



Localising the European Semester

Joint CEMR-EPSU project

Background report

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by Inga Pavlovaite and Dr. Tina Weber

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Abbreviations

AGS	Annual Growth Survey
COR	Committee of Regions
CSR	Country Specific Recommendations
EPL	Employment Protection Legislation
ESO	European Semester Officer
JER	Joint Employment Report
LRG	Local and regional government
MIP	Macro-Economic Imbalance Procedure
MOU	Memorandum of Understanding
NRP	National Reform Programmes

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Aims of the background paper

This is the first deliverable in the joint EPSU-CEMR project “Localising the European Semester”. The focus of the background paper is threefold:

- To present an overview of the development, content and process of the European Semester;
- To analyse the available evidence on the involvement of local and regional governments (LRG) and social partners of the local and regional government sector in the European Semester;
- And to highlight any gaps in the literature, and issues arising for the joint sectoral social partner project.

This report presents the state of the art on this subject, taking into account the existing literature and reports produced by scholars and European institutions and bodies. The report aims to support the discussions to be held as part of the project, including in the opening seminar in Namur, Belgium, on 23 March 2018. An important element of this report is to establish the extent to which social partners in the LRG sector have the capacity and are able and already participating in the European semester process at the national level, as well as the impact that their inputs are having.

The report is structured as follows:

- Section 1 describes the key features of the European Semester in a succinct way;
- Section 2 reviews the role of social partners and local and regional government in the in the European Semester;
- Section 3 provides an overview of the involvement of LRG stakeholders and social partners in the European Semester process;
- Section 4 provides initial conclusions and pointers for the project.
- It is accompanied by three annexes, Annex 1 summarises the most recent CSRs, Annex 2 (a separate document) provides an overview of CSRs since 2014 and Annex 3 provides a list of European Semester officers in the European Commission delegations.

1. What is the European Semester?

The European Semester process was introduced in 2010 in the context of 2008 economic crisis with the aim to ensure that the national economic, financial, employment and social policies are coordinated in an efficient and systematic manner to help achieve the Europe 2020 strategy goals to deliver smart, sustainable and inclusive growth, the aims of the Stability and Growth Pact (SGP) and the national reform priorities.

The Semester is an annual cycle of complex policy interactions, involving the European institutions, national governments, social partners and other stakeholders at the EU and national levels. The European Semester process aims to encourage Member States to align their budgetary, economic, social and employment policies with the objectives and rules agreed at EU level, within the targets of Europe 2020 and the SGP.

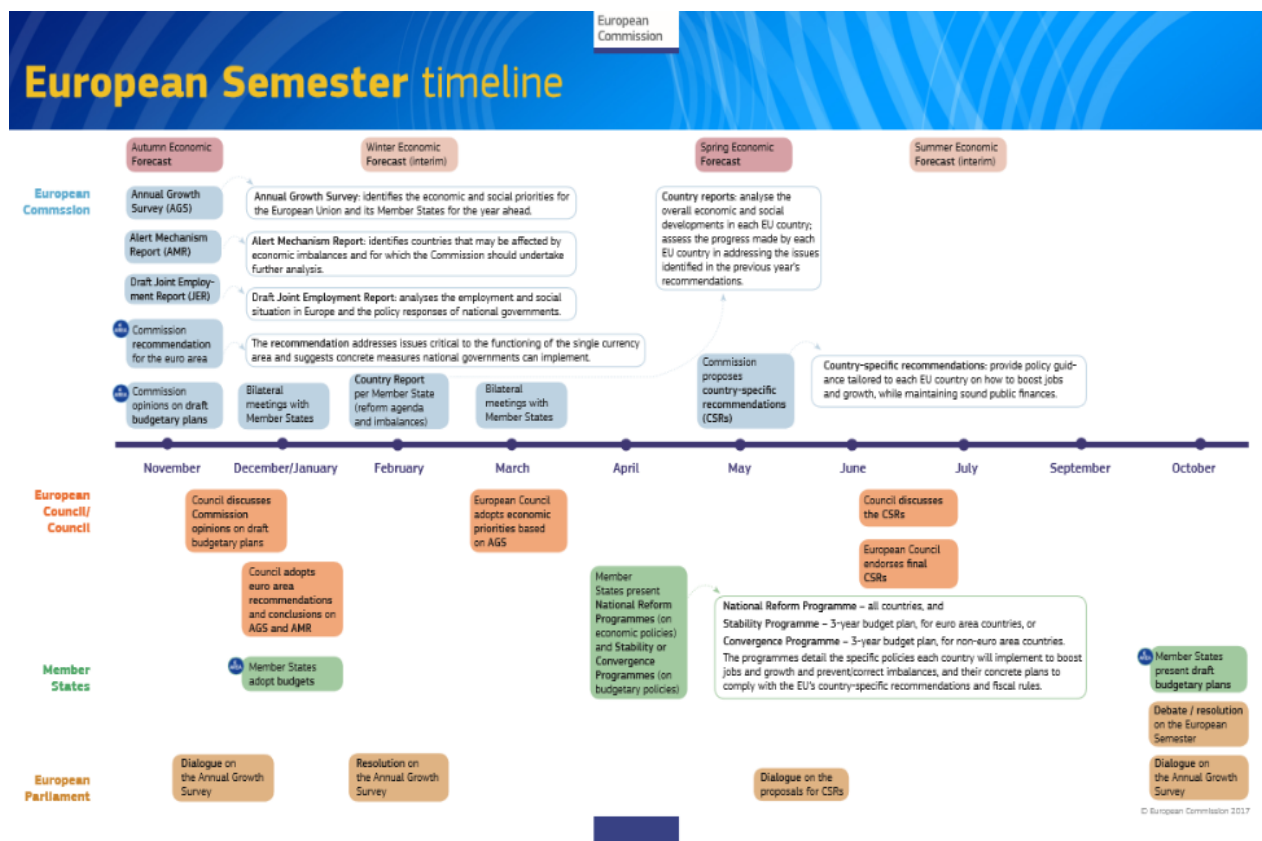
The EU Member States participate in the policy coordination cycle of the European Semester¹. However, euro area members, which have the Macro-economic Imbalance Procedure (MIP) in place, can also be subject to the sanctions under the corrective arm of the MIP and the SGP. In principle, there are no sanctions for not

¹ Member States which have signed a Memorandum of Understanding in the framework of SGP do not submit separate NRPs or receive specific CSRs, their policy coordination process is oriented towards the implementation of the agreements in the MoU.

implementing the structural reforms which do not explicitly fall under MIP and SGP procedures in the European Semester process.

The European semester is based on an annual coordination process with fixed calendar deadlines (see Figure 1).

Figure 1: The annual timetable of the European Semester process



Source: European Commission.²

The key milestones in the annual cycle of the European Semester are as follows:

In the **preparation phase**, the European Council sets the annual economic policy priorities on the basis of a European Commission proposal in the form of the **Annual Growth Survey**. This typically provides the foundation to derive Country Specific Recommendations (CSRs) on budget policy (to develop the national stability and convergence programmes) and economic, employment and social policy (to develop the National Reform Programmes). This is an annual document, prepared by the European Commission and released in November, launching the yearly European Semester by setting out the broad EU economic priorities for the year to come and for Europe 2020, and inviting Member States to take these into account when devising their

²https://ec.europa.eu/info/business-economy-euro/economic-and-fiscal-policy-coordination/eu-economic-governance-monitoring-prevention-correction/european-semester_en

National Reform Programmes (NRPs). The latest AGS in 2018³ included the following thematic priorities (see Figure 2):

- Boosting investment to support recovery and increase the long-term growth
- Structural reforms for inclusive growth, upward convergence and competitiveness;
- Responsible fiscal policies to support the sustainability and convergence.



The Annual Growth Survey priorities are debated by the Council of Ministers and the various sub-committees before the European Council in March, which then sets the priorities for the national economic and budgetary decisions.

The draft **Joint Employment Report**, attached to the AGS, assesses the social and employment situation in the EU.⁴ The JER has a legal basis in Article 148 TFEU and provides an annual overview of the main employment and social developments in the EU as a whole, as well as the Member States' reform actions in line with the Employment Guidelines. In addition, the Joint Employment Report 2018 for the first time monitors Member States' performance in relation to the European Pillar of Social Rights.

The Alert Mechanism Report (AMR) is a screening device, based on a scoreboard of indicators, which identifies countries that may be affected by economic imbalances and for which the Commission should undertake further in-depth reviews. The AMR launches the annual Macroeconomic Imbalances Procedure (MIP), which aims to prevent or address imbalances that hinder the smooth functioning of national economies, of the eurozone or of the EU as a whole.

In the **implementation phase**, Member State governments submit to the Commission their medium-term **NRPs**⁵ along the lines of these target recommendations. These programmes detail how the targets of the EU 2020 Strategy are being reached, which national policies will be implemented and how EU guidance has been taken into account, also according to previous CSRs. The Member States present their National Reform Programme to the Commission⁶. In addition, Euro area countries present their Stability Programme, which is a

³ Available at https://ec.europa.eu/info/sites/info/files/2017-comm-690_en_0.pdf

⁴ Available at https://ec.europa.eu/info/publications/2018-european-semester-draft-joint-employment-report_en

⁵ Typically covering 2-3 years horizon, NRPs are available at https://ec.europa.eu/info/business-economy-euro/economic-and-fiscal-policy-coordination/eu-economic-governance-monitoring-prevention-correction/european-semester/european-semester-timeline/national-reform-programmes-and-stability-convergence-programmes_en

⁶ https://ec.europa.eu/info/2017-european-semester-national-reform-programmes-and-stability-convergence-programmes_en

three-year budget plan.⁷ Non-euro area countries present their Convergence Programme which is also a three-year budget plan.⁸ The Commission assesses the plans and proposes how the Council should vote on them.

The European Commission and the European Council provides country-specific policy advice on general economic policy and budget policy in the form **of CSRs** which should provide the focus for national level reforms.⁹ The recommendations are a set of actions for each Member State to take, according to its economic and social performance during the previous year and to the delivery of priorities set out in the AGS. The CSRs are proposed by the Commission based on an assessment of the challenges, risks and policy gaps in the country concerned and are aimed to support the achievement of Europe 2020, Stability and Growth Pact and other strategic goals in the country. The recommendations are meant to focus on the structural reforms which can realistically be achieved by the Member States over the next 12-18 months. The recommendations proposed by the Commission are discussed among national governments in the Council, endorsed by EU leaders at a summit in June and formally adopted by the national finance ministers in July. This is intended to allow for sufficient time for national governments to incorporate the recommendations into their reform plans and national budgets for the following year. For eurozone countries, national governments must submit their Draft Budget Plans for the following year by 15 October. The Commission assesses these plans against the requirements of the Stability and Growth Pact. The Commission issues a formal opinion on each plan in November, so its guidance can be taken into account when the national budgets are finalised. Eurozone finance/economy ministers discuss the Commission's assessment of the plans in the ECOFIN Council.

In the analysis and follow-up phase, the **Commission's country reports** in the following year assess how well these CS have been implemented and what remaining / new reform priorities are emerging for each Member State¹⁰. In-depth assessments of each Member State's implementation progress against the previous year's CSRs have been an integral part of the Commission's European Semester work. The reports cover all areas of macroeconomic or social importance and take stock of the country's budgetary situation. The Commission's assessment is based on the joint analysis of an interdisciplinary team of country analysts of all relevant measures that the country has taken or announced, cross checked against a horizontal assessment framework per policy area. As the reform progress is often not directly measurable and the scope of challenges differs across countries, the progress assessment is mostly qualitative. They assess the progress made by each EU country in addressing the issues identified in the previous year's EU recommendations.

Although the impact of the European Semester process is subject to much debate and discussion, the process does influence the legislative and policy development at national level in a range of policy fields, including public expenditure, employment, education, and social care.

The European Semester has also undergone a number of significant reforms since 2010, both in terms of contents, approach and timing.

In 2015, the European Commission has introduced a number of innovations in the Semester process aimed at **'streamlining' the process, increasing its political ownership and improving the involvement of social partners in the procedure**. These include:

⁷ https://ec.europa.eu/info/business-economy-euro/economic-and-fiscal-policy-coordination/eu-economic-governance-monitoring-prevention-correction/stability-and-growth-pact/stability-and-convergence-programmes/assessment-programmes-2017_en

⁸ Ibid. Member States subject to the MoU do not present a separate NRP.

⁹ Available at https://ec.europa.eu/info/business-economy-euro/economic-and-fiscal-policy-coordination/eu-economic-governance-monitoring-prevention-correction/european-semester/european-semester-timeline/eu-country-specific-recommendations_en

¹⁰ https://ec.europa.eu/info/publications/2017-european-semester-country-reports_en

- The Commission now publishes the country analyses already at the beginning of the year, to give Member States more time for discussion, including with social partners;
- an invitation to Member States to 'refocus' their NRPs and to specifically involve national Parliaments and social partners in the elaboration of the NRPs, also allowing more time for this, and extending the timeline from six to 12 months¹¹;
- The early presentation of the Country Reports, so as to allow more time for examining and discussing the EU level recommendations. The new timeline was adopted extending the six-month cycle to an annual process to allow the organisation of bilateral meetings with Member States and 'fact-finding missions' on the ground for the Commission as well as allowing more time for involvement of national parliaments and social partners at the national level;
- To increase the engagement with other important actors in the process, namely the European Parliament and the EU level social partners;
- The function of the European Semester Officers was introduced in each Member States, to provide a focal point at the national level for interactions between the Commission and the national level stakeholders;¹²
- Focussing the CSRs on fewer, key areas of action and structural reforms which resulted in the declining number of CSRs issued (see also Annex 2);

In 2017, after a wide consultation on the draft **European Pillar of Social Rights** held during 2016, the European Commission published the final version of the Pillar on the 26 April 2017.¹³

The publication of the Pillar is part of a wider set of initiatives concerning the future of the European Union and the strengthening of its social dimension, including the publication of a 'White paper on the Future of the European Union'¹⁴ and of a 'Reflection paper on the Social Dimension of Europe'¹⁵. The Pillar primarily concerns the euro area but is applicable to all EU Member States wishing to take part, and consists of a list of 20 'key principles', framed as 'rights', organised around three chapters:

- 1) Equal opportunities and access to the labour market;
- 2) Fair working conditions;
- 3) Social protection and inclusion.

The Pillar is accompanied by a Social Scoreboard, made up of 14 headline indicators and a number of secondary indicators, serves as a reference framework to monitor social progress, in a tangible, holistic and objective way, which is intended to be easily accessible and understandable for citizens. It aims to identify the most significant employment and social challenges facing the Member States, the EU and the euro area, as well as progress achieved over time on implementation of the Pillar. The Pillar is a non-binding initiative to be mainly implemented through non-binding policy instruments, primarily the European Semester (e.g. the CSRs). Having said that, the Pillar has also been accompanied by a proposal for legislative measures on work-life balance and social protection for all types of jobs.

¹¹ In its original design in 2010, the Semester was a six-month coordination cycle, ranging from March to September of each year, the period that corresponds to the preparatory phase of budget law in most countries. This was very much in line with the idea of a mechanism to coordinate the national budgetary policies ex-ante at the European level.

¹² See their list in the EC delegations, available at <https://www.eurodiaconia.org/wordpress/wp-content/uploads/2016/07/LIST-OF-EUROPEAN-SEMESTER-OFFICERS.pdf>

¹³ https://ec.europa.eu/commission/priorities/deeper-and-fairer-economic-and-monetary-union/european-pillar-social-rights_en

¹⁴ Available at https://europa.eu/european-union/sites/europaeu/files/whitepaper_en.pdf

¹⁵ Available at https://ec.europa.eu/commission/publications/reflection-paper-social-dimension-europe_en

2. The role of social partners and local and regional government in the in the European Semester

The previous sections of this report described the development, content and component parts of the European semester process. Against this background, this section discusses:

- The rationale for the involvement of social partners and local and regional government in the European semester process (the 'why');
- The process for involving them in different Member States and its evolution (the 'how'); and
- The quality of this involvement, as well as some good practice lessons (the 'how well').

The concluding section of this report then discusses some key dimensions and questions to be discussed and elaborated further as part of the joint CEMR-EPSU project.

2.1 Rationale for the involvement of social partners

The rationale for the involvement of social partners in the European Semester process can be found both at European and national level. It is linked to the policy content decided as part of the Semester process and the role accorded to the social partners both at EU and national level in shaping policy in these areas.

Viewed from a specific policy perspective, the European Semester covers some issues closely related to the direct interests and remit of employer and trade union organisations. With regards to the core role of social partners of collective bargaining¹⁶, the Semester covers and has resulted in CSRs being issued with regard to policies and legislation governing working conditions, including – for example – employment protection legislation (EPL). Although the EU does not have a remit in relation to pay, in recent years CSRs pertaining to (minimum) wage setting and the interaction between wages, benefit systems and ensuring adequate living standards have not been uncommon. While such recommendations have most significantly affected countries subject to the Memoranda of Understanding (and thus, during those times, being located outside the European Semester process), recommendations directly or indirectly impacting on wage setting have not been limited to MoU countries. This has led to some criticisms of interference by the European institutions in the collective bargaining autonomy of the social partners.

Viewed from a wider policy perspective, the Semester regularly impacts on policy making in the employment and social policy sphere¹⁷, where social partners at the national level often make an important contribution¹⁸ and where social partners at the European level have a specific role in policy making according to the EU Treaties¹⁹. Furthermore, as economic and social policies are increasingly recognised as being inextricably linked, there was – after the first few years of the formal European Semester process – a recognition that the planning, implementation and monitoring of the whole of the European Semester Cycle was likely to be less successful without the strong involvement of the social partners at European and national level.

¹⁶ Clearly, the specific involvement of social partners in collective bargaining differs from country to country, with some partners involved in collective bargaining at national and/or sectoral level, while others mainly play a role in negotiations at company level. Depending on the nature of national industrial relations systems, such negotiations will cover different matters linked to pay and working conditions.

¹⁷ Assessments as to the number and share of CSRs addressing social and employment policy issues differ depending on the definitions being used (see for example Clauwaert (2014) and Bekker (2015)) but are generally judged to be in a region close to 50% of CSRs.

¹⁸ The level of involvement in policy making again differs depending on national industrial relations structures but can also be influenced by economic and political developments.

¹⁹ This role is enshrined in Article 151 TFEU.

In 2013, ETUC, BusinessEurope, CEEP and UEAPME issued a joint declaration on social partner involvement in European economic governance and stated that

“Involving social partners in the elaboration and implementation of policies affecting directly or indirectly employment and labour markets all along the different steps of the European Semester is essential with the view of taking into account their position. Social partner consultations should be timely and meaningful, allowing the necessary analysis and proposals fitting within decision making processes²⁰.

In its *Communication on Strengthening the social dimension of Economic and Monetary Union*²¹, the European Commission also acknowledged that there was room for improvement in the involvement of the social partners in the European Semester. The Communication therefore proposed to take a number of practical steps to improve the involvement of social partners at European and national level by introducing more regular meetings prior and following the adoption of the AGS and Joint Employment Report, as well as encouraging Member States to discuss all the reforms linked to the CSRs with their national social partners.

Furthermore, in March 2015, in the context of the relaunch of the social dialogue process, Commission Vice-President Dombrovskis emphasised that yet more remained to be done at EU and national level to involve the social partners in the European Semester process, including more consultation both levels prior to the adoption of the AGS and CSRs. More effective involvement was also to be ensured by the earlier publication of country reports, allowing more time for preparation and consultation.

In 2016, a quadripartite statement on a ‘New Start for Social Dialogue’ was signed which further emphasised the role of the social partners in the European Semester process²². In this statement, the Commission commits itself to ‘enhance the involvement of Union level social partners in economic governance and the European Semester, whereas the Council asks all Member States to ‘ensure the timely and meaningful involvement of national social partners, while fully respecting national practices, including through the European Semester, in order to contribute to the successful implementation of Country Specific Recommendations’. The cross-industry social partners undertook to organise two seminars to exchange information and good practices to foster a stronger role of social partners in the European semester process. This importance of the role of the social partners in the Semester process was again re-stated in the European Pillar of Social Rights proclaimed at the European Council in Gothenburg on 17 November 2017²³.

2.2 Rationale for the involvement of local and regional authorities

At the national level, local and regional authorities are also expected to play a significant role in the European Semester process, alongside the national parliaments. The local and regional authorities are expected in particular to:

- Provide active inputs into the government’s development of the national reform programmes / national stability and convergence programmes by giving their views, advice, experiences and contributions to the national central government departments when they are developing a national response in the European Semester process; particularly focussing on how best the country-specific recommendations are best addressed at the national level (e.g. which policy levers should be changed, which stakeholders should be involved).

²⁰ ETUC, BusinessEurope, CEEP, UEAPME (2013), Social partner involvement in European Economic Governance, Declaration of the European social partners, Brussels

²¹ European Commission (2013), Strengthening the social dimension of Economic and Monetary Union, COM(2013) 690

²² <https://ec.europa.eu/social/BlobServlet?docId=15738&langId=en>

²³ https://ec.europa.eu/commission/priorities/deeper-and-fairer-economic-and-monetary-union/european-pillar-social-rights_en

- Reviewing and critically appraising the central government’s proposed national reform programmes / national stability and convergence programmes in the existing dialogue structures, by giving a critical perspective on the choices of reforms, their contents and implementation arrangements so that the most appropriate and effective policy responses are articulated in the national responses in the European Semester process.
- Contributing to the implementation of the national reform programmes / national stability and convergence programmes as the local and regional authorities act as the key level of policy implementation in many national reform areas.

Crucially, the reasons for this expected involvement is that the local / regional dimension is present in the CSRs issued for each country, both in relation directly to the relationship between the central and local governments as well as the policy areas where the regional / local governments play a key role (such as public finance, taxation, health and social care, education, environment etc²⁴). The number of CSRs relating both to the LRG sector itself and the policy areas covered by the LRG stakeholders has been relatively high.

An annual report prepared by the Committee of the Regions (CoR)²⁵ relating to the 2017 European Semester considers that 76% of CSRs are territory related as the highlight regionally differentiated challenges and their implementation relies on the activities of regional and local authorities. This is a significant increase from the 56% of CSRs considered to be territory related in 2015. These CSRs mainly relate to labour market, education and social policies, as well as public administration and the business environment.

In addition, recommendations directly addressed to LRG have also increased from 23% in 2015 to 62% in 2017.

For the purposes of this report, particularly emphasis was placed on recommendations addressing LRG directly (in terms of public administration reforms) and focussed on policies at the heart of LRG responsibilities in many Member States (e.g. labour market policy, education and social policies). This leads to a somewhat lower estimation of CSRs relevant to LRG.

The most recent set of CSRs relate to the 2017-2018 period (see their overview in Annex 1). Eight out of 28 Member States received CSRs related directly to the relationship between the local and regional governments and the central governments or local and regional government sector directly. This includes a range of reforms called for, for example actions to improve the spending across various government levels, improve the coordination between the government levels and improve the efficiency across the government (see Table 1).

Table 1: 2017-2017 CSRs directly relevant to the LRG stakeholders

MS	CSRs relevant to the LRG sector directly
Germany	Accelerate public investment at all levels of government
Spain	Address regional disparities in education and income, and reinforce the coordination between regional employment services, social services and employers, to better respond to jobseekers’ and employers’ needs

²⁴ The roles and responsibilities of local and regional government differ in the Member States. For more information, see for example Council of European Municipalities and Regions, Local and Regional Government in Europe: Structures and Competences, 2016 http://www.ccre.org/docs/Local_and_Regional_Government_in_Europe.EN.pdf

²⁵ Committee of the Regions (2018), Territorial Analysis of the Country Specific Recommendations; Report of the Steering Committee of the Europe 2020 Monitoring Platform.

Croatia	Reduce the fragmentation and improve the functional distribution of competencies in public administration, while enhancing the efficiency and reducing territorial disparities in the delivery of public services
Cyprus	adopt key legislative reforms aiming to improve efficiency in the public sector, in particular on the functioning of public administration, governance of state-owned entities and local governments
Latvia	Increase efficiency and accountability in the public sector, in particular by simplifying administrative procedures and strengthening the conflict-of-interest prevention regime, including for insolvency administrators.
Malta	Expand the scope of the ongoing spending reviews to the broader public sector and introduce performance-based public spending.
Austria	Rationalise and streamline competencies across the various layers of government and align their financing and spending responsibilities.
Romania	Adopt legislation to ensure a professional and independent civil service, applying objective criteria. Strengthen project prioritisation and preparation in public investment. Ensure the timely full and sustainable implementation of the national public procurement strategy

Source: Own analysis of CSRs.

A high number of Member States also have received CSRs in the policy areas where the local / regional government plays a significant role:

Improvements to the management of the public finance are called for in 15 Member States, including the Czech Republic, Germany, Estonia, Ireland, France, Croatia, Italy, Cyprus, Latvia, Hungary, Portugal, Romania, Slovenia, Slovakia, the UK.

- Improvements in employment and education policy were noted in 23 Member States, including Belgium, Bulgaria, Germany, Estonia, Ireland, Spain, France, Croatia, Italy, Cyprus, Latvia, Lithuania, Luxembourg, Hungary, Netherlands, Austria, Poland, Portugal, Romania, Slovenia, Slovakia, Finland, the UK.
- Improvements in healthcare area in 10 Member States including Bulgaria, Cyprus, Latvia, Lithuania, Austria, Portugal, Romania, Slovakia, Slovenia and Finland.
- Infrastructure / housing in five Member States, including Belgium, Germany, Ireland, Poland, Portugal.

This means, with the exception of Denmark²⁶, all Member States have in 2017 received CSRs which implementation involves the regional and local government stakeholders.

