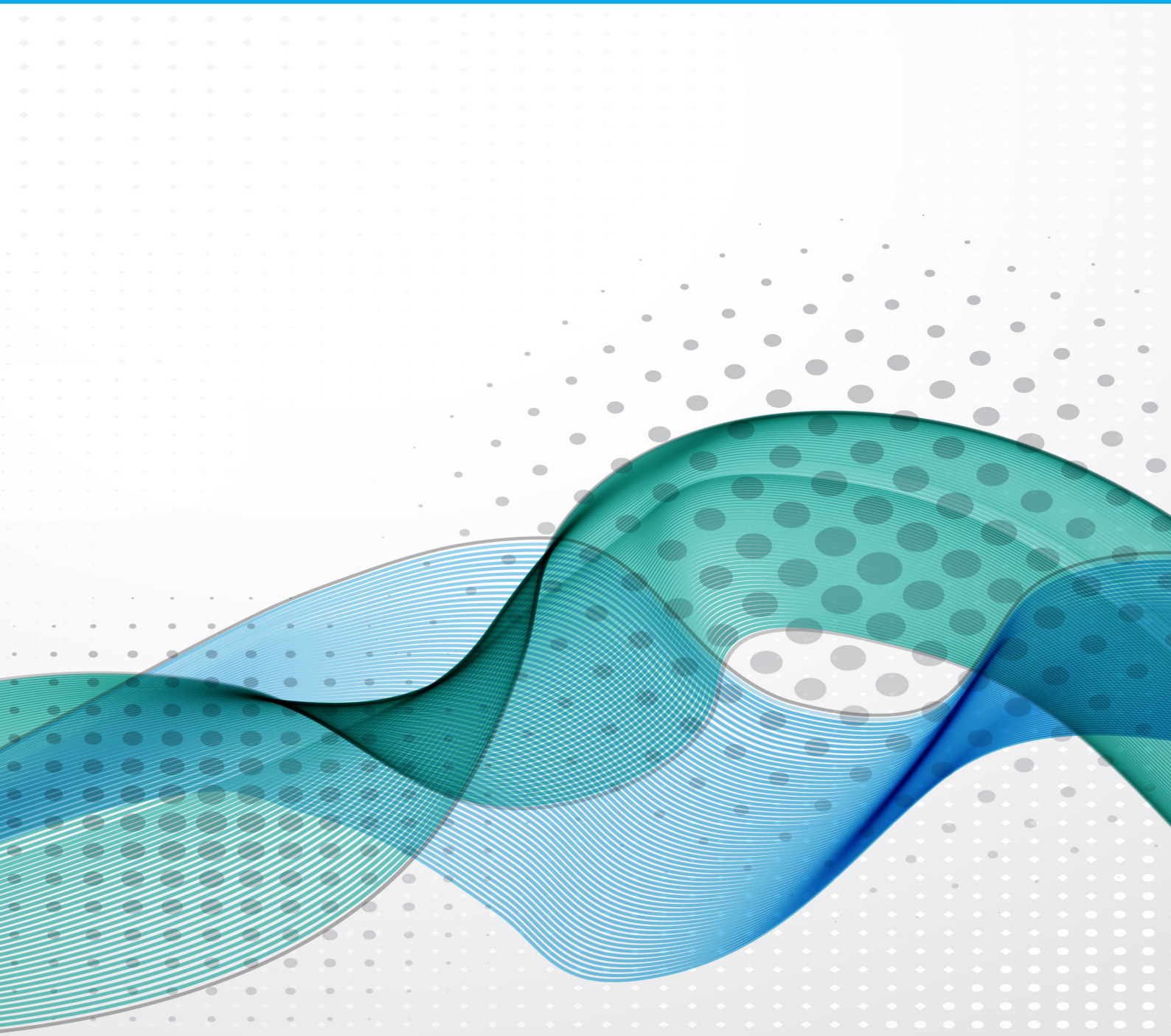
ASSESSMENT OF THE EUROPE 2020 STRATEGY

JOINT REPORT OF THE EMPLOYMENT COMMITTEE (EMCO) AND SOCIAL PROTECTION COMMITTEE (SPC)



EUROPEAN UNION

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Joint Assessment Report of the Employment Committee (EMCO) and Social Protection Committee (SPC) on the Europe 2020 Strategy

Executive Summary

1. The Europe 2020 Strategy has been the EU's agenda for growth and jobs over the current decade. It emphasises smart, sustainable and inclusive growth in order to improve Europe's competitiveness and productivity and underpin a sustainable social market economy. To reach this objective, the EU adopted several headline targets[1], including an employment target (that 75% of the population aged 20 to 64 years are in employment by 2020), and a poverty and social exclusion target (that at least 20 million fewer people are at risk of poverty or social exclusion by 2020, compared to 2008). These fall under the field of competence of the Employment Committee (EMCO) and the Social Protection Committee (SPC), and both Committees have been actively involved in monitoring and supporting progress towards the targets.

2. This report focuses on the progress achieved in the employment and social domains under the Europe 2020 Strategy, the lessons learned from its implementation, and assesses the impact the work of the EMCO and the SPC and their monitoring and reporting frameworks have had in this context, and the scope for improvement. It examines the role of the Committees and the relations with other EU bodies and institutions to see how effectively they have supported the Strategy, and where the Committees could have done things better or more effectively. Finally, it also reflects on structural challenges for the decade ahead that will be important to take into consideration in any discussion on a possible successor strategy to Europe 2020.

A) Assessment of progress under Europe 2020

3. Over recent years, the EU has been recovering from many of the negative effects of the financial and economic crisis that hit the EU just before the start of the Europe 2020 Strategy. The crisis has had a deep and, for some Member States, lasting impact on the employment and social situation over the last decade and has hindered the overall progress towards the stated objectives of the strategy.

4. Having entered a strong and sustained recovery since 2013, progress is now being witnessed, particularly with regard to employment. The EU has recently seen strong employment expansion leading to record levels of employment, with 240.7 million people in work in the first quarter of 2019. Underlying the strong growth in employment are the job-rich nature of the economic recovery, greater participation of women, the

[1] See the list on page 13 for the full set of headline targets

improving skill level of the age group 20-64, and success in retaining workers longer in the labour market. As a result, since the adoption of the Europe 2020 Strategy in 2010, the employment rate has grown by almost 5 percentage points. However, recent Commission Economic Forecasts indicate slowing economic growth has started impacting on the pace of improvements and employment growth expectations suggest that the EU will achieve an employment rate (for age group 20-64) of 74.3% in 2020, very close to the Europe 2020 target of 75%.

5. However, unemployment and economic inactivity remain very high in some countries, notably amongst a number of groups who, despite recent progress, continue to be under-represented on the labour market: women, people from a migrant background, the low-skilled, youth, older workers and people with disabilities. Increasing participation of these groups is an urgent challenge requiring both immediate action and a longer-term approach. There are related challenges regarding the availability and affordability of enabling services for the low-skilled, access to care facilities, and the availability and affordability of long-term care, as well as the impact of family obligations on working life. In particular, the quantity and quality of childcare and care services for other dependent persons, such as the elderly, is crucial in fostering female labour market participation. Broad active ageing strategies and labour market initiatives for older workers are also necessary to support longer professional activity and later withdrawal from the labour market.

6. In addition, the recovery in the EU has been job-rich but not particularly hours-rich, as both the total number of hours worked and the number of hours worked per person are still lower than the pre-crisis levels. In-work poverty has risen and remains persistently high, and labour market segmentation continues to be a challenge in a number of Member States, while the quality and precariousness of employment are also issues gaining increasing attention. Long-term unemployment and the labour market situation of young people remain major concerns in the EU.

7. With regard to the poverty and social exclusion target, more limited progress has been made so far concerning the target of lifting 20 million people out of the risk of poverty or social exclusion. After rising markedly following the crisis, the total number of people at risk of poverty or social exclusion (AROPE) is now back below the 2008 level, but remains far from the original objective of a reduction of 20 million. In 2017 there were around 4.2 million fewer people in the EU living at risk of poverty or social exclusion compared to 2008, with a total of 113 million. However, it should be noted that improvements in the labour market translate into improvement of other social indicators with a lag, with major improvements only being observed very recently.

8. Over recent years improvements in economic activity and labour markets have led to reductions in the number of (quasi-)jobless households and substantial improvements in living standards, leading in turn to reductions in severe material deprivation. However, the benefits of the economic recovery have not been distributed so as to bring down markedly the risk of relative income poverty (i.e. the at-risk-of-poverty rate, AROP)

among the overall population. This suggests that the recovery has so far not benefited all citizens to the same extent and has only recently begun to reverse increases in inequality and relative poverty. The ongoing economic and labour market recovery has translated into substantial improvements in many indicators of the social situation, but less so regarding indicators on the distribution of income, and there are signs of gaps in the inclusiveness of growth.

9. The limited progress towards the poverty and social exclusion target is linked to various developments. Increases in overall employment are not clearly linked to changes in the risk of relative poverty (i.e. the at-risk-of-poverty rate component of AROPE). Ongoing labour market transformations, including job polarisation, are linked to the deepening of market income inequalities, which has led to greater polarisation of the wage structure into high-paying and low-paying jobs. Other factors contributing to a lack of substantial progress on reducing poverty since 2008 have been the move to less progressive national tax systems and the weakening in the effectiveness of social protection systems. In particular, there has been a decrease in the effectiveness of safety nets in reducing the risk of relative poverty of especially vulnerable households[2], such as the (quasi-)jobless households.

10. There is strong divergence across EU countries in the extent to which the employment and social situations were affected by the crisis and the extent to which they have recovered subsequently. However, for most Member States, there is a significantly higher number of indicators now showing positive developments than negative ones. On the other hand, several Member States still record many indicators showing a deterioration compared to 2008.

11. Focusing on progress achieved in terms of policy implementation[3], recent Commission analysis has concluded that around 60% of the Country-Specific Recommendations are implemented – to different degrees – when assessed on a multiannual basis, as compared to around 40% on a yearly basis. Relatively few Country-Specific Recommendations are considered to be "fully" implemented (5% in the areas of employment and social policies compared to 7% for all the CSRs over the period 2011-2016), with most implementation considered to be either substantial or partial. However, the analysis also showed that only a small number of recommendations do not translate into any reforms being implemented (while for some further recommendations the reform effort is assessed as limited).

12. In the employment field, areas where Member States have generally implemented reforms well (as reflected in the decreasing number of CSRs) are early retirement and disability schemes, and welfare-related benefits. Meanwhile, significant attention is

[2] Note that the effect of recently introduced reforms, such as the recent introduction of minimum income schemes in Greece and Italy, is not yet visible in available data.

[3] It should be noted, however, that many Member States' policies contributing to Europe 2020 objectives are not necessarily covered in the Country Specific Recommendations, while in the case of some Members States, they were covered under the economic adjustment programmes.

increasingly given to strengthening the education and training systems and improving skills, where challenges remain for many Member States. Areas where Member States have carried out reforms but which continue to feature on the agenda are employment protection legislation, labour market participation, active labour market policies (ALMPs), labour taxation and wage setting. Many approaches to ALMPs have focused on better tailoring towards individual needs, and more prominent focus has been given to disadvantaged groups. Efforts taken to address labour market segmentation have focused on reforms to modernise and simplify employment protection legislation and to reduce the gap between different levels of employment protection for permanent and temporary forms of employment. Steps have been taken to reinforce gender equality and work-life balance, but these differ in extent and design across the EU, with variable progress having been achieved. On addressing the cost of labour and improving wage-setting, progress has been made in some Member States with targeted tax reductions towards lower-wage earners, and in others with more across-the-board tax wedge reductions or targeted to specific groups. Steps were taken in several countries to reduce the tax wedge on labour, mainly through shifting taxation towards more growth-friendly consumption and environmental taxes. Long-term unemployment remains a major concern in the EU, and is being addressed through the Council Recommendation on the integration of the long-term unemployed into the labour market. Finally, reducing the high share of youth neither in employment, education or training is a key objective, and is being tackled under the Council Recommendation establishing a Youth Guarantee, which Member States have made considerable progress in implementing.

13. Regarding implementation of reforms under the strands of the social open method of coordination (OMC), progress has been mixed. Under the strand on social inclusion, important reforms addressing active inclusion have been triggered across the EU and produced encouraging results in some Member States. In others, the implementation of comprehensive active inclusion strategies and reforms in specific areas is lagging behind, reflecting that the economic crisis and rising unemployment caused Member States to switch their priority focus to getting public finances under control and reduce public expenditure in the short term. Regarding investment in children, relevant CSRs have been made to Member States on topics ranging from childcare capacity, income support and disincentives to inclusive education, but progress on addressing CSRs on investment in children has been limited. In the area of pensions, most pension reforms have focused on safeguarding the financial sustainability of pension systems and promoting later retirement. More recently, many Member States have put measures to safeguard the adequacy of pensions more prominently at the heart of their policy efforts. In the health and long-term care strand, Member States have committed to accessible, high quality and sustainable healthcare. Challenges have been identified, and several countries have recently adopted new reforms focusing on improving access to care, enhancing primary care capacity, greater use of e-Health and a more efficient use of resources. Across Member States, long-term care (LTC) needs tend to be far less well covered by social protection systems than health care needs. Although LTC provision has

been subject to several reforms over the past ten years in most EU countries, Member States face and will continue to face significant long-term care system challenges in the face of demographic ageing.

B) Assessment of the role of the Committees and the monitoring and reporting frameworks (processes and tools)

14. For the assessment of the role of the Committees under the Europe 2020 Strategy and the related assessment and monitoring procedures, including the main reporting tools and indicators, views have been collected from the Member States through a joint SPC-EMCO questionnaire. The main findings are as follows:

- The employment and social headline indicators

15. There is strong support among the Committees' members that the use of targets in general has proved to be useful in driving forward ambitious policy reform, but some concerns are raised that the headline targets are not assessed in a sufficiently integrated manner. It is emphasised that setting employment and poverty and social exclusion targets have certainly fed and informed policy debate at EU and national level and helped increase the visibility of the employment and social policy strands.

16. The targets and associated indicators in the fields of employment and of poverty and social exclusion are generally felt to serve as an effective tool for monitoring the progress achieved against the employment and social objectives of Europe 2020, with the quality of the indicators used for monitoring seen as being sufficient for purpose. There is also strong support to the view that the setting of national targets (in addition to an overall, common target) has been useful for supporting national policy reforms.

17. The Committees consider that the EU employment rate target focussed on the age group 20-64 has proved to be a useful, realistic and achievable target for the current decade. However, its appropriateness as a basis for a future target could be reconsidered, as it cannot encompass all the aspects of the changing workplace, in which the quality of jobs matters as much as their availability. In the future, greater attention should be given to the aspect of the quality of work. The Committees consider that any future target setting exercise would need to ensure the consistency of national targets with the objective of achieving the EU target.

18. Most Member States feel that the format of the headline AROPE target indicator, as an aggregate indicator combining income poverty and deprivation and an indicator looking at labour market exclusion, is the right one. However, there is strong support to revise some of the components of the indicator, namely the severe material deprivation and (quasi-)jobless households elements. In addition, concern has been expressed by several countries that aggregating the three components together blurs the picture and the assessment of progress, and that the issue of covering different populations (e.g. the (quasi-)jobless households component refers to the population aged 0-59 years instead of the total population as for the other components) could be reconsidered. Moreover,

it is not always easy to communicate about the AROPE indicator, as its value and trends depend on the interactions and the evolution of its three sub-components. For both the areas of employment and poverty, in any future target setting the Committees consider essential to ensure a clear link between developments in the national target/indicator and those in the EU target/indicator, and to ensure an approach to synchronise and coordinate the level of ambition in targets on both EU and national levels.

- ***Tools and outputs of the two Committees***

19. On the main analytical tools of the Committees (Joint Assessment Framework (JAF), Employment Performance Monitor (EPM) and Social Protection Performance Monitor (SPPM) there is broad support among EMCO and SPC members for the existing tools, and broad agreement that they have played an important role in monitoring the progress achieved under the Europe 2020 Strategy and in making social and employment issues more visible in the EU governance process. Nevertheless, there is felt to be some scope for simplifying and consolidating the existing tools and improving their visibility, accessibility and usability.

20. On the main reports of the Committees, there is strong agreement that the format, timing and focus/content of both the EPM report and the SPC Annual Report are appropriate, but there is scope to make them more concise. The dissemination of the reports should be improved to raise public awareness of them.

C) The role the Committees and the monitoring and reporting frameworks have played

21. The Committees consider that the various processes and working methods under the Europe 2020 Strategy, other than the flagship initiatives, have generally worked well.

22. The general opinion is that the Employment Guidelines form the wider framework of the employment strategy and have provided continuity and overall guidance throughout the years on the general policy direction for countries. Member States are of the view that the process around agreeing the Employment Guidelines is satisfactory and has been improving over the years, but that the role of the Guidelines should be reinforced.

23. Member States are quite positive about the contribution of the European Semester to the objectives of the Europe 2020 strategy at EU and national level, and feel it has reinforced coordination and cooperation on employment and social protection issues. It is considered to be a visible, logically structured process that allows for regular monitoring of progress and cross-country comparison. The integrated, comprehensive approach to policy making is appreciated. The process has improved over the years, but some Member States point to the need for further work in view of better balancing with budgetary and macro-economic coordination, for further increasing ownership by the Member States and for exploring ways to streamline the process. The multiannual dimension of the Semester and its components could be strengthened by taking into account a longer-term perspective, for instance by looking at the outcome of the

implementation of CSRs over several years, as is already the case with the Committee's monitoring instruments, the EPM and SPPM, which identify longer-term "trends to watch". Cooperation between EPSCO and ECOFIN Committees, and with other relevant groups, has improved but could go further.

24. Overall, Member States are very positive in assessing the approach, effectiveness and impact of the European Employment Strategy. It is considered that it has helped to focus attention on the key employment challenges and has been effective in contributing to the achievement of common objectives under the Europe 2020 strategy. However, possible weaknesses of the Employment Strategy are that the related processes are slow and time-consuming, and place a heavy workload on Member States.

25. There is a positive assessment overall of the contribution of the Open Method of Coordination for social protection and social inclusion (Social OMC) to Europe 2020 objectives, with it providing a stable and flexible framework that has contributed to putting important social policy issues on the agenda at EU and national level, supplementing and counterbalancing economic and employment policies. OMC tools such as thematic reviews, peer reviews, and thematic reporting have been effective in the context of Europe 2020. However, the overall impact of the OMC, which depends on voluntary take up by Member States and national stakeholders, has not been strong enough, given the difficult context of the Great Recession. It is also felt that dissemination of lessons learned and the involvement of civil society and social partners could be improved.

26. As the current Europe 2020 strategy is considered to be working well and its goals are well established, there are some lessons to be considered for the future. Overall, the European Employment Strategy, being a well-established, treaty-based process, has proven to be a flexible instrument contributing to the more comprehensive Europe 2020 strategy. In addition, there is strong support for continuation of the OMC as it provides opportunities to exchange good practices. However, there is a need for more prominence of social policies next to employment and economic policies, based on a balanced policy triangle, analysing also links and interactions between the different policies, while national contexts and realities need to be factored in more for better interpreting the progress achieved by Member States and in order to understand what are the socio-economic and other obstacles in place. The Committees consider that the European Pillar of Social Rights and the UN Sustainable Development Goals (SDGs) should be considered as cornerstones for any possible future strategy, but the latter should be adapted to European realities. Account should also be taken of the European Council's new strategic agenda for the EU for the period 2019-2024.

27. The role of the EPSCO Council in any future strategy should be ensured and enhanced. The role of EMCO and SPC is seen as key and should continue to be prominent, while cooperation with other Committees (ECOFIN committees, EDUC committee and the Working Party on Public Health at Senior Level) and the involvement of all relevant stakeholders, in particular the social partners and civil society organisations, should be

enhanced. The way in which the European Semester is dealt with during meetings of the EPSCO Council could be reconsidered, for example by taking on board a thematic approach.

28. Any future strategy needs to include measures to strengthen further the evidence base and the statistical capacity underpinning it, in particular through improving and enhancing EU-SILC. The consistency and synergies between the different analytical tools in the financial, economic, employment and social areas could be further improved.

D) Future challenges

29. European society and labour markets are changing rapidly. The combined effects of demographic trends, globalisation and technological change, as well as the transition to an environmentally sustainable economy, are transforming the world of work at an unprecedented pace and scale. Demographic trends will require increased focus on how to best accompany an ageing society and greater needs for formal long-term care, while migration will continue to be high on the EU agenda both in terms of the challenges and opportunities. There are many changes in digitalisation and restructuring of the economy, as well as in the educational systems, which will result in significant transformations in the labour market as well as in job displacement, in particular for low-skilled workers and in traditional sectors, and the creation of jobs beyond the current models of working conditions and social protection. People will need to be supported to cope with the substantial changes in working lives, while social protection systems will need to adapt to the changing demographic and labour market situation. It will be essential to invest in human capital, skills and lifelong learning to help people address the labour market challenges ahead.

30. At the same time, challenges are arising related to rising inequality. Questions remain over the inclusiveness of growth, with persisting high inequalities and in-work poverty, and with persons in vulnerable situations risking being left behind. Given the level of progress achieved overall towards the Europe 2020 target on poverty and social exclusion, the reduction of the population at risk of poverty or social exclusion remains a key challenge going forward. Furthermore, long-term improvements in social mobility in many parts of the EU have stalled and inequality of opportunity remains generally at high levels. Gender inequalities in terms of employment and activity status, pay and pensions continue to represent a challenge for many Member States. Work-life balance remains a considerable challenge for many people with caring responsibilities, especially women, and is likely to get worse due to the impacts of an ageing population.

31. A key issue for the coming decade will be to accelerate upward convergence and give it a more prominent role. This means narrowing the gap in living and working conditions between and within Member States and regions. At the same time, Europe needs to promote greater social cohesion and solidarity, with a strong social dimension, built on the principles of the European Pillar of Social Rights.

E) Next steps

32. This joint EMCO/SPC report provides a basis for the Committees´ preparation for discussions on a possible future strategy, and its findings will be the basis for a report to the EPSCO Council in December 2019. A final assessment of the progress against the quantitative targets based on 2020 LFS and EU-SILC figures will be produced in 2021.

33. In the upcoming reflection on a possible future strategy, the EU's and Member States' commitment to the UN 2030 Agenda and its Sustainable Development Goals (SDGs), the European Pillar of Social Rights proclaimed at the Gothenburg Social Summit of 17 November 2017, and the European Council's new strategic agenda for the EU for the period 2019-2024 can also provide inspiration to help shape a future strategy.

34. A new, ambitious, coherent and clearly designed long-term policy agenda for growth, jobs and social inclusion is needed. The new agenda should be geared towards enhancing the EU's competitiveness in the global context, creating an economically, environmentally sustainable and at the same time inclusive Europe and taking a modern, forward-looking policy approach to the digital era. It will be important to maintain a focus on upward social convergence.

1 Introduction

Over recent years the EU has been recovering from many of the negative effects of the financial and economic crisis that hit Europe just before the start of the Europe 2020 strategy. Employment has been growing for over five years, and over the latest quarters, employment in the EU has reached the highest levels ever recorded with 240.7 million people in work in the first quarter of 2019. Even though large differences remain between EU countries, unemployment is decreasing, and the unemployment rate in the EU, at 6.5%, is now back below pre-crisis levels. Youth unemployment in particular is falling steadily. Nevertheless, in some Member States unemployment rates have not fully recovered and are still above 10%, while the situation of young people remains a challenge in several countries.

With employment having responded promptly to economic growth, the aggregate financial situation of EU households has improved, mainly driven by an increase in income from work, but in general, economic growth and the improvement of the labour market have translated into improvement of other social indicators with a lag, with major improvements only being observed very recently. Against this background, social conditions generally continue to improve, but challenges remain, especially regarding progress towards the Europe 2020 target to reduce poverty and social exclusion, the increase in in-work poverty risk compared to before the crisis and the rise in the risk of poverty of people who are living in (quasi-)jobless households.

This report provides the results of a thorough assessment of the Europe 2020 strategy carried out by the Employment Committee (EMCO) and the Social Protection Committee (SPC) and their respective indicators sub-groups and the EMCO Policy Analysis Group. It focuses on the progress achieved in the employment and social domains under the Europe 2020 strategy, the lessons learned from its implementation, and assesses the impact the work of the Committees and their monitoring and reporting frameworks have had in this context, and the scope for improvement.

In particular, the report reviews the indicators that were chosen for the employment and poverty and social exclusion headline targets, the progress made towards these targets, the tools used to monitor that progress, and the outputs that the Committees produced for the Council in order to report on progress. It critically examines the role of the Committees and the relations with other EU bodies and institutions to see how effectively they have supported the Strategy, and where the Committees could have done things better or more effectively. It also takes a thematic look at the way the Europe 2020 Strategy evolved, by examining whether the underlying policy focus remained stable throughout or did it change. Finally, it also reflects on structural challenges for the decade ahead that will be important to take into consideration in any discussion on a possible successor strategy to Europe 2020.

The main questions addressed in the report are:

- *What real progress has been achieved in the employment and social domains under the strategy, in particular with regard to the headline targets in these areas, and what have been the main underlying developments supporting or impeding progress?*

- *What are the experiences with the specific headline targets and the related indicators used, how were these implemented in practice including nationally, and how might they be improved?*

- *Has the work of the Committees and their monitoring and reporting frameworks been effective in supporting progress under the strategy? Is there scope for improvement, including with regard to the current monitoring tools?*

- *What are the key issues to take into consideration in view of a possible strategy for the next decade?*

2 Overview of Europe 2020 strategy and associated targets

The Europe 2020 strategy has been the EU's agenda for growth and jobs over the current decade. It emphasises smart, sustainable and inclusive growth in order to improve Europe's competitiveness and productivity and underpin a sustainable social market economy, as follows:

- *Smart growth*: developing an economy based on knowledge and innovation;
- *Sustainable growth*: promoting a more resource efficient, greener and more competitive economy;
- *Inclusive growth*: fostering a high-employment economy delivering social and territorial cohesion.

To reach this objective, the EU adopted targets to be reached by 2020 in five areas: employment; research & development; climate change & energy; education; and poverty and social exclusion.

