



Brussels, 23.5.2022
COM(2022) 241 final

2022/0165 (NLE)

Proposal for a

COUNCIL DECISION

on guidelines for the employment policies of the Member States

EXPLANATORY MEMORANDUM

1. CONTEXT OF THE PROPOSAL

Pursuant to the Treaty on the Functioning of the European Union, Member States are to regard their economic policies and promoting employment as a matter of common concern and shall coordinate their action within the Council. The Council is to adopt employment guidelines (Article 148), specifying that they must be consistent with the broad economic policy guidelines (Article 121).

Whilst the broad economic policy guidelines remain valid for any duration of time, the employment guidelines need to be drawn up each year. The guidelines were first adopted together ('integrated package') in 2010, underpinning the Europe 2020 strategy. The integrated guidelines remained stable until 2014. Revised integrated guidelines were adopted in 2015. In 2018 the employment guidelines were aligned with the principles of the European Pillar of Social Rights proclaimed in November 2017 by the European Parliament, the Council and the Commission, with a view to drive reforms at national level and to serve as a compass for a renewed process of upward convergence across Europe towards better working and living conditions, and remained unchanged in 2019. In 2020, they were aligned to integrate elements related to the consequences of the COVID-19 crisis, the green and digital transitions, and the UN Sustainable Development Goals. In 2021 they were carried over, while adjusting the recitals to reflect the outcomes of the Porto Social Summit and the European Pillar of Social Rights Action Plan. In 2022, the guidelines for the employment policies of the Member States have been notably amended to align the text by retargeting of the narrative to the post-COVID 19 environment, bringing in more elements related to fairness in the green transition, reflecting recent policy initiatives and adding policy elements of particular relevance in the context of the Russian invasion of Ukraine.

Along with the broad economic policy guidelines, the employment guidelines are presented as a Council Decision on guidelines for the employment policies of the Member States (Part II of the Integrated Guidelines) and provide the basis for country specific recommendations in the respective domains.

The revised "Employment Guidelines" are the following:

Guideline 5: Boosting the demand for labour

Guideline 6: Enhancing labour supply and improving access to employment, lifelong acquisition of skills and competences

Guideline 7: Enhancing the functioning of labour markets and the effectiveness of social dialogue

Guideline 8: Promoting equal opportunities for all, fostering social inclusion and fighting poverty

Proposal for a

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THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty on the Functioning of the European Union, and in particular Article 148(2) thereof,

Having regard to the proposal from the European Commission,

Having regard to the opinion of the European Parliament¹,

Having regard to the opinion of the European Economic and Social Committee²,

Having regard to the opinion of the Committee of the Regions³,

Having regard to the opinion of the Employment Committee⁴

Whereas:

- (1) Member States and the Union are to work towards developing a coordinated strategy for employment and particularly for promoting a skilled, trained and adaptable workforce, as well as labour markets that are future-oriented and responsive to economic change, with a view to achieving the objectives of full employment and social progress, balanced growth, a high level of protection and improvement of the quality of the environment laid down in Article 3 of the Treaty on European Union (TEU). Member States are to regard promoting employment as a matter of common concern and are to coordinate their action in that respect within the Council, taking into account national practices related to the responsibilities of management and labour.
- (2) The Union is to combat social exclusion and discrimination, and promote social justice and protection, equality between women and men, solidarity between generations and the protection of the rights of the child as laid down in Article 3 TEU. In defining and implementing its policies and activities, the Union is to take into account requirements linked to the promotion of a high level of employment, the guarantee of adequate social protection, the fight against poverty and social exclusion, a high level of education and training and protection of human health as laid down in Article 9 of the Treaty on the Functioning of the European Union (TFEU).
- (3) In accordance with the TFEU, the Union has developed and implemented policy coordination instruments for economic and employment policies. As part of those instruments, the Guidelines for the Employment Policies of the Member States (the ‘Guidelines’) set out in the Annex to this Decision, together with the Broad Guidelines

¹ OJ C , , p . .

² OJ C , , p . .

³ OJ C , , p . .

⁴ OJ C , , p . .

for the Economic Policies of the Member States and of the Union set out in Council Recommendation (EU) 2015/1184⁵, form the Integrated Guidelines. They are to guide policy implementation in the Member States and in the Union, reflecting the interdependence between the Member States. The resulting set of coordinated European and national policies and reforms are to constitute an appropriate overall sustainable economic and employment policy mix, which should achieve positive spill over effects.