A similar picture emerges after the analysis of the CSRs in the last three annual cycles since 2014 (see Annex 2). In this period, almost half (or 13 out of 28) Member States received one or several CSRs which related directly to the changes in the LRG sector. This related to the following Member States (see Table 2).

²⁶ It received only one CSR to Foster competition in the domestically oriented services sector.

Table 2: CSRs since 2014 directly related to the LRG stakeholders

MS	CSRs
Belgium in 2015 and 2016	To agree on an enforceable distribution of fiscal targets among all government levels.
Germany	In 2016 Improve the design of federal fiscal relations with a view to increasing public investment, especially at municipal level; in 2014 to Improve the design of fiscal relations between the federation, Länder and municipalities also with a view to ensuring adequate public investment at all levels of government.
Estonia	In 2016: by adopting and implementing the proposed local government reform and in 2014: Better balance local government revenue against devolved responsibilities. Improve the efficiency of local governments and ensure the provision of quality public services at local level, especially social services complementing activation measures.
Spain	In 2016: coordination of procurement policies across government levels and in 2015: Strengthen transparency and accountability of regional public finances and in 2014: Implement at all government levels the recommendations of the committee for the reform of the public administration. Strengthen control mechanisms and increase the transparency of administrative decisions, in particular at regional and local levels.
France	In 2016: Reinforce independent public policy evaluations in order to identify efficiency gains across all sub-sectors of general government; in 2015: Step up efforts to make the spending review effective, continue public policy evaluations and identify savings opportunities across all sub-sectors of general government, including on social security and local government. Take steps to limit the rise in local authorities' administrative expenditure; in 2014: Set a clear timetable for the ongoing decentralisation process and take first steps by December 2014, with a view to eliminating administrative duplication, facilitating mergers between local governments and clarifying the responsibilities of each layer of local government. Reinforce incentives to streamline local government expenditure, by capping the annual increase in local government tax revenue while reducing grants from the central government as planned.
Croatia	in 2016: By the end of 2016, start reducing fragmentation and improving the functional distribution of competencies in public administration to improve efficiency and reduce territorial disparities in the delivery of public services. In consultation with social partners, harmonise the wage-setting frameworks across the public administration and public services; in 2015: Reduce the extent of fragmentation and overlap between levels of central and local government by putting forward a new model for functional distribution of competencies and by rationalising the system of state agencies.
Italy	in 2016: Implement the reform of the public administration by adopting and implementing all necessary legislative decrees, in particular those

	reforming publicly-owned enterprises, local public services and the management of human resources; in 2015: Adopt and implement the pending laws aimed at improving the institutional framework and modernising the public administration; in 2014: As part of a wider effort to improve the efficiency of public administration, clarify competences at all levels of Government.
Cyprus	In 2016: to implement the reform of local governments.
Austria	In 2016: to simplify, rationalise and streamline fiscal relations and responsibilities across the various layers of government and in 2014: to further streamline fiscal relations between layers of government, for example by simplifying the organisational setting and aligning spending and funding responsibilities.
Portugal	In 2016: a comprehensive expenditure review and strengthen expenditure control, cost effectiveness and adequate budgeting at all levels of public administration and in 2014: to maintain tight control of expenditure in central, regional and local administration and Continue to rationalise and modernise central, regional and local public administration.
Romania	In 2016: Strengthen the independence and transparency of human resources management in the public administration and Improve access to integrated public services, extend basic infrastructure and foster economic diversification, in particular in rural areas and in 2014: Step up efforts to strengthen the capacity of public administration, in particular by improving efficiency, human resource management, the decision-making tools and coordination within and between different levels of government; and by improving transparency, integrity and accountability.
Slovenia	In 2016: To take measures to modernise public administration and in 2014: to launch a comprehensive review of expenditure covering state and local government levels.

Source: Own analysis of CSRs.

Importantly, several Member States (e.g. Germany, Spain, Croatia, France, Portugal, Romania) received similar CSRs calling for reforms in the LRG sector over several areas, indicating the continuing importance attached to this area as well as the lack of progress to address the relevant challenges.

Finally, all Member States since 2014 have received one or several CSRs in the policy areas such as public finance, education, health and social care or employment policy where LRG stakeholders have a significant responsibility (see Annex 2).

Peña-Casas R.; Sabato S.; Lisi V. and Agostini C. (2015) have analysed the CSRs in the 2012-2015 period, issued with the view of modernising the public administration (MPA). They found that since 2012, the European Semester cycles have extensively addressed modernisation of public administration. Despite the overall decreasing number of CSRs issued over the years, the number of those directly related to modernisation of public administration has remained rather stable, thus showing an increasing trend in the importance given to the topic. The majority of Member States have repeatedly been the object of CSRs on MPA since 2012, or at least in three of the four years. Only a small group of countries have not received any

CSR on MPA since 2012 (LU, NL, SE). Furthermore, CSRs moved from a broader notion of 'public services' in 2012 to a narrower concept of 'administrative modernisation' in 2015. However, the focus on '(smart) regulation' remains a constant feature of CSRs related to modernisation of public administration across the whole period.

Their more detailed overview of the CSRs issued in 2015 shows the highest concentration of recommendations on the modernisation of public administration related to the dimension 'governance organisation and institutions' (20 out of 37). Conversely, the number of CSRs concerning the 'reduction of the administrative burden on businesses' – usually extensively targeted over the years – declined steeply, despite being the dimension most closely related by far to competitiveness. As for the other categories of MPA, they have also been subject to CSRs to a substantially lesser extent than the dimension concerning governance.

No fewer than 16 EU countries are engaged in reforms aimed at improving the scope and efficiency, in economic terms, of the tax systems. This is a policy field of utmost importance within the European Semester, as it touches on the funding capacities of States, but also on potential budgetary savings. However, 'reducing the administrative burden on businesses' is the dimension of MPA for which the highest number of reforms has been identified in the 2015 NRPs. Reforms concerning this dimension (42 in total) were undertaken in all but 5 countries (DK, EE, LU, NL, PL).

3. Assessment of the current state of play: the involvement of local and regional authorities and social partners in the European Semester at national level

This section discusses the available information on the involvement of social partners and local and regional authorities in the European Semester process at national level. It is important to note that there is a lack of literature regarding the involvement of sectoral social partners in the local and regional government sector in the Semester process. The following therefore focusses on the available evidence solely on the role of national level social partners (the peak level organisations) and the local and regional authorities. The latter can of course directly act as employers, but the comments on their involvement are not specifically relating to their role as employers or of local government employers' organisations.

3.1. Involvement of the national social partner organisations in the European Semester process

While academic literature is largely silent on the analysis of local and regional government involvement in the European semester process, studies and analyses are available on the role of the national parliaments (Hallerberg, M., Marzinotto, M.B. and Wolff, G.B. (2018), civil society organisations or the role of the social partners in the European Semester²⁷.

Overall, available evidence appears to indicate a move towards increased involvement of social partners and other stakeholders as a means of decentralisation and to increase the level of domestic ownership of reforms (Darvas and Leandro (2015). But this tendency depends very much on the country context (EMCO 2016) and primarily on existing industrial relations traditions and the overall involvement of social partners in policy making in the national context.

Peña-Casas R.; Sabato S.; Lisi V. and Agostini C. (2015) found that during the 2010-2014 period of implementation of the European Semester, the social partner's participation (in particular, that of trade unions) has been weak. At national level, their analysis of the country case studies provided evidence of different degrees of trade union involvement in the European Semester, also very much related to the features of collective bargaining in the specific country. The procedures for the elaboration of the National Reform Programmes are considered to be inadequate and social partners generally do not succeed in having an impact on the contents of the NRPs. This said, in some cases (FI, FR) the process of involvement appears relatively better organised, while in other cases (notably, IE) peculiar economic situations and budgetary constraints have led to almost non-existent involvement of social partners in policymaking, particularly during the years during and immediately following the crisis. In most cases (CZ, FR, IT), the national economic and social committees are the key fora for the consultation of social partners. During these consultations, trade unions are often represented by confederal organisations.

Similarly, Sabato, S. and Vanhercke, B. with Spasova, S. (2017) also found an increasing tendency to involve social partners in the European Semester process at the national level. In most cases, national social partner involvement consists of information or consultation, even though sporadic cases of genuine participation (the ability to influence the Semester process) have been found. The features of national social dialogue have important implications for the characteristics of social partner involvement in the Semester, as do the differences in the resources of national organisations.

An ETUC (2015) report also noted the Semester decision-making process had not taken into account the inputs expressed by social partners. In other words, the semester was characterised by a lack (or insufficient)

²⁷ E.g. EMCO 2016, ETUC 2015, Peña-Casas R.; Sabato S.; Lisi V. and Agostini C. (2015), Sabato, S. and Vanhercke, B. with Spasova, S. (2017), Vanhercke B. and Zeitlin J. with Zwinkels A. (2015), Hayward, W., Lara Montero, A., Merchán Paúles, L. (2018)

involvement of trade unions when the ETUC members were surveyed in 2014. Specifically, in many countries the social partners were not consulted at all (Slovenia, Bulgaria, Ireland and Cyprus) or the methodology for collecting their opinion was totally inadequate (Spain). In some cases, though social partners were involved, the consultation was either informal (Italy), or formal but ineffective/insufficient (Netherlands, Poland and Hungary). Only few countries had reported a well-structured social dialogue with regard to the European Semester (Germany, Denmark, Sweden, France and Belgium). However, even where there had been an organised dialogue, it was not necessarily effective. Indeed, it often did not adequately meet the criteria of timeliness and complete information. Especially in Germany, timeliness was inadequate. In Denmark the national economic performance was excluded from the discussion. In France the consultation took place after the passage through the parliament and so only when the decision was already taken.

A study carried out by Eurofound (2016) covering the period between 2011-2014, found that social partners are involved in the elaboration of NRPs in most Member States (Croatia, Hungary and Romania are considered to be the exceptions where there was seen to be no social partner involvement in the elaboration of the NRPs). However, the nature and quality of this involvement differs significantly. In terms of the nature of the involvement, the majority of countries organised tripartite meetings, with some Member States using other form of involvement (see table 3).

Table 3: Forms of social partner involvement in the preparation of NRPs

Tripartite meetings			Other forms of involvement	
Standard tripartite body	Specific 'European Committee'	Tripartite ad hoc committees/meetings	Separate meetings with trade unions/employers' organisations	Written consultations only
CZ, LU, MT, NL, SI, SK	BG, DK, FI, FR, PL, SE	AT, BE, CY, ES, IT, LV, UK	DE, EE, IT, LU	ES (up to 2014), LT

Source: Eurofound (2016).

As shown above very few (6) Member States make specific provisions regulating the involvement of social partners in the European Semester (see Table 4).

Table 4: Specific social dialogue structures for the European Semester/Europe 2020

MS	Structure
Bulgaria	Europe 2020 Working Group
Denmark	Contact Committee for Europe 2020
Finland	Procedure for co-ordinating EU affairs
France	Committee on Social Dialogue and International Affairs
Poland	Inter-ministerial Committee for Europe 2020 Strategy
Sweden	Formal structure for matters regarding the Europe 2020 strategy

Source: Eurofound (2016).

In other countries, such consultations take place through existing social dialogue structures and frameworks. In and of itself, this is not a negative, as many countries have strong existing tripartite bodies or consultation arrangements, in which the overall national reform processes are discussed, which includes reforms linked to CSRs.

The report found that regular consultations relating to the European semester only take place in 10 Member States, with enough time for information and consultation (see Table 5). In a further seven countries, while consultation is regular, it is considered that insufficient time is provided for meaningful consultation. In a further five countries, consultation is considered to be too irregular and unpredictable to be effective and meaningful.

Table 5: Frequency and time allotted for consultation of social partners and involvement in NRPs

Frequency of consultation		Time allotted for information and consultation (social partner perception) and number of meetings				Balance of consultation	
Regular and predictable	Irregular/ad hoc	Enough time for information and consultation	Insufficient time for I&C	Only one meeting	More than one meeting	On an equal footing	Unbalanced
AT, BE, BG, DE, DK, EE, FR, LT, VL, MT, NL, PL, SE (since 2013), SI, SK	CY, CZ, ES, FI, IT, LU, UK	AT, BE, CY, CZ, DE (EO), DK, EE, FI, LT, MT, NL, PL, SE, SK, UK	BG, DE (TU), ES, FR, IT, LU, LV, SI	BG, DE, ES, FI, FR, LU, VL, MT, NL, SI, UK	AT, BE, CY, CZ, DK, EE, IT, LT, PL, SE, SK	AT, BE, CZ, DE, DK, EE, ES, FI, FR, IT, LT, LU, LV, MT, NL, PL, SE, SI, SK, UK	BG, CY

Source: Eurofound (2016).

As a result of this information collection, the report attempts an assessment of the level of influence wielded by social partners over the content of the NRPs and found the following:

- In five countries, social partners have a strong influence over the content of the NRPs;
- In 13 countries they have limited or very limited influence;
- In six countries they have no influence.

The Eurofound study also showed that in only 10 countries are social partners involved in some way in the definition or implementation of CSRs (BE, BG, CZ, FI, FR, LU, MT, NL, SI, SE). Due to the specific autonomous role of the social partners in Sweden, this has even allowed for the modification of CSRs drafted by the European Commission by the social partners (this related to the level of initial salaries and the EPL). In general, the role of social partners in the implementation of CSRs relates to areas of their specific competence, such as involvement and consultation regarding the drafting or revision of labour legislation. In France, for example, a CSR urging increased adult participation in lifelong learning, led to an inter-professional social partner agreement on lifelong learning in 2013.

In all other countries it is considered that important labour market and economic reforms have been implemented without the involvement of the social partners, where CSRs have been directed at areas of competence or involvement of social partners.

3.2. Involvement of local and regional authorities in the European Semester process

The Committee of the Regions (CoR) adopted a Code of Conduct for the involvement of the local and regional authorities in the European Semester in May 2017.²⁸ Against this backdrop, the CoR has been assessing the involvement of LRG in the national European Semester process²⁹. It is important to note that this report is based on how this role is described in the NRPs and is not based on a survey of representatives of LRG regarding their own perception of the nature and quality of their involvement.

Figure 2 summarises the assessment of the scale of involvement of LRG in the European Semester process. This shows a significant diversity with some countries among the Northern and Central European EU15 characterised by strong and relatively high-quality involvement of LRG in the process. This includes countries with strong traditions of regional self-government, including federal states such as Austria, Belgium and Germany, as well as Italy and Spain, which also have strong regional government responsibilities. Other countries considered to have strong LRG involvement in the preparation, implementation and assessment of NRPs are the Netherlands, Sweden and Latvia.

Responsibilities of LRG in the implementation of NRPs are most frequently cited in relation to policies to tackle social inclusion. Other frequently mentioned territorial topics are education, health care, employment, housing and social policy initiatives (as already highlighted above) and improvements to the business environment.

In summary:

- 15 NRPs make specific reference to the involvement of LRGs in the development of NRPs, with the most detailed descriptions provided in the Germany, Danish, French, Dutch and Swedish NRPs;
- All NRPs reference the role of LRG in the implementation of NRPs, primarily in relation to social inclusion measures (14), budgetary, fiscal and administrative issues (13), employment policy (10), economic/business development policy (8) and education (7).
- Only nine NRPs make specific reference to the role of LRG in the evaluation of previous NRPs (BG, CZ, EE, ES, HR, HU, LU, PT, SI, SK).

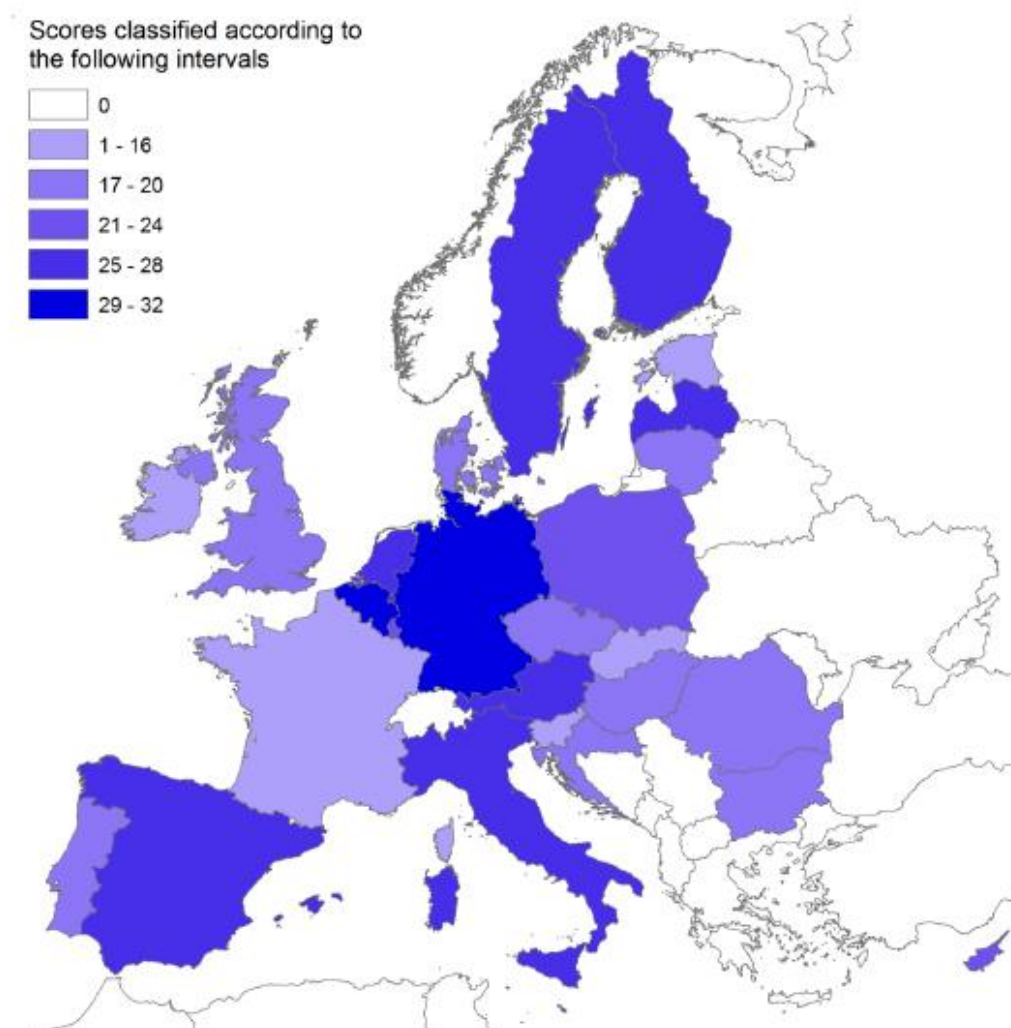
Another report prepared by the CoR highlights some examples of good practice regarding LRG involvement in the European Semester³⁰. These experiences are drawn from a sample of in-depth case studies in six Member States and are therefore not exhaustive or intended to be representative of existing practices. The boxes below summarise relevant examples from three countries showing diverse experiences.

²⁸ Available in all EU official languages, <http://cor.europa.eu/en/activities/opinions/Pages/opinion-factsheet.aspx?OpinionNumber=CDR%205386/2016>

²⁹ The methodology seeks to assess the presence at national level of various elements included in the Code of Conduct, for instance, whether NRPs reflect territorial discrepancies and challenges and the impact of various policy measure at territorial level; the involvement of LRG in the preparation, implementation and evaluation of NRPs; institutional capacity of LRG and partnership and multi-level governance models.

³⁰ Committee of the Regions (2017), Improving the European Semester by involving local and regional authorities: Overview of good practices

Figure 2: the scale of LRG involvement in the European Semester in 2017



Source: Committee of the Regions (2017), The involvement of the local and regional authorities in the European Semester: Analysis of the 2017 National Reform Programmes

In **Sweden**, LRG are treated as a full partner in the Semester process and are afforded a range of opportunities to contribute throughout the Semester cycle. They are underpinned by a written agreement between the social partners on the scope, format and timing of the consultation process.

A high number of examples of relevant practices in the implementation of NRP priorities are also showcased in the annex of the NRP, highlighting the close involvement of LRG across the process.

The co-ordination process has now been stable for a number of years and is considered by stakeholder to function well.

In **France**, LRG have an official status and are recognised as partners in the European Semester process. They are involved to briefings and informal meetings organised across the cycle, both by the national government and the Commission's European Semester Officers.

In **Italy**, the involvement of LRG in the process has also been stable for some time and LRG

representatives see themselves as important partners.

However, in both countries LRG actors have suggestions for improvements to these processes and while in Italy is considered that many of the elements included in the CoR Code of Practice are already included in the process, in France it is considered that more work is to be done in this regard and LRG argue that their have limited impact on the preparation of NRPs.

Academic studies generally agree that, at the national level, the European Semester process is tightly controlled within the central government, typically a ministry of finance or prime minister's office or other ministry charged with the overall responsibility for the file. Involvement of actors outside the central government varies depending on the country context.

Sabato, S. and Vanhercke, B. with Spasova, S. (2017) identified several changes for the effective involvement in the Semester of EU and national social partners:

- the multiplication of mechanisms for involving a variety of players sometimes makes it difficult for the social partners to understand who does what and when.
- the key players have differing expectations as to the kind of contributions social partners are expected to provide and the impact these should have on decision-making.
- business and trade union representatives hold different views on the next steps to increase social partner involvement in the Semester, which decreases its effectiveness.
- the link between the Semester and regular (national and European) social dialogue is still unclear and sometimes contested: trade unions and employers have different views on how to link the two dynamics.

4. Conclusions regarding gaps in the knowledge base and issues to be addressed as part of the joint project

A substantial strand of academic research focusses on the extent to which the European Semester has an influence on the national policies and reforms. A number of sources focus on the degree and reasons for the variation in the national implementation of CSRs (Alcidi and Gross 2015, European Parliament reports, Darvas and Leandro (2015), Deroose and Griesse 2014) but none investigate whether the CSRs and structural reforms suggested to countries in the process of the European Semester are more likely to be implemented where the social partners and LRGs have been involved, although this is clearly implied as a rationale for strengthening this involvement in statements of the social partners and in the Code of Practice by the CoR. This is an element which could be assessed further as part of the project to build the case for stronger LRG and LRG social partner involvement in the European Semester process.

An interesting body of literature exists analysing when countries are likely to follow the Semester directions and change policies as recommended (Deroose and Griesse 2014). Academic experts found this to be the case when:

- Countries are in the electoral cycle and looking for new ideas / support to the political programmes
- Smaller countries are more likely to take heed of the European advice as large countries are too self-centred to pay attention
- Market pressures are so great as to require imminent policy response (examples of banking reform)
- CSRs are backed with EU regulation powers (on public finances).

It could also be interesting to assess whether in such reform situations the involvement of LRGs and social partners is likely to be more significant than “normal”, and hence LRGs should be “looking out” for such opportunities.

One clear gap in the existing literature relates to the assessment of the role of social partners in the LRG sector in the European semester. While employers can be directly represented by LRG, particularly in countries where specific employers’ organisations for the sector exist, this involvement may not be particularly with a view to the role of LRG as employers. It also means that little is known about the involvement of trade unions in the sector. From the available evidence it appears clear that the social partners involved in such processes at the national level tend to be peak social partner organisations. The extent to which these organisations consult with their membership when feeding into the European semester process is unknown. It therefore remains to be established a) to what extent sectoral LRG trade unions and employers’ organisations are directly involved in European Semester processes and b) if they are not directly involved, to what extent there are consulted by their peak organisations to be able to feed into national consultation processes.

Overall, the picture regarding the involvement of LRG generally appears to be more positive than the picture on the involvement of social partner organisations. However, it is important to establish the extent to which experiences in this area are purely or mainly linked to existing dialogue structures and the degree of decision making autonomy accorded to LRG. Furthermore, it will be important to review whether some specific measures have been taken at national level to improve the involvement of relevant actors in Semester processes. This should encourage learning from good practices and provide lessons on whether the frequent re-iterations of the importance of such involvement from European level is having an impact in more recent years. Of particular interest are the lessons regarding the structure, timing, frequency and stability of this involvement and its actual impact on the drafting and implementation of NRPs.

