



Social Fairness Package 2018

Making a difference for people in poverty?

EAPN Response

June 2018

Background

The Social Fairness Package, released on 13 March 2018, is the only social policy measure foreseen in the European Commission Work Programme for 2018, and has been described as *'the last major social initiative of the Juncker Commission'*. Its explicit purpose is to provide a next step in the implementation of the European Pillar of Social Rights, following the formal adoption by inter-institutional proclamation of the three EU institutions (European Commission, European Parliament, and European Council) on 17 November 2017.

The main elements of this Package are: an overarching **Communication about the monitoring of the implementation of the Pillar** (mainly through the European Semester and EU funds), **proposals for a Council Recommendation on extending access to social protection to all workers** and a **Regulation establishing a European Labour Authority**. A third legislative proposal, on a **European Social Security Number**, has been delayed to later this year.

EAPN Overall Assessment

EAPN has actively supported the **European Pillar of Social Rights** as a key instrument that could help make progress towards creating a *'Social Triple A'* for Europe and reducing poverty and inequality. To this end, EAPN has engaged with its members in consultations on the development of the European Pillar of Social Rights, and the current Social Fairness Package, proposing concrete recommendations to ensure better implementation.

- [EAPN Comprehensive position paper](#) on the European Pillar of Social Rights (*Make Social Rights the Beating Heart of Europe!*), with EAPN analysis and Key Messages;
- Council Recommendation: *Access to Social Protection for All Workers* - response to the public [consultation](#); attended stakeholder dialogue;
- Regulation establishing a European Labour Authority - attended stakeholder dialogue, but unable to contribute to the public consultation due to limited resources;
- Adoption of an [EAPN Action Plan](#) on the European Pillar of Social Rights 2018 (building on the one for 2017), including the Social Fairness Package – advocacy and next steps.

In this position, EAPN sets out its general response to the package, giving priority to the European Commission's **Communication on monitoring implementation on the European Pillar of Social Rights** and the proposal for a **Council Recommendation on Access to Social Protection**.

Overall, EAPN members **welcome the Social Fairness Package** as an important step forward in the implementation of the European Pillar of Social Rights. We are, however, disappointed about the **retreat from hard legislation** that would have obligatorily enforced adequate social protection as well as employment rights. We especially regret the decision to replace the initial legislative proposal on **access to social protection** with a non-mandatory Council Recommendation. In EAPN's view, **investment in solid EU legislative frameworks**, is an essential step to guaranteeing social rights, particularly beyond employment. Without such frameworks, 'social rights' will remain just useful principles, and 'Social Europe' too easily perceived as an 'add on' to an EU dominated by a market-driven economic narrative which seems to prioritize the interests of business and the wealthy.

Monitoring the implementation of the Pillar

The **main instruments for implementation in the Social Fairness Package Communication are the European Semester linked to EU funds**. Whilst the higher visibility of the Social Pillar with detailed monitoring proposals are welcomed - encouraging more ownership on the principles, exerting pressure for increased upward convergence and better balance between social rights and economic objectives, - there are concerns about what the real impact will be. These include the limited list of indicators in the social scoreboard and the loose link between the scoreboard and the 20 principles. The reduced number of CSRs in 2018 are also likely to risk increasing competition *between* 'social rights' rather than supporting an integrated approach to all social rights which could reduce poverty. Moreover, as long as the main narrative remains economic stability and growth, with priority given to controlling public deficits, increasing private investment and liberalization of services in the internal market as a main driver for growth, it will be difficult to prevent negative social impact and create the conditions to embed social rights, guarantee adequate welfare states for all and ensure a real impact on poverty.

Delivery through EU funds

Whilst **increased attention to the Social Pillar in the delivery of EU funds** is welcomed, a key concern remains how much funds overall will be targeted for Cohesion, ESF+ and the fight against poverty, through an integrated active inclusion approach. A proposed 7% cut to Cohesion Policy does not represent a political prioritization of poverty. It is thus crucial that a minimum of 30% of ESF+ funds, rather than the proposed 25%, be dedicated to the fight against poverty and social exclusion, in order to finance the implementation of the Social Pillar and contribute meaningfully to the implementation of the SDGs.

