

---

## The country-specific recommendations (CSRs) in the social field

### An overview and initial comparison

—  
Stefan Clauwaert

---

**Background analysis 2013.02**

---

## The country-specific recommendations (CSRs) in the social field

### An overview and initial comparison

—

Stefan Clauwaert

---

**Background analysis 2013.02**

**europaen trade union institute**

Stefan Clauwaert is a Senior Researcher at the European Trade Union Institute (ETUI) in Brussels.  
Contact: [sclauwaert@etui.org](mailto:sclauwaert@etui.org)

Brussels, 2013  
© Publisher: ETUI aisbl, Brussels  
All rights reserved  
Print: ETUI Printshop, Brussels

The ETUI is financially supported by the European Union. The European Union is not responsible for any use made of the information contained in this publication.

# Contents

Introduction.....	5
CSRs 2013-2014 versus CSRs 2011-2012 and 2012-2013 .....	7
Preliminary conclusion.....	14
References.....	16
Annex	
Country specific recommendations (CSRs) in the social field under the European Semester Cycles 2011, 2012 and 2013.....	18



## Introduction

In 2010, the European Commission presented and adopted, as a successor to its earlier Lisbon strategy, the so-called “Europe 2020 strategy”. The main objective of the new strategy is to deliver more growth that is simultaneously “smart” (by investing more in education, research and innovation), “sustainable” (by, among other things, moving in the direction of a low-carbon economy) and “inclusive” (by boosting job creation and reducing poverty). In order to achieve this overall objective, the EU has set itself five – possibly over-ambitious – goals/targets to be achieved by 2020 in the areas of employment (75% of 20-64 year-olds to be employed), innovation (3% of the EU’s GDP to be invested in research and development), education (reducing the rates of early school leaving below 10% and ensuring that at least 40% of 30-34-year-olds have completed third-level education), poverty reduction (at least 20 million fewer people in or at risk of poverty and social exclusion by 2020) and climate/energy (greenhouse gas emissions should be 20% – or even 30%, given the right conditions – lower than 1990; 20% of energy should come from renewables and energy efficiency).<sup>1</sup> To ensure that the Europe 2020 strategy delivers on these goals and, in particular, that the Member States, which committed themselves to achieve the above-mentioned objectives and targets, do in fact draw up and implement the requisite policies, a system of economic governance has been put in place to coordinate policy actions between the EU and national levels.<sup>2</sup> One of the main pillars of this new economic governance is the so-called European Semester, a six-month period each year during which Member States’ budgetary, macro-economic and structural policies are coordinated so as to allow states to take EU considerations into account at an early stage of their national budgetary processes and in other aspects of their (economic) policymaking. Within the framework of this European Semester, five key stages are established. Following the adoption in January of each year of the Commission’s Annual Growth Survey, which sets out EU priorities for the coming year to boost growth and job creation, in March the EU Heads of State and Government issue EU guidance for national policies on the basis of the Annual Growth Survey. One month later, in April, Member States have to submit their plans for sound public finances (by means of so-called Stability or Convergence Programmes), as well as plans for reforms and measures intended to achieve progress towards smart, sustainable and inclusive growth (via so-called National Reform Programmes, hereafter NRPs). Following assessment

1. For more information on the objectives, targets and process of the Europe 2020 Strategy, see: [http://ec.europa.eu/europe2020/index\\_en.htm](http://ec.europa.eu/europe2020/index_en.htm); for some critical views on the EU 2020 strategy, see, among others, Pochet (2010a), Pochet (2010b) and Barbier (2011).
2. For more information on this new European economic governance, see also Degryse (2012).

of these programmes and NRPs, the Commission, in the course of June, puts forward the country-specific recommendations (hereafter CSRs) that it considers appropriate; these, finally, are endorsed and adopted by the European Council by the end of June or early July.<sup>3</sup>

Accordingly on 29 May 2013 the European Commission presented its country-specific recommendations (CSRs) 2013-2014.<sup>4</sup> A total of 142 of what could be called ‘package’ recommendations (as they often contain several sub-recommendations) were delivered to 23 Member States in the fields of public finance, financial-sector regulation and structural reforms in areas such as research and development and energy efficiency, but also in relation to employment and social policies, such as Active labour market policies (ALMPs), labour market participation or wage setting mechanisms (for a general overview of the fields in which these recommendations need to be situated, see Figure 1 below).

This paper provides an overview of the recommendations in the field of employment and social policies. Similar to previous ETUI research (ETUI 2013, in particular Chapter 7, Figure 7.2, p. 91), for the purpose of this analysis the following categories and measures are considered to come within the social field:

Table 1 **Categories and measures**

Wages	Reviewing wage indexation
	Reviewing wage-setting system – align with productivity developments
EPL	adjusting employment protection legislation
Labour market participation	Enhancing participation of women
	Enhancing participation of older workers, promoting active ageing, LLL
	Reducing tax disincentives for second earners
Youth employment	Facilitating transition from school to work by giving companies incentives to hire young people
	Facilitating transition from school to work through apprenticeships and work-based learning
	Reducing school/education ‘drop outs’
Pensions	Explicit link between pensionable age and life expectancy
	Reducing early retirement
Vulnerable	Ensuring the adequacy and coverage of social protection systems
	Access to quality social services
	Better targeting of social assistance
Child poverty	Making child support more effective
	Facilitating access to childcare services
Tax	Shift away from labour, with a focus on low income earners

3. For more information on the process of the European Semester, see [http://ec.europa.eu/europe2020/making-it-happen/index\\_en.htm](http://ec.europa.eu/europe2020/making-it-happen/index_en.htm).

4. All proposals and background documents are available at: [http://ec.europa.eu/europe2020/making-it-happen/country-specific-recommendations/index\\_en.htm](http://ec.europa.eu/europe2020/making-it-happen/country-specific-recommendations/index_en.htm).

However, given the sometimes slightly different language and/or content of certain CSRs 2013-2014 compared to the 2011-2012 and 2012-2013 recommendations, the categories and measures mentioned above were slightly altered and/or extended. For instance, although tackling labour market participation and youth unemployment rates was already a high priority in CSRs 2012-2013, the European Commission recommended action along the lines of the agreed EU Youth Guarantee for 17 Member States (with, for 11 countries, an explicit mention of the Youth Guarantee). In the annex, a comparative overview of the text is provided by country – and thus possible shifts in language and/or content – of the country specific recommendations (CSRs) in the social field under the European Semester Cycles 2011, 2012 and 2013.

This paper is intended to provide mainly a brief ‘statistical’ comparison between the CSRs 2013-2014 and those presented by the Commission and adopted by the European Council in 2011 and 2012.

## **CSRs 2013-2014 versus CSRs 2011-2012 and 2012-2013**

As already indicated, a total of 142 of what could be called ‘package’ recommendations for 2013–2014 were adopted with regard to 23 EU Member States. (Figure 1). By contrast, in 2011 only 117 recommendations were adopted (concerning 22 Member States). The figure of 142 is a slight but further increase on the 137 CSRs adopted for 2012-2013 (also concerning 23 Member States) (see Table 2).

As for the member states covered and to avoid duplications with measures set out in the Economic Adjustment Programme, this year Cyprus, Greece, Ireland and Portugal did not receive additional specific recommendations but were in general recommended to implement their respective Memorandums of Understanding (including any subsequent supplements). Last year, Cyprus did get specific recommendations as it had then not yet entered into the Economic Adjustment Programme, whereas Romania, unlike 2011 and last year, now did receive specific recommendations. In 2011, there were no specific recommendations for Greece, Ireland, Latvia, Portugal and Romania.

Out of these 142 package recommendations for 2013-2014, 57 could indeed be considered recommendations concerning the ‘social field’. This means a decrease of five compared to the 61 ‘social’ recommendations adopted for 2012-2013 and an increase of three compared to the 54 social recommendations adopted for 2011-2012 (see Table 2).

Figure 1 Overview of country-specific recommendations for 2013-2014

	Public Finances				Financial sector		Structural reforms					Employment and social policies					
	Sound public finances	Pension and healthcare systems	Fiscal frame work	Taxation	Banking and access to finance	Housing market	Network industries	Competition in service sector	Public administration and smart regulation	R&D and innovation	Resource efficiency	Labour market participation	Active labour market policy	Wage setting mechanisms	Labour market segmentation	Education	Poverty and social inclusion
AT																	
BE																	
BG																	
CZ																	
DE																	
DK																	
EE																	
ES																	
FI																	
FR																	
HU																	
IT																	
LT																	
LU																	
LV																	
MT																	
NL																	
PL																	
RO																	
SE																	
SI																	
SK																	
UK																	

Source: European Commission 2013.

Table 2 Overview of the number of CSRs per country compared to the 'social' CSRs for 2011-2012, 2012-2013 and 2013-2014

Country	CSRs 2011-2012		CSRs 2012-2013		CSRs 2013-2014	
	Total	'Social'	Total	'Social'	Total	'Social'
AT	5	2	7	2	7	3
BE	6	3	7	2	7	4
BG	6	3	7	2	7	3
CY	7	3	7	3	-	-
CZ	6	3	6	3	7	3
DE	4	1	4	1	4	1
DK	5	2	5	2	3	1
EE	4	1	5	2	5	2
ES	7	4	8	5	9	4
FI	5	2	5	2	5	2
FR	5	4	5	3	6	4
HU	5	2	7	3	7	3
IT	6	2	6	3	6	2
LT	6	2	6	3	6	3
LUX	4	3	5	2	6	3
LV	-	-	7	3	7	3
MT	5	3	6	3	5	2
NL	4	2	5	2	4	2
PL	7	3	6	2	7	2
RO	-	-	-	-	8	3
SE	3	1	4	1	4	1
SI	6	3	7	4	9	2
SK	6	3	7	5	6	2
UK	5	2	6	2	6	2
	<b>117</b>	<b>54</b>	<b>137</b>	<b>61</b>	<b>142</b>	<b>57</b>
	46.15%		44.52%		40.14%	

Source: European Commission country-specific recommendations; ETUI calculations.