- (4) The Guidelines are consistent with the Stability and Growth Pact, existing Union legislation and various Union initiatives, including Council Directive of 20 July 2001⁶, Council Recommendations of 10 March 2014⁷, 15 February 2016⁸, 19 December 2016⁹, 15 March 2018¹⁰, 22 May 2018¹¹, 22 May 2019¹², 8 November 2019¹³, 30 October 2020¹⁴, 24 November 2020¹⁵, 29 November 2021¹⁶ Commission Recommendation of 4 March 2021¹⁷, Council Recommendation of 14 June 2021¹⁸, Council Resolution of 26 February 2021¹⁹, Commission Communication of 9 December 2021²⁰, Decision of the EU Parliament and the Council of 22 December 2021²¹ [, the Proposal for a Directive of the European Parliament and of the Council on adequate minimum wages in the European Union²², the Proposal for a Council Recommendation on ensuring a fair transition towards climate neutrality²³, the Proposal for a Council Recommendation on a European approach to micro-credentials for lifelong learning and employability²⁴, the Proposal for a Council Recommendation on individual learning accounts²⁵, the Proposal for a Directive of the European

⁵ Council Recommendation (EU) 2015/1184 of 14 July 2015 on broad guidelines for the economic policies of the Member States and of the European Union ([OJ L 192, 18.7.2015, p. 27](#)).

⁶ Council Directive 2001/55/EC of 20 July 2001 on minimum standards for giving temporary protection in the event of a mass influx of displaced persons and on measures promoting a balance of efforts between Member States in receiving such persons and bearing the consequences thereof ([OJ L 212, 07/08/2001 P. 0012 – 0023](#))

⁷ Council Recommendation of 10 March 2014 on a Quality Framework for Traineeships ([OJ C 88, 27.3.2014, p. 1](#)).

⁸ Council Recommendation of 15 February 2016 on the integration of the long-term unemployed into the labour market ([OJ C 67, 20.2.2016, p. 1](#)).

⁹ Council Recommendation of 19 December 2016 on Upskilling Pathways: New Opportunities for Adults ([OJ C 484, 24.12.2016, p. 1](#)).

¹⁰ Council Recommendation of 15 March 2018 on a European Framework for Quality and Effective Apprenticeships ([OJ C 153, 2.5.2018, p. 1](#)).

¹¹ Council Recommendation of 22 May 2018 on key competences for lifelong learning ([OJ C 189, 4.6.2018, p. 1](#)).

¹² Council Recommendation of 22 May 2019 on High-Quality Early Childhood Education and Care Systems ([OJ C 189, 5.6.2019, p. 4](#)).

¹³ Council Recommendation of 8 November 2019 on access to social protection for workers and the self-employed ([OJ C 387, 15.11.2019, p. 1](#)).

¹⁴ Council Recommendation of 30 October 2020 on A Bridge to Jobs – Reinforcing the Youth Guarantee and replacing the Council Recommendation of 22 April 2013 on establishing a Youth Guarantee ([OJ C 372, 4.11.2020, p. 1](#)).

¹⁵ Council Recommendation of 24 November 2020 on vocational education and training (VET) for sustainable competitiveness, social fairness and resilience ([OJ C 417, 2.12.2020, p. 1](#)).

¹⁶ Council Recommendation of 29 November 2021 on blended learning approaches for high-quality and inclusive primary and secondary education (OJ C 66, 26.2.2021, p. 1–21)

¹⁷ Commission Recommendation (EU) 2021/402 of 4 March 2021 on an effective active support to employment following the COVID-19 crisis (EASE) ([OJ L 80, 8.3.2021, p. 1](#)).

¹⁸ Council Recommendation (EU) 2021/1004 of 14 June 2021 establishing a European Child Guarantee ([OJ L 223, 22.6.2021, p. 14](#)).

¹⁹ Council Resolution on a strategic framework for European cooperation in education and training towards the European Education Area and beyond (2021-2030) (2021/C66/01) (OJ C 66, 26.2.2021, p. 1–21)

²⁰ Commission Communication (EU) 2021/778 of 9 December 2021 on building an economy that works for people: an action plan for the social economy

²¹ Decision (EU) 2021/2316 of the European Parliament and of the Council of 22 December 2021 on a European Year of Youth (2022) (OJ L 462, 28.12.2021, p. 1–9)

²² COM/2020/682 final

²³ COM/2021/801 final

²⁴ COM/2021/770 final

²⁵ COM/2021/773 final

Parliament and of the Council to strengthen the application of the principle of equal pay for equal work or work of equal value between men and women through pay transparency and enforcement mechanisms²⁶, the Proposal for a Directive of the European Parliament and of the Council on improving working conditions in platform work²⁷ and the Proposal for a Council Recommendation on learning for environmental sustainability²⁸].