Council Recommendation on Access to Social Protection

The **Council Recommendation** aims to try to extend coverage of social protection to all workers, including those currently in precarious jobs and on 'bogus self-employment'. This is a welcome step in the right direction, however concerns are raised about how this will work in practice, without legislation. We are also worried about the narrow focus on 'workers' alone rather than people across the life course, in and outside work, as well as the lack of commitment to public investment in comprehensive universal social protection systems, across the life cycle. When most studies on the impact of new ways of work predict significant reductions in employment as well as increasing precariousness, an increasing number of people are likely to be left without comprehensive welfare state protection. EAPN is also concerned that the lack of explicit priority given to public services and investment, risks opening the door to individualized risk and 'private insurance' systems rather than collective, tax-based public investment in welfare states that can underpin more equal, rights-based societies.

Regulation to establish a European Labour Authority

The proposed Regulation aims specifically at regulating labour mobility (guaranteeing the principle of free movement of workers) and social security coordination in the Single Market. In general, the proposal seems positive, however the main focus appears to be administrative - aiming for **better institutional coordination** rather than ensuring **better access to rights for people**. It is also unclear what is meant by social security entitlements and who is covered. Civil society is also not mentioned as an interested party on the advisory Stakeholder Group of the Authority, nor is cooperation with third-sector entities regarding implementation mentioned at any stage.

Civil society engagement

The increased emphasis given to **civil society engagement in the overall package** is welcomed, however the stronger emphasis on their role in '*delivery through social services*', misses NGOs' key role in **connecting and supporting the voice of people on the ground**, particularly those with direct experience of poverty and exclusion: highlighting their realities, concerns and their solutions, as a key contribution to the design, monitoring and implementation of policies.

What result?

When over **118 million, nearly 1 in 4 people are still at risk of poverty and social exclusion**, still nearly 1 million more than when the Europe 2020 poverty target was set, the key concern must be how the Social Pillar and the Social Fairness Package **can make a real difference to people's lives** – engaging people on the ground and bringing concrete improvements to living and working conditions, ensuring a real impact on poverty, exclusion and inequality.

Key Messages and Recommendations

5 key messages

The EU institutions must:

- **Adopt a clear Road Map/Action Plan delivered through the Semester**
- **Support the Council Recommendation on Access to Social Protection, as a first step to mandatory rights for all!**
- **Ensure progress towards an EU framework directive to guarantee adequate minimum income**
- **Not a cent less for Cohesion: 30% of ESF+ dedicated to the fight against poverty and social exclusion**
- **Make partnership with Civil Society a reality in all EU and national processes!**

Agree a clear Road Map or Action Plan setting out delivery through the Semester

- *An inter-institutional agreement should be adopted that sets out a concrete action plan to progressively implement all Social Pillar principles with an amplified social scoreboard.*
- *The principles and scoreboard must be underpinned by an effective integrated strategy to prevent and tackle poverty, through integrated active inclusion.*
- *The action plan should be explicitly monitored through the European Semester, with a transparent guidance note ensuring comprehensive assessment in the Country Reports and NRPs, with CSRs for all countries making insufficient progress, and requiring an integrated approach.*
- *The Commission must integrate an explicit social/anti-poverty and distributional impact assessment beyond programme countries and into its assessment of all policies, particularly macroeconomic, stopping austerity and increasing social investment in rights and standards.*

Back an ambitious Council Recommendation on Access to Social Protection, as the 1st step to mandatory rights for all!

- *The Council must fully support the proposed Recommendation to ensure it embeds mandatory social security rights for all workers, regardless of their contractual status.*
- *A concrete definition of adequacy for all benefits must be developed by the Commission, and agreed by the EU institutions to ensure comparable access across the EU, facilitating effective monitoring.*
- *The EU institutions must insist on adequate public financing for social protection, raising levels of public funding in relation to GDP and setting a new target to increase effectiveness of social protection in reducing poverty (social scoreboard).*
- *The EU institutions must support new fairer forms of financing e.g. an EU wide financial transaction tax, more progressive income and wealth taxes, and meaningfully tackling tax avoidance and evasion.*
- *A commitment is needed by the EU institutions beyond 2020 to move towards legislation requiring adequate universal systems of social protection ensuring access for the whole population, in line with the SDGs and Agenda 2030.*

