addressing inequality
The EU policy framework for defining, monitoring and addressing inequality
Policy Analysis Laboratory School
The future of the welfare state in the Western Balkans
Introduction

Inequality of outcomes, of opportunity, and inclusive growth

Policy response: pre-market, in-market and post-market policies

Drivers of inequality

EU economic governance with the Western Balkans:
Economic Reform Programmes
European Commission President-elect Ursula von der Leyen

#SocialRights

EUROPEAN PILLAR OF SOCIAL RIGHTS
"I want Europe to strive for more when it comes to social fairness and prosperity. This is our Union’s founding promise."

"I want Europe to strive for more when it comes to social fairness and prosperity."

President-elect Ursula von der Leyen (July 2019)
Regardless of gender, racial or ethnic origin, religious or belief, disability, age or sexual orientation, everyone has the right to equal treatment and opportunities regarding employment, social protection, education, and access to goods and services available to the public. Equal opportunities of under-represented groups shall be fostered.

Social Scoreboard headline indicator: 80/20 income quintile share ratio
Inequality of outcomes, of opportunity, and inclusive growth

- Spatial dimension: Regional implications of inequality – gaps in access to services (such as health, transport, education, education)

- Inequality of income, and in particular of disposable income, is the most prominent dimension in the policy debate. Income inequality can be measured through different indicators which condense or summarise information from a distribution of income. EU–SILC data, income quintile share ratio, GINI coefficient, S40 (SDG10).

- A limitation of all headline indicators is that, by using a single number, they do not allow for an understanding of how changing income inequality is being caused.

- Distribution of wealth attracted increasing attention in recent years. Wealth inequality is much more pronounced than income inequality in all euro area countries. Attention to calculation of indicators and contextual indicators impacting on wealth (taxation, capital, levels, home ownership, etc) attracted increasing attention in recent years. Wealth inequality is

- Health: unmet medical needs – (“catastrophic” out of pocket payments – strong correlation with education levels – (taxation, capital, levels, home ownership, etc).

- Spatial dimension: regional implications of inequality – gaps in access to services (such as health, transport, education, education)
A caveat on social mobility indicators comparing generations: Low data frequency, underlying trends may vary (macroeconomic, social, etc).

- AROPE rate for children by educational attainment of their parents is another key indicator for At Risk of Poverty or Social Exclusion (AROPE) rate for children.
- Creating a level playing field begins in childhood.
- Inequality of outcomes, of opportunity, and inclusive growth.
segments of the income distribution.

Benefits of growth in net real disposable income to the households in the different

Underlying reasons of gaps are country-specific.

Comparisons GDP per capita growth with change in household disposable income.

Comparison of GDP per capita growth with change in household disposable income.

Concept includes the distributional effects of growth, the inclusiveness of labour

markets, and the improvement in the well-being of the worst-off.

Concept includes the distributional effects of growth, the inclusiveness of labour

capture whether the fruits of economic growth are shared broadly.

Inclusive growth: complex concept involving a number of dimensions and aimed at

Inequality of outcomes, of opportunity, and inclusive growth
(Some) drivers of inequality:

- Market structures, institutions, regulations
- Migration
- Demographic change (household composition)
- Changing capital share of income
- Technological change
Policy response: Pre-market, in-market and post-market policies

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Inclusive growth

In-market

Efficient credit markets
Open and contestable product markets
Inclusive and adaptive labour markets

Governance
Institutions
Infrastucture
Empowering benefit systems
Growth-friendly tax systems

Post-market

Endowments
EU economic governance with the Western Balkans:
Economic Reform Programmes

- Since 2016
- Country programme – Commission assessment – Joint policy guidance at Ministerial level
- Complements alignment to EU aquis
- Since 2019 also for roll-out of the European Pillar of Social Rights
Increase investment in early childhood education and care, especially for increasing enrollment of children from vulnerable families.

Under the steer and with financial support from central government, establish capacities at the level of all local government units for assessing social care needs and preparing social care plans.

And implement the prepared Vocational Education and Training Reform Package.

Improve the targeting of active labour market policies.

Albania

ERP Joint Policy Guidance 2019
Register unemployed in order to free their capacities for more active support to jobseekers.

- Disburden public employment services from administrative duties related to health insurance.

- Incentivise formal employment.

- Reduce the tax wedge, especially for low-income workers, and disincentives to work in order to incentivise formal employment.

- Undertake a review of secondary and higher education enrollment policies in order to improve their links to the current and prospective needs of the domestic labour market.

Bosnia and Herzegovina
• Develop active measures for increasing female labor market participation and employment.

• Increase the provision of vocational education and training for professions in demand.

• Increase investments in education with particular focus on expanding early childhood education.

• Develop active measures for increasing female labor market participation and employment.

This designation is without prejudice to positions on status, and is in line with UNSCR 1244/1999 and the ICJ Opinion on the Kosovo declaration of independence.
Increase labour market participation, in particular for youth, women, and the low skilled.

Establish a solid monitoring and evaluating mechanism on the implementation and results of practical learning at vocational and higher education.

Improve coordination between employment and social services.

• Increase labour market participation, in particular for youth, women, and the low skilled.

Montenegro

ERP Joint Policy Guidance 2019
Adopt and implement the new social protection legislation for improving the impact of social transfers on poverty reduction.

- Strengthen the governance in the education sector in order to accelerate the modernisation of the education system at all levels through improving infrastructure, curricula and teachers' qualifications.
- Implement the Youth Guarantee in North Macedonia.
- Implement the Youth Guarantee in the whole territory with an emphasis on underdeveloped regions by ensuring sufficient and qualified human resources of the Employment Agency, and the participation of relevant stakeholders.

ERP joint policy guidance 2019
Reduce the high non-wage labour cost of jobs at the lower sections of the wage distribution.

Adopt measures to incentivise the formalisation of labour in non-agricultural sectors.

Significantly increase funding and the implementation of active labour market measures adjusted to the needs of the unemployed, in particular women, youth, including highly skilled persons.

Serbia
More Information at:
https://ec.europa.eu/commission/priorities/deeper-and-fairer-economic-and-monetary-
union/european-pillar-social-rights_en
https://ec.europa.eu/commission/interim/commission/interim/commissioners-overview-country-
assessments-en
balkans-meeting-on-employment-and-social-affairs-luxembourg-12-june-2019
montenegro-north-macedonia-serbia-turkey-bosnia-and-herzegovina-and-kosovo-
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Thank you!

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