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From: Employment Committee and Social Protection Committee

To: Permanent Representatives Committee/Council

Subject: Assessment of the 2017 country-specific Recommendations (CSRs)
and the implementation of the 2016 CSRs
= Endorsement of the opinions of the Employment Committee (EMCO) and
the Social Protection Committee (SPC)

Delegations will find attached the above-mentioned opinions (EMCO Annex I and SPC Annex II)
with a view to the Council (EPSCO) meeting on 15 June 2017.



The Employment Committee

HORIZONTAL OPINION ON THE 2017 COUNTRY SPECIFIC RECOMMENDATIONS INCLUDING THE RESULTS OF THE MULTILATERAL SURVEILLANCE ON THE 2016 CSRS

As mandated by the Council, the Employment Committee (EMCO) has carried out a wide-ranging analysis of the implementation of all 2016 labour market country-specific recommendations (CSRs) issued by the Council to Member States. This examination, seen in conjunction with this year's country-specific opinions going to Council, forms the core of EMCO's Treaty obligation and is a culmination of work to ensure a multilateral view within the committee.

In addition to these multilateral surveillance conclusions, the Employment Committee has recently adopted the draft Employment Performance Monitor (EPM) which identifies Key Employment Challenges (KECs) for the Member States.

On the basis of these different strands of work, the Employment Committee, in cooperation with the Social Protection Committee and the committees of the ECOFIN Council, and with the input of the Education Committee, over recent weeks discussed and upheld or amended the Commission proposals for country-specific recommendations.

The first section of this Opinion provides a horizontal assessment of the Commission proposals for the 2017 Country-Specific Recommendations, which were adopted on the 22 May. It takes into consideration the discussion on the proposals which EMCO held with European Social Partners. The second section contains the main thematic messages arising from our multilateral surveillance reviews. A final section contains some considerations on the process.

Section 1: The 2017 Recommendation proposals

EMCO analysis of the employment and social aspects of the 2017 CSR proposals

Overall, EMCO welcomes the package of CSR proposals. The continued importance given to employment policies within the package shows that the European Employment Strategy continues to play a key role in the European governance process.

- In 2017 there were 76 CSRs. Of these, 34 CSRs (45%) had an element related to social or employment policy. This compares to 42 (47%) in 2016 and 53 (52%) in 2015.
- There was a drop in the total number of actual recommendations contained in the CSRs – 86¹ this year, compared with 114 in 2016 and 118 in 2015. This year is therefore the first time when a drop in the total number of CSRs resulted in a corresponding drop in the total number of actual recommendations.
- There has been little change in the tendency of bundling recommendations together. In 2017 each CSR with an employment or social element contained an average of 2.5 separate social and employment policy recommendations (and, in many cases, other recommendations not related to social or employment policy). This compares with an average of 2.7 in 2016 and 2.2 in 2015.

¹ Given the bundling referred to below, numbers for discrete recommendations must be read as somewhat approximate, since the assessment of exactly how many recommendations are in one text may vary from one person to another.

- The CSRs themselves have a strong focus on skills, education, and training, with 16 CSRs on these topics, as there were in 2016. Unsurprisingly, this matches the analysis in the Employment Performance Monitor, which identified a total of 51 Key Employment Challenges on these topics. This match holds for Active Labour Market Policies and Public Employment Services (14 CSRs vs 27 KECs), and labour market participation of women (9 CSRs vs 26 KECs). However – and unlike last year - there were also some surprising discrepancies between the two instruments. Thus, there are 10 CSRs relating to wages and competitiveness whereas the EPM identifies only 7 KECs and, conversely, only 3 CSRs relating to the integration of people from a migrant background where the EPM identifies no fewer than 17 KECs. Finally, the topic of youth unemployment as such is almost entirely absent from the CSRs, although it is indirectly addressed through CSRs proposed for other areas. The implementation of the Youth Guarantee will continue to be followed-up through EMCO's multilateral surveillance.

