

ETUC SociAll Project

National Reports – Methodological Note

Executive Summary

This paper sets out the methodology for the country-based research, leading to the production of National reports. The following four Sections cover:

- **Section 1. Background** – The context within which the National Reports are to be produced;
- **Section 2. National Reports** – Outline of the National Reports, with a more detailed specification in Annex A;
- **Section 3. Working Methods** – The methods that will be used to produce the National Reports, with an outline of the national survey that will be undertaken as part of the Project; and
- **Section 4. Indicators** – A summary of the indicators that are to be used to produce the National Reports.

1. Background

The aim of the ETUC SociAll Project is to provide support for trade unions in national and European-wide discussions on access to social protection and, more specifically, how to achieve adequate, transparent and effective old-age pensions for people in all forms of employment. This is in accordance with the rights for EU citizens and residents enshrined in Principles 12 and 15 of the European Pillar of Social Rights¹ (EPSR). Given these rights, the ETUC seeks coherent political and fiscal measures, both at EU and at national level, that establish these rights. In this way the European Economic Governance (EEG) and the associated Semester process should achieve the rights-based approach, for which the EPSR provides.

The EEG governance approach has reduced the rights of workers to a dignified life after retirement, which have been sacrificed on the altar of the fiscal sustainability. National expenditure on pensions is being cut, even though the population of Europe is ageing, leading to a reduction in the coverage, effectiveness and adequacy of pensions. The aim of the Project is to elaborate and promote the concept of “dignity of ageing”, as a priority with respect to the EEG approach that refers to “costs of ageing”. It will identify the challenges for trade unions in terms of people’s rights and needs and develop proposals that will both ensure dignified pension rights and support their fiscal sustainability.

¹ See https://ec.europa.eu/commission/priorities/deeper-and-fairer-economic-and-monetary-union/european-pillar-social-rights_en



The purpose of the National Reports that are being produced in this phase of the Project is to provide trade unions at national level with expert support in contributing to the implementation within member states of the EPSR and the associated European Council Recommendation on Access to Social Protection² (The Recommendation). This is in the context of the process set out in Articles 17, 18 and 19 of the Recommendation for implementation, reporting and evaluation. These set out clear tasks for member states that trade unions wish to “re-interpret” autonomously and to build upon to contribute to the process from a trade union perspective, as enhanced by the expert elaboration provided by the National Report.

When this work is complete the reports will also provide the basis for the final phase of the Project, which is the production of a European level report that will support trade union participation in the EU-level discussions on pension policy, and the production of EU level recommendations. The aim is to feed the debate about the formal and effective coverage and adequacy of pension provision, as a counterbalance to an approach based on the mere fiscal sustainability of costs of ageing.

This paper sets out the methodology for producing the National Reports based on country-based research undertaken by the National Experts. The role of the National Reports, having taken stock of the current situation in the designated countries, is as follows:

- First, to set out the main challenges (i.e. deficiencies in people’s rights and needs) , in the national context, to full access to adequate and effective social protection, as identified by the response to the survey and the analysis of relevant indicators;
- Secondly, to elaborate the policy options to meet those challenges, as identified through the survey, exchanges with trade unions and, when appropriate, other stakeholders, such as employers’ and institutional representatives;
- Thirdly, to make relevant and practical recommendations – from a trade union perspective – to support the trade union contribution to the National Action Plans referred to in the Recommendation.

The Project will provide trade unions with knowledge-based and strategic tools to contribute with original and relevant inputs to the national action plans that will implement the Recommendation. This will increase their capacity to be influential in policy making, within the framework of the EEG. Ultimately, the Project will identify paths for the implementation of the EPSR’s objectives and the convergence of national systems, while taking into account the different national backgrounds. This will achieve a rebalancing of the EPSR and EEG approaches to policy development, by establishing a rights-based approach that will achieve dignity in old age.

