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- EMCO-SPC Social Convergence reviews 2025 - Country-specific conclusions

With a view to the EPSCO Council on 19 June 2025, delegations will find attached: EMCO-SPC Social Convergence reviews 2025 - Country-specific conclusions

EMCO-SPC Social Convergence Reviews

Country-specific conclusions

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Bulgaria

The second-stage analysis of the Social Convergence Framework for Bulgaria indicates challenges related to the quality, inclusiveness and labour market relevance of education and training, with Bulgaria currently implementing and planning several measures that should help the country to address these challenges. The full success of these actions will depend on their effective implementation as well as on the involvement of all the relevant stakeholders, also at local level.

In the field of skills acquisition and certification, Bulgaria is making progress in developing a model for implementing individual learning accounts. EU funding has been consistently used to create training opportunities, in particular for the development of digital skills. However, increased efforts to implement the competency-based approach are essential to achieve concrete improvements in basic skills among young people. The need for devoted guidance for teachers and aligning assessment methodologies is also stressed.

To increase adult participation in training, Bulgaria is also called to take concrete steps to facilitate the uptake of the many offers already available under the RRP and ESF+ programmes. Further actions are needed to promote lifelong learning among adult workers, also to make this target group aware of the benefits deriving from upskilling and reskilling especially considering the green and digital transitions.

Bulgaria has shown recent good labour market performance, recovering quickly from the COVID-19 pandemic, but still faces significant challenges regarding the integration of vulnerable groups in employment, labour and skills shortages due to the green and digital transitions, and persistent regional disparities. While the share of the active population is growing, vulnerable groups, in particular persons with disabilities and young people neither in employment nor in education and training (NEET), continue to face barriers to employment. Bulgaria needs to increase employment among underrepresented groups and in less developed regions. A focus on skills development, productivity and job quality would be necessary.

As regards social protection and social inclusion, Bulgaria has taken steps to alleviate poverty and social exclusion among children through several measures, including those pertaining to the implementation of the European Child Guarantee. Evidence from monitoring and impact evaluations of these measures are needed for adequate policy adjustment. Energy poverty remains a significant challenge in Bulgaria. The adoption of legal definitions of energy poverty and vulnerability has not yet translated into the development of support schemes, underpinned by concrete targets and specific timelines. Without a proper support structure to back the legal framework, there will be little room for substantial progress.

Croatia

The second-stage analysis of the Social Convergence Framework for Croatia identifies challenges in the domain of social protection and inclusion related to the low impact of social transfers on poverty reduction, income inequality and coverage of long-term care services. While the risk of poverty and social exclusion remains low compared to EU average, the situation has been deteriorating for disadvantaged groups, especially older people and persons with disabilities.

In the area of education and skills, challenges are identified in relation to the lower and decreased participation to adult learning. Reform efforts should also continue to improve basic skills. Despite positive developments, the employment rate remains below the EU average, with older people, the low-skilled and persons with disabilities remaining under-represented in the labour market.

In relation to the CSR on enhancing upskilling and reskilling, Croatia has introduced or is planning to introduce promising measures, whose impact is however not yet visible. Additional efforts could be needed to increase the take up of the voucher scheme, as well as to better target ALMP at groups underrepresented in the labour market.

Some measures have been implemented or planned to increase the level and coverage of social benefits and pensions, improve adult learning participation and labour market outcomes, and to improve access to long-term care, including a new LTC strategy. The extent of their impact will crucially depend on effective implementation, sustainability over time and coordination between employment and social policies.

Estonia

The findings of the second-stage analysis of the Social Convergence Framework for Estonia point in particular to challenges related to social protection and inclusion, notably the high share of population at risk of poverty and social inclusion - especially among older people, persons with disabilities, and single parent-households, high income inequality, a low impact of social transfers (excluding pensions) on poverty reduction, and high self-reported unmet needs for medical care. In a context of strong labour market, there are also some challenges related to increasing unemployment rates and decreasing disposable household income per capita as a result of rising living costs and weakening productivity developments.

While the measures adopted to increase the adequacy of pensions and other social transfers, including disability benefits, are positive steps, the low impact of social transfers (excluding pensions) on poverty reduction indicates further scope for increasing both the efficiency and effectiveness of social benefits, with due regard to sustainability.

If effectively implemented, the reform of the unemployment benefits which replaces the current two-tier system of unemployment allowance and unemployment insurance with a single unemployment insurance scheme and analyse potential solutions to expand unemployment insurance coverage to non-standard forms of work, and the plans to improve the accessibility and resilience of the healthcare and long-term care system, are also expected to help Estonia to move in the right direction. However, more efforts are needed to ensure adequate and sustainable financing of healthcare and long-term care systems.

