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Social Convergence Framework: institutional implications for the European Semester

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Executive summary

In the aftermath of the COVID-19 pandemic, risks to social convergence continued to increase, while social action waned alongside the displacement of social actors in the early phases of the Recovery and Resilient Facility (RRF). These conditions created political momentum to develop a new framework called the Social Convergence Framework (SCF). This instrument aimed to give more priority and visibility to the social dimension of the European Semester through implementation of the European Pillar of Social Rights (EPSR). However, there is still a lack of knowledge about its development process and uncertainty about the implications for the European Semester. The research laid out in this paper addresses this gap by providing some insights into why and how the SCF was adopted, and discusses its expected added value for promoting upward social convergence in the European Union.

The current SCF consists of a two-stage analysis to assess risks and challenges to upward social convergence. In the first-stage analysis, labour market, skills, and social protection policies are analysed for all 27 Member States, based on the headline indicators of the Social Scoreboard. Member States experiencing risks above a certain threshold and where deeper analysis is therefore needed are selected for a second-stage analysis, with the findings feeding into the multilateral surveillance activities and the Country-specific Recommendations.

The research findings classified the SCF as an institutional layer on top of the existing mechanisms of the European Semester and shed light on four aspects that should be considered going forward. First, the first-stage flagging method – using the current headline indicators coupled with a conservative threshold agreed in the development process, as well as, potentially, the politically agreed policy targets of the EPSR Action Plans – has certain technical limitations. Second, the legal aspects need further consideration: on the one hand, the normative reference included in the revised economic governance framework was a social landmark but, on the other hand, the lack of a legal document detailing the parameters of the framework creates space for future ambiguities. Third, on the policy side, the SCF needs to be better reflected in the Country-specific Recommendations, while avoiding risks of arbitrage between the recommendations and countries flagged. Fourth, political support to the SCF will continue to be essential and the adoption of annual Council Conclusions at the EPSCO council, although symbolic, could be a very important political signal.

Finally, the SCF has the potential to give higher priority to the social dimension of the European Semester, by shaping and influencing priorities for social investments and reforms, particularly as the RRF is coming to an end. The changes made to the European Semester cycle support its

full institutionalisation; however, the weak legal framework of the SCF, creating an ambiguous policy space, provides an opportunity to influence the current design. Ultimately, the ability to deliver de facto added value through the soft-law approach will depend on how far the SCF can be used as a platform to, inter alia, streamline multilateral learning, recommendations, technical assistance, and financial instruments to Member States.

1. Introduction

A Social Convergence Framework (SCF) was added to the European Semester (hereafter referred to as the Semester) in 2024 as a pilot project and was continued in 2025, following a period of technical work developing this framework. The current version is thus the outcome of the agreement reached in the Employment, Social Policy, Health and Consumer Affairs Council (EPSCO) and its technical committees. The SCF aims to promote upward social convergence between Member States, and is expected to strengthen the social dimension of the Semester. This Research paper seeks to discuss these goals and contribute to a discussion between differing viewpoints. Some see this framework as one element of a broader process of socialising the Semester, and others are more sceptical about the intrinsic institutional capacity to produce positive social outcomes for the Member States and the European Union (EU).

Although the discussions about a social framework began before the pandemic, the socio-economic and institutional impacts of this event provided new momentum. In particular, adoption of the Next Generation EU and its Recovery and Resilient Facility (RRF) show that EPSCO felt the need to address both the social challenges Member States were facing and their engagement and participation within the Semester decision-making process.

On one hand, the social actors were sidelined from the outset while the RRF was being streamlined into the Semester. On the other hand, even without explicit rules to include quantitative social targets or conditionalities, around 30% of the total expenditure on reforms and investments was in fact directed to social policy (Vanhercke and Verdun, 2022). Given that the RRF represents a financial portfolio of over €648 billion (2022 prices), both its integration into the European Semester and the social investments funded created important opportunities for the committees' multilateral monitoring activities and the European Commission's proposals for CSRs (Vanhercke and Verdun, 2022).

As a consequence, Sabato *et al.* (2022) highlighted four arguments – legal, functional, technical, and political – in favour of a social framework and discussed some methodological options for its implementation. In sum, this provided a basis for a more prominent role of the EU in social policy, through coordination of Member States within the Semester, on top of the changes observed since 2017 to strengthen social policies and their outcomes.

Against this backdrop, this research primarily discusses what type of institutional change the SCF represents, and what this can reveal about its effects and possible added value for the Semester. We show that the development process has resulted in a fragile agreement, and that the added value of the SCF is conditional on political and technical factors in future refinements of the framework. This paper is organised in four parts. First it provides a quick overview of the social development of the EU, in particular within the Semester. Second, the theoretical framework and the methodological approach of the research are briefly presented. Third, it explains the historical

background of the SCF and gives a chronological description of its development up to the time of conducting the research (¹). And lastly, it provides an analytical discussion of the findings, in light of the research question.

1. The research activities were finalised in July 2024.

2. What does the literature tell us about the social dimension of the European Semester?

2.1 The EU's role in social policy

The role of the EU in social policy is to support and develop social market economies through regulation (binding, hard law), cooperation and coordination (non-binding, soft law), and financial assistance (De La Porte, 2021). However, this role has been characterised by a constitutional asymmetry in EU integration and convergence, with a stronger emphasis on the market-making and economic dimensions compared to the social aspects. Some scholars argue that this asymmetry stems from a liberal ideology underpinning the development of social market economies (Scharpf, 2010; Haas *et al.*, 2020), while Bilbao-Ubillos (2023) asserts that the primary binding social policy legislation demonstrates subordination to economic integration, as it is needed to facilitate cross-border free movement.

