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# SOCIAL AGENDA



## Adequate pensions

I focus on

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**PERSONS WITH DISABILITIES**

*Accessibility*



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**REFUGEES**

*EU funding*



## EDITORIAL



*Quite independently from the economic situation, the EU as a whole is faced with a common structural challenge: its demography. Indeed, its workforce has started to shrink and by 2060, the EU is expected to have moved from having 4 working-age people for every person over 65 years old, to only 2.*

*If only for the sake of budgetary balance, Member States have started reforming their pension systems. Now that the EU is emerging from the 2008 crisis, EU countries have to refine their pension policies in a longer term perspective, so that they ensure adequate pensions for future generations too. And that has very much to do with employment and social policy.*

*The combined effect of an ever increasing life expectancy and of EU population ageing is such that people have to work longer to enjoy adequate pensions. This requires creating a late career labour market and this in turn entails a cultural, mentality revolution: at present, only about half of retirements occur because people have reached pensionable age. Many people retire earlier for reasons of health, unemployment and caring duties.*

## *“Pensions, an employment and social issue”*

*As the statutory retirement ages are pushed back, it is also crucial to ensure that those who cannot carry on working until the new retirement age in their country, are not let down and left on the side of the road.*

*From the outset of the European Semester economic governance process in 2010, pensions have been an important issue. The European Commission has developed a holistic approach taking into account not just their budgetary impact but also their employment and therefore economic dimension.*

*Crucially, the social partners, whose role in the European Semester process is increasing, will soon start negotiating at EU level on how to make a longer working life more attractive both to workers and employers.*

### **Michel Servoz**

*Director General of the European Commission's Employment,  
Social Affairs and Inclusion department*

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## NEWS IN BRIEF

### 22 December 2015: Disability strategy review

The European Commission launched an on-line public consultation on the mid-term review of the European disability strategy 2010-2020, which addresses issues such as accessibility, participation, equality, employment, education and training as well as social protection. Citizens, organisations, public authorities, business, academics and other stakeholders may submit their contribution until 18 March. The strategy provides a roadmap for implementing the United Nations convention on the rights of persons with disabilities (see pages 6-11).



**Strategy review:** Participation, equality, employment, education, and social protection are at stake.

### 10 December: #lovemyapprenticeship

Rúben Salazar won the photo and video competition for apprentices organised in the last quarter of 2015 by the European Commission's Employment, Social Affairs and Inclusion Directorate General. He will soon be learning a new language in a foreign country with EU financial support. Prizes were also awarded to Enrique Lorente, for getting the most "likes" in the competition, and to Noemí García Iglesias for

the best storytelling in the Top 10. The aim of the competition was to engage apprentices and highlight how interesting and varied apprenticeships can be, as well as to counter their image as second-choice career options for young people. Participants were asked to take a picture or make a short video of themselves at their workplace and post it on Facebook, Twitter or Instagram.

### 8 December: Access City 2016

Milan (Italy) was awarded the 2016 Access City Award in the framework of the European day for persons with disabilities 2015 conference (see page 8). Wiesbaden (Germany), Toulouse (France), Vaasa (Finland) and Kaposvár (Hungary) were also rewarded for their efforts to improve accessibility for people with disabilities and the elderly. In addition to its action in the field of accessibility, Milan has ambitious projects to promote the employment of people with disabilities and support independent living.



**Milan wins:** The city was awarded the 2016 Access City Award. Milan is also promoting employment and independent living for people with disabilities.

### 2 December: Accessibility Act proposed

The European Commission proposed a European Accessibility Act which will set common requirements for certain key products and services that will help people with disabilities to participate fully in society. They include automatic teller machines and banking services, PCs, telephones and

TV equipment, telephony and audio-visual services, transport, e-books and e-commerce. The proposal for an EU directive aims to improve the functioning of the internal market, making it easier for companies to provide accessible products and services across borders.

# NEWS IN BRIEF

## 18 November: Work-life balance

The European Commission launched an on-line public consultation on how to improve work-life balance and reduce obstacles to women's participation in the labour market. It follows the withdrawal of the Commission's 2008 proposal to amend the 1992 maternity leave directive. The aim of this "new start" initiative is to address the low participation of women in the labour market by improving the current EU legal and policy framework. It is also to enable a better balance between caring and professional responsibilities for working parents and people with dependent relatives and allow for a greater sharing of caring responsibilities between women and men. The consultation is open until 17 February.



**Better balance:** How to enable a better balance between caring and professional responsibilities and a greater sharing of caring responsibilities between women and men.

## 19 October: Loans for micro-enterprises

Under the European programme for employment and social innovation (EaSI), 20 000 micro-enterprises will get access to loans worth €237 million between 2014 and 2020. The European Investment Fund and six microfinance institutions signed guarantee agreements that open up access to finance

for them. The European Commission contributed €17 million to these guarantees. The six agreements target people who wish to start or further develop their own micro-enterprises, in particular those who have difficulties in entering the job market or in accessing finance.

## 5 October: Pension adequacy report



**Until statutory retirement age:** Europe's pension systems may deliver adequate pensions if as many workers as possible stay in jobs until they reach the statutory pension age.

Europe's pension systems may deliver adequate pensions also to future generations of retirees provided EU countries pursue policies to enable as many workers as possible to stay in jobs until they reach the statutory pension age, a new report on pension adequacy showed. But more efforts are needed to guarantee income security in old-age. Employment policies should provide more possibilities for older workers to stay longer in the labour market, while pension systems should provide protection for those who are unable to remain in the labour market long enough to build up sufficient pension entitlements (see page 14 onwards).

## 23 September: ESF transnational platform

The European Commission hosted a meeting of the EU countries to move forward on transnational cooperation in the European Social Fund (ESF) to allow people and organisations in different countries to learn from each other. The ESF Transnational Platform 2014-2020 will include an EU-wide partner search

database plus other collaborative tools and networking events. It will also provide networks on employment, inclusion, youth employment, learning and skills, the social economy, simplification, governance and partnership (for more information: <http://ec.europa.eu/esf/main.jsp?catId=56>).

## PERSONS WITH DISABILITIES

# Better access to products and services

The European Commission has proposed a European Accessibility Act



**Not very accessible:** EU countries have different rules for making products and services accessible to people with disabilities.

There are 80 million Europeans with a disability, a figure that could rise to 120 million by 2020. However, EU countries have different rules for making products and services accessible to them: cash machines (ATMs, automated teller machines); ticketing and check-in machines; computers and operating systems; smartphones; TV equipment (digital television services); telephony services; audio-visual media services; air, bus, rail and waterborne passenger transport services; banking services; e-books and on-line shopping in particular.

All these services are covered by the European Accessibility Act, a harmonising proposal put forward by the European Commission on 2 December 2015, on the eve of the Day of persons with disabilities: a draft directive which EU countries have to transpose into national legislation within two years once adopted by the European Parliament and the EU Council of Ministers.

