Employment and social affairs

Promoting jobs, inclusion and social policy as an investment

Social investment is key if we want to emerge from the crisis stronger, more cohesive and more competitive.
This publication is a part of a series that explains what the EU does in different policy areas, why the EU is involved and what the results are.

You can find the publications online:
http://europa.eu/pol/index_en.htm
http://europa.eu/bY34KD

The EU explained: Employment and social affairs

European Commission
Directorate-General for Communication
Citizens information
1049 Brussels
BELGIUM

Manuscript updated in November 2014

Cover and page 2 picture: © Glowimages/F1online

16 pp. — 21 × 29.7 cm
doi:10.2775/56903


© European Union, 2014
Reproduction is authorised. For any use or reproduction of individual photos, permission must be sought directly from the copyright holders.
The European Union is based on the concept of a social market economy. Full employment, social progress, social inclusion, social protection, solidarity and social cohesion are included in the EU Treaty among its priority objectives. Indeed, the Treaty states that a high level of employment, adequate social protection and the fight against social exclusion should be taken into account when developing and implementing all EU policies.

Furthermore, the Treaty contains a Charter of Fundamental Rights of the EU which has binding powers. This Charter ensures social rights of all EU residents. These include:

- workers to be informed of their rights and consulted by their employers;
- the right to bargain and strike;
- the right to access placement services;
- the right to protection in the event of unfair dismissal;
- the right to fair and decent working conditions;
- the prohibition of child labour;
- the protection of young people at work;
- the reconciliation of family and professional life through the protection from dismissal for a reason connected with maternity and the right to paid maternity leave and to parental leave;
- the right to receive social security, housing assistance and health care.

In 2010, the European Union launched a 10-year growth strategy aimed at overcoming the crisis which continues to afflict many EU countries — Europe 2020 (for more details about this strategy, see: http://europa.eu/pol/index_en.htm). This strategy seeks to create the conditions for a different type of growth that is smarter, more sustainable and more inclusive. To achieve this goal, five key targets were set for the EU to achieve by 2020. These cover employment, education, research and innovation, social inclusion and poverty reduction, and climate/energy. This brochure addresses the issues of employment, social protection and social inclusion.

**Employment**

With over 26.5 million EU residents unemployed in November 2013, it is clearly of huge importance that efforts to reduce this number be stepped up. One of the key targets contained in the Europe 2020 strategy is to have 75% of the active population (20–64 year-olds) in work by the end of the decade.

In order to support this goal, the EU has taken a number of initiatives to support job creation (for example by promoting social enterprises), restore the dynamics of labour markets (for instance by proposing an EU framework for anticipating economic restructuring) and improve EU governance (for example by publishing each year a benchmarking system comparing EU countries' performance on the basis of selected employment indicators).
In particular, the EU is working to reduce the youth unemployment rate, which is more than twice as high as the rate for adults (23.6% in comparison to 9.5% in November 2013). It is promoting a more focused and holistic approach to the fight against youth unemployment: direct support to young people most in need, combined with structural reforms to enhance partnership, within all EU countries, between government departments, formal education systems, vocational education bodies, employment agencies, business, social partners and civil society organisations.

Integrating the Roma community

One of the largest and most disadvantaged groups of people in Europe is the Roma community, made up of around 10–12 million people, 80% of whom are at risk of poverty. Over 70% of the Roma population have a lower than primary school level of education, which not only excludes them from jobs, but also creates a negative perception of their employability, thus making them even more excluded. All the challenges facing the Roma people — poor education, unemployment, bad housing, social exclusion, and discrimination — happen to be those that the EU intends to tackle head on within the scope of the Europe 2020 strategy. The EU has put in place a framework for Roma inclusion which integrates the national policies of all the Member States and also involves the regional and local authorities and non-governmental organisations, including Roma NGOs. Within this framework, the European Commission assesses the national strategies and checks that they translate into concrete programmes and measures. On 9 December 2013, the EU Council of Ministers adopted the first ever EU legal instrument for Roma inclusion: a set of recommendations to step up the economic and social integration of Roma communities.
Social inclusion

In 2012, 124.5 million people, or 24.8 % of the population, in the EU were at risk of poverty or social exclusion. A large proportion of these people are women and children.

