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EMPL 209
EDUC 260
ECOFIN 802
COMPET 806
ENV 789
ENER 421
JAI 859
GENDER 113
JEUN 156
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NOTE

From: General Secretariat of the Council

To: Permanent Representatives Committee/Council

Subject: Assessment of the country-specific recommendations for 2026 and implementation of the country-specific recommendations for 2025: 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 recommendations for 2026 and the implementation of the country-specific recommendations for 2025, to be endorsed by the Council (EPSCO) at its session on 29 June 2026.

Addenda to this Note:

- EMCO-SPC Social Convergence reviews 2026 - country-specific conclusions (ADD 1)
- EMCO multilateral surveillance reviews 2026 - country-specific conclusions (ADD 2)
- SPC multilateral implementation reviews 2026 - country-specific conclusions (ADD 3)

Opinion of the **Employment Committee** and the **Social Protection Committee** on the 2026 European Semester cycle

Preamble

The **Employment Committee (EMCO)** and the **Social Protection Committee (SPC)** are responsible for the implementation of the European Semester in the areas of employment, skills and social policies.¹ Accordingly, throughout the 2026 European Semester cycle, the Committees:

- Ahead of the EPSCO meeting on 9 March, prepared the annual *Recommendation on the Economic Policy of the Euro Area (EAR)* and the *Joint Employment Report (JER)*, together with accompanying Council Conclusions. EMCO also prepared the first-ever *Recommendation on human capital in the EU*.²
- Ahead of the EPSCO meeting on 29 June, prepared the new *Country-Specific Recommendations (CSRs)*³ and expressed views on the accompanying *horizontal note* for the **European Council**.⁴

¹ Based on the provisions of Articles 148, 150 and 160 of the Treaty on the Functioning of the EU (TFEU), Council Decisions [2015/772](#) and [2015/773](#) establishing the Committees, and [Regulation 2024/1263](#) on the effective coordination of economic policies.

² All documents were adopted by the Commission as part of the [Autumn Package](#) on 25 November 2025. Following negotiations in the Committees, they were approved or adopted by the Council on 9 March. The final texts of the [EAR](#), [Human Capital Recommendation](#), [JER](#) and the [Council Conclusions](#) are available online.

³ Adopted by the Commission as part of the [Spring Package](#) on 3 June and, following negotiations in the Committees, set to be approved at the EPSCO meeting on 29 June and adopted by the Council on 10 July.

⁴ The horizontal note on the 2026 CSRs, prepared under the authority of the Cyprus Presidency, is meant to contribute to the political discussions at the European Council on 18-19 June.

- Contributed to the preparation of Council Recommendations endorsing the *Medium-Term Fiscal Structural Plans* (MTFSPs).⁵

EMCO and SPC also examined the progress made by Member States in implementing the relevant 2025 CSRs and monitored the state of social convergence in the EU based on the findings of the *Social Convergence Framework* (SCF).⁶ As regards the latter, the first-stage analysis was integrated into the 2026 Joint Employment Report, while the second-stage analysis was published by the Commission and subsequently discussed by the Committees.⁷

In light of these activities, **Section 1** of this Opinion contains the Committees' views on the governance aspects of the European Semester. **Section 2** presents reflections on the 2026 CSRs as proposed by the Commission and presented to EMCO and SPC on 4 June. **Section 3** sets out the outcome of the examination of Member States' progress towards the implementation of the relevant 2025 CSRs and of the findings of the Social Convergence Framework, in the form of thematic messages. The corresponding country-specific conclusions are enclosed in the **Annexes**.

⁵ These Council Recommendations are adopted at ECOFIN Council meetings.

⁶ The design and features of the Social Convergence Framework were discussed within a dedicated EMCO-SPC Working Group active between 2022-2023 and described in [Key Messages on the introduction of a Social Convergence Framework in the European Semester](#) and in a related [report](#). Both documents were presented to the EPSCO Ministers in June 2023.

⁷ The Commission published the second-stage analysis via a [Staff Working Document](#) on 21 April. The analysis was discussed by EMCO and SPC via dedicated reviews, whose outcome is summarised in Section 3.1

Section 1

Governance aspects of the European Semester

The 2026 European Semester cycle marked the second year of implementation of the new EU economic governance framework, in which the European Pillar of Social Rights is firmly embedded. In this context, the Committees welcomed the deepening integration of economic, employment, skills and social policies across the Semester process, in particular in the 2026 CSRs. This development builds on the substantial employment and social dimensions of the MTFSPs⁸, to which EMCO and SPC continued to contribute, as appropriate, in the preparation of Council Recommendations endorsing their content. The Committees consider this stronger policy integration consistent with their longstanding work on reforms and investments on labour market, skills and social policies as drivers of inclusive economic growth, productivity, and competitiveness.⁹

⁸ [Letter from the EMCO and SPC Chairs on the Medium-Term Fiscal-Structural Plans](#), presented to the EPSCO Ministers in February 2025.

