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From:	General Secretariat of the Council
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Subject:	Assessment of the country-specific recommendations for 2024 and implementation of the country-specific recommendations for 2023: Opinion of the the Employment Committee and the Social Protection Committee - SPC Multilateral Implementation Reviews in the 2024 Semester cycle: Country-specific conclusions

With a view to the EPSCO Council on 16 June 2024, delegations will find attached: SPC Multilateral Implementation Reviews in the 2024 Semester cycle: Country-specific conclusions.

ANNEX

SPC Multilateral Implementation Reviews in the 2024 Semester cycle:

Country-specific conclusions

-final-

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1) 9-10 April meeting Workshop 1

a. Cyprus

2023 CSR # 4: CSR 4: Extend and accelerate energy efficiency measures in order to address inter alia energy poverty.

Cyprus provided a step forward towards address the challenges related to reduce energy poverty, however more efforts are needed to address energy poverty and improve energy poverty indicators. While existing measures (such as special (reduced) electricity tariff, the subsidy for photovoltaic system installation, the rooftop insulation subsidy and the 'save-renovate' grant scheme) are continued to improve the situation of most vulnerable population groups and attempt are made to review and redefine the existing definition of energy poverty in order to establish a comprehensive approach, the current definition does not refer to energy efficiency. The National Energy and Climate Plan (NECP) makes no reference to national objectives and a concrete timetable to develop specific measures. It does not include either a link between energy efficiency and social policies and measures.

The SPC concludes that potential synergies with measures to develop demand response, accelerate building renovation and energy savings, in a targeted manner to have direct effect on households on energy poverty, and empower vulnerable consumers are not sufficiently taken. More efforts are needed to address energy poverty and improve energy poverty indicators.

b. Portugal

2023 CSR # 1: Improve the effectiveness of the tax and social protection systems, in particular by prioritising the simplification of both frameworks, strengthening the efficiency of their respective administrations, and reducing the associated administrative burden.

CSR 4: Accelerate investment in energy efficiency by promoting financial schemes to attract private investment and supporting households in need.

The limited effectiveness of social transfers in reducing poverty and inequality is partially caused by the fragmentation and complexity of the social protection system, with various types of social benefits appearing to serve similar objectives. [This leads to "relatively low take-up rates and a lack of effective focus on those most in need" – as the Social Protection Committee concluded a year ago, when reviewing the progress made by Portugal in the CSR 1 2022, which is identical to the CSR now under review.]
The SPC welcomes in particular the legal commitment to create a single social benefit by 2026. This reform is however in its first steps and implies several complex changes in the legal and administrative frameworks. It will be key to its success to keep the focus on the people most in need, while guaranteeing adequate support. Implementation has ambitious measures and targets, thus it is important to closely monitor and evaluate the impact of these measures to ensure that they achieve their stated objectives and to make adjustments, if necessary, according to the needs of the population and changes in the socio-economic context.
The ongoing reform in the digitalization of the social security system achieved great progresses, already making possible that 80% of the pensions awarded in January were granted through the automatic mechanism "Pensão na Hora / Instant Pension". It also achieved the automatic granting of the family benefit/child benefit, potentially improving its take up.

With regards to promoting energy efficiency and tackling energy poverty, the development of a National Long-Term Strategy to Combat Energy Poverty, the set-up of an Energy Poverty Observatory, as well as with the adoption of renovation programmes focusing on energy poor households are considered as sustainable measures targeted to improve the energy efficiency in long term. However, there is lack of information on direct support to vulnerable energy consumers to improve their ability to pay for the energy services.
A seamless implementation of the ongoing National Poverty Strategy and the timely instalment of the Energy Poverty Observatory will be key to address the relevant CSR.

