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Subject:	Outcome of the 2023 Country-specific EMCO reviews

Delegations will find attached the document on the outcome of the 2023 Country-specific EMCO reviews as an Addendum to the joint Opinion of the Employment Committee and the Social Protection Committee on the 2023 Country-specific Recommendations.

Horizontal Opinion
of the Employment Committee and the Social Protection Committee
on the 2023 cycle of the European Semester

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1. Review on Labour Taxation and Labour Market Segmentation – 10 March 2023

Labour Taxation

Austria

In 2022, Austria indexed the tax brackets to two-thirds of inflation in a permanent way. The remaining third has to be used for further discretionary relief measures to be adopted by the ministerial council each year. The measure helps to counteract the harmful effect of rising prices on households' income and will, on a no policy change assumption, reduce the tax wedge on labour. Despite this measure, the tax wedge remains high and above EU average, especially for second earners. Adopting further structural changes in taxation, including by shifting taxation to other more growth-friendly taxes, such as property, environmental or tobacco taxes, or by reducing environmentally harmful subsidies, may have positive impact on reducing tax wedge on labour. Overall, Austria has made only limited progress on improving the tax mix to support inclusive and sustainable growth.

Germany

While Germany has introduced a variety of policies that aim to improve the tax mix to contribute to a more inclusive and sustainable growth, the measures undertaken address only to a limited extent the challenge to incentivise an increase in working hours for low- and middle-income earners and second earners. The reform of the joint taxation system (Faktorverfahren) had, so far, limited impact and the impact of further foreseen intervention is still to be assessed. The implicit marginal tax rate for mini- and midi-jobbers to engage in regular work has been decreased, but the outcome of this provision is to be carefully monitored, especially in order to avoid the risk of lock-in effects. Well-designed reforms aimed at shifting taxation away from labour towards wealth-related taxes, such as inheritance and gift taxes, could play an important role in improving equality of opportunity and supporting inclusive growth in Germany.

Lithuania

While the reform on the non-taxable amount of income will reduce the tax wedge for low wage earners and increase the progressivity of the tax system, no significant progress has been made by Lithuania in broadening the tax base to sources less detrimental to growth. Wages are generally taxed significantly more than other forms of income and there is still a large scope to increase the fairness and progressivity of the tax-benefit system, including by shifting taxation towards environmentally harmful sources of income.

Labour Market Segmentation

Spain

Spain has made progress to address the high rate of fixed-term contracts, which has been beneficial in particular for young people, women and vulnerable groups. The introduced legislative reforms to reduce the share of temporary contracts are welcome, although there is a lack of more detailed and comprehensive data on work intensity and the segmentation in the public sector remains high. To this end, social dialogue should continue to play an important role. The capacity improvement of the Labour Inspectorate, through the increase of its personnel, is expected to have a positive impact on the monitoring of the labour market, especially the atypical forms of work.

Due to the relatively early stage of implementation of the RED Mechanism for Employment Flexibility and Stabilization, its effectiveness remains to be assessed in the next years. In addition, the measures, as presented, to enhance upskilling and reskilling of workers in this context are expected to have a positive influence on the improvement of their employability. Overall, and despite the government's efforts, more targeted policies, especially for vulnerable workers and industry clusters are needed to enhance stability and quality in employment.

Netherlands

The Netherlands have taken steps in addressing the challenges of its highly segmented labour market, as already depicted in the 2022 country report. The introduction of envisaged measures by the Dutch Government to reduce the number of temporary and flexible contracts and to combat bogus self-employment seem to go in the right direction and the involvement of social partners is positively noted. The envisaged abolishment of zero-hour contracts is particularly welcome and its effective implementation could have a significant impact on moderating labour market segmentation. Nevertheless, the impact assessment of the envisaged package of measures can only be conducted at a later stage as it is newly being established. Also, more efforts are needed to mitigate labour market abuses and to further promote the increase of standard employment contracts, focusing on the most vulnerable groups and on targeted sectors.

Poland

Poland had made limited progress in addressing the country specific recommendation. The amendments in the Labour Code, such as the employers' obligation to justify the termination of fixed-term contracts with prior notice may lead to a possible increase of open-ended contracts. Furthermore, the presented measure regarding the specific task contracts to tackle bogus self-employment and also to decrease civil law contracts goes in a good direction although it needs to be further assessed. The presented measures to improve labour inspectorate capacity are well noted. Nevertheless, more efforts are needed to address these challenges through the improvement of the existing legal frameworks and structures and through more adequate monitoring. In this regard, the implementation of reforms under the national RRP is expected to have a positive effect on reducing the segmentation of the labour market.