- (5) The European Semester combines the different instruments in an overarching framework for integrated multilateral coordination and surveillance of economic and employment policies. While pursuing environmental sustainability, productivity, fairness and stability, the European Semester integrates the principles of the European Pillar of Social Rights and of its monitoring tool, the Social Scoreboard, and provides for strong engagement with social partners, civil society and other stakeholders. It supports the delivery of the Sustainable Development Goals. The Union's and Member States' economic and employment policies should go hand in hand with Europe's fair transition to a climate neutral, environmentally sustainable and digital economy, improve competitiveness, ensure adequate working conditions, foster innovation, promote social justice and equal opportunities, as well as tackle inequalities and regional disparities.
- (6) Climate change and environment-related challenges, the need to accelerate energy independence and ensure Europe's open strategic autonomy, globalisation, digitalisation, artificial intelligence, an increase in teleworking, the platform economy and demographic change are transforming European economies and societies. The Union and its Member States are to work together to effectively and proactively address those structural developments and adapt existing systems as needed, recognising the close interdependence of the Member States' economies and labour markets, and related policies. This requires coordinated, ambitious and effective policy action at both Union and national levels, in accordance with the TFEU and the Union's provisions on economic governance, while implementing the European Pillar of Social Rights. Such policy action should encompass a boost in sustainable investment, a renewed commitment to appropriately sequenced reforms that enhance economic growth, the creation of quality jobs, productivity, adequate working conditions, social and territorial cohesion, upward convergence, resilience and the exercise of fiscal responsibility, with support from existing EU funding programmes, and in particular the Recovery and Resilience Facility and the Cohesion Policy Funds (including the European Social Fund Plus and the European Regional Development Fund) as well as the Just Transition Fund. It should combine supply- and demand-side measures, while taking into account their environmental, employment and social impacts.
- (7) The European Parliament, the Council and the Commission proclaimed the European Pillar of Social Rights²⁹. It sets out twenty principles and rights to support well-functioning and fair labour markets and welfare systems, structured around three categories: equal opportunities and access to the labour market, fair working conditions, and social protection and inclusion. The principles and rights give strategic direction to the Union making sure that the transitions to climate-neutrality and environmental sustainability, digitalisation and demographic change are socially fair

²⁶ COM/2021/93 final

²⁷ COM/2021/762 final

²⁸ COM/2022/11 final

²⁹ Interinstitutional Proclamation on the European Pillar of Social Rights ([OJ C 428, 13.12.2017, p. 10](#)).

and just. The European Pillar of Social Rights, with its accompanying Social Scoreboard, constitutes a reference framework to monitor the employment and social performance of Member States, to drive reforms at national, regional and local level and to reconcile the ‘social’ and the ‘market’ in today’s modern economy, including by promoting the social economy. On 4 March 2021, the Commission put forward an Action Plan for the implementation of the European Pillar of Social Rights (the ‘Action Plan’), including ambitious yet realistic headline targets and complementary sub-targets for 2030, in the areas of employment, skills, education and poverty reduction, as well as the revised Social Scoreboard.

- (8) On 8 May 2021, at the Porto Social Summit, Heads of State or Government recognised the European Pillar of Social Rights as a fundamental element of the recovery, noting that its implementation will strengthen the Union’s drive towards a digital, green and fair transition and contribute to achieving upward social and economic convergence and addressing demographic challenges. They stressed that the social dimension, social dialogue and the active involvement of social partners are at the core of a highly competitive social market economy. They found that the Action Plan provides useful guidance for the implementation of the European Pillar of Social Rights, including in the areas of employment, skills, health and social protection. They welcomed the new Union headline targets for 2030 on employment (78 % of the population aged 20-64 should be in employment), skills (60 % of all adults should participate in training every year) and poverty reduction (by at least 15 million people, including five million children), as well as the revised Social Scoreboard with a view to monitoring progress towards the implementation of the principles of the European Pillar of Social Rights as part of the policy coordination framework in the context of the European Semester. The Porto commitment further called on Member States to set ambitious national targets which, taking due account of the starting position of each country, should constitute an adequate contribution to the achievement of the European 2030 targets.

In Porto, Heads of State or Government noted that, as Europe gradually recovers from the COVID-19 pandemic, the priority will be to move from protecting to creating jobs and improving job quality, and stressed that implementation of the principles of the European Pillar of Social Rights will be essential to ensure the creation of more and better jobs for all within the framework of an inclusive recovery. They emphasised their commitment to unity and solidarity, which also means ensuring equal opportunities for all and that no one is left behind. They affirmed their determination, as established by the European Council’s Strategic Agenda 2019-2024, to continue deepening the implementation of the European Pillar of Social Rights at Union and national levels, with due regard for respective competences and the principles of subsidiarity and proportionality. Lastly, they stressed the importance of closely following, including at the highest level, the progress achieved towards the implementation of the European Pillar of Social Rights and the Union headline targets for 2030.