Views of social partners

EMCO discussed the CSR proposals with social partners at a joint meeting with the SPC on the 31 May as a prelude to the main discussions.

The trade unions (ETUC) thought that this CSR package represented a significant step forward, particularly with regard to higher wages and more investment. They welcomed the attempt to address real wage growth, and noted that there continued to be some concerns over the minimum wage in a number of countries. Given the importance of tackling precarious work they underlined the importance of wage-bargaining mechanisms involving social partners, and noted that these were specifically addressed at points in the package.

The unions welcomed the focus on the adequacy of social protection alongside its sustainability. They noted their doubts that reductions in the tax wedge on labour had a great effect on unemployment. And they also voiced concerns that too much unemployment was becoming structural, and therefore welcomed the focus on ALMPs in the package.

The unions regretted that the concept of the quality of jobs seemed to be somewhat left by the wayside.

Finally, they urged a strong focus on the implementation of these CSRs.

The employers (Business Europe, CEEP, and UEAPME²) expressed doubts as to whether the package focused sufficiently on what they perceived to be the main issues in the labour market: the tax wedge on labour; childcare; investment in skills. They were cautious on the proposals on wages and wage-setting mechanisms, and stressed the need for growth-friendly policies. They thought there could be more on ALMPs (particularly the effectiveness thereof).

Employers noted that they did not share the Commission's assessment of the level of implementation of CSRs. They noted their view that co-operation with social partners at the national level improves the rates of CSR implementation. Given this they expressed some surprise that there was no CSR on social dialogue as such.

They also thought there was a need to understand how CSRs fitted with other initiatives (such as the Pillar of Social Rights and benchmarking) to form a coherent policy framework.

In this context, EMCO notes its intention to carry out a multilateral surveillance review on the involvement of social partners in the Semester at national level in autumn 2017³. National social partners will be invited to take an active role in this review.

² It should be noted that the employers' organisations made separate interventions and differed from each other on some points. This Opinion tries to summarise the common points.

³ As a follow up to last year's initial review of social partner involvement in national Semester processes, key messages from which were communicated to the EPSCO Council in December 2016.

Section 2: Horizontal messages from the 2016 - 2017 multilateral surveillance cycle

EMCO's analysis is carried out via a series of peer reviews and is known as multilateral surveillance. It is not limited only to follow-up of the CSRs. EMCO has also carried out multilateral surveillance of a selection Key Employment Challenges (KECs) identified in the 2016 Employment Performance Monitor, and of Member States' implementation of the Long-Term Unemployment Recommendation. Continuing EMCO's efforts to co-operate with other Committees, members of the Education Committee were invited to join EMCO for reviews related to skills and education.

In total, in the period December 2016 to May 2017 EMCO carried out 28 LTU reviews (which encompassed 11 KECs and 5 CSRs relating to long-term unemployment), and reviewed a further 57 CSRs and 30 KECs. The conclusions from these reviews are annexed to this Opinion.

The review of **Long-term Unemployment** (LTU) shows clearly that registration of the unemployed is very closely linked to the design of benefits and services: in some Member States this isn't an issue whereas in others it's a big problem. Discouraged jobseekers may need attention since they may not count as LTU.

There are very different approaches to the Single Point of Contact (SPOC) in Member States: some integrate services whereas others use a contact point as a bridge to services; some integrate institutions physically, others virtually e.g. through shared IT infrastructure. Some countries have only recently begun to try to integrate services. EMCO noted that the Commission's thinking on exactly what constituted a SPOC was not always clear.

Job Integration Agreements (JIA) was probably the area where most countries were in line with the Recommendation: virtually all had something very much like a JIA. Regular revision and updating of this were key here.

Employer engagement comes under different forms: from work with individual employers to on-the-job training to wage subsidies to agreements with social partners. The detail varied greatly from Member State to Member State, depending on who the target of any given measure was.