2. Review on Education and Skills – 30 March and 13 April 2023

Austria

Austria made some progress in improving labour market outcomes for disadvantaged groups, ensuring equal opportunities in education and increasing digital learning. However, basic skills of disadvantaged groups are low, and participation in early childhood education and care, early leaving from education and training and tertiary education attainment need further attention.

Further measures are being implemented or planned to foster equal opportunities in education and training, improve participation in early childhood education and care, improve the framework for digital learning, also providing digital equipment, infrastructure, learning tools, curricula reform. Yet, given the early phases of implementation, their impact is yet to be seen.

Slovenia

Slovenia made progress on legislative and institutional set up during the last year, with activities started in previous years continuing to address the need to strengthen digital skills and provide support to vulnerable groups.

Promising evidence-based measures are in the pipeline and the conclusion of negotiations of the 21 – 27 Cohesion policy programme and the launch of activities under RRP are welcomed. However, with partial implementation on the ground, outcomes remain to be seen and carefully monitored, especially as regard their impact the inclusion and the upskilling and reskilling of the most vulnerable groups, low skilled workers and elder workers.

Comprehensive curricular revision across all sectors and teacher training, as also envisaged by the RRP are the cornerstones of developing digital skills and related competences from an early age.

Given the projected teacher retirements it will be important to incentivize the enrolment of students in subject teacher education.

Croatia

Croatia is making good progress in implementing policies to improve the quality and labour market relevance in VET and to step up adult learning from a low level towards ambitious goals, as well as in preparing higher education policies for their implementation. Additional efforts could however be required in tackling the systemic challenges of adult learning, including by scaling-up the voucher scheme and better aligning education and training with labour shortages. A comprehensive longer-term strategy to improve the quality and labour market relevance of higher education and adult learning is still missing.

Croatia is making good progress also in increasing access to early childhood education. and comprehensive reforms are under way to improve quality of school education, currently in the planning stage under the RRP. The timely completion of the one-shift-school reform is essential, as is continuing to increase the access to ECEC. Measures proposed and implemented under the RRP seem promising and may contribute to further addressing the challenges in this area.

Greece

Greece took some steps in promoting the development of digital and green skills among the adult population, including by committing to establishing a framework for individualised skills assessment and a strategic framework for up-skilling and re-skilling, and to developing Individual Learning Accounts.

Steps have also been taken to improve the legislative framework for vocational education and training and lifelong learning, and to improve the quality and inclusiveness of education and to enhance digital competencies of pupils and teachers.

It will be important to swiftly rollout of Individual Learning Accounts and the assessment and validation framework of individual skills, which need to be integrated in the training system. The attractiveness of vocational education and training should be enhanced, including through greater involvement of employers and the modernisation of training infrastructure.

Further efforts are essential to overcome structural regional disparities and reduce inequalities in access to and provision of education and training, especially for students with low socio-economic status.

Sweden

Sweden is taking measures to increase participation in ECEC, reduce the impact of socio-economic and migrant backgrounds on the educational outcomes of pupils, improve and tackle teachers' shortages. Some innovations in active labour market policies have been also introduced to better target people with a migrant background and other vulnerable groups. However, measures are at early stage and their impact will need to be assessed in the coming years. In such, specific monitoring and evaluation would help to better assess impact and provide insights for possible improvements. Policy actions might be also needed to address school segregation.

Spain

Spain has taken significant measures in skills development, especially the Plan for Modernising VET. The Organic Law on VET should contribute to increasing the low enrolment in intermediate and advanced VET programs and help addressing key challenges such as skills polarization and mismatches. The impact of this reform should be carefully monitored.

The initiatives undertaken by SEPE's Occupations Observatory and FUNDAE and the development of new tools leveraging on technology and investments under the Spanish RRP shall contribute to skills development.

Spain is promoting digital learning and digital skills with significant investments, but the lack of ICT specialists is persistent. The effectiveness of ongoing actions under the RRP is still to be assessed. Increasing the number of ICT specialists, closing their gender gap and reskilling the labour force are extremely important for Spain to ensure a successful digital transition.

