

EUROPEAN PERSPECTIVE

What Happens to the European Social Model? (And what about the Western Balkans?)

WHO SHAPES THE FUTURE OF WORK? 22-23 Oct 2026, Sarajevo

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PART I

The European Union

The EU social dimension since 2017

FRAMEWORK

European Pillar of Social Rights (EPSR) set out 20 principles in 2017; three 2030 targets in 2021 Action Plan

GOVERNANCE & MONITORING

The **Social Scoreboard** in European Semester as of 2018; **Social Convergence Framework** in 2024.

SOME RECENT, EMPLOYMENT-RELATED LEGISLATION

2019 Work-Life Balance Directive, the 2019 Directive on Transparent and Predictable Working Conditions, the 2019 Regulation establishing the European Labor Authority, the 2022 Minimum Wage Directive, the 2023 Pay Transparency Directive, the 2024 Platform Work Directive, the 2025 revised European Works Councils Directive, the 2019 Council Recommendation on Access to Social Protection for Workers and the Self-Employed, the 2023 Council Recommendation on Adequate Minimum Income Ensuring Active Inclusion.

FUNDING

SURE (EUR 100 billion); Recovery and Resilience Facility (EUR 577 billion), cohesion funds

EPSR has acquired weight, yet remains a soft instrument with uneven implementation across EU.

What is reshaping the Social Model?

AGEING

The working-age population is contracting, while demand grows in healthcare and long-term care.

INACTIVITY IN THE LABOR MARKETS

Some 50 million working-age people are outside the labour force, and a further 6.5 million are underemployed (2025).

TECHNOLOGY

Around a fifth of firms now use generative AI (2025), although the aggregate employment effect remains small.

Although these drivers are structural and operate over decades, the policy response has remained short-term, voluntary and largely national.

The gender divide

PARTICIPATION

Of the 50 million working-age people outside the labour force, 32 million were women in 2025.

CAUSE

Principal constraints are the uneven distribution of care responsibilities and the availability of care services.

EMPLOYMENT AND PAY

The gender employment gap stood at 9.6 percentage points in 2025.

LATER LIFE

The pension gap stood at 23.9%, and 21.9% of women over 65 were at risk of poverty in 2025.

Because inequalities in employment, pay and unpaid care accumulate over the life course, they reappear as gaps in pension income and in poverty among older women.

Which workers are most exposed

PERSONS WITH DISABILITIES

The employment gap stood at 24.2 percentage points in 2025.

ROMA

The employment gap stood at 21 percentage points in 2024.

YOUNG PEOPLE

Entry-level hiring is slowing in some sectors and occupations as AI is adopted.

WORKERS OUTSIDE COLLECTIVE AGREEMENTS

Only nine member states reach the 80% collective bargaining coverage threshold set by the Minimum Wages Directive.

Exposure follows disadvantages and gaps in bargaining coverage that already exist in the labor market.

Are the systems adapting?

The three 2030 headline targets	Target	Latest
Employment rate, aged 20–64	78%	76.1% (2025)
Adults in training each year	60%	39.5% (2022)
People at risk of poverty or exclusion	–15 million	–3.5 million (2019-2025)

While the employment target remains within reach, progress towards the skills and poverty targets has fallen well short of what the Action Plan envisaged.

Two perspectives on the EU social dimension

THE COMMISSION

The Pillar continues to set the direction of social policy.

New acts on quality jobs and affordable housing, European Care Deal, in preparation.

The Social Convergence Framework is now embedded in Semester.

TRADE UNION RESEARCH

Delivery of the social dimension rests largely on soft law and coordination.

Legislative packages that amend many laws at once (simplification) weaken protections for workers and reduce scrutiny.

Social investment, as practised, advances skills and activation but not income protection.

