**REPORT FROM THE 1st AND 2nd WORKSHOPS ON THE**

**INTRODUCTION OF THE SOCIAL PILLAR IN THE EUSAIR**

**Prepared by the Ministry** **of Labour, Pension System, Family and Social Policy**

**Republic of Croatia**

*This report is a revised version (based on the 2nd workshop discussion) of the report compiled after the 1st workshop in November 2022. The changes refer to the introduction of a reference to the second workshop held in March 2023, reprioritization of proposed topics, addition of proposed actions and potential project activities, and updating of next steps. The contextualization of the potential Social Pillar scope remained unchanged compared to the first version of the report.*

1. ***INTRODUCTION AND CONTEXT***

**The socio-economic picture of Europe has changed significantly since the EUSAIR adoption in 2014.** In terms of activities related to addressing social challenges, the EUSAIR Action Plan states the acquisition of skills in the sectors of tourism, aquaculture, maritime transport and fisheries with the goal of increasing employment, which nowadays seem like only a part of a much bigger social challenge of the macro-region.

Since the adoption of the EUSAIR Europe as a whole has changed dramatically. It went through the migrant crisis, the effects of which are felt to this day, the epidemic in 2020 and 2021, the inflationary shock of 2021 and the Russian aggression against Ukraine in 2022. **All these events affected socio-economic trends, the rise of radicalization, poverty and social exclusion. Many of those challenges should be recognized and addressed by the Strategy.**

Croatia officially announced the initiative to introduce a new, fifth pillar relating to social issues (Social Pillar) in EUSAIR mid-2022. At the ministerial meeting in Tirana, on the 2022 EUSAIR Annual Forum, State Secretary for Europe at the Ministry of Foreign and European Affairs of Croatia emphasized that Croatia would like to see more EUSAIR engagement in the area corresponding with the fourth policy objective of the EU Cohesion policy: **“a more social and inclusive Europe”.**

In addition, the European Semester was introduced in 2011 as the EU’s response to the weaknesses in the EU's economic governance revealed during the financial and economic crisis. The EU took a wide range of measures to enhance policy coordination and strengthen its economic governance to return to sustainable economic growth, job creation, financial stability and sound public finances.

After the migrant crisis in 2015, EU proclaimed the **European Pillar of Social Rights**. The Pillar sets out 20 key principles which represent the foundation for a **strong social Europe that is fair, inclusive and full of opportunity** in the 21st century. With the European Pillar of Social Rights Action Plan adopted in 2021, EU established the three 2030 headline targets:

* employment rate of at least 78%, which implies at least halving the gender employment gap
* at least 60% of Europeans participating annually in training
* reduce the number of people living in poverty or social exclusion by at least 15 million (compared to 2019 figures), including 5 million children

The outbreak of the COVID-19 pandemic in 2020 caused an unprecedented global public health crisis, which entailed a severe decline in economic activity.

Member States had to address the public-health emergency and to support economic activity. The EU adopted an ambitious policy response by adopting in a record-time an unprecedented volume of funding for the economic recovery and to accelerate the green and digital transition within the framework of the package “*Next Generation EU*”. It consists of a Recovery and Resilience Facilitywhich amounts to EUR 723.8 billion (EUR 385.8 billion in loans, EUR 338 billion in grants) available to support reforms and investments enshrined in recovery and resilience plans of the Member states for the period 2021-2026. The aim is to mitigate the economic and social impact of the coronavirus pandemic and make European economies and societies more sustainable, resilient and better prepared for the challenges and opportunities of the green and digital transitions.

In 2021 and 2022 negotiation process for the Cohesion policy instruments 2021-2027 were at its peak. More than ever before the importance of the European Semester in this process was evident. Country's reports and Country specific recommendations aiming at the new policy developments and reforms, especially in the social policy area were key documents for negotiations between member states and the European Commission.

In the meantime, numerous recommendations, initiatives and strategic frameworks relevant to social policies have been launched at the EU level such as:

* Youth Guarantee in 2013 and the reinforced Youth Guarantee in 2020
* European Child Guarantee in 2021
* European Care Strategy in 2022
* Social Economy Action Plan in 2021
* European Skills Agenda in 2020
* Council [Recommendation on Upskilling pathways](https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=OJ:JOC_2016_484_R_0001) in 2016
* Council Recommendation on individual learning accounts in 2021
* Council Recommendation on a European approach to micro-credentials for lifelong learning and employability in 2021.