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Annexes

Annex 1: CSRs 2017-2018

In bold are the CSRs directly relating to the LRG stakeholders

Underlined are the CSRs covering the policy areas where LRG stakeholders have an important role

Member State	Country specific recommendations ³¹
Belgium	<p>Pursue a substantial fiscal effort in 2018 in line with the requirements of the preventive arm of the Stability and Growth Pact, taking into account the need to strengthen the ongoing recovery and to ensure the sustainability of Belgium's public finances. Use windfall gains, such as proceeds from asset sales, to accelerate the reduction of the general government debt ratio. Agree on an enforceable distribution of fiscal targets among government levels and ensure independent fiscal monitoring. Remove distortive tax expenditures. Improve the composition of public spending in order to create room for infrastructure investment, including on transport infrastructure.</p> <p><u>Ensure that the most disadvantaged groups, including people with a migrant background, have equal opportunities to participate in quality education, vocational training, and the labour market.</u></p> <p>Foster investment in knowledge-based capital, in particular with measures to increase digital technologies adoption, and innovation diffusion. Increase competition in professional services markets and retail, and enhance market mechanisms in network industries.</p>
Bulgaria	<p>Further improve tax collection and tax compliance, including through a comprehensive set of measures beyond 2017. Step up enforcement of measures to reduce the extent of the informal economy, in particular undeclared work.</p> <p>Take follow-up measures on the financial sector reviews, in particular concerning reinsurance contracts, group-level oversight, hard-to-value assets and related-party exposures. Improve banking and non-banking supervision through the implementation of comprehensive action plans, in close cooperation with European bodies. Facilitate the reduction of still-high non-performing corporate loans, by drawing on a comprehensive set of tools, including by accelerating the reform of the insolvency framework and by promoting a functioning secondary market for non-performing loans.</p> <p><u>Improve the targeting of active labour market policies and the integration between employment and social services for disadvantaged groups. Increase the provision of quality mainstream education, in particular for Roma. Increase health insurance coverage, reduce out-of-pocket payments and address shortages of healthcare professionals. In consultation with social partners, establish a transparent mechanism for setting the minimum wage. Improve the coverage and adequacy of the minimum income.</u></p> <p>Ensure efficient implementation of the 2014-2020 National Public Procurement Strategy.</p>
Czech Republic	<ol style="list-style-type: none"> 1. Ensure the long-term sustainability of public finances, in view of the ageing population. Increase the effectiveness of public spending, in particular by fighting corruption and inefficient practices in public procurement. 2. Remove obstacles to growth, in particular by streamlining procedures for granting building permits and further reducing <u>the administrative burden on businesses, by rolling out key e-government services</u>, by improving the quality of R & D and by fostering employment of underrepresented groups.
Denmark	<ol style="list-style-type: none"> 1. Foster competition in the domestically oriented services sector.
Germany	<ol style="list-style-type: none"> 1. While respecting the medium-term objective, use fiscal and structural policies to support potential growth and domestic demand as well as to achieve a sustained upward trend in investment. Accelerate public investment at all levels of government, especially in education, research and innovation, and address capacity and planning constraints for infrastructure investments. Further improve the efficiency and investment-friendliness of the tax system. Stimulate competition in business services and regulated professions. 2. Reduce disincentives to work for second earners and facilitate transitions to standard employment. Reduce the high tax wedge for low-wage earners. Create conditions to promote higher real wage growth, respecting the role of the social partners.

³¹ https://ec.europa.eu/info/publications/2017-european-semester-country-specific-recommendations-commission-recommendations_en

Estonia	<ol style="list-style-type: none"> Pursue its fiscal policy in line with the requirements of the preventive arm of the Stability and Growth Pact, which entails remaining at its medium-term budgetary objective in 2018. Improve the adequacy of the social safety net. Take measures to reduce the gender pay gap, in particular by improving wage transparency and reviewing the parental leave system. Promote private investment in research, technology and innovation, including by implementing measures for strengthening the cooperation between academia and businesses.
Ireland	<ol style="list-style-type: none"> Pursue a substantial fiscal effort in 2018 in line with the requirements of the preventive arm of the Stability and Growth Pact. Use any windfall gains arising from the strong economic and financial conditions, including proceeds from asset sales, to accelerate the reduction of the general government debt ratio. Limit the scope and the number of tax expenditures and broaden the tax base. <u>Better target government expenditure, by prioritising public investment in transport, water services, and innovation in particular in support of SMEs. Enhance social infrastructure, including social housing and quality childcare; deliver an integrated package of activation policies to increase employment prospects of low-skilled people and to address low work intensity of households.</u> Encourage a continued and more durable reduction in non-performing loans through resolution strategies that involve write-offs for viable businesses and households, with a special emphasis on resolving long-term arrears.
Spain	<ol style="list-style-type: none"> Ensure compliance with the Council Decision of 8 August 2016, including also measures to strengthen the fiscal and public procurement frameworks. Undertake a comprehensive expenditure review in order to identify possible areas for improving spending efficiency. Reinforce the coordination between regional employment services, social services and employers, to better respond to jobseekers' and employers' needs. Take measures to promote hiring on open-ended contracts. Address regional disparities and fragmentation in income guarantee schemes and improve family support, including access to quality childcare. Increase the labour market relevance of tertiary education. Address regional disparities in educational outcomes, in particular by strengthening teacher training and support for individual students. Ensure adequate and sustained investment in research and innovation and strengthen its governance across government levels. Ensure a thorough and timely implementation of the law on market unity for existing and forthcoming legislation.
France	<ol style="list-style-type: none"> Ensure compliance with the Council recommendation of 10 March 2015 under the excessive deficit procedure. Pursue a substantial fiscal effort in 2018 in line with the requirements of the preventive arm of the Stability and Growth Pact, taking into account the need to strengthen the ongoing recovery and to ensure the sustainability of France's public finances. Comprehensively review expenditure items with the aim to make efficiency gains that translate into expenditure savings. Consolidate the measures reducing the cost of labour to maximise their efficiency in a budget-neutral manner and in order to scale up their effects on employment and investment. Broaden the overall tax base and take further action to implement the planned decrease in the statutory corporate-income rate. <u>Improve access to the labour market for jobseekers, in particular less-qualified workers and people with a migrant background, including by revising the system of vocational education and training. Ensure that minimum wage developments are consistent with job creation and competitiveness.</u> Further reduce the regulatory burden for firms, including by pursuing the simplification programme. Continue to lift barriers to competition in the services sector, including in business services and regulated professions. Simplify and improve the efficiency of public support schemes for innovation.
Croatia	<ol style="list-style-type: none"> Pursue its fiscal policy in line with the requirements of the preventive arm of the Stability and Growth Pact, which entails remaining at its medium-term budgetary objective in 2018. By September 2017, reinforce budgetary planning and the multiannual budgetary framework, including by strengthening the independence and mandate of the Fiscal Policy Commission. Take the necessary steps for the introduction of the value-based property tax. Reinforce the framework for public debt management, including by ensuring annual updates of the debt management strategy. <u>Discourage early retirement, accelerate the transition to the higher statutory retirement age and align pension provisions for specific categories with the rules of the general scheme. Improve coordination and transparency of social benefits.</u>

	<p>3. <u>Improve adult education, in particular for older workers, the low-skilled and the long-term unemployed. Accelerate the reform of the education system.</u></p> <p>4. Reduce the fragmentation and improve the functional distribution of competencies in public administration, while enhancing the efficiency and reducing territorial disparities in the delivery of public services. In consultation with social partners, harmonise the wage-setting frameworks across the public administration and public services.</p> <p>5. Speed up the divestment of state-owned enterprises and other state assets, and improve corporate governance in the state-owned enterprise sector. Significantly reduce the burden on businesses stemming from costs of regulation and from administrative burdens. Remove regulatory restrictions hampering access to and the practice of regulated professions and professional and business services. Improve the quality and efficiency of the justice system, in particular by reducing the length of civil and commercial cases.</p>
Italy	<p>1. Pursue a substantial fiscal effort in 2018, in line with the requirements of the preventive arm of the Stability and Growth Pact, taking into account the need to strengthen the ongoing recovery and to ensure the sustainability of Italy's public finances. Ensure timely implementation of the privatisation programme and use windfall gains to accelerate the reduction of the general government debt-to-GDP ratio. Shift the tax burden from the factors of production onto taxes less detrimental to growth in a budget-neutral way by taking decisive action to reduce the number and scope of tax expenditures, reforming the outdated cadastral system and reintroducing the first residence tax for high-income households. Broaden the compulsory use of electronic invoicing and payments.</p> <p>2. Reduce the trial length in civil justice through effective case management and rules ensuring procedural discipline. Step up the fight against corruption, in particular by revising the statute of limitations. Complete reforms of public employment and improve the efficiency of publicly-owned enterprises. Promptly adopt and implement the pending law on competition and address the remaining restrictions to competition.</p> <p>3. Accelerate the reduction in the stock of non-performing loans and step up incentives for balance-sheet clean-up and restructuring, in particular in the segment of banks under national supervision. Adopt a comprehensive overhaul of the regulatory framework for insolvency and collateral enforcement.</p> <p>4. <u>With the involvement of social partners, strengthen the collective bargaining framework to allow collective agreements to better take into account local conditions. Ensure effective active labour market policies. Facilitate the take-up of work for second earners. Rationalise social spending and improve its composition.</u></p>
Cyprus	<p>(1) Pursue its fiscal policy in line with the requirements of the preventive arm of the Stability and Growth Pact, which entails remaining at its medium-term budgetary objective in 2018. Use windfall gains to accelerate the reduction of the general government debt ratio. By the end of 2017, adopt key legislative reforms aiming to improve efficiency in the public sector, in particular on the functioning of public administration, governance of state-owned entities and local governments.</p> <p>(2) Increase the efficiency of the judicial system by modernising civil procedures, implementing appropriate information systems and increasing the specialisation of courts. Take additional measures to eliminate impediments to the implementation of the insolvency and foreclosure frameworks, and to ensure reliable and swift systems for the issuance of title deeds and the transfer of immovable property rights.</p> <p>(3) Accelerate the reduction of non-performing loans by setting related quantitative and time-bound targets for banks and ensuring accurate valuation of collateral for provisioning purposes. Create the conditions for a functional secondary market for non-performing loans. Integrate and strengthen the supervision of insurance companies and pension funds.</p> <p>(4) Accelerate the implementation of the action plan for growth, focusing in particular on fast-tracking strategic investments and improving access to finance, and, by the end of 2017, resume the implementation of the privatisation plan. Take decisive steps towards the ownership unbundling of the Electricity Authority of Cyprus and, in particular, proceed with the functional and accounting unbundling by the end of 2017.</p> <p>(5) <u>Speed up reforms aimed at increasing the capacity of public employment services and improving the quality of active labour market policies delivery. Complete the reform of the education system to improve its labour market relevance and performance, including teachers' evaluation. By the end of 2017, adopt legislation for a hospital reform and universal healthcare coverage.</u></p>
Latvia	<p>1. Pursue its fiscal policy in line with the requirements of the preventive arm of the Stability and Growth Pact, which entails achieving its medium-term budgetary objective in 2018, taking into account the allowances linked to the implementation of the systemic pension reform and of the structural reforms for which a temporary deviation is granted. Reduce taxation for low-income earners by shifting it to other sources that are less detrimental to growth and by improving tax compliance.</p> <p>2. <u>Improve the adequacy of the social safety net and upskill the labour force by speeding up the curricula reform in vocational education. Increase the cost-effectiveness of and access to healthcare, including by reducing out-of-pocket payments and long waiting times.</u></p>

	<p>3. Increase efficiency and accountability in the public sector, in particular by simplifying administrative procedures and strengthening the conflict-of-interest prevention regime, including for insolvency administrators.</p>
Lithuania	<p>1. Pursue its fiscal policy in line with the requirements of the preventive arm of the Stability and Growth Pact, which entails remaining at its medium term budgetary objective in 2018, taking into account the allowances linked to the implementation of the systemic pension reform and of the structural reforms for which a temporary deviation is granted. Improve tax compliance and broaden the tax base to sources that are less detrimental to growth. Take steps to address the medium-term fiscal sustainability challenge related to pensions.</p> <p>2. <u>Address skills shortages through effective active labour market policy measures and adult learning and improve educational outcomes by rewarding quality in teaching and in higher education. Improve the performance of the healthcare system by strengthening outpatient care, disease prevention and affordability. Improve the adequacy of the social safety net.</u></p> <p>3. Take measures to strengthen productivity by improving the efficiency of public investment and strengthening its linkage with the country's strategic objectives.</p>
Luxembourg	<p>1. Strengthen the diversification of the economy, including by removing barriers to investment and innovation. Remove regulatory restrictions in the business services sector.</p> <p>2. <u>Ensure the long-term sustainability of the pension system, limit early retirement and increase the employment rate of older people.</u></p>
Hungary	<p>1. Pursue a substantial fiscal effort in 2018 in line with the requirements of the preventive arm of the Stability and Growth Pact, taking into account the need to strengthen the ongoing recovery and to ensure the sustainability of Hungary's public finances.</p> <p>2. Complete the reduction of the tax wedge for low-income earners and simplify the tax structure, in particular by reducing the most distortive sector-specific taxes. Strengthen transparency and competition in public procurement, by implementing a comprehensive and efficient e-procurement system, and strengthen the anti-corruption framework. Strengthen regulatory predictability, transparency and competition in particular in the services sector, notably in retail.</p> <p>3. <u>Better target the public works scheme to those furthest away from the labour market and provide effective support to jobseekers in order to facilitate transitions to the labour market, including by reinforcing active labour market policies. Take measures to improve education outcomes and to increase the participation of disadvantaged groups, in particular Roma, in inclusive mainstream education. Improve the adequacy and coverage of social assistance and the duration of unemployment benefits.</u></p>
Malta	<p>1. Expand the scope of the ongoing spending reviews to the broader public sector and introduce performance-based public spending.</p> <p>2. Ensure the effective national supervision of internationally oriented business by financial institutions licensed in Malta by strengthening cooperation with the host supervisors in the countries where they operate.</p>
Netherlands	<p>1. While respecting the medium-term objective, use fiscal and structural policies to support potential growth and domestic demand, including investment in research and development. Take measures to reduce the remaining distortions in the housing market and the debt bias for households, in particular by decreasing mortgage interest tax deductibility.</p> <p>2. <u>Tackle remaining barriers to hiring staff on permanent contracts. Address the high increase in the self-employed without employees, including by reducing tax distortions favouring self-employment, without compromising entrepreneurship, and by promoting access of the self-employed to affordable social protection. Based on the broad preparatory process already launched, make the second pillar of the pension system more transparent, inter-generationally fairer and more resilient to shocks. Create conditions to promote higher real wage growth, respecting the role of the social partners.</u></p>
Austria	<p>1. Pursue its fiscal policy in line with the requirements of the preventive arm of the Stability and Growth Pact, which entails achieving its medium-term budgetary objective in 2018, taking into account the allowance linked to unusual events. Ensure the sustainability of the healthcare system and of the pension system. Rationalise and streamline competencies across the various layers of government and align their financing and spending responsibilities.</p> <p>2. <u>Improve labour market outcomes for women through, inter alia, the provision of full-time care services. Improve the educational achievements of disadvantaged young people, in particular those from a migrant background. Foster investment in the services sector by reducing administrative and regulatory barriers, easing market entry and facilitating</u></p>

	<u>company growth.</u>
Poland	<ol style="list-style-type: none"> 1. Pursue a substantial fiscal effort in 2018, in line with the requirements of the preventive arm of the Stability and Growth Pact, taking into account the need to strengthen the ongoing recovery and to ensure the sustainability of Poland's public finances. Take steps to improve the efficiency of public spending and limit the use of reduced VAT rates. 2. <u>Take steps to increase labour market participation, in particular for women, the low-qualified and older people, including by fostering adequate skills and removing obstacles to more permanent types of employment. Ensure the sustainability and adequacy of the pension system by taking measures to increase the effective retirement age and by starting to reform the preferential pension arrangements.</u> 3. Take measures to remove barriers to investment, particularly in the transport sector.
Portugal	<ol style="list-style-type: none"> 1. Ensure the durability of the correction of the excessive deficit. Pursue a substantial fiscal effort in 2018 in line with the requirements of the preventive arm of the Stability and Growth Pact, taking into account the need to strengthen the ongoing recovery and to ensure the sustainability of Portugal's public finances. Use windfall gains to accelerate the reduction of the general government debt-to-GDP ratio. Step up efforts to broaden the expenditure review to cover a significant share of general government spending across several policies. Strengthen expenditure control, cost effectiveness and adequate budgeting, in particular in the health sector with a focus on the reduction of arrears in hospitals and ensure the sustainability of the pension system. To increase the financial sustainability of state-owned enterprises set sector-specific efficiency targets in time for the 2018 budget, improving state-owned enterprises' overall net income and decreasing the burden on the state budget. 2. <u>Promote hiring on open-ended contracts, including by reviewing the legal framework. Ensure the effective activation of the long-term unemployed. Together with social partners, ensure that minimum wage developments do not harm employment of the low-skilled.</u> 3. Step up efforts to clean up the balance sheets of credit institutions by implementing a comprehensive strategy addressing non-performing loans, including by enhancing the secondary market for bad assets. Improve the access to capital, in particular for start-ups and small and medium-sized enterprises. 4. Implement a roadmap to further reduce the administrative burden and tackle regulatory barriers in construction and business services by the end of 2017. Increase the efficiency of insolvency and tax proceedings.
Romania	<ol style="list-style-type: none"> 1. In 2017, ensure compliance with the Council Recommendation of 16 June 2017 with a view to correcting the significant deviation from the adjustment path toward the medium-term budgetary objective. In 2018, pursue a substantial fiscal effort in line with the requirements of the preventive arm of the Stability and Growth Pact. Ensure the full application of the fiscal framework. Strengthen tax compliance and collection. Fight undeclared work, including by ensuring the systematic use of integrated controls. 2. <u>Strengthen targeted activation policies and integrated public services, focusing on those furthest away from the labour market. Adopt legislation equalising the pension age for men and women. Establish a transparent mechanism for minimum wage-setting, in consultation with social partners. Improve access to quality mainstream education, in particular for Roma and children in rural areas. In healthcare, shift to outpatient care and curb informal payments.</u> 3. Adopt legislation to ensure a professional and independent civil service, applying objective criteria. Strengthen project prioritisation and preparation in public investment. Ensure the timely full and sustainable implementation of the national public procurement strategy.
Slovenia	<ol style="list-style-type: none"> 1. Pursue a substantial fiscal effort in 2018 in line with the requirements of the preventive arm of the Stability and Growth Pact, taking into account the need to strengthen the ongoing recovery and to ensure the sustainability of Slovenia's public finances. Adopt and implement the proposed reform of the healthcare system and adopt the planned reform of long-term care, increasing cost-effectiveness, accessibility and quality care. Fully tap the potential of centralised procurement in the health sector. Adopt the necessary measures to ensure the long-term sustainability and adequacy of the pension system. 2. <u>Intensify efforts to increase the employability of low-skilled and older workers, particularly through targeted lifelong learning and activation measures.</u> 3. Improve the financing conditions, including by facilitating a durable resolution of non-performing loans and access to alternative sources of financing. Ensure the full implementation of the bank asset management company strategy. Reduce the administrative burden on business deriving from rules on spatial planning and construction permits and ensure good governance of state-owned enterprises.

Slovakia	<ol style="list-style-type: none"> 1. Pursue a substantial fiscal effort in 2018 in line with the requirements of the preventive arm of the Stability and Growth Pact, taking into account the need to strengthen the ongoing recovery and to ensure the sustainability of Slovakia's public finances. Improve the cost-effectiveness of the healthcare system, including by implementing the value-for-money project. 2. <u>Improve activation measures for disadvantaged groups, including by implementing the action plan for the long-term unemployed and by providing individualised services and targeted training. Enhance employment opportunities for women, especially by extending affordable, quality childcare. Improve the quality of education and increase the participation of Roma in inclusive mainstream education.</u> 3. Improve competition and transparency in public procurement operations and step up the fight against corruption by stronger enforcement of existing legislation. Adopt and implement a comprehensive plan to lower administrative and regulatory barriers for businesses. Improve the effectiveness of the justice system, including a reduction in the length of civil and commercial cases.
Finland	<ol style="list-style-type: none"> 1. Pursue its fiscal policy in line with the requirements of the preventive arm of the Stability and Growth Pact, which entails achieving its medium-term budgetary objective in 2018, taking into account the allowances linked to unusual events, the implementation of the structural reforms and investments for which a temporary deviation is granted. Ensure timely adoption <u>and implementation of the administrative reform to improve cost-effectiveness of social and healthcare services.</u> 2. <u>Promote the further alignment of wages with productivity developments, fully respecting the role of social partners. Take targeted active labour market policy measures to address employment and social challenges, provide incentives to accept work and promote entrepreneurship.</u> 3. Continue to improve the regulatory framework and reduce the administrative burden to increase competition in services and to promote investment.
Sweden	<ol style="list-style-type: none"> 1. Address risks related to household debt, in particular by gradually limiting the tax deductibility of mortgage interest payments or by increasing recurrent property taxes, while constraining lending at excessive debt-to-income levels. Foster investment in housing and improve the efficiency of the housing market, including by introducing more flexibility in setting rental prices and revising the design of the capital gains tax.
UK	<ol style="list-style-type: none"> 1. Pursue a substantial fiscal effort in 2018-19 in line with the requirements of the preventive arm of the Stability and Growth Pact, taking into account the need to strengthen the ongoing recovery and to ensure the sustainability of the United Kingdom's public finances. 2. Take further steps to boost housing supply, including through reforms to planning rules and their implementation. 3. <u>Address skills mismatches and provide for skills progression, including by continuing to strengthen the quality of apprenticeships and providing for other funded 'further education' progression routes.</u>

Annex 2: CSRs since 2014

Provided separately.

Annex 3: List of European Semester officers in the European Commission delegations in the national capitals

Available at:

<https://www.eapn.eu/wp-content/uploads/2017/03/EAPN-2-2017-toolkit-European-Semester-Officers-EC-delegations-March-2017-1052.pdf>

No.	COUNTRY	NAME	PHONE	EMAIL
1.	AUSTRIA	Marc Fähndrich Jozef Vasak	0043 (1) 516 18-334 0043 (1) 516 180	marc.fahndrich@ec.europa.eu jozef.vasak@ec.europa.eu
2.	BELGIUM	Steven Engels Thomas Bernheim	0032 (0)2 296 64 38 0032 498 169 027 0032 (0)2 296 94 70	steven.engels@ec.europa.eu thomas.bernheim@ec.europa.eu
3.	BULGARIA	Gueorgui Ianakiev	00359 2 933 52 52	gueorgui.ianakiev@ec.europa.eu
4.	CROATIA	Manica Hauptman	00385 1 4681 310 00385 99 2751 782	manica.hauptman@ec.europa.eu
5.	CYPRUS	Christos Pascalides	00357 22 81 77 70	christos.pascalides@ec.europa.eu
6.	CZECH REPUBLIC	Zdeněk Čech Pavlína Žáková	00420 255 708 236 00420 773 914 584 00420 255 708 230 00420 773 914 466	zdenek.cech@ec.europa.eu pavlina.zakova@ec.europa.eu
7.	DENMARK	Torbjørn Olausson Michael Vedsø	0045 33 41 40 16 0045 33 41 40 05	torbjorn.olausson@ec.europa.eu michael.vedso@ec.europa.eu
8.	ESTONIA	Katrin Höövelson	00372 626 44 04 00372 521 76 71	katrin.hoovelson@ec.europa.eu
9.	FINLAND	Ismo Grönroos Säikkälä Vesa-Pekka Poutanen	00358 9 6226 5486 00358 400 241 656	ismo.gronroos-saikkala@ec.europa.eu vesa-pekka.poutanen@ec.europa.eu
10.	FRANCE	Guillaume Roty Agnès Thibault Olivier Coppens	0033 787 864 920 0033 1 40 63 38 39 0033 1 40 63 38 28	guillaume.roty@ec.europa.eu agnes.thibault@ec.europa.eu olivier.coppens@ec.europa.eu
11.	GERMANY	Ingmar Jürgens Thomas Kaufmann	0049 30 2280 2000	ingmar.juergens@ec.europa.eu thomas.kaufmann@ec.europa.eu
12.	GREECE	Monika Ekström	0030 210 727 2000	monika.ekstrom@ec.europa.eu

No.	COUNTRY	NAME	PHONE	EMAIL
13.	HUNGARY	Liliana Zugo	0036 1 209 9776 0036 30 607 8850	liliana.zugo@ec.europa.eu
14.	IRELAND	Patrick O’Riordan Graham Stull	00353 1 634 11 76	patrick.o’riordan@ec.europa.eu graham.stull@ec.europa.eu
15.	ITALY	Antonia Carparelli Daria Ciriaci	0039 06 69 99 91	antonia.carparelli@ec.europa.eu daria.ciriaci@ec.europa.eu
16.	LATVIA	Mārtiņš Zemītis Agnese Dagile	00371 67 085 423 00371 67 085 443	martins.zemitis@ec.europa.eu agnese.dagile@ec.europa.eu
17.	LITHUANIA	Jonas Rasimas Marius Vaščėga	00370 5 210 7355 00370 6 802 2024	jonas.rasimas@ec.europa.eu marius.vascega@ec.europa.eu
18.	LUXEMBURG	Christine Mayer	00352 4301-37735	christine.mayer@ec.europa.eu
19.	MALTA	Ivan Ebejer Alexandra Zammit	00356 234 25 210 (00356 2342 5209)	ivan.ebeier@ec.europa.eu alexandra.zammit@ec.europa.eu
20.	NETHERLANDS	Andreas Zenthöfer Jean-Luc Annaert	0031 70-3135300 0031 703 13 53 41	andreas.zenthofe@ec.europa.eu jean-luc.annaert@ec.europa.eu
21.	POLAND	Tomasz Gibas Bartosz Otachel	0048 22 556 89 60 0048 795 641 360	tomasz.gibas@ec.europa.eu bartosz.otachel@ec.europa.eu
22.	PORTUGAL	Catarina Dantas Machado João Medeiros	00351 21-3509822 00351 21-3509815	catarina.dantas-machado@ec.europa.eu joao.medeiros@ec.europa.eu
23.	ROMANIA	Carmen Mărcuș	0040 21 203 54 83 0040 740 212 223	carmen.marcus@ec.europa.eu
24.	SLOVAKIA	Lívia Vašáková Ludmila Majláthová	00421 2 5443 17 18 00421 2 59 203 242	livia.vasakova@ec.europa.eu ludmila.majlathova@ec.europa.eu
25.	SLOVENIA	Ulla Hudina (<i>on maternity leave</i>) Tina Vončina	00386 1 252 88 15 00386 5 131 77 99	ulla.hudina@ec.europa.eu tina.voncina@ec.europa.eu
26.	SPAIN	Ann Westman Paz Guzmán Caso De Los Cobos	0032 479 592218 0034 91 423 80 00	ann.westman@ec.europa.eu eu-es-docu@ec.europa.eu
27.	SWEDEN	Magnus Astberg Jens Matthiesen	0046 8 56 24 44 25	magnus.astberg@ec.europa.eu jens.matthiesen@ec.europa.eu
28.	UNITED KINGDOM	Kyle Galler	0044 020 7973 19 40 0044 792 002 0451	kyle.galler@ec.europa.eu

Contact

Leonardo Ebner
Policy officer – Employment and public services
square de Meeûs 1, 1000 Brussels
+ 32 2 213 86 96
leonardo.ebner@ccre-cemr.org
www.ccre.org

Contact

About this project

The CEMR-ESPU joint project “Localising the European Semester” looks at new ways to establish or reinforce existing channels that allow the involvement of social partners in the yearly mechanism of the European Semester.

