The social protection committee: Fostering access to social protection and social inclusion in Europe

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THE SOCIAL PROTECTION COMMITTEE: FOSTERING ACCESS TO SOCIAL PROTECTION AND SOCIAL INCLUSION IN EUROPE

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PREFACE

BY | **FRANK VANDENBROUCKE**
Belgian Deputy Prime Minister, Minister for health and social affairs in charge of combating Poverty

It is an honour and a pleasure to write the preface of this special issue of the Belgian Review of Social Security dedicated to the important role of the European Union's Social Protection Committee. This Committee plays a key role in advancing social inclusion within the EU, fostering access to social protection and working towards a more social Union.

With this special publication we would like to thank Mr Peter Lelie for his outstanding career at the Belgian Federal Public Service Social Security and as Belgian representative at the Social Protection Committee (SPC).

For more than 25 years, Peter Lelie has tirelessly promoted adequate social protection for all as a key expert in the EU's social protection process. He played this important role in different capacities: first as Belgium's representative on the Indicators Sub-group of the SPC, later as seconded national expert to the European Commission between 2006 and 2010 and eventually as full member of the SPC. Highly appreciated by his fellow SPC members he was both vice-Chair and Chair of the SPC.

Peter Lelie represented Belgium for many years with great professionalism and passion for fostering social convergence through the SPC. As Chair, he led the SPC with conviction and strong engagement but also a great sense of diplomacy and compromise. He shared his passion with his colleagues and has always put the work in the SPC into the wider political perspective and objective of a social Europe.

Taking into account the impact of Peter's work on the SPC, we decided to publish a special issue on SPC's role working towards upward social convergence in the EU.

The SPC was established by Council decision under article 160 of the Treaty on the Functioning of the EU, with the mandate to give advice to the ministers of the EPSCO Council (Employment, Social Affairs, Equality). The SPC works on all main social policy areas: social protection and social inclusion, pensions, healthcare and long-term care. The SPC is composed of officials representing national administrations responsible for social protection and representatives of the European Commission.

The SPC's role includes:

- monitoring the social situation and the development of social protection policies in the Member States and in the EU,
- promoting discussion and coordination of policy approaches among national governments and the Commission,

- preparing reports, formulating opinions or undertaking other work within its fields of competence, at the request of either the Council, the Commission or on its own initiative,
- preparing Council discussions on social protection and on the country-specific recommendations in the context of the European Semester.

Since its creation, the SPC has been facilitating exchanges between its members and with the European Commission, social partners and civil society organisations, and promoting upward social convergence. In the following pages, readers will learn more about the successes and challenges of the SPC, its importance in delivering the EU's social agenda and how crucial it is to strengthen social governance in the EU and to support adequate social monitoring for progress in the Union.

I would like to join all colleagues of the Federal Public Service Social Security in thanking Peter Lelie for the great cooperation over the years and for his commitment towards a more social Europe. I wish him all the best with his well-deserved retirement.

INTRODUCTION

BY | KATARINA IVANKOVIC KNEZEVIC

Katarina Ivankovic Knezevic, Director for Social Rights and Inclusion, DG EMPL, European Commission[1]

As an introduction and a contribution to the key messages of this report, I would like to begin by pointing out that it would be really difficult to refer to the Social Protection Committee and its annual report without mentioning Peter Lelie and vice-versa.

Indeed, from the Commission perspective, the SPC is a privileged forum where we can hold policy dialogue on social protection and social inclusion systems, both as regards EU policy initiatives and national reforms and investments, and elaborate a comprehensive monitoring of social developments, also thanks to the support of its Indicators subgroup. These discussions and the coordination of policy approaches among national governments and the Commission are essential to support upwards social convergence in the EU and prepare informed Council discussions on social protection and social inclusion.

As Peter was paying due attention to the evidence backing the key messages, one should mention that he has indeed been a very active delegate in the SPC from the early years of the Committee, while also being a very active delegate in the Indicator Subgroup over the years. In addition, he also experienced in the mid-2000s working for the European Commission in DG EMPL as a national seconded expert, which maybe gave him additional hints about the potential contributions of the Commission to the SPC work!

Altogether Peter has been a very active delegate across around 2 decades, and the quality of his contributions and attention to the balance of the text and analysis clearly made him a very prominent delegate in the SPC, and it was quite natural that he subsequently became chair for several years.

And obviously from the Commission side we have been delighted to be able to benefit from his detailed expertise of social protection and social inclusion systems and reforms as well as of the monitoring of social developments. While Peter has been contributing into the various social domains and chapters, such as poverty and inequality, pensions and access to social protection, I would like to mention maybe three dimensions which have a lasting impact on the work of the SPC and its reports.

First of all, Peter has been very supportive of the importance of looking at social protection and social inclusion systems not in isolation but as part of general public policies, such as for instance underlining that the adequacy and sustainability of social protection systems need to be considered together. This has been clearly linked to the

(1) Disclaimer: this article was drafted by Ms. Ivankovic Knezevic in her personal capacity. The views expressed in this article do not necessarily represent the views of the European Commission.

different iterations of Pension Adequacy Reports or former Reports on the adequacy and sustainability of pension systems. Peter was also very attentive to supporting good cooperation between the social and the economic Council formations. For instance, he also highlighted the importance for policy makers of avoiding too many figures and allowing to quickly see the main policy messages, and that social policy challenges are often multi-dimensional, requiring good cooperation other groups and filières, and that in this context more could be done regarding contacts with EPC counterparts and with the colleagues from the climate, environment, and energy policy strands.

Secondly, Peter has also been a very strong advocate over the years of the importance and added value of mutual learning and of the Open Method of Coordination that was at the heart of the early years of the SPC. For instance in a paper from 2013, he concluded *"(…) that the Social OMC's learning tools are not only more dynamic than is usually acknowledged, but they are also more diversified, have more bite and are more open to different actors than is usually assumed."*[2] This has also been very visible during his chairmanship, with particular attention given to mutual learning and peer reviews or having some multilateral discussions in the context of the mutual implementation reviews associated to the European Semester.

And thirdly, Peter has been very active in supporting the development of indicators and monitoring frameworks. At the occasion of a seminar to mark 20 years of the ISG in 2022, he underlined that it is impressive what the ISG has been able to provide to support the policy debate at national and EU level and looked forward to its further support to the SPC in the future. He highlighted in particular five areas where the ISG input is vital: i/ long-term work on improving comparative data sources at EU level (especially regarding EU-SILC) and harnessing existing data for policy work, ii/ regular monitoring of the social situation in the EU and in the Member States, iii/ support for thematic policy learning, iv/ work to capture/analyse acute social problems as they arise, and v/ support for the setting and monitoring of key political targets. He also emphasised the key role of the ISG in developing agreed indicators that Member States are comfortable with and accept to use, the importance of making policy problems visible through quantification, and the shift over time from a focus on outcome measures to include more and more measures of policy inputs and outputs. He then also called for a communication strategy to make the products better known, but also for more to be done by delegates at national level to ensure greater dissemination.

Altogether, already with these three points there is clearly a lot of food for thoughts for future SPC activities and SPC annual reports. So, while I would like to sincerely thank Peter for all the contributions he made, I would also like to wish him all the best in fully enjoying principle 15 of the European Pillar of Social Rights.[3]

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(2) Inside the Social OMC's Learning Tools: How «Benchmarking Social Europe » really worked

(3) That states in particular that "*(…) Workers and the self-employed in retirement have the right to a pension commensurate to their contributions (…)*" The European Pillar of Social Rights in 20 principles – European Commission

THE ROLE OF THE SOCIAL PROTECTION COMMITTEE IN DELIVERING ON THE EU SOCIAL AGENDA

BY | **FRANCESCO CORTI**
Member of Cabinet of the European Commission Executive Vice-President for Social Rights and Skills, Quality Jobs and Preparedness

For any researcher or expert on EU social policies, the name of Peter Lelie certainly rings a bell. Both in the European Commission as seconded national expert in DG EMPL (2006-2010) and as a policy advisor at the Belgian Federal Public Service Social Security, Peter Lelie has actively contributed to the EU social agenda since the early 2000s. Last but not least, Peter has been the chair of the Social Protection Committee, and one of the longest serving delegates. His expertise of the Council preparatory bodies' functioning significantly helped us in the preparation of the Belgian Presidency of the Council of the EU in early 2024.

It is no mystery that Belgium has long been an advocate of an ambitious European social agenda. Such advocacy materializes not only in the support for advancing employment and social legislation but also in promoting mutual learning, by exchanges of information and experiences, enhancing monitoring capacities of social performance as well as promoting competences and knowledge. In her comprehensive reconstruction of the history and functioning of the Social Protection Committee, Rute Guerra (see infra) recalls the input of the 2001 and 2010 Belgian Presidencies to activities of both the Social Protection and Employment Committee as well as the beginning of the so-called Open Method of Coordination.

In 2001, the OMC was launched as 'a mutual feedback process of planning, examination, comparison and adjustment of the social policies of Member States, and all of this based on common objectives' (Vandenbroucke 2001). As a Presidency of the Council of the EU in 2024, Belgium built again on the OMC idea of 'governance by objectives' launching a process of mutual learning and exchange of best practices on the use and availability of impact assessment tools, on statistical capacity for evidence-based policy making in an informal setting, the so-called Informal Working Group on Social Investment (IWGSI).

Several contributions to this special issue focus on the functioning of the Social Protection Committee and offer different perspectives, both from a national and European perspective. In what follows it is instead proposed to address a more fundamental question: what justifies an action at the EU level in the domain of social inclusion and protection? While such a question may appear 'philosophical' it is ultimately political as an answer to it is the pre-condition to legitimize any type of

action. As a matter of fact, social inclusion and protection are core competences of member states as they represent the essence of welfare-based solidarity.

The core argument is that there is a functional rationale for the EU to deal with social protection systems as it is ultimately a matter of stability, social as well as macroeconomic. This does not imply that the EU should substitute member states in providing social protection benefits nor that the EU should harmonize social protection schemes. Rather it implies that the EU should play a role in supporting national schemes as well as defining a floor of minimum standards to prevent the risk of emergence of social imbalances.

Based on these considerations, conclusions will be drawn on the key role of the Social Protection Committee as an advisory body of the EPSCO Council and recommendations are advanced on its further development and work.

1. THE EU ROLE IN INCOME REDISTRIBUTION AND INSURANCE

In essence, welfare state solidarity is about redistribution and insurance (Vandenbroucke 2024). Redistribution is when the circumstances for which we do not hold individuals responsible refer to individual characteristics rather than future risks. For instance, a comparatively limited capacity to earn an income in the market, associated with a low level of education and therefore to some extent predictable, is an individual characteristic for which we might want to compensate people through a collective effort of solidarity. In contrast, pure insurance means that individuals are compensated for risks that cannot be foreseen at the level of the individuals but can reasonably be calculated at the level of a group of individuals with identical risk profiles. Typically such 'future risks' include losing the capacity to earn an income in the market due to an accident or illness, healthcare costs, or unemployment.
Against these core welfare state functions, the question is why the EU should have a role in income distribution and insurance and – if yes – which one. The main argument is a functional one and is about economic stabilization.

To illustrate this, the example per excellence is unemployment benefits. When an economic shock hits, unemployment benefits act as stabilizers. Stabilization is in everybody's interest: despite a deep recession, my job may be safeguarded, because the purchasing power of other people who lose their job or whose income is reduced significantly is to some extent protected and a vicious deflationary circle is avoided. The pandemic crisis showed us the importance of well-designed social security schemes.

Nobody would deny that it is much easier to fight such a pandemic with an inclusive welfare state that provides broad and well-organised access to sickness and unemployment benefits and to short-time working arrangements for all its citizens—regardless of their employment contract or status, the type of job they do or the sector in which they work. The swift and widespread diffusion of job retention schemes, including novel income support for the self-employed and atypical workers, was notable among policy responses of Member States to the social and employment crisis caused by the pandemic.

Universal and sufficiently generous sickness benefits (and/or guaranteed wages during a first period of incapacity) carry an important positive externality: my health and earning capacity are protected because my colleagues can immediately stay home when they think they are infected. In such a context the stabilizing impact of sickness insurance dominates any concern we may have about moral hazard associated with sickness or unemployment benefits.

There is extensive literature that has studied the macroeconomic returns of social protection systems showing that countries' capacity to absorb systemic shock is closely associated with high government expenditures on social protection. Both structural and emergency social transfers stabilized Gross Household Disposable Income during the depths of the financial and the COVID-crises (ESDE 2014, 2022) when the latter is accompanied by inclusive schemes which also secure the most vulnerable groups (Alessi Benczur Campologno Cariboni Manca Menyhert and Pagano 2022).

While the literature focuses mainly on the anticyclical effects of unemployment benefits, other studies indicate that social expenditures can have a stabilisation function also in other domains. In the analysis of 21 OECD countries data for years 1982-2003, Darby and Melitz (2008) find a stabilising function of social expenditure in pensions, healthcare, sickness and disability areas along with unemployment related spending. Positive social protection expenditure's impact on economic growth, mainly attributed to health, unemployment and survivors benefits, is also highlighted in Furceri and Zdzienicka (2012).

The existence of well-designed social protection systems is therefore key for the economic stability of member states, which is a stated objective of the European Union and a key precondition of well-functioning monetary unions. How to do this is not yet straightforward. Existing monetary unions either opt for a downright centralization of unemployment insurance, or they demand some convergence in the organisation of unemployment insurance and provide a degree of reinsurance and centralisation when the need is really high. While the advantage of risk pooling in the face of asymmetric shocks (*re-insurance*) has often been the main argument in support of automatic fiscal stabilisers (with a view to the interregional smoothing of such shocks), the implementation of common 'stability-related' principles would benefit the EU as a whole. National insurance systems create a positive externality: a country that properly insures itself, also helps its neighbours
In the first case, the creation of a re-insurance mechanism for social protection schemes would define the role for the EU as supporter of national policies that implies also resources transfers to support member states in need to implement their national policies. The purpose is to increase stability and prevent negative spillover while not interfering with national competences on the design of the schemes. In the second case, the EU would act as Norm-setter, defining common standards, both in the realm of insurance and redistribution (Vandenbroucke 2021).

As argued in Vandenbroucke (2021), these roles are not necessarily exclusive. An instrument like SURE, which acted as a re-insurance mechanism for national job-retention schemes, was key to support the national effort during the pandemic in protecting employment. Yet, SURE showed also its limits. Already when it was set up,

some researchers argued about the need to accompany the loan-support with some guidelines on how national job retention schemes could look like (e.g. definition of situations that can lead to activating nationals schemes and EU support, personal scope of application, level of protection granted, etc.).

The stabilization capacity of job retention schemes varies across Member States depending on the design of the schemes (i.e. inclusiveness, generosity, financing system and temporal nature) (Corti et al 2023). A badly designed job retention scheme not only has a lower stabilization capacity but also risks leading to resources misallocation (i.e. firms and workers partially internalising the costs of excessive use of the schemes) and adverse selection (i.e. support for firms that are not able to maintain the employment contract once the crisis is over).

Against this background a combination of support and norm setting seems to be the best role for the EU in the domain of social protection. As argued by Schoukens et al (2024) this role is well anchored in the Treaties. Article 122 TFEU in fact is a strong legal basis for the EU intervention in support of national schemes in case of economic crisis while article 153 TFEU could provide a legal basis to develop minimum standards in the field of social security.

