



*Committee on Employment and Social Affairs
The Chair*

24.1.2024

Mr Johan van Overtveldt
Chair
Committee on Budgets
BRUSSELS

Subject: Opinion in the form of a letter on Guidelines for the 2025 Budget - Section III
(2023/2220(BUI))

Dear Chair,

Under the procedure referred to above, the Committee on Employment and Social Affairs has been asked to submit an opinion to your committee. At its meeting of 30 November 2023, the committee decided to send the opinion in the form of a letter.

The Committee on Employment and Social Affairs considered the matter at its meeting of 23 January 2024 and adopted its opinion in the form of a letter, drawn-up under the lead of EMPL rapporteur for opinion Romana Tomc (EPP), at that meeting¹. It decided to call on the Committee on Budgets, as the committee responsible, to incorporate the following suggestions into its report.

Yours sincerely,

Dragoş Pişlaru

¹ The following were present for the final vote: Dragoş Pişlaru (Chair), Leila Chaibi (2nd Vice-Chair), Romana Tomc (3rd Vice-Chair and rapporteur for opinion), Katrin Langensiepen (4th Vice-Chair), Alex Agius Saliba, João Albuquerque, Atidzhe Alieva-Veli, Catherine Amalric, Dominique Bilde, Gabriele Bischoff, Vilija Blinkevičiūtė, Milan Brglez, Jordi Cañas, Özlem Demirel, Jarosław Duda, Estrella Durá Ferrandis, Cindy Franssen, Lina Gálvez Muñoz (for Alicia Homs Ginell), Agnes Jongerius, Stelios Kypouropoulos, Miriam Lexmann, Sara Matthieu, Max Orville, Sandra Pereira, Kira Marie Peter-Hansen, Wolfram Pirchner, Jessica Polfjård, Dennis Radtke, Elżbieta Rafalska, Eugenia Rodríguez Palop, Daniela Rondinelli, Monica Semedo, Maria Walsh, Tomáš Zdechovský, Lucia Ďuriš Nicholsonová and Mohammed Chahim (for Marc Angel), Paolo De Castro (for Elisabetta Gualmini), Delara Burkhardt (pursuant to Rule 209(7)).

SUGGESTIONS

The Committee on Employment and Social Affairs calls on the Committee on Budgets, as the Committee responsible, to take into account the following suggestions:

1. The EMPL Committee recalls the European Pillar of Social Rights (EPSR), proclaimed by the European Council, the European Parliament and the European Commission in November 2017, the European Pillar of Social Rights Action Plan of 4 March 2021 and the Porto Declaration of 8 May 2021 on social affairs adopted by the members of the European Council.
2. The EMPL Committee highlights that investments in high levels of employment and quality job creation, upskilling and reskilling, tackling unemployment, inclusion policies, swifter labour market integration, and offering quality and sustainable opportunities for young people while preserving purchasing power, in particular for the most vulnerable, deprived and disadvantaged groups, such as children and youth, people in poverty, unemployed, families in all their diversity, persons with disabilities, older persons, people with migrant background and Roma people, and supporting public housing construction, will improve the standard of living in the EU. The EMPL Committee recalls that homelessness is affecting a growing number of adults and children, and that local, regional, national and European institutions must continue their effort in order to achieve the EU goal of eradicating homelessness by 2030.
3. Furthermore, the committee recalls the EPSR Action Plan that aims for the EU to achieve specific targets by 2030, including having at least 78% of individuals aged 20 to 64 in employment, ensuring at least 60% of all adults participate in training annually, and reducing the number of people at risk of poverty or social exclusion by at least 15 million, including 5 million children. However, even achieving these targets is becoming increasingly challenging in the context of projected increases in poverty and unemployment unless specific efforts and support are dedicated to alleviating the current pressure on social protection systems and mitigating the social impact of the crisis, as well as to giving support to refugees and ensuring decent living conditions for all, with access to quality essential services such as health, education and housing.
4. The EMPL Committee recalls that ESF+ is expected to contribute to the implementation of the EPSR Action Plan but draws attention to the fact that the ESF+ programming was adopted before the current crisis, and this crisis entails higher public and social investment such that the existing programming may not meet current needs. Expresses its concern about the very limited margins available and insists on ensuring that the implementation of the EPSR Action Plan and achievement of the Porto Declaration targets is prioritised. Highlights, in the light of the increase in the cost of living, and in particular of rising food prices, the need for an increased minimum allocation for social inclusion measures adopted in the new ESF+ as well as the 3 % on top of those measures for food aid and basic material assistance for the most deprived persons. Encourages Member States to allocate more than the minimum amounts required by the ESF.
5. The EMPL Committee stresses that adequate resources should be allocated to fund and implement the EPSR Action Plan adopted in Porto and to achieve the Porto