### For everybody

People with disabilities would benefit from a greater supply of accessible products and services at more competitive prices: the Act would make it easier for producers

and service providers to export products and services that comply with the EU requirements, as they would not need to adjust to divergent national rules.

Older citizens with similar needs for accessibility would also benefit from this, as indeed everybody, e.g. people trying to hear travelling information in noisy train stations or trying to get money from ATMs on a sunny day, or employees working with enlarged documents to avoid eye strain...

Passengers with disabilities would be able to book their tickets on transport companies' websites or directly via accessible ticketing machines. A blind person would be able to use voice or tactual interfaces to interact with the ticketing machines and also get information about the schedule of his/her journey. Deaf and hard of hearing persons would get information about the changes in the schedule of their train/bus journeys in real time in text format, complementing the oral announcements.

ATMs would provide sockets for headphones so that blind persons can withdraw money with the support of audio



**A harmonising proposal:** With the European Accessibility Act, it would be easier for passengers with disabilities to book their tickets on transport companies' websites throughout the EU.

instructions. Keyboards would provide tactual clues. ATMs would also have blinking lights in addition to audible signals, to indicate where the cards need to be introduced or where the money comes out. This would also help older persons and those with intellectual disabilities.

The proposal focuses a lot on digital technologies. For example, smartphones would be equipped with advanced telephony services combining voice, text and images not only to deaf and hard of hearing persons but to all other people in noisy environments or in meetings where it is not possible to speak on the phone.

#### “What” not “how”

The draft directive indicates a set of common accessibility requirements. It would ensure that the selected products and services placed in the market, after a transitional period of six years after transposition, comply with these requirements, which would also apply in the areas of public procurement and in projects co-funded by EU structural and investment funds. It would ensure that all products and services complying with these requirements would circulate freely within the EU internal market.

However, it does not impose detailed technical solutions. Rather, it encourages innovation.

The market costs for companies and EU countries due to divergent requirements are estimated at 20 billion in 2020. The proposed EU legislation might reduce it by 45-50% and the potential benefits are expected to be higher than the potential accessibility-related costs for all economic operators.

The proposal contains safeguard clauses for small and medium size and micro enterprises. For example, a small bakery opening a webshop can check whether complying with the directive would impose a disproportionate burden. On the basis of its own assessment, it would be able to decide not

to apply these, without having to notify the relevant market surveillance authorities. Think small first!

#### More information about the European Accessibility Act:

<http://ec.europa.eu/social/main.jsp?langId=en&catId=89&newsId=2400&furtherNews=yes>

### Milan accessible-friendly city 2016

*For the impressive steps it has already taken to improve accessibility to people with disabilities and for its ambitious plans for the future, Milan won the 2016 Access City Award, which was given by European Commissioner Marianne Thyssen during the conference celebrating the Day of persons with Disabilities, in Brussels on 8 December 2015.*

*Milan (Italy) was followed by Wiesbaden (Germany), Toulouse (France), Vaasa (Finland) and Kapsóvár (Hungary).*

*Beyond supporting accessibility and usability, Milan's building standards promote Universal Design standards which aim to design products and spaces so that they can be used by the widest range of people possible.*

*Launched by the European Commission in 2010, the Access City Award aims to encourage EU cities with at least 50 000 inhabitants to share their experience and improve accessibility for the benefit of all. So far, more than 250 cities have participated in this award.*

#### More information:

<http://ec.europa.eu/social/main.jsp?langId=en&catId=89&newsId=2410&furtherNews=yes&preview=chJldkVtcGxQb3JOYWwhMjAxMjAyMTVwcmV2aWV3>

#### Videos of the five winning cities:

<http://ec.europa.eu/avservices/video/player.cfm?sitelang=en&ref=1113290>

## CHILDREN AND YOUNG PEOPLE WITH **DISABILITIES**

# Growing together in a **barrier-free** Europe

## Inclusive education was the focus of EU Day of persons with disabilities conference

Matteo, 15, has a visual impairment. He lives in Rome with his family and is a second year student at a language course in the Virgilio secondary school where he is learning English, Spanish and German.

In his spare time, he goes swimming and he learns to play the drums. He has been a boy scout for eight years. He likes listening to music and watching his favourite football team play. He loves nature and walking in the mountains. He adores meeting new people, travelling and having experiences. He also loves speaking, telling stories and listening.

Ida is 28 and lives in Tvedestrand, Norway. She has been struggling mentally since she was 10, when she harmed herself for the first time. After several years of varying diagnoses and treatments, she finally met the right people and began to recover. Ida has been diagnosed with borderline personality disorder and she works hard to find all the different ways of dealing with the emotional consequences

of this. She believes that with the right treatment, she can get well in due course.

Her lack of knowledge about mental health and illnesses as a teenager had made it impossible for her to seek help, which made the illness much worse. She has written a diary which formed the basis for a documentary on her. She hopes it can trigger conversations and help others who feel like her.

Ailsa is a full time mother. Her son Baxter has complex disabilities including Spina Bifida, Hydrocephalus, Chiari Malformation, scoliosis and a rare chromosome disorder. Baxter has been through a lot so far. He has had many surgeries, procedures and scans. He has struggled to gain weight and grow and has been battling with developmental delays.

But Baxter has defied the odds and is a very happy little boy who faces everything with a smile and does not let his differences hold him back. He has been exploring the world



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**Inclusive education:** Schools, leisure centres, sports and lifelong learning can offer much more to society and the economy when they become inclusive for all.



independently since he learned to push his own wheels and is thriving in mainstream pre-school.

Matthieu was born at 25 weeks and suffers as a result from severe spastic tetraparetic cerebral palsy and moderate dyspraxia. He is a full-time powered wheelchair user and requires the daily assistance of carers.

However, he has successfully completed a Bachelor of Arts in Comparative Politics at the American University of Paris (AUP), a Master of Arts in Human Rights at University College, London and a Master of Arts with distinction in International Civil Affairs, Civil Society Development and Conflict resolution again at AUP.

Matteo, Ida, Ailsa, Baxter, Matthieu... They were all there and actively participating, either physically or, as in the case of Ida, virtually through an audiovisual documentary, together with many other children or young people with disabilities, when the European Commission organised a conference in Brussels on 7 and 8 December 2015 to celebrate the Day of persons with disabilities 2015.

### Inclusive for all

The event focused on inclusive education as an opening door for equal participation of children and young people with disabilities in work and society.

All citizens, including those with disabilities, need to acquire skills from an early age in order to live and work with dignity and prosperity. Schools, leisure centres, sports and lifelong learning can all offer much more to society and the economy when they become inclusive for all.

The first panel of the conference was entirely devoted to testimonies on the part of such children and young people, showing what it is like to grow up with a disability at present in the EU. A second panel took place in the afternoon, with representatives of various organisations debating on the situation of children and youth with disabilities. "From inclusive education to integration in society and economy" was the topic of the third panel, on the second day.