Table 3 provides an overview of the categories/measures in the social field in which the European Commission issued CSRs for 2011–2012; Table 4 provides a similar overview for 2012–2013; and Table 5 covers CSRs 2013–2014.<sup>5</sup>

Table 3 European Commission country specific recommendations 2011-2012 (social field only)

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

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

5. See the Introduction, where it was indicated that, given the sometimes slightly different language and/or content of certain CSRs 2013-2014 compared to those of 2011-2012 and 2012-2013, the categories and measures mentioned above were slightly altered and/or extended.

Table 4 European Commission country specific recommendations 2012-2013 (social field only)

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

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

Table 5 European Commission country specific recommendations 2013-2014 (social field only)

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

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

In Table 6, an overview is provided on the evolution over the period 2011-2013 of the number of recommendations per (sub-)category. It indicates over the years mainly the following trends: (i) continuous intervention in wage(setting) mechanisms,<sup>6</sup> (ii) apparently decreased attention/concern for changes to employment protection legislation, (iii) high and even increasing concern for the employability of older workers and young workers, (iv) constantly high persistence of pension reform, mainly through increasing the retirement age and phasing out early retirement schemes and (v) constantly high insistence on tax reform, shifting the tax burden from labour.

Table 6 Evolution of the number of social CSRs from 2011-2013

		CSRs 2011-2012	CSRs 2012-2013	CSRs 2013-2014
<b>Wages</b>	Reviewing wage indexation	5	4	2
	Wage-setting mechanisms	8	7	7
<b>EPL</b>	Employment protection legislation	6	8	4
<b>Labour market participation</b>	Women	6	9	5
	Older workers	8	7	12
	Tax disincentives for second earners	3	2	3
<b>Youth</b>	Youth guarantee	0	0	12
	Transition from school to work via companies	0	2	5
	Apprenticeships/work-based learning	9	12	8
	'Drop outs'	4	7	6
<b>Pensions</b>	Link pensionable age to life expectancy	13	12	11
	Reducing early retirement	12	11	10
<b>Vulnerable</b>	Social protection systems	4	2	5
	Quality social services	0	1	2
	Targeting social assistance	2	4	3
<b>Child poverty</b>	Effective child support	0	1	2
	Childcare facilities	6	7	9
<b>Tax</b>	Shift tax burden away from labour	9	9	10

Source: European Commission country-specific recommendations; ETUI calculations.

6. It is worth noting here that the Commission's proposals for CSRs 2012-2014 recommended that Sweden '3. Take further measures to improve the labour market participation of youth and vulnerable groups by focusing on effective active labour market policy measures, *encouraging increased wage flexibility, notably at the lower end of the wage scale, and reviewing selected aspects of employment protection legislation like trial periods to ease the transition to permanent employment*, review the effectiveness of the current reduced VAT rate for restaurants and catering services in support of job creation.' The underlined recommendations were not taken up in the final recommendations, however, as adopted by the Council.

## Preliminary conclusion

Via the European Semester and, in particular, the country-specific recommendations, the European institutions, especially the European Commission and the Council, continue to exert a huge influence in directing the Member States on how they should frame the structural reforms needed to overcome the impact of the economic crisis. This also applies to the reforms requested and adopted in the social field. The figures show that the total number of package recommendations keeps on increasing. The fact that, since 2011, the number of recommendations in the social field has decreased in percentage terms compared to the total number of recommendations might give a misleading view. As already mentioned, over the years the general trend in CSRs in the social field indicates (i) continuous intervention in wage(setting) mechanisms,<sup>7</sup> (ii) apparently decreased attention/concern for changes to employment protection legislation, (iii) high and even increasing concern for the employability of older workers and young workers, (iv) constantly high persistence of pension reform, mainly by increasing the retirement age and phasing out early retirement schemes and (v) a constantly high insistence on tax reform shifting the tax burden from labour. Secondly, it might also be misleading that the number of CSRs is decreasing in certain (sub)areas as this only means that for the European Commission the required structural reform is being implemented satisfactorily. It permits no negative or positive judgment on the actual impact these reforms have had, however. For instance, the fact that, over the years, the number of CSRs in relation to ‘adjusting employment protection legislation’ has fallen significantly only indicates that member states have indeed implemented reforms in this area, but tells us nothing about the negative impact of these deregulatory reforms on workers’ individual and collective fundamental social rights; on the contrary, as shown by other ETUI research (Clauwaert *et al.* 2012). Thirdly, other research shows us that although neither the content nor the language of the CSRs seems to reveal a requirement of reform in a certain (sub)area, via the structural reforms taken by the member states important areas in the social field – for example, health and safety at work – might be affected (Clauwaert 2013). It is therefore important to remain vigilant

7. It is worth noting here that in its proposals for the CSRs 2012–2014 the Commission recommended that Sweden ‘3. Take further measures to improve the labour market participation of youth and vulnerable groups by focusing on effective active labour market policy measures, *encouraging increased wage flexibility, notably at the lower end of the wage scale, and reviewing selected aspects of employment protection legislation like trial periods to ease the transition to permanent employment*, review the effectiveness of the current reduced VAT rate for restaurants and catering services in support of job creation.’ The underlined recommendations were not taken up in the final recommendations as they were adopted by the Council, however.

and keep on monitoring closely both the content and, more importantly, the implementation of CSRs as they will continue to have a considerable direct and indirect impact on citizens' and workers' social rights, welfare and well-being.

## References

- Clauwaert, S. and Schömann, I. (2012) The crisis and national labour law reforms: a mapping exercise, ETUI working paper 2012.04, Brussels, ETUI (available at: <http://www.etui.org/Publications2/Working-Papers/The-crisis-and-national-labour-law-reforms-a-mapping-exercise>)
- Clauwaert, S. (2013) The country-specific recommendations (CSRs) in the field of health and safety at work and labour inspection services – an overview, Background analysis 2013.01, Brussels, ETUI.
- Country-specific recommendations 2011-2012 (available at: [http://ec.europa.eu/europe2020/making-it-happen/country-specific-recommendations/2011/index\\_en.htm](http://ec.europa.eu/europe2020/making-it-happen/country-specific-recommendations/2011/index_en.htm))
- Country-specific recommendations 2012-2013 (available at: [http://ec.europa.eu/europe2020/making-it-happen/country-specific-recommendations/2012/index\\_en.htm](http://ec.europa.eu/europe2020/making-it-happen/country-specific-recommendations/2012/index_en.htm))
- Country-specific recommendations 2013-2014 (available at: [http://ec.europa.eu/europe2020/making-it-happen/country-specific-recommendations/index\\_en.htm](http://ec.europa.eu/europe2020/making-it-happen/country-specific-recommendations/index_en.htm))
- European Commission (2013) Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions – 2013 European Semester: Country-specific recommendations moving Europe beyond the crisis, COM (2013) 350 final, Brussels, 29.5.2013 (available at: [http://ec.europa.eu/europe2020/making-it-happen/country-specific-recommendations/index\\_en.htm](http://ec.europa.eu/europe2020/making-it-happen/country-specific-recommendations/index_en.htm))
- ETUI/ETUC (2013) Benchmarking Working Europe 2013, Brussels, ETUI (available at: <http://www.etui.org/Publications2/Books/Benchmarking-Working-Europe-2013>)

## Annex: Country specific recommendations (CSRs) in the social field under the European Semester Cycles 2011, 2012 and 2013

AT	CSRs 2011	CSRs 2012	CSRs 2013
Austria	<p>3. In consultation with the social partners and according to national practices, take steps to further <b>limit access to the current early retirement</b> scheme for people with long insurance periods and take steps to reduce the transition period for <b>harmonisation of the statutory retirement age between men and women</b> to ensure the sustainability and adequacy of the pension system. Apply strictly the conditions for access to the invalidity pension scheme.</p>	<p>3. Bring forward the <b>harmonisation of the statutory retirement age between men and women</b>, <b>enhance older workers' employability</b> and monitor closely the implementation of the recent reforms restricting access to <b>early exit channels</b> in order to ensure that the effective retirement age is rising including through <b>linking the statutory retirement age to life expectancy</b>.</p>	<p>2. Bring forward the <b>harmonisation of pensionable age for men and women</b>, <b>link the statutory retirement age to life expectancy</b>, implement and monitor the recent reforms <b>restricting access to early retirement</b> and <b>improve older workers' employability</b> in order to raise the effective retirement age and the employment rate of older workers.</p>
	<p>4. Take measures to enhance <b>participation in the labour market</b>, including the following: reduce, in a budgetary neutral way, the <b>effective tax and social security burden on labour</b>, especially for low- and medium-income earners; implement the National Action Plan on the equal treatment of women and men in the labour</p>	<p>4. Take steps to <b>reduce the effective tax and social security burden on labour</b> especially for low income earners with a view to increasing employment rates for older persons and women given the need to counteract the impact of demographic change on the working population. Shift the tax burden in a budgetary neutral way, towards real estate taxes, and environmental taxes. Reduce the high gender pay gap and enhance full-time employment opportunities for women, in particular through the provision of <b>additional care services for dependants</b>.</p>	<p>3. Take new measures to <b>increase the labour market participation of women</b>, namely by further improving <b>child care</b> and long-term care services and address the high gender pay and pension gaps. Fully use the labour market potential of people with a migrant background by improving the recognition of their qualifications and their education outcomes. <b>Reduce the effective tax and social security burden on labour</b> for low income earners in a budget-neutral way by relying more on other sources of taxation less detrimental to growth, such as recurrent property taxes.</p>
	<p>5. Continue to implement measures to improve educational outcomes, especially of disadvantaged young people. Take measures to <b>reduce drop-outs</b> from higher education.</p>	<p>5. Improve educational outcomes, in particular of disadvantaged young people, including by enhancing early childhood education and reducing the negative effects of early tracking. Further improve strategic planning in higher education and <b>enhance measures to reduce drop-outs</b>.</p>	<p>5. Improve educational outcomes, in particular of disadvantaged young people, including by enhancing early childhood education and reducing the negative effects of early tracking. Further improve strategic planning in higher education and <b>enhance measures to reduce drop-outs</b>.</p>