The overall goal of this project is to strengthen the role of European and national social partners of local and regional governments in the decision-making process of the European Semester and to increase their involvement in the discussion concerning different outcomes of the Semester – Annual Growth Survey, Country Reports, National Reform Programmes, and Country Specific Recommendations – more homogenous across Member States, while respecting national practices and features.

This project receives the financial support of the European Commission, DG Employment, Social Affairs & Inclusion, call for proposals VP/2017/001.

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Annex 2: CSRs since 2014

In bold are CSRs which relate to the LRF sector itself.

Underlined are CSRs which relate to the key policy areas where LRG stakeholders have competence (e.g. public finance, healthcare, employment, education).

MS	2016-2017 ¹	2015-2016 ²	2014-2015 ³
Belgium	<p>1. Achieve an annual fiscal adjustment of at least 0,6 % of GDP towards the medium-term budgetary objective in 2016 and in 2017. Use windfall gains to accelerate the reduction of the general government debt ratio. Agree on an enforceable distribution of fiscal targets among all government levels. Simplify the tax system and remove distortive tax expenditures.</p> <p>2. <u>Carry out the intended review of the Law of 1996 on the promotion of employment and the safeguarding of competitiveness in consultation with the social partners. Ensure that wages can evolve in line with productivity. Ensure the effectiveness of labour market activation policies. Move forward with education and vocational training reforms and provide training support for disadvantaged groups, in particular people from a migrant background.</u></p> <p>3. <u>Boost the capacity to innovate, in particular by fostering investment in knowledge-based capital. Increase competition in the business services sector and the retail sector by removing unwarranted operational and establishment restrictions. Address shortfalls in investment in transport infrastructure and energy generation capacity.</u></p>	<p>1. Achieve a fiscal adjustment of at least 0,6 % of GDP towards the medium-term budgetary objective in 2015 and in 2016. Use windfall gains to put the general government debt ratio on an appropriate downward path. Complement the pension reform by linking the statutory retirement age to life expectancy. Agree on an enforceable distribution of fiscal targets among all government levels.</p> <p>2. Adopt and implement a comprehensive tax reform broadening the tax base, shifting the tax burden away from labour and removing inefficient tax expenditures.</p> <p>3. <u>Improve the functioning of the labour market by reducing financial disincentives to work, increasing labour market access for specific target groups and addressing skills shortages and mismatches.</u></p> <p>4. <u>Restore competitiveness by ensuring, in consultation with the social partners and in accordance with national practices, that wages evolve in line with productivity.</u></p>	<p>1. Following the correction of the excessive deficit, reinforce the budgetary measures for 2014 in the light of the emerging gap of 0,5 % of GDP based on the Commission services 2014 spring forecast, pointing to a risk of significant deviation relative to the preventive arm of the Stability and Growth Pact requirements. In 2015, significantly strengthen the budgetary strategy to ensure the required adjustment of 0,6 % of GDP towards the medium-term objective, which would also ensure compliance with the debt rule. Thereafter, until the medium-term objective is achieved, pursue the planned annual structural adjustment towards the medium-term objective, in line with the requirement of an annual structural adjustment of at least 0,5 % of GDP, and more in good economic conditions or if needed to ensure that the debt rule is met in order to put the high general government debt ratio on a sustained downward path. Ensure a balanced contribution by all levels of government to the fulfilment of fiscal rules including the structural budget balance rule, through a binding instrument with an explicit breakdown of targets within a medium-term planning perspective.</p> <p>2. Improve the balance and fairness of the overall tax system and prepare a comprehensive tax reform that will allow shifting taxes away from labour towards more growth friendly bases, simplifying the tax system, closing loopholes, increasing VAT efficiency, broadening tax bases, reducing tax expenditures and phasing out environmentally harmful subsidies.</p> <p>3. <u>Contain future public expenditure growth relating to ageing, in particular from pensions and long-term care, by stepping up efforts to reduce the gap between the effective and statutory retirement age, bringing forward the reduction of early-exit possibilities, promoting active ageing, aligning the retirement age to changes in life expectancy, and improving the cost-effectiveness of public spending on long-term care.</u></p> <p>4. <u>Increase labour market participation, in particular by reducing financial disincentives to work, increasing labour market access for disadvantaged groups such as the young and people with a migrant background, improving</u></p>

¹ https://ec.europa.eu/info/publications/2016-european-semester-country-specific-recommendations-council-recommendations_en

² https://ec.europa.eu/info/publications/2015-european-semester-country-specific-recommendations-council-recommendations_en

³ https://ec.europa.eu/info/publications/2014-european-semester-country-specific-recommendations-council-recommendations_en

MS	2016-2017 ¹	2015-2016 ²	2014-2015 ³
			<p><u>professional mobility and addressing skills shortages and mismatches as well as early school leaving. Across the country, strengthen partnerships of public authorities, public employment services and education institutions to provide early and tailor-made support to the young.</u></p> <p>5. Restore competitiveness by continuing the reform of the wage-setting system, including wage indexation, in consultation with the social partners and in accordance with national practice, to ensure that wage evolutions reflect productivity developments at sectorial and/or company levels as well as economic circumstances and to provide for effective automatic corrections when needed; by strengthening competition in the retail sectors, removing excessive restrictions in services, including professional services and addressing the risk of further increases of energy distribution costs; by promoting innovation through streamlined incentive schemes and reduced administrative barriers; and by pursuing coordinated education and training policies addressing the pervasive skills mismatches and regional disparities in early school leaving.</p> <p>6. Ensure that the 2020 targets for reducing greenhouse gas emissions from non-ETS activities are met, in particular as regards buildings and transport. Make sure that the contribution of transport is aligned with the objective of reducing road congestion. Agree on a clear distribution of efforts and burdens between the federal and regional entities.</p>
Bulgaria	<p>1. Achieve an annual fiscal adjustment of 0,5 % of GDP towards the medium-term budgetary objective in 2016 and in 2017. Further improve tax collection and take measures to reduce the extent of the informal economy, including undeclared work.</p> <p>2. By the end of 2016, finalise the asset quality review and stress test of the banks. By the end of 2016, complete the balance-sheet review and stress test of the insurance companies and the review of private pension funds' assets. Take, as necessary, follow-up actions in all three sectors and continue to improve banking and non-banking supervision.</p> <p>3. <u>Reinforce and integrate social assistance, including relevant social services, and active labour market policies, in particular for the long-term unemployed and young people not in employment, education or training. Increase the provision of quality education for disadvantaged groups, including Roma. Improve the efficiency of the health system by improving access and funding, and health outcomes. In consultation with social partners establish guidelines and criteria for setting the minimum wage. Increase the coverage and adequacy of the minimum income scheme.</u></p>	<p>1. Avoid a structural deterioration in public finances in 2015 and achieve an adjustment of 0,5 % of GDP in 2016. Take decisive measures to improve tax collection and address the shadow economy, based on a comprehensive risk analysis and evaluation of past measures. <u>Improve the cost-effectiveness of the healthcare system, in particular, by reviewing the pricing of healthcare and strengthening outpatient care and primary care.</u></p> <p>2. By December 2015, complete a system-wide independent asset-quality review and a bottom-up stress test of the banking sector, in close cooperation with European bodies. Perform a portfolio screening for the pension funds and insurance sectors. Review and fortify banking and non-banking financial sector supervision, including by strengthening the</p>	<p>1. Reinforce the budgetary measures for 2014 in the light of the emerging gap relative to the preventive arm of the Stability and Growth Pact requirements. In 2015, strengthen the budgetary strategy to ensure that the medium-term objective is reached and, thereafter, maintained. Ensure the capacity of the new fiscal council to fulfil its mandate. Implement a comprehensive tax strategy to strengthen tax collection, tackle the shadow economy and reduce compliance costs.</p> <p>2. Adopt a long-term strategy for the pension system, proceeding with the planned annual increase in the statutory retirement age and setting out a mechanism to link the statutory retirement age to life expectancy in the long term, while phasing out early retirement options and equalising the statutory retirement age for men and women. Tighten eligibility criteria and procedures for the allocation of invalidity pensions, for example by taking better account of the remaining work capacity of applicants. Ensure cost effective provision of healthcare including by improving the pricing of healthcare services while linking hospitals' financing to outcomes, accelerating the optimisation of the hospital network and developing out-patient care.</p> <p>3. <u>Improve the efficiency of the Employment Agency by developing a performance monitoring system and better targeting the most vulnerable, such as low-skilled and elderly workers, the long-term unemployed and Roma. Extend the coverage and effectiveness of active labour market policies to match the profiles of job-seekers, and reach out to non-registered young people who are not in employment, education or training, in line with the objectives of a youth guarantee. Improve the effective coverage of unemployment benefits and social</u></p>

MS	2016-2017 ¹	2015-2016 ²	2014-2015 ³
	<p>4. Reform the insolvency framework to accelerate recovery and resolution procedures and improve their effectiveness and transparency. Increase the capacity of the courts regarding insolvency procedures. Strengthen the capacity of the Public Procurement Agency and contracting authorities and improve the design and control of public tendering procedures, in particular by fully implementing the National Strategy for the development of the Public Procurement Sector (2014-2020). Speed up the introduction of e-procurement.</p>	<p>bank-resolution and deposit-guarantee frameworks. Improve corporate governance in financial intermediaries, including by tackling concentration risk and related-party exposures.</p> <p>3. <u>Develop an integrated approach for groups at the margin of the labour market, in particular older workers and young people not in employment, education or training.</u> In consultation with the social partners and in accordance with national practices, establish a transparent mechanism for setting the minimum wage and minimum social security contributions in the light of their impact on in-work poverty, job creation and competitiveness.</p> <p>4. <u>Adopt the reform of the School Education Act, and increase the participation in education of disadvantaged children, in particular Roma, by improving access to good-quality early schooling.</u></p> <p>5. With a view to improving the investment climate, prepare a comprehensive reform of the insolvency framework drawing on international best practice and expertise, in particular to improve mechanisms for pre-insolvency and out-of-court restructuring.</p>	<p><u>assistance and their links with activation measures. Take forward the comprehensive review of minimum thresholds for social security contributions so as to make sure that the system does not price the low-skilled out of the labour market. Establish, in consultation with social partners, transparent guidelines for the adjustment of the statutory minimum wages taking into account the impact on employment and competitiveness. In order to alleviate poverty, further improve the accessibility and effectiveness of social services and transfers for children and older people.</u></p> <p>4. <u>Adopt the School Education Act and pursue the reforms of vocational and higher education in order to increase the level and relevance of skills acquired at all levels, while fostering partnerships between educational institutions and business with a view to better aligning outcomes to labour market needs. Strengthen the quality of vocational education and training institutions and improve access to lifelong learning. Step up efforts to improve access to quality inclusive pre-school and school education of disadvantaged children, in particular Roma, and implement strictly the rules linking the payment of child allowance to participation in education.</u></p> <p>5. <u>Continue to improve the business environment, in particular for small and medium-sized enterprises, by cutting red tape, promoting e-government, streamlining insolvency procedures and implementing the legislation on late payments. Improve the public procurement system by enhancing administrative capacity, strengthening the ex ante checks performed by the Public Procurement Agency and taking concrete steps for the implementation of e-procurement. Enhance the quality and independence of the judiciary and step up the fight against corruption.</u></p> <p>6. Scale up the reform of the energy sector in order to increase competition, market efficiency and transparency, and energy efficiency, in particular by removing market barriers, reducing the weight of the regulated segment, stepping up efforts for the creation of a transparent wholesale market for electricity and gas, phasing out quotas, and strengthening the independence and administrative capacity of the energy regulator. Accelerate interconnector projects with neighbouring Member States and candidate countries, in particular for gas, and enhance the capacity to cope with disruptions.</p>
Czech Republic	<p>1. Take measures to ensure the <u>long-term sustainability of public finances, in light of future risks in the area of healthcare.</u> Adopt legislation to strengthen the fiscal framework.</p> <p>2. <u>Reduce regulatory and administrative barriers to investment, in particular in transport and energy, and increase the availability of e-government services.</u> Adopt the outstanding anti-corruption reforms and improve public procurement practices.</p>	<p>1. Achieve a fiscal adjustment of 0,5 % of GDP in 2016. Further improve the cost-effectiveness and governance of the healthcare sector.</p> <p>2. Fight tax evasion, simplify the tax system and implement the anti-corruption plan. Take measures to increase the transparency and</p>	<p>1. Following the correction of the excessive deficit, preserve a sound fiscal position in 2014. Significantly strengthen the budgetary strategy in 2015 to ensure that the medium-term objective is achieved and remain at the medium-term objective thereafter. Prioritise growth-enhancing expenditure to support the recovery and improve growth prospects. Adopt and implement measures to strengthen the fiscal framework, and in particular establish an independent fiscal institution to monitor fiscal policies, introduce fiscal rules for local and regional governments and improve coordination between all layers of government.</p>

MS	2016-2017 ¹	2015-2016 ²	2014-2015 ³
	<p>3. Strengthen governance in the R & D system and facilitate the links between academia and enterprises. <u>Raise the attractiveness of the teaching profession and take measures to increase the inclusion of disadvantaged children, including Roma, in mainstream schools and pre-schools. Remove the obstacles to greater labour market participation by under-represented groups, in particular women.</u></p>	<p>efficiency of public procurement, in particular by establishing a central register of public contracts and strengthening guidance and supervision.</p> <p>3. Reduce the high level of taxation levied on low-income earners, by shifting taxation to other areas. Further improve the availability of affordable childcare.</p> <p>4. <u>Adopt the higher education reform. Ensure adequate training for teachers, support poorly performing schools and take measures to increase participation among disadvantaged children, including Roma.</u></p>	<p>2. Improve tax compliance with a particular focus on VAT and reduce the costs of collecting and paying taxes by simplifying the tax system and harmonising the tax bases for personal income tax and social and health contributions. Reduce the high level of taxation on labour, particularly for low-income earners. Shift taxation to areas less detrimental to growth, such as recurrent taxes on housing and environmental taxes. Further reduce discrepancies in the tax treatment of employees and the self-employed.</p> <p>3. Ensure the long-term sustainability of the public pension scheme, in particular by accelerating the increase of the statutory retirement age and then by linking it more clearly to changes in life expectancy. Promote the employability of older workers and review the pension indexation mechanism. Take measures to improve significantly the cost-effectiveness and governance of the healthcare sector, in particular for hospital care.</p> <p>4. <u>Strengthen the efficiency and effectiveness of the public employment service, in particular by setting up a performance measurement system. Increase participation of unemployed youth in individualised services. Increase considerably the availability of affordable and quality childcare facilities and services, with a focus on children up to three years old.</u></p> <p>5. <u>Ensure that the accreditation, governance and financing of higher education contribute to improving its quality and labour market relevance. Accelerate the development and introduction of a new methodology for evaluating research and allocating funding in view of increasing the share of performance-based funding of research institutions. In compulsory education, make the teaching profession more attractive, implement a comprehensive evaluation framework and support schools and pupils with poor outcomes. Increase the inclusiveness of education, in particular by promoting the participation of socially disadvantaged and Roma children in particular in early childhood education.</u></p> <p>6. Accelerate the reform of regulated professions, focusing on the removal of unjustified and disproportionate requirements. Step up the efforts to improve energy efficiency in the economy.</p> <p>7. In 2014, adopt and implement a Civil Service Act that will ensure a stable, efficient and professional state administration service. Speed up and substantially reinforce the fight against corruption by implementing the remaining legislative measures provided for in the anti-corruption strategy for 2013-2014 and by developing plans for the next period. Further improve the management of EU funds by simplifying implementing structures, improving capacity and tackling conflicts of interest. Increase transparency of public procurement and improve the implementation of public tenders by providing appropriate guidance and supervision.</p>
Denmark	<p>1. Respect the medium-term budgetary objective in 2016 and achieve an annual fiscal adjustment of 0,25 % of GDP towards the medium-term budgetary objective in 2017.</p>	<p>1. Avoid deviating from the medium-term budgetary objective in 2016.</p> <p>2. Enhance productivity, in particular in the services sectors oriented</p>	<p>(1) Following the correction of the excessive deficit, continue to pursue a growth-friendly fiscal policy and preserve a sound fiscal position, ensuring that the medium-term budgetary objective continues to be adhered to throughout the period covered by the Convergence Programme.</p>

MS	2016-2017 ¹	2015-2016 ²	2014-2015 ³
	<p>2. Enhance productivity and private sector investment by increasing competition in the domestic services sector, in particular by facilitating market entry in retail and construction. Incentivise the cooperation between businesses and universities.</p>	<p>towards the domestic market, including retail and construction. Ease the restrictions on retail establishments and take further measures to remove remaining barriers posed by authorisation and certification schemes in the construction sector.</p>	<p>(2) <u>Take further measures to improve the employability of people at the margins of the labour market. Improve educational outcomes, in particular for young people with a migrant background, and the effectiveness of vocational training. Facilitate the transition from education to the labour market, including through a wider use of work-based training and apprenticeships.</u></p> <p>(3) Increase efforts to remove barriers to entry and reduce regulatory burden with a view to increasing competition in the domestic services sector, in particular in retail and construction, as recommended by the Productivity Commission.</p>
Germany	<p>1. Achieve a sustained upward trend in public investment, especially in infrastructure, education, research and innovation, while respecting the medium term objective. Improve the design of federal fiscal relations with a view to increasing public investment, especially at municipal level.</p> <p>2. Reduce inefficiencies in the tax system, in particular by reviewing corporate taxation and the local trade tax, modernise the tax administration and review the regulatory framework for venture capital. Step up measures to stimulate competition in the services sector, in particular in business services and regulated professions.</p> <p>3. <u>Increase incentives for later retirement and reduce disincentives to work for second earners. Reduce the high tax wedge for low wage earners and facilitate the transition from mini-jobs to standard employment.</u></p>	<p>1. Further increase public investment in infrastructure, education and research. To foster private investment, take measures to improve the efficiency of the tax system, in particular by reviewing the local trade tax and corporate taxation and by modernising the tax administration. Use the ongoing review to improve the design of fiscal relations between the federation, Länder and municipalities, particularly with a view to ensuring adequate public investment at all levels of government.</p> <p>2. <u>Increase incentives for later retirement. Take measures to reduce high labour taxes and social security contributions, especially for low-wage earners, and address the impact of fiscal drag. Revise the fiscal treatment of mini-jobs to facilitate the transition to other forms of employment.</u></p> <p>3. Take more ambitious measures to stimulate competition in the services sector, in particular in professional services, by eliminating unjustified restrictions such as legal form and shareholding requirements and fixed tariffs. To this end, conclude the ongoing domestic review of these barriers and take follow-up measures. Remove the remaining barriers to competition in the</p>	<p>1. Pursue growth-friendly fiscal policy and preserve a sound fiscal position, ensuring that the medium-term budgetary objective continues to be adhered to throughout the period covered by the Stability Programme and that the general government debt ratio remains on a sustained downward path. In particular, use the available scope for increased and more efficient public investment in infrastructure, education and research. Improve the efficiency of the tax system, in particular by broadening the tax base, in particular on consumption, by reassessing the municipal real estate tax base, by improving the tax administration and by reviewing the local trade tax, also with a view to foster private investment. Make additional efforts to increase the cost-effectiveness of public spending on healthcare and long-term care. Ensure the sustainability of the public pension system by (i) changing the financing of new non-insurance/extraneous benefits ('Mütterrente') to funding from tax revenues, also in order to avoid a further increase of social security contributions, (ii) increasing incentives for later retirement, and (iii) increasing the coverage in second and third pillar pension schemes. Complete the implementation of the debt brake consistently across all Länder, ensuring that monitoring procedures and correction mechanisms are timely and relevant. Improve the design of fiscal relations between the federation, Länder and municipalities also with a view to ensuring adequate public investment at all levels of government.</p> <p>2. <u>Improve conditions that further support domestic demand, inter alia by reducing high taxes and social security contributions, especially for low-wage earners. When implementing the general minimum wage, monitor its impact on employment. Improve the employability of workers by further raising the educational achievement of disadvantaged people and by implementing more ambitious activation and integration measures in the labour market, especially for the long-term unemployed. Take measures to reduce fiscal disincentives to work, in particular for second earners, and facilitate the transition from mini-jobs to forms of employment subject to full mandatory social security contributions. Address regional shortages in the availability of fulltime childcare facilities and all-day schools while improving their overall educational quality.</u></p> <p>3. Keep the overall costs of transforming the energy system to a minimum. In particular, monitor the impact of the Renewable Energy Act reform on the cost-effectiveness of the support system for renewable energies. Reinforce efforts to accelerate the expansion of the national and cross-border electricity and gas networks. Step up close energy policy coordination with neighbouring countries.</p>

MS	2016-2017 ¹	2015-2016 ²	2014-2015 ³
		<p>railway markets, in particular in long-distance rail passenger transport.</p>	<p>4. Take more ambitious measures to further stimulate competition in the services sector, including certain professional services, also by reviewing existing regulatory approaches and converging towards best practices across <i>Länder</i>. Identify the reasons behind the low value of public contracts open to procurement under EU legislation. Increase efforts to remove unjustified planning regulations which restrict new entries in the retail sector. Take action to remove the remaining barriers to competition in the railway markets. Pursue consolidation efforts in the <i>Landesbanken</i> sector, including by improving the governance framework.</p>
Estonia	<p>1. Ensure the provision and accessibility of high-quality public services, especially social services, at local level, inter alia, by adopting and implementing the proposed local government reform. Adopt and implement measures to narrow the gender pay gap, including those foreseen in the Welfare Plan.</p> <p>2. Promote private investment in research, development and innovation, including by strengthening cooperation between academia and businesses.</p>	<p>1. Avoid deviating from the medium-term budgetary objective in 2015 and 2016.</p> <p>2. <u>Improve labour market participation, including by implementing the Work Ability Reform. Improve incentives to work through measures targeting low-income earners. Take action to narrow the gender pay gap. Ensure high-quality social services and availability of childcare services at local level.</u></p> <p>3. <u>Increase participation in vocational education and training, and its labour market relevance, in particular by improving the availability of apprenticeships. Focus public support for research and innovation on a coordinated implementation of the limited number of smart specialisation areas.</u></p>	<p>1. Reinforce the budgetary measures for 2014 in the light of the emerging gap of 0,3 % of GDP based on the Commission services 2014 spring forecast, pointing to a risk of significant deviation relative to the preventive arm of the Stability and Growth Pact requirements. In 2015, significantly strengthen the budgetary strategy to ensure that the medium-term objective is reached and, thereafter, maintained. Complement the budget rule with more binding multi-annual expenditure rules within the medium-term budgetary framework and continue to enhance the efficiency of public spending.</p> <p>2. <u>Improve incentives to work through measures targeted at low income earners. Target activation efforts by ensuring the timely adoption and implementation of the work capacity reform. Increase the efficiency and cost-effectiveness of family policy while improving the availability and accessibility of childcare. Deploy coordinated measures for fostering economic development and entrepreneurship in regions faced with high unemployment.</u></p> <p>3. <u>To ensure the labour-market relevance of education and training systems, improve skills and qualification levels by expanding lifelong learning measures and systematically increasing participation in vocational education and training, including in apprenticeships. Further intensify prioritisation and specialisation in the research and innovation systems and enhance cooperation between businesses, higher education and research institutions to contribute to international competitiveness.</u></p> <p>4. Step up efforts to improve energy efficiency, in particular in residential and industrial buildings. Substantially strengthen environmental incentives for the transport sector to contribute to less resource-intensive mobility. Continue the development of cross-border connections to neighbouring Member States to diversify energy sources and promote competition through improved integration of the Baltic energy markets.</p> <p>5. Better balance local government revenue against devolved responsibilities. Improve the efficiency of local governments and ensure the provision of quality public services at local level, especially social services complementing activation measures.</p>
Ireland	<p>1. Following the correction of the excessive deficit, achieve an annual fiscal adjustment of 0,6 % of GDP towards the medium-term budgetary objective in 2016 and in 2017. Use windfall gains from strong economic and financial</p>	<p>1. Ensure a durable correction of the excessive deficit in 2015. Achieve a fiscal adjustment of 0,6 % of GDP towards the medium-term</p>	<p>1. Fully implement the 2014 budget and ensure the correction of the excessive deficit in a sustainable manner by 2015 through underpinning the budgetary strategy with additional structural measures while achieving the structural adjustment effort specified in the Council recommendation under the Excessive</p>