Spain could benefit from a sound mechanism to track tertiary graduates to improve policy design. The only existing method to track graduates is based on the use of administrative

data sets from the unemployment offices and the higher education (HE) statistics, and a periodical survey on the labour insertion of university graduates, Spain could benefit from the adaptation of the current graduate tracking mechanism to the European methodology.

Spain has made some progress in the reduction of early school leaving, but there is room to improve the regional disparities. The high ELET rate burdens the transition from school to work, contributing to deepening high rates of youth unemployment. The new competence-based educational curriculum and the PROA+ programme are steps in the right direction. However, the Territorial Coordination Programs could further benefit from improved exchange mechanisms and mainstreaming of best practices to address regional gaps more efficiently.

Estonia

Estonia is showing progress in adapting its education system. The Estonian Education Strategy 2035 is expected to contribute to the modernisation of the education and training system, including adult education. The new programmes and projects to enhance the professional capacity of teachers and the updated school curriculum should also have a positive effect in this direction.

The assessment of the presented projects to address gender segregation in education is envisaged and targeted policies with longer term effects could be further developed. Furthermore, the ongoing projects which are put in place to reduce the high share of early leavers from education and training are positively noted.

Legislative reforms of the Education Act enabling the provision of micro-qualifications are welcome, while their impact on improving adult training and education programmes remains to be seen. However, more measures are needed to address persisting challenges regarding the existing skills shortages and mismatches. Furthermore, promoting gender-sensitive upskilling and reskilling policies would need to continue.

Lithuania

Lithuania is making some progress in improving the quality of education and enhancing its training system. The reorganization and modernisation of the vocational education institutions, which includes better infrastructure for vulnerable groups, is welcome. However, the effectiveness of the implemented policies to attract students at secondary vocational schools as well as of measures to provide adequate training programs that link more effectively to the market need further assessment in the future.

Lithuania is investing in digital education and training to improve quality of education and address skills shortages. A revised strategic plan for mapping skill-needs and targeted learning programs for adults, focusing also on STEM subjects, could lead to the reduction of skills shortages. In this context, the implementation of the Individual Learning Account funded by the RRP is positively noted.

France

France is applying various measures to support its education and training system. The programmes that tackle inequalities in terms of the educational outcomes among students and the reforms on the continuous training and working conditions for teachers, are positive

developments, but their results are yet to materialise, and they could benefit from further expansion. The training activities organised in communities of practice as well as the mentoring programmes and boarding schools are welcome. More steps need to be taken to improve educational outcomes of vulnerable students, with a comparatively less favourable socio-economic background, including those with migrant background.

With regard to upskilling and reskilling, policies and schemes are implemented to support unemployed, employed persons and employers. In addition, the implementation of measures such as the plan to reduce recruitment tensions will contribute to the government's efforts to cover the labour market needs in targeted sectors. However, in light of the current high level of skills shortages, the impact of the implementation of the presented measures to address the labour shortages and skills mismatches call for monitoring and evaluation. Also, in the same context, efforts for the improvement of the existing and newly applied measures to reach out to those furthest away from the labour market should continue.

Netherlands

To address skills and labour shortages The Netherlands has recently introduced a package of policies to increase labour supply, provide financial support to targeted sectors and incentivize adult participation in lifelong training. Highlight of such initiatives is the Action Plan on Green and Digital Jobs which consists of measures aiming at the increase of participation in learning in STEM fields and at attracting and retaining employees in the ICT sector. In the same context, the STAP budget is expected to result in an increased engagement of adults in up- and reskilling opportunities. However, more focus should be given to increase the proportion of vulnerable groups, particularly of low skilled, young people and people with migrant background. Furthermore, the enhancement of the vocational education and training system should play an important role to match the necessary skills with the current and future labour market needs. The Netherlands has adopted a comprehensive action plan to address teacher shortages, but its impact is yet to be seen.

Belgium

In Belgium, a wide range of measures have been put in place to advance the quality of the education systems and training providers. All communities should continue their efforts to address remaining challenges in supporting pupils in vulnerable situations. In this context, the capacity enhancement of teachers, which includes flexible career and training opportunities, as well as the effective implementation of measures to address teacher shortages are further encouraged.

The modernization of VET's infrastructure with a view to matching the educational and training programs with the needs of the labour market is highlighted.