Who bears the costs of adjustment in the EU

HOUSEHOLDS & WORKERS

9.2% of households were unable to keep their home adequately warm in 2024; the share of population unable to afford a regular meal with meat and fish rose from 6.8% in 2019 to 8.5% in 2025. In-work poverty fell from 9.6% (2016) to 8.3% (2025) but is concentrated among part-time/fixed-term workers, with lower levels of qualifications and single parents.

MEMBER STATES

Delivery rests on national budgets; country-specific recommendations issued during the Semester carry no penalties.

THE EU BUDGET

ESF+ provides EUR 94 billion, and EUR 144 billion of the RRF was allocated to social objectives.

PART II

The Western Balkans and the Social Dimension of Enlargement: Findings from 2026 FES study

Similar – yet different?

WHAT IS RESHAPING THE WB WELFARE STATES

Ageing is compounded by sustained emigration; skills shortages are reported across all six countries.

WOMEN AND MEN

Female activity rates are low, with the widest gaps in BiH and Kosovo; childcare coverage is weak.

WHO IS MOST EXPOSED

Informal and precarious workers, along with Roma, persons with disabilities and persons with low levels of education.

ADDITIONAL CHALLENGES

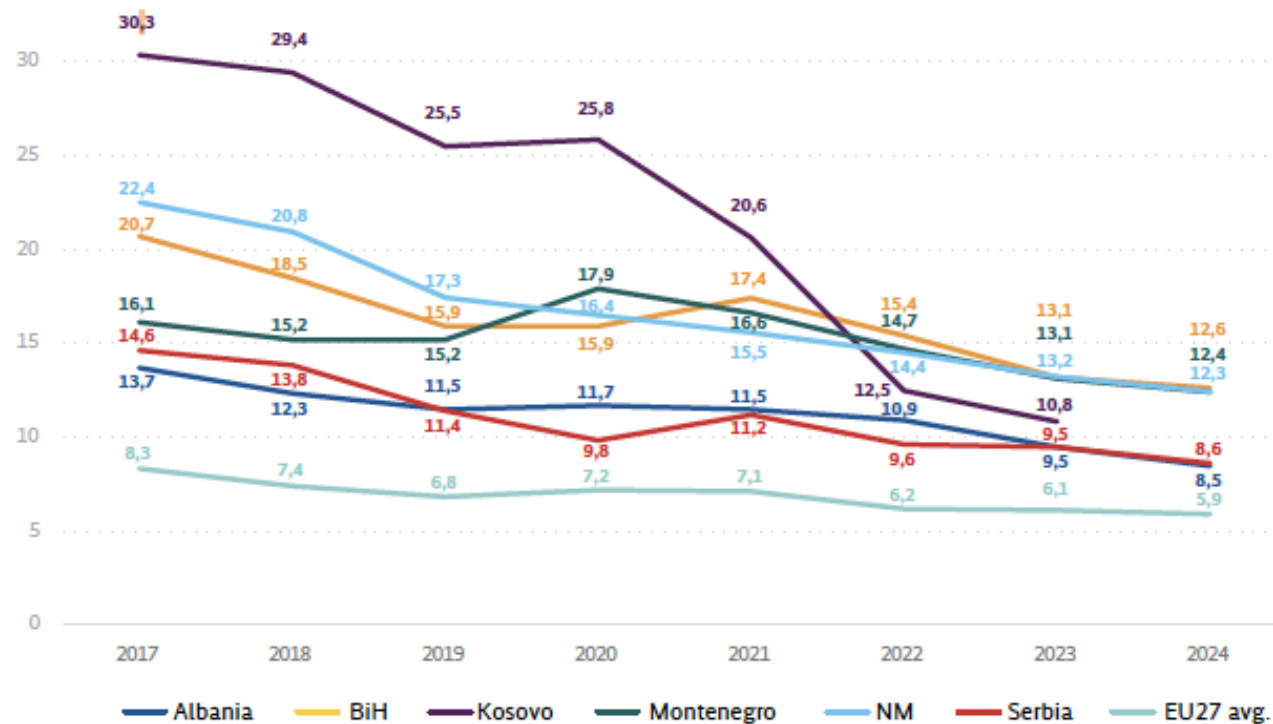
Large shares of young people are not in education, employment or training; adult learning participation is low.