The SPC is of the opinion that Portugal has made some progress in addressing the CSR elements. It is welcome that legal commitment to create a single social benefit by 2026 was clearly made. Also, the development of a National Long-Term Strategy to Combat Energy Poverty, the set-up of an Energy Poverty Observatory, as well as with the adoption of renovation programmes focusing on energy poor households are considered as sustainable measures targeted to improve the energy efficiency in long term. However, a fair amount of work is still needed to fully address all aspects, namely by completing reforms now initiated and by implementing measures still in their initial steps.

c. France

2023 CSR # 4: Further improve the policy framework to incentivise the deep renovation of buildings and the decarbonisation of heating systems, with a particular focus on low-income households.

France took some steps toward improving the policy framework to incentivise the deep renovation of buildings and the decarbonisation of heating systems, but the potential effects on low income households are still to be seen. While France dedicated significant resources to energy renovations, only 46% of the beneficiaries of this support were households with limited or very limited resources. Targeting at the most vulnerable households could be further reinforced, including by strengthening 'MaPrimeRenov' Sérénité' and reducing the remaining costs for the poorest households, as well as developing accompanying services. The results are also dependent on the accessibility of the information about the measures among the citizens. As *subsidies usually benefit homeowners and landlords, it might question if they essentially include low income earners.*

The SPC welcomes the efforts already engaged with the implementation of the new reform, which are going in the right direction and should be pursued, but the potential effects on low income households are still to be seen. Improving the outreach and coherence between instruments and local actors could further improve the instrument's impact.

d. Belgium

2023 CSR # 1 Strengthen efforts to improve the efficiency of long-term care.

Belgium has a well-developed system of social protection for long-term care. Its regionalized governance structure allows for differences in the way care is provided between Brussels-Capital, Flanders and Wallonia. Long-term care represents a high public spending, 2.3% of GDP in 2022, estimated to go up to 2.5% in 2030 and it could reach 6% of GDP by 2070 in a worst-case scenario. Despite continuous improvements over the last decade (a steady decline from 32% in residential care homes in 2011 to 20% in 2021), data still suggest that older people with still a relative high level of independency, are at least prematurely living in a residential care facility especially in Brussels with 29% and Wallonia with 27% (vs 16% in Flanders).

In an effort to address the requirement of the 2023 Country Specific Recommendation, Belgium reports on the continued positive development of the percentage of low care-dependent people in homes for older people in each of the regions and on a range of measures. In Flanders, initiatives like the spending review for social protection and subsidies for local Primary Care Councils go towards improving efficiency and coordination in LTC delivery. The reforms in the Brussels Capital Region aim at supporting alternative care structures and improving nursing home accreditation standards. In Wallonia, efforts to reform primary care organization, develop mental health services and promote supportive housing for those losing autonomy contribute both to addressing diverse care needs and to bring about efficiency gains.

The SPC takes note of the positive trend and of number of on-going initiatives in Belgium, aimed at improving the quality of long-term care services and further support the transition from institutional to community-based care, against the background of an observable downward trend of using residential care settings for persons with low long-term care needs. While those measures have the potential to improve the long-term sustainability of the long-term care system, the effect of all the initiatives will depend on the implementation, as well as cooperation among all the stakeholders. Also, the issue of fiscal sustainability should be addressed in a broad policy setting. It is well worth noting the expected returns in terms of economic growth brought by LTC through its impact on labour supply, namely supporting labour market participation of the informal carers. Additional monitoring of the reforms is key to adequately adjust policy responses.

e. Slovakia

2023 CSR # 3: Accelerate and incentivise deep renovations of public and private buildings, address energy poverty through housing renovations for low-income households.

