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NOTE

From:	General Secretariat of the Council
To:	Permanent Representatives Committee/Council
Subject:	Assessment of the country-specific recommendations for 2024 and implementation of the country-specific recommendations for 2023: Opinion of the Employment Committee and the Social Protection Committee - Endorsement

Delegations will find attached the Opinion of the Employment Committee and the Social Protection Committee on the assessment of the country-specific recommendation for 2024 and the implementation of the country-specific recommendation for 2023, to be endorsed by the Council (EPSCO) at its session on 16 July 2024.

Addenda to this Note:

- EMCO Multilateral Surveillance 2024 (ADD 1)
- SPC Multilateral Implementation Reviews in the 2024 Semester cycle: Country-specific conclusions (ADD 2)
- Joint EMCO-SPC conclusions (ADD 3)

Opinion of the Employment Committee and the Social Protection Committee on the 2024 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 148, 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 2023 Country-Specific Recommendations issued by the Council of the EU in the areas of employment, skills, social protection and social inclusion.

Throughout the 2024 European Semester cycle, following the respective proposals presented by the European Commission and in line with Article 148 TFEU, the Committees also contributed to the finalisation of the annual *Recommendation on the Economic Policy of the Euro Area (EAR)*, the *Joint Employment Report (JER)* and the new *Country-Specific Recommendations (CSRs)*. Furthermore, a set of Council Conclusions was prepared in response to the *2024 Annual Sustainable Growth Survey* and to accompany the *2024 Joint Employment Report*.

Following the related debate held by the Council in June 2023, EMCO and SPC also contributed to the analysis based on the features of the Social Convergence Framework (SCF), as described in the related *Key Messages* and the underlying Report that were presented to the EPSCO Ministers to support the debate, implemented this year on a pilot basis.¹ In particular, the first-stage analysis was integrated into the 2024 Joint Employment Report², while the second-stage analysis was conducted by the Commission and discussed by EMCO and SPC via a series of *Social Convergence Reviews*.³ The findings were transmitted to the Council via a dedicated *Opinion on social convergence in the Union* and presented at the EPSCO meeting of 20 June 2024.⁴ After the end of the 2024 Semester cycle, EMCO and SPC will conduct an assessment of this year's pilot to inform the Council.

Section 1 of this Opinion contains the Committees' overall views on the governance aspects of the European Semester. **Section 2** contains reflections on the 2024 CSR proposals adopted by the Commission and presented to EMCO and SPC on 21 June 2024. **Section 3** contains the outcome of the examination of Member States' progress towards the implementation of the relevant 2023 CSRs and of the findings of the Social Convergence Framework, in the form of thematic messages arising from the multilateral surveillance reviews conducted by the Committees. Country-specific conclusions are enclosed as **annexes**.

¹ See the [Key Messages on the introduction of a Social Convergence Framework in the European Semester](#) and the related [Report of the EMCO-SPC Working Group](#). The documents were presented to the Council (EPSCO) on 12 June 2023. The features of the Social Convergence Framework were discussed within the Working Group between October 2022 and May 2023.

² Adopted by the Commission as part of the Autumn Package on 21 November 2023, and subsequently [by the Council \(EPSCO\)](#) on 11 March 2024.

³ The Commission published the second-stage analysis via a [Staff Working Document](#) on 6 May 2024. The reviews were conducted by EMCO and SPC on 16 May (see Section 3.1).

⁴ See the [Opinion on social convergence in the Union](#), as presented to the Council (EPSCO) on 20 June 2024.

Section 1

Governance aspects of the European Semester

In relation to the employment and social dimension of the European Semester, the Committees support the continued focus on the implementation of the principles of the European Pillar of Social Rights, including the integration of the 2030 EU and national targets on employment, skills and poverty reduction in all relevant Semester documents.⁵

Such focus is in line with the need to uphold the social dimension of the European Union and improve citizens' economic and social wellbeing, as indicated in the new *EU Strategic Agenda 2024-2029* and the related priorities therein.⁶ In this context, the *Opinion on the future policy priorities for the Union on the European Pillar of Social Rights* endorsed by the Council in March reaffirms how the European Semester should remain the key framework to monitor the implementation of the principles of the Pillar in the Member States, in line with the principles of proportionality and subsidiarity, and against the background of economic and social megatrends.⁷

⁵ The Committees presented an [Opinion on the 2030 national target setting process](#) to the Council in June 2022.

⁶ See the 2024-2029 EU Strategic Agenda in annex to the [European Council conclusions of 27 June 2024](#).

⁷ The [Opinion on the future policy priorities for the Union on the European Pillar of Social Rights](#) was endorsed by the Council on 11 March 2024.