Similar challenges arise in the WB countries, yet the fiscal and institutional capacity available to respond to them is considerably more limited.

Employment

Unemployment rate (% of labor force aged 15-74)

Graph 3



Source: Eurostat (une_rt_a); missing years, and Albania: ESAP Social Scoreboard database (2025); Kosovo: European Commission (2022, 2025)⁸⁹

Employment

CHALLENGES

Declining but still significant youth and long-term unemployment

Prevalence of informal and precarious work

Gender gaps and low female activity rates (especially in BiH and Kosovo)

Barriers in access to labor market for Roma, persons with disabilities, persons with low levels of educational attainment

Emigration from region contributing to labor shortages

Weak social dialogue and collective bargaining processes

STRUCTURAL REFORMS IN ECONOMIC REFORM PROGRAMS (ERPs) (2022-2024) & REFORM AGENDAS

Focus areas: Youth Guarantees and Active Labor Market Policies, reducing informality

Recent reforms: improved employment services and higher minimum wages

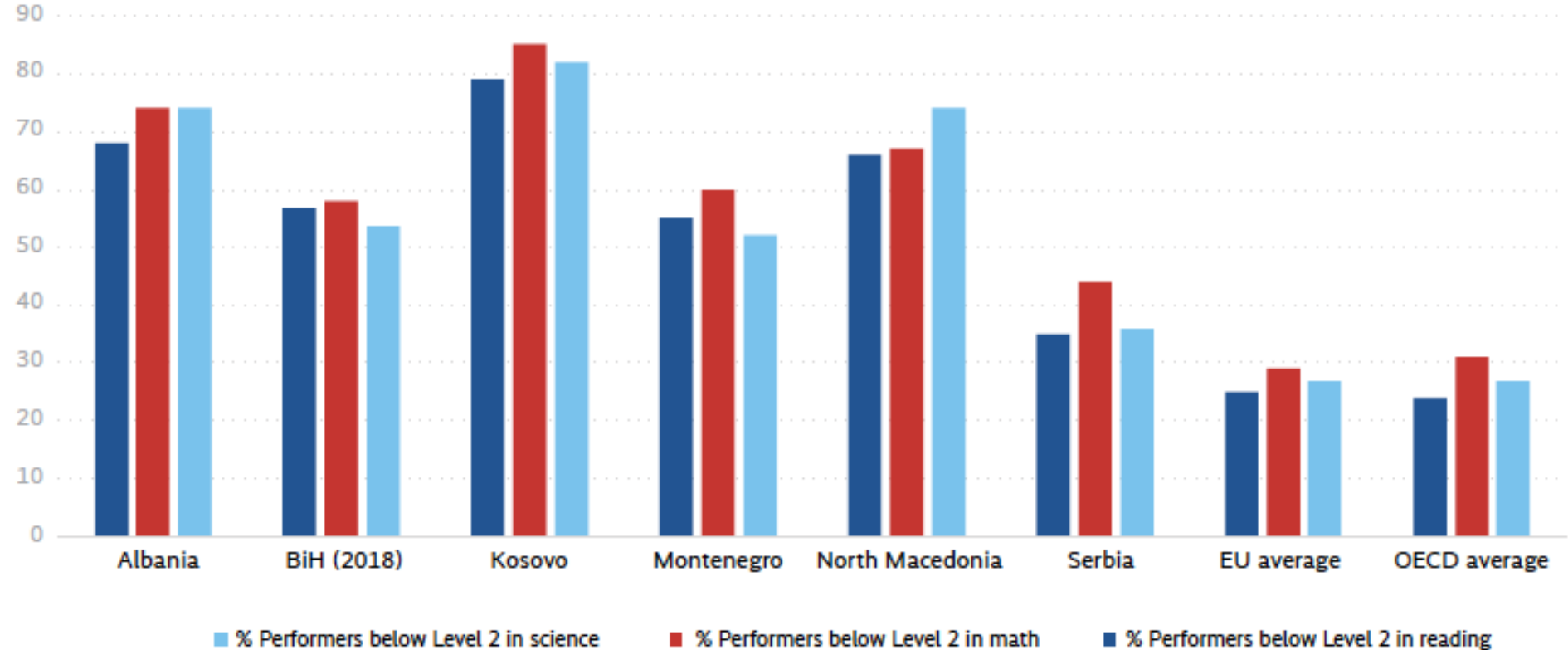
Gaps: decent work standards, social dialogue, work-life balance and income support during unemployment

