

**A Concerted Strategy
for Modernising Social Protection**

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EXECUTIVE SUMMARY

Member States' social protection systems face a series of significant common challenges, for example, the need to adapt to the changing world of work, new family structures and the dramatic demographic changes of the forthcoming decades. They must do so while balancing the clearly expressed wishes of citizens for continued high levels of social protection against the requirement that public services should become more efficient and respect budgetary disciplines.

In response to these challenges, a joint reflection has been underway at EU level throughout the 1990s. This gave rise to the Council's Recommendation of 1992 on the convergence of social protection objectives and policies, confirming again that the responsibility for the organisation and financing of social protection systems is in the hands of Member States. As a follow-up, the Commission launched in 1995 the debate on the "Future of Social Protection" and presented in 1997 its Communication "Modernising and Improving Social Protection in the EU". This debate established a consensus among Member States and the EU institutions that social protection systems, given the changing nature of European society, need to be modernised in order to continue to play their traditional and valued role.

On the threshold of the 21st Century, economic and political developments are making this modernisation more urgent than ever. These developments include: the macro-economic disciplines required for stability and growth within Economic and Monetary Union; commitments to making social protection systems more employment-friendly under the European Employment Strategy; and the need to confirm the place of social protection within the common values of the European Union in the context of its enlargement. These factors only serve to reinforce the value of the process of joint reflection between the Member States and the EU institutions.

With this Communication, the Commission proposes to open a new phase in this ongoing process of reflection.

- The Communication aims to establish an agenda for deepened co-operation based on four key objectives within the overall challenge of modernisation:
 - to make work pay and to provide secure income;
 - to make pensions safe and pension systems sustainable;
 - to promote social inclusion; and
 - to ensure high quality and sustainable health care.
- The strategy will be supported by enhanced mechanisms for exchanging information and monitoring policy developments in order to give the process more visibility and political profile. To this end, Member States will be invited to designate high level officials to act as focal points in this process.
- The Commission will issue an adapted annual report on social protection, based on contributions from the Member States.

- This report will be submitted to the Council each year.

The Commission therefore invites the Council to endorse a concerted strategy for social protection systems, based on the common objectives and mechanisms for exchanging information and monitoring developments set out above. The Commission also invites in particular the European Parliament, the Economic and Social Committee and the Committee of the Regions to contribute, and seeks the involvement of the social partners, social security institutions and non-governmental organisations.

1. INTRODUCTION

Social protection systems have an important role to play throughout the European Union, in the lives of individuals and families and in underpinning the development of society and the economy. They provide people with income in times of need and allow them to accept and embrace economic and social change. In this way they promote both social cohesion and economic dynamism. Their importance in the social and economic infrastructure of the Union should not be underestimated. Expenditure on social protection accounts for 28,5% of Community GDP, the bulk of which (63%) is spent on pensions and health care. Their role in the redistribution of income is immense: in the absence of social transfer payments almost 40% of households would live in relative poverty, a figure which is reduced through tax and benefits systems to 17%¹.

This Communication sets out to continue and deepen a process of collective reflection on the state of social protection in the European Union, on its objectives and the challenges it faces for the future. The starting point is the three major documents adopted by the Council and the Commission in recent years.

In 1992, the Council adopted a Recommendation on the convergence of objectives and policies in social protection.² This established what was termed a "convergence strategy" which consisted, in essence, of the identification of commonly held objectives. The Recommendation envisaged that these common objectives would act as guiding principles in the development of systems, while stressing that Member States remain free to determine how their systems should be financed and organised. Member States' systems are based on common values and objectives, set out in this Recommendation. The Council's Recommendation identified social protection as an integral part of the European Social Model and of the political *acquis communautaire*. As a follow-up of the Recommendation, the Commission has to date published three "Social Protection in Europe" reports which analysed developments in Member States' systems with reference to the principles identified in the Recommendation.³

The Recommendation paved the way for the subsequent Commission initiative "The Future of Social Protection: a Framework for a European Debate"⁴ which proposed a wide range of issues for discussion, including labour market, demography, gender and mobility issues. It emphasised that Member States achieve the common objectives laid down in the Recommendation in different ways, but that the challenges they are facing are similar. The initiative triggered a lively debate in the course of 1996; its underlying approach - to offer a forum for joint reflection - was

¹ Source: Social protection in Europe Report 1997. Relative poverty line is here defined as 50 % of the national mean equivalized income (European Community Household Panel Data).