As an overarching point, the capacity of Public Employment Services was judged to be critical for successfully implementing each of the main areas of the Recommendation.

On **Active Labour Market Policies and Public Employment Services**, the improvements in EU labour markets are obviously welcome, but these have highlighted specific concerns about labour market shortages and groups at the margins of the labour market. The capacity of PES remains an issue, although less so than previously. Links between benefits and activation, and the follow-up of search efforts continue to be important.

Co-operation with private employment services can work well but inevitably throws up questions of policy design, getting incentive rights to avoid 'creaming' and so on. Pilot projects (when well evaluated), and learning from those Member States who have experience in the area, can be of great value.

eServices undoubtedly contribute to greater efficiency but experience now suggests that personal contact with certain groups should not be replaced entirely, and policies may need to evolve accordingly.

Ensuring efficient and effectiveness of active labour market policies and optimal use of public money remains an overriding concern. Monitoring and evaluation of policy measures is therefore of great importance. This is particularly true given the scale and number of significant and profound reforms which have taken place in recent years.

Regarding **labour market segmentation**, considerable heterogeneity was observed. In some cases, its effects are cyclical and in other cases they are structural, being linked to laws on dismissal, contract renewal, or litigation procedures. There are also links with policies on unemployment benefits and social security.

In some cases, contract concerns seem to hide other issues, such as female labour market participation or the position of second earners. New forms of self-employment – including bogus self-employment – require a broad approach which fosters job creation and avoids abuses. And the problem of undeclared work is often rather embedded in a given socio-economic context and is not therefore easy to tackle. A number of measures are being taken to attempt to reduce the problem but are likely to take some time to come to fruition.

In the area of **youth unemployment**, there is a gradual positive trend, with all countries seeing decreases in the youth unemployment rates, albeit some decreases more rapid than others. Youth Guarantee systems are consolidating, though most countries need to make further efforts to increase their coverage and impact and ensure sustainable implementation. Constant evaluation is needed to assess which measures work best.

Outreach and capacity of services (including PES) remain crucial in tackling youth unemployment, and careful targeting of measures to avoid deadweight effects is needed. Ensuring the quality of offers and sustainability of labour market integration remains a challenge. And the importance of education and skills policy in reducing skills mismatches was once again underlined.

In the field of **education, skills, and lifelong learning**, reforms in this area take considerable time to both implement and to show results (although there are encouraging early signs in a number of Member States).

Several Member States have moved to increase the attractiveness of the teaching profession. Salary increases are welcome but the issue is broader and can also be tackled through, for example, improving working conditions and reducing bureaucracy, and increasing the possibilities for training and career development.

There have been many VET reforms. VET structures have been made more modular and flexible. There is greater choice in VET curricula, and more use of Work-Based Learning. The identification and anticipation of industry needs can be valuable if done correctly. Many of the VET reforms in recent years have been on the supply side: now work needs to be done (often with social partners) to ensure that the take-up reaches the desired level.

There continue to be challenges for many countries regarding the outcomes for disadvantaged groups. Many reforms have been designed and legislation changed: implementation of these changes will be crucial (for example, to prevent segregation in school in practice as well as in law). Language acquisition continues to be crucial for some groups; the prevention of early school leaving likewise.

In the area of **labour market participation**, policies targeting certain groups need to be embedded in a general labour market strategy. Both specific and general policies need to be monitored and evaluated to ensure that they are delivering the required results.

The participation of older workers is an important challenge in some countries (the urgency of which is defined by the situation regarding pension sustainability). This can be politically very challenging: systems of early retirement are notoriously difficult to reform. Reforms must be based on a broad approach (covering, for example, health and safety at work, lifelong learning, and employer awareness). They also need public buy-in and support.

Regarding integration of migrants into the labour market, countries continue to experience problems with second and third generations. We must learn from past policy mistakes and have an early focus on labour market integration and language acquisition. The education system also has an important role to play. The gender aspect of integration continues to be important but the nature of this can differ across generations.

