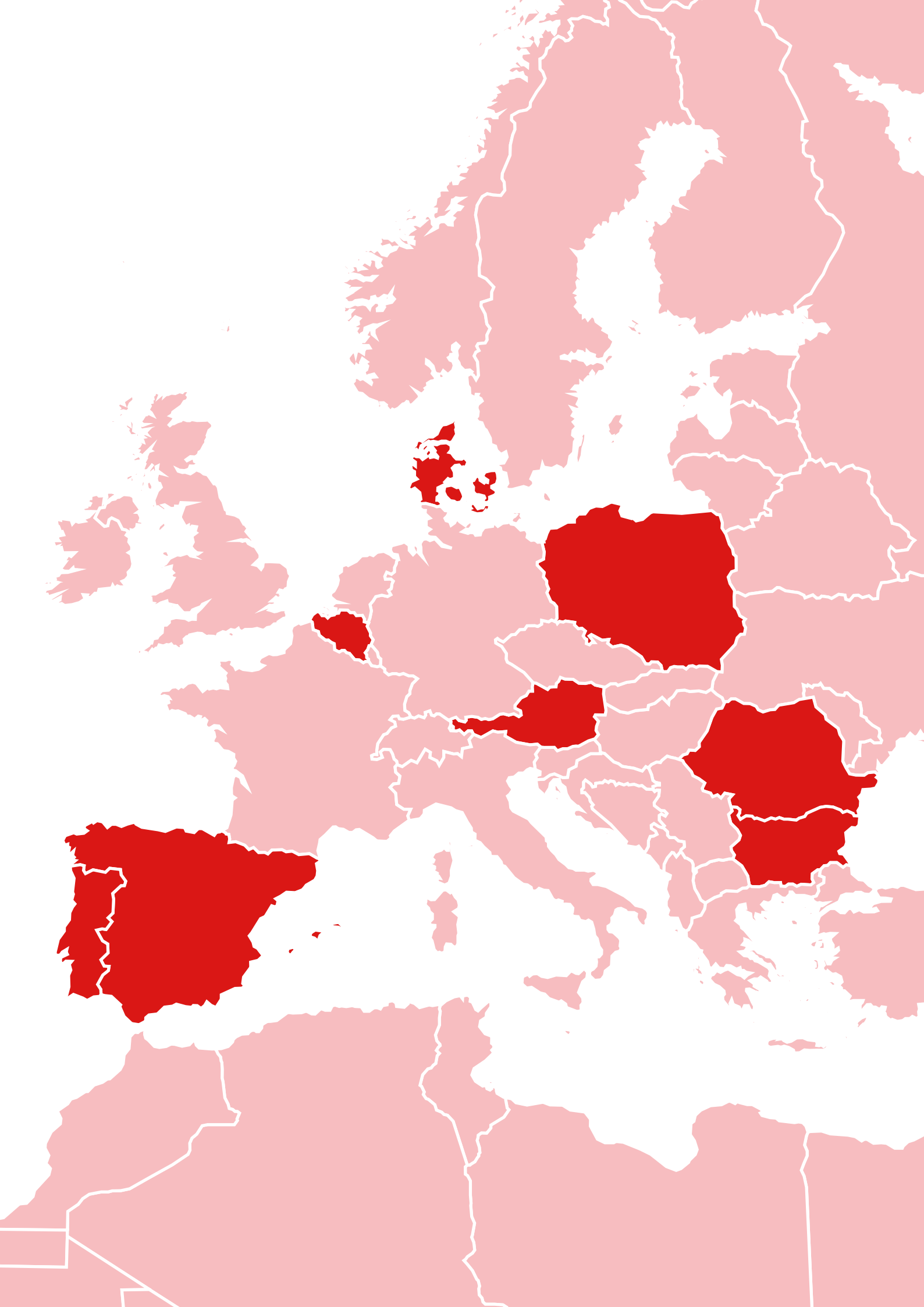
Spain, on the contrary, shows a better alignment between CSRs and the EPSR. The Spanish NRRP includes a broad set of reforms aiming specifically at investing and modernising labour market policies and traditional social protection policies. In addition, the Spanish plan introduces a number of measures that are not directly linked to the social CSRs, in the realm of long-term care and inclusion of people with disabilities within the labour market. With regard to investment, Spain allocates the largest share (around 60%) to new projects, which would have not been financed without RRF support. Spain, moreover, allocates 30% of the RRF money to social spending, prioritising investments in social infrastructure and housing (33% of the entire budget), followed by adult learning (19%) and general educational policies (14%).⁴⁵

governance rules, especially for those member states with limited fiscal room for manoeuvre.

While the EPSR is acknowledged as a guiding framework for the RRF, there is no mandate for aligning the investments of NRRPs with the principles of the EPSR. Unlike the green and digital transitions, where member states are required to allocate 37% and 20% of their expenditure to each area respectively, no earmarking was set for social investments. Additionally, the RRF, being a temporary instrument, is not bound to the EPSR through social conditionality clauses.

The impact of fiscal policies and debt and deficit reduction on employment and social objectives has long been recognised – as is the need to strengthen social cohesion, meet the ambitions of the twin transition to ensure climate-neutral economies and societies while leaving no one behind, provide energy security and open strategic autonomy – to address transformations in the world of work as well as demographic change. Nevertheless, the focus of EU's economic governance remains debt and deficit reduction, with a continuing disconnect from other vital EU strategic objectives. The creation of fiscal space for urgently needed reforms and public investments in common EU priorities, such as the European Green Deal, the EPSR and the digital transition, remains of secondary importance. Ultimately, delivering on these objectives will strongly depend on political support and the fiscal space created for investment within the EU's economic

4. NATIONAL SNAPSHOTS



4. NATIONAL SNAPSHOTS

4.1 Spain

Despite Spain's relatively strong economic resilience in recent years, due to its limited dependence on Russian oil and gas, higher-than-normal inflation currently remains a challenge. Furthermore, many stakeholders and social partners identify high youth unemployment, poverty and work-life balance as persistent issues.

Although Spain has made progress in reducing youth unemployment, the rate is still more than double the EU average.⁴⁶ The problem is caused by structural issues, temporary contracts and skills mismatches. To address this issue, the Youth Guarantee Plus programme was introduced, but evaluating its outcomes has proven to be challenging. Youth employment in Spain is concentrated in the services sector, particularly in low-value-added industries, such as retail. This dependence on these sectors has led to a structural issue of high youth unemployment, as they struggle to provide full-time permanent jobs, especially for young people.⁴⁷ Additionally, the widespread use of temporary contracts has reduced job stability. However, the Labour Reform of December 2021 has led to a notable decrease in the use of temporary contracts.⁴⁸ Over the course of 2022, they fell from 25.4% to 17.9% of total contracts mainly due to a reduction of such contracts in the public sector. The public sector, according to latest figures, still has an extremely elevated rate of 30.2% temporary contracts, compared to 14.8% for the private sector.⁴⁹

Wages in Spain are distributed unevenly and have remained stagnant since 2000. Despite some improvements in the minimum wage, following the implementation of the minimum interprofessional wage,⁵⁰ which now stands at €1,080 per month for workers receiving 14 monthly payments a year or €1,206 for those receiving 12, underemployment

and in-work poverty persist. Although job security has improved with the 2021 Labour Reform, challenges remain, particularly in the public sector. Furthermore, there has been a reported worsening in work-life balance, especially after the pandemic. According to a survey conducted by the Infojobs employment website, only 35% of respondents in 2022 reported that it was "very easy" to balance work and personal life, a decrease from 41% in 2021.⁵¹ According to a study conducted by a consortium of Catalan universities, the pandemic has brought positive changes to the gender dimension of work-life balance. Spanish women now spend an average of three fewer hours per week on childcare compared to 2020, a reduction from 33 to 30 hours. Additionally, the average Spanish man has increased his involvement in childcare, dedicating more time, from 16 to 23 hours. Although gender disparities in other areas have decreased, those related to unpaid household tasks still persist at significant levels.⁵²

Spain is confronted with challenges in eradicating poverty, particularly with regards to regional disparities. One step forward in overcoming these challenges is the minimum vital income (IMV), introduced in 2020. The IMV provides financial assistance to individuals with lower incomes and operates as a direct cash transfer to households. The amount of assistance is determined by the gap they experience until reaching a guaranteed minimum income based on their specific circumstances. The novelty of this reform is that it helps to reduce disparities between regions, ensuring a reduction of poverty and inequalities for all Spanish regions, addressing the ineffectiveness of regional minimum income schemes.⁵³

Although the AROPE rate decreased in 2022, issues such as child poverty and housing-related problems persist. Access to decent and affordable housing remains a challenge due to increasing mortgage

payments, high rents and evictions. The Right to Housing Law, which was introduced in 2023, aims to address these issues. The law aims to improve the regulation of evictions in situations of vulnerability in order to favour access to affordable housing, protect against situations of vulnerability and combat property speculation. Social services will coordinate more effectively with judges to offer housing solutions to those affected. It ensures that the housing alternative sought for these families is actual housing, rather than a hostel, as is currently the case in some regions. Competent authorities will have the ability to declare areas with a stressed residential market and implement measures to prevent abusive rent increases and achieve a reduction in prices. This can be accomplished by either reducing the cost of rent or increasing the supply.⁵⁴

4.2 Portugal

According to survey respondents, in Portugal, the EPSR is seen as:

An important framework by politicians to determine the ambitions of national policies and as a useful tool to move forward from promises to actions, to work in a coordinated way to recover from the crisis and build a path of resilience for our common future. (PT1)

Despite this recognition, progress on ensuring equal opportunities, strengthening social protection and combatting precarious work has not been sufficient, and there is recognition among politicians that too many women, elderly and young people, in particular, still live in precarious situations. Nevertheless, since the proclamation of the EPSR in 2017, Portugal has made progress on several fronts.

In terms of employment policy, there has been a gradual increase of the minimum wage in Portugal, as well as improved measures to support job seekers, including job counselling, training and reskilling programmes to enhance employability, especially in sectors undergoing technological changes.⁵⁵ A variety of programmes and incentives have been put in place to address youth unemployment, such as apprenticeships, internships and training programmes. The “Contract-Generation”, a financial support instrument for employers that hire young people looking for their first job and long-term unemployed over the age of 45 was established in 2019.⁵⁶ Policies that address the specific needs of vulnerable or disadvantaged groups in the labour market, such as people with disabilities, immigrants and older workers, have also been implemented with the aim of promoting inclusion and equal opportunities. Specifically, Law 4/2019 established an employment quota system for people with disabilities, with a degree of disability equal to or greater than 60%.⁵⁷

Wage subsidy programmes that provide financial incentives to employers to hire unemployed individuals have been introduced and public works programmes have been used to create temporary job opportunities, particularly in infrastructure and community development projects. Social dialogue between government, employers’ representatives and trade unions has played a crucial role in shaping labour market policies and addressing employment challenges. Initiatives to improve work-life balance, including support for parental leave and flexible work arrangements, have also been promoted.

Policies aimed at improving access to quality education, reducing early school leaving and ensuring equal opportunities in education have also been promoted.⁵⁸ Furthermore, efforts have been made to improve access to affordable housing, especially for low-income families, and to expand and strengthen the social security system to provide adequate support for vulnerable groups. Nevertheless, Portugal faces a housing crisis, with landlords charging higher rents in response to the increase of interest rates and homeowners losing their homes due to increased mortgage payments.⁵⁹

While a significant percentage of Portuguese workers are engaged in precarious work, which accounts for almost 80% of the year-on-year increase in wage-earning employment,⁶⁰ Portugal has made amendments to labour laws to strengthen the employment rights of workers in temporary and non-standard employment arrangements. These changes included measures to limit the excessive use of fixed-term contracts and improve employment protections. The government has also encouraged collective bargaining agreements to be struck between employers and trade unions and has conducted inspections to ensure that employers are complying with labour laws and regulations. Measures have also been taken to ensure that employers correctly classify workers and pay appropriate social security contributions for them, discouraging misclassification as self-employed or independent contractors.

Despite this progress, barriers to labour market participation remain in place, especially for marginalised groups. Principle among them is discrimination based on race, gender, ethnicity, religion, sexual orientation and/or disability, and the long-term impact of educational disparities and lack of access to job training and skills development programmes. Lack of networks also remains a barrier for marginalised groups, either in terms of the lack of a professional network to support job seeking or the lack of geographic transport networks to enable full participation in the labour market for those living in rural or economically disadvantaged areas. Family and caring responsibilities remain a significant barrier, in particular for women, due to a lack of childcare facilities.

Finally, Portugal introduced the social integration income, which provides financial assistance to low-income individuals and families, particularly those in precarious or vulnerable situations. This programme is designed to alleviate poverty and enhance social inclusion. However, despite this positive step, inflationary pressures have resulted in minimum income schemes that are insufficient for basic needs, let alone a dignified life.