MS	2016-2017 ¹	2015-2016 ²	2014-2015 ³
	<p>conditions, as well as from asset sales, to accelerate debt reduction. Reduce vulnerability to economic fluctuations and shocks, inter alia, by broadening the tax base. Enhance the quality of expenditure, particularly by increasing cost-effectiveness of healthcare and by prioritising government capital expenditure in R & D and in public infrastructure, in particular transport, water services and housing.</p> <ol style="list-style-type: none"> <li data-bbox="232 437 806 584">2. <u>Expand and accelerate the implementation of activation policies to increase the work intensity of households and address the poverty risk of children. Pursue measures to incentivise employment by tapering the withdrawal of benefits and supplementary payments. Improve the provision of quality, affordable full-time childcare.</u> <li data-bbox="232 596 806 767">3. Finalise durable restructuring solutions to lower non-performing loans, to ensure debt sustainability of households and to encourage lenders to reduce the debt of excessively leveraged yet viable businesses. Accelerate the phasing-in of a fully operational central credit registry covering all categories of lenders and debtors. 	<p>budgetary objective in 2016. Use windfall gains from better-than-expected economic and financial conditions to accelerate the deficit reduction and debt reduction. Limit the existing discretionary powers to change expenditure ceilings beyond specific and predefined contingencies. Broaden the tax base and review tax expenditures, including on value-added taxes.</p> <ol style="list-style-type: none"> <li data-bbox="846 512 1211 730">2. <u>Take measures to increase the cost-effectiveness of the healthcare system, including by reducing spending on patented medicines and gradually implementing adequate prescription practices. Roll out activity-based funding throughout the public hospital system.</u> <li data-bbox="846 743 1211 962">3. <u>Take steps to increase the work-intensity of households and to address the poverty risk of children by tapering the withdrawal of benefits and supplementary payments upon return to employment and through better access to affordable full-time childcare.</u> <li data-bbox="846 975 1211 1321">4. Finalise durable restructuring solutions for a vast majority of mortgages in arrears by end-2015 and strengthen the monitoring arrangements by the Central Bank of Ireland. Ensure that restructuring solutions for loans to distressed SMEs and residual commercial real-estate loans are sustainable by further assessing banks' performance against own targets. Take the necessary steps to ensure that a central credit registry is operational by 2016. 	<p>Deficit Procedure. After the correction of the excessive deficit, pursue a structural adjustment towards the medium-term objective of at least 0,5 % of GDP each year, and more in good economic conditions or if needed to ensure that the debt rule is met in order to put the high general government debt ratio on a sustained downward path. Enhance the credibility of the fiscal adjustment strategy, effectively implement multi-annual budgetary planning and define broad budgetary measures underlying the medium-term fiscal targets. Ensure the binding nature of the government expenditure ceiling including by limiting the statutory scope for discretionary changes. To support fiscal consolidation, consideration should be given to raising revenues through broadening the tax base. Enhance the growth and environmental friendliness of the tax system.</p> <ol style="list-style-type: none"> <li data-bbox="1252 512 2029 707">2. <u>Advance the reform of the healthcare sector initiated under the Future Health strategic framework to increase cost-effectiveness. Pursue additional measures to reduce pharmaceutical spending, including through more frequent price realignment exercise for patented medicines, increased generic penetration and improved prescribing practices. Reform the financial management systems of the national health authority to streamline systems across all providers and to support better claims management. Roll out individual health identifiers starting by the end of the first quarter of 2015 at the latest.</u> <li data-bbox="1252 719 2029 938">3. <u>Pursue further improvements in active labour market policies, with a particular focus on the long-term unemployed, the low-skilled and, in line with the objectives of a youth guarantee, young people. Advance the ongoing reform of the further education and training (FET) system, employment support schemes and apprenticeship programmes. Offer more workplace training; improve and ensure the relevance of FET courses and apprenticeships with respect to labour market needs. Increase the level and quality of support services provided by the Intreo labour offices. Put in place a seamless FET referrals system between Intreo offices and Education and Training Boards.</u> <li data-bbox="1252 951 2029 1074">4. Tackle low work intensity of households and address the poverty risk of children through tapered withdrawal of benefits and supplementary payments upon return to employment. Facilitate female labour market participation by improving access to more affordable and full-time childcare, particularly for low income families. <li data-bbox="1252 1086 2029 1361">5. Advance policies for the SME sector including initiatives to address the availability of bank and non-bank financing and debt restructuring issues, while avoiding risks to public finances and financial stability. Advance initiatives to improve SME's access to bank credit and non-bank finance. Introduce a monitoring system for SME lending in the banking sector. In parallel, work to ensure that available non-bank credit facilities, including the three SME funds co-funded by the National Pensions Reserve Fund, Microfinance Ireland and the temporary loan guarantee scheme, are better utilised. Promote the use of these and other non-bank schemes by SMEs. Enhance the Credit Review Office's visibility and capabilities in mediating disputes between banks and prospective SME borrowers who have been refused credit.

MS	2016-2017 ¹	2015-2016 ²	2014-2015 ³
			<p>6. Monitor banks' performance against the mortgage arrears restructuring targets. Announce ambitious targets for the third and fourth quarters of 2014 for the principal mortgage banks to propose and conclude restructuring solutions for mortgage loans in arrears of more than 90 days, with a view to substantially resolving mortgage arrears by the end of 2014. Continue to assess the sustainability of the concluded restructuring arrangements through audits and targeted on-site reviews. Develop guidelines for the durability of solutions. Publish regular data on banks' SME loan portfolios in arrears to enhance transparency. Develop a strategy to address distressed commercial real-estate exposures. Establish a central credit registry.</p> <p>7. Reduce the cost of legal proceedings and services and foster competition, including by adopting the Legal Services Regulation Bill by the end of 2014, including its provision allowing the establishment of multi-disciplinary practices, and by seeking to remove the solicitor's lien. Monitor its impact, including on the costs of legal services. Take executive steps to ensure that the Legal Services Regulatory Authority is operational without delay and that it meets its obligations under the legislation, including in terms of publishing regulations or guidelines for multi-disciplinary practices and the resolution of complaints. Improve data collection systems to enhance the monitoring and evaluation of the efficiency of judicial proceedings to identify issues in need of reform.</p>
Spain	<p>1. Ensure a durable correction of the excessive deficit, in accordance with the relevant decisions or recommendations under the excessive deficit procedure, by taking the necessary structural measures and by using all windfall gains for deficit and debt reduction. Implement at all government levels the tools set out in the fiscal framework law. Enhance control mechanisms for public procurement and coordination of procurement policies across government levels.</p> <p>2. <u>Take further measures to improve labour market integration, by focusing on individualised support and strengthening the effectiveness of training measures. Enhance the capacity of regional employment services and reinforce their coordination with social services. Address gaps and disparities in minimum income schemes and improve family support schemes, including access to quality childcare and long-term care.</u></p> <p>3. <u>Take further measures to improve the labour market relevance of tertiary education, including by incentivising cooperation between universities, firms and research institutions. Increase performance-based funding of public research bodies and universities and foster R&I investment by the private sector.</u></p>	<p>1. Ensure a durable correction of the excessive deficit by 2016 by taking the necessary structural measures in 2015 and 2016 and using windfall gains to accelerate the deficit and debt reduction. Strengthen transparency and accountability of regional public finances. <u>Improve the cost-effectiveness of the healthcare sector, and rationalise hospital pharmaceutical spending.</u></p> <p>2. Complete the reform of the savings bank sector, including by means of legislative measures, and complete the restructuring and privatisation of state-owned savings banks.</p> <p>3. <u>Promote the alignment of wages and productivity, in consultation with the social partners and in accordance with national practices, taking into account differences in skills and local labour market conditions as well as divergences in economic performance across</u></p>	<p>1. Reinforce the budgetary strategy as of 2014, in particular by fully specifying the underlying measures for the year 2015 and beyond, to ensure the correction of the excessive deficit in a sustainable manner by 2016 through achieving the structural adjustment effort specified in the Council Recommendation under the Excessive Deficit Procedure. A durable correction of the fiscal imbalances requires a credible implementation of ambitious structural reforms to increase the adjustment capacity and boost growth and employment. After achieving the correction of the excessive deficit, pursue a structural adjustment towards the medium-term objective of at least 0,5 % each year, and more in good economic conditions or if needed to ensure that the debt rule is met in order to put the high general government debt ratio on a sustained downward path. Ensure that the new independent fiscal authority becomes fully operational as soon as possible and ensure a full implementation of the preventive, corrective and enforcement measures in the Budgetary Stability Organic Law at all levels of government, including on the elimination of public sector commercial arrears. Carry out by February 2015 a systematic review of expenditure at all levels of government to underpin the efficiency and quality of public spending going forward. <u>Continue to increase the cost-effectiveness of the healthcare sector, in particular by further rationalising pharmaceutical spending, including in hospitals and strengthening coordination across types of care, while maintaining accessibility for vulnerable groups. Adopt by the end of 2014 a comprehensive tax reform to make the tax system simpler and more conducive to growth and job creation, preservation of the environment and stability of revenues.</u> To that end, shift revenues towards less distortive taxes, such as consumption, environmental (e.g. on motor fuels) and recurrent property taxes; remove</p>

MS	2016-2017 ¹	2015-2016 ²	2014-2015 ³
	<p>4. Accelerate the implementation of the law on market unity at regional level. Ensure implementation by the autonomous regions of the reform measures adopted for the retail sector. Adopt the planned reform on professional services and associations.</p>	<p><u>regions, sectors and companies. Take steps to increase the quality and effectiveness of job search assistance and counselling, including as part of tackling youth unemployment. Streamline minimum income and family support schemes and foster regional mobility.</u></p> <p>4. Remove the barriers preventing businesses from growing, including barriers arising from size-contingent regulations; adopt the planned reform on professional services; accelerate the implementation of the law on market unity.</p>	<p>inefficient personal and corporate income tax expenditures; consider lowering employers' social security contributions, in particular for low-wage jobs; continue to tackle the debt bias in corporate taxation; take measures to avoid that taxation hinders the smooth functioning of Spain's internal market. Step up the fight against tax evasion.</p> <p>2. Complete the reform of the saving banks sector, as regards the adoption of secondary legislation and complete the restructuring of state-owned savings banks in order to accelerate their full recovery and facilitate their return to private ownership. Promote banks' efforts to sustain strong capital ratios, monitor the asset management company Sareb's activity in order to ensure timely asset disposal while minimising the cost to the taxpayer. Complete the ongoing measures to widen SMEs access to finance, in particular by finalising the ongoing measures to improve non-bank financial intermediation. Remove remaining bottlenecks in the corporate insolvency framework, in particular by enhancing the expertise of insolvency administrators and the capacity of the judicial system to handle insolvency cases, and develop a permanent framework for personal insolvency, paying due attention to balanced creditor/borrower rights and financial stability considerations.</p> <p>3. <u>Pursue new measures to reduce labour market segmentation to favour sustainable, quality jobs, for instance through reducing the number of contract types and ensuring a balanced access to severance rights. Continue regular monitoring of the labour market reforms. Promote real wage developments consistent with the objective of creating jobs. Strengthen the job-search requirement in unemployment benefits. Enhance the effectiveness and targeting of active labour market policies, including hiring subsidies, particularly for those facing more difficulties in accessing employment. Reinforce the coordination between labour market and education and training policies. Accelerate the modernisation of public employment services to ensure effective personalised counselling, adequate training and job-matching, with special focus on the long-term unemployed. Ensure the effective application of public-private cooperation in placement services before the end of 2014, and monitor the quality of services provided. Ensure the effective functioning of the Single Job Portal and combine it with further measures to support labour mobility.</u></p> <p>4. <u>Implement the 2013-2016 Youth Entrepreneurship and Employment Strategy and evaluate its effectiveness. Provide good quality offers of employment, apprenticeships and traineeships for young people and improve the outreach to non-registered unemployed young people, in line with the objectives of a youth guarantee. Effectively implement the new educational schemes to increase the quality of primary and secondary education. Enhance guidance and support for groups at risk of early school leaving. Increase the labour-market relevance of vocational education and training and of higher education, in particular by enhancing the cooperation with employers and supporting the training of trainers and tutors.</u></p> <p>5. Implement the 2013-2016 National Action Plan on Social Inclusion and assess its effectiveness covering the full range of its objectives. Strengthen</p>

MS	2016-2017 ¹	2015-2016 ²	2014-2015 ³
			<p>administrative capacity and coordination between employment and social services in order to provide integrated pathways to support those at risk, and boost, among the Public Administrations responsible for the minimum income schemes, streamlined procedures to support transitions between minimum income schemes and the labour market. Improve the targeting of family support schemes and quality services favouring low-income households with children, to ensure the progressivity and effectiveness of social transfers.</p> <p>6. Ensure an ambitious and swift implementation of Law No 20/2013 on Market Unity at all levels of administration. Adopt an ambitious reform of professional services and of professional associations by the end of 2014, defining the professions requiring registration in a professional organisation, and the transparency and accountability of professional bodies, opening up unjustifiably reserved activities and safeguarding market unity in the access to and exercise of professional services in Spain. Further reduce the time, cost and number of procedures required for setting up an operating business. Address unjustified restrictions to the establishment of large-scale retail premises, in particular through a revision of existing regional planning regulations. Identify sources of financing for the new national strategy for science, technology and innovation and make operational the new State Research Agency.</p> <p>7. Following the reform of 2013, ensure the effective elimination of deficit in the electricity system as of 2014, including by taking further structural measures if needed. Address the problem of insolvent toll motorways so as to minimise costs for the State. Set up an independent body to contribute to the assessment of future major infrastructure projects by the end of 2014. Take measures to ensure effective competition in freight and passenger rail services.</p> <p>8. Implement at all government levels the recommendations of the committee for the reform of the public administration. Strengthen control mechanisms and increase the transparency of administrative decisions, in particular at regional and local levels. Complete and monitor closely the ongoing measures to fight against the shadow economy and undeclared work. Adopt pending reforms on the structure of the judiciary and on the judicial map and ensure implementation of adopted reforms.</p>
France	<p>1. Ensure a durable correction of the excessive deficit by 2017 by taking the required structural measures and by using all windfall gains for deficit and debt reduction. Specify the expenditure cuts planned for the coming years and step up efforts to increase the amount of savings generated by the spending reviews, including on local government spending, by the end of 2016. Reinforce independent public policy evaluations in order to identify efficiency gains across all sub-sectors of general government.</p> <p>2. <u>Ensure that the labour cost reductions are sustained and that minimum wage developments are consistent with job</u></p>	<p>1. Ensure effective action under the excessive deficit procedure and a durable correction of the excessive deficit by 2017 by reinforcing the budgetary strategy, taking the necessary measures for all years and using all windfall gains for deficit and debt reduction. Specify the expenditure cuts planned for these years and provide an independent evaluation of the impact of key measures.</p>	<p>1. Reinforce the budgetary strategy, including by further specifying the underlying measures, for the year 2014 and beyond to ensure the correction of the excessive deficit in a sustainable manner by 2015 through achieving the structural adjustment effort specified in the Council recommendation under the Excessive Deficit Procedure. A durable correction of the fiscal imbalances requires a credible implementation of ambitious structural reforms to increase the adjustment capacity and boost growth and employment. After the correction of the excessive deficit, pursue a structural adjustment towards the medium-term objective of at least 0,5 % of GDP each year, and more in good economic conditions or if needed to ensure that the debt rule is met in order to put the high general government debt ratio on a sustained downward path. Step up efforts to achieve efficiency gains across all sub-sectors of general government, including by redefining, where relevant, the scope of government action. In particular, take</p>

MS	2016-2017 ¹	2015-2016 ²	2014-2015 ³
	<p>creation and competitiveness. Reform the labour law to provide more incentives for employers to hire on open-ended contracts.</p> <p>3. <u>Improve the links between the education sector and the labour market, in particular by reforming apprenticeships and vocational training, with emphasis on the low-skilled. By the end of 2016, take action to reform the unemployment benefit system in order to bring the system back to budgetary sustainability and to provide more incentives to return to work.</u></p> <p>4. Remove barriers to activity in the services sector, in particular in business services and regulated professions. Take steps to simplify and improve the efficiency of innovation policy schemes. By the end of 2016, further reform the size-related criteria in regulations that impede companies' growth and continue to simplify companies' administrative, fiscal and accounting rules by pursuing the simplification programme.</p> <p>5. Take action to reduce the taxes on production and the corporate income statutory rate while broadening the tax base on consumption, in particular as regards VAT. Remove inefficient tax expenditures, remove taxes that are yielding little or no revenue and adopt the withholding personal income tax reform by the end of 2016.</p>	<p>2. Step up efforts to make the spending review effective, continue public policy evaluations and identify savings opportunities across all sub-sectors of general government, including on social security and local government. Take steps to limit the rise in local authorities' administrative expenditure. Take additional measures to bring the pension system into balance, in particular ensuring by March 2016 that the financial situation of complementary pension schemes is sustainable over the long term.</p> <p>3. <u>Ensure that the labour cost reductions stemming from the tax credit for competitiveness and employment and from the responsibility and solidarity pact are sustained, in particular by implementing them as planned in 2016. Evaluate the effectiveness of these schemes in the light of labour and product market rigidities. Reform in consultation with the social partners and in accordance with national practices, the wage-setting process to ensure that wages evolve in line with productivity. Ensure that minimum wage developments are consistent with the objectives of promoting employment and competitiveness.</u></p> <p>4. By the end of 2015, reduce regulatory impediments to companies' growth, in particular by reviewing the size-related criteria in regulations to avoid threshold effects. Remove the restrictions on access to and the exercise of regulated professions, beyond the legal professions, in particular as regards the health professions as from 2015.</p>	<p>steps to reduce significantly the increase in social security spending as from 2015 as planned, by setting more ambitious annual healthcare spending targets, containing pension costs, and streamlining family benefits and housing allowances. Set a clear timetable for the ongoing decentralisation process and take first steps by December 2014, with a view to eliminating administrative duplication, facilitating mergers between local governments and clarifying the responsibilities of each layer of local government. Reinforce incentives to streamline local government expenditure, by capping the annual increase in local government tax revenue while reducing grants from the central government as planned. Beyond the need for short-term savings, take steps to tackle the increase in public expenditure on health projected over the medium and long term, including in the area of pharmaceutical spending, and take additional measures when and where needed to bring the pension system into balance by 2020 in a sustainable manner covering all schemes, with a special focus on existing special schemes and complementary schemes.</p> <p>2. Ensure that the labour cost reduction resulting from the 'crédit d'impôt compétitivité emploi' is sustained. Take action to further lower employer social security contributions in line with commitments under the responsibility and solidarity pact, making sure that no other measures offset its effect and that the targeting currently envisaged is maintained. Further evaluate the economic impact of social security contribution exemptions, putting the emphasis on employment, wage developments and competitiveness and take appropriate measures if necessary. Further reduce the cost of labour in a budget neutral way, namely at the lower end of the wage scale in particular through targeted reductions in employer social security contributions taking into account the various wage support schemes.</p> <p>3. Simplify companies' administrative, fiscal and accounting rules and take concrete measures to implement the Government's ongoing 'simplification plan' by December 2014. Eliminate regulatory impediments to companies' growth, in particular by reviewing size-related criteria in regulations to avoid thresholds effects. Take steps to simplify and improve the efficiency of innovation policy, in particular through evaluations taking into account latest reforms and if necessary an adaptation of the 'crédit d'impôt recherche'. Ensure that resources are focused on the most effective competitiveness poles and further promote the economic impact of innovation developed in the poles.</p> <p>4. Remove unjustified restrictions on the access to and exercise of regulated professions and reduce entry costs and promote competition in services. Take further action to reduce the regulatory burden affecting the functioning of the retail sector, in particular by simplifying authorisations for the opening of trade outlets and removing the ban on sales at a loss. While maintaining affordable conditions for vulnerable groups, ensure that regulated gas and electricity tariffs for household customers are set at an appropriate level which does not represent an obstacle to competition. Strengthen electricity and gas interconnection capacity with Spain; in particular, increase the gas</p>

MS	2016-2017 ¹	2015-2016 ²	2014-2015 ³
		<p>5. Simplify and improve the efficiency of the tax system, in particular by removing inefficient tax expenditure. To promote investment, take action to reduce the taxes on production and the corporate income statutory rate, while broadening the tax base on consumption. Take measures as from 2015 to abolish inefficient taxes that are yielding little or no revenue.</p> <p>6. Reform the labour law to provide more incentives for employers to hire on open-ended contracts. Facilitate take up of derogations at company and branch level from general legal provisions, in particular as regards working time arrangements. Reform the law creating the <i>accords de maintien de l'emploi</i> by the end of 2015 in order to increase their take-up by companies. Take action in consultation with the social partners and in accordance with national practices to reform the unemployment benefit system in order to bring the system back to budgetary sustainability and provide more incentives to return to work.</p>	<p>interconnections capacity to fully integrate the Iberian gas market with the European market. In the railway sector, ensure the independence of the new unified infrastructure manager from the incumbent operator and take steps to open domestic passenger transport to competition in line with the provisions of, and the calendar that will be decided by, the forthcoming directives.</p> <p>5. Reduce the tax burden on labour and step up efforts to simplify and increase the efficiency of the tax system. To this end, starting in the 2015 budget, take measures to: remove inefficient personal and corporate income tax expenditures on the basis of recent assessments and the ‘Assises de la fiscalité’ initiative while reducing the statutory rates; take additional measures to remove the debt bias in corporate taxation; broaden the tax base, in particular on consumption; phase out environmentally-harmful subsidies.</p> <p><u>6. Take further action to combat labour-market rigidity, in particular take measures to reform the conditions of the ‘accords de maintien de l’emploi’ to increase their take up by companies facing difficulties. Take additional measures to reform the unemployment benefit system in association with social partners, in order to guarantee its sustainability while ensuring that it provides adequate incentives to return to work. Ensure that older workers benefit from adequate counselling and training and re-assess the relevant specific unemployment benefit arrangements with respect to their situation on the labour market.</u></p> <p><u>7. Pursue the modernisation of vocational education and training, implement the reform of compulsory education, and take further actions to reduce educational inequalities in particular by strengthening measures on early school leaving. Ensure that active labour market policies effectively support the most vulnerable groups. Improve the transition from school to work, in particular by stepping up measures to further develop apprenticeship with a specific emphasis on the low-skilled.</u></p>
Croatia	<p>1. Ensure a durable correction of the excessive deficit by 2016. Thereafter, achieve an annual fiscal adjustment of at least 0,6 % of GDP in 2017. Use any windfall gains to accelerate the reduction of the general government debt ratio. By September 2016, reinforce numerical fiscal rules and strengthen the independence and the mandate of the Fiscal Policy Commission. By the end of 2016, improve budgetary planning and strengthen the multi-annual budgetary framework. By the end of 2016, start a reform of recurrent taxation of immovable property. Reinforce the framework for public debt management. Adopt and start implementing a debt management strategy for 2016-2018.</p>	<p>1. Ensure a durable correction of the excessive deficit by 2016 by taking the necessary measures in 2015 and reinforcing the budgetary strategy for 2016. Publish and implement the findings of the expenditure review. Improve control over expenditure at central and local level, in particular by establishing a sanctioning mechanism for entities breaching budgetary limits. Adopt the Fiscal Responsibility Act and strengthen</p>	<p>1. Fully implement the budgetary measures adopted for 2014. Reinforce the budgetary strategy, further specifying announced measures for 2015 and 2016, and considering additional permanent, growth-friendly measures in order to ensure a sustainable correction of the excessive deficit by 2016. At the same time, ensure that the structural adjustment effort as specified in the Council recommendation under the Excessive Deficit Procedure is delivered. Align programme projections with ESA standards and Stability and Growth Pact requirements. Take measures to reinforce control over expenditure. By March 2015, carry out a thorough expenditure review. Reinforce the budgetary planning process, in particular by improving the accuracy of macroeconomic and budgetary forecasts and strengthening the binding nature of the annual and medium-term expenditure ceilings and improve the design of fiscal rules. By October 2014, ground in law the newly established Fiscal Policy Commission, strengthen its independence from all budgetary authorities, broaden its</p>