The gender gap continues to close, although improvements are uneven. Many different actions are being undertaken, but often lack an overall strategic framework. There is much room for reform of tax benefits to make work pay for second earners. Use of parental leave could be more balanced. There continues to be a tension between the quality and availability of childcare: new regulatory approaches and investment in childcare allowances seem to be promising in this regard.

From the review on **labour taxation and social** dialogue, there has been progress in many Member States towards reducing the tax wedge. However, progress is often rather limited, and the tax wedge remains high overall.

Where taxes have been shifted, the trend seems to be towards excise taxes rather than towards environmental or property taxes.

Tax shifts always need to be well-designed to avoid negative effects. In particular, measures targeting the hiring of certain groups must be careful to avoid deadweight or substitution effects.

The creep of tax brackets and lack of a link to indexation seems to be a problem: it may be one of the underlying structural problems which keep the tax wedge in the EU at a high level.

On wages, a number of countries have seen a continued period of wage moderation in recent years. Social partner involvement has been strong, especially in minimum wage reforms. Setting the minimum wage always involves finding the right balance between keeping pace with wage developments, protecting vulnerable groups, and maintaining competitiveness. It must be set in a transparent and predictable framework.

Section 3: The CSR process in the context of the European Semester:

The Semester process continues to improve year on year. Co-operation with other Committees and the Commission ran smoothly and efficiently. The overall balance of the CSR package seems right. The issues identified are often the major issues.

There were examples of CSR proposals that were nowhere prefigured in the Committee's work, either in the multilateral surveillance (including the Country Review) or in the EPM. In principle, this should not happen. If it does, then the Committee lacks an agreed analytical basis to draw on which could result in a proposal being rejected for lack of an evidence base for the discussion. In this context, the Committee would underline that the results of the multilateral surveillance and the EPM were both very helpful again this year in discussing draft CSRs and CSR amendments.

EMCO has strongly welcomed the improved dialogue between Member States and the Commission on the Country Reports this year, for which the Committee has asked for many years. It paid off in that there were rather fewer disagreements about factual matters contained in the analysis (these disagreements having mostly been resolved during the Country Report dialogue). These improvements should be continued so that we arrive at a situation where all analytical elements underpinning the CSRs have been discussed in the context of the Country Reports or other analyses shared with the Member States before the publication of the draft recommendations.

Along the lines of the progress made over the previous years, there have been further improvements in drafting (last year EMCO called upon the Commission to avoid language such as "to further improve" or "continue reforming", and – at least in the CSRs under discussion – this seems to have happened), which have expedited the discussions.

The last-minute delay in the adoption of the CSR package was unhelpful: not only did it cause the Committee a number of logistical problems, but it also reduced the time available for Member States to consider the proposals of others and may well have helped reduce the multilateral nature of this year's exercise (see below).

Given the tendency for CSRs to be rather more general or broad than in previous years, the recitals may be essential for understanding exactly what a given CSR was seeking to address (and EMCO may need to take this into account in running its multilateral surveillance reviews). In this context, it would be helpful, where possible, if recitals could be forward-looking.

The bundling of several issues into one CSR makes discussing them, and following them up, more difficult. The rationale for such bundling is at times not clear⁴. This may also cause problems for the assessment of CSR implementation – with some CSRs covering so many different actions, how can the level of implementation be satisfactorily assessed? While in the past the “number” of CSRs itself has been used to give a message to Member States, there is absolutely no need to continue this practice. Although EMCO continues to welcome a limited number of recommendations, it would clearly prefer a “one CSR = one recommendation” approach, even if this led to an increase in the overall number of CSRs.