The **headline targets** related to the strategy's key objectives at the EU level cover:

- **Employment**: 75% of the population aged 20 to 64 years to be in employment by 2020;
- **Research & Development**: 3% of GDP to be invested in the R&D sector;
- **Climate change & energy**
  - Greenhouse gas emissions to be reduced by 20% compared to 1990;
  - Share of renewable energy sources in final energy consumption to be increased to 20%;
  - Energy efficiency to be improved by 20%;

- **Education**
  - Share of early school leavers (aged 18 to 24) to be reduced under 10%;
  - At least 40% of 30 to 34 years old to have completed tertiary or equivalent education;
- **Poverty and social exclusion:** At least 20 million fewer people at risk of poverty or social exclusion.

Seven flagship initiatives[4] were also put forward as part of the strategy, including "*Youth on the move*" (to enhance the performance of education systems and to facilitate the entry of young people to the labour market), "*An agenda for new skills and jobs*" (to modernise labour markets and empower people by developing their skills throughout the lifecycle) and a "*European platform against poverty*" (to ensure social and territorial cohesion such that the benefits of growth and jobs are widely shared and people experiencing poverty and social exclusion are enabled to live in dignity and take an active part in society). There is also an annual convention for inclusive growth, an action-oriented platform bringing together civil society organisations and policymakers to discuss how to achieve truly inclusive growth.

Stronger economic governance implemented under Europe 2020 relies on two pillars: the thematic approach outlined above, combining priorities and headline targets; and country reporting, helping Member States to develop their strategies to return to sustainable growth and sound public finances. The main framework for implementation of Europe 2020 at national level is via the European Semester. This includes commitment by Member States through their National Reform Programme reports, monitoring and assessment by the Commission in country reports and Country-specific recommendations that are addressed to Member States and adopted by the Council. Integrated guidelines have been formulated, having in mind the broader Europe 2020 targets and are used to guide this process. Since the start of its mandate, the Juncker Commission has strengthened the role of the social priorities and their consideration, including through the European Semester.

The implementation of the Europe 2020 strategy is monitored through activities and yearly reports by Eurostat, through the European Semester, the European Employment Strategy and via the Social Open Method of Coordination (OMC).

The European Employment Strategy, dating from 1997, constitutes part of the Europe 2020 Growth Strategy as of 2010. In its framework, the employment guidelines provide common priorities and targets for employment policies. The guidelines for the employment policies of the Member States are intrinsically linked with the guidelines for the economic policies of the Member States and of the EU. Together, they form the integrated guidelines that underpin the Europe 2020 strategy for smart, sustainable and inclusive growth.

The social OMC aims at achieving upward convergence towards EU goals in the social policy area, which fall under the competence of Member States. It encompasses all major social

[4] The original flagship initiatives were restructured after the mid-term review of the strategy.

policy strands (social inclusion, pensions, health and long-term care). The Open Method of Coordination is used by Member States to support the definition, implementation and evaluation of their social policies and to develop their mutual cooperation. A tool of governance based on common objectives and indicators, the method supplements the legislative and financial instruments of social policy.

There is systematic reporting to the EPSCO Council on employment and social matters based on a strong analytical framework. The EMCO and SPC are involved in the regular monitoring of progress, and several tools have been developed jointly by the Commission, EMCO and SPC to assist in the monitoring process, including the Joint Assessment Framework (JAF), the Employment Performance Monitor (EPM) and the Social Protection Performance Monitor (SPPM). Moreover, the SPC was instrumental in the development and agreement of the Europe 2020 target on poverty and social exclusion and the related indicator to measure progress, and EMCO in the setting of the employment rate target.

Analytical work is carried out jointly by the Commission, EMCO, SPC and other relevant stakeholders to underpin the strategy and the role of the EPSCO Council in the European Semester. EMCO and SPC regularly review the progress against the targets through the annual monitoring processes, and report to EPSCO on the employment and social situation through their respective annual monitoring reports, as inputs to the reflections ahead of the Annual Growth Survey. EU governments have set national targets to help achieve the overall EU employment and poverty targets, and are reporting on them as part of their annual National Reform Programmes. Semester Country Reports provide a yearly monitoring on progress towards the targets.

3 Assessment of progress against the quantitative headline targets

It is clear that the financial and economic crisis that hit the EU just before the start of the Europe 2020 strategy has had a deep and, in some Member States, lasting impact on the employment and social situation during the last decade and has hindered progress towards the stated objectives of the strategy. Nevertheless, with the EU having entered a strong and sustained recovery phase since 2013, concrete progress is now being witnessed.

While the EU continues to experience economic growth and record employment, as well as declines in the overall population at risk of poverty or social exclusion, the recovery has so far not benefited all citizens to the same extent and has only recently begun to reverse increases in inequality and relative poverty. The ongoing economic recovery and labour market developments have translated into substantial improvements in many indicators of the social situation, but less so regarding indicators based on the income distribution and there are signs of gaps in the inclusiveness of growth, while household incomes have generally grown at a slower pace compared to GDP.

As a consequence, whilst the EU, if the current employment trend were to continue, may be on track to meet its Europe 2020 target of a 75% employment rate, progress in reaching the target of lifting 20 million people out of the risk of poverty or social exclusion has been slower and has occurred with a lag[5]. Nevertheless, with regard to the latter and considering the disruption caused by the crisis, substantial progress has been made in recent years on reducing the prevalence of severe material deprivation and of (quasi-)jobless households, and also more recently there has been a notable decline in the share of the population at risk of poverty.

3.1 Employment rate target close to being met

The Europe 2020 Strategy set an EU-wide employment rate target of 75% for women and men aged 20 to 64 by 2020, which was translated into a set of national employment rate targets (Table 1). The national 2020 employment rate targets (announced by Member States in 2011 through their National Reform Programmes or updated since then) range from 65.2% in Croatia to 80% in Denmark, The Netherlands and Sweden[6].

The choice and ambition of the national targets has important implications for reaching the overall EU employment target, given that if all the Member States were to achieve their

[5] Note that due to differences in data availability when the targets were set, for assessment of progress in the employment area and versus the employment rate target the reference period begins from 2010 (hence 2010-2020), while for progress in the social domain and versus the risk of poverty or social exclusion target the reference period begins from 2008 (hence 2008-2018, while the strategy actually runs until 2020).

[6] The United Kingdom has not set a national target. In a few countries (Austria, Cyprus, Ireland and Italy), the national target is expressed as a range of values (i.e. with upper and lower values) instead of a point target.

stated national targets for 2020, the EU average employment rate (20-64) would range between 73.7% and 74.0% (depending on whether lower or upper values are considered). This means that based on present national targets, the EU as a whole would fall short of the 75% target by 1-1.2 percentage points even if all national targets were achieved.

Table 1. National employment rate and sub-targets

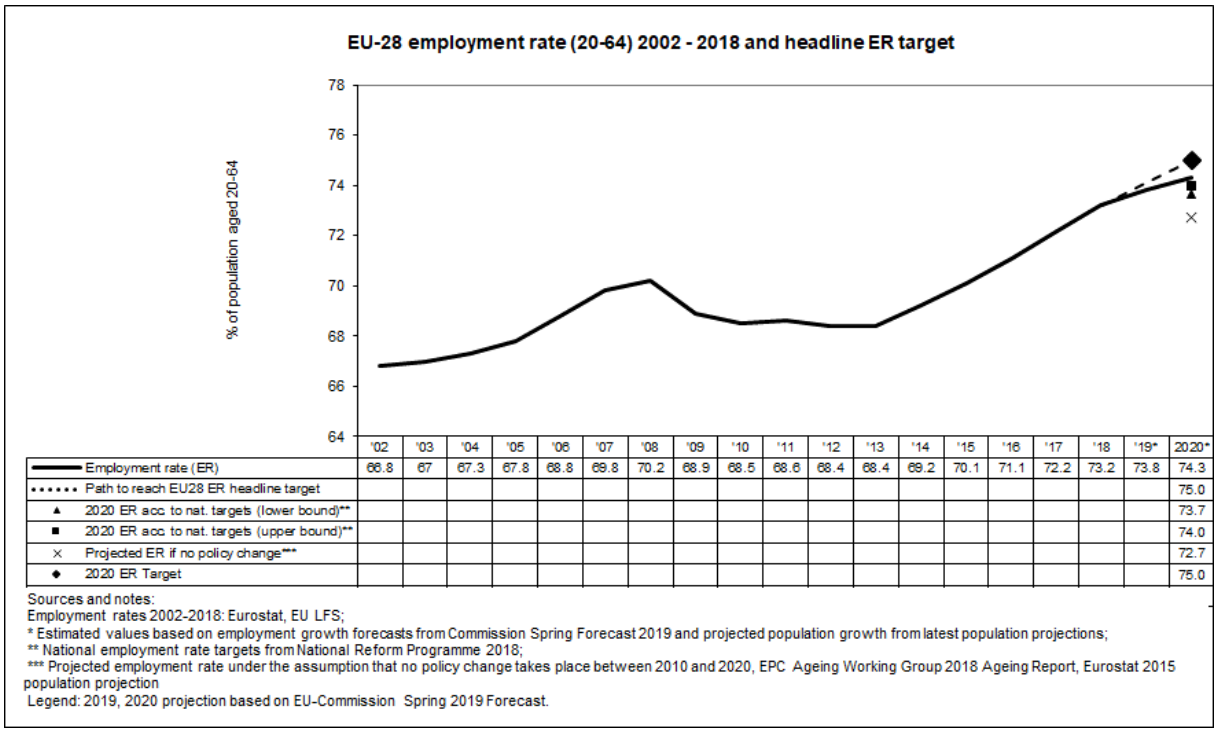
MS	Employment rate (Headline target: 75% for age group 20-64)	2018 Employment rate	National sub-targets (%)
AT	77-78	76.2	
BE	73.2	69.7	ER of women 69.1; NEET 8.2; ER of older workers 50.0; difference betw een ER-non and EU citizens <16.5
BG	76	72.4	Reducing the level of unemployment among young people (aged 15-29) to 7% in 2020; Achieving a level of Employment among elderly people (aged 55-64) of 53% in 2020
CY	75-77	73.9	
CZ	75	79.9	ER of women 65.0; ER of older workers 55.0; unemployment rate (15-24) reduced by 1/3; unemployment rate of low-skilled reduced (ISCED 0-2) by 1/4.
DE	77	79.9	ER older workers 60.0; ER of women 73.0
DK	80	78.2	
EE	76	79.5	Youth unemployment 10.0; long-term unemployment 2.5; productivity per employed person 80.0; share of adults (25-64) with no professional qualification 30.0; participation rate in lifelong learning among adults (25-64) 20.0; labour participation rate (15-64) 75.0
EL	70	59.5	
ES	74	67.0	ER of women 68.5
FI	78	76.3	
FR	75	71.3	ER of women 70.0
HR	65.2	65.2	
HU	75	74.4	
IE	69-71	74.1	
IT	67-69	63.0	
LT	72.8	77.8	ER of women 69.5; ER of men 76.5; ER of older workers 53.4
LU	73	72.1	
LV	73	76.8	
MT	70.0	75.0	
NL	80	79.2	
PL	71	72.2	
PT	75	75.4	
RO	70	69.9	
SE	well over 80	82.6	
SI	75	75.4	
SK	72	72.4	Long-term unemplyoment rate of 3% by 2020
UK	n.a.	78.7	
EU average*	**73.7-74.0**		

Source: National Reform Programmes 2018

** Weighted average of all EU Member States excluding the UK which has not set a national employment rate target*

Despite the setbacks encountered during the crisis years, the EU has recently seen strong employment expansion and has achieved record levels of employment. Since the adoption of the Europe 2020 strategy in 2010, the employment rate has grown by almost 5 percentage points (4.7 pp), with the most persistent growth taking place after 2015. In 2018, the EU employment rate (20-64) stood at 73.2%, well above the pre-crisis level of 70.2% in 2008 (which had already been surpassed in 2016) (Figure 1), and by the last quarter of 2018 had reached 73.5%, the highest level ever recorded.

Figure 1. Progress towards the EU-28 employment rate headline target



	'02	'03	'04	'05	'06	'07	'08	'09	'10	'11	'12	'13	'14	'15	'16	'17	'18	'19*	2020*
Employment rate (ER)	66.8	67	67.3	67.8	68.8	69.8	70.2	68.9	68.5	68.6	68.4	68.4	69.2	70.1	71.1	72.2	73.2	73.8	74.3
Path to reach EU28 ER headline target																			75.0
2020 ER acc. to nat. targets (lower bound)**																			73.7
2020 ER acc. to nat. targets (upper bound)**																			74.0
Projected ER if no policy change***																			72.7
2020 ER Target																			75.0

Sources and notes:
Employment rates 2002-2018: Eurostat, EU LFS;
* Estimated values based on employment growth forecasts from Commission Spring Forecast 2019 and projected population growth from latest population projections;
** National employment rate targets from National Reform Programme 2018;
*** Projected employment rate under the assumption that no policy change takes place between 2010 and 2020, EPC Ageing Working Group 2018 Ageing Report, Eurostat 2015 population projection
Legend: 2019, 2020 projection based on EU-Commission Spring 2019 Forecast.

Source: Eurostat and DG Employment, Social Affairs and Inclusion estimates for 2019 and 2020

If the current trend were to continue into this and next year, the EU would be on track to meet its Europe 2020 target of a 75% employment rate for the population aged 20-64 years. However, the latest Spring European Commission economic forecast (European Commission (2019a)) reports that slowing economic growth is expected to have an impact on employment and therefore net job creation will continue at a more moderate pace. The number of employed persons in the EU is expected to increase by 0.8% in 2019 and 0.7% in 2020, lower than the 2018 expansion of 1.3% (according to the European Commission's 2019 spring forecast). Consequently, the forecast increases in the EU employment rate for the next two years (to 73.8% in 2019 and to 74.3% in 2020) mean the EU is expected to come very close to reaching the Europe 2020 target of 75%.

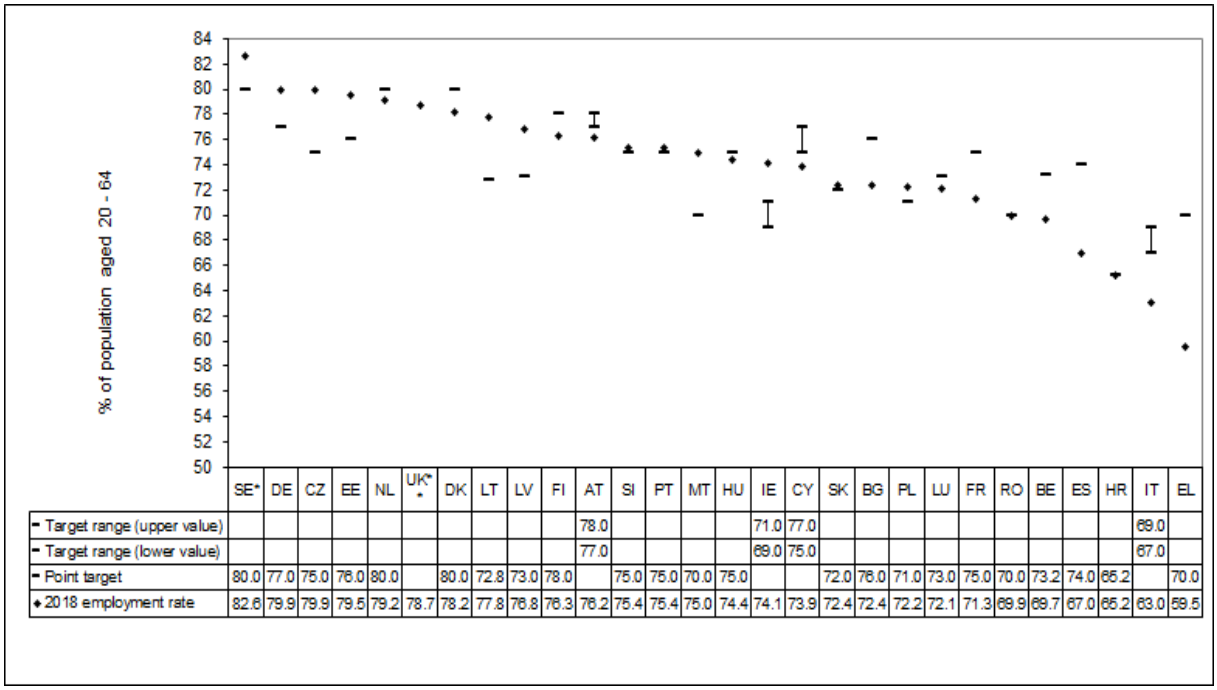
In 2018, thirteen Member States had already achieved their national target and in all of them the employment rate increased compared to 2017 (Figure 2). Moreover, in all Member

States that have not yet achieved their national targets, the gap narrowed in 2018 as compared to 2017.

Despite recent progress, significant disparities still exist between countries, with four Member States (Greece, Cyprus, Spain and Denmark) showing employment rates below their corresponding pre-crisis levels and four others (Italy, Croatia, The Netherlands and Finland) in which the employment rates increased very little in the past ten years. The impact of demography on the efforts needed to reach the targets is worth underlining. The majority of Member States will need lower annual employment growth compared to the pre-crisis period to reach their national targets due to population decline.

The rises in employment rates for women and older workers have been clear successes over the period of the strategy. However, unemployment and economic inactivity remain very high in some countries, notably amongst young people and the low skilled, who have been particularly affected by the crisis. Furthermore, in-work poverty has risen and remains persistently high, and labour market segmentation continues to be a challenge in a number of Member States, while the quality and precariousness of employment are also issues gaining increasing attention.

Figure 2. National employment rate targets set by Member States in their National Reform Programmes compared to employment rates in 2018



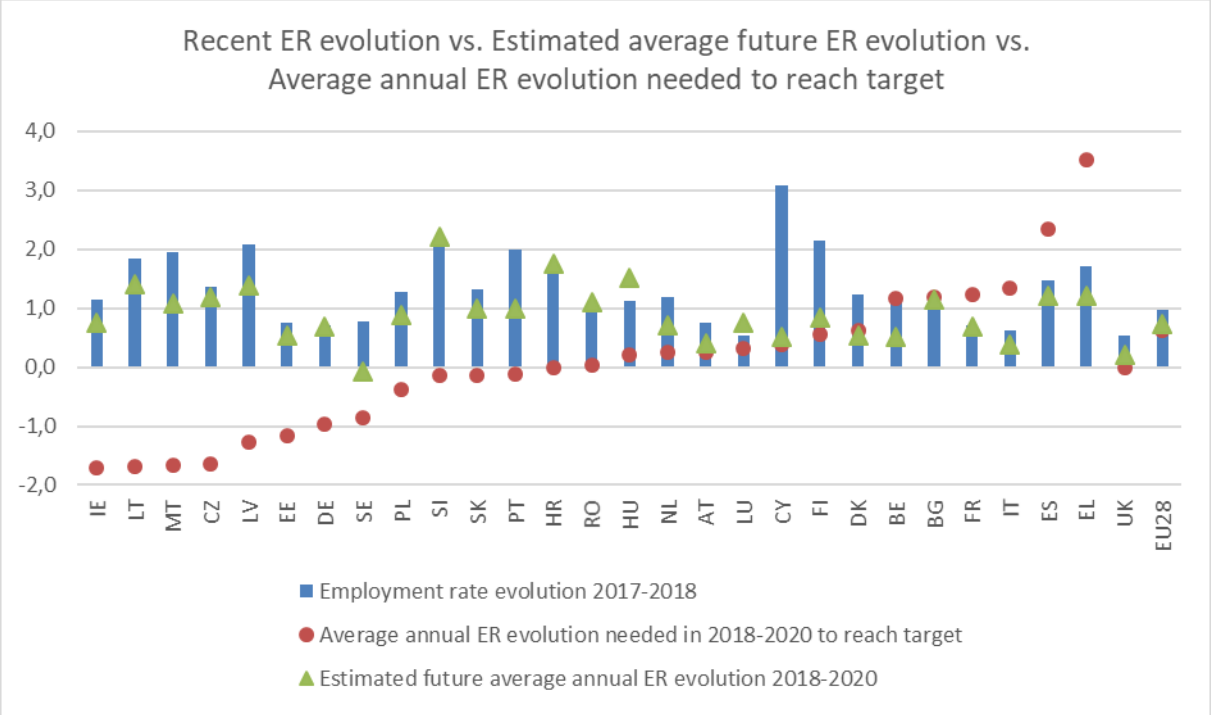
	SE*	DE	CZ	EE	NL	UK**	DK	LT	LV	FI	AT	SI	PT	MT	HU	IE	CY	SK	BG	PL	LU	FR	RO	BE	ES	HR	IT	EL
Target range (upper value)											78.0					71.0	77.0										69.0	
Target range (lower value)											77.0					69.0	75.0										67.0	
Point target	80.0	77.0	75.0	76.0	80.0		80.0	72.8	73.0	78.0		75.0	75.0	70.0	75.0			72.0	76.0	71.0	73.0	75.0	70.0	73.2	74.0	65.2		70.0
♦ 2018 employment rate	82.6	79.9	79.9	79.5	79.2	78.7	78.2	77.8	76.8	76.3	76.2	75.4	75.4	75.0	74.4	74.1	73.9	72.4	72.4	72.2	72.1	71.3	69.9	69.7	67.0	65.2	63.0	59.5

Sources: National Reform Programmes 2018, EU Labour Force Survey for 2018 employment rate.
Note: I indicates a range for Member States national targets
** Sweden has defined a national employment rate target of "well over 80%".*
*** The United Kingdom has not set a national employment rate target.*

Data show that for a number of Member States the estimated dynamics of employment rates for 2018-2020 are lower than those observed in 2017-2018. Specifically, in the case of Cyprus, Finland, Portugal, Malta and Czechia, the employment rate is expected to move notably slower than in 2018. On the other hand, it is expected to grow notably faster than in 2018 in Slovenia, Croatia and Hungary (Figure 3).

Furthermore, several Member States will need their employment rate to grow at around the same rate or faster than in 2017-2018 in order to reach their national employment rate target by 2020, with the biggest efforts necessary in Greece, Spain, Italy, France, Bulgaria and Belgium.

Figure 3: Comparison of the recent employment rate change (over 2017-2018) to the estimated annual employment rate evolution over 2018-2020 and the average annual evolution needed to reach the national employment rate target



Source: Recent ER evolution – LFS. Estimated average annual employment rate evolution 2017-2018 and estimated average annual employment rate evolution 2018-2020 needed to reach target: DG EMPL calculations on the basis of the 2019 EU Commission's Spring Economic Forecast (employment growth) and Eurostat Europop 2013 population projection.

In order to make sufficient further progress towards Europe 2020 employment rate targets, it is necessary to focus especially on increasing the employment of specific groups with lower than average performance (namely women, low-skilled workers (ISCED 0-2), young and older workers). Those population sub-groups where increased employment rates would have the highest potential impact on the overall national employment rate are prime age women (30-54) and women aged 55 to 64, the low skilled and, in some Member States, prime age men (30-54) and men aged 55 to 64 (Table 2).