Upskilling and reskilling for students, workers and unemployed should continue, stressing also the need for focusing on green and digital skills. In the same direction, intensive efforts are needed to increase the skilling and employability of disadvantaged groups and also to promote more training programs in the sectors where considerable shortages exist.

Bulgaria

Bulgaria has implemented various measures to address the issues raised in the CSR. These measures are reflected in strategic frameworks that will guide the development of education

up to 2030, including pre-school, school and higher education. The National Employment Strategy for 2021-2030, adopted in 2021 and amended in 2022, also sets new priorities and targets for employment and adult training. The Recovery and Resilience Plan is expected to contribute significantly to digitalization in education, with STEM laboratories to be put in place in all schools, an adult learning platform and training programmes for digital skills, and youth centres to foster young people's skills. Additionally, several ESF co-financed projects have been implemented to support inclusion in education and counteract the risk of dropping out, particularly for vulnerable groups like Roma. Further support for quality and inclusiveness of education, including its digitalisation, will be provided by the ESF+. Despite these efforts, the level of digital skills among young people and adults in Bulgaria remains among the lowest in the EU, and participation in learning is still low for adults. Socio-economic backgrounds continue to significantly impact student outcomes, and Roma inclusion in education remains a major challenge. Despite the measures planned by Bulgaria through various funding sources, progress on addressing the CSR is evaluated as limited. More efforts are needed for a regular monitoring and evaluation to follow up policy developments.

Czechia

More work is needed to fight against segregation and prevent young people from leaving education and training early, especially among the Roma population. To achieve this, the 2021-2030 Roma Inclusion Strategy should be implemented effectively, along with the ESF+ Programme Johannes Amos Comenius, with the involvement of local organizations, parents, and communities.

It is important to expand the support offered to students with special learning needs, which has been tested through cohesion policy funding for teacher and special pedagogue training. This should be done in a long-term territorial support framework for schools. The lessons learned from measures under the Recovery and Resilience Facility (RRF) and Cohesion Policy could be used to update the funding model.

Implementing the revised curricula will require stronger support for schools and principals staff. This includes ensuring that all students have access to digital technology for learning. The "middle points of support" could play a crucial role in promoting equity and quality across schools by professionalizing school management.

Czechia is reforming the diagnostic tools used for special needs education, and it is important to adopt internationally vetted methodologies and foster a culture of inclusiveness among all stakeholders. In higher education, it is necessary to develop a data-driven approach to identify obstacles and opportunities for progress. This is part of a comprehensive legislative and policy reform that Czechia started in 2023.

The Czech government has allocated significant financial resources from the Recovery and Resilience Facility, the European Social Fund Plus, and the Just Transition Fund to support upskilling and reskilling. To maximize their impact, an overarching support framework for adult learning is needed. This should combine an individual approach to upskilling for those seeking to reintegrate into the labour market and easier access to lifelong learning for the general population.

Malta

Malta's efforts to improve the effectiveness, efficiency, and inclusivity of its national education and training system are acknowledged, though a continuous monitoring on Malta's progress on its national strategic action plan for further and higher education is needed. Malta has made progress in improving its education system by establishing two autism units and two multisensory classrooms for children with special needs, among other measures which will be implemented gradually over the next few years. The Commission will also monitor the implementation of these measures.

The ESF+ will provide significant support in improving the quality and inclusivity of education and skills development, including investments to support the upskilling and reskilling of adults, targeted towards specific groups, and strengthening the provision of green and digital skills in the education and training systems.

Despite Malta's efforts to reduce its early school leaving (ESL) rate, improving education outcomes remains a key priority. Average levels of basic skills are low, and a large percentage of pupils fail to achieve minimum proficiency levels. This exacerbates the relatively high share of low-skilled adults, which may impede the country's transition to a fairer, greener, and more digital society and economy. More efforts are needed to address school underachievement and equip all students with the necessary skills and competences for future upskilling and reskilling.

Although some progress has been made in the participation and training of low-skilled individuals, it remains limited and inconsistent. Therefore, a coordinated and comprehensive effort is necessary to ensure that investments have the desired impact and effectively address the country's skill-related challenges. Furthermore, lifelong learning is crucial in creating awareness and upskilling in the environmental and digital sectors, as part of the shift towards green and digital transitions.