At the same time, De La Porte (2021, p. 60) contends that the unintended spillover effect of EU regulations on welfare states has given them a “semi-sovereign” status, evolving over three main periods ⁽²⁾. In the most recent period, marked by the launch of the European Pillar of Social Rights (EPSR) and its 20 key principles in 2017, EU action on key welfare functions – social protection and inclusion, working conditions, and access to the labour market – has been reinforced. This initiative aims to create a holding environment at European level that fosters upward social convergence (De La Porte, 2021).

Although the Member States formally have jurisdiction over social policy, EU action continues to be conducted mainly through soft coordination, in addition to instances of binding EU law and co-funding mechanisms (Scharpf, 2010; De La Porte, 2021; Bilbao-Ubillos, 2023). In this context, greater emphasis has been placed on the coordination and convergence of the economic and social performance of Member States, through the Semester ⁽³⁾, which is the central EU socio-economic governance structure.

2. According to De La Porte (2021), the first period runs from the creation of the EEC (Treaty of Rome) until the Single European Act, in 1986, and is the first phase of European integration, when social issues were mainly considered in relation to the functioning of the internal market to guarantee the free movement of workers. The second period looked to complete the internal market, through the institutionalisation of the European Monetary Union, and the further enlargement of the EU. This period also had a strong focus on social policy, leading to the introduction of the concept ‘European Social Model’, with a neo-functionalist perspective. The third period has been marked by the launch of the European Pillar of Social Rights (EPSR) and its 20 key principles, in 2017.

3. The European Semester consists of annual cycles of bilateral and multilateral analysis starting in November and divided into two periods, initiated, respectively, by the publications referred to as the Autumn and Spring Packages. The European Semester comprises: economic hard-law

2.2 Social coordination in the European Semester

Although the EPSR has helped boost the social agenda by acting as a compass for EU action, and has spurred the adoption of EU legislation, it remains largely a non-binding instrument streamlined through the European Semester (Maricut and Puetter, 2018). This has generated a discussion in the literature as to whether the social dimension of the Semester has actually grown stronger, and what this has meant for social outcomes. Previous analyses have consistently shown an increase in the proportion of social-related Country-specific Recommendations (CSR) (Clauwaert, 2017; Copeland and Daly, 2018; Crespy and Vanheuverzwijn, 2019; Corti, 2022).

Nevertheless, it is not clear that by itself this increase has resulted in more support for or promotion of social policy objectives. On the one hand, it reflects a process of “socialisation” of the Semester as an instrument to advance social objectives, evidenced, as mentioned, by CSRs, by the proliferation of indicators and scoreboards that monitor social, as well as economic, policy trends, and by the enhanced role of social actors within the process (Zeitlin and Vanhercke, 2014, 2018; Vanhercke, Zeitlin and Zwinkels, 2015).

For example, the Semester has triggered more integration in pension policy, an area where the EU does not have a strong legal basis (Fabbrini and Puetter, 2016). This policy area was mentioned in 60% of CSRs issued between 2011 and 2016 (Guidi and Guardiancich, 2018). The EU’s ability to address social issues can also mitigate spillover effects, as high levels of unemployment or inequalities result in “lower demand for other countries’ products, loss of human capital, lower productivity and may lead to political instability” (Corti, 2022, p. 169).

On the other hand, some scholars see the addition of social policy goals, indicators and interests as a process of strategic weakening, rather than socialisation, in which social actors try to mitigate the threat from the Semester by diluting its influence (Greer and Brooks, 2021). Additionally, by keeping the same economic-oriented structure, the Semester continues to pursue policy prescriptions based mainly on neoliberal principles (Crespy and Vanheuverzwijn, 2019; Stan and Erne, 2023). Poverty is framed in relation to employment (Copeland and Daly, 2015), social CSRs focus on building markets rather than addressing market failures (Copeland and Daly, 2018), and health is seen only in terms of expenditure and cost-efficiency (Greer and Brooks, 2021; Greer *et al.*, 2022). This was also seen in the social investment initiatives, which

mechanisms, such as the Stability and Growth Pact, which sets the rules for sound public finances, and the Macroeconomic Imbalances Procedure (MIP), which monitors macroeconomic imbalances; and social soft-law mechanisms such as the Joint Employment Report (JER) and multilateral reviews. The cycle ends with the issuing of so-called Country-specific Recommendations (CSRs) to each Member State.

focus on the “pursuit of traditional macroeconomic metrics that measure the size of the paid economy (e.g. GDP) rather than the pursuit of maximum human welfare” (Cavaghan and Elomäki, 2022, p. 893).

A particular example was the monitoring done using the MIP scoreboard since 2013, leading to the proposal of social-CSRs that can be influenced by economic ideologies and commodifying prescriptions (Jordan, Maccarrone and Erne, 2021; Stan and Erne, 2023). Despite the European Semester’s “latitude” to support social issues, the lack of embedded social institutional tools and influence from social actors led to these issues being addressed through the economic frameworks (Bekker, 2017, p. 1). Pan *et al.* (2023) claim that this approach to social policies may have deepened the constitutional asymmetry by increasing the supranational influence on the legal competencies of national policy areas. This was perceived as a “step backward in the attempt to reconcile the logic of ‘economic stability’ and the logic of ‘social solidarity’ at the EU level” (Corti, 2022, p. 153), while reinforcing the historical subordination of social goals to the economic agenda and the fiscal rules (Ferrera, 2017).

To conclude, enhancing the social dimension of the Semester was possible mainly due to gaps in the political space, which enabled discretionary action by the social actors to introduce procedures and policy targets into the process (Guidi and Guardiancich, 2018; Maricut and Puetter, 2018; Zeitlin and Vanhercke, 2018; Greer and Brooks, 2021). However, without clear social institutionalisation, some argue that these gains came at the cost of social actors being increasingly captured by the Semester’s economic language, while others defend a longer process of enrichment of the social capacity within the framework.