**EUSAIR was from day one strongly linked with EU policies relevant to the region, with emphasis placed on their integrated and territorially coherent implementation. Since the adoption of the EUSAIR, new challenges occurred in the countries of the macro-region, EU policy landscape evolved as well, responding to the new emerging circumstances. EUSAIR for the new period should acknowledge new challenges and needs, especially ones related with IPA countries.**

**In this sense, the introduction of the Social Pillar would be a step forward in the direction of creating a prosperous region, where people are in the centre of public policies.**

1. ***WORKSHOPS ON THE SOCIAL PILLAR (Sarajevo, 9-10 November 2022 and 29-30 March 2023)***

In agreement with the EUSAIR presidency of Bosnia and Herzegovina, Croatia moderated two workshops on the potential inclusion of the Social Pillar in EUSAIR. The workshops were held on 9-10 November 2022 and 29-30 March 2023 in Sarajevo. The invitation was addressed to all members of the macro-region and referred to experts in the fields of employment, education and social policy. The first workshop was attended by representatives of **Bosnia and Herzegovina, Montenegro, Greece, Italy, Serbia and Croatia** and second one by **Bosnia and Herzegovina, Montenegro, Italy, Serbia, North Macedonia and Croatia**

At the first workshop, the challenges in the social policies and the current policy choices addressing them were discussed.

The participants welcomed the idea of possible introduction of Social Pillar in the EUSAIR, adding that further joint work is needed for agreement on the common topics of mutual interest.

**Participating countries reached a common understanding that the introduction of the Social Pillar in EUSAIR would be an additional incentive to achieving the goals of the European Pillar of Social Rights Action Plan (EPSRAP) in both EU Member and non-Member States, which is of great importance especially for the states in pre-accession process.**

Additionally, it was noted that the thematic areas covered by EPSRAP, as well as investment areas in the European Social Funds plus (ESF+), are correlated with investments under IPA III Window 4 – Competitiveness and Inclusive Growth.

During discussions, participants presented the state of play in their countries regarding employment, education and social welfare/inclusion, presenting examples of good practice of their countries in dealing with challenges in these areas. A fruitful discussion was held on specific sub-themes and target groups (women, youth, children, elderly), with an emphasis on mutual linkages and conditionality, stressing their importance for social cohesion and economic development.

Based on the discussion at the first workshop, list of the most relevant topics was created. At the second workshop the participants did not narrow the scope of the topic during the discussion. Instead, reprioritization was made into three level categories from the most relevant to the least relevant. Based on that discussion, revised list is presented in this document.

Actions and Activities suggested in this document, under Topics are drafted by the Croatian Ministry of Labour, Pension System, Family and Social Policy based on input gathered during both workshops as objectives for further elaboration and discussion. With the emphasis that further detailed discussion is needed, the following is proposed in three levels of relevance:

**1ST RELEVANT TOPICS**

* 1. ***Topic:***
1. **Youth employment**

EU supports Member States in reducing **youth unemployment and inactivity** with the aim to help young people develop their potential and contribute to digital and green transition of the EU. Youth unemployment remained more than twice as high as general unemployment which is especially prominent in the members of the macro-region.

To support the improvement of youth employment, Council adopted Recommendation on a reinforced Youth Guarantee in 2020. Objective of this recommendation is to ensure that all young people under the age of 30 receive a good quality offer of employment, continued education, apprenticeship, traineeship within a period of four months of becoming unemployed or leaving education.

**Member states of the EU participating in the Adriatic-Ionian macro-region have in average higher share of youth unemployment (NEETs) than the total EU average**. When it comes to the non-EU members of the region, share is even higher. Workshop participants expressed their interest in regional cooperation in Youth Guarantee implementation (e.g. Montenegro).

Additionally, at EU level the ALMA (Aim, Learn, Master, Achieve) initiative was introduced. It is a cross-border youth mobility scheme that aims at transforming the lives of disadvantaged young people not in employment, education or training (NEET) who have difficulties finding a job, are in long-term unemployment, have insufficient school performance or vocational skills, have a migration background.