Furthermore, slightly more than one in every six (18.5 %) members of the EU population were materially deprived in 2011. Just under half of these (8.9 % of the total population) are considered as experiencing severe material deprivation and cannot afford items that many of us consider essential in order to live a decent life in Europe, for example: adequate heating, unexpected expenses, a washing machine, a telephone or a car. In the poorest countries, this rate is more than 45 %.

Also, around 10 % of Europeans of working age live in households where nobody works.

With the economic crisis, this situation has undoubtedly worsened, and it is clearly unacceptable in the 21st century. One of the major targets of the Europe 2020 strategy is therefore to lift at least 20 million people out of poverty by the end of the decade.

Social protection

EU Member States’ social protection systems were created to manage risks related to unemployment, poor health, invalidity, family situations and old age, among others. Although Member States themselves are responsible for organising and funding their own social protection systems, the EU plays a special role by coordinating national social security systems, particularly with regard to mobility between EU countries.
How does the EU implement the policies?

Policy instruments

A key policy tool was created in 2010: the ‘European semester’ which runs from January to July every year. It allows for a joint EU-level analysis of Member States’ economic policies and for the adoption of country-specific EU recommendations before governments draw up their draft budgets and submit them to national parliamentary debate. A significant number of these recommendations address employment, social protection and inclusion (for example, labour market reforms, poverty, the inclusion of vulnerable people into the labour market, pension reforms, and so on).

Since employment, social affairs and inclusion policies are put in place more effectively at Member State level, the role of the EU in these areas is to support and complement the activities of national authorities. To do this, it uses what is termed the ‘open method of coordination’ (OMC). This is a framework for cooperation where each EU country’s national policies in this field can be steered towards common objectives and subsequently monitored by the EU. There is therefore a European employment strategy OMC and an OMC on social protection and social inclusion.

The EU Treaty allows trade unions and employers’ organisations the possibility to negotiate agreements at EU level. In certain matters (for example, working conditions and health and safety at work), such agreements may be implemented as European legislation. EU-wide agreements between social partners on issues such as parental leave, fixed-term contracts and part-time work, have already been turned into EU law.

Legal instruments

The EU adopts legislation defining minimum requirements at EU level. Member States then make EU law part of their national law (‘transposition’) and implement it, guaranteeing a similar level of protection of rights and obligations throughout the EU. National authorities, including courts, are responsible for the enforcement of these national transposition measures. The European Commission controls the transposition of EU law and ensures that it is correctly implemented. The European Court of Justice plays an important role in settling disputes and providing legal advice in respect of questions formulated by national courts on the interpretation of the law.

As part of the free movement principle enshrined in the Treaty, citizens are entitled to:

- look for a job in another EU country;
- work there without needing a work permit;
- reside in another country whilst seeking work;
- stay in that country even after employment there has come to an end;
- enjoy equal treatment with nationals with regard to access to employment, working conditions and all other social and tax advantages.

EU nationals may also have certain types of health and social security cover transferred to the country where they go to seek work. People may also have their professional qualifications recognised abroad. Rights may however differ somewhat for people who plan to be self-employed, students, and retired or otherwise economically non-active people. There are also limitations based on considerations of public security, public policy, public health grounds and employment in the public sector. In general terms, EU law on free movement of workers also applies to Iceland, Liechtenstein and Norway (which are part of the European Economic Area) as well as to Switzerland.
Laws relating to the coordination of social security provisions within the EU have been in place since 1959. These rules allow that when EU citizens move to another EU Member State, they do not lose their benefits and they also enjoy the right to equal treatment in another EU country with regard to social security benefits. For instance, EU nationals may receive their old-age pensions even if they live in an EU country other than their own. EU social security rules not only protect the rights of people moving within the EU but also in Iceland, Liechtenstein, Norway and Switzerland.

The EU adopts legislation which ensures minimum requirements in occupational health and safety in all sectors of activity, both public and private. This solid legal framework has led to improvement across the EU. Moreover, the EU institutions provide information and guidance and promote a safe and healthy working environment in cooperation with the European Agency for Health and Safety at Work and the European Foundation for the Improvement of Living and Working Conditions.

