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## Book

An overview of the 2020-2021 country-specific recommendations (CSRs) in the social field : the impact of Covid-19

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# An overview of the 2020-2021 country-specific recommendations (CSRs) in the social field

The impact of Covid-19

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Silvia Rainone

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**Background analysis 2020.01**

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#### **Key findings for the 2020 social CSRs**

- There has been a remarkable decrease (50%) in the number of social 'package recommendations';
- However, the overall number of (implicit and explicit) social recommendations is the highest ever registered, around 80% higher than usual;
- The proliferation of social CSRs is likely to be an effect of the EU Commission's reaction to the socioeconomic crisis triggered by COVID-19;
- A particularly high concentration of social recommendations is observed in relation to enhancing workers' digital skills and to strengthening national social protection systems;
- The focus has drifted away from aspects that usually dominate the CSRs, such as pension reforms, wages, integration into the labour market of women and the elderly, the transition from education to work, and taxation;
- There is a wide variation in the distribution of CSRs across countries: Poland (14), Romania (15) and Spain (14) received the highest number of social recommendations, while Germany (2) and Denmark (3) received the lowest.

## Introduction

On 20 May 2020, the European Commission presented its proposals for new country-specific recommendations (CSRs) for 2020-2021.<sup>1</sup> The Commission's proposals were then discussed within several advisory policy committees that support the work of the Ministers in the Council (the Social Protection Committee [SPC] and the Employment Committee [EMCO], advisory of the EPSCO Council, and the Economic and Financial Committee [EFC] and Economic Policy Committee [EPC], advisory on economic policies and assisting the ECOFIN Council). Amendments were introduced and the final version of the recommendations was approved by the Council on 20 July.<sup>2</sup>

This is the tenth cycle of the European Semester system, which was launched in 2011. This year's set of CSRs is also the third to be adopted since the proclamation of the European Pillar of Social Rights (EPSR) in November 2017,<sup>3</sup> and the first of the Von der Leyen Commission.

This publication provides an overview of the CSRs in the field of employment and social policies and an update of previous ETUI research on the subject.<sup>4</sup> This year's CSRs present substantial novelties compared to the previous European Semester cycles.

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1. The Commission's proposals for the CSRs  
[https://ec.europa.eu/info/publications/2020-european-semester-country-specific-recommendations-commission-recommendations\\_en](https://ec.europa.eu/info/publications/2020-european-semester-country-specific-recommendations-commission-recommendations_en)
  2. The final version of the CSRs, as adopted by the Council on 20 July,  
<https://www.consilium.europa.eu/en/press/press-releases/2020/07/20/european-semester-2020-country-specific-recommendations-adopted/>
  3. European Parliament *et al.* (2017). The European Semester, and in particular the CSRs, has been chosen as one of the main vehicles to implement the 20 principles enshrined in the Pillar. In order to track the progress made in this implementation, a Social Scoreboard has been established which maps indicators over 12 economic and social areas. For more details on the implementation of the Pillar via the Semester, see European Commission (2018). For an analysis of the use and application of the Pillar and its Scoreboard in the European Semester 2018 (in particular in the Annual Growth Survey, the national reports and the National Reform Programmes, as well the 2018-2019 CSRs themselves), see Hacker (2019). While the application of the Pillar in the 2018 European Semester led to a stronger focus on social objectives, Hacker questions whether the Pillar (and the Scoreboard) in its current form and application is able to overcome the prioritisation of economic aspects over social ones and to reverse the dominance of budgetary and competition policy governance.
  4. For similar ETUI research, see Clauwaert (2011-2019), providing on a yearly basis an overview and comparison of the CSRs. All other ETUI research looking at the reforms that took place in the last ten years in the different Member States in the areas of labour markets, pensions and strikes has been brought together in an online web information service called *Reforms Watch* (<https://www.etui.org/outils/keywords/reforms-watch>).

A first set of new elements derives from the political priorities of the Von der Leyen Commission. The Commission is determined to promote a ‘new growth model’ (the European Green Deal), entailing a change of approach from the past. If the Juncker Commission’s vision for the European Union was strongly anchored to the objective of achieving growth through investment and by enhancing the efficiency and inclusiveness of labour markets, the current work programme appears more oriented towards ensuring that economic growth is sustainable and grounded in the digital and green transition. To quote the words of the Commission in the Annual Sustainable Growth Strategy for 2020, ‘The European Green Deal is our new growth strategy. It puts sustainability – in all of its senses – and the well-being of citizens at the centre of our action. This requires bringing together four dimensions: environment, productivity, stability and fairness.’<sup>5</sup> In order to develop these four dimensions, the Commission places a strong accent on certain concerns, such as ensuring a just transition, reformulating Europe’s industrial strategy, strengthening digitalisation and harvesting its potential for the economy and society, adopting more climate-neutral policies, deepening the Economic and Monetary Union and European financial integration, and improving Europe’s social performance. Among these, ecological policy and digitalisation have been presented as the twin landmark priorities of the 2019-2024 political agenda.

Regarding, more specifically, the social aspects, the Commission commits to strengthening European social and labour policies by implementing the European Pillar of Social Rights. In particular, fair working conditions, the provision of skills and the promotion of inclusiveness are identified as crucial ingredients for improving living and working standards across Europe.<sup>6</sup>

The political agenda of the Von der Leyen Commission and its implications for the social dimension has influenced this year’s European Semester. First, the Commission’s priorities for its new growth strategy are reflected in the emphasis on digitalisation across the social CSRs. Moreover, the sustainability-centred vision of EU governance was already visible in the Autumn Package, where the Annual Growth Survey has now been replaced by the Annual Sustainable Growth Strategy (ASGS), which, as the title suggests, dedicates more attention to social considerations.<sup>7</sup> The emphasis on sustainability has then also been transposed into this year’s CSRs, which introduce a closer tie between the European governance in economic and employment matters and the United Nations’ Sustainable Development Goals (SDGs).<sup>8</sup> For the first time,

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5. European Commission (2019a).

6. European Commission (2020e).

7. European Commission (2019a). For an appraisal of the more social orientation of the 2020 Autumn Package, see ETUC (2020c).

8. The UN Sustainable Development Goals (SDGs) are 17 priorities that lay at the heart of the 2030 Agenda for Sustainable Development, which was signed by all members of the UN in 2015. The SDGs identify objectives that, if attained, will advance prosperity and lead to better lives for everyone and a healthier planet (see UN 2015). The SDGs cover issues which are crucial for trade unions who, through the Trade Union Development Cooperation Network (TUDCN), have contributed to the process of monitoring and achieving sustainable development. In particular, the following SDGs have been identified by the

the European Semester cycle will evaluate the national reform programmes in relation to the progress made in achieving the SDGs.

This focus on sustainable development, combined with the usual commitment to implementing the European Pillar of Social Rights, constitutes a positive premise for achieving greater fairness in European society.<sup>9</sup> The concrete impact of the integration of both the SDGs and the Pillar within the Semester, however, is not yet evident.<sup>10</sup> Both the Pillar and the UN SDGs seem, indeed, to have only a marginal relevance in this year's CSRs. Beside a standard reference in the first recital, which is common for all Member States, the Pillar is mentioned only in the CSRs addressed to Austria,<sup>11</sup> Germany,<sup>12</sup> Hungary,<sup>13</sup> and Lithuania<sup>14</sup>. Similarly, across all the CSRs there is only one rather vague and standardised allusion to the UN SDGs, inserted in one of the last recitals: 'In their 2020 National Reform Programmes, Member States have taken stock of progress made in the implementation of the United Nations' Sustainable Development Goals (SDGs). By ensuring the full implementation of the 2020 country-specific recommendations [the Member State] will contribute to the progress towards the SDGs and to the common effort of ensuring competitive sustainability in the Union'.

A second set of novelties in this year's European Semester cycle reflects the disruptive socio-economic effects of the COVID-19 pandemic.<sup>15</sup> It is predicted

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TUDCN as particularly relevant for the work of trade unions: end of poverty (SDG1), gender equality (SDG5), decent work (SDG 8), reduced inequalities (SDG10), climate action (SDG 13), and peace, justice and strong institutions (SDG 16). For more information, see: <https://www.ituc-csi.org/2030Agenda?lang=en>. The European Union has already taken several steps towards a better implementation of the UN SDGs. See European Commission (2016) and European Commission (2019b). However, from 2020, the process of the realisation of the SDGs can also rely on additional monitoring through the European Semester mechanisms. As from the 2020 cycle, the Country Reports have a new specific section on environmental sustainability and a new annex on the individual Member States' progress towards achieving the Sustainable Development Goals. Moreover, in their National Reform Programme, Member States needed to give an account of the progress towards the realisation of the SDGs. This progress is then taken into account while formulating the country-specific recommendations. See European Commission (2019a: 13-14).

9. On the potential of the Pillar in redressing the unbalance between economic and social objectives in EU governance, see: Garben (2018), Hendrickx (2018), Rasnača (2017), among others.
10. This finding is shared also by European Anti Poverty Network (2020).
11. Recital 19: 'While Austria performed well on the Social Scoreboard supporting the European Pillar of Social Rights, gaps in the coverage may mean a lack of income protection for vulnerable groups during the Covid-19 crisis and may require additional measures'.
12. Recital 18: 'While Germany performed well on the Social Scoreboard supporting the European Pillar of Social Rights, gaps in coverage, if not closed, may lead to reduced income for vulnerable groups in the context of the current crisis'.
13. Recital 21: 'In line with the principles of the European Pillar of Social Rights, social protection schemes and measures need to protect those at risk of losing their employment, as well as the self-employed and unemployed'.
14. Recital 19: 'Lithuania has comparatively low public expenditure on social protection, and the impact of social transfers on poverty reduction is low and assessed as critical on the Social Scoreboard.'
15. European Commission (2020c).



that the EU economy will face a dramatic recession and that in all EU countries unemployment will drastically increase.<sup>16</sup> Moreover, the path towards a full recovery is uncertain.

One of the direct consequences of the COVID-19 crisis is the inevitable significant increase in national public debts, which, in March 2020, justified the activation of the general escape clause of the Stability and Growth Pact (SGP).<sup>17</sup> As a consequence, the Member States are allowed to temporarily depart from the EU budgetary rules and objectives. This has an immediate effect on the 2020 CSRs and especially on what is usually the macroeconomic recommendations package. These recommendations have been replaced by a standardised formula, whereby the Member States are allowed the flexibility to adopt all the necessary measures to overcome the current socio-economic crisis.<sup>18</sup> More prudent fiscal policies will be again prescribed once the most critical aspects of the crisis are over.

Beside impacting the macroeconomic aspects, the fiscal flexibility granted by the SGP general escape clause has important ramifications which can be seen in all the CSRs. The 2020 recommendations have in fact explicitly targeted those policy areas that are crucial to resolving the immediate effects of the crisis, as well as proposing reforms that are necessary to enable a successful long-term recovery strategy. The relaxed approach towards the budgetary aspects is therefore also reflected in the social recommendations, which widely diverge from those of the previous cycles. As will be further illustrated in this publication, the focus of EU governance drifted away from policy reforms aimed at achieving financial sustainability and macroeconomic stability, such as the revision of wages, the inclusivity of the labour market with respect to young people, women and the elderly, and the adjustment of pension systems. Instead, the accent has been placed on more unorthodox (in terms of budgetary consequences) policy areas which are usually considered not particularly compatible with the macroeconomic objectives of the EU.<sup>19</sup> An emblematic example is the attention given to adequate social protection systems and income support mechanisms.<sup>20</sup> It should, however, be noted that even if the

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**16.** See, among others studies, European Commission (2020f).

**17.** European Commission (2020b). The activation of the general escape clause allows Member States to temporarily deviate from the rules whereby the state public deficit cannot be higher than 3% of GDP and national debts have to remain lower than 60% of GDP. However, as the CSRs specify, the procedures pertaining to the overall monitoring of the implementation of the Stability and Growth Pact are not suspended.

**18.** For all Member States the first paragraph of the CSRs reads as follows: ‘Take all necessary measures, in line with the general escape clause of the Stability and Growth Pact, to effectively address the Covid-19 pandemic, sustain the economy and support the ensuing recovery. When economic conditions allow, pursue fiscal policies aimed at achieving prudent medium-term fiscal positions and ensuring debt sustainability, while enhancing investment.’

**19.** For insight on the generally growth-centric nature of the European Semester cycle: Dawson (2018).

**20.** The increased focus on income support or income replacement is also acknowledged and welcomed by the European Anti Poverty Network. See European Anti Poverty Network (2020).

2020 CSRs depart from the previous exercises, the deviation might be just temporary. The Member States remain bound to the 2019 CSRs in relation to their medium- and long-term policy reforms. The implementation of the 2019 recommendations, while not addressed in these 2020 CSRs, will thus be monitored throughout the next years' European Semester cycle.<sup>21</sup>

It is, moreover, interesting, but probably not so surprising, to note that for all Member States there is at least one recommendation on the adequacy of their healthcare systems. Perhaps less predictable is that the inputs on healthcare can be found only in the last sentences of (what traditionally used to be) the macroeconomic recommendations package. The reference to healthcare is the only aspect of the macroeconomic inputs which is not standardised for all countries. While these healthcare recommendations mostly concern the effectiveness and resilience of the system, in some cases the Member States have received remarks that touch upon specific social policy aspects (for instance, the need to improve access to care facilities).

In view of the exceptional nature of the context, it is rather difficult to evaluate the 2020 CSRs in relation to the previous cycles. The socio-economic landscape differs greatly from what has characterised the past 10 years. Nevertheless, a couple of considerations can be put forward.

First, the absence of macroeconomic recommendations as well as the focus on the adequacy of national protection systems are entirely appropriate to the current times.<sup>22</sup> The support for a broader public spending capacity and for channelling resources into ensuring effective safety nets represent important steps in the right direction and might indicate an actual commitment to strengthening the social dimension of European governance. Yet, it is ironic that the Member States are invited to reinforce social protection for those workers whose increased vulnerability is directly related to the flexibilisation trend that has characterised the labour market reforms across Europe for the past 15 to 20 years. It is important not to forget that since the concept of 'flexicurity' was promoted to aid implementation of the Lisbon Strategy

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**21.** See one of the last recitals of the CSRs, common to all Member States: 'While the present recommendations focus on tackling the socio-economic impacts of the pandemic and facilitating the economic recovery, the 2019 country-specific recommendations adopted by the Council on 9 July 2019 also covered reforms that are essential to address medium- to long-term structural challenges. Those recommendations remain pertinent and will continue to be monitored throughout next year's European Semester annual cycle.'

**22.** It should be noted that already in December 2019, the European Commission (2019a) argued that 'A stronger involvement of social partners and more support for building their capacities should be promoted in countries where social dialogue is weak. To ensure that workers continue to receive support (also in case of a strong economic shock) a European Unemployment Benefit Reinsurance Scheme (SURE) could complement national action. In addition, the EU should step up the efforts to address all forms of irregular employment that contribute to social dumping and exploitation of workers.'

(2000),<sup>23</sup> deregulation has prevailed over the creation of solid safety nets for the affected workers, especially in EU-level policymaking.<sup>24</sup>

Positive developments can also be seen in the increased focus of the CSRs on the importance of trade unions' involvement in the development of labour and social policies. The acknowledgment of social partners as relevant stakeholders is an important starting point for advancing the EU social model and for the promotion of a more socially sustainable economic integration.<sup>25</sup> It was already noted in 2019 that the CSRs had placed a stronger accent on social dialogue. However, it was then also observed that many of the trade unions' crucial demands, which were addressed to the Commission in an attempt to influence the drafting of the CSRs, were not met.<sup>26</sup> In 2020, the trade unions' inputs are more broadly reflected in the content of the social recommendations.<sup>27</sup> The ETUC has observed that the 'rate of success' of the trade unions' proposals was 50%, while in 2019 it was 40%.<sup>28</sup>

Finally, it should be stressed once more that the 2020 CSRs have been adopted under extraordinary circumstances, and that the suspension of the EU budgetary rules is only temporary.<sup>29</sup> It is therefore difficult to tell whether this more social approach will further consolidate or whether we are dealing with a momentary deviation.

The following section will provide a brief statistical comparison between the Commission's proposal for the 2020 CSRs and those adopted in the previous years. Furthermore, Annex 1 contains a country-by-country overview of the actual texts of the social recommendations, complemented by the relevant recitals. Annex 2 provides an overview in table format of the social CSRs adopted over the period 2011-2019. Annex 3 compares the social package recommendations over the period 2018-2020 by country. Finally, Annex 4 juxtaposes the 2020 social packages recommendations proposed by the European Commission on 20 May 2020 with those finally adopted by the Council on 20 July 2020.

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**23.** European Council (2000).

**24.** For an appraisal of the structural and substantial imbalance between the social and the economic dimension of European integration and the consequential prevalence of deregulation over establishing a proper normative framework addressing social and labour policies, see, among others: Joerges and Rodl (2004) and Giubboni (2018).

**25.** The increased focus on social dialogue reflects the intention to progress in the implementation of Principle 8 of the European Pillar of Social Rights, which is dedicated to the promotion of social dialogue.

**26.** Clauwaert (2019).

**27.** ETUC (2020d).

**28.** ETUC (2020a).

**29.** Even though a formal decision has not yet been taken, Valdis Dombrovskis, executive vice-president of the European Commission, declared that it is 'relatively safe to assume' that the EU budget rules will not reactivate before 2022, because the 'crisis continues, uncertainty continues'. See Brunsden J. and Fleming S. (2020: 3).

## 2020 CSRs versus 2011-2019 CSRs

Every year, normally at the end of May or beginning of June, the Commission proposes the CSRs for the 27 Member States plus the UK (which is still subject to the European Semester cycle). In July, the Council adopts the final version of the recommendations, which usually entails slight modifications to the Commission's original proposal.

The CSRs are formulated in a document divided in two main parts: the recitals and a list of enumerated paragraphs, where the actual recommendations are formulated. These paragraphs are hereinafter referred to as 'package recommendations' since each of them contains different recommendations. The 2020 social CSRs addressed to Poland provide an example of how the package recommendations can touch upon multiple aspects, condensed in one paragraph: 'Mitigate the employment impact of the crisis, in particular by enhancing flexible and short-time working arrangements. Better target social benefits and ensure access to those in need. Improve digital skills. Further promote the digital transformation of companies and public administration'. Sometimes, an input regarding social or employment policies is formulated in one of the package recommendations not dedicated to social and employment aspects. For example, the first CSRs package, which for all countries addresses macroeconomic issues and the resilience of national health systems, often includes a (social) recommendation about the need for 'improving the accessibility of the healthcare system'.

As in the previous editions of the ETUI Background Analysis, the comparative analysis of the CSRs operates on two different levels. The first level focuses on the number of package recommendations fully devoted to social or employment aspects for each country. This is represented in Table 1, where only the package recommendations that exclusively tackle social or employment matters are counted. Therefore, the first macroeconomic package is never included in Table 1, even if at times it mentions the importance of improving access to healthcare (as it will be mentioned later, this recommendation is instead counted in Tables 3 to 7). The second level of analysis instead concentrates on the individual specific social recommendations that can be found throughout the document. Accordingly, Tables 3 to 7 consider all social recommendations, even when not included in the recommendation package specifically dedicated to social aspects, and even if formulated in the recitals. It is thus possible to distinguish between two types of social recommendation: explicit, when the recommendation is part of one of the recommendation packages, and implicit, when the recommendation is found in the recitals. This implies that when the macroeconomic recommendation package contains a reference to a social

aspect (for example, improving accessibility to the healthcare system), this recommendation is not included in Table 1, but appears in Tables 3-7, as an ‘explicit’ recommendation.

Initially, this distinction between explicit and implicit recommendations was not necessary, since all recommendations could be found in the final part of the document, in the ‘packages’. However, the way in which the CSRs are formulated has changed quite a bit over time. During the first years of the European Semester, the CSRs were delivered in shorter documents, where the recitals were more concise and the package recommendations occupied more space. There were usually about 15 to 20 recitals and they had a rather explanatory nature, since they offered an overview of the Semester process and introduced contextual elements that would then be relied upon to formulate the actual recommendations in the final ‘packages’. On average, there were around seven package recommendations per country.<sup>30</sup> Then, as shown in Table 1, from 2015 until 2018 the total number of package recommendations began to diminish both in absolute number (102 in 2015; 89 in 2016; 78 in 2017; 73 in 2018) and per country, as the average decreased to 5 in 2015, 4 in 2016 and even to 3 in 2017 and 2018.<sup>31</sup> This more concise approach can be seen as a result of the Juncker Commission’s attempts to streamline and reinforce the European Semester.<sup>32</sup>

Over the past two cycles of CSRs, the trend seemed to slightly reverse once again: in 2019 there were 96 recommendations, 23 more than in the previous year, and in 2020 there are 104, 8 more than in 2019. It is interesting to note that, perhaps as a countereffect of the reduction in the total number of recommendation packages, the length and number of recitals started increasing. From 2013 to 2017 it was not uncommon for the Member States to receive their CSRs preceded by around 20 recitals, but in 2018 and 2019 these often increased to 25 or higher, and in 2020 the number became 30 or more. The growth in the quantity of recitals corresponded to a different drafting technique, whereby the Commission (and, in accordance, the Council) already formulates recommendations in the introductory part of the document. These ‘implicit recommendations’ do not always reappear within the ‘package recommendations’.

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**30.** Clauwaert (2014 Table 2: 10).

**31.** The reduction is even more visible when considering that in 2011 the CSRs were addressed only to 22 Member States.

**32.** European Commission (2014), ‘the Commission considers that now is the right time to streamline and reinforce the European Semester to make it more effective by giving it greater focus, clarity and political role for the future...’. For a reflection on the effect of the streamlining of the European Semester on the social dimension of EU governance, see Zeitlin and Vanhercke (2018).

Table 1 Overview by country of the 2020 social 'package recommendations' compared with previous cycles (2015–2019)

Country	2015-2016		2016-2017		2017-2018		2018-2019		2019-2020		2020-2021	
	Total	Social	Total	Social	Total	Social	Total	Social	Total	Social	Total	Social
AT	4	2	3	2	2	2	2	2	3	2	4	1
BE	4	4	3	2	3	2	3	2	4	2	3	1
BG	5	2	4	3	4	3	3	2	4	2	4	1
CY	-	-	5	2	5	2	5	3	5	4	4	1
CZ	4	1	3	1	2	2	2	2	3	2	3	1
DE	3	1	3	1	2	1	2	2	2	2	2	0
DK	2	0	2	0	1	0	1	0	2	1	3	0
EE	3	2	2	1	2	1	2	1	3	1	4	1
EL	-	-	-	-	-	-	-	-	2	1	4	1
ES	4	1	4	2	3	1	3	1	4	2	4	1
FI	4	2	3	2	3	2	3	2	4	2	4	1
FR	6	4	5	3	4	3	3	3	4	2	4	1
HR	6	2	5	2	5	3	4	3	4	1	4	1
HU	5	3	3	2	3	2	3	2	4	2	5	1
IE	4	2	3	1	3	1	3	2	3	2	4	1
IT	6	2	5	2	4	3	4	2	5	3	4	1
LT	3	3	3	2	3	2	3	2	3	2	3	1
LU	3	3	2	1	2	1	2	1	4	1	4	1
LV	4	3	3	3	3	3	3	3	4	3	4	1
MT	4	2	2	2	2	1	2	1	3	2	4	1
NL	3	1	3	2	2	1	2	1	3	2	4	1
PL	4	2	3	1	3	1	3	2	3	2	4	1
PT	5	3	5	3	4	2	3	2	4	2	4	1
RO	4	2	4	2	3	3	3	2	5	3	4	1
SE	1	0	1	0	1	0	1	0	2	1	3	0
SI	4	2	4	3	3	2	2	1	3	1	3	1
SK	4	1	3	2	3	1	3	1	4	2	4	1
UK	3	1	3	1	3	1	3	1	2	1	3	1
	102	51	89	48	78	46	73	46	96	53	104	25
	<b>50%</b>		<b>53,93%</b>		<b>60,53%</b>		<b>63,01%</b>		<b>55,21%</b>		<b>24,03%</b>	

Note: The table only provides figures from the last six Semester cycles; for the figures from the 2011-2014 cycles, see Clauwaert (2018a).  
Source: European Commission country-specific recommendations; ETUI calculations.

Because it is unclear to what extent the position of a recommendation within the document (either in the final packages or in the recitals) affects its relevance, this publication, as with the previous Background Analyses, considers both the explicit and implicit recommendations. Nevertheless, to portray the remarkable increase in the length and number of the recitals in the 2020 CSRs, Tables 3 to 7 also report when a recommendation is formulated in the recital (implicit) and when in the final 'package' (explicit).

Proceeding now to the first level of analysis of the 2020 social CSRs, it is quite evident from Table 1 that in 2020 there has been a significant drop (30%) in

the number of social recommendation packages. In fact, the quantity (25) is by far the lowest ever registered since the start of the European Semester process. It is important to note that the drop in the number of recommendation packages should not lead to rushed negative conclusions regarding the social outlook of the 2020 CSRs. As will be further elaborated, in 2020 the total number of social recommendations – implicit and explicit – has indeed significantly increased and their focus has been recalibrated in an encouraging manner.

All countries received just one recommendation package devoted to social or employment matters, except for Germany, Denmark and Sweden, which received none. The reduction is even more visible while looking at the proportion of social recommendation packages in the total number of packages (which, as mentioned, increased). In the previous years, the proportion was the following: 46.15% in 2011, 44.52% in 2012, 40.14% in 2013, 47.13% in 2014, 50% in 2015, 53.93% in 2016, 60.53% in 2017, 63.01% in 2018, and 55.21% in 2019. In 2020, the figure fell to 24.03%.

The data on the amount of recommendation packages can also be analysed in association with the different Commission presidencies that succeeded each other over the past 10 years. It can be noted that during the Barroso II Commission the social recommendation packages fluctuated between 40.14% and 50%, while during the Juncker Commission the proportion increased to a range of 53.93% to 63.01%. If the 2020 CSRs are representative of the Von der Leyen Commission's approach, it would constitute an abrupt change. However, the exceptional circumstances in which the 2020-2021 European Semester cycle takes place do not yet consent to formulate predictions about future trends.

The nominal reduction of the social CSR packages is counterbalanced by the content of the specific CSRs (both implicit and explicit), which - more than in the past - address the need to strengthen national social policies.

Table 2 illustrates how the social CSRs are classified. The elements in bold and marked by an asterisk have been newly introduced to reflect the specific angle of the 2020 recommendations. These additional entries thus update the analytical framework through which the ETUI Background Analysis has presented the social CSRs for the past decade.

With respect to the previous years' Background Analyses, the taxonomy of the social recommendations has been enriched with the following categories and sub-categories:

- **Wage increase in specific sectors**, within the 'Wage' category. The 2020 CSRs on wages indeed refer to the need to make remuneration more attractive for certain professional categories.