To minimise the impact of price spikes, Slovakia regulated electricity and gas prices for vulnerable consumers, which include all households and small businesses. The process of defining energy poverty has been ongoing. The Government adopted the energy poverty conception in 2023 and recommended the Office for the Regulation of Network Industries (ÚRSO) to analyse further implementation aspects and propose concrete wording for the energy poverty definition.
As part of the legislation, several generally binding legal standards are in force in Slovakia, which can create conditions for addressing energy poverty, such as acts on improving energy efficiency, subsidies for housing development , as well as on social services, which includes support on housing for people in an unfavourable situation.
Overall, the assessment provides a comprehensive overview of the energy poverty situation in Slovakia and proposes a set of measures that are aligned with the identified challenges and broader policy objectives. However, the effectiveness of these measures will ultimately depend on their implementation and the extent to which they address the underlying causes of energy poverty in the country. There is a need to ensure that the benefits of energy efficiency improvements and social assistance programs are equitably distributed across different demographic groups, including low-income households, marginalized communities, and regions disproportionately affected by energy poverty.

The SPC concludes that some progress has been made, including in working on a possible future definition of energy poverty. While the policy approach outlines broad policy objectives and measures, it lacks specific details on implementation mechanisms, timelines, and resource allocations. Without clear guidance on how these measures will be implemented, monitored, and evaluated, there is a risk of implementation gaps and ineffective execution Therefore further efforts are needed to have significant impact on the challenges.

f. Denmark

2023 CSR # 1: Accelerate investment in the construction of affordable housing to alleviate the most pressing needs.

Overall, Denmark has a well-established welfare system that on many levels considers the need for housing. The construction of new housing as well as fair distribution of access to social housing in municipalities are implemented through national funds and policies. Furthermore, more than half a million citizens benefit from housing subsidies each year, making their rent more affordable.

Denmark's parliament passed a law aimed at promoting mixed cities by establishing affordable social housing, particularly in high-cost regions like greater Copenhagen. Funded by over 670 million EUR for 2022-2031, the law targets housing inclusivity for all societal groups. This initiative includes €121 million for low-cost social housing for individuals facing social challenges, including homelessness, and over €20 million for temporary, affordable housing solutions.

The SPC acknowledges that while the implementation of the Fund for Mixed Cities has begun, some delays in housing construction is likely in the years to come and the total initiative is expected to be completed gradually towards 2035. Therefore, the results are still to be seen and the monitoring of the implementation of the CSR is key to ensure adequate investment in the construction of affordable housing.

2) 9-10 April meeting Workshop 2

a. Ireland

2023 CSR # 1: Ensure the fiscal sustainability of the state pension system by specifying its financing arrangements.

Recognizing the projected demographic trends and the challenges of sustainability, a number of reform projects have been discussed nationally since 2021 in Ireland, mainly related to the pensionable age, pension adequacy, the introduction of a total contributions approach in benefit qualification and calculation, and an auto-enrolment (AE) system to support retirement savings.
The resulting 2022 reform of the pension system kept the retirement age at 66 and introduced a flexibility margin whereby from January 2024, people would have the option to continue working until the age of 70 in return for a higher pension. This reforms also introduced the "smoothed earnings" approach, linking the pension rate of payment to 34% of average wages, with a small margin of variation for periods where inflation exceeds earnings growth. A further commitment was made by Government since whereby "a smoothed earnings method to calculating a benchmarked/indexed rate of State Pension payments will be introduced as an input to the annual budget process, to be submitted to Government in September each year from 2023."
The Auto-Enrolment Retirement Savings System Bill addresses the low proportion of employees with supplementary pensions. The enrolment of the first participants is expected to commence in the second half of 2024. While the bill has the potential to improve adequacy, its impact will depend on the contribution rates and on the structure of the state's financial incentive. Since AE is employment-based it may not be practically possible to eliminate differences in coverage and adequacy.

