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NOTE

From:	Employment Committee and Social Protection Committee
To:	Permanent Representatives Committee (Part 1)
Subject:	Assessment of the 2020 Country-Specific Recommendations and the implementation of the 2019 Country-Specific Recommendations - Endorsement of the opinion of the Employment Committee (EMCO) and the Social Protection Committee (SPC)

Delegations will find attached the above-mentioned opinion with a view to its endorsement.

Horizontal Opinion of EMCO and SPC on the

2020 Cycle of the European Semester

Preamble

On behalf of the Council and in line with their mandates, the requirements under Regulation (EU) No 1176/2011, and the Council decision establishing the Committees - which calls on the Employment Committee (EMCO) and the Social Protection Committee (SPC) to contribute to all aspects of the European Semester within their fields of competence and to report back to the Council - the Committees examined the new Commission proposals providing for country-specific recommendations (CSRs) in 2020 in the areas of employment, social protection and social inclusion (**section I** of this opinion).

Based on the provisions of Titles IX and X of the Treaty on the Functioning of the European Union (TFEU) and the mandate of the Committees provided by Articles 150 and 160, EMCO and SPC have carried out an analysis of the implementation of the 2019 country-specific recommendations (CSRs) by the Council in the areas of employment, social protection and social inclusion (**section II** of this opinion). In addition, EMCO has continued its monitoring of the implementation of the Youth Guarantee in 2019, focusing in particular on the quality of traineeship offers and programmes, as well as its annual review of social dialogue. **Section III** contains some general remarks on the governance aspects of the 2020 European Semester.

Section 1:

The 2020 CSRs package: *responding to the crisis and supporting the recovery efforts*

The COVID-19 crisis has had a serious impact on peoples' health, with a significant number of deaths recorded across the Union. It has put Member States' health systems under unprecedented stress and is having a major impact on economic, employment and social conditions. The pandemic and related confinement measures have severely affected production, consumption and investment. According to the European Commission's Spring 2020 forecast, the EU economy is expected to contract by a record 7.5% in 2020 before rebounding by 6% in 2021. The drop in output in 2020 and the strength of the rebound in 2021 are set to differ markedly across Member States. Despite important decisive measures taken to mitigate the employment and social impact of the pandemic, the unemployment rate in the EU is forecast to rise from 6.7% in 2019 to 9% in 2020 on average, before falling back to around 8% in 2021, with differences across sectors, countries and regions. The crisis is bound to have a substantial impact on social conditions, with people in a vulnerable position - such as workers on temporary contracts and low-skilled, self-employed and migrant workers - likely to be hit the hardest. There is a significant risk of widening economic and social differences between and within the Member States, which will require a coordinated, decisive and adequate policy response. In the current context, more than ever, the European Semester has a key role to play in ensuring effective coordination on economic, employment and social policies.

The 2020 Spring Package adopted on 20 May reflects the new socio-economic reality of the COVID-19 crisis and focuses on the policy priorities that are most relevant in the current context. The 2020 CSRs identify short-term policy actions needed in response to the crisis, as well as short- to medium-term actions to support the economic recovery. Firstly, the recommendations for the short term notably highlight the need to provide an economic policy response to tackle and mitigate the health and socio-economic impacts of the COVID-19 crisis. To that end, Member States are recommended, amongst other things, to preserve employment and ensure adequate income support for the workers affected, to support public spending on health, to ensure liquidity provision to the corporate sector (in particular to small- and medium-sized enterprises (SMEs)) and to protect the flow of essential goods in the internal market. Secondly, to address the short- to medium-term dimension, the 2020 CSRs identify policy action needed to restart the economy and put growth back on track, while fostering the green and digital transitions. This includes the need for more effective and stronger social protection systems, active labour market policies and public employment services, and for quality and inclusive education and training systems, as well as resilient and effective health systems that provide access to quality care for all.