3. Analytical framework and research methodology

3.1 Theoretical framework: the gradual institutional theory

This research was based on Mahoney and Thelen's gradual institutional theory, where rules were understood as formal, informal, or normative guidelines that govern action, procedures, and conducts within institutions (Schmidt, 2008; Mahoney and Thelen, 2010). The theory focuses on the rules of institutions and how small changes can lead to greater ones in the long run, in line with the expected implications of the creation of a new institution such as the SCF. In particular, the research applies the theory's four types of institutional change to assess the added value of the framework, as follows:

- 1) "Displacement" involves instituting new rules, while replacing old ones, and introducing direct changes with a novel and enforceable capacity into the social dimension of the Semester;
- 2) "Layering" attaches new rules to existing ones, through amendments, revisions, or additions, and for this reason tends to lead to the accumulation of small changes in the operation of the Semester;
- 3) "Conversion" means that rules remain formally the same but are interpreted in new ways through the exploration of existing institutional ambiguities, producing new goals, functions, or purposes. However, compared with displacement and layering, and as it does not introduce new rules and preserves the redistribution norms in place, the effect on the Semester procedures is minimal;
- 4) "Drift" happens when rules do not change, but their impact does, due to the lack of response to external conditions. The Semester still experiences social displacement, without any framework being introduced or any further changes made to its operations.

Consequently, to explain the type of institutional change, the research considers the political context and the institutional factors from the theory. The analysis then focuses on two opposite sets of explanatory factors, expressed both politically and technically, and applies them to the negotiation period of the SCF in the institutional settings of the EPSCO and the European Commission. The first set of factors includes methodological, technical, and legal barriers and incentives to policy development. The second set considers governance aspects, including legitimacy, coordination, power balances, and the political landscape, which shape actors' preferences.

3.2 Research methodology

3.2.1 Research design and data collection

The research design (further methodological information is given in Appendix A) involved a narrative review followed by qualitative discourse analysis (Blatter, Haverland and van Hulst, 2016). This latter method was conducted through thematic analysis (TA) to generate codes, then applying a combination of meaning-based analysis of language to identify patterns and themes. Three types of data were used (reference labels in brackets and in Appendix B) to ensure triangulation between five EU actors (the European Commission, Employment Committee (EMCO) and Social Policy Committee (SPC), European Economic and Social Committee (EESC), and European Trade Union Confederation (ETUC)) and 27 Member States, and to supplement the analysis from a policy and political perspective.

The first type of data used were official documents published by the EMCO and SPC (ECC1, ECC3, ECC4) and an opinion by the EESC (EESC). These data made it possible to analyse the discourse of each actor in structured written texts that reflect political ideas expressed in technical aspects. The second type of data used were the records of the EPSCO Council meeting of June 2023, particularly the agenda point involving a policy debate on the SCF, including the high-level reactions of Member States (ECO) and the European Commission (COM1), and comments from the EMCO and SPC (ECC2).

The third type of data were collected through semi-structured interviews conducted with representatives of key actors, specifically from the EMCO and SPC (ECC5), two members of the European Commission (COM2 and COM3), and an ETUC member (ETU). Interviews were crucial to provide the most up-to-date information, including explanations on the political context of the discourse expressed in the former types of data and how these might have changed throughout the process.

3.2.2 Data analysis

Based on Braun *et al.* (2019), a codebook TA was used for a structured and systematic, yet flexible, coding process, as well as the six phases of TA from Braun *et al.* (2009). A codebook scheme was created with a previous set of deductive codes (Appendix C), based on the theoretical framework and the research questions (Blatter, Haverland and van Hulst, 2016). Inductive codes were added to discourse components not aligned with the previous set of codes whenever these represented arguments or ideas related to the SCF development process and shaped the theoretical framework.

Furthermore, the coding approach involved three methodological decisions. First, it followed the coding development process of Miles and Huberman (1994), organised in five steps – creating, revising, considering the importance of structure (i.e. how codes relate to one another in a consistent way), naming and defining, and checking codes. Second, the types of codes used were based on three sorts of coding from Richards (2020a), as they represent a systematic template for codebooks. Lastly, pattern codes were developed by mapping the codes visually in paper notes, enabling coherent and systematic reduction of ideas to themes development, based on the research questions and the theoretical framework (Braun *et al.*, 2019; Richards, 2020b).

Third, the coding process was done in NVivo 14 ⁽⁴⁾ without using any automation feature. Additionally, word frequency, data visualisation, and code query tools were used whenever necessary as an addition to the data interpretation, support identification and the emergence of patterns. As with any computer-assisted qualitative data analysis software, we were careful not to use functions with which we were not familiar, to avoid biased results (Woods, Macklin and Lewis, 2016).

3.2.3 Ethical considerations

The research proposal was submitted to and approved by the ethical review process of the School of Political and Social Sciences of the University of Edinburgh (submission ID: 2611).

4. Lumivero (2023).

4. The institutionalisation of the Social Convergence Framework

4.1 Background: towards a Social Convergence Framework

The role of the Semester in contributing to upward social convergence in the EU, to bring Member States closer together on social standards and outcomes, was first mentioned in the Social Investment Package published by the European Commission in 2013. The then Commissioner László Andor, addressing the EPSCO Council, explained that the proposed social indicators in a new scoreboard were intended to enable early identification of negative developments in the social and employment performances of the Member States (Corti, 2022). Following this initiative, a proposal to introduce a Social Imbalances Procedure (SIP) to the European Semester was made for the first time in a resolution ⁽⁵⁾ of the European Parliament, in 2016, to ensure that “the design of the CSRs (...) [could] prevent a race to the bottom in terms of social standards, building on effective use of the social and employment indicators in macroeconomic surveillance”.

On the research side, after the launch of the EPSR in 2017 to renew the EU political commitment to social policy, Corti *et al.* (2019, p. 55) used the momentum to, in a forum debate, speak about the need for a SIP as a “new mechanism to rebalance the relationship between the ‘economic’ and the ‘social’, thus giving substance to the idea of the European Social Union”. Furthermore, in a study commissioned by the EESC, Sabato *et al.* (2019) then discussed the possible methodological stages and underlying principles for its implementation.