Although responsibility for the content of teaching materials and the organisation of education systems lies with the EU Member States, the European Commission supports the goal of inclusive, quality education and training under EU initiatives such as Erasmus +, the Youth Guarantee, a European framework for a pathway back to work for the long-term unemployed, and lifelong learning programmes.

### More information:

<http://ec.europa.eu/social/main.jsp?langId=en&catId=88&ventsId=1069&furtherEvents=yes>

## A human rights issue

*Disability is a rights issue, not a matter of discretion! The European Commission Day of persons with Disabilities 2015 conference (see article) was part of the EU's wider efforts to promote the mainstreaming of disability issues, in line with the UN convention on the Rights of Persons with Disabilities, to which the EU is a party since January 2011, as well as the EU Disability Strategy 2010-2020.*

*Accessibility, participation, equality, employment, education and training, social protection, health and external action are the priorities of the Strategy, which will be reviewed in the course of 2016 after a public consultation.*

*The European Commission also supports the Academic Network of European Disability Experts (ANED), which provides the Commission with analyses of national situations, policies and data. ANED manages an online tool that provides an overview of the key instruments, both in EU countries and at EU level, that are required to properly implement the UN convention.*

## DISABILITY AND INCLUSION

# Equal participation in the labour market and society

Emmanuelle Grange is head of the European Commission's Disability and Inclusion Unit



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**Emmanuelle Grange:** "How can you become fully autonomous as a disabled person if you don't have your own income and therefore access to the labour market?"

***What was so special about the conference organised by the European Commission to celebrate the Day of persons with disabilities 2015 (see page 8)?***

First of all, this year, the presence and testimonies of young people and children with disabilities were particularly powerful and moving. Also it was the second time we held this conference from an employment point of view, as responsibility for the disability area has been transferred from the European Commission Directorate-General for Justice and Consumers (DG JUST) to the one responsible for employment, social affairs and inclusion (DG EMPL). This helped connecting disability with a series of very concrete initiatives such as the Youth Guarantee, which seeks to ensure that all young people under 25 receive a good quality offer of employment, continued education, an apprenticeship or a traineeship within four months of leaving formal education or becoming unemployed. There was also a presentation of, and a discussion about, Erasmus+ 2014-2020 which provides opportunities for individual learning mobility with

specific provisions for the participation of disabled people. Approximately 30% of the 350 participants at the conference were people with a disability and I was really moved and impressed by the atmosphere.

***What will happen to the conference's outcome?***

It will feed into the current discussions on the mid-term review of the European Disability Strategy 2010-2020, for which a public on-line consultation was launched on 22 December and will run until 18 March. The conference will also feed into how the EU can implement a set of recommendations made in August 2015 by the United Nations committee on the rights of persons with disabilities on implementing the UN convention on the rights of persons with disabilities, to which the EU is a party since January 2011. One of them was to adopt a European Accessibility Act. Well, on 2 December 2015, the European Commission put forward a proposal to do just that (page 6)! It is now going through the EU decision-making process and it helps to have UN backing!



**Construction supervisor:** "At the very beginning, EU competence in the area of disability was linked to employment".

### *Why is the issue of disability with DG EMPL now?*

At the very beginning, EU competence in this area was linked to employment: how can you become fully autonomous as a disabled person if you don't have your own income and therefore access to the labour market? The disability issue runs right across the inclusion area: gender equality, migrants, and minorities such as Roma people. So there is now an enormous potential for creating connections and synergies in this area and with the other employment and social affairs files and programmes.

*There are presently 80 million disabled people in the EU, a figure which will rise to an estimated 120 million by 2020...*

These projections take into account the ageing of the EU population and therefore the estimated number of people who will become disabled in due course due to old age or illness.

*Many disabled people need assistants to live at home, go to school etc. They therefore contribute to the development of the human services sector?*

Yes, human services are vital. But you also have the voluntary sector: non-governmental organisations are extremely active in the different types of disability, both at the national and EU level. Moreover, many people, on top of their job, help disabled people as volunteers. This is just as enriching for them as it is for the disabled persons. Voluntary people are extremely strong and courageous. The disabled people too, as they know that they have to fight to get anything. There is a great feeling of solidarity amongst them and it is very impressive. Our support for non-governmental organisations is very concrete. Indeed, the European Commission co-funds, through calls for proposals, a number of EU-level NGOs that are active in this area. They happen to have members in all Member States which are well established and are therefore in a position to raise awareness efficiently throughout the EU.

*During the conference, Commissioner Thyssen, in charge of Employment, social affairs, skills and labour mobility, granted the 2016 Access City Award to the top five EU cities in this area (see box page 7).*

Yes and I was really struck by the utter joy of the winners. This award is really about changing people's lives completely on the ground.

### **More information:**

<http://ec.europa.eu/social/main.jsp?catId=1137&langId=en>  
**Access City Award 2016:**

<http://ec.europa.eu/social/main.jsp?langId=en&catId=89&newsId=2410&furtherNews=yes&preview=CHJldkVtcGxQb3JOYWwhMjAxMjAyMTVwcmV2aWV3>

## **Removing barriers**

*The disability issue is now addressed at EU level by a service which focuses on removing barriers to full and equal participation of everybody in the labour market and in society at large. This entails enabling the 80 million persons with disabilities to fully enjoy their rights on an equal basis with others but also: investing in children in general; supporting the implementation by the Member States of the EU framework for national Roma integration strategies; ensuring that there is no discrimination in employment and occupation (in relation to a person's religion or belief, disability, age or sexual orientation); coordinating the dialogue with civil society organisations; supporting, through grants, the work of civil society organisations active at EU level; as well as promoting, monitoring and assessing Member States' social policy reforms.*

## INTERNATIONAL

# EU funds can help refugees

## Four funds managed jointly by the EU and its Member States can be mobilised

The refugee crisis has taken on a new dimension since the summer of 2015. Several of the EU's funds can be called upon by Member States to help them meet the refugees' needs at different stages.

The European Commission has been exploring all options to optimise the use of those funds and to address constraints in the implementation of measures for refugees under those funds, taking into account established good practice on the ground.

### FEAD

Whatever the status of the refugees, whether or not they have formally applied for asylum, one Fund in particular can be mobilised immediately: FEAD, the Fund for European Aid to the most Deprived. At least part of it: the one that provides food and material assistance. As for the social inclusion part of the Fund (e.g. helping people manage their family budget or ensuring that FEAD beneficiaries are informed about training programmes co-funded by the ESF and how to access them), it can only be delivered to those who have formally applied for asylum.

FEAD was created in 2014 to provide people suffering from extreme forms of poverty - and who are too far away from the labour market to benefit from the European Social Fund - with regular meals, decent clothes, shoes, soap, shampoo and basic school supplies.

Over €3.8 billion was allocated to the Fund for the years 2014-2020 and each country will receive at least €3.5 million (complemented by €674 million of national co-financing) to fund a maximum of 85% of a national seven-year programme in favour of the most deprived.