2. THE ROLE OF THE SOCIAL PROTECTION COMMITTEE

As illustrated above, there is a strong economic case for an EU role in the domain of social protection that can take the forms of either support to national schemes or norm setting. The Belgian Presidency of the Council of the EU worked intensively to understand what policy implications such political justification implies and the conclusions – included in the La Hulpe Declaration – point in particular to the need to intervene in the domain of social security and especially so by learning lessons from the experience of SURE with the aim to establish a permanent scheme, at the same time, working towards possible minimum standards at least on job retention and unemployment benefit schemes. With these priorities in the background, the role of the Social Protection Committee and its indicators sub-group becomes even more important.

The first task of the SPC is to monitor the social situation and the development of social protection policies in the Member States and within the Union. For the EU to be norm-setter, an adequate monitoring system is of key importance to understand the different policies in the member states and then develop minimum standards. In the domain of social protection, the ISG SPC has already developed a monitoring framework for the recommendations on Access to social protection. Yet such a framework has several limits especially when it comes to the indicators on adequacy and transparency. Further work in this direction is a necessary pre-condition for any progress on setting minimum standards and guaranteeing future possible support to national schemes.

The second task of SPC is to promote exchanges of information, experience, and good practice between Member States and the Commission. This includes also exchanging practices on methodologies and tools to monitor and evaluate national policies. As

argued above, there is a set of empirical evidence pointing to the macroeconomic returns of well-designed social protection schemes. Yet, this evidence largely relies on expenditure aggregates with little account of the policy design and its impact on the stabilization capacity. In this respect, the work conducted by the Belgian and Spanish Presidency to gather micro and macro evidence on the economic returns of social policies and exchange best practices on the use and availability of impact assessment tools, on statistical capacity, and on data governance and availability should be continued.

At the June 2024 EPSCO meeting of ministers of employment and social affairs, the Belgian presidency secured council conclusions on social investments and reforms for resilient economies and endorsement of guiding principles for member states to evaluate the economic returns of employment and social policies. The council called on the commission to establish a 'knowledge hub' on social investment, to enhance mutual learning and technical assistance; continue improving the timeliness and availability of social indicators, to reduce lags in assessing poverty and inequality trends; and enhance member states' access to data for policy evaluation and impact assessment, while ensuring protection of personal data. This work should be taken by the Commission and must involve the expertise of the SPC as well as the EMCO committee.

To conclude, the work ahead is significant:

- the ISG needs to further improve the monitoring framework;
- the SPC needs to gather more micro and macro evidence on the economic returns of social policies and further exchange best practices on impact assessment tools, on statistical capacity, and on data governance and availability;
- the Commission, in cooperation with the SPC and the EMCO, needs to implement the Council conclusions on social investments and reforms for resilient economies.
- The experience of the SPC and its delegates will be key in delivering ambitious results that will reinforce social protection and will ultimately benefit the EU and its citizens.

SOCIAL PROTECTION COMMITTEE: PLAYING A KEY ROLE IN THE CO-OPERATION ON SOCIAL PROTECTION AND SOCIAL INCLUSION POLICIES[1]

BY | **RUTE GUERRA**
Chair of the SPC

As referred by Maurizio Ferrera, Anton Hemerijick, Martin Rhodes[2], tackling poverty effectively requires integrated action across a broad range of policy areas from social assistance to housing, education, mobility and culture. During the 1990's fighting social exclusion has become a central priority for many governments in Europe. New forms of co-operation and partnerships, including in some cases the socially excluded themselves, were seen as essential and part of policy action. These integrated approaches, based on co-operation and benchmarking, have created the potential for Community action to foster the exchange of national experiences[3].

The Treaty of Amsterdam entering into force in 1999, brought a legal framework for actions in this area[4], which was crucial for the fight against poverty and social exclusion to be affirmed as a community action, by making it one of the objectives of European Social Policy.

In 2000, the Lisbon European Council[5] defined a new objective within the overall strategy, which "…among other things, aimed to 'modernise the European social model by investing in people and combating social exclusion'. The objective was also to reinforce the social dimension in the future model for economic strategy based on the triangle of growth, employment, and social cohesion. With the Lisbon strategy, several steps were taken towards a coherent and consistent social policy with the aim of creating better living conditions, eliminating poverty in Europe, and reducing inequalities. It recognised the diversity of the European Union, also in terms of policy approaches but also the need for more in-depth exploration of the reality to (re)act more consistently. For such purposes, the share of good practices and mutual learning was acknowledged, while also recognising the gap for such actions at EU level .

The establishment of the Social Protection Committee (SPC)[6] in 2000 intended to fill that gap. Following up on the December 1999 Council conclusions, an interim

(1) Article drafted in 2024

(2) 'The future of Social Europe: Recasting Work and Welfare in the New Economy' Ferrera, M., Hemerijck, A., Rhodes, M., Celta ed., Oeiras, 2000.

(3) (EC 2000).

(4) https://www.europarl.europa.eu/factsheets/en/sheet/60/the-fight-against-poverty-social-exclusion-and-discrimination

(5) Lisbon European Council, March 23-24 2000 – '*The Union has today set itself a new strategic goal for the next decade: to become the most dynamic and competitive knowledge-based economic area in the world, capable of sustainable economic growth with more and better jobs and greater social cohesion*'

(6) 2000/436/EC: Council Decision of 29 June 2000 setting up a Social Protection Committee

group of high-level officials was established[7], which provided the base of setting the Committee. Finally, the SPC received a formal recognition in 2004[8] as an advisory body for the Council. The Committee has been contributing actively to the development of the Open Method of Coordination, as established by the conclusions of the Lisbon European Council.
The main purpose was to promote cooperation on social protection and social inclusion policies between Member States and with the Commission, in full compliance with the Treaty and with due regard for the powers of the Community's institutions and bodies. The tasks of the committee (in accordance with article 160 of TFUE) are: i) **to monitor the social situation** and the development of social protection policies in the Member States and the Union; ii) to **promote exchanges of information, experience** and good practice between Member States and with the Commission; iii) **without prejudice to Article 240, to prepare reports, formulate opinions or undertake** other work within its fields of competence, at the request of either the Council or the Commission or on its own initiative.
The open method of coordination for social protection and social inclusion (social OMC), emerged as a new policy making process or instrument of governance in which expert committees played an essential role providing a framework for a monitoring and coordination mechanism. Such mechanism consisted of setting common objectives, establishing a set of indicators and benchmarks for measuring poverty, providing guidelines and calling Member States for setting National Action Plans for Social Inclusion. Within this framework SPC is an important player of the policy-making process in the European Union.

As stated by researchers, like Horvath[9] the institutional setup of the OMC has been designed to help reaching the goals of 'learning' and 'convergence'. She also quotes Frank Vandenbroucke, the current Minister for Social Affairs of the Belgian Federal Government' *the open method of co-ordination is both a cognitive and a normative tool. It is a 'cognitive' tool because it allows us to learn from each other. In my opinion, this learning process is not restricted to the practice of other Member States, but also extends to their underlying views and opinions, an area that is no less important. Open co-ordination is a 'normative' tool because, necessarily, common objectives embody substantive views on social justice. Thus, open co-ordination gradually creates a European social policy paradigm*'.

Since 2000, the Social Protection Committee[10] has played a key policy role in combatting poverty and social exclusion and, above all in this context, in co-operation between the member states and the Commission. The SPC, given its responsibility for

(7) – to prepare a study on the future evolution of social protection from a long-term point of view, giving particular attention to the sustainability of pension systems, and – to be involved in the setting of adequate targets and in establishing indicators to support the implementation of the efforts of the Member States and the European Union to promote social inclusion.

(8) COUNCIL DECISION of 4 October 2004 establishing a Social Protection Committee and repealing Decision 2000/436/EC (2004/689/EC)

(9) Anna Horváth (2007) '*Committee Governance after the Enlargement of the EU: the Institutionalisation of Cooperation within the Social Protection Committee*'

(10) Article 160 TFEU

EU coordination and cooperation in the social field is also recognised as a key actor in reinforcing the social dimension of the EU.

From the beginning, a clear consensus was shared on the right balance between macroeconomic policy, employment policy and social policies. It was also recognised early on that tackling social exclusion requires a multidimensional approach. As poverty and social exclusion are increasingly dynamic phenomena, and material needs and social risks change over time, effective policy actions require common understanding and evidence based policy making, including continuous data analysis. This became an area where monitoring and benchmarking at European level gained an increasing importance as they are crucial in identification of challenges and policy evaluation, and contribute to the effective implementation of public policies. This was reflected for instances in the establishment of an Indicator Subgroup (ISG) of the SPC and its work done in terms of defining new indicators.

The SPC has been playing a central role in the continuous monitoring of social inclusion at the European level through numerous areas of actions. It has systematically built up a framework of indicators, which played a crucial role in statistical capacity building and improving the quality of EU level data collection, promoting regular thematic discussions on various policy challenges, and facilitating cooperation between member states to find common solutions.

The SPC has repeatedly adopted opinions, reports to support and strengthen EU action to reduce poverty and improve the conditions and prospects of the socially disadvantaged. I would like to highlight the work performed by the Social Protection Committee and its permanent or ad-hoc subgroups (ISG, Working Group on Pension Adequacy – WGPA and MINET) as well as achievements in the following areas:

- The establishment of **Portfolio of EU Social indicators** was crucial to monitoring social policy developments as well as to support benchmarking and mutual learning between member states. Later, the Social Protection Performance Monitor (SPPM[11]) was established jointly with the Employment Committee (EMCO) to facilitate identification of priorities for policy action in the employment and social areas.
- **Agreement on the EU Targets.** Due to the successful establishment of the overarching Europe 2020 strategy, setting EU headline targets in the field of employment, education and social policy fields was a great achievement. These headline targets had to be accompanied by national commitments and thus with appropriate monitoring procedures to assess progress made in the fight against poverty and social exclusion. Once national targets have been established, the Social Protection Committee worked to set in place criteria by which progress was to be assessed. This represented a complex challenge, since it demands a combination for political and scientific explanations, that SPC (and its subgroup) succeeded to deliver. As some academics pointed out, the adoption of the social inclusion headline target put the EU social indicators under the spotlight. The indicators have stood up well to the scrutiny, reflecting the substantial amount of work carried out by the SPC and its subgroup.

(11) The SPPM shows the social trends to watch and areas of improvement since the launch of the Europe 2020 strategy.

- Analytical work regarding **old-age income:** The Pension Adequacy Report**,** delivered jointly with the European Commission in every three years in successive editions carried out substantial work on Theoretical Replacement Rates, which represent an important added value in the analytical work of pension. The indicator applied systematically in our analytical work supports national efforts to ensure adequate old-age income, in line with Principle 15 of the European Pillar of Social Rights.
- **Analytical work on Child Poverty:** The SPC advisory report[12] to the European Commission on tackling and preventing child poverty, promoting child well-being developed the child-specific part of existing indicators. In addition, this work contributed to the development of new ones, especially related to the non-monetary aspects of the social exclusion of children. It definitely promoted greater recognition of the phenomena and contours of poverty in Member States, informed discussions around deprivation or child poverty, as well as social exclusion, naturally with limitations, but representing major milestones to establishing the strategies that followed later in this context, like for instance the European Child Guarantee.
- **Social Inclusion and Social Protection Strategies.** The work done on defining common approach to the National Action Plans (under OMC) to facilitate exchange of experiences and best practices enhanced a '(self-)reflective debate in the major social policy strands (social inclusion; pensions; healthcare and long-term care) and definitely contributed to facilitate and trigger policy actions at EU and national level. Since the proclamation of the European Pillar of Social Rights in 2017, it is the compass for Member States to implement their employment and social policies, thus the follow up of the Pillar and its action plan is an important area of actions for the SPC.
- **European Semester.** The SPC has a key role under the European Semester, namely contributing to assessing the implementation of Country Specific Recommendations (CSRs) through multilateral reviews in the area of social protection and social inclusion; preparing the Council adoption of CSRs in their respective fields, as well as the horizontal opinion of the annual package of CSRs, jointly with EMCO. It is important to mention that the monitoring of European Pillar of Social rights is also conveyed In the framework of the European Semester.
- **Thematic Reviews**. The work conducted under the different thematic reviews allowed to deepen knowledge and mutual understanding of policy developments in the context of country's situation in different and crucial areas of interventions such as , like access to social protection; inequalities and active inclusion; minimum income; depth of poverty; working poor, among others.

In its 20 years of existence, SPC has contributed in a great extent to promote and facilitate co-operation between member states, to deepen knowledge in the area of social protection and social inclusion, and successfully supported the EU to reinforce its social model.

Being an advisory body to the Council and at the same time acting as an expert group on social policy has proven to be a complex task, in particular in a challenging political

(12) June 2012

context. The complexity and multidimensional nature of the issues in the remit and competence of SPC brings additional challenges to the committee. The demand to combine academic and technical knowledge in the various deliverables in order to have better informed policies that can make a difference in the domain of poverty and social protection, frequently in a very short period of time[13], is a growing challenge. Despite the support provided by European Commission, notably through the secretariat, but also through analytical expertise, we've witnessed excessive administrative burdens on the committees (both SPC and EMCO), running the risk to produce documents only fulfilling the requests with more political focus and less supportive for evidence based policy developments.

There have been continuous callings and pressure on the SPC to further actions, for instance to streamline but at the same time expand the indicator frameworks, to reinforce cooperation with experts from other areas, including the civil society, social partners, academics, etc. The Committee has delivered for these ever expanding requirements, improved significantly and achieved many success in the last 20 years. I'm sure the Committee will continue to be persistent in its core values and objectives, as evidence based policy making accompanied with mutual understanding and exchange of views and ideas are crucial to keep alive the social dimension of public policy.

In addition, the work of the Committee has also to be seen in a wider context. As referred in this text, within SPC there has always been a consensus on the need to strengthen the alignment and mutual reinforcement between macroeconomic policy, employment policy and social policies. Fortunately, today, the importance of interrelated aspects of the economy and integrated policy developments across different areas is being widely recognized and stated in various official documents. Recently, the Letta[14] report recognizes social policies to be part of the solution for Europe's competitiveness. This requires an increased cooperation between policy filieres and invites the SPC to continue to play a strong and leading role in this regard.

(13) as the work programme of the committee has to be aligned with the presidencies of the council

(14) https://www.consilium.europa.eu/media/ny3j24sm/much-more-than-a-market-report-by-enrico-letta.pdf

STRENGTHENING SOCIAL GOVERNANCE IN THE EU: LESSONS FROM TEN YEARS IN THE SOCIAL PROTECTION COMMITTEE"

BY | **ISSAM TIAR**
Representative of Luxembourg in the SPC[1]

As an official from the Luxembourg Ministry of Health and Social Security, I have been involved in the work of the Social Protection Committee (SPC) since my appointment as an alternate member in September 2014. The SPC is an advisory committee to the Council of Ministers for Employment and Social Affairs (EPSCO *filière*). Together with the Employment Committee (EMCO), the SPC plays a leading role in the governance and coordination of employment and social policies within the European Union (EU). Unlike many other EU high-level advisory committees, the SPC's strong mandate is directly anchored in the EU Treaties. Under Article 160 of the Treaty on the Functioning of the EU (TFEU), the SPC has the following powers:

(i) To monitor the social situation and the development of social protection policies in the Member States and within the Union;

(ii) To promote exchanges of information, experience, and good practice between Member States and with the Commission;

(iii) To prepare reports, formulate opinions or undertake other work within the scope of its powers, at the request of either the Council or the Commission or on its own initiative.