Recent VET and adult education reforms as well as ALMP measures are expected to help Estonia to move in the right direction to address employment and skills challenges. Yet, ensuring their sustainability over time is crucial.

Greece

The second-stage analysis of the Social Convergence Framework for Greece identifies significant persisting challenges related to poverty and social exclusion, notably related to the still high share of the population at risk of poverty or social exclusion - especially among children, the low impact of social transfers (excluding pensions) on poverty reduction, income inequality, high housing cost overburden and self-reported unmet needs for medical care. While new policy initiatives such as the Strategy on Long-Term Care represent a positive step, additional efforts are needed aiming for instance at tackling child poverty, the development of housing support programmes, or investments addressing energy poverty.

Several positive measures have been adopted to improve labour market conditions and boost employment. Some structural challenges remain and need strengthened efforts, in particular related to increasing the labour market participation of women, young people and vulnerable groups as well as addressing regional disparities, also with the view of raising the overall employment rate, offsetting the impact of demographic developments and tackling labour and skills shortages.

Challenges also persist related to lack of basic skills, skills mismatches and adult learning, notably related to low participation in adult learning and VET. Despite the increased investments and some promising measures, a more strategic delivery model for training programmes is needed, with stronger coordination between the different skilling initiatives and a better targeted approach. Measures to tackle underachievement in basic skills are at early stage and progress achieved so far is still limited. Continued efforts are needed in relation to competency-based teaching and learning methods, evaluation and stronger school autonomy.

Hungary

The second-stage analysis of the Social Convergence Framework for Hungary indicates challenges related to recent increases in the risks of poverty or social exclusion, especially for some vulnerable groups, namely the low-skilled, Roma, persons with disabilities and children. The previous years were marked by very high inflation rates, but some social benefits - such as the nominal amount of the most widely awarded minimum income benefit (“employment substituting benefit”) has not increased since 2012, while wages rose strongly in nominal terms. Consequently, some households relying on benefits saw their purchasing power deteriorate significantly, potentially contributing to the increase in the AROPE rate. The adequacy of the minimum income and the unemployment benefit remains among the lowest in the EU, which makes it especially challenging to combat poverty of those not in employment. Policy responses concerning the substantial increase of the minimum wage should be seen as a promising step, if positively impacting on the high in-work poverty rate of low-skilled adults. Sufficient mainstream essential services in the most disadvantaged municipalities are also necessary. Housing costs are high and, at the same time, the social housing stock is low and decreasing. A series of measures to support home ownership are in place. At the same time, targeted support for low-income households, social housing and home rental would improve the housing situation of the disadvantaged.

The early school leaving rate has improved in recent years. Still, persons with disabilities, Roma and people in rural areas benefited to a limited extent. The second-stage analysis points to several strengths in the areas of education and skills (such as high adult participation in training and a high number of adults with at least basic digital skills). Remaining challenges relate rather to early school leaving, as mentioned, and the inclusion of vulnerable groups. A disadvantaged socio-economic background continues to have a negative impact on educational outcomes. Measures such as the teacher salary reform, the early warning system on school drop-out and targeted support to low-achieving schools may have a positive impact on the quality of education over time, though they could not yet reach their full potential. Structural changes, including increasing the compulsory schooling age, increased teaching time for basic skills, systematic measures for preventing and addressing the concentration of disadvantaged pupils in certain schools, and reaching the most vulnerable and rural populations, would be necessary to improve educational outcomes.

The labour market performs well, but persons with disabilities, Roma and the low-educated continue facing barriers to entering and remaining in the labour market. While overall unemployment and long-term unemployment rates are relatively low, labour market policies could be improved to support long-term employability. The recent change in the legislation on active labour market policies creates more opportunities to support the re- and upskilling of the disadvantaged. However, this needs to be complemented by increased quality training offers and enhancement of the PES capacity to provide comprehensive psycho-social and jobseeking support. The establishment of a legal framework for the private sector tripartite forum is a positive development. The potential of the public sector forum could also be enhanced. There is still scope to improve the systematic and effective involvement of social partners in policymaking.

Italy

The second-stage analysis of the Social Convergence Framework indicates that, despite positive labour market developments, Italy continues to face challenges related to the overall low employment rate, with a significant long term unemployment rate and persistent labour market segmentation; the gender employment gap remains wide, and women's labour market participation needs further support. Gender and regional disparities and low wages remain the biggest challenges. Wage growth has been structurally weak reflecting weak productivity developments, and despite a recent increase in real terms, in-work poverty risks remain elevated due to wage stagnation and low work intensity, especially among single-earner families.

Skills policies are moving in the right direction, but fundamental challenges remain. Italy has made progress, notably through tax incentives and the New Skills Fund to support adult upskilling. Yet the working-age population continues to show low levels of basic skills, including digital skills, compared to the EU, and participation in adult learning remains critically low and declining. Further efforts are needed to support the participation of the unemployed and the inactive and for improving digital skills.