Poland

Poland is taking steps to improve digital skills by adopting a digital competence development programme until 2030 and receiving significant EU funds to support its implementation. However, the level of basic digital skills in Poland is still below the EU average, and a systemic change and targeted strategy are needed in the education system to improve the use of technology in teaching and learning. The government's urgent adoption of new regulations on digitalization in education without sufficient consultation with social partners or participatory approach has been criticized.

Schools in Poland face multiple challenges that affect the equity and quality of education and the well-being of students and teachers. The COVID-19 pandemic has had a significant impact on students' performance and well-being, despite remedial programmes being implemented. Poland is taking measures to enhance inclusive education. The capacity of schools in large cities is at the edge following changes in the school system, accepting displaced students, and further overcrowding of upper secondary schools is expected due to overlapping policy measures. Educational inequalities following recent changes in school education need to be addressed with remedial measures, and teacher shortages mainly due to low salaries require urgent comprehensive measures and incentives to improve the attractiveness and prestige of the teaching profession.

The results of evaluation of higher education institutions' performance according to the new rules raise concerns about the new evaluation system, and the disproportionate outcomes for small institutions and new faculties. The arrival of displaced children and youth from Ukraine has added strain to the education system, particularly in larger cities, and further support measures and systemic solutions are needed to integrate them into Polish kindergartens and schools for a high proportion of them remains outside the schooling system. A genuine civil dialogue and stakeholder engagement are needed to improve the quality of Polish education at all levels.

In 2020, Poland adopted the Integrated Skills Strategy 2030 to develop skills needed by employers and enhance the quality of education. Given the fact that Poland has a very tight labour market, a low unemployment level and the economy with an important need for skilled workforce, the priorities of increasing the level of adult education and the level of digital skills rightly seem to be a large part of Poland's strategic focus. It is positive that Poland is also taking the initiatives to raise digital skills on the local level. However, most measures to boost participation in adult learning and enhance skills, including digital skills, are still in a preliminary phase, and their effects will only be visible in the longer term.

Romania

Romania has implemented various measures to respond to the challenges identified, such as the launch of a national programme to reduce early school leaving, improving access to early childhood education, enhancing teachers' digital skills, and promoting digitalization in higher education. The Recovery and Resilience Facility, with a planned investment of over EUR 3.6 billion, and the new cohesion policy programmes, have the potential to address longstanding education challenges in Romania. The ongoing revision of the Education Act also has the potential to improve learning outcomes, reduce inequalities in education, and enhance skills. However, the low levels of digital skills among young people and adults, low participation of adults in learning, low participation in early childhood education, and high early school leaving rates, and Roma inclusion remain major challenges. It is acknowledged that efforts are being made to address these challenges, including through RRF and cohesion policy funds support, but progress in addressing the CSR is currently limited, given that measures are still in the early phases of implementation and many more are yet to come.

Slovakia

Slovakia has made significant efforts in promoting digital skills through the adoption of a National Strategy for Digital Skills, including an action plan for years 2023 – 2026, and the implementation of initial relevant measures also in the education system. While basic digital skills in Slovakia have improved and are now aligned with the EU average, the expected automation of the industry will require advanced digital skills.

Slovakia's efforts to improve the quality and inclusiveness of education at all levels are acknowledged. However, the full implementation of the support measures system, the curricular and higher education reforms, reforms in teacher education and training, and strategies for inclusive education and lifelong learning, in collaboration with stakeholders, is necessary to achieve the desired results. Improvements to early childhood education and care policies, teacher shortages, and low investment in education and training also need to be addressed.

Efficient and full implementation of the national strategy for Roma equality, inclusion, and participation, as well as the strategy for inclusive education and care, could help provide quality mainstream education for Roma pupils too. However, there has been no progress in the desegregation of Roma pupils in education, and challenges persist in areas with high concentrations of marginalised Roma communities.

Slovakia has allocated significant financial resources from the European Social Fund+ and the Just Transition Fund to support upskilling, reskilling, adult learning, and helping those neither in employment, education nor training (NEETs). However, implementation has been delayed.

The transformation of the labour market constitutes a major challenge and requires adequate skills provision policies also in the long-term. Lack of ICT specialists needs to be addressed too.