4.3 Romania

In Romania, a significant proportion of vulnerable groups in rural areas, particularly children (41.5%), are at a high risk of poverty. The social protection system has limited effectiveness, reducing poverty by only 16.5% compared to the EU's 35.3%. In particular, people in rural areas and marginalised communities, such as Roma, face challenges in accessing essential services.⁶¹

The labour market in the country has slightly improved in recent years, in particular there has been a slight decrease of the gender employment gap and disability employment gap and a decline in the number of young NEETs. From 2021 to 2022, the employment rate witnessed an increase of 7%; however, it still lags behind the EU average. Additionally, employment is concentrated in urban areas, rather than rural areas, primarily due to the decline in agricultural employment.⁶²

With regard to equal opportunities and access to the labour market, employment distribution by age and gender remains unbalanced. Romania has not made progress in ensuring access to employment for young people. Furthermore, the level of employment for people between 15 and 24 years old is lower than that of older individuals. Moreover, there remains a significant gender gap, with women having a lower employment rate than men (55.8% for women compared to 73% for men).⁶³

One of the most notable challenges is the quality of its education provision and its unequal access for vulnerable groups, with its inevitable impact on the labour market. In particular, the rate of NEETs is among the highest in the EU (19.8% in 2022). Furthermore, the education sector fails to provide its students with the necessary skills to effectively enter the labour market.⁶⁴

Several challenges remain in implementing the key EPSR principles. However, the social sector is making progress, thanks to reforms and investments implemented through the recovery and resilience plan. Romania passed the methodological norms for implementing the minimum inclusion income

reform, aiming to promote adequate income support for vulnerable families and lift 1.5 million people from material deprivation. Reforms aimed at improving the healthcare sector have already been adopted. These include the development of public health infrastructure and the enhancement of employee skills working in the healthcare sector.⁶⁵

4.4 Austria

In Austria, the EPSR is not seen as playing an important role in political discussions, and policymakers and respondents state that little progress has been made on implementing the principles of the EPSR. In particular, it has been stressed that the federal law on social assistance policies (*Sozialhilfe-Grundsatzgesetz*), in force since June 2019, has brought significant deteriorations. The (re)introduction of the maximum 12-hour day/60-hour week and the federal law on social assistance policies/minimum income demonstrate a potential deterioration in benefits and tougher regulation and sanctions. The federal law on social assistance is implemented by the provinces, and since they have a broad leeway concerning the extent of implementation, social assistance policies vary widely.

Austria's social assistance scheme consists of two types of benefits: cash benefits for the provision of living requirements and supplementary benefits (means-tested). While these schemes aim at reducing the risk of poverty, they do not sufficiently provide incomes above the national at-risk-of-poverty thresholds. Additional benefits (in cash and in kind) are provided for within the social security system.

Since the mid-1990s, almost all employees in Austria are covered by social insurance and therefore have access to the corresponding services. However, the rise of atypical forms of employment, such as platform work, represents an enormous challenge for the social (security) system, which is based on traditional full-time employment (contributions). There is a need to ensure the coverage of those atypical workers by labour and social law.⁶⁶

Unemployment benefits in Austria are too low (55% of the previous income for the first 6-12 months, then 52%). The Public Employment Service's capacity to adequately support job seekers is also a point of contention. Insufficient resources and personnel limit the effectiveness of the Public Unemployment Service in providing necessary assistance to job seekers. With that said, the Public Unemployment Service does provide training opportunities for job seekers, to a certain extent, while employers in Austria, for the most part, are reluctant to offering vocational training for employees.

The gender pay gap in Austria reaches 18.8%, placing it among the countries with the highest gender-related wage differences, lying above the European average of 12.7%.⁶⁷ Women are often employed in lower-paid occupations, whereas men are found in higher and better paid positions. Around two thirds of unpaid care work in Austria is performed by women. Furthermore, it is important not to underestimate the challenge of balancing work and family life, which is worsened by the lack of childcare facilities and schools with long opening hours.⁶⁸ By ensuring that the EU Pay Transparency Directive is implemented in Austria, the gender gap could narrow.⁶⁹

4.5 Denmark

Despite its well-established welfare system, Denmark is experiencing increasing social inequalities worsened by the COVID-19 pandemic. Within the context of the EPSR action plan, one of the primary barriers hindering marginalised groups from accessing equal opportunities and entering the labour market is discrimination. Notably, foreign nationals and undocumented migrants are among the most severely impacted, as they are not entitled to the same level of unemployment benefits as other residents. Factors such as race, ethnicity, gender, age or disabilities can constrain access to quality employment and equal opportunities. Furthermore, a significant number of individuals agree that certain social benefits are insufficient to offer adequate social protection, particularly for those who face discrimination.

In Denmark, unemployment benefits are not universal but require a minimum of one year's membership in an unemployment insurance fund and registration with a job centre. Many immigrant workers fail to meet these prerequisites to access support, especially if they wish to obtain permanent residency, which requires them to be in full-time employment for at least three and a half years and not to have received any kind of public social assistance over the previous five years. For these reasons, they are often hesitant to register as unemployed.

In line with the social protection and inclusion target of the EPSR, Denmark's healthcare and social services systems are well-structured and publicly funded. They guarantee all citizens and registered foreigners the right to access medical examination, treatment by doctors and hospitalisation free of charge. However, challenges and inequalities persist when it comes to undocumented migrants accessing healthcare, as they are required to provide proof of identity and present health insurance. This leads to issues such as lack of medical records, language barriers and fear of expulsion.⁷⁰

The biggest achievement related to the EPSR principle on housing and assistance for the homeless is the adoption of the housing first method in a national homelessness strategy. Today, almost one million people in Denmark live in public housing (approximately one in six people). However, respondents agree (DK1, 2) that the conditions for homeless people have worsened considerably over the last five years, especially because of the criminalisation of begging and of homelessness camps.⁷¹

4.6 Poland

The Polish labour market is generally performing well. However, there remains an issue regarding the lack of inclusion of women and persons with disabilities. In 2023, Poland's unemployment rate reached 5%,⁷² placing it among the European countries with the lowest unemployment rates. At 76.7%, the employment rate remains in line with the EU average of 74.6%. Labour shortages are a significant problem due to a decline in the working-

age population and lower market participation rates among certain groups. The gender employment gap in Poland remains higher than the EU average, primarily due to women's involvement in childcare and caring for elderly family members. Persons with disabilities still encounter challenges and barriers when accessing the labour market.⁷³

In accordance with the first EPSR principle, Poland performs well in education, training and lifelong learning. Specifically, concerning the youth, the levels of early leavers from education and training, as well as the so-called NEETs, are lower than average. However, the level of digital skills remains very low among adults (42.9% versus 53.9% in the EU).⁷⁴

In terms of the social situation, Poland is performing better than the EU average with regards to the AROPE rate and income inequality. This may be attributed to the positive impact of social transfers on poverty reduction. However, there are still 1.8 million Poles living in extreme poverty, and over 4.5 million are in a situation of relative poverty.⁷⁵

Regarding health, the 2023 OECD report states that, in 2022, life expectancy in Poland was 77.4 years, which is 3.3 years below the EU average. The COVID-19 pandemic significantly increased the mortality rate in the country. Additionally, there is a notable gender gap in life expectancy due to risk factors such as smoking and alcohol consumption among men.⁷⁶

4.7 Belgium

In Belgium, stakeholders and policymakers interviewed for this study feel that the EPSR is not known amongst the general public (BE1, 2). Despite this, one of the most important measures adopted by the Flemish government in line with the principle of the EPSR is the job Bonus, a social benefit for low-earning Flemish workers.

The main challenges when it comes to the implementation of the EPSR are skills mismatches, high educational inequalities, a low level of basic and digital skills among disadvantaged young people, and low participation in adult learning.⁷⁷

While the Belgian labour market has recovered from the COVID-19 crisis, its performance is still below average. The employment rate is rising but still lags behind other EU member states. Furthermore, even if unemployment rates in the country are “on average”,⁷⁸ some regional disparities persist, reaching 12.4% in the Brussels region compared to 6.3% in Belgium overall in 2021.⁷⁹ In particular, individuals with disabilities still face challenges in accessing the labour market.

The main barriers preventing marginalised groups from accessing equal opportunities and adequate social protection is racism and biases defined by white cis heteronormative norms, particularly against persons of colour and transgender individuals. Greater efforts should be made to research LGBTQIA+ discrimination in the workplace.

Regarding the care sector, Belgium stands out by implementing a policy focused on making formal indirect care labour competitive in comparison to undeclared work. In the French-speaking region of Belgium, the per hour co-payment can vary between just under €1 and nearly €8. Beyond the €8 mark, using the Belgian service voucher system for indirect care becomes more beneficial. It’s worth noting that approximately 30% of those using these vouchers are individuals aged 65 and above.⁸⁰

In terms of education, Belgium performs slightly better than average, with a high percentage of children in formal childcare (52.7% of all children under 3) and a relatively low rate of early school leavers (6.4%). The share of NEETs is “average”, at 9.2%.⁸¹

Overall, Belgium’s social policies address poverty and social exclusion quite effectively, with rates falling since 2017. In particular, Belgium is a “best performer” in reducing poverty through social transfers, where their impact is well above the EU average (48.8% versus 35.3% in 2022),⁸² and has low income inequality. The OECD and the European Observatory on Health Systems and Policies report on Belgium’s country health profile for 2022 shows a low prevalence of unmet medical care needs (1.0% compared to the EU average of 2.2%).⁸³ However,

there is a significant issue with existing inequality across income groups, as unmet needs are disproportionately concentrated among individuals with low income. Income-related disparities in unmet needs were even more pronounced for dental care, which is less comprehensively covered by social health insurance in Belgium.

4.8 Bulgaria

In Bulgaria, relevant stakeholders and policymakers reported issues regarding gender discrimination, high youth unemployment, excessive out-of-pocket healthcare costs and press freedom. In particular, the outbreak of COVID-19 and the two-year political and energy crises have had negative effects on employment and on other key sectors, such as education, gender equality and healthcare.

Unemployment is still a significant issue for young people, whose labour market participation since the pandemic remains below the EU average. The main factors are the lack of work experience and professional contacts, underdeveloped skills, and a higher risk of being employed informally or precariously. Other reasons behind Bulgarian youth unemployment have cultural and social roots. Particularly, the late age at which young people leave their parents’ households, the limited labour force mobility in the country, and the fragile social and economic development of some Bulgarian regions.⁸⁴

Some important measures have been taken to increase the minimum wage by 41% in the time period 2017-2022. However, little has been achieved regarding minimum income. Respondents reflected that it “doesn’t ensure a life of dignity at all stages of life” (BU1). In Bulgaria, the minimum income is around €400, which is lower than what is required to live a decent life (around €600).⁸⁵ Furthermore, another respondent agrees that, since 2017, the government has not pursued any initiative to combat precarious forms of work, or to support unemployed people, considering that the country’s unemployment rate stands at 4.3% (BU2).⁸⁶ The main barriers to labour market participation remain institutional segregation between different ethnic

groups (especially Roma and Turkish minorities) that do not have the same access to education, and institutional discrimination based on sexual orientation, gender and gender identity.

According to the 2023 gender equality index of the European Institute for Gender Equality (EIGE), Bulgaria's overall score regarding female participation in the labour market of 65.1 out of 100 is 5.1 points below the EU average, showing an improvement of 2.8 points since the 2022 index.⁸⁷ A concerning aspect remains inequality between genders in access to financial resources. Regarding social protection and inclusion, Bulgaria's public healthcare witnesses a high degree of out-of-pocket payments for health services. In 2019, this constituted 39% of health spending and represents a challenge to ensuring universal health coverage in the country, according to the WHO.⁸⁸ Additionally, few resources are invested in long-term care services, seriously impacting the well-being of a rapidly ageing society.

5. LOOKING FORWARD: A SOCIAL ACTION PLAN FOR THE NEXT LEGISLATURE

5. LOOKING FORWARD: A SOCIAL ACTION PLAN FOR THE NEXT LEGISLATURE

In the ever-evolving landscape of the EU, the next legislative period stands as a crucial juncture for shaping the trajectory of social policies that will directly impact the lives of millions. To successfully navigate the complex interplay of economic challenges, demographic shifts, environmental breakdown and societal expectations in an unstable political arena, it is imperative to forge a comprehensive and forward-thinking policy approach.

As we approach the start of a new institutional cycle, and as the European Commission's social agenda and the Council's strategic agenda are developed, this policy study outlines a series of policy proposals aimed at fostering a more inclusive, resilient and socially just EU. They aim to contribute to the establishment of a robust and forward-looking social action plan, providing proactive and coordinated responses to support those most vulnerable to the impact of the twin transitions, demographic change and labour market changes, by strengthening employment standards to equip social safety nets to protect people from and absorb future shocks, and increase opportunities for disadvantaged groups.