* 1. ***Potential actions within the EUSAIR:***
* Implementation of Youth Guarantee
* Labour market integration of young people
	1. ***Potential project activities:***
* Sharing practices in Youth Guarantee implementation
* Sharing experience among experts on the skills development for employed and unemployed (e.g. in public employment services, schools)
* Effective outreach to NEETs in cooperation with civil society organizations and other stakeholders (quality measures that “work”) – expert cooperation
* Preventive approaches/measures to reduce the risk of becoming NEET focusing on youth at a higher risk of early school leaving
* Promoting ALMA initiative and sharing experience with aim to develop and include non-EU members in similar activities
1. ***Topic:***
2. **Skills development for the future**

The green and digital transitions as accompanied by demographic trends are transforming how we live, work and interact. The COVID-19 pandemic has accelerated these transitions and brought new career challenges for many people in Europe. In the aftermath of the crisis, many Europeans will need to retrain in a new skill or improve their existing skills to adapt to the changed labour market.

The European Skills Agenda (adopted in 2020) delivers on the European Pillar of Social Rights and notably its first principle spelling out the right to quality and inclusive education, training and lifelong learning. The main objective is to increase the participation of adults aged 25-64 in learning during the last 12 month from 38% in 2016 to 50% in 2025. Same indicator is set in European Pillar of Social Rights Action Plan with target of 60% in 2030.

**The Adriatic-Ionian macro-region lags in terms of lifelong learning.** **Future economic prosperity is highly dependent on the skills of the workforce which can be achieved with proactive approach by policy makers and other actors in the field.**

1. ***Potential actions within the EUSAIR:***
* Promotion of lifelong learning in cooperation between all stakeholders
* Promotion of vocational education in cooperation between all stakeholders
* Broadening options for upskilling and reskilling within ALMPs
1. ***Potential project activities:***
* Development of platforms and tools for the implementation of recommendations on individual learning accounts and micro-qualifications
* Development and alignment of curricula for adult education aligned with the needs of the labour market (European qualification framework)
* Cooperation between all stakeholders in promoting VET excellence through joint development of curricula and work practice (networking of educational institutions)
* Mapping and tracking skills needs (with the emphasis on green and digital transition) – sharing of practices
1. ***Topic:***
2. **Health care**

The COVID-19 pandemic has had a dramatic impact on people’s lives in Europe and around the world. It has led to a reduction of more than one year in life expectancy in the EU in 2021 compared with the pre-pandemic level. By the end of October 2022, more than 1.1 million COVID-19 deaths had been reported across the 27 EU countries. This is however an under-estimation, with excess mortality statistics pointing to an additional 300 000 people dying as a direct or indirect result of the pandemic.

Although the pandemic has had an impact on nearly everyone’s life, there have been particular concerns about the mental and physical health of the millions of young Europeans whose formative years have been marked by disruptions in their education and social activities. The pandemic also disrupted the provision of primary care, cancer screening and treatment, care continuity for people with chronic conditions, and elective (non-urgent) surgery

One of the lessons from the pandemic is that maximising people’s health and minimising their exposure to risk factors before a crisis is critical. Obesity and chronic conditions, such as diabetes and respiratory problems, were important risk factors for serious complications and death from COVID-19. The prevention of behavioural and environmental risk factors, such as smoking, alcohol consumption and air pollution, can go a long way to improving people’s health and reducing the prevalence of chronic diseases and deaths.

1. ***Potential actions within the EUSAIR:***
* Enhancing preventive health care
* Development of skills in the health care sector
* Promoting e-health options
1. ***Potential project activities:***
* Promoting data sharing and monitoring on macro-region level
* Exchange of practices in the use of digital technologies and platforms in the field of health care
* Share of experience in the upskilling and training of healthcare personnel, especially in innovative methods and approaches
* Identifying the joint challenges in the region in the area of mental health and defining the potential solutions and best practices
* Development and implementation of preventive measures (such as exercise and nutrition)

**2ND RELEVANT TOPIC**

1. ***Topics:***
2. Under **social inclusion umbrella** different overlapping topics were proposed:
* **Social inclusion of vulnerable groups (such as Roma, migrants, refugees) fight against their discrimination AND**
* **Active ageing AND**
* **Child Guarantee**

*Due to overlapping activities, it is suggested to define a single topic that covers these areas or some of these areas, where joint activities would be demarcated*

**In the European union, the risk of poverty or social exclusion** is monitored through AROPA indicator on the social scoreboard platform. It corresponds to the sum of persons who are either at risk of poverty, or severely materially and socially deprived or living in a household with a very low work intensity. EU average is 21.7% (2021). Out of all the members of macro-region, only Slovenia and Croatia are below the average (Croatia 20.9% and Slovenia 13.2%). All other states are above these thresholds with the note that the non-EU member states have even higher risk of poverty than the EU Member states.