- (9) Following the Russian invasion of Ukraine, the European Council, in its conclusions of 24 February 2022, condemned Russia’s actions, which seek to undermine European and global security and stability, and expressed solidarity to the Ukrainian people, underlining the violation of international law and the principles of the UN Charter. In the current context, temporary protection, as granted by the Council Decision of 4

March 2022³⁰ activating the Temporary Protection Directive³¹, is necessary in light of the scale of the influx of refugees and displaced persons. This allows Ukrainian refugees to enjoy harmonised rights across the Union that offer an adequate level of protection, including residency rights, access and integration to the labour market, access to education and training, access to housing, as well as to social security systems, medical care, social welfare, or other assistance, and means of subsistence. By participating in Europe's labour markets, Ukrainian refugees can contribute to strengthening the EU's economy and help support their country and people at home. In the future, the acquired experience and skills can contribute to rebuilding Ukraine. For unaccompanied children and teenagers, temporary protection confers the right to legal guardianship and access to childhood education and care. Member States should involve social partners in the design, implementation and evaluation of policy measures aimed at addressing the employment and skills challenges stemming from the Russian invasion of Ukraine. Social partners play a key role in mitigating the impact of the war in terms of preserving employment and production.

- (10) Reforms to the labour market, including national wage-setting mechanisms, should follow national practices of social dialogue, with a view to providing fair wages that enable a decent standard of living and sustainable growth. They should allow for the necessary opportunity for a broad consideration of socioeconomic factors, including improvements in sustainability, competitiveness, innovation, the creation of quality jobs, working conditions, in-work poverty, education and skills, public health and inclusion, and real incomes. In this sense, the Recovery and Resilience Facility and other EU funds are supporting Member States in implementing reforms and investments that are in line with the EU's priorities, making the European economies and societies more sustainable, resilient and better prepared for the green and digital transitions. Russia's invasion of Ukraine has further aggravated pre-existing socioeconomic challenges from the COVID-19 crisis. Member States and the Union should continue to ensure that the social, employment and economic impacts are mitigated and that transitions are socially fair and just, also in light of the fact that increased open strategic autonomy and an accelerated green transition will help reduce the dependence on imports of energy and other strategic products/technologies, notably from Russia. Strengthening resilience and pursuing an inclusive and resilient society in which people are protected and empowered to anticipate and manage change, and in which they can actively participate in society and the economy, are essential. A coherent set of active labour market policies, consisting of temporary hiring and transition incentives, skills policies and improved employment services, is needed to support labour market transitions, also in light of the green and digital transformations, as highlighted in Recommendation (EU) 2021/402 [and the Council Recommendation on ensuring a fair transition towards climate neutrality].
- (11) Discrimination in all its forms should be tackled, gender equality ensured and employment of young people supported. Access and opportunities for all should be ensured and poverty and social exclusion, including that of children and Roma people, should be reduced, in particular by ensuring an effective functioning of labour markets and adequate and inclusive social protection systems³², and by removing barriers to

³⁰ Council Implementing Decision (EU) 2022/382 of 4 March 2022 establishing the existence of a mass influx of displaced persons from Ukraine within the meaning of Article 5 of Directive 2001/55/EC, and having the effect of introducing temporary protection.

³¹ Council Directive 2001/55/EC of 20 July 2001 on minimum standards for giving temporary protection in the event of a mass influx of displaced persons and on measures promoting a balance of efforts between Member States in receiving such persons and bearing the consequences thereof.

³² Council Recommendation of 8 November 2019 on access to social protection for workers and the self-employed, 2019/C 387/01

inclusive and future-oriented education, training and labour-market participation, including through investments in early childhood education and care, and in digital and green skills. Timely and equal access to affordable long-term care and healthcare services, including prevention and healthcare promotion, are particularly relevant, also in light of the COVID-19 pandemic that started in 2020 and in a context of ageing societies. The potential of persons with disabilities to contribute to economic growth and social development should be further realised. As new economic and business models take hold in workplaces throughout the Union, employment relationships are also changing. Member States should ensure that employment relationships stemming from new forms of work maintain and strengthen Europe's social model.

- (12) The Integrated Guidelines should serve as a basis for country-specific recommendations that the Council may address to Member States. Member States are to make full use of their REACT-EU resources established by Regulation (EU) 2020/2221³³, which reinforces the 2014-2020 Cohesion Policy funds and the Fund for European Aid to the Most Deprived (FEAD) until 2023, and due to the current Ukrainian crisis, has been further enhanced by the Regulation on Cohesion's Action for Refugees in Europe (CARE)³⁴, and a further amendment to the Common Provisions Regulation³⁵ concerning increased pre-financing for REACT-EU and a new unit cost in order to help accelerate the integration of people leaving Ukraine into the EU³⁶. In addition, for the 2021-2027 programming period, Member States should fully utilise the European Social Fund Plus established by Regulation (EU) 2021/1057³⁷, the European Regional Development Fund established by Regulation (EU) 2021/1058³⁸, the Recovery and Resilience Facility, established by Regulation (EU) 2021/241³⁹, and other Union funds, including the Just Transition Fund established by Regulation (EU) 2021/1056⁴⁰ as well as the InvestEU established by Regulation (EU) 2021/523⁴¹, to foster employment, social investments, social inclusion and accessibility, and to promote upskilling and reskilling opportunities of the workforce, lifelong learning and high-quality education and training for all, including digital literacy and skills. Member States are also to make full use of the European Globalisation Adjustment Fund for Displaced Workers established by Regulation (EU) 2021/691 of⁴² to support