As far as healthcare is concerned, the 2020 Semester cycle gave all Member States a CSR in that area, to address the structural challenges that COVID-19 has laid bare. Strengthening the resilience, effectiveness and accessibility of health systems are the policy actions highlighted most frequently in the recommendations. More specifically, improving access to quality and affordable healthcare, in particular for disadvantaged groups, is of uttermost importance in the current context. Specific challenges that the recommendations ask Member States to address include ensuring the supply of critical medical products and infrastructure, addressing shortages of health workers, and reinforcing primary care. Cooperation between social services, healthcare and long-term care also needs to be reinforced in some Member States. The potential of eHealth for improving care coordination and integration and making it effective and accessible also needs to be exploited better in a number of Member States.

The call to preserve employment is a key component of the 2020 CSRs. In particular, short-term work schemes should be put in place and, where necessary, reinforced. While all Member States have introduced or are in the process of establishing such schemes, in some cases there is further scope to strengthen support to workers and firms, including through the introduction of similar measures for the self-employed. The promotion of flexible working arrangements and teleworking is also highlighted as important for preserving jobs and production. These measures also play an important role in promoting a better work-life balance, especially given the current substantial increase in unpaid care (due to school and day-care closures in several Member States).

Importantly, the need for continuous action to ensure adequate health and safety conditions at work is stressed in the recitals of all the legal texts.

Some Member States are recommended to reinforce protection against unemployment and ensure adequate income replacement for all workers, irrespective of their employment status, also paying due attention to the self-employed. In a number of cases, active labour market policies should be reinforced to support people in finding jobs during the recovery, with a particular focus on various vulnerable groups, such as young people and the long-term unemployed. Actions to promote the social economy and innovative forms of work should also be considered, as they can make a major contribution to shaping the recovery.

The 2020 CSRs call for mitigating the risks of increased inequalities and poverty, in particular for vulnerable groups (including families with children, single parents, long-term unemployed or inactive people, persons with disabilities, migrants and people with a migrant background, and Roma communities). Where needed, Member States are recommended to swiftly adapt their social protection systems (handling unemployment benefits, minimum income benefits and/or other social benefits) by improving their coverage and adequacy. This may include extending the duration of benefits and relaxing eligibility requirements, combined with access to enabling services and goods. Some Member States are recommended also to ensure access for all to essential services (including water, sanitation, energy and digital communications).

A key priority of the 2020 CSRs is to provide equal access to distance learning (through access to broadband connections, IT devices and digital skills), in particular for students from disadvantaged households and those living in rural or remote areas. This is crucial to prevent extended school closures from aggravating educational inequalities. Reforms to ensure access to quality, labour market-relevant, and inclusive education and training are still needed in several Member States. Investment in skills, including digital skills, will be key to shaping the recovery, improving productivity and the resilience of the labour force, and supporting just and fair digital and green transitions.

Lastly, the 2020 CSRs re-state the key role of social dialogue in ensuring that the measures taken to tackle the crisis are successful, inclusive and sustainable. For some Member States, there is clearly scope for a better functioning social dialogue and a greater involvement of social partners in policy design and implementation. The involvement of social partners is crucial to the success of any exit and recovery strategy.

The Committees held discussions with the EU-level social partners and with representatives of civil society organisations on the social and economic impacts of the COVID-19 outbreak and on the new 2020 CSR package.

The representatives of *employers*¹ broadly welcomed the package as well-balanced, since the CSR was rightly focusing on the most urgent areas for action while also preparing for the green and digital transitions in the medium term. Investment in skills, both up-skilling and reskilling, was considered key to sustainable and inclusive growth. Access to liquidity, especially for the SMEs, is particularly important to support the recovery. In relation to this, the swift adoption of the SURE Regulation and the inclusion of the self-employed in its scope was appreciated.

¹ Business Europe, SMEunited (association for Crafts and SMEs in Europe) and the European Centre of Employers and Enterprises providing Public Services and Services of General Interest (CEEP).