The multiannual approach in the assessment of CSR implementation is a positive step towards recognising that a number of reforms in employment, skills and education require longer periods to be rolled out. There remains some confusion over the multiannual status of CSRs, reinforced by the emphasis on multiannual evaluation. Are CSRs considered to be still extant from previous years if they have not been implemented? Some such CSRs are repeated, but others seem not to be, and the grounds on which this is done are somewhat unclear.

The Commission's flexible and responsive approach to CSR discussions was noted and welcomed. It made the process of reaching consensus considerably easier (and undoubtedly the improved process on the Country Reports also contributed, see above). Whilst this is to be welcomed, it may have contributed to this year's discussions being rather less multilateral than previously. As noted above, the delay in the adoption of CSRs was also a factor. One option would be to give the Member States a few extra days to amend each other's CSRs, following the deadline for providing comments on their own draft recommendations.

⁴ To give an example, the Commission's proposal for CSR 2 for Latvia read: "Improve the adequacy of the social safety net and up-skill the labour force by speeding up the curricula reform in vocational education", thus putting two entirely unconnected issues together in the same sentence. Another example would be Romania's CSR 2 which contains at least five unconnected recommendations: on activation policies; pension ages; wage-setting; access to education; healthcare reform.



The Social Protection Committee

SPC assessment of the 2017 CSRs package and the implementation of the 2016 Council CSRs in the area of social protection and social inclusion

On behalf of the Council and in line with the provisions of title X of the Treaty on the Functioning of the EU (TFEU) and the mandate of the Committee given by Article 160, the SPC has carried out in the spring of 2017 an analysis of the implementation of the 2016 Council country-specific recommendations (CSRs) in the area of social protection and social inclusion (part I of this opinion). In line with its mandate, the requirements under Regulation (EU) No 1176/2011 and the Council decision establishing the Committee, which calls for the SPC to contribute to all aspects of the European Semester within its field of competence and report on them to the Council, the SPC also examined the new Commission proposals for CSRs in 2017 in the areas of social protection and social inclusion (part II of this opinion). Issues related to health have been examined jointly with the Council Working Party on Public Health at Senior Level. Part III contains some general remarks on the governance aspects of the 2017 European Semester process.

The Committee would like to underline that social policy should be considered as an investment and a productive factor. The process of modernization of social protection systems which has been on-going in many Member States needs to continue by implementing the active inclusion principles, emphasizing labour market participation and integration, adequate income replacement and support and the provision of affordable and quality services, by pursuing the joint objectives of adequate and sustainable pension systems, and by ensuring accessible, quality and sustainable health care and long-term care. The success of reforms in the area of social protection and social inclusion is key to promoting social cohesion, improving social outcomes, and reducing income inequalities, and is also dependent upon the effective involvement of social partners and civil society.

I. Continuing an ambitious agenda for the modernization of social protection systems: main findings from the SPC multilateral surveillance reviews on the implementation of the 2016 CSRs

Multilateral surveillance is a core task of the Committee in the European Semester process. It builds on the knowledge base and policy consensus achieved through the social open method of coordination and puts a strong emphasis on the multilateral nature of the discussions and conclusions in full recognition of the interrelated nature of social challenges and the potential of mutual learning on policy solutions in the EU. This year, the Committee made additional efforts to improve the multilateral aspect of the surveillance process with notable success. The SPC examined 24 CSRs for 21 Member States in the area of social protection and social inclusion, including pensions, health and long-term care.

Reforms in the area of social protection and social inclusion

Reducing poverty and fighting social exclusion remain key challenges for Member States. Partly due to the effects of the crisis, the EU continues to be far off-track in reaching the Europe 2020 poverty and social exclusion target, even when the most recent and more encouraging data is taken into account. In 2016, 11 Member States received CSRs in the area of social protection and social inclusion. Similar to previous years, there is a strong emphasis on improving the coverage and adequacy of social benefits and ensuring an effective link with activation and sustainable (re-)insertion into the labour market, provision of quality services complementing activation measures, tackling child poverty and addressing the long-term benefit dependency risk.