Declaration's headline targets. Believes in the importance of addressing social gaps in living and working conditions through social investment in the medium and long term future while, at the same time responding to people's immediate needs. Insists that the rules governing the use of Union funds must ensure and enhance compliance with the highest social rights and democratic principles, be aligned with the EPSR, the SDGs, the Green deal and the fundamental rights of workers and calls for the provisions to allow public money only to those employers respecting workers' rights and applicable working conditions. Further calls for more effective social conditionalities in rules on public procurement and concessions and for them to be backed with effective sanctions. Is however concerned that the extent of the current crises and their impact will require a robust budgetary response in 2025 and beyond; calls therefore on the Commission to propose an ambitious budget for 2025.

6. The EMPL Committee considers that detecting social risks and taking into account the divergent employment effects and long-term unemployment across particular industries should be adequately addressed. Calls on the Commission therefore to present a tracking methodology for expenditure on Sustainable Development Goals (SDGs) within the EU's social budget based on the principles of the European Pillar of Social Rights and a Social Scoreboard and well-being indicators to measure the overall impact of different funds, instruments and facilities financed under the MFF and NGEU.
7. The EMPL Committee considers crucial the protection and promotion of the multilingualism principle, which promotes the quality of democratic participation and transparency. In this regard, the committee further highlights the need to support policies aimed at increasing citizen participation across the Union, in particular the youth, in order to allow for the citizens' greater engagement with the Union policies and more effective measures developed in a place-based approach.
8. Furthermore, believes that the RRF should stipulate that at least 30 % of the funds are devoted to social investments to strengthen social welfare systems and invest in social security, access to healthcare and education, affordable housing, employment, social justice and social services for vulnerable groups.
9. The EMPL Committee also recalls that the prevailing conditions of high inflation difficulties in supply chain provisioning of energy and raw materials and multiple crises are straining available Union's budgetary resources, these should be adequately used in order to efficiently address ongoing and future challenges within the EU. The ongoing crises are negatively affecting the EU's socio-economic landscape, impacting working and living conditions, thereby threatening sustainable growth and employment. The 2025 EU budget needs to effectively address evolving needs, particularly in the face of rising inflation, increased housing, food and energy prices, growing vulnerabilities, widening social and economic inequalities, and escalating and aggravating poverty, including energy poverty, affecting the most vulnerable populations. Wage stagnation in relation to inflation heightens the risk of reduced purchasing power for workers, potentially worsening living conditions as well as mental health. This situation will further strain the capacity of social policies and automatic stabilizers, including national unemployment schemes. Considers that there is an urgent need for wage increases in order to sustain internal demand and inclusive growth, and to reduce the impact of the double crisis on workers and households.

10. The EMPL Committee repeats its call for an overarching anti-poverty strategy with ambitious targets for reducing poverty and ending extreme poverty in Europe by 2030, in line with EPSR principles and taking into account the SDGs.
11. The EMPL Committee stresses that women, especially in the context of the crises and the war in Ukraine, face heightened employment and social risks. Achieving the employment target from the Porto Declaration requires ambitious national goals to include women in the workforce by creating incentives, building social infrastructure and removing barriers and discrimination. The committee calls for mainstreaming of a gender responsive budget to better align policies and activities that promote the equal participation and treatment of women in the labour market and that comprehensive systems be put in place to monitor and measure gender budget allocations, women's participation in the labour market, access to employment, pay and pension gaps.
12. Furthermore, the EMPL Committee expresses concern about higher youth unemployment rates in the EU compared to overall unemployment. It urges Member States and the Commission to prioritize combating youth unemployment, leveraging existing initiatives like the European Social Fund Plus (ESF+) and the Youth Guarantee. The committee calls all Member States to invest in youth employment. Recognizing the pivotal role of vocational education and training (VET) and traineeships, in providing the knowledge, skills and competencies necessary for young people entering the labour market. The committee stresses the importance of investing in their quality and attractiveness through ESF+ and the reinforced Youth Guarantee while improving the working conditions and the attractiveness of entry level positions. It expresses concern about early career precariousness due to abusive labour practices, which undermine young people's independence, work-life balance and ability to access housing. Notes that women and young workers with low education levels are more prone to suffering from early career precariousness. The EMPL Committee considers that detecting social risks and taking into account the divergent employment effects and long-term unemployment across particular industries should be adequately addressed.
13. The EMPL Committee considers that detecting social risks and taking into account the divergent employment effects and long-term unemployment across particular industries and sectors should be adequately addressed through training, reskilling and upskilling and the creation of attractive, quality jobs accessible to all in line with the objectives of the green and digital transitions. Such measures could help overcome structural differences between regions and help address the issue of brain drain, as well as social inequalities, including inequalities between women and men.
14. In 2022, 24.7% of EU children faced poverty or social exclusion, noting that the child poverty rate is on the rise again and is concerned about their worsening in coming years. The Commission and Member States should effectively utilize available funds such as ESF+ the ERDF and InvestEU as well as ReactEU, RRF to eradicate child poverty, emphasizing the importance of the European Child Guarantee for the safeguard of essential rights and key services such as high quality healthcare, early childhood education and care and education, effective access to healthy nutrition, and adequate housing. The committee calls for an urgent increase of funding for the European Child Guarantee with a dedicated budget of at least EUR 20 billion. Furthermore, calls in this regard on all Member States, not only those the most affected by child poverty, to