The representatives of the **trade unions**² strongly backed the CSRs to implement climate action, social rights and the UN Sustainable Development Goals, and to tackle inequality and improve access to essential services and social protection. The fact that all Member States are given recommendations on public investment for social and economic recovery was considered a marked and positive change from past recommendations.

Both the employer and trade union representatives particularly welcomed the importance attached to social dialogue and the involvement of the social partners. The need for Member States to involve the social partners in the design and implementation of national recovery measures was stressed. It was suggested that EMCO should organise a mutual learning event on Member States' responses to the crisis – to share best practices and with an invitation for national social partner representatives to attend.

Civil society organisations³ also welcomed the balance in the Spring Package. They considered that the current crisis had exposed the need for significant changes to Europe's socio-economic model and called for a recovery based on quality employment and reinforced social protection that provided adequate income to all workers and those unable to work. Prioritising social investment, with a focus on poverty reduction and implementing the rights and principles in the European Pillar of Social Rights should support the recovery effort and help avoid a prolonged negative impact from the crisis. The civil society organisations also called for an ambitious and comprehensive strategic framework, modelled on the Europe 2020 Strategy, to guide the efforts in enhancing social cohesion, employment and economic growth.

² European Trade Union Confederation (ETUC).

³ Represented by Social Platform, a network bringing together around forty European non-governmental organisations, federations and networks, working to build an inclusive society and promote the social dimension of the European Union.

Section 2: Main findings from the EMCO and SPC multilateral surveillance reviews on the implementation of the 2019 CSRs: *Member States have been making progress, but structural challenges remain*

Multilateral surveillance, which entails peer reviewing Member States' reform implementation efforts, is one of the core tasks of the Employment Committee and the Social Protection Committee in the context of the European Semester. It plays an essential role in the Semester framework, enabling a shared understanding of interrelated challenges and supporting Member States' reform efforts through exchanges of policy knowledge and best practices.

During the second half of 2019 and the first half of 2020, EMCO and SPC carried out 102 reviews, evaluating progress in the implementation of the 2019 Country Specific Recommendations. The education, training and skills reviews were conducted jointly with the Education Committee (EDUC). The evaluations were based on the Commission's assessment, including in the Country Reports, the peers' assessment and additional reports by the Member States on the most recent measures taken. The reviews were organised thematically, which enabled the horizontal conclusions presented in this section to be drawn.

Preparations for the reviews took place before the COVID-19 pandemic fully unfolded. As a result, the reviews could not take into account the crisis and the efforts made by the Member States to mitigate its impact.

Reforms in the area of Active Labour Market Policies and Public Employment Services

In January 2020, five recommendations were reviewed in the area of **active labour market policies (ALMPs) and the public employment services (PES)**, with a particular focus on increasing the effectiveness of policy measures and on the outreach of PES to vulnerable groups. In addition, EMCO and SPC jointly reviewed progress on coordination between employment and social services in four Member States.

Member States' initiatives show that the capacity of the PES is an important element in improving tailor-made support to jobseekers. Higher investment in ALMPs may make a strong contribution to lowering unemployment rates and shortening periods of unemployment.

There is further scope for improvement as regards the participation of low-skilled people in adult learning and training, alongside formal recognition of competences. Engaging with employers and with all categories of potential labour market participants, including NEETs, is a priority for PES. Attempts are also being made to create more effective outcomes through a combination of support measures and closer collaboration between employment and social services at local level.

The reviews highlighted that targeting of measures, including for people with disabilities, is increasingly the focus of policy attention. The measures taken by Member States include the introduction of workability reforms and quota systems, including in the public sector. A stronger reliance on wage subsidies is also being observed. To improve their outreach, Member States rely on statistical profiling and are increasing their use of digital tools and social media.

Financial incentives and close dialogue with employers on tailoring individual measures are both factors to take into account when designing these policies. Significant efforts are being undertaken by the European Network of Public Employment Services to share best practice, including the use of bench-learning. For evidence-based policies, considerable contributions can come from monitoring and quality evaluations.