In light of the current socioeconomic context, EMCO and SPC appreciated that the 2024 Semester cycle aims to further strengthen the long-term competitiveness and prosperity of the Union, as well as economic and social resilience, by addressing its structural challenges. The 2024 Joint Employment Report identifies several employment and social issues that hinder economic growth and competitiveness, on top of upward social convergence. These include persistent high levels of labour and skills shortages, structural barriers to integrating underrepresented groups and people in vulnerable situations into the labour market, concerns about the adequacy and sustainability of social protection and social inclusion systems, and a lack of robust social dialogue. In parallel to the 2024 Semester cycle, EMCO and SPC reflected extensively on the economic effects of labour market, skills and social policies in order to foster a shared understanding of how these could be considered at Union level and support Member States in evaluating how related reforms and investments can contribute also to economic growth, on top of pursuing social objectives.⁸

⁸ Such reflections led to the [Opinion on the value added of social investment and the role of the EPSCO Council filière in the governance of the European Semester](#) (endorsed by the Council on 28 November 2023), the [policy debate held by the EPSCO and ECOFIN Ministers](#) (on 12 March 2024), the [Council Conclusions on the role of labour market, skills and social policies for resilient economies](#) (approved by the Council on 20 June 2024), and the [Voluntary guiding principles for EU Member States for evaluating economic effects of reforms and investments in the labour market, skills and social policy domains](#) (endorsed by the Council on 20 June 2024).

EMCO and SPC acknowledge the adoption and entry into force of the new EU economic governance framework. It includes the European Semester, which aims at ensuring closer coordination of policies and sustained upward convergence of the economic and social performance of the Member States.⁹ This intended outcome is consistent with previous calls for establishing a more integrated approach to economic, fiscal, employment and social policies, retaining the coordinating and monitoring role of the EPSCO *filière* on all matters related to labour market, skills and social policies including in relation to the relevant content of all documents within the framework of the European Semester according to the Treaty provisions, and ensuring effective cooperation and joint reflections between the EPSCO and the ECOFIN *filières* of the Council.¹⁰ In light of the above, EMCO and SPC stand ready to reflect on the impact that the new EU economic governance framework may have on the role of the EPSCO *filière* in the Semester process.

For the first time, the 2024 European Semester cycle included a new country-specific analysis on upward social convergence based on the features of the Social Convergence Framework on a pilot basis. As detailed in their *Opinion on social convergence in the Union*, the Committees considered that the integration of the Social Convergence Framework country analyses in the 2024 multilateral surveillance activities facilitated a more comprehensive shared understanding of labour market, skills, and social challenges, as well as of the related policy developments. Some Member States praised the thorough Commission analysis, although a few others pointed out shortcomings related to a very limited number of the agreed Social Scoreboard headline indicators used for the first-stage analysis, the possible administrative burden experienced by a few Member States, and the need to consider the timeliness of indicators and national specificities in the second-stage analysis. The pilot will be assessed by the Committees later on, including in relation to its value added.

⁹ See [Regulation \(EU\) 2024/1263](#) of the European Parliament and of the Council of 29 April 2024 on the effective coordination of economic policies and on multilateral budgetary surveillance and repealing Council Regulation (EC) No 1466/97.

¹⁰ See the [Opinion on the 2023 European Semester cycle](#) (Section 1), as well as the aforementioned Opinions on the value added of social investment and the role of the EPSCO Council *filière* in the governance of the European Semester (Paragraphs 8, 9 and 11), on the future policy priorities for the Union on the European Pillar of Social Rights (Paragraphs 16 and 17).

The Committees also welcome that the 2024 Semester cycle explored complementarities and synergies between different EU funding instruments and Member States' policy action, taking stock of the ongoing implementation of the Recovery and Resilience Plans and Cohesion Policy programmes, and providing guidance in view of the mid-term review of the latter.

Earlier in the year, EMCO and SPC had reaffirmed the importance that EU funds have in supporting Member States in planning and implementing measures in areas related to the principles of the European Pillar of Social Rights, notably to support the development of Europe's less developed regions and people in vulnerable situations.¹¹ Already in 2023, the Committees had appreciated the opportunity to contribute to the ongoing reflections on the future of Cohesion Policy ahead of the next programming cycle.¹² Given the important links with the European Semester, EMCO and SPC stand ready to further contribute to the discussions on the role that Cohesion Policy could have to uphold the aspirations of the European Pillar of Social Rights and contribute to the pursuit of the 2030 EU and national targets on employment, skills and poverty reduction.

¹¹ See the aforementioned Opinion on the future policy priorities for the Union on the European Pillar of Social Rights (Paragraph 18).