At EU level, labour law covers two main areas:

- working conditions (including working time, part-time and fixed-term work, and posting of workers); and
- information and consultation of workers (including in the event of collective redundancies and the transfer of undertakings).

### Financial instruments

The European Social Fund (ESF) — one of the EU's Structural Funds — was set up in 1957 to reduce differences in prosperity and living standards across EU Member States and regions. Accounting for around 10% of the total EU budget, the ESF finances tens of thousands of projects across the Union. Funding is spread across the Member States and regions, in particular those where economic development is less advanced. From 2007 to 2013, close to 10 million people have benefited each year from measures funded by the ESF and some €76 billion has been paid out by the Fund to EU Member States and regions, supplementing approximately €36 billion of national public funding.
Since 1 January 2014, the role of the ESF as the main EU instrument for investment in people has been further reinforced. It is instrumental in helping EU countries respond to the EU’s priorities and recommendations for national policy reforms in the fields of active labour market policies, social inclusion and employment policies, institutional capacity and public administration reform. 20% of each country’s ESF allocation has to be spent on social inclusion projects and the Fund must account for at least 23.1% of the global cohesion policy funding at EU level, which will finally shape the total volume of ESF funding across the Member States.

The European Globalisation Fund (EGF) provides tailor-made assistance to redundant workers in response to specific, European-scale mass redundancies. Since 1 January 2014, the scope of this Fund has been expanded to include workers made redundant because of an unexpected crisis, as well as categories of workers not previously covered by the EGF, for instance fixed-term and self-employed workers. In regions of high youth unemployment, the EGF can now fund measures for young people not in employment, education or training.

The new Fund for European Aid to the Most Deprived (FEAD) has been allocated a maximum of €3.5 billion, in 2011 prices, for the 2014-20 period. This represents a slight increase in real terms, compared to the old food distribution programme. In addition, EU countries will provide 15% of national co-financing.

Finally, for the 2014–20 period, three existing financial instruments managed directly by the European Commission — the programme for employment and social solidarity (Progress), the European Network of Public Employment Services (EURES) and the European Progress Microfinance facility — have been integrated and extended in the framework of a single new programme called EaSI: the EU programme for employment and social innovation.
The European Commission takes concrete measures to help different categories of people (such as the unemployed) and to stimulate action at national, regional and local level in the face of new challenges (for instance youth employment, active ageing). Here are a few examples of ongoing initiatives.

**Youth employment**

EU countries endorsed the Youth Guarantee, a package of measures for ‘moving youth into employment’ in April 2013. The Youth Guarantee is a comprehensive scheme which ensures that within 4 months of leaving formal education or becoming unemployed, young people up to the age of 25 receive a quality job offer, continued education, an apprenticeship or a traineeship.

The EU Youth Guarantee is a new umbrella concept, a new approach to youth employment. As part of the EU Youth Guarantee, each EU Member State creates new partnerships between national ministries, central and local government and between the worlds of education, business, youth organisations, employment agencies, social and health services in order to undertake structural reforms: reforming education at large so that it may provide the skills that are needed on the labour market, introducing second chance education and a much more comprehensive outreach to early school leavers, fostering much closer cooperation between employment agencies and other actors.

In 2013, a **European Alliance for Apprenticeships** was launched to bring together different public and private actors that wish to improve the quantity, quality and image of apprenticeships, and the European Commission proposed a **quality framework for traineeships**, to ensure that traineeships may be genuine stepping stones for young people onto the labour market. Currently, one in three traineeships is substandard with regard to working conditions or learning content. Inter alia, the Commission suggests that traineeships have to be based on a written traineeship agreement covering educational objectives, supervision, limited duration, working time, a clear indication whether trainees will be paid or otherwise compensated and whether they will qualify for social security.
The employment package ‘Towards a job-rich recovery’

This package of measures and proposals, adopted by the European Commission in 2012, sets out ways for EU countries to encourage recruitment by reducing taxes on labour or by increasing their support for new businesses. It identifies the areas with the greatest potential for creating jobs in the future: health services, ICT and the green economy.