Table 2. Potential contribution of different labour market sub-groups to increase the overall national employment rate

MS	***Which labour market sub-groups would have the highest impact on the overall national employment rate if their group-specific employment rate would be increased (taking into account their respective population share and current employment levels)? **** 1=highest potential impact; 8 = lowest potential impact. Shaded cells show the three groups with the highest potential impact												
	Men						Women						Low-skilled (20 - 64)		Non-EU28 nationals (20 - 64)	
	Young (20 - 29)		*Prime age (30-54)*		*Older (55-64)*		*Young (20 - 29)*		*Prime age (30-54)*		*Older (55-64)*					
AT	**8**	*0,3*	**5**	*1,6*	**2**	*2,4*	**7**	*0,4*	**6**	*1,2*	**1**	*3,7*	**3**	*2,1*	**4**	*1,9*
BE	**7**	*1,9*	**5**	*2,7*	**3**	*3,1*	**6**	*2,1*	**4**	*2,8*	**2**	*3,7*	**1**	*4,8*	**8**	*1,5*
BG	**7**	*1,9*	**1**	*4,0*	**6**	*2,2*	**5**	*2,5*	**4**	*2,6*	**3**	*2,7*	**2**	*3,8*	**8**	*0,0*
CY	**4**	*2,0*	**3**	*2,8*	**6**	*1,8*	**7**	*1,7*	**1**	*3,6*	**2**	*3,2*	**5**	*2,0*	**8**	*1,1*
CZ	**6**	*0,7*	**7**	*0,0*	**5**	*1,2*	**2**	*2,1*	**3**	*1,7*	**1**	*2,8*	**4**	*1,2*	**7**	*0,0*
DE	**8**	*0,5*	**5**	*1,0*	**6**	*0,7*	**7**	*0,5*	**2**	*1,4*	**3**	*1,3*	**4**	*1,1*	**1**	*1,9*
DK	**7**	*0,8*	**1**	*1,5*	**8**	*0,7*	**6**	*0,9*	**2**	*1,4*	**4**	*1,4*	**3**	*1,4*	**5**	*1,1*
EE	**8**	*0,0*	**1**	*1,6*	**3**	*1,4*	**4**	*1,4*	**2**	*1,4*	**6**	*0,8*	**7**	*0,2*	**5**	*1,0*
ES	**5**	*2,6*	**3**	*5,0*	**7**	*2,4*	**6**	*2,5*	**1**	*6,3*	**4**	*3,5*	**2**	*5,1*	**8**	*1,4*
FI	**6**	*1,3*	**1**	*2,6*	**2**	*2,3*	**5**	*1,3*	**4**	*1,5*	**7**	*1,1*	**3**	*1,9*	**8**	*0,7*
FR	**8**	*1,4*	**5**	*2,3*	**3**	*2,8*	**6**	*1,9*	**4**	*2,4*	**2**	*3,0*	**1**	*3,3*	**7**	*1,7*
HR	**7**	*2,4*	**3**	*4,8*	**5**	*3,3*	**6**	*3,1*	**4**	*4,0*	**1**	*5,1*	**2**	*4,8*	**8**	*0,1*
GR	**7**	*3,1*	**3**	*5,0*	**6**	*3,3*	**5**	*3,3*	**1**	*8,7*	**2**	*5,5*	**4**	*4,7*	**8**	*1,0*
HU	**7**	*1,3*	**6**	*1,6*	**5**	*2,2*	**3**	*2,3*	**2**	*2,5*	**1**	*3,9*	**4**	*2,2*	**8**	*0,0*
IE	**5**	*1,5*	**2**	*3,3*	**7**	*1,1*	**6**	*1,3*	**1**	*5,4*	**4**	*2,5*	**3**	*3,0*	**8**	*0,7*
IT	**6**	*2,9*	**5**	*3,4*	**7**	*2,0*	**4**	*3,5*	**1**	*7,5*	**3**	*4,0*	**2**	*6,1*	**8**	*1,1*
LT	**6**	*1,0*	**1**	*3,2*	**3**	*1,5*	**4**	*1,5*	**7**	*0,7*	**2**	*1,7*	**5**	*1,2*	**8**	*0,0*
LU	**7**	*1,2*	**8**	*0,9*	**2**	*3,3*	**5**	*1,5*	**3**	*2,7*	**1**	*3,5*	**4**	*2,3*	**6**	*1,3*
LV	**8**	*0,7*	**1**	*3,3*	**3**	*1,8*	**7**	*1,0*	**2**	*2,0*	**4**	*1,7*	**6**	*1,0*	**5**	*1,7*
MT	**8**	*0,1*	**7**	*0,3*	**4**	*2,0*	**6**	*0,3*	**1**	*7,0*	**2**	*5,6*	**3**	*5,0*	**5**	*0,4*
NL	**7**	*0,2*	**4**	*1,3*	**6**	*0,7*	**8**	*0,0*	**1**	*2,4*	**2**	*2,3*	**3**	*1,4*	**5**	*0,8*
PL	**7**	*1,1*	**4**	*2,1*	**3**	*2,4*	**6**	*2,0*	**2**	*2,9*	**1**	*4,4*	**5**	*2,1*	**8**	*0,0*
PT	**5**	*1,9*	**2**	*2,7*	**4**	*2,2*	**6**	*1,8*	**3**	*2,5*	**1**	*3,3*	**8**	*0,0*	**7**	*0,1*
RO	**7**	*1,3*	**6**	*2,0*	**4**	*2,5*	**5**	*2,3*	**2**	*4,3*	**1**	*4,3*	**3**	*2,7*	**:**	*:*
SE	**4**	*0,8*	**2**	*1,0*	**6**	*0,0*	**5**	*0,8*	**6**	*0,0*	**6**	*0,0*	**3**	*0,9*	**1**	*1,5*
SI	**6**	*1,2*	**5**	*1,6*	**2**	*4,0*	**4**	*1,9*	**7**	*0,8*	**1**	*4,8*	**3**	*2,1*	**8**	*0,2*
SK	**7**	*1,2*	**6**	*2,2*	**5**	*2,3*	**3**	*2,9*	**1**	*3,4*	**2**	*3,4*	**4**	*2,6*	**8**	*0,0*
UK	**8**	*0,0*	**3**	*1,2*	**4**	*0,8*	**7**	*0,6*	**1**	*2,2*	**2**	*1,7*	**5**	*0,8*	**6**	*0,7*
EU	**7**	*1,3*	**4**	*2,3*	**5**	*1,8*	**6**	*1,7*	**1**	*3,4*	**2**	*2,9*	**3**	*2,8*	**8**	*1,1*

Source: DG Employment calculations using EU LFS, Eurostat 2015 population projections and national employment rate targets set in the National Reform Programmes

3.2 Poverty and social exclusion target not likely to be achieved

In 2010, the EU Heads of States and Governments committed to lifting at least 20 million people out of being at risk of poverty or social exclusion, in the context of the Europe 2020 strategy. This commitment stressed the equal importance of inclusive growth alongside economic objectives for the future of Europe, and it introduced a new monitoring and accountability scheme[7]. Within the framework of the Europe 2020 strategy, Member States set national poverty and social exclusion targets (Table 1). However, the individual poverty-reduction ambitions of the Member States sum to a figure lower than the EU level commitment to reduce poverty and social exclusion by 20 million and are not always based on the headline composite indicator, the risk of poverty or social exclusion (AROPE).

[7] COM (2010) 758 final

The EU poverty and social exclusion target is based on a combination of three indicators – the at-risk-of-poverty rate, the severe material deprivation rate, and the share of people living in (quasi-) jobless (i.e. very low work intensity) households. It considers people who find themselves in any of these three categories and, while very broad, it reflects the multiple facets of the risk of poverty and social exclusion across Europe. This definition extends the customary concept of relative income poverty to cover the non-monetary dimension of poverty and labour market exclusion.

The share of people at risk of poverty or social exclusion in the EU increased in the years following the financial and economic crisis, rising to almost 124 million in the EU-28 by 2012 and remaining close to that level until 2014. Substantial decreases have only been observed in 2015 and most notably in 2017, when more than five million people exited from the risk of poverty or social exclusion compared to the previous year. As a result, the total number of people at risk of poverty or social exclusion is now[8] back below the level around the start of the crisis (Figure 4)[9], but remains far from the original objective of a reduction of 20 million In 2017 there were around 4.2 million fewer people in the EU living at risk of poverty or social exclusion compared to 2008[10], with a total of 113 million. Moreover, there remain persistent disparities between the Member States, with some countries, especially those southern Member States most affected by the economic crisis (Cyprus, Greece, Spain and Italy), still registering markedly higher shares of people at risk of poverty or social exclusion, compared to 2008 (Figure 5). However, some of the northern Member States such as Denmark, The Netherlands and Sweden have also recorded rises in the share of the population at risk of poverty or social exclusion. All this contrasts with strong improvements in reducing poverty and social exclusion in many of the newer Member States in central and eastern Europe together with Portugal.

The risk of poverty or social exclusion remains a challenge in particular for children, young adults, people with disabilities and people with a migrant background, calling into question the progress achieved with regard to ensuring inclusive growth.

8 Note that the AROPE figure reflects data lags, as it is based on data for the income and work intensity of households for the year before the survey

9 The overall EU target referring to the EU27 – the 27 EU countries before the accession of Croatia – is to lift at least 20 million people out of the risk of poverty or social exclusion by 2020. Due to the structure of the survey on which most of the key social data is based (EU Statistics on Income and Living Conditions), a large part of the main social indicators available in 2010 , when the Europe 2020 strategy was adopted, referred to 2008 as the most recent year of data available. This is the reason why monitoring of progress under the Europe 2020 strategy's poverty target takes 2008 as the baseline year.

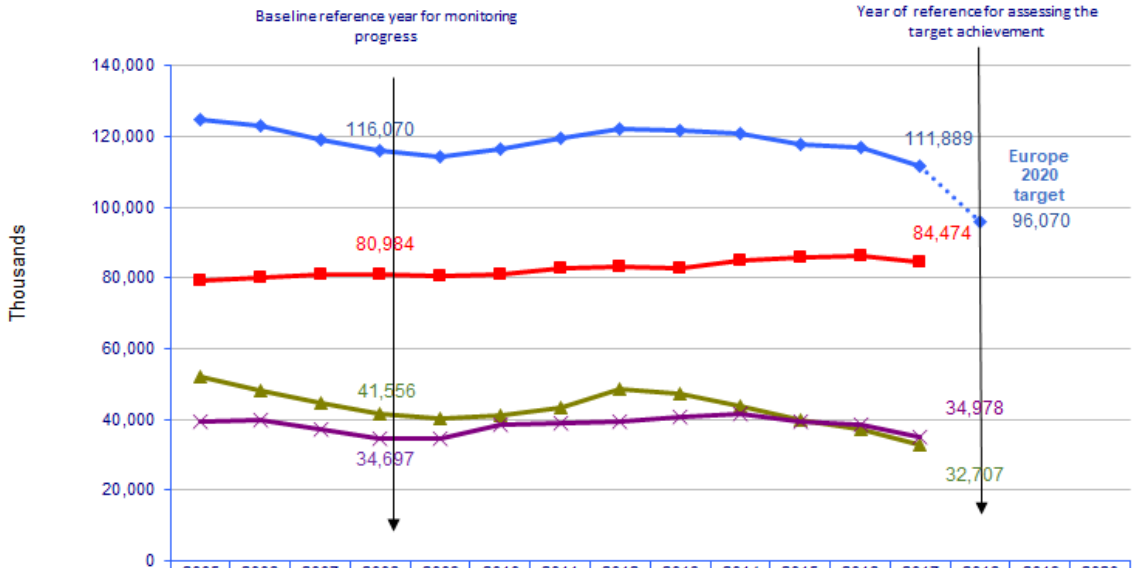
10 The reference year, due to data availability, for the target adopted in 2010

Table 3. Europe 2020 poverty and social exclusion target - national targets

	National 2020 target for the reduction of poverty or social exclusion (in number of persons)
EU28	**20,000,000**
BE	380,000
BG	260,000 persons living in monetary poverty*
CZ	100,000
DK	Reduction of the number of persons living in households with very low work intensity by 22,000 by 2020*
DE	Reduce the number of long-term unemployed by 320,000 by 2020*
EE	Reduction of the at risk of poverty rate after social transfers to 15%, equivalent to an absolute decrease by 36,248 persons*
IE	Reduce the number of person in combined poverty (either consistent poverty, at-risk-of-poverty or basic deprivation) by at least 200,000*
EL	450,000
ES	1,400,000-1,500,000
FR	1,900,000
HR	Reduction of the number of persons at risk of poverty or social exclusion to 1,220,000 by 2020
IT	2,200,000
CY	27,000 (or decrease the percentage from 23.3% in 2008 to 19.3% by 2020)
LV	Reduce the number of persons at the risk of poverty and/or of those living in households with low work intensity by 121 thousand or 21 % until 2020*
LT	170,000 (and the total number of people at risk of poverty or social exclusion must not exceed 814,000 by 2020)
LU	6,000
HU	450,000
MT	6,560
NL	Reduce the number of people aged 0-64 living in a jobless household by 100,000 by 2020*
AT	235,000
PL	1,500,000
PT	200,000
RO	580,000
SI	40,000
SK	170,000
FI	140,000 (Reduce to 770,000 by 2020 the number of persons living at risk of poverty or social exclusion)
SE	Reduction of the % of women and men aged 20-64 who are not in the labour force (except full-time students), the long-term unemployed or those on long-term sick leave to well under 14%*
UK	Nine national indicators (2 statutory and 7 non-statutory) underlying measures to track progress in tackling the disadvantages that affect outcomes for children and families*

*Source: National Reform Programmes. Notes: * denotes countries that have expressed their national target in relation to an indicator different to the EU headline target indicator (AROPE). For some of these Member States (BG, DK, EE, LV) it is expressed in terms of one or more of the components of AROPE, but for the others (DE, IE, NL (age range differs), SE and UK (target not yet defined)) the target is neither in terms of the AROPE nor the standard definition of one or more of its components.*

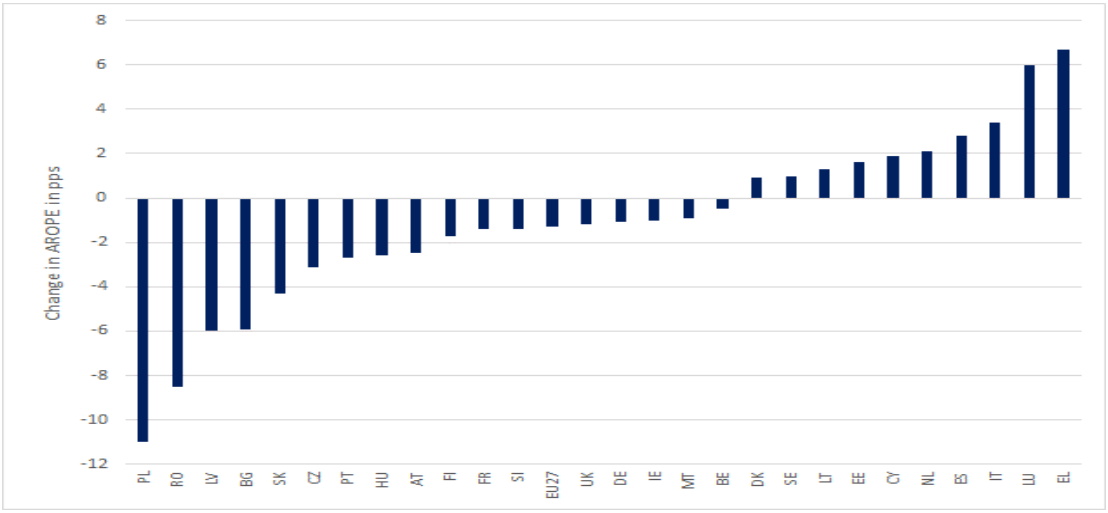
Figure 4. Evolution of the Europe 2020 poverty and social exclusion rate and its components, EU27[11] (figures in 1000s), 2005-2017



	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
AROPE	124,656	122,936	119,205	116,070	114,390	116,585	119,474	122,390	121,579	120,783	117,833	116,880	111,889			
AROP	79,498	80,159	80,989	80,984	80,573	81,146	82,967	83,160	82,589	85,146	85,915	86,094	84,474			
SMD	52,254	48,283	44,834	41,556	40,137	41,074	43,357	48,820	47,453	43,874	39,786	37,282	32,707			
(Quasi-)Jobless HHs	39,520	40,051	37,114	34,697	34,699	38,528	39,161	39,322	40,670	41,660	39,380	38,735	34,978			

Note: AROPE - at-risk-of poverty-or-social-exclusion rate; AROP - at-risk-of-poverty rate; (Quasi-)jobless HHs - share of population living in (quasi)-jobless households (i.e. very low work intensity (VLWI) households); SMD - severe material deprivation rate. For the at-risk-of-poverty rate, the income reference year is the calendar year prior to the survey year except for the UK (survey year) and Ireland (12 months preceding the survey). Similarly, the (quasi-)jobless households rate refers to the previous calendar year while for the severe material deprivation rate the current survey year.

Figure 5. Changes in at-risk-of poverty-or-social-exclusion rates between 2008 and 2017



Source: Eurostat (EU-SILC)
Notes: Major breaks in series in EE and LU.

[11] Note figures here refer to the EU27 aggregate, since time series for the EU28 aggregate not available back to 2008. The reference year for assessment of achievement of the target is 2018, as foreseen at the outset of the strategy, but progress will continue to be monitored until 2020 when a final assessment of progress will be conducted.

Focusing on the trends in the underlying components of the population at risk of poverty or social exclusion at EU level, it is observed that:

- The number of people at risk of poverty (AROP) generally increased gradually over almost the entire period since 2008, even in the recovery phase, but fell markedly (by 1.6 million) in 2017. Compared to 2008, the EU population at risk of poverty was 3.5 million higher in 2017. It can be noted that the size of the population at risk of poverty is larger (around double) than the population in the other two components of the AROPE indicator;

- The figure for the total population experiencing severe material deprivation (SMD) has been the most responsive to the economic situation over the period of the strategy, falling noticeably during the recovery. It is the main driver of the fall in the AROPE population compared to the peak in 2012, falling by 16 million since then, and down by around 9 million compared to 2008;

- The share of (quasi-)jobless households is also fairly responsive to the economic situation, but less so than SMD, and with a greater time lag. It started to decrease only from 2015 onwards, and is now down to levels close to those in 2008.

In conclusion, while over recent years improvements in economic activity and labour markets have led to reductions in the number of (quasi-)jobless households and improvements in living standards, leading in turn to reductions in severe material deprivation, only very recently (in 2017) have the benefits of the economic recovery been distributed so as to bring down the risk of relative income poverty among the overall population at EU level.

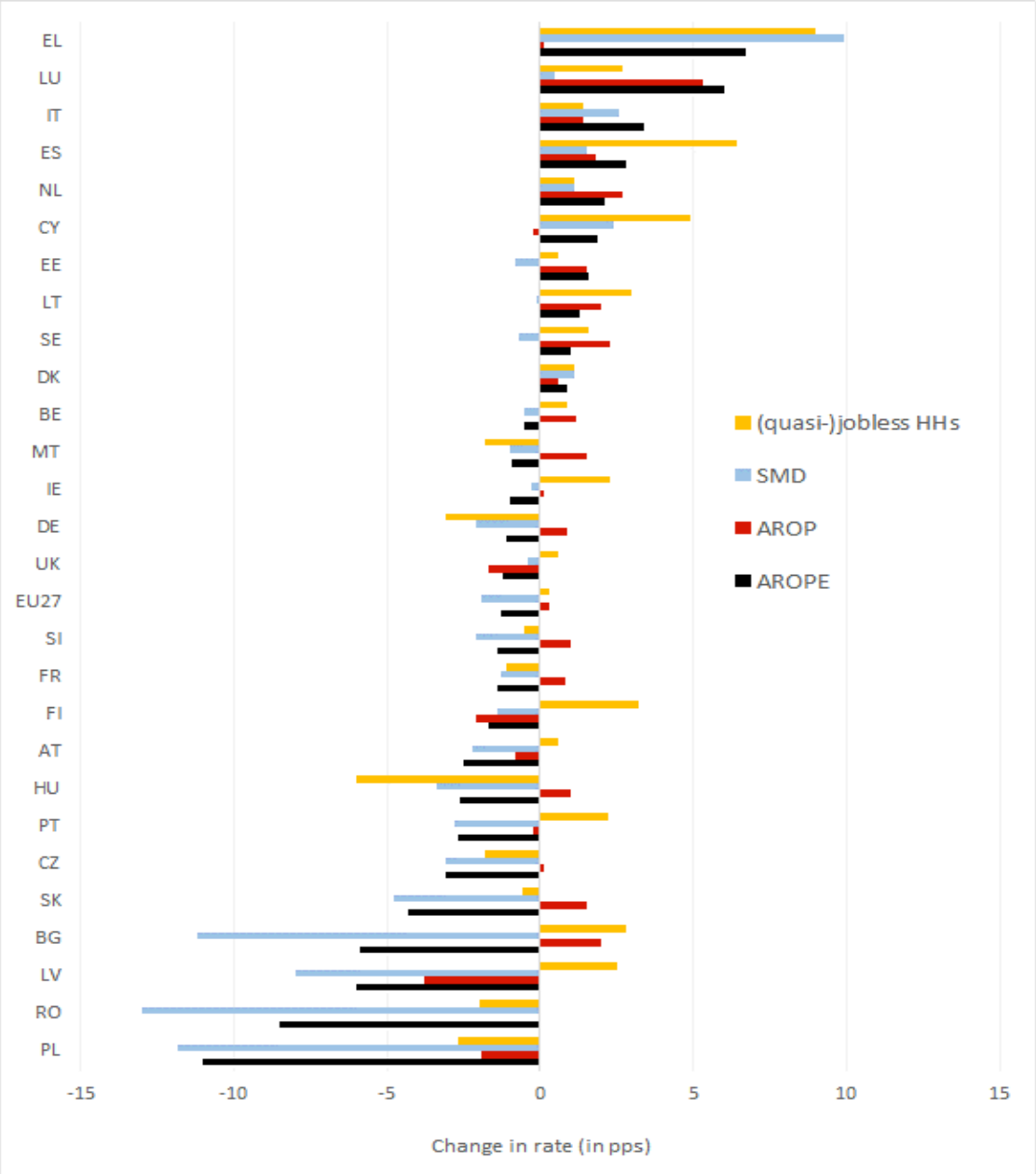
At EU-level, the reduction in the at-risk-of-poverty-or-social-exclusion (AROPE) rate solely reflects the decline in severe material deprivation, as the rates of poverty risk and (quasi-) jobless households are essentially unchanged compared to 2008 (Figure 6). There are, however, wide variations across Member States in the changes in AROPE but also in the pattern of changes in the underlying components. Nevertheless, the following broad developments can be observed:

- For those Member States (Bulgaria, Latvia, Poland, Romania and Slovakia) where AROPE has declined most, this is associated with strong reductions in the severe material deprivation rate.

- For those Member States where AROPE had increased most (Cyprus, Greece, Spain, Italy, Luxembourg and The Netherlands), there is no common pattern in the underlying components – in some (Cyprus and Spain) the rise in AROPE is associated with strong increases in (quasi-)jobless households, in Greece with increases in both severe material deprivation and (quasi-)jobless households but not relative poverty (AROP), in Italy with rises in all three components, and in Luxembourg and The Netherlands mainly with the increase in relative poverty.

- Most countries (around two-thirds) have seen declines in the rate of severe material deprivation, with only a few exceptions (notably Cyprus, Denmark, Spain, The Netherlands, Italy and above all Greece).
- At-risk-of-poverty rates are higher in around two-thirds of Member States, and have declined in very few (mainly Finland, Latvia, Poland and the United Kingdom).
- The (quasi-)jobless households rates are noticeably higher in around half of Member States. Nevertheless, sizable reductions are observed in Czechia, Germany, Hungary, Malta, Poland and Romania).

Figure 6. Change in the rates of AROPE, AROP, SMD and (quasi-)jobless households between 2008 and 2017



Source: Eurostat (EU-SILC)
Notes: Major breaks in series in EE and LU.

Member States have generally been more effective in raising living standards and better ensuring that needs for basic goods and services are met more widely (i.e. reducing the severe material deprivation rate) and encouraging wider labour market participation (i.e. reducing the share of (quasi-)jobless households) than on reducing the overall rate of relative income poverty (AROP), especially compared to the situation in 2008. Indeed, at-risk-of-poverty rates, which depend on the income distribution, have increased in around two-thirds of Member States between 2008 and 2017. To further address monetary poverty would require such measures as more progressive tax and benefit systems (including income, wealth and inheritance taxes) and providing better labour market opportunities for disadvantaged and poorer families.

In 2017, nine Member States had already achieved their national targets set in relation to the EU poverty and social exclusion headline target (Table 4). A further eight have made progress towards the target compared to the figure at the start of the Europe 2020 strategy. However, for ten Member States the gap to the target has actually widened, with this development in Greece, Italy and Spain having a large impact on the lack of progress towards the aggregate target for the EU as a whole. In contrast, strong progress in reducing the number of people at risk of poverty or social exclusion especially in Bulgaria, Germany, Poland and Romania has contributed to reducing the gap to the EU target. It can be noted that the positive progress achieved on the national targets in Ireland[12], the Netherlands and Sweden (where the targets are not directly related to the AROPE indicator) are associated at the same time with an increase in the number of people at risk of poverty or social exclusion, and hence have not contributed towards meeting the EU headline target. Conversely, the gap to the national target in Bulgaria has increased while the number of people at risk of poverty or social exclusion has fallen substantially.

[12] While it is true that the number of people in AROPE in Ireland is higher than in 2008, the proportion of people in AROPE in Ireland has reduced since 2008.

Table 4. Progress in 2017 with respect to national poverty and social exclusion targets set by Member States in their National Reform Programmes.

	National 2020 target for the reduction of poverty or social exclusion (in number of persons)	Progress so far against national target (in 2017)	Change in population in AROPE where different target used
EU	**20,000,000**	**4,181,000**	
BE	Reduce the population in AROPE by 380,000	Increase of 102,000	
BG*	Reduce by 260,000 persons living in monetary poverty	Increase of 33,000	Decrease of 654,000
CZ	Reduce the population in AROPE by 100,000	Decrease of 299,000	
DK*	Reduction of the number of persons living in households with very low work intensity by 22,000 by 2020	Increase of 62,000	Increase of 93,000
DE*	Reduce the number of long-term unemployed by 320,000 by 2020	Decrease of 951,000	Decrease of 829,000
EE*	Reduction of the at risk of poverty rate after social transfers to 15%, equivalent to an absolute decrease by 36,248 persons	Increase of 15,000	Increase of 14,000
IE*	Reduce the number of person in combined poverty (either consistent poverty, at-risk-of-poverty or basic deprivation) by at least 200,000	Decrease of 22,000[1]	Increase of 38,000
EL	Reduce the population in AROPE by 450,000	Increase of 656,000	
ES	Reduce the population in AROPE by 1,400,000-1,500,000	Increase of 1,450,000	
FR	Reduce the population in AROPE by 1,900,000	Decrease of 379,000	
HR	Reduction of the number of persons at risk of poverty or social exclusion to 1,220,000 by 2020	Reduced to 1,085,00 by 2017 (a decrease of 237,000 compared to 2010)	
IT	Reduce the population in AROPE by 2,200,000	Increase of 2,325,000	
CY	Reduce population in AROPE by 27,000 (or decrease the percentage from 23.3% in 2008 to 19.3% by 2020)	Increase of 34,000	
LV*	Reduce the number of persons at the risk of poverty and/or of those living in households with low work intensity by 121 thousand or 21 % until 2020	Decrease of 125,000	Decrease of 196,000
LT	Reduce the population in AROPE to 814,000 by 2020	Reduced to 843,000 by 2017 (a fall of 67,000)	
LU	Reduce the population in AROPE by 6,000	Increase of 54,000	
HU	Reduce the population in AROPE by 450,000	Decrease of 329,000	
MT	Reduce the population in AROPE by 6,560	Increase of 2,000	
NL*	Reduce the number of people aged 0-64 living in a jobless household by 100,000 by 2020	Decrease of 51,000[1]	Increase of 432,000
AT	Reduce the population in AROPE by 235,000	Decrease of 136,000	
PL	Reduce the poluation in aROPE by 1,500,000	Decrease of 4,218,000	
PT	Reduce the population in AROPE by 200,000	Decrease of 358,000	
RO	Reduce the polulation in AROPE by 580,000	Decrease of 2,075,000	
SI	Reduce the population in AROPE by 40,000 (compared to figure in 2010)	Decrease of 21,000	
SK	Reduce the population in AROPE by 170,000	Decrease of 255,000	
FI	140,000 (Reduce to 770,000 by 2020 the number of persons living at risk of poverty or social exclusion)	Reduced to 849,000 in 2017 (a fall of 61,000)	
SE*	Reduction of the % of women and men aged 20-64 who are not in the labour force (except full-time students), the long-term unemployed or those on long-term sick leave to well under 14%	Reduced to 11.4% in 2017	Increase of 237,000
UK*	Statutory measures that look at parental worklessness and children's educational attainment	n.a.	Increase of 256,000

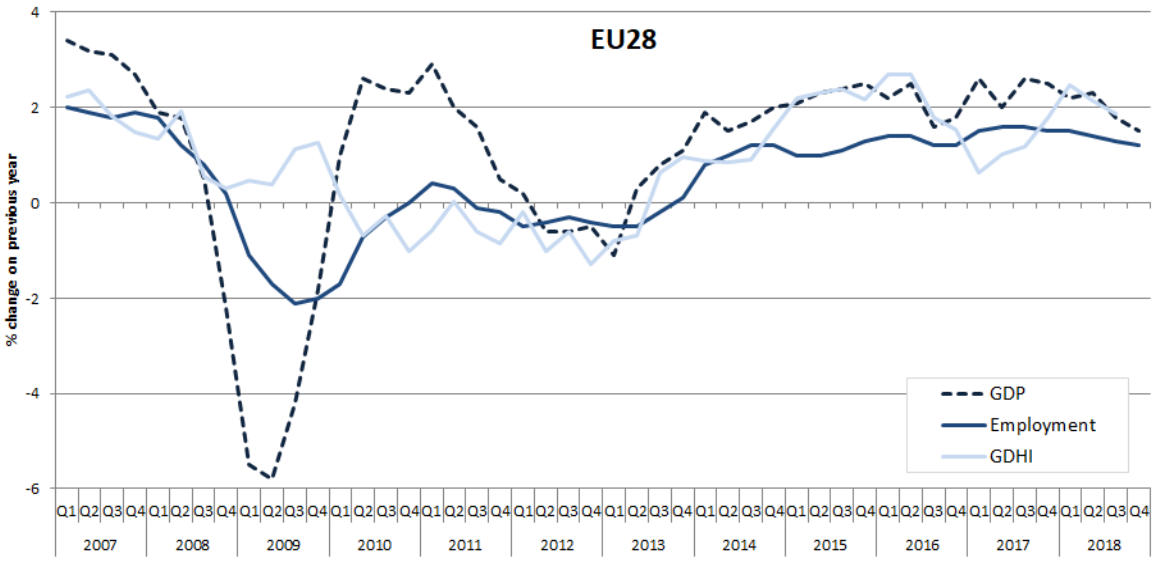
*Countries that have expressed their national target in relation to an indicator different than the EU headline target indicator
1. Figure refers to change to 2016

Key
Increasing of gap to national target/worsening in AROPE indicator
Decreasing of gap to national target/improvement in AROPE indicator
Already meet national target

3.3 Developments associated with or impeding progress towards the targets

At the start of the Europe 2020 Strategy, the EU was hit by a major financial and economic crisis. The persistent impact from this set the scene for developments over the first half of the decade, and only over recent years has the EU economy been recovering from many of the negative effects of the crisis (Figure 7)[13].