² Council Recommendation of 27 July 1992 on the convergence of social protection objectives and policies (92/442/EEC).

³ The most recent one is the 1997 Social Protection in Europe (COM(1998) 243 final).

⁴ Communication from the Commission: The Future of Social Protection: A Framework for a European Debate (COM(95) 466 final).

widely appreciated. All Member States, the other European Institutions⁵, other international organisations, European social security institutions, social partners and numerous NGOs contributed to the discussion.

In March 1997, a follow-up document "Modernising and Improving Social Protection in the EU"⁶ took stock of the emerging consensus that social protection systems, far from being an economic burden, can act as a productive factor which contributes to economic and political stability and helps European economies to be more efficient and flexible and, ultimately, to perform better. It also became evident that there is an urgent need for modernisation of the operational structures of systems which, in most cases, were established decades ago under very different economic and social conditions. In particular, social protection systems need to be adapted to the new social and economic circumstances in which they operate: the changing nature of work, demographic ageing, the new gender balance and developments in relation to the free movement of workers. The title of this second Communication, "Modernising and Improving Social Protection" made clear that the ongoing reform process envisages the adaptation of systems to new realities by *making better use of the resources available* – not by lowering the level of social protection. A high level of social protection is an important factor for both social cohesion and for economic progress.

This assessment has achieved broad support. The Dutch, Luxembourg, UK and Austrian Presidencies have all organised important conferences focusing on different aspects of the issue. Discussions of the Commission Communication also took place within the European Parliament and the Economic and Social Committee⁷, as well as with the social partners.

Organisations of the civil society also gave their support to the need for reforms to maintain and strengthen social protection at the European Social Policy Forum, organised in Brussels in June 1998.

The overall result of this is a recognition that strong social protection systems are an integral part of the European Social Model which is based on the conviction and evidence that economic and social progress go hand in hand and are mutually reinforcing factors. Social protection provides not only safety nets for those in poverty; it also contributes to ensuring social cohesion by protecting people against a range of social risks. It can facilitate adaptability in the labour market and can thus contribute to improved economic performance. Social protection is a productive

⁵ Opinion of the Economic and Social Committee on the Communication from the Commission to the Council and the European Parliament on the Future of Social Protection: a Framework for a European Debate of 28 November 1996 (1400/96).

⁶ Communication from the Commission: Modernising and Improving Social Protection in the European Union (COM(97) 102).

⁷ Resolution of the European Parliament on the Communication from the Commission on Modernising and Improving Social Protection in the European Union (A4-0291/97) and Opinion of the Economic and Social Committee on the Communication from the Commission on Modernising and Improving Social Protection in the European Union of 10-11 December 1997 (1397/97).

factor. "Modernising" social protection means to make best use of its potential as a productive factor.

In addition to the changes in population, labour market and family structures discussed in the 1997 Communication, we are now in the midst of a number of important changes in the institutions of the EU. These changes include

- (i) the completion of the Single Market and the establishment of a single currency from 1 January 1999;
- (ii) the ratification of the Treaty of Amsterdam, in particular the new Employment Title and the new legal base for the fight against social exclusion; and
- (iii) the preparations of enlargement and the decision to open negotiations with countries from Central and Eastern Europe and with Cyprus.

The interlinkages between social protection and these institutional changes are complex. This Communication presents these implications and proposes how the Member States and the Commission, jointly, can engage in a process of further deepening co-operation on the modernisation of social protection systems.

