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AEIP reply to the call for evidence on the 2023 Strategic Foresight Report

The European Association of Paritarian Institutions – AEIP is a Brussels-based advocacy organization, representing Social Protection Institutions established and managed by employers and trade unions on a joint basis within the framework of collective agreements.

AEIP welcomes the European Commission's call for evidence on the 2023 Strategic Foresight Report which aims to help the European Union to be prepared for climate and environmental challenges while also strengthening its efforts to increase the wellbeing, prosperity and security of its current and future population.

AEIP recognizes that climate change as well as the deterioration of our natural environment and biodiversity represents a huge challenge for the standard of living for the generations to come. In that respect, the maintenance of such an important common good, which is the environmental stability of the planet, is intrinsically linked with another important common good, which is the collective wellbeing of society.

Therefore, AEIP suggests that in the process to achieve economic and social sustainability in the Union it is fundamental to adopt a holistic approach to reflect on several interrelated issues such as social and employment policies and ecologically-sustainable demographic trends. These are relevant aspects to deliver an inclusive policy response to Europe's demographic and ageing challenges.

The importance of the paritarian model to achieve adequate and sustainable social protection systems fit for the future

As a promoter of social protection managed by social partners, AEIP has stressed the importance of the paritarian model and the full integration of its underlying principles such as solidarity, risk sharing, efficiency, good governance and transparency of costs.

AEIP considers that **adequate and sustainable social protection systems can be designed through the paritarian model and the involvement of social partners at national and EU level**. The paritarian model is understood in many countries as both an intrinsic element of social dialogue and a joint management model of social partners in the context of social protection. **Paritarism is a type of self-organization of social relationships which, on the basis of equal negotiations between employers and employees, brings about agreements that are equally binding for both parts**. Paritarian institutions are an integral part of industry-specific models in many branches today. The **principle of solidarity, at the heart of paritarian social protection schemes**, ensures that the interests of all stakeholders are reflected in collective

agreements in a transparent and inclusive manner. These schemes, implemented by the AEIP members, guarantee economic efficiency whilst at the same time promoting social justice and general welfare. By **guaranteeing the participation of workers and employers in special schemes of social equity and compensation.**

The paritarian model **guarantees a participation of workers and employers** in special schemes of social equity and compensation. Paritarian institutions are an expression of collective bargaining autonomy and social partnership. They **realize the principles of subsidiary regulation and proportionality. Social dialogue and paritarism contribute to the autonomy of the partners and at the same time are able to address specific needs at occupational, professional, local or national level.** In countries where paritarism is already well-rooted, it must be studied how this model can evolve further according to the needs of each society. Likewise, in countries where industrial relations require support for their further development - for example in central and eastern Europe - the creation of new paritarian institutions would introduce novel solutions of collective insurance mechanisms and social protection. Participation rates in trade union membership as well as employer association membership have been steadily decreasing for decades, so a **renewed and a strengthened approach on paritarism could help rethinking and promoting a new the systems of industrial relations.**

In this context, AEIP argues for EU level support of social dialogue, collective bargaining and industrial relations through projects and joint initiatives of the social partners, especially in those EU countries where these processes still lag behind. The EU should promote synergies between funding instruments in order to enhance the capacity of the social partners at multiple levels.

All in all, **paritarism as a concept but also as a practice has the potential to safeguard the social standards embedded in the European identity and history.** At the same time, it **possesses the means to rethink the evolution of social security systems and collective insurance mechanisms, tailored to society's needs.** Paritarian institutions are a key component of a smooth and democratically driven transition from the past to the future.

Promotion of collective insurance model

Occupational pensions and earning-related pensions are key institutions for the provision of adequate pensions for all. Old age poverty risks can be reduced by making sure that individuals from early on make clear decisions on their retirement and that they are covered by retirement institutions. Occupational social protection can play an important role against low-income and poverty of the elderly, by assisting them with the much-needed healthcare and long-term care services during their old age. In addition, and given the considerable fiscal pressure exerted on the traditional social model together with the particular difficulties faced by the state to maintain the current system, complementary public institutions for collectively granting protection to vulnerable groups can be a sound response for coping with these challenges.

Therefore, the State and social partners should promote the collective insurance model by ensuring that occupational and earning-related pension schemes are available as well as appealing. A relevant action

could be the enhancement of coverage by collective schemes and the introduction of quasi-mandatory (or nudge mechanisms such as automatic) enrolment to the schemes. Proper regulatory framework in all Member States should be promoted to extend formal coverage to workers in non-standard forms of employment and the self-employed.

Extend coverage to “non-standard” and self-employed workers

Further focus and support are needed towards the creation of a regulatory framework for non-standard workers. **New forms of employment will need to be accompanied by new forms of social protection.** In fact, the current model has been designed around the profile of a worker who has a stable, open-ended relationship between a dependent, full-time employee and his/her unitary employer. Today this profile made way to an increasing number of self-employed and non-standard workers, such as casual workers, ICT-based mobile workers, voucher-based workers, platform workers, etc. These new profiles challenge the traditional model as they might involve none or multiple employers, have contracts with indefinite working hours and their income is often irregular, unsteady and/or low.