In short, they aim for the development of policies that not only mitigate the immediate challenges faced by our societies but also work to prevent new crises from occurring, building the resilience of individuals

and communities and reinforcing the fundamental values upon which the EU was founded.

5.1 EU action on employment standards and upward convergence

Upward convergence trends in Europe have shown signs of slowing down since the onset of the eurozone crisis, contributing to a rapid increase in socio-economic heterogeneity across member states. Economic uncertainties, exacerbated by events such as the global financial crisis and, more recently, the COVID-19 pandemic, as well as changes in the world of work coming with digitalisation, have led to a proliferation of precarious and non-standard forms of employment. This shift is characterised by an increase in part-time, temporary and gig-economy jobs, often lacking the job security, social protections and benefits that come with traditional full-time positions. Additionally, some member states have witnessed a rise in informal work arrangements, where workers find themselves without adequate legal protections. Such a decline in employment standards not only impacts the financial stability of individuals but also undermines the broader social fabric, as workers face challenges in accessing essential benefits like healthcare, pension plans and job-related training.

These developments have been accompanied by a rise in income inequality and a deficiency in



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social investment, highlighting the pressing need to reevaluate and bolster employment standards, especially in regions and countries lagging behind EU standards. This necessitates a comprehensive approach involving targeted social investments, skills development programmes and policies designed to uplift the workforce.

5.2 The Green Deal-social pillar nexus

Although the social dimension of the European Green Deal (EGD) is still sidelined in policy debates, it is increasingly obvious that without a robust just transition framework the ambitious climate policy objectives of the EU cannot be reached. In this regard, the EGD recognises the EPSR in guiding a just transition to foster inclusive environmental sustainability by ensuring that social rights and protections are considered during the transition. To lessen the negative impact of the transition on workers and communities, to promote policies that prioritise job creation in green sectors, training and reskilling programmes for workers, and ensure that the benefits and costs of the transition are distributed equitably, the EPSR can provide the framework for a fair transition.

Despite the clear benefits of integrating the EPSR into the EGD, challenges remain. Some have noted that the recent emphasis on the green transition within the RRF and the Semester has the potential to eclipse efforts made to “socialise” the Semester, creating a new imbalance at the expense of the EU’s social dimension beyond that which arises with the economic.⁸⁹ Furthermore, the levels of investment required to realise a just, green transition risks pitching social and environmental policies against each other.

The social dimension of the EGD is not sufficiently developed. The Social Climate Fund (SCF), proposed to address the social and distributional challenges of the green transition in the EU, has a vastly insufficient budget and a lack of shared governance, whereas it should be proactive, participatory and transformative.⁹⁰ The Just Transition Fund (JTF), with its aim to facilitate a just transition, has a narrow focus centred on jobs, research and skills in impacted regions, offering little support to those not working. Despite references to the ESPR in the regulation and staff documents that support the JTF, within the Territorial Just Transition Plans at member-state level, there is little focused on supporting marginalised or vulnerable groups.

In parallel, the EPSR also currently lacks clear acknowledgement of the intrinsic links between health, social inequality, environmental and climate challenges. The ability of governments to meet the ambitions of many of the principles of the EPSR (e.g., healthcare; a healthy, safe and well-adapted work environment; access to essential services; social protection) will be directly impacted by a changing climate.

Improved datasets and indicators on the interlinkages between social and environmental implications of policy must be developed. Current indicators measuring progress towards carbon neutrality tend to focus on sales of electric vehicles or installation of heat pumps, but poorer households cannot afford these expensive one-off purchases. It would be beneficial to see if such purchases were being paid for from savings. Greater attention on exposure to environmental hazards by socio-professional or income group and on cumulative vulnerability and health risks across



Greater attention on exposure to environmental hazards by socio-professional or income group and on cumulative vulnerability and health risks across social groups due to the distribution of the burden of environmental inequality should be given.



social groups due to the distribution of the burden of environmental inequality should be given. Similarly, data on greenhouse gas emissions by income group (on the basis of consumption) and the distributional impacts of various environmental policies would provide a valuable compass to a genuinely just transition.⁹¹

Furthermore, the sustainability of welfare states in Europe in the face of demographic decline depends upon, among other factors, increasing productivity growth, which, unless that growth is successfully decoupled from resource use and emissions, will add to the environmental challenges we face.

Therefore, we suggest a stronger alignment between the EPSR and the EGD. The social policy instruments proposed by the EGD do refer to the EPSR as a guide to implement the different pillars of the Green Deal, but there is no link with the EU's own Charter of Fundamental Rights, the European Social Charter or the core Conventions of the International Labour Organization. In the EGD, we therefore recommend the implementation of social policies with strong redistributive, pre-distributive and social protection effects. In line with other research,⁹² our analysis of the EGD shows that "productive" social policy prevails in the EGD's proposed instruments and in stakeholders' demands, specifically in the funding of social infrastructures.

5.2.1 Green skills fit for the future

Ongoing efforts to transform industry and economies from "brown" to "green", as encapsulated in the Green Deal Industrial Plan (GDIP), are anticipated

to have a critical impact on the social landscape of the EU, bearing historical parallels to the Industrial Revolution, inevitably entailing a massive reallocation of labour and capital and an urgent need for reskilling and upskilling of workers. While the extent of this shift is still uncertain, the uneven distribution of resources, capabilities and readiness across different social groups, sectors and regions within and across member states is likely to shape the outcomes of the GDIP in a suboptimal manner.⁹³

The GDIP notably lacks any reference to the EPSR, including its benchmarks related to employment, skills and social protection. While Europe's new industrial plan acknowledges the Council recommendation on ensuring a fair transition to climate neutrality and other Council recommendations on skills, it is crucial to explicitly integrate the EPSR into the GDIP. The Directorate-General for Employment, Social Affairs, and Inclusion (DG EMPL) should take on a more robust role in shaping, executing and evaluating the new green industrial strategy. While the DG EMPL did contribute to discussions on the GDIP, particularly regarding the skills agenda, its involvement in promoting elevated employment and social standards should be strengthened in the upcoming phases of the GDIP deliberation.⁹⁴

The Commission has acknowledged the imperative of vocational education and training systems to support these shifts, and, in 2022, published a taxonomy of green skills considered most relevant for a greener labour market. Nevertheless, a significant source of uncertainty lies not only in determining what technologies will dominate the pursuit of a climate-neutral future but also in understanding



The need for reskilling and upskilling is greater than ever and will continue to intensify: by aligning skills development with broader social, environmental and industrial objectives, this approach ensures a comprehensive and interconnected strategy that addresses the evolving needs of the EU labour market.



how member states, sectors and businesses will effectively deliver such training.

This uncertainty around future skills requirements demands a number of actions. Firstly, in contrast to traditional approaches, transversal skills that go beyond immediate labour market needs, but will enhance employability and adaptability and ensure that all individuals can actively participate in society and thrive, should be prioritised. Secondly, the Pact for Skills, a crucial initiative, could be further enhanced by establishing a dedicated fund. Such a fund could facilitate targeted investments in education and training programmes, addressing specific skill gaps and ensuring that workers are equipped with the competencies needed in rapidly evolving industries. This proactive approach can enhance the competitiveness of the European workforce. Moreover, a dedicated fund would provide a stable and sustainable financial mechanism, allowing for long-term planning and the implementation of comprehensive skills development initiatives. This can lead to increased employability and career advancement opportunities for individuals and should be linked to both the GDIP and regional industrial strategies.

Thirdly, to ensure a coherent approach, it is crucial for public funds allocated to support European industry through initiatives like the “Fit for 55” Package (including the SCF) and the GDIP come with robust social conditionalities. These conditions should encompass various aspects of industrial and employment relationships, ensuring that recipient companies comply with labour law, collective bargaining and provide decent wages, adequate working conditions and quality skills training.

The need for reskilling and upskilling is greater than ever and will continue to intensify: by aligning skills development with broader social, environmental and industrial objectives, this approach ensures a comprehensive and interconnected strategy that addresses the evolving needs of the EU labour market.⁹⁵

5.2.2 Addressing gaps in the directive on fair and adequate minimum wages

The directive on fair and adequate minimum wages represents a paradigm shift in EU socio-economic governance.⁹⁶ It marks a profound reorientation away from an economic growth strategy that prioritises liberalisation of labour markets and decentralisation of collective bargaining, which has dominated the policy orientation of most EU member states and the European Commission for at least 20 years. While the EU directive has been a welcome step towards fairer retribution, it falls short on several aspects. Due to sensitivities around the potential to undermine collective bargaining agreements in primarily Scandinavian countries, the directive does not provide clear and binding benchmarks for the calculation of adequate national minimum wage levels. Establishing a common methodology or set of criteria to guide minimum wage determination would be beneficial, alongside mechanisms for regular reviews of minimum wage levels, taking into account inflation, cost of living changes and economic indicators. This ensures that minimum wages remain fair and adequate over time and are responsive to economic fluctuations.

“

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To enhance transparency, clearly outlining the criteria and factors considered in setting minimum wages would be helpful. This can include explicit consideration of the needs of low-income workers, the impact on poverty reduction and the potential effects on employment. A recent World Bank overview concluded that “although the range of estimates from the literature varies considerably, the emerging trend in the literature is that the effects of minimum wages on employment are usually small or insignificant (and in some cases positive)”.⁹⁷

Introducing a requirement for social impact assessments before implementing changes to minimum wages would help anticipate potential consequences on businesses, workers and overall societal well-being, facilitating evidence-based decision-making.

Finally, broadening the coverage of the directive to include a wider range of workers, including those in non-standard employment arrangements, and strengthening enforcement mechanisms to ensure compliance with minimum wage regulations by increasing penalties for non-compliance, establishing effective monitoring systems and providing workers with accessible avenues for reporting violations would ensure that the directive has the hoped-for impact.

5.2.3 Directive on platform work

Platform work has become one of the cornerstones of the debate on the future of work in Europe, and it has been high on the EU policy and legislative agenda since 2016. After six rounds of negotiations between the European Parliament and member states, the directive was stopped before reaching an agreement. In December 2023, negotiators from both the Parliament and the Council reached a preliminary agreement for a bill to improve the working conditions of persons engaging in platform-mediated work. The overall aim of these efforts is to improve the social protection system for non-standard forms of work, especially for individuals who are in a precarious situation. The conditions of platform work raise concerns in terms of job insecurity and fairness, primarily due to unclear employment status. Platform workers are generally considered self-employed. Being classified as self-employed leads to the inapplicability of labour and social protections, such as minimum wages, collective bargaining, and unemployment and sickness benefits.

While a vast amount of literature deals with the problem of misclassification, it is essential to examine the composition of platform workers' demography to better understand and suggest policy recommendations in this field. Despite a lack of accurate statistical data, migrant workers appear overrepresented in the platform economy.⁹⁸ The flexibility of platform work and low administrative



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requirements make it possible for many migrant workers to earn a living. But Eurostat data also suggests that, across the range of job types that fall under the classification of platform work, migrant workers tend to be employed particularly in temporary and precarious jobs.⁹⁹

The new rules seek to introduce a presumption of an employment relationship (as opposed to self-employed) that is triggered when two out of a list of five indicators of control or direction are present. This list can be expanded voluntarily by member states, although, as previously mentioned, some may lack the political will to do so. The presumption can be triggered by the worker, by their representatives and by the competent authorities on their own initiative. This presumption can be rebutted if the platform proves that the contractual relationship is not an employment relationship.

However, some critical aspects arise, such as the criteria for triggering the presumption, the mechanisms for rebuttal, and the potential challenges in defining the boundary between employment and self-employment in the context of evolving and diverse platform work arrangements, not to mention the unbalanced power relations between the platform and the platform worker, oftentimes a third-country national with limited knowledge of national labour law. Without targeted measures and safeguards to address the specific vulnerabilities faced by non-EU nationals in the platform economy, regulatory efforts under the proposed directive will not necessarily translate into greater protections for vulnerable workers.¹⁰⁰ The adoption of an ambitious directive is crucial to protect the rights of platform

workers, but also to protect the entire labour market from a negative spillover effect, which would be triggered by a lack of regulation of the platform economy, and which would weaken the European social model.

5.2.4 Directive on the right to disconnect

In the context of digital transformation impacting the world of work, especially in the aftermath of the COVID-19 pandemic and the rise of teleworking, there is the urgent need to establish the right to disconnect as a European right, as proposed by the European Parliament.¹⁰¹ According to Eurofound, the right to disconnect refers to “a worker’s right to be able to disengage from work and refrain from engaging in work-related electronic communications, such as emails or other messages, during non-work hours”.¹⁰² The right to disconnect is fundamental to achieve a healthy work-life balance. Constant connectivity to work-related communications, especially after traditional working hours, can contribute to stress, burnout and mental health issues. An EU directive should set minimum standards and requirements to ensure the right to disconnect for workers.¹⁰³ Clear guidelines help prevent the requirement for constant connectivity, ensuring that employees can effectively disconnect and maintain a healthy work environment.