Luxembourg

Luxembourg has taken some actions related to the implementation of the CSR, including attempts to reduce early school dropout rates, enhance access to non-formal education, and explore new methods of teaching the country's three national languages in education. However, these alternative language programs have limited reach so they cannot significantly affect students' learning outcomes, especially for disadvantaged groups. Early school leaving is a growing problem, and more than a quarter of young people in Luxembourg lack basic skills, well above the EU average. Despite acknowledging that efforts are being made to tackle these challenges, more progress in addressing the CSR is needed, as the measures are still in the early phases of implementation and have a limited scope.

Italy

Italy has been investing in digital education and skills development, including through the "School 4.0" plan, which aims to transform learning methods and spaces. The comprehensive approach taken by Italy, which covers infrastructure, learning content, and skills development for both students and teachers, is a welcome development. The RRF investments in digital infrastructure and skills development for society as a whole are expected to have a positive impact on education by increasing the level of digitalization in the country. Despite the progress made in the DESI Index, Italy still ranks very low in terms of human capital. To improve this, it will be crucial to fully implement current strategies and investment plans, including the national plan for digital education, the national strategy for digital skills, and the NRRP.

3. Review on Active Labour Market Policies and Public Employment Services – 31 March 2023

Cyprus

EMCO welcomes the efforts made by Cyprus in strengthening the effectiveness of public employment services and of active labour market policies as well as outreach to youth, whose integration in the labour market remains however an issue of strong concern.

Progress have been registered in the digital transformation of PES, and a legislation on flexible working arrangements has been adopted in 2022, to be complemented by three subsidy employment schemes aimed at promoting their use in the labour market.

The capacity of the public Employment Services in Cyprus remains low, reflecting generally low investments in ALMPs and low participation in activation measures. A substantial step forward in strengthening public employment services and in activating and supporting the most vulnerable in accessing the labour market could be made by fully rolling out the comprehensive ALMP strategy for 2023-2025.

Some additional challenges should be addressed such as the provision of integrated services in combination with subsidy employment schemes. Going forward, PES modernisation should continue. A systematic reporting, monitoring and evaluation system for the ALMPs and the PES itself is needed, and employment incentives should be complemented by a stronger integration of different services.

Greece

Greece made substantial efforts to reorganize its active labour market policies and improve the delivery of activation support by the public employment services (PES), including through the adoption of a framework of mutual obligations with jobseekers. The recent reform of the PES is a positive step to address the important employment challenges Greece faces, including a substantial gender employment gap and the difficulties faced by young people and long-term unemployed seeking work.

The recently adopted National Strategies for Active Labour Market Policies and Youth Employment have the potential to improve the delivery model for activation measures in Greece. However, it will be essential to ensure sufficient capacity to deliver individualised employment to jobseekers, particularly as regards the provision of individual action plans and outreach to employers.

The digitalization of services delivered by PES remains limited. With support from the Recovery and Resilience Facility, 600 employment counsellors were recruited on a temporary basis. This is expected to increase the supply of activation programmes and expand the use of IT tools. At the same time, ensuring the financial sustainability of the improved capacities remains key to achieving positive outcomes.

The delivery of more integrated and targeted packages of activation measures, coupled with more consistent support from social partners and stakeholders can help ensure a smooth delivery of employment services that are sustainable and have a strong impact on the ground.

Spain

Spain has made progress in addressing the situation of young people and long-term unemployed. However, the size of the challenge calls for further efforts to converge with the EU levels, especially in youth unemployment.

There is room for improvement in the effectiveness of the ALMP system, which is based on intensive use of employment incentives and could benefit from increased coordination among regional public employment services.

The European Social Fund is instrumental in addressing these challenges. It is important to increase engagement with the regional public employment services to avoid double funding and boost complementarity with other funds, especially the RRF.

It is essential to swiftly adopt the reform of the regulation of non-contributory unemployment support in order to reduce the fragmentation of the system and provide targeted activation measures, which are key for long-term unemployed, especially the older ones.

Spain has passed a new employment law aimed at modernizing the delivery of active labour market policies. The new employment law envisages a catalogue of guaranteed services that includes individual support. The information gathered from impact assessments under its new evaluation model should feed the design of active labour market policies to boost their efficiency.

Spain has made some progress in simplifying the system of hiring incentives. The new law focused on consolidating the system of Social Security rebates, managed by the central State. However, it could have benefited from an improved coordination between regional and national hiring incentives.