The SPC recognizes that the planned measures have the potential to improve the sustainability of the Irish State Pension system. As the reforms and measures are in their initial phase, their effects could be evaluated in future only. The change in the methodology of pension calculation to TCA method has a potential to result in a fairer way of calculating pensions. Its application might reduce pension expenditure in the future. The introduction of the policy linking pension rates more closely to contributions paid over the working life addresses the objectives of financial sustainability and encouraging employment, even if some concerns on adequacy remain. Therefore, the SPC encourages Ireland to continue with its efforts to address the requirements of the Country Specific Recommendation.

b. Germany

2023 CSR # 1: Safeguard the long-term sustainability of the pension system.

Germany reports on a series of past reforms since the nineties, aimed at improving the sustainability of the pension system, including by decreasing the pension level, strengthening occupational and personal pensions and gradually increasing the pensionable age from 65 to 67 by the year 2031. The strong performance of the German labour market in recent years has also contributed to limiting the burden of pension expenditure. Despite this, driven by population ageing, pension expenditure in Germany is projected to rise from 10.3% of GDP in 2019 to 12.0% in 2040 (Ageing Report 2021).

The reactivation of the catch-up factor (Nachholfaktor) from 2022 that prevents pensions from outpacing wage developments contributes to pension system sustainability, as pension cutbacks prevented by the protection clause (Schutzklausel) will be offset against future pension. However it provides challenges for the adequacy of pensions due to temporarily lower pension indexation.

While the effective retirement age increased in the past, the increase has slowed down and even reversed recently, so early retirement puts additional pressure on the sustainability of the pension system.

Second and third pension pillars continue to exhibit challenges. Third pillar personal pension schemes (Riester Rente) have proven to be ineffective, since the products require investment in low-yielding safe debt and many of them suffer from high fees.

The introduction of a digital pension tracking service so that citizens can make adequate planning foreseen in the RRP is welcome. The draft bill for Pension Package II (Rentenpacket II) essentially provides for the pension level in the statutory pension insurance scheme (GRV) to be secured at 48 per cent in the longer term until 30 June 2040. This can help to maintain the adequacy of pensions. Yet, it is expected to result in higher fiscal transfers and/or increases of social security contributions. The bill also foresees the introduction of partial capital funding for the GRV with the "Generation Capital", a capital based coverage fund to stabilise the pension system. It could serve as an additional pillar financing source in the future, but implementation is only about to start. The envisioned starting point with 12 billion is comparatively low and plans for the future to increase to 200 billion depends on policy continuity.

The SPC welcomes the efforts made by Germany to address the requirements of the 2023 Country Specific Recommendation. As details for the implementation of the envisaged Pension Reform Package II are still to be implemented, and the exact impact of the foreseen measures is not entirely clear, the SPC encourages Germany to continue with its efforts in ensuring the long-term sustainability of its pension system. The Committee also appreciates Germany’s attention to ensuring the adequacy of pensions.

c. Poland

2023 CSR # 1: Improve the efficiency of public spending, including through better targeting of social benefits. Ensure the adequacy of future pension benefits and the sustainability of the pension system by taking measures to increase the effective retirement age and reforming preferential pension schemes.

The Polish benefit system covers many of the main vulnerable groups and have both universal and means tested elements. All welfare programmes introduced in the last years are kept in the 2024 budget. In particular, the so called "Family 500+" universal family allowance granting 500 PLN (115 EUR) per month per child, which from January 2024 has been changed to "Family 800+" – 800 PLN (184 EUR) to make up for cumulated inflation in recent years. The 800+ allowance is estimated to cost 63.7bn PLN (1.7% of GDP) in 2024. A further analysis or reconsideration about introducing means tested modifications in some benefits (ex. Family 500/800 plus) could be an option to consider.

In 2023, Poland incorporated spending reviews into the legal framework, within the scope of the Public Finance Act. Specific provisions describe how spending reviews will be integrated with the budget process. The provisions took effect on January 1, 2024. Implementing acts are currently being prepared. At this stage, it is too soon to assess their future impact.

Poland currently has no plans to increase pensionable age, instead focusing on promoting longer working lives through incentives, or to reform preferential pension schemes; the importance of these schemes is gradually decreasing. Poland has introduced 13th and 14th pension benefits to boost the current adequacy of old-age incomes. The adequacy of pensions is however projected to significantly deteriorate in the long term, in particular for women.

