



Bruxelles, le 13 juin 2022  
(OR. fr, en)

9946/1/22  
REV 1

SOC 370  
EMPL 249  
ECOFIN 591  
EDUC 237

#### NOTE

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| Origine:      | Comité de l'emploi et Comité de la protection sociale   |
| Destinataire: | Comité des représentants permanents/Conseil   |
| Objet:        | Évaluation des recommandations par pays pour 2022 et de la mise en œuvre des recommandations par pays pour 2019 et 2020 : avis du Comité de l'emploi et du Comité de la protection sociale<br>- Approbation de l'avis du Comité de l'emploi et du Comité de la protection sociale |

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Les délégations trouveront ci-joint l'avis susvisé en vue de son approbation.

# Horizontal Opinion of the Employment Committee and the Social Protection Committee on the

## 2022 Cycle of the European Semester

### Preamble

Based on the provisions of titles IX and X of the Treaty on the Functioning of the EU (TFEU); the mandate of the Committees given by Articles 150 and 160; and the Council Decisions establishing the Committees, the Employment Committee (EMCO) and the Social Protection Committee (SPC) have examined the progress made by the Member States in the implementation of the relevant 2020 and 2019 Country-Specific Recommendations (CSRs) issued by the Council of the EU in the areas of employment, skills, social protection and social inclusion.

Throughout the Semester cycle, following the respective proposals presented by the European Commission and in line with Article 148 TFEU, in 2022 the Committees also contributed to the finalisation of the new *Recommendation on the Economic Policy of the Euro Area*, the *Joint Employment Report* and the *Country-Specific Recommendations*.

Furthermore, Council Conclusions were prepared in response to the 2022 Annual Sustainable Growth Survey and the proposal for the 2022 Joint Employment Report. The Committees were also requested to formulate two opinions related to the Semester: on the *proposal by Belgium and Spain for the introduction of a Social Imbalances Procedure (SIP) in the European Semester* and on the *2030 national target setting process*.

**Section 1** of this opinion contains the Committees' overall views on the governance aspects of the European Semester. **Section 2** contains reflections on the 2022 CSR proposals adopted by the European Commission and presented to EMCO and SPC on 25 May 2022. **Section 3** contains the outcome of the examination of Member States' progress towards the implementation of 2019 and 2020 CSRs, in the form of thematic messages arising from the multilateral surveillance reviews for both committees. Country-specific conclusions are enclosed as **annexes**.

## Section 1

### Governance aspects of the European Semester

EMCO and SPC are of the opinion that the **European Semester remains an effective coordination tool** for fostering sustainable and inclusive economic growth, competitiveness, employment, skills and adequate social protection and inclusion, particularly in view of the green and digital transitions and demographic change, as well as in the aftermath of the COVID-19 pandemic and under the current unprecedented geopolitical context caused by the Russian invasion of Ukraine.

Following the temporary adjustments to the European Semester in 2021, the Committees welcome the resumption of the broader economic, fiscal, employment and social policy coordination via a **fully-fledged Semester process in 2022**, including the restoration of the Country Reports and the proposals for 2022 Country-Specific Recommendations focusing on relevant structural challenges. At the same time, the Committees stress the importance of keeping the Semester process streamlined, also in view of the diverse administrative capacities of the Member States.

The Committees appreciate the continued focus of the European Semester on **monitoring the implementation of the European Pillar of Social Rights (EPSR)**, following the Action Plan presented by the Commission in March 2021 and in particular the **new 2030 EU headline targets on employment, skills and poverty reduction** welcomed by the EU Leaders in the Porto Social Summit and in the European Council<sup>1</sup>. In March and May 2022, EMCO and SPC were presented with the state of play on the definition of national targets by Member States as a contribution to this common endeavour. On the basis of these exchanges and the views expressed by the Member States, in May 2022 the Committees submitted to the Council an *ad-hoc* **opinion on the 2030 national target setting process**, expressing satisfaction for the way the process was conducted in close cooperation between Member States and Commission services, and for the overall level of ambition expressed by Member States, and inviting the Commission to **start monitoring progress towards the national targets in the 2022-23 European Semester**.

The essential links between the European Semester and the implementation of the **Recovery and Resilience Plans (RRPs)** are properly acknowledged in the Semester Spring Package, as key elements related to the **REPowerEU Plan** aimed at rapidly reducing Europe's dependence on fossil fuels and accelerating the green transition.

EMCO and SPC reiterate that the EPSCO Council should be involved in all matters related to employment, skills and social policy challenges and priorities, to ensure political guidance, policy coherence, ownership and consistency in the implementation of reforms and investments in these policy domains at the national level.

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<sup>1</sup> At least 78% of the population aged 20 to 64 should be in employment; at least 60% of all adults (aged 25-64) should participate in learning activities every year; the number of people at risk of poverty or social exclusion should be reduced by at least 15 million (compared to 2019).

In 2022, it is considered that the **time between the publication of the Commission proposals for CSRs and the start of the CSRs discussions in the Committees was rather limited**. EMCO and SPC emphasize that an **earlier release of the Country Reports would facilitate the proper execution of the Committees' multilateral surveillance activities** and the discussions on the newly proposed CSRs. In the planning of future Semester cycles, the Committees emphasize that allowing sufficient time for the Member States to analyse the CSR package and prepare their national response remains essential to ensure a truly multilateral Semester process.

**Continued interactions with the EPC allowed** effective discussion of some policy issues of a cross-cutting nature and the related CSRs. In line with the standard practice, the discussion of education, training and skills-related CSRs took place in EMCO with the participation of delegates from the **Education Committee (EDUC)**. Since the Working Party of Public Health at Senior Level (WPPHSL) did not convene in the first half of 2022, health-related CSRs were discussed in SPC, with the participation of national experts from the relevant Ministries. Nevertheless, the SPC confirms its commitment to seek the expertise of the WPPHSL in its health-related matters and will pursue further opportunities for joint work.