Reforms in the area of labour market participation of women and disadvantaged groups

In 2019, the Council issued CSRs to address challenges related to women's participation in the labour market, along with calls for increasing the labour market participation of vulnerable groups such as the low-skilled, migrants, older people and the Roma. In addition to the joint reviews of five Member States carried out with SPC, EMCO reviewed seven CSRs in this area, noting that a variety of actions had been taken that combined general policies with more targeted measures and pilot-schemes⁴.

Women remain at a disadvantage in the labour market with respect to both participation and pay. Promoting effective work-life balance policies, ensuring access to quality early childhood education and care (ECEC) and long-term care, as well as tackling tax and benefit disincentives to working are crucial to increase women's employment rate. Difficulty in reconciling professional and caring responsibilities is one of the main drivers of the persistent gender employment gap. The reviews showed that investment is being made or is planned to increase the quality and the number of places in early childhood education and care (ECEC). In most cases, however, the Barcelona target for participation for the under 3 year olds is still not met due to lack of service provision. This may weaken the effects of other supportive measures, such as flexible parental leave and incentives to up- and reskill for mothers returning to the labour market.

Programmes targeting women can help overcome labour market obstacles, for example by offering career guidance towards high-growing sectors and higher skills and pay, as well as fostering entrepreneurial activity. Research on unexplained gender pay gaps is under way, coupled with campaigns to address gender stereotypes. Nonetheless, such initiatives will mostly have an impact in the longer run. Some Member States recognised that the provision of training aimed at acquisition of digital skills is also a measure that will support women and young people.

⁴ Conclusions for other groups than women and older people are integrated in the previous sections on ALMP/PES.

Member States highlighted a rise in the retirement age, resulting from an overall increase in education attainments and the effects of pension reforms and health provision. Given the ongoing demographic change in Europe, further increasing the employment rate of people above 50 years old will continue to be important.

Labour market segmentation, wages, undeclared work and labour taxation

Every worker in Europe deserves fair working conditions. While the economic recovery helped to improve employment and social outcomes, working conditions still vary. In spring 2020, EMCO reviewed progress in 10 Member States with CSRs addressing taxation, wage setting, labour market segmentation and undeclared work.

As regards *labour taxation reforms*, tax relief for families and initiatives to increase the disposable income of lower income earners are still policy priorities; however, EMCO acknowledged that these efforts needed to be aligned with benefit policies. Member States are continuing to shift taxes away from labour to sources less detrimental to growth, increasingly by designing environmental and new ‘green’ taxes.

As regards *minimum wages*, it is important to ensure that they are set in accordance with national practice and take into account all relevant factors at the Member State level, including price, wage and productivity developments, employment levels, making-work-pay principles, in-work poverty and wage inequalities⁵. At the same time, ex-ante and ex-post assessments are important to gauge the budgetary and macro-economic impact. In most Member States, policy developments in this area are closely linked to the role of social partners and collective bargaining. At national level, public sector wage harmonisation is a challenging task. The introduction of resulting safeguarding measures may be considered in cases where some groups stand to lose out from wage setting reforms in the public sector.

⁵ Not all Member States have statutory minimum wages.

Member States noted how addressing *segmentation* has become more complex, as the previous reference mainly to differences between permanent and temporary employment contracts has evolved, given the increasingly diversified labour markets. The latter now include a range of atypical forms of employment, including self-employment of various types and in different situations, and varying rights and obligations (including social rights, tax regimes and working conditions). Online tools to inform and raise awareness among workers about the actual nature of the working relationship are being developed. Clearer distinctions between types of contracts, better enforcement, and less differences in tax treatment may limit segmentation.

Measures to support the use of open-ended contracts and more permanent types of employment need to be pursued further by some Member States. The high prevalence of fixed-term contracts, whose duration is increasingly shorter, is affecting all sectors and the prospects of moving to a permanent contract remain low, especially for young people and the low-skilled. Involuntary part-time work is another segmentation factor and mainly affects women. The *involvement of social partners* is important to ensure sustainable solutions in the long term, as a balance between the requirements of trade unions and employers may positively influence the proportion of permanent contracts.