¹² In mid-2025, the Commission is expected to adopt proposals for the next Multiannual Financial Framework (MFF). EMCO and SPC had an exchange of views on the future of Cohesion Policy on 11 May 2023.

Finally, as per standard practice, EMCO and SPC also held comprehensive discussions with the EU Social Partners and representatives of Civil Society Organisations, namely on the policy priorities contained in both the Autumn Package and the Spring Package, resulting in a constructive and substantive dialogue which was considered in the preparation of this Opinion. The Committees consider the involvement of social partners, representatives of the civil society and other relevant stakeholders at all stages of the European Semester and policymaking cycle as an important factor for the success of economic, employment and social policy coordination and implementation. In this context, following the related developments at Union level, during this Semester cycle EMCO also established more regular tripartite exchanges with EU and national social partners to foster their involvement in the identification of challenges and relevant policy responses.¹³

Section 2

Assessment of the Commission proposals for 2024 Country-Specific Recommendations

The release of the proposals for 2024 CSRs, presented by the Commission on 19 June, broadly confirmed the “streamlined” approach established already in 2022, with recommendations taking into account the comprehensive nature of the Recovery and Resilience Plans. As in 2023, compared to the past, the Commission also proposed a relatively higher number of “horizontal” CSRs addressed to all Member States, with those referring to Cohesion Policy set to be discussed in the EPSCO *filière*. While efforts made to ensure a streamlined Semester are well acknowledged, the country-specific nature of the CSRs should be preserved, especially in light of the more limited number of CSRs proposed on employment and social issues.

¹³ See the [Commission’s Communication on Strengthening social dialogue in the European Union: harnessing its full potential for managing fair transitions](#) and the [Council Recommendation on strengthening social dialogue in the European Union](#). The follow-up to these initiatives was discussed by EMCO at the presence of EU social partners in November 2023. During the 2024 European Semester cycle, tripartite meetings were held in EMCO on 28 November (on labour shortages) and in the EMCO Policy Analysis Group (PAG) on 11 June (on the employment situation of persons with disabilities). Moreover, following the Val Duchesse Summit held on 31 January, the Commission published [Action Plan on labour and skills shortages](#) on 20 March, which was presented to EMCO on 5 June. The Commission indicated that progress in the implementation of the Action Plan will be monitored in the framework of the European Semester, most notably by feeding into the Employment Guidelines and relevant CSRs, while EMCO and SPC will be invited to have tripartite exchanges on this issue.

In line with the overall focus of this Semester cycle, the proposed CSRs are geared towards fostering competitiveness and prosperity in the Union by addressing bottlenecks to sustainable inclusive economic growth and productivity potential. Within the remit of the EPSCO *filière*, and consistent with the parallel reflections on the economic effects of labour market, skills and social policies¹⁴, such focus translated in numerous proposals for CSRs on addressing labour shortages and skills mismatches, promoting labour market integration, reducing disincentives to work in labour taxation and social benefit systems, enhancing skills development, and strengthening social protection and social inclusion systems. In the fields of social protection, in particular for pensions, healthcare and long-term care, appropriate attention was paid to both adequacy and fiscal sustainability concerns. Challenges regarding income inequality and poverty and social exclusion continued to be addressed in line with the active inclusion of disadvantaged population groups.

Following the steps outlined in the preamble and detailed in the aforementioned *Opinion on social convergence in the Union*, the implementation of the Social Convergence Framework also informed the Commission's analysis contained in the Spring Package. In particular, in line with the design of the Framework discussed in the Committees in 2022-2023¹⁵, the country reports and the legal texts of the CSRs addressed to Member States identified in the second-stage analysis contain references regarding the relevance of certain measures to support upward social convergence.

¹⁴ See Section 1 and the documents referred to in Footnote 8.

¹⁵ See the documents referred to in Footnote 1.

During the discussions on the 2024 CSR proposals, the interactions with the Economic Policy Committee (EPC) and the Economic and Financial Committee-Alternates (EFC-A) allowed for an effective examination of several policy issues of a cross-cutting nature. 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). Health-related CSRs were discussed in SPC, with members invited to coordinate at national level with relevant experts. As in recent years, the compressed timeframe for the discussion and finalisation of the CSRs in the Committees has a negative impact on their ability to meaningfully engage in multilateral discussions and highlights again the need to hold serious reflections on the calendar of future Semester cycles.

Section 3

Main findings on the implementation of the 2023 Country-Specific Recommendations and on the state of social convergence in the Union

Multilateral surveillance is one of the core tasks of EMCO and SPC within the framework of the European Semester.¹⁶ It entails, *inter alia*¹⁷, an in-depth assessment of the reforms, investments, and broader policy actions triggered by the CSRs issued by the Council in previous Semester cycles. As such, the multilateral surveillance activities play an essential role in supporting Member States' policy actions through exchanges of policy knowledge and best practices and by promoting a shared understanding of country-specific challenges with a view to informing the Council.