2. THE NEW CONTEXT

2.1. Deepening of economic integration: the internal market and the single currency

European economic integration has entered a new stage with the introduction of the single currency from 1 January 1999. EMU has created an environment conducive to monetary stability and economic growth: inflation is below two per cent, public finances are much improved and the currency exchange rates are fixed between eleven Member States.

It is clear that the fundamental change in the economic environment brought about by the establishment of EMU has implications for policy strategies in favour of growth, employment and price stability and, in particular, gives a new emphasis to sound public finances and reform of labour markets. These two strands of policy, focussing as they do on the sustainability of public finances and on the restructuring of expenditure, taxes and social charges in order to support employment and job creation, have considerable implications for social protection policies.

In the Recommendation for the Broad Economic Policy Guidelines for 1999⁸, Member States are invited to inter alia: (i) review pension and health care systems in order to be able to cope with the financial burden on welfare spending of the ageing population and the need to influence future labour supply; (ii) review and adapt tax

⁸ Draft Report from the Council (ECOFIN) on the Broad Guidelines of the Economic Policies of the Member States and the Community appended to the Presidency Conclusion on the Cologne European Council 3/4 June 1999.

and benefit systems to ensure that they actively support employability and job creation; (iii) provide for the necessary financing of investment in human capital and other active labour market policies, having regard, however, to the national budgetary situation; and (iv) reduce the overall tax burden and especially the tax wedge on low-paid labour via reduced spending or shifts to environmental, energy or consumption .

The climate of monetary stability which EMU has created has established a good basis on which Member States can address the key challenge of making social protection systems sustainable and reliable. It has done so primarily by boosting the Union's capacity to generate the economic and jobs growth necessary for sustainability. In addition, it will allow for a more transparent and rational approach to the assessment of future demands on social protection systems, an issue which is of particular importance in the context of the ageing of the population.

The deepening of economic integration through EMU will speed up the already evident process of structural economic change in the European Union and strengthen its competitive position. There is likely to be a re-allocation of resources between economic sectors which will demand a high degree of flexibility and adaptability on the part of all economic actors. Of course, the benefits and the costs of economic restructuring are distributed unequally between economic actors. Many individuals will potentially face a higher degree of uncertainty and social risk and may lack the skills needed to succeed in or re-enter the labour market of the future. They may thus face pressure in adapting to new conditions and requirements. The process of economic restructuring can be facilitated by a combination of employment and social policies which ensures the appropriate balance between flexibility and security. Social protection systems can help workers to embrace new forms of work organisation and working time arrangements as well as to acquire new skills, thereby enhancing adaptability within the labour market.

Given the greater degree of inter-dependence between Member States' economies brought about by EMU, social protection becomes more and more a matter of common concern among Member States. Reforms in the social protection systems of one Member State are of interest to, and can potentially impact on, others. EMU does not of itself call into question the long recognised primary responsibility of each Member State for the organisation and financing of its own system. However, side by side with the need to create coherent, mutually reinforcing economic policies among Member States, the case for a concerted approach to the modernisation of social protection is reinforced by EMU. Member States have a shared interest in developing such an approach.

2.2. The Luxembourg process and the Employment Guidelines

The agreements at the European Council in Amsterdam and at the extraordinary European Council in Luxembourg to develop and implement a European Employment Strategy have substantially strengthened co-operation between Member States and the EU institutions in the employment field. The implications for social protection are enormous. Boosting employment performance - ensuring that more people are in work and enjoy better job prospects - is an important means to increase welfare and to combat social exclusion and thus to secure some of the most fundamental social policy objectives. Increasing the numbers in work is also vital to securing the future viability of social protection systems, particularly as they face the increased demands brought about by demographic ageing. Finally, the emphasis

placed on active employment policies by the European Employment Strategy raises particular challenges for social protection and makes it imperative that there should be coherence between these policy strands.