It is the national authorities who decide which groups they want to target with FEAD in their own country and how they want to reach out to them, either directly or through partner organisations whether public or non-governmental.

FEAD can therefore intervene with food and material assistance as soon as asylum-seekers and refugees arrive in the EU. In fact, FEAD already supported asylum-seekers and refugees in countries like Sweden, Belgium and Spain well before the summer of 2015.



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**Immediate assistance:** Whatever the status of the refugees, the FEAD can be mobilised immediately to provide them with food and material assistance.



## AMIF

Another Fund which can play a major role in the first stages of the integration process is AMIF, the Asylum, Migration and Integration Fund. AMIF offers €3.1 billion to EU Member States for 2014-2020 to support them in developing and improving reception conditions for asylum seekers, as well as in offering language, civic integration and labour market integration courses for refugees and legally residing third country nationals.

## ESF

Much older, as it was created in 1957, and much greater in size (more than €80 billion of co-funding for 2014-2020), the European Social Fund (ESF) can also be used to support the integration of asylum seekers in the labour market and society. Indeed, its mission is to improve the employment opportunities of the workers living in the EU.

Third-country nationals can have full access to its support if they are able to participate in the labour market. In the case of asylum seekers, this means they can only benefit from ESF support once they have acquired refugee status, or at the latest nine months after they apply for it (periods vary among EU countries, and shortening them falls under national competence exclusively).

However, they may also receive limited support from the ESF before having access to the labour market: This applies to educational measures for children and also to vocational training, when allowed by national legislation.

The ESF can support the integration of refugees and asylum seekers within its investment priorities, to facilitate their social inclusion and integration into the labour market. The more than 20% of ESF set aside to fund inclusion initiatives, for which the current allocation is around €21 billion, can finance specific support to vulnerable groups.

Moreover, support to asylum seekers and refugees may also be envisaged under the other objectives of the ESF: ESF

investments can thus support refugee integration into the labour market and society through, for example, providing counselling to refugees and their families, as well as training, access to health and social services. They can also fund campaigns to combat discrimination and initiatives to improve the recognition of skills and qualifications gained outside Europe.

## ERDF

As far as infrastructure is concerned, another EU Fund, the European Regional Development Fund (ERDF), may complement the ESF in supporting the integration process of refugees: it can finance measures in several fields such as social, health, education, housing and childcare infrastructure, regeneration of deprived urban areas, actions to reduce spatial and educational isolation and help business start-ups. More than €20 billion is allocated for 2014-2020 to these inclusive measures.

In exceptional circumstances and on a case-by-case basis, the ERDF may support emergency measures for the reception systems of asylum seekers and refugees, complementing the support from AMIF. This may include building or extending reception centres, shelters or actions to reinforce the capacities of reception services.

## Operational programmes

FEAD, AMIF, ESF and ERDF are run according to the principle of shared management: the European Commission and EU countries agree together on the main priorities to use the available funding, according to each country's needs. The actual implementation on the ground is managed by the relevant national authorities.

## More information:

[http://europa.eu/rapid/press-release\\_MEMO-15-5717\\_en.htm](http://europa.eu/rapid/press-release_MEMO-15-5717_en.htm)

**SPECIAL  
FEATURE**

# Adequate pensions

## Keeping pensions adequate is one of the main challenges facing the EU today

The second EU Pension Adequacy Report came out on 5 October 2015, complementing the 2015 edition of the EU Ageing Report published five months before. These two tri-annual reports complement each other both in focus and in methodology.

The Ageing Report, produced by the Economic Policy Committee (made up of delegates from each EU Member State, the European Commission and the European Central Bank) looks at the future fiscal sustainability of public pension schemes.

While the Pension Adequacy Report, produced by the Social Protection Committee (an EU advisory policy committee for the EU Employment and Social Affairs Council of Ministers), examines the present and future adequacy of pensions as an element in the income of retired people.

Together, they provide a very vivid picture of both the current pension situation and of that of the decades to come.

### Cultural revolution

As the EU begins to recover from the 2008 crisis, its workforce is beginning to shrink. No less than a mentality revolution is required on the part of its Member States if they are to meet the challenge of maintaining pensions at an adequate level for the generations to come.

This special feature takes you through the two reports, in particular the one on pension adequacy.

Beyond this special feature, you will also find articles on the Covenant on Demographic Change (p. 24), which was launched on 7 December 2015, and on pensions in the “Other Voices” section with an article by Josef Wöss, head of the social policy department at the Austrian Chamber of Labour (p. 27).

Since the launch of the yearly European Semester process of economic governance in 2011, the European Commission has developed a holistic approach to the pension issue, cutting across policy areas of varying degrees of EU competence.



**Revolution needed:** No less than a mentality revolution is required to maintain pensions at an adequate level for the generations to come.



**More women at work:** Costs of pensions are expected to return to their 2013 level by 2060 in the EU, due in part to the inclusion of younger generations of women into the labour market.

# Back to the future

## EU ageing and pension reports take us on a return trip to 2060

Public expenditure on pensions as a share of gross domestic product is no longer expected to be any higher in 2060 than in 2013, according to the EU Ageing Report of May 2015 which assesses how population ageing will impact on the sustainability of public finances.

Developments are expected to vary considerably among EU countries but for the EU as a whole, costs are expected to return to their 2013 level by 2060 after a limited increase of 0.4% in the years until 2040.

This is quite surprising since, by 2060, the EU would have moved from having 4 working-age people (15-64 years old) for every person aged over 65 to about 2!

### More women

One major explanation is that participation and employment rates are expected to increase, particularly for people aged 50 and more, due to two factors: the combined effect of the higher labour force inclusion of younger generations of women and of the impact of pension reforms that raise the pension age and increase financial incentives to continue working.

The other major reason is that pension reforms are reducing the relative value of pension benefits delivered by public

schemes. While future public pension costs now look manageable, the question is: to what extent will pensions be, or can be made to be, adequate?

### 40-45 years working lives

*Recent pension reforms have postponed retirement and restricted early exits from the labour market, but their success will depend on the ability of older workers to stay in employment as pension ages go up.*

*In the future, earning entitlement to a decent pension will require in many EU countries that people complete a full working career with 40 to 45 years of pension contributions!*

*In 2012, only about half of retirements from the labour market occurred because people had reached pensionable age. Many people retired earlier for reasons of health, unemployment and caring duties.*

*Pension reforms therefore need to be underpinned by major changes in labour markets, enabling people to have longer and less interrupted working careers.*

# SPECIAL FEATURE



**Old-age poverty:** Several EU countries need to put more effort into tackling poverty risks and guaranteeing income security in old-age.

## Poverty

On 5 October 2015, the Ageing Report was complemented by the second edition of the EU Pension Adequacy Report, which monitors the degree to which pensions provide people with a sufficient income in old age, protecting them against poverty and allowing them to enjoy decent living standards.

The Adequacy Report assesses the extent to which present pensions are adequate. In the vast majority of Member States, pensions currently provide most people with sufficient protection against poverty and adequate income security in old-age.