Despite the coverage provided by the polish benefit system and progress made, the SPC believes that there is a scope to improve the efficiency of public spending by focusing the social programmes on lower-income and at-risk groups to avoid unnecessary spending on high-income groups. Targeted actions to improve the efficiency of public spending on social benefits are needed as well as further efforts on the adequacy of future pension benefits in a systemic and durable manner. Focusing on women is key, given their lower statutory retirement age and gender inequalities in labour income.

d. Czechia

2023 CSR # 1: Take measures to ensure the long-term fiscal sustainability of public finances, including the sustainability of the pension system.

CSR 3: Strengthen the provision of social and affordable housing, including by adopting a specific legislative framework, improving coordination between different public bodies, and incentivising the construction of new housing units as well as the refurbishment of existing ones.

Driven by demographic change, ageing-related expenditure is expected to increase significantly in Czechia. To tackle the situation, Czechia introduced immediate actions in 2023, starting with a reduction of the second pension indexation in the spring of 2023. This measure reduced the pension expenditure by approximately EUR 1 billion. It will be effective for the next 10-20 years and it should help stabilize the pension system in the medium term. The measure was tailored to protect those with the lowest pensions. The second set of measures was adopted in October 2023: tightening early pension access conditions, reducing incentives to retire early and reducing annual pension indexation. The third measure is an overarching parametric reform. It creates a link between life expectancy and pensionable age and a gradual decrease in new pensions.

The measures described have the potential to meet the challenges to some degree, such as the decrease of the level of pension indexation and tightening early retirement. However, the last, but most comprehensive reform package is yet to be discussed in the Government. Therefore, the implementation is still ongoing.

The planned activities aimed at improving housing affordability are well elaborated, structured and politically supported. Development of necessary legal framework is complemented by additional funding and programs in the near future. The approach is holistic and promising. There is a need for clear political commitment of the new legislation, as the endorsement has been postponed, while the enforcement date has remained the same (2025). At the moment, it is difficult to assess the effects, because the legislation is not in place and financing measures and programs are being (re)designed. In general, however, it can be said that the regulation of this policy area at legislative level, especially the development of a separate law, is a great step forward.

The preparations for three new measures (price maps, transfer of state-owned land to municipalities for affordable housing construction and limited-profit associations) seem to be innovative approaches.

The SPC is of the opinion that some progress has been made to address the CSR elements, both for pension and housing. However, as full adoption and implementation of the planned reforms and measures in housing and in the pension system are still pending, further efforts may be required to fully address the issues and the results are still to be seen.

e. Luxembourg

2023 CSR # 1: Address the long-term sustainability of the pension system, in particular by limiting early retirement options and by increasing the employment rate for older workers.

Luxembourg acknowledges the importance of improving the long-term sustainability of its pension system. At 61.4 years in 2022, the effective retirement age in Luxembourg is below the statutory retirement age of 65. Projections show that with unchanged policies, the country is expected to experience one of the sharpest increases among the EU countries in pension spending as percentage of GDP (18% of GDP by 2070, compared to 9% in 2019). In the short- to mid- term, the issue is mitigated by a substantial reserve accumulated within the system, which has been earmarked exclusively for covering deficits of the general pension scheme and which is expected to last until the late 2040s.

In an effort to address the issue, in April 2022, the Luxembourgish General Inspectorate of Social Security published a national assessment of the pension system (Bilan technique du régime général d'assurance pension), concluding that the financial evolution of the general pension scheme must be closely monitored. Following this, the government has commissioned the Economic and Social Council (Conseil économique et social - CES), composed of representatives of the employers, employees and the government, to discuss possible implications and to propose adequate policy measures to improve the long-term sustainability of the pension system. National elections have been held in October 2023. According to the new coalition agreement for the legislative period 2023-2028, a large-scale consultation on the long-term sustainability of the pension system involving the social partners and the civil society is planned to reach a broad consensus.