Progress towards an EU framework directive on adequate minimum income

- *As the current proposal on access to social protection is limited to employment-based social security, an equal focus must be given to embedding the right to adequate minimum income or social assistance.*
- *The EU institutions must actively progress towards an EU framework directive requiring all MS to guarantee an adequate minimum income to ensure the right to a dignified life at all stages of life with effective access to enabling goods and services, combined with positive support for those who can't work.*
- *The framework directive should ensure equal treatment across the EU, and require adequacy and coverage to take people out of poverty. This means being above the at-risk-of-poverty level and linked to national reference budgets that map costs of actual goods and services.¹*

Not a cent less for Cohesion: 30% of ESF+ dedicated to the fight against poverty and social exclusion

- *A 7% cut in Cohesion Funds, coupled with a 22-fold increase to the defence budget (now at 13 billion euros), 40% increase to security and large increases to border management, funding 10.000 border guards, represents a budget that 'protects and empowers' Europe's security, border and defence industry rather than the almost 25% of Europeans living at risk of poverty.*
- *The cut to the Cohesion Funds is unacceptable - we must resist the "TINA" (There Is No Alternative) narrative with alternative political options. Social investment should never be considered as excess spending. It should rather be deducted from the calculation of public deficit – this spending is good for all Europeans, and a pre-requisite for tackling poverty and social exclusion.*
- *Civil society must be accorded **meaningful participation rights** in design, monitoring and delivery of EU funds, and must be represented in the ESF+ Committee at EU level.*
- *30% of ESF+ funds must be dedicated to the fight against poverty, allocated as a priority to the active inclusion of those most affected.*

Make partnership with Civil Society a reality!

- *Participation is a right and a pre-requisite to accessing all social rights. Civil society must be embraced as an equal partner as key stakeholders in the EU and national decision-making process, bringing the voices and concerns from the ground.*
- *Through the European Semester, the Commission and Council must mainstream the approach to civil society highlighted in the Social Fairness Package Staff Working Paper, recognizing their key contribution to effective solutions at "all stages of the policy process and in reinforcing transparency, accountability and legitimacy of public decisions."*
- *The Commission should develop concrete guidelines together with the Council on quality standards for effective engagement of civil society at EU and national level monitored through concrete indicators, peer review and mutual learning in the Semester. European Semester Officers should be designated officers to promote engagement and ensure compliance.*

¹¹ EMIN Roadmap for Guaranteed Minimum Income.

- *The EU institutions should ensure that specific funding is made available to enable effective engagement in the Semester including capacity building of NGOs, particularly to ensure the direct involvement of people experiencing poverty.*

Detailed Assessment

Communication and Staff Working Paper on Monitoring the Implementation of the Pillar

We welcome

- Explicit commitment by the European Commission *to put greater focus on social priorities and put them on a par with economic objectives at the core of the European Semester* (p. 4), recognizing the need to mainstream a balanced approach and the Social Pillar principles and Scoreboard throughout the Semester mechanisms.
- Commitment for the *Social Pillar priorities to be supported under Cohesion Policy*, by the European Structural and Investment Funds, as well as the European Globalisation Adjustment Fund, the FEAD, the European Fund for Strategic Investment (EFSI), and the Juncker Investment Plan for Europe (p. 4).
- Commitment to *mainstream social impact assessment* in all Stability Support Programmes, such as the case of Greece since 2015 (p. 6).
- *Civil society is clearly identified as an actor* for the implementation, alongside Member States and social partners (p. 2, 8, 10, 13). In the Staff Working Document, a broader role is envisaged: *“In addition, civil dialogue at both national and EU level is vital for broadening participation in policymaking and further mobilising social actors to help deliver the principles and rights of the Pillar. Civil dialogue involving civil society organisations allows for a range of civic stakeholder interests to be represented and reinforces the transparency, accountability and legitimacy of public decisions.”*