Yet as highlighted by the EU Council of Ministers when it adopted the Pensions Adequacy Report, “several EU countries need to put more effort into tackling poverty risks in old-age, including severe material deprivation, and guaranteeing income security in old-age”.

## Gender gap

Moreover, in all Member States, women have lower pensions than men. The gender pension gaps are particularly high where earning-related pension systems are dominant. As presently retired women typically have assumed most of the caring duties, they have made fewer pension contributions. Women are also more exposed to poverty in old age. In its June 2015 conclusions, the EU Council of Ministers therefore also called on the European Commission and the Member States to take action to reduce these gender gaps.

The Adequacy Report also looks forward. It identifies the needs for further reform. It shows that the pension systems can be expected to deliver adequate pensions to future generations of retirees *provided* that the EU countries adopt policy measures to enable workers to stay in jobs until they reach the statutory pension age.

It is crucial therefore to offer older workers enough opportunities and incentives to keep on working - and to invest enough in people's skills and health to enable them to actually benefit from these opportunities!

It would also be crucial to secure sufficient social protection for those who cannot work any longer and may need to rely on unemployment or invalidity benefits before reaching retirement age.

## Longer working lives

People should be provided with the life-long learning, training, health and social support that will enable them – especially women and older workers - to remain in quality employment over the whole life cycle.

At the same time, public pension or other social protection schemes should contain appropriate safeguards for people whose employment opportunity have not allowed them to build up sufficient pension entitlements.

Securing access to minimum pensions or other minimum income provisions for older people will be necessary. As would redistributive features, such as credits for periods during which people are unable to build full entitlements because of involuntary absence from work due to caring duties, sickness or unemployment.

In 2016, the European social partners will start negotiating on an EU framework for active ageing: how to extend working life in a reasonable way, both from the demand and supply side? Time will show what can be agreed.

Granting more autonomy and working-time flexibility to older workers, so that they would be both content to carry on working and more productive, could present a win-win solution. However, in many countries this may require a major shift in age management practices.

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## More information:

<http://ec.europa.eu/social/main.jsp?catId=738&langId=en&pubId=7828&type=2&furtherPubs=yes>

# Specific risks facing each country

## A wealth of data on the pension situation in each EU Member State is now available

EU countries face important common challenges and concerns in their pension policy and can therefore benefit from an overall EU approach. However, the risks facing current and future pension adequacy in EU countries also have many country-specific aspects.

The second volume of the 2015 Pensions Adequacy report provides a detailed description of developments in each of the 28 Member States.

### Crisis impact

Each country profile starts by giving an overview of the pension system in the country and of the main reform trends. It then goes on to focus on the impact of the crisis on current pensions systems and present pensioners.

An adequacy assessment looks at current and future adequacy, gender pension gap and gender gaps in employment and pay, and identifies the main challenges for pension adequacy.

### Sustainability

Looking to the future, country profiles then look at the evolution of demography, employment rates and expenditure, which give information about the sustainability of the pension system.

They also look at the main drivers of pension expenditure, based on the 2015 Ageing Report. Each profile concludes with the main opportunities for addressing pensions-related challenges.

### Statistics

For each country, tables with background statistics are provided, including the variant cases of the Theoretical Replacement Rates (see box) and the main characteristics of the indicators used.

### More information:

<http://ec.europa.eu/social/main.jsp?catId=738&langId=en&pubId=7828&visible=0&>



**Good hands?** The risks facing current and future pension adequacy in EU countries also have many country-specific aspects (here in Italy).

### A theoretical replacement rate

The 2015 Pension Adequacy report takes as reference a 40-year career and calculates the theoretical replacement rate (TRR) for each EU country's pension system.

The TRR is an indicator showing the level of pension income after retirement as a percentage of individual earnings at the moment of take-up of pensions or of average earnings.

Replacement rates measure the extent to which pension systems enable typical workers to preserve their previous living standard when moving from employment to retirement.

## SPECIAL FEATURE

# A common concern

The pension issue figures prominently in EU economic governance



**Largest item:** The single largest item of public spending, pensions became a common concern for the governments of all EU countries as the 2008 financial crisis unfolded.

One of the main treaty objectives of the European Union is to guarantee a high level of employment and social protection. While pensions are a national competence, the EU can support the efforts of its Member States in this area.

However, EU actions have taken on a new character. Since the launch of the yearly European Semester process of economic policy coordination in 2011, pensions figure prominently among the areas in which the European Council has made the most country-specific recommendations to the EU Member States.

## The 2008 crisis

This stark evolution can be traced back to the 2008 financial crisis, which unfolded into an economic and a sovereign debt one.

Indeed, pensions are the single largest item of public spending. Having them under control - even in a long-term perspective - therefore

became a common concern for the governments of all EU countries, not least because it added to their credit-worthiness in the eyes of the financial markets. Hence, European Semester recommendations focussed in a rather direct and often quite prescriptive way on the need for particular pension reforms.

On top of standard recommendations to promote complementary retirement savings, reduce early retirement, raise pensionable age and ensure gender equality, the European Council (Heads of State and governments) suggested that countries link the pension age to life expectancy developments.

This implies that the pensionable age go up whenever life expectancy increases. It therefore has the potential to neutralise one of the two drivers of population ageing: structural longevity growth. Countries would then only have to deal with the other driver: the transition from the "baby-boomers" to the "baby-busters".

# SPECIAL FEATURE

## Objections

Linking pensionable age to life expectancy led to objections from some Member States: there would no longer be a stable pension age; what matters most is that the *effective* retirement age rises; automatic increases of the statutory pension age might only lead to an even larger gap between effective exit ages and the pension age than countries already experienced. Finally, some pointed out that their pension system mechanism of lowering benefit levels as life expectancy goes up achieved the same results as a rise in the pensionable age.

As a result, the European Council settled on a compromise formulation, which was used in European Semester recommendations: Increase the *effective* retirement age by aligning retirement age or pension benefits to changes in life expectancy. By contrast, most EU countries put in motion traditional increases and gender equalisation of pensionable ages as well as restriction of access to early retirement.

Overall, the country specific recommendations have been remarkably successful in improving the long term sustainability of public pensions in EU countries. As a result of pension reforms, the impact of population ageing on the projected increase in public pension expenditure over the next five decades has been reduced from 2.5% of the EU Gross Domestic Product to 0% since 2009.

## A holistic approach

Pensions were already turning into a common fiscal coordination concern when, in 2012, the European Commission

produced a White Paper on adequate, safe and sustainable pensions.

The White Paper provided a holistic approach to an issue which, up till then, had been split between the EU *treaty* competences regarding the European single market regulation (e.g. private pensions), the EU *shared* competence with Member States in the area of social affairs (e.g. ensuring adequate pensions) and the new role played by the European Commission in financial affairs through the Growth and Stability Pact, the Europe 2020 strategy and the Treaty on stability coordination and governance.