¹⁶ For EMCO, the exercise is based on Art. 148 and 150 TFEU, while for SPC it is based on Art. 160 TFEU. The new [Regulation \(EU\) 2024/1263](#) confirmed EMCO and SPC among the relevant committees to be involved in the European Semester process according to their respective competences. The two Council Decisions establishing the Committees ([2015/772](#), repealing 2000/98 for EMCO; and [2015/773](#), repealing 2004/689 for SPC) also assigned to them the mandate to contribute to all aspects of the European Semester in their respective domains.

¹⁷ In EMCO, the multilateral surveillance activities comprise also dedicated reviews on the implementation of certain Council Recommendations in the remit of EPSCO and addressed to all Member States. In SPC, dedicated in-depth thematic discussions are organised or joint reports are conveyed for following up on relevant Council Recommendations.

In 2024, both Committees assessed the implementation of the relevant 2023 CSRs and, in the context of the new country-specific analysis based on the features of the Social Convergence Framework, discussed and drew conclusions also on the Commission’s second-stage country analysis on social convergence.¹⁸ 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 other Member States and the Commission. The country-specific conclusions were mutually agreed and are annexed to this Opinion.

¹⁸ In 2020, the Committees assessed the implementation of the 2019 CSRs only, mostly via written procedure due to the COVID-19 pandemic. In 2021, the Committees agreed to review the implementation of the 2020 CSRs (focused on the COVID-19 pandemic) complemented by a subset of relevant 2019 CSRs (referring to more structural still relevant issues). In 2022, the previous year’s approach was confirmed but amended to reduce the number of reviews and account for the absence of CSRs in 2021: while EMCO used its monitoring tools to assess the relevance of 2020 and 2019 CSRs and identify possible ‘emerging challenges’ not captured by past recommendations, SPC asked Member States to ‘opt-in’ to be reviewed and strengthened the reviews with more in-depth thematic discussions on the policy areas. In 2023, SPC resumed the traditional approach of assessing only the latest set of CSRs (i.e., those issued in 2022), while EMCO opted for adding to the new 2022 CSRs some complementary challenges identified on the basis of its monitoring tools and the progress achieved on the implementation of the 2019-2020 CSRs.

3.1. Horizontal findings from EMCO and SPC on upward social convergence

On 16 May 2024, EMCO and SPC conducted a series of “Social Convergence Reviews” on the basis of the pilot analysis of upward social convergence by the Commission based on the features of the Social Convergence Framework.¹⁹ This country-specific analysis aims to reinforce the monitoring of the employment, skills and social policy domains in the European Semester, in line with Art. 148 of the TFEU, and with a view to the national implementation of the principles of the European Pillar of Social Rights and to the achievement of the 2030 EU headline and national targets, with due regard for respective competencies and the principles of subsidiarity and proportionality. The reviews covered the risks and challenges to upward social convergence faced by the Member States analysed in the Commission second-stage country analysis on social convergence published on 6 May²⁰, in addition to the implementation of the 2023 CSRs issued to these Member States, where relevant. While the first-stage analysis run for all 27 Member States, in the 2024 Joint Employment Report potential risks to upward social convergence on the basis of the Social Scoreboard were identified. The Commission’s second-stage analysis presented a more detailed examination of challenges using the wider available quantitative and qualitative evidence, and also in light of the policy measures undertaken or planned by the Member States.

¹⁹ See Footnote 1.

²⁰ See Footnote 3.

The integration of the SCF country analyses in the multilateral surveillance activities allowed EMCO and SPC to cover the broader second-stage analysis of upward social convergence together with the monitoring of the implementation of the 2023 CSRs, facilitating a more comprehensive shared understanding of labour market, skills and social challenges, as well as of the related policy developments, thanks to the multilateral discussions. Some Member States praised the thorough Commission analysis as well as the chance to provide comments on it bilaterally before finalization. However, in view of possible future refinements, a few Member States also pointed out shortcomings related to a very limited number of the agreed Social Scoreboard headline indicators used for the first-stage analysis, and the need to consider the timeliness of indicators and national specificities in the second-stage analysis. The reviews will feature in the future assessment of the pilot analysis on upward social convergence that EMCO and SPC will carry out to inform the Council.²¹

²¹ In the [2024 Joint Employment Report](#), the stronger country-specific focus based on the features of the Social Convergence Framework is referred to as “*a pilot that will be assessed*”. In the related [Council Conclusions on the 2024 Annual Sustainable Growth Survey and the Joint Employment Report](#), the Council took note of the Commission’s intention to conduct a deeper second-stage analysis on upward social convergence, called upon the Commission to ensure that this does not translate into an additional administrative burden for the Member States and contributes to streamlining the multilateral surveillance activities of EMCO and SPC, and – ultimately – invited EMCO and SPC to “*assess the impact of the pilot analysis of upward social convergence based on the features of the Social Convergence Framework, including regarding its added value and potential administrative burden on their activities and on the 2024 European Semester cycle and inform the Council*”.