Table 2 Categories and sub-categories

Wages	Reviewing wage indexation Reviewing wage-setting system – align with productivity developments <b>* Increase in specific sectors</b>
<b>* Social Dialogue</b>	
Employment protection legislation	Adjusting employment protection legislation <b>* Health and safety</b>
Labour market participation	Enhancing participation of women Enhancing participation of older workers, promoting active ageing and lifelong learning Reducing tax disincentives for second earners <b>* Training to increase digital literacy</b> <b>* Enhancing participation of low-skilled and marginalised workers</b>
Youth employment	Youth (guarantee) Facilitating transition from education/school to work (including by giving companies incentives to hire young people) Facilitating transition from education/ school to work (through apprenticeships and work-based learning) Reducing school/education 'drop-outs' <b>* Strengthen digital curricula</b>
Pensions	Explicit link between pensionable age and life expectancy Reducing early retirement Pension reform
Social protection / assistance	Adequacy and coverage of social protection systems ('general' sub-cat.) <b>* Income support</b> <b>* Introducing or adjusting short-time work schemes</b> (Access to) quality social services Better targeting of social assistance
Child poverty	Making child support more effective Facilitating access to childcare services
Tax	Shift away from labour, with a focus on low-income earners <b>* Taxation reform to reduce inequality (more wealth-related taxes)</b>

- **Health and safety**, within the 'Employment protection legislation' category. Due to the pandemic, health and safety at the workplace has become a topical issue. It was thus deemed relevant to monitor this aspect and to observe whether the governance coordination cycle placed a specific accent on it in the 2020 recommendations.
- **Social Dialogue**. In the previous Background Analyses the recommendations concerning social dialogue were not captured in the tables, but a dedicated consideration was usually included in the text.<sup>33</sup> This year, references to the need to ensure adequate involvement of social partners were particularly present across the CSRs, and a new category was accordingly created.

33. See Clauwaert (2019).



- **Training digital literacy**, within the ‘Labour market participation’ category. Digitalisation is one of the priorities of the Von der Leyen Commission and this is reflected across the recommendations. The social CSRs oftentimes address the importance of enabling workers to develop digital skills and to reduce the negative impacts of new technologies and automation on the labour markets.
- **Labour market participation of marginalised workers**, within the ‘Labour market participation’ category. The 2020 CSRs focus quite intensively on the necessity to reduce marginalisation and inequalities by actively targeting the inclusion of vulnerable persons (for example, disabled people, minorities and migrants) into the labour market.
- **Digital curricula**, within the ‘Youth employment’ category. As with the impact of digitalisation on the labour market, the CSRs place a specific accent on ensuring that education systems provide digital competencies to an adequate degree.
- **Income support**, within the ‘Social protection/assistance’ category. In light of the vast amount of attention that the 2020 CSRs devote to the adequacy of income support mechanisms, a new sub-category was added. This new sub-category refers to all forms of income support, even when not connected with job loss and regardless of the status of the worker (either employee or self-employed). This entails that all recommendations concerning unemployment benefits, unemployment protection, income replacement, minimum income, and more generally income support, have been counted in this sub-category.
- **Short-time work scheme**, within the ‘Social protection/assistance’ category. In the context of the measures that are suggested to reduce the socio-economic repercussions of the crisis, the 2020 CSRs address rather frequently the gaps and flaws of national short-time work schemes, as well as the opportunity to introduce these mechanisms when missing.
- **Social protection systems**, within the ‘Social protection/assistance’ category. This sub-category was already present in the previous editions of the Background Analysis. However, as a result of the adjustment of the overall taxonomy, some of the recommendations that in the previous years would have fallen within this ‘Social protection system’ sub-category now fall within the ‘Income support’ (for example, CSRs on unemployment benefits) or the ‘Short-time work scheme’ sub-categories. Indeed, these two newly created sub-categories are more specific than the pre-existing one on ‘Social protection systems’, which has now become a ‘general’ heading that covers all recommendations that do not fall under more specific sub-categories.

- **Taxation reform to reduce inequality**, within the ‘Tax’ category. The socio-economic impact of the crisis has led to an increased attention to inequality, and the CSRs identify taxation as one of the avenues that can be used to reduce the wealth gap. While previous CSRs already mentioned the need to improve the redistributive impact of taxation policies, those references were fairly marginal. The overall approach to taxation systems was oriented towards increasing their efficiency and had economic growth as its main rationale.

Table 3 shows the evolution in the number of (implicit and explicit) CSRs over the past six cycles. As mentioned, contrary to what one may assume from the lower number of social recommendations packages, the overall attention given to social and employment aspects has clearly grown. The social CSRs rose from 136 in 2019 to 226 in 2020. The quantity of social recommendations is the highest ever and corresponds to an 80% increase over the norm.<sup>34</sup>

It is hard to determine the exact reason for this change. However, the unusual density of social CSRs might be connected to two main factors. The first is the socio-economic crisis triggered by COVID-19, which since March 2020 has strongly influenced EU policymaking.<sup>35</sup> The second factor is that, in comparison to the previous Background Analyses, the taxonomy through which the recommendations are analysed has now been enriched. Some of the new categories and sub-categories constitute a specification of those that already existed, and might have created a ‘multiplier effect’ vis-à-vis the total amount of implicit and explicit CSRs. The impact of the new categories on the total amount of the recommendations is illustrated in Table 5.

Looking at the distribution per category and sub-category displayed in Table 3, it is possible to break down the numerical increase and observe that the variation has affected specific policy aspects more than others. Moreover, Table 4 indicates, per topic, how the recommendations are distributed across the documents received by the Member States, as it takes into account the difference between implicit and explicit CSRs.

The number of CSRs concerning ‘Wages’ not only diminished but also departed from the usual approach of previous years when CSRs suggested a revision of wage levels in line with indexation and productivity levels. In 2020, the few references to wages (three) are related to specific professional sectors (predominantly medical personnel) and recommend an improvement of the current standards. It is worth noting that, despite a more social reorientation of the CSRs on wages, the recommendations fail to address the increasing in-work poverty, which especially affects non-standard employment.<sup>36</sup> All the 2020 CSRs on wages are formulated in the recitals.

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<sup>34</sup>. Clauwaert(2011-2019).

<sup>35</sup>. European Commission (2020d).

<sup>36</sup>. See Ratti (2020) and European Anti Poverty Network (2020).

Table 3 Evolution of the number of implicit and explicit social CSRs (2015–2020)

Category	Sub-category	CSRs 2015-2016	CSRs 2016-2017	CSR 2017-2018	CSR 2018-2019	CSR 2019-2020	CSR 2020-2021
Wages	Reviewing wage indexation	0	0	0	1	0	0
	Wage-setting mechanisms	11	12	14	9	7	0
	<i>* Increase in specific sectors</i>	/	/	/	/	/	3
	<b>Subtotal</b>	<b>11</b>	<b>12</b>	<b>14</b>	<b>10</b>	<b>7</b>	<b>3</b>
<b>* Social dialogue</b>		/	/	/	/	/	15
Employment protection legislation	Employment protection legislation	4	8	7	5	5	13
	<i>* Health and safety</i>	/	/	/	/	/	3
	<b>Subtotal</b>	<b>4</b>	<b>8</b>	<b>7</b>	<b>5</b>	<b>5</b>	<b>16</b>
Labour market participation	Women	11	7	8	8	14	8
	Older workers	8	4	8	5	7	3
	Tax disincentives for second/low-income earners	7	5	6	7	5	0
	<i>* Training digital literacy</i>	/	/	/	/	/	25
	<i>* Marginalised workers</i>	/	/	/	/	/	21
	<b>Subtotal</b>	<b>26</b>	<b>16</b>	<b>22</b>	<b>20</b>	<b>26</b>	<b>57</b>
Youth employment	Youth guarantee	15	7	8	7	10	12
	School-to-work transition via companies	11	7	5	0	0	1
	Apprenticeships/work-based learning	5	4	2	5	5	0
	'Drop-outs'	6	6	6	9	9	5
	<i>* Digital curricula</i>	/	/	/	/	/	23
	<b>Subtotal</b>	<b>37</b>	<b>24</b>	<b>21</b>	<b>21</b>	<b>24</b>	<b>41</b>
Pensions	Link between pensionable age and life expectancy	4	5	8	8	6	0
	Reducing early retirement	4	5	2	5	8	0
	Pension reform	14	13	13	16	18	2
	<b>Subtotal</b>	<b>22</b>	<b>23</b>	<b>23</b>	<b>29</b>	<b>32</b>	<b>2</b>
Social protection / assistance	Social protection systems ('general' sub-category)	7	3	8	3	2	21
	<i>* Income support</i>	/	/	/	/	/	19
	<i>* Short-time work schemes</i>	/	/	/	/	/	11
	(Access to) quality social services	2	5	5	4	7	17
	Targeting social assistance	10	4	8	12	13	14
	<b>Subtotal</b>	<b>19</b>	<b>12</b>	<b>21</b>	<b>19</b>	<b>22</b>	<b>82</b>
Child poverty	Effective child support	1	1	1	2	0	5
	Childcare facilities	9	7	9	10	11	0
	<b>Subtotal</b>	<b>10</b>	<b>8</b>	<b>10</b>	<b>12</b>	<b>11</b>	<b>5</b>
Tax	Shifting the tax burden away from labour	14	14	6	9	9	2
	<i>* Taxation reform to reduce inequality</i>	/	/	/	/	/	3
	<b>Subtotal</b>	<b>14</b>	<b>14</b>	<b>6</b>	<b>9</b>	<b>9</b>	<b>5</b>
<b>Total</b>		<b>143</b>	<b>117</b>	<b>124</b>	<b>124</b>	<b>136</b>	<b>226</b>

Note: The table only provides figures from the last six Semester cycles; for the figures from the 2011-2014 cycles, see Clauwaert (2018a).

Table 4 Implicit and explicit social CSRs in 2020

Category	Sub-category	Total explicit and implicit social CSRs	Explicit CSRs	Implicit CSRs
Wages	Reviewing wage indexation	0	0	0
	Wage-setting mechanisms	0	0	0
	<i>* Increase in specific sectors</i>	3	0	3
	<b>Subtotal</b>	<b>3</b>	<b>0</b>	<b>3</b>
<b>* Social dialogue</b>		15	3	12
Employment protection legislation	Employment protection legislation	13	7	6
	<i>* Health and safety</i>	3	0	3
	<b>Subtotal</b>	<b>16</b>	<b>7</b>	<b>9</b>
Labour market participation	Women	8	0	8
	Older workers	3	0	3
	Tax disincentives for second/low-income earners	0	0	0
	<i>* Training digital literacy</i>	25	20	5
	<i>* Marginalised workers</i>	21	15	6
	<b>Subtotal</b>	<b>57</b>	<b>35</b>	<b>22</b>
Youth employment	Youth guarantee	12	5	7
	School-to-work transition via companies	1	0	1
	Apprenticeships/ work-based learning	0	0	0
	'Drop-outs'	5	0	5
	<i>* Digital curricula</i>	23	11	12
	<b>Subtotal</b>	<b>41</b>	<b>16</b>	<b>25</b>
Pensions	Link between pensionable age and life expectancy	0	0	0
	Reducing early retirement	0	0	0
	Pension reform	2	0	2
	<b>Subtotal</b>	<b>2</b>	<b>0</b>	<b>2</b>
Social protection / assistance	Social protection systems ('general' sub-category)	21	16	5
	<i>* Income support</i>	19	13	6
	<i>* Short-time work schemes</i>	11	5	6
	(Access to) quality social services	17	15	2
	Targeting social assistance	14	6	8
	<b>Subtotal</b>	<b>82</b>	<b>55</b>	<b>27</b>
Child poverty	Effective child support	5	0	5
	Childcare facilities	0	0	0
	<b>Subtotal</b>	<b>5</b>	<b>0</b>	<b>5</b>
Tax	Shifting the tax burden away from labour	2	0	2
	<i>* Taxation reform to reduce inequality</i>	3	1	2
	<b>Subtotal</b>	<b>5</b>	<b>1</b>	<b>4</b>
<b>Total</b>		<b>226</b>	<b>117</b>	<b>109</b>

Social dialogue is, as mentioned above, a new category. Twelve Member States received CSRs pointing out the need to increase the social partners' involvement in decision-making processes. In most cases, this input is formulated in the recitals.

Looking now at 'Employment protection', there are four times as many references (16) than as last year (4). The suggested reforms mostly go in the direction of implementing more flexible working arrangements (for example, telework), to allow businesses and workers to adapt to the social distancing prescriptions. Only a few Member States were addressed in relation to other, more substantive, matters. France received remarks on the low transition rate from short-time to open-ended contracts, Spain is recommended to promote more sustainable forms of employment, and Slovenia to provide adequate protection for non-standard workers and health-care workers. A different direction is taken by one of the CSRs for Belgium, which recommends lightening the regulatory burden on labour in the retail sector, implicitly suggesting reform of employment protection for retail workers. Interestingly, only three countries (Belgium, Denmark and Cyprus) received a recommendation concerning the need to improve health and safety measures in the workplace. What's more, the recommendations on health and safety are implicit and limited to 'health workers' or 'workers in other exposed occupations'. In consideration of the high relevance of occupational health and safety (OSH) protocols during the pandemic, the general lack of focus on this aspect is quite surprising. The recommendations on employment protection are quite evenly distributed across the recitals and the final packages.

'Labour market participation' is a category where the evolution from the past is quite evident. The overall number of recommendations in this area has more than doubled and the focus has shifted. The attention has moved away from women and the elderly (the recommendations dropped, respectively, from 14 in 2019 to 8, and from 7 in 2019 to 3), and the accent is now placed on the more encompassing group of 'vulnerable and marginalised workers'. Moreover, almost all countries (except for Estonia, Germany, and Hungary) received recommendations to strengthen the digital literacy of workers, through vocational training and incentives for adult learning. This specific element constitutes a novelty with respect to the previous CSRs, and reflects the need to improve the inclusiveness of the labour market in a time of crisis, as well as the Commission's digital agenda.<sup>37</sup> In the vast majority of cases, the recommendations on digital training and on labour market inclusiveness are explicit.

The acquisition of digital skills has also become an important target of the recommendations regarding 'Youth employment', where more than half of the total number concerns the development of better digital curricula in the

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<sup>37</sup> European Commission (2020g); European Commission (2020b), where the Commission stresses the importance of a just transition to digitalisation, to avoid the marginalisation of those workers who do not (yet) possess the required skills.

national education system. Table 4 shows that in this policy area the recommendations tend to be implicit, as they are often formulated in the recitals.

Looking at ‘Pensions’, a substantial decrease can be observed: from 29 recommendations in 2018 and 32 in 2019, this year the pension system was addressed only in the cases of Latvia and Spain – and for both countries, the CSRs are implicit. The drop is particularly significant because pension reforms were usually one of the policy areas most frequently targeted by the CSRs, due to the fact that pensions represent an important expenditure in Member States’ budgets. In the past years, the recommendations on pensions were those in which the tension between the two objectives of macroeconomic sustainability and the adequacy of social security measures was especially evident. The accent was predominantly placed on linking the pensionable age with life expectancy, and the rationale of the suggested reforms clearly leaned towards fiscal responsibility and not towards the quality of the pension system.<sup>38</sup> Instead, in 2020 only Spain received a recommendation to lower expenditure on pensions. The only other CSR is addressed to Latvia and concerns the need to improve the adequacy of the minimum pension. The change of approach vis-à-vis pensions contributes decisively to improving the overall social outlook of the 2020 CSRs.

There has also been a significant decrease in the recommendations tackling ‘Child poverty’ (from 11 in 2019 to 5) and ‘Taxation’ (from 9 in 2019 to 5). Furthermore, regarding ‘Taxation’, the focus is now less on shifting the fiscal burden away from labour and more on implementing tax reforms to redistribute wealth and reduce inequalities. These recommendations are formulated almost exclusively in the recitals (the exception is one explicit CSR on ‘Taxation’ for Lithuania).

The most significant deviation from the previous social CSRs relates to the ‘Social protection and social assistance’ category. In 2020, there are 82 recommendations on social protection, which constitute more than one third (36.3%) of the total amount. Compared to the past, when this category counted between 19 and 22 recommendations, the number has quadrupled. The distribution of the recommendations across the sub-categories is also particularly representative of the peculiarity of the 2020 CSRs. Income support and short-time work schemes, which are among the novelties of this Background Analysis, are addressed, respectively, 19 and 11 times and together constitute 36.5% of the CSRs in the whole ‘social protection and social assistance’ category. This seems to confirm that the emphasis on social protection of the 2020 CSRs is largely connected with the socio-economic crisis caused by the pandemic. Also directly related to COVID-19 is the sub-category

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<sup>38</sup>. Guardiancich and Guidi (2019). The authors argue that, until the 2019 European Semester cycle, there was a visible asymmetry between the objectives of financial sustainability of pension reforms and that of their adequacy (1: 10 ratio). The number of CSRs aiming at improving the (social) quality of national pension systems increased in 2017, 2018 and 2019, thus indicating a possible positive impact of the European Pillar of Social Rights.

‘Access to social services’, which has registered a steep increase (from 7 in 2019 to 17 in 2020). More than half of the Member States have received recommendations to improve access to their healthcare systems, whose vulnerability has been dramatically exposed during the pandemic. Finally, the general matter of the adequacy and coverage of the national ‘Social protection systems’ (the ‘general’ sub-category that covers all social protection aspects which do not fit into the other sub-categories) has been touched upon 21 times, making it the most ‘popular’ recommendation after those on digital skills. The central role that social safety nets have acquired in the 2020 CSRs seems to be confirmed by the fact that 55 out of 82 times the recommendations received by the Member States are explicit.

The evolution registered in the different categories, captured by Tables 3, 4 and 5, clearly shows that the 2020 social CSRs radically depart from the past. The most striking aspect is the attention given to the acquisition of digital skills and to strengthening social security and social protection systems. Overall, the social CSRs reflect the novelties of the 2020 European Semester cycle, which, in contrast to the past, abandons its predominant focus on fiscal stability and the economic sustainability of labour and social policy reforms. The accent is instead now placed on measures that are oriented towards minimising the social effects of the crisis, and, for the first time, the usual connection between the social dimension of the CSRs and economic growth has evidently loosened.

Tables 6 and 7 illustrate the distribution of the different CSRs between the Member States.<sup>39</sup> In contrast to previous Background Analyses, the tables now also show when the CSR is explicit or implicit.

Poland (14), Romania (15) and Spain (13) are the countries that received the highest number of recommendations in the social field. Germany and Denmark, on the other hand, received the lowest (2 and 3, respectively). Denmark and Sweden are the only countries that did not receive any explicit social recommendations. For almost all Member States, 2020 has brought a significant increase in the total number of CSRs, the exceptions being Germany and Italy, which in 2019 received more recommendations, and Estonia and Luxembourg, where the number remained the same.

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**39.** Similar tables on the social CSRs for 2011-2012, 2012-2013, 2013-2014, 2014-2015, 2015-2016, 2016-2017, 2017-2018, 2018-2019 and 2019-2020 can be found in Annex 2.

Table 5 Overview of the 2020 social CSRs (explicit, implicit and new) per country

Country	CSRs 2020-2021				
	Social CSR packages	Explicit social CSRs	Implicit social CSRs <sup>40</sup>	Implicit and explicit social CSRs...	...of which related to new categories
AT	1	3	5	8	5
BE	1	3	4	7	3
BG	1	7	4	11	6
CY	1	7	5	12	6
CZ	1	4	7	11	5
DE	0	1	1	2	2
DK	0	0	3	3	3
EE	1	3	3	6	3
EL	1	4	7	11	5
ES	1	5	8	13	6
FI	1	2	4	6	4
FR	1	3	2	5	3
HR	1	3	5	8	6
HU	1	8	3	11	6
IE	1	4	6	10	5
IT	1	5	4	9	4
LT	1	6	2	8	5
LU	1	1	3	4	2
LV	1	6	3	9	4
MT	1	4	4	8	4
NL	1	3	2	5	3
PL	1	7	7	14	7
PT	1	6	0	6	4
RO	1	8	7	15	7
SE	0	2	2	4	3
SI	1	5	4	9	6
SK	1	5	2	7	5
UK	1	2	2	4	1
<b>Total</b>	<b>25</b>	<b>117</b>	<b>109</b>	<b>226</b>	<b>123</b>

Note: This table clearly shows that around half 2020 CSRs address one of the new categories or sub-categories.

**40.** If a recommendation is formulated both in the recitals and in the package recommendations, it is counted only as explicit.



Table 6 Social CSRs 2020-2021 – issue-based overview

Category	Sub-Category	Countries
<b>Wages</b>	Reviewing wage indexation	/
	Wage-setting mechanisms	/
	<i>* Increase in specific sectors</i>	AT; HU; PL
<i>* Social Dialogue</i>		HU; PL; RO; BG; CY; CZ; EE; EL; ES; FI; HR; IE; LT; SI; SK
<b>Employment protection legislation</b>	Employment protection legislation	CY; IE; IT; LV; PL; RO; SI; BE; CZ; EL; ES; FR; HR
	<i>* Health and safety</i>	BE; CY; DK
<b>Labour market participation</b>	Women	AT; CY; CZ; EL; HU; IT; PL; RO
	Older workers	LU; PL; RO
	Tax disincentives for second / low-income earners	/
	<i>* Training digital literacy</i>	AT; BE; BG; HR; CY; CZ; ES; FR; IE; IT; LT; LV; MT; NL; PL; PT; RO; SE; SI; SK; DK; EL; FI; LU; UK
	<i>* Marginalised workers</i>	BE; CY; CZ; FI; FR; EL; ES; HU; IT; LT; LU; LV; NL; PT; RO; BG; HR; IE; PL; SE; SI
<b>Youth employment</b>	Youth guarantee	AT; BG; CY; HU; MT; CZ; EL; ES; IE; IT; NL; SE
	School-to-work transition via companies	CY
	Apprenticeships / work-based learning	/
	‘Drop-outs’	BG; IT; MT; RO; SK
	<i>* Digital curricula</i>	AT; BG; CZ; DE; ES; IE; PL; PT; RO; SE; SK; BE; CY; DK; FI; HR; HU; IT; LT; LV; MT; NL; SI
<b>Pensions</b>	Link pensionable age to life expectancy	/
	Reducing early retirement	/
	Pension reform	ES; LV
<b>Social protection/ assistance</b>	Social protection systems (general)	BE; BG; CY; EE; EL; FR; HU; IT; LT; LV; NL; PT; RO; SI; SK; UK; CZ; ES; FI; MT; PL
	<i>* Income support</i>	BG; CY; EE; ES; HR; HU; IT; LV; MT; PT; RO; SI; SK; AT; CZ; DE; EL; FR; PL
	<i>* Short-time schemes</i>	EL; HU; MT; PL; SI; BG; EE; ES; HR; IE; RO
	(Access to) quality social services	BG; CY; CZ; EE; EL; FI; HR; HU; IE; LT; LV; PL; PT; RO; SK; ES; MT
	Targeting social assistance	BG; ES; HU; LT; PL; UK; CZ; EE; EL; IE; LV; LU; RO; SI
<b>Child poverty</b>	Effective child support	ES; IE; PL; RO; UK
	Childcare facilities	/
<b>Tax</b>	Shifting the tax burden away from labour/broaden tax base	AT; BE
	<i>* Taxation reform to reduce inequality</i>	LT; AT; RO

Source: Country-specific recommendations 2020-2021; ETUI own classifications / calculations.

Note: The countries in **bold** are those where the social recommendations are explicit and the countries in *italic* are those where the social recommendation are implicit.

Table 7 Social CSRs 2020-2021 – EU-wide overview

		AT	BE	BG	CZ	CY	DE	DK	EE	EL	ES	FI	FR	HR	HU	IE	IT	LT	LU	LV	MT	NL	PL	PT	RO	SE	SI	SK	UK
<b>Wages</b>	Reviewing wage indexation																												
	Wage-setting mechanisms																												
	<i>* Increase in specific sectors</i>	○														○							○						
<b>* Social Dialogue</b>				○	○	○			○	○	○	○	○	●	○		○						●	●		○	○		
<b>Employment protection legislation</b>	Employment protection legislation	○			○	●				○	○		○	○		●	●			●			●		●	●			
	<i>* Health and safety</i>	○				○		○																					
<b>Labour market participation</b>	Women	○			○	○			○					○		○						○		○					
	Older workers																		○				○		○				
	Tax disincentives for second / low-income earners																												
	<i>* Training digital literacy</i>	●	●	●	●	●		○		○	●	○	●	●		●	●	●	○	●	●	●	●	●	●	●	●	●	○
	<i>* Marginalised workers</i>		●	○	●	●				●	●	●	○	●	○	●	○	●	●	●	●	●	○	●	●	○	○		
<b>Youth employment</b>	Youth guarantee	●		●	○	●			○	○				●	○	○					●	○				○			
	School-to-work transition via companies					○																							
	Apprenticeships/work-based learning																												
	‘Drop-outs’			○													○					○			○		○		
	<i>* Digital curricula</i>	●	○	●	●	○	●	○		●	○		○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○
<b>Pensions</b>	Link pensionable age to life expectancy																												
	Reducing early retirement																												
	Pension reform										○									○									
<b>Social protection/ assistance</b>	Social protection systems (general)	●	●	○	●			●	●	○	○	●	●	●		●	●	●	●	○	●	○	○	○	○	○	○	○	○
	<i>* Income support</i>	○		●	○	●	○		●	○	●		○	●	○	●	●			●	●		○	○	○	○	○	○	○
	<i>* Short-time schemes</i>			○					○	○	○		○	○	○						○		○	○	○	○	○	○	○
	(Access to) quality social services		●	●	●			●	●	○	●		●	●	●		●	●	○	○	○	○	○	○	○	○	○	○	○
	Targeting social assistance		●	○				○	○	○	○			○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○
<b>Child poverty</b>	Effective child support									○						○							○		○				○
	Childcare facilities																												
<b>Tax</b>	Shift tax burden away from labour/ broaden tax base	○	○																										
	<i>* Taxation reform to reduce inequality</i>	○																●							○				

Note: The full black dots indicate explicit recommendations; the white empty dots indicate implicit recommendations.

## Conclusion

The total number of package recommendations dedicated to the social field has decreased, but the quantity of the overall social recommendations (both explicit and implicit) is substantially higher. The emphasis of the CSRs has shifted more markedly in favour of strengthening workers' digital skills and providing adequate social protection. This change of focus has conferred a rather social outlook to the 2020 European Semester cycle. For the first time since the launch of the European Semester process, the social recommendations appear to have been 'emancipated' from the growth rhetoric.

The specific traits of the 2020 CSRs are certainly to be welcomed – but with the following reservations:

- The attention to social protection is certainly positive, but other important aspects – such as wages, gender equality, older workers, pension systems, transition from education to the labour market and child poverty – seem to have fallen off the radar. To remedy that, the 2020 recommendations regularly specify that the 2019 CSRs are still relevant for medium- and long-term structural reforms and will continue to be monitored throughout the next European Semester cycle. The effectiveness of such monitoring will need to be carefully assessed over the coming months.
- While the social character of the 2020 Semester cycle is enhanced by the remarkable absence of CSRs pushing for stronger fiscal sustainability for public welfare (as the CSRs on pension reforms, among others, usually did), the mentioned relevance of the 2019 CSRs means that these fiscally-oriented recommendations might still return through the back door.
- In consideration of the pandemic's repercussions for occupational health and safety, the lack of recommendations addressing the adequacy of national OSH policies is rather unsatisfactory.
- The impact of the European Pillar of Social Rights and of the UN Sustainable Development Goals (SDGs) does not appear particularly visible, and the expectations created by the Commission in the 2020 Sustainable Growth Strategy have thus been partially let down. The increased attention given to the social aspects has in fact been presented as a reaction to the pandemic-related crisis, and it is not clear how the SDGs and the principles of the Pillar have contributed to steering the Commission's approach.