MS	2016-2017 ¹	2015-2016 ²	2014-2015 ³
	<p>2. By the end of 2016, take measures to discourage early retirement, accelerate the transition to the higher statutory retirement age, and align pension provisions for specific categories with the rules of the general scheme. Provide appropriate up- and re-skilling measures to enhance the employability of the working-age population, with a focus on the low-skilled and the long-term unemployed. Consolidate social protection benefits, including special schemes, by aligning eligibility criteria and integrating their administration, and focus support on those most in need.</p> <p>3. By the end of 2016, start reducing fragmentation and improving the functional distribution of competencies in public administration to improve efficiency and reduce territorial disparities in the delivery of public services. In consultation with social partners, harmonise the wage-setting frameworks across the public administration and public services. Advance the divestment process of state assets and reinforce the monitoring of state-owned enterprises' performance and boards' accountability, including by advancing the listing of shares of state-owned companies.</p> <p>4. Significantly reduce parafiscal charges. Remove unjustified regulatory restrictions hampering access to and the practice of regulated professions. Reduce the administrative burden on businesses.</p> <p>5. Take measures to improve the quality and efficiency of the judicial system in commercial and administrative courts. Facilitate the resolution of non-performing loans, in particular by improving the tax treatment of the resolution of non-performing loans.</p>	<p>the capacity and role of the State Audit Office. Introduce a recurrent property tax and improve VAT compliance. Reinforce public debt management, in particular by publishing on an annual basis a debt management strategy and ensuring adequate resourcing.</p> <p>2. Discourage early retirement by raising penalties for early exits. Improve the adequacy and efficiency of pension spending by tightening the definition of arduous and hazardous professions. Tackle the fiscal risks in healthcare.</p> <p>3. Tackle the weaknesses in the wage-setting framework, in consultation with the social partners and in accordance with national practices, to foster the alignment of wages with productivity and macroeconomic conditions. Strengthen incentives for the unemployed and inactive to take up paid employment. Based on the 2014 review, carry out the reform of the social protection system and further consolidate social benefits by improving targeting and eliminating overlaps.</p> <p>4. Reduce the extent of fragmentation and overlap between levels of central and local government by putting forward a new model for functional distribution of competencies and by rationalising the system of state agencies. Increase transparency and accountability in the public corporate sector, in particular as regards managerial appointments and competency requirements. Advance the listing of minority</p>	<p>mandate, in particular with respect to the monitoring of all fiscal rules and the ex ante and ex post assessment of forecasts, and ensure adequate resourcing. Building on plans outlined in the National Reform Programme, present a concrete strategy to reform recurrent property taxation. Initiate a process of reporting and reviewing of tax expenditures. Improve tax compliance, in particular by further enhancing the efficiency of the tax administration; present an action plan to this end by the end of 2014.</p> <p>2. Reduce access to early retirement. Adopt legislation by March 2015 to accelerate the planned harmonisation of statutory retirement ages of women and men and to advance the planned increase of the statutory retirement age to 67 years. Ensure enforcement of tighter disability pensions assessments and controls and accelerate the integration of pensions under special schemes into the general pension system. Strengthen the cost-effectiveness of the healthcare sector, including hospitals.</p> <p>3. <u>Implement the second phase of the labour law reform, following consultation with the social partners, in particular as regards conditions for dismissals and working time, and with a view to preventing further labour market segmentation including for young people, by March 2015. Review the wage-setting system with a view to better aligning productivity developments and wage conditions. Present the conclusions of this review by the end of 2014. Strengthen the effectiveness and reach of active labour market policies by reinforcing the administrative capacities of the public employment services, including at regional level, and by increasing the coverage of the young, long-term unemployed and older workers. Prioritise outreach to non-registered youth and mobilise the private sector to offer more apprenticeships, in line with the objectives of a youth guarantee. Outline plans, by the end of 2014, to address undeclared work. Implement measures to improve the labour market relevance and quality of education outcomes by modernising the qualification systems, by putting in place quality assurance mechanisms and by improving school-to-work transitions, in particular through strengthening vocational education and work-based learning.</u></p> <p>4. <u>Review tax and benefits systems by the end of 2014, and present an action plan to improve the reactivation of inactive and unemployed persons. Strengthen the effectiveness and transparency of the social protection system by further consolidating benefits, unifying eligibility criteria and linking data from all relevant levels and government entities in the 'one-stop shop'. Improve the effectiveness and adequacy of social assistance benefits through their better targeting.</u></p> <p>5. Take further measures to improve the business environment. In particular, by March 2015 set a target for considerably lowering administrative requirements, including para-fiscal charges. Address the high level of fragmentation and overlapping responsibilities by streamlining administrative processes and by clarifying the decision-making and accountability framework across various levels of government and at central government level between ministries and agencies. Improve administrative capacity and strategic planning of units entrusted with the management of European Structural and Investment Funds and provide them with adequate and stable staffing levels.</p>

MS	2016-2017 ¹	2015-2016 ²	2014-2015 ³
		<p>packages of shares of public companies and privatisations.</p> <p>5. Significantly reduce parafiscal charges and remove excessive barriers for service providers. Identify and implement steps to improve the efficiency and quality of the justice system, in particular commercial courts.</p> <p>6. Reinforce the pre-insolvency and insolvency frameworks for businesses in order to facilitate debt restructuring and put in place a personal insolvency procedure. Strengthen the capacity of the financial sector to support the recovery in view of challenges from high non-performing corporate loans and foreign currency mortgage loans, and weak governance practices in some institutions.</p>	<p>6. Present, by October 2014, a detailed plan for public property management for 2015. Ensure that companies under state control are governed in a transparent and accountable manner, in particular, strengthen the competency requirements for members of management and supervisory boards nominated by the State and introduce a public register for appointments. Reinforce prevention of corruption in public administration and state-owned and state-controlled enterprises, including by increasing the verification powers of the Conflict of Interest Commission. Strengthen transparency and efficiency of public procurement at both central and local levels, and the capacity to monitor implementation and to detect irregularities.</p> <p>7. By the end of 2014, reinforce the role of commercial courts in the monitoring of transparency and legality in the application of the corporate pre-bankruptcy procedure. Review the compulsory test of insolvency/illiquidity to access pre-bankruptcy settlement proceedings and streamline the insolvency/liquidation process to reduce its length. Improve the quality and efficiency of the judicial system, in particular by providing incentives to resolve proceedings in litigious civil and commercial cases and in administrative cases in a timely manner and to resort to out-of-court settlement especially for smaller claims.</p> <p>8. Complement the 2014 European Central Bank's asset quality reviews and stress test exercises, undertake a comprehensive portfolio screening exercise designed specifically for the Croatian financial sector, with a focus on important portfolios that are not covered by the European Central Bank exercise and including key mid-size and smaller banks.</p>
Italy	<p>1. In 2016, limit the temporary deviation from the required 0,5 % of GDP adjustment towards the medium-term budgetary objective to the amount of 0,75 % of GDP allowed for investments and the implementation of structural reforms, subject to the condition of resuming the adjustment path towards the medium-term budgetary objective in 2017. Achieve an annual fiscal adjustment of 0,6 % or more of GDP towards the medium-term budgetary objective in 2017. Finalise the reform of the budgetary process in the course of 2016 and ensure that the spending review is an integral part of it. Ensure the timely implementation of the privatisation programme and use the windfall gains to accelerate the reduction of the general government debt ratio. Shift the tax burden from productive factors onto consumption and property. Reduce the number and scope of tax expenditures and complete the reform of the cadastral system by mid-2017. Take measures to improve tax compliance, including through electronic invoicing and payments.</p> <p>2. Implement the reform of the public administration by adopting and implementing all necessary legislative decrees, in particular those reforming publicly-owned</p>	<p>1. Achieve a fiscal adjustment of at least 0,25 % of GDP towards the medium-term budgetary objective in 2015 and of 0,1 % of GDP in 2016 by taking the necessary structural measures in both 2015 and 2016, taking into account the allowed deviation for the implementation of major structural reforms. Ensure that the spending review is an integral part of the budgetary process. Swiftly and thoroughly implement the privatisation programme and use windfall gains to make further progress towards putting the general government debt ratio on an appropriate downward path. Implement the enabling law for tax reform by September 2015, in particular the revision of tax expenditures and cadastral values</p>	<p>1. Reinforce the budgetary measures for 2014 in the light of the emerging gap relative to the Stability and Growth Pact requirements, namely the debt reduction rule, based on the Commission services 2014 spring forecast and ensure progress towards the MTO. In 2015, significantly strengthen the budgetary strategy to ensure compliance with the debt reduction requirement and thus reaching the MTO. Thereafter, ensure that the general government debt is on a sufficiently downward path; carry out the ambitious privatisation plan; implement a growth-friendly fiscal adjustment based on the announced significant savings coming from a durable improvement of the efficiency and quality of public expenditure at all levels of government, while preserving growth-enhancing spending like R&D, innovation, education and essential infrastructure projects. Guarantee the independence and full operationalisation of the fiscal council as soon as possible and no later than September 2014, in time for the assessment of the 2015 Draft Budgetary Plan.</p> <p>2. Further shift the tax burden from productive factors to consumption, property and the environment, in compliance with the budgetary targets. To this end, evaluate the effectiveness of the recent reduction in the labour tax wedge and ensure its financing for 2015, review the scope of direct tax expenditures and broaden the tax base, in particular on consumption. Ensure more effective environmental taxation, including in the area of excise duties, and remove environmentally harmful subsidies. Implement the enabling law for tax reform by March 2015, including by adopting the decrees leading to the reform of the cadastral system</p>

MS	2016-2017 ¹	2015-2016 ²	2014-2015 ³
	<p>enterprises, local public services and the management of human resources. Step up the fight against corruption including by revising the statute of limitations by the end of 2016. Reduce the length of civil justice proceedings by enforcing reforms and through effective case-management.</p> <p>3. Accelerate the reduction in the stock of non-performing loans, including by further improving the framework for insolvency and debt collection. Swiftly complete the implementation of ongoing corporate governance reforms in the banking sector.</p> <p>4. <u>Implement the reform of active labour market policies, in particular by strengthening the effectiveness of employment services. Facilitate the take-up of work for second earners. Adopt and implement the national antipoverty strategy and review and rationalise social spending.</u></p> <p>5. Swiftly adopt and implement the pending law on competition. Take further action to increase competition in regulated professions, the transport, health and retail sectors and the system of concessions.</p>	<p>and the measures to enhance tax compliance.</p> <p>2. Adopt the planned national strategic plan for ports and logistics, particularly to help promote intermodal transport through better connections. Ensure that the Agency for Territorial Cohesion is made fully operational so that the management of EU funds markedly improves.</p> <p>3. Adopt and implement the pending laws aimed at improving the institutional framework and modernising the public administration. Revise the statute of limitations by mid-2015. Ensure that the reforms adopted to improve the efficiency of civil justice help reduce the length of proceedings.</p> <p>4. By end-2015, introduce binding measures to tackle remaining weaknesses in the corporate governance of banks, implement the agreed reform of foundations, and take measures to accelerate the broad-based reduction of non-performing loans.</p> <p>5. Adopt the legislative decrees on the design and use of wage supplementation schemes, the revision of contractual arrangements, work-life balance and the strengthening of active labour market policies. Promote, in consultation with the social partners and in accordance with national practices, an effective framework for second-level contractual bargaining. As part of efforts to tackle youth unemployment, adopt and implement the planned school</p>	<p>to ensure the effectiveness of the reform of immovable property taxation. Further improve tax compliance by enhancing the predictability of the tax system, simplifying procedures, improving tax debt recovery and modernising tax administration. Pursue the fight against tax evasion and take additional steps against the shadow economy and undeclared work.</p> <p>3. As part of a wider effort to improve the efficiency of public administration, clarify competences at all levels of Government. Ensure better management of EU funds by taking decisive action to improve administrative capacity, transparency, evaluation and quality control both at national and regional level, especially in southern regions. Further enhance the effectiveness of anti-corruption measures, including by revising the statute of limitations by the end of 2014, and strengthening the powers of the national anti-corruption authority. Monitor in a timely manner the impact of the reforms adopted to increase the efficiency of civil justice with a view to securing their effectiveness and adopting complementary action if needed.</p> <p>4. Reinforce the resilience of the banking sector and ensure its capacity to manage and dispose of impaired assets to revive lending to the real economy. Foster non-bank access to finance for firms, especially small and medium-sized businesses. Continue to promote and monitor efficient corporate governance practices in the whole banking sector, with particular attention to large cooperative banks ('banche popolari') and the role of foundations, with a view to improving the effectiveness of financial intermediation.</p> <p>5. <u>Evaluate, by the end of 2014, the impact of the labour market and wage-setting reforms on job creation, dismissals' procedures, labour market duality and cost competitiveness, and assess the need for additional action. Work towards a more comprehensive social protection for the unemployed, while limiting the use of wage supplementation schemes to facilitate labour re-allocation. Strengthen the link between active and passive labour market policies, starting with a detailed roadmap for action by December 2014, and reinforce the coordination and performance of public employment services across the country. Adopt effective action to promote female employment, by adopting measures to reduce fiscal disincentives for second earners by March 2015 and providing adequate care services. Provide adequate services across the country to non-registered young people and ensure stronger private sector commitment to offering quality apprenticeships and traineeships by the end of 2014, in line with the objectives of a youth guarantee. To address exposure to poverty and social exclusion, scale-up the new pilot social assistance scheme, in compliance with budgetary targets, guaranteeing appropriate targeting, strict conditionality and territorial uniformity, and strengthening the link with activation measures. Improve the effectiveness of family support schemes and quality services favouring low-income households with children.</u></p> <p>6. <u>Implement the National System for Evaluation of Schools to improve school outcomes in turn and reduce rates of early school leaving. Increase the use of work-based learning in upper secondary vocational education and training and strengthen vocationally-oriented tertiary education. Create a national register of</u></p>

MS	2016-2017 ¹	2015-2016 ²	2014-2015 ³
		<p>reform and expand vocationally-oriented tertiary education.</p> <p>6. Implement the simplification agenda for 2015-17 to ease the administrative and regulatory burden. Adopt competition-enhancing measures in all the sectors covered by the competition law, and take decisive action to remove remaining barriers. Ensure that local public services contracts not complying with the requirements on in-house awards are rectified by no later than end-2015.</p>	<p><u>qualifications to ensure wide recognition of skills. Ensure that public funding better rewards the quality of higher education and research.</u></p> <p>7. Approve the pending legislation or other equivalent measures aimed at simplifying the regulatory environment for businesses and citizens and address implementation gaps in existing legislation. Foster market opening and remove remaining barriers to, and restrictions on, competition in the professional and local public services, insurance, fuel distribution, retail and postal services sectors. Enhance the efficiency of public procurement, especially by streamlining procedures including through the better use of e-procurement, rationalising the central purchasing bodies and securing the proper application of pre- and post-award rules. In local public services, rigorously implement the legislation providing for the rectification of contracts that do not comply with the requirements on in-house awards by 31 December 2014.</p> <p>8. Ensure swift and full operationalisation of the Transport Authority by September 2014. Approve the list of strategic infrastructure in the energy sector and enhance port management and connections with the hinterland.</p>
Cyprus	<ol style="list-style-type: none"> Following the correction of the excessive deficit, respect the medium-term budgetary objective in 2016 and in 2017. By the end of 2016, adopt a binding mechanism containing the growth rate of the compensation of public employees. By the end of 2016, adopt the horizontal reform of the public administration and the law on the governance of state-owned entities, and implement the reform of local governments. By the end of 2016, adopt the secondary legislation to complete the new budgetary framework. By June 2017, eliminate impediments to the full implementation of the insolvency and foreclosure frameworks and ensure adequate resources for the Insolvency Service. Ensure reliable and swift systems for the issuance of title deeds and the transfer of immovable property rights. Increase the efficiency and capacity of the court system. Reform the civil procedure law. By the end of 2016, take additional measures to ensure a decline in non-performing loans and accurate valuations of collateral for provisioning purposes. Increase the range of information available for creditors and enhance the information currently provided to make the credit registry fully effective. Remove impediments to investment, in particular by implementing the action plan for growth, pursuing the privatisation plan and strengthening the national regulatory authorities. Take measures to increase access to finance for small and medium-sized enterprises. 	No CSR	No CSR

MS	2016-2017 ¹	2015-2016 ²	2014-2015 ³
	<p>5. <u>Enhance the capacity of the public employment services and their provision to the long-term unemployed; improve outreach to the non-registered unemployed. Adopt legislation for a hospital reform and advance with the planned implementation of universal health care coverage.</u></p>		
Latvia	<p>1. Ensure that the deviation from the adjustment path towards the medium-term budgetary objective in 2016 and 2017 is limited to the allowance linked to the systemic pension reform and the major structural reform in the healthcare sector. Reduce the tax wedge for low-income earners by exploiting a growth-friendly tax shift towards environmental and property taxes and improving tax compliance.</p> <p>2. <u>Improve the adequacy of social assistance benefits and step up measures supporting recipients in finding and retaining work, including through increased coverage of activation measures. Speed up the curricula reform in vocational education, establish — with the involvement of social partners — a regulatory framework for work-based learning and increase their offer. Improve the accessibility, quality and cost-effectiveness of the healthcare system.</u></p> <p>3. <u>Pursue the consolidation of research institutions and provide incentives for private investment in innovation. Strengthen the conflict of interest prevention regime and set up a common legal framework for all public employees. Increase the accountability and public oversight of insolvency administrators.</u></p>	<p>1. Ensure that the deviation from the medium-term budgetary objective in 2015 and 2016 is limited to the allowance linked to the systemic pension reform.</p> <p>2. <u>Improve vocational education and training, speed up the curricula reform and increase the offer for work-based learning. Ensure that the new financing model of the higher education system rewards quality. Better target research financing and incentivise private investment in innovation on the basis of the Smart Specialisation Framework.</u></p> <p>3. <u>Take concrete steps to reform social assistance, ensuring adequacy of benefits, and take measures to increase employability. Reduce the high tax wedge for low-income earners by shifting the tax burden to other sources less detrimental to growth. Take action to improve the accessibility, cost-effectiveness and quality of the healthcare system and link hospital financing to performance mechanisms.</u></p> <p>4. Improve efficiency of the judicial system, by increasing accountability of all parties (including insolvency administrators), by providing adequate means to fight tax evasion and by strengthening the role of the Judicial Council. Improve the public service legislation to strengthen the conflict</p>	<p>1. Preserve a sound fiscal position in 2014 and strengthen the budgetary strategy as of 2015, ensuring that the deviation from the medium-term objective remains limited to the impact of the systemic pension reform. Pursue efforts to further reduce the tax burden on low-income earners in the context of a shift towards more growth-friendly property and environmental taxes and by improving tax compliance and collection.</p> <p>2. <u>Step up implementation of the higher education reform, in particular through the establishment of an independent accreditation agency and a financing model that rewards quality. Provide career guidance at all education levels, improve the quality of vocational education and training, including by strengthening apprenticeship, and make progress as regards the employability of young people including by putting in place outreach measures for non-registered youth not in employment, education or training. Take steps for a more integrated and comprehensive research system also by concentrating financing towards internationally competitive research institutions.</u></p> <p>3. <u>Reform social assistance and its financing further to ensure better coverage, adequacy of benefits, strengthened activation and targeted social services. Increase coverage of active labour market policies. Improve the cost-effectiveness, quality and accessibility of the healthcare system.</u></p> <p>4. Accelerate the development of gas and electricity interconnections to neighbouring Member States to diversify energy sources and promote competition through improved integration of the Baltic energy markets. Pursue efforts to further increase energy efficiency in transport, buildings and heating systems</p> <p>5. Complete judicial reforms including the pending reforms of insolvency, arbitration and mediation frameworks to ensure a more business- and consumer-friendly legal environment. Step up public administration reforms, including by implementing state-owned enterprise management reform and increasing institutional and financial independence of the Competition Council.</p>

MS	2016-2017 ¹	2015-2016 ²	2014-2015 ³
		of interest regime and link remuneration to responsibilities.	
Lithuania	<ol style="list-style-type: none"> 1. Ensure that the deviation from the medium-term budgetary objective is limited to the allowance linked to the systemic pension reform in 2016 and in 2017. Reduce the tax burden on low-income earners by shifting the tax burden to other sources less detrimental to growth and improve tax compliance, in particular in the area of VAT. 2. Strengthen investment in human <u>capital and address skills shortages, by improving the labour market relevance of education, raising the quality of teaching and adult learning. Reinforce the coverage and effectiveness of active labour market policies. Strengthen the role of social dialogue mechanisms. Improve the performance of the healthcare system by strengthening outpatient care, disease prevention and health promotion. Improve the coverage and adequacy of unemployment benefits and social assistance.</u> 3. Take measures to strengthen productivity and improve the adoption and absorption of new technology across the economy. Improve the coordination of innovation policies and encourage private investment, inter alia, by developing alternative means of financing. 	<ol style="list-style-type: none"> 1. Avoid deviating from the medium-term budgetary objective in 2015 and ensure that the deviation in 2016 is limited to the allowance linked to the systemic pension reform. Broaden the tax base and improve tax compliance. 2. <u>Address the challenge of a shrinking working-age population by improving the labour-market relevance of education, increasing attainment in basic skills, and improving the performance of the healthcare system; reduce the high tax wedge for low-income earners by shifting the tax burden to other sources less detrimental to growth.</u> 3. Adopt a comprehensive reform of the pension system that also addresses the challenge of achieving pension adequacy. Improve the coverage and adequacy of unemployment benefits and cash social assistance and improve the employability of those looking for work. 	<ol style="list-style-type: none"> 1. Reinforce the budgetary measures for 2014 in the light of expenditure growth exceeding the benchmark and the emerging gap of 0,3 % of GDP in terms of structural effort based on the Commission services 2014 spring forecast, pointing to a risk of significant deviation relative to the preventive arm of the Stability and Growth Pact requirements. In 2015, strengthen the budgetary strategy to ensure the required adjustment of 0,5 % of GDP towards the medium-term objective. Thereafter ensure that the medium-term objective is adhered to. Complement the budgetary strategy with a further strengthened fiscal framework, in particular by ensuring binding expenditure ceilings when setting the medium-term budgetary framework. Further review the tax system and consider increasing those taxes that are least detrimental to growth, such as recurrent property and environmental taxation, while continuing to improve tax compliance. 2. Adopt and implement legislation on a comprehensive pension system reform. In particular, align the statutory retirement age with life expectancy, restrict access to early retirement, establish clear rules for the indexation of pensions, and promote the use of complementary savings schemes. Underpin pension reform with measures that promote the employability of older workers. 3. <u>Better target active labour market policy measures to the low-skilled and long-term unemployed. Improve coverage and adequacy of unemployment benefits and link them to activation. Address persistent skills mismatches by improving the labour-market relevance of education inter alia based on skills forecast systems and promote life-long learning. In order to increase the employability of young people, prioritise offering quality apprenticeships, other forms of work-based learning, and strengthen partnership with the private sector. Review the appropriateness of labour legislation, in particular with regard to the framework for labour contracts and for working-time arrangements, in consultation with social partners.</u> 4. <u>Ensure adequate coverage of those most in need and continue to strengthen the links between cash social assistance and activation measures.</u> 5. Complete the implementation of the reform of state-owned enterprises as planned; in particular by finalising the separation of commercial and non-commercial activities, further professionalising executive boards and closely monitoring compliance with the requirements of the reform. 6. Step up measures to improve the energy efficiency of buildings, through a rapid implementation of the holding fund. Continue the development of cross-border connections to neighbouring Member States for both electricity and gas to diversify energy sources and promote competition through improved integration of the Baltic energy markets.
Luxembourg	<ol style="list-style-type: none"> 1. Ensure the long-term sustainability of public pensions by increasing the effective retirement age, by limiting early 	<ol style="list-style-type: none"> 1. Broaden the tax base, in particular on consumption, recurrent property 	<ol style="list-style-type: none"> 1. Preserve a sound fiscal position in 2014; significantly strengthen the budgetary strategy in 2015 to ensure that the medium-term objective is achieved and

MS	2016-2017 ¹	2015-2016 ²	2014-2015 ³
	<p>retirement and increasing incentives to work longer, and by aligning the statutory retirement age to changes in life expectancy.</p> <p>2. Remove barriers to investment and innovation that limit economic development in the business services sector. Address bottlenecks that hamper housing investment.</p>	<p>taxation and environmental taxation.</p> <p>2. Close the gap between the statutory and effective retirement age, by limiting early retirement and by linking statutory retirement age to life expectancy.</p> <p>3. Reform the wage-setting system, in consultation with the social partners and in accordance with national practices, with a view to ensuring that wages evolve in line with productivity, in particular at sectoral level.</p>	<p>remain at the medium-term objective thereafter, in order to protect <u>the long-term sustainability of public finances, in particular by taking into account implicit liabilities related to ageing</u>. Strengthen fiscal governance by speeding up the adoption of a medium-term budgetary framework covering the general government and including multi-annual expenditure ceilings, and by putting into place the independent monitoring of fiscal rules. Further broaden the tax base, in particular on consumption.</p> <p>2. In view of ensuring fiscal sustainability, curb age-related expenditure by making long-term care more cost-effective, pursue the pension reform so as to increase the effective retirement age, including by limiting early retirement, by aligning retirement age or pension benefits to change in life expectancy. Reinforce efforts to increase the participation rate of older workers, including by improving their employability through lifelong learning.</p> <p>3. Speed up the adoption of structural measures, in consultation with the social partners and in accordance with national practices, to reform the wage setting system including wage indexation with a view to improving the responsiveness of wages to productivity developments, in particular at sectoral level. Pursue the diversification of the structure of the economy, including by fostering private investment in research and further developing cooperation between public research and firms.</p> <p>4. <u>Pursue efforts to reduce youth unemployment for low-skilled jobs seekers, including those with a migrant background, through a coherent strategy, including by further improving the design and monitoring of active labour market policies, addressing skills mismatches, and reducing financial disincentives to work. To that effect, accelerate the implementation of the reform of general and vocational education and training to better match young people's skills with labour demand.</u></p> <p>5. Develop a comprehensive framework and take concrete measures to meet the 2020 target for reducing greenhouse gas emissions from non-ETS activities, especially through the taxation of energy products for transports.</p>
Hungary	<p>1. In view of the high risk of a significant deviation, achieve an annual fiscal adjustment of 0,3 % of GDP towards the medium-term budgetary objective in 2016 and of 0,6 % of GDP in 2017, unless the medium-term budgetary objective is respected with a lower effort, by taking the necessary structural measures.</p> <p>2. Further reduce sector-specific taxes and reduce the tax wedge for low-income earners. Strengthen transparency and competition in public procurement through e-procurement, increased publication of tenders and further improvement of the anti-corruption framework. Improve the regulatory environment in the services sector and in the retail sector by addressing restrictive regulations and ensuring predictability.</p>	<p>1. Achieve a fiscal adjustment of 0,5 % of GDP towards the medium-term budgetary objective in 2015 and of 0,6 % of GDP in 2016.</p> <p>2. Take measures to restore normal lending to the real economy and remove obstacles to market-based portfolio cleaning; considerably reduce the contingent liability risks linked to increased state ownership in the banking sector.</p> <p>3. Reduce distortive sector-specific corporate taxes; remove the</p>	<p>1. Reinforce the budgetary measures for 2014 in the light of the emerging gap relative to the Stability and Growth Pact requirements, namely the debt reduction rule, based on the Commission 2014 spring forecast. In 2015, and thereafter significantly strengthen the budgetary strategy to ensure reaching the medium-term objective and compliance with the debt reduction requirements in order to keep the general government debt ratio on a sustained downward path. Ensure the binding nature of the medium-term budgetary framework through systematic ex-post monitoring of compliance with numerical fiscal rules and the use of corrective mechanisms. Improve the transparency of public finances, including through broadening the mandatory remit of the Fiscal Council, by requiring the preparation of regular macro-fiscal forecasts and budgetary impact assessments of major policy proposals.</p> <p>2. Help restore normal lending flows to the economy, inter alia by improving the design of and reducing the burden of taxes imposed on financial institutions.</p>