⁹ Leading 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 in November 2023), [Council Conclusions on the role of labour market, skills and social policies for resilient economies](#) (approved by the Council in June 2024), and [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 in June 2024).

The 2026 Semester cycle introduced the first-ever Human Capital Recommendation, a comprehensive analysis of job quality challenges, and renewed emphasis on reducing poverty risks, inequalities and social exclusion in line with the new EU Anti-Poverty Strategy.¹⁰ The Human Capital Recommendation establishes a renewed policy framework to strengthen human capital development in the Union. It places a strong focus and a sense of urgency on addressing shortages in strategic sectors, accelerating the recognition of qualifications, reinforcing foundational skills, expanding vocational education and training (VET) and STEM education, and making greater use of skills intelligence to support labour market transitions and competitiveness. At the same time - building on the EMCO Opinion adopted in 2025 and the related update of a monitoring framework¹¹ - job quality has been systematically integrated into the European Semester process, with dedicated analysis included in the 2026 JER and in the Country Reports, leading to CSRs explicitly providing policy guidance across its main dimensions, where relevant. The Spring Package also reflects the priorities of the new EU Anti-Poverty Strategy, namely in relation to the policy levers to reduce poverty and social exclusion risks.

¹⁰ [EU Anti-Poverty Strategy - Employment, Social Affairs and Inclusion](#) published by the Commission on 6 May 2026.

¹¹ [EMCO Opinion on the dimensions of job quality](#), presented to the EPSCO Ministers in June 2025. An updated monitoring framework will be included in the 2026 Employment Performance Monitor to be transmitted to the Council ahead of the EPSCO meeting in October.

In relation to the employment and social dimension of the Semester, throughout the 2026 cycle the Committees took stock of progress towards the 2030 EU and national targets on employment, skills, and poverty and social exclusion reduction.¹² The Union is broadly on track to achieve its 2030 employment target, with several Member States having already met or exceeded their national objectives. At the same time, insufficient progress towards the 2030 skills target poses significant risks for the future, in light of persistent labour shortages and subdued productivity growth. The Committees also express concern that progress in reducing poverty and social exclusion remains insufficient and uneven across Member States, with the Union currently off track to meet the 2030 poverty reduction target and with persistent disparities affecting persons in vulnerable situations. The Committees look forward to discussing the forthcoming European Pillar of Social Rights Action Plan in the second half of 2026 to support progress towards the Union's 2030 headline targets.¹³

To support the identification of risks and challenges to upward social convergence, the Committees contributed to the implementation of the Social Convergence Framework based on analyses conducted by the Commission. Following views expressed in previous Semester cycles¹⁴, some Member States noted scope for further improvements to the calendar of the second-stage analysis, which could benefit from allowing more time for technical dialogues between the Commission and the Member States concerned, as well as from strengthening the articulation of causal linkages across policy areas and acknowledging more explicitly recent developments. The discussions pointed to the trade-off between allowing more time for in-depth technical dialogues to ensure their quality and ensuring the timely availability of inputs for the Committees' multilateral surveillance reviews. EMCO and SPC welcome the integration of the Framework's findings into the 2026 CSR proposals and the Country Reports, thereby supporting the identification of policy actions to foster upward social convergence.

¹² The Committees presented an [Opinion on the 2030 national target setting process](#) to the Council in June 2022.

¹³ The Committees provided input to the next Action Plan via the [Opinion on the future policy priorities for the Union on the European Pillar of Social Rights](#) endorsed by the Council in March 2024 and during an exchange of views held in May 2025.

¹⁴ [Assessment of the Social Convergence Framework as implemented on a pilot basis in the 2024 European Semester cycle](#), which was discussed by the Council at the EPSCO meeting on 2 December 2024.

As per standard practice, EMCO and SPC also held comprehensive discussions with EU social partners and representatives of civil society organisations on the policy priorities set out in the Autumn and Spring Packages. These exchanges resulted in a constructive and substantive dialogue, which was duly taken into account in the preparation of this Opinion. The Committees reaffirm that the involvement of social partners, civil society representatives and other relevant stakeholders at all stages of the European Semester and national policymaking cycles is a key factor for the success of economic, employment and social policy coordination and implementation. In this context, in the second half of 2026, EMCO will conduct a dedicated Social Dialogue Review to assess progress in all Member States and report to the Council on the state of social dialogue across the Union.¹⁵

Finally, the Committees stress that the publication of the Spring Package in June led, for the third consecutive year, to the establishment of *ad hoc* arrangements at Committee level to ensure the Treaty-based involvement of the EPSCO *filière* in the preparation and approval of the new CSRs. This resulted once again in limited time for exchanges with social partners and civil society organisations within the Committees, the meaningful analysis and preparation of the new CSRs by Member States, as well as in the transformation of the annual joint meeting between EMCO, SPC and the Economic Policy Committee (EPC) into a hybrid session. The compressed timeframe for examining the employment, skills and social aspects of the CSRs risks undermining the credibility of the Semester process and negatively affecting ownership and the swift implementation of the recommendations. This is due to the limited time available for meaningful multilateral discussions, as well as for national consultations involving all relevant stakeholders, including social partners and civil society organisations. EMCO and SPC continue to advocate the establishment of an adequate and predictable timeline for the publication of the Spring Package and stand ready to support the Commission and future Council Presidencies in this regard.