² See <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=urisrv:OJ.C.2019.387.01.0001.01.ENG&toc=OJ:C:2019:387:TOC>



2. National Reports

The National Reports will be based on the research being undertaken by the National Experts in association with the National Contact Persons who are appointed by the participating trade unions. They will provide concise studies on the challenges to accessible, effective and adequate protection of old age risks, including workers with non-standard employment relations (NSER) and the self-employed. A crucial element in the reports will be a full recognition of the gender dimension to these challenges.

The Reports will include background information on the country's pension policy, its pension institutions and their recent reforms and data on socio-economic and demographic conditions. They will conclude with comments on potential future action that will focus on the upward convergence of standards of pension provision and reversing the paradigm of importance between fiscal sustainability and dignity of ageing.

The required outline of the National Reports is summarised in Table 1 (below) and set out in more detail in Annex A.

Table 1. Outline of National Reports
<p>Following a summary of the key issues that have come out of the research and the main recommendations, the National Reports will have four sections, as follows:</p> <p>Section 1. The National Context: A concise description of the country context with relevant information. Prepared by National Experts based on existing knowledge and desk research.</p> <p>Section 2. The Challenges: Main challenge(s) (shortcomings in people's rights and needs) identified by the trade unions in the social, labour market and economic context.</p> <p>Section 3. Possible Reforms: The elaboration, from a trade union perspective, of possible policy reforms/interventions in the social, labour market and economic context that could address the challenges identified and contribute to the objectives of the Recommendation (in line with the provisions of Articles 17, 18 & 19)</p> <p>Section 4. Guidelines and Recommendations: Summary of the trade unions' key proposals for reform in the form of recommendations addressed to national actors and EU institutions (to be elaborated in coordination with the TU expert)</p> <p>Appendices: More detailed material, as appropriate.</p>

3. Working methods

The National Reports will be based on the research that is undertaken by the National Experts in conjunction with National Contact Persons nominated by the trade union bodies in the countries that have been selected for inclusion in the Project.

The research will involve:

- Desk-based research to take stock of the existing data from previous actions conducted both by social partners (e.g. ETUC Semester Toolkit) and the European institutions (e.g. National Reform Programmes; Country Reports in the Pensions Adequacy Report 2018; OECD... etc.);
- The survey that will be undertaken as part of the Project (see below);
- Interviews with trade union representatives and, when appropriate, employers and institutional representatives; and
- Any additional research/analysis/elaboration on issues relating to the Project that has already been undertaken by the national trade union bodies that they chose to make available.

The survey is a crucial element in this process and will be directed at the relevant trade unions through the National Contact Persons. The purpose of the survey is to go beyond the information about each country's pension system that is available to the National Experts from sources that are generally available, with which they will already be familiar, and gain a deep knowledge of the trade union perspective. The content of the survey is summarised in Table 2.

Table 2. Outline of the National Survey	
Section 1.	The Country's Pension System: The views of the trade union movement towards the content and the expected effects on the country's pension system of recent reforms and those currently under active discussion in terms of coverage effectiveness, adequacy and sustainability).
Section 2.	Current Challenges: Trade unions' perception of the main socio-economic and demographic challenges that affect the present and future of pension provision, i.e. deficiencies in people's rights and needs.
Section 3.	Possible Reforms: The trade union's priorities in terms of pension policy and the strategies required to fully achieve the objectives of formal and effective coverage and adequacy of pension provision in the future.

The National Experts and National Contact Persons will co-ordinate the gathering of the necessary quantitative and qualitative information from the survey, the interviews and the desk research. This will provide the basis for the National Report, including an expert assessment of the match/mismatch between trade union objectives and current practice in the coverage, effectiveness and adequacy of pensions for workers and self-employed. The

active collaboration of the National Contact Persons will also involve the validation of the national report and contributing to drafting the recommendations.

In line with the requirements of art 17 and following of the Recommendation, and with a consolidated ETUC methodology to gather and elaborate TU inputs, the methodological steps of the research will follow these steps:

- Identify the challenges in terms of people's needs and shortcomings in rights;
- Provide data in support; and
- Elaborate consequent policy drivers to overcome the challenges.