Labour exploitation can be tackled through strategic actions at sectoral level. Such strategies – involving a range of national and local stakeholders – may be relevant in more sectors where undeclared work persists, such as agriculture, services to persons, construction, trade, transport, housing, and food services.

Reforms in the area of education, training and skills

Skills and education drive Europe's competitiveness and innovation. Education and training policies are particularly important to facilitate adaptation to the green and digital transitions. In 2019, the Council issued recommendations to all Member States on education, training and skills.

Vocational education and training (VET) is at the centre of reforms in many Member States, aiming to create a closer link between educational outcomes and skills that will be increasingly required as part of labour market transformations including digitalisation and robotisation. In addition, efforts have been made to increase the quality and supply of apprenticeships, and to improve the attractiveness of VET. In a number of Member States, new training opportunities for the unemployed and disadvantaged groups such as youth and people with a migrant background have been created, while other measures have focused on people already in work, including the low-skilled. Important steps have been taken towards upskilling and reskilling, as well as improving the labour market relevance of education and training, in cooperation with social partners and other stakeholders. However, skills shortages and mismatches, as well as limited participation in adult learning and low levels of engagement of low-skilled persons, mean there is a need for sustained reform efforts.

Several Member States have taken steps to increase the attractiveness of the teaching profession, by offering better pay and working conditions, and by providing opportunities for training and career development.

Measures have been adopted aimed at reducing inequalities in access to quality education and training, in particular for disadvantaged groups such as Roma and students with a migrant background. However, despite measures to reduce inequalities in education and training and to prevent segregation in school, socio-economic background is still the most important predictor of educational outcomes, while in many countries there are also differences between schools in urban and rural areas. Experience shows that comprehensive strategies with a focus on preventive measures have proved effective in reducing early school leaving.

PISA 2018 confirmed that no progress has been made in terms of the share of low-achievers in basic skills programmes, pointing to challenges in terms of the quality and inclusiveness of education and training systems. The Committees agreed that it is crucial, therefore, for reform efforts launched in recent years to be sustained and further strengthened.

Youth employment and social dialogue – recurrent reviews

The bi-annual review of the implementation of the **Council Recommendation on the Youth Guarantee** in October 2019 took place against the background of an improving economy with a rise in youth employment⁶. With more positive prospects for the young, the efforts of most Member States turned to increasing the attractiveness of vocational education and training, and providing quality traineeships. Member States also took preventive measures to reduce early school leaving and to provide individualised support to young people facing multiple disadvantages. However, outreach to young people not in employment, education or training (NEETs) remains a challenge in many Member States, which requires early intervention and an overarching approach to tackling the specific needs of the most vulnerable groups. Strong partnerships with key stakeholders on implementation of the Youth Guarantee remain an essential part of this scheme and should continue to be developed. Some Member States are increasing their efforts to improve reliable monitoring and evaluation systems, highlighting a growing awareness of the importance of assessing the impact following exit from the programme.

This time, the recurrent review on **social dialogue** looked at the functioning of social partner involvement in existing institutional frameworks. National and European social partners participated in the review. It was agreed that the involvement of social partners in policy-making is very valuable whilst the institutional framework still needs to be strengthened in some Member States to enable a genuine social dialogue. In order to achieve a meaningful and effective tripartite consultation process, the social partners should be involved in the design, implementation, monitoring and evaluation of policies.

⁶ Key messages have been sent to EPSCO separately (December 2019), cf. doc. 14704/19

EMCO raised concerns about the institutional capacity of the social partners in some Member States, and their decreasing membership rates, which might affect their ability to engage in social dialogue and, ultimately, the acceptance and ownership of the consultations' results. National social partners are encouraged to make use of the experience gathered by the European social partners in their consultations with the EU institutions and national authorities.

Reforms in the areas of social protection and social inclusion

Reducing poverty and fighting social exclusion remain key challenges for all Member States. In spite of the progress achieved, with 7 million fewer people at risk of poverty or social exclusion in 2018 than in 2008, the decrease is likely to remain considerably below the Europe 2020 Strategy target to reduce poverty and social exclusion by 20 million.