Between February and May 2022, the **Committees held several exchanges of views on the proposal by Belgium and Spain for the introduction of a Social Imbalances Procedure (SIP) in the European Semester**. The Committees formulated and provided an *ad-hoc* opinion to the Presidency of the EU in May 2022.

EMCO and SPC also held comprehensive discussions with the **European Social Partners** and representatives of the **Civil Society Organizations**, including on the Spring Package, resulting in a constructive and substantive dialogue, which was considered in the preparation of this opinion.

## Section 2

### Assessment of the Commission proposals for 2022 Country-Specific Recommendations

The release of the 2022 CSRs package, adopted by the Commission on 23 May 2022, presents a welcome return to a comprehensive European Semester, including the issuing of non-fiscal Country Specific Recommendations to Member States.

The Committees take note that the number of CSRs in the areas under EPSCO competence is more limited than in past Semester cycles, for example those concerning employment challenges. The Committees acknowledge that this reflects the comprehensive nature of the Recovery and Resilience Plans (RRPs) prepared under the Recovery and Resilience Facility (RRF)<sup>2</sup>. For all Member States with an adopted RRP, the **Commission proposed targeted new CSRs addressing a limited number of challenges not sufficiently covered in the RRP**s, accompanied by **recommendations on the implementation of the RRP**s and the **Cohesion Policy programmes**. In the light of these adjustments to the European Semester, the Committees underline the importance of ensuring a meaningful involvement of EPSCO in monitoring the implementation of the employment and social reforms under the RRPs, and to take into consideration the emerging challenges in labour market and societies in the next cycles of the European Semester.

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<sup>2</sup> As announced in the 2022 Annual Sustainable Growth Survey, the Chapeau Communication accompanying the Spring Package confirms that 2022 Country Reports and CSRs were formulated by taking stock of the measures included in the RRPs. The Commission has conducted a ‘gap analysis’ to identify key outstanding or newly emerging challenges not sufficiently covered by the commitments undertaken by Member States in the RRPs. Member States without an adopted RRP received a higher number of CSRs.

In the **area of employment**, the Spring Package contains 7 CSRs on education and skills, which are particularly important in view of tackling skills shortages and mismatches and ensuring inclusive and sustainable growth in the post-COVID-19 context and in light of the need to ensure “fair” green and digital transitions in the medium term. Attention is also given to fairness in taxation (5 CSRs), which can support a more inclusive and sustainable growth model and reduce disincentives to work, as well as to labour market integration and participation, including by enhancing gender equality (3 CSRs) and continuing the integration of the most vulnerable groups (3 CSRs), and to addressing labour market segmentation (2 CSRs). Two CSRs were also proposed on improving effective social dialogue via a more active involvement of social partners in policymaking, while no specific recommendations were proposed on youth employment or wages. Horizontal references in all legal texts refer to the need to address the immediate needs of people fleeing Ukraine by mentioning the Temporary Protection Directive triggered in March 2022, which grants displaced persons from Ukraine the right to legally stay in the EU, as well as to access education and training, the labour market and other support measures.

The package contains a broad reflection of different priorities in the **area of social protection and social inclusion**, with 18 such CSRs issued to 14 countries. Similar to past years, there is an emphasis on improving the coverage, targeting and adequacy of social assistance and ensuring an integrated delivery of services. Recommendations related to the need to improve social protection for the self-employed and workers on non-standard work contracts were issued to 2 Member States. Concerns related to the functioning of the housing market, including affordability of housing and the availability of social housing, were reflected in the country specific recommendations to 7 Member States, pointing to an increased recognition of problems regarding access to housing. At the same time, a stronger focus may be required on the well-being of children. Recommendations related to the provision of Early Childhood Education and Care were issued to just 2 Member States, in the context of the labour market participation of women.

The 2022 CSRs package restores the CSR focus on reforms in the area of **pensions** with 8 recommendations in this policy area. In line with previous years, the emphasis on fiscal sustainability-related pension reforms remains strong in all CSRs, and adequacy and fairness issues are being raised in four of the eight countries. While the importance of the long-term fiscal sustainability of pension systems is recognized, in order to ensure effective policy reforms a holistic reflection on both the adequacy of old-age incomes and the fiscal sustainability of pension systems is required. Given the persistently high gender gap in pensions, ensuring pension adequacy for both men and women should be given particular attention.

In the area of **healthcare**, eight Member States have received CSRs, mostly focused on the ability to provide adequate healthcare for all. The recommendations cover a mix of accessibility, quality and workforce-related challenges, as well as the importance of strengthening primary care and prevention or health promotion. Fiscal sustainability issues are highlighted in two recommendations. The increased focus on the adequacy of healthcare fits well with the need to improve the resilience of national healthcare systems to be well prepared in case of possible future health emergencies.

**Long-term care CSRs** were issued to five Member States, with emphasis on fiscal sustainability, or in the context of improving labour market participation. Affordability and quality concerns are reflected in the CSR of one Member State. In view of the ageing population in the EU, access to adequate, affordable and quality long-term care, with an increasing focus on preventing the need for it, should be a priority reform area.



### Section 3

#### **Main findings from the EMCO and SPC multilateral surveillance reviews on the implementation of relevant 2020 and 2019 CSRs**

Multilateral surveillance is one of the core tasks of the Employment Committee and the Social Protection Committee within the framework of the European Semester. It entails an in-depth assessment of the reforms triggered by the Country Specific Recommendations issued by the Council in previous Semester cycles. As such, multilateral surveillance plays an essential role in promoting a shared understanding of interrelated challenges and supports Member States' reform efforts through exchanges of policy knowledge and best practices.

Due to the exceptional circumstances caused by the COVID-19 crisis, in 2021, the implementation of the European Semester was temporarily adapted and no non-fiscal country-specific recommendations were proposed. In this context, the Employment Committee and the Social Protection Committee have adapted their Semester-related activities. In particular, the Committees agreed to continue reviewing the implementation of CSRs issued at the end of the 2019 and 2020 Semester cycles, including in the light of their relevance for the design of the Recovery and Resilience Facility (RRF). Challenges of common interest were also reviewed jointly by the SPC and EMCO, following the practice established in 2020.