What is missing

- *If economic policies are to deliver on social rights, it needs stronger ex-ante social impact assessment to prevent negative policies*, rather than relying on just an ‘add on social section’ in a box.
- *The approach does not put forward an integrated roadmap for implementation of key principles which can ensure a significant impact on poverty, based on comprehensive Active Inclusion*. There is no mention of an integrated strategy to fight poverty, social exclusion and inequalities, or thematic strategies e.g. ‘Investing in Children’.
- *Instead of starting from the 20 policy domains and putting forward new instruments for the implementation of each, the Communication looks rather at what the Commission is already doing* in different fields and justifies them with the principles.
- *Important areas are not followed up at all*, such as adequate social protection outside employment, including minimum income; services aside education and health (including housing and tackling homelessness); or adequate, living wages.
- *A systematic monitoring link between the Social Pillar and the European Semester is missing*. It is unclear whether only the Social Scoreboard will be taken into account, or how the full set of principles will be reflected in Member States’ (NRPs) and in the EU’s (Country Reports, CSRs) proposals.
- While the European Semester is mentioned, there is absolutely *no reference to Europe 2020 and its targets, particularly the failure to make any progress on the poverty*

target. Neither are subsequent important Commission initiatives mentioned (such as the Social Investment Package). This is particularly worrying when the Scoreboard only talks about EU averages, *rather than an ambitious goal/target to reduce poverty, as under Europe 2020*².

- While it is acknowledged that the Social Pillar priorities will constitute important drivers for the EU budget and different financial instruments after 2020, *no additional funding seems to be made available* for the integrated implementation of the Pillar.
- In the Communication itself, while civil society is mentioned twice, a worrying reference focuses on NGO's importance for the delivery of the Pillar "notably when they provide social services", rather than the role *in the design, implementation, and monitoring of public policy*, supporting the direct voice of people with experience of poverty who are also service users. However, the supporting staff document, has a broader approach (see above).

Proposal for a Council Recommendation on Access to Social Protection for Workers and the Self-Employed

Introduction

The main objective of the Council Recommendation is to *support people in non-standard forms of employment and self-employment* who are not sufficiently covered by social security schemes, due to their employment status. It aims at allowing non-standard workers and the self-employed to *adhere* to social security schemes, *accrue* entitlements to social benefits, and *transfers* and receive them, increasing transparency regarding systems and rights. It aims to ensure for all workers *mandatory coverage in unemployment benefits, sickness and healthcare benefits, maternity and equivalent paternity benefits, invalidity benefits, old-age benefits, and benefits in case of accidents at work or work-related diseases*. Only for unemployment benefits, coverage for the self-employed is voluntary. These provisions are to apply to all workers, *regardless of the type and duration of their employment relationship* and under comparable conditions the self-employed (according to Principle 12 of the European Pillar of Social Rights). This initiative is complemented by the *Directive on transparent and predictable working conditions*, which also aims at curbing bogus self-employment.

We welcome

- The recognition that *gaps in access to social protection may put at risk the welfare and health of individuals* and contribute to economic uncertainty, poverty risks, and inequalities.
- While the level of benefits is not indicated, the proposal explicitly speaks of *adequate social protection*, which should result in reducing income uncertainty, precariousness, and risk of poverty.
- *Adequacy is defined* as allowing individuals to uphold a decent standard of living, replacing income loss in a reasonable manner, allowing people to live in dignity, while preventing them from falling into poverty.
- It is aimed at *improving security especially for women*, who are currently especially exposed to non-standard employment and have greater care responsibilities.

² Europe 2020 poverty target: To reduce people at risk of poverty and/or exclusion by at least 20 million by 2020.

- It explicitly references the *ILO Recommendation on a Social Protection Floor*, the *Social Open Method of Coordination*, and the *Active Inclusion strategy*.
- The initiative is also meant to *promote better labour markets*, reducing the over-reliance on insecure contracts, without associated social protection benefits.

What's missing

- The decision to *backtrack from a hard law to soft law proposal is disappointing*, particularly in the light of the consultation findings, where 72.3% agreed that there was a need for EU action in the field, with the majority (54.6%) favouring legislation, and only 4.2% backing soft law (i.e. a Council Recommendation).
- The main perspective seems to be that *gaps in welfare are negative for domestic demand*, human capital, labour productivity, competitiveness, and sustainable growth. While economic insecurity is mentioned, poverty as such gets a relatively low profile.
- The *support for a strong role for mandatory legal obligations backed by a universal welfare state model is unclear*. According to subsidiarity, Member States can decide on the level of protection offered and on how it should be delivered (i.e., public, private, or a mix), which *raises questions about adequacy*, as well as signalling a *reduced role and financing by the state and employers*, with the growing risk of individualisation of risk through private insurance schemes.
- The document highlights that employers made it very clear that the initiative should be limited to minimum social protection rights, without any associated additional burden or cost, with the trade unions stressing that *tying social protection rights to individuals should not lead to an individualisation of social protection*. Mandatory coverage for all workers is essential.
- Whilst a broader concept of social protection is mentioned in the introduction, linked to the ILO concept of the Social Protection Floor, *the Recommendation only focuses on social security* (contributory benefits from workers), *rather than universal, tax-funded systems, including social assistance*. More of the benefits included, *should be redistributive*, and not be connected to employment status, but available to all.
- The ultimate rationale is that access to social protection for workers enables them to keep working and keep contributing to public finances, rather than relying on social assistance of last resort without contributing – *budget sustainability, rather than dignified lives, is the driving force*.