This holistic approach was all the more important that EU countries were introducing complex “multi-pillar” pension systems, associating public and private pensions, and that 18 of them shared the same currency - the Euro. Not to mention the issue of pension portability as EU citizens move from one Member State to another, either as workers or as pensioners, together with their families.

The White Paper put forward a range of initiatives to help create the right conditions so that those who are able to, can continue working. This would lead to a better balance between time in work and time in retirement. It would also ensure that people who move to another country can keep their pension rights. It would help people save more and ensure that pension promises are kept and people get what they expect in retirement.

EU countries were supportive of this holistic approach and pensions became one of the focal points of the European Semester process.

## Two waves of reforms

*The 1990s marked a turning point in the evolution of pensions.*

*Until then, the generosity of pensions had risen both in terms of the benefit amounts and of the time that workers could expect to spend in retirement with a pension.*

*In most EU countries, this trend has since been halted and even reversed, by two waves of pension reforms intended to ensure the long-term financial sustainability of pension systems in the face of major demographic and economic changes:*

- *The period from the mid-1990s to the mid-2000s was characterised by an emphasis on defined contribution designs and prefunding;*
- *By contrast, from 2008 onwards, actions were undertaken to raise the pensionable age and – in some countries – reduce the role of prefunded schemes.*

## SPECIAL FEATURE

# “The way we manage age at work has to change”

Fritz Von Nordheim led the team which prepared the 2015 Pensions Adequacy report



**Fritz Von Nordheim:** “We are not talking about overcoming biological barriers but about addressing cultural perceptions! We have to revise our habitual concepts of what are the different phases of life”.

## Future pension adequacy will depend on employment?

Yes. Public pensions used to be of the “defined benefit” type, but a key change has occurred over the last twenty years: the link between contributions and pension entitlements has become very tight, often down to a ratio of 1:1. More and more pensions in EU countries have evolved towards “defined contribution” systems, where you get exactly what you contributed: Entitlements will result from the wage-based contributions made over the entire working career. Thus pension levels mirror life-time employment aspects such as pay-levels, hours worked and the length of working careers. In the past, pensions were often based on your best 5, 10 or 15 years: If people with

interrupted careers and lower pay also had periods of steady employment with better pay, they could still enjoy decent pensions. This is no longer the case. Still, while replacement rates are now primarily tied to contributions, minimum protections have also often improved with pension reforms: coverage has been extended and minimum pensions raised. The bad news, though, is that the number of people relying on these minimum provisions seems to be increasing as more people find it difficult to meet the rising contribution requirements for a full pension.

## Recent pension reforms have postponed and restricted early exits from the labour market...

The success of such reforms will depend to a great extent on the ability of older workers to continue in employment as pension ages go up. It will therefore be crucial to provide people with the necessary skills, and health and social support to maintain their employability as they age. It will also be important to change the present practices of age management in work places and labour markets. Older workers need not be featherbedded but more flexibility in working arrangements can be really useful (see box page 23).

## In 2016, the EU social partners are due to negotiate a framework for active ageing...

There is no doubt that this represents a real opportunity for the EU social partners to prepare for the ageing of the workforce and I certainly hope they will be able to rise to the challenge. An EU level agreement could certainly stimulate Member States to evolve in this area, including where industrial relations and social partners are weak. It can inspire changes that can be accomplished in different ways in each EU country. It is not just about encouraging or incentivising people to work longer and thus counteract the shrinking of labour supply: It is also about creating the conditions under which ageing workers can be sufficiently productive. We really need the social partners

# SPECIAL FEATURE

to help identify practices that will allow most of us to work longer while optimising productivity, so that Europe may stay competitive even as it ages.

## *What concretely can the social partners negotiate on?*

Flexibility, for example: It has to do with reconciling working and private life but more generally it is also about autonomy at work. It can be a negotiated autonomy, not only to make a longer working life bearable to people but also to increase their relative productivity. In practice, we may want to work at hours that really suit us: come in later, work longer some days, shorter on other days, while optimising our productivity. The way we manage age at the workplace and in the labour market has to change. A lot of habitual thinking about the merits of older workers needs to be questioned.

## *Presently, late career labour markets hardly exist in the EU...*

What we see from statistics is that while it is perfectly possible to work longer by retention (i.e. by staying with

the same employer), people aged 55 and over stand little chance of being rehired if they lose their job or want to change to another employer. Given the solidity of the business case for employing older workers and the fact that pension systems expect them to work for at least another 10-12 years, this obviously has to change. And with the help of the social partners it is certainly possible to create much better functioning labour markets for people in their 50's and 60's.

## *Isn't there a strong cultural component in all this?*

Indeed. When we look at ageing, we don't like it in ourselves and we particularly dislike it when it affects someone we don't know. Therefore we don't assess older workers on their actual merits and mostly they are only hired if the managers cannot find younger people. It is important to acknowledge that there are no absolutes in our physical and mental capacities as we age: we are not talking about overcoming biological barriers but about addressing cultural perceptions! We have to revise our habitual concepts of what are the different phases of life.



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**Employability:** It will be crucial to provide people with the necessary skills, and health and social support, to maintain their employability as they age.

# SPECIAL FEATURE

## *Will it be an up-hill struggle?*

There is hope. The long-standing trend towards ever lower effective retirement age stopped around the year 2000. Ever since, the employment rates of older workers have improved. In 2013, we reached the 50 % employment rate EU landmark. It has increased by more than a third in fifteen years!

## *What are the drivers for this trend?*

It is not just or even primarily the effect of the greater incentives to work longer that have been put in place through pension reforms. Rather, changes in the actual composition of the older worker cohorts have played a great role: higher educational achievement levels; more women participating in the labour market; the fact that people work much less in manufacture and the primary sector and more in the service sector, where work is less physical... changes that add up to people being more adaptable to skills changes and identifying more with their work. These structural developments play in favour

of our ability to extend working lives and thus underpin pension reforms.

## *Given those changes, what does the report suggest?*

Working with the social partners to really change the way age is managed at the work place and in labour markets could bring great results! We would avoid a situation where the rise in pensionable age creates too great a rise in the unemployment rate of older workers, leading them to resort to other types of benefits before they retire. Studies carried out by the European Foundation for the Improvement of Living and Working Conditions show that a considerable number of people are willing to work longer, given certain changes. New, specific policies are needed, to create both late career labour markets and safeguards for those who cannot work until the new retirement ages.

## *How will pension reform and safeguards be articulated with each other?*

This is a dilemma for policy-makers: on one hand you have to motivate and encourage the majority of people to work



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**Trend reverse:** Ever since 2000, the employment rates of older workers have increased by more than a third in 15 years to reach 50% in 2013 in the EU.

# SPECIAL FEATURE

longer, to keep pensions adequate; on the other, you need to have safeguards for those who cannot work longer, without undercutting the incentives. It requires a really careful balancing act!