The Roma are Europe’s largest ethnic minority and many of them are residents of Adriatic-Ionian macro-region countries. Many Roma are still victims of prejudice and social exclusion, despite the discrimination ban across EU Member States and countries in accession process. The umbrella-term ‘Roma’ refers to diverse groups (e.g. Roma, Sinti, Kale as well as Traveller populations etc.) and is commonly used in EU policy documents and discussions.

In 2020, the Commission issued a reinforced and reformed **EU Roma strategic framework** with the main approach that all Roma should have the opportunity to realise their full potential and engage in political, social, economic and cultural life. In 2021, the Council adopted a recommendation on Roma equality, inclusion and participation.

**Migration policy** is also becoming more and more prominent on the EU level. Italy and Greece belong to the countries that are the first to be hit by the waves of migrants. The Balkan route, which involves other members of the macro-region, makes the topic of acceptance and integration of migrants interesting for coordinated addressing. In addition to the existing mechanisms regarding migrants and third country nationals at the EU level (e.g. AMIF – Asylum, Migration and Integration Fund) the focus is on the refugees from Ukraine. In 2022, the EU activated the temporary protection directive to allow displaced persons to enjoy harmonised rights across the EU. The temporary protection will last for at least one year (until March 2023) and up to three years, depending on how the situation in Ukraine evolves.

**The policy of non-discrimination** is one of the fundamental principles of the EU incorporated in the Charter of Fundamental Rights and closely linked with issues of age, gender and disability. Other factors include origin background, sexual orientation, religion etc. It runs through numerous EU policies (e.g. Cohesion Policy) as a horizontal theme. Nevertheless, this topic is becoming more and more relevant because of the significant changes in Europe due to the migrant crisis, the pandemic, the current war in Ukraine and the rise in inflation. Therefore, it should be adequately addressed within EUSAIR.

**Active ageing** is defined by the European Commission as ‘helping people stay in charge of their own lives for as long as possible as they age and, where possible, to contribute to the economy and society’.

The European population is ageing fast. There were 93 million older people (over 65 years old) living in the EU27 at the start of 2021, that is 20.8% of the total population. Trend will continue in the future with projected share of 30% by 2050. Out of EU member states in Adriatic-Ionian macro-region, all except Slovenia are facing declining population, and all are dealing with aging population. Similar trends are valid for EU candidate states as well. The working age population in the EU is, however, expected to decline over that time and this will have a severe impact on economic performance and welfare provision. In particular, pensions, healthcare and long-term care systems risk becoming unsustainable, with a shrinking labour force no longer able to provide for the needs of the growing number of older people.

In 2021, the Council adopted the Recommendation establishing a **European Child Guarantee.** All Member States are required to allocate an appropriate amount of their ESF+ resources to combat child poverty in line with Child Guarantee. Objectives of the European Child Guarantee are to enable the effective and free access to high quality early childhood education and care, education and school-based activities including at least one healthy meal each school day, free healthcare, and also effective access to healthy nutrition and adequate housing.

In line with the above mentioned, participants of the workshop have discussed the possibility to choose one topic in the EUSAIR that deals with child poverty and tackles all policy areas, from education, healthcare to social inclusion for children.

Despite the decline of child poverty in Europe in years before the COVID-19 pandemic, it is still high – around one in four children in the EU are at risk of poverty and social exclusion. Persons who grow up in these conditions are more likely to suffer from unemployment and social exclusion. There is a great risk that they don’t develop to their full potential later in life. At the same time, this causes their children to grow up in the same conditions and thus enables intergenerational cycle of disadvantage. Dealing with this challenge demands continuous and targeted policy measures and commitments.

1. ***Potential actions within the EUSAIR:***
* Promoting inclusion of vulnerable groups such as Roma and migrants, and combating discrimination towards all vulnerable groups
* Active aging of in a view of securing decent living conditions
* Inclusion of children at the risk of poverty and social inclusion
1. ***Potential project activities:***
* Platform of National Roma Contact Points with the aim of exchanging experience and peer learning on Roma inclusion strategic framework (models of encouraging the participation of Roma children in early childhood education and care)
* Building capacities of governmental and non-governmental bodies on reception of refugees (expert discussions on short-term and long-term integration measures)
* Exchange of practices and supporting policies promoting legal migration and raising awareness
* Developing measures for combating discrimination through cooperation with NGOs and other stakeholders in the region, including campaigns, workshops etc.
* Establishing and enhancing mechanisms for supporting victims of discrimination through cooperation in the macro-region
* Cooperation between decision makers and other stakeholders in creating policies, tools and measures for tackling needs of aging population
* Promoting social inclusion of older citizens through available, affordable and adaptable social activities and social services (exchange of experience)
* Experts’ cooperation in identifying the most common target groups of children at risk of poverty and social exclusion in Adriatic Ionian countries
* Knowledge sharing platform on deinstitutionalization possibilities for children without adequate parental care
* Networking of social and health experts on different approaches to vulnerable children and sharing experience in healthcare public campaigns