¹⁵ In 2025, EMCO agreed to restructure and expand the scope of its Social Dialogue Review with a view to monitoring the implementation of the [2023 Council Recommendation on strengthening social dialogue in the EU](#) across all Member States, with national social partners invited to contribute as discussants.

Section 2

Assessment of the Commission recommendations for 2026 CSRs

The policy guidance in the 2026 Spring Package reflects a socioeconomic context marked by heightened geopolitical uncertainty, accelerating technological change and persistent structural challenges affecting the Union’s competitiveness, productivity and social cohesion.

The Committees observe that the 2026 cycle further consolidates a structural evolution of the European Semester, whereby competitiveness, resilience and social fairness are increasingly addressed in an integrated manner, with human capital and social cohesion recognised as prerequisites for productivity growth and economic stability. Against this backdrop, this year’s European Semester cycle continued to emphasise the need to strengthen the Union’s long-term competitiveness and resilience within Europe’s social market economy.

The Committees welcome that the 2026 CSRs increasingly recognise reforms and investment in human capital, quality jobs and social inclusion as key drivers of sustainable economic growth and upward social convergence. Within the remit of the EPSCO *filière*, this translated into a high number of CSR proposals aimed at addressing labour and skills shortages and mismatches, increasing labour market participation, promoting job quality, strengthening education and training systems, improving social protection and social inclusion, reducing poverty and tackling housing affordability challenges. Overall, the 2026 CSR proposals appropriately reflect the interdependence between economic performance, social progress and the Union’s strategic objectives, providing important EU-level guidance also ahead of the 2028-2034 Multiannual Financial Framework.

The 2026 CSR proposals place particular emphasis on labour market performance and job quality as essential components of a competitive and resilient economy. Member States are encouraged to strengthen active labour market policies, support labour market transitions and increase the participation of groups underrepresented in the labour market. This is consistent with labour market performance being not only a function of the quantity of jobs, but also of the quality of employment, which influence participation, productivity and labour supply dynamics. In this regard, the proposals appropriately acknowledge the importance of expanding upskilling and reskilling opportunities, addressing labour market segmentation, improving working conditions, and enhancing social partner involvement in accordance with national laws and practices.

The new recommendations continue to place a strong focus on education, skills and human capital development as strategic assets for Europe's future prosperity and competitiveness. The Committees note that skills policies are increasingly framed not only as employment policy tools, but as strategic enablers of the Union's competitiveness, industrial transformation and technological sovereignty. In light of persistent labour and skills shortages, demographic developments and the growing demand for advanced, digital and STEM skills, Member States are encouraged to strengthen education and training systems, expand lifelong learning opportunities and improve participation in adult learning. Several CSR proposals focus on improving basic skills, enhancing the inclusiveness and quality of education and training provision, and better aligning learning systems with labour market needs. The Committees welcome the recognition that skills policies are critical not only for supporting employment and social inclusion, but also for enabling the Union's green and digital transitions and strengthening its strategic autonomy in key sectors.

In the fields of social inclusion and social protection, the 2026 CSR proposals continue to address challenges related to poverty, inequalities, social exclusion, and the adequacy and sustainability of social protection systems, including access to quality healthcare and long-term care. The Committees welcome the continued convergence in policy approaches combining adequacy and sustainability considerations with an increased emphasis on activation, labour market participation and access to social services. The Committees also welcome the particular attention devoted to improving the effectiveness, coverage and adequacy of social transfers and social assistance, especially for persons in vulnerable situations and children at risk of poverty or social exclusion, in line with the Anti-Poverty Strategy. Member States are also encouraged to improve access to quality and community-based healthcare and long-term care services, taking account of demographic trends, workforce shortages and territorial disparities. The proposals appropriately recognise that measures strengthening social protection and inclusion systems remain key to prevent and reduce poverty and social exclusion, ensure resilience, support labour market participation for persons in vulnerable situations, and contribute to enhancing equality and tackling demographic challenges.

The Committees further note the growing prominence of housing affordability in the Semester process. In several Member States, housing costs increasingly affect labour mobility, living standards and social inclusion, on top of increasing risks of housing exclusion. The Committees note that housing affordability is increasingly recognised not only as a social challenge but also as a factor affecting recruitment difficulties, labour mobility, labour market matching efficiency, with broader implications for productivity growth and economic stability across the EU. The CSR proposals therefore appropriately highlight the need to address structural barriers affecting housing availability and affordability, recognising the wider economic and social implications of housing market developments. The Committees note the importance of ensuring that the integration of these additional dimensions does not place an undue burden on the Semester.