4. Indicators

Indicators are required to provide comparable information and evidence on the coverage, adequacy, and effectiveness of pension policy to support the assessments that are made of the current situation and to monitor trends in priority areas. They should provide the National Reports with a realistic assessment (in the view of the trade unions) of what major problems ought to be tackled and to measure the impact of measures that are taken to deal with the financial impact of demographic/labour market/fiscal policy change. This will include projections integrating the sustainability and the adequacy/coverage/effectiveness dimensions, taking account of indicators related to the economic dependency ratio, wage levels, quality of work, etc.

Given this the objective, the areas that need to be covered by the indicators are as follows:

1. Coverage
2. Adequacy
3. Effectiveness
4. Labour Market
5. Sustainability

The proposed indicators are set out in detail in Annex B.

The data used as the indicators will be available from a variety of national and Community-wide sources and may need to be updated, with projections where these are available. Most of them are already in use in some EU monitoring contexts; while others are used to critically depart from the EU data set, particularly those used to elaborate on financial sustainability.

TU's are also being asked, as part of the Survey described above, to specify the main indicators that they consider, in their national context, best identify the national challenges and support the policy driver proposals. They should also explain, with examples, what they regard as shortcomings in the indicators, given their national situation. This might lead to the development, over the course of the Project, of the ETUC's proposals for integrating the Social Scoreboard, as well as the trade unions' own benchmarking tools.



Annex A. Outline of the National Reports

The National Reports will be drawn up by the National Experts based on the research being undertaken in conjunction with the National Contact Persons. The reports should follow the outline that has been laid down by the Project sponsors, as shown in Table 1 (see page 2 above). There is also a requirement that a report should not exceed 30 pages³, including any appendices, but it is expected that, in practice, the reports could be materially shorter.

Given the variety of pension systems and the different stages of development in pensions policy across the 12 target countries, it will be for those preparing the reports to judge, based on the results of the trade union survey, the appropriate emphasis that should be given to various issues. On this basis, the potential size for the individual elements of a National Report are indicated in Table A1. The use of appendices to include more detailed material is to be encouraged. This is very much for guidance at this stage and shorter reports would be acceptable, provided they contain all the specified content.

Table A1. Outline of National Reports		
Executive Summary	The key issues that have come out of the research and the main recommendations	Up to 1 page
Section 1	The National Context: A short description of the country context with relevant information	3 to 5 pages
Section 2	The Challenges: Main challenge(s) identified by TUs in the social, labour market and economic context;	3 to 6 pages
Section 3	Possible Reforms: The elaboration on possible policy reforms/interventions that could address the challenges identified and contribute to the Recommendation objectives	3 to 6 pages
Section 4	Guidelines and Recommendations: Summary of TU's reform proposals addressed to national actors and EU institutions (to be elaborated in coordination with the TU expert)	2 to 4 pages
Annexes	More detail material.	As appropriate

These elements are outlined in turn below.

Summary

The reports will start with a summary of the key issues that have come out of the research and an outline of the main findings and recommendations.

³ This is equivalent to 45 thousand characters, excluding spaces.



Section 1. The Country Context

The first section of the National Reports sets out a concise description of the country context, with relevant information about its current social protection and pension systems, as impacted by recent reforms. A detailed history of each country's system is not required. It should provide the necessary background for the following Sections of the report and be sufficient for the reader to make sense of the proposed indicators and the discussion of the potential reforms.

The Report is not required to duplicate the more detailed information about pensions that is already available from other authoritative sources, such as the National Reports produced by the Commission in the EU Pension Adequacy Report 2018, Volume 2⁴; the OECD, in Pensions at a Glance 2019⁵; the European Social Policy Network (ESPN) reports⁶; and the EC impact assessment. Instead, the aim is to select and systematise the data that are necessary to support the further Sections.