2. Take steps to improve the long-term sustainability of public finances. In line with the framework of the three-pronged EU strategy, the focus should be put on curbing age-related expenditure, notably by **preventing early exit from the labour market** in order to markedly increase the effective retirement age. Measures such as **linking the statutory retirement age to life expectancy** could be considered.

2. Continue to improve the long-term sustainability of public finances by curbing age-related expenditure, including health expenditure. In particular, implement the **reform of pre-retirement** and pension schemes and take further steps to ensure an increase in the effective retirement age, including through **linking the statutory retirement age to life expectancy**.

2. Step up efforts to **close the gap between the effective and statutory retirement age**, including by quickly including by pursuing the on-going reforms to reduce the early-exit possibilities. Underpin reforms of the old-age social security systems with employment-support measures and labour-market reforms conducive to active ageing. Accelerate the adoption of a decision to **link the statutory retirement age to life expectancy**. Continue to improve the cost-efficiency of public spending on long term institutional care.

4. Take steps to **reform**, in consultation with the social partners and in accordance with national practice, the **system of wage bargaining and wage indexation**, to ensure that wage growth better reflects developments in labour productivity and competitiveness.

4. To boost job creation and competitiveness, take steps to reform, in consultation with the social partners and in accordance with national practice, the **system of wage bargaining and wage indexation**. As a first step, ensure that wage growth better reflects developments in labour productivity and competitiveness; by (i) ensuring the implementation of *ex post* correction mechanisms foreseen in the 'wage norm' and promoting all-in agreements to improve cost-competitiveness and (ii) **facilitating the use of opt-out clauses from sectoral collective agreements** to better align wage growth and labour productivity developments at local level.

3. To restore competitiveness, pursue the on-going efforts to **reform the wage setting system, including wage indexation**; in particular, by taking structural measures, in consultation with the social partners and in accordance with national practice, to ensure that wage setting is responsive to productivity developments, reflects local differences in productivity and labour market conditions, and provides automatic corrections when wage evolution undermines cost-competitiveness.

5. Improve participation in the labour market by **reducing the high tax and social security burden** for the low-paid in a budgetary neutral way and by introducing a system in which the level of unemployment benefits decreases gradually with the duration of unemployment. Take steps to **shift the tax burden from labour to consumption** and to make the tax system more environmentally friendly. Improve the effectiveness of **active labour policies** by targeting measures at **older workers** and vulnerable groups.

5. **Significantly shift taxes from labour to less growth-distortive taxes** including for example environmental taxes. Pursue the initiated reform of the unemployment benefit system to reduce disincentives to work and strengthen the focus of employment support and **activation policies on older workers** and vulnerable groups, in particular people with a migrant background. Take advantage of the planned further regionalisation of labour market competencies to boost interregional labour mobility and to strengthen the coherence between education, lifelong learning, vocational training and employment policies. **Extend existing activation efforts to all age groups**.

5. Establish concrete and time-specific proposals for **shifting taxes from labour to less growth-distortive tax bases**, notably by exploring the potential of environmental taxes, for example on diesel, heating fuels and the taxation of the private use of company cars. Simplify the tax system by reducing tax expenditures in income taxation, increasing VAT efficiency and improving tax compliance by closing existing loopholes.

6. Further reduce disincentives to work by ensuring effective enforcement of job-search requirements and personalised job search assistance for all unemployed. Take measures to increase interregional labour mobility. Simplify and reinforce coherence between employment incentives, **activation policies**, labour matching, education, lifelong learning and vocational training policies for **older people and youth**. Develop comprehensive social-inclusion strategies for people with a migrant background.

3. Implement the agreed steps with social partners under the current **pension reform**, advance some of its key measures that would help to **increase the effective retirement age and reduce early exit**, such as through the gradual increase of the social insurance length of service, and strengthen **policies to help older workers** to stay longer in employment.

2. Take further steps to reduce risks to the sustainability and to improve adequacy of the **pension system by making the statutory retirement age the same for men and women** with full career contributions. Introduce stricter criteria and controls for the allocation of invalidity pensions.

2. **Phase out early retirement options**, introduce the **same statutory retirement age for men and women** and implement active labour market policies that enable **older workers** to stay longer in the labour market. Tighten the eligibility criteria and controls for the allocation of invalidity pensions to effectively limit abuse.

4. Promote, in consultation with the social partners and in accordance with national practices, policies to **ensure that wage growth better reflects developments in productivity** and sustain competitiveness while paying attention to on-going convergence.

5. Take steps to address the challenge of combating **poverty** and promoting social inclusion, especially for vulnerable groups facing multiple barriers. Take measures for modernising public employment services to enhance their capacity to match skills profiles with labour market demand; and **focusing support on young people with low skills**. Advance the educational reform by adopting a Law on Pre-School and School Education and a new Higher Education Act by mid 2012.

3. Accelerate the implementation of the **national Youth Employment Initiative**. Ensure that the minimum thresholds for social security contributions do not discourage declared work. Step up efforts to improve the Public Employment Service's performance. To alleviate poverty, improve the effectiveness of social transfers and the **access to quality social services for children and the elderly** and implement the National Roma Integration Strategy.

3. Accelerate the national Youth Employment Initiative, for example through a **Youth Guarantee**. Reform the Employment Agency with a view to providing effective counseling to jobseekers and develop capacity for identifying and matching skill needs. Enhance active labour-market policies, in particular concerning national employment schemes. Undertake a **review of the minimum thresholds for social security contributions** to ensure that the system does not price the low-skilled out of the labour market. Ensure concrete delivery of the National Strategies on Poverty and Roma integration. Improve the **accessibility and effectiveness of social transfers and services, in particular for children and older people**.

4. Adopt the School Education Act and pursue the reform of higher education, in particular through better **aligning outcomes to labour-market needs** and strengthening cooperation between education, research and business. Improve access to inclusive education for **disadvantaged children**, in particular Roma. (...)

3. Improve the long-term sustainability of public finances by implementing reform measures to control pension and healthcare expenditure in order to curb the projected increase in age-related expenditure. **For pensions, extend years of contribution, link retirement age with life expectancy** or adopt other measures with an equivalent budgetary effect, while taking care to address the high at-risk-of-poverty rate for the elderly. For healthcare, take further steps to accelerate implementation of the national health insurance system

3. Further improve the long-term sustainability and adequacy of the pensions system and address the high at-risk-of-poverty rate for the elderly. Ensure an **increase in the effective retirement age, including through aligning the statutory retirement age with the increase in life expectancy.**

To avoid duplication with measures set out in the Economic Adjustment Programme, there are no additional recommendations for Cyprus.

4. Take steps to reform, in consultation with social partners and in accordance with national practices, **the system of wage bargaining and wage indexation** to ensure that wage growth better reflects developments in labour productivity and competitiveness.

7. Improve competitiveness, including through the reform of the **system of wage indexation**, in consultation with social partners and in line with national practices, to better reflect productivity developments. Take steps to diversify the structure of the economy. Redress the fiscal balance by restraining expenditure.

5. Take further steps, within the reforms planned for the **vocational education and training system**, to match education outcomes to labour market needs better, including by setting up post-secondary vocational education and training institutes. Take measures to increase the effectiveness of the vocational training system by increasing the incentives for, and improving access to vocational education and training, especially for low-skilled workers, women and older workers.

5. Improve the skills of the workforce to reinforce their occupational mobility towards activities of high growth and high value added. Take further measures to address **youth unemployment, with emphasis on work placements in companies** and promotion of self-employment. Take appropriate policy measures on the demand side to stimulate business innovation.

1. Implement the planned consolidation in 2011 and take countervailing measures of a permanent nature as needed in case of any revenue shortfalls or expenditure slippages. Adopt fiscal measures as planned in the Convergence Programme for 2012 and underpin the target for 2013 by more specific measures, subject to this, avoid cutting expenditure on growth-enhancing items. Improve the efficiency of public investments, and continue efforts to exploit the available space for increases in indirect tax revenue to **shift taxes away from labour**, improve tax compliance, and reduce tax evasion. Ensure an average fiscal effort over the period 2010-2013 of 1 % of GDP, in line with the Council recommendations on correcting the excessive deficit, which will allow meeting the EDP deadline with a sufficient margin in 2013.