Reform priorities concerned with entry into employment rather than with the quality or security of employment.

Education

Graph 14

Percentage of students below Level 2 in Math, Science and Reading (2022)



Source: UNICEF and OECD (2024),²⁰⁰ OECD (2019) for BiH²⁰¹

Education

CHALLENGES

significant share of young persons not in employment, education or training (NEET);

low levels of digital skills;

weak early childhood education and care coverage in most countries;

low levels of adult learning;

skills mismatches;

issues with educational quality;

need for inclusive education (students from disadvantaged households, minority communities, students with disabilities)

STRUCTURAL REFORMS IN ERPs (2022-2024) & RAs

policy guidance documents: narrow focus on VET, skills monitoring, digital education; inclusion sidelined

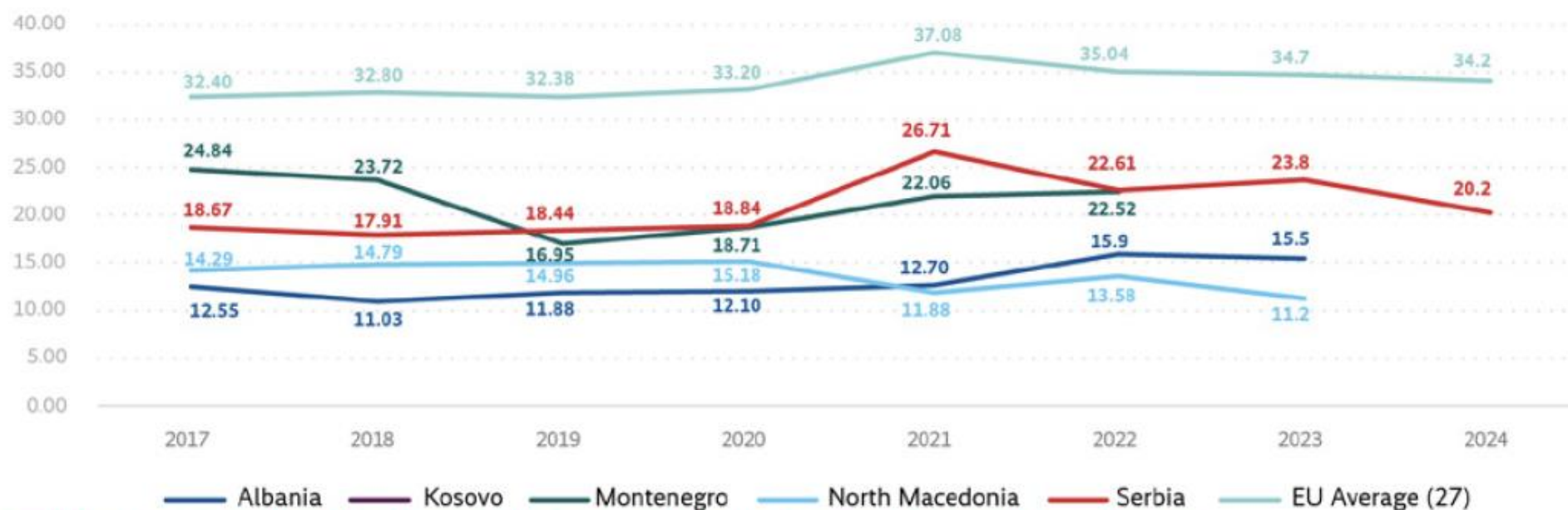
ERPs & Ras prioritize VET and digital education; upgrade of qualification standards; curricular changes; teacher training; organizational and financing reforms

Education quality and inclusion remain secondary to the aims of reducing skills mismatches for enhanced employability.