The Committees note the continued integration of the Social Convergence Framework in the European Semester. The 2026 cycle saw the third year of implementation of the Social Convergence Framework as an integrated instrument within the European Semester, in line with EU Regulation 2024/1263 and the principles of the European Pillar of Social Rights. The framework contributed to a systematic and comprehensive identification of risks and challenges to upward social convergence, including via bilateral exchanges and multilateral reviews in the Committees aimed at informing the Council on the state of social convergence in the EU. The findings of the framework have also informed the Commission’s analysis and policy guidance in the 2026 Spring Package.

Finally, the Committees note that, despite the *ad hoc* arrangements needed to finalise the 2026 CSR proposals, close cooperation was ensured between EMCO and SPC and other advisory committees. Cooperation with the ECOFIN committees allowed for an effective examination of several policy issues of a cross-cutting nature between the EPSCO and ECOFIN *filières*. In line with 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.

Section 3

Main findings on the implementation of the 2025 Country-Specific Recommendations and on the state of social convergence in the Union

Multilateral surveillance is among 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 the previous Semester cycle. As such, multilateral surveillance activities play an essential role in supporting Member States' policy action 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.

In 2026, both Committees assessed the implementation of the relevant 2025 CSRs and - in the context of the Social Convergence Framework - discussed and drew conclusions on risks and challenges to upward social convergence in the Union. For all country-specific reviews, the conclusions were based on the initial Commission services' inputs via the second-stage analysis published in April and on Member States' own reporting on the most recent measures taken, followed by multilateral assessments of those measures by other Member States and the Commission. The country-specific conclusions were mutually agreed and are annexed to this Opinion.

¹⁶ For EMCO, the exercise is based on Art. 148 and 150 TFEU, while for SPC it is based on Art. 160 TFEU.

¹⁷ In EMCO, the multilateral surveillance activities include also dedicated reviews on the implementation of certain Council Recommendations in the remit of EPSCO *filière* 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.

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

On 19-20 May, EMCO and SPC conducted a series of Social Convergence Reviews based on the Commission's second-stage analysis of the Social Convergence Framework. The reviews covered nine Member States identified as facing possible risks to upward social convergence in the Commission analysis published on 21 April, as well as the implementation of the relevant 2025 Country-Specific Recommendations addressed to these Member States. The analysis contributes to the monitoring of employment, skills and social policy developments in the European Semester in line with Article 148 TFEU, supporting efforts to foster upward social convergence across the EU and progress towards the 2030 EU and national targets related to the European Pillar of Social Rights.

- **The 2026 second-stage analysis of the Social Convergence Framework highlighted a set of largely shared risks to upward social convergence across the Member States reviewed.** These risks were also broadly recognised in the peer discussions, even where the magnitude and direction of trends differed across countries. The reviews confirmed that Member States are undertaking a wide range of reforms and investments, including in some cases large-scale structural changes. However, many of the identified structural challenges continue to hamper progress towards upward social convergence and require further sustained policy efforts to translate ongoing reforms into measurable outcomes. Continued efforts will therefore be required to ensure that ongoing reforms translate into sustained upward social convergence.

- **Labour market developments present a mixed picture.** While overall employment trends remain positive in many Member States, significant and in some cases widening gaps persist for specific groups, notably women, young people, persons with disabilities and third-country nationals. Regional disparities also remain pronounced, pointing to continued challenges in ensuring more balanced labour market outcomes across regions and population groups. In some cases, vulnerable groups continue to experience less favourable or even deteriorating unemployment dynamics. At the same time, in several Member States, labour shortages and skills mismatches remain structural constraints. Also, insufficient job quality poses risks to labour market performance and to the achievement of upward social convergence. Sustained efforts are therefore needed to increase labour market participation, reduce segmentation and improve working conditions, including through strengthened cooperation with social partners and well-functioning public employment services.
- **In the area of skills and education, the reviews confirmed persistent and largely shared challenges, particularly regarding adult learning participation, basic and digital skills, and early leaving from education and training.** Participation in adult learning remains significantly below the 2030 EU target, limiting opportunities for many workers and jobseekers to adapt to labour market transformations. While lifelong learning and upskilling are being expanded, their outreach and effectiveness for disadvantaged and underrepresented groups remain constrained. This poses risks of persisting inequalities in skills acquisition and labour market outcomes. Structural measures to reduce early leaving from education and training often depend on system-level capacity, including teacher availability, institutional readiness and the ability of schools to respond to increasingly diverse learner profiles. Overall, strengthening the quality, inclusiveness and labour market relevance of education and training systems remains a key priority across Member States.