At the same time, the thematic element, in the form of in-depth discussions on each policy area under the Committees' competence, has been significantly reinforced in 2022. The thematic nature of the discussions in the two Committees has fed into the preparation of horizontal conclusions, as presented in this section.

During the first half 2022, EMCO and SPC conducted 96 country-specific reviews, including 10 reviews in areas of mutual interest which have been carried out jointly by the two Committees. The education, training and skills reviews (21 in total) were conducted by EMCO with the participation of delegates from the Education Committee (EDUC). Since the Working Party on Public Health at Senior Level (WPPHSL) did not convene in the first half of 2022, the reviews in the area of healthcare (10 in total) were conducted in SPC, with the active participation of national representatives from the health Ministries.

For all country-specific reviews, the evaluations were based on Member States' reporting on the most recent measures taken, followed by assessments of those measures by the other Member States and the Commission.

### **Reforms in the area of Active Labour Market Policies and Public Employment Services**

**Despite the COVID-19 pandemic has not yet been overcome, labour markets have recovered well with indicators returning to pre-crisis or even better levels**, also thanks to the implementation of swift, coordinated and appropriate policies by Member States in 2020 and 2021. Yet, a strong reallocation between sectors is being observed: in ICT, financial and business services and professional activities employment levels are well beyond pre-crisis level, while in the sectors most impacted by lockdowns and distancing measures, such as those related to tourism, employment levels still lag significantly behind compared to 2019. In many Member States employment growth was driven in particular by the construction sector.

**Between sectors, reallocations are substantially driven by ongoing transformations, notably the green and digital transitions, but also by the impact the pandemic had on workers' preferences**, with many moving from sectors characterised by higher volatility (e.g. tourism) or from front-line occupations (e.g. care and long-term care) to others. As a consequence of these trends, also due to lack of adequate skills, labour shortages are increasingly affecting many sectors even in those Member States where unemployment and labour market slack are still relatively high.

**Member States are well aware of the crucial role ALMPs will play in the coming years to support a job-rich, sustainable and inclusive growth.** To this end, also thanks to an extensive use of the available EU funding, efforts have been made in several Member States to enhance effectiveness and increase coverage of a wide range of measures, such as hiring incentives, upskilling and reskilling pathways, and intensive employment support for people in disadvantaged situations. As for the delivery models, it is worth noting that the pandemic has accelerated some structural trends, in particular the digitalisation of the PES and the adoption of virtual training, which are ongoing in the majority of Member States.

**Overall, the country-specific reviews pointed to a general progress in addressing the challenges Member States face in enhancing ALMP systems and strengthening PES.** In response to the structural and emerging challenges, Member States have introduced or are planning to introduce measures to strengthen upskilling and reskilling policies, expand support to disadvantaged and vulnerable groups, and increase the number of staff working in PES. Policies for upskilling and reskilling pathways and digital training have been implemented in order to support jobseekers and workers. In addition, in some cases, generous subsidies have been provided to employers as incentives for new hires or for employee retention. Various forms of financial support were provided in particular to vulnerable groups, NEETs, persons with disabilities, self-employed or those on atypical contracts. Overall, many countries showed some progress in designing and implementing ALMPs, although in some cases these efforts were paused due to the COVID-19 crisis. It is noteworthy that several EU funding opportunities – such as the Recovery and Resilience Facility (RRF) and the European Social Fund+ (ESF+) – were often used to complement national resources to either develop or plan new measures.

**Nonetheless, weaknesses have also been observed with regard to the structural challenges Member States need to address.** New ALMPs delivery models should be properly developed, also in the view of ensuring an integrated support to those farthest away from the labour market. To this end, cooperation with education and training institutions as well as coordination with social services should be further enhanced. Similarly, outreach to some groups (including women, the low-skilled, youth and older workers) remains a challenge in many Member States, with persisting gaps in labour market outcomes. In many Member States, the scope of ALMP is insufficient and PES capacity is still low and regional disparities in the delivery of employment services can be observed. To better inform policy-making, many Member States also need to strengthen their ALMPs monitoring and evaluation systems.

**The evolution of the post-pandemic context calls for careful planning of resources in policymaking to take into account the economic situation at national and European level.** The review showed that several measures taken in the context of the pandemic were planned to be of a temporary nature. Going forward, it will be key to find a balance between those that are being gradually withdrawn and those that should be continued or adjusted, in particular to support job transitions and provide comprehensive support to individuals in more vulnerable situations. Continuous monitoring and impact evaluations remain essential to assess the impact of the pandemic and – when needed – provide further support.

### **Reforms in the areas of labour market segmentation, labour taxation and undeclared work**

**Overall, the review showed how the crisis has not radically changed the main trends of labour market segmentation and undeclared work, although its impact was uneven across categories of workers.** Temporary workers were the most exposed to job losses at the height of the crisis due to their lower protection to economic shocks and labour market downward fluctuations. At the same time, fewer changes have been observed for workers on open-ended contracts. As regards job quality, structural differences grossly remain across employment statuses, except for paid training and career prospects, for which slight improvements have been noted for temporary workers. Dependent self-employed workers remain at a high level in several countries and require specific attention.

**When it comes to policy measures to address labour market segmentation, effective employment protection legislation remains a key element to prevent or reduce regulatory gaps between standard and atypical employment.** This is also important as regards new forms of work such as platform work, whose proper regulation is important to ensure decent working conditions. Anyway, temporary contracts also respond to specific needs to cope with cyclical/temporary needs of employers as well as to help workers to better balance work and personal responsibilities. Still, in many Member States the conversion rates of temporary or non-standard contracts into permanent contracts remain very low and the share of involuntary temporary workers is high, indicating the presence of structural barriers impeding smooth transitions in the labour market. In this perspective, addressing structural segmentation of the labour market is key to promote well-functioning and inclusive labour market and foster job transitions towards more stable and secure occupations. Atypical workers are more likely to be engaged in poor quality jobs, are offered with less training opportunities and are less optimistic about their career prospects, impacting on labour productivity and growth potential.