MS	2016-2017 ¹	2015-2016 ²	2014-2015 ³
	<p><u>3. Facilitate the transition from the public works scheme to the primary labour market and reinforce other active labour market policies. Improve the adequacy and coverage of social assistance and unemployment benefits. Take measures to improve educational outcomes and to increase the participation of disadvantaged groups, in particular Roma, in inclusive mainstream education.</u></p>	<p>unjustified entry barriers in the service sector, including in the retail sector; reduce the tax wedge for low-income earners, including by shifting taxation to areas less distortive to growth; continue to fight tax evasion, reduce compliance costs and improve the efficiency of tax collection. Strengthen structures in public procurement that promote competition and transparency and further improve the anti-corruption framework.</p> <p><u>4. Reorient the budget resources allocated to the public work scheme to active labour market measures to foster integration into the primary labour market; and improve the adequacy and coverage of social assistance and unemployment benefits.</u></p> <p><u>5. Increase the participation of disadvantaged groups in particular Roma in inclusive mainstream education, and improve the support offered to these groups through targeted teacher training; strengthen measures to facilitate the transition between different stages of education and to the labour market, and improve the teaching of essential competences.</u></p>	<p>Adjust the financial transaction duty in order to avoid diverting savings from the banking sector and enhance incentives for using electronic payments. Investigate and remove obstacles to portfolio cleaning inter alia by tightening provisioning rules for restructured loans, removing obstacles to collateral foreclosure as well as increasing the speed and efficiency of insolvency proceedings. In this respect, closely consult stakeholders on new policy initiatives and ensure that these are well-targeted and do not increase moral hazard for borrowers. Further enhance financial regulation and supervision.</p> <p>3. Ensure a stable, more balanced and streamlined tax system for companies, including by phasing out distortive sector-specific taxes. Reduce the tax wedge for low-income earners, inter alia by improving the efficiency of environmental taxes. Step up measures to improve tax compliance — in particular to reduce VAT fraud — and reduce its overall costs.</p> <p>4. <u>Strengthen well-targeted active labour market policy measures, inter alia by accelerating the introduction of the client profiling system of the Public Employment Service. Put in place the planned youth mentoring network and coordinate it with education institutions and local stakeholders to increase outreach. Review the public works scheme to evaluate its effectiveness in helping people find subsequent employment and further strengthen its activation elements. Consider increasing the period of eligibility for unemployment benefits, taking into account the average time required to find new employment and link to activation measures. Improve the adequacy and coverage of social assistance while strengthening the link to activation. In order to alleviate poverty, implement streamlined and integrated policy measures to reduce poverty significantly, particularly among children and Roma.</u></p> <p>5. Stabilise the regulatory framework and foster market competition, inter alia by removing barriers in the services sector. Take more ambitious steps to increase competition and transparency in public procurement, including better use of e-procurement and further reduce corruption and the overall administrative burden.</p> <p>6. <u>Implement a national strategy on early school leaving prevention with a focus on drop-outs from vocational education and training. Put in place a systematic approach to promote inclusive mainstream education for disadvantaged groups, in particular Roma. Support the transition between different stages of education and towards the labour market, and closely monitor the implementation of the vocational training reform. Implement a higher-education reform that enables greater tertiary attainment, particularly by disadvantaged students.</u></p> <p>7. Review the impact of energy price regulation on incentives to invest and on competition in the electricity and gas markets. Take further steps to ensure the autonomy of the national regulator in establishing network tariffs and conditions. Take measures to increase energy efficiency in particular in the residential sector. Further increase the sustainability of the transport system, inter alia by reducing operating costs and reviewing the tariff system of state-owned enterprises in the transport sector.</p>

MS	2016-2017 ¹	2015-2016 ²	2014-2015 ³
Malta	<ol style="list-style-type: none"> In view of the high risk of a significant deviation, achieve an annual fiscal adjustment of 0,6 % of GDP towards the medium-term budgetary objective in 2016 and in 2017, by taking the necessary structural measures. Step up measures to ensure the long-term sustainability of public finances. <u>Take measures to strengthen labour supply, in particular through increased participation of low-skilled persons in lifelong learning.</u> 	<ol style="list-style-type: none"> Following correction of the excessive deficit, achieve a fiscal adjustment of 0,6 % of GDP towards the medium-term budgetary objective in 2015 and 2016. <u>Take measures to improve basic skills and further reduce early school-leaving by promoting the continuous professional development of teachers.</u> <u>To ensure the long-term sustainability of public finances, continue the ongoing pension reform, such as by accelerating the already enacted increase in the statutory retirement age and by consecutively linking it to changes in life expectancy.</u> Improve small and micro-enterprises' access to finance, in particular through non-bank instruments. 	<ol style="list-style-type: none"> Correct the excessive deficit in a sustainable manner by 2014. In 2015, significantly strengthen the budgetary strategy to ensure the required structural adjustment of 0,6 % of GDP towards the medium-term objective. Thereafter, pursue a structural adjustment of at least 0,5 % of GDP each year, and more in good economic conditions or if needed to ensure that the debt rule is met in order to keep the general government debt ratio on a sustained downward path. Finalise the adoption of the Fiscal Responsibility Act with a view to putting in place a binding, rule-based multiannual fiscal framework and establishing an independent institution charged with the monitoring of fiscal rules and endorsing macroeconomic forecasts underpinning fiscal planning. Continue improving tax compliance and fighting tax evasion by ensuring the continued roll-out and evaluation of measures taken so far, while taking additional action, in particular by promoting the use of electronic means of payment. To ensure the long-term sustainability of public finances continue the ongoing pension reform, such as by accelerating the already enacted increase in the statutory retirement age and by consecutively linking it to changes in life expectancy. Ensure that a comprehensive reform of the public health system delivers a cost-effective and sustainable use of available resources, such as strengthening primary care. <u>Continue policy efforts to address the labour-market relevance of education and training by stepping up efforts on the reform of the apprenticeship system. Further improve basic skills attainment and reduce early school leaving, in particular by finalising and implementing the announced national literacy strategy. Further improve the labour-market participation of women, in particular those wishing to re-enter the labour market by promoting flexible working arrangements.</u> Diversify the energy mix in the economy, including by increasing the share of energy produced from renewable sources. Continue efforts to increase the efficiency and reduce the length of public procurement procedures; encourage alternatives to debt-financing of companies through facilitating access to capital markets and developing venture capital funds; and increase the efficiency of the judicial system by ensuring a timely and efficient implementation of the planned judicial reform.
Netherlands	<ol style="list-style-type: none"> Limit the deviation from the medium-term budgetary objective in 2016 and achieve an annual fiscal adjustment of 0,6 % of GDP in 2017. Prioritise public expenditure towards supporting more investment in research and development. <u>Tackle remaining barriers to hiring staff on permanent contracts and facilitate the transition from temporary to permanent contracts. Address the high increase in self-employed without employees, including by reducing tax distortions favouring self-employment, without compromising entrepreneurship, and by promoting</u> 	<ol style="list-style-type: none"> Shift public expenditure towards supporting investment in R & D and work on framework conditions for improving private R & D expenditure in order to counter the declining trend in public R & D expenditure and increase the potential for economic growth. With the strengthening of the recovery, accelerate the decrease in mortgage interest tax 	<ol style="list-style-type: none"> Following the correction of the excessive deficit, reinforce the budgetary measures for 2014 in the light of the emerging gap of 0,5 % of GDP based on the Commission services 2014 spring forecast, pointing to a risk of significant deviation relative to the preventive arm of the Stability and Growth Pact requirements. In 2015, significantly strengthen the budgetary strategy to ensure reaching the medium-term objective and maintain it thereafter, and ensure that the debt rule is met in order to keep the general government debt ratio on a sustained downward path. Protect expenditure in areas directly relevant for growth such as education, innovation and research. <u>When the economic environment allows, step up efforts to reform the housing market by accelerating the reduction in mortgage interest tax deductibility, by</u>

MS	2016-2017 ¹	2015-2016 ²	2014-2015 ³
	<p><u>access of the self-employed to affordable social protection.</u></p> <p>3. Take measures to make the second pillar of the pension system more transparent, inter-generationally fairer and more resilient to shocks. Take measures to reduce the remaining distortions in the housing market and the debt bias for households, in particular by decreasing mortgage interest tax deductibility</p>	<p>deductibility so that tax incentives to invest in unproductive assets are reduced. Provide for a more market-oriented pricing mechanism in the rental market and further relate rents to household income in the social housing sector.</p> <p>3. Reduce the level of contributions to the second pillar of the pension system for those in the early years of working life.</p>	<p><u>providing for a more market-oriented pricing mechanism in the rental market, and by further relating rents to household income in the social housing sector. Monitor the effects of the social housing reforms in terms of accessibility and affordability for low-income households. Continue efforts to refocus social housing policies to support households most in need.</u></p> <p>3. Implement reforms of the second pillar of the pension system, ensuring an appropriate intra- and inter-generational distribution of costs and risks. Underpin the gradual increase of the statutory retirement age with measures to improve the employability of older workers. Implement the envisaged reform in the area of long-term care with a view to ensure sustainability, while ensuring fair access and the quality of services and monitor its effects.</p> <p>4. <u>Take further measures to enhance labour market participation particularly among people at the margins of the labour market and to reduce tax disincentives on labour. Implement reforms of employment protection legislation and the unemployment benefit system, and further address labour market rigidities. In consultation with the social partners and in accordance with national practice, allow for more differentiated wage increases by making full use of the existing institutional framework.</u></p>
Austria	<p>1. Ensure that the deviation from the medium-term budgetary objective in 2016 and in 2017 is limited to the allowance linked to the budgetary impact of the exceptional inflow of refugees in 2015, and to that effect achieve an annual fiscal adjustment of 0,3 % of GDP in 2017 unless the medium-term budgetary objective is respected with a lower effort. Ensure <u>the sustainability of the healthcare system, and of the pension system by linking the statutory pension age to life expectancy. Simplify, rationalise and streamline fiscal relations and responsibilities across the various layers of government.</u></p> <p><u>2. Improve the labour market participation of women. Take steps to improve the educational achievements of disadvantaged young people, in particular those from a migrant background.</u></p> <p>3. Reduce, in the area of services, administrative and regulatory barriers for investments, such as restrictive authorisation requirements and restrictions on legal form and shareholding, and impediments to setting up interdisciplinary companies.</p>	<p>1. Avoid deviating from the medium-term budgetary objective in 2015 and 2016. Ensure the budget neutrality of the tax reform aimed at reducing the tax burden on labour. Correct the misalignment between the financing and spending responsibilities of the different levels of government. Take measures to ensure the long-term sustainability of the pension system, including by earlier harmonisation of the statutory retirement age for men and women, and link the statutory retirement age to life expectancy.</p> <p>2. <u>Strengthen measures to increase the labour market participation of older workers and women, including by improving the provision of childcare and long-term care services. Take steps to improve the educational achievement of disadvantaged young people.</u></p>	<p>1. Following the correction of the excessive deficit, reinforce the budgetary measures for 2014 in the light of the emerging gap of 0,5 % of GDP based on the Commission services 2014 Spring forecast and after taking into account additional consolidation measures announced by Austria, pointing to a risk of significant deviation relative to the preventive arm of the Stability and Growth Pact requirements. In 2015, significantly strengthen the budgetary strategy to ensure that the medium-term objective is reached and, thereafter, maintained, and ensure that the debt rule is met in order to keep the general government debt ratio on a sustained downward path. Further streamline fiscal relations between layers of government, for example by simplifying the organisational setting and aligning spending and funding responsibilities.</p> <p>2. Improve the long-term sustainability of the pension system, in particular by bringing forward the harmonisation of the statutory retirement age for men and women, by increasing the effective retirement age and by aligning the retirement age to changes in life expectancy. Monitor the implementation of recent reforms restricting access to early retirement. Further improve the cost effectiveness and sustainability of healthcare and long-term care services.</p> <p>3. <u>Reduce the high tax wedge on labour for low-income earners by shifting taxation to sources less detrimental to growth, such as recurrent taxes on immovable property, including by updating the tax base. Reinforce measures to improve labour market prospects of people with a migrant background, women and older workers. This includes further improving childcare and long-term care services and the recognition of migrants' qualifications. Improve educational outcomes in particular for disadvantaged young people including those with a migrant background, by enhancing early childhood education and reducing the negative</u></p>

MS	2016-2017 ¹	2015-2016 ²	2014-2015 ³
		<ol style="list-style-type: none"> 3. Remove disproportionate barriers for service providers and impediments to setting up interdisciplinary companies. 4. Address the potential vulnerabilities of the financial sector in terms of foreign exposure and insufficient asset quality. 	<p><u>effects of early tracking. Further improve strategic planning in higher education and enhance measures to reduce dropouts.</u></p> <ol style="list-style-type: none"> 4. Remove excessive barriers for services providers, including as regards legal form and shareholding requirements and with respect to setting up interdisciplinary services companies. Review whether restrictions on entry into and conduct in regulated professions are proportionate and justified by general interest. Identify the reasons behind the low value of public contracts open to procurement under EU legislation. Substantially strengthen the resources of the Federal Competition Authority. 5. Continue to closely oversee and advance effectively the orderly restructuring of the nationalised and partly nationalised banks.
Poland	<ol style="list-style-type: none"> 1. Achieve an annual fiscal adjustment of 0,5 % of GDP towards the medium-term budgetary objective in 2016 and in 2017. Strengthen the fiscal framework, including by establishing an independent fiscal council. Improve tax collection by ensuring better VAT compliance, and limit the extensive use of reduced VAT rates. 2. Ensure the sustainability and adequacy of the pension system and increase participation in the labour market, by starting to reform the preferential pension arrangements, removing obstacles to more permanent types of employment and improving the labour market-relevance of education and training. 3. <u>Take measures to remove obstacles to investment in transport, construction and energy infrastructure, and increase the coverage of spatial planning at local level.</u> 	<ol style="list-style-type: none"> 1. Following the correction of the excessive deficit, achieve a fiscal adjustment of 0,5 % of GDP towards the medium-term budgetary objective both in 2015 and 2016. Establish an independent fiscal council. Broaden the tax base, in particular by limiting the use of the extensive system of reduced VAT rates. 2. Start the process of aligning the pension arrangements for farmers and miners with those for other workers, and adopt a timetable for progressive full alignment; put in place a system for assessing and recording farmers' incomes. 3. Take measures to reduce the excessive use of temporary and civil law contracts in the labour market. 4. Remove obstacles to investment in railway projects. 	<ol style="list-style-type: none"> 1. Reinforce the budgetary strategy to ensure the correction of the excessive deficit in a sustainable manner by 2015 through achieving the structural adjustment effort specified in the Council recommendation under the Excessive Deficit Procedure. After the correction of the excessive deficit and until the medium-term objective is achieved, pursue an annual structural adjustment of 0,5 % of GDP as a benchmark. A durable correction of the fiscal imbalances requires a credible implementation of ambitious structural reforms to increase the adjustment capacity and boost growth and employment. In that regard, minimise cuts in growth-enhancing investment, improve the targeting of social policies and the cost effectiveness of spending and the overall efficiency of the healthcare sector, broaden the tax base for example by addressing the issue of an extensive system of reduced VAT rates, and improve tax compliance, in particular by increasing the efficiency of the tax administration. Establish an independent fiscal council. 2. <u>Strengthen efforts to reduce youth unemployment, in particular by further improving the relevance of education to labour market needs, increasing the availability of apprenticeships and work-based learning places and by strengthening outreach to unregistered youth and the cooperation between schools and employers, in line with the objectives of a youth guarantee. Increase adult participation in lifelong learning in order to adjust skills supply to skills demand. Combat labour market segmentation by stepping up efforts to ensure a better transition from fixed-term to permanent employment and by reducing the excessive use of civil law contracts.</u> 3. <u>Continue efforts to increase female labour market participation, in particular by taking further steps to increase the availability of affordable quality childcare and pre-school education and ensuring stable funding. Include farmers in the general pension system, starting by speeding up the creation of the system for the assessment and recording of farmers' incomes. Phase out the special pension system for miners with a view to integrating them into the general scheme. Underpin the general pension reform by stepping up efforts to promote the employability of older workers to raise exit ages from the labour market.</u> 4. Improve the effectiveness of tax incentives in promoting R&D in the private sector as part of the efforts to strengthen the links between research, innovation

MS	2016-2017 ¹	2015-2016 ²	2014-2015 ³
			<p>and industrial policy, and better target existing instruments at the different stages of the innovation cycle.</p> <p>5. Renew and extend energy generation capacity and improve efficiency in the whole energy chain. Speed up and extend the development of the electricity grid, including cross-border interconnections to neighbouring Member States, and develop the gas interconnector with Lithuania. Ensure effective implementation of railway investment projects without further delay and improve the administrative capacity in this sector. Accelerate efforts to increase fixed broadband coverage. Improve waste management.</p> <p>6. Take further steps to improve the business environment by simplifying contract enforcement and requirements for construction permits. Step up efforts to reduce costs and time spent on tax compliance by businesses. Complete the ongoing reform aimed at facilitating access to regulated professions.</p>
Portugal	<ol style="list-style-type: none"> 1. Ensure a durable correction of the excessive deficit, in accordance with the relevant decisions or recommendations under the excessive deficit procedure, by taking the necessary structural measures and by using all windfall gains for deficit and debt reduction. Thereafter, achieve an annual fiscal adjustment of at least 0,6 % of GDP. Conduct, by February 2017, a comprehensive expenditure review and strengthen expenditure control, cost effectiveness and adequate budgeting at all levels of public administration. Ensure the long-term sustainability of the health sector, without compromising access to primary healthcare. Reduce the reliance of the pension system on budgetary transfers. By the end of 2016, refocus ongoing restructuring plans of state-owned enterprises. 2. In consultation with social partners, ensure that the minimum wage is consistent with the objectives of promoting employment and competitiveness across sectors. 3. Ensure the effective activation of the long-term unemployed and improve the coordination between employment and social services. Strengthen incentives for firms to hire through permanent contracts. 4. Take measures, by October 2016, to facilitate the cleaning up of the balance sheets of credit institutions and address the high level of non-performing loans. Reduce the debt bias in corporate taxation and improve the access to finance for start-ups and small and medium-sized enterprises via the capital market. 	<ol style="list-style-type: none"> 1. Ensure a durable correction of the excessive deficit in 2015 by taking measures as necessary. Achieve a fiscal adjustment of 0,6 % of GDP towards the medium-term budgetary objective in 2016. Use windfall gains to accelerate the deficit and debt reduction. Enforce the commitment control law to better control expenditure. Improve the medium-term sustainability of the pension system. Safeguard the financial sustainability of state-owned enterprises. Further improve tax compliance and the efficiency of the tax administration. 2. Promote the alignment of wages and productivity, in consultation with the social partners and in accordance with national practices, taking into account differences in skills and local labour market conditions as well as divergences in economic performance across regions, sectors and companies. Ensure that developments relating to the minimum wage are consistent with the objectives of promoting employment and competitiveness. 	<p>Implement the necessary fiscal consolidation measures for 2014 so as to achieve the fiscal targets and prevent the accumulation of new arrears. For the year 2015, implement a revised budgetary strategy in order to bring the deficit to 2,5 % of GDP, in line with the target set in the Excessive Deficit Procedure Recommendation, while achieving the required structural adjustment. Replace consolidation measures which the Constitutional Court considers unconstitutional by measures of similar size and quality as soon as possible. The correction of the excessive deficit should be done in a sustainable and growth-friendly manner, limiting recourse to one-off/temporary measures. After the correction of the excessive deficit, pursue the planned annual structural adjustment towards the medium-term objective, in line with the requirement of an annual structural adjustment of at least 0,5 % of GDP, more in good times, and ensure that the debt rule is met in order to put the high general debt ratio on a sustainable path. Prioritise expenditure-based fiscal consolidation and increase further the efficiency and quality of public expenditure. Maintain tight control of expenditure in central, regional and local administration. Continue the restructuring of the state-owned enterprises. Develop by the end of 2014 new comprehensive measures as part of the ongoing pension reform, aimed at improving the medium-term sustainability of the pension system. Control healthcare expenditure growth and proceed with the hospital reform. Review the tax system and make it more growth-friendly. Continue to improve tax compliance and fight tax evasion by increasing the efficiency of the tax administration. Strengthen the system of public financial management by swiftly finalising and implementing the comprehensive reform of the Budgetary Framework Law by the end of 2014. Ensure strict compliance with the Commitment Control Law. Effectively implement single wage and supplements' scales in the public sector from 2015 onwards.</p> <p>2. Maintain minimum wage developments consistent with the objectives of promoting employment and competitiveness. Ensure a wage setting system that promotes the alignment of wages and productivity at sectoral and/or firm level. Explore, in consultation with the social partners and in accordance with national practice, the possibility of mutually agreed firm-level temporary suspension of collective agreements. By September 2014, present proposals on mutually</p>

MS	2016-2017 ¹	2015-2016 ²	2014-2015 ³
	<p>5. Increase transparency and efficiency in public procurement as regards public-private partnerships and concessions. By the end of 2016, improve and accelerate administrative and licensing procedures, accelerate tax litigations and reduce regulatory barriers, especially in business services. Incentivise cooperation between universities and the business sector.</p>	<p>3. <u>Improve the efficiency of public employment services, in particular by increasing outreach to non-registered young people. Ensure effective activation of benefit recipients and adequate coverage of social assistance, in particular the minimum income scheme.</u></p> <p>4. Take further measures to reduce the corporate debt overhang, to address the corporate non-performing loans ratio in banks and to reduce the debt bias for corporates under tax provisions. Improve the efficiency of debt restructuring tools for viable companies by introducing incentives for banks and debtors to engage in restructuring processes at an early stage.</p> <p>5. Accelerate measures and increase transparency as regards concessions, including in the transport sector, and private-public partnerships at local and regional level.</p>	<p>agreed firm-level temporary suspension of collective agreements and on a revision of the survival of collective agreements.</p> <p>3. <u>Present, by March 2015, an independent evaluation of the recent reforms in the employment protection system, together with an action plan for possible further reforms to tackle labour market segmentation. Pursue the ongoing reform of active labour market policies and Public Employment Services aimed at increasing employment and labour participation rates, specifically by improving job counselling/job search assistance and activation/sanction systems with a view to reducing long-term unemployment and integrating those furthest away from the labour market. Address the high youth unemployment, in particular by effective skills anticipation and outreach to non-registered young people, in line with the objectives of a youth guarantee. Ensure adequate coverage of social assistance, including the minimum income scheme, while ensuring effective activation of benefit recipients.</u></p> <p>4. <u>Improve the quality and labour-market relevance of the education system in order to reduce early school leaving and address low educational performance rates. Ensure efficient public expenditure in education and reduce skills mismatches, including by increasing the quality and attractiveness of vocational education and training and fostering cooperation with the business sector. Enhance cooperation between public research and business and foster knowledge transfer.</u></p> <p>5. Monitor banks' liquidity position and potential capital shortfalls, including by on-site thematic inspections and stress-testing. Assess the banks' recovery plans and introduce improvements to the evaluation process where necessary. Implement a comprehensive strategy to reduce the corporate debt overhang and reinforce efforts to widen the range of financing alternatives, including for early stages of business developments, by enhancing the efficiency of the debt restructuring tools (particularly PER and SIREVE) for viable companies, introducing incentives for banks and debtors to engage in restructuring processes at an early stage and improving the availability of financing via the capital market. Ensure that the identified measures support the reallocation of financing towards the productive sectors of the economy, including to viable SMEs, while avoiding risks to public finances and financial stability. Implement, by end September 2014, an early warning system mainly with supervisory purposes, to identify firms, including SMEs, with a high probability of default due to an excessive level of indebtedness, and which can, indirectly, promote early corporate debt restructuring.</p> <p>6. Implement the second and third packages of measures in the energy sector aimed at reducing energy costs for the economy, while eliminating the electricity tariff debt by 2020, and closely monitor implementation. Improve the cross-border integration of the energy networks and speed up implementation of the electricity and gas interconnection projects. Implement the comprehensive long-term transport plan and the 'chronogram' setting out the ports sector reforms. Complete the transports concessions for the metropolitan areas of Lisbon and Oporto. Ensure that the renegotiations of the existing port concessions and the</p>