The multilateral review of CSRs' implementation in this area showed that some Member States are pursuing policy initiatives related to reinforcing and integrating social assistance, increasing the coverage and adequacy of minimum income schemes as well as their streamlining, including by revising eligibility criteria to improve access for those most in need. Avoiding financial disincentives through incentivising employment by gradual tapering of income support is also an important aspect of reform efforts. Expanding information systems to ensure appropriate exchange of data on benefit recipients is being put in place to improve monitoring, efficiency and effectiveness of income support delivery. Reforms related to the administration of benefits and services aim to be comprehensive and address the fragmentation of social assistance systems by unifying benefits' administration and streamlining the involvement of different levels of government in the administration processes. Child poverty is being tackled through targeted and early intervention policies – income support, including in-work benefits, as well as support for sustainable labour market integration for parents. Addressing the gap between self-employed workers and traditional employees in relation to their access to affordable social protection is also an area of policy focus. Important reforms related to the development and monitoring of quality of social service delivery are taking place in a few Member States. Well-designed social services, including through coordination with employment services, can work as a long-term investment, which stimulates growth, social inclusion and preserves human capital.

Reforms of pension systems

Reforming pension systems has consistently been one of the most important elements of the structural reforms agenda since the start of the European Semester. The main focus of the policy guidance in the European Semester process has been on the need to improve the long-term sustainability of pension systems, without jeopardizing the main function of pensions which is to allow people to maintain, to a reasonable degree, their standard of living after retirement and to prevent elderly poverty. The recommended measures have included promoting longer working lives through increasing pensionable age, restricting early exit pathway, including through tightening eligibility criteria for the allocation of invalidity pensions and promoting later take-up of pensions and harmonization of the statutory retirement age between men and women. At the same time, the focus on improving fiscal sustainability of pension systems can result in less generous public pensions and flanking measures being necessary to maintain retirement incomes. Therefore, recommendations have also called on Member States to promote active ageing and employability of older workers and improve the provision of supplementary pensions.

In 2016, only 9 Member States received a CSR in the area of pensions, the lowest number since the start of the European Semester process. The multilateral review of CSRs' implementation showed that the majority of Member States with Council recommendations touching upon this area are making some progress in addressing their challenges. Given the complexity of pension reforms and the involvement of social partners in the negotiation process, reforms are more often being implemented in the context of a multiannual cycle. Increase in retirement age and facilitating longer working lives remain the main priorities. Few Member States are stepping up efforts to incentivise supplementary pension schemes. While reducing unemployment and encouraging longer stays in labour markets, including through the availability of appropriate work-life balance policies and the modernization of working environment, in respect of health and safety provisions, will be crucial for the future sustainability and adequacy of pension benefits, supplementary pensions and other retirement savings could, where appropriate, also play a positive role. Some Member States are in the process of aligning preferential pension provision for specific categories with the rules of the general scheme.

The budgetary impact of population ageing poses a significant challenge to the long-term fiscal sustainability of pension system but reforms should not separate this from considerations of pension adequacy which requires that full attention be given to the economic, social and political risks associated with increases in poverty among older people. As regularly highlighted by the SPC, aligning the pensionable age with changes in life expectancy is a valid horizontal orientation for reforms. However, other tools (such as restricting access to early retirement, extending contributory periods, including a life expectancy factor in the benefit calculation formula, and stepping up efforts in workplaces and labour markets to enable women and men to work more and longer) are also available as policy options for increasing the effective retirement age and for adapting pension systems to changing demographic and economic conditions. An important part of the pension adequacy challenge is gender-specific. Increasing female labour market participation and closing the gender pay gap in order to address the gender pension gap, which remains very high in the EU, are important aspects of the policy response along with crediting care periods as pensions become increasingly contribution-based in most Member States.