- The encouraging developments of the 2020 CSRs risk to be watered down by poor national implementation of the recommendations. In May 2020, in its usual Communication anticipating the CSRs, the Commission indicated that, since the launch of the European Semester process in 2011, some progress has been registered at the level of implementation. However, looking at the figures, the Commission admits that from 2011 to 2019, only 6% of the CSRs have been fully implemented.<sup>41</sup>
- Lastly, the stronger social dimension of the 2020 CSRs is the result of the exceptional circumstances that since March 2020 informs EU policy-making. Therefore, the social features of the CSRs should not be interpreted in isolation from the (unprecedented) context in which they have been delivered.

To conclude, the positive steps made in these CSRs should be received with caution. What appears like a genuine change towards a more socially conscious EU governance may just turn out to be a temporary deviation. The re-activation of the EU budget rules will be a litmus test for the resilience of the 2020 Semester cycle's approach.

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**41.** European Commission (2020c: 17-18). The Commission further specifies that 5% of the CSRs have not been implemented even partially, in 27% there was limited progress, in 46% some progress, in 16% substantial progress, and full implementation in only 6% of CSRs. The slow pace at which Member States implement the CSRs is confirmed in the EGOV calculation and analysis on the 'Country-Specific Recommendations for 2018 and 2019 – A tabular comparison and an overview of implementation', which indicates that only 1.1% of the 2019 CSRs have been fully implemented, whilst in 60.2% of the cases there is no or limited progress. Similar conclusions have been reached by Al-Kadi and Clauwaert (2019).

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## Annex 1

### Individual country overviews of the 'social CSRs' for 2020

#### Introductory note

Below, an overview of the 2020 social CSRs is provided on a country-by-country basis. In the boxes, one can find the text of the final CSR package followed by a quotation from the relevant (parts of the) recitals. Other (parts of the) recitals of the Council Recommendations which relate to the social field but which do not correspond to a clear social CSR are also incorporated under the subsection 'other relevant information'. When social recommendations are formulated in the context of the macroeconomic recommendation packages, those are reported under the subsection 'social aspects in the macroeconomic CSR package'. Similarly, when social recommendations are formulated in the context of the packages on digital transition, those are reported under the subsection 'social aspects in the CSR package on digital transition'.

In each of the texts and boxes below an overview is also provided of all (substantial) modifications introduced by the Council. The text marked in grey or ~~stricken out~~ has been, respectively, added/changed or deleted in the Council text compared with the text of the recommendations/recitals proposed by the Commission in May 2020.

#### Austria

- Package recommendations: 1 out of 4
- Explicit recommendations: 3 (Training digital literacy; Youth Guarantee; strengthen digital curricula)
- Implicit recommendations: 5 (Wage increase; participation of women in labour market; income support; shift tax burden away from labour;

2. Ensure **equal access to opportunities in education and increased digital learning.**

taxation reform to reduce inequality)

(17) The Austrian health system has so far dealt successfully with the COVID-19 pandemic. Expanding primary and ambulatory care services with a focus on health promotion and disease prevention would help to further improve population health. While maintaining high quality standards, cost efficiency could be increased by more effective public procurement and generic medicines. Also, Austria's long-term care system faces structural and fiscal challenges, which have so far not been thoroughly addressed. The system delivers comparatively high-quality services, but faces staffing challenges, which become even more perceptible and evident in the current crisis. The long-term care sector relies strongly on care provided by workers from other Member States, pointing to the need to secure free flow of cross-border workers. **In addition, adequate remuneration could help to make the job of nursing staff more attractive.**

(18) Tax policy is playing an important role in supporting households and businesses during the COVID-19 containment and will be key in fostering economic recovery in the aftermath of the COVID-19 crisis. **Austria's tax mix is characterised by a high burden on labour**, while the revenue potential of wealth-related and environmental taxes remains largely untapped and consumption taxes could be made more efficient. **Tax reforms could help to shift the tax mix towards sources that are less detrimental to inclusive and sustainable growth, and provide a solid basis for recovery.** In particular, insufficiently used taxes on alcohol and tobacco, pollution and resource consumption imply unused steering effects and revenue potential. The uneven, but generally low level of energy taxation undermines its efficiency and effectiveness as a policy tool to incentivise environmentally beneficial consumption. In particular, consistent taxation of CO<sub>2</sub> emissions would make climate-friendly energy sources more competitive and provide fiscal space for reducing more distortive taxes. Higher, CO<sub>2</sub>-related energy taxes would help to internalise the social costs of pollution, lead consumers to rely more on renewable sources and encourage investors to invest in climate-friendly technologies. **Finally, greater use of wealth-related taxes could make the tax system fairer, especially in view of Austria's persistently high wealth inequality.** In particular, recurrent property and inheritance taxes have proven to be relatively growth-friendly and progressive and should not be overlooked when it comes to generating tax revenues to restore public finances.

(19) While Austria performed well on the Social Scoreboard supporting the European Pillar of Social Rights, gaps in **coverage may mean a lack of income protection for vulnerable groups during the COVID-19 crisis and may require additional measures.** While youth unemployment rises, **the unemployed, long-term unemployed, nonstandard workers and foreign born people are particularly at risk of poverty.** Active labour market policies providing lifelong learning opportunities and upskilling will remain crucially important. Disadvantaged students, including learners with disabilities, ~~suffer particularly in~~ **are particularly affected by** circumstances that require distance learning. While some 10% of pupils under the age of 15 have no access to a virtual learning environment, the Austrian government, in response to the COVID-19 crisis, has taken mitigating measures by providing pupils at risk with computers. **Already existing inequalities in educational attainment, linked to socio-economic and migrant backgrounds, risk however to be exacerbated.** A recovery strategy that improves access to inclusive, **good-quality early childhood education and care** which have been shown to **redress social disadvantages**, would produce socioeconomic benefits in the medium and long term and provide opportunities for women to fully access the labour market. **The overall employment rate of women** was high before the crisis but almost half of them **worked part-time** (linked to short opening hours of schools and childcare facilities) causing a significant **unadjusted gender pay gap.**

(21) To foster the economic recovery, it will be important to front-load mature public investment projects and promote private investment, including through relevant reforms. This investment will be most effective when focused on innovation, digitalisation and the green transition so as to increase productivity and ensure sustainable competitiveness. Austria's research and development (R&D) intensity has been one of the highest in the Union but the country has lagged behind innovation leaders in terms of innovation outcomes. With many businesses' research budgets now under pressure, it is even more important to translate Austria's R&D efforts into excellent science and cutting-edge innovation, maintain public investment in basic **and applied** research, and ensure equity funding for innovative scale-ups. Digitalisation remains essential for opening up the economy and preparing for the 'new normal' after the lockdown. The weak diffusion of digital technologies and business models among smaller companies represents a bottleneck for productivity growth. While Austrians' digital skills are in general above the EU average, **not enough students graduate in computing to fill all available positions**. Higher levels of e-commerce, working from home and e-government, for example, will require **more investment** in infrastructure (including 5G and rural broadband), equipment and **skills**.

## Belgium

- Package recommendations: 1 out of 3
- Explicit recommendations: 3 (Training digital literacy; inclusion of marginalized workers in labour market; strengthen social protection system)
- Implicit recommendations: 4 (Health and safety; employment protection legislation; strengthen digital curricula; shift tax burden away from labour)

2. **Mitigate the employment and social impact of the COVID-19 crisis**, notably by promoting **effective active labour market measures** and **fostering skills development**.

(18) The Belgian health system performs well in providing acute care in hospitals. Nonetheless, the COVID-19 pandemic has highlighted a number of shortcomings in the health system's resilience when faced with a severe public health crisis. ~~It has made apparent~~ **This suggests** that Belgium faces a structural shortage of health workers that needs to be addressed. In the immediate future, ensuring sufficient critical medical products, **including protective equipment in particular for health workers and workers in other exposed occupations**, will remain key. A public healthcare strategy, which is fully coordinated with prevention and long-term care policies, will remain essential in the short and medium term to ensure that public health crisis such as the COVID-19 pandemic are effectively managed. The smooth implementation of the Inter-Ministerial Conference Agreement on public healthcare to make hospital staff and infrastructure (a federal competence)

temporarily available to long-term care facilities (a community competence) during the COVID-19 crisis is an important building block in this context.

(19) After reaching record high levels of employment in 2019 and in the beginning of 2020, the COVID-19 crisis has abruptly halted employment growth in Belgium. Belgium's existing public income support schemes such as the system of temporary unemployment for employees and the bridging right for self-employed provide partial compensation for income losses due to reduced working time. These short-time working schemes play a major role in reducing the impact of lowered production output on employment levels. Nevertheless, unemployment is expected to rise to 7% in 2020 and to reduce somewhat to 6,6% in 2021. **In order to prevent that the increase in unemployment becomes structural, further efforts will be needed to strengthen the effectiveness of the existing active labour market policies, which remain low as a high share of unemployed participating in active labour market measures coexists with a low transition from unemployment to employment.** Particular attention should be paid to ensuring a **comprehensive approach for those furthest from the labour market that are likely to be the most affected by the negative socioeconomic consequences of the COVID-19 crisis. Vulnerable groups include in particular the low-skilled, people with a migrant background and people with disabilities.** In addition, **the labour tax wedge remains on average high at all wage levels**, except for the very low wage earners (50% of the average wage). This is an important driver of the relatively high cost of labour, which may negatively affect labour demand, in particular for low productivity jobs.

(20) Labour mobility should be fostered towards the sectors where there are major shortages, including health, information and communication technologies (ICT) and technical and professional occupations. This will be accompanied with **important needs in terms of re- and upskilling and will require to increase the level of adult participation in education and training, including by using periods of reduced working hours.** There are concerns that the existing training incentives schemes do not reach those that would benefit the most, such as the low-skilled, older workers and people with a migrant background. Poor language skills are a major barrier, in particular on the bilingual Brussels **labour market**. The communities are taking action to increase the uptake of science, technology, engineering and mathematics studies, but there is scope for more comprehensive strategies to meet future labour market demand. The overall level of **digital skills is good, but remains stagnant. Among young people, and in particular among those with low education, the level of digital skills is lower** than the Union average and has been worsening over the past years. Availability of adequate equipment and internet connection for all students accompanied by the necessary teacher training and mentoring schemes, is essential to ensure access to distance learning. This is also needed to ensure existing inequalities in the education system are not exacerbated due to the crisis.

(22) [...] The cumulated effect of high regulation, high wage costs and labour market rigidities is weighing on the performance of the retail sector. [...]

## Bulgaria

- Package recommendations: 1 out of 4
- Explicit recommendations: 7 (Training digital literacy; Youth Guarantee; strengthen digital curricula; strengthen social protection; income support; quality social services; better targeting of social assistance)
- Implicit recommendations: 4 (Social dialogue; inclusion of marginalized workers in labour market; reduce school drops out; short-time work scheme)

2. **Ensure adequate social protection and essential services** for all and **strengthen active labour market policies**. Improve access to **distance working** and **promote digital skills** and **equal access to education**. Address the shortcomings in the adequacy of the **minimum income scheme**.

(21) According to the Commission 2020 spring forecast, unemployment is expected to rise to 7,0% in 2020 and decrease to 5,8% in 2021. Since the beginning of the state of emergency, unemployment has rapidly increased in the **trade, accommodation and food services, and manufacturing sectors** **hospitality industry**, in large cities and among people with up to secondary education. The government has taken measures to protect employment, **in particular short-time work schemes, which should be swiftly implemented and further enhanced**. In **cooperation with social partners**, the current context warrants extensive support to employers and workers, including the self-employed, to prevent further job losses. The capacity and the measures implemented by the Employment Agency will need to be reinforced, to respond to the adverse labour market effects. **Further efforts in activation, upskilling and reskilling will be instrumental to bring people back to work, while preparing the labour force for the challenges and opportunities resulting from digitalisation**. The COVID-19 crisis might also have a significant impact on **workers in informal employment**, with **limited access to health services and social protection**. **Targeted policy measures** could prevent unprotected workers and the most vulnerable groups falling deeper into **poverty** and improve their livelihoods during the recovery.

(22) The COVID-19 crisis disproportionally affects vulnerable groups and exacerbates existing social challenges. **The share of people at risk of poverty or social exclusion** was already high before the crisis, especially among **children**, the **elderly**, people with **disabilities** and **Roma**, **while social transfers managed to reduce poverty only to a limited extent**. Income inequality was one of the highest in the Union and the tax and **benefit systems showed one of the weakest impacts on reducing it**. The crisis requires measures to fix the **gaps** already identified in previous years, and in

particular **in the minimum income scheme, which is one of the least adequate in the Union for lifting recipients out of poverty**. Issues such as ensuring **social protection** for all, including non-standard workers, self-employed and low-income households, ensuring income support, food and adequate social services, as well as providing emergency housing and support for homeless persons, remain relevant. **The reform of social services** would help stabilising the system, while a stronger cooperation between health and social services would allow reaching out further to those unable to take care of themselves and people with disabilities. Many Roma households, already in deep poverty prior to the crisis, are in need of mediation services and essential services and support.

(23) **Enhanced provision of education and training services** and a better skilled workforce would also strongly underpin the recovery and promote inclusive and sustainable growth in the medium term. There is still **scope for improving the quality, labour market relevance and inclusiveness of education and training in Bulgaria**. Bulgaria is among the Member States in which **socioeconomic background has the strongest influence on learning outcomes**. **Roma inclusion in education** remains a challenge, **with early school leaving** being particularly high among Roma and in rural areas. The overall level of digital skills is low among the population (aged 16-74), including also for the young people (aged 16-19). Improving digital skills, for example through more digitally aligned degrees and curricula, **could help to adapt to labour market changes produced by digitalisation and to the need for digital remote work**. At the same time, there are still 11% of students who do not have computers and/or internet access and 2000 teachers without computers. The current remote learning situation risks therefore to worsen the already high inequalities in education and training: **improving, despite some recent support measures. Further efforts to improve** the digital knowledge of all students and their access to adequate technical infrastructure would have a positive long-lasting impact on their access to education, in particular for vulnerable groups, including Roma, thus helping to reduce their **high drop-out rates**.

## Social aspects in the macroeconomic CSR package

1. Take all necessary measures, in line with the general escape clause of the Stability and Growth Pact, to effectively address the COVID-19 pandemic, sustain the economy and support the ensuing recovery. When economic conditions allow, pursue fiscal policies aimed at achieving prudent medium-term fiscal positions and ensuring debt sustainability, while enhancing investment. Mobilise adequate financial resources to strengthen the resilience, **accessibility** and capacity of **the health system**, and ensure a balanced **geographical** regional distribution of health workers, **matching population needs**.

(20) The COVID-19 crisis put an additional burden on the Bulgarian health system, already characterised by limited accessibility stemming from low public financing, limited health insurance coverage, a low **albeit increasing** number of nurses, and an **uneven geographical regional distribution of health workers**. There is therefore scope for strengthening the overall resilience, **accessibility and capacity of the Bulgarian health system**. Providing more care (general and specialist) in ambulatory settings, including by means of teleconsultations, would reduce the burden on hospitals, while testing and treatment **should be available for all, irrespective of health insurance status**. **Proper access to health workers and their services should be ensured throughout the whole territory, matching population needs**. Integration of primary, long-term and community care is **crucial for the elderly and the most vulnerable groups**.

## Croatia

- Package recommendations: 1 out of 4
- Explicit recommendations: 3 (Training digital literacy; income support; quality of social services)
- Implicit recommendations: 5 (Social dialogue; employment protection legislation; inclusion of marginalized workers in labour market; strengthen digital curricula; short-time work scheme)

2. Strengthen **labour market measures** and institutions and improve the **adequacy of unemployment benefits** and **minimum income schemes**. Increase **access to digital infrastructure and services**. Promote the **acquisition of skills**.

(18) Due to a slowdown in economic activity, employers have **difficulty paying wages**, which is expected to result in increased unemployment and poverty levels, with even more pronounced territorial disparities. Traditionally, **participation in active labour market policy** measures has been very low, but under the current circumstances such programmes are gaining more prominence. In **order to provide support to employers and minimise the number of dismissals, such measures, but also other time-bound support schemes, in particular short-time work schemes, should be enhanced**. In the short term, they preserve jobs, but in the medium term too, there is **scope for improving the anticipation of labour market** needs during the recovery phase. The Croatian public employment service should step up its efforts to support the workforce in developing appropriate skills (e.g. digital skills), develop **outreach strategies towards the inactive population and help fight undeclared work by promoting formal employment**. The **unemployment benefit** does not provide **an adequate** safety net for dismissed workers, as both the coverage and adequacy are low. **The poverty reduction capacity of the minimum income benefit is also evaluated as weak**, in a context of high rates of poverty and **social exclusion**, territorial disparities and risk factors related to **age, gender and disability**.

(19) The reliability of internet connectivity poses concerns. Households in Croatia do not have widespread high-speed internet access at home. About 70% of households have fixed broadband take-up, and only 6% have at least 100Mbps fixed broadband take-up. Especially in rural areas, this might prevent telework and distance learning, particularly amongst vulnerable groups, such as students from disadvantaged families or those with disabilities. These groups risk being excluded from the sudden shift to a more digitalised society. Alternative working arrangements employing digital technology should be stepped up, **in close cooperation with social partners**, as the share of workers who **telework** (6 to 7%) stands at half the Union average

(20) Labour shortages have continually affected some sectors of the economy, mainly because of skills gaps. **Promoting the acquisition of adequate skills, including digital skills**, during initial **education** and **training** and later via reskilling and upskilling could raise productivity and close skills gaps. The quality and **inclusiveness of the education and training system** need to be improved at all levels, and the curricular reform needs to continue. The introduction of digital education has already proven its value in the COVID-19 crisis; further development of infrastructure and material for digital education and training and of the digital skills of teachers, pupils and adults are needed.

## Social aspects in the macroeconomic CSR package

1. Take all necessary measures, in line with the general escape clause of the Stability and Growth Pact, to effectively address the COVID-19 pandemic, sustain the economy and support the ensuing recovery. When economic conditions allow, pursue fiscal policies aimed at achieving prudent medium-term fiscal positions and ensuring debt sustainability, while enhancing investment. Enhance the resilience of the health system. **Promote balanced geographical distribution of health workers and facilities**, closer cooperation between all levels of administration and investments in e-health.

(17) The COVID-19 outbreak is a test of the resilience of the Croatian health system. Although **access** to healthcare is generally good in Croatia, **unmet medical needs due to distance are amongst the highest in the Union**. **A more balanced geographical distribution of health workers and facilities would allow easier access to health services**. The division of responsibility for healthcare facilities in Croatia between the central government and county authorities leaves scope for improvement. The central government has to cover the debts of hospitals owned by counties but has limited means of influencing how they are managed. Closer cooperation between the central government and counties is crucial to ensuring the supply of critical medical products and for being able to take steps to limit the spread of COVID-19. The use of e-health tools enables direct contacts between health workers and patients to be reduced, also lowering the risk of infections. The use of e-prescriptions is widespread, but a very low proportion of referrals and health records is digital.



## Cyprus

- Package recommendations: 1 out of 4
- Explicit recommendations: 7 (Employment protection legislation; training digital literacy; inclusion of marginalized workers in labour market; Youth Guarantee; social protection system; income support; quality of social services)
- Implicit recommendations: 5 (Social dialogue; health and safety, inclusion of women into labour market; better transition school-work; strengthen the digital curricula)

2. Provide adequate **income replacement** and **access to social protection for all**. Strengthen **public employment services**, **promote flexible working arrangements** and improve the labour-market relevance of **education and training**.

(17) [...] Policies that improve hospital capacity, **address health workers' working conditions and ensure the deployment of personal protective equipment**, testing, medicines and medical devices are vital. Integration with long-term care as well as primary and community care is crucial in light of demographic change and the need to support the most vulnerable, including people with disabilities.

(18) After consistent positive labour market developments in recent years, Cyprus will now be facing challenges in terms of employment levels due to the health crisis. Further efforts are needed to minimise the socioeconomic impact of the crisis. Cyprus has already adopted emergency measures including short-time work schemes and the extension of unemployment benefits to the self-employed. **It will be important to retain employment and ensure the implementation of announced measures**, in close **consultation with the social partners**. **Strengthening the capacity of the public employment services** with permanent staff will be key, in particular by safeguarding the continuation of services of employment counsellors under temporary contracts expiring in the second half of 2020. This will avoid putting the services under further strain and to **provide efficient support to the newly unemployed and other vulnerable groups**, such as young people not in education, employment or training, the long-term unemployed and persons with disabilities. **Support for school-to-work transition and outreach to young people in particular require further attention**, as recent graduates might face additional difficulties in finding a job.

(19) The outbreak of COVID-19 requires appropriate measures to **mitigate social impacts and to support households' income** and sustain a prompt recovery of the economy. According to the Commission 2020 spring forecast, unemployment is expected to rise to 8,6% in 2020 and decrease to 7,5% in 2021. External demand for services is set to dip significantly, as the tourism sector is expected to be particularly hard hit by the crisis. **Adequate income replacement should be ensured for all affected workers and**

**self-employed people**, including those facing gaps in terms of **access to social protection**. Social protection schemes need to protect those in employment, self-employment and unemployment. There is scope for **strengthening the overall social protection system** in order to prevent increases in poverty and inequality levels, in particular by reaching out to the most **vulnerable**, including children, inactive people, undeclared workers, and people with a migrant background.

(20) The promotion of **flexible working arrangements** with the **involvement of social partners**, particularly in the form of **teleworking**, is of high importance. In the short term these will support workers with unforeseen caring responsibilities for children and other dependants, while in the long term, they **will facilitate labour market re-entry of the high share of inactive women due to caring responsibilities**. Since the elderly and people with chronic diseases have increased risks of severe illness due to the virus, investing in quality long-term care services is of high importance to ensure their continued provision and efficiency in the short and medium term.

(21) Improving the quality, efficiency and labour market relevance of **education and training** is crucial in this crisis context and to ensure a fast labour-market recovery. Equipping people with the right skills is even more important in times where increased numbers might lose their jobs and need to be ready for job transitions thereafter. The mobility restrictions highlighted the challenges related to the **low digital skills levels** in Cyprus. This negatively affects online activities, such as teleworking, distance learning, and the use of e-health services. Equal access to IT infrastructure and internet, including for disadvantaged learners, along with **well-trained teachers, are key for quality digital education and distance learning**. To address low overall educational and training outcomes and improve skills more broadly, it is essential to continue with **the education reform, while investing in solutions for digital learning**, work-based learning and apprenticeship training, and in developing teachers' and trainers' competences to use IT tools effectively. There is scope to address **underachievement in basic skills, as well as raise participation in adult learning**. To accelerate application, **retraining programmes** could, to the extent possible, be designed for online use and then, once the pandemic is contained, integrate physical presence, as appropriate.

## Social aspects in the macroeconomic CSR package

1. Take all necessary measures, in line with the general escape clause of the Stability and Growth Pact, to effectively address the COVID-19 pandemic, sustain the economy and support the ensuing recovery. When economic conditions allow, pursue fiscal policies aimed at achieving prudent medium-term fiscal positions and ensuring debt sustainability, while enhancing investment. Strengthen the resilience and capacity of the health system to **ensure quality and affordable services, including by improving addressing health workers' working conditions**.

(17) The COVID-19 crisis demonstrates the need to channel investments to improve and modernise public health care, restore capacity and implement the healthcare reform. The new healthcare system offers **better access to primary care services**, appropriate guidance and treatments based on clinical protocols. It also provides for universal entitlement to affordable health services in the context of the COVID-19 outbreak. Cyprus has an established emergency pandemic plan and allocated additional resources to prevent and manage the impact of infection and contagion. In the medium-term, Cyprus needs to steer investments towards increasing the health system's effectiveness, accessibility and overall resilience. Additional resources for the health system shall prevent future shortages of medical staff, critical medical supplies and infrastructure. The smooth implementation of the healthcare reform, as planned, is central to ensuring access to healthcare and universal coverage. Digital health solutions and new applications would contribute to stepping-up the deployment of e-health services and improving teleconsultations and alert mechanisms. Policies that improve hospital capacity, **address** health workers' working conditions and ensure the **use development** of personal protective equipment, testing, medicines and medical devices are vital. Integration with long-term care as well as primary and community care is crucial in light of demographic change and the need **to support the most vulnerable, including people with disabilities**.

## Czechia

- Package recommendations: 1 out of 3
- Explicit recommendations: 4 (Training digital literacy; inclusion of marginalized workers in labour market; strengthen digital curricula; quality social services)
- Implicit recommendations: 7 (Social dialogue; employment protection legislation; inclusion of women into labour market; Youth Guarantee; social protection system; income support; better targeting social assistance)

2. Support employment through **active labour market policies**, the **provision of skills**, including **digital skills**, and **access to digital learning**.

(18) Throughout 2019 and early 2020, Czechia's labour market remained robust, with most indicators showing positive outcomes. The employment rate continued to rise and unemployment fell to its lowest rate ever. However, according to the Commission forecast, the latter is expected to rise to 5.0% in 2020 and slightly decrease to 4.2% in 2021. The government responded promptly to the COVID-19 pandemic by introducing many measures to protect incomes and employment, with a particular focus on enterprises and the self-employed. **However, some vulnerable groups in the labour market** (workers in short-term contracts and those hired through temporary work agencies) **are not fully protected** by the proposed mitigating measures. The

closure of childcare and schools during the lockdown may have **particularly affected women with significant caring responsibilities**. **Promoting investment in childcare and long-term care coupled with flexible working arrangements, such as teleworking**, should smooth the transition from the crisis. More targeted active labour market policies and skills provision, in consultation with **social partners**, support both the retention of employees and job transitions. Outreach actions by the **public employment services** can also facilitate a successful re-entry in the labour market, in particular for **vulnerable groups**. Easier and faster **access to social protection** would help avoid **poverty traps and housing evictions**. **Education outcomes** continue to be strongly affected by socioeconomic inequalities and low investment. Ensuring equal access to inclusive quality **education and training, including in the digital context**, can help improve skills levels and expand digital learning. Fostering digital skills, including through support and continuous training for teachers and trainers, is particularly crucial. Public spending per student at all educational levels remains comparatively low. Shortages of qualified teachers indicate the need to raise the attractiveness of the profession, in particular for talented young people.

## Social aspects in the macroeconomic CSR package

1. Take all necessary measures, in line with the general escape clause of the Stability and Growth Pact, to effectively address the COVID-19 pandemic, sustain the economy and support the ensuing recovery. When economic conditions allow, pursue fiscal policies aimed at achieving prudent medium-term fiscal positions and ensuring debt sustainability, while enhancing investment. Ensure the resilience of the health system, **strengthen the availability of health workers, primary care and the integration of care**, and deployment of e-health services.

## Denmark

- Package recommendations: 0 out of 3
- Explicit recommendations: 0
- Implicit recommendations: 3 (Training digital literacy; health and safety, strengthen digital curricula)

(16) The ongoing COVID-19 crisis underlines the need for Denmark to continuously work to strengthen the resilience of its health system. One issue of particular concern is the shortage of health workers, and the lack of specialised doctors and nurses in e.g. intensive care (in particular nurse anaesthetists). Continuous efforts to address these labour shortages in key. In the short term, Denmark should work to **ensure** the availability of critical medical products, including **personal protective equipment for health workers**.