1. Ensure planned progress towards the timely correction of the excessive deficit. To this end, fully implement the 2012 budget and specify measures of a durable nature necessary for the year 2013 so as to achieve the annual average structural adjustment specified in the Council recommendation under the excessive deficit procedure. Thereafter, ensure an adequate structural adjustment effort to make sufficient progress towards the MTO, including meeting the expenditure benchmark. In this context, avoid across-the-board cuts, safeguard growth-enhancing expenditure and step up efforts to improve the efficiency of public spending. Exploit the available space for increases in taxes least detrimental to growth. **Shift the high level of taxation on labour to housing and environmental taxation. Reduce the discrepancies in the tax treatment of employees and the self-employed.** Take measures to improve tax collection, reduce tax evasion and improve tax compliance, including by implementing the Single Collection Point for all taxes.

2. **Reduce the high level of taxation on labour** by shifting taxation to areas less detrimental to growth, such as recurrent taxes on housing and vehicle circulation taxes. Further **reduce discrepancies in the tax treatment of employees and the self-employed.** Improve tax compliance and reduce compliance costs by establishing the Single Collection Point and **harmonising the tax bases for personal income tax and social and health contributions.**

2. Implement the planned **pension reform** in order to improve the long-term sustainability of public finances and to ensure the future adequacy of pensions. Additional efforts should focus on further changes to the public pillar to ensure that the system is not a source of fiscal imbalances in the future, and on the development of private savings. With a view to raising the effective retirement age, measures such as a **link between the statutory retirement age and life expectancy** could be considered. Ensure that the envisaged funded scheme attracts broad participation, and is designed to keep administrative costs transparent and low.

2. Introduce further changes to the public pension scheme to ensure its long-term sustainability. **Reconsider plans to allow an earlier exit** from the labour market. Promote effective **participation of younger workers** in the envisaged funded scheme to improve adequacy of pensions.

3. **Increase the effective retirement age** by aligning retirement age or pension benefits to changes in life expectancy, and review the indexation mechanism... Accompany the increase in retirement age with measures promoting **employability of older workers** and reduce early exit pathways. In particular, **remove the public subsidy for the pre-retirement scheme.** (...)

3. **Enhance participation in the labour market** by reducing the barriers for parents with young children to re-enter the labour market through increased **availability and access to affordable childcare** facilities. **Increase the attractiveness and availability of more flexible forms of working arrangements, such as part-time jobs.**

3. Take additional measures to significantly increase the availability of affordable and quality pre-school **childcare.**

4. Take measures to strengthen the efficiency and effectiveness of the public employment service. Increase significantly the availability of **inclusive childcare facilities** with a focus on children up to three years old, and the participation of Roma children, notably by adopting and implementing the law on provision of **childcare** services and strengthening the capacities of both public and private childcare services.

4. Improve the performance of the public employment service in order to increase the quality and effectiveness of training, job search assistance and individualised services, linking funding of the programmes to results. In cooperation with stakeholders, **extend tailor-made training programmes, for older workers, young people, low-skilled workers and other vulnerable groups.**

4. Strengthen PES by increasing the quality and effectiveness of training, job search assistance and individualised services, including of outsourced services

DE	Germany	CSRs 2011	CSRs 2012	CSRs 2013
		<p>3. <b>Enhance participation in the labour market</b> by improving equitable access to education and training systems and by taking further steps to <b>reduce the high tax wedge</b> in a budgetary neutral way and improve work incentives for persons with low income perspectives. Increase the number of fulltime <b>childcare facilities</b> and all-day schools. Closely monitor the effects of recent reform measures to <b>reduce tax disincentives for second earners</b> and take further measures in case disincentives remain.</p>	<p>3. <b>Reduce the high tax wedge</b> in a budgetary neutral way, in particular for low-wage earners, and maintain appropriate activation and integration measures, in particular for the long-term unemployed. <b>Create the conditions for wages to grow in line with productivity.</b> Take measures to raise the educational achievement of disadvantaged groups, in particular through ensuring equal opportunities in the education and training system. <b>Phase out the fiscal disincentives for second earners</b>, and increase the availability of fulltime <b>childcare facilities</b> and all-day schools.</p>	<p>2. <b>Sustain conditions that enable wage growth to support domestic demand.</b> To this purpose, <b>reduce high taxes and social security contributions</b>, especially for low-wage earners and raise the educational achievement of disadvantaged people. Maintain appropriate activation and integration measures, especially for the long-term unemployed. <b>Facilitate the transition from non-standard employment such as mini-jobs into more sustainable forms of employment.</b> Take measures to improve incentives to work and the employability of workers, in particular for second earners and low-skilled, also with a view to improving their income. To this end, <b>remove disincentives for second earners</b> and increase the availability of fulltime <b>childcare facilities</b> and all-day schools.</p>
DK	Denmark	CSRs 2011	CSRs 2012	CSRs 2013
		<p>2. In order to strengthen employment and the sustainability of public finances, take further steps to increase long-term labour supply, by implementing the recently concluded reform on the voluntary early retirement pension (VERP) scheme, reforming the disability pension and better targeting subsidised employment schemes (<b>the 'flex-job' system</b>) towards the most vulnerable groups.</p>	<p>2. Take further steps to enhance long-term labour supply by reforming the disability pension, better targeting subsidised employment schemes (<b>the 'flex-job' system</b>) towards people with reduced work capacity, and improving the employability of people with a migrant background.</p>	
		<p>3. Speed up the implementation of reforms to improve the quality of the education system. <b>Reduce drop-out rates</b>, particularly in the vocational education sector, and <b>increase the number of apprenticeship places</b> available.</p>	<p>3. Implement announced measures, without delay, to improve the cost-effectiveness of the education system, <b>reduce drop-out rates</b>, in particular within vocational education, and <b>increase the number of apprenticeships.</b></p>	<p>2. Take further steps to improve the <b>employability of people at the margins of the labour market</b>, including people with a migrant background, the long-term unemployed and low-skilled workers. Improve the quality of vocational training to <b>reduce drop-out rates</b> and <b>increase the number of apprenticeships.</b> Implement the reform of primary and lower secondary education in order to raise attainment levels and improve the cost-effectiveness of the education system.</p>

2. Take steps to support labour demand and to reduce the risk of poverty, by **reducing the tax and social security burden** in a budgetary neutral way, as well as through improving the **effectiveness of active labour market policies, including by targeting measures on young people** and the long-term unemployed, especially in areas of high unemployment.

2. Improve incentives to work by **streamlining the social benefits system** and increasing flexibility in the allocation of disability, unemployment and parental benefits, while ensuring **adequate social protection**. Improve **delivery of social services**, while better targeting family and parental benefits and removing distortionary income tax exemptions related to children. **Increase the participation of the young and the long-term unemployed in the labour market.**

2. Improve incentives to work by **making the various existing social-benefit systems more consistent** and by increasing the flexibility and targeting of benefit allocation. Improve the **delivery of social services, including childcare**, while increasing the efficiency and cost-effectiveness of family policy. Strengthen activation measures to facilitate the **return to the labour market of the long-term unemployed and people receiving disability benefits** and incapacity for work benefits. Establish coordinated measures for fostering economic development in regions affected by high unemployment.

3. Link **training and education** more effectively to the needs of the labour market, and enhance cooperation between businesses and academia. Increase opportunities for low-skilled workers to improve their access to lifelong learning. Foster prioritisation and internationalisation of the research and innovation systems.

3. Continue efforts to improve the labour-market relevance of **education and training systems**, including by further involving social partners and implementing targeted measures to **address youth unemployment**. Significantly increase the participation of the low skilled in life-long learning. Intensify efforts to prioritise and internationalise the research and innovation systems and enhance cooperation between businesses, higher education and research institutions.

2. Adopt the proposed **pension reform** to **extend the statutory retirement age** and increase the number of working years for the calculation of pensions as planned; regularly review pension parameters in line with changes to life expectancy, as planned, and develop further measures to **improve lifelong learning for older workers**.

4. Explore the scope for improving the efficiency of the tax system, for example through a **move away from labour towards consumption and environmental taxes** while ensuring fiscal consolidation plans.

5. Following consultation with social partners and in accordance with national practice, complete the adoption and **proceed with the implementation of a comprehensive reform of the collective bargaining process and the wage indexation system** to ensure that wage growth better reflects productivity developments as well as local- and firm-level conditions and to **grant firms enough flexibility to internally adapt working conditions** to changes in the economic environment.

2. **Ensure that the retirement age is rising in line with life expectancy** when regulating the sustainability factor foreseen in the recent pension reform and **underpin the Global Employment Strategy for Older Workers** with concrete measures to develop lifelong learning further, **improve working conditions** and foster the reincorporation of this group in the job market.

3. Introduce a taxation system consistent with the fiscal consolidation efforts and more supportive of growth, **including a shift away from labour towards consumption and environmental taxation**. In particular, address the low VAT revenue ratio by broadening the tax base for VAT. Ensure less tax-induced bias towards indebtedness and homeownership (as opposed to renting).

4. Finalise the **evaluation of the 2012 labour market reform** covering the full range of its objectives and measures by July 2013, and present amendments, if necessary, by September 2013. Adopt the 2013 national Employment Plan by July 2013 and enact swiftly a result-oriented reform of active labour market policies, including by strengthening the targeting and efficiency of guidance. Reinforce and modernize public employment services to ensure effective individualised assistance to the unemployed according to their profiles and training needs. Reinforce the effectiveness of re-skilling training programmes for older and low-skilled workers. Fully operationalize the Single Job Portal and speed up the implementation of public private cooperation in placement services to ensure its effective application already in 2013.