Reforms of health systems

Population ageing and other factors, such as the high costs of innovative technologies and medicines, are putting increased pressure on the financial sustainability of health systems and the ability to provide adequate healthcare for all. Reforms in health care have been a main focus of the European Semester process and aim at ensuring sustainable, affordable and cost-effective health services, without compromising universal and equitable access, quality and safety, and with an increasing emphasis on prevention.

12 Member States received CSRs in the area of health in 2016. The main focus of the challenges outlined is related to ensuring cost-effectiveness and sustainability of healthcare, improving access, quality, and funding. The multilateral review of CSRs' implementation, held jointly with the Council Working Party on Public Health at Senior Level, showed that the majority of Member States with Council recommendations are taking measures to address cost-effectiveness and sustainability challenges. These include spending targets and reviews, measures related to improving performance and accountability, reinforcing eHealth, and curbing informal payments. While in some Member States funding challenges are related to the need for increasing public funding due to low levels coupled with high share of co-payments, in many others it is related to containing increases in healthcare costs in the medium and long-term. To address this, various reforms in the financial management and the governance of the health system are being undertaken. Some Member States have embarked on ambitious health reforms defining long-term priorities in the field of healthcare. These are in many cases undertaken in the context of multiannual, comprehensive National Health Strategies. Shifting care provision from a hospital-based system to a stronger role for primary care as a gatekeeper or developing care integration is another important focus of policy efforts. An increased use of information technology is being implemented by some Member States for efficiency gains and better access to care. Reform measures on centralisation or rationalisation of procurement systems as well as pricing of pharmaceuticals and the use of generic medicines are used to gain cost efficiency. Few Member States are addressing specific challenges related to ensuring adequate access to health care services and health insurance, including for the most vulnerable through increased funding, but also better access to diagnosis and treatment of specific diseases, decreasing waiting times for out-patient health care services, and improving the availability of medicines.

A rational use of resources, notably through appropriate incentives for users and providers, good governance and coordination across different levels and services of the health care systems is necessary. Ensuring accessible, quality and sustainable health systems may require strengthening of health promotion and disease prevention in all relevant policy sectors, while improving integrated health care, enhancing primary health care, early diagnosis, optimising use of specialists and hospital care and securing an appropriate and skilled health workforce. Services should seek to provide universal access to health care for all, addressing obstacles faced by the most vulnerable, such as cost, lack of information and access, while reducing health inequalities.

Reforms of long-term care

Only 2 Member States received CSRs on long-term care issues in 2016. The focus is on improving cost-effectiveness while ensuring access to quality long-term care services. The reported measures focused on putting in place mechanisms for an overall analysis of the long-term care systems to identify areas for improvement, supporting a shift from institutional to community-based care, strengthening support to informal carers and improving policies for prevention, rehabilitation and independent living. Improving access to quality long-term care services would also have impact on female labour market participation.

As indicated in the joint SPC-EC report on “Adequate social protection for long-term care needs in an ageing society,” there are solid equity and efficiency reasons for Member States to establish social protection against the risk of long-term care dependency and to provide adequate access to affordable quality care. If the challenges to present long-term care arrangements resulting from population ageing are to be tackled constructively and the rise in public expenditure contained, there is a need to move from a primarily reactive to an increasingly proactive policy approach, which seeks both to reduce care needs and to boost efficient, cost-effective care provision.

II. The 2017 CSRs package: stronger focus on addressing inequalities, on social protection and inclusion, and priority-setting

The 2017 CSRs package, adopted by the Commission on 22 May 2017, presents a welcome shift towards a more balanced consideration of economic and social objectives, stronger emphasis on social policy priorities as well as on the social impact in the implementation of policy reforms in all areas. It stresses the need to address income inequalities and support upward convergence in social outcomes, objectives which the SPC has repeatedly underlined as essential for ensuring inclusive growth. Mutual learning and policy exchange in the context of the SPC work is showing that well-designed and appropriately sequenced reforms, which take due account of distributional impacts, can contribute to better and more sustainable growth, and foster upward convergence.