³³ Regulation (EU) 2020/2221 of the European Parliament and of the Council of 23 December 2020 amending Regulation (EU) No 1303/2013 as regards additional resources and implementing arrangements to provide assistance for fostering crisis repair in the context of the COVID-19 pandemic and its social consequences and for preparing a green, digital and resilient recovery of the economy (REACT-EU) ([OJ L 437, 28.12.2020, p. 30](#)).

³⁴ Regulation (EU) 2022/562 of the European Parliament and of the Council of 6 April 2022 amending regulations (EU) no 1303/2013 and (EU) no 223/2014 as regards cohesion's action for refugees in Europe (CARE)

³⁵ Regulation (EU) 2021/1060 of the European Parliament and of the Council of 24 June 2021 laying down common provisions on the European Regional Development Fund, the European Social Fund Plus, the Cohesion Fund, the Just Transition Fund and the European Maritime, Fisheries and Aquaculture Fund and financial rules for those and for the Asylum, Migration and Integration Fund, the Internal Security Fund and the Instrument for Financial Support for Border Management and Visa Policy ([OJ L 231, 30.6.2021, p. 159–706](#))

³⁶ Regulation (EU) 2022/613 of the European Parliament and of the Council of 12 April 2022 amending Regulations (EU) No 1303/2013 and (EU) No 223/2014 as regards increased pre-financing from REACT-EU resources and the establishment of a unit cost

³⁷ Regulation (EU) 2021/1057 of the European Parliament and of the Council of 24 June 2021 establishing the European Social Fund Plus (ESF+) and repealing Regulation (EU) No 1296/2013 ([OJ L 231, 30.6.2021, p. 21](#)).

³⁸ Regulation (EU) 2021/1058 of the European Parliament and of the Council of 24 June 2021 on the European Regional Development Fund and on the Cohesion Fund ([OJ L 231 30.6.2021,p.60](#))

³⁹ Regulation (EU) 2021/241 of the European Parliament and of the Council of 12 February 2021 establishing the Recovery and Resilience Facility ([OJ L 57, 18.2.2021, p. 17–75](#))

⁴⁰ Regulation (EU) 2021/1056 of the European Parliament and of the Council of 24 June 2021 establishing the Just Transition Fund ([OJ L 231, 30.6.2021, p. 1](#)).

⁴¹ Regulation (EU) 2021/523 of the European Parliament and of the Council of 24 March 2021 establishing the InvestEU Programme and amending Regulation (EU) 2015/1017 ([OJ L 107, 26.3.2021, p. 30](#)).

⁴² Regulation (EU) 2021/691 of the European Parliament and of the Council of 28 April 2021 on the European Globalisation Adjustment Fund for Displaced Workers (EGF) and repealing Regulation (EU) No 1309/2013 ([OJ L 153, 3.5.2021, p. 48](#)).

workers made redundant as a result of major restructuring events, such as the COVID-19 pandemic, socioeconomic transformations that are the result of more global trends, and technological and environmental changes. While the Integrated Guidelines are addressed to Member States and the Union, they should be implemented in partnership with all national, regional and local authorities, closely involving parliaments, as well as the social partners and representatives of civil society.

- (13) The Employment Committee and the Social Protection Committee are to monitor how the relevant policies are implemented in light of the guidelines for employment policies, in line with their respective Treaty-based mandates. Those Committees and other Council preparatory bodies involved in the coordination of economic and social policies are to work closely together. Policy dialogue between the European Parliament, the Council and the Commission should be maintained, in particular as regards the guidelines for the employment policies of the Member States.
- (14) The Social Protection Committee was consulted,

HAS ADOPTED THIS DECISION:

Article 1

The Guidelines for the Employment Policies of the Member States (the ‘Guidelines’), as set out in the Annex, are hereby adopted. The Guidelines shall form part of the Integrated Guidelines.

Article 2

The Member States shall take the Guidelines into account in their employment policies and reform programmes, which shall be reported in accordance with Article 148(3) TFEU.

Article 3

This Decision is addressed to the Member States.