First, the aim of this article is to summarise key milestones in the committee's work, drawing from my own practitioner perspective of 10 years in the committee. Secondly, it will attempt to elaborate on some potential avenues to reinforce the committee's mission. It will finally conclude with some examples from Luxembourg context that reflect how the committee's agenda impacts Luxembourg's national position.

Following the advent of the 2008 global economic crisis, certain features of the fiscal consolidation policies implemented at EU level have led to adverse repercussions on social and employment trends within the EU. This observation has been confirmed unequivocally by Mario Draghi, President of the European Central Bank at the time, in his speech to the high-level conference on the future of the European Pillar of Social Rights (EPSR) on 16/04/2024: "*We pursued a deliberate strategy of trying to lower wage*

(1) *Disclaimer: this article was prepared by M. Issam TIAR in his personal capacity in 2024. The views expressed in this Article do not necessarily represent the views of the Luxembourg Ministry of Health and Social Security, nor the views of the Luxembourg Government*

costs relative to each other - and, combine this with a procyclical fiscal policy, the net effect was only to weaken our own domestic demand and undermine our social model".[2]

Observing these dynamics first-hand, Luxembourg considered the deepening of the EU's social dimension as an overarching priority during its Presidency of the EU Council in the second semester of 2015. On that basis, the Luxembourg Presidency has sought to fully exploit the potential of the SPC's mandate.

First, with the support of the Latvian Presidency of the EU Council during the first semester of 2015 (as a Presidency trio partner with Luxembourg and Italy) and the then EMCO[3] and SPC[4] Chairs, the Luxembourg delegation called, within a broad alliance of Member States, for a modernisation of the EU Council decisions establishing the EMCO[5] and SPC[6]. This approach aimed to reaffirm the roles of these committees and to align their governance arrangements with the new challenges of the post-crisis phase. The intention was also to enhance their effectiveness and efficiency in performing their tasks, improve transparency, and foster their cooperation with all stakeholders in the EU's primary economic and social policy coordination cycle, known as the European Semester.

The Luxembourg Presidency then drafted two sets of Council conclusions based on the SPC's analytical work.

The first set "*Social Governance for inclusive Europe*"[7] was inspired by the five presidents report published in June 2015[8], which had emphasized the importance of focusing more on employment and social performance within the Economic and Monetary Union (EMU). This report also stems from the Juncker Commission's commitment to achieving a "*social triple A for the Union*". At this point, the opportunity of a revamped European Semester in 2015 had to be seized to ensure that the implementation of structural reforms and investments effectively addresses social challenges, and continuously improves the outcomes for citizens, considering the Europe 2020 headline targets (increasing employment and combating poverty and social exclusion).

The second set of Council conclusions "*Adequate retirement incomes in the context of ageing societies*"[9], built on the 2015 Pension Adequacy joint report[10] prepared by the SPC and the European Commission's (EC) Directorate General for Employment, Social Affairs and Inclusion (DG EMPL). This report is an important deliverable of the SPC. Through this adoption, the Luxembourg Presidency sought two strategic

(2) https://belgian-presidency.consilium.europa.eu/media/v1mhgwtw/20240416-draghi-speech-la-hulpe-16-april-as-delivered-clean.pdf
(3) M. Tom Bevers (BE)
(4) M. Tom Dominique (LU)
(5) Council Decision (EU) 2015/772
(6) Council Decision (EU) 2015/773
(7) https://data.consilium.europa.eu/doc/document/ST-15070-2015-INIT/en/pdf
(8) The Five Presidents Report: Completing Europe's Economic and Monetary Union
(9) https://data.consilium.europa.eu/doc/document/ST-12766-2015-INIT/en/pdf
(10) The 2015 Pension Adequacy Report: current and future income adequacy in old age in the EU

objectives: (i) to enhance the political visibility of the report's key messages, notably on the significance of jointly analysing the fiscal sustainability challenges of pension systems and the adequacy of retirement benefits, and (ii) to guarantee that the frequency of such a report is upheld in the Council (every 3 years) for future iterations[11].

Furthermore, under the initiative of the Luxembourg Presidency and following the analytical contribution of the EMCO and SPC committees, the EPSCO Council approved the social and employment aspects of the euro area recommendation[12] for the very first time, despite encountering some resistance. The EPSCO input highlighted the importance of reforms, which also guarantee "*adequate and sustainable social protection systems that contribute effectively and efficiently throughout the life cycle both to social inclusion and labour market reintegration*"[13]. The institutional challenge for the Luxembourg Presidency was to ensure that the EPSCO *filière* retained complete ownership of designing and implementing all policies falling within its competence. This may seem as a bureaucratic sidenote, but this act was particularly important as substantive discussions on this recommendation were traditionally held solely within the Economic and Financial Affairs Council of Ministers (ECOFIN *filière)*.

Looking ahead, the EPSR, and specifically Chapter 3's key principles on social protection and social inclusion, should remain the normative compass for EU and national social policies in the future. Its inclusion in the revised economic governance framework as one of the EU's common priorities is an opportunity to reinforce the EPSCO's role in the European Semester and strengthen the SPC's work.

In addition, the La Hulpe Interinstitutional Declaration on the future of the EPSR, endorsed on 16/04/2024[14] offers promising avenues for further work by the committee, particularly through its governance section. With a view to the revised economic governance, the SPC should build on the mandate of the Belgian and Spanish Presidencies to establish an operational definition of "*social investments*" and develop EU common guidelines for assessing the economic returns of such investments with the strong support of the Commission.

The Belgian Presidency has already achieved the logistical (and dare I say institutional) feat of organising an unprecedented joint meeting between the two *filières* of the EPSCO and ECOFIN Councils on 12/03/2024[15]. This has allowed both Council configurations to jointly reflect on the interplay between social investment, economic growth, and fiscal sustainability. This should not be a one-off exercise, but a recurring one to foster the coherence between the two main configurations of the EU Council responsible for the European Semester. The same synergies should be mirrored in the work of the EPSCO and ECOFIN Councils' advisory committees as well as in the

(11) At that time, the Luxembourg Presidency was aware of inclinations by some major EU stakeholders to simply discontinue this exercise.

(12) https://data.consilium.europa.eu/doc/document/ST-14968-2015-INIT/en/pdf

(13) Council Recommendation of 08 March 2016 on the economic policy of the euro area (2016/C 96/01)

(14) https://belgian-presidency.consilium.europa.eu/media/bj0adazv/declaration-finale.pd

(15) https://gouvernement.lu/fr/actualites/toutes_actualites/communiques/2024/03-mars/12-roth-reunions.html

DG ECFIN[16] and DG EMPL. As an example of the importance of a holistic view, there is a strong potential for synergies between the periodic reports on the adequacy of pensions prepared by the SPC and DG EMPL and the ageing report prepared by the Economic Policy Committee (EPC) and DG ECFIN.

In the context of a new governance structure for the European Semester and the future of the EPSR, I still believe that safeguarding the relevance of the SPC's input in those processes is crucial. Therefore, the committee should conduct a thorough and continuous assessment of its workload, while remaining focused on strategic issues. The SPC has not only an analytical vocation but also a political one by virtue of its strong mandate. In this sense, the committee's ultimate purpose is to effectively inform EPSCO ministers as policymakers about the major social trends to watch and advise them on which evidence-informed policies should be implemented to enhance the well-being of citizens, while ensuring that they retain their competence.

The responsibility of committee members and DG EMPL[17] is paramount for targeting messages and streamlining the committee's work, especially its reporting. During numerous exchanges on governance, I recall a senior SPC delegate (he no longer sits on the committee) who once eloquently declared that "*influence comes with quality of work*". The essence of this statement is that the SPC should focus on increasing its visibility and its exposure through a more strategic and policy approach, and a "*work smarter not harder*" mentality. The SPC already has an excellent and well-established portfolio of indicators at its disposal that should be fully utilized to fulfil its monitoring function. The proliferation of indicators and the duplication of processes may jeopardise the committee's ability to focus on more essential tasks. At the same time, the EC should also improve further the timeliness and availability of social indicators to better assess poverty and inequality trends.

Moreover, considering the committee's mandate, Member States should ensure to appoint senior representatives to the committee who are equipped with the necessary experience and operative administrative authority at the national level to effectively carry out the committee's political and analytical missions. On the other hand, the EC should provide the committee's secretariat with more resources to achieve the significant tasks and address the ever-increasing workload that the SPC has experienced in recent years.

From our national perspective, social security has been an essential pillar of Luxembourgish society and an intrinsic part of our social fabric. It was introduced in Luxembourg in 1901 to provide mineworkers with protection against the risk of illness. Since then, the national legislator has endeavoured to adapt this system into an overarching vision of "*social protection*", which encompasses "*all collective welfare measures enabling individuals to cope with the financial consequences of certain events*

(16) Directorate-General for Economic and Financial Affairs.

(17) The EC is a member of the SPC and provides the secretariat of the Committee.

likely to occur in the course of a lifetime and to improve their quality of life[18]" and ensures the broadest coverage of insured persons.

The coalition agreement of the current Luxembourg government (2023-2028) will continue the work of strengthening our social protection system and adapting it to global challenges and megatrends, in line with the Council Recommendation on access to social protection for workers and the self-employed[19].

One workstream is further aligning the schemes for employees and self-employed workers regarding the accumulation of an early retirement pension with income from a professional activity. Another stream is to implement universal healthcare coverage according to the Sustainable Development Goal Target 3.8 and principle 16 of the EPSR. Luxembourg presented this project at the Mutual Learning Workshop on Access to healthcare, sickness and accidents at work and occupational diseases organized by the EC on 05/02/2024 and 06/02/2024. By regularly regrouping and gathering the knowledge and expertise of national actors, these mutual learning workshops and thematic reviews offer the highest added value for Member States. They are excellent platforms for exchanging best practices and guiding the implementation of national reforms, especially within the framework of the SPC and the Social Open Method of Coordination (OMC).

Furthermore, enhancing social inclusion and the stepping-up the fight against poverty are absolute priorities for the Luxembourg government. The coalition agreement stresses that "*policies to combat poverty will be pursued in order to support low-income households, households in a precarious situation or experiencing poverty, as well as people at risk of social exclusion*"[20]. The 2030 EU headline targets on employment, skills and poverty reduction have been welcomed by EU leaders in Porto and at the June 2021 European Council. Thanks to the EMCO and SPC exchange with the EC, the formulation of national targets has sparked a high-quality consultation among various stakeholders nationally, enabling Luxembourg to establish and commit to ambitious national targets by 2030[21].

Finally, the scarring effects of the 2008 global economic crisis has shed light on the painful costs of treating social policies as mere adjustment variables to other policies. In the run-up to the next European legislative cycle and witnessing the current geopolitical debate on how to foster Europe's external competitiveness, the commitment to an upward social convergence in the EU, according to the principles of the EPSR, should be maintained since these two dimensions remain intertwined.

(18) Droit de la Sécurité Sociale 2021, p.9- Le Gouvernement du Grand-Duché du Luxembourg- Inspection Générale de la Sécurité Sociale.

(19) Council recommendation (2019/C 387/01)

(20) Accord de coalition 2023-2028 "Letzëburg fir d'Zukunft stäerken", p.82

(21) By 2030: an employment rate of at least 77.6% of the population aged 20-64; at least 62.5% of all adults to participate in learning every year; at least 4000 fewer people at risk of poverty or social exclusion.

A TALE OF TWO COMMITTEES
ON CONVERGENCE BETWEEN EMCO AND SPC

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EMCO Delegate for Belgium and former EMCO Chair (2013-2017) and Vice-Chair (2010-2013)

Consider the lilies!
To them ever give
Attention and study—
They'll teach you to live,
The secret of peace they will show;
Then, ye from distresses
And cares shall be free,
Like them ye shall flourish,
Though lowly ye be,
Like them, ye in vigour shall grow.
Peter Burn

A new Director-General at the Commission's Directorate General for Employment, Social Affairs and Inclusion (DG EMPL), a new national minister for employment or social affairs, or a new Deputy Permanent Representative at one of the EU Member States' Permanent Representations in Brussels could be forgiven for asking why the EPSCO Council[2] needs not just one but two advisory committees, both essentially dealing with the European Semester. The answer can be found in how they came about and is enshrined in the Treaty itself.

Nonetheless, although the two committees have a clear and separate role and remit, they have often acted as mirrors to each other over the last two decades, albeit sometimes the kind of deforming mirrors one used to find in mirror palaces at fancy fairs before smartphone filters took over the special effects market. Moreover, the evolution of economic and social governance in the EU has provided them with the opportunity and the necessity to align and cooperate, up to the point that most outcomes of their work nowadays carry a "joint" label, in ways the Treaty could probably not foresee.

1. EMCO'S PRIMOGENITURE

In 1994, limits to the EU competence in the employment field, frustration with the often slow legislative process, persisting challenges such as high unemployment and the

(1) All views in this short article are my own and don't necessarily reflect any official position. Descriptions and analyses are incomplete, and the interested reader should look at the works of *inter alia* Bart Vanhercke (and in particular the yearly volume ("Social policy in the European Union : State of Play" by the European Social Observatory) and Jonathan Zeitlin for further information.

(2) The Council of the EU format that brings together ministers for employment and social affairs (there is also a "EPSCO Health" format, and -mostly in theory- a "Consumers' Affairs" EPSCO but these are not meant when this article refers to EPSCO).

realization that citizens expected answers from "Europe" to their concerns about them led to a first "Summit" devoted to employment issues at the German town of Essen[3], which issued recommendations for the Member States – on the implementation of which they subsequently had to report. Thus, the first seeds for an "open method of coordination" (*avant la lettre* – the term would be coined in Lisbon in 2000) were planted.

The Amsterdam Treaty revision firmly embedded them in what is now articles 148 to 150 of the Treaty on the Functioning of the EU (TFEU), and the Luxembourg Summit – less than six months after the historical election victory that brought Tony Blair and his "Third Way" to power in the UK, which until then had been reluctant to all EU initiatives in the employment domain – decided to start applying the new articles before their ratification. Thus, the European Employment Strategy (EES) saw the light, with its four basic characteristics:

- Annual Employment Guidelines, drawn up by the Council
- National Action Plans implementing them, submitted by the Member States
- A "Joint Employment Report" taking stock of them and reflecting the state of the EU labour markets
- Possible Country-Specific Recommendations (CSRs), issued by the Council

The annual employment guidelines had to be consistent with the "Broad Economic Policy Guidelines" that had been created earlier. This requirement was symbolically important and in a certain way made the Employment Strategy subordinate to the economic governance process but was rather implicit in the first years. In practice, the Employment Guidelines were set by the Employment Committee.

That Employment Committee, or EMCO, saw its light together with the Strategy, building on the pre-existing Employment and Labour Market Committee[4]. It very soon established its structure, with two sub-groups, the Indicators Group and the Ad Hoc Group – which much later would be renamed Policy Analysis Group. And it developed a system to assess the National Action Plans at its meeting in Cambridge – after which it became known as the "Cambridge Review".

Over the following years, the EES ran its annual course. However, it would not be long that EMCO would have the playing field in the EPSCO domain for its own. As Rute Guerra explains elsewhere in this volume, the Social Protection Committee (SPC) was founded somewhat later, on the basis of art. 160 TFEU, and the institutional framework at the EPSCO side was gradually enriched with open methods of coordination for social inclusion, for pensions as well as for healthcare and long-term

(3) As a native of the Flemish town of Essen, I quite like the fact that the European Employment Strategy originates from Essen, even if it is the wrong one.