In 2019, the Council issued 25 recommendations, concerning 19 Member States, for further reforms in the area of social protection and social inclusion. As in past years, there was a strong emphasis on improving the coverage and adequacy of social benefits and ensuring an effective link with activation and, in particular, sustainable integration in the labour market. Seven Member States received benefits-related CSRs. Six further recommendations on the integrated provision of public employment and social services, as well as five recommendations on the provision of long-term care and ECEC in the context of labour market participation of women, were reviewed jointly by EMCO and SPC. In an effort to address newly-emerging challenges, made more visible by the crisis, three Member States received CSRs on the provision of affordable and/or social housing and one on social protection for the self-employed.

The SPC acknowledges that structural challenges remain and further reforms in the area of social protection and social inclusion are key to promoting social cohesion, improving social outcomes, and reducing poverty and income inequality. The reviews have shown that most Member States with CSRs have been pursuing such reforms, but with varying degrees of success.

Most reviewed countries are reinforcing income support by improving the adequacy and coverage of minimum income and unemployment benefits. In some cases, though, further efforts are needed to improve the coverage and adequacy of benefits, as well as the effectiveness of social benefits in reducing poverty. In other cases, improving the redistributive impact of the system to address income inequality remains to be achieved. Further steps are being taken to improve the coverage and quality of social services and to promote effective (re-)integration of beneficiaries into society and the labour market.

However, additional efforts are required to reduce regional and urban-rural differences in the provision of social services and income support. An integrated active inclusion approach to tackle poverty and social exclusion through its inter-related strands - adequate income support, inclusive labour markets and access to quality services - is yet to be implemented fully in a number of Member States.

Social protection systems are being modernised in line with the extension of new forms of work and to increase the social protection coverage for those in atypical employment; however, challenges remain as self-employed and non-standard workers tend to face greater economic uncertainty with more limited access to social protection. Efforts are also being made to improve the effectiveness and transparency of social security systems, by setting up a wide range of measures and digital tools to promote greater accessibility for citizens, businesses and public administration and to reduce non-take up.

To promote the well-being of children and increase women's participation in the labour market, Member States are providing increased financial support to families with children, expanding quality and affordable ECEC facilities and widening leave entitlements for both men and women. Nonetheless, lack of access to quality and affordable childcare and long-term care services remains an obstacle to women's employment and to the wellbeing of children and dependent adults.

Measures to improve housing conditions, by increasing the supply of affordable and social housing, developing financial assistance mechanisms and supporting the renovation of existing housing stock remain high on the reform agendas. However, the demand for affordable and social housing still outstrips the supply and housing conditions for certain households need to be improved in a number of countries.

The SPC recognises the significant investment and variety of measures implemented by the Member States in response to the 2019 Country Specific Recommendations. At the same time, the extent of the challenges related to the poverty and social exclusion situation in the reviewed Member States indicates that there is further scope for improvement in the performance of the social protection and social inclusion systems, in line with the principles and rights contained in the European Pillar of Social Rights.

Reforms in the area of pensions

Pensions are a key source of old-age income and play a critical role in addressing the economic well-being of older people. At the same time, spending on pensions represents the largest component of the social protection systems. Pensions have therefore featured prominently in the European Semester from its start. The focus of most Council recommendations is on the fiscal sustainability of pensions systems. Adequacy concerns are flagged in some CSRs, often alongside those relating to sustainability. In the 2019 Semester, 15 Member States received a pensions CSR; 14 of these CSRs highlighted sustainability whilst five highlighted adequacy or fairness issues.

The reviews carried out by SPC show that – given their complexity and the need to involve the social partners in the negotiations process – pension reforms are usually implemented in the context of multiannual cycles. A number of Member States continue to implement reforms geared to containing long-term pension expenditure, by raising pensionable ages to reflect longevity increases, phasing out early retirement pathways and adjusting pension benefits in line with demographic change. Some reforms also refer to the role of supplementary pensions in old-age income provision. Projections⁷ show that past reforms have, on average, helped to stabilise long-term pension expenditure but the benefits will end up being less adequate.