As previously explained, following the challenges linked to the COVID-19 pandemic, the idea of a social framework regained momentum ahead of the May 2021 Porto Social Summit. At that time, the Spanish and Belgian Governments, also anticipating their upcoming Presidencies of the Council of the EU, issued a non-paper ⁽⁶⁾ stating that “the renewed Social Scoreboard should be equipped with an alert mechanism that triggers more in-depth follow-up discussions”. In October 2021 at the EPSCO meeting, both countries officially proposed the adoption and introduction of a SIP, to strengthen the role of the EPSCO Council and the social dimension of the Semester. In this context, Sabato *et al.* (2022) published a working paper entitled “A ‘Social Imbalances Procedure’ for the EU: towards operationalisation”, which outlined the technical and policy foundations for the development of such a procedure.

At the political level, several ministers expressed interest in the initiative from Spain and Belgium. The French Presidency, in 2022, invited the SPC and EMCO to prepare an opinion ⁽⁷⁾ on the

5. European Parliament (2016, p. 8).

6. Belgian and Spanish Governments (2021, p. 1).

7. Employment Committee and Social Protection Committee (2022).

“possible modalities for setting up such a mechanism in the Semester”. This was done through preliminary exchanges on the concept and technical work, including a new possible definition and label for the framework, a structure that would be based on existing instruments, and the expected outcomes and administrative burden. The opinion was presented at the June 2022 EPSCO Council meeting.

In September 2022, the Czech Presidency gave a new mandate to the EMCO and SPC to establish a dedicated joint Working Group (WG), which 21 Member States joined up to, along with the European Commission. Between October 2022 and March 2023, the WG conducted a simulation phase with further methodological discussions of the structure and function, and it was decided to refer to the framework as the SCF, mostly for legal and political reasons, as will be further discussed in this policy brief. A report ⁽⁸⁾ on the SCF was produced by the WG, and key messages ⁽⁹⁾ were presented at the EPSCO Council meeting in June 2023, where the Swedish Presidency invited Member States to have a policy debate on the implementation of the SCF. Additionally, the SCF was the subject of a political discussion during the economic governance framework review, which provides the legal structure for the European Semester, and it was included in the final text adopted in April 2024 ⁽¹⁰⁾.

4.2 The agreed outlook of the Social Convergence Framework

The agreement between Member States and the European Commission was that a new reinforced social framework in the Semester would primarily aim to better monitor and promote upward social convergence in the EU, by strengthening the role of the EPSCO Council and supporting implementation of the EPSR (COM1, ECC1, ECC2, ECC4, ECC5, EESC, ETU). The report from the WG then described the structure (Box 1), explaining that the SCF consists of a two-stage analysis to assess risks and challenges to upward social convergence and inform the Semester cycle and the EPSCO Council.

8. Employment Committee and Social Protection Committee (2023a).

9. Employment Committee and Social Protection Committee (2023b).

10. Council Regulation (EU) 2024/1263 on the effective coordination of economic policies and on multilateral budgetary surveillance (2024: art.3).

Box 1. SCF operational cycle		
<i>First-stage</i>	Risks are identified through the JER's traffic-light methodology, applied to the full set of Social Scoreboard headline indicators for all Member States	European Commission
<i>Flagging</i>	Member States for which six or more Social Scoreboard headline indicators are red ('critical situation') or orange ('to watch'), or when these indicators present two consecutive deteriorations in the country's JER classification, are flagged for further analysis	European Commission
<i>Second-stage</i>	Evaluation of challenges, key factors driving them, and relevant policy responses undertaken or planned (on labour market, skills, and/or social protection and social inclusion), by the Member States flagged, based on a wider set of quantitative and qualitative evidence	European Commission and Member States
<i>Social Convergence Reviews</i>	Reviews of the risks and challenges faced by the Member States flagged and analysed in the second stage, in the multilateral activities, along with monitoring of the implementation of CSRs issued in the previous European Semester cycle to these Member States	EMCO and SPC

The first-stage analysis aims to identify potential risks to upward social convergence, by considering labour market, skills, and social protection policies in all 27 Member States. The key findings of this stage are presented in the European Commission proposal for a JER. This analysis is based on the full set of headline indicators of the Social Scoreboard and the so-called JER *traffic-light methodology* ⁽¹¹⁾, which determines the relative standing of Member States expressed in terms of standard deviations from the mean of both the absolute level of the indicator value and its change compared to the year before. The results obtained are then summarised in one of seven possible categories, corresponding to a scale of colours, for each indicator for the Member State in question ("best performer", "better than average", "good but to monitor", "on average", "weak but improving", "to watch", "critical situation").

The second-stage analysis is performed for Member States experiencing risks above a certain threshold (six or more Social Scoreboard headline indicators flagging "to watch" or "critical situation"), in order to determine the existence of current challenges to upward social convergence and requiring deeper analysis, as well as the key factors driving these challenges. At this stage, a more detailed analysis is conducted by the European Commission with the flagged Member States, focusing exclusively on the policy areas (labour market, skills, and/or social protection and social inclusion) that have been identified as presenting potential risks. The

11. This methodology aims to classify each headline indicator of the Social Scoreboard by applying a colour code relative to the EU average for each Member State. The classification process is based on two dimensions: year-level values (levels) and one-year changes (changes). This dual approach facilitates a comprehensive assessment of Member States' performance by evaluating both their static position and the trend.

analysis is based on a wider set of quantitative and qualitative evidence, starting by examining all relevant developments and determinants, followed by the description of relevant policy responses undertaken or planned by Member States to address the identified risks.

The results and findings of the second-stage analysis, drawn up and published by the European Commission, then feed into the multilateral reviews in the EMCO and SPC, to provide a shared understanding of the risks and challenges to upward social convergence in the EU. Finally, this second-stage analysis and the report produced by the Committees on the multilateral discussions on social convergence are used to inform the Semester's Spring Package, including the Country Reports and CSRs (although these are not triggered automatically).