Although there is currently no EU legal framework directly defining and regulating this right, the Working Time Directive (2003/88/EC), Principles 9 and 10 of the EPSR, and the Work-Life Balance Directive indirectly refer to these issues, with



Clear guidelines help prevent the requirement for constant connectivity, ensuring that employees can effectively disconnect and maintain a healthy work environment.



particular regards to minimum daily and weekly rest periods to safeguard workers' health and safety, to ensuring workers' data protection, and to achieving work-life balance, respectively. At the national level, some EU countries are considering including the right to disconnect in their legislation. This right was first implemented in France in 2016 and regulated by Article L.2242-17 of the Labour Code.¹⁰⁴ A directive on the right to disconnect should seek to set a clear definition, specifying the scope and limitations of the law, as well as detailing which types of workers and industries the law covers. Guidelines should be established to identify acceptable and unacceptable forms of communication during non-working hours, such as emails, phone calls and instant messaging. It should define exceptional circumstances that may require communication during non-working hours and establish protocols for handling such situations, whilst ensuring that employees have the right to voluntarily engage in work-related communication during non-working hours if they choose to do so. It should also recognise the role of collective bargaining in determining specific terms and conditions related to the right to disconnect and allow for negotiations between employers and employee representatives to

tailor the implementation of the right to disconnect to the specific needs of the workplace.

5.2.5 European ILAs

Adult learning has always been part of the EU's vocational training policy, although for a long time it has, in reality, only referred to the skills development of adult workers. ILAs, part of the 2020 European skills agenda and featured in the Commission Work Programme for 2021, seek to support the upskilling and reskilling of working-age adults. Grounded in research demonstrating a rising number of professional and employment transitions during working age, coupled with rapidly evolving skills demands due to digitalisation and decarbonisation and the rise of green industrialisation, ILAs are one of the main instruments to address the changing landscape of EU labour markets. Those engaged in atypical forms of employment (currently encompassing around 40% of EU workers), where the conventional training responsibilities of employers are less defined or even absent, should also benefit from ILAs.



It should also recognise the role of collective bargaining in determining specific terms and conditions related to the right to disconnect and allow for negotiations between employers and employee representatives to tailor the implementation of the right to disconnect to the specific needs of the workplace.





The need for a common framework that enables the establishment of effective support systems capable of maximising the positive impact of increasing participation in training.



Alongside the action plan target on skills,¹⁰⁵ in 2021, the European Commission adopted a recommendation on effective active support to employment, inviting public and private organisations to join forces and take concrete action to upskill and reskill people in Europe.¹⁰⁶ In this scenario, adult learning will continue to be supported by the EU through its funding instruments. Throughout the 2021-2027 period, an important funding source for national upskilling and reskilling activities will be maintained in the form of the ESF+, with a budget of €99.3 billion, and will be complemented by other funding tools, such as Erasmus+, the European Regional Development Fund (ERDF), the JTF, InvestEU and the RRF. Yet, according to the Commission's impact assessment of ILAs,¹⁰⁷ adult participation rates in training persist at low levels throughout Europe, falling well short of the 2030 target of 60% outlined in the EPSR action plan, with lower-qualified workers generally exhibiting lower levels of participation. Simultaneously, numerous employers, responsible for sponsoring 90% of job-related training, face challenges in recruiting skilled labour.

Additionally, there are stark differences among member states, with Nordic and western European countries generally experiencing higher participation rates, whereas central and eastern European member states tend to report significantly lower rates. In 2020, the EU fell short of its 15% participation target in 21 out of 27 member states, achieving an overall rate of 9.2%, compared to 7.8% in 2010.¹⁰⁸

A significant impediment to advancing adult-learning participation rates is related to the complex nature

of adult learning. This policy field not only falls within the competences of ministries of education across the EU, but is often a shared responsibility with other ministries, such as employment and social affairs. Fragmentation of responsibilities is another cause of scarce enforcement of ILAs, according to both respondents and the grey literature on this matter.

Secondly, certain “at risk” groups are not being reached by our current adult-learning systems. Taking the example of the low skilled, Cedefop points to “the magnitude of the low skills phenomenon and the complexity and heterogeneity of the needs of low-skilled adults [that] call for a renewed approach to upskilling and reskilling of adults”.¹⁰⁹ This also applies to the unemployed, who are less likely to engage in training than those who are employed.

Moreover, identified gaps in financial support can be attributed to an overall inadequacy in investments dedicated to adult learning, coupled with restricted coverage and the fragmented nature of the current support system. It should be recognised that EU countries face common challenges regarding the need to upskill and reskill their labour forces. At the same time, the uniform promotion of reforms across all member states by these funding programmes, with the goal of harmonising upskilling and reskilling programmes, may prove to be challenging. This underscores the need for a common framework that enables the establishment of effective support systems capable of maximising the positive impact of increasing participation in training.

Across Europe, various countries have implemented effective training programmes and learning account initiatives. In Portugal, the Labour Code mandates that enterprises with ten or more employees provide a minimum of 40 hours of training or training leave annually to employees, guided by an enterprise training plan. This training can be organised by the employer, a certified training organisation or an approved educational institution (PT1). In Denmark, collective agreements specify workers' entitlement to a minimum number of days of paid training or training leave directly relevant to their job responsibilities. For instance, certain agreements grant employees 14 days of paid on-the-job/off-the-job training each year for "job-necessary" training, with provisions for employers to access sectoral training funds to support these initiatives.

In Bulgaria, the operation "Training for employees" (targeted at 25,000 people) will provide training for employees working in micro, small, medium and large firms. Moreover, to ensure conditions for fostering policies for life-long learning and adult learning, regional coordination groups have been established and a model for coordination of the interaction between the interested parties at the regional level has been developed (BU2). A training and inclusion scheme was also organised and conducted jointly by the Labour Office Directorates and the relevant social partners aimed at increasing the employability of unemployed persons.¹¹⁰

Building upon existing national efforts and the 2022 Council recommendation on ILAs,¹¹¹ there is a need to establish a European ILA as part of the renewed action plan. Pan-European ILAs should be part of the EU's toolbox, as they can contribute to overcoming some of the current shortcomings of adult-learning systems – in particular regarding the coverage, interoperability and inclusivity of these systems; the quality of the training offered; and the need for additional public and private financing.

A European-level ILA would also address issues related to labour mobility and cross-border working. But, above all, ILAs are a powerful tool for bringing about the cultural change that is needed for a life-cycle approach to learning. Therefore, launching an EU-wide public awareness campaign to promote ILAs, which emphasises the benefits of continuous learning and skills development to create a culture of lifelong learning, may encourage take-up.



Pan-European ILAs should be part of the EU's toolbox, as they can contribute to overcoming some of the current shortcomings of adult-learning systems





A job guarantee must ensure that participation is voluntary and take a personalised approach that considers the health status, disability, age, caring responsibilities and skills of the participants when offering a job.



5.2.6 A European job guarantee

The establishment of a European job guarantee would be an important step for the EU and its member states towards reducing both the costs and the effects of unemployment. The definition of a job guarantee as “a policy intervention by the state to interrupt long spells of unemployment”¹¹² embraces the idea of the responsibility of the public sector to address these challenges. The job guarantee operates as a demand-responsive direct employment programme, with the dual purpose of creating enduring quality jobs and serving as a macroeconomic stabiliser.

According to civil society, social partners and trade unions, implementing a European job guarantee focused on supporting the transition of the workforce into the industries of the future, including green and digital ones, could have positive spillover effects.¹¹³ This programme could stabilise the economy and stimulate growth by providing

quality employment, income, and the opportunity to contribute through consumption and taxation. This, in turn, would translate into societal benefits.¹¹⁴ In particular, it can provide employment security for those who are often marginalised in the labour market, such as disadvantaged groups, people with disabilities and caregivers. A job guarantee must ensure that participation is voluntary and take a personalised approach that considers the health status, disability, age, caring responsibilities and skills of the participants when offering a job.

In addition, the European job guarantee should fill the gaps left by the private sector in meeting social and environmental needs. As a green policy, it would create job opportunities specifically in civil society and social economy enterprises and in the environmental and climate protection sectors. However, it would also recognise the diverse needs within the health and care sectors and aim to create a wide range of employment opportunities in sectors that are increasingly facing labour shortages.



The European job guarantee should fill the gaps left by the private sector in meeting social and environmental needs.



A European job guarantee would complement some already existing measures tackling unemployment at regional level. Advocating for the establishment of 'zero unemployment areas', pilot policy solutions have surfaced in various Member States. France has been actively implementing these measures since 2016, while Belgium has followed suit since 2022. Similar initiatives, known as "Job guarantee" in Marienthal, Austria, and "Basisbaan" in Groningen, the Netherlands, have been in effect since 2020. Additionally, the Lazio Region in Italy has also embraced comparable initiatives.

By adopting a European job guarantee, the EU can make a significant contribution to achieving the objectives set out in the EGD, while upholding the principles of the EPSR.* It will support economic participation, giving everyone the opportunity to work and contribute to the growth of their community.

5.3 Social protection and social investment

Evidence shows that competitive and resilient welfare states have a balanced mix of social investment and social protection policies. Social protection includes policies targeted at maintaining strong, universal safety-net buffers for protection against the financial implications of social risks (such as illness, old age, accidents at work and job loss) and macro-economic stabilisation. Social investment policies, on the other hand, aim to raise and maintain the quality of human capital and capabilities, as well as easing and improving the "flow" of labour-market and life-course transitions.¹¹⁵

Strong social protection systems underpin Europe's economic, social and democratic resilience. They must ensure that the EU is able to effectively respond to the major transformations the continent faces. Social protection makes up the largest component of social spending in eurozone countries. It accounts for, on average, 42% of total government expenditure and around 20% of GDP.¹¹⁶ Nevertheless, there are significant differences in the level of social protection, which accounts for one third of total government expenditure in Malta and Latvia and approximately half in Finland and Germany.¹¹⁷

Over the coming years, the green and digital transitions, demographic change, the climate crisis and the development of AI will all change our societies and economies in dramatic ways. Ensuring our social protection systems are inclusive, accessible and strong enough to support those people who, otherwise, will bear the brunt of these changes must be a priority across all member states. In many cases, over a decade of austerity has left social protection systems weakened and in desperate need of investment and innovation.

Failure to address this deficit provides little reassurance for a population facing a turbulent and uncertain future. It will also result in a failure to tackle the climate crises or to face the reality of the EU's demographic path. Without a clear demonstration that governments are able and willing to provide the reassurance and support that a well-functioning welfare state can offer, voters who are afraid and angered by threats, unkept promises, and non-existent or dysfunctional public services will turn to populist parties offering easy answers to complex questions, while doing nothing to address fundamental challenges.¹¹⁸

Well-designed social policies and inclusive, resilient public services and social infrastructure can play an important role in addressing the far-right populist wave. Many governments have often downplayed the importance of social investment based on the assumption that welfare states produce suboptimal competitiveness. However, this assumption has been challenged by a body of literature, forming the foundation for asserting that social cohesion and the robustness of the welfare state play pivotal roles in enhancing productivity, fostering economic growth and, most importantly, repairing rifts in social fabrics. According to the social investment paradigm, social policy can become a productive factor and provide significant economic and social returns, reconciling social and financial objectives. The life-course multiplier, as postulated by social investment literature,¹¹⁹ ensures returns in terms of employment opportunities, well-being, gender equality, and the mitigation of intra- and intergenerational poverty. On the contrary, one-off policy responses at times of crisis have shown their

*Some information are available via the coalition supporting a European Job Guarantee Initiative at www.job-guarantee.eu



The concept of the “life-course multiplier” suggests that social investments, starting from early childhood, enhance households’ material well-being by creating employment and income opportunities



limits in sustaining individuals throughout their life cycle.

While the reform of the EU’s economic governance framework is likely to fail to address the need for greater social investment, the issue will remain live. In the long term, the TFEU should be modified to include a more explicit definition of the investment clause, amending and expanding the scope of Art. 126.3. However, in the short term, to provide a stronger theoretical framework to support the possible exemption of social investments from the calculation of national deficits at a later date, a reassessment of the public accounting procedure for the return on different types of social investment should be undertaken. Through such an assessment, it would then be possible to reassess the definitions of public investments versus current public spending at the national level, making it possible to redefine the national income identity¹²⁰ to more accurately split government investment from government spending.¹²¹

Many member-state governments have already developed – and continue to develop – a variety of measures to assess the impact of social investments, such as random control trials, micro-simulation models and cost-benefit analyses. Such experience provides a growing evidence base upon which common standards can be built regarding what constitutes a sufficient level of evidence on the impact of social investments. The Spanish presidency and the Belgian presidency of the EU have launched an Informal Working Group on Social Investment (IWGSI).¹²² The main objective of the IWGSI is to provide input based on empirical

evidence regarding micro- and macroeconomic returns of social investments and reforms, as well as monitoring and evaluation methodologies for tracking social investment returns, to support political debate. This is a welcome first step that should be built upon during the coming legislature.