**3RD RELEVANT TOPIC**

1. ***Topic:***
2. **Social economy and social innovation**

In 2021, the European Commission adopted an Action plan on the social economy which put forward concrete measures to help mobilise the full potential of the social economy, building on the results of the 2011 Social Business Initiative and the 2016 Start-up and Scale-up Initiative.

The social economy covers entities sharing the following main common principles: the primacy of people as well as social and/or environmental purpose over profit, the reinvestment of most of the profits and surpluses to carry out activities in the interest of members/users or society at large, and democratic and/or participatory governance.

The social economy complements Member States’ action in delivering quality social services in a cost-effective manner. It also complements their efforts to integrate young people and disadvantaged groups (e.g. persons with disabilities, older people, long-term unemployed, persons with a migrant, minority racial or ethnic background (particularly Roma), single parents) into the labour market and in society at large. Through social economy activities, unemployment rates of the vulnerable groups, especially disability employment gap would be reduced.

It has the potential to reshape the current economy through inclusive and sustainable economic models leading to a fairer ecological, economic and social transformation.

As such, it is relevant for Adriatic-Ionian macro-region which consists of EU member states and aspiring candidates.

1. ***Potential actions within the EUSAIR:***
* Promotion of public and policy recognition of social economy and social innovations
* Improving access to financing for social entrepreneurs, especially new enterprises and start-ups
1. ***Potential project activities:***
* Cooperation between the stakeholders on the social economy ecosystem through the harmonisation of national policy measures
* The exchange of good practices and the creation of joint platforms for the promotion of the social economy and social innovations
* Research on the impact of the social economy and social innovations on society, the economy and the environment
1. ***CONCLUSION AND NEXT STEPS***

**In the EUSAIR region social issues stand at the forefront when it comes to the challenges in most of the countries. Statistics show that the region lags behind the EU average.**

Employment rates in all EUSAIR countries are below EU average, except Slovenia, especially when considering vulnerable groups and youth. The same goes for the unemployment rates, that are above EU average, again except for Slovenia. When it comes to skills mismatch and adult participation in training, Italy is around EU average, Slovenia is above and all other EUSAIR countries are substantially below EU average. Without skills relevant for the existing and future labour markets, inactivity and unemployment rates cannot be improved. Well trained people ready for the new challenges and new technologies are crucial for the prosperous economies.

The topics around which consensus was reached on the workshop in Sarajevo are complex in themselves.

**Inclusion of social topics in EUSAIR in a manner of horizontal approach within current pillars does not guarantee adequate addressing of the challenges facing the macro-region.** **The approach that would define the common goals and activities of the Strategy within the Social Pillar would ensure the focus that these topics deserve.** **The importance of investment in social dimension is mostly reflected in the ratio of ESF+ investment in the context of the entire EU Cohesion Policy. For 2021-2027, these investments have a share of 26.63%.**

The suggested topics from the workshop as well as the available data indicate a wide range of social challenges that we all face. They go far beyond the horizontal themes within the existing Strategy with limited sectoral objectives. **Only a focus on clearly formulated goals within the Social Pillar can guarantee the commitment of members of the macro-region.**

For the period 2021-2027 embedding of macro-regional strategies in EU funds was promoted. This will enable EUSAIR members to secure funding of transnational activities. In that regard, ESF+ can make important financial contribution.

For example, in its ESF+ program, Croatia has already foreseen several activities for the macro-regional cooperation in the field of youth activation in the labour market, social entrepreneurship, women's activation and cooperation in the field of vocational and adult education. This can serve as an example of how the proposed macro-regional themes can be incorporated into the national programmes and plans.

**Following steps:**

* Circulating this Report among participants of the workshops and National coordinators as a base for further discussions with their colleagues.
* Presentation of workshops’ report at Annual Forum in May 2023 in form of a panel discussion. Panel discussion will focus on topics from this report and will include: ESF MA Croatia representative, European Commission representative, workshops’ participant, representative from some other macro-regional strategy (probably EUSDR).
* Levelling up discussion which include National coordinators and potential agreement on future EUSAIR revision.