(4) Set up in 1996 by Decision 97/16/EC. Formally, EMCO was created with Council decision 200/98/EC.

care[5]. Undoubtedly inspired by the EES, but with a crucial difference: these open methods of coordination would not be the basis for recommendations.

Not unexpectedly, SPC also took inspiration from the functioning and working methods of EMCO and set up its own Indicators Sub-Group. However, the two committees essentially occupied separate worlds and were rather cautious to avoid trespassing on each other's domain. From the point of view of EMCO, moreover, the SPC in a challenging position: it did not have a Treaty base for its open methods of coordination, it had to deal with a policy domain in which a number of Member States were reluctant towards anything that seemed to touch upon their national prerogatives – in the name of subsidiarity – and it had to manage three similar but unequal processes. Furthermore, from the start, both sides devoted a lot of attention to indicators and statistics, but the main source for employment statistics, the European Labour Force Survey (LFS), was at that time certainly much more solid than the ECHP[6] or even its successor EU-SILC[7]. This did not stop the SPC and its ISG from doing very sound and in many ways innovative work from the very beginning, as is explained by Rudi Van Dam elsewhere in this volume.

2. TO LISBON OR NOT TO LISBON?

At the same March 2002 Summit in Lisbon that laid the base for the open method of coordination for social inclusion, Heads of State and Government also agreed on the first employment target (an employment rate of 70% for the 15-64 age group by 2010). Notwithstanding this target, the EES itself was basically left untouched. It was "reinvented" in 2003, mainly by streamlining the Employment Guidelines, which had become an impenetrable patchwork as a result of yearly revisions. Arguably, this led to the clearest and most comprehensive set of Employment Guidelines in the history of the EES –obviously they would not stay for long!

Indeed, a full evaluation by the then former Dutch Prime Minister Wim Kok in 2004 led to a reorientation of the Lisbon Strategy in 2005. The "Strategy for Jobs and Growth" would be shaped as a kind of "meta-OMC"[8] with integrated guidelines for economic and employment policies, and with an integrated report, the "National Reform Programmes" taking over the role of the National Action Plans for employment. Processes were not fully integrated, however, and the EES kept on running its own path, be it that the direction pointed to Lisbon.

In the same light, the three open methods of coordination under the SPC remit were streamlined in one Open Method of Coordination for Social Protection and

(5) For more on the development of these open methods of coordination, see Vanhercke B. (2000), From the Lisbon strategy to the European Pillar of Social Rights: the many lives of the Social Open Method of Coordination in Vanhercke B., Ghailani D. and Spasova S. with Pochet P. (eds.), Social policy in the European Union 1999-2019: the long and winding road, Brussels, European Trade Union Institute (ETUI) and European Social Observatory (OSE), pp 99-123.

(6) European Community Household Panel, 1994-2001.

(7) Statistics on Income and Living Conditions, from 2003 onwards.

(8) Vanhercke B. (2020).

Social Inclusion, or "Social OMC" in short. However, social policies were not directly brought under the Lisbon umbrella, although they were supposed to have a "feed in and feed out" relation with it. Nevertheless, the SPC did its work in "splendid isolation"[9] – with the remarkable exception of the cooperation with the Economic Policy Committee (EPC)[10] on pensions. Although EMCO was also in touch with EPC from time to time, a similar structural link had not been created. EMCO and SPC worked together, and occasionally met together, but were most of the time in a LAT-relation – living apart together, with secretariats under the same roof of DG EMPL, with members often coming from the same ministries in their Member States, with similar structures and working methods. Both were shaped, however, by the processes they manage and the relative degree of freedom that came with it – with an SPC that could freely criticise economic policies with a non-desirable social impact, and EMCO with stronger incentives to align with them.

3. THE ELASTICITY OF THE EMPLOYMENT GUIDELINES

The Lisbon Strategy ended in 2010 and was officially declared a failure – as it goes, the success and failure of such a strategy in hindsight depends more on the circumstances of its evaluation than on its real impact. With or without Lisbon, the impact of the EES in its first decennium is hard to measure, but I am with those who are convinced that it led to a number of paradigm shifts in employment making – including, in my own country, the end of the preoccupation with national administrative unemployment data in favour of internationally comparable employment rates, which in its turn led to policies to keep older workers in the labour market and to tackle discrimination of non-EU-migrants, among many others.

Nevertheless, Lisbon had to be replaced by something "better". Something with more bite, so Member States would be less prone to ignore their Country-Specific Recommendations. Something more integrated, with fiscal and employment policies, but also education, environmental policies… And social policies. Now, this was a problem. If there had been a strong Treaty base for recommendations on social policies, the Social OMC would have looked very different to start with, and the talk about subsidiarity would have subsided long ago. For education and training, the situation was somewhat similar.

I don't know who came up with the trick, although I have my suspicions; whatever the case, the Commission proposed to stretch the Employment Guidelines to encompass education policies, and large parts of social policies. Member States resisted somewhat, but the Commission was careful enough to demonstrate the close link of what it proposed with employment policies. The integrated guidelines, moreover, put a lot of emphasis on sound fiscal policies, and the main political discussion was not on the last, "social", guideline. So, the Council bought it.

(9) Vanhercke B. (2020).

(10) The Economic Policy Committee was established by Council decision in 1974 (but not by the Treaty) and predates both EMCO and SPC by more than two decades. It assists the ECOFIN Council, the Council of the EU format for economic and financial affairs.

As it did with the second stage of the operation. In the midst of the financial crisis, a number of Member States had to agree on a Memorandum of Understanding with the Commission, the IMF and the European Central Bank, the often cursed "Troika". Surely, it would be better to avoid such an emergency approach by preventing macro-economic imbalances – and further reinforcing economic governance to make sure reform policies went in the right direction? The Macro-Economic Imbalances Procedure (MIP)[11] saw the light, and the European Semester was set up, to enforce both sound short-term fiscal policies and mid-term structural reforms to move towards the Europe 2020 targets. The legal base for the Semester's policy "advice"? The integrated guidelines – including the by now broadened Employment Guidelines.

4. I CAN'T LIVE WITH OR WITHOUT YOU

The new architecture was clearly driven by the Directorate for Economic and Financial Affairs in the Commission and the ECOFIN Council, feeling the need to take responsibility during the financial crisis. Annoyingly for them, however, part of the architecture of the Semester relied on art. 148. Which led to the realization that some cooperation with EMCO would be inevitable. In turn, EMCO came to terms with the fact that to make the most of this position it would indeed be necessary to cooperate, and to reinforce its internal working. This required both a strong analytical system, to be on par with the economic indicators behind the MIP, and a stronger follow-up of policies – finance ministers dared to tell each other "the truth", while employment ministers happily welcomed policies going in opposite directions as "good practices", or so it was perceived.

This led EMCO, with DG EMPL, to set up the Joint Assessment Framework (JAF)[12] and to develop a system of "Multilateral Surveillance". All this notwithstanding, the struggle to make sure EMCO, and therefore the employment ministers, got a place alongside the ECOFIN Council and its committees in the Semester was a hard one. Not least because the leading committee at the ECOFIN side, the Economic and Financial Committee (EFC)[13], was not willing to invest in any cooperation itself and left it to the EPC – which, as before, was indeed ready to cooperate with EMCO. But why cooperate with SPC?

There were voices in EMCO that wanted to keep full control of the EPSCO part of the Semester. Indeed, the European Employment Strategy was and should be EMCO's alone – *noblesse oblige*. And if in all wisdom it had been decided that education and social policies are in fact employment policies, why contest that? However, discussing

(11) Much more could be said about this procedure and its impact on the EPSCO side, in particular the fines that it foresaw, on the Social Scoreboard and recently on what is now the Social Convergence Framework, and also on institutional arrangements. I will only briefly touch upon some elements of this here.

(12) Joint, as in "the Commission and the committee(s) working together". The JAF was based on the extensive work on indicators that have been done by EMCO in the first decade of its existence, and on similar work within DG EMPL.

(13) Based on art. 134 TFEU, and also known as the Eurogroup Working Group (EWG) n its euro country composition.

schools and care homes feels unnatural to employment experts – and not entirely legitimate for those coming from employment ministries.

For SPC, the adaptation to the new institutional architecture was even more challenging than for EMCO. Social policies had not been integrated in the "soft" Lisbon Strategy but became part of the "hard" Semester. Not all social policies, however, but only those that had been deemed worthy of a place in the Employment Guidelines - which had been set by EMCO, after consulting SPC, but nevertheless. Moreover, it would be hard to argue that social policies were at the core of the Semester. The new poverty target[14] notwithstanding, the economic and political wind was all but blowing in the direction of the policies that the SPC had advocated for since its creation. Wasn't this all part of a hostile takeover by the ECOFIN bodies and their willing servants, EMCO? The splendid isolation of the first decade of the 21st century had allowed the SPC to be at the same time very ambitious and very respectful of subsidiarity – and now both were threatened. Indeed, was it even legitimate to engage with the Semester, a device clearly designed to snatch social policies out of Member States' hands? To this day, there are interventions in SPC denouncing the stretching of art. 148[15]. And if yes, what would happen to the richness of the Social OMC?

5. JE T'AIME – MOI NON PLUS

Understandably, SPC had difficulties to square the circle. It hesitated between stressing the need to be fully "in", as it would not be legitimate for the Semester to deal with social policies without a full SPC involvement, and the desire to stay "out" and to criticise the whole Semester for not paying sufficient attention to social policies, and for doing so in a way that was seen by some as unacceptable. It would be unfair however to put the full burden of this hesitation on SPC. All actors on the EPSCO side have at some point had to consider the trade-off between "autonomy" and "relevance" – with DG EMPL periodically withdrawing somewhat from the (tedious, not always leading to clear results and ECFIN-led) governance structures and at other points investing in them, gladly using the leverage they provide. However, for the SPC in the early 2010's, the question became rather acute.

The hesitation was noticed by EMCO and EPC, and led particularly in this last committee to the view that SPC was too difficult to work with, while in EMCO the SPC counterparts were seen as (sometimes difficult but) necessary partners. From the start of the Semester, there was a joint meeting ("jumbo") between EPC and the EPSCO side to decide on Country-Specific Recommendations of common interest – setting up such a meeting has arguably saved the Semester from many complicated

(14) To define this target was an enormous challenge and led to an imperfect but workable compromise, with the AROPE (At Risk of Poverty or Social Exclusion) rate, undoubtedly one of the biggest SPC contributions to economic governance – see Rudi Van Dam's contribution in this volume.

(15) It has to be said that the education side has struggled even harder to come to terms with being "Semestered".

institutional battles. However, the place of SPC in this meeting (and even in its title) has been the subject of struggle for a couple of years[16].

Rather quickly, SPC tended towards being "in", strongly encouraged by DG EMPL. It developed its own multilateral surveillance and the way EMCO and SPC dealt with the Semester gradually became more similar. At the same time, SPC managed to "save" the Social OMC, allowing it to cover more ground than the Employment Guidelines permitted[17]. Moreover, the poverty target, with all its imperfections, created a strong focal point and policy winds moved away from fiscal consolidation (or "austerity", as you prefer). Working together, the two committees were also in a better position to defend the EPSCO interest in the (eternal) struggle with the ECOFIN side – some examples are included in the article by Issam Tiar in this volume.

6. THE PILLAR AS THE GREAT EQUALIZER

The European Pillar of Social Rights, as proclaimed in Gothenburg, Sweden in 2017, does not create any rights, particularly not at the European level. It is however hard to underestimate its impact, and its political and institutional brilliance[18]. Its 20 principles go beyond the terrain that the Employment Guidelines had ever covered, venturing into social policy fields where the "subsidiarity" warning signs are ubiquitous- which is not a problem, as the Pillar does not have a legal basis on its own. It is binding for nobody but a compass for all. A compass, it should be observed, does not stop you from getting lost if you prefer so or brought the wrong map with you.

The Pillar also comes without any governance arrangements, avoiding all discussion about the who does what – it only "borrowed" the Social Scoreboard, which was an already established but underused feature of the Semester. It does not limit itself to policy advice within open methods of coordination, although it is perfectly suited for it, but also opens up pathways to new legislative initiatives, thereby at least conceptually avoiding the "original sin" of the soft-law only open methods of coordination. It is everything for everybody all at once. And while it did not solve existing governance questions at both the education and health policies side, it definitely put EMCO and SPC more solidly in the same boat, navigating with the same compass – and with a stronger political tailwind. Gone were the days of austerity – at least for the time being.

Moreover, the aftermath of the Gothenburg Summit provided EMCO and SPC with an opportunity to show their indispensable nature *ad absurdum*. The Bulgarian Presidency (first half of 2018) set up an informal "High-Level Reflection Group on the future of employment and social policies", chaired by the Bulgarian Deputy Minister of Labour, to discuss employment and social policies post-Europe 2020 – in particular

(16) The joint meeting has at times been designated differently in the agenda of the participating committees, with any reference to SPC being avoided at the EPC side.

(17) Vanhercke, B. (2020)

(18) It would be wrong not to acknowledge Commission President Juncker and Commissioner for Employment, Social Affairs, Skills and Labour Mobility Thyssen for it – and subsequently President Von Der Leyen and Commissioner for Jobs and Social Rights Schmit for their continued support for what could have been a one-hit wonder.

the EU funds. The Bulgarian aim was for Member States to be represented by "high-level executive officials". A similar aim has in the past been put forward by Directors-General in DG EMPL. Wouldn't it be good to have a level "above EMCO and SPC" to have "strategic" discussions?

In the first meeting of the High-Level Reflection Group, most Member States were indeed represented by officials ranking somewhat "higher" in their ministries than their core EMCO and SPC delegates. Those delegates, with their colleagues from the Permanent Representations, sat behind them, however, listening to interventions that they had prepared themselves. In the second meeting, some of them moved forward, and by the third meeting most countries were directly represented by the committee members or their Permanent Representations. The Austrian and Romanian Presidencies kept the group alive, before EMCO and SPC would quietly take over its role again – including through a joint report on the Europe 2020 Strategy[19].

7. THE VIRTUAL COUPLE

The Covid pandemic that struck the world in 2020 had a double impact. Like most institutions all over the world, it led EMCO and SPC to discover virtual meetings, with their quirks, cats and children occasionally invading the meetings. The two committees not only managed to ensure continuity in difficult circumstances, it also led the two committees to discover that it was possible to hold a joint meeting at a relatively short notice, for just a couple of hours. The pandemic passed, fortunately, but the meetings were there to stay, and increased the possibilities for joint work.

They would be put to the test by two Spanish-Belgian initiatives about which much could be said in itself[20]. First the proposal for a Social Imbalances Procedure, mimicking the Macro-Economic Imbalances Procedure, a proposal that led to the Social Convergence Framework[21] - and to both committees setting up a joint working group for the first time in their existence. Secondly, the same two countries, holding the Council Presidency from July 2023 until June 2024, set up an informal working group to discuss Social Investment, which also mainly brought together EMCO and SPC delegates, although a lot of finance ministries also sent a chaperone.

Although both initiatives led to a significant number of controversies within EMCO and SPC, those were rarely the result of divergences between the two committees. They did put, however, the relationship with the ECOFIN side to the test once more, but instead of EMCO being perceived as being closer to ECOFIN, it was more the varying distance between the finance ministries (and their EFC/EPC representatives)

(19) EMCO and SPC (2019), Assessment of the Europe 2020 Strategy – Joint report of the Employment Committee (EMCO) and the Social Protection Committee (SPC)

(20) For a short description, see Sotiria Theodoropoulou (2024) Debating the reform of the EU's economic governance: implications for Social Europe in Vanhercke B., Sabato S. and Spasova S. (eds.) (2024) Social policy in the European Union: state of play 2023, An ambitious implementation of the Social Pillar, ETUI and OSE.