Central to the development of the European Employment Strategy is a recognition that employment and social protection policies are closely linked. In its Communication of 28 April 1999 on the "Community Policies in Support of Employment"⁹, the Commission highlighted the need to ensure that employment and social protection policies form a coherent policy mix.

The European Employment Strategy: contribution to be made by social protection systems

Several of the 1999 Employment Guidelines focus, either directly or indirectly, on social protection systems and how they can be made more employment-friendly.

Under Guideline 3, Member States are committed to raising the number of persons benefiting from active measures to improve their employability. **Activation measures** must focus on the needs of individuals and will therefore require the forging of strong links between benefit administrations and the Public Employment Systems. It may also require a review of conditions governing benefits to ensure that the appropriate balance is struck between an individual's entitlement to benefit and their availability for training or other measures.

Guideline 4 seeks a refocusing of tax and benefit systems to provide **incentives** for unemployed people to seek and take up work and for employers to create new jobs. It also urges that all labour market policies, including social protection, should encourage older workers to remain active in the labour market.

Making Social Protection Systems more employment friendly also involves looking at the incentives faced by entrepreneurs and employers. In Guideline 10 Member States are invited to reduce significantly the overhead costs and administrative burdens faced by enterprises when employing workers. Guideline 11 urges that any obstacles which may exist, especially within tax and social security systems, to the creation of self-employment opportunities should be reduced.¹⁰ Guideline 14 urges the setting of targets for gradually reducing the fiscal pressure on labour and non-wage costs, particularly for relatively unskilled and low-paid labour, while having regard to the "financial equilibrium of social security schemes".

Clearly, a strong focus on the incentive structures of systems – the incentives facing benefit recipients in accessing the labour market; older workers as they face possible early retirement; and employers and entrepreneurs in relation to job creation - must be a key consideration in the process of modernising social protection systems if Member States are to live up to these commitments.

⁹ Communication on Community Policies in Support of Employment (COM(1999)167).

¹⁰ The business environment simplification task force (BEST) in its final report also took up the issue, asking Member States to simplify administration of their social security systems. (Promoting Entrepreneurship and Competitiveness. The Commission's Response to the BEST Task Force Report and its Recommendations (COM(1998) 550.)

With a view to **reconciling work and family life**, the Guidelines also emphasise the importance for both men's and women's participation in employment of adequate support for childcare, including policies on career breaks, parental leave, part-time work and flexible working arrangements. Guideline 21 commits member states to promoting family-friendly policies, including affordable, accessible and high quality care services, both for children and for other dependants. Guideline 22 provides for Member States to examine, with a view to gradually eliminating them, obstacles affecting women and men wishing to return to paid employment after an absence. Increasing female participation on the labour market, in view of impending demographic change, is an important objective of the European Employment Strategy. Viewed in this light, such policies have the potential to contribute strongly to the productive capacity of the economy.

The Joint Employment Report 1999 will include a review of progress in the context of the Employment Strategy on the range of Guidelines set out above that have implications for social protection systems.

Increasing the employment rate can help ensure the sustainability of social protection

At the same time, it is also clear that the European Employment Strategy addresses one of the main concerns of member states for the future of social protection, i.e. the future funding of systems. The low average rate of participation in work throughout the European Union, which is a central concern of the Strategy, erodes the funding base of social protection systems. This is a major concern in the context of demographic ageing. There is a very particular interaction between low employment participation and pressure on social protection in the case of older workers: less than half of all men in the age bracket 55-64 throughout the Union are in work. This results in a loss of the tax and social contributions needed to fund systems while at the same time the cost to systems, in the form of early retirement payments, rises.