The adoption of a social investment paradigm is motivated by two main factors. Firstly, there is a recognition of the medium- and long-term social and economic benefits that social investments can yield. At the individual and household levels, the concept of the “life-course multiplier” suggests that social investments, starting from early childhood, enhance households’ material well-being by creating employment and income opportunities.

Investment in education and care policies, for instance, not only yields significant economic and social advantages but also contributes to improved educational attainment, enhanced labour market participation and reduced economic inequality, particularly for children from disadvantaged socio-economic backgrounds. Notably, countries such as Denmark, Sweden and the Netherlands, with high enrolment in formal childcare and pre-school services, present elevated levels of female employment.¹²³ Expanding the concept of “capital” to include human capital spending thus implies recognising investments in healthcare, education and skills development as productive investments. While empirical evidence shows that high-quality education and training stimulate economic growth, we believe that the EU should strive to achieve these targets by default, and not only if these policies generate cumulative economic benefits.

Secondly, these investments help to mitigate social risks later in life through initiatives such as upskilling and reskilling programmes, facilitating smoother transitions in the labour market. Failing to acknowledge the importance of social investment, and neglecting investment in key social areas, not only hinders societal well-being but will likely trigger higher future costs.

5.3.1 Expanding and extending SURE

The support to mitigate unemployment risks in an emergency (SURE), with a capacity of €100 billion to be distributed in the form of loans to member states that requested it, proved to be a highly effective tool in safeguarding workers amid the pandemic. SURE may be seen as the prefiguration of a European “interstate insurance” to buttress the stabilisation capacity of national welfare states.¹²⁴ For the reasons above, we recommend expanding and embedding SURE into economic governance frameworks to help workers and companies to adopt just transition measures, and the coverage of such a measure enlarged to all categories of non-standard, self-employed, precarious workers. In the light of the micro- and macroeconomic adjustments brought about by the twin digital and green transitions, having a permanent SURE will ensure social support, positively aligning employment with the ongoing transitions, providing strong buffers for those who risk being left behind.

5.3.2 A permanent central fiscal capacity at EU level

Providing the fiscal space to allow member states to invest will be critical for ensuring that Europe has social protection systems fit for the challenges ahead. However, at the time of writing, the Council agreement on the reform of European economic governance does not suggest that the eventual shape of the reform will be fitting to create the necessary fiscal space to address the complex challenges the continent faces. The strict numerical rules, the lack of an investment mindset and the continuing precedence of fiscal objectives over all other common EU priorities, despite their

interlinkages, suggest that this reform will ultimately be akin to tinkering at the edges, rather than an effort to reshape the rules to meet current and future challenges.

Alongside the investment requirements stemming from the accelerating climate and biodiversity crises, complemented by Europe’s demographic decline, in most EU member states, a significant level of investment in education, healthcare and social infrastructure is required to repair the repercussions of a decade that witnessed a significant decline in public investment levels. According to Eurostat, gross government investment in the eurozone declined substantially between 2009 and 2019, with its ratio to GDP falling from 3.6% to 2.8%. Furthermore, investment levels have been negligible in net terms: nearly all gross investment has been replacement investment.¹²⁵

As the capacity of EU member states to invest in urgent priorities is unequal and has the potential, if unaddressed, to deepen the existing divides between countries, as those with deeper pockets upgrade social infrastructure and improve public services, while those without the necessary fiscal space cannot, the establishment of a permanent central fiscal capacity at the EU level must be a key priority for the coming legislature. The resulting central investment fund – while open to all member states – would provide crucial access to funding after the end of the RRF for those governments unable to borrow from the market and could be directed to support investment in the green and digital transitions (including associated social investments to ensure it is socially just). Allocations from a central investment fund could be based on GDP shares or measures of investment needs, which are relatively more evenly distributed across the EU and so would dispel claims of the creation of a permanent transfer union. To strengthen cross-border programmes, there should be a proportion of centrally raised funds allocated to such purposes and to ensure additionality in investments; co-financing from national budgets could be required.¹²⁶

A permanent central fiscal capacity could be beneficial for strengthening social investments and



Allocations from a central investment fund could be based on GDP shares or measures of investment needs, which are relatively more evenly distributed across the EU and so would dispel claims of the creation of a permanent transfer union.



would focus on three functions: cyclical stabilisation; support for the implementation of national fiscal and structural plans; and the provision of European public goods (EPGs). Public goods and services must benefit people, workers and the environment. The production of bundles of integrated, place-tailored public goods and services can have a positive spill-over effect on members states' overall welfare systems and on the environment.¹²⁷ Moreover, the development of the next EU Multiannual Financial Framework (MFF) will offer an opportunity to bring discussions of a central fiscal capacity and investment in EPGs to the centre of the policy debate. While there is a risk that defence, environmental and digital public goods will command most attention, it needs to be clearly stated that social public goods and services have positive externalities and create benefits for uninvolved people, workers and the environment, as well as bolstering trust in and the stability of our democratic systems.

5.3.3 Ensuring access to high-quality health and care

Within various principles of the EPSR lies explicit mention of the right to health and care, be that the right of children to good care and education (Principle 11), the right to healthcare (Principle 16) or long-term care (Principle 18). Any social action plan should establish concrete measures to ensure these principles are upheld and that all people across member states who need it have access to affordable, high-quality care.

As Europe grapples with demographic shifts, it is imperative to establish explicit objectives to ensure a rights-based approach for and the provision of

essential equitable care for people across Europe from a life-cycle perspective. Presently, informal caregivers, predominantly women, provide 80% of long-term care in the EU, a situation that cannot be indefinitely sustained.¹²⁸ Although the recommendations put forth in the Council recommendation on access to affordable, high-quality long-term care hold promise for increased care provision across member states, the absence of well-defined targets (as they exist for ECEC through the revised Barcelona targets) poses a potential risk of deepening national differences. Such a divergence is likely to result in uneven access to quality care, leaving large segments of the EU population without access to affordable, quality care services. Data from 2019 highlighted that 46.5% of people aged 65 or over with severe difficulties in personal care or household activities reported that they had an unmet need for help in those activities.¹²⁹

Strengthening the care sector is also vital for sustaining a functional labour market, promoting gender equality and, consequently, fostering a robust economy. Approximately 79% of the 49 million care workers in the EU are women, many of whom come from a migrant background.¹³⁰ This trend amplifies gender (and other) disparities in various aspects of the labour market, including income, pension benefits and overall participation. Informal care work serves as an obstacle to women's involvement in the labour market, leading to a substantial 7.7 million women in the EU remaining outside the labour market due to caregiving responsibilities, a figure significantly higher than the 450,000 men facing similar circumstances.¹³¹ Member states' failure to significantly enhance access to quality care may trigger adverse consequences as the EU's demographic decline becomes more pronounced: it



Addressing long-term care must also be accompanied by reinforced action to ensure child participation in ECEC.



may compel an even higher number of individuals, predominantly women, to exit the labour market or reduce their working hours to fulfil the demands of unpaid caregiving responsibilities.¹³²

The cascading impact of such a trend would cast a negative shadow on the labour market dependency ratio, posing a tangible threat to the overall economic well-being of the region. Hence, the pressing need for well-defined targets and investments in the ECEC, as well as the long-term care sector, transcends social welfare; it becomes a pivotal economic imperative for the sustained prosperity of the EU.

Explicit targets and detailed indicators, comparable to the Barcelona targets for ECEC, that are subject to monitoring implementation progress, including within the framework of the Semester, should be established. This monitoring should be particularly emphasised in the context of long-term care, encompassing all demographic groups. The overarching aim of these targets should be the reduction of disparities among member states and the facilitation of improved access to affordable, high-quality care for all people who need it. Addressing long-term care must also be accompanied by reinforced action to ensure child participation in ECEC. The new targets as set out by the EU Care Strategy are welcome but require member-state commitment to the provision of ECEC.

In addition to ensuring the right to healthcare, Principle 16 should go beyond access to affordable, preventive and curative healthcare to include further action on health promotion and prevention. For the achievement of a fair green and digital transition and for progress on social rights in Europe, there must be recognition of the multiple implications

for the achievement of social rights that stem from the adverse impact of climate change and policy responses. Expanding EPSR Principle 16 on healthcare to incorporate the protection of health and the right to a healthy environment would serve to underline the links between health and well-being and the environment. A healthy environment is fundamental to ensure adequate living and working conditions, which support the enjoyment of health by all – not only those pertaining to the workplace, as is currently the case with the EPSR.

To date, Principle 16 has not yet been translated into specific initiatives or actions. However, many of the initiatives under the European Health Union (EHU) seek to achieve the aims of the principle. However, despite this, the two are not adequately integrated. Greater links should be established between the EHU and the EPSR. Strengthening the link between the EHU and the EPSR underscores the importance of equal access to healthcare as a fundamental social right but could also have implications for how healthcare spending is addressed within the economic and budgetary governance of the EU. For one, health and healthcare spending are prime examples of human capital and should be considered within the framework of social investment, an argument that has been set out by Belgian Minister Frank Vandenbroucke during their presidency term.¹³³

Increased provision for health prevention and promotion would also have positive labour market and economic implications. A healthier population means a healthier workforce. This translates into lower rates of absenteeism and increased productivity. In the context of demographic change and a shrinking working-age population a healthy workforce becomes increasingly pertinent.

Additionally advocating for health promotion and prevention makes economic sense. Not only should it decrease the burden on healthcare systems by reducing the associated costs, but increased levels of productivity also fosters a more resilient and robust economy.

5.3.4 Directive on access to social protection for atypical workers and the self-employed

Atypical work refers to employment relationships that do not conform to the standard or “typical” model of full-time, regular, open-ended employment with a single employer over a prolonged time span. Over the past decades, atypical contracts have become increasingly common, especially among those already contractually weaker within the labour market, such as youths, women and migrants. Despite this development, social protection systems in Europe still tend to be built around a worker with a full-time and open-ended contract, a regular professional career, generally a man with a family to support.¹³⁴ The result of this mismatch has been a swathe of the European population falling outside the bounds of social safety nets. For this and other reasons, atypical workers, despite being a heterogenous group, have been shown to be associated with particularly high poverty rates across Europe. Contrary to “standard” employment typical of Fordist economies, where stable, full-time, male breadwinner jobs provided enough income to support a family, atypical workers are setting a new standard.

While precarious work and atypical employment are not synonymous, non-standard employment is usually associated with worse working conditions and more insecurity compared to permanent work, also due to the lack of access to social protection. Certain categories of atypical workers, especially those that are low-skilled and low educated, with a temporary contract, born in a non-EU country and single parents, experience a higher possibility of falling into in-work poverty.¹³⁵

Moreover, the income challenges faced by atypical and temporary workers are particularly significant in the current context of sluggish economic growth, high inflation rates and intensified global competition. These conditions have brought non-standard employment arrangements to the forefront of debates as potential, albeit contentious, solutions to increase, or at least sustain, overall employment levels. Emerging contract models that loosen regulations on working hours and job security, such as zero-hour contracts, mini-jobs, platform work and consultancy (often ambiguously labelled as self-employment), have gained popularity. However, these trends run counter to previous European objectives aimed at regulating non-standard employment to minimise labour market segmentation.

Recent empirical analysis, based on a panel dataset encompassing OECD economies from 1997 to 2018, demonstrates that the financialisation of household and pension funds, in conjunction with corporate financialisation, has collaboratively played a role in the increase of non-standard forms of employment, especially involuntary part-time work.¹³⁶ These influences are notably pronounced for the overall workforce and women, with comparatively less impact on older employees.

An EU directive, building on the 2019 Council recommendation on access to social protection for workers and the self-employed, should seek to define and classify atypical workers and the self-employed in a way that is comprehensive, clear and applicable across different national contexts to ensure a common understanding across member states. By establishing provisions to ensure atypical workers and the self-employed have access to social security systems, including health insurance, unemployment benefits and retirement plans, it must also ensure that social benefits are portable for those workers who may move between different employment arrangements. It is important to include flexible contribution mechanisms that consider the irregular and variable income patterns often associated with atypical work, as well as provisions for support in reskilling and training for atypical workers and the self-employed, to enhance employability and adaptability to changing labour market demands.



By establishing provisions to ensure atypical workers and the self-employed have access to social security systems, including health insurance, unemployment benefits and retirement plans, it must also ensure that social benefits are portable for those workers who may move between different employment arrangements.



Finally, by setting minimum standards to ensure a baseline level of protection, member states should retain the flexibility to enhance these standards based on national conditions and the results of social dialogue and consultation.