Box 2. Outputs with links to the SCF	
<i>Joint Employment Report 2024</i>	New chapter with country-specific analysis
<i>Regulation (EU) 2024/1263 on economic governance framework</i>	References to “principles of the Social Convergence Framework” in the preamble and a “framework to identify risks to social convergence” in Article 3 about what the European Semester should include
<i>European Commission Staff Working Document</i>	Second-stage analysis, including a conclusion on whether Member States are facing upward social convergence challenges
<i>Social Convergence in the Union 2024</i>	Opinion of the Employment Committee and the Social Protection Committee on the social convergence reviews
<i>Country-specific Recommendations 2024</i>	Recitals on some Member States receiving social-related CSRs reference the Social Convergence Framework analysis

Box 2 shows the outputs of the SCF, including the 2024 Semester cycle first-stage analysis in the JER ⁽¹²⁾ published in the Autumn Package, followed by the publication of the European Commission Staff Working Document ⁽¹³⁾ on the Member States flagged for the second-stage analysis. It also includes the publication, by the European Commission, of the CSRs ⁽¹⁴⁾ with references to the SCF in the Spring Package, alongside the Opinion on Social Convergence in the EU ⁽¹⁵⁾ published by the EMCO and SPC.

12. European Commission (2023).

13. European Commission (2024).

14. Secretariat-General (2024).

15. Employment Committee and Social Protection Committee (2024).

4.3 The institutional change brought about by the SCF

The SCF is a layering type of institutional change because, in the EU acquis, it does not constitute a new set of formal rules. Rather, it introduces informal rules on top of existing actions, as well as a normative rule through references to the SCF in the legal text of the reviewed economic governance framework.

From the beginning of the discussions, it became clear that any new social framework would not involve a new set of formal rules nor constitute a new procedure, but rather would be a change in the social dimension of the Semester, within a larger ongoing process (COM1, COM2, COM3, ECC3, ECC5, ETU). For these reasons, at the end of the pilot phase, the Committees stated that the WG had produced a structured and functioning SCF that is “both balanced and comprehensive”, while ensuring that it:

“would not create new processes, would not imply an additional administrative burden for Member States, and would not prejudge the selection of challenges to be highlighted in the CSRs under the Semester and result in any automaticity whatsoever between the findings of the new framework and the CSRs addressed to the Member States” (ECC2).

The Committees also acknowledged that the developments achieved should be accompanied by the “right policy measures to make sure the costs and benefits are equally shared, leading to upward social and economic convergence in the Union” (ECC2). This was in line with the Member States’ clear intention to establish a framework that could meaningfully improve the current situation but without constituting a new procedure (ECO). This type of discourse was in contrast to what was originally envisioned in the proposal for a SIP, i.e. that by creating new procedures and even legal provisions, it would lead to the introduction of a new set of formal rules.

Another major barrier to greater institutional change during the development of the SCF was the risk of an increased administrative burden (ECO, ECC2, ECC3). Therefore, the process resulted in a framework that “is not inventing anything new”, but uses existing monitoring and peer-review tools, while the European Commission wished to “guarantee that this convergence framework will not create, especially on the side of Member States, more administrative burden” (COM1, ECC1, ECC2, ECC3, ECC4). Paradoxically, Member States were expecting to see, after the conclusion of the WG pilot, immediate and clear added value for national social and employment policies (COM2, COM3, ECC3, ECC4, ECO). As this did not materialise, several Member States, during the 2023 policy debate in the EPSCO Council, continued to raise doubts and sought to avoid a process that could “become too heavy and burdensome” (ECO).

On the contrary, the benefits would only emerge after implementation of the SCF as an analytical framework. One example was when one of the most closely concerned Member States, after being flagged for the second-stage analysis in the 2024 Semester cycle and “having seen the thorough analysis of the European Commission, said ‘now we also see the value added’” (COM3, ECO). The SCF is mainly geared to Member States flagged for the second-stage analysis, including the subsequent multilateral reviews, and its implementation legitimises the informal rules which exemplify the layering type of institutional change. As such, the majority of actors argued that this change and the legal link established in the new economic governance framework made “Member States more willing” to move forward with a “process [that] will stay” (COM2, ECC1, ECC3, ETU).

4.4 Factors explaining the institutional change

4.4.1 Unpacking the labelling dynamics

The labelling process described in Box 3 shows the divergences and agreements leading to Member States “expressing a strong preference for labelling the process as ‘Social Convergence Framework’” (ECC2, ECC3, ECC5). During the discussions, some Member States wished to use the concept of “social imbalances” (ruling out the term “procedure”), due to its “possible higher policy relevance and visibility”, but there was no consensus on this (ECC3).

Box 3. Labelling process	
October 2021	Initiative by Belgium and Spain for a “Social Imbalances Procedure”
June 2022	Further reflections from the Committees on the suitability of the terms “Social Imbalances” or “Social Divergences”
November 2022	European Commission services’ paper proposes a “Social Convergence Framework”
March 2023	Consensus reached in the WG on using the label “Social Convergence Framework”

First and foremost, the change of labels was “political because there was no support from Member States” for a process similar to the Macroeconomic Imbalance Procedure (MIP) that could disrupt the internal dynamics of the Semester (COM2, ECC5, ETU). This position was primarily expressed during discussions between the Committees and the Economic Policy Committee (EPC) of the ECOFIN Council, with the EPC’s national delegates being “very, very concerned” as they “felt their leadership role in danger” if this new social tool were placed on the

same level as the MIP (ECC2, ECC5, ECO, ETU). The same concerns were expressed by the European Commission's policy departments, in particular by the DG for Economic and Financial Affairs (ETU).