A higher employment rate is necessary to ensure the future sustainability of systems, and pension schemes in particular. It will thus be necessary to reverse the practice, evident in many member states, under which early retirement and other social protection schemes supporting early exit from the labour market have been used as labour market instruments to reduce labour supply. Recent pension reforms have aimed at restricting the growth of expenditure by, for example, increasing the legal age of retirement, by introducing actuarially fair elements in early pension schemes and by increasing flexibility in working time and retirement arrangements. Social protection systems must remove incentives for older workers to withdraw from the labour market early, not only because of the costs involved, but also because early retirement runs counter to the objectives of an inclusive society and active ageing¹¹.

In conclusion, it can be stated that the successful implementation of the European Employment Strategy requires, at national as well as at European level, a parallel and complementary process on the modernisation of social protection. The Commission will seek to ensure that there is a high level of interaction between the two processes.

¹¹ Communication of the Commission "Towards a Europe For All Ages" (COM(1999) 221).

2.3. The challenge of enlargement

A historic chance and a challenge

The accession of the Central and Eastern European Countries represents both an opportunity and a challenge for the EU in the field of social protection policy. The up-coming enlargement is fundamentally different from previous enlargements because the EU has never negotiated with so many countries at the same time, and because of the size in terms of population of the candidate countries, the level of income in relation to the EU and the structure of their economies:

- The combined population of the 10 countries in question amounts to 105 Mio. persons, i.e. around 28% of the EU's current population.
- The combined GDP, expressed in Euro, of all 10 CEECs is just under 4% of the EU's GDP.
- The distribution of employment between the economic sectors also differs markedly between the CEECs and the Member States

Modern social protection systems will facilitate the integration of the new Member States

Social protection systems already play a prominent role in the CEECs in smoothing the process of economic transition and maintaining political stability. Although at present income is growing throughout the region of Central and Eastern Europe after an initial period of decline in most countries, it remains considerably below the level of the least prosperous of the present EU Member States, and *a fortiori* in comparison to the EU average. Poverty and deprivation have become more widespread as unemployment has risen. Furthermore, accession to the single market means that CEECs will be exposed to extremely strong competitive pressures which will further accelerate the process of economic transformation and structural change. Therefore, the successful economic integration of current and future Member States will be a challenge for both sides: the modernisation of social protection systems within the applicant countries will be an important tool to facilitate the process of integration.

In their preparations for membership, applicant countries will need to work towards the development of efficient, effective and sustainable social protection systems, and to take on the *acquis* in this field as regards coordination of social security systems and equal treatment.

3. TOWARDS A CONCERTED STRATEGY FOR MODERNISING SOCIAL PROTECTION

The developments described increasingly make social protection a matter of common concern among member States. They reinforce the interest, already evident since the Recommendation of 1992, in focusing together on how to modernise social protection systems for the future.

The European Parliament has called on the Commission, in March 1999, "to set in motion a process of voluntary alignment of objectives and policies in the area of social protection, modelled on the European employment strategy".¹²

The Commission feels that it is now time to deepen the existing co-operation on the European level in order to assist Member States in successfully addressing the modernisation of social protection and to formulate a *common political vision* of Social Protection in the European Union.

A Concerted Strategy for Modernising Social Protection

The Commission proposes, therefore, a concerted strategy for modernising social protection. This initiative takes into account the developments since 1992, initiated by the Council Recommendation and followed-up by the two subsequent Communications of the Commission. The 1992 Recommendation defined the basic principles for co-operation and the objectives to be aimed at; the first Communication opened a broad debate on the future of social protection and set in motion a process of joint reflection; the 1997 Communication narrowed the scope of discussion to a number of key issues. The Agenda proposed here draws directly on the outcome of this debate.

The proposed strategy aims at deepening the co-operation between the Member States and the European Union, based on exchange of experience, policy discussion and monitoring of ongoing political developments in order to identify best practice.

Four broad objectives

In the light of the process of reflection to date, and drawing on the points made in the previous Communication "Modernising and Improving Social Protection", as well as from the debates within the Luxembourg process, the Commission proposes to the Council a number of broad objectives to guide future action. The process to date has made clear that the key issues of concern to all Member States are: how to make social protection systems more employment-friendly; how to tackle impending demographic ageing; the fight against social exclusion and the challenge of providing a high quality health care while containing the overall costs. Gender aspects are an important crosscutting theme for all four objectives.