6. Assess, by the end of 2011, the impacts of the labour market reforms of September 2010 and of the reform of active labour market policies of February 2011, accompanied, if necessary, by proposals for further reforms to reduce labour market segmentation, and to **improve employment opportunities for young people**; ensure a close monitoring of the effectiveness of the measures set out in the National Reform Programme to reduce **early school leaving**, including through prevention policies and facilitate the transition to vocational education and training.

5. Implement the labour market reforms and take additional measures to increase the effectiveness of active labour market policies by improving their targeting, by increasing the use of training, advisory and job matching services, by strengthening their links with passive policies, and by strengthening coordination between the national and regional public employment services, including sharing information about job vacancies.

5. Implement and monitor closely the effectiveness of the measures to **fight youth unemployment** set out in the Youth Entrepreneurship and Employment Strategy 2013-2016, for example through a **Youth Guarantee**. Continue with efforts to increase the labour market relevance of education and training, to **reduce early school leaving** and to enhance life-long learning, namely by expanding the application of dual vocational training beyond the current pilot phase and by introducing a comprehensive monitoring system of pupils' performance by the end of 2013.

7. Improve the employability of vulnerable groups, combined with **effective child and family support services** in order to improve the situation of people at risk of poverty and/or social exclusion, and consequently to achieve the well-being of children.

6. Adopt and implement the necessary measures to reduce the number of people at risk of poverty and/or social exclusion by reinforcing active labour market policies to **improve employability of people further away from the labour market** and by improving the targeting and increasing efficiency and effectiveness of support measures including **quality family support services**.

3. Target active labour market measures better on the long- term unemployed and **young people**.

4. Take measures to improve the **employability of older workers** and their participation in lifelong learning. Take further steps, in consultation with social partners and in accordance with national practices, to encourage older workers to stay in the labour market, by measures to **reduce early exit and increase the effective retirement age**. In view of the already existing system of linking pension benefits to life expectancy, consider a **link between the statutory retirement age and life expectancy**.

3. Implement the ongoing measures to improve the labour market position of **young people** and the long-term unemployed, with a particular focus on skills development. Take further steps to improve the employment rate of older workers, including by **reducing early exit pathways**. Take measures to **increase the effective retirement age taking into account the improved life expectancy**.

3. Take further steps to **increase the employment rate of older workers**, including by improving their employability and **reducing early exit pathways**, **increasing the effective retirement age by aligning retirement age or pension benefits to changes in life expectancy**. Implement and monitor closely the impact of on-going measures to improve the labour-market **position of young people** and the long-term unemployed, with a particular focus on the development of job-relevant skills.

5. In order to strengthen productivity growth and external competitiveness, continue efforts to diversify the business structure, in particular by hastening the introduction of planned measures to broaden the innovation base while continuing to **align wage and productivity developments** fully respecting the role of social partners and in line with national practices.

5. (...) In the current low-growth environment, **support the alignment of real wage and productivity developments** whilst fully respecting the role of social partners and in line with national practices.

1. Ensure the recommended average annual fiscal effort of more than 1 % of GDP over the period 2010-2013 and implement the correction of the excessive deficit by 2013, in line with the Council recommendations under the EDP, thus bringing the high public debt ratio on a downward path, and ensure adequate progress to the medium-term objective thereafter; specify the necessary corresponding measures for 2012 onwards, take additional measures if needed and use any windfall revenues to accelerate the deficit and debt reduction as planned; **continue to review the sustainability of the pension system** and take additional measures if needed.
2. Undertake renewed efforts, in accordance with national practices of consultation with the social partners, to combat labour market segmentation by **reviewing selected aspects of employment protection legislation** while improving human capital and upward transitions; **ensure that any development in the minimum wage is supportive of job creation.**
3. Encourage access to lifelong learning in order to help maintain **older workers** in employment and enhance measures to support return to employment. Step up active labour market policies and introduce measures to improve the organisation, decision-making, and procedures of the public employment service to strengthen services and individualised support provided to those at risk of long-term unemployment.

1. Reinforce and implement the budgetary strategy, supported by sufficiently specified measures, notably on the expenditure side, for the year 2012 and beyond to ensure a correction of the excessive deficit by 2013 and the achievement of the structural adjustment effort specified in the Council recommendations under the excessive deficit procedure. Thereafter, ensure an adequate structural adjustment effort to make sufficient progress towards the MTO, including meeting the expenditure benchmark, and ensure sufficient progress towards compliance with the debt reduction benchmark. **Continue to review the sustainability and adequacy of the pension system** and take additional measures if needed.
2. Introduce further reforms to combat labour market segmentation by **reviewing selected aspects of employment protection legislation**, in consultation with the social partners **in accordance with national practices, in particular related to dismissals**; continue to **ensure that any development in the minimum wage is supportive of job creation** and competitiveness; take actions to increase adult participation in lifelong learning.
3. Adopt labour market measures to ensure that **older workers** stay in employment longer; improve youth employability especially for those most at risk of unemployment, by providing for example **more and better apprenticeship schemes** which effectively address their needs; step up active labour market policies and ensure that public employment services are more effective in delivering individualised support.

1. Reinforce and pursue the budgetary strategy in 2013. (...) Take measures by the end of 2013 to **bring the pension system into balance** in a sustainable manner no later than 2020, for example by adapting indexation rules, by increasing the full-pension contribution period, by further increasing the effective **retirement age** by aligning retirement age or pension benefits to changes in life expectancy and by reviewing special schemes, while avoiding an increase in employers' social contributions, and increase the cost-effectiveness of healthcare expenditure, including in the areas of pharmaceutical spending.
2. Ensure that the reduction in the labour cost, resulting from the 'credit d'impôt compétitivité et emploi' yields the planned amount and that no other measure will offset its effect. **Take further action to lower the cost of labour**, in particular through further measures to reduce employers' social-security contributions, in association with social partners. **Ensure that developments in the minimum wage are supportive of competitiveness and job creation**, taking into account the existence of wage support schemes and social contribution exemptions.

6. Implement fully and without delay the January 2013 inter-professional agreement, in consultation with the social partners. Take further action to combat labour-market segmentation, in particular to **address the situation of interim agency workers**. Launch **urgently a reform of the unemployment benefit system** in association with the social partners to ensure sustainability of the system while ensuring that it provides adequate incentives to return to work. **Enhance the employment rate of older workers** and stimulate their participation in the labour market. Take specific action to improve the employment perspective of older unemployed people in particular through specific counseling and training. Increase adult participation in lifelong learning, especially of the least qualified and of the unemployed. Ensure that public employment services effectively deliver individualised support to the unemployed and that active labour market policies effectively target the most disadvantaged. Take further measures to **improve the transition from school to work** through, for example, a **Youth Guarantee** and promotion of **apprenticeship**.

4. Increase the efficiency of the tax system, including for example through a **move away from labour towards environmental and consumption taxes**, and implementation of the planned reduction in the number and cost of tax and social security exemptions (including 'niches fiscales').
4. Take further steps to introduce a more simple and balanced taxation system, **shifting the tax burden from labour to other forms** of taxation that weigh less on growth and external competitiveness, in particular environmental and consumption taxes; continue efforts to reduce and streamline tax expenditures (in particular those providing incentives to indebtedness); review the effectiveness of the current reduced VAT rates in support of growth and job creation.

5. Pursue efforts to simplify the tax system and improve its efficiency, while ensuring continuity of tax rules over time. Take additional measures to remove the debt bias in corporate taxation. Step up efforts to reduce and streamline personal and corporate income tax expenditures while reducing statutory rates; bring reduced VAT rates closer to the standard rate and remove inefficient reduced rates. **Take further measures shifting the tax burden from labour** to environmental taxation or consumption.