- **The reviews further highlighted persistent social challenges, in particular related to the areas of poverty and social exclusion.** Risks remain elevated for specific population groups, including households with children, persons with disabilities and other groups in vulnerable situations, often compounded by regional disparities in service provision. These challenges continue to affect social cohesion and upward social convergence and are linked, *inter alia*, to issues of benefit adequacy, accessibility, take-up and the effectiveness of social protection systems in addressing poverty risks. Child poverty in particular continues to require heightened attention, given its long-term implications for equal opportunities and intergenerational upward social convergence. At the same time, population ageing is increasing pressures on long-term care systems and workforce availability in the health, care and social sector, while also raising broader sustainability challenges for social protection systems. While reforms of social assistance and social protection systems are underway in many Member States, these remain at different stages of implementation and will require continued monitoring and adjustment over time.

To address the above-mentioned challenges, Member States are implementing a broad range of reforms. However, their effectiveness depends to a large extent on timely implementation, adequate administrative capacity, effective coordination across governance levels and continuous investment in institutional capabilities. In particular:

- In several cases, activation measures and subsidised employment schemes continue to require assessment regarding their effectiveness in supporting sustainable labour market integration, particularly for vulnerable groups. In this context, a more strategic involvement of employers, including SMEs, remains essential, as they often face barriers in accessing and using employment and training support measures.
- The reviews highlighted the importance of integrated approaches combining activation policies, skills development, adequate income support and access to services in order to foster inclusive labour market participation and strengthen upward social convergence.

- The reviews also again underlined the importance of robust monitoring frameworks, evidence-based policy design and systematic impact evaluation before, during and after implementation. Such tools are essential to assess the effectiveness of reforms, support policy learning across Member States and improve the efficiency of social investment, while also contributing to the effective use of EU funding instruments, in particular the European Social Fund+ (ESF+), in support of structural reforms.

The Social Convergence Framework supports integrated monitoring of employment, skills and social developments by contributing to identifying risks to upward social convergence across the EU. At the same time, further work could be done to strengthen the articulation of causal linkages between policy areas. It was also noted that the compressed timeline of the second-stage analysis, combined with its wide thematic scope and the need for coordination across multiple national administrations, continues to present operational challenges, suggesting scope for further refinement in the timeline for future Semester cycles.

3.2. Horizontal findings from EMCO

On 18-19 March, as part of its annual multilateral surveillance activities, the Employment Committee reviewed progress in the implementation of the 2025 Country-Specific

Recommendations on education and skills. The reviews showed that Member States are actively pursuing a broad range of reforms in response to common EU-wide challenges, including persistent labour shortages - particularly teacher shortages - declining basic skills, the need to accelerate upskilling and reskilling, and the importance of attracting more learners, especially women, into STEM fields. While many of the reforms presented are ambitious and structurally relevant, they often remain at an early stage and lack sufficient coherence and monitoring frameworks to assess their full impact.

- **These developments need to be seen against the backdrop of a comparatively strong labour market.** Employment rates remain high, unemployment is stable, and the 2030 EU employment target appears within reach. However, this resilience coexists with significant untapped potential. Women, young people, older workers, persons with disabilities and people with a migrant background remain insufficiently integrated into employment in many Member States. This indicates that, despite positive aggregate outcomes, labour markets are not yet fully mobilising available human capital. In a context of structural labour shortages and demographic change, this represents a key constraint on future growth, competitiveness and social cohesion.

- **Against this background, skills emerge as a central structural challenge.** Declining literacy and numeracy among both students and adults point to a worrying erosion of foundational skills, with direct implications for employability, productivity and long-term growth potential. At the same time, participation in adult learning remains below the 2030 EU target, suggesting that upskilling and reskilling systems are not yet operating at the scale or intensity required. Taken together, these trends point to weaknesses across national education and training systems - from initial education to lifelong learning - limiting the capacity of individuals to adapt to changing labour market demands. Robust skills intelligence and forecasting are critical to effectively anticipate, prevent and address present and future labour and skills shortages.
- **Efforts to strengthen digital and green skills, as well as to promote STEM pathways, are increasingly reflected in national reform agendas, demonstrating a shared recognition of their strategic importance.** However, these efforts often remain insufficiently integrated to generate systemic impact. In addition, limited availability of outcome data makes it difficult to assess whether policies are effectively improving participation, completion and labour market relevance. This is particularly visible in STEM fields, where increasing female participation remains a common objective, but where progress depends on more coherent and sustained approaches spanning early education, guidance and career pathways.

- **Vocational education and training (VET) and the teaching profession represent two critical enablers of system performance, yet both face structural bottlenecks.** VET systems continue to play a key role in supporting labour market responsiveness, especially where work-based learning is well developed. However, differences in attractiveness, relevance and uptake remain significant across Member States, pointing to uneven progress. At the same time, teacher shortages are emerging as one of the most pressing constraints on education systems. Ageing workforces, recruitment challenges, working conditions and professional attractiveness all affect the supply of qualified teachers. While measures to improve working conditions and reduce workload are important, a more comprehensive and forward-looking approach is needed to address recruitment, retention, professional development and career prospects.
- **Across the education pipeline, several challenges persist.** Participation in early childhood education and care (ECEC) has increased over the past decade, but remains insufficient overall, particularly for children from disadvantaged and migrant backgrounds, with implications for later educational outcomes and labour market integration. Early school leaving continues to decline, yet significant disparities remain across population groups and regions, with disadvantaged learners facing a higher risk of dropout. At the same time, education systems are increasingly required to respond to a growing share of students with special needs, increasing the demand for inclusive approaches, adequate support structures and sufficient staffing. Taken together, these developments underline the need for stronger foundations, better continuity across stages of learning, and more inclusive education systems.