- **In terms of overall findings, a number of challenges to upward social convergence have been identified in relation to disparities within labour markets, education and training systems, and in social protection and inclusion.** Gender, age, socio-economic background, citizenship, and ethnic origin too often remain strong predictors of educational and labour market outcomes, including by making access relatively more difficult to upskilling and reskilling opportunities, fair working conditions, high-quality social, care and health services, and affordable housing. The prominence of these factors leads to inequalities among population groups and across regions that, overall, tend to hamper social cohesion at both national and European level. In this context, the reviews also showed how it remains essential to employ solid monitoring tools and conduct impact assessments that allow to evaluate the effectiveness of the measures taken and identify any adjustment needed during their implementation.

- **With the EU employment rate at its highest and the unemployment rate at its lowest, 2023 was marked by very strong labour markets, with sizeable labour and skills shortages.**

Signs of convergence among Member States are visible especially in the employment rates, with greater improvements in those Member States that start from worse-off positions. Similarly, NEET rates have continued their declining trend, especially in those Member States where they remain above the EU average. While indicators also point to a reduction in labour market segmentation, the high incidence of non-standard forms of employment continues to present challenges where combined with gaps in social protection for temporary workers and the self-employed. Overall, regarding employment policies, the reviews highlighted that upward social convergence can be fostered only if Member States effectively address existing employment gaps within the population and raise the labour market participation of underrepresented groups and persons in vulnerable situations, including persons with disabilities. This requires enhancing the capacity to deliver well-designed and better-targeted active labour market policies (ALMPs), combined with other enabling services, that support working-age people and equip them with the skills needed to enter, remain, and progress in the labour market, including in terms of green and digital skills.

- **Developments related to skills present a more mixed picture, with positive ones in some Member States and stagnation in others.** The EU remains far from reaching the 2030 headline target on adult participation in learning, with substantial efforts still needed at national level. Measures are being implemented, also with the support of EU funding - most notably via the Recovery and Resilience Facility (RRF) and the European Social Fund+ (ESF+) - to reform vocational education and training (VET) and higher education systems, enhance and expand training programmes within ALMPs, raise the levels of digital skills, and strengthen skills forecasting systems, also in cooperation with social partners and the private sector. The extent of the challenge nonetheless calls for further policy action, including in light of the green and digital transitions, as well as demographic change. Challenges remain in tackling early leaving from education and training, with only minimal progress visible in this respect. Overall, in terms of skills policies, addressing the impact of socio-economic background on access to quality education and training and related outcomes remains imperative to foster upward social convergence, as individuals with low skills remain the least likely to engage in training activities and thus also to benefit from the green and digital transitions.

- **Ensuring access to high quality active inclusion measures, integrated with access to essential and social services - particularly for low-income families - should remain a priority in many Member States.** Developments in poverty and social exclusion remain concerning, especially as the high inflation experienced over the past two years - also due to Russia's war of aggression against Ukraine - inevitably had a higher impact on low-income and jobless households. This also resulted in lower real wages and higher in-work poverty rates in some Member States. Efforts by Member States to increase social benefits were, in fact, often offset by rising energy and basic commodity prices, leaving the adequacy of these benefits insufficient to lift people out of poverty. Given the need to ensure both the fiscal sustainability and the adequacy of such measures, there remains scope for improving the efficiency of public spending and enhancing the effectiveness of social transfers on poverty reduction. In some Member States, better efficiency in social spending could also help address challenges pertaining to the healthcare and long-term care systems, notably where out-of-pocket expenditures for healthcare and long-term care weigh heavily on the most vulnerable. Child poverty rates also remain generally high, especially in single-parent households with dependent children, making it crucial to fully implement the European Child Guarantee across all Member States. Conversely, some progress is visible overall regarding the efforts taken to expand the availability of formal childcare for children under three years old.