Moreover, the European Commission argued that the EU legal basis does not give equal prominence to employment and social policies, making it challenging to pursue a process resembling a more stringent and policy-driven approach (COM3). Therefore, the “word ‘procedure’ was not found legally sound” by either the European Commission or the EPSCO Council legal services, despite the initial intention to introduce a SIP “with a ‘preventive’ mechanism and not a ‘corrective’ dimension” via the employment policy coordination framework set out in Article 148 of the Treaty on the Functioning of the European Union (TFEU) (COM3, ECC1, EESC). Consequently, the European Commission's proposal to use the term SCF focused on “building a positive narrative”, as the notion of “social imbalances” was perceived as emphasising the negative side of upward convergence (COM3, ECC5, ETU).

The proposal would not require a legal initiative, as it would be “all within the framework of Article 148 [TFEU]” and would involve “systematising employment and social governance (...) within the Semester remit” without imposing any sanctions (COM3, ECC1). Although this approach limited the possibility of establishing a formal *institutional* definition for the new framework and ensuring its stability, the European Commission contended that drafting a legal text on the SCF “would never, ever [have had] the agreement of the Member States” (COM3, ECC1, EESC). These political concerns and legal constraints, rooted in the “division of competences, (...) principle of subsidiarity and proportionality”, and the perception that “Brussels would be encroaching on [Member States'] prerogatives”, reduced the scope of the SCF (COM2, ECO, EESC, ETU).

4.4.2 The fragile agreement on the flagging methodology

The use of the traffic-light methodology in the first-stage analysis raises more potential issues, for two reasons. First, the use of EU averages to compare the headline indicators of the Social Scoreboard was considered a “conservative choice” (COM3, ECC1, ECC3, ETU). While some Member States advocated using the EPSR Action Plan national targets instead, others were more cautious, as this could “question old policies if they were not performing well in the social area” (ECC1, COM2, COM3, ETU). Consequently, these divergent discourses created a statistical issue whereby only the worst-performing Member States are flagged to the second-stage analysis, although other countries also face risks of upward social convergence (COM2, ECC1, EESC, ETU).

Second, the threshold for the number of indicators with a value lower than the EU average that can trigger a second-stage analysis was chosen from seven different possibilities (described in

Appendix D) and reflected the path of least resistance. The decision reflected an agreement between Member States with a strong preference for the scenario that would flag the fewest countries, and those advocating the inclusion of a “multiannual dimension of risks to social convergence” rather than relying on a single point in time (ECC3, ECC4).

4.4.3 Political struggles during the development and implementation process

As argued by the European Commission, the political landscape plays a crucial role when discussing new EU social instruments, as Member States often raise subsidiarity issues and “put a wall and say (...) ‘we are not ready for this’” (COM2), and differing views were expressed during the process. On the one hand, as the SCF implicitly empowered the European Commission, which “used the space granted” for greater analytical and bargain capacity, “many Member States would like to [rather] have the Commission as a player that just informs the process” (COM3, ECO, EESC, ETU). One Member State emphasised this point at the EPSCO Council, saying that the “idea of the EU is not to work in a centralised manner, but rather to leave some room for manoeuvre to each Member State” (ECO). On the other hand, the ETUC argued in favour of a supranational perspective:

“Member States tend to continue to see this kind of processes with a total national lens, without having any capacity to understand that they are participating in the building of a European common interest (...) and [not] something that belongs only to them” (ETU).

Throughout the development process, some Member States also expected “closer coordination between the EPSCO and ECOFIN Councils”, particularly to avoid any interference with the economic governance framework review (COM3, ECO, EESC, ETU). The EMCO and SPC maintained that the process respected the autonomy of Member States by using existing tools such as “monitoring, mutual learning and the exchange of best practices” (ECC3, ECC5). Additionally, the social dialogue with employers and trade unions, before the Spring Package, provided a channel for collecting input from “national and regional authorities (...) [regarding] policy and funding implementation”, thereby increasing the SCF’s acceptability and support (COM3, EESC, ETU).

The SCF’s current status can be attributed more to the European Commission’s entrepreneurial spirit in “pushing very high for this”; otherwise it “would have delivered [it] 10 years from now” (COM3, ETU). The European Commission effectively took full advantage of the legal and political space created by the consensus achieved in the EMCO and SPC, based on mandates received from the consecutive Presidencies (COM3, ECC3, ECC5, ETU). This political role was evident

when the Commissioner for Jobs and Social Rights, Nicolas Schmit, “raised the political stakes” by promoting the SCF in the policy debate at the EPSCO Council in June 2023 through this remark:

“So, I think we still have to work on that but the doubts which have been expressed, in my view, do not really correspond to the realities of what we are aiming at. Therefore, *the Commission could indeed integrate a stronger country-specific element in the next proposal for the Joint Employment Report* and this will allow us to be ready with a stronger employment and social governance, with a fully-fledged, balanced and also stronger European Semester.” [italics added by authors] (COM1).

Indeed, the role of the Commissioner was pivotal in establishing the SCF. The JER 2024 provided the necessary policy space to transform the idea of the SCF into an actual chapter, after sensing “wide support”, with only “two, three Member States [remaining] sceptical about it” (COM3, ECC5, ETU). This movement also symbolised a “political check [that] was pushed on Member States”, culminating in the unanimous approval of the Council Conclusions on the 2024 *Annual Sustainable Growth Survey and Joint Employment Report* ⁽¹⁶⁾ in the EPSCO Council meeting of March 2024 (COM3).

Some Member States, by issuing parallel statements raising concerns, stated that they “don’t consider themselves bound by [the SCF]” (ETU). However, it was also acknowledged that it would be politically costly “to say that this has no value” and not to adopt the JER until the new chapter was removed (COM3, ETU). The Presidencies also played a crucial role. The Belgian Presidency, particularly, in the second half of 2024, pushed for these further developments, ahead of the Hungarian Presidency, which did not fully support the SCF (COM3, ECC5). Nevertheless, the bilateral commitment of Member States in the second-stage analysis of the 2024 cycle of the Semester was also seen as an implicit way of legitimising the policy process (COM3, ECC3, ECC4).