Social outcomes are deteriorating and need close monitoring. Although the poverty-reducing impact of social transfers has improved, it is mainly driven by contribution-based schemes performing better in times of high employment. The new minimum income scheme has positive elements but also poses concerns, regarding stricter eligibility rules and a less favourable equivalence scale, which have led to a significant drop in the number of beneficiaries. While the reduced coverage aims to mitigate monetary disincentives to job-seeking, reflecting a trade-off between poverty alleviation and incentivising workforce participation, the potential impact on boosting labour supply will need to be monitored closely. Moreover, access to social protection is limited for those on atypical forms of employment, which nevertheless represent a high share of total employment in Italy. The above-average increases in poverty and income inequality in 2024, after significant improvements in the previous two years, raise concerns, especially as the economic outlook becomes less favourable.

Concerning the implementation of the 2024 CSRs, more needs to be done in the area of long-term care, as demographic pressures grow. No major steps have been taken to close gaps in social protection for non-standard workers and more steps could be taken to further reduce the use of atypical contracts. While the tax wedge on low wage earners has been reduced over the past three years, structural measures to tackle low wages are still lacking. Improving job quality, through stable contracts and fair wages, is essential to attract and retain talents and slow down the brain drain. Measures that should improve the marginal effective tax rate and simplify the system are welcome, but more information on the expected impacts of these measures would be important to assess them. In fact, labour remains heavily taxed, calling for further action through a rebalancing of the overall tax burden.

Lithuania

The second-stage analysis of the Social Convergence Framework for Lithuania identified some challenges in the labour market, particularly concerning the increasing unemployment NEET rates. However, the situation remains dynamic across indicators, and despite these challenges there are reasons to be cautiously optimistic about Lithuania's labour market outlook. A number of measures are already under way or planned and expected to improve the situation, thus providing grounds for cautious optimism. Still, it would be beneficial for Lithuania to consider additional measures to increase the coverage of ALMP measures, which is currently very low. Adequate funding, careful monitoring, and resource allocation will be critical for their ongoing success.

In the area of education and skills, Lithuania faces some challenges related to low levels of adult participation in learning. The Individual Learning Account platform launched is a major step towards improving the situation and has already attracted a lot of participants, areas for improvement of the platform have already emerged. Lithuania's commitment to digital transformation is evident, with the share of adults possessing basic digital skills increasing towards the EU average. Strengthening adult education and digital literacy initiatives could better prepare the workforce for the green and digital transitions. Still, Lithuania should further scale up adult education and skills training programmes to effectively address skills mismatches, fostering resilience and long-term employment.

The second-stage analysis also points to challenges related to the high at-risk-of-poverty or social exclusion rates and income inequality, in particular for certain population groups. This is driven mainly by relatively low adequacy of pensions and social benefits. However, policy measures implemented so far as well as the ones planned are expected to help Lithuania to address the risks identified in the area of social protection and inclusion. Nonetheless, much will depend on the final shape and content of the measures still in the making.

In terms of CSR implementation, in general Lithuania has taken steps to address the recommendations. Given the increases in government expenditure on healthcare and social protection, as well as the measures undertaken and planned, these together are likely to improve the situation further. Results of the measures being taken to provide adequate financing for healthcare is still to be seen, and additional efforts would be needed to reduce the share of household out-of-pocket payments for healthcare. Lithuania's new government has announced plans to further improve pension adequacy. The proposal for the reform of the second pillar of pension accumulation has already been submitted to the Parliament.

Luxembourg

The second-stage analysis of the Social Convergence Framework for Luxembourg underlines the need to closely monitor the share of people at risk of poverty or social exclusion, including for children, focusing in particular on monetary poverty. Several measures have been taken in this area, which are expected to help Luxembourg to address the challenges identified. The adequacy and take-up of social benefits should continue to be optimised, and sufficient affordable housing offered, to alleviate income disparities and help vulnerable groups to better face living costs. As the measures will take time to yield results, it will be important to further monitor the situation and, if necessary, put forward additional measures. The adoption of a national action plan to prevent and combat poverty has been announced for the end of 2025: this is both welcomed and eagerly expected.

Regarding the CSR on addressing the long-term sustainability of the pension system, Luxembourg has acknowledged the challenge it is facing. While some measures have been taken to address the low employment rate of older workers, substantial action is needed to rectify the situation, through a mixture of active labour market policies and the phasing-out of early retirement schemes. A thoroughly planned and well-designed approach is required in order to maintain the long-term sustainability of the pension system. The broad consultation on the long-term sustainability and the future of the general old-age pension system must lead to tangible policy measures.