The SPC is of the opinion that the provisions of the 2023 Country Specific Recommendation remain relevant and while acknowledging the intention of the new government, concrete reforms are still expected, so is a calendar for this process. Therefore, Luxembourg is encouraged to take appropriate reform measures.

f. Finland

2023 CSR # 1: Pursue the reform of the social security system to increase the efficiency of the social benefits system, which would improve incentives to work and also support the long-term sustainability of public finances.

Finland plans several policy measures to strengthen economic growth and employment, as well as to reform the social security in order to make the system more efficient, smoother and simpler, with more incentives for work.

An ex-ante assessment of the combined effects of the social security changes was published in October 2023. The assessment takes into account e.g. the proposed changes to income taxation, housing allowance, unemployment security, as well as the freezing of index increases in social security. Following the Parliamentary consultation on the legislative proposals on social security benefits entering into force in 2024, a plan for the implementation of the monitoring of legislation is currently under preparation.

Whereas some changes to the social security benefits entered into force or will be implemented during 2024 (e.g the legislative amendments related to unemployment security), however several measures, including the introduction of the general social security benefit, are still in preparation. The different social security and tax changes will enter into force gradually until 2025, therefore, the effects of the proposed changes can only be assessed in 2026 at the earliest.

The SPC welcomes the steps taken and the significant efforts done so far. While the reported reforms will most likely contribute to the simplification of the social benefit system, the SPC concludes that future developments, both as regards the implementation of envisaged measures and the labour market situation, will need to be closely monitored, as it is too early to tell whether the presented reform will work as an incentive to increase employment.

3) 16 May meeting Workshop 1

a. Austria

2023 CSR 1: Ensure the adequacy and fiscal sustainability of the long-term care system and the fiscal sustainability of the health care system.

Austria reported on a number of measures, aimed at facilitating the provision of adequate and fiscally sustainable long-term care in a context of ageing population and to address the challenges on the sustainability of the health care system.

The current and past CSRs regarding the adequacy and sustainability of Austria's long-term care system have been in place due to persistent shortages of qualified care workers since COVID19 and prospective future challenges based on an ageing society. In an effort to improve access to long-term care, important measures have been taken to guarantee the affordability and quality of 24-hour live in care by increasing the allowance and introducing online training and supervision free of cost. Regarding the wellbeing of caring relatives, the roll out of counselling sessions from five to ten appointments per year free of charge are to be seen as favourable. The financial agreement between the federal state and the Bundesländer ensures the financing of measures of the LTC reform in the period 2024-2028, with substantial additional expenditure. Nevertheless, attention should be paid to the situation of self-employed live-in carers as well as incentivising a balanced sharing of care responsibilities between women and men. In addition, efforts should continue to guarantee the fiscal sustainability of the system by addressing horizontal and vertical fragmentation.

To improve the health care system, the Austrian government presented in late 2023 a broad healthcare reform package. The reform aims to expand and strengthen digital health services, to strengthen outpatient care, pursue structural reforms in the hospital sector, improve medicine supply and vaccination programmes, and health promotion and prevention. The measures include: a primary care reform and an investment in primary health care units, the national roll out of "early aid" for socially disadvantaged people and improved digitalization. Strengthening the outpatient sector, such as the establishment of primary health care units (PHCUs,) is an important step towards meeting the challenges listed. However, structural reforms that would address fragmentation and realign the interlinked financing with the task responsibilities, could further increase efficiency.

The SPC is of the opinion that the presented measures have the potential to address certain important challenges in the Austrian long-term care system, mainly linked to access, affordability and quality, thus adequacy of long-term care. Staff shortage issues remain, and crucial steps will still need to be taken to guarantee the fiscal sustainability of the system by addressing horizontal and vertical fragmentation.