Proposal for a Regulation establishing a European Labour Authority

Introduction

While the title may be slightly misleading, the new body is aimed at *regulating labour mobility specifically* (guaranteeing the principle of free movement of workers) and *social security coordination in the Single Market*, given that 17 million EU citizens now live or work in another Member State, almost double the number compared to a decade ago. The Authority is supposed to: *facilitate access to information about rights and obligations for workers and employers; support cooperation between Member States; and mediate and facilitate cross-border disputes*. The Authority will have the status of an *EU Agency*, employ 140 staff, be

steered by a *Management Board* (representative of each Member State + the European Commission), a budget of 50 million euro, and an advisory stakeholder group, to include social partners (civil society is not mentioned). It should be set up in 2019 and reach its full operational capacity by 2023. The proposal is accompanied by a *summary of the public consultation* held by the Commission, to which EAPN did not respond. A *stakeholder dialogue* was organised in Brussels on 15 December 2017 (EAPN attended), and its conclusions, together with separate position papers received, were also incorporated into the analysis.

We welcome

- Most of the proposals seeming to be positive, though the document is rather descriptive and administrative, and does not go into details about implementation.
- The proposal speaking explicitly about tackling undeclared work (although it does not specify whether it would target employers, or poor workers with no choice), and violations of working conditions and health and safety rules.
- Its aim to provide better access to services, such as skills-matching, traineeship and apprenticeship opportunities, learning and language training, but also better information on, and take-up of, rights and entitlements.
- Aside workers, the Authority also serving jobseekers, family members, and third-country nationals, to the extent that they are covered by EU labour mobility rules and social security coordination – but this is not detailed.

What's missing

- The proposal reads as very administrative, without a human perspective, or a qualitative narrative associated to it. Most of the activities listed under Tasks are addressed to Member States and institutions, rather than direct support to people.
- There seems to be a slight focus towards fighting benefit fraud, rather than ensuring better take-up, which raises some concerns about whether the Authority will be used more as a surveillance tool, rather than an instrument for ensuring people's rights.
- It is unclear what is meant by social security entitlements – does that cover social protection, including social assistance, and the cases when people exceed the period covered by contributory benefits?
- Civil society is not mentioned as an interested party represented on the advisory Stakeholder Group of the Authority, nor is cooperation with third-sector entities for implementation mentioned at any stage.

Annex 1. The status of the document

This EAPN paper is issued on behalf of our EU Inclusion Strategies Group (EUISG) which has delegated powers within EAPN to develop position papers. A briefing on the package was prepared by Amana Ferro, Senior Policy Officer in March and the initial assessment was discussed with the full EUIS Group in their meeting in Serbia on 9th March, collecting key points and messages for the position. On the basis of this discussion and linked to the EAPN Position Paper already adopted on the Social Pillar, a timetable was agreed and a draft position paper was prepared by Sian Jones, EAPN Policy Coordinator and circulated for comments to the EUISG, EXCO and EO's. Comments were received from 5 members. All comments were incorporated. The document was signed off by the EUISG Steering Group, on behalf of the EUISG.

Diversity of opinion within civil society

Whilst EAPN members have a range of views on certain topics, all members are united in working to bring about a social Europe, free of poverty and social exclusion, with access to economic, social and cultural rights for all. Members are united by our vision and values, which can be found [here](#).

INFORMATION AND CONTACT

For more information on this publication, contact

Sian Jones – EAPN Policy Coordinator

sian.jones@eapn.eu – 0032 (2) 226 58 59

See EAPN publications and activities on www.eapn.eu

The European Anti-Poverty Network (EAPN) is an independent network of nongovernmental organisations (NGOs) and groups involved in the fight against poverty and social exclusion in the Member States of the European Union, established in 1990.



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