Renewable energy is expected to increase its employment share in energy production from 19% in 2010 to 32% by 2020 (that is, about 3 million people by 2020). Europe has the potential to gain a leading position in the exploitation of renewable energy and increase its export markets. This would yield additional job opportunities. Retrofitting houses could generate around 280,000–450,000 new jobs for energy auditors, certifiers, inspectors of heating systems, renewable technology installers and industries producing energy efficient materials for buildings. Furthermore, a more advanced maintenance, repair, upgrade and reuse over the lifecycle of product of 70% of key materials could create about 560,000 new jobs by 2025, while improved waste management could create over 400,000 jobs by 2020.

About 21 million jobs in Europe are linked to the environment in some way, with many more foreseen in the future. A Eurobarometer survey from 2011 found that 78% of Europeans believe that combating climate change can boost the economy and create jobs. The EU will invest €105 billion to help a range of economic sectors to ‘go green’ and promote new employment opportunities in a sustainable, low-carbon economy.

The Green Skills partnership in the UK

Coordinated by Unionlearn, the learning skills organisation of the UK Trade Unions Congress (TUC), the Green Skills partnership brings together a range of actors to support the training and reintegration of the unemployed or low-skilled through the development of pathways for progression into jobs in a green economy. Partner organisations include trade unions, further education colleges, sector skills councils, as well as various London borough councils, private companies, community groups and voluntary organisations. Organised on a project-by-project basis, with Unionlearn acting as a broker or facilitator, the partnerships provide opportunities for accredited lifelong learning. To engage employees in greening activities, union representatives can receive training as ‘leaders’, or ‘ambassadors’ through mentoring and online courses. The Green Skills partnership is particularly active in the horticulture, construction and waste management sectors. Pre-entry routes and progression pathways for the unemployed, low-skilled and other disadvantaged groups (such as ex-offenders) have been developed to facilitate labour market re-entry through programmes to retrofit social housing.
EURES

EURES is a European job mobility network involving all EU countries, plus Iceland, Liechtenstein, Norway and Switzerland. It provides information, guidance and recruitment/placement services to employers, jobseekers and any citizen wishing to take advantage of freedom of movement for workers. Nine hundred EURES advisers deliver services on the ground and in November 2013, the EURES online portal hosted around 1 900 000 job vacancies, over 1 200 000 CVs and around 32 000 registered employers. Around 150 000 jobseekers per year get a job or job offer via EURES.

In the 2014–20 period, targeted schemes (such as ‘Your first EURES job’ to help young people aged between 18 and 30 looking for a job in another EU country and the small and medium-size enterprises which want to recruit them) will be further developed. The EURES portal and its self-service tools are being modernised, including online European Job Days taking place all over the EU.

At the beginning of 2014, the European Commission proposed new reforms of EURES, aimed at further improving its efficiency. It will provide more job offers, increase the likelihood of job matches and help employers, in particular small and medium businesses fill job vacancies faster and better. The Commission proposal would help citizens to make the most informed choice possible when it comes to moving abroad for work.

‘THE SUPPORT I RECEIVED FROM EURES WAS FANTASTIC’

When British graduate, Karina Stephenson, got her first job in Spain through the Public Employment Service in the United Kingdom and urgently needed advice on living and working conditions, she was advised to turn to EURES for help. ‘The support I received from EURES was fantastic. I was struggling to find a place to live in Madrid and was really worried about it before coming out here. But thanks to their help I found somewhere really quickly.’

SWEDISH JOBSEEKERS TAKE ADVANTAGE OF HOTEL OPENING IN NORWAY

The opening of a new hotel in Trondheim, Norway has created a number of job opportunities for Swedes ready to make the most of European mobility. EURES helped many of them to realise their ambitions. ‘The employer was really satisfied with EURES services and we expect to continue the cooperation,’ says Leif.

Anticipating restructuring

Between 2002 and 2013, the European Monitoring Centre on Change registered more than 16 000 restructuring operations, with a net job loss of over 2 million. During the third quarter of 2013, the European Restructuring Monitor recorded 250 cases of restructuring operations, involving 57 081 job losses against 27 792 job gains. This contrasts with the situation in the same quarter of 2007, where there was an overall result of 23 537 new jobs, and reflects a trend in recent years. Restructuring affects every country in Europe and is a major source of concern in the context of the recession, making human capital investment and adequate management of restructuring activities all the more necessary.