Table A2. Proposed Content for Section 1. The Country Context
Pension Structure:
The national approach to pension provision, outlining the respective roles for public, occupational and personal pensions.
The formal and effective coverage from public and occupational schemes for different groups, including those in non-standard employment and the self-employed.
Legal and effective retirement ages, with an outline of any national strategy for responding to increasing life expectancy.
The involvement of trade unions in the governance of public and occupational pensions.
The elements of solidarity and/or risk sharing in pension schemes, including: <ul style="list-style-type: none"> • periods of unemployment, child-care, health care, long-term care; arduous work, etc • the investment risk, longevity risk etc in pre-funded public and occupational schemes.
Pension Finance:
The respective roles for pay-as-you-go and pre-funded pensions
Contribution rates (employers/employees, NSW, SE) and State support for financing pensions (public, occupational, private pensions)
Linkage between benefits and former employment career/contributions paid by public and occupational schemes.
Pension Outcomes from Existing Arrangements:
Pension formula (calculation of benefits, indexing mechanisms)
Benefit levels and income replacement rates in public schemes and in representative occupational schemes.

⁴ Link [here](#)

⁵ Link [here](#)

⁶ Link [here](#)

Minimum income in old age
The gender pension gap and the main drivers for inequality.
Pension Trends and Current Reforms:
A summary of the latest reforms and those under active consideration.
Current trends in provision, both public and private.

All this information will be country specific, with a focus on key aspects of each country's own pension system that reflect the concerns of the national trade unions. However, while the extent to which specific issues are covered will depend on the national situation, the following guidelines should be kept in mind:

1. The priority topics that have been identified include:
 - The relationship between pension adequacy and developments in the national labour market, with an emphasis on the quality and quantity of work and the lack of integration of certain groups;
 - The adequacy of the protection afforded to the purchasing power of the different types of pension provision with respect to cost of life and other needs of ageing such as health and long-term care (provided by the State for free? Accessible? Affordable?) and
 - Financial and sustainability features including the systems' shape, the role and extent of solidarity/ risk-sharing/ risk-pooling and the allocation of contributory obligations between employers, employees and general taxation.
2. Attention should be given, under all the headings, to the gender dimension, as well as the treatment of the self-employed and those in non-standard employment.
3. Appropriate reference is needed to the interaction between pension policies and the crucial issues of health and social care for older people, although any detailed work on these topics is beyond the scope of the Project.

Section 2. The Challenges

The ETUC vision for the implementation of the Recommendation is to grant formal and effective coverage, as well as adequate pensions to all workers and self-employed. This is clearly not yet the case in several EU member states. The idea is to take stock from people's rights and needs, assessing what are the main problems concerning coverage and adequate pensions. The aim is to highlight challenges to achieving these objectives (e.g. poverty among elderly, especially women; huge gender pension gap; inadequate pension provision entailed by poor quality jobs and wages; risk of old-age poverty for non-standard employees and self-employed; no indexation of pensions) and to provide data and evidence explaining and giving concreteness to these problems.

These problems will be framed as challenges identified by the trade unions in the social, labour market and economic context and this Section of the National Report will set out those

challenges. It should focus on those issues that are regarded by the trade unions as the most salient and will be based largely on the results of the survey.

While each report will be country specific, it is suggested that this Section will cover and systematise challenges and issues such as those set out below. The list is non-exhaustive, with additional issues being included where they are raised by TUs during the research. Tus will provide indications on the highest urgencies.

- Gaps in formal coverage;
- Gaps in effective coverage;
- In-adequate benefits;
- Gender pension gaps;
- Poor indexing mechanism;
- Inadequate pension perspectives for new entrants to the labour market;
- Risk-shifting to employees;
- Fragmentation of old-age protection, as a result of pension privatisation;
- Poor employment integration / poor wages; and
- Missing opportunities for remaining in employment until (increased) legal retirement age.

For each challenge data should be provided (as far as available), while shortcomings of data/indicators should be addressed and explained.

Section 3. Possible Reforms

This section will set out and elaborate on the viability of specific proposals for reform that address the challenges to adequacy, effectiveness and universal coverage identified by the Project. It will draw on the research and discussions that are undertaken as part of the Project and will necessarily be country specific and develop as the work proceeds.