Figure 7: Real GDP, GDHI and employment growth in the EU



Source: Eurostat, National Accounts, data non-seasonally adjusted (DG EMPL calculations for GDHI)

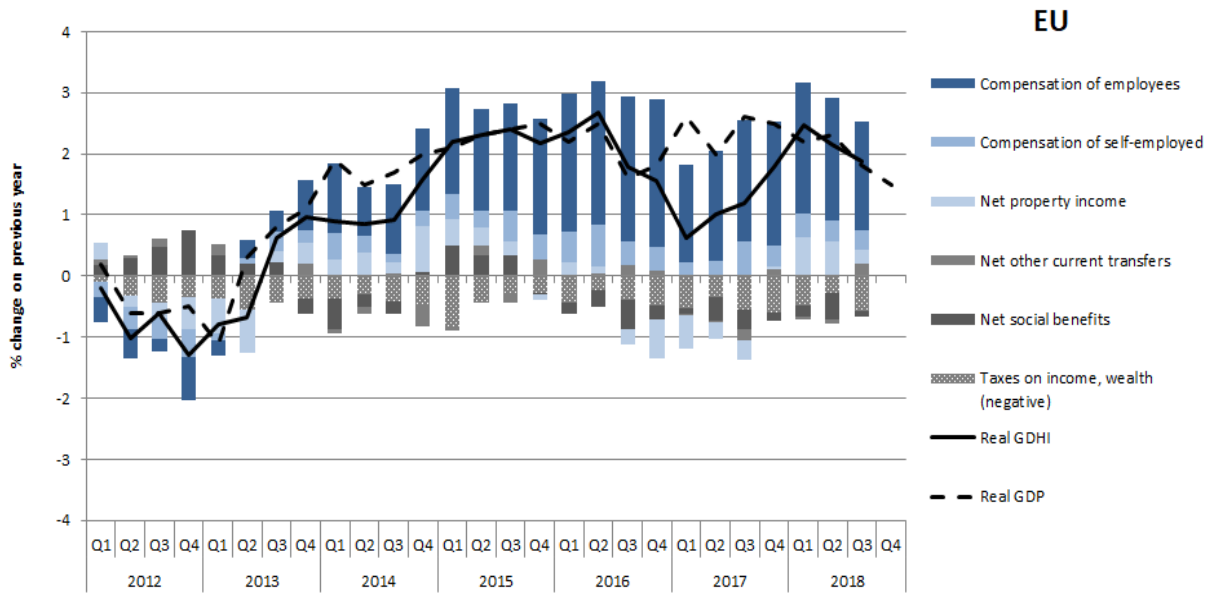
After the contraction in employment immediately after the crisis hit and the subsequent stagnation for several years after, more recently employment has been growing strongly and in the EU has reached the highest levels ever recorded with over 240 million people in work. Key factors associated with the strong growth in employment include the job-rich nature of the economic recovery, greater labour market participation of women, the improving skill level of the age group 20-64 and success in retaining workers longer in the labour market. Even though large differences remain between EU countries, unemployment is decreasing, and the unemployment rate in the EU is now back below pre-crisis levels. Youth unemployment in particular is falling steadily. However, following the previous period of relatively strong growth, the EU's economy expanded less dynamically in 2018, slowing down in the course of the year. Employment has kept growing, but at a slower pace.

Although consistently increasing less than GDP over the recovery period, over recent years, the aggregate financial situation of EU households has improved, mainly driven by an increase in income from work (Figure 8), and this has recently been feeding through more concretely into widespread improvements in the other social indicators, most notably with two thirds of Member States registering significant falls in the share of the population at risk

[13] See Annex 1 for a broader evaluation of the wider evolution in the employment and social situation during the period of the Europe 2020 Strategy.

of poverty or social exclusion in 2017. Against this background, social conditions generally continue to improve, but challenges remain, especially regarding progress towards the Europe 2020 target to reduce poverty and social exclusion, the increase in in-work poverty risk and the rise in the risk of poverty of especially vulnerable groups such as those living in (quasi-)jobless households.

Figure 8: GDP and GDHI growth and change in GDHI components in the EU



Source: Eurostat, National Accounts, data non-seasonally adjusted (DG EMPL calculations for GDHI)

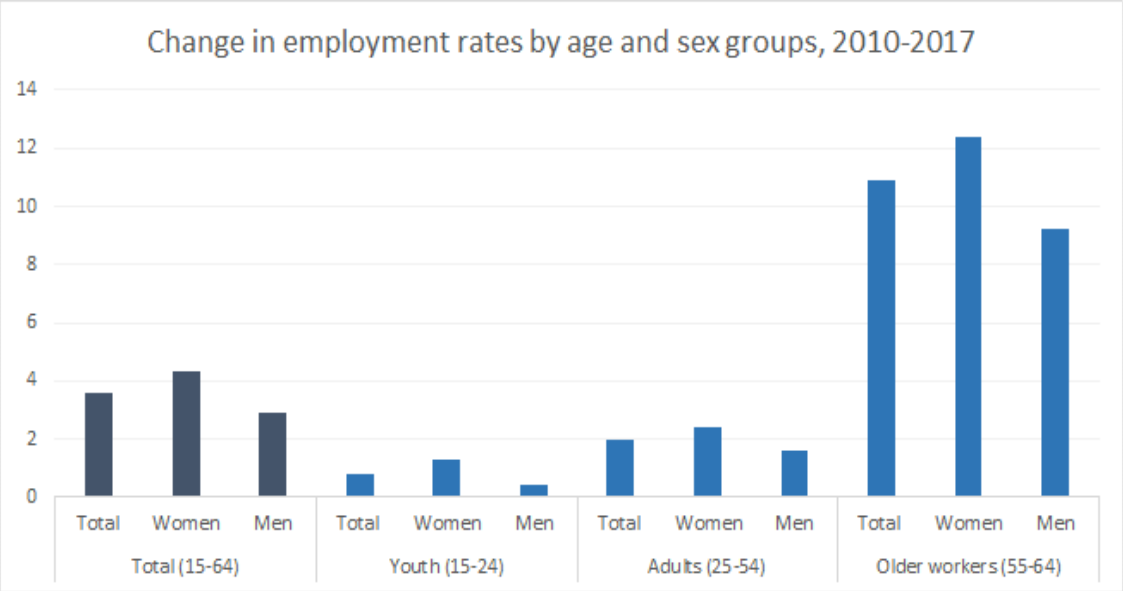
(a) Developments affecting progress towards the employment rate target

Increases in employment rates since 2010 have mainly been supported by strong rises in employment among women and especially among older workers aged 55-64 (Figure 9). Indeed, while the employment rates among youth have not risen markedly, those among older workers have increased by around 11 percentage points for the EU as a whole, leading to the age profile of employment expanding noticeably to the right (Figure 10). The combination of the increased share of the age group 55-64 in the working age population and the substantial rise in the employment rates for this group has made a major contribution to the overall rise in employment over the last decade. This reflects both the impact of better-educated cohorts over time feeding through to higher employment at older ages as well as pension reforms and policies focused on retaining workers longer in the labour market.

Over the last decade, the participation of women in the labour market has grown substantially. The employment rate of men has been on the rise since 2015 and reached 79.0% in 2018, while the employment rate of women has continuously increased since 2010 to reach 67.4% in 2018. Thus, the gender employment gap has diminished slightly from 13% to 11.6% in 2018. Similarly, the employment rate of persons aged 55 to 64 in the EU has grown steadily, from 46.2% in 2010 to 58.7% in 2018. The growth was stronger for women

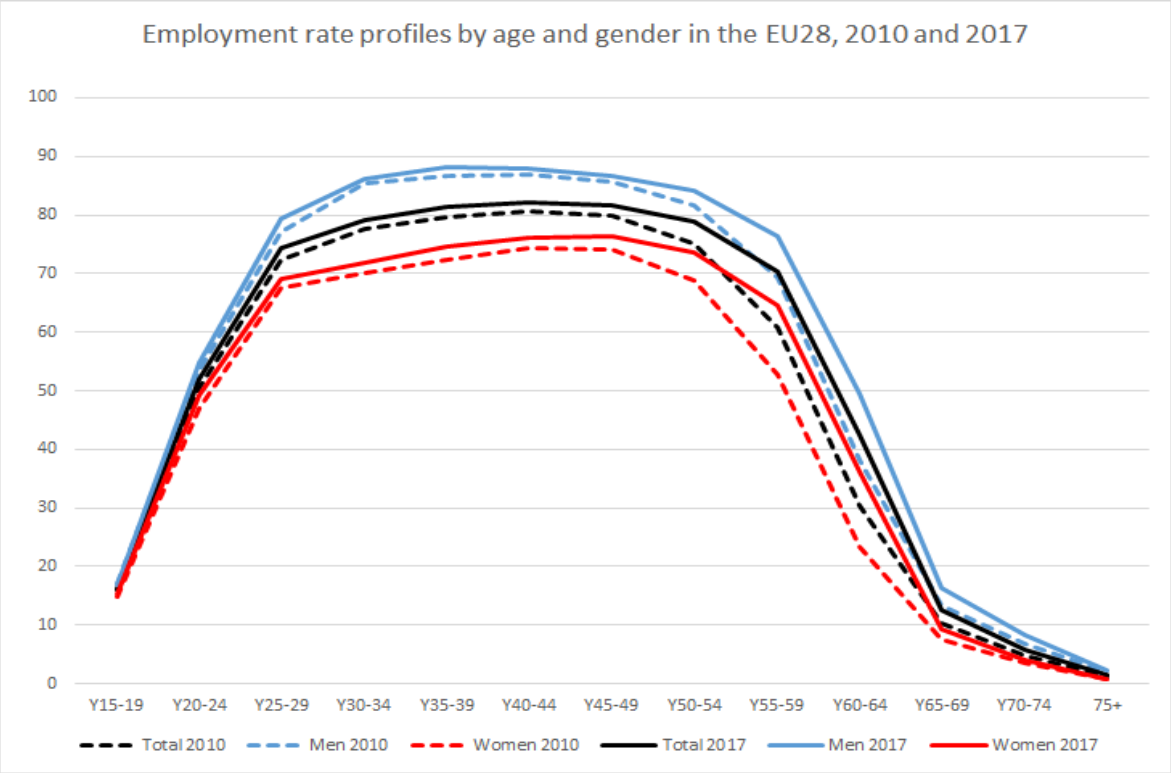
(from 38.5% in 2010 to 52.4% in 2018) than for men (54.4% in 2010 vs. 65.4% in 2018). As a consequence, the gap between the employment rate of women and men aged 55 to 64 in the EU has been reduced, from a 15.9 pp difference in 2010 to a 13.0 pp difference in 2018.

Figure 9: Changes in the employment rates by sex and age group, 2010-2017



Source: Eurostat, EU Labour Force Survey

Figure 10. Evolution in the age profiles of employment rates by age and gender in the EU28, 2010 and 2017



Source: Eurostat, EU Labour Force Survey

However, the narrowing of the employment gap between men and women has recently come to a halt. A significant proportion of the female employment gap remains unexplained by the traditional factors (such as women's interrupted careers due to caring responsibilities, their concentration in lower-paid occupations, etc.). Reducing gender inequalities in the labour market would allow the EU to further expand the potential labour force.

Looking at job-quality outcomes across socio-economic groups provides new insights into labour market inequalities by shedding further light on the nature and depth of the disadvantages faced by some population groups:

- The worst off are youth and low-skilled workers. Not only do they have the poorest performance in terms of unemployment rates but even those who are employed have the worst outcomes with respect to job quality: lower earnings, considerably higher labour market insecurity and higher job strain (especially for low-skilled).

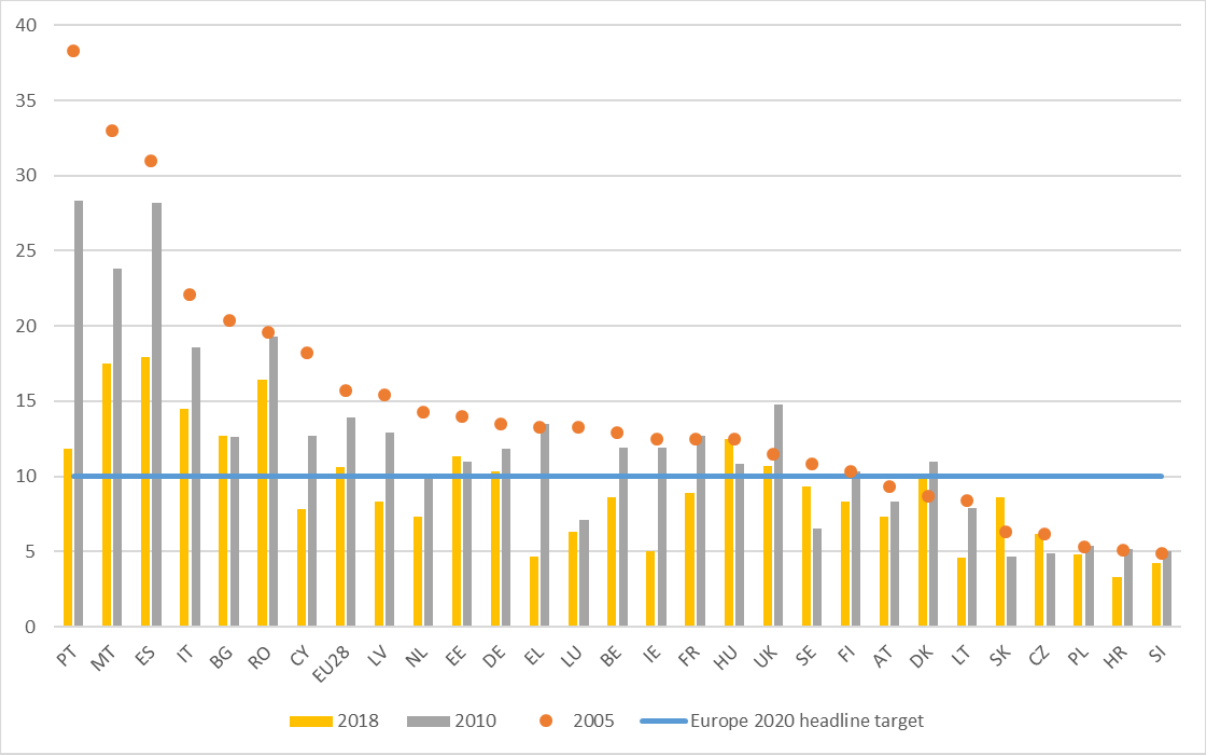
- By contrast, high-skilled workers perform well on all dimensions. Returns to skills not only show up in the form of higher employment but also of better jobs in terms of higher earnings level, lower job insecurity and lower job strain.

- For women, the picture is mixed: their employment rates are still substantially lower than those for men, and women suffer from a large gap in earnings levels. However, women do not differ much from men with respect to labour market security and are less likely than men to experience job strain.

Youth employment was hit particularly hard by the crisis, and youth unemployment is still quite high in several Member States, with rates above 30% in Spain and Italy and 40% in the case of Greece. This evolution over the period of the Europe 2020 Strategy was accompanied by the continuous decrease in the rate of early school leavers over the last decade, bringing the rate very close to the Europe 2020 target of reducing the average rate to below 10% (Figure 11). After several years of steady decline, which saw the rate decrease from 13.9% in 2010 to 10.6% in 2018, the rate of early school leavers remained almost stable in 2018, just above the Europe 2020 target.

Improvements in reducing early school leaving are important to support employment growth, as early leavers from education and training may face heightened difficulties in the labour market. In 2018, the 10.6% of early leavers from education and training in the EU's population aged 18-24 consisted of a 4.9% share in employment, while 3.5% were early leavers not employed but wanting to work, and the remaining early leavers (2.2% of the population aged 18-24) were not employed and did not want to work. However, the latter share was 1.7% among young men and as high as 2.7% among young women. Overall, however, women (8.9%) are less likely than men (12.2%) to leave school early.

Figure 11: Early leavers from education and training, 2005-2018 (% of population aged 18-24)



Source: Eurostat

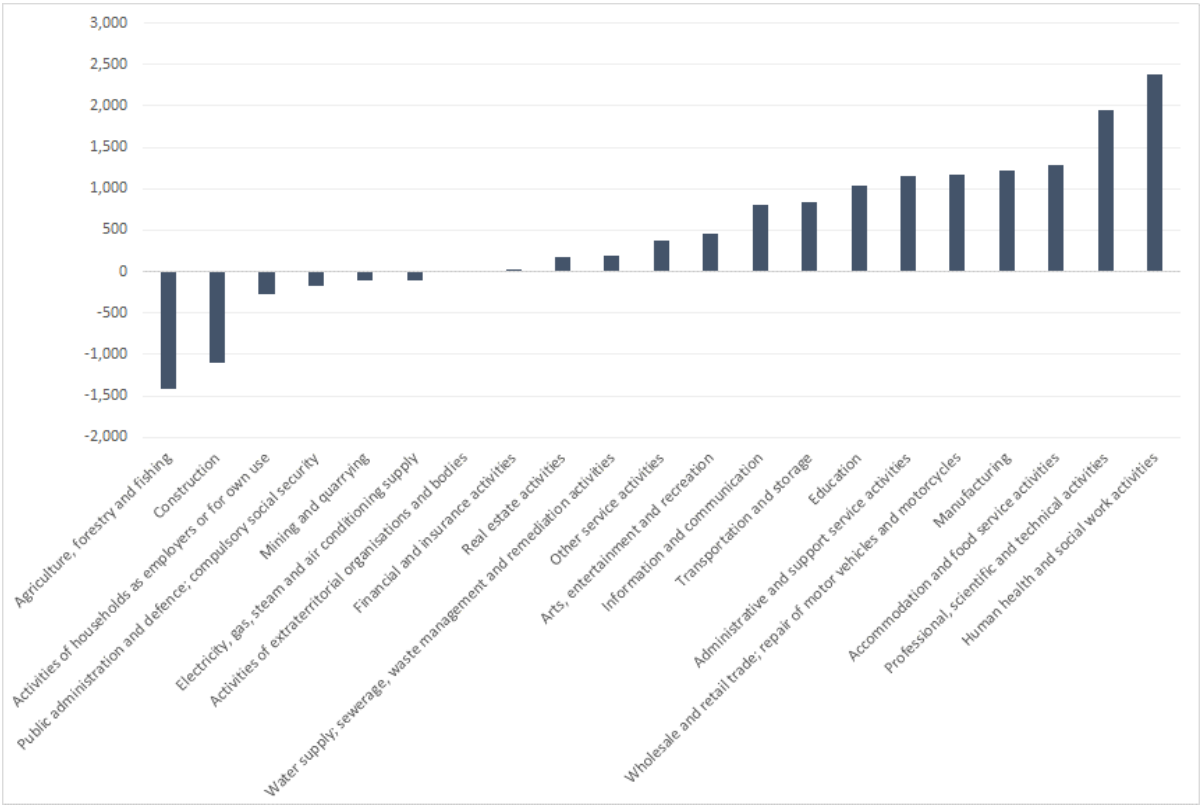
In terms of sectoral composition of employment of the age group 20-64 in the EU, there have been strong declines in the relatively low-skilled *agriculture, forestry and fishing* and *construction* sectors and particularly strong rises in the "*health and social work*" and "*professional, scientific and technical activities*" sectors (Figure 12). Other notable employment gains have also taken place in the *ICT*, *transportation and storage*, *education*, *administrative and support services*, *manufacturing* and *wholesale and retail trade* sectors. The general shift towards service sector activities continues, which has also facilitated keeping older workers longer in the labour market.

The strong improvement in the skill composition of the population aged 20-64 has supported these sectoral changes, as well as facilitating the overall rise in employment (employment rates for the high-skilled are well above those for the low skilled). Between 2010 and 2017, the share of the high skilled[14] in the population aged 20-64 has increased by 5.5 percentage points to 30.2%, while the share of the low skilled[15] has declined by 4.7 percentage points to 21.9% (Figure 13).

[14] Tertiary education (ISCED levels 5-8)

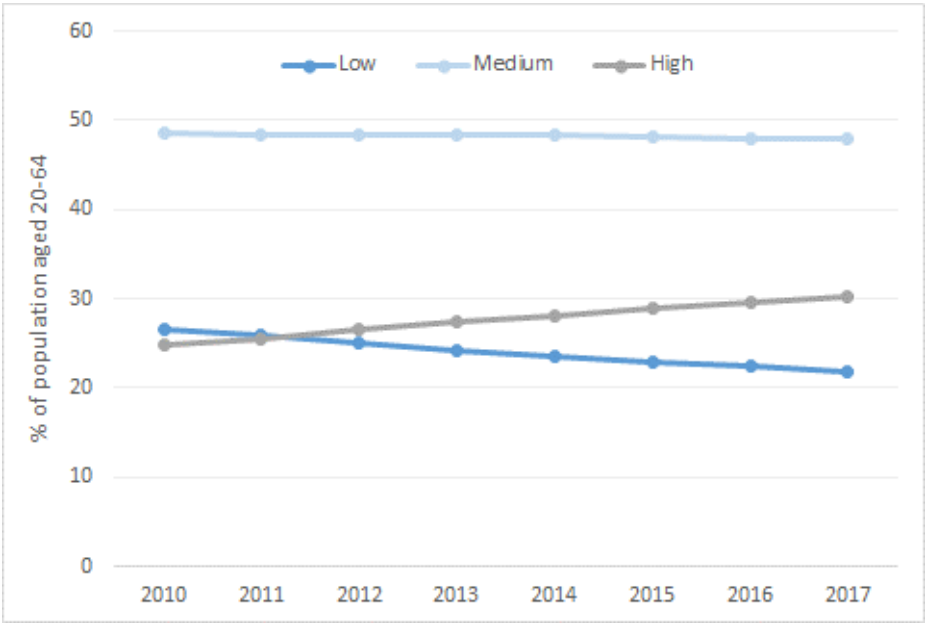
[15] Less than primary, primary and lower secondary education ISCED (levels 0-2)

Figure 12: Change in employment 20-64 in the EU28 between 2010 and 2017 by sector



Source: Eurostat, EU Labour Force Survey

Figure 13: Change in the composition by educational attainment of the EU28 population aged 20-64 between 2010 and 2017

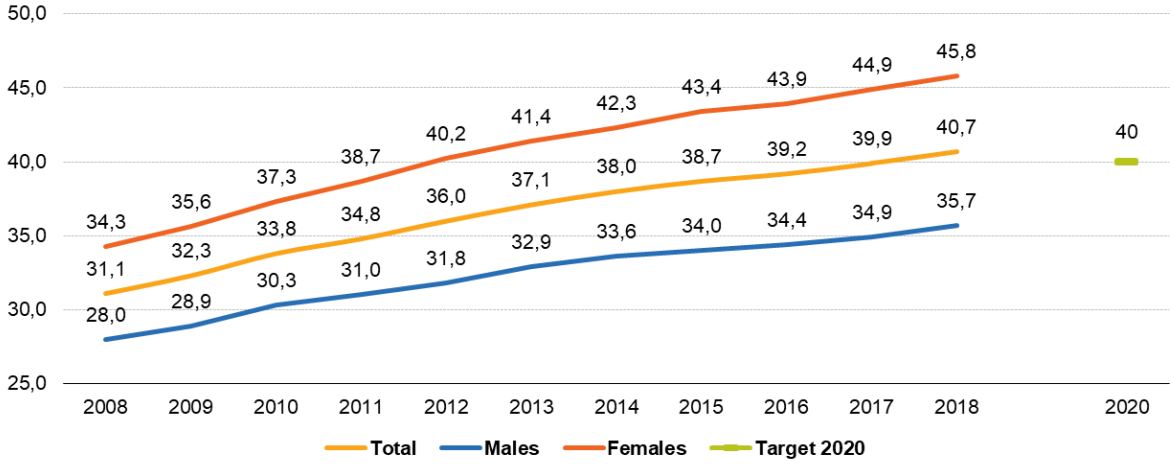


Source: Eurostat, EU Labour Force Survey

The role of education, upskilling and lifelong learning in fostering employment

Educational attainment is one of the main factors that influence employment rates. The Europe 2020 Strategy also has an education-related headline target, the aim of which is that at least 40% of individuals aged 30-34-years in the European Union (EU) should have completed tertiary education by 2020. In 2018, the EU crossed this threshold, as the share reached 40.7% compared to 33.8% in 2010 (Figure 14). This growth pattern was even more significant for women (from 37.3% in 2010 to 45.8% in 2018) than for men (from 30.3% in 2010 to 35.7% in 2018), meaning that women are above and men still below the overall Europe 2020 target.