The SPC also takes note that Austria faces challenges as regards the long-term sustainability of its health system. While the initiated measures to address these challenges are certainly promising and improve service provision, their long-term effect in particular on fiscal sustainability has yet to be seen, especially in regards to efficiency gains and future staff shortage.

b. Slovenia

2023 CSR 1: Ensure the long-term fiscal sustainability of the healthcare and long-term care systems.

Slovenia faces challenges driven by a declining share of the active population and rapidly rising share of ageing persons, thus expenditure on healthcare and long-term care has been increasing, thus has had longstanding CSRs in both areas, including, but not limited to financial sustainability aspects.

In an effort to address the sustainability challenge, measures for additional funding, mainly for primary care teams, have helped to scale up several programmes to address preventable and treatable mortality. Some amendments of the Health care and Health Insurance Act and Health services act were adopted in 2023 and others are envisaged for the year 2024. From the beginning of 2024 the government transformed the complementary voluntary health insurance into a mandatory contribution to the statutory health insurance, which is expected to increase the share of publicly funded health expenditure.

In the field of long-term care, the adoption of the revised version of the Long-Term Care Act is welcome, which entered into force in July 2023 and which includes provisions related to the financing of the system, which will become applicable in 2025. The right to family care has been applicable since January 2024, whereas other rights and a new Long-Term Care insurance will become applicable over the next 12 months. Some implementing acts (by-laws) for the implementation of the Long-Term Care Act have been adopted, while several others are still under discussion (also with social partners) but would need to be adopted swiftly to ensure a coherent regulatory framework and provide sufficient time for stakeholders as the implementation is already facing severe headwinds, in particular pervasive staff shortages. The three sources of funding - the new compulsory insurance scheme, the government budget and user contributions - are expected to cover the estimated costs of the system, as set up today.

The focus on prevention, digitalisation, the move to primary and community care, workforce security, long-term care financing, medium-term budgetary planning and broadening of the revenue base reported by Slovenia are well acknowledged. These initiatives cover many of the priority areas highlighted by international research on robust approaches to ensuring the fiscal sustainability of health systems. Coupled with a focus on increasing equity, these reforms constitute a comprehensive approach to ensuring the resilience of the system. SI requests deletion of this part of the text.

The SPC acknowledges the commitment of Slovenia to enact ambitious reforms and based on current estimates, the financing of the LTC system appears to be on track in the short and medium run. However, it is not yet possible to assess if this legal framework will be sufficient to ensure financial sustainability in the long run. In the field of healthcare some measures are being taken to address crucial challenges, but despite the changes in the contributory system, financial concerns remain for the medium to long term as reforms (diversification of revenues, adjustments to the statutory benefits basket) have not been decided yet. The implementation of the reforms may result into higher financing needs for both healthcare and long-term care, and it will therefore be crucial that all elements of the reforms (i.e. quality, accessibility and long-term fiscal sustainability) are fully implemented.

4) 16 May meeting Workshop 2

a. Latvia

2023 CSR 1: Broaden taxation, including of property and capital, and strengthen the adequacy of healthcare and social protection.

Latvia's public expenditure on healthcare and social protection is lower than the EU average, which affects negatively the health outcomes and the impact of social protection on reducing poverty and income inequality.

In the area of social protection, Latvia reports the adoption of a minimum income (MI) reform, which entails an increase of all minimum income related social transfers and links future MI thresholds to socio-economic indicators. As of 1 January 2024, Latvia introduced a regular annual review of the GMI threshold, a positive step for ensuring adequate social assistance. To tackle in-work poverty, reforms in other areas as education, labour market policies and improvement of quality of work will be needed to accompany already described reforms. Likewise, Latvia has taken steps to improve the pension adequacy through the re-introduction of pension supplements. A "basic pension" for all retirees seems like an efficient way to boost the adequacy of old-age income. However, the report also states that low pensions are mainly a result of low contributions to the social insurance system, but the issue of low contributions is not yet fully addressed. The minimum social services basket is a step in the right direction in reducing the fragmentation at municipality level as regards the provision of social services (incl. for long-term care). Also, the recently adopted Housing Affordability Guidelines should improve the poor housing situation in Latvia.