<p>GR Greece</p>	<p>CSRs 2011</p>	<p>Fully implement the measures laid down in the Decision 2010/320/EU, as amended by Decision 2011/257/EU, and as further specified in the Memorandum of Understanding of 3 May 2010 and its subsequent supplements, in particular the last supplement of 2 July 2011.</p>	<p>CSRs 2012</p>	<p>Implement the measures laid down in Decision 2011/734/EU, as amended on 8 November 2011 and 13 March 2012, and the Memorandum of Understanding on Specific Economic Policy Conditionality, which was signed on 14 March 2012.</p>	<p>CSRs 2013</p>	<p>To avoid duplication with measures set out in the Economic Adjustment Programme, there are no additional recommendations for Greece.</p>
<p>HU Hungary</p>	<p>CSRs 2011</p>	<p>3. Enhance participation in the labour market by alleviating the <b>impact of the tax reform on low earners</b> in a budget-neutral manner. Strengthen measures to <b>encourage women's participation in the labour market</b> by expanding <b>childcare</b> and pre-school facilities.</p>	<p>3. <b>Make the taxation of labour more employment-friendly</b> by alleviating the impact of the 2011 and 2012 tax changes on low earners in a sustainable, budget-neutral manner, for example by <b>shifting part of the tax burden</b> to energy taxes and recurrent taxes on property. Strengthen measures to <b>encourage women's participation</b> in the labour market, particularly by expanding <b>childcare</b> and pre-school facilities.</p>	<p>CSRs 2012</p>	<p>CSRs 2013</p>	<p>3. (...) Continue making taxation of labour more employment-friendly by <b>alleviating the tax burden on low-wage earners</b>, inter alia by refining the eligibility criteria for the Job Protection Act, and by <b>shifting taxation away</b> to environmental taxes. (...)</p>
<p>HU Hungary</p>	<p>CSRs 2011</p>	<p>4. Take steps to strengthen the capacity of the Public Employment Service and other providers to increase the quality and effectiveness of training, job search assistance and individualised services. Reinforce active labour market measures delivering positive evidence-based results. In consultation with stakeholders, introduce tailor-made programmes, for the low-skilled and other particularly disadvantaged groups.</p>	<p>4. Strengthen the capacity of the Public Employment Service to increase the quality and effectiveness of training, job search assistance and individualised services, with particular regard for disadvantaged groups. Strengthen the activation element in the public work scheme through effective training and job search assistance. Implement the National Social (Roma) Inclusion Strategy, and mainstream it with other policies.</p>	<p>CSRs 2012</p>	<p>CSRs 2013</p>	<p>4. <b>Address youth unemployment</b>, for example through a <b>Youth Guarantee</b>. Strengthen active labour market policy measures and enhance the client profiling system of the Public Employment Service. Reduce the dominance of the public works scheme within employment measures and strengthen its activation elements. Reinforce training programmes to boost participation in lifelong learning. Continue to <b>expand child-care</b> facilities to encourage women's participation. Ensure that the objective of the National Social Inclusion Strategy is mainstreamed in all policy fields in order to <b>reduce poverty, particularly among children</b> and Roma.</p>
<p>HU Hungary</p>	<p>CSRs 2011</p>	<p>6. Prepare and implement a national strategy on <b>early school-leaving</b> by ensuring adequate financing. Ensure that the implementation of the higher education reform improves access to education for disadvantaged groups.</p>	<p>6. Prepare and implement a national strategy on <b>early school-leaving</b> by ensuring adequate financing. Ensure that the implementation of the higher education reform improves access to education for disadvantaged groups.</p>	<p>CSRs 2012</p>	<p>CSRs 2013</p>	<p>6. Implement a national strategy on <b>early school-leaving</b> and ensure that the education system provides all young people with labour-market-relevant skills, competences and qualifications. Improve access to inclusive mainstream education, in particular for Roma. Support the transition between different stages of education and towards the labour market (...)</p>

IE	Ireland	CSRs 2011	CSRs 2012	CSRs 2013
		<p>Implement the measures laid down in Implementing Decision 2011/77/EU, as amended by Implementing Decision 2011/326/EU, and further specified in the Memorandum of Understanding of 16 December 2010 and its update of 18 May 2011.</p>	<p>Implement the measures laid down in Implementing Decision 2011/77/EU and further specified in the Memorandum of Understanding of 16 December 2010 and its subsequent supplements.</p>	<p>To avoid duplication with measures set out in the Economic Adjustment Programme, there are no additional recommendations for Ireland.</p>
IT	Italy	CSRs 2011	CSRs 2012	CSRs 2013
		<p>2. Reinforce measures to combat segmentation in the labour market, also by reviewing selected aspects of <b>employment protection legislation including the dismissal rules</b> and procedures and <b>reviewing the currently fragmented unemployment benefit system</b> taking into account the budgetary constraints. Step up efforts to fight undeclared work. In addition, take steps to <b>promote greater participation of women</b> in the labour market, by increasing the <b>availability of care facilities</b> throughout the country and providing <b>financial incentives to second earners to take up work</b> in a budgetary neutral way.</p> <p>3. Take further steps, based on the 2009 agreement <b>reforming the collective bargaining framework</b> and in consultation with the social partners in accordance with national practices, to ensure that wage growth better reflects productivity developments as well as local and firm conditions, including clauses that could allow firm level bargaining to proceed in this direction.</p>	<p>4. Adopt the labour market reform as a priority to tackle the segmentation of the labour market and establish an integrated unemployment benefit scheme. Take further action to incentivize <b>labour market participation of women</b>, in particular through the provision of <b>childcare and elderly care</b>. Monitor and if needed reinforce the implementation of the <b>new wage setting framework in order to contribute to the alignment of wage growth and productivity at sector and company level</b>.</p> <p>3. Take further action to <b>address youth unemployment</b>, including by improving the labour market relevance of education and facilitating <b>transition to work</b>, also through incentives for business start-ups and for hiring employees. Enforce nation-wide recognition of skills and qualifications to promote labour mobility. Take measures to reduce tertiary education <b>dropout rates and fight early school leaving</b>.</p> <p>5. Pursue the fight against tax evasion. Pursue the shadow economy and undeclared work, for instance by stepping up checks and controls. Take measures to reduce the scope of tax exemptions, allowances and reduced VAT rates and simplify the tax code. <b>Take further action to shift the tax burden away from capital and labour to property and consumption as well as environment</b>.</p>	<p>4. Ensure the effective implementation of the labour market and <b>wage setting reforms to allow better alignment of wages to productivity</b>. Take further action to foster <b>labour market participation, especially of women and young people</b>, for example through a <b>Youth Guarantee</b>. Strengthen vocational education and training, ensure more efficient public employment services and improve career and counseling services for tertiary students. <b>Reduce financial disincentives for second earners to work</b> and improve the provision of <b>care</b>, especially child and long-term care, and <b>out-of-school services</b>. Step up efforts to <b>prevent early school leaving</b>. Improve school quality and outcomes, also by enhancing teachers' professional development and diversifying career development. Ensure effectiveness of social transfers, notably through better targeting of benefits, especially for low-income households with children.</p> <p>5. <b>Shift the tax burden from labour and capital to consumption, property and the environment</b> in a budgetary neutral manner. To this purpose, review the scope of VAT exemptions and reduced rates and of direct tax expenditures, and reform the cadastral system to align the tax base of recurrent immovable property to market values. Pursue the fight against tax evasion, improve tax compliance and take decisive steps against the shadow economy and undeclared work.</p>

2. Adopt the proposed implementing legislation on **Pension System Reform**. In order to enhance participation in the labour market, **remove fiscal disincentives to work, especially for people at pensionable age**.

2. Adopt legislation on a comprehensive pension system reform. **Align the statutory retirement age with life expectancy**, establish clear rules for the indexation of pensions, and improve complementary savings schemes. **Underpin pension reform with active ageing measures**.

2. Adopt and implement legislation on a comprehensive pension system reform. **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 while ensuring implementation of ongoing reforms. **Underpin pension reform with measures that promote the employability of older workers**.

3. Enhance labour market flexibility by **amending the labour legislation** to make it more flexible and to **allow better use of fixed-term contracts**. Amend the relevant legislation to **ensure that the social assistance system does not contain disincentives to work**.

3. Tackle **high unemployment**, in particular among **youth**, low-skilled and long-term unemployed, by focusing resources on active labour market policies while improving their efficiency. Enhance the **effectiveness of apprenticeship schemes**. **Amend the labour legislation with regard to flexible contract agreements, dismissal provisions and flexible working time arrangements**.

3. Tackle high unemployment amongst low-skilled and long-term by refocusing resources on active labour market policies while improving their coverage and efficiency. **Improve the employability of young people**, for example through a **Youth Guarantee**, enhance the implementation and effectiveness of **apprenticeship schemes**, and address persistent skill mismatches. **Review the appropriateness of labour legislation with regard to flexible contract agreements, dismissal provisions and flexible working time arrangements, in consultation with social partners**.

4. Increase work incentives and strengthen the links between the **social assistance reform** and activation measures, in particular for the most vulnerable, to reduce poverty and social exclusion.

4. Implement concrete targeted measures to reduce poverty and social exclusion. Strengthen the links between the cash **social assistance reform** and activation measures.

2. Propose and implement a broad pension reform to ensure the long-term **sustainability of the pension system**, starting with measures that will **increase the participation rate of older workers**, in particular by **discouraging early retirement**. With a view to raising the effective retirement age, measures such as a **link between the statutory retirement age and life expectancy**, could be considered.

3. Take steps to **reform**, in consultation with social partners and in accordance with national practices, the **system of wage bargaining and wage indexation**, to ensure that wage growth better reflects developments in labour productivity and competitiveness.

2. Strengthen the proposed **pension reform** by taking additional measures to **increase the participation rate of older workers, in particular by preventing early retirement**, and by taking further steps to increase the effective retirement age, including through **linking the statutory retirement age to life expectancy**, in order to ensure the long-term sustainability of the pension system.

3. Take further steps to **reform**, in consultation with the social partners and in accordance with national practice, **the wage bargaining and wage indexation system**, with a view to preserve the competitiveness of the Luxembourg economy in the longer term, as a first step by maintaining the current one-year indexation interval beyond 2014 and by reducing the impact of energy and other volatile items on the reference index.

3. Curb age-related expenditure by making long-term care more cost effective, in particular through a stronger focus on prevention, rehabilitation and independent living, strengthening the recently adopted pension reform, **taking additional measures to curb early retirement and increasing the effective retirement age, by aligning retirement age or pension benefits to change in life expectancy**.

4. Beyond the current freeze, take further structural measures, in consultation with the social partners and in accordance with national practices, to **reform the wage setting system, including wage indexation**, to improve its responsiveness to productivity and sectoral developments and labour market conditions and foster competitiveness(...)

4. Take steps to **reduce youth unemployment** by reinforcing training and education measures aimed at better matching young people's qualifications to labour demand.

4. Continue efforts to **reduce youth unemployment**: by reinforcing stakeholders' involvement, and by strengthening training and education measures, in particular for those with low education levels, with the aim of better matching young people's skills and qualifications to labour demand.