**Labour market segmentation often impacts on disadvantaged groups.** Young people, the low-skilled, people with migrant background and persons with disabilities are more likely to be employed through non-standard forms of employment. Addressing the multiple barriers they face requires a comprehensive approach that integrates a revision of the legal framework with targeted active labour market programs, including a sustainable system of effective hiring incentives. Increasing the cost of non-standard contracts could also be necessary in some Member States, as well as further restricting the requirements to hire on a temporary basis. Finally, ensuring adequate capacity of labour inspectorates is key for effective enforcement of measures aimed at tackling the misuse of non-standard contracts.

**Regarding labour taxation, in the context of the crisis Member States have been adjusting labour taxes and incentives in order to increase the labour market participation of vulnerable groups.** The tax burden on labour has been strongly alleviated in some Member States in particular for low and middle incomes, sometimes through comprehensive reforms of the tax system. The tax burden has been shifted to some extent to more growth- and environmental-friendly sources, although this transfer remains limited. Some Member States also reported on the progress made in reducing disincentives to work for second earners related to features of the tax-benefits system, which is an important aspect to consider to ensure gender equality on the labour market. Overall, the importance of monitoring the effects of labour taxation reforms was also stressed in light of the substantial distributional impact effects they could entail.

**To reduce undeclared work, the capacity of labour inspectorates, collaboration on data exchange between different national administrative entities, effective sanctions and adequate incentives towards formal work continue to play a key role.** Awareness communication campaigns and legislation on the new forms of work including platform work have also been highlighted as important tools. Finally, it was reiterated that tackling the shadow economy and undeclared work requires a multidimensional approach and therefore the European Social Fund+ could play an important role to fund comprehensive measures.

**Overall, since the 2021 review, policy responses have been refocused from measures to combat the crisis towards measures tackling structural challenges.** Exceptional financing provided to Member States via NextGenerationEU appears to be an opportunity to implement these measures, as several Member States mentioned the use of the Recovery and Resilience Facility to finance structural reforms.

## **Reforms in the areas of education, training and skills**

**In a context of strong recovery after the pandemic, European labour markets are now confronted with increasing labour shortages and skill mismatches.** In response, Member States have stepped up their efforts to promote skills development across different stages of the education and training system, with a special focus on digital skills. These investments largely rely on the available EU Funds, especially the Recovery and Resilience Facility (RRF) and the European Social Fund+ (ESF+).

**The quality and attractiveness of vocational education and training (VET) remain problematic in many European countries.** While enhancing vocational education could also contribute to address early school leaving, low participation in VET is one of the drivers of labour shortages in ICT and technical occupations, hampering growth potential and productivity gains of many companies. In this perspective, many Member States have adopted or are adopting a comprehensive reform of VET, including with a view to integrating vocational and educational training into a more comprehensive adult learning system aligned with labour market needs. Most Member States are developing new curricula to adapt the workforce's skills to emerging needs, including in the light of the twin transitions. In addition, measures have been adopted to increase the flexibility of VET, by for instance strengthening its modularity.

**Low participation in adult education and learning will require renewed efforts in the light of the 2030 EU target of at least 60% of the adult population (aged 25-64) participating in training every year, as set by the European Pillar of Social Rights Action Plan.** Obstacles to participation in learning and training include lack of motivation, financial constraints, as well as difficulties to reconcile training time with work and private life. Reforms in this area are being undertaken all across Member States, some with a very comprehensive and long-term vision. In most countries, the investment in digital infrastructures in recent years has made it possible to increase the provision of distance learning. In other cases, micro-credentials or modular training have been introduced. Both these types of measure contribute to increase the flexibility of learning provision and help to meet the needs of those adults that find it difficult to reconcile training with working and private life. Other Member States make use of financial incentives, also in the form of individual training accounts, to encourage adults to take-up learning opportunities. Many Member States also strengthened training provision for people in employment and especially those at risk of displacement. A number of countries have introduced measures to foster upskilling and reskilling of workers on short-time work schemes or similar measures, to foster transitions towards growing sectors.



**As for school education, in continuity with the measure already taken during the COVID-19 pandemic, investments are being made to strengthen digital infrastructure and digital tools.**

Priority is also given to enhance support to disadvantaged learners as well as to increase the quality and inclusiveness of education and training system, although further efforts are still needed to fully implement structural reforms in education. A number of Member States still face important challenges in terms of educational outcomes manifested in low level of basic skills and inequalities. Furthermore, the ageing of the teacher workforce, emerging teacher shortages as well as challenges regarding initial and continuous teacher training risk impacting on the quality of education and worsen inequalities. In addition, despite recent positive trends in participation in early childhood education and care (ECEC), capacity gaps remain in some Member States and participation is generally lower among children from disadvantaged backgrounds. This contributes to widen gender disparities in the labour market, as women continue to bear most of unpaid work. Member States have undertaken significant efforts to improve access to quality services. Overall, progress has been made in some Member States to reduce the numbers of early school leavers. Nevertheless, early school leaving remains high for disadvantaged young people and regional differences, as well as gender gaps are observed in some countries. High levels of early school leaving can be an obstacle for the supply of high skilled workers. The contribution of the RRF was also highlighted as the measures contained in the Recovery and Resilience Plans will help many Member States to further address their education challenges, in particular by developing digital education and by reforming the overall education system.

**While the Russian aggression in Ukraine is likely to have an impact on the ongoing recovery and to create new challenges for the labour markets, the efforts of Member States are now focussed on the integration of displaced people into society and labour markets.** Most of the measures undertaken are now giving priority to basic language training, though in some cases actions are already in place to support employment.