- **Beyond these challenges, tertiary education attainment continues to rise, contributing to an increasingly skilled population.** However, broader inequalities persist, as socioeconomic background continues to strongly influence educational outcomes. At the same time, Member States with higher overall performance tend to exhibit smaller disparities, suggesting that quality and equity are mutually reinforcing. This highlights the importance of policy approaches that combine excellence with inclusion, rather than treating them as competing objectives.
- **Overall, the reviews pointed to a clear conclusion: reform efforts are underway but not yet operating at the scale, integration or level of maturity required to deliver systemic change.** Reforms in this field require time to produce measurable results. In this context, monitoring and evaluation systems remain underdeveloped. While many reforms foresee the introduction of monitoring frameworks and impact assessments, these are often not yet operational. This limits the ability to assess effectiveness, particularly in reaching underrepresented groups, and weakens the evidence base for policy adjustment. Furthermore, public investment in education and training as a share of GDP has declined in recent years, increasing the importance of ensuring that available resources are used strategically and efficiently. Against this background, mutual learning at EU level and EU funding instruments can play an important complementary role in supporting reform design, reinforcing quality-oriented investment and improving long-term outcomes.

On 29-30 April, as part of its annual multilateral surveillance activities, the **Employment Committee** reviewed progress in the implementation of the **2025 Country-Specific Recommendations on labour market participation and mismatches, labour taxation, labour market segmentation and social dialogue**. The reviews showed that Member States are taking steps to address common structural challenges, including labour and skills shortages, low labour market participation among certain groups, persistent segmentation, and the need to strengthen social dialogue and collective bargaining. While the measures presented were often relevant and - in some cases - far-reaching, many remain at an early stage of implementation and will require time, as well as robust monitoring and evaluation, to fully assess their effectiveness.

- **Overall, the reviews pointed to a situation where labour markets perform well in aggregate, but structural inefficiencies continue to limit both inclusiveness and the effective allocation of labour.** Women, young people, older workers, low-skilled persons, persons with disabilities and people with a migrant background remain insufficiently integrated into employment in many Member States. Their underrepresentation continues to weigh on labour supply, particularly in a context of demographic ageing, persistent labour shortages and limited regional mobility. This suggests that, despite positive aggregate outcomes, labour markets are not yet fully mobilising available human capital, and that further targeted and sustained efforts are needed to ensure that improvements translate into more inclusive outcomes.

- **Labour shortages and skills mismatches remain significant and point to structural gaps between labour supply and demand.** Addressing these challenges requires not only effective matching mechanisms, but also stronger coordination between labour market and education policies. Member States have taken steps to strengthen active labour market policies, including through improved job search support, career guidance, and more integrated service delivery, notably via restructured public employment services and one-stop-shop approaches. Strengthening cooperation between employers and training providers, supported by robust skills intelligence, emerges as a key condition for ensuring that skills development responds to both current shortages and future labour market demands. In addition, attracting foreign talent and improving the recognition of professional qualifications were identified as important complementary levers to address labour shortages.
- **Beyond matching mechanisms, improving access to services able to enhance labour market participation remains a critical enabling factor.** The availability of early childhood education and care ECEC and long-term care (LTC) services plays a key role in supporting labour market participation, particularly among women and persons with caring responsibilities. Quality ECEC also contributes to improved long-term outcomes, especially for disadvantaged children, by supporting educational attainment and future skills development. More broadly, the reviews underline the importance of combining activation policies with adequate support services, as some individuals continue to face practical barriers - linked to poverty, care responsibilities or other vulnerabilities - that limit their ability to participate fully in the labour market.

- **In parallel, education, training and upskilling policies remain central to addressing mismatches and supporting transitions.** Their effectiveness depends not only on availability, but also on relevance and accessibility throughout the life course. Measures to promote professional mobility and continuous training were highlighted, including initiatives targeting SMEs and efforts to support workforce adaptation in the context of technological change, including the growing use of AI. In this context, public employment services and social partners play an important role in identifying emerging needs, facilitating access to training, and supporting transitions, particularly for persons in vulnerable situations.
- **Addressing these challenges also requires further progress in tackling labour market segmentation and ensuring that labour taxation supports inclusive employment outcomes.** Persistent segmentation contributes to the underrepresentation of certain groups by reinforcing both barriers to entry and disparities in job quality. Policy frameworks struggle to balance flexibility for employers and workers without contributing to labour market dualisation, underscoring the need to improve working conditions and reduce risks to job quality across all forms of employment, including by addressing overly precarious or fragmented work arrangements. Labour taxation interacts closely with these dynamics and plays an important role in shaping incentives to work and to hire. The reviews confirmed the importance of designing tax systems that support labour market participation and avoid creating unemployment and inactivity traps, particularly for women and young people, while not reinforcing segmentation between different types of employment. Ensuring coherence between labour taxation and broader labour market objectives, including through careful assessment of distributional impacts, therefore remains essential to support more inclusive and well-functioning labour markets.