Figure 14: Population aged 30-34 with tertiary educational attainment (ISCED 5-8) by sex, EU, 2008-2018 (%)



Source: Eurostat

This has obvious implications for the labour market, as employment rates are higher for more well-educated people. In 2018, the employment rate among tertiary education graduates (85.8%) was much higher than the EU average total (72.2%). In contrast, 56.8% of those with at most primary or lower secondary education were employed, while the employment rate of people who have completed an upper secondary or post-secondary education reached 76.4% in 2018. These numbers suggest that with an increase in the education attainment level, the probability of getting a job also increases.

Staying in school facilitates higher educational attainment and the potential for upskilling during working life. One way to improve low-skill levels is to upgrade skills through lifelong learning**.** Educational attainment correlates strongly with successful careers in terms of employability and earnings. At a time of fast technological change, ageing and globalisation, lifelong learning is key to maintaining a productive labour force and facilitating longer working lives. For the moment, however, participation in life-long learning is relatively

limited (particularly among low-skilled persons) and there is no trend towards increasing participation, regardless of the educational attainment level.

Increases in the number of temporary and part-time workers

Labour market segmentation continues to be a challenge in a number of Member States, and the quality and precariousness of employment are also issues gaining increasing attention. Technological innovation and the emergence of the platform economy has led to an increase in the number of temporary and part-time workers[16], and a concomitant decrease in the number of full-time permanent employees. Self-employment (without employees) has become more common, as have temporary and part-time contracts.

There has been continuation of the long-term upward trend in temporary employment, with the share of workers aged 20-64 in temporary employment having risen from 12.9% in 2010 to 13.2% in 2018. However, around half of temporary employment is involuntary. The comparison of temporary employment between men and women shows that the gender gap was not so large in 2018 at EU level, with 12.6% for men and 13.8% for women, whereas in 2010 it was 12.1% for men and 13.7% for women.

Part-time employment has risen in most countries over the past decade. This is often viewed positively, especially since the rise in part-time employment has been associated with more women entering the labour market, and it has allowed individuals to find a better work-life balance. For some workers, however, part-time employment is involuntary and reflects the difficulty to find full-time jobs. It is important to note in this context that part-time and temporary employment accounted for almost a fifth of total employment growth in the EU. The proportion of the EU-28 workforce in the age group 20-64 years reporting that their main job was part-time increased from 17.9% in 2010 to 18.5% in 2018. This phenomenon affects women more than men, as 30.8% of women aged 20-64 who were employed in the EU-28 worked on a part-time basis in 2018 (the same part-time employment rate as in 2010), compared to 8% of the men (7.1% in 2010).

This slight increase in temporary and part-time employment has supported increases in overall employment but raises questions on the quality of the new jobs created. The growth of fixed-term employment had been particularly marked in countries like France, Italy, Luxembourg, The Netherlands, Poland, Portugal, Slovakia and Spain prior to the crisis. In the countries where the share of fixed-term contracts has fallen, the reduction has typically been small (with the exception of Greece).

As pointed out in the Commission's 2018 *Employment and Social Developments in Europe* report (European Commission (2018a), the recovery in the EU has been job-rich but not

[16] Directive 98/23/EC on the extension of the Framework Agreement on Part-Time Work and Directive 99/70/EC concerning the framework agreement on Fixed-Term Work regulate contractual relationships other than full-time open-ended contracts with a single employer. The Directives distinguish between part-time and fixed-term workers, on one hand, and "comparable permanent workers", on the other hand, where comparable permanent workers are those workers with an employment contract or relationship of indefinite duration, in the same establishment, engaged in the same or similar work/occupation.

particularly hours-rich. The volume of total hours worked in the economy decreased in the EU and in the euro area until 2013, absorbing output contraction. Since 2015, total hours worked have been increasing slowly and have only recently surpassed their 2008 peak levels. The slow increase in the number of hours worked per person may be part of a long-term structural decline linked to higher incidence of part-time work and changing preferences of workers in terms of working time arrangements.

Evidence shows that the labour under-utilisation is higher than the headline employment target might indicate. According to the European Commission's report on *Labour Market and Wage Developments* (European Commission (2018b), in 2017 the number of part-time workers wanting and ready to work more hours (involuntary part-time workers) amounted to 9 million or 3.7% of the active population in the EU (6.7 million or 4.1% of the active population in the euro area), declining from a peak of 10.3 million in 2013, but still 1.3 million above the level of 2008. This suggests that the labour market is effectively less tight than indicated by the current unemployment rate. The share of involuntary part-time in total part-time dependent employment has risen in several countries, although there have been declines in countries like Belgium, Poland and in Germany (since 2010). While in some countries this increase in involuntary part-time will have been partly crisis-related (e.g. Portugal, Spain, Italy and Greece), in most countries one can observe a longer-term trend increase.

Improvements in job finding rates have been observed for all durations of unemployment. In many Member States, these improvements were accompanied by a more effective process of matching job seekers with available jobs. However, the share of companies reporting labour shortages in the last two years increased in several countries more than the decline in unemployment, pointing to a rising mismatch between demand and supply of labour. Factors explaining these labour shortages include: labour costs and taxation ("tax wedge") which have been historically high even if recently declining, a regional imbalance between supply and demand (linked to low mobility) and some skills mismatches (e.g. inadequate language and high qualification technical skills).

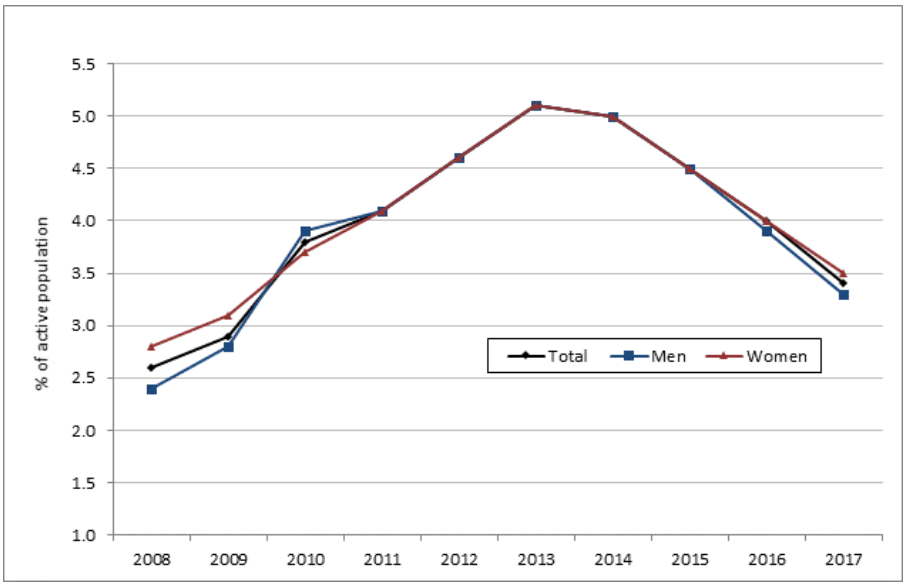
(b) Developments affecting progress towards the poverty and social exclusion target

Turning to the social consequences of the developments in the labour market over the past decade, rises in unemployment and long-term unemployment were some of the more immediate and tangible effects of the economic crisis. The long-term unemployment rate rose sharply from 2008 onwards, and by 2013 had doubled to 5.1% of the active population before reducing sharply over 2014-2017 (Figure 15). The rates for men and women converged following the crisis and since 2011 have been very similar, although with rates decreasing for men at a slightly higher rate than for women since 2015. As a result, rates are continuing to fall towards the levels seen before the crisis hit, but currently still remain almost 1 pp higher than corresponding figures in 2008.

Young people were particularly affected by the crisis, and this led to the need for initiatives to support the labour market integration of young people such as the Youth Guarantee

(2013)[17] policy framework and the financial assistance provided through the Youth Employment Initiative.[18] Although the labour market situation of young people has improved in the recovery, in a few Member States the youth unemployment ratio still remains considerably higher, especially so in Cyprus and Greece where the overall picture is still one of strong deterioration compared to the situation before the crisis.

Figure 15: EU long-term unemployment rate by gender, 2008-2017



Source: Eurostat (LFS)

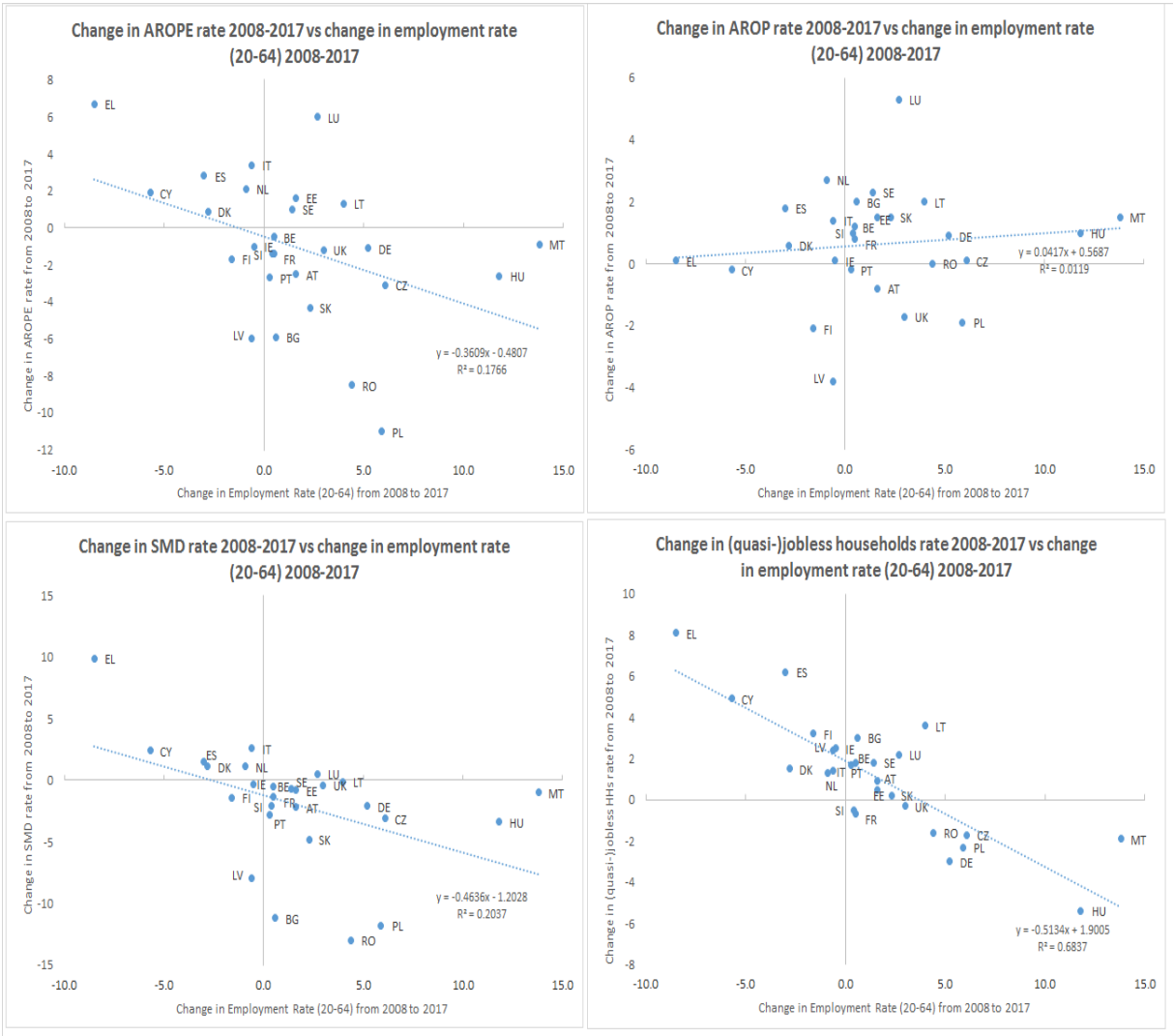
There is some evidence of an association (Figure 16) between the changes in the at-risk-of-poverty-or-social-exclusion rate and the employment rate (20-64)[19]. At the same time the association between the changes in the components of the AROPE indicator and the changes in the employment rate vary strongly – there is no clear association of changes in the AROP rate with changes in the employment rate, but the changes in the SMD rate and in the share of people living in (quasi-) jobless households are more strongly associated with the changes in employment. This again highlights that increases in overall employment are associated with improvements in living standards (SMD) and reductions in the share of (quasi-)jobless households, but are not systematically linked to changes in the risk of poverty. Indeed, the rising share of the working poor in several Member States shows that having a job is not always a guarantee against the risk of relative poverty. People in work who are at risk of poverty represent around a third of all working-age adults who are at risk of poverty, and the recent trend highlights growing divergence between Member States. As a share of the total population aged 18-64 in employment in the EU in 2017, 9.4% were at risk of poverty, around 1 percentage point higher than in 2008. Compared to rates in 2008, the risk of in-work poverty has increased significantly in a third of Member States, most notably in Bulgaria, Cyprus, Germany, Spain, Hungary and Italy.

[17] http://eur-lex.europa.eu/legal-content/EN/ALL/?uri=CELEX:32013H0426(01).

[18] http://ec.europa.eu/social/main.jsp?catId=1176&langId=en.

[19] As employment data and the income data are from different years there may also be a lag.

Figure 16. Association between changes in the AROPE rate and its components and the employment rate between 2008 and 2017



Source: Eurostat (EU-SILC)

Recent Commission analysis (European Commission 2016) has highlighted the important impact of developments in the intensity and type of work on the risk of poverty, in particular the fact that average working hours in the EU declined after the crisis hit in 2008, and that while EU full-time workers are relatively well protected against income poverty, part-time workers face a significantly higher risk. Poverty risks are highly related to work situation, and employment alone is not always enough to lift individuals out of the risk of poverty. With one worker in ten in the EU at risk of poverty, the Europe 2020 headline target to reduce poverty and social exclusion needs to focus not only on getting people into work but also on improving the situation of the in-work poor. In a recent report (Eurofound 2017), Eurofound drew attention to the fact that that the increase in non-standard forms of employment in many countries appears to have contributed to rising in-work poverty risk. Thus, income from employment often needs to be complemented by benefits such as in-work benefits and child benefits as well as in-kind benefits such as affordable childcare.

The AROP component of the AROPE target indicator has a major influence on the total population at risk of poverty or social exclusion and the development of this over time (Table 5), but is more structural and therefore the least responsive of the three components to overall economic developments. Those at risk of poverty alone (and not also in SMD or in a (quasi-)jobless household) account for almost half of the total AROPE population. To reduce the AROPE significantly therefore requires action to reduce the population at risk of poverty.

Table 5. Composition of the population at risk of poverty or social exclusion, 2017

AROPE component	% of AROPE population
AROP only : at risk of poverty but not severerely material deprived nor living in a (quasi-)jobless household	47.5
(Quasi-)jobless HH only : Living in a (quasi-)jobless household but not at risk of poverty nor severerely material deprived	10.5
SMD only : Severely materially deprived but not but not at risk of poverty nor living in a (quasi-)jobless household	12.2
In more than 1 component	29.7

Source: Eurostat (EU-SILC)

Another factor to consider relates to the form of the target setting. For the poverty and social exclusion reduction target, the objective was set in terms of an absolute reduction (of 20 million). In practice, this objective has been heavily affected by the influence of demographic changes over recent years, especially immigration. The EU population increased by some 2.4% between 2008 and 2018 (Table 6), or around 12 million, with much larger changes at the level of individual Member States (relative increases of over 10% in Cyprus and Sweden, and 16.6% in Malta and 24% in Luxembourg, and falls of around 12% in Latvia and Lithuania). The sizeable absolute increase at EU level mainly reflects net rises of almost 1 million in Spain and Sweden, around 2 million in Italy, 3 million in France and 4.7 million in the United Kingdom. The addition of an extra 12 million to the population against which a reduction of 20 million was to be assessed has created extra pressure to meet the poverty reduction target, especially when one considers that migration accounts for a substantial part of population increases and migrants are especially likely to suffer from the risk of poverty or social exclusion.

A further issue is that developments in the risk of poverty or social exclusion as monitored through the AROPE indicator are observed with a delay, meaning that in a given timeframe such as the current recovery period we account for less years of improvement in AROPE than with employment indicators. Indeed, the timeliness and availability of data for the AROPE indicator does not facilitate linkage to the latest developments in economic and labour market indicators, which are much more up to date.

Table 6. Population change between 2008 and 2018, by Member State

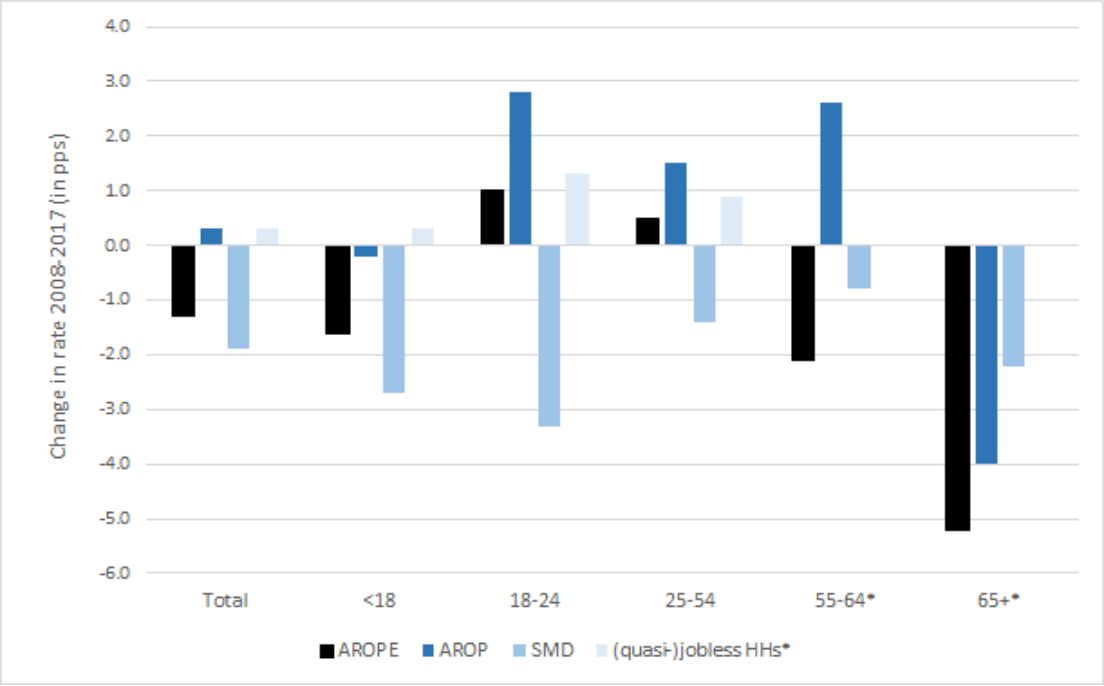
	2008	2018	% change
LT	3,212,605	2,808,901	-12.6
LV	2,191,810	1,934,379	-11.7
BG	7,518,002	7,050,034	-6.2
RO	20,635,460	19,530,631	-5.4
HR	4,311,967	4,105,493	-4.8
EL	11,060,937	10,741,165	-2.9
HU	10,045,401	9,778,371	-2.7
PT	10,553,339	10,291,027	-2.5
EE	1,338,440	1,319,133	-1.4
PL	38,115,641	37,976,687	-0.4
DE	82,217,837	82,792,351	0.7
SK	5,376,064	5,443,120	1.2
ES	45,668,939	46,658,447	2.2
EU28	500,297,033	512,379,225	2.4
CZ	10,343,422	10,610,055	2.6
SI	2,010,269	2,066,880	2.8
IT	58,652,875	60,483,973	3.1
FI	5,300,484	5,513,130	4.0
FR	64,007,193	66,926,166	4.6
NL	16,405,399	17,181,084	4.7
DK	5,475,791	5,781,190	5.6
AT	8,307,989	8,822,267	6.2
BE	10,666,866	11,398,589	6.9
UK	61,571,647	66,273,576	7.6
IE	4,457,765	4,830,392	8.4
SE	9,182,927	10,120,242	10.2
CY	776,333	864,236	11.3
MT	407,832	475,701	16.6
LU	483,799	602,005	24.4

Source: Eurostat, population statistics.
Notes: Population figures on 1 January of given year.

Focusing on specific subgroups within the overall population reveals clear differences in progress across subgroups (Figure 17). Compared to the situation in 2008, the at-risk-of-poverty or social exclusion rate has reduced significantly for the elderly age group (65+), and also for the older workers age group (55-64) and children (under 18). The number of people at risk of poverty or social exclusion among the elderly (aged 65+) population decreased from 19.2 million in 2008 to 17.3 million in 2017; this is largely due to lower incomes in working age, contributing to a reduction in the relative poverty rate for the elderly, although material deprivation also decreased by about 1 million. In contrast, the at-risk-of-poverty or social exclusion rate has risen for adults of prime working age (25-54) and especially for young adults (18-24). This reflects increases in the at-risk-of-poverty and (quasi-)jobless

households components, while severe material deprivation fell as it did for all other age groups (for youth perhaps also reflecting the tendency for young people to stay longer in the parental household due to reduced job opportunities or staying longer in education).

Figure 17: Change in AROPE and its components rates across age groups between 2008 and 2017, EU27

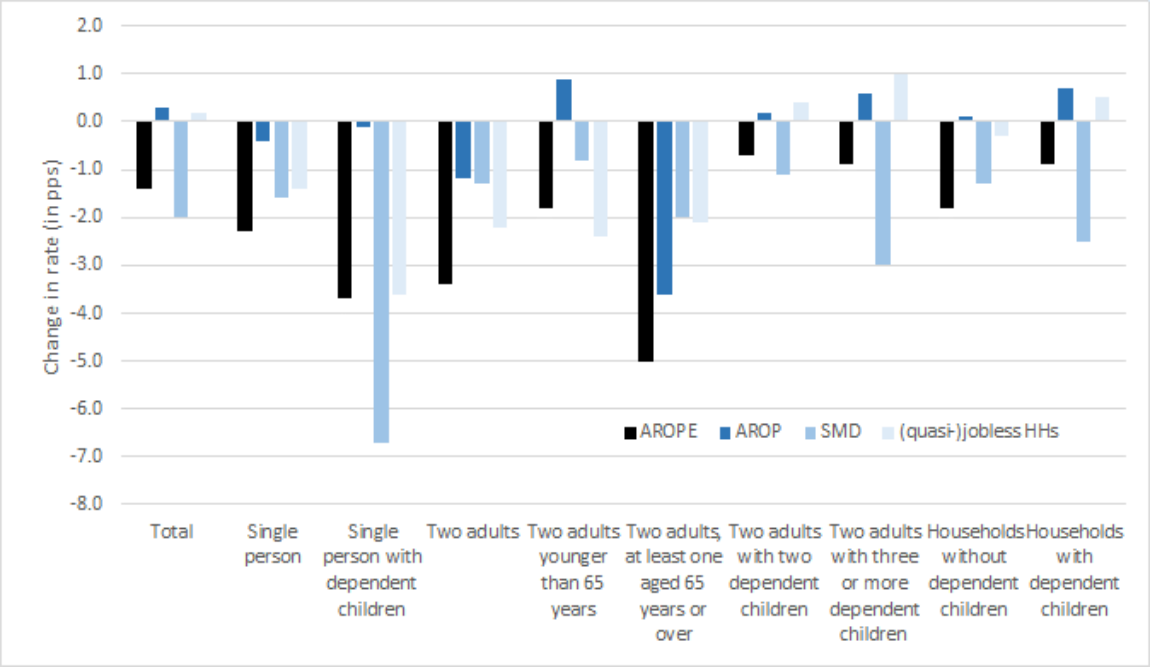


Source: Eurostat (EU-SILC)

*Note: * The (quasi-)jobless households indicator only covers the population aged 0-59. Part of the 55-64 age group (those aged 55-59) is therefore covered by decreases in the (quasi-) jobless households rate due to strong rises in employment for this age group*

In general, at EU level, households with dependent children have seen lower reduction in the at-risk-of-poverty or social exclusion rate than households without children (Figure 18), reflecting rises in both at-risk-of-poverty and (quasi-)jobless households components for the former and despite stronger falls in severe material deprivation. However, single parent households have seen a marked decline in their risk of poverty or social exclusion, due to large reductions in the severe material deprivation and (quasi-)jobless households components, and reflecting a strong policy focus on this particular group. Improvements in living standards, as reflected in reductions in severe material deprivation rates, have been experienced by all household types.