## Youth Guarantee – recurrent review

**In response to the disproportionate impact of the COVID-19 crisis on young people, Member States maintained a strong political commitment towards the implementation of the Reinforced Youth Guarantee (YG).** Steps forward were thus made in all European countries and new implementation Plans, adopted or to be adopted, in many Member States point towards a more systematic and coherent approach in tackling youth unemployment and inactivity. At the same time, challenges remain in all areas of the YG implementation, with the pandemic in many cases acting as an additional impeding factor.

Progress has been registered in **mapping**, notably by making better use of administrative data and of analyses carried out by research bodies. However, challenges remain in some Member States in relation to data protection issues, which prevent public authorities from exchanging young people's personal information with each other. Additionally, in some Member States there is scope for improvement in terms of the mapping of vulnerable young people in rural and remote areas.

There is a shared understanding of the importance of a **preventive approach** in reducing early school leaving and inactivity. To that effect, mechanisms to communicate at-risk-of-leaving students to relevant employment services are in place in some Member States, while others rely on softer approaches such as career guidance and counselling in schools. It should be stressed that in some Member States there is room for improvement as regards the cooperation between YG providers and education and training institutions with a view to a more effective preventive approach.

The scars left by the crisis on young people, especially the most vulnerable, point to the importance of **reaching out** to inactive and vulnerable NEETs. A wide array of practices has been established to increase the awareness of young people about the Youth Guarantee. This includes, in some Member States, the use of more innovative communication and outreach tools (social media, mobile teams, street workers, youth mediators). However, the share of NEETs (15-29) registered in the YG is still insufficient in many Member States and, in many cases, particularly low for inactive young NEETs (when compared to the whole target group).

Particular attention should be devoted to inactive women as well as to NEETs living in remote or rural areas and those facing multiple socio-economic barriers. Barriers to entering the labour market, especially education underachievement and migrant background, should be better taken into account when designing or redesigning youth guarantee policies. In response to health and safety considerations, many Member States reported efforts to move services online in order to enhance access. However, it should be noted that while digital tools have a great potential in activating young people, due consideration should be given to those lacking adequate skills or the means to access online services.

As far as **models of integrated service delivery** are concerned, a variety of approaches was observed. While some Member States have established or are planning to introduce a one-stop-shop approach, others rely on joint case management, multi-disciplinary professional teams and/or single points of contact. There are still other Member States where integrated services are clearly underdeveloped. It would be advisable to create specific PES services or job centres for young people and to make use of individualised action plans in order to better address their needs. Overall, decentralised service delivery models show several advantages compared to more centralised approaches. Nonetheless, they require careful monitoring and evaluation in order to avoid regional disparities in the provision of support measures.

Assessing and providing **digital skills** is still underdeveloped in many Member States and should be reinforced. It is, however, worth noting that many Member States have already presented plans towards this goal, including by making use of available European funds, such as the ESF+ and the RRF.

The quality of **offers** has improved in most countries, and good outcomes are registered in terms of their capacity to offer stable employment for young people. However, in some Member States the recycling rate in the Youth Guarantee remains a concern and indicates that efforts would be needed in terms of better tailoring education and employment offers to both young people and labour market needs in order to avoid having young people re-entering the schemes multiple times. Furthermore, in some cases it would be advisable to reduce the over-reliance on traineeship offers in favour of employment and apprenticeships offers. In general, while offering young people job and training opportunities in the public sector was used in some Member States as a way to alleviate the impact of the COVID-19 crisis on youth unemployment, the role of the private sector remains central in lowering the levels of youth unemployment. Finally, post-placement and follow-up services could be improved in many Member States.

Monitoring and evaluating YG schemes is crucial for guiding future policy decisions. Looking ahead, a robust allocation of available ESF+ funds for youth employment support measures over the 2021-2027 programming period and its effective use (in combination with opportunities from other funding instruments such as the RRF) can support Member States in tackling youth unemployment and inactivity.

### **Social dialogue – recurrent review**

**The involvement of Social Partners in the policy-making process is key for improving the quality of policy design, ensuring the ownership of policy action and its implementation, and better outcomes.** For Social Dialogue and social partners' involvement to be meaningful and effective, a transparent and efficient legal framework for tripartite dialogue is needed.

**The EMCO review highlighted how important it is to ensure a substantive role for Social Dialogue and go beyond a mere formalistic process.** The review has confirmed how allocating sufficient time for consultations and discussions during all relevant decision-making processes is key for a meaningful involvement of Social Partners. Social Partners also made the point that public consultations and hearings on legislative initiatives should not replace Social Dialogue. Adequate frameworks, which allow Social Partners to be actively involved and impact the policy design process, need to be ensured. The Finnish case showed the positive role social partners play when a well-established and functioning framework for tripartite social dialogue is in place.

**In some countries, there is still the need to address the fragmentation of bodies in which consultations take place, and most importantly ensure adequate representation of all Social Partners (and civil society organisations).** Legal obstacles to consultation should be removed. At the same time, the risk of “handpicking” topics and policies to be discussed with Social Partners and stakeholders needs to be addressed.

**Overall, EMCO delegates and Social Partners agreed that during the most difficult phase of the COVID-19 crisis Social Dialogue functioned well,** and that the swift responses undertaken by governments were often the outcome of a productive dialogue with Social Partners and civil society organisations.

**Nonetheless, Social Partners are of the view that during 2021 there have been some signs of deterioration.** The assessment made is that the involvement of Social Partners in the design of national Recovery and Resilience Plans was poor and a call was made for ensuring a more active role for them in the implementation phase and the monitoring process. Capacity building remains an issue of concern in several countries, together with a declining coverage of collective bargaining. To this end, the Member States concerned should strengthen their efforts to make the best use of the ESF+ resources in order to support the capacity of social partners and civil society in an impactful way.