5.3.5 Cross-border social protection accessibility

Ensuring that social protection systems in the EU are better designed to complement the changing world of work will require greater cooperation between member states to develop portable social security systems that can allow cross-border workers to contribute to and access social benefits seamlessly across EU borders. This would prevent disruptions in coverage and ensure continuous support irrespective of location. The creation of standardised EU-wide digital nomad visas or residency programmes, allowing individuals to work and travel freely within the EU, while ensuring access to social protection systems, would be beneficial for the category of workers who, especially in the post-COVID-19 period, are choosing to work remotely from different corners of the continent. Currently, such arrangements vary from one member state to another. Similarly, flexible pension schemes that allow individuals to contribute voluntarily, adjust contribution levels or opt for alternative retirement savings mechanisms which align with changing work structures should be developed. The Coordination of Social Security Regulation 883/2004, undergoing reform since 2016 and blocked by the Council since 2021, must be updated and agreed in the course of the next legislature. Facilitating the coordination of social protection benefits for workers who engage

in cross-border activities within the EU would be an important and valuable step forward from the current, outdated status quo.

5.3.6 Directive on minimum income

The new social action plan should unequivocally include a proposal for a framework directive on adequate minimum income. While all EU member states currently provide some form of minimum income scheme, the majority fail to guarantee a decent standard of living or that recipients are living above the poverty line, as also shown by the national survey respondents:

The minimum income in Bulgaria is lower than necessary for a normal way of life. The minimum income in Bulgaria is around 400 euro [...] survey of a trade union from July 2023 for normal living is necessary about 600 euro. (BU2)

“In Portugal, the minimum income schemes, although meant to support people, are not enough for a person to survive let alone have a life in dignity.” (PT1)

Even though they are more extensive than in many other EU countries, they are not sufficient to ensure a dignified life for everyone. Surveys (including the EU-SILC) show that a large number of Danes find it difficult to meet basic needs. (DK1)

Furthermore, between 30 and 50% of people entitled to minimum income schemes are not accessing them due to a variety of factors, including complex administration procedures, lack of information, language or digital skills, and stigma.¹³⁷ Minimum income schemes would be targeted towards people who are unable to work or access a decent job, people not gaining enough from employment, and people no longer entitled to or excluded from other types of social benefits.

A directive would ensure the provision of a basic social safety net, promoting adequate income support, as well as better coverage and take-up of minimum income schemes. It would ensure that even those people engaged in low-wage or part-time work have an income that can meet essential living costs.¹³⁸ By establishing a floor for income, the directive would contribute to social resilience. It would ensure that individuals and communities have the means to withstand economic shocks, reducing the risk of social unrest and instability. The degree of income security it would provide can facilitate labour market participation and movement, potentially contributing to a more flexible and interconnected European workforce. Adequate minimum income schemes also create a positive hierarchy with minimum wages so that those able to work are integrated into the labour force.

Ensuring a minimum income for individuals can also stimulate economic activity by maintaining consumer spending levels, especially during economic downturns. This, in turn, supports

businesses and contributes to overall economic stability. It would foster a sense of shared responsibility and solidarity within the EU, promoting a more cohesive and integrated community. Finally, as the nature of work evolves with technological advancements and changes in the economy, a Minimum Income Directive offers a mechanism to adapt social protection systems to the challenges posed by new labour market dynamics and the green and just transitions.

5.3.7 Decent, affordable and accessible housing and the fight against housing exclusion and homelessness

Housing stands as a critical determinant of well-being, health, financial stability and family cohesion. Without sufficient and suitable housing, the vision of a Social Europe remains unattainable. Yet, in recent years, the need to address housing policy from the perspectives of affordability, sustainability and accessibility has been underscored by several factors. A study by the European Parliament indicates that the availability of decent and affordable housing has diminished, with housing conditions worsening, and rental costs and house prices increasing relative to households' disposable income, particularly among low-income owners and private renters.¹³⁹ The steep increase in energy prices after Russia's invasion of Ukraine aggravated these developments, posing a heightened challenge to those already at risk of poverty and social exclusion, potentially leading to increased homelessness. A lack of accessible housing is also a significant concern for persons with disabilities and young people. Ethnic minorities, such as Roma, face significant levels of homelessness and housing exclusion, and they are often pushed into segregated, poor-quality housing.

Another significant factor in the housing policy debate is its impact on the climate and the environment. Given the high energy demands of the residential sector and the environmental impact of the construction industry, substantial investments in energy-efficiency measures and renovations, as well as specific support both for low-income tenants and house owners, will be required to meet the objectives

set at the EU level for the green transition. There is a real risk that, if the cost of improving the energy efficiency of poor-quality homes is passed onto the tenant, it will lead to a wave of “renovictions” (renovation evictions) across Europe, when marginalised people can no longer afford housing on the market.

The increasing financialisation of housing, a pivotal factor contributing to the surge in housing costs and the diminishing affordability of housing in Europe, is commonly defined as the conversion of housing into a financial asset or commodity.¹⁴⁰ The integration with, and growing reliance on, the broader financial markets – particularly mortgage markets – over recent decades, along with the role of large-scale private investors and equity firms, has been identified as a primary factor associated with the financialisation of housing in the EU. Additionally, evidence indicates that, in numerous EU member states, secondary property ownership is extensively utilised as an investment strategy, serving to complement deficient or insufficient second-tier pension arrangements for individuals inadequately covered by such schemes.¹⁴¹

While the EU lacks direct competence over housing policy, it wields indirect influence on housing conditions in member states through regulations such as the state aid law, fiscal law and competition law. The EU has already been addressing the topic of housing through various related initiatives, including the strategy “A Renovation Wave for Europe”,¹⁴² an affordable housing initiative, revisions of the “Energy Performance of Buildings Directive”,¹⁴³ the “New

European Bauhaus Initiative”¹⁴⁴ and the European Platform on Combatting Homelessness,¹⁴⁵ these should be continued under the next legislature.

Moreover, social housing is categorised as a service of general economic interest (SGEI) under the current 2012 SGEI package, exempting it from state aid regulation. This means that member states are not obligated to notify the Commission of compensation for social housing. However, this exemption is constrained to “disadvantaged people or socially less advantaged groups”, a limitation criticised by stakeholders for restricting social and affordable housing provision to a very narrow target group.

In terms of direct policy making in affordable quality housing and housing rights, the EU predominantly employs soft tools and instruments through administrative measures, recommendations and general principles. Recent EU-level initiatives include Principle 19 of the EPSR, addressing “housing and assistance for the homeless”, the Semester and the housing partnership action plan; these propose substantial actions and recommendations at the EU level, with a focus on affordable public housing. The ESF+ has made tangible impacts on European cities, improving housing access for vulnerable groups. Projects funded by the ERDF have significantly enhanced the quality and energy efficiency of housing stock in member states.

In line with calls made in the Declaration of Cities and Organisations on Housing, Poor Housing and Homelessness launched in June 2023, the next

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While the EU lacks direct competence over housing policy, it wields indirect influence on housing conditions in member states through regulations such as the state aid law, fiscal law and competition law.

”

legislative mandate should see progress in the following areas:

- increasing the availability of affordable social housing, which is identified as a highly effective means to ensure sustainable, inclusive urban development; tackling the cost-of-living crisis; and preventing housing exclusion and homelessness;
- facilitating the regulation of private investors in the housing sector and discouraging speculation;
- developing a comprehensive “Next Housing EU Plan” aimed at optimising investments in affordable social housing providers throughout Europe, addressing operational needs for supporting services to individuals; and
- providing self-sufficient housing and adequate support services, regardless of people’s circumstances.¹⁴⁶

Finally, the EU should direct funding through the EU structural and investment funds, such as the ESF+, the ERDF and the European Fund for the Most Deprived, to be utilised on the ground in member states. Therefore, organisations and civil society representatives are advocating for an increase in European investments and the use of funds to achieve a more affordable, sustainable and accessible housing market.¹⁴⁷

5.3.8 Strong and innovative public services and social infrastructure

Public services contribute to responsive and inclusive governance by ensuring that government institutions are accountable, transparent and capable of meeting the needs of diverse populations. As well as fostering trust in public institutions, they protect vulnerable populations during economic downturns, help reduce poverty and social hardship, and contribute to social cohesion and a sense of belonging. Furthermore, as demonstrated by the COVID-19 pandemic and – following Russia’s invasion of Ukraine – member states’ efforts to welcome refugees, strong public services, including

non-for-profit social services, enhance a nation’s ability to respond to crises, whether they are public health emergencies, economic downturns, conflicts or natural disasters.

More must be done to build the resilience of public and not-for-profit social services and support their ability to adequately respond to current and future challenges. An EU action plan for social services would support member states to develop a resilient ecosystem for social services. This plan should encompass structural issues such as working conditions and care standards, as well as addressing the implications of new forms of technology on the care sector.

The tools used at the EU level to support member states to upgrade their public administrations are good examples of the value of cross-border cooperation. The technical support instrument (TSI) has been instrumental in supporting member states to design and implement reforms with assistance given through, for example, strategic and legal advice, studies, training, and expert visits on the ground. Technical support can be provided in a wide range of policy areas, including but not limited to climate action, digital transition and health. The instrument has been fundamental in assisting member states to prepare, amend, implement and revise their NRRPs. In addition to the TSI, ComPAct, a strategic set of actions aiming to help public administration become more resilient, innovative and skilled, has strengthened administrative cooperation across member states, thereby allowing existing gaps in policies and services at the European level to be closed.

Moreover, investments in social infrastructures have demonstrated a robust pro-growth potential. High-quality social infrastructure not only enhances the well-being of individuals and communities, fostering social cohesion, but also yields positive spill-over effects on society and economic activities by ensuring access to essential services and generates more “hired, housed, healthy and happy people”.¹⁴⁸ Conversely, low-quality social infrastructure can impede social and economic opportunities, reduce market efficiency, marginalise certain groups,



High-quality social infrastructure not only enhances the well-being of individuals and communities, fostering social cohesion, but also yields positive spill-over effects on society and economic activities



perpetuate existing inequalities and hinder the overall growth of living standards, contributing to societal divisions.

Considering the importance of well-functioning, innovative public and social services to building a thriving and inclusive society, providing sufficient levels of investment to strengthen these services is vital for the years ahead. The forthcoming reform of the MFF must provide for investment in quality, affordable and accessible public and social services. Building the capacity of initiatives such as the TSI and ComPAct through budget increases, improving visibility and an expanded network would also offer a concrete example of the benefits of joint working at the EU level.

5.4 Equal opportunities

The delivery of equal opportunities and progress towards a more equitable EU is deeply ingrained in the EU's ethos, aligning with its commitment to human rights, non-discrimination, and the pursuit of fairness and justice. Beyond mere principle, fostering equal opportunities contributes significantly to social cohesion by cultivating inclusion and shared citizenship. This approach not only enhances economic growth and competitiveness by leveraging the diverse talents within the population. It also ensures that people across Europe have access to education, employment, professional growth, and participation and inclusion in society. Moreover, it plays a pivotal role in advancing gender equality, empowering women and promoting social justice. The EU's commitment to equal opportunities is not only a matter of fairness but also strategically positions it as a global leader in human rights, setting standards for other regions. It is an investment in

the collective well-being, resilience and prosperity of the EU and its diverse population.

5.4.1 An equality and inclusion agenda

To ensure the realisation of many principles of the EPSR, an equality and inclusion agenda to dismantle barriers to access; address systemic inequalities; fight discrimination; empower marginalised groups and fight against violence, including gender-based violence, is required.

The renewed action plan should include robust initiatives targeting gender-based violence in employment and public services. This includes fostering safe work environments, promoting reporting mechanisms and ensuring the provision of support services for victims. By addressing this pervasive issue, the EU can uphold its commitment to gender equality and create workplaces and public spaces free from violence and discrimination.

Furthermore, a wider intersectional approach is required to address discrimination and uphold Principle 3 of the EPSR. To pursue a true intersectional anti-discrimination approach (including but not limited to gender-based discrimination, anti-racism, anti-gypsyism, anti-LGBTIQ+ discrimination, anti-ableism, anti-ageism and discrimination against other vulnerable groups), it is essential to mainstream a comprehensive anti-discrimination approach within the renewed action plan. Adopting an intersectional perspective ensures that policies consider the multiple layers of discrimination individuals may face, promoting a more holistic and effective strategy for combating prejudice and bias.



Enhancing the Social Scoreboard's effectiveness requires a significant augmentation of data collection practices.



Adopting such an approach necessitates the collection of quality disaggregated data. As it stands, the Social Scoreboard refers only to breakdowns of the indicators by age group, gender, country of birth and disability status (though this is specific to the disability employment gap), omitting racial and ethnic origin, as well as other grounds for discrimination. Enhancing the Social Scoreboard's effectiveness requires a significant augmentation of data collection practices. Aligning with the EU's anti-racism action plan, racial and ethnic origin, among others, should be added as mandatory reporting categories. This disaggregation is vital to identify disparities, measure progress and tailor interventions effectively. By incorporating this comprehensive data collection, the EU reinforces its commitment to transparency and evidence-based policy making.