- **A recurring cross-cutting issue concerns the need for sustained monitoring to assess the impact of policy design and implementation.** Several Member States have launched comprehensive reforms, including large-scale changes to unemployment benefits or public employment service structures. However, these reforms will require sustained monitoring to assess their effectiveness, particularly for underrepresented groups. More generally, the absence of robust monitoring tools and systematic impact assessments - both *ex ante* and *ex post* - limits the ability to evaluate what works, scale up effective measures and adjust policies where needed. This remains a key constraint on improving policy effectiveness.
- **Finally, the effectiveness of reforms across these areas also depends on the quality of social dialogue and stakeholder involvement.** Well-functioning social dialogue and collective bargaining play key role in supporting labour market participation, improving matching outcomes and addressing segmentation, by ensuring that policies are grounded in the needs of workers and employers. While all Member States recognise their importance, the structure, coverage and effectiveness of social dialogue arrangements vary significantly across countries. In several cases, declining collective bargaining coverage and union density point to weakening foundations, while employer representation remains relatively stable. In some contexts, social partner involvement remains limited and consultations risk becoming overly formalistic, reducing their impact on policy design and implementation. This highlights that meaningful and timely engagement of social partners and civil society is essential not only for compliance, but also for improving the quality, legitimacy and effectiveness of reforms. Capacity-building efforts, including through ESF+ support, can help strengthen these processes, but their long-term sustainability remains a key consideration.

3.3. Horizontal findings from SPC

During the 2026 Semester cycle, the Committee conducted 11 reviews of CSRs in policy areas under its competence, issued by the Council in 2025. The CSRs addressed specific challenges in the fields of pensions, healthcare, long-term care and social protection and social inclusion, including housing affordability and energy poverty. Additionally, based on the Social Convergence Framework as laid out in the Joint Employment Report 2026, the 9 countries falling into the second stage analysis were reviewed in joint SCF reviews of EMCO and the SPC, also covering for the 2025 CSRs, including the ones related to housing affordability and energy poverty challenges. All country-specific reviews 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 reviews on 18-19 March and 21-22 April were complemented by various horizontal elements of the multilateral surveillance exercise, benefitting from the corresponding thematic discussions organized in the SPC meetings. In this context the SPC held an in-depth thematic discussion at its March meeting on “Adapting social protection to demographic shifts and labour market changes”, in relation with pension, health and long term care policies. At its April meeting of the committee, a horizontal discussion was organized for “Addressing Housing Exclusion: access to affordable, adequate and secure housing”. The horizontal conclusions rely on the findings from the parallel workshops of the country reviews and the thematic conclusions of the referred discussions.

- **In the area of social protection, fiscal sustainability concerns have been high on the agenda for many years, coupled with adequacy issues in many EU countries.** Rapid demographic ageing and a changing world of work put further at strain the adequacy of social protection and its financing. The thematic discussion explored what strategies can be put in place to ensure that social protection will effectively contribute to resilient societies, and its financing fit for evolving needs and resource constraints in the years to come.

- **The interplay between social services and cash benefits remains an important aspect.** Effective coordination and integration among healthcare, long-term care and pension systems are key to improve sustainability, fairness and equity of social protection in an ageing society. Such integrated approach is notably reflected in recent reforms, seeking synergies between benefit and integrated service provision to address individual needs and focus on activation.
- **Investing in prevention to promote good health and lifelong approaches aimed at investing in people throughout the life course is another important aspect of social protection reforms.** Addressing the challenges of ageing, measures for promoting healthy and active ageing and longer working lives, in combination with pension reforms aiming at increasing the incentives to postpone retirement, limiting incentives for early retirement, and developing supplementary pensions are elementary. Diversification of pension and long term-care financing and incentivising employment opportunities until and after retirement are crucial. Synergies between healthcare and long-term care systems are essential to enhance cost efficiency and comply with the increased demand due to the – fortunate - increase of life expectancy.
- **In addition, to tackle the challenges concerning access to benefits and services, social protection systems should adapt to new labour market realities in line with the recommendation on access to social protection.** Interlinkages across economic, fiscal, employment policies and social protection system must be considered in reform preparation, as well as the role of digitalisation for enhancing efficiency, while risks related to digital divide should be adequately tackled. Member States addressed their challenges through responding to their country specific recommendations with relevant measures and succeeded with some progress. Important steps have been done, with emphasis on robust policy context and multilevel responsibilities.