Figure 18: Change in AROPE and its components rates by household type between 2008 and 2017, EU27

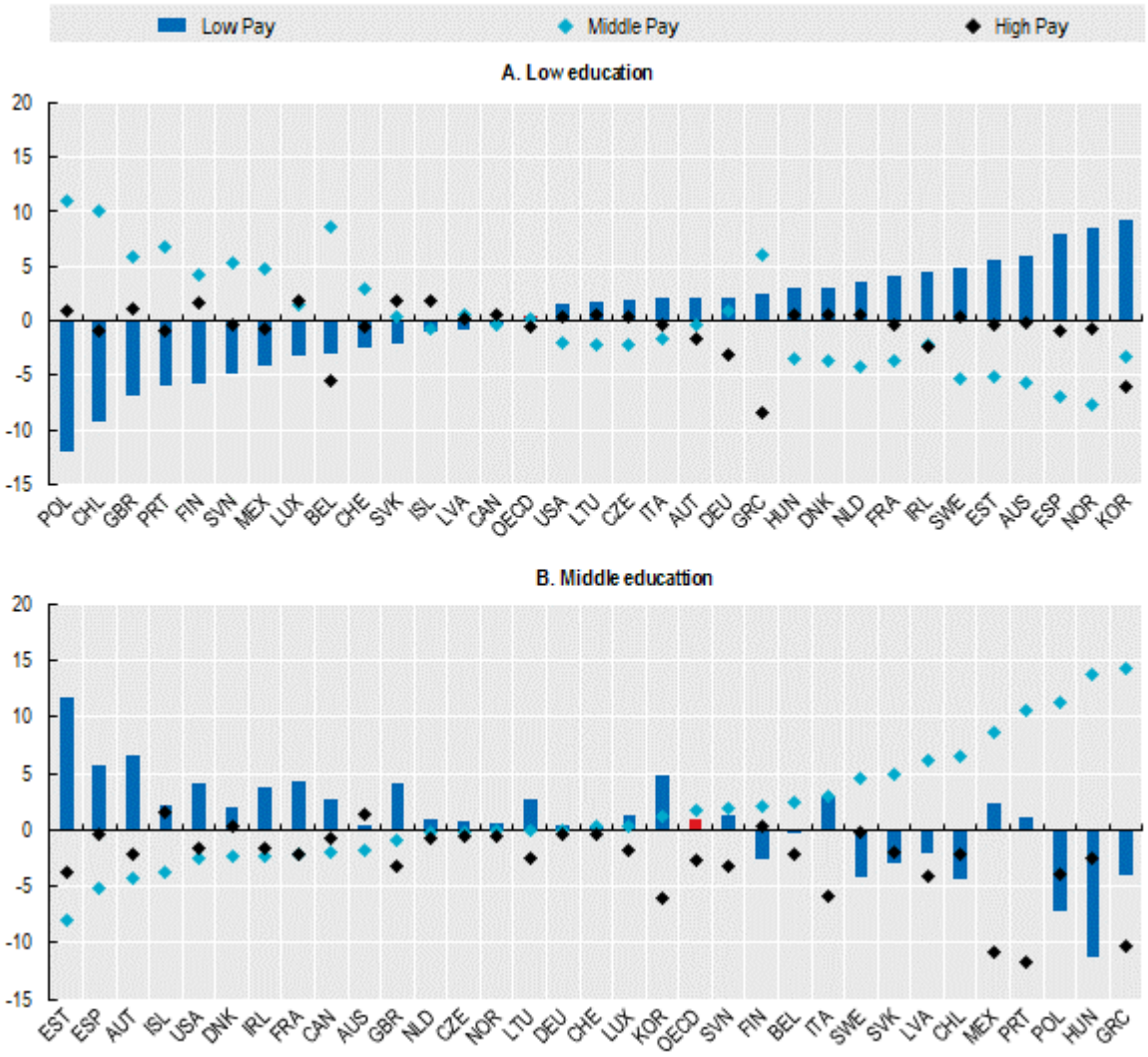


Source: Eurostat (EU-SILC)

The lack of inclusiveness of the economic recovery in terms of the income distribution is a concern, with income inequality remaining persistently high at EU-level and the poverty gap widening in many countries. In its latest Employment Outlook report (OECD 2019) the OECD highlights that the ongoing labour market transformations, including job polarisation, are linked to the deepening of market income inequalities and, without significant policy changes, the trend is likely to continue. It reports that the risk of low pay has increased for employees with low and medium education in a number of countries (Figure 19). Among countries with an increasing risk for the low skilled are many EU Member States, including Austria, Germany, Denmark, Estonia, Greece, Spain, France, Ireland, The Netherlands and Sweden. On the other hand, skill-biased technological progress may continue to increase the earnings of the top earners, who possess the necessary skills and capital, widening the gap with the most disadvantaged. This polarisation over recent years of the occupational structure into high-skilled and low-skilled jobs and between open-ended and various atypical forms of employment, has led to greater polarisation of the wage structure into high-paying and low-paying jobs and hence on developments in the risk of poverty.

Furthermore, the incidence of poverty for adults living in very low work intensity households is increasing in most Member States. Addressing this issue will require further action within a number of different policy areas, such as fostering equal opportunities across all policy domains, improving the design of tax and benefit systems, as well as stepping up the active inclusion approach, which combines adequate income support, integrated active labour market policies and access to quality social services.

Figure 19: Percentage point change in distribution of jobs by pay level for workers with a low or medium level of education, 2006-16

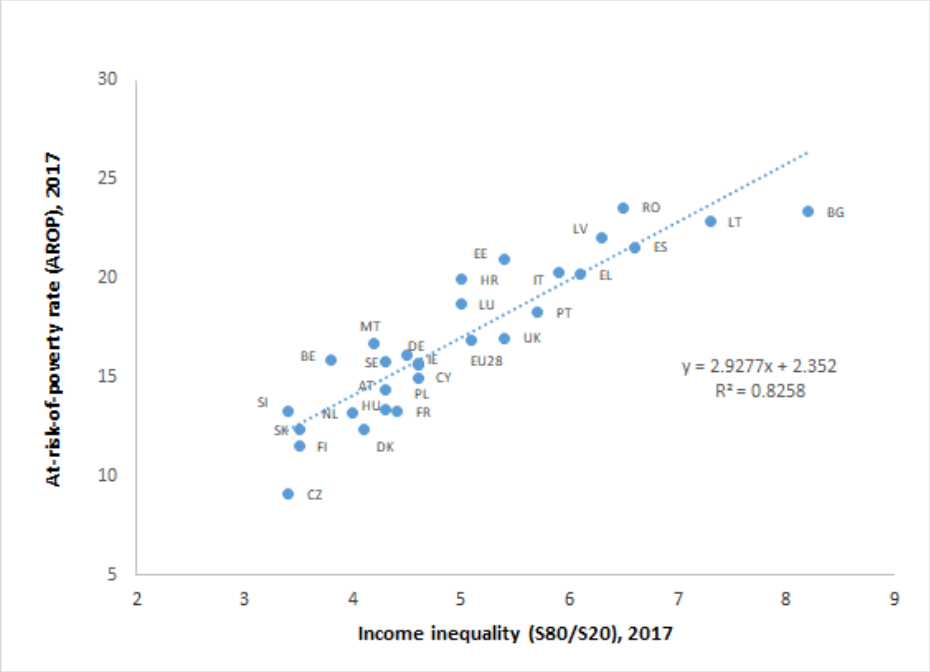


Source: OECD, Employment Outlook 2019

Note: The OECD average is the unweighted average of all countries shown. Low-paid jobs are those paying less than two thirds of the median wage, while high-paid jobs are those paying more than 1.5 times the median wage.

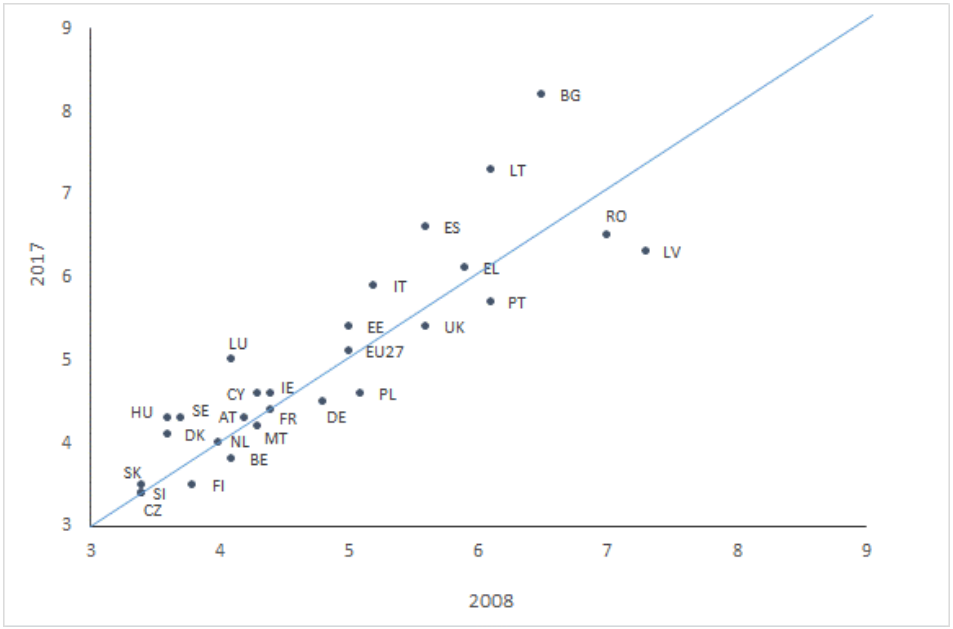
There is a strong link between poverty and inequality in the overall income distribution. High rates of poverty risk are usually associated with high levels of income inequality (Figure 20), and hence developments in inequality generally have consequences for the evolution in the poverty rate. With regard to income inequality, the income quintile ratio (S80/S20) shows that while on average inequality has remained broadly stable since 2008 at EU level (although registering a decline for the first time in 2017), there is a wide dispersion and growing divergence in inequality between Member States (Figure 21). The S80/S20 inequality ratio has increased in many Member States compared to 2008, in particular in most of the Southern Member States (especially Cyprus, Spain and Italy), in several Central and Eastern European Member States (Bulgaria, Estonia, Hungary and Lithuania) and also in Denmark and Sweden. In contrast, significant reductions have been registered in a few countries, namely Latvia, Poland, Portugal and Romania over the same period.

Figure 20: At-risk-of-poverty rate versus income quintile ratio (S80/S20), 2017



Source: Eurostat (EU-SILC)

Figure 21: Income quintile ratio (S80/S20), evolution 2008-2017



Source: Eurostat (EU-SILC)

Notes: i) For DK, breaks in series for the period since 2008 which mainly affect indicators related to incomes ii) For EE, major break in series in 2014 for variables in EU-SILC, iii) For LU, major break in series in 2016 for EU-SILC based indicators; iv) For NL, improvement to the definition of income in 2016 has some impact on comparison of income-based indicators over time; v) For UK, changes in the EU-SILC survey vehicle and institution in 2012 might have affected the results on trends since 2008 and interpretation of data on the longer-term trend must therefore be particularly cautious; vi) The blue line shows equal inequality in 2008 and 2016, so countries to the left of the line have seen a rise in inequality, and those to the right a reduction.

One factor affecting income inequality is the progressivity of national tax systems. The OECD points out (OECD 2015) that in recent decades, the effectiveness of redistribution weakened in many countries due to taxes becoming less progressive. A recent JRC study (JRC 2018) shows that making the tax system more progressive can help address equity concerns. For example, moving from flat to more progressive personal income tax schedules can have positive effects on both equity and efficiency, leading to reductions in income inequality and even to modest increases in employment and GDP. It reports that, as there seems to be no strong trade-off between efficiency and equity, significant improvements could be achieved in income equality without hindering economic performance.

Analysis based on the EUROMOD tax-benefit model (EUROMOD (2018)) finds that discretionary policy changes and the automatic stabilisation response of policies more often worked to reduce inequality of net incomes (as measured by the Gini coefficient) between 2007 and 2014, and so helped offset the inequality-increasing impact of a growing disparity in gross (pre-tax) market incomes. Inequality reduction was achieved mainly through policy changes to benefits and benefits acting as automatic stabilisers. Overall, progressive policy changes were implemented not only in countries where the welfare state expanded in size but also in countries that implemented fiscal consolidation measures in the economic downturn. On the other hand, policy changes to, and the automatic stabilisation response of, taxes and social insurance contributions raised inequality in some countries and lowered it in others.

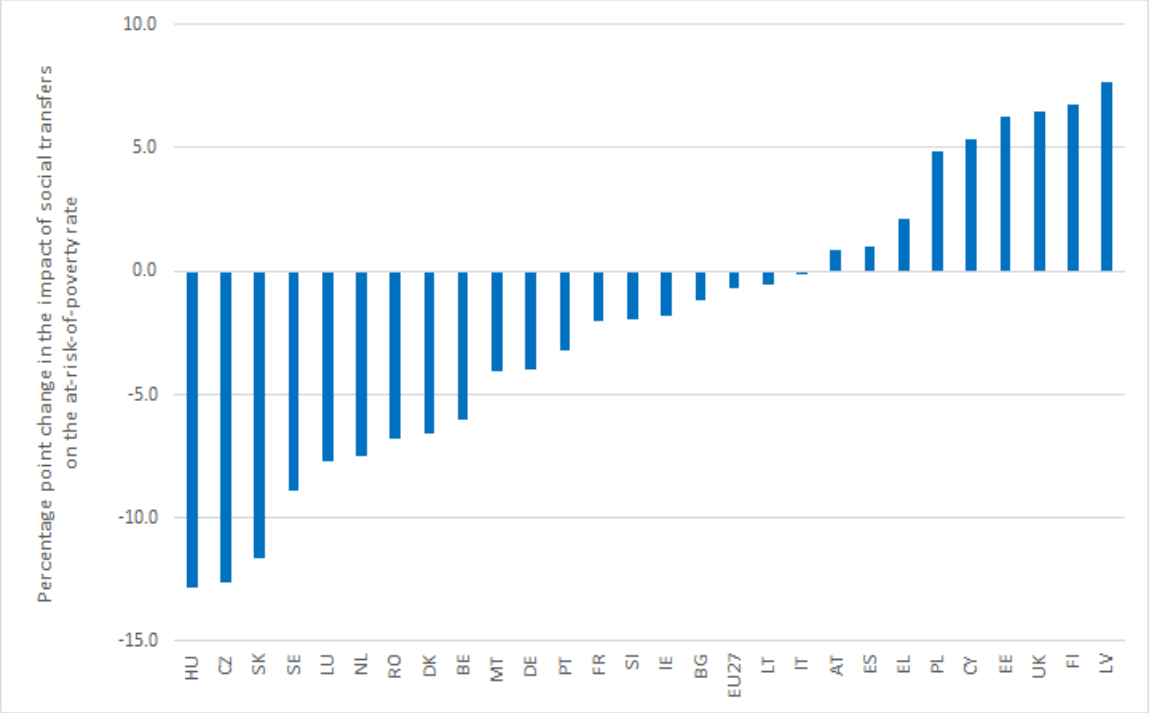
Analysis of the inequality reducing effect of taxes and benefits shows that benefits have a stronger impact on reducing inequality than taxes. Over the longer period between 2008 and 2017, while at EU level there has been little overall change in the impact of social transfers on income poverty reduction, there have been substantial falls in many Member States. This points to another factor behind the lack of substantial progress on reducing poverty and social exclusion, namely the lack of progress overall in improving the effectiveness of social protection systems, and indeed their weakening in many Member States. This can reflect very different underlying situations, such as changes in the population structures, changes in poverty before transfers, as well as a genuine weakening of the impact of policies (all other things being constant).

Social protection systems can contribute to the smooth functioning of the labour market and to inclusive growth. To support the needs of people at risk of poverty, governments provide social security in the form of social transfers. However, the impact of social transfers on income poverty reduction varies greatly across Member States. In 2017, it ranged from under 20% in Bulgaria, Greece, Italy and Romania to over 50% in Denmark, Finland and Ireland. These large differences highlight the potential for improvement in some Member States in the size and effectiveness of social protection expenditure.

There are substantial differences between Member States in the evolution of the impact of social transfers (excluding pensions) on poverty. Between 2008 and 2017, only six countries (Cyprus, Estonia, Finland, Latvia, Poland and the United Kingdom) have significantly strengthened the impact of social transfers in reducing the risk of poverty as opposed to

most other countries where the impact has decreased, most markedly in Czechia, Hungary, Slovakia and Sweden (Figure 22).

Figure 22: Impact of social transfers (excluding pensions) on at-risk-of-poverty reduction, evolution 2008-2017



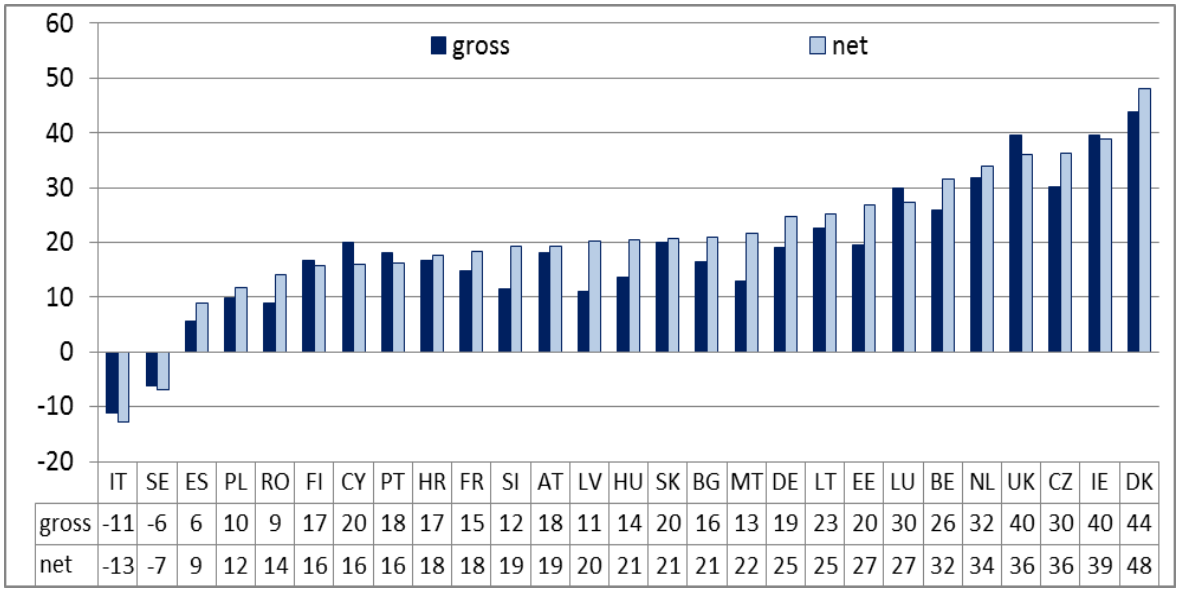
Source: Eurostat (EU-SILC)
Notes: Major breaks in series in EE and LU.

Pensions play an equalising role compared to work income. Replacement rates (first-year pension over last-year income[20]) are generally higher for low-income workers indicating that pension incomes tend to be more equal than work income (Figure 23). The tax systems generally contribute to making old-age incomes more equally distributed. This helps explain why old-age poverty rates are lower than in working age, despite pension incomes being lower than working age incomes.

Member States differ substantially in terms of the adequacy of the income benefits they provide to especially vulnerable households. Focusing on the social protection of people furthest away from the labour market, since the beginning of the crisis there has mainly been a worsening of income poverty among (quasi-)jobless households, with around two-thirds of Member States seeing an increased poverty risk for people in such households and only 4 (Estonia, Hungary, Latvia and the United Kingdom) seeing a sizeable reduction (Figure 24). Especially marked increases compared to 2008 have been recorded in Slovakia and Sweden.

[20] For a more complete definition, se the Pension Adequacy report 2018, pages 144 through 165.

Figure 23: Difference in gross and net TRR between low and high earners, base case (40 years up to the SPA), 2056 (percentage points)



	IT	SE	ES	PL	RO	FI	CY	PT	HR	FR	SI	AT	LV	HU	SK	BG	MT	DE	LT	EE	LU	BE	NL	UK	CZ	IE	DK
gross	-11	-6	6	10	9	17	20	18	17	15	12	18	11	14	20	16	13	19	23	20	30	26	32	40	30	40	44
net	-13	-7	9	12	14	16	16	16	18	18	19	19	20	21	21	21	22	25	25	27	27	32	34	36	36	39	48

Source: OECD and Member States' projections. Notes: In some countries, 40 years do not qualify one for a full pension. EL no data.

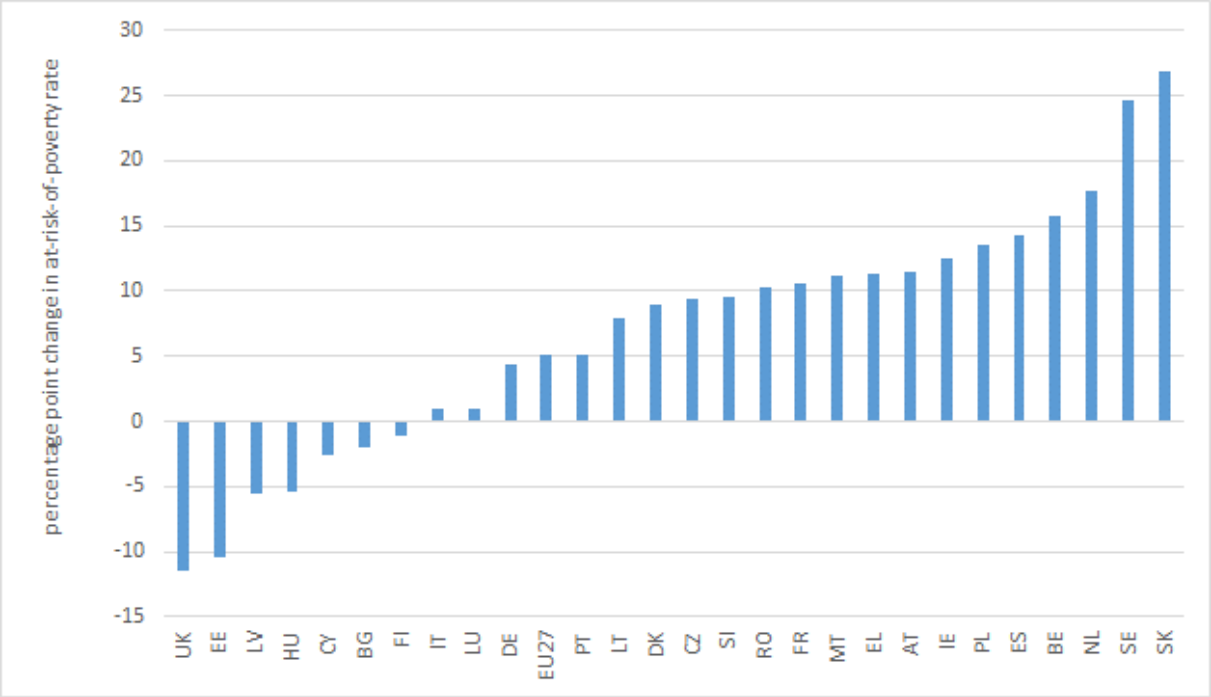
Moreover, there is evidence that the more extreme forms of poverty and social exclusion are on the rise. For example, according to the 2018 report by the European Federation of National Organisations working with the Homeless (FEANTSA) and Fondation Abbé Pierre, housing exclusion is still a fast-growing problem in EU countries, leading to increasingly severe saturation of support systems, increased pressure on emergency services and ultimately, increasing homelessness[21]. This suggests a reduction in the effectiveness of safety nets in terms of income support to especially vulnerable households, and hence implies that in many countries social protection systems have become less effective in targeting and supporting those most in need.

At EU level, due to ageing of the population and the legal requirements of States to deliver on acquired rights in case of pensions entitlements, social expenditure on old age pensions has grown as a percentage of GDP[22] over the period of the strategy, while the expenditure devoted to healthcare, family and unemployment benefits, has tended to either remain static or decrease since 2009 (Figure 25). The joint report of the Social Protection Committee and European Commission (SPC 2015) on the effectiveness and efficiency of social protection expenditure highlights the importance of having well-designed social protection systems that combine the interrelated objectives of protection, stabilisation, and social investment in a balanced way.

[21] See also the recent assessment (2019) of the national policies on fighting homelessness and housing exclusion in Europe carried out by the European Social Policy Network (ESPN): https://ec.europa.eu/social/main.jsp?catId=1135&intPageId=3588.

[22] This partly reflects the impact of the crisis and the associated drop in EU GDP after 2008.

Figure 24: At-risk-of-poverty rate for the population living in (quasi-)jobless households (in %), evolution 2008-2017



Source: Eurostat (EU-SILC)

This EU level trend in social protection expenditure is also evident within many Member States (Figure 26), with rises post-2008 in the percentage of GDP allocated to old age pensions being much larger than the changes in social benefits expenditure on other functions (especially on family, unemployment, and housing benefits) in the vast majority of countries, most notably in Cyprus, Greece, Spain, Portugal and Finland. At the same time, while many countries have seen rises in expenditure on sickness, health and disability, most notably Belgium, Germany and the United Kingdom, around a third, in particular Greece, Hungary and Ireland[23], have recorded sizeable decreases in the share of GDP allocated to this area. Most Member States have seen much more limited increases in expenditure on unemployment benefits and on family/child benefits, which have even declined as a share of GDP in several countries. In general, family and sickness/disability benefits, and in some Member States also housing benefits and unemployment benefits, have a large impact on reducing the poverty rate and the stagnation or reduction in expenditure in these areas

[23] A technical re-classification of Ireland's GDP in 2015 dramatically increased the GDP calculated for Ireland and has had an important statistical impact. When examining expenditure differences between Member States post 2015, GDP is not the ideal denominator for Ireland, as the results will invariably understate the real-world proportion of expenditure on social protection benefits. The Central Statistics Office has developed a modified measure of Gross National Income, GNI*, which more accurately captures the relative proportions of expenditure when comparing to other countries (see https://www.cso.ie/px/pxeirestat/Statire/SelectVarVal/Define.asp?maintable=N1724&PLanguage=0)

could partly explain the limited progress in reducing poverty, provided that this stagnation or reduction is due to less generous benefits and is not caused by a reduction of the number of beneficiaries .