The need for an equality and inclusion agenda is evident. To achieve this, while also addressing further inequalities, it is crucial to designate equality as an independent and standalone objective, as highlighted by the survey respondents, addressing equality as a distinct and overarching goal that must be achieved as part of a comprehensive human-rights-based approach that also entails participation, accountability, non-discrimination, empowerment and legality.¹⁴⁹ Furthermore, equality should be accompanied by its own measurable targets, parallel to objectives related to poverty, skills and employment.

5.4.2 Digital inclusion

In an increasingly digital Europe, digital inclusion is a priority in promoting equal opportunities for access

and participation in the digital age. It is essential to bridge the gap in digital education and ensure that all people, regardless of their background, have full access to the digital world and the necessary digital skills to benefit from technology. Indeed, older persons, persons with disabilities, people living in rural areas, foreign nationals and migrants, ethnic minority groups, people with low educational attainment, low-income populations, and people living in care homes are among those at higher risk of digital exclusion.¹⁵⁰ This approach should cover different aspects of the internet and digital tool usage, such as accessibility, skills improvement and safe internet browsing.

Additionally, due to the transformative potential of digital technologies, it is essential to integrate digital inclusion into a broader framework, with a particular emphasis on its significance within the EPSR. To ensure a comprehensive and inclusive approach to technological advancements for the benefit of all citizens, it is crucial to acknowledge the multifaceted impact of technology on various aspects of society and align it with overarching goals, such as those outlined in the EPSR. The objective is to address socio-economic inequalities and narrow the digital divide by ensuring that the benefits of the digital era contribute to social cohesion, participation and inclusion. This can be achieved by prioritising inclusive policies that provide for diverse needs and fostering collaborations between governments, businesses and communities. The ultimate goal is to create a harmonised digital landscape, where every individual is equipped with the tools and knowledge to thrive in an increasingly interconnected world.

5.4.3 Directive on quality traineeships

Traineeships, defined as a limited period of practical work experience incorporating a learning or training component, represent a common way for young people to enter the workforce and acquire their initial professional experience before entering the labour market. In Europe, according to a study made by the European Parliament Research Service in January 2022, approximately half of all individuals aged 15-34 have acquired work experience through participation in at least one traineeship, amounting to an estimated four million people engaging in such opportunities each year.¹⁵¹ However, many stakeholders and policymakers have concerns regarding the quality of traineeships, especially with reference to fair remuneration, social security protection and equal opportunities. In line with the EPSR action plan, “traineeships should be adequately compensated, covering as a minimum the cost of basic living necessities such as food, housing, and transportation, taking into account the cost of living in each member state”.¹⁵²

The 2014 Council recommendation on the quality framework for traineeships (QFT) encourages member states to improve the quality of traineeships, in particular the working conditions and learning contents, to ensure a smooth transition from education to employment.¹⁵³ Furthermore, traineeships represent an important element of the Youth Guarantee programme aimed at ensuring working and training opportunities for millions of NEETs across Europe. Therefore, many CSOs and trade unions, such as ETUC and the European Youth Forum, call for the establishment of a directive on quality traineeships that guarantees the respect of minimum standards and fair working conditions for trainees. In particular, it should cover trainees carrying out traineeships in the open labour market, namely, open-market traineeships, traineeships as part of ALMPs, those part of the Youth Guarantee and traineeships as a mandatory part of professional training.¹⁵⁴ In addition, the 2014 QFT stresses the importance of transparency when it comes to compensation, social security coverage and hiring chances. Aligning with the Minimum Wage Directive and Principle 6 of the EPSR, which advocates for

sufficient minimum wages, these standards ought to include trainees as well.

5.4.4 Youth fellowships

Supporting and empowering young people to engage in activities spanning from environmental responsibility to long-term care can have multiple benefits. The establishment of an initiative that provides young citizens with concrete and good-quality training opportunities or employment guarantee schemes to work on local social, green projects in the member states can help to tackle youth unemployment, provide support in the transition from school to work, and boost exchange of best practices across the continent. Using and building on existing networks like the 100 Green Cities or the 100 Climate Neutral Cities, young people would be given the opportunity to be trained and work on local social and environmental projects in a participating city, with the support of an adequately funded fellowship with social security coverage. This can be supported by a European platform to facilitate matching opportunities and initiatives to exchange experiences among participants.¹⁵⁵

5.5 Improved policy-making practices

In the pursuit of improved policy-making practices, this section addresses key strategies and reforms that are essential for the governance framework of the EU. This endeavour encompasses various strategies, advocating structured engagement with social partners and CSOs, the adoption of a well-being economy perspective, and a reformed approach to the European Semester. It also introduces innovative concepts such as a social “do-no-significant-harm” (DNSH) principle, the development of a social taxonomy, and the strengthening of monitoring and evaluation mechanisms. Taken together, these proposed improvements underline a commitment to transparency, inclusiveness and ethical considerations, shaping a more dynamic and responsive policy-making landscape.



Strengthening the channels and establishing systems for structured, continuous and meaningful dialogue through the establishment of a civil dialogue agreement with the EU institutions, which allows for feedback loops, and establishes clear procedures for the integration of stakeholders' input into policy decisions would enhance the efficacy of consultations.



5.5.1 Added value of structured and meaningful involvement of social partners and CSOs

Social partners and CSOs, representing workers and people across Europe, especially those in more vulnerable situations, bring valuable perspectives and insights from the ground, ensuring that policies are not only well-informed and evidence-based, but also reflective of the diverse needs and experiences of those directly impacted. In a robust democratic policy-making process, it is essential not only to listen to the concerns raised by social partners and CSOs but also to actively incorporate their insights into policy formulation, implementation, monitoring and evaluation. This ensures that the policies reflect a more comprehensive understanding of the challenges faced by different stakeholders and groups, contributing to more effective and inclusive outcomes.

Despite efforts at the EU level to incorporate social dialogue into their practices, issues with stakeholder engagement remain. Consultation of social partners and CSOs is reasonably well embedded in some parts of the European institutions (e.g., DG EMPL, European Commission), but not other policy areas, and there is significant variability in the quantity and quality of stakeholder involvement across the different member states. For instance, the involvement of CSOs and social partners in the development of the NRRPs was often found to be

cursory, tick-box exercises and did not always reach all interested parties.¹⁵⁶

To address such gaps, it would be beneficial to reassess the mechanisms through which social partners and CSOs are engaged in the policy-making process. Strengthening the channels and establishing systems for structured, continuous and meaningful dialogue through the establishment of a civil dialogue agreement with EU institutions, which allows for feedback loops and establishes clear procedures for the integration of stakeholders' input into policy decisions, would enhance the efficacy of consultations.¹⁵⁷ Furthermore, permanent civil dialogue structures should be created at the appropriate level in each relevant member state. Additionally, transparency in communicating how and to what extent social partner and CSOs' contributions influence final policy design fosters accountability, builds trust and increases stakeholders' participation in the consultation process.

5.5.2 Well-being economy policy making

From the outset of this legislative mandate, European Commission President von der Leyen acknowledged the obsolescence of an economic model prioritising growth at any cost. Recognising its disconnection from the needs of our planet, and its failure to achieve economic, social and environmental sustainability, there was recognition that the pursuit of maximum GDP growth was counterproductive. Instead of fostering societal well-being, this model has, in fact, been a catalyst for climate and environmental deterioration, as well as social divergence, exacerbating global inequality. Persisting with an approach that erodes our resilience in the face of climate challenges, health crises, poverty, inequality and social discord leaves our societies profoundly susceptible to additional crises, conflicts and unforeseen shocks.

Policy making urgently requires a comprehensive shift to break out of the current cycle of permacrisis. The emphasis should be on proactively preventing crises, rather than reacting to them. By prioritising upstream interventions that address people's fundamental needs, we have the potential to forestall economic, social and environmental harm before it materialises, enhancing quality of life from the outset. This proactive approach reduces the reliance on costly short-term interventions downstream to address social inequalities and environmental damage.

Though challenging, several countries have successfully integrated this approach into their policy design processes. Cities such as Brussels

and Amsterdam, for instance, have embraced Doughnut Economics, incorporating systems thinking into policy making by recognising the interdependence of the economy with society and the natural environment. Finland is actively implementing a well-being approach to steer policy making, prioritising holistic societal health. In Wales, the Well-being of Future Generations Act mandates public bodies to consider long-term consequences, prevent problems, adopt an integrated approach, and involve people of all ages and backgrounds. New Zealand's budgeting process takes into account the impact of policies on various dimensions of well-being, as well as their long-term, intergenerational and distributional implications.

Taking a holistic view and long-term perspective – a well-being economy perspective – allows for better identification, assessment and explanation of the difficult policy trade-offs we face. It moves us away from short-sighted sticking-plaster reactions, with negative future consequences, and instead supports the identification of win-win solutions where possible (e.g., when policies aimed at improving sustainability or reducing inequality may also have positive effects on health outcomes or social cohesion)¹⁵⁸ and otherwise take measures to mitigate the impacts of certain policy measures on other areas (e.g., the impact of climate policies on affected groups).

To support this systemic change and to drive this transformative agenda forward both within and outside the European Commission, an executive vice president of the European Commission for the well-being economy should be appointed.



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Delivering such a transformative agenda requires the appointment of an individual who can work across Commission silos and Directorates and who can provide the coordination and strategic political leadership that its delivery so urgently demands. They can also provide the EU-level contact point for engagement with the proposed UN special envoy for future generations who is expected to facilitate global collaboration and best practices on the topic of future generations.

An executive vice president would be given responsibility for oversight of a reformed European Semester. Building on the significant and valuable work already done around developing new benchmarks, indicators and scoreboards, (e.g., the transitions performance index and resilience dashboards), each future vice president should be allocated an overarching portfolio, such as economic, social, environmental and climate, and governance. The subsequent commissioner roles should support each of these four vice presidents with more subject-specific responsibilities, for example, trade, internal market, energy, employment and social rights.¹⁵⁹

5.5.3 A reformed European Semester process

As with the European Commission, the Semester must similarly evolve to a new reality, where macroeconomic imbalances do not supersede all other policy areas. In a world marked by interconnected crises and in a political environment marked by short-termism, the Semester must

move from its current reactive, appraisal dynamic to one that instead coordinates and provides signposts for progress towards meeting medium- and long-term goals. Used as an overarching monitoring and coordination tool, it must grow from its macroeconomic origins to better integrate foresight, consider policy trade-offs, and factor in environmental and social risks when formulating macroeconomic recommendations.

Despite the value of the Social Scoreboard, in reality, it remains subservient to the Macroeconomic Imbalance Procedure Scoreboard. To move away from the primacy of economic policy in the European Semester, the next legislature must ensure that a scoreboard is developed which offers not only a more comprehensive and disaggregated tracking of EPSR implementation but also a holistic view across other policy areas covered in the process.

Such a scoreboard should encompass all areas of resilience and well-being, and, while combining them, would not prioritise economic over social or climate priorities or vice versa. If quantifiable and ambitious objectives are set, and if tied to a mechanism similar to the RRF, which provides both sticks and carrots for member states to push for the implementation of reforms and investments towards commonly agreed objectives, this could be a powerful tool for achieving upward convergence in the EU. The transitions performance index and the resilience dashboards offer useful examples. Such tools would ensure more considered policy decisions, which better respond to the permacrisis the EU faces and help to prevent the emergence of potential future crises.



To move away from the primacy of economic policy in the European Semester, the next legislature must ensure that a scoreboard is developed which offers not only a more comprehensive and disaggregated tracking of EPSR implementation but also a holistic view across other policy areas covered in the process.



The reformed Semester should also improve coordination among member states, enhancing transparency and properly monitoring the implementation of future national medium-term fiscal-structural plans in the context of a revised EU economic governance framework. The Semester build on the significant work already done to develop new benchmarks, indicators and integrated scoreboards, such as the Transitions Performance Index, and should take lessons from the experience of the RRF.

5.5.4 A social DNSH principle

The adoption of a social DNSH principle would support the development of a socially responsible and accountable governance framework. It aims to ensure that social policies are guided by ethical considerations, respect for human rights, and a commitment to promoting the well-being and equity of all members of society. This principle should retain the core principles of inclusivity, participation and transparency from the environmental DNSH principle but tailor them to social contexts:

- inclusivity: ensure that policies do not disproportionately harm any specific demographic group or community;
- participation: encourage active and meaningful participation of affected communities in the development and implementation of policies; and
- transparency: promote transparency in the decision-making processes.