Social protection

Graph 28

Impact of social transfers (excluding pensions) on poverty reduction



Source: Eurostat [tespm050]. Note: Refers to the reduction in the percentage of the risk of poverty rate as a result of social transfers.

Social protection

CHALLENGES

Persistently high at-risk-of-poverty/social exclusion rates;

Social transfers' impact on poverty much lower than in the EU27 countries;

Insufficient income support to socially vulnerable groups;

Despite reform progress, social services remain underdeveloped, insufficient to meet need.

STRUCTURAL REFORMS IN ERPs (2022-2024) & RAs

In ERP policy guidance, limited recommendations (except Albania, Montenegro, Serbia); focus on reforming social assistance, improving adequacy amid rising costs; social services

ERP measures still relatively diverse (improved targeting and activation; increasing benefit adequacy in some countries; disability assessment reforms; expanding & improving quality of social services; digitalization of social protection systems)

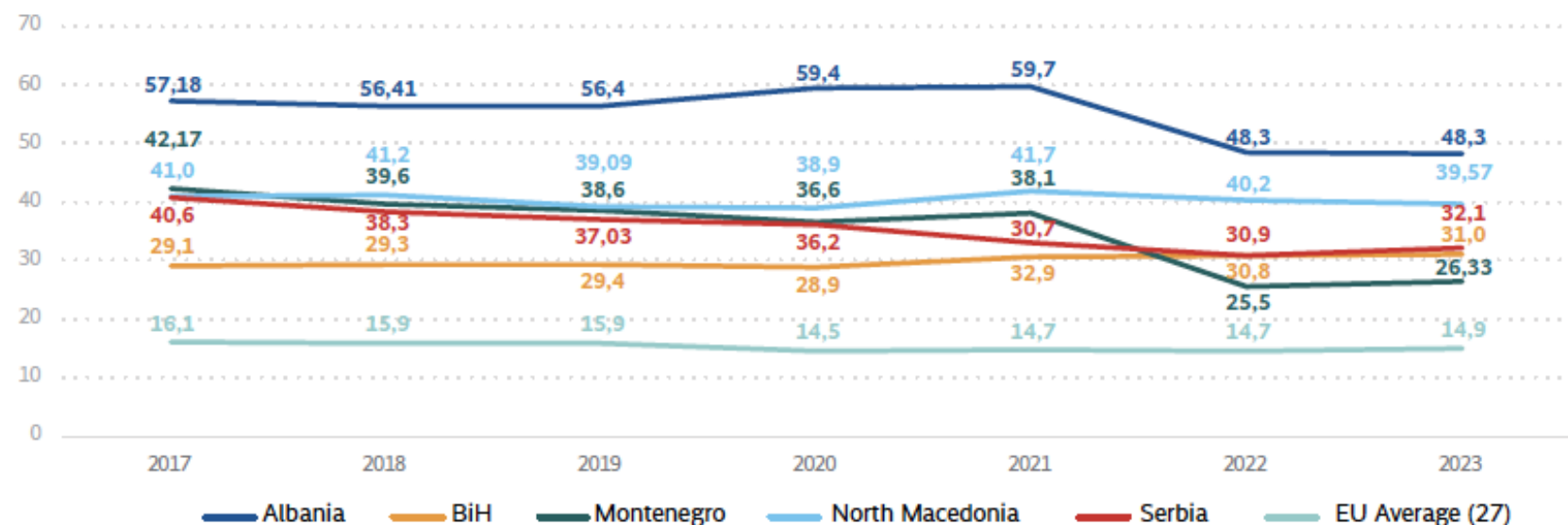
RAs mostly omit social protection, with limited measures in BiH and Serbia and more significant reform in Montenegro.