At the end of 2013, the European Commission therefore put forward a quality framework for restructuring which offers guidance to companies, workers, trade unions, employers’ organisations and public administrations in order to facilitate the process of restructuring for businesses and workers via better anticipation and investment in human capital, while minimising the social impact. The Commission urges Member States to support and promote the implementation of the quality framework, and to consider applying it to public sector employees. It also calls on all stakeholders to cooperate on the basis of these guidelines.
Social investment

In 2013, the European Commission delivered a ‘Social investment package for growth and cohesion’, which should help the EU achieve inclusive growth by 2020. It sets out a policy framework and proposes concrete actions to be taken at EU level and by EU countries, as well as guidance for the use of EU funds to support reforms. It tackles challenges such as breaking the cycle of disadvantage for children, demographic ageing, the active inclusion of people excluded from the labour market, homelessness, social services of general interest, long-term care and health. Social investment is one of the functions of social policies, alongside social protection and stabilisation of the economy.

The European Platform against Poverty and Social Exclusion

This platform has established structured dialogue between the EU and European stakeholders (non-governmental organisations (NGOs), trade unions, employers’ organisations, academics, national and regional authorities, international organisations, European think-tanks and foundations). The platform’s mission is to carry out 64 EU-level actions which cut across the multiple facets of poverty and social exclusion. Most of these actions are policy measures, which address issues such as reducing the number of early school leavers, ensuring access to basic banking services, promoting social business, combating child poverty and the full participation of the Roma people in society. The Commission organises an annual convention, in conjunction with the acting Presidency of the EU Council, which brings together all major actors from over 40 countries, working to combat poverty and social exclusion. It reviews the work already carried out at European and national levels and debates new initiatives that will further the fight against poverty. The platform and its annual convention have now become major tools to mobilise all actors at EU, national, regional and local level in a social investment perspective.

Health services have a high potential for creating jobs in the future.
The EU is raising awareness about groups of people at risk of discrimination, including people with disabilities.

**Funding**

From 2014 to 2020, under the European Social Fund (ESF), more than €80 million (to be completed by national funding) is being invested in upgrading the skills of Europe’s population and increasing employment.

The ESF co-finances the youth employment initiative — a dedicated EU funding source to support specific measures to place young people who are neither in employment, education or training into, as close as possible to, the labour market in the regions worst affected by unemployment. It also has a crucial role to play in implementing the EU Youth Guarantee, which seeks to ensure that all young people up to 25 years old receive a good quality offer of employment, continued education, an apprenticeship or a traineeship, within 4 months of becoming unemployed or leaving formal education. For example, EU countries can use ESF funding to deploy or enhance the coverage of their strategies to reach out to young people and create focal points for them. ESF co-funding can also be used to offer early school leavers and low-skilled young people different ways of re-entering education and training, address skills mismatches and improve their digital skills.

Some people are simply too excluded to benefit from the labour market activation measures of the ESF. Addressing this gap, the Fund for European Aid to the most Distressed provides food but also basic consumer goods such as clothing, footwear and hygiene products. Beyond material assistance, this Fund also helps people embark upon a path of recovery from poverty through social inclusion measures. Each EU country has primary responsibility for its national programme, consulting relevant stakeholders at every stage.

Between 2007 and August 2013, the European Commission received 110 applications for assistance from the European Globalisation Fund (EGF), amounting to €471.2 million from 20 Member States by August 2013. Over 100 000 redundant workers have been targeted for EGF assistance. In 2012, the EGF helped 15 700 workers dismissed due to the economic crisis and the effects of globalisation find new job opportunities. It enabled EU countries to act more intensively in the areas affected by redundancies, in terms of the numbers of people assisted and the duration, type and quality of support, than would have been possible without EGF funding. For the 2014–20 period, the maximum annual amount for EGF funding has gone down from €500 million to €150 million but this ceiling is still above the highest annual application level so far (€135 million).
As part of the programme for employment and social innovation (EaSI), Progress accounts for 61% of the EaSI budget (£550 million). It supports activities with a strong Europe-wide dimension such as comparable analysis, mutual learning and exchanges of practices in the field of employment and social policies. A specific budget of approximately £100 million is being devoted to test new solutions for employment and social policies in critical areas such as youth employment or inclusion. The most successful can be implemented on a larger scale with the support of the ESF.