## **Reforms in the area of labour market participation of women through access to ECEC and LTC**

**Increasing labour market participation of women, including in terms of increasing the number of working hours and closing the gender gap in employment, remains a challenge in many European countries.** While the gender pay gap narrowed over the past five years, despite policy efforts the gender gap in employment stagnated in this period. The sizeable impact of parenthood or care responsibilities on women's labour supply in the majority of EU countries indicates that the limited availability of early childhood and care (ECEC) and long-term care (LTC) facilities is one of the main obstacles in achieving a more gender-balanced labour market. In particular, while measures to improve the participation and quality of early childhood education and care (ECEC) have been widely enhanced all across Europe, the participation of children under the age of 3 in formal childcare still remains extremely low in many Member States.

**The country-specific and thematic reviews have shown that a number of policy challenges remain in need of being addressed.** Overall, stable and sustainable national financing should underpin the expansion of ECEC provision. In some Member States, measures should be strengthened to reduce fees for low-income families and to increase attractiveness of ECEC. In addition, in order to increase the working hours of employed women, it is of the foremost importance to expand the availability of full-day ECEC services.

**In the context of an ageing population, expanding LTC services is an emerging challenge that goes beyond the objective of increasing labour market participation of women.** The LTC sector in most Member States is still characterised by a high level of informality and poor working conditions that need to be addressed. Some Member States are implementing broad LTC reforms whereas others have focussed on improving the situation of informal carers. The policies adopted in these Member States aim at deinstitutionalising long-term care services and bring them closer to the family environment, increasing funding, and at improving the working conditions of carers.

**Members States are making an extensive use of EU funds, notably ESF+ and RRF, to expand the provision of ECEC and LTC services.** While this is more than welcomed, measures introduced or planned should also be considered in the light of their future sustainability.

**Several other policy levers have been mentioned during the thematic review.** Several countries continue to work on addressing gender stereotypes in education, society, labour market and workplaces through targeted and broad-scope policies. Active labour market policies, including hiring incentives, have been also mentioned as a tool to increase labour market participation of women, especially from disadvantaged backgrounds. In many European countries, flexible working arrangements should be further encouraged to facilitate a better work-life balance for men and women.

**Increasing labour market participation of women has a clear cross-cutting nature** that calls for a strategic and coordinated approach between different administrations, as well as different levels of governance. This is the case, for instance, of ECEC services, which are usually regulated at local level.

**Finally, there is an urgent need to take necessary measures to effectively address the effects of Russian war of aggression against Ukraine,** notably by integrating in the labour market the persons - mostly women with children and elderly people - fleeing the Russian aggression, including by facilitating access to childcare and long-term care. This requires collecting data to assess the impact on the existing ECEC services. Clear mapping of the additional needs at regional level would be essential for designing adequate policy actions in this respect.

## **Reforms in the area of social protection and social inclusion**

In response to the COVID-19 outbreak, and with significant support from the EU, all Member States adopted temporary measures to address the most immediate social and economic consequences of the pandemic. The actions taken helped preserve jobs and prevented any substantial increases in poverty or income inequality. At the same time, the pandemic exposed the existing structural gaps in the national social protection and social inclusion systems, making it clear that further longer-term reform actions are needed, also in line with the requirements of past Country Specific Recommendations.

In 2021, given the comprehensive and forward-looking policy nature of the recovery and resilience plans, no Country Specific Recommendations in the area of social protection and social inclusion were issued, however, the CSRs from the 2019 and 2020 Semester cycles remain relevant. In these CSRs, several Member States were recommended to improve the adequacy and coverage of income support benefits, in combination with access to services; and to reinforce access to social protection for all. Recommendations related to the provision of housing, as well as to affordable and quality early childhood education and care, including in the context of supporting the labour market participation of women were also issued.

The 2022 SPC thematic discussions and multilateral reviews of CSRs' implementation in the area of **social protection and social inclusion** illustrated that Member States are taking action to integrate the lessons learned during the crisis in the design of more permanent measures that can improve the functioning of their social protection and social inclusion systems.



On **access to social protection**, many of the reported measures are included in the national plans, submitted in the course of 2021 in response to the related 2019 Council Recommendation. These measures include efforts to extend formal coverage to previously non-covered groups, such as platform workers, seasonal or day workers and some categories of the self-employed, as well as efforts to improve access to unemployment benefits, healthcare insurance, sickness and maternity leaves. A dedicated SPC thematic review, held in September 2021 confirmed that the level of ambition varies from one Member States to another. When the proposed measures or stated policy objectives will be fully implemented, gaps are likely to remain. In that sense, further efforts will be needed to reform the social protection systems in several countries to ensure formal and effective access to adequate social protection for all.

As part of its thematic work under the 2022 European Semester, the SPC also held an in-depth discussion with a particular **focus on the specific situation of young people in accessing various benefits and services of social protection**.

The exchange confirmed that young people in all Member States are covered by minimum income support schemes, either under a general scheme, or - in some cases - under more categorical schemes. At the same time, evidence from some Member States points to more significant non-take-up rates among the younger persons. The main reasons identified are lack of information, fear of stigmatization and the inadequate level of benefits.

The exchange also confirmed that while in most Member States, the rules regulating access to social protection are not age-specific, certain gaps and obstacles to access are more significant for young people, compared to the rest of the population. Young people are also more likely to work on non-standard or temporary contracts, which are characterized by more constrained access to social protection. The COVID-19 pandemic increased the visibility of these obstacles and in response, a number of countries took temporary measures to ensure the protection of young workers from major social risks. In addition, efforts are being made to tailor and target social and employment support to the individual needs, as barriers for young people to enter, or return to the labour market often differ from the barriers faced by the rest of the population.

The detailed outcome of the discussions is included as an Annex to this opinion.