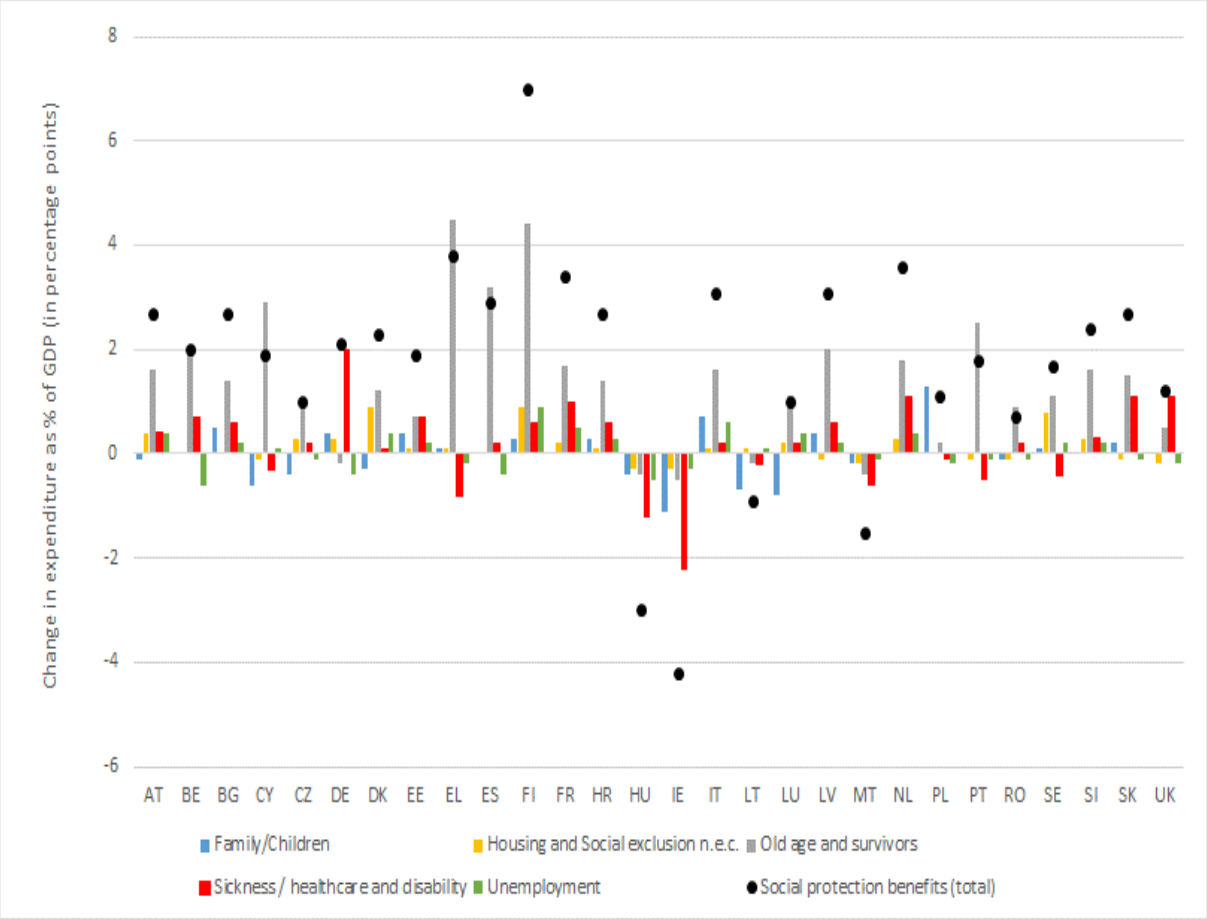
Figure 25: Trends in social expenditure by function at EU level, 2008-2016 (as a percentage of GDP)



	2008	2009	2010	2011	2012	2013	2014	2015	2016
Disability	1.9	2.0	2.0	2.0	2.0	2.0	2.0		2.0
Family/Children	2.1	2.4	2.4	2.3	2.3	2.3	2.4		2.4
Housing	0.5	0.6	0.6	0.6	0.6	0.6	0.6		0.5
Old age	9.8	10.6	10.7	10.7	11.0	11.1	11.1		10.9
Sickness/Health care	7.3	8.0	8.0	8.0	8.0	8.1	8.1		8.0
Social exclusion n.e.c.	0.5	0.5	0.5	0.5	0.5	0.5	0.5		0.6
Survivors	1.5	1.6	1.6	1.6	1.6	1.6	1.6		1.5
Unemployment	1.2	1.7	1.6	1.6	1.5	1.5	1.4		1.3

Source: Eurostat (ESSPROS)

Figure 26: Trends in social expenditure as a percentage of GDP by function across EU Member States, 2008-2016 (in percentage points)



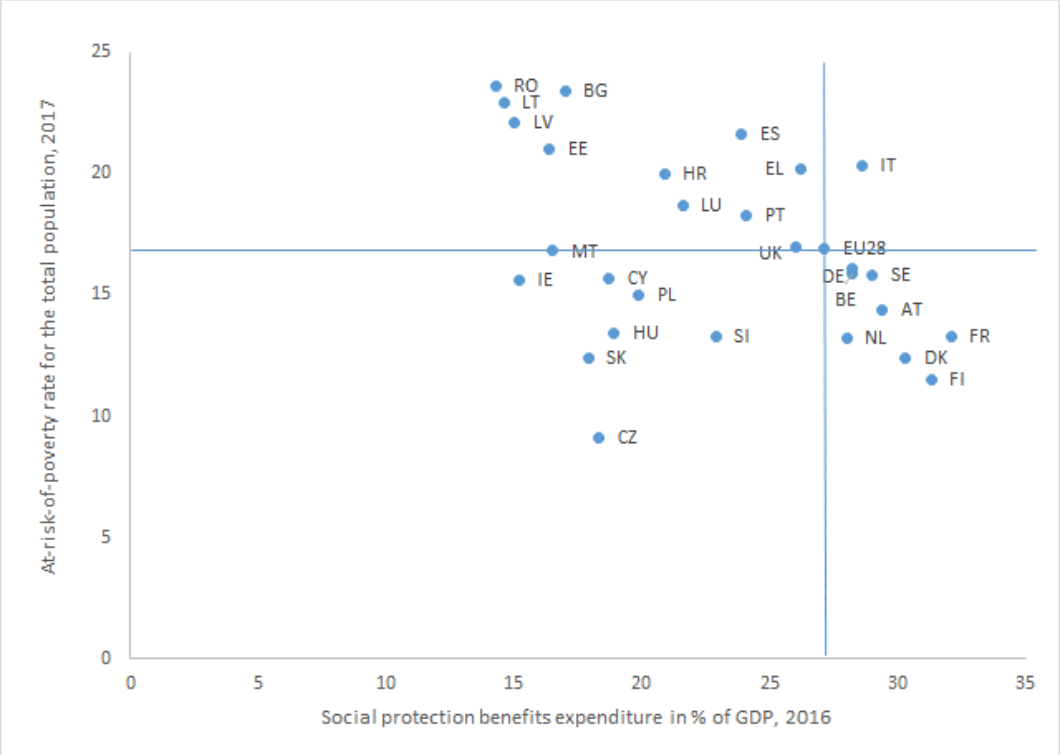
Source: Eurostat (ESSPROS)

Note: A technical re-classification of Ireland's GDP in 2015 dramatically increased the GDP calculated for Ireland and has had an important statistical impact. When examining expenditure differences between Member States post 2015, GDP is not the ideal denominator for Ireland

Comparing the at-risk-of-poverty rate of the total population with the total social protection expenditure on benefits (as a percentage of GDP) gives a first indication of the importance of social security expenditure in reducing social vulnerability, but also of the efficiency in reducing the risk of poverty of the social protection systems (Figure 27(a)). Generally, higher expenditure on social protection is correlated with lower at-risk-of-poverty rates, as is the case for Austria, Belgium, Germany, Denmark, Finland, France, The Netherlands and Sweden. In contrast, the lowest spenders generally have higher at-risk-of-poverty rates, as in Bulgaria, Romania Estonia, Latvia and Lithuania. This is particularly true among older people where pension expenditure is key to protecting from poverty. There are, however, also some cases of relatively high expenditure alongside high poverty risk (e.g. Greece, Spain and Italy), suggesting that although benefits expenditure is relatively generous, the benefit payments are not allocated in such a way as to alleviate poverty in an efficient manner. In contrast, countries such as Czechia, Hungary and Slovakia manage to achieve rather low at-risk-of-poverty rates despite relatively low expenditures. It is interesting to note that, in general, the groupings/positioning of countries in terms of expenditure and at-risk-of-poverty rates has not changed markedly compared to 2008 (Figure 27(b)).

Figure 27: At-risk-of-poverty rate of the total population versus total social protection benefits expenditure

(a) 2016/2017



(b) 2008

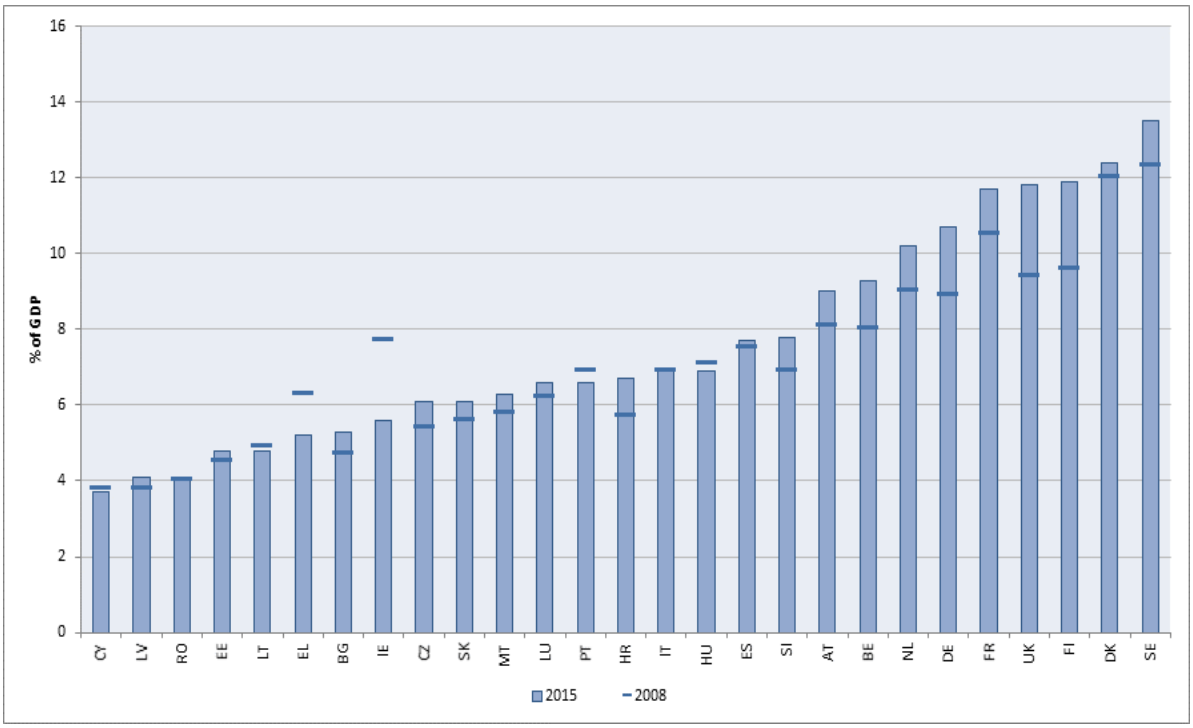


Source: ESSPROS, EU-SILC

However, the above assessment of the impact of social transfers does not consider non-cash benefits such as transfers in kind. As all Member States provide public services that contribute to the welfare of all individuals, purely income-based measures alone are not enough when analysing individual well-being and social protection.

High-quality welfare services in the form of healthcare, education, long-term care services for the elderly and childcare etc., contribute strongly to a more equitable distribution of welfare, and have long been a feature especially of Nordic and West European welfare systems. Such support averages around 9.5% of GDP in the EU, and ranges from 3.7% of GDP in Cyprus to 13.5% in SE (Figure 28). In general, the countries which achieve a low impact of social transfers on income poverty reduction tend also to be those that spend less on in-kind services[24]. In most countries, the spending on in-kind benefits has increased since 2008, and with more substantial rises recorded in Germany, Finland and the United Kingdom. However, expenditure on in-kind benefits has been reduced substantially in Greece and Ireland compared to levels in 2008.

Figure 28: Social benefits in-kind, as a percentage of GDP, 2008 and 2015



Source: Eurostat (ESSPROS)

Note: No 2015 figures for PL and EU and EA19 aggregates.

[24] However, given the construction of the at-risk-of-poverty indicator, investing in in-kind services will not reduce the risk of poverty rate.

4 Qualitative analysis of the progress achieved in terms of policy implementation

(a) An overview of the thematic evolution of the CSRs over the course of the Europe 2020 period

4.1 Evolution of CSRs under Europe 2020

The Country-Specific Recommendations (CSRs) are part of the European Semester process, which is a key framework for the implementation of the Europe 2020 Strategy. This section examines, using the full time series of information on CSRs, how they have evolved since their introduction, with particular focus on the evolution of the CSRs in the employment and social policy areas.

The CSRs were first established in 2011, as part of the enhanced EU economic governance framework, designed to ensure greater policy coordination across the interdependent economies of the EU Member States. The recommendations provided broad guidance to the Member States on what policies should be pursued to support economic growth, investment and job-creation.

In 2015, the European Commission introduced a number of changes, seeking to improve the impact of the CSRs by greatly reducing the number of recommendations issued and by focusing on fewer, key areas that require Member States immediate action, according to the priorities outlined in the Annual Growth Survey. Additional changes, implemented in 2016, put a stronger emphasis on integrating the employment and social objectives of the Europe 2020 Strategy into the recommendations. In 2017, the renewed focus on social aspects in the CSRs has been further underlined with the proclamation of the European Pillar of Social Rights, which established the European Semester and the CSRs in particular, as one of the main vehicles to implement the principles and rights established through the Pillar.

There is a certain pattern in the types of CSR, which emerged after 2015. Most countries receive three sets of recommendations – one, dedicated to economic and financial issues, one to employment and social challenges, and one focusing on business environment and growth. Within each set, there are a number of CSR components (or subparts), which reflect different policy aspects.

As shown on Figure 29, the streamlining of the European Semester in 2015 led to a decrease in both the total number of CSRs and in the number of CSRs in the employment and social areas. However, the relative importance of the CSRs in the employment and social policy areas has been steadily increasing, when assessed as a proportion of the total number of CSRs. In 2018, more than half of the Country-Specific Recommendations mention at least one employment or social issue.

Figure 29: Evolution of Country-Specific Recommendations (2011-2018)

	Total number of CSRs	Non-employment or social CSRs	Employment or Social CSRs	Share of CSRs with a social element
2011	118	62	56	47%
2012	138	67	71	51%
2013	141	75	66	47%
2014	157	79	78	50%
2015	102	50	52	51%
2016	89	43	46	52%
2017	78	35	43	55%
2018	73	32	41	56%

Source: Own calculation, based on CSR data

Breaking CSRs up[25] into more specific components (subparts) offers further insight into the increased focus on employment and social issues in the Country-Specific Recommendations (Figure 30). Over the whole period 2011 to 2018, CSRs with employment and social elements mainly reflected concerns related to skills, education and training (20%), poverty reduction, including the labour market integration and social inclusion of under-represented groups (17%), and pensions, retirement and older workers (14%). Aspects related to active labour market policies, including employment services (14%), healthcare and long-term care (7%), and taxes and undeclared work (6%) are also frequently addressed in the employment and social recommendations.

Looking at the evolution in the distribution of recommendations by policy domain (as a share of total CSRs in employment and social domains) allows for a better view on long-term trends in reform priorities at both the EU and national level (Figure 31).

As the recovery took hold, the reform activity in Member States focused more on the longer-term structural challenges, rather than on mitigating the immediate impact of the crisis. Member States took measures aimed at reinforcing the welfare systems, strengthening wage-setting frameworks, modernising working time legislation and enhancing the labour market integration of the most disadvantaged groups, including long-term unemployed, immigrant and mobile workers.

The weight of policy areas most closely linked to economic and financial policies has visibly diminished. In contrast, the weight of CSRs related to education and poverty reduction (including social integration and support for labour market participation of under-

[25] The analysis is based on a classification constructed specifically for the purpose of this report and which does not correspond to the classification of the Commission in its 'overview of policy areas covered in the CSRs' (https://europa.eu/rapid/press-release_MEMO-19-2815_en.htm)

represented groups) has increased overall, indicating the heightened attention being given to these areas in the EU and Member State priorities.

Figure 30: Share of CSRs in the employment and social area per policy domain (2011-2018)

Employment or Social policy domain	
Skills, education and training	20.3%
Poverty and social inclusion (incl. labour market and social integration of under-represented groups)	17.3%
Pensions, retirement and older workers	14.2%
ALMP and employment services	14.1%
Healthcare and long-term care	6.8%
Taxes and undeclared work	5.8%
Wages and competitiveness	5.0%
Youth Employment	4.8%
Social partners and social dialogue	4.6%
Gender equality	3.8%
Employment protection legislation (EPL) and labour market segmentation	3.4%

Source: Own calculation, based on CSR data

Figure 31: Evolution of share of CSRs in the employment and social area per policy domain

	2011	**2012**	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**
Skills, education and training	20%	23%	22%	20%	18%	18%	17%	21%
Poverty and social inclusion (incl. LM and social integration of under-represented groups)	11%	16%	18%	19%	16%	22%	20%	19%
Pensions, retirement and older workers	22%	17%	13%	11%	14%	11%	11%	15%
ALMP and employment services	13%	12%	16%	15%	14%	13%	15%	13%
Healthcare and long-term care	3%	3%	7%	7%	8%	10%	10%	10%
Taxes and undeclared work	8%	6%	5%	7%	5%	5%	5%	3%
Wages and competitiveness	4%	5%	3%	5%	9%	5%	7%	5%
Youth Employment	5%	6%	7%	7%	4%	2%	0%	1%
Social partners and social dialogue	5%	4%	3%	3%	8%	6%	7%	5%
Gender equality	5%	5%	3%	2%	2%	4%	6%	5%
EPL and labour market segmentation	4%	4%	2%	3%	3%	4%	4%	4%

Source: Own calculation, based on CSR data

Pensions, given their high budgetary weight and social importance, as well as the need to reform systems in the context of demographic ageing, have been one of the areas with the highest number of recommendations throughout the years. While the focus of pension system reforms in the early years of the semester has been on safeguarding the financial sustainability of pension systems and promoting later retirement, the number of recommendations calling for measures to safeguard pension adequacy has been increasing since 2015, reflecting the sustainability gains achieved through earlier reforms and the recognition that these should be accompanied by measures to safeguard pension adequacy[26].

Active labour market policies also continue to be at the forefront of policy-making, with a particular attention to developing the skills needed for a more adaptable and mobile workforce.

The significant decrease in the number of CSRs on taxes and undeclared work over the 2011-2018 period reflects the progress Member States have made towards reducing the tax wedge on labour and shifting taxation from labour to more growth-friendly consumption taxes.

The marked decrease in the number of CSRs related to youth employment, reflects the emphasis put by the Member States on measures targeting the specific needs of the youth following the adoption of the Youth Guarantee and the importance of comprehensive and coordinated approaches involving a wide range of actors at national, regional and local level.

Health and long-term care are also gaining visibility as policy issues in the European semester as illustrated by the steadily increasing number of related CSR subparts. This reflects the growing recognition of the need to adapt these services to the ageing of European societies, but may also highlight the relatively low level of reform progress in this area.

Within the framework of the reinforced coordination provided for by European Semester, the scale and pace of reform has been substantial, but has also varied according to theme and across Member States. A recent assessment by the European Commission has established that more than two thirds of the CSRs issued until 2018 have been implemented with at least some progress[27]. And while the implementation of the various recommendations agreed with the Member States since 2011 is assessed to be on a stable path, there is a large variability in the progress achieved per thematic area. In the Employment and Social Domains, most progress has been achieved in legislation governing labour relations and employment protection, while progress has been particularly slow in the areas of health and long-term care.

[26] The 2018 Pension Adequacy Report. Available online at: https://ec.europa.eu/social/main.jsp?catId=738&langId=en&pubId=8084&furtherPubs=yes

[27] (COM(2019) 500 final)

(b) Assessment of policy implementation based on recent reviews and analysis

This section contains summaries of already existing assessments of progress in policy implementation, covering employment and the three strands of the OMC (social inclusion, pensions, health and long-term care) as well as the 2008 Recommendation on the active inclusion of people excluded from the labour market and the 2013 Recommendation on investing in children.

There is inevitably a considerable degree of complexity when it comes to assessing progress in the implementation of reforms: when is a reform considered to be fully implemented, partly implemented, or not implemented? Diverging conclusions on implementation rates of country-specific recommendations are reached in different analyses, relying on different methodologies. Moreover, the range of Member States' policies include ones that are contributing to Europe 2020 objectives but which are not necessarily covered by Country-Specific Recommendations. Furthemore, several Members States implemented structural reforms under economic adjustment programmes.

Nevertheless, recent Commission analysis (European Commission (2017a)) has concluded that around two-thirds of the Country-Specific Recommendations[28] are implemented with at least 'some progress'[29] when assessed on a multiannual basis, as compared to an average of around 40% on a yearly basis. Perhaps unsurprisingly, given the medium- to long-term nature of many reforms, the implementation rate tends to be significantly higher when analysed on a multi-annual, rather than single-year, basis. The implementation of employment, social and education CSRs has progressed at a similar pace as the recommendations in other policy areas. Relatively few CSRs are considered to be "fully" implemented (5% in the area of employment and social policies), with most implementation considered to be either substantial or partial. However, the analysis also showed that only a small number of recommendations do not translate into any reforms being implemented (while for some further recommendations the reform effort is assessed as limited).

By thematic areas, the evolution of CSRs in the employment domain reflect reform activity at national level. Areas where Member States have generally implemented reforms well (judging from the decreasing number of CSRs) are early retirement and disability schemes, and welfare-related benefits. Meanwhile, strengthening education and skills are areas where Member States have not reformed yet or which have gained increasing importance. Finally, areas where Member States have carried out reforms but which continue to sit at the top of the agenda (as indicated by a stable number of CSR) are labour market participation, ALMPs, labour taxation and wage setting.

[28] It should be noted, however, that many Member States' policies contributing to Europe 2020 objectives are not necessarily covered in the Country-Specific Recommendations, while in the case of some Members States, these were covered under the economic adjustment programmes.

[29] The degree of implementation is assessed with regard to five reference levels which are ordered as follows: no progress, limited progress, some progress, substantial progress and full implementation.

We can differentiate between phases in the reform activity of EU countries. After cushioning the impact of the crisis in 2008-2009, countries focused during 2010-2012 on addressing fiscal constraints and macro-imbalances to enhance adjustment capacity. From 2013, the Member States were back to reforms aimed at reinforcing the welfare state and tackling challenges in a more balanced way. In effect, as the recovery took hold, the reform activity turned to responding to longer-term challenges. Member States took measures aimed at reinforcing welfare systems, strengthening wage-setting frameworks, modernising working time legislation and enhancing the labour market integration of immigrant and mobile workers. Active labour market policies have continued to be at the forefront of policymaking, with a particular attention to developing the skills for a more adaptable and mobile workforce.

Looking forward, there is a need to strengthen further the assessment of reform implementation as an integral part of the Multilateral Surveillance cycle. It should continue to pay significant attention to monitoring the implementation in practice of reforms and evaluate their long-term impact.

More generally, the challenge for the multilateral surveillance conducted by the Committees in the framework of the European Semester, is to continue providing momentum for reforms. This is particularly important now that, after reacting to the crisis and the main imbalances derived from it, countries are turning to more structural issues. The review showed that periods of economic growth are best suited to adopt structural reforms, when it is easier to gather support and ensure effective implementation.

Finally, there remains a need to disseminate a balanced assessment of the policy response in the social and labour areas with a multiannual perspective. There are indications that reform activity has been intense during the last years and broadly addressed the main challenges identified.

4.2 Labour market policies

After some years of implementing the European Semester, a significant number of structural reforms have been the object of reviews by EMCO and the Policy Analysis Group. EMCO has played an important role in the coordination and monitoring of Member States' employment policies since the establishment of the European Employment Strategy and has monitored many of these individual reforms through its cycles of multilateral surveillance. In 2017, EMCO's Policy Analysis Group carried out a thematic discussion on the political economy of reforms.

Throughout this process, EMCO has emphasised that reforms in the labour market are complex and take time to design, to go through the necessary legislative procedures for adoption, to implement and to show effect. This is the case because reforms require ownership at national level and the involvement of stakeholders to be successful. Engaging all relevant actors and building consensus is a time-consuming process, which may in turn

lead to less ambitious reforms. In addition, very often there is more than one option available to address the challenge.

Stimulating job creation and labour market participation, including through active labour market policies

For many Member States, providing adequate support and strong incentives for labour market participation as well as addressing structural rigidities are necessary to improve the resilience of labour markets, favour broader employment participation, and foster workers' mobility to more dynamic sectors and jobs. Many approaches to ALMPs have focused on better tailoring towards individual needs, particularly through effective profiling. More prominent focus has been given to disadvantaged groups, such as the young unemployed, older workers, people with disabilities, migrant workers, and the long-term unemployed.

Over the past decade, Member States have developed a large number of policy instruments to activate job seekers. These focus on job search, on the set-up of individual action plans and on the compulsory referral to ALMPs after a period of unsuccessful job search. The evaluations carried out by EMCO during its regular reviews of the implementation of CSRs showed that job-search monitoring and assistance, notably through explicit job-search procedures, can have a sizeable impact on re-employment probability. These reviews highlighted the role that cost-effective ALMPs play in activation strategies. In addition, they underlined the importance of the interaction between the characteristics of the unemployment benefit systems (i.e. levels, duration and eligibility of unemployment benefits) and the intensity of the activation.

Measures in this area cover a wide range of issues including: improvements in training delivery by better linking education schemes to the world of work, specific youth unemployment measures, fiscal and employment incentives designed around a reduction in social security contributions or subsidies to lower employment costs for hiring target groups, internal flexibility incentives for short-term working arrangements to prevent lay-offs, job rotation and sharing schemes, and direct job creation for disadvantaged groups. Well-designed unemployment benefit systems and active labour market policies improve the functioning of labour markets and resilience of EU economies in the face of economic shocks.

Although there is a general positive trend, many countries still face labour market challenges that are the combined result of many factors which will require attention to skills and lifelong learning (particularly for the low skilled), the engagement of employers (to create the right working environment for older workers), and the right active labour market policies. To address labour market mismatches and youth unemployment, EMCO agreed that efforts will need to continue in particular through more attention to labour market needs according to local conditions, the attention to trained staff to provide the needed quality of service in terms of profiling, as well as customised job search guidance and complementarities with private employment services.

Combating labour market segmentation

The labour markets across the European Union offer a heterogeneous picture with regard to the distribution between permanent and temporary employment work contracts and with regard to the transition rates from temporary to permanent work. This reflects differences in employment protection legislation but also the sectoral composition of the economy (e.g. the prevalence of seasonal work in some industries) as well as the economic cycle. While it was recognized that strong segmentation has negative consequences for the economy in terms of lack of human capital accumulation, inefficient allocation of labour and lower productivity, and lower potential growth, not all temporary contracts point to segmented labour markets and they can also act as stepping stones towards permanent jobs, so that focus therefore should be directed to smooth such transitions.

Efforts taken by the Member States to address labour market segmentation vary between broad all-encompassing reforms to legislative changes to the labour code and other legislation. The focus of reforms was on efforts to modernise and simplify employment protection legislation and to remedy excessive labour market segmentation by reducing the gap between different levels of employment protection related to permanent and temporary forms of employment. The reviews conducted by EMCO illustrated that legislation in many Member States was comprehensively reviewed regarding the reduction of costs and simplification of procedures for individual and collective dismissals, and in some cases the lengthening of trial periods. While in some cases constraints on the use of temporary contracts were loosened, those Member States coping with the challenge of segmentation attempted to narrow the gap in levels of employment protection for temporary workers compared with those on permanent contracts, and to curb abuses of atypical work, for instance through increased social charges on fixed-term contracts and better regulation of particular forms of atypical work such as bogus self-employment.