Despite the measures taken, additional efforts will be needed to address the challenges faced by the pension systems in the reviewed Member States. Although the duration of working life is increasing, not keeping up with the projected life expectancy gains could raise concerns about the long-term sustainability of the pension systems and the adequacy of benefits. What is more, if retirement ages are raised supporting measures will also need to be implemented, together with access to high-quality health and social services that assist older workers remaining in work. Women and workers in non-standard employment and self-employment are still under-protected, thereby undermining both the adequacy of and the contributions to pension systems. These groups, as well as lower income earners as a whole, also have less access to supplementary pension schemes. Reversal of necessary pension reforms, which was observed in a few of the reviewed countries, should be avoided.

⁷ SPC-EC: *The 2018 Pension Adequacy Report*, Publications Office of the European Union, Luxembourg.

Reforms in the area of healthcare

Member States have committed to ensure the effectiveness and sustainability of their health systems and to provide universal access to affordable and high quality health care. This is necessary to sustain a healthy and active population, and to promote productivity and economic growth in view of the ageing population in Europe. The recent COVID-19 outbreak, which put health systems and public health authorities under extreme pressure, underlined the importance of accessible, resilient, efficient and well-staffed healthcare systems.

In the spring of 2020, 17 recommendations were reviewed in the area of healthcare. Sustainability concerns were behind eight of these recommendations; six focused on accessibility, quality and cost-effectiveness issues; and three called for further investments, including in curative care, health promotion and disease prevention.

The multilateral review of the CSRs' implementation showed that the majority of Member States that had received Council recommendation had introduced new measures, or strengthened a number of existing ones in accordance with the long-term priorities defined in the context of multiannual, national health strategies. These include reforms in the financial management and governance of the respective health systems, with a view to improving their performance and accountability, as well as rationalisation of procurement systems and increased use of generic medicines. Shifting medical care provision away from hospital-centred systems and increasing the role of primary care, as well as health promotion and disease prevention, play a key role in addressing the challenges at hand. Measures to improve the access and quality of healthcare include: additional measures to tackle the shortage of health professionals and address their uneven distribution in rural areas; reducing waiting times; reinforcing digital health solutions; curbing informal payments and providing additional funding, including for the most vulnerable, and better access to the diagnosis and treatment of specific diseases.

Reforms in the area of long-term care

Driven by population ageing and the need to address the need of a growing number of older people for quality care, Member States are also making reforms geared to ensuring adequate and sustainable long-term care systems. In 2019, eight Member States received CSRs with an increased focus on provision and accessibility, in line with the European Pillar of Social Rights. Despite the Member States' efforts, concerns regarding the provision, quality and sustainability of long-term care remain.

Section 3: Overall governance aspects of the 2020 European Semester process.

The 2020 cycle of the European Semester has been impacted by the outbreak of the COVID-19 pandemic. The Committees recognise that the Semester Country Reports could not have anticipated the economic, social and employment effects of the crisis owing to the time of their publication, but appreciate the Commission's effort to adapt the 2020 Country Specific Recommendations to cover the most recent challenges. EMCO and SPC take the view that the *European Semester remains an effective coordination tool* for fostering sustainable and inclusive economic growth, competitiveness and employment, and for promoting social protection and social inclusion, especially during the current crisis. Integrating an economy of well-being perspective into the recovery will be important to ensure a stronger social Europe and a just transition to an ambitious Green Deal.

The Committees note that since the focus of the 2020 recommendations is on tackling the immediate socio-economic impacts of the pandemic and on facilitating the recovery, *the 2019 country-specific recommendations* remain relevant. They cover reforms that are essential to address important medium-term structural challenges but which may need to be further adapted in the context of the crisis. As such, they should be taken into account in next year's European Semester cycle. Further reflections are needed on how to enhance the integration of a medium-term outlook in the CSRs in future Semester cycles.