5. Step up efforts to **reduce youth unemployment** by improving the design and monitoring of active labour market policies. Strengthen general and vocational education to better match young people's skills with labour demand, in particular for people with migrant background. **Reinforce efforts to increase the participation rate of older workers**, including by improving their employability through lifelong learning.

Implement the measures laid down in Decision 2009/290/EC, as amended by Decision 2009/592/EC, and further specified in the Memorandum of Understanding of 20 January 2009 and its subsequent supplements, in particular the last supplement of 7 June 2011.

2. Implement measures to shift taxation away from labour to consumption, property, and use of natural and other resources while improving the structural balance; ensure adoption of the Fiscal Discipline Law and develop a medium term budgetary framework law to support the long-term sustainability of public finances; restore contributions to the mandatory funded private pension scheme at 6 % of gross wages from 2013.

3. Take measures to **reduce long-term and youth unemployment** by **fighting early school leaving**, promoting more efficient vocational education and training and its **apprenticeship** component, enhancing the quality, coverage and effectiveness of active labour market policy and its training component and **through an effective wage subsidy scheme**.

4. Tackle high rates of poverty and social exclusion by **reforming the social assistance system** to make it more efficient, while better protecting the poor. Ensure better targeting and increase incentives to work.

1. Reinforce the budgetary strategy to ensure that the deviation from the MTO only reflects the incremental impact of the systemic pension reform. Within this strategy, **reduce taxation of low-income earners by shifting taxation** to areas such as excise duties, recurrent property taxes and/or environmental taxes. Maintain efforts to improve tax compliance and combat the shadow economy. Continue strengthening the fiscal framework through effective implementation of the Fiscal Discipline Law and multi-annual budgeting.

3. Tackle long-term and **youth unemployment** by increasing coverage and effectiveness of active labour market policies and targeted social services. Improve the employability of young people, for example through a **Youth Guarantee**, establish comprehensive career guidance, implement reforms in the field of vocational education and training, and **improve the quality and accessibility of apprenticeships**.

4. Tackle high rates of poverty by **reforming social assistance** for better coverage, by improving benefit adequacy and strengthening activation measures for benefit recipients. Reinforce the delivery mechanisms to effectively reduce child poverty.

2. Take action to ensure the **sustainability of the pension system** such as by accelerating the progressive increase in the **retirement age and by linking it to life expectancy**. Accompany the higher statutory retirement age with a comprehensive active ageing strategy, **discourage the use of early retirement schemes** and encourage private pension savings.

2. Take action, without further delay, to ensure the long-term **sustainability of the pension system**, comprising an increase in the effective retirement age, including through a significant acceleration of the **progressive increase in the statutory retirement age** compared to current legislation and through a **clear link between the statutory retirement age and life expectancy**, and measures to encourage private pension savings. Take measures to **increase the participation of older workers** in the labour force and **discourage the use of early retirement schemes**.

2. To ensure the long-term sustainability of public finances, continue to **reform the pension system** to curb the projected increase in expenditure, including by measures such as accelerating the **increase in the statutory retirement age**, increasing the effective retirement age by **aligning retirement age or pension benefits to changes in life expectancy** and by encouraging private pension savings. Take measures to **increase the employment rate of older workers** by finalizing and implementing a comprehensive active ageing strategy. (...)

3. **Focus education outcomes more on labour market needs**, notably by making additional efforts to improve access to higher education and by strengthening the effectiveness of the vocational training system. Take further measures to **reduce early school-leaving** by identifying, analysing and measuring its causes by 2012 and by setting up a regular monitoring and reporting mechanism on the success rate of the measures.

3. Take steps to **reduce the high rate of early school leaving**. Pursue policy efforts in the education system to match the skills required by the labour market. Enhance the provision and affordability of **more childcare** and out-of-school centres, **with the aim of reducing the gender employment gap**.

3. Continue to **pursue policy efforts to reduce early school leaving**, notably by setting up a comprehensive monitoring system, and increase the labour-market relevance of education and training to address skills gaps, including through the **announced reform of the apprenticeship system**. Continue supporting the improving **labour market participation of women by promoting flexible working arrangements**, in particular by enhancing the **provision and affordability of child-care** and out-of-school centers.

4. Review and take the necessary steps to **reform**, in consultation with social partners and in accordance with national practices, **the system of wage bargaining and wage indexation** to ensure that wage growth better reflects developments in labour productivity and competitiveness.

4. Take the necessary further steps to **reform**, in consultation with social partners and in accordance with national practices, **the system of wage bargaining and wage indexation**, so as to better reflect developments in labour productivity and reduce the impact of prices of imports on the index.

2. Take measures to **increase the statutory retirement age by linking it to life expectancy**, and underpin these measures with others to raise the effective retirement age and to improve the long-term sustainability of public finances. Prepare a blueprint for reforming long-term care in view of an ageing population.

2. Take measures to **increase the statutory retirement age, including linking it to life expectancy**, and underpin these with labour market measures to support raising the effective retirement age, whilst improving the long-term sustainability of public finances. Adjust the second pension pillar to mirror the increase in the statutory retirement age, while ensuring an appropriate intra- and inter-generational division of costs and risks. Implement the planned reform in long-term care and complement it with further measures to contain the increase in costs, in view of an ageing population.

3. Adjust the second pension pillar, in consultation with social partners, to ensure an appropriate intra- and inter-generational division of costs and risks. **Underpin the gradual increase of the statutory retirement age** with measures to increase the employability of older workers. (...).

3. Enhance participation in the labour market by **reducing fiscal disincentives for second-income earners to work** and draw up measures to support the most vulnerable groups and help them to re-integrate within the labour market.

3. Enhance **participation in the labour market, particularly of older people, women**, and people with disabilities and migrants, including by **further reducing tax disincentives for second-income earners**, fostering labour market transitions, and **addressing rigidities**.

4. Take further measures to enhance participation in the labour market, particularly of people at the margin of the labour market. **Continue to reduce tax disincentives on labour**, including by phasing-out of transferable tax credits for second income earners. Foster labour market transitions and **address labour market rigidities, including by reforming employment protection legislation and the unemployment benefit system**.

PL	Poland	CSRs 2011	CSRs 2012	CSRs 2013
		<p>3. <b>Raise as planned the statutory retirement age for uniformed services, continue steps to increase the effective retirement age</b>, such as linking it to life expectancy. Establish a timetable to further <b>improve the rules for farmers' contributions to the social security fund</b> (KRUS) to better reflect individual incomes.</p> <p>5. Increase female labour market participation by taking measures to ensure stable funding for pre-school child-care arrangements, to increase enrolment rates of children under three years.</p>	<p>4. Reinforce efforts to <b>increase the labour market participation of women</b> and raise enrolment rates of children in both early <b>childcare</b> and pre-school education, by ensuring stable funding and investment in public infrastructure, the provision of qualified staff, and affordable access. <b>Tackle entrenched practices of early retirement</b> to increase exit ages from the labour market. Phase out the special pension scheme for miners with a view to integrating them into the general scheme. <b>Take more ambitious, permanent steps to reform the KRUS</b> to better reflect individual incomes.</p>	<p>4. Continue efforts to <b>increase female labour market participation, in particular by investing in affordable quality childcare</b> and pre-school education, by ensuring stable funding and qualified staff. With a view to improving sectoral labour mobility, take permanent steps to reform the farmers' social security scheme KRUS. Phase out the special pension system for miners with a view to integrating them into the general scheme. Underpin the general pension reform with measures <b>promoting the employability of older workers to raise exit ages from the labour market</b>.</p>
		<p>4. Implement the proposed <b>lifelong learning strategy enhance apprenticeships</b> and dedicated vocational training and education <b>programmes for older workers</b> and low-skilled workers. Strengthen links between science and industry by implementing the 'We build on Knowledge' programme ('Budujemy na Wiedzy'). Implement the higher education reform programme 'Partnership for Knowledge' ('Partnersstwo dla Wiedzy') so as to better align educational provision with labour market needs.</p>	<p>3. To <b>reduce youth unemployment, increase the availability of apprenticeships and work-based learning</b>, improve the quality of vocational training and adopt the proposed lifelong learning strategy. Better match education outcomes with the needs of the labour market and improve the quality of teaching. To combat labour market segmentation and in-work poverty, <b>limit excessive use of civil law contracts and extend the probationary period to permanent contracts</b>.</p>	<p>3. Strengthen efforts to <b>reduce youth unemployment</b>, for example through a <b>Youth Guarantee, increase the availability of apprenticeships and work-based learning</b>, strengthen cooperation between schools and employers and improve the quality of teaching. Adopt the proposed lifelong learning strategy. Combat in-work poverty and labour market segmentation including through <b>better transition from fixed-term to permanent employment and by reducing the excessive use of civil law contracts</b>.</p>
PT	Portugal	CSRs 2011	CSRs 2012	CSRs 2013
		<p>Implement the measures as laid down in Implementing Decision 2011/344/EU and further specified in the Memorandum of Understanding of 17 May 2011 and its subsequent supplements.</p>	<p>Implement the measures as laid down in Implementing Decision 2011/344/EU and further specified in the Memorandum of Understanding of 17 May 2011 and its subsequent supplements.</p>	<p>To avoid duplication with measures set out in the Economic Adjustment Programme, there are no additional recommendations for Portugal.</p>

Implement the measures laid down in Decision 2009/459/EC as amended by Decision 2010/183/EU, together with the measures laid down in Decision 2011/288/EU and further specified in the Memorandum of Understanding of 23 June 2009 and its subsequent supplements, and in the Memorandum of Understanding of 29 June 2011 and its subsequent supplements.