MS	2016-2017 ¹	2015-2016 ²	2014-2015 ³
			<p>new authorisation schemes are performance-oriented and in line with internal market principles, in particular procurement rules. Ensure that the national regulatory authority for transport (AMT) is fully independent and operational by the end of September 2014. Ensure the financial sustainability of the state-owned enterprises in the transport sector. Strengthen efficiency and competition in the railways sector, by implementing the plan for the competitiveness of CP Carga, after the transfer of the freight terminals while ensuring the management independence of the state-owned infrastructure manager and railway undertakings.</p> <p>7. <u>Further improve the evaluation of the housing market, including by setting up, by the end of 2014, a more systematic monitoring and reporting framework and issue a comprehensive report on the shadow economy in that market. Continue efforts to carry out further inventories of regulatory burdens with a view to including, by March 2015, sectors not yet covered. Adopt and implement, by the end of September 2014, the outstanding licensing decrees and sectoral amendments. Remove, by the end of September 2014, remaining restrictions in the professional services sector and enact the professional bodies' amended by-laws which have not yet been adopted under the macroeconomic adjustment programme. Eliminate payment delays by the public sector. Ensure adequate resources of the national regulators and competition authority.</u></p> <p>8. Continue to rationalise and modernise central, regional and local public administration. Implement the reforms to enhance the efficiency of the judicial system and increase transparency. Step up efforts to evaluate the implementation of reforms undertaken under the macroeconomic adjustment programme as well as planned and future reforms. In particular, insert mandatory systematic <i>ex ante</i> and <i>ex post</i> assessments in the legislative process. Set up a functionally independent central evaluation unit at government level, which assesses and reports every six months on the implementation of these reforms, including consistency with the <i>ex ante</i> impact assessment, with corrective action if needed.</p>
Romania	<p>1. Limit the deviation from the medium-term budgetary objective in 2016 and achieve an annual fiscal adjustment of 0,5 % of GDP in 2017 unless the medium-term budgetary objective is respected with a lower effort. Ensure the application of the fiscal framework and strengthen further tax compliance and collection. Ensure that legislative initiatives do not undermine legal certainty and do not put at risk financial stability. If necessary, adopt measures that mitigate such risks.</p> <p>2. <u>Strengthen the National Employment Agency's services to employers and jobseekers, in particular by tailoring services to jobseeker profiles, better linking them with social assistance, including social services, and reaching out to unregistered young people. Establish, in consultation with social partners, objective criteria for</u></p>	<p>1. Take all the necessary measures to complete the financial assistance programme.</p> <p>2. Limit the deviation from the medium-term budgetary objective in 2015 to a maximum of 0,25 % of GDP as specified under the 2013-15 balance-of-payments programme and return to the medium-term budgetary objective in 2016. Implement the comprehensive tax compliance strategy, strengthen verification control systems in order to tackle undeclared work, and push ahead</p>	<p>1. Implement the EU/IMF financial assistance programme by fully addressing the policy conditionality - included in the Memorandum of Understanding of 6 November 2013 and its subsequent supplements - that complements and supports the implementation of these country-specific recommendations.</p> <p>2. Implement the budgetary strategy for 2014, significantly strengthen the budgetary effort to ensure reaching the medium-term objective in 2015 in line with commitments under the Balance of Payments programme and as reflected in the 2014 Convergence Programme, in particular by specifying the underlying measures, and remain at the medium-term objective thereafter. Improve tax collection by continuing to implement a comprehensive tax compliance strategy, stepping up efforts to reduce VAT fraud. Fight undeclared work. Reduce tax burden for low- and middle-income earners in a budget-neutral way. Finalise the pension reform started in 2010 by equalising the pensionable age for men and women.</p>

MS	2016-2017 ¹	2015-2016 ²	2014-2015 ³
	<p><u>setting the minimum wage. Take action to prevent early school leaving and increase the provision of quality education, in particular among Roma. Adopt the equalisation of the pension age for men and women.</u></p> <p>3. <i>Curb informal payments in the healthcare system and increase the availability of outpatient care. Strengthen the independence and transparency of human resources management in the public administration. Simplify administrative procedures for business and the public. Strengthen corporate governance of state-owned enterprises.</i></p> <p>4. Improve access to integrated public services, extend basic infrastructure and foster economic diversification, in particular in rural areas. Adopt and implement the transport master plan. Strengthen public investment project prioritisation and preparation.</p>	<p>with the equalisation of the pensionable age for men and women.</p> <p>3. <u>Strengthen the provision of labour market measures, in particular for unregistered young people and the long-term unemployed. Ensure that the national employment agency is adequately staffed. Establish, in consultation with the social partners and in accordance with national practices, clear guidelines for setting the minimum wage transparently. Introduce the minimum insertion income. Increase the provision and quality of early childhood education and care, in particular for Roma. Take action to implement the national strategy to reduce early school leaving. Pursue the national health strategy 2014-2020 to remedy issues of poor accessibility, low funding and inefficient resources.</u></p> <p>4. Adopt the law on reforming corporate governance of state-owned enterprises.</p>	<p>3. <u>Step up reforms in the health sector to increase its efficiency, quality and accessibility, including for disadvantaged people and remote and isolated communities. Increase efforts to curb informal payments, including through proper management and control systems.</u></p> <p>4. <u>Strengthen active labour-market measures and the capacity of the National Employment Agency. Pay particular attention to the activation of unregistered young people. Strengthen measures to promote the employability of older workers. Establish, in consultation with social partners, clear guidelines for transparent minimum wage setting, taking into account economic and labour market conditions.</u></p> <p>5. <u>Increase the quality and access to vocational education and training, apprenticeships, tertiary education and of lifelong learning and adapt them to labour market needs. Ensure better access to early childhood education and care.</u></p> <p>6. <u>In order to alleviate poverty, increase the efficiency and effectiveness of social transfers, particularly for children, and continue reform of social assistance, strengthening its links with activation measures. Step up efforts to implement the envisaged measures to favour the integration of Roma in the labour market, increase school attendance and reduce early school leaving, through a partnership approach and a robust monitoring mechanism.</u></p> <p>7. Step up efforts to strengthen the capacity of public administration, in particular by improving efficiency, human resource management, the decision-making tools and coordination within and between different levels of government; and by improving transparency, integrity and accountability. Accelerate the absorption of EU funds, strengthen management and control systems, and improve capacity of strategic planning, including the multi annual budgetary element. Tackle persisting shortcomings in public procurement. Continue to improve the quality and efficiency of the judicial system, fight corruption at all levels, and ensure the effective implementation of court decisions.</p> <p>8. Promote competition and efficiency in energy and transport industries. Accelerate the corporate governance reform of state-owned enterprises in the energy and transport sectors and increase their efficiency. Improve and streamline energy efficiency policies. Improve the cross-border integration of energy networks and enable physical reverse flows in gas interconnections as a matter of priority.</p>
Slovenia	<p>1. Following the correction of the excessive deficit, achieve an annual fiscal adjustment of 0,6 % of GDP towards the medium-term budgetary objective in 2016 and in 2017. Set a medium-term budgetary objective that respects the requirements of the Stability and Growth Pact. Strengthen the fiscal framework by appointing an independent fiscal council and amending the Public Finance Act. <u>Complete and implement the reform of the long-term care and</u></p>	<p>1. Ensure a durable correction of the excessive deficit in 2015, and achieve a fiscal adjustment of 0.6 % of GDP towards the medium-term budgetary objective in 2016. Adopt the Fiscal Rule Act and revise the Public Finance Act. Advance long-term reform of the</p>	<p>1. Reinforce the budgetary strategy with sufficiently specified structural measures for the year 2014 and beyond, to ensure correction of the excessive deficit in a sustainable manner by 2015 through the achievement of the structural adjustment effort specified in the Council recommendation under the Excessive Deficit Procedure. A durable correction of the fiscal imbalances requires a credible implementation of ambitious structural reforms to increase the adjustment capacity and boost growth and employment. After the correction of the excessive deficit, pursue a structural adjustment of at least 0,5 % of GDP</p>

MS	2016-2017 ¹	2015-2016 ²	2014-2015 ³
	<p><u>healthcare systems, making them more cost-efficient to ensure long-term sustainability of accessible and quality care.</u> By the end of 2017, adopt the necessary measures to ensure the long-term sustainability and adequacy of the pension system.</p> <p>2. <u>In consultation with social partners, increase the employability of low-skilled and older workers, including through targeted lifelong learning and activation measures.</u></p> <p>3. Improve the financing conditions for creditworthy business, including by facilitating durable resolution of non-performing loans and access to alternative financing sources. Ensure the proper implementation of the bank asset management company strategy.</p> <p>4. Take measures to modernise public administration and reduce the administrative burden on business. Improve the governance and the performance of state-owned enterprises.</p>	<p>pension system. <u>By end of 2015, adopt a healthcare and long-term care reform.</u></p> <p>2. <u>Review, in consultation with the social partners and in accordance with national practices, the mechanism for setting the minimum wage, and in particular the role of allowances, in light of the impact on in-work poverty, job creation and competitiveness. Increase the employability of low skilled and older workers. Take measures to address long-term unemployment and provide adequate incentives to extend working lives.</u></p> <p>3. Bring down the level of non-performing loans in banks by introducing specific targets. Improve credit risk monitoring capacity in banks. Continue corporate restructuring and maintain strong corporate governance in the Bank Asset Management Company. Take measures to improve access to finance for SMEs and micro companies. Adopt a strategy for the Slovenian Sovereign Holding with a clear classification of assets, implement an annual asset management plan and apply performance criteria.</p> <p>4. Ensure that the reforms adopted to improve the efficiency of civil justice help reduce the length of proceedings.</p>	<p>each year, and more in good economic conditions or to ensure that the debt rule is met in order to put the high general government debt ratio on a sustained downward path. To improve the credibility of fiscal policy, complete the adoption of a general government budget balance/surplus rule in structural terms, make the medium-term budgetary framework binding, encompassing and transparent, and establish the necessary legal basis for a functioning fiscal council defining its remit within the budgetary process and introducing clear procedural arrangements for monitoring budgetary outcomes as soon as possible. Launch a comprehensive review of expenditure covering state and local government levels, direct and indirect budget users and municipality-owned providers of utilities and services in the area of healthcare by the end of 2014 with a view to realising budgetary savings in 2015 and beyond.</p> <p>2. Based on the public consultation, agree measures to ensure the sustainability of the pension system and adequacy of pensions beyond 2020, encompassing adjustments of key parameters, such as linking the statutory retirement age to gains in life expectancy and encouraging private contributions to the second pillar of the pension system. Contain age-related expenditure on long-term care by targeting benefits to those most in need and refocusing care provision from institutional to home care.</p> <p>3. Following consultation with social partners and in accordance with national practices, develop a comprehensive Social Agreement by the end of 2014 ensuring that wage developments, including the minimum wage, support competitiveness, domestic demand and job creation. Redefine the composition of the minimum wage and review its indexation system. Take measures for further decreasing segmentation, in particular addressing the efficiency of incentives for hiring young and older workers and the use of civil law contracts. Adopt the Act on Student Work. Prioritise outreach to non-registered young people ensuring adequate public employment services capacities. To increase employment of low-skilled and older workers, adapt the working environment to longer working life and focus resources on tailor-made active labour market policy measures, while improving their effectiveness. Address skills mismatches by improving the attractiveness of vocational education and training and by further developing cooperation with the relevant stakeholders in assessing labour market needs.</p> <p>4. Complete the privatisation of NKBM in 2014 as planned, prepare Abanka for privatisation in 2015, continue the prompt implementation of restructuring plans of the banks in receipt of State aid and the necessary consolidation of the banking sector. Based on the lessons from the asset quality review and stress test finalise the comprehensive action plan for banks in August 2014, including specific measures to improve governance, supervision, risk management, credit approval process and data quality and availability. Reinforce banks' capacity to work out non-performing loans by strengthening the internal asset management and restructuring units. Clarify the mandate of the Bank Asset Management Company by publishing a comprehensive management strategy and business plan by September 2014, detailing its role in restructuring of its assets,</p>

MS	2016-2017 ¹	2015-2016 ²	2014-2015 ³
			<p>redemption targets, budgets, asset management plans and expected returns, while ensuring adequate resources.</p> <ol style="list-style-type: none"> 5. Continue to implement the privatisations announced in 2013 with the time-frames set. Adopt a strategy for the Slovenian Sovereign Holding with a clear classification of assets in line with the timeline and definitions established in the 2014 Slovenian Sovereign Holding Act. By November 2014, commit to a short-term (one- to two- year horizon) divestment schedule for a number of well-targeted assets with a clear time scale. Make it fully operational as a vehicle for the management of assets remaining in State ownership and divestment of the assets earmarked according to the management acts, within the time frame stipulated by the law. By September 2014, adopt and implement a corporate governance code for state-owned enterprises to ensure professional, transparent and independent management. 6. Finalise a corporate restructuring master plan by the end of 2014 within clear priorities and effective implementation process. Set up a central corporate restructuring task force monitoring and coordinating the overall restructuring process, providing the necessary expertise, guidance and advice, and facilitating the negotiation process between all stakeholders involved. Establish a list of the most urgent restructuring cases, while maximising the recovery value for creditors. Promote the use of the available legal mechanisms and international best practices to all stakeholders in the restructuring process. Evaluate recent changes in the insolvency legislation by September 2014, being ready to introduce any additional necessary measure. Further reduce the length of judicial proceedings at first instance in litigious civil and commercial cases including cases under the insolvency legislation, and the number of pending cases, in particular enforcement and insolvency cases. 7. Reduce obstacles to doing business in Slovenia in key areas for economic development rendering the country more attractive to foreign direct investment particularly through accelerated liberalisation of regulated professions, reduction of administrative burden including leaner authorisation schemes. Ensure sufficient budgetary autonomy for the Competition Protection Agency and increase its institutional independence. Streamline priorities and ensure consistency between the 2011 Research and Innovation and the 2013 Industrial Policy Strategies with the upcoming strategies on Smart Specialisation and Transport, ensure their prompt implementation and assessment of effectiveness. 8. Take effective measures to fight corruption, enhancing transparency and accountability, and introducing external performance evaluation and quality control procedures.
Slovakia	<ol style="list-style-type: none"> 1. Achieve an annual fiscal adjustment of 0,25 % of GDP towards the medium-term budgetary objective in 2016 and of 0,5 % of GDP in 2017. Improve the cost-effectiveness of the healthcare system. Take measures to increase tax compliance. 	<ol style="list-style-type: none"> 1. <u>Improve the cost-effectiveness of the healthcare sector, including by improving the management of hospital care and strengthening primary healthcare.</u> Take 	<ol style="list-style-type: none"> 1. Following the correction of the excessive deficit, reinforce the budgetary measures for 2014 in the light of the emerging gap of 0,3 % of GDP relative to the preventive arm of the Stability and Growth Pact requirements based on the Commission services 2014 Spring forecast. In 2015, ensure the required adjustment of 0,1 % of GDP towards the medium-term objective taking into

MS	2016-2017 ¹	2015-2016 ²	2014-2015 ³
	<p>2. <u>Improve activation measures for the long-term unemployed and other disadvantaged groups, including individualised services and targeted training. Facilitate the employment of women, in particular by extending the provision of affordable, quality childcare. Improve educational outcomes by making the teaching profession more attractive and by increasing the participation of Roma children from early childhood in mainstream education.</u></p> <p>3. Consolidate governance, reinforce the shift from price only to quality-based competition and improve the prosecution of illicit practices in public procurement. Improve the transparency, quality and effectiveness of human resources management in public administration, in particular by adopting a new civil service act, and the effectiveness of the justice system. Adopt a comprehensive plan to address administrative and regulatory barriers for businesses.</p>	<p><u>measures to increase tax collection.</u></p> <p>2. <u>Take additional measures to address long term unemployment by improving activation measures, second chance education and introducing high-quality training tailored to individuals' needs. Improve the incentives for women to remain in or return to employment by improving the provision of childcare facilities.</u></p> <p>3. <u>Improve teacher training and the attractiveness of teaching as a profession to stem the decline in educational outcomes. Increase the participation of Roma children in mainstream education and in high-quality early childhood education.</u></p> <p>4. To boost investment in infrastructure, improve and streamline the administrative procedures for obtaining land-use and construction permits. Increase competition in public tenders and improve supervisory mechanisms in public procurement.</p>	<p>account the expected weak economic conditions. Thereafter, until the medium-term objective is achieved, pursue an annual structural adjustment of 0,5 % of GDP as a benchmark. Further strengthen the fiscal framework, also by ensuring binding and enforceable expenditure ceilings. Improve the long-term sustainability of public finance by increasing the cost-effectiveness of the healthcare sector, in particular by rationalising hospital care and management and by strengthening primary care.</p> <p>2. Improve the efficiency of the tax administration by strengthening its audit, risk assessment and debt collection capacity. Link the basis for real-estate taxation to the market value of the property.</p> <p>3. <u>More effectively address long-term unemployment through activation measures, second-chance education and tailored quality training. Enhance the capacity of public employment services for case management, personalised counselling and activation of jobseekers, and strengthen the link between activation and social assistance. Effectively tackle youth unemployment by improving early intervention, in line with the objectives of a youth guarantee. Improve incentives for women's employment, by enhancing the provision of childcare facilities, in particular for children below three years of age.</u></p> <p>4. <u>Take measures to increase the quality of teaching in order to raise educational outcomes. Reinforce the provision of work-based learning in companies in vocational education and training. Adapt accreditation, funding and governance measures to encourage the creation of profession-oriented bachelor-level programmes. Improve the quality and relevance of the science base and implement plans to foster effective knowledge transfer and cooperation between academia, research and business. Adopt systemic measures to improve access to high quality and inclusive pre-school and school education for marginalised communities, including Roma and take steps to increase their wider participation in vocational training and higher education.</u></p> <p>5. Step up efforts to make the energy market function better, in particular by increasing the public transparency of the regulatory framework and by exploring the determinants of the high electricity network charges, in particular for industrial consumers. Building on the progress made so far, further develop interconnections with neighbouring countries, including with Ukraine, in accordance with the Memorandum of Understanding signed in April.</p> <p>6. Take measures, including by amending the Act on Civil Service, to increase the independence of the public service. Adopt a strategy to improve the management of human resources in public administration. Step up efforts to strengthen analytical capacity in key ministries with a view to adopting evidence-based policies, and improving the quality of policy impact assessment. Take steps to fight corruption and accelerate efforts to improve the efficiency and quality of the judicial system. Introduce measures to improve the business environment including for SMEs. Step up efforts to improve the efficiency of public procurement.</p>

MS	2016-2017 ¹	2015-2016 ²	2014-2015 ³
Finland	<ol style="list-style-type: none"> 1. Achieve an annual fiscal adjustment of at least 0,5 % of GDP towards the medium-term budgetary objective in 2016 and 0,6 % in 2017. Use any windfall gains to accelerate the reduction of the general government debt ratio. Ensure timely adoption and implementation of the <u>administrative reform with a view to better cost-effectiveness of social and healthcare services.</u> 2. While respecting the role of social partners, ensure that the wage setting system enhances local wage bargaining and removes rigidities, contributing to competitiveness and a more export industry-led approach. Increase incentives to accept work and ensure targeted and sufficient active labour market measures, including for people with a migrant background. Take measures to reduce regional and skills mismatches. 3. Continue pursuing efforts to increase competition in services, including in retail. Promote entrepreneurship and investment, including by reducing administrative and regulatory burden, to foster growth of high value added production. 	<ol style="list-style-type: none"> 1. Achieve a fiscal adjustment of at least 0,1 % of GDP towards the medium-term budgetary objective in 2015 and of 0,5 % of GDP in 2016. Continue efforts to reduce the fiscal sustainability gap and strengthen conditions for growth. 2. Adopt the agreed pension reform and gradually eliminate early exit pathways. Ensure effective design and implementation of the administrative reforms concerning municipal structure and social and healthcare services, with a view to increasing productivity and cost-effectiveness in the provision of public services, while ensuring their quality. 3. <u>Pursue efforts to improve the employability of young people, older workers and the long-term unemployed, focusing particularly on developing job-relevant skills. Promote wage developments in line with productivity fully respecting the role of the social partners and in accordance with national practices.</u> 4. Take measures to open the retail sector to effective competition. 	<ol style="list-style-type: none"> 1. Limit the emerging gap relative to the medium-term objective, ensure to return to it in 2015 and respect it thereafter as planned. Ensure that the debt criterion is fulfilled, while pursuing a growth-friendly fiscal policy. Implement rapidly the reforms set out in the structural policy programme and government spending limits and fiscal plan for 2015-2018 in order to reduce the fiscal sustainability gap and strengthen conditions for growth. 2. <u>Ensure effective implementation of the ongoing administrative reforms concerning municipal structure and social and healthcare services, in order to increase the cost-effectiveness in the provision of public services.</u> 3. <u>Improve the use of the full labour force potential in the labour market, including by improving the employment rate and the employability of older workers, and increasing the effective retirement age, by reducing early exit pathways and aligning the retirement age or pension benefits to changes in life expectancy. Improve the labour-market prospects of young people and the long-term unemployed, with a particular focus on vocational education and targeted activation measures.</u> 4. Continue efforts to enhance competition in product and service markets, especially in the retail sector, by implementing the programme on promoting healthy competition, including amendments of the land use and building act to make it more supportive to healthy competition. 5. Continue to boost Finland's capacity to deliver innovative products, services and high-growth companies in a rapidly changing environment, and continue the diversification of industry, in particular by improving the business environment to strengthen investment in Finland and further facilitating smaller firms' entry into export markets. Step up the development of cross-border gas connection to Estonia.
Sweden	<ol style="list-style-type: none"> 1. Address the rise in household debt by adjusting fiscal incentives, in particular by gradually limiting the tax deductibility of mortgage interest payments or by increasing recurrent property taxes. Ensure that the macro-prudential authority has the legal mandate to implement measures to safeguard financial stability in a timely manner. Foster investment in housing and improve the efficiency of the housing market, including by introducing more flexibility in setting rental prices and by revising the design of the capital gains tax to facilitate more housing transactions. 	<ol style="list-style-type: none"> 1. Address the rise in household debt by adjusting fiscal incentives, in particular by gradually limiting the tax deductibility of mortgage interest payments or by increasing recurrent property taxes, and by increasing the pace of mortgage amortisation. To alleviate the structural under-supply of housing, foster competition in the construction sector, streamline the planning and appeals procedures for construction and revise the rent-setting system to allow more market-oriented rent levels. 	<ol style="list-style-type: none"> 1. Continue to pursue a growth-friendly fiscal policy and preserve a sound fiscal position, ensuring that the medium-term budgetary objective is adhered to throughout the period covered by the Convergence Programme, also with a view to the challenges posed on the long-term sustainability of public finances by an ageing population. 2. Moderate household sector credit growth and private indebtedness. To this end, reduce the effects of the debt bias in personal income taxation by gradually limiting tax deductibility of interest payments on mortgages and/or by increasing recurrent property taxes. Take further measures to increase the pace of amortisation of mortgages. 3. <u>Further improve the efficiency of the housing market through continued reforms of the rent-setting system. In particular, allow more market-oriented rent levels by moving away from the utility value system and further liberalising certain segments of the rental market, and greater freedom of contract between</u>

MS	2016-2017 ¹	2015-2016 ²	2014-2015 ³
			<p><u>individual tenants and landlords. Decrease the length and complexity of the planning and appeal processes, by reducing and merging administrative requirements, harmonising building requirements and standards across municipalities and increasing transparency for land allotment procedures. Encourage municipalities to make their own land available for new housing developments.</u></p> <p>4. Take appropriate measures to improve basic skills and facilitate the transition from education to the labour market, including through a wider use of work-based training and apprenticeships. Reinforce efforts to target labour market and education measures more effectively towards low-educated young people and people with a migrant background. Increase early intervention and outreach to young people who are unregistered with the public services.</p>
UK	<p>1. Endeavour to correct the excessive deficit in a durable manner by 2016-17. Following the correction of the excessive deficit, achieve a fiscal adjustment of 0,6 % of GDP in 2017-18 towards the minimum medium-term budgetary objective.</p> <p>2. Address shortfalls in network infrastructure investment, including by delivering the priorities of the National Infrastructure Plan. Take further steps to boost housing supply, including by implementing the reforms of the national planning policy framework.</p> <p>3. <u>Address skills mismatches and provide for skills progression, including by strengthening the quality of apprenticeships. Further improve the availability of affordable, high-quality, full-time childcare.</u></p>	<p>1. Ensure effective action under the excessive deficit procedure and endeavour to correct the excessive deficit in a durable manner by 2016-17, in particular by prioritising capital expenditure.</p> <p>2. <u>Take further steps to boost supply in the housing sector, including by implementing the reforms of the national planning policy framework.</u></p> <p>3. <u>Address skills mismatches by increasing employers' engagement in the delivery of apprenticeships. Take action to further reduce the number of young people with low basic skills. Further improve the availability of affordable, high-quality, full-time childcare.</u></p>	<p>1. Reinforce the budgetary strategy, endeavouring to correct the excessive deficit in a sustainable manner in line with the Council recommendation under the Excessive Deficit Procedure. Pursue a differentiated, growth-friendly approach to fiscal tightening by prioritising capital expenditure. To assist with fiscal consolidation, consideration should be given to raising revenues through broadening the tax base. Address structural bottlenecks related to infrastructure, skills mismatches and access to finance for SMEs to boost growth in the export of both goods and services.</p> <p>2. Increase the transparency of the use and impact of macro-prudential regulation in respect of the housing sector by the Bank of England's Financial Policy Committee. Deploy appropriate measures to respond to the rapid increases in property prices in areas that account for a substantial share of economic growth in the United Kingdom, particularly London, and mitigate risks related to high mortgage indebtedness. Monitor the Help to Buy 2 scheme and adjust it if deemed necessary. Consider reforms to the taxation of land and property including measures on the revaluation of property to alleviate distortions in the housing market. Continue efforts to increase the supply of housing.</p> <p>3. <u>Maintain commitment to the Youth Contract, especially by improving skills that meet employer needs. Ensure employer engagement by placing emphasis on addressing skills mismatches through more advanced and higher level skills provision and furthering apprenticeship offers. Reduce the number of young people with low basic skills.</u></p> <p>4. <u>Continue efforts to reduce child poverty in low-income households, by ensuring that the Universal Credit and other welfare reforms deliver adequate benefits with clear work incentives and support services. Improve the availability of affordable quality childcare.</u></p> <p>5. Continue efforts to improve the availability of bank and non-bank financing to SMEs. Ensure the effective functioning of the Business Bank and support an increased presence of challenger banks.</p> <p>6. Follow up on the National Infrastructure Plan by increasing the predictability of the planning processes as well as providing clarity on funding commitments.</p>



MS	2016-2017 ¹	2015-2016 ²	2014-2015 ³
			Ensure transparency and accountability by providing consistent and timely information on the implementation of the Plan.