Czechia

Czechia has taken some important steps to support labour market participation, yet the progress made is still insufficient compared to the size of the challenge, in particular regarding the low employment rates of women with young children.

Efforts to expand early education and care facilities through the “Children’s Group” programme, supported by the ESF+, were quite successful, but the participation rate in formal childcare for children under age 3 remains very low. The 5,000 new places foreseen for the next years will contribute to achieving the Barcelona Targets only to a limited extent. Further efforts are therefore needed while ensuring sustainable state funding for the Children’s Groups in the public administration bodies.

Some progress could be made also by introducing legislative measures for better work-life balance and flexible working arrangements and more targeted and comprehensive ALMPs for women with young children.

Slovakia

Despite of good overall labour market figures, Slovakia faces a number of structural challenges. The proportion of long-term unemployed on jobseekers remains very high and persons from marginalised Roma communities face barriers in accessing to quality education and employment. The Active Labour Market Policies system strongly relies on employment

incentives and focuses on maintaining employment, while training programmes play a rather minor role.

In 2022, promising strategies have been adopted to tackle long-term and youth unemployment and promote employment of the persons with disabilities. In addition, funds have been ring-fenced to improve the situation of Roma. In such, it is important to swiftly start the 2021-2027 ESF+ implementation, which could also support the extension of already existing projects that proved successful in the past programming cycle.

Overall, however, spending on ALMP in Slovakia remains historically low compared to the EU average, PES capacity is limited, and opportunities for upskilling and reskilling should be expanded. The integration policies of vulnerable groups could also benefit from further support to the social economy actors.

Portugal

Portugal is making substantial efforts to improve labour market conditions of young people. Despite positive progress, youth employment remains of low quality and youth unemployment high. Efforts are therefore to be maintained, including by effectively implementing the Youth Guarantee National Plan and supporting young people currently further away from the labour market. Sustainable and quality jobs should in particular be promoted, with the view of reducing the high share of involuntary temporary contracts among young people.

The recently approved Agenda towards Decent Work and Valuing Youth is an important step towards addressing youth challenges in the labour market, notably segmentation and adequate wages. In addition, the RRP investment Sustainable Employment Commitment is essential to provide stable and quality contracts, in particular to young people.

Ireland

The Irish labour market performs strongly and some groups, which traditionally face difficulties in integrating to the labour market, namely women, older workers and young workers are already performing better than their peers in most other Member States. Challenges remain regarding other vulnerable groups, such as persons with disabilities, lone parents, members of the Roma and Traveller communities and low skilled workers in general. At 13%, Ireland also has one of the highest shares of jobless households, in which the abovementioned groups are overrepresented.

On a tightening labour market, it is particularly important to help vulnerable groups that are still facing barriers to employment. Ireland utilizes a wide set of activation tools to facilitate employment. Many of these are shaped in cooperation with stakeholders, and some are highly effective in helping their participants to find employment. The increased number of case officers in public employment services and the new ‘early engagement’ method are expected to have positive impacts.

However, the participation and scale of some activation measures remain low and there are 185.000 persons on the IE live register. Reasons behind low take-up rates of activation measures should be further examined and tailored to address the specific issues of the remaining vulnerable groups. There is room for further engaging employers in creating inclusive workplaces and to help with the hiring and retaining of vulnerable people. The low

employment rates of vulnerable groups has structural causes. Ensuring equal access to inclusive and affordable social services, including care, education, health and housing, while providing adequate welfare support that facilitates transition to work, will be important to effectively address labour market barriers in the long term.

Bulgaria

Bulgaria has shown some progress in addressing the CSR. As positive signs noted are the reduction of the youth unemployment rate and the NEET rate in 2022. Measures shown to reach inactive people and map NEETs are positively acknowledged, including the legislative reforms in the Employment Promotion Act. Furthermore, the new adult learning platform to enhance the training skills, funded by the National RRP, is foreseen to have good outcomes in advancing the skills of unemployed, inactive and low-skilled persons.

Despite the efforts made, challenges still remain on strengthening integrated active labour market and inclusive policies, which should focus on removing skills-related barriers to employment of underrepresented groups. The effective promotion of policies to reduce regional disparities are further encouraged and more focus is needed to integrate vulnerable groups, including Roma. Furthermore, steps should be taken to create and implement active labour market policies to respond to the green and digital transition.