Thus the Commission invites the Council to endorse formally these objectives as the basis for future deliberations:

¹² Resolution on the Commission report to the Council, the European Parliament, the Economic and Social Committee and the Committee of the Regions on "Social Protection in Europe 1997 (A4-0099/99).

- to make work pay and provide secure income

The characteristics of today's labour market are very different from those which obtained when Member States Europe established their social protection systems. High overall unemployment; a high share of young, female and long-term unemployed; weak participation rates among "older" generations; career breaks and involuntary interruptions of economic activity; changing household patterns; the emergence of new working arrangements such as part-time work and fixed contracts; the high speed of technological progress requiring constant up-dating of skills. All of these call for more than simply providing traditional forms of "protection" like the guarantee of a replacement income. Adaptation to these changes calls for the striking of a new balance between security and flexibility as well as between rights and responsibilities. Systems must now offer workers and job-seekers active help, in particular by promoting employability and adaptability, and must create strong incentives to work and to make work pay.

- Tax and benefit systems have to be designed in such a way that it pays to take up work. In addition employers and entrepreneurs should not be discouraged from creating jobs and opportunities. Social protection and the welfare of the community depend on economic performance and a high participation on the labour market. Therefore, social protection must never hamper economic life by setting up disincentives to work, education, training, mobility, the creation of jobs or entrepreneurship.
- Social protection systems must reflect and respond to the emergence of new working arrangements such as temporary and part-time contracts, and the increasing importance of self-employment.
- People need to be confident that they can rely on safe income support if they are to take on the challenges of the changing world of work. Social protection systems can provide the necessary income bridge and the active help necessary to prevent a temporary gap between jobs from sliding into long-term unemployment.
- Social protection should contribute to reconciling work and family life: support for families and for the possibility to reconcile work and family life is not only a question of equal opportunities for women and men, but also an economic necessity in the light of demographic change.
- The financing of social protection, according to national rules and practices, must take account of the need to provide systems with resources adequate to attain their objectives, the need to avoid the negative impact on employment arising from excessive charges and taxes on labour and the need for budgetary discipline.

- to make pensions safe and pension systems sustainable

The fundamental objective has to be to provide people with a securely funded and adequate pension. This means that pension systems must be made sustainable, and they must guarantee a decent replacement income for pensioners. This may involve finding an appropriate balance between funded and PAYG (pay-as-you-go) systems. In addition to the material well being of the older generation, it is important to ensure

their continued participation in social life and to "*add life to years*"¹³. This objective can only be realised if it is prepared for in younger years and supported by the right incentives within benefit and pension schemes which favour continued participation in work and promote life-long learning and preventive health care systems.

- The need to anticipate the impact of demographic ageing on social protection systems calls for a coherent policy mix between labour market and pensions policies, the other branches of social protection systems (in particular, health care and long-term care systems) and policy on equal opportunities.
- The design and reform of pension systems should discourage early withdrawal from the labour market, encourage flexibility in retirement arrangements and promote active participation by older people in the life of the community.
- The objective of promoting active ageing is not confined to policies for the older generation; it directly affects policies for the working generation.
- Particular attention needs to be paid to the problem of poverty among older women, resulting from their low participation in employment combined with changes in household structures

- to promote social inclusion.

Social protection has a key role to play, in conjunction with other policy instruments, in the combating of social exclusion and promotion of social inclusion. Social protection systems have in particular to provide minimum income benefits, access to housing and health services and should facilitate the broadest possible participation in society. For those able to participate in the labour market, appropriate measures should actively support integration into it.