These conditions can hardly turn into effective social protection coverage for workers: neither during their employment relationship -in terms, for example, of paid holidays schemes, accidents at work, etc. nor in their future, after they will retire from work. While social protection systems are a national competence, AEIP believes that **the EU should continue to foster a dialogue on this matter and help countries identify the best way to extend formal coverage to workers and the self-employed.**

Paritarian institutions are also able to **provide solutions against the rising challenges of the labour market, such as vocational training and qualification of workers** while they can be seen as an instrument for understanding the changing needs of workers, such as a balanced reconciliation of family and work life. Due to their involvement in cross-border situations, for example **for posted workers, paritarian institutions foster the free movement of workers, prevent wage dumping and support the development of the internal market.** Furthermore, pension benefits provided by paritarian institutions are tailored to industry-specific characteristics and can play an important role in preventing old-age poverty. **Social partners adhering to the principles of paritarism must be actively involved in the transformation of social security systems,** in order to maintain the importance of sectoral consultation and widen the scope of topics that need to be addressed, such as mobility and diversity.

Promotion of vocational rehabilitation services

AEIP supports the principle expressed in the EPSR that everyone should have the right to timely and tailor-made assistance to improve employment prospects, including the right to receive support for job search, training and re-qualification. **Despite this promising proposition, in practice very little is done to support individuals who experience health issues and, as a consequence, lose their job and/or experience long absences at work that eventually compromise their return into the labour market.** Yet, when the work ability to work diminishes and makes it harder for a person to cope with that, it is important to address

the issue as early as possible. Vocational rehabilitation services can play a crucial role in this regard as they can help in keeping people in employment despite health-related limitations.

Besides having a positive effect on individuals' lives, these services also have a beneficial economic impact on social security systems, as they pre-empt illnesses and long sick leaves from transforming into disability pensions. Early retirement permanently reduces the amount of future pension's income and when it comes to income and old-age pension even partial employment is a better alternative than the provision of disability pensions. In other terms, this can substantially help to close the gap between legislative pensionable age and effective retirement age, a challenge experienced across the EU.

So far, the EU social policies (including the EPSR) **did not adequately promote rehabilitation services, neither in the forms of legislative initiatives nor through dialogues among stakeholders and policy makers.** By contrast, the **Commission should make use of the available tools, such as the European Semester and the EPSR itself, to promote human and economic resources into vocational rehabilitation services.** These coordination tools should also support collective income protection schemes in case of accident or disability at work. In doing so, the European Commission **should involve the social partners that operate at EU and social level, as they play a key role in fostering such kind of social protection schemes.**

Renewed focus on innovation and digitalisation of social protection service

The rapid developments in IT systems and digital data technologies have created numerous opportunities for updating the services provided by social protection institutions. The development of innovative tools and user-friendly interfaces, adjusted to the needs and realities of citizens, carries great potential in coming up with efficient solutions to well-known challenges. In addition, the capacity of IT systems to adapt to future legislation and upcoming challenges (whether demographic or economy-related) **would promote a more inclusive and flexible way of coping with an ever-transforming world.**

In particular, the redesign of smarter healthcare systems, using big data, algorithms and a holistic system of digital monitoring, could lower costs substantially and increase the accuracy in predicting, identifying or responding to diseases. Accordingly, digitalization can be the vehicle for provident institutions in order to improve their services to individuals, while better understanding where to allocate their risks, as collective insurance institutions with a clear social goal. All in all, eHealth and similar digital healthcare tools are key not only for increasing the efficiency in the sector, but also for enhancing access to high quality care.

From a broader perspective, **social partners and paritarian institutions play an important role in enriching and technologically transforming the current landscape of social protection systems, including pensions, healthcare, long-term care or employee benefits and skills or paid vacation schemes.**

Promoting health and active ageing policies from an early age and throughout the life span for everyone

Member States should **create more awareness on the repercussions that ageing has on people's lives, labour markets and institutions of social protection**. For example, they could organize informational initiatives with the support of schools and all those entities that provide social services at national level, including occupational social protection providers. **This awareness campaign should cover aspects related to healthcare, continuous learning as well as financial literacy**. This would translate, for example, on informing individuals on the importance of consumption and nutrition aspects as well as physical activity to develop healthy habits from early stage and prevent diseases in later stages of their life. Financial literacy would be important to first ensure that individuals have access to information regarding their social protection benefits and secondly to inform them on the importance of having supplementary pension schemes, in particular earnings-related occupational pensions.

Adaptation to meet the evolvement of new labour market characteristics

AEIP considers trends as **changing demographics, the emergence of new work patterns, technological developments and shifting labor market dynamics as transforming workplace dynamics and generating new forms of occupational risks**. These factors have contributed to the evolvement of new labor market characteristics - an aging work force, less stable employment relationships, an increased rate of obsolescence of work-place skills and an increased significance of psycho-social risks.

Therefore, crucial points for EU-level action are:

- Setting up minimum requirements for re-training, work place adaptation and prevention measures, and ensuring provisions addressing new forms of occupational risks.
- Setting up minimum requirements for work place adaptation, ensuring the needs of older workers and persons with disabilities or health conditions are met and they have equal access to employment, are crucial steps towards inclusive labor markets and full workforce participation. Measures on prevention should include an adequate, common framework at EU level for self-assessment on risk factors, including both physical and psychosocial occupational risks.
- Active involvement of the private sector can ensure the scale of implementation needed, especially in the development and promotion of workplace mental health programmes for prevention and treatment.

For any further information please contact Giuseppe Perretti, Policy Advisor Healthcare & Provident Funds (giuseppe.perretti@aeip.net) or Panayiotis Elia, Policy Advisor on Pension & Financial Affairs (panayiotis.elia@aeip.net).