Implement the measures laid down in Decision 2009/459/EC, as amended by Decision 2010/183/EU, together with the measures laid down in Decision 2011/288/EU and further specified in the Memorandum of Understanding of 23 June 2009 and its subsequent supplements, and in the Memorandum of Understanding of 29 June 2011 and its subsequent supplements.

2. (...) Improve tax collection by implementing a comprehensive tax compliance strategy and fight undeclared work. In parallel, explore ways to increase reliance on environmental taxes. Continue the **pension reform** started in 2010 by **equalising the pensionable age for men and women** and by promoting the **employability of older workers**.

4. Improve labour market participation, as well as employability and productivity of the labour force, by reviewing and strengthening active labour market policies, to provide training and individualised services and promoting lifelong learning. Enhance the capacity of the National Employment Agency to increase the quality and coverage of its services. To **fight youth unemployment**, implement rapidly the National Plan for Youth Employment, including for example through a **Youth Guarantee**. To alleviate poverty, improve the effectiveness and efficiency of social transfers with a particular focus on children. **Complete the social assistance reform** by adopting the relevant legislation and strengthening its link with activation measures. Ensure concrete delivery of the National Roma integration strategy.

5. Speed up the **education reform** including the building up of administrative capacity at both central and local level and evaluate the impact of the reforms. Step up reforms in vocational education and training. Further align tertiary education with the needs of the labour market and improve access for disadvantaged people. **Implement a national strategy on early school leaving** focusing on better access to quality early childhood education, including for Roma children. Speed up the transition from institutional to alternative care for children deprived of parental care.

3. Monitor and improve the **labour market participation of young people** and other vulnerable groups.

3. Take further measures to improve the **labour market participation of youth** and vulnerable groups, e.g. by improving the effectiveness of active labour market measures, **facilitating the transition from school to work**, promoting policies to increase demand for vulnerable groups and improving the functioning of the labour market. Review the effectiveness of the current reduced VAT rate for restaurants and catering services in support of job creation.

4. Reinforce efforts to improve the labour-market integration of low-skilled young people and people with a migrant background by stronger and better targeted measures to improve their employability and the labour demand for these groups. **Step up efforts to facilitate the transition from school to work, including via a wider use of work-based learning, apprenticeships and other forms of contracts combining employment and education.** Complete the **Youth Guarantee** to better cover young people not in education or training. Complete and draw conclusions from the review of the effectiveness of the current reduced VAT rate for restaurants and catering services in support of job creation.

2. Take the required steps to ensure the long-term **sustainability of the pension system**, while preserving the adequacy of pensions. **Increase the employment rate of older workers through later retirement**, and by further developing active labour market policies and lifelong learning measures.

2. Take urgent steps to ensure the long-term **sustainability of the pension system**, while preserving the adequacy of pensions, by: (i) equalising the statutory retirement age for men and women; (ii) **ensuring an increase in the effective retirement age, including through linking the statutory retirement age to life expectancy**; (iii) **reducing early retirement possibilities**; and (iv) reviewing the indexation system for pensions. **Increase the employment rate of older workers** also by further developing active labour market policies and lifelong learning measures.

2. Strengthen the long-term sustainability of the pension system beyond 2020 by further adjusting all relevant parameters, **including through linking the statutory retirement age to gains in life expectancy**, while preserving the adequacy of pensions. (...)

4. Take steps, in consultation with the social partners and in accordance with national practices, to **reduce asymmetries in rights and obligations guaranteed under permanent and temporary contracts**. Renew efforts to **tackle the parallel labour market resulting from 'student work'**.

4. **Adjust employment protection legislation as regards permanent contracts** in order to reduce labour market segmentation, in consultation with social partners and in accordance with national practices. **Further tackle the parallel labour market caused by student work**.

3. **Ensure that wage developments, including the minimum wage, support competitiveness and job creation**. Monitor closely the effects of the recent labour market reform and if necessary identify the areas where further action is needed to foster job creation and tackle segmentation, **including through the regulation for student work**. Take further measures to increase employment of young tertiary graduates, older persons and the low-skilled by focusing resources on tailor-made active labour market policy measures while improving their effectiveness. Address the skills mismatch by improving the attractiveness of the relevant vocational education and training programmes and by further developing cooperation with the relevant stakeholders in assessing labour market needs.

5. Set up a system to forecast skills and competencies needed to achieve a responsive labour market. Evaluate the effectiveness of the public employment service, notably on career guidance and counselling services, to improve the matching of skills with labour market needs.

5. Improve the matching of skills with labour market demand, particularly of low-skilled workers and tertiary graduates, and continue reforms of vocational education and training.

7. Following consultation with social partners and in accordance with national practice, **ensure that wage growth, including minimum wage adaptation, supports competitiveness and job creation**.

3. Enhance the long-term sustainability of public finances by further adjusting the pay-as-you-go pillar of the **pension system** also by changing the indexation mechanism and implement further measures with a view to raising the effective retirement age, in particular by **linking the pensionable age to life expectancy**. Introduce incentives to ensure the viability of the fully-funded pension pillar so as to progress towards fiscal sustainability while assuring adequate pensions.
4. Take steps to increase employment and to support labour demand for the low-skilled unemployed by **reducing the tax wedge for low-paid workers**. In addition, introduce measures to improve the administrative capacity of public employment services with a view to improving targeting, design and evaluation of active labour market policies, especially for the **young and long-term unemployed**.
5. Speed up the implementation of planned general education, vocational education and training reforms and take steps to improve the quality of higher education and its relevance to market needs. Develop a framework of incentives for both individuals and employers to encourage participation of the low-skilled in lifelong learning.

2. Increase tax compliance, in particular by improving the efficiency of VAT collection; **reduce distortions in taxation of labour across different employment types, also by limiting tax deductions**; link real estate taxation to the market value of property; make greater use of environmental taxation.

3. Further adjust the pay-as-you-go pension pillar, mainly by changing the indexation mechanism, introducing a direct **link between the statutory retirement age and life expectancy** and introducing a sustainability factor in the pension calculation formula reflecting demographic change. Ensure the stability and viability also of the fully funded pillar.

4. Enhance the administrative capacity of public employment services with a view to improving the targeting, design and evaluation of active labour market policies to ensure more individualised employment services for the young, the long-term unemployed, older workers and women. **Ensure the provision of childcare facilities. Reduce the tax wedge for low-paid workers and adapt the benefit system.**

3. Take measures to enhance the capacity of public employment services to provide personalised services to jobseekers and **strengthen the link between activation measures and social assistance**. More effectively address long-term unemployment through activation measures and tailored training. Improve **incentives for women employment**, by enhancing the **provision of childcare facilities**, in particular for children below three years of age. **Reduce the tax wedge for low-paid workers and adapt the benefit system.**

5. Speed up the implementation of planned general education, vocational education and training reforms and take steps to improve the quality of higher education and its relevance to market needs. Develop a framework of incentives for both individuals and employers to encourage participation of the low-skilled in lifelong learning.

5. Adopt and **implement the youth action plan**, in particular as regards the quality and labour market relevance of education and vocational training, **including through the introduction of an apprenticeship scheme**. Improve the quality of higher education by strengthening quality assurance and result orientation.

4. **Step up efforts to address high youth unemployment, for example through a Youth Guarantee**. Take steps to attract young people to the teaching profession and raise educational outcomes. In vocational education and training, **reinforce the provision of work-based learning in companies**. In higher education, create more job-oriented bachelor programmes. (...)

6. Take active measures to improve access to and quality of schooling and pre-school education of vulnerable groups, including Roma. Ensure labour market reintegration of adults through activation measures and targeted employment services, second-chance education and short-cycle vocational training.

3. Take steps by 2012 to **ensure that a higher share of young people enter the labour market** with adequate skills and to improve the employability of 18 to 24-year-olds who left education or training without qualifications. Address skill shortages by increasing the numbers attaining intermediate skills, in line with labour market needs.

3. Continue to **improve the employability of young people**, in particular those not in education, employment or training, **including by using the Youth Contract**. Ensure that apprenticeship schemes are taken up by more young people, have a sufficient focus on advanced and higher-level skills, and involve more small and medium-sized businesses. Take measures to reduce the high proportion of young people aged 18-24 with very poor basic skills.

3. **Building on the Youth Contract, step up measures to address youth unemployment**, for example through a **Youth Guarantee**. Increase the quality and duration of apprenticeships, simplify the system of qualifications and strengthen the engagement of employers, particularly in the provision of advanced and intermediate technical skills. Reduce the number of young people aged 18-24 who have very poor basic skills, including through effectively implementing the Traineeships programme.

4. Take measures, within current budgetary plans, to reduce the number of workless households by targeting those who are inactive because of caring responsibilities, including lone parents.

4. Step up measures to facilitate the labour market integration of people from jobless households. Ensure that planned welfare reforms do not translate into increased child poverty. Fully implement measures aiming to **facilitate access to childcare services**.

4. Enhance efforts to support low-income households and reduce child poverty by ensuring that the Universal Credit and **other welfare reforms deliver a fair tax-benefit system with clearer work incentives** and support services. Accelerate the implementation of planned measures to **reduce the costs of childcare and improve its quality and availability**.

Source: Country-specific recommendations 2011-2012; 2012-2013; 2013-2014.  
Emphasis added by the author.