The following issues have already been identified by the ETUC as problematic areas that need to be investigated/covered in this Section of the National Reports, although this should not preclude other issues being discussed, to the extent that they emerge during the research phase:

1. The economic dependency ratio (a clear distinction has to be made between pure demographic and economic dependency – see EU Commission’s White Paper on Pensions, chapter 2.3.);
2. The fiscal space for greater public spending, where necessary;
3. Pension purchasing power;
4. Fairness and equality of contributions, i.e. employers vis-à-vis employees;
5. Relation between Social Protection / Labour Market / Collective Bargaining / wage and remuneration levels/ Quality of work;
6. Structure and effectiveness of the pension systems;



7. The situation of self-employed workers (including bogus and dependent / fairness / taxation policy);
8. Adequacy for *all* workers whatever the nature of their work, whether in standard employment; atypical employment; or self-employment;
The treatment of workers in precarious and arduous jobs;
9. The gender situation; and
10. Retirement age in relation to demography, effective retirement age and employability at older ages.

Table A3 sets out ETUC priorities for European pension policy which provide a basis against which the issues set out above can be addressed:

Table A3. ETUC Policy Priorities	
1	Establishing standards of adequacy and ensuring they are met, including minimum benefits and the preservation of pensions' purchasing power
2	Improving labour market integration and the quality of work, to allow the effective accrual of adequate pension benefits that ensure dignified standards to all.
3	Addressing the impact on pensions through measures addressing the continuing gender pay gap
4	Filling the gaps in access to social protection by ensuring formal mandatory coverage equally to all workers, including the self-employed and those in precarious employment.
5	Ensuring income security with highly inclusive and adequate schemes, combined with active labour market policies and boost to public employment services.
6	The need for transparency as a factor in promoting wide coverage;
7	The relationship between pension policy, the role and coverage of collective bargaining and levels of remuneration;
8	Engaging in adequate and appropriate allocation of public spending when considering the real cost of inequalities, in order to provide the necessary resources to the concretisation of these rights.
9	Guarantee high quality and universal public health and accessible long-term care as integral part of social protection systems.

This analysis in Section 3 will identify potential pathways for the implementation of the EPSR's objectives and the convergence of national systems, while taking account of the different national backgrounds and country-specific debates. The proposals will need to comply with

the Recommendation's objectives to make social protection systems more inclusive, fair, solidarity-based, adequate, effective and meet the challenges for sustainability.

In setting out the range of possible reforms, the focus should be on broad issues, such as whether and how they deviate from objectives of high formal and effective coverage and adequacy of pensions.

TUs will also provide inputs on the sustainability requirements, to be elaborated by the National Experts, which will have to be kept under consideration throughout the analysis. Attention will be paid to key issues such as quality of work, remuneration levels and wage trends, dependency ratio, fairness in contributory obligations, taxation and other aspects. The idea is rights have primacy, with coherent decisions on sustainability being made at the appropriate level.

Factors that will need to be addressed in the proposals are:

- How they impact on the crosscutting issues of coverage, adequacy and gender, especially for workers in non-standard employment;
- Provide information (as far as available) on necessary resources based on a new narrative about more inclusive growth and the role for solidarity and redistribute measures at fiscal level;
- Elaborate on the political viability of the various options; and
- Concisely explain the proposals in support of fiscal sustainability.

The aim of this Section is to highlight the key policy drivers for upward convergence and provide something for trade unions that is more relevant and practical than a simple wish-list. What is required are knowledge-based and strategic tools to contribute with original and relevant inputs to the national action plans implementing the Recommendation and to increase the unions' capacity to be influential in policy making and to build a new narrative on more inclusive growth. They must also be grounded in what emerges from the survey that is undertaken and the accompanying research that is undertaken by the National Experts and the National Contact Persons.

Section 4. Guidelines and Recommendations

These guidelines and recommendations should summarise the trade union proposals elaborated in the context of the previous sections. It should be kept in mind that this is a trade union project, and the aim is to provide national trade unions with the expert tools to contribute to the implementation of the Council Recommendation in accordance with Articles 17, 18 and 19. Guidelines and recommendations will be addressed to national institutions, as well as, where relevant, to social partners and other stakeholders.