(21) Which ironically was embedded in the revised governance rules (see Regulation 2024/1263) through the ECOFIN Council in spite of a lack of agreement at the EPSCO side, but that is a different story.

and the employment and social ministries in the different Member States that seemed to determine relative positions.

The same ECOFIN side, with a strong tradition of "never wasting a good crisis", had once again used the opportunity that the need for an economic recovery after Covid had offered them to try to take over large parts of governance, although it must be said that this time the Commission (DG ECFIN and DG REFORM) played its cards better than the ECOFIN committees. Indeed, the whole Recovery and Resilience Fund system, though embedding many Pillar-inspired policies (the winds did not change), did not foresee much scope for the EPSCO Council and its advisory bodies, even excluding RRF policies from the Country-Specific Recommendations under the Semester.

These developments don't bode well for the new economic governance arrangements that are currently being put into place and that took clear inspiration from the RRF. Within the history of the economic governance of the EU, "mainstreaming" or "simplifying" arrangements has become somewhat of a synonym of "reinforcing the DG ECFIN/ECOFIN" impact on them. Which more than ever reinforces the need for EMCO and SPC, and DG Employment, to jointly hold the fort. It remains to be seen if they are ready for it[22].

8. AN ENDLESS ENGAGEMENT?

What will the future hold for EMCO and SPC? Both committees are strongly dependent on the cooperation with DG EMPL, which does not only provide for their secretariat but also for most of the material to be discussed and support for the procedures. Although history should have taught us that the EPSCO Council, the two committees and DG EMPL cannot be strong in the economic governance arrangements unless they work closely together, this realisation has not always led to sufficient investment in each other. Moreover, public services have come under strain in Brussels as well as in national capitals.

Providing the committees with (strong and experienced) chairpersons, actively participating in (multiple) meetings, allowing the committees to play an expert role rather than merely repeating positions defined in the capitals and translated by the Permanent Representations requires an investment that not all national administrations are willing or able to afford.

Moreover, the same capitals, acting in the Council, are all too happy to confer new tasks to the committees – supported in that effort by the European Commission. Under the influence of the Pillar and following successful examples such as the Youth Guarantee, the number of Council recommendations EPSCO has agreed upon has significantly increased over the last years. All, invariably, confer the indispensable follow-up to either or both committees, each with slightly different requirements, the stated aim to "mainstream" them notwithstanding. Add to this the Spanish-Belgian

(22) Note however that the new responsible Commissioner-designate has "Preparedness" in her title!

initiatives, and it has become clear that the committees are required to do more with fewer resources – which does not look like a sustainable option, unless quantity is strongly preferred over quality.

Moving from the Justus Lipsius and Europa Council Buildings to brand new offices in the Handelsstraat/Rue du Commerce, it should be added that DG Employment has in turn neither ever matched the human and other resources that DG ECFIN provides to support its committees – which arguably have more tasks and an overall more central role, but results in EMCO and SPC inevitably fighting EPC with unequal weapons – not to speak about EFC.

All of which, it should be said, is also complicated by the fact that EMCO and SPC are, well, two committees. Revising the Treaty is a dangerous business – before you know it offers an opportunity for "mainstreaming" attainments that took very long to achieve. But were it to happen, it would probably be wise to merge both committees into one, which would then set up subgroups (including for the domains of skills and education and for health policies, one could imagine). Such an Employment and Social Affairs Committee could then maybe warrant a chair paid by the Council, following the EFC example, who could fully devote her or his time to it.

Does this look unlikely? Sure, but so did the fact that there would ever be a minimum wage directive until a few years ago, and a housing commissioner until very recently. Nevertheless, many couples are happily engaged for years, without ever marrying. I wish SPC and EMCO many more years together – and if the wedding ever happens Peter Lelie should be the one to lead SPC to the altar, after having invested so much in raising it. With a mix of reluctance and pride, as is customary on such occasions.

A BRIEF HISTORY OF SOCIAL MONITORING IN THE EU AND THE ROLE OF THE SOCIAL PROTECTION COMMITTEE

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"In order to fight social exclusion effectively, we need to measure it accurately"
(Frank Vandenbroucke, 2002)[1]

"The failure to take effective action cannot be attributed to a lack of information. (…) the data are greatly improved and - when responsibly interpreted – fit for purpose"
(Anthony B. Atkinson, 2019)[2]

1. INTRODUCTION

Older colleagues will remember that in a not too distant past there were no official social indicators and no data to construct them, while for many younger colleagues social indicators seem well established. This contribution joins others in celebrating the career of Peter Lelie, a career during which this remarkable evolution took place and to which he contributed, at the EU level, especially via his involvement in the Social Protection Committee and its Indicator Subgroup, but also via introducing social indicators in the policy process at the national level.

I take the opportunity of this 'festschrift' to describe the evolution of about two and half decades in the hope that this will be useful for our younger colleagues to understand better current discussions, in which often older issues echo.

Discussions on indicators are often political, about control over the political narrative. They also are the basis for 'good' policy, policy aimed at the common good. Used well in an international context they allow learning from each other. Identifying good practices and learning from each other was an aspect of the use of indicators in the EU governance process to which Peter was especially drawn to. Both as a seconded national expert in the European Commission, where he was involved in the organization of peer reviews and as a member of the Social Protection Committee and its Indicator Subgroup he was genuinely committed to this aspect of 'learning' to develop better social policies. I guess this also played an important role in the Social Protection Committee appointing him as its Chair.

(1) Foreword in Atkinson, T., Cantillon, B., Marlier, E., Nolan, B. Social Indicators. The EU and Social Inclusion, OUP, 2002

(2) Anthony B. Atkinson, Measuring Poverty around the world. Princeton University Press, 2019

In this contribution I will document the development of social monitoring in broad strokes and in four distinct periods, pre-2000, 2000-2010, 2010-2020 and post 2020. This mapping of developments largely coincides with the subsequent strategic medium-term planning periods in EU-Governance.

2. BEFORE 2000: ACADEMIC AND INITIAL EU DEVELOPMENTS

The need for social monitoring originated from concerns with social phenomena like poverty and inequality. These were blind spots in the evidence base for policy (and science), which was largely based on macro-economic and National Accounts data. After pioneering initiatives to measure poverty, especially in the US and the UK, a start to fill these gaps in a more systematic way happened in the second part of the 20th century in the context of the so called social indicators movement. This movement to be situated in the 1960s and 1970s, consisting of academics and government agencies, broadly aimed at developing monitoring tools complementary to economic monitoring.

With the need for social indicators came also the need for micro-data. To measure poverty, inequality or the impact of social transfers on living conditions, detailed data on incomes and living conditions at the level of the individual person and the household are required. In Belgium, the first large scale household survey was held in 1976 in Flanders by the research Centre for Social Policy of the University of Antwerp. Follow-up surveys, extended to the whole of Belgium, were held during the 1980s and 1990s. These data allowed the construction of indicators on poverty, inequality and the adequacy of social allowances. Similar data collections were held in a number of other countries.

From the 1980s international initiatives started to emerge, aimed at collecting and organizing data to allow for international comparisons. In 1983 the Luxemburg Income Study (LIS) started, collecting data-sets from different countries. Also in the 1980s the European Commission launched the first poverty programs which consisted of relatively small scale projects, but also comparative research which resulted in the first comparative results on poverty in the EU. In the early 1990s Eurostat launched the first coordinated data-collection on income and living conditions, the European Community Household Panel (ECHP). For some countries, like Belgium, the ECHP integrated already existing surveys, while for others a new survey was launched. The ECHP was an input harmonized survey, meaning that the variables were pre-defined and had to be integrated in the questionnaire in an harmonized way. As it appeared this approach wasn't optimal, especially for the income variables, due to the diversity of social security and other institutional arrangements. Although the ECHP was not linked to any governance process, it allowed for the first time an annual monitoring of a number of social indicators for 14 (incl. UK) Member States.

3. THE LISBON STRATEGY (2000-2010): EU-SILC DATA AND LAEKEN INDICATORS FOR A SOCIAL OPEN METHOD OF COORDINATION

3.1. AGREEING ON SOCIAL INDICATORS

The situation changed drastically as from 2000, with the Lisbon Summit, launching the Lisbon Strategy for the period up to 2010. At the extraordinary meeting of the European Council of 23 and 24 March 2000 in Lisbon, the heads of state and government of the 15 countries of the EU defined a new strategic objective in order to strengthen employment, economic reform and social cohesion. The Council identified the challenge that *"The European Union is confronted with a quantum shift resulting from globalisation and the challenges of a new knowledge-driven economy. These changes are affecting every aspect of people's lives and require a radical transformation of the European economy." and formulated the ambition "to become the most competitive and dynamic knowledge-based economy in the world, capable of sustainable economic growth with more and better jobs and greater social cohesion".*

It was for the first time that the social dimension was formulated as part of overall EU Governance. It should however be noted that work on social aspects remained under the remit of the principle of subsidiarity. Therefore, to discuss and coordinate social policies, a specific method was agreed: the open method of coordination (OMC). This method was applied first for the domain of social inclusion and shortly afterwards for pensions and health and long-term care and these three OMCs were then joined in one OMC Social Protection and Social Inclusion.

The OMC can be described as a method of intergovernmental governance without binding character. It consists of following ingredients[3]:

- The formulation of Common objectives
- Monitoring on the basis of indicators
- Mutual learning and peer pressure
- Policy guidelines
- National reporting (national action plans)

This policy and political context set the stage for a quantum shift regarding social monitoring. Because, to have a basis for mutual learning and to assess progress towards common objectives indicators and data are needed. It is noteworthy that Belgium, in the run-up and during its 2001 Presidency of Council of the European Union, played a pivotal role in these developments. At the Nice European Council in December 2000, Heads of State and Government reconfirmed and implemented their March 2000 (Lisbon) decision that the fight against poverty and social exclusion would be best achieved by means of the open method of co-ordination. Key elements of this approach are the definition of commonly-agreed objectives for the European Union (EU) as a whole, the development of appropriate national action plans to meet these objectives, and the periodic reporting and monitoring of progress made.

To organize the work on the OMC, a new platform was created: the Social Protection Committee (SPC). The SPC was created through a Council Decision in 2000

(3) See Van Hercke (2020) for a more detailed discussion of the OMC

(Council of the European Union 2000). The SPC built on the working methods of the Employment Committee, including the fact that civil servants report directly to the competent ministers (input from the SPC going to Council, without going through COREPER)[4]. To support its analytical and technical work on indicators, the SPC created a permanent Indicator Subgroup (ISG), consisting of national experts. It was in the SPC and its ISG that a list of indicators was prepared and initially agreed.

Preparatory technical, as well as political, discussions, were intense. There was of course political resistance against the introduction of social indicators, which would enhance the visibility of the social domain and the different performance levels of Member States. The discussion also raised questions on subsidiarity. There were also fierce discussions on methodological issues, partly caused by the complex nature of social phenomena like poverty and social exclusion, also partly mixed with political concerns on how these phenomena would be measured and monitored. Much of the discussion focused on the key headline 'at-risk-of-poverty (AROP)' indicator, as much of the visibility of the monitoring would be focused on this indicator[5].

The AROP was the indicator with the longest tradition in academic research. It had also already been quite extensively used in comparative studies, namely based on the Luxemburg Income Study, e.g. by the OECD. Its strengths and weaknesses were well known. It met to a large extent the quality criteria for the use social indicators in the EU governance process put forward by Atkinson et. al. (see below) and, importantly, it was in line with the European Council's, relative, definition of poverty[6] . Its main weakness is in fact linked to its, quite unavoidable, relative nature, which makes its results in some cases not easy to interpret. One issue that appeared problematic was that some countries with low AROP-rates had in fact also low living standards compared to other EU countries. As there appeared to be a need to have also an indicator on the absolute living standards in a country it was agreed that the AROP should be interpreted jointly with the AROP-threshold, which would indicate differences in living standards between countries. Furthermore, the need for a more direct measurement of living conditions on the basis of a material deprivation indicator was also put forward (see below).

To meet the concerns regarding possible infringements on subsidiarity, it was agreed to focus on outcome indicators. Hence, the assessment of Member States' performance would be on the results of their policies, while leaving them the freedom of choosing the appropriate policies to evolve towards the common objectives.

(4) Later, in the context of the Lisbon Treaty, the SPC became a Treaty-based Committee (Article 160 of the Treaty on the Functioning of the EU).

(5) he At-risk-of-poverty rate is defined as the percentage of the population living below the poverty threshold set as 60% of median (equivalent) disposable household income

(6) "The poor shall be taken to mean persons, families, and groups of persons whose resources (material, cultural, and social) are so limited as to exclude them from the minimum acceptable way of life in the Member State in which they live." (Council Decision 85/8/EEC of 19 December 1984 on Specific Community Action to Combat Poverty)

To guide discussions, an academic study by the late Tony Atkinson, Bea Cantillon, Eric Marlier and Brian Nolan, commissioned by the Belgian Presidency, was instrumental (Atkinson et. al, 2001). As was a high level Presidency conference on September 14-15, 2001, which brought together all EU experts on social indicators to scientifically demonstrate that common social inclusion indicators at European level are useful and may be defined and calculated with precision.

It is in this context that the Laeken European Council in December 2001 endorsed a first set of 18 common statistical indicators for social inclusion, to allow monitoring in a comparable way of Member States' progress towards the agreed EU objectives. These indicators need to be considered as a consistent whole reflecting a balanced representation of EU social concerns. They cover four important dimensions of social inclusion (financial poverty, employment, health and education), which highlight the "multidimensionality" of the phenomenon of social exclusion[7].
It is relevant to note that the OMC-toolkit also included a Joint Social Protection Report and National action plans on social inclusion (later social protection and social inclusion). The first was a joint report in which the Commission and the Member States (via the SPC) reported to the Council of Employment and Social Affairs and the latter was a document in which Member States reported to the Commission on their evolution towards the common objectives and the policies put in place. So with the SPC and these reporting tools the infrastructure was in place to insert the evidence base in the policy process.

3.2. AGREEING ON THE DATA

While discussing a set of social indicators, it became also clear that existing data sources were not sufficient to calculate quality indicators in a comparable way. So, early 2000 reflections already started on the creation of a common EU data source on income and living conditions of better quality. Discussions on how to organize this were also not easy. Key points of discussion surrounding the introduction of EU-SILC include:

3.2.1. Improvement in Data Quality and Coverage

- **Replacing ECHP**: One of the core discussions was the need to improve on the ECHP, which had been criticized for several limitations, such as slow data production and inconsistent methods across member states. EU-SILC was designed to provide more timely and reliable data.