Around £160 million (18% of the EaSI budget) is dedicated to the EURES network, which provides information and advice to jobseekers wishing to work in another EU country. EaSI finances core activities at EU level, while the national activities can receive funding from the ESF.

And around £200 million (21% of the EaSI budget) extends the support given to microcredit providers and institutions in order to make more loans available. It helps to develop the social investment marker and access to financing for social enterprises. Almost 9 000 entrepreneurs have already benefited from loans worth a total of more than £80 million since the Progress Microfinance facility was launched in 2010.
The economic and financial crisis has had a profound impact on society. Unemployment has reached unacceptably high levels in many parts of Europe, particularly among Europe’s youth. The risk of poverty and social exclusion has also increased.

These trends come in addition to structural challenges pre-dating the crisis. Our population is ageing: longer life expectancy is a clear sign of progress but it has an impact on our workforce and we need to accommodate the costs that come with it. Inequalities have been on the rise and are calling into question the fairness and effectiveness of our social market economy.

Making sure Europeans can fully participate in society and equipping them for modern working life is a key social concern, but it is also crucial for our productivity and ability to compete globally. The sustainability of welfare systems, labour mobility and a greater convergence of labour market performance are also essential for the functioning of the euro area and for progressing towards a deeper and fairer economic and monetary union.

An important number of these areas are under the responsibility of the Member States but the Commission can help make a difference.

For example, the new EU Youth Guarantee provides extra focus, purpose and thrust to the fight against unemployment. In a country like Finland, 83.5 % of young job seekers are now receiving a successful study or job offer within 3 months of registering as unemployed.

Unemployment in general will not go down significantly unless youth unemployment, which is twice as high as general unemployment at EU level, is properly addressed. The European Commission will present a jobs, growth and investment package which includes channelling funding towards projects that can help get the younger generation back to work in decent jobs, further complementing the efforts already undertaken with the Youth Guarantee scheme.

The Commission’s social investment package promotes and develops policies that strengthen people’s skills and support them to participate fully in employment and social life. In addition, social innovation will be further promoted and employment and social considerations, including the impact of ageing and skills needs, will be taken into account in all Commission proposals and activities. A new European policy on legal migration to Europe will be developed to address skills shortages and attract the talent that Europe needs.

The European Commission will continue promoting the free movement of workers, working closely with national authorities to ensure that existing rules are well understood and implemented, as well as to fight possible abuses and fraudulent claims. This work will include making sure that the posting of workers directive is strictly implemented and initiating a targeted review of the directive to prevent risks of social dumping. The Commission will also increase the opportunities for geographic and professional mobility across Europe and improve the conditions for such mobility, through initiatives such as the European Job Mobility Portal.

The European semester of economic policy coordination will be streamlined and reinforced. It will be the vehicle for pursuing the modernisation of labour markets and social protection systems. New indicators have been introduced into the European semester process to better follow key employment and social developments: the unemployment rate; the rate of young people not in education, employment and training; the youth unemployment rate; the real gross disposable income of households; the ‘at-risk-of-poverty’ rate of the working age population; and inequalities. These new indicators make it possible to detect unfavourable socioeconomic developments at an early stage, to monitor them more closely and to address them collectively at EU level.

Finally, economic and monetary union will be deepened to include more social considerations. The dialogue with employers’ and workers’ organisations will be promoted at all levels of governance and any future stability support programmes for euro area countries will become the subject of a social impact assessment.
Further reading

- Directorate-General for Employment, Social Affairs and Inclusion: http://goo.gl/vM5sRd
- Europe 2020 strategy: http://goo.gl/0Uuwq
- Social Europe guide 1 – Employment policy: http://goo.gl/WraA2T
- Social Europe guide 2 – Social dialogue: http://goo.gl/ltf3Zf
- Social Europe guide 3 – Demography, active ageing and pensions: http://goo.gl/Zu0lwh
- Social Europe guide 4 – Social economy and social entrepreneurship: http://goo.gl/lx3hGC
- Social Europe guide 5 – Social policies: http://goo.gl/bjMZn
- EaSI: New EU umbrella programme for employment and social policy: http://goo.gl/4n9A5N