(17) To foster the economic recovery, it will be important to front-load mature public investment projects and promote private investment, including through relevant reforms. Denmark is performing well in the field of digitisation, as evidenced by the European Commission's **Digital Scoreboard**. However, to maintain this strong position in the long term and to ensure its competitiveness and benefit from the digital transformation, **Denmark would need investment in digital infrastructure as well in education, training and upskilling**. Denmark's National Energy and Climate Plan reports important investment needs to tackle successfully the climate and energy transition. The largest investments are required for the installation of new renewable energy capacity, while significant investment needs are also identified in households (energy efficiency and conversion of heat supply), sustainable transport, industry as well as biogas and district heating. Denmark's climate policy objectives aim to reduce greenhouse gas emissions by 70% by 2030, compared with 1990, and achieve climate neutrality by 2050 at the latest. To reflect this, energy consumption would need to be put on a downward trend, requiring investments that follow a comprehensive approach and focus on sectors where energy savings are particularly promising.

(18) Overall research and development (R&D) spending has not translated into higher productivity growth in Denmark. An integrated innovation strategy, which clearly spells out what Denmark wants to achieve within the global innovation landscape, is missing. Research and innovation activity remains concentrated in a small number of large firms and foundations and mostly in the pharmaceutical and biotechnology sectors. The eight largest companies account for almost 40% of total private R&D expenditure (versus worldwide average of 19%). Overall R&D spending remains high, but the absolute number of companies active in R&D has declined since 2009, largely because smaller firms are not engaging in R&D. Only 33% of SMEs introduced product or process innovations. Therefore further policy efforts could be needed to broaden the innovation base with the objective to include more companies. Responding to changing skill needs after the COVID-19 pandemic, also **in light of future technological changes, requires sustained investment in upskilling and reskilling schemes, including through adult learning**.

## Estonia

- Package recommendations: 1 out of 4
- Explicit recommendations: 3 (Social protection system; income support; quality of social services)
- Implicit recommendations: 3 (Social dialogue; short-time work schemes; better targeting social assistance)

2. Strengthen the **adequacy of the social safety net**, including by broadening the **coverage of unemployment benefits**.

(18) **Improving the adequacy of the social safety net** has been a longstanding challenge in Estonia. Even before the most recent crisis, social benefits in Estonia were assessed as less effective than the EU average in reducing the **incidence of poverty**. Moreover, there are **gaps in the coverage of the unemployment benefit system** for those in nonstandard forms of work and those with short work spells. The negative effect of the COVID-19 pandemic on employment and incomes, combined with the **lack of adequate coverage, could increase poverty, in particular for jobless households**. Estonia introduced a **temporary short-time work scheme** as a special subsidy for affected companies to maintain employment. This measure is limited to a period of two months, which may **not be sufficient** to mitigate the impact of the crisis as the difficulties may last longer and reach some economic sectors with a delay. The COVID-19 pandemic aggravated the difficulties in providing affordable and available **social services, including long-term care services, especially for the elderly, people with disabilities and for low-income earners**. Maintaining the plan to develop an integrated provision of social and health services would help to address those challenges. It is important to ensure the meaningful and timely **involvement of social partners** in the design of the exit and recovery process while strengthening their capacity to do so.

### Social aspects in the macroeconomic CSR package

1. Take all necessary measures, in line with the general escape clause of the Stability and Growth Pact, to effectively address the COVID-19 pandemic, sustain the economy and support the ensuing recovery. When economic conditions allow, pursue fiscal policies aimed at achieving prudent medium-term fiscal positions and ensuring debt sustainability, while enhancing investment. Improve the **accessibility** and resilience of **the health system**, including by addressing the shortages of health workers, strengthening primary care and ensuring the supply of critical medical products.

(17) Estonia has taken notable measures to contain the spread and health impact of COVID-19. Nevertheless, the COVID-19 pandemic revealed some structural weakness in the health system related to the limited financial and human resources available. The resilience of the system has been undermined by the **shortages of health workers and by the uneven access to primary care and the availability of critical medical products**. Estonia is also facing a challenge of overcoming the backlog of postponed and inaccessible treatments caused by the emergency situation. Moreover, even before the COVID-19 pandemic, the **self-reported unmet needs for medical care** in Estonia were one of the highest in the Union due to long waiting times for both primary and specialist care. These factors and lifestyle-

related risks help explain the poor health status of the population. **Improving the accessibility and resilience of the health system** are preconditions to ensuring an efficient response to pandemic spreads and addressing the challenges linked to the health status of the population.

## Finland

- Package recommendations: 1 out of 4
- Explicit recommendations: 2 (Inclusion of marginalized workers in labour market; quality of social services)
- Implicit recommendations: 4 (Social dialogue; training digital literacy; strengthen digital curricula ; social protection systems)

### 2. Strengthen measures to **support employment** and **bolster active labour market policies**.

(18) According to the Commission 2020 spring forecast, unemployment is expected to rise to 8,3% in 2020 and recover to 7,7% in 2021. Effective short- and medium-term policy actions, designed in **close cooperation with the social partners**, are needed to curb increases in the unemployment rate and **to re-integrate into the labour market those who have lost their jobs** due to the COVID-19 crisis. These efforts should also support groups at **risk of poverty and social exclusion**, such as the low-skilled, persons with disabilities, people with partial work ability and people with a migrant background. Finland **has short-time work schemes in place that have put many employees on furlough**. Active labour market policies, **including upskilling and reskilling measures** could ensure quick and sustainable re-entry into the labour market. Subsidised salaries could be targeted and coupled with training and follow-up by public employment services. **Reskilling and upskilling are key to maintaining the employability of the labour force in an increasingly digital and green economy**. The continuous learning reform could help address the need for skills enhancement of adults, including those with low skills, in labour market-relevant sectors such as the Information and Communication Technology (ICT) sector. In order to provide the market with **the skills it needs in times of demographic and technological changes**, it will be important to maintain the labour market relevance of education, also by ensuring sufficient university places in line with employment foresight for each sector and region. To avoid aggravating the socio-economic situation of the most vulnerable groups in the wake of the COVID-19 crisis, addressing the **digital divide** will be key, particularly in ensuring that disadvantaged learners have access to quality education. **The complex benefit system** creates barriers to taking up work. To encourage the take-up of **short-time and part-time work**, the income register containing real-time information on salaries and benefits should be efficiently deployed together with **accelerating the handling times of social security benefits**. In the medium term, it will be important for Finland to reform the **social benefits system to boost**

**employment and to prepare the country's welfare system** for the future.

## Social aspects in the macroeconomic CSR package

1. Take all necessary measures, in line with the general escape clause of the Stability and Growth Pact, to effectively address the COVID-19 pandemic, sustain the economy and support the ensuing recovery. When economic conditions allow, pursue fiscal policies aimed at achieving prudent medium-term fiscal positions and ensuring debt sustainability, while enhancing investment. Address shortages of health workers to strengthen the resilience of the health system and **improve access to social and health services**.

(17) While Finland has shown a general readiness to deal with the COVID-19 crisis, its health system could benefit from being made more resilient. Hospital districts have had to reallocate medical staff to treat COVID-19 patients and deviate from the previously established legal time limits for non-urgent healthcare. The current system of health services delivered by various providers has led to an **uneven density of health workers across the country**. The fragmentation of service provision and the **unequal access to social and primary healthcare** services is expected to remain an issue after the crisis, particularly for unemployed and retired people, including persons with disabilities. With the rise in unemployment due to the COVID-19 crisis, both short and medium-term policy actions should be focused on improving equal access to primary healthcare. In the medium term, it remains important to **pursue the social and health reform plans considered** by successive Finnish governments, especially as they prepare Finland for far-reaching demographic changes and would help the country maintain the quality of its health system in the future while **improving its accessibility**. The long-term sustainability of Finland's public finances continues to be at risk due to the projected rise in ageing costs, in particular social care and healthcare.

## France

- Package recommendations: 1 out of 4
- Explicit recommendations: 3 (Training digital services; inclusion of marginalized workers in labour market; social protection system)
- Implicit recommendations: 2 (Employment protection legislation; income support)

2. **Mitigate the employment and social impact of the COVID-19 crisis**, including by **promoting skills and active support for all jobseekers**.



(17) The COVID-19 crisis is having a negative impact on French labour market and social conditions. Despite having taken mitigation measures, unemployment is set to rise to 10.1% in 2020 according to the Commission 2020 spring forecast, to then decrease to 9.7% in 2021. These measures include amending and extending the short-time work scheme, temporarily extending the rights of jobseekers as well as measures adopted to support firms and workers and ensuring the functioning of public services and the health system. **Persistent labour market segmentation remains a source of concern.** In 2019, around two thirds of new recruitments were on short-time contracts of less than one month. The transition rate from short-time to open-ended contracts is one of the lowest in the Union. The recent reform of the unemployment benefit system (Unédic) aimed to strengthen the financial sustainability of the system and to address segmentation. **However, parts of the reform related to indenisation rules have been put on hold due to the COVID-19 crisis.** In light of the deteriorated context, it is important to ensure that **unemployment benefits, as well as active support to employment, are available to all jobseekers**, irrespective of previous employment status. To address **skills mismatches** and improve the **resilience of the labour market**, efforts should continue to promote the reallocation of the **workforce across sectors**. Before the COVID-19 pandemic, employers increasingly reported difficulties in finding suitable candidates to recruit, pointing to the need to **promote upskilling and reskilling**. For instance, while the **Information Technology sector is particularly affected by skills shortages**, its graduates only represent 3% of the total number of **tertiary** graduates.

(22) During the lockdown, digitalisation has proven vital in maintaining access to governmental, educational and medical services, and in preserving economic activity, through teleworking and e-commerce. In the medium term, digitalisation provides greater opportunities for firms, in particular SMEs, to recover and grow by bringing them into contact with more potential customers, improving the efficiency of production processes, and providing incentives to innovate. **Investments in digitalisation** include providing adequate infrastructure, **improving the wider populations' digital skills**, in particular the **working population**.

## Germany

- Package recommendations: 0 out of 2
- Explicit recommendations: 1 (Strengthen digital curricula)
- Implicit recommendations: 1 (Income support)

(18) After starting strongly at the beginning of the year, the labour market has deteriorated as a result of the COVID-19 pandemic and related lockdown measures. To cushion both the employment and social impacts of the crisis, the government has provided substantial support through the short-time work arrangement scheme 'Kurzarbeit'. It eased conditions for accessing it, retroactively extended the scheme to temporary agency workers and increased

its level of compensation. This helps to preserve jobs and **protect household incomes**. Employers are receiving financial relief by not having to pay the social security contributions, for the lost working time. The facilitated access to minimum income support (based on Book II of the German Social Code ‘Sozialgesetzbuch/SGB’) provides relief against income losses. In addition, low-income families are being supported through easier access to child allowances and the minimum income supplement. In addition, tenants facing a loss of income are temporarily protected against eviction. While Germany performed well on the Social Scoreboard supporting the European Pillar of Social Rights, **gaps in coverage, if not closed, may lead to reduced income for vulnerable groups in the context of the current crisis.**

## Social aspects in the CSR package on digital transition

2. Front-load mature public investment projects and promote private investment to foster the economic recovery. Focus investment on the green and digital transition, in particular on sustainable transport, clean, efficient and integrated energy systems, **digital** infrastructure and **skills**, housing, **education and research** and innovation. Improve digital public services across all levels and foster the digitalisation in SMEs. Reduce the regulatory and administrative burden for businesses.

(23) Already before the emergence of the COVID-19 crisis, technological progress was transforming the labour market, requiring increased funding of **education and training, including reskilling and upskilling and improving digital skills**. The COVID-19 crisis made this need even more pressing, in particular in the case of workers employed in sectors that may be impacted for a longer time by social distancing or those at risk of becoming unemployed. The sudden shift to a more **digitalised society and home-based education may pose a particular challenge for vulnerable pupils and students who do not have access to digital solutions and support at home**. This includes students with disabilities. Special care is needed to ensure that all pupils and students acquire the key skills set out in the curriculum and that the months of disruption due to COVID-19 do not result in a lifetime of disadvantage. Already existing inequalities in basic skills, linked to socioeconomic and migrant backgrounds, risk to be exacerbated. The crisis has highlighted the importance of further developing the educational system to promote a smart and inclusive recovery and to stay on track to pursue the green and digital transition.

## Greece

- Package recommendations: 1 out of 4
- Explicit recommendations: 4 (Inclusion of marginalized workers in labour market; social protection system; short-time work scheme; quality social services)

- Implicit recommendations: 7 (Social dialogue; employment protection legislation; women participation in labour market; training digital literacy; Youth Guarantee; income support; better targeting social assistance)

2. **Mitigate the employment and social impacts** of the COVID-19 crisis, including by implementing measures such as **short-time work schemes** and ensuring **effective activation support**.

(19) Measures are needed to mitigate the impact of the COVID-19 crisis on workers and businesses. According to the Commission 2020 spring forecast, unemployment is expected to rise to 19,9% in 2020 and recover to 16,8% in 2021. Greece has already introduced a temporary scheme alleviating the cost of labour for businesses whose operation has been suspended or severely affected, while protecting employment contracts and providing income support to the affected workers. However, **implementation of a comprehensive short-time work scheme would provide a more sustainable and flexible solution** and authorities have taken steps in that direction **by adopting the employment support scheme SYN-ERGASIA to be rolled out from 15 June to 15 October 2020**. Such a scheme would allow businesses to apply a reduction of working hours in a modulated manner, corresponding to the degree in which their activities have been restricted, while preserving operation of the industries, and preventing temporary layoffs from becoming structural. **Expanding flexible working arrangements, such as teleworking**, which have been so far limited in Greece compared to other Member States, would also help preserve economic activity and jobs during confinement and social distancing.

(20) The COVID-19 crisis risks exacerbating once again the social situation of large parts of the population and **increasing income inequality**. Before the pandemic outbreak, the share of the Greek population at risk of **poverty or social exclusion** was still one of the highest in the Union, with children and working-age people at greater risk than older people. **In-work poverty, access to affordable housing and energy poverty have also been significant concerns**. To mitigate the impact of the crisis, the provision of **adequate income replacement to all affected workers and the self-employed**, including those facing **gaps in access to social protection**, will be crucial. It will also be important to support the **most vulnerable people**, including those inactive and undeclared workers, by **strengthening social safety nets**. With more people likely to fall back on the basic safety nets, it will be important to **improve the adequacy of the minimum income support**. Comprehensive **access to social services** is necessary for the most deprived and vulnerable groups, **including people with disabilities, refugees and asylum seekers**. In addition, **long-term care services are not sufficiently developed**. Greece should also further promote **access to affordable housing**, especially for households at risk of poverty, for example by introducing a scheme to assist **vulnerable homeowners with a mortgage**.

(21) The COVID-19 crisis has halted the positive labour market developments observed in the past years, and unemployment is once again set to rise. To support a **robust recovery of employment in the post-crisis period**, Greece needs to complete reforms to increase the **effectiveness of policies to get people into work**, in particular **training programmes**. Increasing the public employment service's capacity to provide continuous and individualised support to jobseekers will be key. Greece needs to pay **particular attention to young people and women**, who are more affected by a lack of employment opportunities. There is also scope for **improving social dialogue, by supporting social partners' active and meaningful involvement in policy-making**, including in the design and implementation of measures to address the impacts of the COVID-19 crisis. The government should focus its efforts on improving basic skills for all, **including digital skills**. **Addressing poor educational outcomes, upgrading vocational education and training, and scaling up adult learning will be essential**. To **reduce skills mismatches** and speed up labour market recovery, it is vital to increase **quality and labour market relevance of education and training**.

## Social aspects in the macroeconomic CSR package

1. Take all necessary measures, in line with the general escape clause of the Stability and Growth Pact, to effectively address the COVID-19 pandemic, sustain the economy and support the ensuing recovery. When economic conditions allow, pursue fiscal policies aimed at achieving prudent medium-term fiscal positions and ensuring debt sustainability, while enhancing investment. Strengthen the resilience of the health system and **ensure adequate and equal access to healthcare**.

(18) To continue dealing with the COVID-19 pandemic, the **healthcare system's capacity, accessibility** and resilience needs to be improved. Direct payments for private health services, and informal payments - which are closely linked to inefficient hospital management - are still high. This leads to inequalities. Access is still an issue, and **self reported unmet healthcare needs are among the highest in the Union**, with large differences by income groups and employment status. Co-payments have not been sufficiently means-tested to protect vulnerable groups. This is exacerbated by the oversupply and hence the overconsumption of often excessively expensive drugs. To tackle this, Greece is implementing an ambitious primary care reform to provide access to essential quality services in the short term, and a comprehensive gatekeeping-based system for the whole population in the longer term. Early indications suggest that this is proving to be key to protect citizens and limit the spread of the virus, ensuring the full capacity of the system can be employed to treat patients according to their needs. A sustainable solution for health spending is yet to be found, as fiscal sustainability is mostly ensured by a clawback system increasingly under pressure because of insufficient structural measures. Despite some encouraging actions taken recently, centralised procurement is still weak. In

2018, public spending on health was below the Union average, even including the value of the clawback, adding about 1% of GDP. Increased efficiency along with additional financial resources are **needed to improve effectiveness, accessibility and overall resilience of the health system.**

## Hungary

- Package recommendations: 1 out of 5
- Explicit recommendations: 8 (Social dialogue; inclusion of marginalized workers in the labour market; employment protection legislation; social protection system; income support; short-time work scheme; improve quality of social services; better targeting social assistance)
- Implicit recommendations: 3 (Wage increase; participation of women in labour market; strengthen digital curricula)

2. Protect employment through enhanced **short-time working arrangements** and **effective active labour-market policies** and extend the duration of **unemployment benefits**. Improve **the adequacy of social assistance** and **ensure access to essential services** and **quality education for all**.

(21) The socioeconomic consequences of the outbreak may be significant and the impact of the government decree of 18 March 2020 permitting bilaterally agreed derogations from the Labour Code still needs to be assessed. According to the Commission forecast, unemployment is expected to rise to 7,0% in 2020 and recover to 6,1% in 2021. Sectors excessively hit by the crisis account for a large share of the Hungarian economy, employing low-to-medium-skilled workers **on highly flexible work contracts**. Until early 2020, the overall employment rate continued to improve amid a strong economic expansion, but this did not benefit all groups equally. **The gaps in employment between skills groups and between men and women remained wide in comparison with the Union average**, the latter due partly to the **limited supply of quality childcare**. Despite being scaled down, the public works scheme, which was not effective **in leading participants to jobs in the primary labour market, remained sizeable**. There is scope for strengthening other policies to effectively help unemployed or **inactive people find work or access training to improve their targeting**. The **duration of unemployment benefits** is the shortest in the Union, at a maximum of three months, which even in favourable economic conditions was well below the average time needed to find a job. In line with the principles of the European Pillar of Social Rights, **social protection schemes and measures need to protect those at risk of losing their employment**, as well as the self-employed and unemployed. **Short-time work schemes**, where employees receive income support from the State for the hours not worked, are a good way to protect employment. During the pandemic, short-time work schemes are most efficient if their administration is simple and quick, and eligibility is not restricted to certain sectors or business types.

(22) While Hungary's overall poverty situation improved before the crisis, the trend can reverse quickly during the downturn. **Income inequalities** increased over the past decade, due in part to changes in the **tax and benefit system**. Even before the COVID19 outbreak, both **severe material deprivation and material and social deprivation were high**, particularly among households with several children and among the Roma population. **The shortage of municipal flats for social rental** and a lack of financial support for renters hinders mobility. The minimum income benefit has remained nominally unchanged since 2012 and is one of the lowest in the Union. The pandemic is expected to **hit hardest the vulnerable groups who lack access to care and essential services and who live in overcrowded households**. Measures fostering the activation and integration in the labour market **of such groups** will be needed when economies recover. Even before the crisis, **education outcomes** were below the Union average and strongly influenced by the pupils' socioeconomic background. **Early school leaving rates were high**, particularly among Roma pupils. **The low participation of vulnerable groups in quality education** is a missed opportunity to build human capital and social cohesion. **Teachers' salary is one of the lowest in the Union**. The low number of students participating in higher education is not in line with the strong demand for highly skilled workers. The unexpected shift to distance learning is likely to further increase inequalities. Evidence from the yearly national competence tests suggests that it **is difficult to reach many pupils through digital education because of the lack of digital tools**. Learners from disadvantaged backgrounds also experience negative effects of distance learning **also due to because of** overcrowded households and the low education of parents. Recent and ongoing investments in **digitalisation of education** have been important and need to continue.

## Social aspects in the macroeconomic CSR package

1. Take all necessary measures, in line with the general escape clause of the Stability and Growth Pact, to effectively address the COVID-19 pandemic, sustain the economy and support the ensuing recovery. When economic conditions allow, pursue fiscal policies aimed at achieving prudent medium-term fiscal positions and ensuring debt sustainability, while enhancing investment. Address **shortages of health workers** and ensure an adequate supply of critical medical products and infrastructure to increase the resilience of the health system. **Improve access to quality preventive and primary care services**.

(20) Various aspects of health outcomes remained worse than in most Member States, reflecting, in particular the high prevalence of risk factors in the population and the limited effectiveness of **healthcare** provision. The public share of health spending in Hungary was considerably lower than the Union average. **While unmet medical needs are low, the** number of Hungarians relying on out-of-pocket expenditure is above Union average, and such persons are increasingly pushed to turn to private health services. This aggravates risks of financial hardship for Hungarian households, **with repercussions for**

**social equity and health outcomes.** Additional investment and comprehensive reforms are necessary to rationalise the use of resources within the health system, **reduce inequities in access and increase the quality of care.** Preventive and primary care services are underfinanced and their potential to improve the quality, accessibility and cost-effectiveness of the health system remain underexploited. Although the authorities have started working towards alleviating Hungary's considerable **shortage of health workers**, regional disparities in **the distribution of health personnel continue to hinder access to care in some areas and for some vulnerable groups, such as marginalised Roma**, but also **people with disabilities** face particular barriers. In the face of the demand shock for health systems generated by the COVID-19 pandemic, rapid action is required to start addressing these structural challenges and increase the resilience of the Hungarian health system.

## Other relevant aspects

4. **Ensure that any emergency measures be strictly proportionate, limited in time and in line with European and international standards** and do not interfere with business activities and the stability of the regulatory environment. **Ensure effective involvement of social partners** and stakeholders in the policy-making process. Improve competition in public procurement.

(28) **Social partners' involvement in policy initiatives and implementation** has been insufficient in recent years, which has weakened the quality and predictability of policy-making and increased the chances of policy mistakes. **Consultations and impact assessments have been recurrently bypassed by applying special legislative procedures, such as individual member's bills and urgent procedures.** The involvement of stakeholders has been weakened further during the current system of ruling by government decree especially in light of the government decree of 18 March 2020 that permits bilateral derogations from the Labour Code.

## Ireland

- Package recommendations: 1 out of 4
- Explicit recommendations: 4 (Employment protection legislation; training digital literacy; strengthen digital curricula; quality social services)
- Implicit recommendations: 6 (Social dialogue; inclusion of marginalized workers in labour market; Youth Guarantee; short-time work scheme; targeting social assistance; effective child support)

2. **Support employment** through **developing skills**. Address the risk of **digital divide**, including in the **education sector**. Increase the **provision of social and affordable housing**.

(18) According to the Commission 2020 spring forecast, unemployment is expected to rise to 7,4% in 2020 and slightly decrease to 7% in 2021. The government has made significant use of income and employment support policy to respond to the pandemic, in particular short-time work schemes, which should continue to be swiftly implemented. **The schemes need to be reviewed and should be extended if needed to help retain people in employment or maintain incomes.** The relatively high number of people living in households with low work intensity calls for **further efforts to foster individualised activation strategies**. The challenges facing Ireland with regard to **poverty and employment quality and support, including for people with disabilities**, remain and they are likely to be exacerbated by the pandemic. **In cooperation with social partners**, the current context calls to **continue upskilling and reskilling efforts** in order to meet the **changing needs of the labour market** and prepare the workforce for the climate, energy and circular economy transition. **Skill shortages have been identified in the housing sector**, but others are expected to arise as the transition progresses. In the context of the COVID-19 pandemic, it is essential to ensure that the **digitalisation of education and work** does not increase **educational and social inequalities**.

(19) The government has implemented various measures to support **housing supply**, which have contributed to increasing annual housing completions by almost 40% in the two years up to September 2019. Combined with effective macroprudential tools, this seems to have helped curb house price inflation. However, housing completions still fall short of demand. **Housing affordability is a problem** for many households and inflation in the rental sector is persistently high. Improved infrastructure, combined with spatial planning, could be a critical enabler for improving housing supply. In addition, solving administrative deficiencies in the vacant site levy might ultimately help improve housing affordability in the medium-term. **Shortages in social housing supply remain a significant challenge with regard to fostering inclusion, including for the most vulnerable**. Recent policy measures have accelerated social housing delivery, but there were still approximately 68,700 households on social housing waiting lists in Ireland in June 2019. Further efforts are needed to cover the needs of remaining households on the current waiting list and of potential new applicants. Of the around 10,000 homeless people registered in Ireland, 3,500 are children. This raises concerns about the **potential risks of deepening inequalities, entrenched poverty and social exclusion**. **Single parents with children are among the groups most affected by homelessness**. Substantial regional and urban differences persist, with 69% of all homeless adults concentrated in the greater Dublin area.



(22) Ireland's efforts to reduce the productivity gap between its foreign and domestic sectors remain sluggish. Direct support through the Disruptive Technologies Innovation Fund for cooperation between firms and public research centres, for example through collaborative projects between industry - including SMEs - and research bodies, is welcome. Although Ireland provides a relatively high amount of public support to companies, this support is **mainly** implemented through a tax credit scheme for research and development. **While recent changes in the 2020 budget make the tax credit more attractive for SMEs**, it tends to benefit larger **multinational foreign-owned firms** and **has a limited effect on improving the productivity of local Irish firms**. The Future Jobs Ireland framework identifies key measures that could help address the weaknesses of the domestic economy, especially initiatives to strengthen the productivity of domestic firms, in particular SMEs. It is important that these measures are effectively implemented. The crisis also highlighted the **digitalisation** needs of SMEs, related in particular to remote work solutions, the **training of workers** and cyber security. Digital infrastructure is essential for boosting the productivity of SMEs and promoting entrepreneurship. Ultrafast broadband is only available to 5% of rural premises, well below the Union average of 29%, and Ireland is also one of the Union's most expensive Member States for fixed broadband. With the contract having been signed for a major public investment under the National Broadband Plan to address infrastructure gaps, it is therefore important to closely monitor and ensure the timely implementation of the rollout of the publicly supported ultra-fast broadband network, especially in rural areas.

## Social aspects in the macroeconomic CSR package

1. Take all necessary measures, in line with the general escape clause of the Stability and Growth Pact, to effectively address the COVID-19 pandemic, sustain the economy and support the ensuing recovery. When economic conditions allow, pursue fiscal policies aimed at achieving prudent medium-term fiscal positions and ensuring debt sustainability, while enhancing investment. **Improve accessibility of the health system** and strengthen its resilience, including by **responding to the health workforce's needs and ensuring universal coverage for primary care**.