Done at Brussels,

*For the Council
The President*



Brussels, 23.5.2022
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ANNEX

ANNEX

to the

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ANNEX

Guideline 5: Boosting the demand for labour

Member States should actively promote a sustainable social market economy and facilitate and support investment in the creation of quality jobs, also taking advantage of the potential linked to the digital and green transitions, in light of the 2030 EU headline target on employment. To that end, they should reduce the barriers that businesses face in hiring people, foster responsible entrepreneurship and genuine self-employment and, in particular, support the creation and growth of small and medium-sized enterprises, including through access to finance. Member States should actively promote the development and tap the full potential of the social economy, foster social innovation and social enterprises, and encourage those business models creating quality job opportunities and generating social benefits at local level, in particular in the circular economy and in areas most affected by the transition to a green economy due to their sectoral specialisation,.

Following the COVID-19 crisis, well-designed short-time work schemes and similar arrangements should also facilitate and support restructuring processes, on top of preserving employment when appropriate, helping the modernisation of the economy, including via associated skills development. Well-designed hiring and transition incentives and upskilling and reskilling measures should be considered in order to support job creation and transitions, and address labour and skill shortages, also in light of the digital and green transformations as well as of the impact of the Russian invasion of Ukraine.

Taxation should be shifted away from labour to other sources more supportive of employment and inclusive growth and in line with climate and environmental objectives, taking account of the redistributive effect of the tax system, while protecting revenue for adequate social protection and growth-enhancing expenditure.

Member States, including those with statutory minimum wages, should promote collective bargaining with a view to wage setting and ensure an effective involvement of social partners in a transparent and predictable manner, allowing for an adequate responsiveness of wages to productivity developments and fostering fair wages that enable a decent standard of living, paying particular attention to lower and middle income groups with a view to strengthening upward socio-economic convergence. Wage-setting mechanisms should take into account socio-economic conditions, including regional and sectoral developments. Respecting national practices and the autonomy of the social partners, Member States and social partners should ensure that all workers have fair wages by benefitting, directly or indirectly, from collective agreements or adequate statutory minimum wages, taking into account their impact on competitiveness, job creation and in-work poverty.

Guideline 6: Enhancing labour supply and improving access to employment, lifelong acquisition of skills, and competences

In the context of the digital and green transitions, demographic change and the Ukrainian war, Member States should promote sustainability, productivity, employability and human capital, fostering acquisition of skills and competences throughout people's lives and responding to current and future labour-market needs, in light of the 2030 EU headline target on skills. Member States should also adapt and invest in their education and training systems to provide high quality and inclusive education, including vocational education and training, access to digital learning, and language training (e.g. in the case of refugees including from Ukraine).

Member States should work together with the social partners, education and training providers, enterprises and other stakeholders to address structural weaknesses in education and training systems and improve their quality and labour-market relevance, also with a view to enabling the green and digital transitions, addressing existing skills mismatches and preventing the emergence of new shortages, in particular for activities related to REPowerEU, such as renewable energy deployment or buildings' renovation. Particular attention should be paid to challenges faced by the teaching profession, including by investing in teachers' and trainers' digital competences. Education and training systems should equip all learners with key competences, including basic and digital skills as well as transversal competences, to lay the foundations for adaptability and resilience throughout life. Member States should seek to strengthen the provision of individual training entitlements and ensure their transferability during professional transitions, including, where appropriate, through individual learning accounts, as well as a reliable system of training quality assessment. Member States should deliver on the potential of micro-credentials to support lifelong learning and employability. They should enable everyone to anticipate and better adapt to labour-market needs, in particular through continuous upskilling and reskilling and the provision of integrated guidance and counselling, with a view to supporting fair and just transitions for all, strengthening social outcomes, addressing labour-market shortages and skills mismatches, improving the overall resilience of the economy to shocks and making potential adjustments easier.

Member States should foster equal opportunities for all by addressing inequalities in education and training systems. In particular, children should be provided access to good quality early childhood education and care, in line with the European Child Guarantee. Member States should raise overall qualification levels, reduce the number of early leavers from education and training, support access to education of children from remoted areas, increase the attractiveness of vocational education and training (VET), access to and completion of tertiary education, facilitate the transition from education to employment for young people through quality traineeships and apprenticeships, as well as increase adult participation in continuing learning, particularly among learners from disadvantaged backgrounds and the least qualified. Taking into account the new requirements of digital, green and ageing societies, Member States should strengthen work-based learning in their VET systems, including through quality and effective apprenticeships, and increase the number of science, technology, engineering and mathematics (STEM) graduates both in VET and in tertiary education, especially women. Furthermore, Member States should enhance the labour-market relevance of tertiary education and, where appropriate, research; improve skills monitoring and forecasting; make skills more visible and qualifications comparable, including those acquired abroad; and increase opportunities for recognising and validating skills and competences acquired outside formal education and training. They should upgrade and increase the supply and uptake of flexible continuous VET. Member States should also support low-skilled adults to maintain or develop their long-term employability by boosting access to and uptake of quality learning opportunities, through the implementation of Upskilling Pathways Recommendation including a skills assessment, an offer of education and training matching labour-market opportunities, and the validation and recognition of the skills acquired.