Establishing a social DNSH principle would demonstrate a commitment to ethical governance, ensuring that policy decisions were evaluated not only based on their intended positive outcomes but also on their potential negative impacts on social cohesion, well-being and equality. It would encourage decisionmakers to consider the broader social implications and strive for policies that foster inclusivity, equity and a sense of community. Furthermore, such a principle would serve as a preventive measure against unintended

negative consequences of policy decisions. It prompts policymakers to thoroughly assess the potential repercussions of their actions, taking a long-term perspective, minimising the likelihood of exacerbating social inequalities or creating divisions. The principle would encourage evidence-based decision-making, requiring policymakers to assess the potential harm or benefit of policies on social cohesion and equality using empirical data.

5.5.5 Social taxonomy

In the context of responsible and sustainable social investments, a social taxonomy also plays a crucial role in guiding decision-making processes.¹⁶⁰ By employing a social taxonomy, investors and policymakers can define and categorise social objectives, enabling them to identify potential risks and benefits associated with specific investments, thereby promoting socially responsible investments. This clarity is essential for guiding investments to social objectives, thereby improving the quality of spending, policy development, fostering consistency and ensuring that social considerations are integrated into various sectors.

An EU social taxonomy would facilitate standardised reporting on social impacts, making it easier for companies and organisations to communicate their social contributions. This transparency enhances accountability and supports efforts to monitor and evaluate progress towards social goals. By categorising and recognising activities with positive social impact, a social taxonomy encourages innovation and the valuable growth of social entrepreneurship. It creates a supportive environment for social economy businesses that prioritise social goals alongside economic considerations.

The EU's 2020 Taxonomy Regulation only covered environmental aspects and had limited reference to social sustainability. Therefore, the European Commission requested the platform on sustainable finance to expand the taxonomy to include social objectives as well.¹⁶¹ Despite the publication of the 2022 report calling for action, there has been no



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progress. Therefore, the next EU legislature should prioritise the development of a social taxonomy to advance a comprehensive and integrated approach to sustainable development, aligning with EU values, fostering investor confidence, and promoting socially responsible investments for the benefit of both the EU and the global community.

5.5.6 Monitoring and evaluation

Despite the time lag and difficulty establishing causality with much social spending, monitoring and evaluation mechanisms need to be able to ensure transparency, accountability and an efficient use of resources. Articulating costs and benefits of social investments in economic and monetary terms is a significant challenge as some impacts, such as on health outcomes, lack a straightforward monetary valuation, despite their undeniable economic significance. Making greater use of longitudinal studies to track the long-term impact of social policies can help further understand how policies evolve and their sustained effects over time. Technological advancements may also help with the complexity of conducting assessments over a longer time period.

To further support the evaluation of social investments, comprehensive impact assessments that evaluate the direct and indirect consequences of social policies by covering economic, social and environmental dimensions would offer a holistic view of policy outcomes. Furthermore, evaluation of the effectiveness of implementation strategies can

provide useful insights into the practical challenges and successes in achieving policy objectives. Using a mix of quantitative and qualitative evaluation methods would allow for a more nuanced understanding of the impact and effectiveness of social policies.

Finally, while the EU statistics on income and living conditions (EU-SILC) has made an important contribution to the monitoring and evaluation of social progress in the EU, helping to support benchmarking and impact assessments by improving the availability of administrative data and providing a more granular breakdown, it may be possible to produce impact assessments on a broader range of social investments than has been the case so far. Although a powerful tool, there are weaknesses that should be acknowledged: general data quality; lack of detailed health metrics; linkage between cross-sectional and longitudinal components; and representativeness of samples in select countries.¹⁶² Improvements in these areas would be beneficial for strengthening the EU's monitoring and evaluation capacities.

5.6 Innovative, forward-looking funding tools

5.6.1 The next MFF

The development of the next MFF offers an opportunity to bolster the EU's efforts to implement the EPSR, as well as to redesign the EU's budgetary instruments to better reflect the reality of the

permacrisis. The upcoming MFF should therefore ensure an increase in the allocation dedicated to social programmes, specifically target crucial areas such as skills, employment and social inclusion, as well as those that mitigate the social impacts of the green transition. This includes initiatives addressing digital literacy, vocational training and continuous learning to support employability in a rapidly changing labour market.

Additionally, the MFF should establish a distinct funding stream to support social innovation and experimentation. This dedicated fund can incentivise the development and implementation of innovative solutions to tackle emerging social challenges.

As mentioned earlier, it is imperative to integrate social criteria into various funding programmes across sectors within the MFF and establish earmarking for social investments, which, as highlighted above, was overlooked in the development of the RRF. Social conditionality would ensure that projects financed through the framework actively contribute to overarching social goals. Flexibility and adaptability should be key design principles of the MFF, allowing for the swift reallocation of funds to address evolving social dynamics and needs, such as economic downturns, crises or shifts in social priorities.

The inclusion of systematic social impact assessments into the allocation and implementation of MFF funds is crucial. These assessments should comprehensively evaluate the potential social consequences of policies and projects to guarantee alignment with and enhancement of the EU's social agenda.

Incentives for socially responsible businesses should be created within the MFF by introducing funding mechanisms that reward companies for promoting fair labour practices, environmental sustainability and social inclusivity. The MFF should also increase support for CSOs and social partners, empowering them to play a central role in implementing and monitoring social programmes and policies.

Moreover, fostering integration between climate and social objectives within the MFF is crucial. This involves aligning environmental sustainability measures with social considerations, promoting a just transition and addressing potential social impacts of climate policies. The social DNSH principle would provide a tool to inform which projects and initiatives should be funded under the MFF. Lastly, initiatives that enhance civic education, promote social dialogue and empower communities are vital for building an informed and engaged citizenry. The MFF should therefore allocate resources for public awareness and engagement programmes to ensure that people are well-informed and actively participate in shaping social policies.

5.6.2 A just mobility fund

In the case of economic and social shocks, the EU usually first resorts to internal devaluation. A second phenomenon we experience in times of shocks is intra-European mobility of workers and individuals.¹⁶³ The mobility of EU citizens from Southern European member states (Greece, Italy, Portugal, and Spain) to Northern European member states (Belgium, France, Germany) in search of employment opportunities has been a notable phenomenon, especially in the context of economic challenges faced by the Southern European countries.

Constant outflows of people, however, has an impact on the social fabric of a given country, deteriorating human capital, and on economic trends, lowering for instance tax revenues. Better-off countries, benefit instead from a skilled workforce, income taxation and boost to internal demand thanks to inflows.¹⁶⁴

Mobility flows are also intimately linked to demographic change, which, in turn, can impact labour markets, as aging populations and declining birth rates produce a shrinking workforce and skills shortages. Such dynamics can intensify job competition, accentuating inequality, as marginalised groups face greater obstacles to labour market participation. Moreover, the strain on pension and healthcare systems due to aging

populations can worsen economic disparities and question intergenerational equity.¹⁶⁵

The idea behind a just mobility fund is that:

In the future our Union will need to be equipped with a fund to which member states contribute according to how many inflows of residents they get from other European countries and from which they receive funding according to how many outflows they have in a given year. [...] In short, resources for the EU budget generated by contributions by the countries that are benefiting most from intra-EU mobility should be used to target investment and industrial policy in areas that, without EU intervention, would risk serious divergence and impoverishment.¹⁶⁶

5.6.3 Promote private investment

The creation of an environment conducive to private investment in social projects should be a priority for the coming legislature. Achieving the ambitions of the green and digital transitions will not be possible without significant private investment supplementing increased levels of public investment. However, ensuring that the landscape is designed in a way that investment in these goals also supports implementation of the ESPR requires changes to the current conditions. Social economy enterprises can play a critical role in achieving social objectives, combining financial investments with a focus on social and climate outcomes.

To promote a sustainable and impactful investment landscape, it is crucial to align financial incentives with positive social outcomes and to foster collaboration between the public and private sectors,

while ensuring high levels of public investment in important public goods and services. To do so, developing a robust social impact measurement framework is crucial. This involves creating a transparent and standardised system for measuring and reporting social impact, providing clear metrics for investors to assess tangible outcomes, and instilling confidence in the effectiveness of social projects.

Well-structured public-private partnerships offer another avenue. Through these partnerships, the strengths of both sectors can be leveraged, sharing risks and responsibilities while maximising the impact of social projects. Additionally, the use of social impact bonds (financial instruments where private investors provide upfront capital for social projects and receive returns based on predefined social outcomes) can effectively link financial success to social impact.

Encouraging the establishment and growth of socially responsible investment funds is crucial, as these funds specifically focus on projects generating positive social and environmental impacts while delivering financial returns. Impact investing platforms can serve as intermediaries, connecting investors with viable social projects, providing due diligence, and facilitating the investment process. Mitigating the risks associated with social projects is crucial for attracting private investment. This may involve the development of risk-sharing mechanisms, insurance products or other financial instruments that provide assurance to investors.

The EU can play a pivotal role in creating a supportive regulatory environment with policies that incentivise private investment in social projects.

6. CONCLUSION

6. CONCLUSION

The EPSR's role as a compass and counter-crisis narrative is increasingly crucial. However, maintaining this role and furthering the implementation of its principles requires collective efforts, proactive and innovative policies, and the solidarity of EU institutions and member states.

Much has been achieved during the 2019-2024 legislative period. Considering the scope and scale of crises faced in this period, the ability of the EU to pursue the agenda set out by the European Commission priorities is commendable. Nevertheless, while the legislative achievements have been notable, gaps remain that need to be filled, implementation remains a challenge and current progress in reaching the ambitions of the action plan targets is insufficient. Efforts must be redoubled in the coming legislative period if the EU wishes to meet these objectives and respond to other emerging social challenges. Monitoring, enforcement and adequate financial resources are prerequisites to successful implementation, as well as the coordination between the national and EU levels.

This policy study emphasises the interconnectedness of social, employment, economic and environmental policies, advocating for a holistic and forward-looking approach to policy making. The EGD has been valuable in providing a long-term, underpinning strategy for this mandate, but it has not adequately integrated social aspects into its policy framework. The next legislature must see its ambitions reshaped to encompass the reality of current challenges, such as a difficult macroeconomic environment, an unpredictable international scene, and widening cracks in the political and public consensus for the substantial shifts that it brings.

To continue on the crucial path towards a sustainable and equitable future, there must be an honest discussion about the policy trade-offs and hard choices that must now be made. This must also

explore how the risks, costs and opportunities can be shared equitably between all parts of society and generations. A new EU shadow social agenda, which offers a positive, proactive manifesto for action, can guide our pathway to fair green and digital transitions and demonstrate to all people living in the EU that our democratic institutions are working towards their well-being and the resilience of our society. It is imperative, however, that the aims set out in this agenda can be implemented by all member states, and this will not be possible unless all governments are able to undertake massive and coordinated strategic investment. Austerity policies and strict fiscal limits have played a role in Europe's economic stagnation and will continue to do so, unless room is found within the rules for well-directed investments in key areas.

This shadow social agenda should serve as a pathway to ensure the effective implementation of the principles and rights outlined in the EPSR. As Europe navigates the complexities of the socio-political landscape, this renewed commitment to the well-being of our population will not only fortify the EU's resilience but also underline its dedication to fostering an inclusive and equitable society.

APPENDIX

APPENDIX

List of survey respondents

Austria (AT1)

Austria (AT2)

Belgium (BE1)

Bulgaria (BU1)

Bulgaria (BU2)

Portugal (PT1)

Denmark (DK1)

Denmark (DK2)

Plus 12 civil society organisations.

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After enduring decades of neoliberal policymaking that advocated for a small state and promoted the market as the primary instrument for efficiently allocating jobs and resources, the welfare state must undergo significant revitalisation, facilitated by the European Pillar of Social Rights (EPSR). Understanding the EPSR's impact on equal opportunities, working conditions, and social protection and inclusion is central to addressing the critical socio-economic challenges and the 'new social risks'.

Given the redesign of the EU economic governance, the start of a new legislature in Brussels in 2024, the upcoming EPSR Action Plan review of 2025, and in the context of the war in Ukraine, the 'cost-of-living' crisis, the green and digital transitions, and the splintering of the political landscape, the EPSR and its role as a compass and counter-crisis narrative has never been more important. However, the emphasis on the EPSR and the implementation of its 20 thematic principles is not guaranteed to remain in place.

Additionally, addressing the diverse needs of Member States and ensuring effective coordination between national and EU-level initiatives is essential for successfully implementing the Pillar's objectives, which requires further measures, continuous monitoring, robust enforcement mechanisms, and adequate financial resources.

This policy study offers an analysis of the EU's progress in advancing equal opportunities, improving working conditions and strengthening social protection and inclusion as envisioned by the EPSR, both at the national and European levels. Furthermore, it underscores the importance of social partners and civil society organisations' insights in shaping effective policies and decisions through a "Shadow Social Agenda" for the next legislature. The authors identify key areas requiring intervention, such as education, employment, health and care along the life cycle, and social protection, and highlight new ones where reflection is necessary.

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