## *What role do demographics play in all this?*

Demographics are still the basics of pensions. It is still about having enough babies growing up to become productive workers if we are to have pensions! To enable us to continue to have adequate pensions it is important that we also orient our social protection systems and public spending towards the present and the future work force. So we should not allow obligations towards the past, i.e. pensions, to crowd out the necessary cost for services and benefits for children, youngsters and the adult work force.



**Good and bad news:** Pension reforms have often improved minimum protections but the number of people relying on these provisions seems to be increasing.

## **Social Agenda on line:**

<http://ec.europa.eu/social/socialagenda>

## **Risk prevention**

*The key to reducing the number of people at risk of receiving an insufficient pension is to take workplace and labour market measures that enable and encourage women and men to have longer and less interrupted working careers. Policy makers will need to work on both the demand and the supply side of labour markets for older workers, in close cooperation with the social partners.*

*A first priority should be to ensure that working longer and delaying pension take-up will be rewarded. Yet, whereas financial incentives to work longer are important, they are not sufficient. To enable longer working lives, the health and skills of men and women need to be maintained as they age, and older workers need to be encouraged and enabled to move into jobs that are well-suited to their abilities and strengths. They should also be able to take a new job with another employer.*

*Flexibility in working arrangements has proved particularly useful to enable and encourage workers to work to higher ages. The degree of autonomy in work organisation, access to job-rotation and the ability to adjust working hours and improve the reconciliation of work and family obligations are important.*

*However, the focus should not only be on the last phase of people's working life. Measures that decrease long-term unemployment among young people and ensure early labour market integration on normal contractual conditions, including social protection coverage, will also contribute to lowering the risks to pension adequacy. The agenda for earlier and better integration of non-EU migrants into labour markets and society is also an essential part of a programme for reducing risks to income maintenance in old age. Policies for reducing gender gaps in pay, working hours and career length are, likewise, active means of narrowing the gender gap in pension entitlements.*

# Demographic change can be an opportunity

A Covenant on demographic change was launched in Brussels in December 2015

Demographic change may look gruesome when you look at the figures (see box). However, it is also an opportunity: that of creating an “age friendly” environment throughout the EU, in a “design for all” approach which will benefit everyone whatever his/her age, ability or needs - such as ageing persons and families with small children.

It is also the opportunity to create spaces where people from different generations can meet and interact, including housing parks mixing young families with older people so that they can support each other. And all this in a participatory way, involving everyone concerned as upstream as possible.

## Action plan

On 7 December 2015, a network on innovation for age-friendly environments called AFE-INNOVNET, funded by the European Commission, launched the Covenant on Demographic Change at the EU Committee of the Regions, in Brussels.

The Covenant gathers European public authorities at local and regional level, committed to developing and implementing action plans on age-friendly environments. Other stakeholders, such as universities, research centres, civil society organisations and businesses can also join the Covenant to share their expertise and learn from others' experience.

The future action plans will be based on the Age-Friendly Cities' Guide produced by the World Health Organisation (WHO), which already runs a global network of age-friendly communities. When local authorities join the Covenant, they can also join the WHO's global network.

“What is specific about the Covenant is that it connects different levels of governance – local, regional and national authorities – as well as different categories of stakeholders, although public authorities are the key target group”, explains Anne-Sophie Parent, AFE-INNOVNET Coordinator and Secretary General of AGE Platform Europe, a European



**Anne-Sophie Parent, Secretary General of AGE Platform Europe:** “The Covenant connects different levels of governance – local, regional and national authorities”.

network of more than 150 organisations of and for people aged 50+ representing directly over 40 million older people in Europe.

“The AFE-INNOVNET partners decided to set up the Covenant as a non-for-profit legal entity, so that it will be owned by its members and will be able to apply for funding. Members' action plans will be drawn up in the spirit of the 2013 Dublin Declaration on Age-Friendly Cities and Communities in Europe: a common set of values and principles, through



**Can you hear us?** Getting the policy-makers to empower older people so that they have an active role in designing the solutions they need.

which public authorities commit to improve the quality of life of older people, strengthen services across all sectors, involve all stakeholders and promote a culture of innovation that foster growth and development”.

### Innovation

Innovation in this context means “using the opportunities created by new technologies to increase the autonomy and participation of older people through support to active and healthy ageing, intelligent transport, e-health, life-long learning etc.”, Anne-Sophie explains. “It also means changing the way policy-makers plan measures for older people, empowering them so that they have an active role in designing the solutions they need. In short, giving back a leadership role to citizens, putting them at the centre rather than having things designed by researchers or local administrations and then testing whether they work or not”.

“The Covenant comes at the right moment because it means that those who have joined and signed the Dublin Declaration will be able, via the Covenant, to exchange information, monitor progress and benefit from the EU policy framework and funding programmes”.

The idea of such a Covenant was born during the European Year of Active Ageing and Solidarity between Generations 2012 (see *Social Agenda* n°29). With a large group of partners, AGE Platform-Europe then designed the AFE-INNOVNET project which was awarded funding to support the European Innovation Partnership on Active and Healthy Ageing (EIP-AHA), co-led by the European Commission Directorate Generals for Communications Networks, Content and Technology, on one hand, and for Health, on the other.

The creation of the Covenant was the main outcome of this EIP-AHA and the AFE-INNOVNET project has now come to

an end. The Covenant, which has the status of an international non-profit organisation, under Belgian law, takes over from there.

### More information:

<http://afeinnovnet.eu/content/towards-covenant>

## Healthy-life expectancy lagging behind

*People aged 50+ already represent 37% of the EU population, i.e. 190 million citizens. The number of people aged 60+ will increase by about 2 million persons each year in the coming decades, while the working age population has started to shrink.*

*The number of very old persons (80 and older), who are most likely to need care, will also increase. At the same time, fewer young people will be available to provide informal and formal support and care.*

*Although life expectancy in general is increasing, the healthy-life expectancy is not increasing to the same extent. The period spent in poor health at the end of one's life is therefore increasing, which is a problem both for individuals, communities and national budgets.*

*Where the environment is supportive, though, people are able to remain autonomous until almost the very end of their lives, enjoying better quality of life and needing less support from their relatives and communities. Age-friendly environments enable workers to work two or three years longer, which in turn would help maintain pension adequacy (see special feature page 14 onwards).*

OTHER  
VOICES

# Pension adequacy

## the very purpose of pension policy



**Josef Wöss:** Tailored solutions to pension adequacy are required, adapted to suit country-specific situations and problems.

For many years, based on the World Bank's recommendations from the 1990s (*Averting the Old-Age crisis*, World Bank, 1994), pension orthodoxy advocated scaling down pay-as-you-go financed public pension schemes and expanding pre-funded occupational or private schemes. Following this advice, retrenchment and privatization became key guidelines of pension reform throughout the globe.

Against this background, the EU-Commission's Pension Adequacy Report shows up with some remarkable statements, such as: "Providing people with income in old age that allows them a decent living standard and protects them from poverty is the very purpose of pension policy" (p. 9); "The lowering of benefit levels could imply significant risks for the future adequacy of incomes in old age" (p. 3); "Pension reforms need to be underpinned by workplace and labour market measures that enable and encourage women and men to have longer and less interrupted working careers" (p. 44).