The focus on effectiveness of social protection schemes, including the coverage and adequacy of benefits, and their link with activation, has remained an important element in the 2017 CSR package. The package presents a more balanced and welcome perspective on health policy reforms than in previous years, with due attention given to accessibility and effectiveness of health care services and prevention. The focus is primarily on continuing and implementing on-going and concrete structural reform measures aiming to enhance the performance, quality, affordability, accessibility or financial sustainability of healthcare and improve health outcomes among the population.

The recommendations in relation to pension policy, in contrast to previous years, are less prescriptive and leave the necessary space for Member States to use the appropriate policy levers in order to achieve the desired policy objectives. As pointed out repeatedly by the SPC, the most appropriate mix of policy options in the area of pensions depends on the specificities of national pension systems, the sustainability challenge and the current and projected adequacy of future pensions. The need to consider pension systems sustainability together with pension adequacy remains key in ensuring effective policy reforms in this area. A gender perspective is equally relevant for ensuring the effectiveness pursued.

This year's package includes one recommendation in the area of long-term care. Although long-term care issues are well covered in recitals, the SPC would like to reaffirm that long-term care reforms, not least because of the demographic challenges in many Member States, remain important. The Committee is continuing its work in this area in the assessment of challenges and the identification of the best policy solutions for specific national contexts.

More generally, availability of affordable, accessible and quality services is indispensable. Social protection systems must provide enabling services to all, while fostering employment and participation in the labour market for those who can, especially for more disadvantaged groups, such as Roma and people with disabilities. Reducing gender inequality and facilitating the labour market participation of women has significant implications for reducing the gender pension gaps in the future. Closing these labour market participation gaps would translate into a positive contribution to the overall employment situation in the EU as well.

As in previous years, a significant number of CSRs in the areas of social protection and social inclusion have been issued as MIP recommendations. As the SPC has reported to the Council during the previous Semesters, the current MIP legislation (the 'six pack') does not include policy areas and indicators related to pensions, health, long-term care and poverty reduction issues in the scope of the MIP. Similarly, a number of structural reforms related to pensions and health are recommended under the Stability and Growth Pact (SGP). The SPC reiterates that all issues within the competence of employment, social affairs and health ministers are to be decided in the EPSCO Council in order to support coherence, ownership and implementation.

III. Overall governance aspects of the 2017 European Semester process

The early release of the Commission 2017 Country Reports and the bilateral consultation with Member States on the drafts has proven to be an effective way of ensuring common understanding of the assessment, related challenges and policy efforts between Member States and the Commission. This practice should be continued in the future. Overall, the Country Reports showed a more comprehensive analysis of employment and social issues and a better balance between economic and social considerations. In addition, the multiannual approach in terms of the assessment of implementation is a positive step towards recognizing that a number of reforms, especially in the area of social protection, require longer time periods to be rolled out, and to realise the desired outcomes. The SPC encourages the Commission to continue enhancing synergies between the recitals and the CSRs.

The delay in the release of the Commission proposals for 2017 CSRs has had an impact on the possibility for an appropriate peer review of the proposed CSRs. Ensuring enough time for Member States to analyse the CSRs package is essential for the necessary multilateral discussion of the CSR proposals in the Committees.

The joint meeting of EPC, EMCO and SPC proved to be an effective way for the discussion of a number of CSRs of a cross-cutting nature, and ensured a coordinated preparation of the CSRs adoption by the two responsible Council formations - EPSCO and ECOFIN.

Involvement of social partners and consultation with civil society remain key for the successful implementation of policy reforms. The SPC held an exchange of views with EU-level social partners and social NGOs on the findings of its multilateral CSR implementation reviews and the new 2017 CSR package, resulting in a constructive and substance-based dialogue on the main direction of social protection reforms, which was considered in the preparation of this opinion.