(7) Following indicators were agreed: Indicator 1a : At-risk-of-poverty rate by age and gender Indicator 1b : At-risk-of-poverty rate by most frequent activity and gender Indicator 1c : At-risk-of-poverty rate by household type Indicator 1d : At-risk-of-poverty rate by tenure status Indicator 1e : At-risk-of-poverty threshold (illustrative values) Indicator 2 : Inequality of income distribution S80/S20 quintile share ratio Indicator 3 : At-persistent-risk-of-poverty rate by gender (60% median) Indicator 4 : Relative at-risk-of-poverty gap Indicator 5 : Regional cohesion (dispersion of regional employment rates) Indicator 6 : Long term unemployment rate Indicator 7 : Persons living in jobless households Indicator 8 : Early school leavers not in education or training Indicator 9 : Life expectancy at birth Indicator 10 : Self defined health status by income level Indicator 11 : Dispersion around the at-risk-of-poverty threshold Indicator 12 : At-risk-of-poverty rate anchored at a moment in time Indicator 13 : At-risk-of-poverty rate before social transfers by gender Indicator 14 : Inequality of income distribution Gini coefficient Indicator 15 : At-persistent-risk-of-poverty rate by gender (50% median) Indicator 16 : Long term unemployment share Indicator 17 : Very long term unemployment rate Indicator 18 : Persons with low educational attainment

- **Harmonization of Data**: The goal was to harmonize methodologies across all member states, ensuring comparability of data, while allowing flexibility to accommodate national-specific conditions. This was crucial because income and living conditions data were highly variable across different EU countries. A main weakness of the ECHP was its top-down input harmonization: survey questions were to a large extent harmonized, but did not fit the diverse national institutional frameworks, especially regarding the income variables. Hence, for EU-SILC and output harmonization approach was chosen to allow Member States to adapt survey questions to their national context, while this information would be harmonized in common concepts after de data were collected.

3.2.2. Flexibility for Member States

- **National Adaptation**: While comparability was a priority, another discussion point revolved around the need for flexibility for individual member states. EU-SILC aimed to introduce a "common framework" but allowed countries to implement the survey in a way that fit their national data collection practices (e.g., through administrative data or household surveys).
- **Transition Period**: Member states were given a transition period to adapt from the ECHP to EU-SILC, as some countries had developed robust national surveys and were concerned about harmonization potentially disrupting their established practices.

3.2.3. Data Timeliness and Access

- **Faster Data Production**: Discussions included how to ensure more timely data to meet policymakers' needs. There had been criticism of the ECHP for its slow processing times. EU-SILC was designed to address this by providing annual cross-sectional and longitudinal data on households.
- **Access to Microdata**: Another issue was the need for researchers and policymakers to have better access to microdata, enabling them to carry out detailed analyses. Eurostat emphasized that EU-SILC would improve data access for research purposes.

3.2.4. Challenges in Implementing Longitudinal Data

- **Longitudinal vs. Cross-Sectional Data**: One of the concerns was how to balance the demand for cross-sectional data (for year-by-year analysis) with the need for longitudinal data (for tracking individuals over time). EU-SILC was designed to provide both, but discussions were held on how to manage the technical and methodological challenges of longitudinal data collection.

3.2.5. Financial and Administrative Concerns

- **Funding for Member States**: EU-SILC required investment in new survey techniques, data collection tools, and staff training. Some member states expressed concerns about the financial and administrative burden of implementing the new system. Here Eurostat played a key role to offer technical assistance and financial support to help countries with the transition.
- **Standardized Methodology**: The complexity of standardizing the methodology for measuring income, poverty, and living conditions in diverse national contexts

was also debated. This included defining income in comparable terms across countries, considering tax systems, and social transfers, which vary widely.

3.2.6. Broadening the Scope of Measurement

- **Multidimensional Measures**: Another discussion focused on broadening the scope of poverty measurement beyond just income-based indicators. EU-SILC was designed to capture a more multidimensional perspective on poverty and social exclusion, including material deprivation, housing conditions, and access to basic services.
- **Vulnerable Groups**: A key issue was ensuring that EU-SILC could adequately capture the living conditions of vulnerable groups, such as the elderly, children, and immigrants, which were often underrepresented in previous surveys.

3.2.7. Technical and Methodological Challenges

- **Income Definition and Comparability**: One of the central technical discussions involved how to define and compare income across member states. This included debates over how to account for non-monetary income, social benefits, taxes, and the impact of inflation or purchasing power differences between countries.
- **Sample Design and Data Collection**: Ensuring that the sample design for EU-SILC would be robust enough to represent different population groups was another technical challenge discussed. Countries had varying experiences with survey methodologies, and this required coordination to ensure comparability.

The intense work resulted in a first legal basis for social data across the EU in the form of Regulation No 1177/2003 of the European Parliament and of the Council of 16 June 2003 concerning Community statistics on income and living conditions (EU-SILC). While Belgium (Statbel) already had a full-scale pilot data collection in 2003, the first official EU-wide data collection took off in 2004, with a few Member States joining in over the next couple of years.

3.3. AFTER THE START-UP

So, by the mid-2000s a statistical framework was in place and with the SPC/ISG and the reporting, also the framework to insert the evidence base on the evolution of the social situation in the EU and the evolution towards the common objectives was in place. However, by the mid-2000s there was a political shift which assigned a less central place for social issues in the EU governance. The social OMC became more a parallel process next to the main EU governance, which became more focused on growth and jobs.

Notwithstanding being side-tracked to some extent, in the period 2005-2010 the SPC and its ISG worked hard to extensively **broaden the initial set of 18 indicators**. This work not only extended the set of poverty and social inclusion indicators, but also elaborated sets of indicators for the pensions and health and long term care strands.

An important workstream in the poverty and social inclusion strand was the start of the development of a more robust **material deprivation indicator**. As noted above, the AROP reflects the relative and monetary aspects of poverty. There appeared

to be a need for a complementary, more direct, absolute, measurement of living conditions and their evolution. An indicator on material deprivation was put forward to complement the AROP indicator.
The material deprivation indicator is based on the work of Peter Townsend (1979) who developed indicators of low living standards – deprivation indicators- to examine at which income levels there is a significant drop in living conditions, which could then be used to identify situations of poverty. These deprivation indicators were based on sets of items measuring different aspects of living conditions, which combined would constitute a deprivation indicator. While EU-SILC contained from the outset a number of such deprivation items, which it 'inherited' from the ECHP, it was considered that a more elaborate list, more suited for the EU context would be required. To meet this need, identified in the ISG, Eurostat established a Task Force on Material Deprivation in 2007. The task force was created in response to the need for better measurement and understanding of material deprivation across EU member states. Its primary goal was to develop an indicator that could complement the at-risk-of-poverty rate by capturing non-monetary aspects of poverty and living conditions. A new indicator replaced the original material deprivation in 2017 after elaborate validation work. The new indicator is based on 13 items instead of the original 7 items. As the scope of the items was larger, the name was also adapted to 'Material and social deprivation'.

Another major development was situated in the pension domain. While both the sustainability, transparency as well as adequacy of pension systems are stated objectives of the social OMC, it is clear that particularly on the latter dimension the SPC can produce a crucial value added to the work on pension sustainability by the Ageing Working Group of the Economic Policy Committee. Therefore the SPC-ISG launched a special Working Group to develop and agree on **Theoretical Replacement rates (TRR) for pensions**. Parallel to sustainability projections, TRR inform on current and future adequacy defined as the standard of living that people can achieve in retirement compared to their own situation when working, given certain assumptions. Current TRR describe the situation of people who retire today. Prospective TRR describe the foreseen situation of people retiring in the future under the pension legislation enacted by the time of the calculation of the TRRs , including transitional rules to be implemented gradually that may be legislated in enacted reforms. Thus, the calculations for prospective TRR should typically reflect reformed pension systems in full maturity. As the TRRs crucially depend on a number of assumptions, a lot of discussion went into the definition of cases. Jointly with EU-SILC based indicators on the at-risk-of-poverty rate among the elderly, the aggregate replacement rate, the median relative income of the elderly, the TRRs became key indicators to monitor the adequacy of pension systems, and as from 2012 they became the backbone of the Pension Adequacy Report which was published every three years from then on.
A number of indicators were also agreed on **healthcare**, which were partly based on EU-SILC, like the unmet need for medical and dental care, and partly based on already existing indicators, e.g. (healthy life expectancy, survival rates, vaccination coverage). However, work on the health and long-term care domains remained less intensive than on the other domains. This can be partly explained by a lack of data – certainly in the long-term care domain -, but also due to subsidiarity concerns which were more prominent in these domains.

Next to the above mentioned key developments, other additions to the indicator set were agreed. By the end of the 2000s, the work of the SPC-ISG had resulted in a quite elaborate **'Portfolio of EU Social Indicators'**, which presents all agreed indicators with their definition and also a label indicating their quality which should guide their use in the policy process[8].

4. THE EUROPE 2020 STRATEGY (2010-2020): MONITORING IN A UNIFIED EUROPEAN SEMESTER PROCESS, AUSTERITY TIMES AND THE EUROPEAN PILLAR OF SOCIAL RIGHTS

By 2010, the new medium term strategy had to be developed in the aftermath of the financial crisis of 2008, which was soon followed by an economic crisis and a sovereign debt crisis in some Member States, affecting overall EU policies.
Developments in monitoring the social situation under the new strategy built on the work during the Lisbon strategy, but were also heavily influenced by the crisis context in which the strategy was launched

4.1. THE INTRODUCTION OF QUANTIFIED SOCIAL TARGETS

A major novelty in the new strategy was the introduction of social targets. Targets are considered to be important as they can organize and direct policy action and enhance the visibility of policy issues. Social targets in the EU governance, mirroring dept and budget targets, was considered important by the social filière to come at a more equal footing with the economic filière. The then still recent shock of the financial crisis will most likely have contributed to the idea of introducing social targets. The introduction of the targets happened through a relatively short but intensive period of discussions in the indicator subgroup of the SPC, which started following a proposal by the European Commission.

In its proposal for Europe 2020 strategy, the Commission proposed to Member States to commit themselves to reducing poverty by one fourth by 2020, lifting 20 million of people out of poverty. This reduction was considered feasible, since it would bring down the poverty rate to the average of the 14 best performers. It also corresponded to the pace of reduction observed in recent years in the 8 Member States that managed to reduce poverty.

The Commission proposed to set the target on the basis of the at-risk-of poverty rate. It was the agreed headline indicator used to measure poverty at EU level. It had been endorsed by the European Council in 2001, and it had been used in various EU processes (Social OMC, Lisbon Strategy, Sustainable Development Strategy) since then. It had also been used by the OECD and by national governments. It had been used by a number of countries to set targets for poverty reduction at national level; and it had already been used in the vast majority of countries to inform the general public about the extent of poverty.

(8) https://ec.europa.eu/social/main.jsp?catId=738&langId=en&pubId=8513&furtherPubs=yes

However, a majority of Member States opposed the idea to base the target on only one single indicator. Therefore, following further discussion two indicators were added: the 'material deprivation rate'[9] and the '(quasi) jobless households rate'. Adding these indicators was considered to better reflect the different policy options Member States can choose to impact on the target. The three indicators respond to different policy actions. The At-risk-of-poverty rate' responds more to redistributive measures, while the material deprivation indicator to overall macro-economic evolutions. The (quasi-) joblessness indicator is of course expected to react to labour market policies.

Thus, the target population was defined as the number of people in the EU and in the Member States who were at-risk-of-poverty and/or materially deprived and/or living in a (quasi-)jobless household. Unlike eg. the employment target, the poverty target was set as a reduction of the absolute number of persons in poverty and not as a percentage. The combination of the three indicators as a basis for the target encountered some academic critique, in that by combining these three indicators mixes both poverty and its causes. The latter pointing mainly the (quasi-)joblessness indicator. In view of the very different dimensions reflected by these three indicators it was agreed from the onset that in the monitoring of the target, the combination of the three indicators (the at-risk-of-poverty or social exclusion rate/number – AROPE) should always be accompanied by the monitoring of the three sub-indicators.

In hindsight, it can be concluded that this arrangement with the three indicators worked quite well, both in terms of the ability to monitor the evolution of poverty as in terms of support from Member States. In their evolution of the Europe2020 strategy both SPC and EMCO pleaded for a continuation of the use of the AROPE target in the subsequent mid-term strategy.

4.2. FURTHER STEPS IN BENCHMARKING MEMBER STATES' PERFORMANCE

The new Europe 2020 strategy introduced a new governance framework: the European Semester. The European Semester is an annual policy cycle which starts in the end of year N-1 with the Commissions' Annual (sustainable) growth survey in which the Commission sets out priorities for the next year. In year N follow country reports with an in-depth study of fiscal, economic and employment and social situation. By end of April Member States send in National Reform Programs in which they monitor the evolution towards the targets and present the policies set out. Early summer, the Commission publishes its proposal for Country Specific Recommendations (CSRs), which are to be approved by the Council after discussions with the Member States in the Committees.

The scope of the policies under surveillance is defined by the integrated guidelines, of which guidelines 5 to 8 are dedicated to employment and social policies. The guidelines are the basis for the Country Specific Recommendations. To monitor the performance of the Member States the Commission jointly with the Member States

(9) Later replaced by the 'material and social deprivation rate'.

in the Employment Committee (EMCO) and SPC developed the *Joint Assessment Framework (JAF)* to monitor Member States' performance.
The JAF is structured on the basis of a number of employment and social policy areas drawn from the employment guidelines. For each of these policy areas indicators are selected on which the Member States' performance is assessed and Member States are divided into performance groups. The methodology is complemented by a qualitative assessment. Taking account of both levels and changes for each Member State key employment and social challenges are identified. Efforts to develop and agree also on a dedicated Joint Assessment Framework for Healthcare were less successful as for some Member States subsidiarity concerns played a major role here.

Complementary, the SPC developed a *Social Protection Performance Monitor (SPPM)* to monitor the poverty target and identify trends to watch. The SPPM starts with a dashboard of about 20 key social indicators of which the changes in the levels are assessed against the previous year and the beginning of the Europe 2020 strategy and each indicator with a statistically significant worsening or improvement is flagged. Next, for each indicator the number of Member States with a significant worsening or improvement is counted. Indicators on which 9 or more Member States show a negative trend are flagged as trends to watch and Indicators with 9 or more Member States with a positive trend are flagged as good outcome. The SPPM also contains a more in-depth overview of performance
These new monitoring tools serve as the backbone of key policy reports. The SPPM is the basis for the Annual Report of the SPC and the Social Scoreboard is the basis for the monitoring part of the Joint Employment Report. These tools allowed an enhanced use of the agreed indicators. They allowed to integrate them deeper in the policy process and enhance the visibility of social issues in the process.

Next to these overall monitoring tools specific thematic benchmarking frameworks were developed for pension adequacy and minimum income.

4.3. THE MOMENT THAT SOCIAL INDICATORS *REALLY* PLAYED A STRATEGIC ROLE

As an initial response to the economic crisis following the 2008 financial crisis, Member States' automatic stabilizers played their role in mitigating the social impacts of the crisis. However, quite soon fiscal concerns gained priority and the EU entered the period of the so called austerity policies. Some Member States were placed under EU surveillance. By 2013-2014 it became clear that this policy orientation produced severe social side-effects. In particular, but not only, in the Member States under surveillance social indicators showed worrying trends. It concerned unemployment rates, poverty rates, overall household income levels, health indicators, …
As awareness grew on these negative social evolutions initiatives were taken to monitor these developments more closely, next to the economic surveillance. There were in fact two different, and conflicting initiatives. The then Commissioner for Employment and Social Affairs Andor took the initiative to develop a social scoreboard, consisting of five indicators[10]. At the same time the then Commissioner for Economic and monetary

(10) The unemployment rate, the NEET-rate, Gross Household Disposible Income, the AROP-rate for the working age population and the inequality rate (S80/S20)

affairs Rehn, took the initiative to add some social indicators to the scoreboard of the Macro-Economic Imbalance Procedure (MIP). These parallel initiatives revealed of course some tensions regarding the control over the input in the policy process between the two policy strands.