The two Committees were successful in adapting their *working methods* in light of the COVID-19 outbreak and the resulting social distancing and travel restriction measures. Heavier reliance on virtual meetings, written procedures and enhanced coordination between relevant national ministries, enabled the Committees to pursue their role in the European Semester, including the adoption of 2020 Country Specific Recommendations.

The continued interaction between the Committees and the **joint meetings of EPC, EMCO and SPC** continued to be an effective way for discussing certain CSRs with a crosscutting nature. In line with the established practice, EDUC was invited to take part in EMCO's discussion of the CSRs on education, training and skills and the SPC sought contributions from the Working Party on Public Health at Senior Level (WPPHSL) and invited its Chair for a joint session. The timing of the reviews, which coincided with the start of the COVID-19-related health crisis, prevented the WPPHSL members and Chair from providing those contributions. The SPC confirms its commitment to seek the expertise of the WPPHSL in its health-related work and will pursue further opportunities for joint work.

With regard to the **process timelines**, the Committees emphasise that allowing sufficient time for Member States to analyse the CSR package remains essential and that the newly shortened period given for their reviews on the 2020 Country Specific Recommendations has restricted the possibility for appropriate exchanges on the proposed CSRs. The bilateral consultation of the Commission with Member States on the draft CSRs is a positive feature of the process, allowing the Commission to take note of the Member State's comments and factual issues ahead of the Committees' main meetings. At the same time, strengthening of the bilateral approach needs to be weighed against the benefits of maintaining the multilateral aspect of CSR discussions. In the planning of future Semester cycles, the Committees emphasise that more time needs to be allocated for preparing the discussions in the Council Committees, as well as for Member States to coordinate their national response.

The high **quality of the Commission documents** throughout the Semester process is acknowledged. The continued reflection under the European Pillar of Social Rights, which ensures that all aspects of the Semester process have a strong social dimension, is welcome.

The Committees also took note the **integration of the United Nations Sustainable Development Goals (UN SDGs)** in the country reports. Overall, there is support for the integration of a stronger sustainability dimension in the European Semester, as long as it does not overburden or jeopardize the Semester's core function of ensuring economic, employment and social policy coordination, well-functioning labour markets and adequate social protection and inclusion. The stronger focus on the UN SDGs should not preclude the development of **a successor to the Europe 2020 Strategy**, in particular in the aftermath of the Covid-19 crisis. Such a strategy should include clear and ambitious social and employment targets, based on the European Pillar of Social Rights and the learnings from the Europe 2020 strategy, taking into account the 2019 joint EMCO and SPC assessment. The two Committees should be involved in its development.

The Committees also acknowledge the Commission's **efforts to adapt the Semester process** in the light of the COVID-19 pandemic. The possibility for adopting streamlined National Reform Programmes (NRPs) and Stability and Convergence Programmes (SCPs) is welcomed. The successful refocusing of the CSRs, whilst ensuring that the Semester guidance remain relevant to the COVID crisis, is recognised.

EMCO and SPC note that due to the exceptional circumstances some 2020 CSRs are broader and less country specific, with similar wording used for several different Member States. This provides Member States with flexibility in designing an appropriate policy response, but it can sometimes create uncertainties about its interpretation, as well as the country-specific guidance. As an example, similar CSRs for several Member States to ‘mitigate the employment impact of the crisis through flexible working arrangements’ led to a discussion about the meaning of flexible working arrangements in terms of contracts and working conditions. It is therefore important that the messages contained in the individual CSRs remain sufficiently clear and do not rely on additional clarifications in recitals.

The Committees take note that each Member States has received a CSR related to the functioning of their health care systems, while there have been no CSRs in certain key reform areas, such as pensions. The Committees emphasise that structural challenges remain in these other reform areas and will require continued attention. Member States should continue making efforts to address the outstanding challenges, including those identified in previous semester cycles.