(17) Before the COVID-19 pandemic, hospitals were already working near full capacity with the occupancy rate for acute care beds being among the highest in OECD countries. This was mainly due to the **lack of universal access to primary care** and a significant reliance on hospital care. Challenges regarding recruitment and retention had led to shortages in nursing workforce in certain regions and hospitals. **Long-term home care was under-provided** and has lacked statutory entitlement, with policies incentivising the use of institutional care. COVID-19 has placed an unprecedented pressure on the healthcare system. Timely emergency measures have been put in place to increase hospital capacity and provide temporary universal healthcare services. However in the medium term, Ireland still needs to address the structural limited efficiency, flexibility, resilience and **accessibility of its healthcare**

**system.** The ambitious Sláintecare reform plans to deliver on a universally accessible and sustainable health system. However, plans for its implementation ~~remain vague~~ need to be improved, in terms of milestones, explaining progress in access to public primary care over the implementation period, until universal coverage is achieved. Defining clear milestones and deadlines and a solid monitoring framework may contribute to the timely implementation of universal coverage. The implementation of long-term care reforms, including new ways of working in the community through support for home care and reorganisation of nursing resources, could require a stocktaking of existing facilities, projections for future growth in demand, and a commensurate gap analysis, followed by a plan for delivery.

## Italy

- Package recommendations: 1 out of 4
- Explicit recommendations: 5 (Employment protection legislation; training digital literacy; inclusion of marginalized workers in labour market; social protection system; income support)
- Implicit recommendations: 4 (Participation of women in the labour market; Youth Guarantee; reduce schools drops out; strengthen digital curricula)

2. Provide adequate **income replacement** and **access to social protection**, in particular for atypical workers. **Mitigate the employment impact of the COVID-19 crisis**, including through **flexible working arrangements** and **active support to employment**. Strengthen **distance learning** and **skills**, including **digital** ones.

(16) The COVID-19 pandemic has put the national health system under unprecedented strain, evidencing structural weaknesses and the need to increase preparedness in response to crisis events. Despite below Union average spending on health, Italy's health system is characterised by highly specialised as well as good quality universal services and it has generally succeeded in providing accessible care. Nevertheless, especially at the onset of the COVID-19 pandemic, the health system governance fragmentation, and coordination between central and regional authorities slowed down the implementation of some containment measures. The response of regional health systems to the crisis was based primarily on an extraordinary mobilisation, in particular of the health workforce and local social services. This compensated for the limits of the physical infrastructure, **the limited numbers of health workers** and **the limited amount of** investment directed towards improving structures and services in the past years. The government made great efforts to mitigate the spread of the virus responsible for COVID-19, relieve pressure on hospitals and generate additional care capacity. A longer-term containment strategy is now being developed to ensure a safe return to productive activity. In addition to improving governance processes and crisis preparedness plans, post-COVID-19 policies should aim at

alleviating the public investment gap in health care. In the medium-to-long term, developing a strategic investment plan will be key to improve the resilience of the health system, and to guarantee the continued provision of accessible care. In the face of current health workforce projections, **priority should be given to developing policies to resolve bottlenecks in the training, recruitment and retention of the health workforce.**

(17) The ~~lockdown~~ **containment** measures adopted in response to the COVID-19 crisis are having a strong negative impact on the labour market and social conditions. Prior to the crisis, the social situation was slowly improving, **even if the risk of poverty or social exclusion, in-work poverty and income inequality remained high** and with major regional differences. Given the impact of the COVID-19 pandemic and its aftermath, **social safety nets should be strengthened to ensure adequate income replacement**, irrespective of their employment status, including for those **facing gaps in access to social protection. Strengthening income replacement** and support is particularly relevant for atypical workers and **people in vulnerable situations**. Provision of services aimed at **social and labour market inclusion** is also key. The new **minimum income scheme**, which provided over the past year benefits to more than one million households (EUR 513, on average), may mitigate the effects of the COVID-19 crisis. However, its **reach out to vulnerable groups could be improved**. On a temporary basis, the government introduced an additional “emergency income” to **support households not eligible for the minimum income so far**. People employed in the shadow economy, in particular in sectors such as agriculture, food industry and housing, also risk facing gaps in access to social protection and income support. To respond to this challenge, the government recently eased the rules for **legalising the employment status of undeclared workers and for obtaining or extending residence permits for working migrants**. Negative demographic trends and brain drain also risk hindering growth prospects. In addition to more difficult labour market conditions, **lack of quality services is a driver of depopulation in southern regions** and rural areas. Enhancing access to e-services is key, especially in a context of **limited mobility**.

(18) Since the outbreak of the COVID-19 crisis, Italy is taking steps to mitigate the employment impact. Short-time work schemes (Cassa integrazione), have played a major role and are expected to do so in the future. Eligibility has been extended to include small enterprises and microenterprises as well as and all economic sectors and employees. In addition, a separate (temporary) scheme has been created for the self-employed. Prior to the COVID-19 crisis, labour market conditions had continued to improve. In 2019, the employment rate reached 64%, the highest rate ever recorded. However, this was still significantly below the Union average. The unemployment rate was persistently high, as were other indicators of labour market slack, and is expected to rise further to 11,8% in 2020 and recover to 10,7% in 2021, according to the Commission 2020 spring forecast. **The share of temporary contracts was also high, even if since mid-2018 job creation had been driven by permanent jobs.** For the future, in order to promote a sustainable and

inclusive recovery, the labour market integration of inactive young people and women is key. Some steps were taken to **strengthen public employment services** and better integrate them with social services, **adult learning and vocational training**. However, their placement capacity remains weak and varies widely across regions. **The involvement of employers also remains marginal**. As lockdown containment measures are progressively lifted, **flexible working arrangements and teleworking can support firms and workers**. In response to the COVID-19 crisis, the government adopted temporary measures aiming at **conciliating private and working life**, such as fostering smart working and special leaves and providing vouchers for baby-sitting. Despite recent efforts, measures to **promote equal opportunities and work-life balance policies**, as well as the supply of **affordable early childhood education** and **care and long-term care services**, remain weak and poorly integrated.

(19) The current emergency also shows the need to **improve digital learning and skills**, including for **working age adults and distance learning**. Investing in **education** and skills is key to promoting a smart and inclusive recovery and to staying on track to pursue the green and digital transition. In that regard, education and training outcomes continue to represent a major challenge for Italy. There are large regional gaps in basic skills attainment and the **rate of early school leaving is well above the Union average** (13,5% versus 10,3% in 2019), in particular for non-Union born pupils (33%). In a context of limitations to mobility, regional and territorial disparities risk being exacerbated. In that light, investing in distance learning, as well as in the digital infrastructure and skills of educators and learners, is particularly important. **Italy also has a lower share of graduates in science and engineering compared to the Union average**, and tertiary attainment remains very low (27,6% in 2019). Moreover, Italian enterprises invest less in training regarding information and communication technologies for their employees, compared to peer countries. The low participation **rate of low-qualified adults in training** is also a matter of concern, given the declining number of jobs requiring low qualifications. **Upskilling and reskilling remain as crucial** as ever to equip workers with labour market relevant skills and to promote a fair transition towards a more digital and sustainable economy.

## Latvia

- Package recommendations: 1 out of 4
- Explicit recommendations: 6 (Employment protection legislation; training digital literacy; inclusion of marginalized workers in labour market; social protection system; income support; quality of social services)
- Implicit recommendations: 3 (Strengthen digital curricula; pension reform; better targeting social assistance)

2. **Provide adequate income support** to the groups most affected by the crisis and **strengthen the social safety net. Mitigate the employment impact of the crisis**, including through **flexible working arrangements, active labour market measures** and **skills**.

(18) Latvia has taken measures to extend **income support** for workers and to avoid dismissals during the state of emergency. However, the **support is limited in coverage and adequacy**, mainly because it is dependent on social contribution payments and restrictive eligibility criteria. The scheme also does not allow for partial idle time. A more gradual transition from income support to work income would allow for a **greater labour market flexibility** during the downtime period and the economic recovery. Continuous efforts are needed to **improve the adequacy, duration and coverage of the social safety net** for all. However, these efforts are constrained by the low tax revenue as a share of GDP. Despite some slight improvement, **the adequacy of the guaranteed minimum income, of minimum pensions and of income support for persons with disabilities** remains low. Latvia has introduced the unemployment ~~aid~~ **assistance** benefit for the most vulnerable, yet the unemployed are at a **high risk of poverty**, particularly when the **duration of unemployment increases. Coverage gaps in access to social protection**, including **unemployment insurance**, for **self-employed and nonstandard workers** exist and could be tackled. While its share is decreasing, **undeclared work and envelope wages remain widespread**, weakening affected workers' social protection and increasing occupational risks. **Vulnerable groups** are likely to face the most difficulties in finding a job again. The **integration of employment, education, health and social services and the provision of social services** remains low. The share of people facing severe **housing deprivation** and that of people facing overcrowding are among the highest in the Union, while social housing is scarce.

(19) Providing support to small and medium-sized enterprises to help them quickly **develop flexible work and teleworking capacities** may significantly help mitigate the impact of the crisis. Low registration with **public employment services** and the low level of involvement of the unemployed in active labour market measures are of particular concern. The delivery and composition of active labour market measures have to be reinforced and adapted to reduce the duration of the unemployment spells and **facilitate transitions back to work**. Equipping people with the right skills is even more important to improve the **resilience of the labour force in times of an economic downturn. Effective and easily accessible adult learning, reskilling and upskilling measures**, together with the **provision of social services and mobility support**, could provide more people with the **skills necessary for the labour market. Digital skills** also need to be improved as only 43% of Latvians have basic or above basic digital skills. The COVID-19 pandemic has also highlighted the need to **develop enhance quality digital education and training** and to ensure equal access to all learners. **Strengthening the capacity of social**

**partners** is also important to ensure their meaningful and timely involvement in the COVID-19 crisis response and recovery.

## Social aspects in the macroeconomic CSR package

1. Take all necessary measures, in line with the general escape clause of the Stability and Growth Pact, to effectively address the COVID-19 pandemic, sustain the economy and support the ensuing recovery. When economic conditions allow, pursue fiscal policies aimed at achieving prudent medium-term fiscal positions and ensuring debt sustainability, while enhancing investment. **Strengthen the resilience and accessibility of the health system** including by providing additional human and financial resources.

(17) The COVID-19 pandemic has required unprecedented measures to contain the spread and impact of the disease. It has amplified the structural weaknesses in Latvia's health system, which are directly related to the limited financial and human resources available to it and to reforms that are only slowly progressing. **Access to quality and affordable healthcare** and the effectiveness of the health system are affected by low public financing. **This leads to high self-reported unmet needs for healthcare, significant out-of-pocket payments, especially for vulnerable groups, as well as inequality of access.** Unhealthy lifestyles are another important reason for the poor health outcomes. In addition, **health workforce shortages** constitute a complex challenge and hamper the delivery of health services. To boost efficiency and quality in healthcare, it is crucial to accelerate the ongoing reforms which remain in an early stage including effective prevention measures, stronger primary care, a rationalised hospital sector and targeted quality management. The extent of the impact of these reforms and the opportunities to improve health outcomes also depend significantly on the amount of public financing for health. In order to be able to manage similar crises.

## Lithuania

- Package recommendations: 1 out of 3
- Explicit recommendations: 6 (Training digital literacy; inclusion of marginalized workers in labour market; social protection system; quality of social services; better targeting social assistance; taxation reform to reduce inequality)
- Implicit recommendations: 2 (Social dialogue; strengthen digital curricula)

2. **Mitigate the impact of the COVID-19 crisis on employment.** Increase the funding and coverage of **active labour market policy ALMP** measures and **promote skills**. Ensure the coverage and **adequacy of the social safety net** and improve the effectiveness of the **tax and benefit system to protect against poverty**.

(18) Before the COVID-19 pandemic, **labour market participation** was high and unemployment was low, but this crisis has posed **new challenges**. With the help of Union funding, Lithuania has implemented a short-time work scheme to mitigate the effects of the pandemic on employment and introduced a number of other measures to mitigate the negative effects on businesses and the self-employed. Before the crisis, the coverage of Active Labour Market Policy (ALMP) measures was decreasing, and participation in adult learning remained low. However, higher coverage of Active Labour Market Policy and sufficient funding for ALMP measures and other measures to **reskill and upskill the workforce** will be needed to **help the unemployed to return to the labour market as early as possible and provide effective support in a sustainable manner beyond the recovery phase**. **Strengthening social partners' capacity** is important to ensure their meaningful and timely **involvement in the design of the exit and recovery process**.

(19) While steps were taken before the crisis to address the **risk of poverty and social exclusion**, for example by increasing universal **child benefits and pensions**, **poverty and income inequality** are still among the highest in the Union. Lithuania has comparatively low public expenditure on social protection, and the **impact of social transfers on poverty reduction is low**, and assessed as critical on the **Social Scoreboard of indicators supporting the European Pillar of Social Rights**. The low progressivity and ability to redistribute of the tax and benefit system limits the country's ability to finance public goods and services, and to reduce poverty and income inequality. The negative effect of the COVID-19 pandemic on employment and household income is likely to aggravate those problems **in the medium term**. Temporary measures such as revising the eligibility rules, the amounts and duration of some benefits, may be needed to ensure that the situation of those most affected by the pandemic does not deteriorate. **The social safety net should be extended** to support all groups, including the self-employed, atypical workers and the most vulnerable people. The provision of the **main social services and social housing needs to be strengthened** to support those in need.

## Social aspects in the macroeconomic CSR package

1. Take all necessary measures, in line with the general escape clause of the Stability and Growth Pact, to effectively address the COVID-19 pandemic, sustain the economy and support the ensuing recovery. When economic conditions allow, pursue fiscal policies aimed at achieving prudent medium-term fiscal positions and ensuring debt sustainability, while enhancing investment. Strengthen the resilience of the health system, including by mobilising adequate funding and addressing shortages in the health workforce and of critical medical products. **Improve the accessibility and quality of health services.**

(17) Health outcomes in Lithuania persistently lag behind those in other Member States, due in part to suboptimal efficiency of the health system, which

suffers from low funding. The current pandemic has subjected the system to additional pressure and highlighted further structural challenges which include slow progress in improving quality of services, underinvestment in primary healthcare and no progress in adapting the hospital network to render it more efficient and responsive to needs. The COVID19 crisis is also exposing health inequalities related to workforce shortages and geographical mismatches between services and needs. Lithuania needs to mobilise the resources needed to tackle the current crisis and to improve the resilience of its health systems in future. While immediate action is focusing on strengthening capacities in terms of health workers, critical medical supplies and equipment in order to save lives during the pandemic, longer term investments should be scaled up to improve the resilience of the health system so that it can sustain operations, resume its optimal performance and prepare itself for new shocks. This will require allocating sufficient resources to **improve the accessibility, efficiency, and quality of the health system**, so it can better respond to the challenges of growing chronic conditions, aging and persisting health inequalities. Primary care and the development of e-health have a central role to play in this regard. Lithuania should also ensure that recent improvements to the **affordability of healthcare** are not undermined. Finally, future resilience will also require enhancing the system's ability to reduce unhealthy lifestyles (one of the other important factors behind poor health outcomes in Lithuania) and greater efforts to prepare the long-term care sector to deal with the ageing population.

## Luxembourg

- Package recommendations: 1 out of 4
- Explicit recommendations: 1 (Inclusion of marginalized workers in labour market)
- Implicit recommendations: 3 (Inclusion of older workers in labour market; training digital literacy; better targeting social assistance)

### 2. Mitigate the employment impact of the COVID-19 crisis, with special consideration for people in a difficult labour market position.

(17) According to the Commission 2020 spring forecast, unemployment is expected to rise to 6,4% in 2020 and decrease to 6,1% in 2021. Luxembourg has taken a number of measures to maintain employment, in particular on 'chômage partiel'. However, **special consideration should be given to more vulnerable groups, such as older and low-skilled workers**, in a context where the new minimum income scheme (REVIS, 'revenu d'inclusion sociale') has already led to an increase of registered unemployed people with the public employment service, due to compulsory registration of its beneficiaries since January 2019. **Those more vulnerable people would suffer most from an increased competition on the labour market** as a result of the COVID-19 crisis. Other vulnerable people suffering from the



crisis might be temporary workers, as well as low-skilled workers in general. **Concerning older workers, their low employment rate remains a structural issue** in Luxembourg, which also has an impact on the long-term sustainability of the pension system, as developed in country-specific recommendations addressed to Luxembourg in previous years. In the current context, **older workers face additional risks of being dismissed due to the COVID-19 crisis**; increasing their adaptability for other jobs and sectors, including through upskilling and reskilling, is necessary more than ever. Luxembourg performs close to the Union average on social inclusion, but **indicators on inequality and in-work poverty have been weakening in recent years**, and opportunities for students remain strongly influenced by their socioeconomic background. In this context, more **vulnerable groups in particular should be supported to face the social impacts of the COVID-19 crisis**.

(19) To foster the economic recovery, it will be important to front-load mature public investment projects and promote private investment, including through relevant reforms, in particular in digital and green sectors. Luxembourg has already launched initiatives to boost digitalisation and innovation, but technological integration in the business sector and private investment, as well as the digitalisation of public services, remain low, compared with the high-potential environment and the country's ambition to transition to a data-driven economy. **Investments in digitalisation, advanced digital skills, and innovation** — ~~including developing an integrated research and innovation strategy~~ — will be essential to support ~~small and medium-sized enterprises~~ SMEs, boost productivity and competitiveness. The recovery should also be further supported by advancing ambitious green investments in the short term. Key sectors can be, in particular, ~~further action on~~ sustainable transport, including rail, sustainable construction, in particular in relation to the energy efficiency of buildings, both existing and new, and renewable energy. These would help to provide a robust green stimulus, and support Luxembourg in bridging the gap to its 2030 targets on greenhouse gas emissions reduction, energy efficiency and renewable energy, as well as in preparing the ground for climate neutrality. Further identification of investment.

## Malta

- Package recommendations: 1 out of 4
- Explicit recommendations: 4 (Training digital literacy; Youth Guarantee; income support; short-time work schemes)
- Implicit recommendations: 4 (Reduction of school drops out; strengthen the digital curricula; social protection system; quality of the social services)

2. **Consolidate short-time work arrangements** and ensure the **adequacy of unemployment protection** for all workers. Strengthen the **quality and inclusiveness of education** and **skills development**.

(18) According to the Commission 2020 spring forecast, unemployment is expected to rise to 5,9% in 2020 before decreasing to 4,4% in 2021. In order to mitigate the serious impacts of the crisis on employment, Malta took emergency measures, in **consultation with social partners**, to prevent lay-offs by favouring short time work instead. **The adoption of short-time work arrangements on a more permanent basis** would also protect jobs in the transition towards economic recovery. **Ensuring adequate support and access to social protection for all workers**, including the self-employed, and accounting for a possibly extended duration of unemployment are crucial. Malta's **social protection system also needs to ensure that adequate support is provided to foreign workers** in finding alternative employment, **in retaining work permits** when possible and in accessing other **social services**. The share of **low-skilled adults is comparatively high**, aggravated by a **high share of early school leavers**. The current crisis may exacerbate skills shortages in some sectors and redefine skill needs in others. This makes the mapping of skills and the **reskilling of workers even more important**, in particular for digital and green skills. Malta has **made recent progress on education and training** but significant challenges remain, including a high share of pupils with insufficient levels of basic skills.

## The Netherlands

- Package recommendations: 1 out of 4
- Explicit recommendations: 3 (Training digital literacy; inclusion of marginalized workers in labour market; social protection)
- Implicit recommendations: 2 (Youth Guarantee; strengthen digital curricula)

2. **Mitigate the employment and social impact of the COVID-19 crisis** and promote **adequate social protection** for the self-employed.

(19) **Mitigating the employment and social impact of the COVID-19 crisis** for those hardest hit should be part of the recovery strategy. Despite the package of measures taken to preserve employment, **people in a less favourable labour market position and/or vulnerable social situation have been hit harder**. Unemployment increased, in particular for people working on **flexible contracts**, such as the **young, temporary agency workers and people with migrant background**. The COVID-19 crisis also highlighted significant challenges in terms of **access to adequate social protection** for the **self-employed that are more often underinsured** (or not insured at all) against sickness, disability, unemployment and old age.

(22) Technical and **digital skills** and qualified professionals are crucial for the Dutch economy's capacity to innovate and for sustainable and inclusive

productivity growth. Investment in basic and/or **digital skills, education and training**, including **upskilling and reskilling opportunities for all**, also remains crucial to **improving access to the labour market** in particular to strengthen the **employability of those at the margins of the labour market (including people with a migrant background and people with disabilities)**, while fostering equal opportunities and active inclusion.

## Social aspects in the CSR package on digital transition

3. Front-load mature public investment projects and promote private investment to foster the economic recovery. Focus investment on the green and digital transition, in particular on **digital skills development**, sustainable infrastructure and clean and efficient production and use of energy as well as mission-oriented research and innovation.

## Poland

- Package recommendations: 1 out of 4
- Explicit recommendations: 7 (Social dialogue; employment protection legislation; training digital literacy; strengthen digital curricula; short-time work scheme; quality of social services; better targeting social assistance)
- Implicit recommendations: 7 (Wage increase; participation of women in labour market; participation of older workers in labour market; inclusion of marginalized workers in labour market; social protection; income support; effective child support)

2. **Mitigate the employment impact** of the crisis, in particular by **enhancing flexible and short-time working arrangements**. **Better target social benefits** and **ensure access** to those in need. **Improve digital skills**. Further **promote the digital transformation** of companies and public administration.

(19) The COVID-19 pandemic will impact significantly the labour market, reversing the unemployment fall of recent years. The unemployment rate is set to revert from 3,3% in 2019 to around 7,5% in 2020, and slightly recover to 5,3% in 2021. This short-term impact risks becoming more structural over the medium term, especially for **vulnerable groups**. The **temporary short-time work scheme** could be an effective tool to preserve jobs, with sufficient incentives for its take-up by companies. At the same time, despite favourable developments prior to the COVID-19 crisis, the **labour market participation of some groups, especially women, the low-skilled, older people and persons with disabilities and their carers, have remained low**. Migration from non-Union countries has helped to mitigate the labour shortages, but continued inflow of **migrant workers may be**

**difficult** to achieve due to border control restrictions. The **enhancement of flexible working arrangements**, including **distance working and flexible time working schemes**, in particular under permanent types of employment, may therefore help responding to the crisis and also help support groups with lower activity rates finding permanent employment. This would also improve labour market resilience during future downturns.

(20) To mitigate the social impacts of the COVID-19 pandemic, sustain social cohesion and support the economic recovery, **substantial safety nets are required**. In recent years, Poland launched an extensive programme of **social transfers**, including the universal child allowance and the additional one-off benefit to be paid every year to pensioners, worth nearly 2,5% of GDP per year. These measures ~~are not means-tested and~~ leave **scope for better targeting of social protection**. At the same time, **coverage of social benefits is low for people with lowest-incomes**. The biggest increase in **extreme poverty** reported in 2019 by the household budget survey was observed for people or families living on allowances (other than pensions and disability pensions), signalling the **weaknesses in the social security system**. Moreover, not all types of labour contracts provide an **access to social protection, such as adequate unemployment benefits**, maternity benefits, sickness and invalidity benefits. This makes some workers affected by the emergency measures **more vulnerable and puts them at risk of falling into poverty**. Additionally, the **level of minimum income benefits is below the Union average**.

(21) The sudden suspension of classes at all educational levels has posed challenges for the education system in providing distance learning. To prevent **growing inequalities**, it is crucial to ensure that all learners, in particular from **disadvantaged backgrounds**, can **access distance learning**. However, households of almost 330,000 pupils were not equipped with a computer with internet access in 2018. Significant proportion of teachers lack skills to provide digital learning. At the same time, many parents struggle in **supporting digital learning** and home-based schooling. Continuation of measures to equip schools and teachers with digital infrastructure and on-line teaching materials would address some of those issues and ensure quality. The COVID-19 crisis brings out the overall structural challenge with digital skills attainment, as nearly half of the **adult population lacks basic digital skills**, and **overall adults' participation in learning is significantly lower than the Union average**. The recent reforms in vocational education have not incentivised enough employers to participate in it and work-based training remains underutilised. Emerging teacher shortages indicate the need to **increase the attractiveness of the teaching profession**.

(22) The COVID-19 outbreak has severely impacted working conditions of businesses, especially small and medium-sized enterprises ('SMEs') and microenterprises. Offering distance working arrangements represents a challenge, and only a tenth of Polish enterprises are digitalised enough to allow for quick adaptation to new conditions. One of the main obstacles to the digitalisation of the SMEs are the **low levels of digital literacy among**

**owners, managers and employees.** The use of digital technologies in public administration is key to ensuring the provision of the governmental services as well as to steer the measures needed to monitor and manage the crisis. In addition, efficient digital public services lead to reduction of unnecessary regulatory and administrative burden, which can be crucial in the recovery phase.

## Social aspects in the macroeconomic CSR package

1. Take all necessary measures, in line with the general escape clause of the Stability and Growth Pact, to effectively address the COVID-19 pandemic, sustain the economy and support the ensuing recovery. When economic conditions allow, pursue fiscal policies aimed at achieving prudent medium-term fiscal positions and ensuring debt sustainability, while enhancing investment. **Improve resilience, accessibility and effectiveness of the health system**, including by providing sufficient resources and accelerating the deployment of e-health services.

(18) The COVID-19 pandemic made it necessary to put in place unprecedented measures in the health system. Sizeable outlays such as purchasing health-related equipment and supplies, increasing hospital and laboratory capacity, as well as strengthening staffing capacity, were made. Allocation of additional resources is needed also to compensate for other health services and investment that were postponed or redirected. Prior to the COVID-19 outbreak, public expenditure in health system was 4,8% of GDP, below the Union average of 7% of GDP in 2018. This, together with suboptimal allocation of funds, hampers the operation of the health system and access to it. In 2018, the proportion of the **Polish population reporting unmet needs for medical examinations amounted to 4,2%, substantially higher than the 2% at Union level.** The number of practising doctors and nurses relative to the population is still among the lowest in the Union and the **distribution of the healthcare workforce is uneven** across the country. Public health, e-health and primary care, which are crucial to **improve prevention and access**, and to make the system resilient to future challenges, remain underdeveloped. The pandemic has impacted long-term care facilities where many of the residents are a high-risk group.

## Other relevant aspects

4. Enhance the investment climate, in particular by safeguarding judicial independence. **Ensure effective public consultations and involvement of social partners in the policy-making process.**

## Portugal

- Package recommendations: 1 out of 4
- Explicit recommendations: 6 (Training digital literacy; inclusion of marginalized workers in labour market; strengthen digital curricula; social protection; income support; quality of social services)
- Implicit recommendations: 0 (The recitals provide a contextualization of the CSRs formulated in the package recommendations, and do not introduce new (implicit) recommendations).

2. **Support employment and prioritise measures to preserve jobs.** Guarantee sufficient and effective **social protection** and **income support**. Support the use of **digital technologies** to ensure **equal access to quality education and training** and to boost firms' competitiveness.