3.2. Horizontal findings from EMCO

On 19-20 March 2024, EMCO held its annual review on Active Labour Market Policies, Labour Taxation and Labour Market Segmentation, aimed at assessing the progress towards the implementation of relevant CSRs. In addition to the country-specific reviews, the Commission presented the related main findings of the 2024 Joint Employment Report. The Chair of the PES Network was also invited to provide an update to EMCO on the activities of the Public Employment Services in the Member States. Despite geopolitical tensions and high inflation, labour markets continued to perform well in 2023, with increasing employment rates and declining unemployment rates with the notable exception of youth unemployment rate that, conversely, increased by 0.6 percentage points on a yearly basis. On the other hand, labour and skills shortages remain sizeable all across sectors, with the rate of vacant jobs particularly high in professional and administrative services and ICT.

Effective Active Labour Market Policies (ALMPs) remain essential in view of high labour shortages and under-attainment of disadvantaged groups in the labour market. Yet, many Member States struggle to increase the participation of jobseekers to ALMP measures, which remain strongly uneven across and within Member States, across socio-demographic groups and between genders. Efforts are therefore still needed across the board to increase targeting, outreaching and coverage of activation policies measures and to strengthen linkages with social services and income support measures. Efforts are also visible in most Member States to strengthen the effectiveness of the Public Employment Services, which face complex issues such as skills and labour shortages and the need to upskill jobseekers in the context of the green and digital transitions. Positive steps have been taken in several Member States to develop digitalised services and improve skills intelligence tools, including through improved cooperation and partnerships with relevant service providers and actors in the labour market.

- **Overall, temporary employment and part-time employment are declining, thus contributing to reduce labour market segmentation in the EU.** However, substantial differences persist across Member States. While temporary jobs can be a steppingstone in the labour market, they can become a concern in those countries where a high incidence of fixed-term contracts is associated with lower transition rates to permanent employment. In the same vein, involuntary part-time employment remains an issue in several Member States, limiting the aspirations of workers for longer working hours. Reforms recently adopted by Member States aim at encouraging hiring on a permanent basis as well as to extend employment protection of temporary employees.
- **Reviewing labour taxation to support inclusive and sustainable growth, reduce disincentives to work, and to be more in line with environmental objectives, remains a challenge in a number of Member States, including due to the political sensitivity of the issue.** Efforts to reduce the tax wedge on the low-earners have been overall successful in recent years, but there is large scope to better design the tax-and-benefits system to incentivise longer working hours and reduce the tax burden on second earners, also with the view to promoting gender equality and close the gender pay gap. Environmental-friendly taxes and incentives should be designed in a way to ensure progressivity.

On 23 April 2024, the EMCO and the Education Committee (EDUC) carried out a joint thematic review on the horizontal 2023 Country-Specific Recommendation (CSR) on stepping up efforts or furthering measures “*aimed at the provision and acquisition of skills and competences needed for the green transition*”. The thematic review took place based on the horizontal assessment of the European Commission of the progress made by Member States. In the context of the skills and competences needed for the green transition, the Council Recommendations on *ensuring a fair transition towards climate neutrality* and on *learning for the green transition and sustainable development* provide Member States with suggested policy measures to support a fair green transition, notably by embedding climate and sustainability education in national education and training systems, and ensuring equal access to quality, affordable and inclusive education, training and lifelong learning.

The discussions on the 2023 horizontal CSR emphasised several key actions to enhance skills and competences supporting the green transition. These actions include strategies and framework on learning for sustainability, curriculum reforms, updating curricula to address climate change, sustainability and the environment, various school-based projects and initiatives, and establishing green school networks. Additionally, there is an emphasis on the inclusion of climate change, sustainability, and environmental topics in civic education programmes. The importance of vocational education and training in the green transition was also underscored, particularly the need for investments in this area. The significance of STEM education was highlighted as well, with a focus on developing and implementing national strategies for STEM education and addressing the gender gap in STEM fields, which is considered essential. The growing importance of lifelong learning schemes was noted, emphasising the need for reskilling and upskilling to acquire the necessary skills for addressing the significant labour shortages, including for the green transition. A critical challenge identified in this context is funding mechanisms for adult learners during their retraining periods. Additionally, the discussions highlighted the necessity of adequately preparing teachers and trainers to teach sustainability competences. This includes adapting initial teacher training curricula and implementing special programmes for school leaders and teachers to equip them with the skills needed for teaching sustainability. The thematic review highlighted the importance of developing skills not only to fully seize the opportunities of a greener economy, but also to ensure that no one is left behind and the green transition benefits all. Accordingly, the European Pillar of Social Rights – and notably its principles on the right to quality and inclusive education and training and to active support to employment – shall remain a compass for designing education, skills and employment policies.

- **In addressing the horizontal 2023 CSR, Member States are increasingly integrating green competences in their labour market intelligence tools, such as skills forecasting systems.**

Yet, Member States agree that more knowledge is needed in terms of anticipating skills needs and agreeing on a possible common definition of “*green jobs*”. Indeed, for the time being only few Member States have introduced a taxonomy of green occupations in their vocational training systems. The announcement made by the European Commission regarding the establishment of an observatory to gather evidence from research, collect best practices, and share knowledge was warmly welcomed by the Member States.