- To ensure effective safety nets, consisting of minimum income benefits and accompanying provisions, with a view to efficiently combat poverty and exclusion of individuals and families.
- To focus on prevention, fostering active rather than passive measures and providing incentives and pathways to (re) integration into the labour market and society.
- To contribute to a comprehensive and integrated approach to fight social exclusion, involving all relevant policies and actors.

- to ensure high quality and sustainability of health care

Everyone should be in a position to benefit from systems to promote health care, to treat illness, and to provide care and rehabilitation for those that need it. Europe's health systems have made a huge contribution, which is evident in the fact that the health of the Community population is better than ever before. However, demand on health systems is increasing and will continue to do so, all the more as the proportion of older people rises across Europe. Constant innovation in medical technology can

¹³ Communication of the Commission "Towards a Europe For All Ages" (COM(1999) 221).

bring great benefits but also increases costs. This pressure could be lightened by prevention of health problems before they arise, especially through the promotion of healthier lifestyles.

- Contribute to improve the efficiency and effectiveness of health systems so that they achieve their objectives within available resources. To this end, ensure that medical knowledge and technology is used in the most effective way possible and strengthen co-operation between Member States on evaluation of policies and techniques.
- Ensure access for all to high quality health services and reduce health inequalities.
- Strengthen support for long-term care of frail elderly people by, *inter alia*, providing appropriate care facilities and reviewing social protection cover of care and carers.
- Focus on illness prevention and health protection as the best way to tackle health problems, reduce costs and promote healthier life.

The new process of exchanging experience and monitoring developments

To facilitate a new, intensified debate and engagement regarding these objectives, the Commission envisages the following steps.

Each Member State will be invited to designate a high level senior official to act as focal point for exchange and information gathering activities. The Commission will regularly organise meetings of these officials to analyse and evaluate the progress made.

To better serve Member States' shared interests, to deepen the exchange of experiences and to assist them in the modernisation of their systems by monitoring ongoing policy developments, a new policy tool is needed. To this end, the Commission intends to review its "Social Protection in Europe" report. In the future the new report will be published on an annual basis, instead of every two years, in order to be able to follow policy developments more closely.

It will be drawn up in close consultation with the Member States, reflecting the broad objectives the Council is hereby invited to adopt.

It will be based on contributions from Member States, highlighting key policy developments.

The Commission will invite the Council to examine the annual Social Protection Report in articulation with the Joint Employment Report.

Arrangements will be made to facilitate the progressive involvement of applicant countries in this process.¹⁴

¹⁴ The 1999 Social Protection in Europe report will include information on social protection in the CEECs.

The need to broaden the debate

There is strong interest and involvement of civil society in this issue and the Commission proposes to develop a dialogue in this respect with all those concerned. Social partners will be invited to give their contribution to this process within the Social Dialogue Committee. Further exchanges with NGOs will also be developed. The social security institutions will also be invited to contribute.

The Community institutions are invited to co-operate in this debate; in particular the European Parliament, the Social and Economic Committee and the Committee of the Regions are invited to give their opinion on this approach.

The Commission, therefore, proposes the following **key actions** to create a concerted strategy for modernising social protection:

1. That the Council endorses the four broad objectives outlined in this Communication:

- to make work pay and provide secure income,
- to make pensions safe and pension systems sustainable,
- to promote social inclusion, and
- to ensure high quality and sustainability of health care.

2. That the Council endorses a framework for closer co-operation in the field of social protection, based on the exchange of experiences, mutual concertation and evaluation of ongoing policy developments with a view to identifying best practices;

3. That Member States designate high-level senior officials to act as focal points for this process. The Commission organises meetings of these officials to analyse and evaluate the progress made;

In order to assist Member States in this process and to monitor policy developments, the Commission will adapt its Social Protection in Europe report, in future publishing and submitting it to the Council annually;

4. To invite other Community institutions, in particular the European Parliament, the Economic and Social Committee and the Committee of the Regions to co-operate in this process;

5. To invite social partners, NGOs and social security institutions to contribute to this process.