(18) Following sustained positive labour market developments since 2014, Portugal will now face extraordinary employment challenges as a result of the pandemic. According to the Commission forecast, unemployment is expected to rise to 9,7% of the active population in 2020 before decreasing to 7,4% in 2021, up from 6,5% in 2019. To support employment and mitigate the risk of job losses, Portugal has simplified and adapted the use of its existing scheme for the temporary interruption of work **or reduction of normal working time**. Targeted use of Union's and national programmes could preserve jobs and economic activity, especially in relation to SMEs. In the recovery phase, **personalised and targeted active labour market policies, in particular upskilling and reskilling, will play a decisive role in keeping the workforce job-ready**. Cooperation among employers, **education and training institutions**, and public employment services will be crucial in generating a recruitment surge.

(19) The COVID-19 pandemic requires measures to mitigate social impacts and protect people in vulnerable situations, so that inequalities are not exacerbated. These include unemployment benefit schemes and income support for the most affected workers, including self-employed and nonstandard workers, access to services and measures fostering reintegration in the labour market. The implementation of a national social contingency plan in cooperation with social partners and civil society could contribute to an immediate and coordinated response to mitigate the social consequences of the crisis. Policy changes to reverse the decline in the effectiveness of social transfers in recent years, e.g. increases in the minimum income, the solidarity supplement for the elderly, pensions and family benefits have had a positive effect on income distribution. Nevertheless, social transfers (excluding pensions) reduced the proportion of population at risk of poverty by only 23,8% in Portugal in 2018, significantly below the Union average of 34%. In addition, **the adequacy of the minimum income scheme is among the lowest in the Union**, providing incomes of only 40% of the national poverty threshold.

(20) The COVID-19 pandemic places significant demands on the use of digital technologies to ensure continued access to education, **training** and business activity, against the background of the necessary adoption of social distancing measures. Portuguese schools and training centres have closed and traditional in-person learning has been disrupted **and replaced by an offer for distance learning**. Around 6% of households still have no access to the internet, affecting an estimated 50,000 pupils, and internet access and telecommunications network coverage vary widely between urban and rural areas. Students from socioeconomically advantaged families are better placed to manage the challenges posed by distance learning. In addition, **Portugal has a large digital skills deficit**. In 2019, 48% of the population lacked basic digital skills, including about 26% with no digital skills at all and the proportion of those having never used the internet is twice the Union average. Current circumstances call for intensive implementation of e-training courses and efforts to **help people suffering from digital exclusion to overcome the obstacles in accessing distance learning**. The adoption of digital technologies by businesses to offer alternative working arrangements and digital services would allow business continuity to firms whose services can be provided online, thereby mitigating the impact of the restrictions in some sectors. This is particularly relevant in Portugal whose economy is mostly characterised by microenterprises concentrated in traditional sectors. One of the main factors hindering the digitalisation of SMEs is the **digital knowledge gap**, which is a result of low overall **levels of digital literacy among managers and employees**.

## Social aspects in the macroeconomic CSR package

1. Take all necessary measures, in line with the general escape clause of the Stability and Growth Pact, to effectively address the COVID-19 pandemic, sustain the economy and support the ensuing recovery. When economic conditions allow, pursue fiscal policies aimed at achieving prudent medium-term fiscal positions and ensuring debt sustainability, while enhancing investment. Strengthen the resilience of the health system and **ensure equal access to quality health and long-term care**.

## Romania

- Package recommendations: 1 out of 4
- Explicit recommendations: 8 (Social dialogue; employment protection legislation; training digital literacy; inclusion of marginalized workers in labour market; strengthen digital curricula; social protection; income support; quality of social services)
- Implicit recommendations: 7 (Integration of women in the labour market; integration of older workers in the labour market; reduce school drops out; short-time work scheme; better targeting social assistance; effective child support; taxation reform to reduce inequality)

2. Provide **adequate income replacement** and **extend social protection measures** and **access to essential services** for all. **Mitigate the employment impact** of the COVID-19 crisis by **developing flexible working arrangements** and **activation measures**. **Strengthen skills** and **digital learning** and **ensure equal access to education**.

(19) Fast economic growth in recent years triggered an improvement in social conditions. Gross disposable household income increased by 5,7% in 2019. **The risk of poverty and social exclusion**, at 31,2% in 2019, was among the highest in the Union, though on a steadily declining path. However, the pandemic's impact on the economy may lead to the **deterioration of social conditions. Poverty and social exclusion, including child poverty, in-work poverty and income inequalities are expected to increase**, with **vulnerable groups** such as non-standard workers, undeclared workers, the self-employed, Roma, people with disabilities, the elderly and the homeless among the most exposed. **Coverage and adequacy of social protection measures** and the **effectiveness** of the tax and benefit system in **redistributing income remain limited**. Children in rural areas and informal settlements have **limited access to good quality early childhood education and care, adequate nutrition, healthcare and housing. Social transfers have a very limited impact on reducing poverty** and the social reference index used as a basis for most social benefits has not been updated since 2008. **Adequacy of the minimum income support remains one of the lowest in the EU**. Though adopted in 2016, the minimum inclusion income reform has been further postponed to 2021. **Social and essential services remain largely insufficient**, including in areas such as water and sanitation, energy and housing. Moreover, territorial distribution is uneven and characterised by significant rural-urban and regional disparities. This may limit the capacity to counteract the impact of the pandemic. The potential of the social economy to improve social conditions is still untapped.

(20) Over 2019, labour market developments remained positive, **but disparities between regions, rural and urban areas and socioeconomic groups persist**. High levels of **inactivity** are registered, in particular for **women, young people, the low-skilled, people with disabilities and older people**. In the context of the COVID-19 outbreak, existing challenges are likely to deepen, together with rapidly increasing unemployment and inactivity. According to the Commission 2020 spring forecast, unemployment is expected to rise to 6,5% in 2020 and recover to 5,4% in 2021. **Undeclared work remains a challenge and its negative impact might be exacerbated in the current context**, underlining the need to support the transition into declared work. Therefore, **timely tailor-made services addressing the needs of vulnerable groups and workers affected** by the crisis are essential. In addition to the recently initiated technical unemployment scheme, developing **access to short-time work schemes**, promoting income-support measures and **allowing for flexible working arrangements and teleworking** for the workers



affected, with the **involvement of social partners**, are crucial to strengthening the **resilience of the labour market** in the short and long term.

(21) Persisting **skills mismatches and skills shortages**, underpinned by demographic developments and the **limited labour market relevance of education and training**, limited Romania's economic growth potential even before the pandemic. The share of adults participating in learning activities, at 1,3% in 2019, is one of the lowest in the Union. Low **participation in early childhood education and care widens inequality** of opportunities between pupils. **The equity, inclusiveness and quality of education** remain important challenges and strategic reforms in this area are needed. **Despite some progress in the recent years**, Romania has a high share of early leavers from education and training (15,3% in 2019) and young people not in education, employment or training (14,7%, a slight increase on 2018). There is still no integrated, nationwide mechanism targeting early school leaving. **Educational outcomes**, especially in rural and economically deprived areas, are not improving. Participation in higher education is low and remains insufficiently aligned to labour market needs. **The number of graduates** in science, technology, engineering and mathematics (STEM) remains ~~particularly~~ low. Romania scores poorly on many components of the Digital Economy and Social Index, including digital public services, digital skills of the overall population and digitalisation of businesses. **Basic digital skills and basic software skills are among the lowest in the Union**. Due to ~~inadequate~~ **uneven** digital infrastructure, ~~teaching materials~~ and insufficient digital skills, the shift to distance learning caused by the COVID-19 outbreak poses challenges for education and training institutions, educators and students, in particular disadvantaged students and Roma.

## Social aspects in the macroeconomic CSR package

1. Pursue fiscal policies in line with the Council Recommendation of 3 April 2020, while taking all necessary measures to effectively address the pandemic, sustain the economy and support the ensuing recovery. Avoid the implementation of permanent measures that would endanger fiscal sustainability. Strengthen the resilience of the health system, ~~including in the areas of~~ in particular with regard to health workers and medical products, and **improve access to health services**.

(18) The pandemic has put the health system under unprecedented pressure. The crisis hit a system characterised by structural weaknesses, such as low spending and **unequal access to healthcare**. In this context, improving the resilience of the health system and its capacity to respond to shocks represents a key challenge. As part of the immediate response, Romania purchased critical medical products and included COVID-19 related medical costs in the minimum benefit package for the uninsured. **Considerable health workforce shortages**, including of family physicians, as well as outdated medical facilities, lack of medical products, **insufficient training for health workers and**

**limited continuity and integration between different levels of care weaken the resilience of the health system.** Reported **unmet medical needs** were on the rise already before the COVID-19 crisis and access to healthcare is likely to have deteriorated. The pandemic further exposed regional disparities and **the gap in healthcare coverage for low-income groups and the elderly.** In the longer run, population ageing and migration are challenges that put increasing pressure on the sustainability of the health system. In light of COVID-19, it is equally important to address structural issues, including the development of preventive, outpatient and community-based care with well-targeted public policy measures. Long-term investment will be needed to reinforce the Romanian health system by securing health workers and equipment, enhancing technological and applied research and improving the coverage and **accessibility of health services to all citizens, also in non-urban areas, including through the use of e-health services.**

### Other relevant aspects

4. Improve the quality and effectiveness of public administration and the predictability of decision-making, including through an **adequate involvement of social partners.**

(25) Predictability of decision-making remains a major issue. Before the crisis, only around a third of the annual government plan was respected. The number of emergency ordinances passed remained very high, creating uncertainty and likely hampering investment. For instance, GEO 114/2018 had major socioeconomic effects on several sectors, including the financial sector. While the provisions with adverse impact on the banking sector were reversed, some of the measures potentially affecting the long-term viability of second-pillar pension funds still remain in place. The predictability and stability of public procurement legislation remain important challenges. The efficiency of public procurement continues to be an issue, as does the irreversibility of certain measures, notably the streamlining of ex ante control. There is little progress in improving the governance, quality and effective use of regulatory impact assessments. There is no institutional framework for quality control at government level and options for setting up a regulatory impact assessment board are still being assessed. **The functioning of social dialogue remains limited, in particular at sector level, while a meaningful and continuous involvement of social partners is key for the success of any exit and recovery strategy in the light of the current crisis.** The established institutional framework for consultation is not adequately used to feed into the decision-making process and does not engage social partners sufficiently in the design and implementation of reforms. **Discussions on changes to the social dialogue law and the revision of economic sectors have stalled.** The follow-up to the International Labour Organization's recommendations issued in April 2018 is still uncertain. **The lack of a permanent objective mechanism to determine the minimum wage may weigh on the business environment.**

## Slovenia

- Package recommendations: 1 out of 3
- Explicit recommendations: 5 (Employment protection legislation; training digital literacy; social protection; income support; short-time work scheme)
- Implicit recommendations: 4 (Social dialogue; inclusion of marginalized workers in labour market; strengthen digital curricula; better target social assistance)

2. ~~Provide adequate income replacement and social protection. Mitigate the social and the employment impact of the crisis, including through~~ **by providing adequate income replacement and social protection, enhancing short-time work schemes and through flexible working arrangements.** Ensure that these measures provide **adequate protection for non-standard workers.**

(19) With an increasing demand for health services at the beginning of the COVID-19 crisis, Slovenia faced challenges to **ensure a sufficient healthcare capacity**. The outbreak of the virus has revealed structural problems in health system. For instance, the **relatively low density of doctors** is an additional challenge in fighting the epidemic. **It is therefore important to recruit more trained health workers, protect their working conditions** and employ them where needs are greatest. Deployment of diagnostics, tests and e-health tools that enable follow-up and telemedicine is crucial. Targeted research and innovative solutions are also important to help the public health services collect and use anonymised data for making informed decisions. The crisis underlines the need to protect the financing capacity of the health and long-term care systems, which are both pending structural reforms. The timely adoption and implementation of a new Healthcare and Health Insurance Act, broadening the financial sources of the health system, and developing financial buffers, will mitigate the fluctuation of financial resources during the economic cycle. The lack of a longterm care act has limited Slovenia's ability to fight the COVID-19 pandemic in the most affected care settings. As the elderly, people with disabilities and people with chronic diseases have an increased risk of severe illness due to the virus, further significant efforts are necessary to ensure **quality long-term care services, well integrated with health services**.

(20) The health and economic crisis caused by COVID-19 has put unprecedented pressure on Slovenia's labour market and social protection system. According to the Commission 2020 spring forecast, unemployment is expected to rise to 7% in 2020 and recover to 5.1% in 2021. To curb the rapid increase in unemployment in the most affected sectors, Slovenia has adopted a comprehensive policy response that combine preventive measures with measures intended to facilitate the fast re-entry of workers in the labour market. Key policy responses, made in **consultation with the social partners**, should focus on achieving a sustained and equitable recovery by **strengthening existing active labour market policies and**

**employment retention schemes, including short-time work schemes**, and introducing other time-bound support for businesses, such as wage subsidies and exemptions from social security contributions. These measures would help reduce income losses for all workers, including those in nonstandard employment, as well as the self-employed. **Flexible working arrangements, including flexibility in working place (e.g. teleworking provisions), flexibility in working time (e.g. flexitime provisions) and flexibility in work organisations (e.g. company in-house services)** may significantly sustain employment during lockdowns and when economic activity resumes. Nurturing the entrepreneurial spirit will be crucial for restarting the economy and making the necessary adjustments after the COVID-19 crisis. It is therefore particularly important to support the self-employed by reducing the administrative burden and financial disadvantages compared to employees.

(21) To mitigate the social impact of this COVID-19 crisis, it is essential that Slovenia continues to provide an **adequate package of social benefits**. For this, it will be necessary to monitor the effects of the crisis on poverty regularly. Special **attention should be paid to the elderly, and in particular elderly women, for whom the at-risk-of-poverty or social exclusion rates were already higher than the EU average** before the crisis. The amendment to the pension legislation, adopted by the National Assembly in November 2019, is expected to improve the adequacy of pensions for new pensioners, while current pensioners, including those at or below the poverty line, will not benefit from it. Additional financial assistance offered to the organisations working on the front lines would ensure that the COVID-19 pandemic does **not disproportionately affect people at risk of social exclusion** and that they have their basic needs met, such as daily meals and healthcare.

## Social aspects in the CSR package on digital transition

3. Continue to swiftly implement measures to provide liquidity and financing to businesses and households and reduce administrative burden. Front-load mature public investment projects and promote private investment to support the economic recovery. Focus investment on the green and digital transition, in particular on clean and efficient production and use of energy, environmental infrastructure, sustainable transport, research and innovation and the roll-out of the 5G network. Promote digital capacities of businesses, and **strengthen digital skills**, e-commerce and e-health.

(28) Digital transformation will be key to the COVID-19 post-crisis economic recovery. The country's potential in this area was illustrated by the fast rollout of teleworking schemes and online commerce solutions by some Slovenian companies at the start of the crisis. Greater digitalisation in business models and production processes would extend these transformations to more sectors of economy. Slovenia can build on existing knowledge and excellent capacities in robotics, artificial intelligence and block chain technology to support the

expansion of digitalisation to less advanced, traditional industries. Reusing the broad range of public sector data currently available could support innovation and the big data economy. **Improving workers' digital skills could increase their employability relatively quickly and support the economic recovery.** Introducing user-friendly e-government services and digital public services would help further reduce the administrative burden for businesses. While a range of online public services are already available, their uptake by individuals and businesses will require efforts to increase people's trust in and the security of online transactions (e.g. roll-out of a national electronic identifier, cyber security and privacy features). Fast and reliable broadband connections (fixed and mobile), including in rural areas, are indispensable for developing key online social and economic services. Roll-out of the 5G network depends on timely 5G spectrum assignment.

(29) Regular classes for all education levels have been replaced by distance learning during the COVID-19 confinement. **Online learning requires adequate digital infrastructure, education materials, and teachers with the necessary skills and support to teach effectively.** All learners, in particular vulnerable groups, including those with disabilities and those from rural areas, need to have adequate access to distance learning and **decent digital skills** to fully benefit from distance learning. **Digital skills competences should feature more prominently in school curricula and programmes, notably to improve workers' skills.** This would allow a broader use of teleworking and digital services, a better match of digital skills with the requirements of the labour market, as well as the **inclusion of vulnerable groups** like the elderly or people living in rural areas.

## Slovakia

- Package recommendations: 1 out of 4
- Explicit recommendations: 5 (Training digital literacy; strengthen digital curricula; social protection system; income support; quality of social services)
- Implicit recommendations: 2 (Social dialogue; reduce school drops-out)

2. **Provide adequate income replacement, and ensure access to social protection and essential services** for all. **Strengthen digital skills.** Ensure equal **access to quality education.**

(19) The COVID-19 crisis has highlighted pre-existing social challenges in Slovakia. It has created an urgent need to provide adequate income replacement for workers, in close **cooperation with social partners.** In order to mitigate the employment impact of the crisis, short-time work schemes have been activated, with the contribution of Union funds. According to the Commission 2020 spring forecast, unemployment is expected to rise to 8,8% in 2020 and recover to 7,1% in 2021. Despite some loosening in 2018, **the unemployment benefit system in Slovakia is characterised by strict eligibility**

**requirements**, a relatively short duration of benefits (six months as a general rule, with small extensions during the crisis) and **low replacement rates for beneficiaries**. Some groups are particularly vulnerable to the crisis and may experience **limited access to social protection and care services, including marginalised Roma communities**, who often also lack access to essential services, the **elderly and the low-skilled**.

(20) The COVID-19 crisis has increased the need to develop the population's **digital skills**, including those of teachers, as well as the need to expand broadband connectivity, as many pupils are still without connection to internet or lack other pre-conditions to learn at home, in particular in marginalised Roma communities. Challenges concerning equal **access to quality and inclusive education** remain, as basic skills levels and **general performance of students are strongly affected by their socioeconomic background**. There are pronounced performance differences between schools and regions, reflected also in the **high rates of early leavers from education and training in some of them**, in particular in Eastern Slovakia. The attractiveness of the teaching profession and the quality of initial teacher education remain low. In addition, the national enrolment rate of children in **early childhood education and care, in particular of children below three, is the lowest in the Union**, which has a further negative impact on educational outcomes, **particularly for disadvantaged children**.

(23) To foster the economic recovery, it will be important to front-load mature public investment projects and promote private investment, including through relevant reforms. Allowing less developed regions to catch up and become more knowledge-based, competitive, and productive will require more strategic investment in Slovakia, particularly to develop infrastructure, including digital and other key services, and to improve transport networks. The COVID-19 outbreak has highlighted pre-existing digital infrastructure gaps. Expanding broadband coverage and speed will allow for more equal and improved access to the internet. Slovakia's education system and labour market could be improved with **efforts to equip the population with better sets of skills for a changing economy and society, including through lifelong learning**, stronger cooperation between business and education at all levels, and **better linking of training and requalification programmes to the current and future labour market needs**.

## Social aspects in the macroeconomic CSR package

1. Take all necessary measures, in line with the general escape clause of the Stability and Growth Pact, to effectively address the COVID-19 pandemic, sustain the economy and support the ensuing recovery. When economic conditions allow, pursue fiscal policies aimed at achieving prudent medium-term fiscal positions and ensuring debt sustainability, while enhancing investment. Strengthen the resilience of the health system in the areas of health workforce, critical medical products and infrastructure. **Improve primary care provision and coordination between types of care.**

## Spain

- Package recommendations: 1 out of 4
- Explicit recommendations: 5 (Training digital literacy; inclusion of marginalized workers in labour market; strengthen digital curricula; income support; better targeting social assistance)
- Implicit recommendations: 8 (Social dialogue; employment protection legislation; Youth Guarantee; pension reform; social protection system; short-time work schemes; quality of social services; effective child support)

2. Support employment through **arrangements to preserve jobs, effective hiring incentives and skills development. Reinforce unemployment protection**, in particular for **atypical workers. Improve coverage and adequacy of minimum income** schemes and family support, as well as **access to digital learning**.

(19) The Spanish health system has been delivering good health outcomes despite the comparatively low level of investments. The COVID-19 pandemic has, however, put an unprecedented strain on the system and revealed its vulnerability to shocks. Immediate action is focusing on strengthening capacities in terms of health workers, critical medical products and infrastructure in order to save lives and restore health during the pandemic. Persons with disabilities and the elderly in residential care have been particularly exposed during the COVID-19 crisis. Their continued access to medical and social care, including emergency and intensive care services, needs to be ensured. Later on, efforts should concentrate on improving the resilience of the health system so that it can resume its optimal performance as quickly as possible and better cope with new shocks. The COVID-19 pandemic has revealed existing structural problems, some of which derive from certain shortfalls in investment in physical infrastructures and **shortcomings in the recruitment and working conditions of health workers**. There are regional disparities in terms of spending, physical resources and staff, and the coordination between different levels of government is not always effective. In the medium-term, healthcare delivery could better respond to the challenges of ageing, growing chronic conditions and disability. Primary care and the development of e-health have a central role to play in this regard. In the medium-term, it will be important to ensure that the likely decrease in resources due to the economic downturn does not **affect people's healthcare coverage and result in inequalities in access**.

(20) Despite years of strong job creation, the Spanish labour market still recorded high levels of unemployment and labour market segmentation before the COVID-19 pandemic. Preliminary data point to a very significant increase in the level of unemployment in Spain as a result of the COVID-19 crisis, which will weigh on the already **limited capacity of employment services to support workers and employers and on social services**. In the medium term, the way to recovery should be paved by measures to support employment taken in **consultation with social partners**, such as

**gradually phasing-out short-time work schemes**, reviewing the system of hiring incentives to **better promote sustainable forms of employment**, in particular for **young workers**, as well as through **flexibility in working conditions**. Raising the share of students in science and digital technologies, making **vocational education** and **training more attractive and ensuring flexible upskilling and reskilling opportunities** could help meet the growing demand for the technical skills needed for the green and digital transitions that will accompany the recovery. More generally, **improving educational and career guidance** and providing adequate support to students with disadvantages and regions lagging behind could contribute to better educational outcomes. The success of measures that may be adopted with a view to achieving these objectives will strongly depend on taking the necessary time to build a broad and long-lasting social and political consensus around the reforms.

(21) The effects of the COVID-19 pandemic on the labour market have prompted a pressing need to support the income of households hit by the COVID-19 crisis. The facilitation of the use of short-time work schemes has been key in that endeavour. However, **temporary workers with very short-time contracts**, who constitute the bulk of the ~~close to one million~~ new unemployed and amongst which there are **many young workers**, are often **not eligible for standard unemployment protection**. Ensuring ~~early on~~ that all workers, including temporary workers and the self-employed, have **access to adequate social protection and active labour market policies**, ~~beyond the emergency measures already taken by the government~~, is needed to support a sustainable recovery and social cohesion.

(22) The COVID-19 crisis will likely increase the **high levels of poverty or social exclusion** in Spain, especially **among families with children**. In 2019, Spain was the Member State with the lowest average of family benefits per child. **Families with low-to-medium income are not entitled to the country's strict child benefits, and tax deductions are of limited advantage to them. Social protection expenditure remains highly oriented towards older people**, and the level of expenditure on pensions is set to increase significantly in the medium to long term, should the announced departures from the 2013 pension reform be made permanent and no adequate compensatory measures taken. The difficult economic and social context resulting from the COVID-19 pandemic instead calls for **intergenerational solidarity towards the younger generations**. Unemployment assistance for the long-term unemployed and workers not qualifying for contributory schemes is currently scattered across multiple schemes, resulting in low coverage. Existing regional minimum income schemes only reach 20% of their potential beneficiaries in the country, amid large regional disparities in terms of coverage, duration, access conditions and adequacy. In the current pressing context, a **permanent national income guarantee scheme**, with an estimated coverage of ~~three over two~~ million beneficiaries, ~~has recently been adopted and awaits the ratification by the parliament, and will be complemented by~~ ~~is planned to be introduced swiftly to complement~~ the existing regional minimum income schemes. Its impact on **poverty-**



**reduction** and its sustainability in the short and medium-term cannot be assessed at this stage.

(24) To foster the economic recovery, it will be important to front-load mature public investment projects and promote private investment, including through relevant reforms. Spain's recovery prospects will depend on its capacity to increase productivity and foster innovation, including through the digital and green transition. Spain's innovation performance is below the Union average in all regions. Spain underperforms on the ability of firms to innovate, invest in tangible and intangible assets and make best use of its population's skills, which could hamper their competitiveness in a knowledge-based economy. The COVID-19 crisis has highlighted the importance of digitalisation to maintain access to governmental services and education and training, as well as to preserve jobs and economic activity. Before the ~~confinement~~ **containment** period, only half of the schools in Spain had adequate digital learning platforms in place, with significant regional disparities. The sudden shift to **digital learning** was also a particular challenge for vulnerable students who did not have access to digital solutions at home. Spain should **ensure that all students benefit from access to digital learning, including those in rural areas and from vulnerable households**. Supporting the digitalisation of businesses would also promote the competitiveness of Spanish firms in global value chains and increase their capacity to export, especially SMEs and microenterprises. **The digital uptake, including of advanced digital technologies, and the reduction of the digital divide between urban and rural areas**, would improve the Spanish economy's capacity to innovate. In addition, reinforcing research and innovation governance at all levels, increasing the quality of research through systematic evaluations and incentivising research organisations to cooperate with the private sector could make research and innovation policies more effective and accelerate the diffusion of innovation in order to help the recovery.

## Sweden

- Package recommendations: 0 out of 3
- Explicit recommendations: 2 (Training digital literacy; strengthen digital curricula)
- Implicit recommendations: 2 (Inclusion of marginalized workers in labour market; Youth Guarantee)

## Social aspects in the CSR package on digital transition

2. Foster innovation and **support education and skills development**. Front-load mature public investment projects and promote private investment to foster the economic recovery. Focus investment on the green and digital transition, in particular on clean and efficient production and use of energy, high-tech and innovative sectors, 5G networks and sustainable transport.

(18) Supporting the **availability of skills, and digital skills in particular**, can sustain higher productivity growth through R&I in high-tech sectors, and help achieve Sweden's ambitious climate and energy objectives contained in its National Energy and Climate Plan. Investments are also needed to reduce educational outcomes gaps between learners with a migrant and native background. **The high quality of labour was a major contributor to labour productivity growth** but had all but stopped contributing before the COVID-19 crisis. **Labour market integration of groups whose potential was not fully used before the crisis, such as non-EU migrants and people with disabilities, will also be necessary. Skills shortages** has been particularly pronounced in education, healthcare, social work, information and communication technology, industry and construction.

## The United Kingdom

- Package recommendations: 1 out of 3
- Explicit recommendations: 2 (Social protection system; better targeting social assistance)
- Implicit recommendations: 2 (Training digital literacy; effective child support)

2. Ensure the **adequacy and coverage of the social protection system** to provide support for all and in particular **those most affected by the crisis**.

(19) The current crisis is likely to have a bigger impact on the most vulnerable, exacerbating poverty. The **risk of poverty or social exclusion was already increasing before the crisis**, despite record low unemployment. **In-work poverty and child poverty are also high. Welfare cuts and reforms risk undermining the strong poverty-reducing effect** of the United Kingdom tax-benefit system. There is scope to **strengthen support to the most vulnerable, including children in poverty**, especially given that the crisis is expected to further increase income inequality.