The thematic review also highlighted the contribution that EU funds are making to support Member States in reforms and investments for the green transition. In this context, ESF+ supports Member States in developing skills intelligence and forecast, and to develop the adequate policies to address the changes in the labour market. Moreover, the NextGenerationEU is also supporting education and training systems and labour market policies in contributing towards more sustainable and green-oriented economies. The Just Transition Fund (JTF) is being used to support sector- and region-specific measures, including reskilling pathways for workers displaced from energy and carbon intensive sectors.

On 24 April 2024, EMCO held its annual review on education and skills, aimed at assessing the progress towards the implementation of relevant CSRs. In addition to the country specific reviews, the Commission presented the main findings of the 2024 Joint Employment Report.

- **The 2024 review on education and skills highlighted the persisting challenge of addressing labour and skills shortages all across the European Union, as this risk hampering the digital and green transitions and widen existing socioeconomic disparities.** The lack of digital skills remains an issue in some Member States and digital divides are registered across gender, generations, rural and urban areas, as well as across socio-demographic groups. While measures to tackle early school leaving and activate the young NEETs are proving successful, educational outcomes are still affected by significant disparities, including in relation to the socioeconomic background of learners. The shortage of teachers is a challenge in most Member States, including due to the ageing of the teacher workforce, poor working conditions and low wages. Moreover, the 2022 PISA results show a strong and worrying decline in basic skills across the EU. A low level of basic skills risk hampering upskilling opportunities later in life. Policy efforts are needed to enhance the quality and inclusiveness of education. In this context, the commitments taken by the Member States to reform the education and training systems, increase the attractiveness of the teaching profession, adapt training curricula to embed green and digital competences, improve the delivery of effective upskilling and reskilling measures, and address disparities in access to quality education, is visible. Nonetheless, further efforts will be needed considering the magnitude of the challenges ahead and the urge to prepare the current and the future workforce for sustainable and inclusive digital and green transitions.

3.3. Horizontal findings from SPC

During the 2024 Semester cycle, the Committee conducted 16 reviews of CSRs in policy areas under its competence, in two sets of meetings in April and May. In order to reconcile the various reviews in the 2024 semester cycle and to reduce administrative burden, the multilateral implementation reviews were implemented in an integrated country focused global approach, thus not splitting the text of the CSRs into thematic batches, allowing a more holistic view on reforms in each reviewed Member State. The CSRs addressed specific challenges in the fields of social protection and social inclusion, pensions, healthcare, long-term care, housing affordability and energy poverty.

The country specific reviews were complemented by a horizontal exchange at the end of the exercise, accompanied by a presentation of country case(s), in particular referring more in-depth to some of the reforms implemented in the Recovery and Resilience Plans (RRPs). The horizontal conclusions rely on the findings from the parallel workshops of the country reviews, the overall presentation of the policy situation and the country case(s). The horizontal exchange covered all policy areas, tweaked to the particular challenges addressed by the discussed CSRs and avoided overlapping with other thematic activities of the Committee.

Most of the reviewed Member States have received similarly worded CSRs in past cycles of the European Semester, which indicates the long-term and structural nature of the observed challenges. The discussions have demonstrated that the reviewed Member States acknowledge the identified challenges and are taking specific actions to explore the issues and to prepare appropriate policy responses.

- Such actions include the establishment of dedicated bodies assessing the functioning of the **pension system** to support/prepare reforms or to support actions such as introducing a digital tracking service for pension rights. In this context the involvement of social partners, and other stakeholders was emphasized.

- Member States recognize that fostering increased participation in the labour market in general or specifically supporting the employment of older workers can improve the fiscal sustainability of the pension system. While in most of the reviewed Member States no dedicated actions are planned to raise (further) the statutory retirement age, measures - such as for example tightening early pension access conditions and reducing incentives to retire early, combined with incentives such as the reduction of social contributions, tax reduction, co-financing, job referrals, skills development, training or career guidance, or initiating a broad-based dialogue with the participation of the social partners on possible incentives to defer retirement beyond the statutory pension age - are being introduced to raise the effective retirement age and encourage deferred retirement.
- In an effort to address their sustainability challenges, several Member States are taking steps to increase the revenue of the pension insurance system by increasing the contribution rate and/or broadening the insurance base or by widening the financing base. In some of the reviewed Member States, dedicated funds have been established to help address the deficit of the pension insurance.
- Steps are being taken for the introduction of an ambitious and overarching reform in some Member States and further development of the occupational and personal pensions is being explored in others. Member States also address the challenges regarding the gender pension gap, guaranteeing adequate pensions for all, for instance by facilitating labour market participation of women, equalizing the retirement age and promoting service provision.
- As far as **health care** is concerned there is a need to close health gaps by tackling health inequalities both across and within countries, which requires a multisectoral approach, addressing unmet needs for medical care. In addition, investments towards resilient and accessible health systems need continuity, underpinned by robust data collection mechanisms (that also allow better diagnosis).