Member States should provide unemployed and inactive people with effective, timely, coordinated and tailor-made assistance based on support for job search, training, requalification and access to other enabling services, paying particular attention to vulnerable groups and people particularly affected by the green and digital transitions. Comprehensive strategies that include in-depth individual assessments of unemployed people should be

pursued as soon as possible, at the latest after 18 months of unemployment, with a view to significantly reducing and preventing long-term and structural unemployment. Youth unemployment and the issue of young people not in employment, education or training (NEETs) should continue to be addressed through prevention of early school leaving and structural improvement of the school-to-work transition, including through the full implementation of the reinforced Youth Guarantee, which should also importantly support quality youth employment opportunities in the post-pandemic recovery. In addition, and in the light of the European Year of the Youth 2022, Member States should boost efforts notably at highlighting how the green and digital transitions offer a renewed perspective for the future and opportunities to counter the negative impact of the pandemic on young people.

Member States should aim to remove barriers and disincentives to, and provide incentives for, participation in the labour market, in particular for low-income earners, second earners and those furthest away from the labour market including people with a migrant background and marginalised Roma. In view of high labour shortages in certain occupations and sectors, Member States should contribute to fostering labour supply, notably through promoting adequate wages and decent working conditions, as well as effective active labour market policies. Member States should also support an adapted work environment for persons with disabilities, including through targeted financial support and services that enable them to participate in the labour market and in society.

The gender employment and pay gaps should be tackled. Member States should ensure gender equality and increased labour market participation of women, including through ensuring equal opportunities and career progression and eliminating barriers to access to leadership at all levels of decision making. Equal pay for equal work, or work of equal value, and pay transparency should be ensured. The reconciliation of work, family and private life for both women and men should be promoted, in particular through access to affordable, quality long-term care and early childhood education and care services. Member States should ensure that parents and other people with caring responsibilities have access to suitable family-related leave and flexible working arrangements in order to balance work, family and private life, and promote a balanced use of those entitlements between women and men.

Guideline 7: Enhancing the functioning of labour markets and the effectiveness of social dialogue

In order to benefit from a dynamic and productive workforce and new work patterns and business models Member States should work together with the social partners on fair, transparent and predictable working conditions, balancing rights and obligations. They should reduce and prevent segmentation within labour markets, fight undeclared work and bogus self-employment, and foster the transition towards open-ended forms of employment. Employment protection rules, labour law and institutions should all provide both a suitable environment for recruitment and the necessary flexibility for employers to adapt swiftly to changes in the economic context, while protecting labour rights and ensuring social protection, an appropriate level of security and healthy, safe and well-adapted working environments for all workers. Promoting the use of flexible working arrangements such as teleworking can contribute to higher employment levels and more inclusive labour markets in the context of the post-pandemic environment. At the same time, it is important to ensure that the workers' rights in terms of working time, working conditions, and work-life balance are respected. Employment relationships that lead to precarious working conditions should be prevented, including in the case of platform workers, especially if low-skilled, and by fighting abuse of atypical contracts. Access to effective, impartial dispute resolution and a right to redress, including adequate compensation, should be ensured in cases of unfair dismissal.

Policies should aim to improve and support labour-market participation, matching and transitions, including in disadvantaged regions. Member States should effectively activate and enable those who can participate in the labour market, especially vulnerable groups such as lower-skilled people, people with a migrant background, including persons under a temporary protection status, and marginalised Roma. Member States should strengthen the scope and effectiveness of active labour-market policies by increasing their targeting, outreach and coverage and by better linking them with social services, training and income support for the unemployed, whilst they are seeking work and based on their rights and responsibilities. Member States should enhance the capacity of public employment services to provide timely and tailor-made assistance to jobseekers, respond to current and future labour-market needs, and implement performance-based management, supported also via digitalisation.

Member States should provide the unemployed with adequate unemployment benefits of reasonable duration, in line with their contributions and national eligibility rules. Unemployment benefits should not disincentivise a prompt return to employment and should be accompanied by active labour market policies.

The mobility of learners and workers should be adequately supported with the aim of enhancing their skills and employability and exploiting the full potential of the European labour market, while also ensuring fair conditions for all those pursuing a cross-border activity and stepping up administrative cooperation between national administrations with regard to mobile workers, benefitting from the assistance of the European Labour Authority. The mobility of workers in critical occupations and of cross-border, seasonal and posted workers should be supported in the cases of temporary border closures triggered by public health considerations.