While the social indicators have hardly been used in the context of the MIP, the social scoreboard did have an important impact. It was included in the Joint Employment Report as from 2014. Although the number of indicators in the initial scoreboard was limited, they did show a clear, diverging, picture in the evolution of the social and employment situation between Member States. This signal had a significant impact on overall EU Governance as the objective of upward (social) convergence is at the core of the European project.

4.4. ENTER THE EUROPEAN PILLAR OF SOCIAL RIGHTS WITH AN ENHANCED SOCIAL SCOREBOARD

The signal that emerged from the monitoring of the social situation was reflected in some high level reports around 2015, e.g. the Five Presidents Report on Completing Europe's Economic and Monetary Union[11]. This report pleaded for further steps in economic and monetary coordination, but also for a greater focus on employment and social performance. The proclamation of the European Pillar of Social Rights (EPSR) at the Gothenburg Summit in 2017 was a major step in this direction. The EPSR puts forward 20 principles which reflect the key components of an EU social agenda, including concrete proposals to make progress on these principles. The experience during the previous years had shown the importance of a strong social monitoring capacity. In line with this, the EPSR included a proposal for an enhanced social scoreboard. The proposal included a wider set of indicators, linked to the 20 EPSR principles to be included and also a further strengthening of the benchmarking of the performance of Member States on these indicators. Member States' performance is assessed on a scale ranging from 'best performers' to 'critical situations'. The assessment is based on both the levels and changes in the indicators, relative to the EU-average[12].

Thus the social scoreboard is to contribute to the overall EPSR objective of, contrary to what happened before 2015, establishing a trend of upward social convergence in the EU.

At least equally important was that the social scoreboard was included in the Joined Employment Report (JER), which is part of the Autumn Package - the set of documents that launches the annual policy cycle which is called the European Semester. In fact, the Social Scoreboard is the main monitoring tool in the JER. The results of the Social Scoreboard are supported and extended by other indicators and analysis in the JER, and on a more detailed level in the Country reports that the European Commission

(11) https://commission.europa.eu/document/download/261ad02b-070a-47a1-b52b-b242db48addf_en?filename=The%20Five%20President%27s%20Report%3A%20Completing%20Europe%27s%20Economic%20and%20Monetary%20Union

(12) A description of the methodology of the social scoreboard is included in the annexes to the annual Joint Employment reports, eg. the '24 version: https://www.eumonitor.eu/9353000/1/j9vvik7m1c3gyxp/vm8dtbsl7nu6

issues later in the policy process, and which form the basis of the Country Specific Recommendations.

So, with the inclusion of the Social Scoreboard in the JER, social indicators have become part of the main EU policy process and have in a number of cases been the basis for issuing Country Specific Recommendations.

4.5. STRENGTHENING STATISTICAL CAPACITY: TIMELINESS OF SOCIAL INDICATORS AS A CRUCIAL CHALLENGE

As mentioned before, the timeliness of the data and the indicators based on them was a concern from the outset. The need for more timely data only increased due to the financial crisis and its further impacts. Closely monitoring the social impact is necessary to react adequately to crisis situations and evolutions. It is also necessary to link social with economic developments which is important as a basis for integrated policies. Two main initiatives can be signalled as a response to this increased need.

First, within the statistical system the initiative was taken to launch a process to renew the **legal basis** of the different social surveys coordinated by Eurostat and to integrate them in a common legal framework. The objective was to better respond to the, increased, need for social data by coordinating better between the different surveys and to strengthen the legal basis of these surveys. For EU-SILC the work also included proposals for a significant improvement in the timeliness. These proposals included that the data would be transferred to Eurostat at the end of the year of data-collection, which would make them available for the European semester process of the data-year N+1, while in the early EU-SILC years it took until N+2. A framework regulation establishing a common framework for European statistics relating to persons and households, based on data at individual level collected from samples was agreed in 2019 (EU 2019/1700).

A second important initiative concerned microsimulation capacity. The **Euromod model**, developed in academic context under coordination by the University of Essex, was integrated in The European Commissions' Joint Research Centre and Eurostat. This integration signified that the capacity to perform distributional impact assessments was institutionalized at EU-level. Regarding the issue of timeliness, it also contributed to the development of the capacity to nowcast EU-SILC results. The need to nowcast EU-SILC results stems from the way income data are collected. Income data collected in EU-SILC refer to the year before the year of data-collection (N-1). This means that when the indicators come available in year N+1, income and some other data have a time lag of 2 years. Via statistical and econometric modelling the value of the indicators is estimated for year N. While the nowcasting still is in further development, results appear overall to be of good quality. Under the name 'flash-estimates' the nowcasted estimates of a number of indicators are taken on board in the Annual Report of the SPC.

So, during the Europe 2020 strategy important further steps were taken for social monitoring to support integration of social policies in the overall governance process.

The EPSR further stimulated monitoring and benchmarking work, leading to a significant expansion of monitoring instruments.

Summarizing, one can say that during the Europe2020 strategy period, social monitoring capacity was extended significantly, its statistical basis was reinforced and social monitoring became more integrated in overall policy monitoring.

5. BEYOND EUROPE 2020

More recent developments can be mainly framed in the plans of the first Commission Von der Leyen (2019), including an ambitious action plan on the further implementation of the EPSR, next to the continued monitoring in the context of the European Semester Process.

5.1. THE EPSR ACTION PLAN ...

The action plan initiated further work on strengthening and extending monitoring instruments. It included a revision of the Social Scoreboard as well as further policy initiatives requiring the development of monitoring frameworks.
The revision of the social scoreboard included filling in some gaps in the coverage of the EPSR principles as well as replacing some indicators by others reflecting data developments. However, overall, changes in the social scoreboard indicators and methodology remained limited.
The action plan on EPSR included a number of policy initiatives among which a Council recommendation on minimum incomes, a Council Recommendation establishing the Child Guarantee, a Council Recommendation on access to affordable and high-quality long term care. These different policy initiatives all included the development of specific monitoring and benchmarking frameworks. Following intensive work in the SPCs' indicator Subgroup, frameworks have been developed on all these themes by the end of 2024.

5.2. ... AND THE EUROPEAN SEMESTER

Next to what was in the action plan additional initiatives were taken to further strengthen monitoring and impact assessment capacities, especially in relation to the European Semester .
In the context of the 2021 Porto-summit, where the action plan on the EPSR was adopted, Belgium and Spain issued a joint non-paper which contained a proposal to enhance the monitoring framework. The proposal was to develop a Social Imbalances procedure (SIP), based on the social scoreboard.

The objective of such a SIP would be to identify more clearly, and prepare policy action for, developments which would deviate significantly and negatively from stated common objectives, mirroring to some extend the Macro-economic Imbalances

procedure. The proposal gained support, but a number of Member States were not in favour of including a SIP in the governance framework[13].

The discussion on the SIP ran over a couple of years, with a special joined SPC/EMCO working group preparing a possible approach. This resulted in a proposal to change the scope from imbalances to risks to upward convergence. Hence the proposal to change the name of the procedure to 'Social Convergence Framework' (SCF). The procedure would include two stages. In the first stage Member States posing a potential risk for upward social convergence would be identified on the basis of having subsequent clear negative evolutions as identified by the Social Scoreboard. In a second stage a more in-depth review would allow confirming or rejecting labelling the Member States identified in the first stage as posing a risk to upward social convergence.

Notwithstanding the proposals, positions of proponents and adversaries remained largely unchanged. It was only in 2024, in the context of the negotiations on a new Economic Governance Framework, it was decided to include a Social Convergence Framework in the Regulation ((EC) No 2024/1263). This happened in fact during the stage of the trialogues on the Economic Governance Framework, so outside the EPSCO filière. Anyway, it gave the SCF a firm legal basis. The SCF is implemented in the European Semester via the Joint Employment Report for the first time in the 2025 cycle.

Another development is more recent, and was again initiated by Spain and Belgium during their respective Presidencies of the EU Council in 2023 and 2024. The new initiative aimed at strengthening capacities to assess returns of social investments and was linked to the development of the new Economic Governance Framework mentioned before. The ES/BE initiative started from the observation that social expenditures are not only a cost, but at least to some extend also an investment, generating economic and budgetary returns. Assessing these returns had become necessary in view of the developments on the EGF, where Member States, in order to get an extension of the time-frame for bringing the budget in line with common EU criteria, are requested to underpin their reforms and investments with evidence showing that these will contribute to the economic and budgetary objectives.

The ES Presidency initiated an Informal Working Group on Social Investment, under ES and BE Chairing, to explore the issue of returns on social investments from a theoretical and, mainly, methodological perspective. Among the methods identified as useful for assessing returns on social investment are experimental designs, micro-simulation/distributional impact assessment and cost-benefit analysis[14]. Under the Belgian Presidency, the Council mandated the European Commission to create a 'Knowledge Hub' with the aim pooling knowledge on methods and approaches Member States can use to assess the returns of their social reforms and investments.

(13) Different arguments were put forward, mainly focusing on the potential additional administrative burden and on the timeliness of social indicators being insufficient. However, it can be assumed that these practical and statistical objections reflected mainly political concerns.

(14) See report of the Informal Working Group on Social Investment: https://socialsecurity.belgium.be/sites/default/files/content/docs/joint_ecofin-epsco_-_technical_note.pdf

5.3. FURTHER THEMATIC INDICATOR DEVELOPMENTS

Next to the above mentioned developments, the climate transition and related EU policy initiatives necessitated also launching work to monitor the social aspects of climate change. So far initial work has been done on the themes of energy and transport poverty. However, due to the absence of adequate data progress has so far been limited.

5.4. DATA AND STATISTICS

Following the adoption of the 2019 Integrated European Social Statistics Regulation, Eurostat and the Statistical System focused on implementing the Regulation. Regarding EU-SILC, this included defining and agreeing on the content of the rolling modules and modules for ad hoc policy needs[15]. A milestone was that in 2022 social indicators based on data of the data collection year (2021) for the first time became available before the summer (N+1). Some further improvements in the timeliness are envisaged for the coming years.
Next to the work on the EU-SILC content, work on elaborating and finetuning nowcasting methodology continued as well as work on exploring the possibility of producing statistics on the joint distribution of income, consumption and wealth. Both are currently published as experimental statistics.

Also in the domain of Social Protection Statistics further work, already started before 2020, was continued. Among the work strands are also in this context enhancing timelines via National Accounts based early estimates, improving the ESSPROS methodology and extending with statistics on benefit recipients.

6. MAJOR PROGRESS, BUT IMPORTANT REMAINING CHALLENGES – SOME CONCLUDING REMARKS

It has been an intense couple of decades for social indicator and social monitoring development. Notwithstanding the really substantial progress that has been achieved, important challenges remain.
First and foremost, **data**. While EU-SILC has been established as the robust reference data source for income, living conditions and social policy monitoring, data needs have also increased. Needs on more **timely data** have clearly come to the forefront as a consequence of the subsequent crisis situations over the last 15 years. The improvement of EU-SILC timeliness is important, however the nature of some of the key indicators like income and (quasi-)joblessness is such that they can only be completely measured with a time lag. To remain in line with developments in timeliness of evidence in other policy strands, it is key to also improve timeliness of social monitoring[16]. There are different pathways to enhance timeliness, both modelling approaches and additional

(15) For an overview of the rolling modules see: https://ec.europa.eu/eurostat/web/income-and-living-conditions/database/modules

(16) Sometimes it is assumed that economic indicators are in general much more timely than social indicators. It should however be noted that more structural indicators also come with a time-lag in other policy strands. In this sense, timeliness of economic indicators in the Macro-Economic Imbalances scoreboard also lags vis-à-vis the current situation

data should be considered. Priority seems to be here to enhance nowcasting. Estimates appear to be quite good for the large majority of EU Member States, with issues remaining for a few countries. Here the ambition should be to bring nowcasting estimates beyond their experimental status in the short term and integrate them fully in the monitoring work. Other approaches, eg. based on national accounts[17] should also be explored, as well as more timely data collections. On the latter the SPC-ISG has been collecting the most recent data on benefit recipients during the subsequent crises. Including such data on a more structural basis in the monitoring would also be an important value added[18]

Next to enhanced timeliness, there is also the need for **additional and more granular data**. Work over the last couple of years has shown that for most of the policy issues put forward in the EPSR action plan as well as for indicators on social aspects of the climate transition, data availability is insufficient for an adequate monitoring. Furthermore, more granular data are needed to assess returns on social investments. Social investment measures will not always be large scale, general population measures, but will often relate to specific categories or specific measures. To assess the impact of the latter, EU-SILC sample size will often be insufficient, or will lack the necessary policy levers. Therefore, enhancing access to **administrative data**, both on the national level and on the EU-level, is a priority. Many Member States struggle to have an adequate and timely access to their administrative data, both due to GDPR related concerns and institutional rigidities. As, according to the EU data strategy[19], data are a strategic resource, the necessary legal and institutional frameworks need to be set in place to allow also public services to make full use of this resource in view of supporting better policies.

An important new development in this regard is the adoption of **Regulation (EU) 2024/3018** amending Regulation (EC) No 223/2009 on European statistics, which came in effect early 2025. The regulation aims at enhancing access to both administrative and privately held data. It also seeks to enhance access to data in the case of crisis situations and for research purposes. At the time of writing this contribution, work is still ongoing regarding the concrete implementation of this regulation. In view of its potential to overcome the current data limitations with which SPC-ISG work is confronted, I consider it of key importance that a systematic reflection is set up on how it can contribute to social policy monitoring needs.

Enhancing **modelling and impact assessment capacity** is the next challenge. The inclusion of EUROMOD in JRC and Eurostat structures has been a major step forward in this regard. It allows assessing the impact of policies and making distributional impact assessments (DIA) possible. Many Member States are also developing and strengthening their capacities in this regard, in some cases building on

(17) Cf. Zucman et. al.: https://gabriel-zucman.eu/files/BSZ2023.pdf

(18) A research group of the University of Ghent has an agreement with a major bank to scientifically exploit the bank-account data. Although methodological issues remain, this may allow to tap on developments in incomes and expenditures in a very timely way. Cf. Peersman et.al.: https://www.ugent.be/eb/economics/en/research/gei/gei14

(19) https://digital-strategy.ec.europa.eu/en/policies/strategy-data

EUROMOD, in other cases developing national models. Work is ongoing to extend micro-simulation based DIA by developing more dynamic components allowing behavioural aspects in the modelling, by exploring micro-macro links by relating to macro-economic models, and by enhancing nowcasting. To strengthen capacity to assess returns on social investment knowledge on additional methods and approaches should also be enhanced, eg. cost-benefit analysis, the use of experimental methods in a policy context. Implementing the Knowledge Hub on an EU-level would be an important further step in this regard.

Overall, there needs to be an **investment in HR capacity** for this work. Both on EU-level as well in most countries capacity for social monitoring and impact assessment is still limited, compared to other policy strands. I am convinced that relatively limited investments in this regard can bring about substantial returns in terms of more effective and efficient policies.

Finally, to end this contribution I want to stress the importance of collaboration. The progress achieved over the last decades is the result of intense cooperation between the Social Protection Committee and its Indicator Subgroup and the European Commission (DG EMPL) on the policy side, the European Statistical System (Eurostat and the NSIs) and the scientific side, both academic and other international organizations like OECD. It has also been the result of intense (and always friendly) cooperation between persons within these bodies. As the people involved are beginning to reach retirement age, it is important that this collaboration is taken over by a new generation of experts that are convinced of the importance of social monitoring for good policies and for the wellbeing of our populations.