allocate at least 5 % of the ESF+ resources under shared management to support activities under the European Child Guarantee.

15. The EU faces demographic challenges with an ageing population due to declining fertility rates and extended life expectancies. Highlighting the impact of economic uncertainties severely impact older people, the committee emphasizes the lack of policy responses to the impact of demographic change. It underscores the importance of investing into adequate and affordable housing, quality and public care facilities, and sufficient care and support services by addressing shortages of critical infrastructures personnel – including, but not limited to caretakers and health professionals. In this context, welcomes the European Care Strategy and calls for its adequate funding in budget 2025.
16. The EMPL Committee stresses the importance of policies and measures to support the labour market transition and the need to strengthen the competitiveness of our economies in the context of the green and digital transitions. To such end, the EMPL Committee highlights the importance of the Just Transition Fund, which covers the upskilling and reskilling, including training, of the affected workers in the designated regions across the Member States, as well as other activities in the areas of education and social inclusion including, investments in infrastructure for the purposes of training centres, child- and elderly-care facilities. The Fund helps the affected workers embrace to new employment opportunities as well as provides any appropriate form of support to jobseekers, including job search assistance and their active inclusion into the labour market.
17. The EMPL Committee stresses that the European Instrument for Temporary Support to Mitigate Unemployment Risks in an Emergency (SURE) has proved to be successful in fighting unemployment as a consequence of the COVID-19 pandemic. Further calls on the Commission to build on the SURE instrument to support national schemes to protect employment and preserve workers' incomes that can be activated temporarily when a part of the EU experiences an economic shock; insists that all national and EU emergency measures, particularly those associated with employment protection and income compensation continue and are refinanced as long as the socio-economic consequences of the war continue to have a negative impact on the labour market and until the economy fully recovers and the job market stabilises.
18. Due regard shall be paid to all the citizens at risk of energy poverty, which is a major challenge for the Union. The Social Climate Fund aims to ensure that the selected measures and investments are particularly targeted towards households in energy poverty or vulnerable households, vulnerable micro-enterprises and vulnerable transport users, which is key for the just transition towards climate neutrality. The EMPL Committee calls on the Commission and the Member States to build upon the Social Climate Fund and to consider the development of green social protection schemes at national level with EU support in order to strengthen social resilience against the impacts of climate change and environmental degradation by addressing the side effects of green policies on jobs and living conditions and to make sure that the impacted communities are fully prepared for the new labour market and points out that these schemes should include social and health protection, unemployment protection complemented by active labour market policies for workers, public works programmes

providing cash or in-kind support while enhancing workers' skills and employability, social assistance benefits supporting income and food security, employment guarantee schemes as well as training or retraining, skills development and funding schemes to help households upgrade their homes' energy efficiency in order to tackle energy poverty.