They will represent the policy demands from national trade unions (as elaborated with the National Experts' support) that will serve to achieve the Recommendation's objectives.



The recommendations will be country-specific; will emerge from the country-based research; will shortly address the main challenges identified in section 2; and will provide a short explanation of the reform pathways proposed and elaborated in section 3. The Report will explain how they contribute to formal and effective coverage, as well as adequacy and sustainability of pensions for all.

The guidelines and recommendations should not be regarded as a one-off initiative but should build on existing strengths offered through the national Trade Union Semester Liaison Officers (TUSLOs) and the ETUC Semester Toolkit. The aim is to establish the ongoing monitoring of pension policy and to contribute effectively in a timely manner.

With the financial support of the European Union



Annex B. Outline of Indicators

All indicators, where possible, should be disaggregated by gender.

Coverage:

- Categories of workers and self-employed covered by pension schemes:
 - By public schemes
 - By collective occupational schemes
 - By individual arrangements related to employment
- Percentage of employees and self-employed covered by old age schemes:
 - By public schemes
 - By collective occupational schemes
 - By individual arrangements related to employment
- Extent and nature of contribution credits
- Retirement age
 - Legal and effective ages
 - Distribution of effective age

Adequacy:

- Replacement rates:
 - Theoretical replacement rate - See Note 1.
 - Aggregate replacement ratio - See Note 2.
 - Effective (individual) gross/net replacements rates
- Gross/net average level of pensions paid
- Minimum pensions
- Gender pension gap and projected trends.
- Expected benefits (for career profiles) compared to minimum income threshold (or to relative poverty threshold)
- Self-reported unmet needs for medical care (over 65) – See Note. 3.
- Income inequality among people aged 65 and over.
- Net pension wealth
- Risk of poverty rate among those age 65 and over
- Material deprivation rate among those age 65 and over
- Further national indicators (if any) that the National Experts consider to be useful.
- Indicators on transitions between different employment statuses and between different income levels over the mean and point in time indicators

Labour market:

- Overall employment rates (including/not including marginal employment where available)
- Employment rate age group 55-64 (including/not including marginal employment where available)
- Unemployment rates
- Duration of working life – See Note 4.
- Trends in wage distribution (income inequality)
- In-work poverty rate

- Gender pay gap
- Wage share of GDP

Sustainability:

- Demographic old-age dependency ratio (65 and over vis-à-vis 15-64 age group)
- Number of life years expected at 65 (disaggregated by social factors as well as gender)
- Life expectancy in good health (disaggregated by social factors as well as gender)
- Economic dependency ratio (retirees + unemployed vis-à-vis people in employment) – See Note 5.
- Average years in retirement, relative to average years in active employment
- Public pension expenditure as a share of GDP - gross/net; current state + long-term projections
- Public pension expenditure as a share of GDP split between those:
 - * covered by contributions
 - * covered by general taxation
- Public pension spending:
 - * As share of GDP per capita 65 and over
- Private pension expenditure:
 - * As share of GDP (total)
 - * As share of GDP (per capita 65 and over)

Notes:

1. See OECD, Pensions at a Glance 2019 pg. 31 and Table 5.6; and Pension Adequacy Report 2018 pg. 48 et. seq.
2. See Pension Adequacy Report, pg. 47 et. seq.
3. See Eurostat Table sdg_03_60
4. The duration of working life indicator has been developed as part of the EU 2020 strategy on employment. The future evolution of the number of years in retirement, relative to the years in employment, is highly relevant to the debate on pension sustainability. There is a key shortcoming regarding the duration of working life indicator as defined by the Commission: no distinction is made between periods of employment and periods of unemployment – both are simply qualified as being part of working life.
5. EU-Commission (2012), White Paper. An Agenda for Adequate, Safe and Sustainable Pensions. Chapter 2.3.