16. Council of the European Union (2024).

5. Policy implications of the Social Convergence Framework

The analysis shows that this new framework is best depicted as a process of layering integration, over and above the existing social and economic instruments of the Semester. The added value will depend on how the legal and policy spaces are explored.

The effectiveness of the SCF will be contingent upon the political agency of the European Commission in overcoming the structural resistance stemming from some national governments' priorities within the EPSCO Council. It will also depend on how, in the future, these discursive consensuses translate into methodological refinements and potential policy actions attached to the framework.

5.1 *The added value of the framework*

The added value of the SCF to the Semester has four aspects. First, the references to the SCF in the Regulation adopted on the economic governance framework were considered the “most important of all [changes]”, as they enhanced the social dimension of the national medium-term fiscal-structural plans ⁽¹⁷⁾ and increased the fiscal scope for social investment (COM2, COM3, ECC1, ECO, ETU). Second, the multilateral social convergence reviews in the 2024 Semester cycle resulted in a “very interesting debate”, even though Member States “were a little bit stressed because it was the first time and were a little bit afraid about the naming and shaming of the process” (COM3, ECC5).

Third, it can affect the CSRs, because it “has an impact on the fiscal space that will be negotiated” and the number and type of CSRs. This is positive for the European Commission’s analytical ability, giving it more bargaining leverage to address social challenges, as opposed to fiscal or other priorities, and for the Member States not flagged in the first stage but still facing social challenges (COM2, COM3, ECC4). Moreover, although “attaching EU funding to the Social Convergence Framework directly (...) is not on the cards”, it can inform the policy actions in the CSRs and result in additional public pressure on Member States (COM3, EESC, ETU). However, doubts remain about the administrative burden and the real capacity of the European

17. A policy document, part of the economic governance framework, that sets out the fiscal, reform, and investment commitments of a Member State, during a period of four or seven years, according to agreed net expenditure agreed with the European Commission.

Commission, particularly DG EMPL, to negotiate CSRs on the basis of the analytical work provided by the SCF.

Fourth, the political dimension of the SCF outputs depends directly on the political debates in the EPSCO Council and the adoption of possible annual Council Conclusions. These conclusions can be an “appropriate vehicle to ‘upgrade’ in a succinct manner the messages contained in the horizontal opinion” and “cement the existence of the framework and make it more stable” (COM3, ECC3, ECC5, EESC, ECO). But again, these Council Conclusions were quickly dismissed in the 2024 cycle, after some Member States argued that there should first be an evaluation and review of the SCF (COM3, ECC5). Additionally, Member States where elections are taking place will remain “worried about what will be the advantage that the national level will take from this”, while a change of the political parties in governance can lead to a shift in previous positions where “there was some support for certain areas” (ECC4, ECC5).

To sum up, in the short term, the capacity of the SCF to improve the social dimension of the Semester is still “to be seen” (ETU). The SCF is not directly linked to EU-level policy actions, but remains soft governance, which “for the time being, risks to be confined to a system that raises problems but does not necessarily lead to their solution” (EESC, ETU). In the long term, assessing the direct impact of the framework on social outcomes remains methodologically difficult (Anderson, 2015). Challenges compromising upward social convergence can shape adjustments to the fiscal sustainability path, to “bring the medium-term dimension” and allow for more “stable policy planning in the social field” (COM2, COM3, ECC4, ETU, ECO). However, this process can also create unintended consequences if the situation is not quickly addressed, as the unflagged Member States may not have these fiscal possibilities, potentially leading to increased social divergence in the EU (COM2, ETU).

5.2 Drivers to strengthen the social dimension of the Semester

Social actors assess their capacity to translate their own preferences and ideas into policies based on the political context. This argument is encapsulated by then-Commission President Jean-Claude Juncker, who stated in his first State of the Union speech to the European Parliament in 2015 that “[y]ou cannot run a single currency on the basis of rules and statistics alone. It needs constant political assessment, as the basis of new economic, fiscal and social policy choices” (Juncker, 2015, para. 138). Therefore, instead of a new set of formal rules, the SCF represents an underlying layer of informal rules that lead to new patterns of action within the Semester, supplementing the existing binding legal frameworks with enforceable mechanisms.

Adoption of the Maastricht Treaty, which implemented these fiscal rules, has been followed by the creation of the EMCO and SPC, the adoption of the Open Method of Coordination, and the recent socially-oriented process of the Semester. In this context, the SCF has emerged as both an outcome and a by-product of these successive changes in economic governance and its main institutional milestones.

The SCF was steered through gaps and ambiguities between the EPSCO Council and the European Commission. Nevertheless, the adoption of the reviewed economic governance framework acknowledging the existence of the SCF, approval of the Council Conclusions on the JER 2024, and the endorsement of the Opinion on social convergence in the EPSCO Council, helped reduce the ambiguity. Additionally, one could argue that the alternative options to the SCF, such as maintaining soft social and employment analysis under the MIP or using binding ordinary and special legislative procedures, are not seen as preferable by the ministers in the EPSCO Council. The MIP option means that such analyses lose their space and visibility, while binding legislative procedures are usually politically less feasible (Bekker, 2017; Guidi and Guardiancich, 2018; De La Porte, 2021; Crespy, 2022a).

Going forward, political commitment has created momentum for further integration in the Semester, driven by “evolving frames and narratives” (Crespy *et al.*, 2024, p. 1). Active references by EU and national political actors to the SCF and upward social convergence will be critical to support and improve the framework. The legal space in the reviewed economic governance framework also empowers the European Commission, as guardian of the treaties, to pursue a more coordinated and integrated agenda for upward social convergence (De La Porte, 2021; Cavaghan and Elomäki, 2022; Darvas, Welslau and Zettelmeyer, 2024).