Residual social safety nets remain in place despite reforms.

Healthcare

Out-of-pocket expenditure on healthcare (% of total current health expenditure)

Graph 32



Source: Eurostat [tepsr_sp310]; WHO Global Health Observatory³⁰³ for Albania, North Macedonia, Montenegro (2017-2021) and Serbia (2017-2020)

Healthcare

CHALLENGES

Unmet medical needs above EU27 average (except North Macedonia, Montenegro)

Out-of-pocket spending much higher than in the EU

Access to public health insurance remains an issue in Kosovo, Albania

Insufficient healthcare sector capacities

STRUCTURAL REFORMS IN ERPs (2022-2024) AND RAs

Minimal attention in annual policy guidance documents

ERP commitments: improving service quality, availability; digitalization; public health insurance reform (Kosovo).

Healthcare reforms in ERPs generally not prioritized for implementation

RAs lack dedicated healthcare measures, a part of broader digitalization efforts

Little attention is paid to healthcare in structural reforms.

PART III

Key takeaways: The EU Social Model in the WB?

Discussion

- Compared to earlier period, recent ERPs focus more on social protection adequacy, employment capacities, and access to affordable, quality healthcare.
- With “migration” of structural reforms from ERPs to RAs, reform commitments became narrower.
- Social convergence no longer monitored in line with **Social Scoreboard**, even though Pillar is described as key benchmark for enlargement countries in recent Commission Communication.
- Despite significant support, IPA III actions show uneven coverage of EPSR principles, especially pertaining to social protection for workers, adequate unemployment benefits, wages, work-life balance, long-term care, social assistance, old-age income and pensions.
- ‘Social’ chapters (19, 26, 28) & SAA negotiations: For countries yet to begin negotiating, integration of EU standards into local legislation remains a distant prospect.
- Aligning reforms with locally-relevant priorities critical for legitimacy of EU integration.

Who will bear the costs of adjustment in the WB remains an open question.

Some recommendations for enlargement

- 1. Frontloading of social rights:** ‘Social chapters’ (19, 26, 28) should be front-loaded in the accession process, with greater involvement of social partners and civil society.
- 2. Continuing rigorous EPSR monitoring:** The Social Scoreboard should find its way back into economic governance process. Reporting similar to Joint Employment Report or Social Convergence Framework for the region, with annual recommendations to address risks to upward social convergence, should be considered.
- 3. Formulating comprehensive structural reform strategies with socially-oriented outputs:** Encourage greater evenness in distribution of reforms in subsequent strategic reform commitments, with stronger focus on social protection and health. Outputs of structural reforms should ‘communicate’ with outcomes monitored in line with EPSR.

Some recommendations for enlargement

4. **Ensuring that standards ‘translate’ across the region:** Important EU recommendations and directives in social realm shouldn’t only be prioritized within SAA negotiations with a few candidates, but their principles and obligations should be present in all types of reforms. Regional projects supporting all countries in the implementation of EU social standards should be planned.
5. **Spreading funding across EPSR principles:** As part of 2028-2034 MFF, reform programs should more strongly lean into a comprehensive set of areas, in line with the 20 EPSR principles.
6. **Building capacity:** EU should take advantage of various tools at its disposal and include countries in EU-level programs and initiatives that foster more intensive policy exchange and learning, focusing especially on improving the policy capacity of WB administrations to systematically and thoroughly implement evidence-informed reforms. Next to public employment services, capacity building should especially target social partners, labor inspections, social services, and statistical systems.

Thank you

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Jusić M. (2026) The Social Dimension of EU Enlargement in the Western Balkans, FES Dialogue Southeast Europe