19. The EMPL Committee stands for family-policies and social policies that help children to get a better start in life and ensure work-life balance to all workers. This is particularly important for carers and parents, especially for women whose participation on the labour market must be ensured. It insists on the importance of adequately paid maternity, paternity, parental and care leaves as well as breastfeeding policies, and encourages flexible working arrangements on a voluntary basis including teleworking and the adaptation of working hours and schedules to better accommodate work and personal lives.
20. The EMPL Committee points out that the ESF+ is one of the key drivers for strengthening the social dimension of the Union and the main EU instrument for investing in people, promoting high employment levels, contributing to the modernisation of social protection and developing a skilled and resilient workforce ready for the transition to a green and digital economy in line with the principles of the EPSR. Highlights as well the importance of the European Globalisation Adjustment Fund for Displaced Workers (EGF), the Just Transition Fund (JTF), ReactEU with its additional resources for ESF+, the Youth Employment Initiative (YEI) and the Fund for European Aid to the Most Deprived (FEAD).
21. The EMPL Committee considers mental health at work as a new major issue of social policy. The world of work is changing rapidly. The pandemic has accelerated new realities, new forms of work brought by digitalisation, including artificial intelligence (AI), have affected workers' occupational safety and health. In this perspective, welcomes the European Commission initiative to launch a comprehensive approach on mental health and recalls its position calling for a Directive on the right to disconnect and teleworking rules, as well as a Directive on psychological risks and well-being at work.
22. The EMPL Committee considers that investment in lifelong learning, reskilling and upskilling is essential to address the green and digital transition is essential for achieving green and digital transitions and enhancing the Union's sustainable competitiveness and resilience against external shocks. While several sectors, including care services, are lacking skilled workforce, having more suitable skills not only creates new opportunities, ensures workers swifter integration and transition in the labour market, fosters social inclusion and can be a source of self-fulfilment empowers individuals to actively engage in the labour market. The European Year of Skills seeks to address the skills shortage affecting 77 % of companies in the Union through reskilling and upskilling initiatives. The goal is to support sustainable growth in the Union's social market economy, boost competitiveness, in particular SMEs and contribute to the creation of quality jobs in a socially fair, inclusive and just manner. Takes note of the Talent Booster Mechanism as a new dedicated and comprehensive initiative to boost "talent" in regions facing or at risk of facing a "talent development trap".

23. The EMPL Committee considers the Strategic Technologies for Europe Platform (STEP) is important component of the European strategy to bolster investments in critical and emerging technologies. This initiative addresses labour shortages and skills needs, by setting up dedicated training programmes through Net Zero Industry Academies, aiming to enhance European sovereignty and security while boosting the Union's competitiveness in the green and digital transitions. It also reiterates its call for a fully-fledged European Sovereignty Fund to ensure the EU's strategic autonomy, including investment in human capital and skilled labour, promote inclusive access to quality jobs and address shortages of labour and skills critical to key economic and industrial sectors.
24. The EMPL Committee recalls the essential work carried out by the five EU agencies and authorities active in the social and employment policy areas, namely the European Labour Authority, the European Foundation for Living and Working Conditions, the European Agency for Safety and Health at Work, the European Centre for the Development of Vocational Training and the European Training Foundation. It considers that these agencies and authorities must be properly staffed and adequately resourced, while taking into account inflation, so that they can fulfil their mandate, achieve their objectives and perform their evolving tasks. Recalls that the tasks of agencies evolve in line with policy priorities and stresses that new responsibilities must be accompanied by corresponding resources.
25. The EMPL Committee recalls that pilot projects (PPs) and preparatory actions (PAs) are essential to test new policy initiatives in the fields of employment and social inclusion, including through data collection. Recalls however that their assessment is anchored in the interinstitutional agreement and repeats its call on the Commission to evaluate PP/PA proposals impartially on the basis of a legal and financial assessment in a way that reflects the merit of the proposals. Expresses its repeated disappointment over the poor and unclear assessment of the proposals in the recent years and asks the Commission to provide precise and detailed explanations of these assessments, together with concrete examples of the EU measures that are considered to 'cover' the proposals. Also recalls that the implementation of an adopted PP/PA must remain faithful to the adopted proposal.
26. The EMPL Committee emphasizes the need for adequate support for social dialogue and for the capacity of social partners as well as the need to guarantee adequate support for information and training measures. It therefore calls on the Commission not to reduce allocations for these budget lines in its draft budget for 2025 as it has been the case in the last 2 years. Recognizing the importance of social partners, the EU should promote their role, considering national diversity, and facilitate social dialogue and collective bargaining in accordance with Article 152 TFEU. Believes that, considering the existing socio-economic inequalities, more support for social dialogue and collective bargaining, for social partners and for training measures will be needed in the coming years and calls for an effective and meaningful consultation with social partners in the programming, evaluation, and implementation of the relevant EU funds.
27. The EMPL Committee calls for the creation of a programme that promotes awareness campaigns on the importance of trade unions, unionisation, collective bargaining and labour agreements in achieving a fairer society, namely through the improvement of

working conditions, wages and living condition.

28. The EMPL Committee welcomes the new social partner summit in Val Duchesse to be held in 2024. It considers this summit as an opportunity to raise awareness and find solutions on social policies; it insists on the European Parliament's active involvement in the discussions.

**ANNEX: ENTITIES OR PERSONS
FROM WHOM THE RAPPORTEUR HAS RECEIVED INPUT**

The rapporteur declares under her exclusive responsibility that she did not receive input from any entity or person to be mentioned in this Annex pursuant to Article 8 of Annex I to the Rules of Procedure.