Some of the actions taken by the Member States to improve **the coverage and adequacy of their social protection schemes** have been discussed jointly with EMCO. These actions are in several instances accompanied by steps to reinforce and integrate the provision of benefits with social services in order to ensure an effective coordination between social inclusion and labour market (re-) integration, as well as steps to ensure an adequate indexation of benefits in the context of the current high inflation rates. Important efforts are also being made to reduce the non-take up of benefits through simplification of access through integration of respective services, revision of the accessibility criteria and the development of personalised support, adapted to the most disadvantaged.

**The non-take up of benefits** has been additionally discussed at a dedicated SPC thematic review in March 2022. Based on the severity of the challenge (with minimum income non-take up rates ranging from 30 to 40% of the eligible population in the examined countries) and the important role of benefits in supporting social inclusion and labour market integration, further efforts will be needed across the Member States to improve the uptake of benefits.

The crisis also brought to the fore pre-existing **challenges in accessing services**. To ensure continuity of operation at the onset of the pandemic, the use of ICT and on-line tools was significantly strengthened. At the same time, past SPC thematic discussions have highlighted the importance of taking into account the specific needs of the most vulnerable and their heavier reliance on personal contact for services. Measures to integrate various services into one-stop shops have proven beneficial and need to continue, as they often lead to reinforced case management through multidisciplinary teams and better serve the needs of the individual beneficiaries. The joint EMCO-SPC reviews on the integrated delivery of services have also shown that further efforts to increase the effective cooperation and coordination among service providers are required to ensure that people have a single point of contact through which to access relevant support. To that end, the capacity of the relevant providers could be further strengthened and efforts to improve coordination between different administrative levels may be needed.

Structural measures taken by the Member States to broaden participation in and improve quality of **early childhood education and care** include lowering compulsory pre-school age, or ensuring universal free access to pre-school education, the construction and renovation of kindergartens, as well as increasing tuition fee support in particular for children with different needs or coming from families with a disadvantaged background. At the same time, the joint EMCO-SPC exchange on the topic has demonstrated that additional efforts to expand capacity and improve affordability are needed, as the demand for childcare continues to outstrip the supply in a number of countries. Affordability of care also remains an issue, especially in countries where capacity is low. Addressing these concerns would enable parents to access full-time jobs, as well as improve the well-being of children. Furthermore, with nearly one in four children being at risk of poverty or social exclusion, targeted efforts to support children at risk and their parents will continue to be required.

The pandemic has also increased **homelessness and housing exclusion**, as the crisis made it more difficult for many households to pay for adequate housing, while also disrupting the construction of new homes. Low-income owners and private renters were particularly affected, but also people with an average income became burdened by increased housing and maintenance costs. As demonstrated in past SPC thematic work, structural efforts to address homelessness and housing exclusion should prioritize integrated approaches that combine prevention, rapid access to permanent housing and the provision of enabling support services. The construction of new social housing also needs to be accelerated.

### **Reforms in the area of pensions**

Pensions, given their high budgetary weight and social importance, in particular in view of Europe's ageing societies and changing labour markets, have been a focus area since the very start of the European Semester. In the years prior to the COVID-19 outbreak, approximately three-quarters of the Member States received country-specific recommendations (CSRs) focused on the dual aspects of long-term fiscal sustainability and adequacy of their pension systems.

In 2020, the special circumstances and extraordinary nature of the COVID-19 crisis resulted in no CSRs on pensions being issued by the Council, even though pension issues were identified in recitals of the Recommendations. In 2021, given the comprehensive and forward-looking policy nature of the recovery and resilience plans<sup>3</sup>, no (non-fiscal) country-specific recommendations were proposed either. At the same time, the pension-related CSR issued in 2019 remained relevant.

The SPC country specific reviews have confirmed that in order to **ensure the financial sustainability of their pension systems**, Member States continue to pursue the objective of prolonging working lives. The reported measures include continuing the gradual increase of pensionable ages to reflect longevity gains, phasing out early retirement pathways and other forms of exit from the labour market. Supporting measures to improve female labour market participation, as well as measures to facilitate older workers remaining in work, are also being implemented.

Several Member States are also reporting measures to **reinforce the income-maintenance and poverty prevention capacity of their pension systems**, including through increases of the minimum (old-age or disability) pensions and minimum old-age benefits and adaptations to the indexation rules. Efforts are also made to broaden pension coverage and to ensure an adequate retirement income for people on temporary or non-standard work contracts.

In addition to the country-specific reviews, the SPC also held an in-depth thematic discussion on pensions in February 2022, with particular focus on the **effectiveness of minimum pensions and minimum old-age benefits in tackling old-age poverty**, as well as **on the role of pensions credits for care periods in tackling the gender pension gap**.

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<sup>3</sup> The national Recovery and Resilience Plans include pension reform measures for six Member States (Belgium, Spain, Latvia, Austria, Romania and Slovenia).

The exchange confirmed the importance of **universal pensions, contributory minimum pensions and/or social assistance benefits for older people** in addressing old-age poverty, taking into account the heterogeneity of Member States' social and tax systems. It was demonstrated that the conditionality and capacity of such support to prevent poverty varies substantially across the Member States. In addition, in Member States whose systems provide for this, the interplay between the levels of minimum non-contributory and minimum contributory pensions deserves special attention, as this interplay has a direct impact on incentives to contribute to the pensions system, thus affecting both the long-term sustainability and adequacy of pensions.

**Care credits**, provided to compensate caregivers (mostly women) for the time spent out of paid work to look after family members can also play an important role in protecting the future pension income of care providers and contribute to narrowing the gender pension gap.

The detailed outcome of the thematic discussion on Pensions is included as an Annex to this opinion.

### **Reforms in the area of healthcare**

The COVID-19 pandemic impacted the delivery of healthcare in all EU countries, highlighting the need to improve the preparedness of health systems to better respond to crisis events.

Accordingly, the 2020 cycle of the European Semester put a strong emphasis on reforms in the area of healthcare, with all Member States receiving a country-specific recommendation to address the resilience of their systems. Depending on the country, the identified challenges included scarcity of medical personnel and working conditions; differences (including regional) in the quality, availability and access to healthcare; the need to ensure adequate access to critical medical products and infrastructure, as well as the need to strengthen the provision of public health, e-health and primary care in order to improve prevention and access to health services.