SPC: WHAT'S IN IT FOR EU MEMBER STATES?

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This publication is a great opportunity to emphasize the importance of the Social Protection Committee and its added value for EU Member States.

The SPC does not only provide a representative forum for multilateral social policy coordination, dialogue and cooperation at EU level. It is also an excellent environment for experts and policy makers from all EU Member States and the Commission to discuss emerging new trends and challenges and the most appropriate policy measures necessary to respond to the challenges faced by Member States such as the demographic change, the green and the digital transitions, the new ways of work or the evolution of our welfare state. As outlined in more details in previous articles of this review, this dialogue and cooperation between the Member States are at the heart of the "Open Method of Coordination" (OMC).

1. ADDED VALUE

The SPC is a forum for member states to exchange information on a common challenge or a common emergency. They can also learn from each other in organised settings such as the mutual learning workshops organised by the European Commission for SPC members on topics of interest. For instance, they can regularly participate to mutual learning workshops on access to social protection or on distributional impact assessment.

The SPC delegates learn to know each other meeting after meeting and this long-term cooperation allows them to count on each other when they face a challenge or when they want to start a new policy or implement new measures. This strong connexion is particularly useful in case of crisis like we have seen with the Covid-19 crisis, the energy crisis, and the war in Ukraine. The member states are able to rapidly exchange information and solutions to face these crisis.

In-depth **thematic-horizontal discussions** organized by the SPC have a strong added value. They require a lot of involvement from member states. However, they provide excellent opportunities, with the support of experts, to analyse the challenges and trends of a specific chosen topic, to discuss possible solutions, to share good and sometimes bad practices (also useful in order to avoid choosing wrong approaches).

On the one hand, it is sometimes a little difficult to discuss topics that go beyond the mandate of the SPC and include the competences of other ministries. On the other hand, it also provides greater opportunities to look more broadly, to understand the complexity of a problem, and at the same time, the need for a holistic approach in order to achieve good results. Thus, the **thematic reviews** could be considered one of the success stories of the SPC. For example, in 2024, a thematic review was organised on the implementation of the Council Recommendation on access to affordable high-quality long-term care, as a deliverable of the European Care Strategy. The 2022 Council Recommendation aims to improve access to affordable, high-quality long-term care for all people who need it, and concerns all formal and informal carers. In the framework of the thematic social reporting, 24 Member States submitted their national plans. The level of engagement of the member states was indicative of a high commitment as concerns the implementation of the Recommendation at national and regional levels and confirmed the good level of convergence when it comes to policy priorities at the Member States' and EU levels.

Another key dimension of the work of the SPC is the use of the OMC tools, such as the **peer reviews and the mutual learning activities** to promote cooperation and the sharing of experience and expertise among the Member States. These events allow an in-depth assessment and discussion, provide a focused and dynamic opportunity of exchange of information, experience and good practices, and stimulate critical reflection as well as the identification of opportunities. Each year in the work programme of the SPC, thematic areas are identified in the framework of social protection and social inclusion policies and the Members States are invited to propose and organise events with the support of the Commission. This work also focuses on the implementation of the European Pillar of Social Rights. In 2025, for example, the following themes were highlighted: strengthening social services, access to essential services for the most vulnerable, information and awareness-raising measures on pensions, or the affordability and quality of long-term care services.

Social protection is a complex issue that needs to be considered in a comprehensive manner and not in an isolated way. Therefore, close cooperation between SPC and other relevant Committees is of great value. The SPC cooperates mainly with four committees: very regularly with EMCO, the Employment Committee (see supra - specific article on cooperation between EMCO and SPC), with the Education Committee, with the Economic Policy Committee (EPC) and the Economic and Financial Committee (EFC). For instance, the SPC cooperates with EMCO, EPC and EFC in the framework of the European Semester for the negotiations of the Country Specific Recommendations.

2. CHALLENGES

Some of the challenges that the SPC faces could be mentioned as guidelines for the improvement of future activities.

First, in addition to regular permanent work, it would be worthwhile to maintain attention to **individual topics that are particularly relevant to the member states**

at a given point in time, crisis and urgent issues on which a member state could exchange with others who have faced similar problems.

Secondly, all activities based on **real-time data** would provide even greater benefits in drawing conclusions about a situation, or in order to plan national actions and decisions. This has been particularly the case in recent years during times of crisis for the EU. For example, during the covid-19 crisis or the energy crisis in 2022, the SPC was an important platform for the exchange of information and data between Member States, and with the Commission, on the challenges encountered and the measures taken at national level.

Thirdly, it is necessary to **involve as many stakeholders as possible in SPC** activities, to increase the awareness of the SPC activities and demonstrate the benefits of their outcomes at the national level. For instance, each year the social partners and key civil society organisation (such as the Social Platform or European Anti-Poverty Network) are invited to exchange with EMCO and SPC members on their key messages on the Autumn and Spring Package of the Commission in the context of the European Semester.

3. THE SPC AND THE COUNCIL PRESIDENCIES

Two times per year, **a meeting of the SPC takes place in the country holding the Presidency of the Council of the EU**. This gives the opportunity for this Member State to organize thematic discussions on topics in line with their own priorities. As an example, in recent years, the various presidencies have proposed thematic discussions on the following topics: the access to healthcare and long-term care (Czech presidency in 2022), the modernization of social protection systems and strengthening social resilience post-COVID (Swedish presidency in 2023), the Social protection for self-employed and atypical workers (Spanish presidency in 2023), or the challenges of the "silver transformation" – focusing on the economic participation of older persons (Polish presidency in 2025).

4. THE EXAMPLE OF THE BELGIAN PRESIDENCY

The SPC meeting held on 15 and 16 February 2024 in Antwerp **was an opportunity to discuss priority topics chosen by the Presidency**: access to social protection, social investments, the European Pillar of social rights (EPSR) and the future social agenda.

In terms of access to social protection, a recommendation was adopted in 2019 to ensure adequate social protection in a new context of major changes in the world of work and to make social protection to stand the test of time (to be future-proofed). New developments, including digitalisation, are giving rise to other types of work, such as self-employment and atypical contracts for employees (temporary or part-time work, work via a digital platform, etc.). Access to several branches of social security is often inadequate and sometimes impossible for these atypical workers. This Council recommendation is specifically aimed at supporting atypical workers and self-employed people who, because of their professional status, are not sufficiently covered by social security schemes and therefore face greater economic uncertainty. Since its

adoption, the Member States have taken steps to implement it. A report presented to the EPSCO Council in early 2023 showed that progress across the EU has been uneven. As the concrete measures to implement the recommendation have ended, the Belgian Presidency wished to discuss the state of progress of the work and how to continue to focus on the implementation of the recommendation in the future.

The discussions between the SPC delegates highlighted the difficulties encountered by Member States in implementing the recommendation, as well as possible ways of continuing to implement the recommendation. Delegates agreed that implementation of the recommendation should be a priority for the next legislature and were very supportive of framework and mutual learning between Member States. To this end, the SPC Indicators Subgroup will work on updating the monitoring framework and the Commission will approach Member States to set up new indicators and new mutual learning processes. They concluded that the possibility of a periodic report to the EPSCO Council could be examined in the future. This would be a way of ensuring that the issue remains on the political agenda in the longer term.

Concerning social investments, the debate organised in the SPC helped to prepare an important meeting of ministers under the Belgian Presidency of the Council the so-called JUMBO meeting: in fact a meeting of ECOFIN ministers inviting the EPSCO ministers to debate jointly on social investments. This type of JUMBO meetings are very rare and the orgainsation of such a meeting was a victory in itself. On 12 March 2024, at the "Economic and financial affairs" Council, the Ministers for Employment and Social Affairs participated in a policy debate with the Ministers for Economic and Financial Affairs on investment and social reforms for resilient economies.

Ministers discussed the positive effects of social reforms and investment on economic growth and fiscal sustainability, and provided examples of recent social and employment reforms in their countries that had helped to increase growth potential. Echoing the emphasis given by a number of delegations to assessing returns on social investment and reforms, the Belgian Presidency announced its intention to invite the EMCO and SPC to draw up common guidelines in this respect.

Belgium and the Spanish Presidency of the EU Council have set up an informal working group on social investment to better analyse the return on social investments and their interaction with economic growth and fiscal sustainability. The most common examples of social and employment reforms cited by member states were: upskilling and reskilling programmes; lifelong learning; after-school programmes; childcare (free); investment in young people with health problems; inclusion of disabled persons or those belonging to disadvantaged groups (return) into the labour market; minimum wage increase; pension reforms.

There was consensus on the need for targeted social investments based on an analysis of impact and effectiveness on growth and competitiveness.

In its conclusions, the Belgian Presidency stressed that there is still a need to refine the understanding of the positive effects and return on social investment in economic terms. An important element in this regard is generating a common understanding of

the methodologies and analytical tools that may be most useful for policy evaluation and investment performance assessment. For this reason, the Belgian Presidency has invited the EMCO and SPC committees to start technical work on guidelines for social investment in the coming months, with the support of the European Commission.

This led to the adoption by the EPSCO Council in June of Council conlusions on social reforms and investments and also the endorsement of common guidelines on social investment elaborated by both EMCO and SPC. The approval of voluntary guidelines for EU Member States developed by EMCO and SPC to assess the economic effects of social investment and reforms is a major step forward for a better social Europe. These principles are a tool that will enable MS to prepare the necessary investments to promote the European Pillar of Social Rights. The objective is to strengthen statistical capacity and the use of administrative data to measure the impact of investments.

Concerning the EPSR and the future social agenda, the informal SPC also helped to prepare the a high-level conference on the European pillar of social rights organised by the Belgian Presidency of the Council in La Hulpe.

On 15 and 16 April 2024, the SPF Social Security organised the conference, together with the SPF Employment, Labour and Social Dialogue. At the conference, the EU, 25 member states, some social partners and civil society renewed their commitment to a stronger social Europe by signing an inter-institutional declaration on the future of the European Pillar of Social Rights. The La hulpe Declaration recalls the importance of social issues such as fair working conditions, training, the right to disconnect, the fight for more equality, and improving social protection. The objective was to reaffirm the European commitment to a strong social Europe.

The Commission and many Member States stressed the importance of this declaration, which was the result of numerous negotiations, as a decisive contribution to the social agenda and affirmed the need for redoubling efforts to achieve the Porto objectives. The main message was : the European Pillar of Social Rights remains the compass for the years to come.

5. CONCLUSION

Undoubtedly, the benefits and visibility of the SPC Committee must be further nurtured and increased, thus providing greater opportunities for Member States. A reinforced SPC can only emerge with joint efforts from both SPC members and the European Commission. A reinforced SPC will lead towards better social outcomes.

FINAL CONCLUSION: WHAT SPC IN 2050? WAKEFUL DREAMS TOLD TO MY GRANDDAUGHTER

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My dear,

When you read these lines, I will already be old, but you will be at the forefront of the world we dreamed of and built. You will hear about the **European Social Protection Committee (SPC)**, and you may not understand why we dedicated so much energy to it. You will take it as a given, as something that has always been there. But let me tell you how, in 25 years, social Europe has transformed its ideals into reality.

An Automated and Adaptive Social Europe

When I was young, social policies advanced slowly, trapped in a labyrinth of legislative files where each reform could take years to materialize. Today, in 2050, they adapt in real time.

Social benefits and aid are no longer fixed: they evolve according to the needs of each individual, thanks to predictive tools and ethical artificial intelligence, which continuously analyses individual and collective situations. Young parents like you immediately receive the necessary support upon the birth of a child without even having to apply. Workers in transition are automatically directed to the best training and support programs available.

The European DataHub: A Collective Brain for Social Protection

Europe in 2050 relies on a European Social Protection DataHub, an interconnected platform that collects real-time updates on living standards, emerging vulnerabilities, and weak signals of impending crises. It is no longer just an observatory but a rapid response and adaptation centre, capable of anticipating and acting before crises hit.

Thanks to this DataHub, social policies are no longer reactive; they are predictive and preventive. Decision-makers can immediately identify where and when intervention is needed, ensuring targeted and effective support. This intelligent network has prevented major crises by automatically adjusting social systems before they become inadequate.

SocialCoin: A Currency for Human Capital

You often hear about SocialCoin, don't you? It's not just a cryptocurrency. It is Europe's first social currency, launched after the Declaration of La Hulpe, that pivotal moment when we realized that growth could no longer be measured solely in GDP points, that a fundamental dimension was missing from budgetary forecasts.

SocialCoin is based on a simple principle: investing in human capital pays off. The more a country invests in education, health, and training, the more SocialCoins it accumulates, exchangeable for European funding at preferential rates. This system has revolutionized European solidarity: states are no longer in competition for limited budgets; they are encouraged to share best practices.
Businesses and citizens can also hold SocialCoins, which grant access to exclusive programs for education, housing, or mobility. Thanks to this social currency, Europe has successfully combined protection with innovation, solidarity with prosperity.

A Solidarity of Territories
Every morning in Naples, people wake up with a smile because their city has met an immense challenge: transforming a fragile economy into a socially sustainable ecosystem. Naples has introduced a transition income to help workers in declining industries retrain in the green and circular economy.
Brussels, on the other hand, has become Europe's laboratory for intelligent social policies. Thanks to its role as an institutional hub, the capital has developed an AI-based social protection model, capable of adjusting benefits and services in real time according to the specific needs of residents.
And what happens in Naples and Brussels inspires other cities. By 2050, solidarity is no longer confined to national borders. Transnational alliances allow regions facing difficulties to directly apply the best solutions developed elsewhere in Europe. Social innovations travel as fast as technology.
The SPC relies on a European Social Protection DataHub, which collects real-time data on living conditions, emerging vulnerabilities, and weak signals of coming crises. This is no longer just an observatory; it is a rapid-response and adaptation centre, capable of anticipating and acting before crises strike.
We have learned from past mistakes. The great crises of the 2020s and 2030s showed how crucial it was for social systems to be resilient. Today, social protections adjust in real time according to individual needs. A worker loses their job due to technological change? They immediately receive a transition income, along with automatic access to personalized training. An economic shock affects a key sector? Safety nets are deployed even before the first layoffs occur.

An Integrated Social Europe: Towards the Merger of SPC, EMCO, and ECOFIN
You will grow up in a world where social and economic policies are no longer compartmentalized. For a long time, we separated the SPC (social protection), EMCO (employment), and ECOFIN (economic and financial affairs).
By 2050, these structures have merged into a European Committee for Prosperity and Cohesion (ECPC), ensuring that every economic decision directly contributes to well-being and long-term value creation. Now, finance ministers make decisions while measuring their real-time social impact, just as social ministers previously had to consider budgetary implications. Europe still values growth, but just as much, it prioritizes quality of life, social cohesion, and resilience.
Social protection has become an accelerator of growth, a springboard to employment – a lever that anticipates economic shifts, protects without trapping, and supports without infantilizing. These are the dynamics the new committee focuses on today.

A Future We Continue to Write

My granddaughter, one day you may ask why we debated so much, worked so hard, and dreamed of this Europe. And I will tell you this:

Because we wanted a Europe where everyone had a chance.

Because we wanted a Europe where progress is shared, solidarity thrives, and European values are truly lived.

And you, what will you do with this legacy?

The future is never set in stone. It is in your hands.

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