In the area of healthcare, the medium-term budgetary plans suggest that public spending on healthcare as share of GDP will be below the 6% level by 2027 required by Latvia's Public Health Policy Guidelines. To address the most pressing challenges, some additional allocation is made available in 2024 (in addition to the base budget of 1.88 billion EUR) to increase the salaries of health workers, improve the accessibility of healthcare services, expand the range of reimbursed medicines, and improve healthcare services in the field of oncology and mental health. Latvia also announced plans to review the state tax policy, including the healthcare financing model, in 2023, but these have not materialised yet., Latvia is developing a health workforce strategy, which is at the public consultation stage. Digital Health Strategy until 2029 was approved, which envisages improving the health of the population using digital health solutions for patients, healthcare service providers, the state administration and other participants in the health sector.

The SPC acknowledges the efforts made by Latvia to address the 2023 Country Specific Recommendations. In particular, Latvia has taken steps to strengthen social protection, including through the minimum income reform; however, further efforts are still needed to improve adequacy of minimum income and pensions to reduce the high inequality, social exclusion and poverty. In the area of healthcare, while some steps have been taken, the implementation of those measures is still in a preliminary phase, thus results are still to be seen. Additional efforts would be necessary to address the challenges in the sector.

b. Greece

2023 CSR 3: To ensure adequate and equal access to healthcare, complete the roll-out of the primary healthcare framework and adopt stronger incentives for the enrolment of an adequate number of family doctors in order to achieve full population coverage and population registration.

CSR4: Step up the delivery of measures that improve energy efficiency, including targeted measures for energy-poor households.

The SPC acknowledges that Greece has passed several laws in 2022 to put in place a referral system through "personal doctors" who shall serve as the initial point of contact and promote access to health care services and strengthen governance and efficiency. Positive, that more than half of the eligible population in Greece are currently registered to the Personal Doctor scheme. Also, welcome that a family medicine module has been added to all medical schools' curricula to help familiarize medical students with the primary healthcare field. However, the registration and the coverage of the Personal Doctor scheme was constrained by the wider shortage of general practitioners and internists eligible to enrol as personal doctors. While legislative measures and incentives are at stake to attract more medical personnel, there is still a lack of personal doctors, physicians and nurses especially in suburban and rural areas.

Addressing the CSR on targeted measures for energy poor households, Greece adopted an Action Plan for Combatting Energy Poverty, aiming to cut energy poverty by 50% in 2025 and 75% in 2030. However, there is a lack of a more detailed description of the action plan's measures that will lead to the prevention of energy poverty among the most vulnerable groups of the population. To cushion the impact of soaring energy prices between 2022-2023, the government took temporary measures such as subsidies to energy users and for fuels, and cuts to indirect taxes on transport services, but most of the measures were phased out by end of 2023. Major issue is lack of funding for energy efficiency measures for residential buildings. However, regarding targeting, the system for building renovation allows granting extra points by the income of the families, the type of the household, thus allocating funds to vulnerable households, but the schemes are running until end of 2024 only. EL plans to use the resources of social climate fund for additional measures.

The SPC welcomes the launch of the Primary Healthcare Reform, which is expected to strengthen the governance and improve the accessibility and efficiency of the Greek healthcare system. Greece is encouraged to continue with its efforts to achieve appropriate numbers of doctors and nurses and train them into family medicine in order to increase the number of Personal Doctors and ensure adequate and equal access to healthcare for the population across all regions. The Committee observed that the Greek draft updated national energy and climate plan (NECP) lacks details as regards existing and potential measures to tackle energy poverty, such as dedicated financial resources to increase affordability, access to energy efficiency, building renovation, and renewable energy. Greece is encouraged that the implementation of the Energy Poverty Action Plan and the updated NECP [national energy and climate plan] shall be closely monitored. Further social protection measures specifically targeting vulnerable groups and energy-poor households are key to address the challenges.