Italy

Italy has presented measures to increase and support employment and to tackle labour market segmentation. Recently, investments in active labour market policies increased substantially but their overall effectiveness remains weak. Italy presented two policy measures as a response to the challenges. The Workers Employability Guarantee (GOL), funded by the NRRP, is expected to reinforce the active labour market policies, the IT infrastructure and the management of PES services, as well as enhance the employability of women and young unemployed. It is implemented by regions and set as a target to reach 3 million beneficiaries by 2025, of which at least 75% should be women, long-term unemployed, people with disabilities or people under 30. So far, the GOL program reached more than 700.000 beneficiaries, but close monitoring of the exact services offered is needed.

The adoption of a National Plan to fight undeclared work across economic sectors, building upon a multi-agency approach, represents a positive development. Particularly, the establishment of the National Inspectorate Agency to avoid overlaps and to increase effectiveness of inspections is in the right direction. However, a further increase in the number of inspections should be considered. The impact of the minimum income reform on the effective activation of unemployed needs also further assessment.

France

France implements a wide range of measures to implement active labour market policies. Reforms aiming at the modernization and capacity building of the public employment services are foreseen to better outreach NEETs and provide quality employment programs. The subsidized employment contracts, the Contrat d'engagement jeune, the measure "Jeune en rupture" are welcome and their effectiveness into reaching the most vulnerable groups require further assessment.

The swift implementation of bonus malus is positively noted and its evaluation is anticipated. Also, efforts aiming at the increase of open-ended contracts should continue. To this end, the NRRP and foreseen investments in effectively supporting active employment measures are anticipated to play a key role.

Furthermore, to address the persisting structural challenges in the labour market, government should continue to promote policies which will reduce skills and labour shortages and increase the employability of people in vulnerable situation, including those with migrant background.

Latvia

Latvia is progressing in addressing the structural issues with regard to the effective implementation of the ALMPs. The TSI Project to improve the capacity of PES is anticipated to have substantial effect on the integration of the unemployed people. Yet, challenges remain in increasing the employability of the LTU and also in addressing regional disparities.

With regard to the skills shortages identified in the country's labour market, government has taken measures to improve skills, including digital skills. However, more efforts are needed to enhance upskilling of vulnerable categories, particularly the low-skilled, the older people and the unemployed located in rural areas.

The presented package of measures to reduce incidence of undeclared work is highlighted, as it is expected to have a considerable effect on addressing this issue. In this regard, relevant legislative amendments as well as the capacity building of the tax and labour inspectorates are significant to complement these efforts.

Romania

Romania has shown some progress in addressing challenges with respect to the ALMPs, by introducing projects to improve inclusion policies and address labour mismatches. Nonetheless, important structural challenges persist in terms of providing effective active labour market policies. Important in addressing these challenges is the swift implementation of PES strategic projects, supported by the 2014-2020 ESF funds. Particularly, the ReCONNECT project, that foresees the development of three kinds of mechanisms, including the improvement of VET services and the skills mapping and forecasting according to the needs of the labour market, is highlighted.

The implemented reforms of PES services for the simplification of procedures, facilitation of access to the unemployed and employers through digital platforms is in a good direction. Although some introduced active labour market policies are aiming at the integration of vulnerable groups and addressing regional disparities, efforts should continue with a view to increasing their coverage. Furthermore, increasing the scope and uptake of activation measures, including upskilling and reskilling, tailored to the needs of young and low-skilled people, women, long-term unemployed, persons with disabilities and other vulnerable groups would be needed, for which the ESF+ remains key.

Croatia

Croatia is showing some development in the labour market and relatively smooth recovery after the COVID-19 crisis. The several presented measures reflect the government's efforts to

improve the PES services with a view to providing more effective support to the unemployed. However, structural challenges still remain with regard to effectively implementing integrated active labour market policies.

With regard to upskilling and reskilling, the implementation of the voucher system is expected to have a positive impact on skills mapping and monitoring of training programs.

Furthermore, the strengthening of the capacity of the employment services would play an important role in quality provision of employment programs to the unemployed. Although, active labour market measures are presented, challenges still remain in the increase of employability of vulnerable categories, particularly of people with disabilities. In this regard, further designing and implementing targeted policies to specific groups which will include skilling, according to the needs of the labour market, and work experience acquisition are needed.