(20) **Improving labour productivity performance** remains a major challenge for the United Kingdom. Output per hour is significantly lower in the United Kingdom than in most other developed economies, and is barely higher than it was before the financial crisis. GDP growth has been driven by employment growth, with practically no increases in productivity in the recent past. Despite a tight labour market, United Kingdom labour productivity has been essentially flat since early 2018. Real wage growth has also remained slow. Many parts of the United Kingdom are relatively poor with **comparatively low levels of investment in skills and infrastructure. Limited career progression prospects for people in low-wage jobs negatively affect both productivity and poverty**. This is set to continue and may even be exacerbated in the light of the COVID-19 crisis. The recent pandemic also poses significant **challenges for the education and training systems** in the

United Kingdom in articular with regard to **distance learning and varying access to structured learning**. Consequently, there is scope to increase productivity by addressing broad-based problems such as low investment in equipment, infrastructure and research and development, and **skills gaps, especially in basic and technical skills**. The United Kingdom aims to invest more in research and innovation and improve the use of existing technologies across the economy.

## Annex 2

### The social CSRs 2011-2019 EU-wide by year

Table A1 Social CSRs 2011-2012 - EU-wide overview

		AT	BE	BG	CY	CZ	DE	DK	EE	ES	FI	FR	HU	IT	LT	LU	MT	NL	PL	SE	SI	SK	UK
<b>Wages</b>	Reviewing wage indexation		●		●					●						●	●						
	Reviewing wage-setting system - align with productivity developments		●	●	●					●		●		●		●	●						
<b>EPL</b>	Adjusting employment protection legislation					●		●				●		●	●						●		
<b>Labour market participation</b>	Enhancing participation of women				●	●				●			●	●					●				
	Enhancing participation of older workers, promoting active ageing, LLL		●	●	●	●						●			●	●					●		
	Reducing tax disincentives for second earners						●							●				●					
<b>Youth employment</b>	Facilitating transition school to work by incentives for companies to hire young people																						
	Facilitating transition school to work through apprenticeships and work-based learning					●		●	●	●	●					●			●			●	●
	Reducing school/education 'drop outs'	●						●		●							●						
<b>Pensions</b>	Explicit link between pensionable age and life expectancy	●	●	●	●					●	●					●	●	●	●		●	●	
	Reducing early retirement	●	●	●				●		●	●					●	●	●	●		●	●	
<b>Vulnerable</b>	Ensuring the adequacy and coverage of social protection systems	●							●					●								●	
	(Access to) quality social services																						
	Better targeting social assistance			●											●								
<b>Child poverty</b>	Making child support more effective																						
	Access to and quality of childcare services	●				●	●						●	●					●				
<b>Tax</b>	Shift away from tax on labour (incl. attention for low income earners)	●	●			●	●			●	●	●	●									●	

Source: Country-specific recommendations 2011-2012; EL, IE, LV, PT and RO did not get specific recommendations but were in general recommended to implement their respective Memorandums of Understanding (incl. eventual subsequent supplements).

Table A2 Social CSRs 2012-2013 - EU-wide overview

		AT	BE	BG	CY	CZ	DE	DK	EE	ES	FI	FR	HU	IT	LT	LU	LV	MT	NL	PL	SE	SI	SK
<b>Wages</b>	Reviewing wage indexation		●		●											●		●					
	Reviewing wage-setting system - align with productivity developments		●				●				●	●		●				●			●	●	
<b>EPL</b>	Adjusting employment protection legislation							●				●		●	●				●	●	●	●	
<b>Labour market participation</b>	Enhancing participation of women	●				●	●						●	●				●		●			●
	Enhancing participation of older workers, promoting active ageing, LLL	●	●							●		●				●		●	●			●	
	Reducing tax disincentives for second earners						●												●				
<b>Youth employment</b>	Facilitating transition school to work by incentives for companies to hire young people									●	●												
	Facilitating transition school to work through apprenticeships and work-based learning							●	●	●		●		●	●	●	●	●		●		●	●
	Reducing school/education 'drop outs'	●					●	●		●			●	●			●						
<b>Pensions</b>	Explicit link between pensionable age and life expectancy	●	●		●					●	●					●	●	●	●	●		●	●
	Reducing early retirement	●	●	●		●		●			●						●		●	●	●		●
<b>Vulnerable</b>	Ensuring the adequacy and coverage of social protection systems				●				●														
	Access to quality social services			●																			
	Better targeting social assistance			●					●							●		●					
<b>Child poverty</b>	Making child support more effective									●													
	Facilitating access to childcare services			●																			
<b>Tax</b>	Shift away from labour, with focus on low income earners	●	●			●	●			●		●	●				●						●

Source: Country-specific recommendations 2012-2013; note that EL, IE, PT and RO did not get specific recommendations but were in general recommended to implement their respective Memorandums of Understanding (incl. eventual subsequent supplements).

Table A3 Social CSRs 2013-2014 - EU-wide overview

		AT	BE	BG	CZ	DE	DK	EE	ES	FI	FR	HU	IT	LT	LU	LV	MT	NL	PL	RO	SE	SI	SK	UK
<b>Wages</b>	Reviewing wage indexation		●												●									
	Reviewing wage-setting system - align with productivity developments		●			●				●	●		●		●							●		
<b>EPL</b>	Adjusting employment protection legislation										●			●				●	●					
<b>Labour market participation</b>	Enhancing participation of women	●										●	●				●		●					
	Enhancing participation of older workers, promoting active ageing, LLL	●	●	●	●						●			●	●		●	●	●	●		●		
	Reducing tax disincentives for second earners					●							●					●						
<b>Youth employment</b>	Youth guarantee			●					●	●	●	●	●		●				●	●			●	●
	Facilitating transition school to work by incentives for companies to hire young people																		●	●	●		●	●
	Facilitating transition school to work through apprenticeships and work-based learning		●								●			●		●	●		●		●			●
	Reducing school/education 'drop outs'	●					●		●				●				●			●				
<b>Pensions</b>	Explicit link between pensionable age and life expectancy	●	●	●	●			●	●	●	●			●	●			●				●		
	Reducing early retirement	●	●	●	●			●		●				●	●		●		●					
<b>Vulnerable</b>	Ensuring the adequacy and coverage of social protection systems			●									●					●	●				●	
	(Access to) quality social services			●					●														●	
	Better targeting social assistance													●						●			●	
<b>Child poverty</b>	Making child support more effective			●								●												
	Access to and quality of childcare services				●	●						●	●				●		●	●			●	●
<b>Tax</b>	Shift away from tax on labour (incl. attention for low income earners)	●			●	●					●	●	●			●		●					●	●

Source: Country-specific recommendations 2013-2014; CY, EL, IE, and PT did not get specific recommendations but were in general recommended to implement their respective Memorandums of Understanding (incl. eventual subsequent supplements).

Table A4 Social CSRs 2014-2015 - EU-wide overview

		AT	BE	BG	CZ	DE	DK	EE	ES	FI	FR	HR	HU	IE	IT	LT	LU	LV	MT	NL	PL	PT	RO	SE	SI	SK	UK
<b>Wages</b>	Reviewing wage indexation		●														●								●		
	Reviewing wage-setting system - align with productivity developments		●		●			●		●	●			●		●			●		●	●			●		
<b>EPL</b>	Adjusting employment protection legislation								●		●	●				●			●	●	●	●			●		
<b>Labour market participation</b>	Enhancing participation of women	●												●	●				●	●	●					●	
	Enhancing participation of older workers, promoting active ageing, LLL	●		●	●			●	●	●						●	●			●			●		●		
	Reducing tax disincentives for second earners	●				●		●	●				●		●		●						●				
<b>Youth employment</b>	Youth guarantee			●				●			●		●	●						●	●					●	
	Facilitating transition school to work by incentives for companies to hire young people					●					●	●	●									●		●			
	Facilitating transition school to work through apprenticeships and work-based learning					●	●	●		●	●	●		●	●	●	●	●	●	●	●		●	●	●	●	●
	Reducing school/education 'drop outs'		●						●														●				
<b>Pensions</b>	Explicit link between pensionable age and life expectancy	●	●	●	●					●		●				●	●										
	Reducing early retirement	●	●	●	●							●				●	●		●		●						
<b>Vulnerable</b>	Ensuring the adequacy and coverage of social protection systems			●		●		●		●	●	●		●	●					●						●	
	(Access to) quality social services							●	●	●																●	
	Better targeting social assistance			●								●	●		●	●		●				●	●			●	●
<b>Child poverty</b>	Making child support more effective			●				●						●													
	Access to and quality of childcare services				●	●		●						●	●						●		●			●	●
<b>Tax</b>	Shift away from tax on labour (incl. attention for low income earners)	●	●		●	●					●			●	●		●			●							

Source: Country specific recommendations 2014-2015; CY and EL did not get specific recommendations but were in general recommended to implement their respective Memorandums of Understanding (incl. eventual subsequent supplements).

Table A5 Social CSRs 2015-2016 - EU-wide overview

		AT	BE	BG	CZ	DE	DK	EE	ES	FI	FR	HR	HU	IE	IT	LT	LU	LV	MT	NL	PL	PT	RO	SE	SI	SK	UK
Wages	Reviewing wage indexation																										
	Reviewing wage-setting system -align with productivity developments		●	●					●	●	●	●			●		●					●	●		●		
EPL	Adjusting Employment Protection Legislation					●					●				●						●						
Labour market participation	Enhancing participation of women	●			●	●		●						●	●		●		●		●					●	●
	Enhancing participation older workers, promoting active ageing, LLL	●	●	●						●						●	●								●	●	
	Reducing tax disincentives for second/ low income earners					●	●		●					●			●	●	●								
Youth employment	Youth employment / guarantee		●	●	●		●	●	●	●				●	●		●				●	●	●	●		●	
	Facilitating transition education / school to work	●		●	●		●	●	●				●			●			●			●		●			
	Apprenticeships / work-based learning							●								●		●							●	●	
	Reducing school/education "drop outs"			●			●							●		●				●			●				
Pensions	Explicit link between pensionable age and life expectancy	●	●														●		●								
	Reducing early retirement					●				●		●					●										
	Pension reform	●	●		●					●	●	●				●		●	●	●	●	●	●		●		
Vulnerable	Ensuring the adequacy and coverage of social protection systems			●		●			●		●	●	●			●											
	(Access to) quality social services							●		●																	
	Better targeting social assistance								●			●	●	●	●	●	●	●				●	●				
Child poverty	Making child support more effective								●																		
	Access to and quality of childcare services	●			●			●						●					●		●		●		●	●	
Tax	Shift away from tax on labour (incl. attention for low income earners)	●	●		●	●			●		●		●	●	●	●	●	●		●			●				

Source: Country-specific recommendations 2015-2016; CY and EL did not receive specific recommendations but were in general recommended to implement their respective Memorandums of Understanding (incl. any subsequent supplements).



Table A6 Social CSRs 2016-2017 - EU-wide overview

		AT	BE	BG	CZ	CY	DE	DK	EE	ES	FI	FR	HR	HU	IE	IT	LT	LU	LV	MT	NL	PL	PT	RO	SE	SI	SK	UK
<b>Wages</b>	Reviewing wage indexation																											
	Reviewing wage-setting system -align with productivity developments	•	•	•	•				•		•	•	•					•	•				•	•				
<b>EPL</b>	Adjusting Employment Protection Legislation		•		•		•			•		•									•	•	•					
<b>Labour market participation</b>	Enhancing participation of women	•			•		•		•							•								•			•	
	Enhancing participation older workers, promoting active ageing, LLL		•								•											•				•		
	Reducing tax disincentives for second/ low income earners		•				•		•					•		•												
<b>Youth employment</b>	Youth employment / guarantee			•		•					•		•				•							•			•	
	Facilitating transition education / school to work		•	•						•		•		•						•		•						
	Apprenticeships / work-based learning									•		•							•									•
	Reducing school/education "drop outs"	•	•	•					•					•										•				
<b>Pensions</b>	Explicit link between pensionable age and life expectancy	•	•		•													•				•						
	Reducing early retirement						•				•	•	•					•										
	Pension reform	•	•	•							•		•					•	•		•	•	•	•			•	•
<b>Social protection/ assistance</b>	Ensuring the adequacy and coverage of social protection systems											•	•	•														
	(Access to) quality social services			•					•	•									•					•				
	Better targeting social assistance			•										•	•				•									
<b>Child poverty</b>	Making child support more effective				•																							
	Access to and quality of childcare services								•							•	•						•		•		•	•
<b>Tax</b>	Shift away from tax on labour (incl. attention for low income earners)	•	•		•		•					•	•	•	•	•	•	•	•			•						

Source: Country-specific recommendations 2016-2017; EL did not receive any specific recommendations but was in general recommended to implement its respective Memorandums of Understanding (including any subsequent supplements).

Table A7 Social CSRs 2017-2018 - EU-wide overview

		AT	BE	BG	CZ	CY	DE	DK	EE	ES	FI	FR	HR	HU	IE	IT	LT	LU	LV	MT	NL	PL	PT	RO	SE	SI	SK	UK
Wages	Reviewing wage indexation																											
	Reviewing wage-setting system -align with productivity developments	•	•	•		•	•		•		•	•	•			•			•		•		•	•				
EPL	Adjusting Employment Protection Legislation					•		•		•	•		•									•	•					
Labour market participation	Enhancing participation of women	•			•		•		•											•		•		•			•	
	Enhancing participation older workers, promoting active ageing, LLL		•					•			•		•					•		•		•				•		
	Reducing tax disincentives for second/ low income earners		•						•					•		•			•								•	
Youth employment	Youth employment / guarantee				•		•		•		•					•							•	•				
	Facilitating transition education / school to work		•	•								•								•		•						
	Apprenticeships / work-based learning																		•								•	
	Reducing school/education “drop outs”								•		•		•							•			•	•				
Pensions	Explicit link between pensionable age and life expectancy	•			•								•				•	•				•		•			•	
	Reducing early retirement												•					•										
	Pension reform	•		•	•		•											•	•	•	•	•	•			•	•	
Social protection/ assistance	Ensuring the adequacy and coverage of social protection systems			•					•		•	•	•	•					•			•						
	(Access to) quality social services			•					•	•	•													•				
	Better targeting social assistance			•					•	•	•		•	•		•			•									
Child poverty	Making child support more effective													•														
	Access to and quality of childcare services				•		•			•			•		•	•							•				•	•
Tax	Shift away from tax on labour (incl. attention for low income earners)	•	•									•				•	•	•										

Source: Country-specific recommendations 2017-2018; EL did not receive specific recommendations but was in general recommended to implement their respective Memorandums of Understanding (including any subsequent supplements).

Table A8 Social CSRs 2018-2019 - EU-wide overview

		AT	BE	BG	CZ	CY	DE	DK	EE	ES	FI	FR	HR	HU	IE	IT	LT	LU	LV	MT	NL	PL	PT	RO	SE	SI	SK	UK
Wages	Reviewing wage indexation											•																
	Reviewing wage-setting system -align with productivity developments	•	•	•		•			•		•	•	•					•	•				•	•				
EPL	Adjusting Employment Protection Legislation		•		•	•				•		•									•	•	•					
Labour market participation	Enhancing participation of women	•			•		•		•							•								•				•
	Enhancing participation older workers, promoting active ageing, LLL		•				•											•				•				•		
	Reducing tax disincentives for second/ low income earners	•	•				•							•		•	•		•									
Youth employment	Youth employment / guarantee	•		•		•				•	•	•				•												
	Facilitating transition education / school to work																											
	Apprenticeships / work-based learning											•	•				•		•								•	
	Reducing school/education "drop outs"	•				•				•				•		•				•			•	•			•	
Pensions	Explicit link between pensionable age and life expectancy	•			•							•						•		•		•		•		•		
	Reducing early retirement	•										•						•		•						•		
	Pension reform	•	•		•		•					•	•		•	•	•	•	•	•	•	•	•			•		
Social protection/ assistance	Ensuring the adequacy and coverage of social protection systems			•								•																•
	(Access to) quality social services								•	•	•					•												
	Better targeting social assistance			•					•	•	•		•	•			•		•				•	•			•	
Child poverty	Making child support more effective									•						•												
	Access to and quality of childcare services	•			•		•					•	•	•	•							•					•	•
Tax	Shift away from tax on labour (incl. attention for low income earners)	•	•				•					•		•	•	•	•		•									

Source: Country-specific recommendations 2018-2019; EL did not receive specific recommendations but was in general recommended to implement their respective Memorandums of Understanding (incl. any subsequent supplements); ETUI own classifications / calculations.

Table A9 Social CSRs 2019-2020 – EU-wide overview

		AT	BE	BG	CZ	CY	DE	DK	EE	EL	ES	FI	FR	HR	HU	IE	IT	LT	LU	LV	MT	NL	PL	PT	RO	SE	SI	SK	UK
Wages	Reviewing wage indexation																												
	Reviewing wage-setting system -align with productivity developments			•		•	•		•				•									•			•				
EPL	Adjusting Employment Protection Legislation										•		•									•		•					
Labour market participation	Enhancing participation of women	•			•		•		•	•	•	•			•		•				•		•		•		•	•	
	Enhancing participation older workers, promoting active ageing, LLL		•				•											•	•	•			•				•		
	Reducing tax disincentives for second/ low income earners		•				•								•		•			•									
Youth employment	Youth employment / guarantee	•				•		•		•	•						•			•					•		•	•	
	Facilitating transition education / school to work																												
	Apprenticeships / work-based learning			•										•		•	•											•	
	Reducing school/education "drop outs"			•					•	•	•				•		•				•				•		•		
Pensions	Explicit link between pensionable age and life expectancy	•			•															•		•		•		•		•	
	Reducing early retirement	•	•											•			•			•		•		•			•		
	Pension reform	•	•		•		•				•		•			•	•	•	•	•	•	•	•	•	•	•	•	•	
Social protection/ assistance	Ensuring the adequacy and coverage of social protection systems			•										•															
	(Access to) quality social services			•					•	•		•					•	•		•									
	Better targeting social assistance			•					•	•	•	•	•	•	•	•	•	•	•	•				•				•	
Child poverty	Making child support more effective										•																		
	Access to and quality of childcare services	•			•	•			•						•	•	•	•		•			•					•	
Tax	Shift away from tax on labour (incl. attention for low income earners)	•	•				•			•						•	•	•	•		•								

Source: Country-specific recommendations 2019-2020; ETUI own classifications / calculations.

### Annex 3

## CSRs packages in the social field under the 2018-2020 European Semester cycles<sup>1</sup>

#### AT – Austria

CSRs 2018	CSRs 2019	CSRs 2020
1. (...) <b>Ensure the sustainability of the health and long-term care and the pension systems</b> , including by <b>increasing the statutory retirement age and by restricting early retirement</b> . Make <b>public services</b> more efficient, including through aligning financing and spending responsibilities.	1. <b>Ensure the sustainability</b> of the health, long-term care, and <b>pension systems</b> , including by <b>adjusting the statutory retirement age</b> in view of expected gains in life expectancy. Simplify and rationalise fiscal relations and responsibilities across layers of government and align financing and spending responsibilities.	
2. <b>Reduce the tax wedge</b> , especially for <b>low-income earners</b> , by shifting the tax burden to sources of revenue less detrimental to growth. <b>Improve labour market outcomes of women</b> . <b>Improve basic skills for disadvantaged young people and people with a migrant background</b> . (...)	2. <b>Shift taxes away from labour</b> to sources less detrimental for inclusive and sustainable growth. Support full-time <b>employment among women</b> , including by improving childcare services, and boost labour market outcomes for the low skilled, in cooperation with the social partners. <b>Raise the levels of basic skills</b> for disadvantaged groups, including people with a migrant background.	2. <b>Ensure equal opportunities in education and increased digital learning</b> .

1. For practical and ‘readability’ reasons this table has been limited to the CSRs of 2018 to 2020. Readers who would like to consult the texts of comparable earlier recommendations from 2011 to 2017 are advised to consult Annex 3 of Clauwaert (2015), (2016), (2017), (2018) and (2019).

## BE – Belgium

CSRs 2018	CSRs 2019	CSRs 2020
1. (...) <b>Pursue the envisaged pension reforms</b> and contain the projected increase in long-term care expenditure. (...)	1. (...) Continue reforms to ensure the fiscal sustainability of the long-term care and <b>pension systems, including by limiting early exit possibilities from the labour market.</b> (...)	
2. Remove disincentives to work and <b>strengthen the effectiveness of active labour market policies</b> , notably for the <b>low-skilled, people with a migrant background and older workers.</b> Pursue the <b>education and training reforms</b> , including by fostering equity and increasing the proportion of graduates in science, technology, engineering and mathematics.	2. <b>Remove disincentives to work and strengthen the effectiveness of active labour market policies</b> , in particular for the <b>low skilled, older workers and people with a migrant background.</b> <b>Improve the performance and inclusiveness of the education and training systems and address skills mismatches.</b>	2. Mitigate the employment and social impact of the COVID-19 crisis, notably by <b>promoting effective active labour market measures and fostering skills development.</b>

## BG – Bulgaria

CSRs 2018	CSRs 2019	CSRs 2020
1. <b>Improve tax collection and the efficiency of public spending</b> , including by stepping up enforcement of measures to reduce the extent of the <b>informal economy.</b> Upgrade the State-owned enterprise corporate governance framework in line with international good practices.	1. <b>Improve tax collection through targeted measures in areas such as fuel and labour taxes.</b> Upgrade the <b>State-owned enterprise corporate governance</b> by adopting and putting into effect the forthcoming legislation.	
3. <b>Increase the employability of disadvantaged groups</b> by upskilling and strengthening activation measures. <b>Improve the provision of quality inclusive mainstream education</b> , particularly for Roma and other disadvantaged groups. (...) Introduce a regular and transparent revision scheme for the minimum income and improve its coverage and adequacy.	4. <b>Strengthen employability by reinforcing skills, including digital skills. Improve the quality, labour market relevance, and inclusiveness of education and training</b> , in particular for Roma and other disadvantaged groups. Address social inclusion through <b>improved access to integrated employment and social services and more effective minimum income support.</b> (...)	2. Ensure <b>adequate social protection and essential services</b> for all and <b>strengthen active labour market policies.</b> Improve access to <b>distance working</b> and promote <b>digital skills and equal access to education.</b> Address the shortcomings in the <b>adequacy of the minimum income scheme.</b>
		1. (...) Mobilise adequate financial resources to strengthen the resilience, <b>accessibility</b> and capacity of the <b>health system</b> , and ensure a balanced regional <b>distribution of health workers</b> , matching population needs.

## CY – Cyprus

CSRs 2018	CSRs 2019	CSRs 2020
1. Adopt key legislative reforms to <b>improve efficiency in the public sector</b> , in particular as regards the functioning of the public administration and the governance of state-owned entities and local governments.	1. Adopt key legislative reforms to <b>improve efficiency in the public sector</b> , in particular as regards the functioning of the public administration and the governance of State-owned entities and local governments. (...)	
5. Complete reforms aimed at <b>increasing the capacity and effectiveness of the public employment services</b> and reinforce outreach and activation support for young people who are not in employment education or training. Complete the reform of the education and training system, including teacher evaluation and actions to <b>increase the capacity of vocational education and training</b> . (...)	3. Complete reforms aimed at <b>increasing the effectiveness of the public employment services</b> and reinforce outreach and activation support for young people. Deliver on the reform of the education and training system, including teacher evaluation, and <b>increase employers' engagement and learners' participation in vocational education and training</b> , and affordable childhood education and care. (...)  4. <b>Focus investment-related economic policy</b> on sustainable transport, environment, in particular waste and water management, energy efficiency and renewable energy, <b>digitalisation</b> , including digital skills, and research and innovation, taking into account territorial disparities within Cyprus. (...)	2. Provide adequate <b>income replacement</b> and access to <b>social protection</b> for all. <b>Strengthen public employment services</b> , promote <b>flexible working arrangements</b> and <b>improve the labour-market relevance of education and training</b> .
3 (...) <b>Integrate and strengthen the supervision of insurance companies and pension funds</b> .	3. (...) <b>Strengthen the supervision capacities in the non-bank financial sector</b> , including by fully integrating the insurance and pension-funds supervisors.	
		1. (...) <b>Strengthen the resilience and capacity of the health system to ensure quality and affordable services</b> , including by addressing health workers' working conditions.

## CZ – Czech Republic

CSRs 2018	CSRs 2019	CSRs 2020
1. (...) <b>Strengthen the capacity of the education system</b> to deliver quality inclusive education, including by promoting the teaching profession. Foster the <b>employment of women</b> , the low-skilled and disabled people, including by improving the <b>effectiveness of active labour market policies</b> .	2. Foster the <b>employment of women</b> with young children, including by improving access to <b>affordable childcare</b> , and of disadvantaged groups. <b>Increase the quality and inclusiveness of the education and training systems</b> , including by fostering technical and digital skills and promoting the teaching profession.	3. Support employment through <b>active labour market policies</b> , the <b>provision of skills</b> , including <b>digital skills</b> , and access to <b>digital learning</b> .
4. Improve the long-term fiscal sustainability, in particular of the <b>pension system</b> . (...)	1. <b>Improve long-term fiscal sustainability of the pension and health-care systems</b> . (...)	1. (...) Ensure the resilience of the <b>health system</b> , strengthen the <b>availability of health workers</b> , primary care and the integration of care, and deployment of e-health services.

## DE – Germany

CSRs 2018	CSRs 2019	CSRs 2020
1. (...) Improve the <b>efficiency and investment friendliness of the tax system</b> . (...)	1. (...) <b>Shift taxes away from labour</b> to sources less detrimental to inclusive and sustainable growth. (...)	
2. <b>Reduce disincentives to work more hours, including the high tax wedge, in particular for low-wage and second earners</b> . Take measures to <b>promote longer working lives</b> . Create conditions to <b>promote higher wage growth</b> , while respecting the role of the social partners. <b>Improve educational outcomes and skills levels of disadvantaged groups</b> .	2. <b>Reduce disincentives to work more hours, including the high tax wedge, in particular for low-wage and second earners</b> . Take measures to <b>safeguard the long-term sustainability of the pension system</b> , while preserving adequacy. <b>Strengthen the conditions that support higher wage growth, while respecting the role of the social partners</b> . <b>Improve educational outcomes and skills levels of disadvantaged groups</b> .	2. (...) Focus investment on (...) <b>digital infrastructure and skills, housing, education and research and innovation</b> .

## DK – Denmark

CSRs 2018	CSRs 2019	CSRs 2020
No social CSR adopted	1. Focus investment-related economic policy on education and skills, research and innovation to broaden the innovation base to include more companies, and on sustainable transport to tackle road congestion.	No social CSR adopted

## EE – Estonia

CSRs 2018	CSRs 2019	CSRs 2020
1. (...) Improve the <b>adequacy of the social safety net</b> , in particular for older people and people with disabilities. Take measures to <b>reduce the gender pay gap, including by improving wage transparency in the private sector</b> .	2. <b>Address skills shortages</b> and foster innovation by <b>improving the capacity and labour market relevance of the education and training system</b> . <b>Improve the adequacy of the social safety net and access to affordable and integrated social services</b> . Take measures to reduce the <b>gender pay gap</b> , including by improving wage transparency.	2. <b>Strengthen the adequacy of the social safety net</b> , including by broadening the coverage of <b>unemployment benefits</b> .
		1. (...) Improve the <b>accessibility and resilience of the health system, including by addressing the shortage of health workers</b> , strengthening primary care and ensuring the supply of critical medical products.