Its emphasis on the pension systems' key purpose to provide people with a decent income in old age and its pointing at the risk of missing this goal, together with its wide set of illustrative calculations, make the Pension Adequacy Report a very important document.

### Highly fragmented

The report's findings clearly show that both old-age protection and labour market integration of the elderly differ widely across Europe.

Net replacement rates for people in employment with average earnings from the age of 25 until retirement at 65 vary from 55.5% in Croatia to 115.0% in the Netherlands. For pensioners aged 65 to 79 the pension gender gap varies from 3.6% in Estonia to 46% in the Netherlands. Employment rates for women vary from 38.1% in Malta to 85.4% in Sweden in the age group 50-54 and from 8.8% in Malta to 62.2% in Sweden in the age group 60-64.

Such figures unambiguously signal that tailored solutions are required, adapted to suit country-specific situations and problems.

### How to respond

In contrast to what one would expect as a consequence of its very diverging findings, the report offers a general solution to the challenge of balancing years in employment and years in retirement in the light of increasing life-expectancy: "Linking the Statutory Pensionable Age to life expectancy is the preferable way to allow pension systems to neutralize the costs of structural longevity growth."

Yet, both labour market and pension data indicate that the retirement age issue is much more complex and far from requiring a one-size-fits-all solution. For instance, in 2013, the average 'duration of working life' in the EU-28 was only 37.7 years for men and 32.5 years for women (periods of unemployment of about 2 years included). From country to country, it varies between 33.0 and 42.1 years for men and 24.9 and 39.6 years for women.

Unfortunately, despite a repeated call for labour market measures the Report does not investigate the potential of better employment integration to improve the ratio between years in employment and years in retirement. Thus, it still leaves room to better explore the chances of improving the integration of employment and pension policy.

**Josef Wöss**

Head of the social policy unit, Austrian Chamber of Labour

**Barbara Kauffmann:** "Employment and social aspects have to do with the sustainability of the EU's economic recovery and with the credibility of the European Commission".

## INTERVIEW



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Barbara Kauffmann is Director for employment and social governance in the European Commission since 1 November 2015

## Holistic economics

*You are an economist and worked at national level before joining the European Commission Directorate General for Economic and Financial affairs (DG ECFIN). What is it like to address economic issues from an employment and social affairs angle, in your new position?*

Already in DG ECFIN, I looked at the whole range of EU countries' economies, including the employment and social aspects. It is all the more interesting for me to concentrate now on these aspects that the economic situation has improved but that we are still faced with a lot of challenges on the employment and especially on the social side. The labour market has a lot to do with how different actors behave and interact, which is about micro-economics. At the same time, all these interactions have an impact on the workings of the whole economy, on whether people have a job or not. Social security is about protecting people but it is also has to do with work incentives and it affects the budget, so all these aspects have to be considered together.

*Is the European Semester process of economic governance, launched in 2011, more and more a process of social governance too?*

The present European Commission has made it very clear from the outset of its term, in November 2014, that employment and social affairs are increasingly important nowadays, especially in the aftermath of the 2008 economic crisis, and that this must translate in the yearly outcome of the European Semester: the country-specific recommendations. Employment and social aspects are very much present throughout the Annual Growth

Survey which kick-started the 2016 cycle of the European Semester. And among the draft recommendations that the European Commission put forward in November 2015 for the Euro area, there is an important one on employment. Ultimately, employment and social aspects have to do with the sustainability of the EU's economic recovery, the ability to promote jobs and protect against poverty and with the credibility of the Commission in the eyes of EU citizens.

*Is the Commission playing a leading role in bridging the gap between economics on one side and employment and social policies on the other?*

It certainly plays an important role in putting more emphasis on employment and social affairs. Internally, it is trying to break down silos between different directorate-generals, by enhancing cooperation and even moving people from one to the other. This can also contribute to reducing silos between ministries in the Member States too.

*Where are we with building a social pillar for the EU Economic and Monetary Union?*

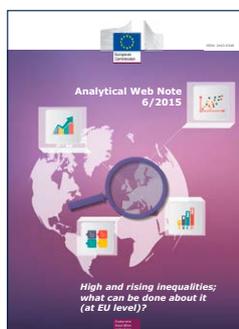
Work is on-going. The aim is to achieve upward convergence by improving legislation and developing benchmarking. As far as benchmarking is concerned, we can identify various elements such as unemployment benefits, active labour market policies, skills and childcare, and map how various countries are organizing them. Over time, we could build up a consensus with the Member States on how policies and outcomes could be improved in these different areas.



## 2015 Pension Adequacy Report – two volumes

This 2015 edition of the Pension Adequacy Report, published in two volumes, assesses the degree to which pensions manage to provide older people with adequate income and poverty protection. Having examined the role of pensions in current living standards, the report discusses the impact of recent pension reforms, analyses the future risks to adequate old-age incomes and makes suggestions as to how these risks might be addressed by Member States, notably by women and men postponing their retirement by working to higher ages and by saving more. The report also underlines the need for mechanisms to protect those unable to have sufficiently long careers and to save adequately. While the main report, published as volume I, is devoted to a comparative analysis of pension adequacy at EU-28 level, a detailed discussion of pension adequacy in each of the 28 Member States is given in volume II (see special feature pages 14-23). This publication is available in electronic format in English only.

Catalogue No.: KE-01-15-672-EN-N



## High and rising inequalities - what can be done about it at EU level?

This note reviews the main drivers of inequality in the European Union and reflects on what can be done about it at EU level. It explains the distinction between inequalities of opportunities and inequalities of outcomes and discusses how inequality affects growth and the labour market. This publication is available only in electronic version.

Catalogue No.: KE-BM-15-007-EN-N



## Poverty and deprivation - breaking the vicious circle

This brochure describes the EU's effort to help some of its most vulnerable citizens by providing non-financial assistance. It presents statistics that indicate the current level of poverty in Europe, and describes what FEAD is: why it is needed; whom it is for; and how it works (see page 12). The publication also gives true-life examples of how FEAD is helping people in Europe, and how assistance is administered by partners in several EU countries. An annex provides details for each country: the budget, how the funds are being used, and the name and contact information of the managing authority. This publication will be available in all EU official languages.

Catalogue No.: KE-01-15-518-EN-N

## Useful websites

The website of Commissioner Thyssen: [http://ec.europa.eu/commission/2014-2019/thyssen\\_en](http://ec.europa.eu/commission/2014-2019/thyssen_en)

The home page of the Commission's Directorate-General for Employment, Social Affairs and Inclusion: <http://ec.europa.eu/social/>

The website of the European Social Fund: <http://ec.europa.eu/esf>

To download or to order these publications, please go to <http://ec.europa.eu/social/main.jsp?catId=738&langId=en>

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