In 2021, given the comprehensive and forward-looking policy nature of the recovery and resilience plans<sup>4</sup>, no non-fiscal) CSRs were proposed. In this context, reform implementation in the areas of healthcare continues to be monitored by the Social Protection Committee by means of a thematic discussion, as well as by country-specific reviews of the past CSRs, where relevant.

In the framework of the 2022 SPC multilateral reviews, Member States reported on **a range of measures in the area of Healthcare**. Many of those measures were taken in the context of addressing the immediate challenges of the COVID-19 outbreak, but have the potential to reinforce the capacity of the national health system beyond the pandemic. Some Member States are also integrating the lessons learned since 2020 in their longer-term national health reform plans, spanning over the course of several years.

Among the measures reported are efforts to **strengthen the provision of public health and primary care**, including through investments in new primary health care units, increased deployment of e-health solutions and better integration between the health and social sectors.

Supporting measures to improve the attractiveness of the medical profession and **address unequal distribution of health personnel** include temporary relocations, financial incentives and adjustments of wages, as well as increased training opportunities and scholarships for medical schools. A few Member States have also introduced administrative simplifications to facilitate the recruitment of medical staff from third countries. A number of measures to ensure adequate access to critical medical products were also reported.

In March 2022, the SPC also held a thematic discussion on healthcare, structured around the **issues of workforce availability** and the **uptake of telemedicine**, thus reflecting two of the major common challenges for all Member States.

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<sup>4</sup> All 22 national Recovery and Resilience Plans that had been adopted at the time when this review was organised included health care reform measures.

The exchange clearly confirmed the need to expand the capacity of the health workforces across all Member States to address the access challenge. In addition to the measures, already reported by the Member States as part of their country-specific reviews, the **importance for efficient coordination** between social and healthcare systems was emphasized, as well as the importance of designing and aligning incentives at regional and sub-regional levels, supported by national **quality assessment frameworks** to ensure equity across the country. Reorienting service delivery away from hospitals to primary care remains a key priority.

As far as **telemedicine** is concerned there are indications in a number of Member States on the increased level of acceptance from patients and medical professionals alike. At the same time, additional evidence may be needed to properly assess its effectiveness. This, combined with the potential threat of increasing the digital divide may require additional policy actions focused on quality, accessibility and efficiency, alongside with efforts to minimize the risks of widening health inequalities through digital exclusion.

The detailed outcome of the thematic discussion on Healthcare is included as an Annex to this opinion.

### **Reforms in the area of long-term care**

The care sector was hit hard by the COVID-19 pandemic, with difficulties in ensuring continuity of care affecting the well-being of care recipients and care providers alike. While the pandemic has put the Member States' long-term care (LTC) systems under unprecedented stress, many of the weaknesses in the sector (for example related to access to and affordability of care, quality of care and the care workforce) were structural and existed before the outbreak of the pandemic. In addition, projections show how population ageing is expected to lead to a strong increase in demand for quality long-term care, while less people of working age will be available to finance such services.

Over the years, a varying number of Member States have been receiving country-specific recommendations (CSRs) in the context of the European Semester. In 2019, there were eight LTC-related CSRs, focusing on sustainability, cost-effectiveness, access, affordability, quality and female labour participation. In 2020, given the extraordinary circumstances, the CSRs were streamlined and three Member States received such CSRs, while some relevant aspects were reflected in the recitals. In 2021, given the comprehensive and forward-looking policy nature of the recovery and resilience plans<sup>5</sup>, no (non-fiscal) CSRs were proposed.

The SPC work, conducted in the framework of the 2022 European Semester provided evidence for the diverse sets of measures being implemented to address the challenges highlighted in the CSRs. Some Member States are strengthening the role and recognition of long-term care as part of their social protection systems. Several are also reviewing and streamlining eligibility criteria, needs assessment processes and pathways to access care, in order to ensure that all in need have access to care in a timely and equitable manner. Efforts are also made to reduce the financial burden on care users, to increase investment in infrastructure and the formal care workforce and to promote innovation. Workforce challenges are also being addressed, with some Member States taking measures to reinforce formal care services and provide support to informal carers.

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<sup>5</sup> Fifteen of the twenty two Recovery and Resilience Plans, adopted at the time when this review was organised included long-term care related measures.



The thematic discussion in the SPC focused on the role **of social protection in ensuring everyone in need has access to long-term care**. It has demonstrated that there are pronounced differences in the supply and organisation of long-term care, the corresponding social protection systems and public expenditure levels across the Member States. Long-term care systems are often characterised by fragmentation at horizontal (health and social care) and vertical (national, regional and local) levels, whereby the responsibility for provision, funding, quality assurance and regulation is divided between multiple actors. Social protection coverage for long-term care needs varies considerably across the Member States and even when available, it is in some cases insufficient to ensure that people in need of care are not pushed into poverty. The importance of reorienting care models from a purely medical view to a person-centered perspective is gaining recognition. This entails integrated delivery of services focused on personal needs, while respecting individual choices, ensuring continuity of care, and supporting independent living in all care settings.

The SPC also discussed **how to ensure and measure the quality of care in various settings**. The exchange showed that there is a need to elaborate and/or expand quality standards and quality assurance mechanisms to respond to existing structural weaknesses in the provision of care, also reflecting the increasing diversity of care services, care settings and care users preferences.

The detailed outcome of the thematic discussion on Long-term care is included as an Annex to this opinion.

**Annexes:**

- 1. Outcome of the 2022 Country-specific EMCO Reviews**
- 2. Outcome of the 2022 Country-specific SPC Reviews**
- 3. Outcome of the 2022 Country-specific Joint EMCO-SPC Reviews**
- 4. Outcome of the in-depth thematic discussions in SPC**