## ES – Spain

CSRs 2018	CSRs 2019	CSRs 2020
2. Ensure that <b>employment and social services</b> have the capacity to provide effective support for jobseekers, including through better cooperation with employers. <b>Foster transitions towards open-ended contracts</b> . Improve family support and <b>address coverage gaps in income guarantee schemes</b> , by simplifying the system of national schemes and reducing disparities in access conditions to regional ones. <b>Reduce early school leaving</b> and regional disparities in educational outcomes, in particular by better supporting students and teachers.	2. Ensure that <b>employment and social services</b> have the capacity to provide effective support. <b>Foster transitions towards open-ended contracts</b> , including by simplifying the system of hiring incentives. Improve support for families and address coverage gaps in national <b>unemployment assistance and regional minimum income schemes</b> . <b>Reduce early school leaving</b> and improve educational outcomes, taking into account regional disparities. Increase cooperation between education and businesses with a view to improving the provision of labour market relevant skills and qualifications, in particular for information and communication technologies.	2. Support employment through arrangements to <b>preserve jobs</b> , effective <b>hiring incentives</b> and <b>skills development</b> . Reinforce <b>unemployment protection</b> , in particular for <b>atypical workers</b> . Improve coverage and adequacy of <b>minimum income schemes</b> and <b>family support</b> , as well as access to <b>digital learning</b> .
	1. (...) Preserve the sustainability of the <b>pension system</b> . (...)	

## FI– Finland

CSRs 2018	CSRs 2019	CSRs 2020
1. Achieve the medium-term budgetary objective in 2019, taking into account the allowances linked to the implementation of the structural reforms for which a temporary deviation is granted. Ensure the adoption and implementation of the administrative reform to <b>improve cost-effectiveness and equal access to social and healthcare services</b> .	1. (...) <b>Improve the cost-effectiveness of and equal access to social and healthcare services</b> .	1. (...) <b>Address shortages of health workers</b> to strengthen the resilience of the health system and <b>improve access to social and health services</b> .
2. <b>Improve incentives to accept work and ensure adequate and well-integrated services for the unemployed and the inactive</b> .	2. <b>Improve incentives to accept work and enhance skills and active inclusion</b> , notably through well-integrated services for the unemployed and the inactive.	2. Strengthen measures to support employment and <b>bolster active labour market policies</b> .

## FR – France

CSRs 2018	CSRs 2019	CSRs 2020
3. <b>Simplify the tax system</b> , by limiting the use of tax expenditures, removing inefficient taxes and reducing taxes on production levied on companies. (...)		
1. (...) Progressively <b>unify the rules of the different pension regimes</b> to enhance their fairness and sustainability.	1. <b>Reform the pension system</b> to progressively unify the rules of the different pension regimes, with the view to enhance their fairness and sustainability.	
2. <b>Pursue the reforms of the vocational education and training system</b> , to strengthen its labour market relevance and improve access to training, in particular for low qualified workers and jobseekers. Foster equal opportunities and access to the labour market, including for people with a migrant background and people living in deprived areas. <b>Ensure that minimum wage developments are consistent with job creation and competitiveness.</b>	2. <b>Foster labour market integration for all job seekers, ensure equal opportunities with a particular focus on vulnerable groups including people with a migrant background and address skills shortages and mismatches.</b>	3. Mitigate the employment and social impact of COVID-19 crisis, including by <b>promoting skills and active support for all jobseekers.</b>

## GR – Greece

CSRs 2018	CSRs 2019	CSRs 2020
To avoid duplication with measures set out in the Economic Adjustment Programme, there are no additional recommendations for Greece.	2. <b>Focus investment-related economic policy on sustainable transport and logistics, environmental protection, energy efficiency, renewable energy and interconnection projects, digital technologies, R&amp;D, education, skills, employability, health, and the renewal of urban areas, taking into account regional disparities and the need to ensure social inclusion.</b>	1. (...) Strengthen the resilience of the health system and <b>ensure adequate and equal access to health care.</b>
		2. Mitigate the employment and social impacts of the COVID-19 crisis, including by implementing measures such as <b>short-time work schemes and ensuring effective activation support.</b>

## HR – Croatia

CSRs 2018	CSRs 2019	CSRs 2020
<p>2. <b>Discourage early retirement</b>, accelerate the transition to a <b>higher statutory retirement age and align pension provisions for specific categories with the rules of the general scheme</b>. Deliver on the <b>reform of the education and training system to improve its quality and labour market relevance</b> for both young people and adults. <b>Consolidate social benefits</b> and improve their poverty reduction capacity.</p>	<p>2. Deliver on the education reform and <b>improve both access to education and training at all levels and their quality and labour market relevance</b>. Consolidate <b>social benefits</b> and improve their capacity to reduce poverty. Strengthen labour market measures and institutions and their coordination with <b>social services</b>. In consultation with the social partners, <b>introduce harmonised wage-setting frameworks across the public administration and public services</b>.</p>	<p>2. <b>Strengthen labour market measures</b> and institutions and <b>improve the adequacy of unemployment benefits and minimum income schemes</b>. Increase access to <b>digital infrastructure and services</b>. Promote the <b>acquisition of skills</b>.</p>
<p>3. <b>Reduce the territorial fragmentation of the public administration</b>, streamline the functional distribution of competencies and enhance the capacity to design and implement public policies. <b>In consultation with social partners, introduce harmonised wage-setting frameworks across the public administration and public services</b>.</p> <p>4. Improve corporate governance in <b>state-owned enterprises</b> and intensify the sale of state-owned enterprises and non-productive assets. (...)</p>		
		<p>1. (...) Promote balanced geographical <b>distribution of health workers</b> and facilities, closer cooperation between all levels of administration and investments in e-health.</p>

## HU – Hungary

CSRs 2018	CSRs 2019	CSRs 2020
2. <b>Continue simplifying the tax system</b> , in particular by reducing sector specific taxes. Improve the quality and transparency of the decision-making process through effective <b>social dialogue</b> and engagement with other stakeholders and by regular, adequate impact assessments. (...)	4. (...) <b>Improve the quality and transparency of the decision-making process through effective social dialogue</b> and engagement with other stakeholders and through regular, appropriate impact assessments. <b>Continue simplifying the tax system</b> , while strengthening it against a risk of aggressive tax planning. (...)	4. Ensure that any <b>emergency measures be strictly proportionate</b> , limited in time and in line with European and international standards and do not interfere with business activities and the stability of the regulatory environment. Ensure effective <b>involvement of social partners</b> and stakeholders in the <b>policy-making process</b> . Improve competition in public procurement.
3. Unlock labour reserves through <b>improving the quality of active labour market policies</b> . Improve education outcomes and increase the participation of disadvantaged groups, in particular Roma, in quality and inclusive mainstream education. <b>Improve the adequacy and coverage of social assistance and unemployment benefits</b> .	2. <b>Continue the labour market integration</b> of the most vulnerable groups in particular by upskilling, and <b>improve the adequacy of social assistance and unemployment benefits</b> . <b>Improve education outcomes and increase the participation of disadvantaged groups</b> , in particular Roma in quality mainstream education. (...)	2. Protect employment through enhanced <b>short-time working arrangements and effective active labour-market policies</b> and extend the duration of <b>unemployment benefits</b> . Improve the adequacy of <b>social assistance</b> and ensure <b>access to essential services and quality education</b> for all.
		1. (...) <b>Address shortages of health workers</b> and ensure an adequate supply of critical medical products and infrastructure to increase the resilience of the health system. <b>Improve access to quality preventive and primary care service</b> .

## IE – Ireland

CSRs 2018	CSRs 2019	CSRs 2020
2. (...) <b>Ensure the timely and effective implementation of the National Development Plan</b> , including in terms of clean energy, transport, housing, water services and <b>affordable quality childcare</b> . Prioritise the <b>upskilling of the adult working-age population</b> , with a focus on digital skills.	2. (...) Increase access to <b>affordable and quality childcare</b> .	2. Support employment through <b>developing skills</b> . <b>Address the risk of digital divide</b> , including in the education sector. Increase the provision of <b>social and affordable housing</b> .
1. (...) Limit the scope and the number of tax expenditures, and <b>broaden the tax base</b> . Address the expected increase in age-related expenditure by <b>increasing the cost-effectiveness of the healthcare system</b> and by <b>pursuing the envisaged pension reforms</b> .	1. Achieve the medium-term budgetary objective in 2020. Use windfall gains to accelerate the reduction of the general government debt ratio. Limit the scope and number of tax expenditures, and <b>broaden the tax base</b> . Continue to address features of the tax system that may facilitate aggressive tax planning, and focus in particular on outbound payments. Address the expected increase in age-related expenditure by <b>making the healthcare system more cost-effective</b> and by <b>fully implementing pension reform plans</b> .	1. (...) Improve <b>accessibility of the health system</b> and strengthen its resilience, including by responding to the <b>health workforce's needs</b> and ensuring <b>universal coverage for primary care</b> .

## IT – Italy

CSRs 2018	CSRs 2019	CSRs 2020
<p>4. <b>Step up implementation of the reform of active labour market policies</b> to ensure equal access to effective job-search assistance and training. Encourage <b>labour market participation of women</b> through a comprehensive strategy, rationalising family support policies and increasing the coverage of <b>childcare</b> facilities. Foster research, innovation, digital skills and infrastructure through better-targeted investment and increase participation in <b>vocational-oriented tertiary education</b>.</p> <p>1. (...) <b>Reduce the share of old-age pensions</b> in public spending to <b>create space for other social spending</b>.</p>	<p>2. Step up efforts to tackle <b>undeclared work</b>. <b>Ensure that active labour market and social policies are effectively integrated and reach out notably to young people</b> and vulnerable groups. <b>Support women's participation in the labour market</b> through a comprehensive strategy, including through <b>access to quality childcare</b> and long-term care. Improve educational outcomes, also through adequate and targeted investment, and <b>foster upskilling</b>, including by strengthening digital skills.</p>	<p>3. Provide adequate <b>income replacement</b> and access to <b>social protection</b>, in particular for <b>atypical workers</b>. Mitigate the employment impact of the COVID-19 crisis, including through <b>flexible working arrangements</b> and <b>active support to employment</b>. Strengthen <b>distance learning and skills</b>, including digital ones.</p>
<p>1. (...) <b>Shift taxation away from labour</b>, including by reducing tax expenditure and reforming the outdated cadastral values. Step up efforts to <b>tackle the shadow economy</b>, including by strengthening the compulsory use of e-payments through lower legal thresholds for cash payments. <b>Reduce the share of old-age pensions</b> in public spending to create space for other social spending.</p>	<p>1. <b>Ensure a nominal reduction of net primary government expenditure</b> of 0.1% in 2020, corresponding to an annual structural adjustment of 0.6% of GDP. Use windfall gains to accelerate the reduction of the general government debt ratio. <b>Shift taxation away from labour</b>, including by reducing tax expenditure and reforming the outdated cadastral values. Fight tax evasion, especially in the form of omitted invoicing, including by strengthening the compulsory use of e-payments including through lower legal thresholds for cash payments. <b>Implement fully past pension reforms</b> to reduce the share of pensions in public spending and create space for other social and growth-enhancing spending.</p> <p>3. (...) <b>Improve the effectiveness of public administration</b>, including by <b>investing in the skills of public employees</b>, by accelerating digitalisation, and by increasing the efficiency and quality of local public services. (...)</p>	

## LT – Lithuania

CSRs 2018	CSRs 2019	CSRs 2020
1. Improve tax compliance and <b>broaden the tax base</b> to sources less detrimental to growth. Ensure the long-term <b>sustainability of the pension system</b> while addressing the adequacy of pensions.	1. Improve tax compliance and <b>broaden the tax base</b> to sources less detrimental to growth. <b>Address income inequality, poverty and social exclusion, including by improving the design of the tax and benefit system.</b>	1. (...) Improve the <b>accessibility and quality of health services.</b>
2. Improve the quality, efficiency and <b>labour market relevance of education and training</b> , including adult learning. (...) Improve the design of the tax and benefit system to <b>reduce poverty and income inequality.</b>	2. <b>Improve quality and efficiency at all education and training levels</b> , including adult learning. (...) 1. Improve tax compliance and <b>broaden the tax base</b> to sources less detrimental to growth. <b>Address income inequality, poverty and social exclusion, including by improving the design of the tax and benefit system.</b>	2. Mitigate the impact of the COVID-19 crisis on employment. <b>Increase the funding and coverage of ALMP measures and promote skills.</b> Ensure the coverage and adequacy of the <b>social safety net</b> and improve the <b>effectiveness of the tax and benefit system to protect against poverty.</b>

## LU – Luxembourg

CSRs 2018	CSRs 2019	CSRs 2020
1. <b>Increase the employment rate of older people</b> by enhancing their employment opportunities and employability while <b>further limiting early retirement</b> , with a view to also improving the long-term sustainability of the pension system.	1. <b>Increase the employment rate of older workers</b> by enhancing their employment opportunities and employability. <b>Improve the long-term sustainability of the pension system, including by further limiting early retirement.</b>	2. Mitigate the <b>employment impact</b> of the COVID-19 crisis, with special consideration <b>for people in a difficult labour market position.</b>

## LV – Latvia

CSRs 2018	CSRs 2019	CSRs 2020
1. (...) <b>Reduce taxation for low-income earners by shifting it to other sources</b> , particularly capital and property, and by improving tax compliance.	1. (...) <b>Reduce taxation for low-income earners by shifting it to other sources</b> , particularly capital and property, and by improving tax compliance. (...)	
2. <b>Improve the adequacy of minimum income benefits</b> , minimum old-age pensions and income support for people with disabilities. <b>Increase the labour market relevance of vocational education and training</b> , and foster upskilling of low-skilled workers and jobseekers. (...)	2. Address social exclusion notably by <b>improving the adequacy of minimum income benefits, minimum old-age pensions and income support for people with disabilities. Increase the quality and efficiency of education and training in particular of low-skilled workers and jobseekers</b> , including by strengthening the participation in vocational education and training and adult learning. (...)	2. Provide adequate <b>income support</b> to the groups most affected by the crisis and strengthen the <b>social safety net</b> . Mitigate the employment impact of the crisis, including through <b>flexible working arrangements, active labour market measures and skills</b> .
3. <b>Strengthen the efficiency of the public sector</b> , in particular with regard to local authorities and state-owned enterprises. Strengthen the accountability of public administration by <b>protecting whistle-blowers</b> , preventing conflicts of interest and following-up on the results of the ongoing assessment of past insolvency proceedings.	4. Strengthen the <b>accountability and efficiency of the public sector</b> , in particular with regard to local authorities and State-owned and municipal enterprises and the conflict of interest regime.	
		1. (...) Strengthen the resilience and <b>accessibility of the health system</b> including by providing <b>additional human and financial resources</b> .

## MT – Malta

CSRs 2018	CSRs 2019	CSRs 2020
2. <b>Ensure the sustainability of the health care and the pension systems, including by increasing the statutory retirement age and by restricting early retirement</b> .	1. <b>Ensure the fiscal sustainability of the healthcare and the pension systems, including by restricting early retirement and adjusting the statutory retirement age in view of expected gains in life expectancy</b> .	
	3. <b>Focus investment-related economic policy on research and innovation, natural resources management, resource and energy efficiency, sustainable transport, reducing traffic congestion and inclusive education and training</b> .	
		2. Consolidate <b>short-time work arrangements</b> and ensure the adequacy of <b>unemployment protection</b> for all workers. <b>Strengthen the quality and inclusiveness of education and skills development</b> .

## NL – Netherlands

CSRs 2018	CSRs 2019	CSRs 2020
<p>2. <b>Reduce the incentives to use temporary contracts and self-employed without employees</b>, while promoting adequate social protection for the self-employed, and tackle bogus self-employment. Create conditions to <b>promote higher wage growth</b>, respecting the role of the social partners. Ensure that the <b>second pillar of the pension system</b> is more transparent, inter-generationally fairer and more resilient to shocks.</p>	<p>2. <b>Reduce the incentives for the self-employed without employees, while promoting adequate social protection for the self-employed</b>, and tackle bogus self-employment. Strengthen comprehensive <b>life-long learning</b> and upgrade skills notably of those at the margins of the labour market and the inactive.</p> <p>1. (...) <b>Ensure that the second pillar of the pension system is more transparent</b>, inter-generationally fairer and more resilient to shocks. Implement policies to <b>increase household disposable income</b>, including by strengthening the conditions that support wage growth, while respecting the role of social partners. Address features of the tax system that may facilitate aggressive tax planning, in particular by means of outbound payments, notably by implementing the announced measures.</p>	<p>2. Mitigate the employment and social impact of the COVID-10 crisis and <b>promote adequate social protection for the self-employed</b>.</p>
		<p>3. (...) <b>Focus investment on the green and digital transition</b>, in particular on <b>digital skills development</b>, sustainable infrastructure and clean and efficient production and use of energy as well as mission-oriented research and innovation.</p>



## PL – Poland

CSRs 2018	CSRs 2019	CSRs 2020
4. Take steps to increase labour market participation, including by improving access to <b>childcare</b> and by fostering labour market relevant skills, especially through adult learning, and <b>remove remaining obstacles to more permanent types of employment. Ensure the sustainability and adequacy of the pension system</b> by taking measures to increase the effective retirement age and by reforming the preferential pension schemes.	1. <b>Ensure the adequacy of future pension benefits and the sustainability of the pension system</b> by taking measures to increase the effective retirement age and by reforming the preferential pension schemes. Take steps to increase labour market participation, including by improving access to <b>childcare</b> and long-term care, and <b>remove remaining obstacles to more permanent types of employment. Foster quality education and skills</b> relevant to the labour market, especially through adult learning.	2. Mitigate the employment impact of the crisis, in particular by <b>enhancing flexible and short-time working arrangements</b> . Better target <b>social benefits</b> and ensure access to those in need. <b>Improve digital skills</b> . Further promote the digital transformation of companies and public administration.
5. Strengthen the innovative capacity of the economy, including by supporting closer collaboration between business and research institutions. <b>Improve the regulatory environment, in particular by ensuring effective public and social consultations in the legislative process.</b>	3. (...) Improve the regulatory environment, <b>in particular by strengthening the role of consultations of social partners</b> and public consultations in the legislative process.	4. Enhance the investment climate, in particular by safeguarding judicial independence. Ensure effective public consultations and <b>involvement of social partners in the policy-making process.</b>
		1. (...) <b>Improve resilience, accessibility and effectiveness of the health system</b> , including by <b>providing sufficient resources</b> and accelerating the deployment of e-health services.

## PT – Portugal

CSRs 2018	CSRs 2019	CSRs 2020
1. (...) <b>Strengthen expenditure control, cost effectiveness and adequate budgeting</b> , in particular in the health sector with a focus on the reduction of arrears in hospitals. <b>Improve the financial sustainability of state-owned enterprises</b> , in particular by increasing their overall net income and by reducing debt.	1. Achieve the medium-term budgetary objective in 2020, taking into account the allowance linked to unusual events for which a temporary deviation is granted. Use windfall gains to accelerate the reduction of the general government debt ratio. <b>Improve the quality of public finances by prioritising growth-enhancing spending while strengthening overall expenditure control, cost efficiency and adequate budgeting</b> , with a focus in particular on a durable reduction of arrears in hospitals. <b>Improve the financial sustainability of State-owned enterprises</b> , while ensuring more timely, transparent and comprehensive monitoring.	1. (...) <b>Strengthen the resilience of the health system and ensure equal access to quality health</b> and long-term care.
2. <b>Promote an environment conducive to hiring on open-ended contracts</b> , including by reviewing the legal framework in consultation with social partners. <b>Increase the skills level of the adult population</b> , including digital literacy, by strengthening and broadening the coverage of the training component in adult qualification programmes. Improve higher education uptake, namely in science and technology fields.	2. Adopt measures to <b>address labour market segmentation. Improve the skills level of the population</b> , in particular their digital literacy, including by <b>making adult learning more relevant</b> to the needs of the labour market. Increase the number of higher education graduates, particularly in science and information technology. Improve the <b>effectiveness and adequacy of the social safety net</b> .	2. Support employment and <b>prioritise measures to preserve jobs</b> . Guarantee sufficient and effective <b>social protection and income support</b> . Support the use of <b>digital technologies</b> to ensure <b>equal access to quality education and training</b> and to boost firms' competitiveness.

## RO – Romania

CSRs 2018	CSRs 2019	CSRs 2020
2. <b>Complete the minimum inclusion income reform.</b> Improve the functioning of <b>social dialogue</b> . Ensure <b>minimum wage setting based on objective criteria</b> . Improve upskilling and the provision of quality mainstream education, in particular for Roma and children in rural areas. (...)	2. (...) Ensure the sustainability of the public <b>pension system</b> and the long-term viability of the second pillar pension funds. 3. Improve the <b>quality and inclusiveness of education</b> , in particular for Roma and other disadvantaged groups. <b>Improve skills, including digital</b> , in particular by increasing the labour market relevance of <b>vocational education and training</b> and higher education. <b>Increase the coverage and quality of social services</b> and complete the minimum inclusion income reform. <b>Improve the functioning of social dialogue</b> . Ensure that the <b>minimum wage is set on the basis of objective criteria</b> , consistent with job creation and competitiveness. (...)	2. Provide adequate <b>income replacement and extend social protection measures</b> and access to <b>essential services for all</b> . Mitigate the employment impact of the COVID-19 crisis by <b>developing flexible working arrangements and activation measures</b> . <b>Strengthen skills and digital learning</b> and ensure <b>equal access to education</b> .
3. Increase the predictability of <b>decision-making</b> by enforcing the systematic and effective use of regulatory impact assessment and <b>stakeholder consultation and involvement in the design and implementation of reforms</b> . Improve the transparency and efficiency of public procurement. <b>Strengthen the corporate governance of state owned enterprises</b> .	6. Ensure that legislative initiatives do not undermine legal certainty by <b>improving the quality and predictability of decision-making, including by appropriate stakeholder consultations</b> , effective impact assessments and streamlined administrative procedures. <b>Strengthen the corporate governance of State-owned enterprises</b> .	3. Improve the quality and effectiveness of public administration and the predictability of <b>decision-making</b> , including through an <b>adequate involvement of social partners</b> .
		1. (...) Strengthen the <b>resilience of the health system, in particular with regard to health workers and medical products</b> , and improve <b>access to health services</b> .

## SE – Sweden

CSRs 2018	CSRs 2019	CSRs 2020
No social CSRs adopted.	2. <b>Focus investment related economic policy on education and skills, (...)</b>	2. Foster innovation and <b>support education and skills development. (...)</b>

## SI – Slovenia

CSRs 2018	CSRs 2019	CSRs 2020
1. (...) Ensure the <b>long-term sustainability and adequacy of the pension system</b> , including by <b>increasing the statutory retirement age and by restricting early retirement</b> . Increase the employability of low-skilled and <b>older workers</b> through lifelong learning and activation measures.	1. (...) Ensure the long-term <b>sustainability and adequacy of the pension system</b> , including by adjusting the <b>statutory retirement age and restricting early retirement</b> . Increase the <b>employability of low-skilled and older workers</b> by improving labour market relevance of education and training, lifelong learning and activation measures, including through better digital literacy.	
		2. Mitigate the social and the employment impact of the crisis, including by providing <b>adequate income replacement and social protection</b> , enhancing <b>short-time work schemes</b> and through <b>flexible working arrangements</b> . Ensure that these measures provide <b>adequate protection for non-standard workers</b> .
		3. (...) Promote digital capacities of businesses, and <b>strengthen digital skills</b> , e-commerce and e-health.

## SK – Slovakia

CSRs 2018	CSRs 2019	CSRs 2020
2. <b>Reinforce activation and upskilling measures</b> , including quality targeted training and individualised services for disadvantaged groups, in particular by delivering on the action plan for the long-term unemployed. <b>Foster women's employment, especially by extending affordable, quality childcare</b> . <b>Improve the quality and inclusiveness of education</b> , including by increasing the participation of Roma children in mainstream education from early childhood onwards.	5. Improve the quality and inclusiveness of education at all levels and <b>foster skills in line with labour market needs</b> . Enhance access to <b>affordable and quality childcare</b> and long-term care. Promote integration of disadvantaged groups, in particular Roma.	2. Provide adequate income replacement, and ensure <b>access to social protection and essential services</b> for all. <b>Strengthen digital skills</b> . Ensure equal access to <b>quality education</b> .
	1. Achieve the medium-term budgetary objective in 2020. <b>Safeguard the long-term sustainability of public finances, notably that of the healthcare and pension systems</b> .	1. (...) <b>Strengthen the resilience of the health system in the areas of health workforce</b> , critical medical products and infrastructure. <b>Improve primary care</b> provision and coordination between types of care.

## UK – United Kingdom

CSRs 2018	CSRs 2019	CSRs 2020
3. <b>Address skills</b> and progression needs by setting outcome targets for the quality <b>and the effectiveness of apprenticeships</b> and by investing more in upskilling those already in the labour force.	2. Focus investment-related economic policy on research and innovation, housing, <b>training and improving skills</b> , sustainable transport and low carbon and energy transition, taking into account regional diversity.	2. Ensure the <b>adequacy and coverage of the social protection system</b> to provide support for all and in particular those most affected by the crisis.

Source: Country-specific recommendations 2018-2019, 2019-2020 and 2020-2021; emphasis added by the author.

## Annex 4

### CSRs packages in the social field under the 2020 European Semester cycle – Commission versus Council versions

#### AT – Austria

CSRs 2020 – Commission proposals	CSRs 2020 – Council Recommendations
2. Ensure equal access to education and increased digital learning.	2. Ensure equal <del>access to</del> opportunities in education and increased digital learning.

#### BG – Bulgaria

CSRs 2020 – Commission proposals	CSRs 2020 – Council Recommendations
1. (...) Mobilise adequate financial resources to strengthen the resilience, accessibility and capacity of the health system, and ensure a balanced geographical distribution of health workers.	1. (...) Mobilise adequate financial resources to strengthen the resilience, accessibility and capacity of the health system, and ensure a balanced <del>geographical</del> regional distribution of health workers, <del>matching population needs</del> .

#### CY – Cyprus

CSRs 2020 – Commission proposals	CSRs 2020 – Council Recommendations
1. (...) Strengthen the resilience and capacity of the health system to ensure quality and affordable services, including by improving health workers' working conditions.	1. (...) Strengthen the resilience and capacity of the health system to ensure quality and affordable services, including by <del>improving</del> addressing health workers' working conditions.

#### RO – Romania

CSRs 2020 – Commission proposals	CSRs 2020 – Council Recommendations
1. Strengthen the resilience of the health system, including in the areas of health workers and medical products, and improve access to health services.	1. Strengthen the resilience of the health system, <del>including in the areas of</del> in particular with regard to health workers and medical products, and improve access to health services.

#### SI – Slovenia

CSRs 2020 – Commission proposals	CSRs 2020 – Council Recommendations
2. Provide adequate income replacement and social protection. Mitigate the employment impact of the crisis, including through enhancing short-time work schemes and through flexible working arrangements. Ensure that these measures provide adequate protection for non-standard workers.	2. <del>Provide adequate income replacement and social protection.</del> Mitigate the employment and social impact of the crisis, including <del>through</del> by providing adequate income replacement and social <del>protection</del> , enhancing short-time work schemes and through flexible working arrangements. Ensure that these measures provide adequate protection for non-standard workers.

Source: Country-specific recommendations 2020-2021.