Member States should also strive to create the appropriate conditions for new forms of work, delivering on their job-creation potential while ensuring they are compliant with existing social rights. Member States should thus provide advice and guidance on the rights and obligations applying in the context of atypical contracts and new forms of work, such as work through digital platforms. In this regard, social partners can play an instrumental role and Member States should support them in reaching out and representing people in atypical and platform work. Member States should also provide support for enforcement – such as guidelines or dedicated trainings for labour inspectorates – concerning the challenges stemming from new forms of organising work, such as algorithmic management, data surveillance and permanent or semi-permanent telework.

Building on existing national practices, and in order to achieve more effective social dialogue and better socio-economic outcomes, including in crisis times like with the war in Ukraine, Member States should ensure the timely and meaningful involvement of the social partners in the design and implementation of employment, social and, where relevant, economic reforms and policies, including by supporting increased capacity of the social partners. Member States should foster social dialogue and collective bargaining. The social partners should be encouraged to negotiate and conclude collective agreements in matters relevant to them, fully respecting their autonomy and the right to collective action.

Where relevant, and building on existing national practices, Member States should take into account relevant civil society organisations' experience of employment and social issues.

Guideline 8: Promoting equal opportunities for all, fostering social inclusion and fighting poverty

Member States should promote inclusive labour markets, open to all, by putting in place effective measures to fight all forms of discrimination and promote equal opportunities for all,

and in particular for groups that are under-represented in the labour market, with due attention to the regional and territorial dimension. They should ensure equal treatment regarding employment, social protection, health and long-term care, education and access to goods and services, regardless of gender, racial or ethnic origin, religion or belief, disability, age or sexual orientation.

Member States should modernise social protection systems to provide adequate, effective, efficient and sustainable social protection for all, throughout all stages of life, fostering social inclusion and upward social mobility, incentivising labour market participation, supporting social investment, fighting poverty and addressing inequalities, including through the design of their tax and benefit systems and by assessing the distributional impact of policies. Complementing universal approaches with selective ones will improve the effectiveness of social protection systems. The modernisation of social protection systems should also aim to improve their resilience to multi-faceted challenges.

Member States should develop and integrate the three strands of active inclusion: adequate income support, inclusive labour markets and access to quality enabling services, to meet individual needs. Social protection systems should ensure adequate minimum income benefits for everyone lacking sufficient resources and promote social inclusion by encouraging people to actively participate in the labour market and society, including through targeted provision of social services.

The availability of affordable, accessible and quality services such as early childhood education and care, out-of-school care, education, training, housing, and health and long-term care is a necessary condition for ensuring equal opportunities. Particular attention should be given to fighting poverty and social exclusion, including in-work poverty, in line with the 2030 EU headline target on poverty reduction. Especially child poverty should be addressed by comprehensive and integrated measures, in particular through the full implementation of the European Child Guarantee.

Member States should ensure that everyone, including children, has access to essential services. For those in need or in a vulnerable situation, Member States should guarantee access to adequate social housing or housing assistance. They should ensure a clean and fair energy transition and address energy poverty as an increasingly important form of poverty due to rising energy prices, partly linked to the war in Ukraine, including, where appropriate, via targeted temporary income support measures. Inclusive housing renovation policies should also be implemented. The specific needs of persons with disabilities, including accessibility, should be taken into account in relation to those services. Homelessness should be tackled specifically. Member States should ensure timely access to affordable preventive and curative health care and long-term care of good quality, while safeguarding sustainability in the long term.

In line with the activation of the Temporary Protection Directive¹, Member States should offer an adequate level of protection to refugees from Ukraine, including residency rights, access and integration to the labour market, access to education, training and housing, as well as access to social security systems, medical care social welfare or other assistance, and means of subsistence. Children should be ensured access to childhood education and care and essential services in line with the European Child Guarantee. For unaccompanied children and teenagers, Member States should implement the right to legal guardianship.

¹ Council Directive 2001/55/EC of 20 July 2001 on minimum standards for giving temporary protection in the event of a mass influx of displaced persons and on measures promoting a balance of efforts between Member States in receiving such persons and bearing the consequences thereof.

In a context of increasing longevity and demographic change, Member States should secure the adequacy and sustainability of pension systems for workers and the self-employed, providing equal opportunities for women and men to acquire and accrue pension rights, including through supplementary schemes to ensure an adequate income in old age. Pension reforms should be supported by policies that aim to reduce the gender pension gap and measures that extend working lives, such as by raising the effective retirement age, notably by facilitating labour market participation of older persons, and should be framed within active ageing strategies. Member States should establish a constructive dialogue with social partners and other relevant stakeholders, and allow for an appropriate phasing in of the reforms.