Finally, the SCF provides a platform to streamline multilateral learning, recommendations, technical assistance, and financial instruments, creating greater fiscal space for public investment and expenditure targeted at social and employment initiatives. This is particularly relevant in the current context: the end of the RRF, and the forthcoming Multiannual Financial Framework and cohesion policy framework. However, to ensure equal access for Member States to these deliverables, it is essential to refine the methodological decisions, particularly the use of headline Social Scoreboard indicators based on EU averages rather than politically agreed policy targets, to avoid overlooking the social and employment challenges that Member States may be experiencing.

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7. Appendices

Appendix A – Complementary methodological information

Narrative review

A narrative review was conducted focusing on four main questions that guided the search strategy: 1) What is known about the social dimension of the EU?; 2) What is known about social aspects in the Semester?; 3) What social tools have been introduced into the Semester?; and 4) What is already known about the SCF? The search strategy was two-fold. First, it involved the use of databases, specifically, the Bibliography of the Social Sciences (IBSS), the Applied Social Sciences Index & Abstracts (ASSIA) and the International Bibliography of the Social Sciences (IBSS). The keywords and queries were defined by the EU location, the scope of the research questions, and the narrative review questions. Second, a snowballing method was used for references in articles, when these were directly related to the narrative review questions.

For questions one and two, the query used was [("European Union" OR "Euro" OR "Europe" OR "European") AND ("European Semester" OR "socioeconomic governance" OR "economic governance" OR "socio-economic governance") AND ("social" OR "social policy" OR "socialization")]. For question three, the query used was ["European Semester" AND ("social" OR "social policy" OR "socialization")] and, finally, for question four, the query used was ["social imbalances procedure" OR "social convergence framework"].

Data preparation

The transcripts of the meeting records and interviews were organized by actor, to capture the specific discourse in the coding process, following the UK Data Archive guidelines (Van den Eyden *et al.*, 2011). The initial versions were transcribed using a feature available in *Microsoft Word*, followed by manual quality reviews to detect translation mistakes and technical and institutional terms not accurately captured by this software. According to Temple and Young (2004), this editing process also made it possible to register the tone of voice of some actors, who repeated a message to emphasize it or reformulated a phrase to better reflect its meaning.

Appendix B – Data labelling and referencing

Data	Date	Actor	Code
Official documents	2022	EMCO and SPC	ECC1
EPSCO Council meeting	2023	European Commission	COM1
EPSCO Council meeting	2023	EMCO and SPC	ECC2
EPSCO Council meeting	2023	Member States	ECO
Official documents	2023	EMCO and SPC	ECC3
Official documents	2023	EMCO and SPC	ECC4
Official documents	2022	European Economic and Social Committee	EESC
Interviews	2024	European Commission	COM2
Interviews	2024	European Commission	COM3
Interviews	2024	EMCO and SPC	ECC5
Interviews	2024	European Trade Union Confederation	ETU

Appendix C – Codebook scheme

Codes		DI*	Type	Operational definition
Data		NA	Descriptive	Type of data – meeting, document or interview
Actor		NA		Type of actor – European Commission, EPSCO Committees, Member States, European Economic and Social Committee, European Trade Union Confederation
Context	Objectives	A	Topic	Goals to achieve with the SCF
	Functional argument	S		Functional (spillover) argument for a SCF
	Political argument	A		Political argument for a SCF
	Technical argument	A		Technical argument for a SCF
Governance	Legitimacy	S		Participation, acceptability and conformity to the law or rules
	Power balances	A		Interaction and influence between actors involved in the SCF and the European Semester
	Coordination	S		Coordination between actors involved in the SCF
	Modes	S		Governance modes of integration (supranational, intergovernmental)
Technical and policy factors	Name	S		Name of the social policy tool
	Legal framework	S		Binding rules and norms of the European Union, including principle of subsidiarity
	CSRs	A		Drafting process of CSRs
	Measurement methods	S		Social Scoreboard targets and indicators
	Policy outputs	A		Outputs from the SCF development process
Expected outcomes	Institutional rules		Topic/ analytical	Rules of the SCF
	Social convergence			Expected social convergence after the introduction of the SCF
	European Semester			Changes in the European Semester after the introduction of the SCF
	Social actors			Role of the social actors after the introduction of the SCF
	Political implications			Political implications after the introduction of the SCF
	Unintended consequences			Risks and consequences emerging from the introduction of the SCF

Note: DI – most likely discourse type, according to the discursive institutionalism approach; A – agents; S – structures

Appendix D – SCF-triggering scenarios

Scenarios	Definition
Scenario 1	Baseline scenario. Counts the number of Social Scoreboard headline indicators flagging ‘critical’ (cat. 1) and ‘to watch’ (cat. 2), compared to the pre-set threshold in the reference year (i.e. 6 flags in 2022-23).
Scenario 2	Scenario 1 + double counting of indicators that display a worsening in JER categorisations compared to the previous year (ending up in categories 1 or 2 only).
Scenario 3	Scenario 1 + double counting (+1) of indicators that display a worsening in the JER categorisations over two consecutive years (ending up in categories 1 or 2 only).
Scenario 4	Scenario 1 + double counting (+1) of indicators that display a worsening or a stagnation in JER categorisations compared to the previous year (ending up in categories 1 or 2 only).
Scenario 5	Scenario 1 + double counting (+1) of indicators that display a worsening or a stagnation in JER categorisations over two consecutive years (ending up in categories 1 or 2 only).
Scenario 6	Scenario 1 + double counting (+1) of indicators that display a worsening, and half extra counting (+0.5) of indicators that display stagnation, in JER categorisations compared to the previous year (ending up in categories 1 or 2 only).
Scenario 7	Scenario 1 + double counting (+1) of indicators that display a worsening and half extra counting (+0.5) of indicators that display stagnation in JER categorisations over two consecutive years (ending up in categories 1 or 2 only).

Source: General Secretariat of the Union. Report of the joint EMCO-SPC Working Group. Brussels, Council of the European Union, 9481/23.