- The reviews underlined that healthcare measures to improve primary health care and prevention, as well as to ensure a sustainable health workforce are relevant to achieving better health outcomes and improving access and resilience.** Prevention and the broader use of e-health solutions seem to be key factors in ensuring financial sustainability. Reforms aim at paradigm shift from reactive to proactive healthcare, while attempts to tighten sickness benefit rules are also considered. Various investments in health infrastructure via RRF and other EU funding have been planned, while further efforts to strengthen health system resilience, in particular on health workforce could still be considered.
- Improving availability and affordability of long-term care services is being pursued through reforms towards more person-centred and community-based approaches, including homecare and day-care, expanding the financing via compulsory insurance, as well as measures to improve attractiveness of care jobs and retainment in the sector.** Member States are introducing scholarship programmes, exploring more efficient organisation of work with multi-disciplinary teams and better planning mechanisms for workforce distribution, improving recognition of professional qualifications, including to support faster integration of third-country nationals and mobile workforce, as well as measures in the field of quality jobs, including work-life balance. Measures to support informal carers, such as care leaves, awareness raising of rights, and carers support grants have been introduced. However, challenges such as the need to address the growing needs and tackle regional disparities remain. Good coordination between healthcare and long-term care, preventative approaches, improving effectiveness of the healthcare and LTC systems and ensuring their sustainable financing are among the key policy levers needed to strengthen resilience and respond effectively to growing demographic and care challenges.

- **With a view to tackling the fiscal sustainability of pensions systems while safeguarding adequacy in the context of the demographic shift, a variety of options have been explored, such as raising the effective retirement age, prolonging working lives with labour market measures and incentives in the pension system, and diversification of financing.** Diversification can be achieved -among others- by reforms expected to increase the contributions to funded pensions to maintaining an adequate level of benefits, through strengthening occupational pensions and providing private sector pension providers with broader investment options. Social sustainability and thus adequacy remain important and MSs intend to maintain this approach to avoid old age poverty and ensure adequate old-age incomes.
- **Concerning social inclusion, increasing challenges elevate around housing, thus information was gathered on recent national measures or reforms to address housing exclusion challenges.** It was explored to what extent do income support policies and the provision of social, employment and health services help prevent housing exclusion and support people experiencing homelessness. MSs reflected on population groups disproportionately affected by limited access to affordable housing or by housing exclusion and specific actions have been taken, or are envisaged, to respond the needs of population groups in vulnerable situations.

- **The reviews found similarities across MSs, in terms of vulnerable groups: many MSs mentioned young people, people with mental health problems or substance abuse, persons with migrant background, but also particular groups such as individuals after divorce.** Some reported issues concerning territorial divide, highlighting the phenomena of short-term rentals in touristic areas, limiting the housing stock for citizens. Several countries reported about national strategies combatting homelessness, many of them applying the Housing first approach, while interesting examples of a different logic were also mentioned, focusing on employment first, complemented with housing support. The issue of supply shortages is considered as the main backlog to provide affordable housing, which calls for significant investment needs in the sector, in particular increasing social housing opportunities. To complement the construction of affordable social housing in regions with high property prices, housing benefits and temporary rent subsidy for most vulnerable households have been applied or considered. Others reported about activating available supply and supporting people to find homes through Stronger Tenancy Protections, offering tenants with greater stability.
- **Energy poverty continues to be a structural challenge in many EU countries, both in winter and summer.** The reported measures range from a combination of policy frameworks and targeted grants. Renovation for better energy efficiency is key for addressing structural root causes of energy poverty by permanently reducing energy demand and, consequently, energy expenditure. However, corresponding private investments might be particularly challenging for those living in poverty. Solutions to be found beyond general mainstream schemes, better targeting vulnerable households with supporting measures, including good coordination with the social sector, providing counselling to improve energy literacy and improve financial support.

- **Challenges under social inclusion remain considering child poverty. A broad and holistic approach is needed when aiming at preventing and reducing child poverty and also removing barriers to employment of the parents.** Provision of high-quality early childhood education and care with special support for children from a disadvantaged socioeconomic background is a key element. Ongoing measures aimed at addressing the low and worsening educational outcomes, especially for disadvantaged groups, as well as promoting equal opportunities for all children and mitigate disadvantages due to socioeconomic background, including language challenges. The reforms require more investment in quality as well as the overall number of ECEC places, complemented with legal entitlement to all-day care and education for children in primary school. Overall, it is essential that implementation is carefully monitored to support further policy developments, including finding solutions for sustainable financing.

Many of the reviews assessed implementation of CSRs, carried over 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. 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.

Annexes:

1. Country-specific conclusions of the 2026 EMCO-SPC Social Convergence Reviews.
2. Country-specific conclusions of the 2026 EMCO multilateral surveillance reviews.
3. Country-specific conclusions of the 2026 SPC multilateral implementation reviews.