LU youth unemployment rate is one of the highest in the EU and should be addressed as a matter of priority, by reinforcing the several measures already taken with targeted actions such as school-to-work transitions, apprenticeships and pilot projects devoted to the low-skilled and to disadvantaged socio-economic groups. The disability employment gap remains an issue to monitor, although to a lesser extent since 2024. To improve employment rates and encourage private companies hiring people with disabilities, the establishment of a national target for the employment of those persons could help.

In the area of education, Luxembourg has made progress in expanding support teams and introducing new staff categories in schools. However, further actions to adapt teaching methodologies to the needs of disadvantaged students and those from various linguistic backgrounds would be needed. The adoption of a national school quality framework would help to ensure the performance of the education system. In the area of skills shortages, several actions have been taken to address skills mismatches, and to improve the provision of green and digital skills, however there is still scope for further action.

Romania

The second-stage analysis of the Social Convergence Framework indicates that, despite commendable improvements in recent years, Romania faces significant risks in achieving upward social convergence. Tackling skills shortages, enhancing labour market inclusion of underrepresented groups and improving education outcomes are as important to competitiveness as they are to upward social convergence.

The labour market is improving, but the employment rate remains low, there is a high share of young people neither in employment nor in education and training (NEET), and high gender and disability employment gaps persist. Also, very large disparities across regions exist, and access to the labour market remains particularly low for Roma. To strengthen labour market participation of underrepresented groups, more effective active labour market policies and major steps to increase participation in early childhood education and care are needed.

In the area of education and skills, the low participation of children under the age of 3 in formal childcare, the high rate of early leavers from education and training and low share of people with at least basic digital skills continue to affect employment and social prospects of the population, though measures are enacted for improving participation at all levels of education. More efforts to enhance basic skills, as well as to improve coordination, stakeholder engagement and leverage skills intelligence in education and skills policies are needed to boost human capital's preparedness and enable fair and sustainable growth.

Despite progress in income inequality, levels remain high. The share of people at risk of poverty or social exclusion (AROPE) in Romania has steadily declined, but there are still significant regional and urban-rural disparities, with predominantly rural regions remaining among those with the highest AROPE levels in the EU. Social transfers in Romania continue to have only a limited impact on reducing poverty and income inequality compared to the EU average, due to low adequacy and coverage of the social protection system although meaningful reforms were recently introduced to address poverty, such as the Minimum Inclusion Income programme. There are still high self-reported unmet needs for medical care, and gaps in access to quality services, especially outside the capital.

Overall, while the challenges across all policy fields from social protection and inclusion to labour market to education and skills remain high, there are many reform activities being implemented in Romania. These measures (either implemented or planned, supported by EU funds) are expected to help Romania to move in the right direction. A high priority should be put on an efficient implementation and monitoring and evaluation tools to ensure that efforts and investments will have the envisaged effects and can be quickly adjusted if needed.

Spain

The second-stage analysis of the Social Convergence Framework indicates that, despite improvements, Spain continues to face high poverty, especially among children. Social transfers have a low impact on reducing poverty, and there are challenges related to housing.

In terms of skills, adult learning participation remains low, especially among older and low-skilled adults. Challenges persist with regard to low basic skills levels in the student population. The rate of early leavers from education and training remains high, while it continues to decrease.

Concerning the labour market, there were substantial improvements, with the employment rate continuing to increase. Nevertheless, some challenges persist, namely with regard to the integration of young people and the long-term unemployed.

Spain is pursuing and is committed to pursue measures to address these challenges. The national minimum income and the child complement schemes are very important tools, but face low take-up and administrative challenges, despite the adjustments on eligibility rules and improvements on access to information. It is acknowledged that the reforms are still recent and have yet to reach their full effect. Therefore, Spain is encouraged to closely monitor their implementation. The new National Strategy for Preventing and Fighting Poverty and Social Exclusion 2024-2030 is a step forward to address the challenges on reducing the number of people at risk of poverty or social exclusion, including addressing adequate housing, though it should intensify its focus on child poverty. Spain presented measures to address skills mismatches and the high rate of early leavers from education and training, notably through a nationwide initiative (PROA+) that focuses on supporting schools with a high proportion of vulnerable children. Those efforts could be stepped up. VET enrolment is increasing but slightly lower than the EU average while investment in green and digital skills with EU funds support is advancing. A proposed action plan and targeted support show potential and will now require timely and effective implementation. Reforms addressing employment challenges, particularly youth employment measures under the RRP are well-targeted; but their success depends on effective implementation, training capacity, and coordination.

Overall, Spain is undertaking many relevant reforms across social, education, and labour market areas that move in the right direction. Strong implementation and better coordination between national and regional authorities will be key to achieving lasting impact.