- Member States are regularly encouraged to reduce out of pocket costs for healthcare, ensure a more equal distribution of services across territories, improve primary care, address staff shortages, better organise services and reduce waiting times.
- New measures to finance the healthcare system, including by changing the nature of the health insurance from complementary, voluntary to mandatory have been introduced.
- Comprehensive healthcare reform packages (including a focus on the strengthening and expansion of digital health services) were presented, alongside with investments in primary care, primary care units and teams. Structural reforms as well as better coordination and governance to address fragmentation and realignment of interlinked financing with task responsibilities was acknowledged to further increase efficiency.
- The presented challenges triggered by an ageing society have been putting the **long-term care systems** under pressure, in addition to the persistent needs of qualified care workers, especially since the COVID-19 pandemic.
- A wide range of measures has been reported, linked to access, affordability and quality, such as the provision of an increased allowance for 24-hour live-in care and the introduction of on-line training and free of cost supervision.
- Measures to reinforce the financing of LTC through agreements between the state and financial entities or through the implementation of a new long-term care insurance have been introduced.
- Several policy measures to support economic growth and employment, as well as **reforms of the social protection** systems in order to simplify them and improve their efficiency have been introduced, including for instance overarching reform to incentivise labour market participation.

- Creation of a single social benefit out of various types of social benefits serves multiple objectives, however it is a complex process that implies several changes in the legal and administrative frameworks to keep the focus on people most in need, while guaranteeing adequate support. Digitalization elements in the reforms allow to achieve immediate visible results. The exchange of similar practices acknowledged that often it has been easier to implement new supplementary benefits than to consolidate existing ones and develop a comprehensive new system.
- To improve the efficiency of public expenses, spending reviews have been incorporated into the legal framework, with specific provisions describing how such reviews will be integrated with the budgetary process.
- In order to strengthen the provision of **adequate and in particular social housing** holistic approaches were taken and well elaborated activities are planned aimed at improving housing affordability. The development of the necessary legal framework has to be complemented by additional funding and financing mechanisms in order to achieve the objectives.
- One review highlighted the relevance of this challenge also in well-established welfare systems, where access to social housing and housing benefits are provided. Still, especially high-cost regions, like big cities, are confronted with challenges regarding access to housing, housing inclusivity and increasing costs, as well as long waiting times for social housing.
- The discussions on **energy poverty** made evident the large scope of the policies involved, ranging from more traditional social protection measures, such as benefits and allowances, to other policies more related to the green transition or energy prices. Hence the need to integrate multiple aspects in order to make them not only effective but fit for ensuring fairness and protect the vulnerable people.

- In this context, attention to social aspects is needed in housing construction and renovation policies, which often aim to mainly address decarbonisation. The reviews highlighted the need for appropriate definitions of energy poverty and vulnerable households , which should take into consideration both energy efficiency and income-based criteria. This would lead to better identification of the population in need, better targeting of vulnerable people and setting of measurable targets.
- Knowledge gaps in the area of energy poverty are being addressed through studies or dedicated energy poverty observatories. The revision of existing schemes (bonuses, incentives) is also part of the reform efforts. Outreach to potential beneficiaries is also key, once measures are in place.
- National strategies and plans are in place that adopt comprehensive and forward-looking approaches, including targets. EU National energy and climate plans were mentioned, as one of the exercises to ensure the right mix of policies in this area. It was concluded that energy poverty measures have to be targeted on vulnerable groups, where room for improvement still exists.
- **EU funding**, including the Recovery and Resilience Facility and the Technical Support Instrument, is largely supporting these processes.
- The need for **mutual learning** and other opportunities to exchange views in this area emerged from the exchanges, also further to the recent adoption of EU guidance and funding opportunities.
- In the area of good governance, some of the reviewed Member States mention reporting exercises, **periodical/ex-ante assessments**, as well as ex-post analyses of the reforms adopted or measures taken, which could be seen as step forward in order to more transparent and robust proposals.

The SPC welcomed the reported measures and views positively the efforts made by the Member States. At the same time, the discussions in the Committee have shown that further actions will be needed to fully address the requirements of the country specific recommendations, as in many instances the reported measures are still to be implemented, while in others the legislative process is at an early stage.