The reviews also established that reforms play an important role in reducing segmentation, but also that segmentation goes beyond the type of work contract and that more comprehensive strategies and a coherent set of measures are called for. Important in this respect are measures to support both external and internal flexibility, efficient unemployment benefit systems, well-designed taxation on labour and the fight against fraud and undeclared work. Broader measures such as competition in products/services markets, better regulation, measures to tackle barriers for mobility and appropriate monitoring and follow up on reforms can also be vital. Social partners have an important role to play in the fight against excessive segmentation.

Reinforcing gender equality and work-life balance

Given continued challenges related to female participation, a significant number of Member States had key challenges in this area. These have translated into a number of recommendations related to female employment within the following main categories: 1) increasing the provision/affordability of childcare and/or elderly care facilities or social

services; 2) abolishing the fiscal disincentives for second earners (mostly women); and 3) reducing the gender pay gap.

The actions taken by Member States to tackle these challenges differ in extent and design across the EU, with variable progress having been achieved. Many Member States have taken initiatives to improve childcare capacity but more needs to be done to meet demand (in terms of capacity, affordability and quality). Efforts to increase the number of childcare places are a relatively common approach to enhance female labour market participation. In addition to childcare, more attention has recently been given to ensuring that leave arrangements for both parents are appropriate and well designed. Several countries introduced changes to maternity, paternity or parental leave. Several Member States are also working to improve fathers' uptake of parental leave. As with all issues relating to female labour market participation, a considerable proportion of the challenge can be considered to be cultural, but successful initiatives show it is nonetheless possible to achieve positive results.

In some cases, the efforts were also geared at improving work-life-balance through the development of flexible working arrangements. Initiatives with regard to reducing the gender pay gap taken in several countries range from voluntary initiatives (such as tools to identify the gender pay gap in companies) to legislative provisions and compulsory collective bargaining on gender equality issues.

Increasing the skills supply and productivity, including by encouraging lifelong learning

The existence of mismatches between qualifications and job requirements has been a long-standing challenge. New evidence confirms that, in particular, the low skilled tend not to take part in life-long learning activities and, in consequence, risk being locked in a "low-skills-trap". Higher education reforms have tended to focus on efforts to improve the labour market relevance of higher education qualifications, thereby trying to help address skill mismatches. This requires close cooperation between education, business and labour market actors like social partners. In a number of Member States, lessons learnt from efforts to make higher education accessible for disadvantaged groups suggest a preventative approach, addressing the problem at an early stage, is most effective.

Member States will need to continue their efforts with regard to challenges such as improving the links between education and training and the labour market and enhancing inclusiveness by widening access to education and training to priority groups.

Reforming the education and training systems

In a significant number of Member States vocational education and training (VET) was at the centre of reforms, aiming to create a closer link between educational outcomes and offers and labour market needs. Some measures also foresee linking education with the labour market in the framework of a dual system. In some cases, mechanisms to improve skill needs forecasting have been set up.

Efforts have also been made to increase the quality and numbers of apprenticeships, or enhance take-up and the attractiveness of VET, with further initiatives aimed at improving the working conditions of apprentices. In other Member States, new training opportunities for the unemployed and priority groups such as young people have been registered, whilst other measures attached a particular focus on training measures for people already in work, including low-skilled workers.

Policy efforts to combat early leaving from education and training have been pursued over the last years in several countries. However, low educational achievement remains a challenge: a key objective remains to reduce the share of students showing very low performance in basic skills, as this is a serious limitation to their employability once they enter the labour market.

More attention should be given to promoting excellence in vocational education and training with a strong work-based learning component to help combat existing skills mismatches, improving the performance of young people at high risk of early leaving from education and training and with low basic skills with measures starting already in early childhood education, modernising higher education and reducing drop-outs, reducing the number of low-skilled adults, high quality teaching, and optimising ICT supported learning. However, many Member States are also facing the challenge of protecting investment in their education and training systems in the context of the difficult economic situation. In this context, it is essential to establish a closer link between the key strategic policy challenges identified throughout the European Semester and joint activities carried out through the open method of coordination in education and training.

Addressing the cost of labour and improving wage-setting mechanisms

Progress has been made in some Member States with some targeted tax reductions towards lower-wage earners, others more across-the-board tax wedge reductions or targeted to specific groups. Steps were taken in several countries to reduce the tax wedge on labour, mainly through shifting taxation towards more growth-friendly consumption and environmental taxes.

Several Member States took steps towards reducing social security charges through structural, albeit limited reductions in social contribution rates on pensions, health and unemployment insurance, and equivalent measures in the form of corporate tax credit on companies' gross payroll. Other Member States opted for targeted tax incentives to hire specific groups at disadvantage, such as young, low-skilled or older workers, women, long-term unemployed and low-wage earners, while also stimulating employers in micro firms hiring staff, de-taxing the productivity-linked component of wages, and switching to a flat-rate personal income tax coupled with a family tax allowance. In other countries, employment incentives have been created through increasing the ceiling for non-taxable earnings and reduced personal income tax rates, and counterbalanced mainly with raises in consumption taxes. A final group of Member States devoted efforts at tackling distortions within existing tax systems, including the elimination of exemptions for certain segments

and the narrowing of the gap between taxation of dependent and self-employment work and agreement contracts.

Furthermore, in order to support the competitiveness efforts and to contribute to fiscal consolidation processes, some Member States registered a sizable wage moderation in the public sector in the years following the financial crisis. Freezes and reductions to public employees' compensations and social entitlements were implemented, to different extents, in a majority of Member States. In recent years, with the economic growth picking up and the labour market showing signs of improvement, the policy focus shifted towards aligning wages and productivity developments. Reforms in this area, significantly influenced by national social dialogue traditions, contributed to a clear rebalancing in terms of unit labour costs. In some Member States, wage developments have been driven by substantial labour productivity increases, while in others, by adjustments to the indexation mechanisms in order to better reflect the economic conditions.

The actual impact of policy changes on overall job creation, particularly for low-wage workers and second-earners, as well as on the complexity of the tax/benefit system, will need to be monitored and, in some cases, new policy action may need to be undertaken. However, the need to broaden the tax-base and increase revenues for fiscal consolidation purposes has led some Member States to raise income tax rates and social insurance charges for certain groups, though also as a means to discourage excessive use of temporary work, and reduce tax-free allowances, including on low earnings.

Overall, there has been a consistent policy response, including comprehensive reforms in many countries addressing challenges with common features. Nonetheless, robust and sustained growth is necessary for the measures in this area to show effect, and they cannot be seen in isolation of other obstacles facing business for the creation of new jobs.

In addition to conducting multilateral surveillance of the policies implemented by Member States within the framework of the European Semester, EMCO has been carrying out dedicated reviews of the Council Recommendations on Long-term Unemployment and on the Youth Guarantee in order to monitor and evaluate the implementation of their measures by each Member State and to provide a mapping of the situation across the EU.

Combating long-term unemployment

Long-term unemployment remains a major concern in the EU, with more than 10.3 million Europeans looking for a job for more than one year in 2018. The Council Recommendation on the integration of the long-term unemployed into the labour market[30], adopted on 15 February 2016, aims to address this challenge by encouraging Member States to:

- Support the registration of jobseekers and set out closer labour-market orientation of integration measures, inter alia, through a closer link with employers;

[30] Council Recommendation of 15 February 2016 on the integration of the long-term unemployed into the labour market, 2016/C 67/01

- Provide individual assessments to registered long-term unemployed persons and ensure that registered long-term unemployed persons are offered in-depth individual assessments and guidance at the very latest when they reach 18 months of unemployment;

- Make a specific offer of a job integration agreement at the very latest when a long-term unemployed person has reached 18 months of unemployment. This should comprise, as a minimum, an individual service offer aimed at finding a job and the identification of a single point of contact.

The Recommendation gives EMCO a privileged role in assessing and monitoring the implementation. As part of the monitoring efforts, EMCO's Indicators Group developed a set of indicators for monitoring implementation of the Recommendation, comprising indicators at three levels of monitoring (aggregate, direct and follow-up levels). On the basis of this monitoring framework, EMCO conducted two reviews of the implementation of this Recommendation in December 2016 and in October 2018. The reviews showed that in most Member States, ensuring high registration of the long-term unemployed is closely linked to making benefits conditional upon registering. This appeared to be successful in creating a stable link between the long-term unemployed and the Public Employment Service (PES). However, many Member States still need to improve outreach efforts towards the inactive, and develop incentives for registering, and staying registered, with employment services. Registration of the unemployed is also closely linked to the overall design of benefits and services. Greater linkages between the receipt of social benefits and individualised activation measures are crucial for improving the access to labour market for people belonging to vulnerable groups. The reviews confirmed that additional services are important for the long-term unemployed, as they may need social, health and other support measures on their way to employment. Efforts have been made across the board to increase coordination between the public employment services, social services and other service providers. Yet coordination remains an overarching challenge for many Member States due to a number of reasons, including data protection issues, the division of responsibilities between institutions, and a lack of resources. Co-operation with private employment services has some potential to support the capacity of the PES.

There are also very different national approaches to setting up the single point of contact. Some Member States fully integrate relevant services - sometimes via a physical "one-stop shop" - whilst others have one coordinating authority that links and refers to other institutions. The role of the PES as one-stop shops/single point of contact for employment could be important in stepping up the activation of a larger number of long-term unemployed. Job integration agreements or equivalents are present in most Member States. Some have updated existing tools to reflect better the needs of the long-term unemployed. There is also a need to do more, particularly when it comes to reviewing individual assessments regularly, and updating when necessary. Moreover, better profiling, individual counselling services, specialisation of counsellors and a set of standardised services offered by PES have the potential to improve the support to jobseekers.

Member States carry out a range of activities under the heading of employer engagement. EMCO has seen a number of innovative approaches: some Member States have PES staff dedicated to this engagement, which is promising; others combine wage subsidies with on-the-job coaching. A more strategic approach to partnerships with employers is still lacking in some Member States. Whilst co-operation with social partners is usually in place, it could be more formalised and better structured in some cases, particularly at the local level.

Youth Guarantee

The existence of large cohorts of young people with no attachment to the labour market is a threat to long-term growth and social cohesion. The Council Recommendation of 22 April 2013 establishing a Youth Guarantee[31] called upon the Member States to ensure that all young people up to age 25 receive a good quality offer of employment, continued education, apprenticeship or traineeship within four months of leaving education or becoming unemployed. Reducing the high share of young people neither in employment, education or training is a key objective. The Youth Guarantee foresees a comprehensive and consistent set of structural reforms to facilitate school-to-work transitions of young people. Member States have started to implement the Youth Guarantee since 2014.

The Council mandated EMCO to monitor the implementation of Youth Guarantee schemes in all the Member States. EMCO carried out specific reviews in December 2015 and in December 2017 in order to provide a comprehensive overview of the state of implementation of the Youth Guarantee, as well as to better identify the strengths and challenges each Member State was facing during the process.

Member States have made considerable progress in the implementation of the Youth Guarantee. The reviews showed that the transition of young people from school to work is burdened by specific challenges, which become manifest in relatively low employment rates, high unemployment and high rates of young people who are neither in employment, education nor training (NEETs). The labour market situation of young people is largely due to the macro-economic situation, but it also has important root causes in terms of structural characteristics of school-to-work transitions. The reviews identified a series of structural factors, such as the performance and outcomes of education and training systems, the segmentation of labour markets affecting young people in particular, as well as a low capacity of public employment services in providing tailored services to young people.

The implementation of the Youth Guarantee varies across the EU, but most Member States took substantive actions to step up early intervention and outreach processes, integrate services into a one-stop shop for young people, involve employers and establish partnerships with all key stakeholders, notably towards providing attractive and well performing vocational education and training, including the offer of quality apprenticeships. Member States also took steps to provide targeted Individual Action Plans, focusing on early intervention in some cases, in addition to the pre-existing range of programmes.

[31] Council Recommendation of 22 April 2013 on establishing a Youth Guarantee, 2013/C 120/01

Nevertheless, outreach towards young people furthest away from the labour market, the non-registered NEETs (youth neither in employment, education nor training) and improving partnerships with key players remain important challenges. In this context, focusing on key structural reforms, such as improving the overall education system and strengthening the functioning and the overall capacity of Public Employment Services is crucial. Different stakeholders from nearly all Member States, including public authorities, business and social partners, VET providers, youth representatives, and other key players such as chambers of industry and commerce, have been brought together within the European Alliance for Apprenticeships in order to coordinate and upscale different initiatives for successful apprenticeship type schemes, and to promote national partnerships for dual vocational training systems. In March 2016, the EPSCO Council endorsed the 'Key messages on the way forward for the Youth Guarantee post-2016', adopted by EMCO after its review in December 2015. They underlined the positive results, while calling for continued political commitment to tackle challenges related to partnerships, reaching out to NEETs, and monitoring.

4.3 The Social OMC

Social inclusion policies

- *Active inclusion policies*

Since the adoption of the European Commission Recommendation on the active inclusion of people excluded from the labour market in October 2008, the implementation has been monitored in the context of the Social Open Method of Coordination (OMC) and of the European Semester. This recommendation called on the Member States to combine the provision of resources to live in dignity for all people lacking sufficient income, as well as support in accessing sustainable, quality employment and in accessing enabling services allowing to participate in society. It stressed the importance of a comprehensive approach based on a combination of the three policy strands, namely adequate income support, inclusive labour markets and access to quality services.

In 2017, the Commission assessed the implementation of the Recommendation in its Commission Staff Working Document (European Commission (2017b)) accompanying the proposal for a European Pillar of Social Rights. The assessment found that the Active Inclusion Recommendation has promoted an integrated approach linking together income support, labour market activation policies and access to services. It has triggered important reforms across the EU and produced encouraging results in some Member States. In others, comprehensive active inclusion strategies and reforms in specific areas have only just begun.

Overall progress towards implementing the Active Inclusion Recommendation has been mixed. The arrangements governing benefits, labour market policies and services vary substantially. This is due in part to the range of socio-economic, cultural and institutional traditions in which social inclusion policies have been developed in EU Member States. The shift towards active inclusion has proven slower in some cases; the economic crisis and rising unemployment caused Member States to switch their priority focus to getting public

finances under control and launching recovery strategies, reflecting a need to reduce public expenditure in the short term.

The assessment of the implementation of the Active Inclusion Recommendation has shown that countries with good linkages between the three strands have had better social outcomes in terms of poverty and social exclusion rates. While the focus on employment activation is crucial, this has to happen in combination with action on income support and social services, if it is to work efficiently and not side-line those most in need. Introducing tougher conditions and rules on eligibility for income support without providing sufficient services and employment opportunities could lead to a lower take-up of benefits and potentially increase the risk of loosening the safety nets for some of those most in need.

Continued political commitment to active inclusion as a long-term structural reform is essential in order to reap the benefits of the work carried out so far. Integrated and comprehensive active inclusion strategies remain important. That said, they should take into account the following lessons learnt:

- the importance of an integrated, comprehensive approach;
- the need to better reflect on the link between activation and income support;
- a clearer focus on adequate support for the social inclusion of those who cannot work; and
- the need for close cooperation among all partners, including at the local level, and for active involvement on the part of all relevant stakeholders.

The European Semester continues to convey the need for a more integrated approach to active inclusion in the Member States. Multilateral surveillance (monitoring member countries' progress implementing reforms working towards the Europe 2020 targets) and exchanges of good practice among EU Member States have been important aspects here.

EU financial instruments play a key role in encouraging the development of active inclusion policies. Implementation of the Recommendation has received a considerable boost with the financial support from the European Structural and Investment Funds for 2014 to 2020, especially with at least 20 % of the ESF having been earmarked for social inclusion. Work with Member States is under way to ensure effective use of the ESIF funding for the dedicated investment priorities on active inclusion and access to services.

The social economy and social entrepreneurship are also a tool for social inclusion, through enabling people who will never be able to access the regular labour market to find employment. This means promoting social entrepreneurship and vocational integration in social enterprises and the social economy in order to facilitate access to employment. According to the EU Social Business Initiative[32], the social economy employs over 11 million people in the EU, accounting for 6% of total employment. It covers bodies with a specific

[32] Communication on the Social Business Initiative COM(2011) 682 of 25.10.2011

legal status (cooperatives, foundations, associations, mutual societies), which often provide employment opportunities for people facing disadvantages or provide social services and/or goods and services to persons in risk of poverty or exclusion.

The success of the active inclusion approach depends on the commitment and full involvement of national, regional and local partners. The Social Protection Committee has an important role to play in monitoring all aspects of implementation of the Active Inclusion Recommendation. This involves exchanging experiences and working on relevant indicators to improve cross-sectoral assessments and measure progress.

- *Investing in children*

The Commission recently assessed the implementation of the 2013 Recommendation on 'Investing in children: breaking the cycle of disadvantage' in its Staff Working Document (European Commission (2017c)) accompanying the proposal for a European Pillar of Social Rights. It finds that the 2013 Recommendation has been, to various degrees, successfully used as a policy lever in the European Semester, resulting in relevant CSRs to Member States on topics ranging from childcare capacity, income support and disincentives to inclusive education. It also has had a positive impact on the 2014-2020 European Structural and Investment Fund (ESIF) programmes. The Recommendation was effectively used as a lever during the negotiations resulting in larger budget allocations. There is now considerable ESIF funding earmarked for family and child policies. Furthermore, the Recommendation's main message has inspired many positive projects and experiences. Public debate and civil society have played a crucial role in promoting implementation by identifying areas where progress is needed and by engaging in a number of concrete forward-looking innovative initiatives[33].

In terms of achievements, the Recommendation's first two pillars, on access to income and services, have been more influential in bringing about concrete policy changes and developing projects. The third pillar, on children's rights to legal and social participation, has received much less attention, despite the fact that child participation is a right and has proven benefits in terms of improved decision-making, for individual children, children as a group and for society in general. The Recommendation has made progress thanks to a number of important measures that have supported its implementation: ESIF financing (EUR 8 billion set aside for children); EU awareness-raising actions in the Member States (notably through peer review seminars); financial support for EU NGOs; and sharing of knowledge and best practices.

Pension policies

Sustaining adequate pensions in ageing societies is key to the economic coordination efforts and ensuring inclusive growth in the EU, as pensions are both the main source of income for older Europeans and an important component of public expenditure.

[33] See also the assessment of the 2013 Recommendation carried out in 2017 by the European Social Policy Network (ESPN): https://ec.europa.eu/social/main.jsp?catId=738&langId=en&pubId=8032&furtherPubs=yes

The latest Pension Adequacy Report (European Commission (2018c)) highlights that Member States pay more and more attention to the sustainability and adequacy of pensions in their reforms, but additional measures are needed to strengthen these further, especially to prevent the risk of poverty or social exclusion among older women and to make sure that people in non-standard work or self-employment are also covered.

While national reform trends remain diverse, some shift in the general dynamic of old-age pension reforms could be observed around 2015. Over the last decade, most pension reforms in the EU have focused on safeguarding the financial sustainability of pension systems, through measures such as raising the effective retirement age, including by avoiding early exit from the labour market and by linking the retirement age or pension benefits to life expectancy. Member States agree that further such steps need to be taken, though to varying degrees. These reforms, however, are likely to reduce the future adequacy of public pensions, and in this context, the reforms adopted by Member States since 2015 present a significantly more diverse picture. While measures to improve financial sustainability are still high on many Member States' pension agendas, this process has been coupled with measures recalibrating the scope of the pension mix to respond to some key labour market and pension system challenges: safeguarding pension adequacy, combining work with pensions, and tailoring pensionable rights to specific categories of workers. Flexible working options, including the possibility to combine pension with income from work, and tax incentives promoting later retirement are becoming increasingly widespread and will continue to be important.

Many Member States have thus put measures to safeguard the adequacy of pensions more prominently at the heart of their policy efforts, in particular for low-income pensions. In general, new reforms (often within the same country) can be seen as attempts to rebalance the 'triangle' of pension adequacy (i.e. income maintenance, poverty protection and pension duration). Unlike in the crisis and post-crisis period, measures aimed at improving financial sustainability (mainly through rebalancing pension duration with life expectancy) have been accompanied by measures aimed at reducing poverty (e.g. minimum guarantees) and increasing income maintenance (e.g. favourable indexation, enhancing the role of supplementary pensions). These reforms point to the search for a (new) equilibrium between life expectancy, the time spent in work and the time spent outside the labour market, which will also affect the legitimacy of pension systems and their social support.

However, greater efforts are needed to close the gender gap in pensions, by putting in place equal opportunity policies targeted at women and men of working age - for instance, promoting better work-life balance and more equal distribution of caring responsibilities, addressing labour market participation, work intensity and career breaks. It is also important to continue to extend pension coverage to people in non-standard or self-employment, and to promote supplementary pension savings.

Complementing statutory pensions with broad and well-designed supplementary schemes can help support adequate pension outcomes. While in some Member States maturing

occupational pensions are expected to contribute more to old-age incomes, in many others, including those facing some of the biggest pension adequacy challenges, the coverage of any type of supplementary pensions remains very low. Reforms of supplementary pension schemes (occupational and personal pension schemes) have been launched or are envisaged in several countries, with the aim of market diversification, individualisation of old-age risk and improvement of income maintenance. Attempts to reinforce the coverage of occupational pension plans have been made in several countries, including by making the provision of occupational pensions more attractive and less burdensome for employers.

Health and long-term care policies

In the context of the social Open Method of Coordination, Member States have committed to accessible, high quality and sustainable healthcare, which is a key element of the social protection policies monitored by the SPC.

As part of its mandate to monitor the development of social protection policies in the EU, and in the context of the Social OMC, the SPC has developed a joint assessment framework in the area of health (JAF Health) with a view to strengthen the evidence base to support its activities related to the health strand. In the course of 2015-2017, the Commission services, in close cooperation with the SPC-ISG working group, finalised the list of JAF Health indicators and produced 28 country-specific analyses in consultation with Member States.

Results from this analysis identified groups of Member States in terms of the challenges concerning the three aspects of access (coverage, affordability, and availability of care). In most countries with an identified challenge in access, this concerns the availability of human resources and their geographical distribution. In addition to availability challenges, seven Member States faced challenges referring to healthcare coverage and six concerning the affordability of healthcare. Three Member States faced challenges in all three areas. The affordability issue is also correlated with the relatively high level of out-of-pocket payments which may prevent people from using health care services because of the high cost and thus be exposed to extreme financial shocks in case of needs.

Several countries recently adopted new reforms as policy responses to address these challenges. For example, in one country with a healthcare system mostly based on out-of-pocket payments, a national health system was agreed in order to extend coverage to all the population and not only the income poor, thus guaranteeing universal coverage. This reform, which is to be completed by 2020, will imply a financing shift from out-of-pocket payments to taxes. Another country, which has an insurance-based healthcare system, is discussing a shift towards a tax-funded system. On the other hand, one country previously having universal coverage plans to shift the current universal health coverage to an insurance-based health care system from 2021.

To enhance primary care capacity, some Member States have introduced reforms focusing on ensuring longer opening hours, particularly during evenings and weekends, to reduce contacts with hospital outpatient departments. In addition, the use of e-Health has been

fundamental to strengthen access to and efficiency in primary care and promote greater coordination among primary care providers and hospitals.

The availability of medical care is perceived as a growing concern for several Member States. In some countries, the problem is a general shortage of health workers, often due to high emigration rates towards countries with better-paid jobs. In other cases, there is an inequality in the geographical distribution of doctors who tend to prefer bigger cities and disregard the most rural areas with a subsequent increase of the unmet medical care needs due to distance. To overcome this issue there are some positive policy examples such as relaxing the numerus clausus, increasing the number of training places, or giving financial incentives for doctors in rural areas.

Various measures have been introduced by regions and municipalities to promote greater care integration and cooperation. Hospitals, for example, use outreach teams for home visits after hospital discharge. Municipal units have also been established within hospitals to facilitate follow-up care after hospital discharge.

Unhealthy lifestyle is an additional challenge for several Member States, but some measures have been taken such as the introduction of comprehensive health promotions and disease prevention strategies at school and in wider communities. Key elements include promoting a healthy diet and a minimum daily physical activity, as well as the introduction of taxes to specific food products high in sugar, salt or caffeine. Alcohol misuse and tobacco consumption have also been addressed through specific national policies such as plain-packaging, tax increases, public awareness campaigns in several countries and specific public health legislation to tackle alcohol consumption.

Member States have also been introducing reforms going towards a more efficient use of resources and reducing duplication of services while improving the quality. New organizational models are being tested reducing the inappropriate use of emergency services, assuring access to care for low-income households, and measures that aim to shift care away from hospitals towards more coordinated care at the community level have been implemented. Countries are also improving the provision of home care services for chronic patients and of day care services for patients with mental illnesses. To increase the accessibility of healthcare services, countries have also started to finance additional nurses in primary care and establish a family doctor telephone advisory service.

Across Member States, long-term care (LTC) needs tend to be far less well covered by social protection systems than health care needs. Some formal LTC provision staffed by trained personnel exists in all Member States, but untrained family carers often provide a substantial part of LTC services, which represents an impediment to female labour force participation.

In the context of the social open method of coordination, Member States have agreed a set of common objectives centred on access for all to affordable and financially sustainable, high-quality long-term care. In 2014, the Social Protection Committee and the Commission

produced a joint report on "Adequate Social Protection for Long-term Care Needs in an Ageing Society"[34]. The report, the key messages of which were endorsed by EU social affairs ministers in June 2014, discussed the growing gap between the need for long-term care and the supply of care. It also examined how Member States can organise adequate provision for long-term care needs in a sustainable way and highlighted two key arguments: (1) there are solid equity and efficiency reasons for establishing collective social protection against the risk of LTC dependency, and for ensuring that societies provide adequate access to affordable quality care; and (2) if the challenges to present LTC arrangements resulting from population ageing are to be tackled constructively, Member States need to move from a primarily reactive to an increasingly proactive policy approach, which seeks both to reduce care demand and to boost efficient, cost-effective care provision.

A recent synthesis report of the European Social Policy Network (ESPN) on "Challenges in long-term care in Europe - A study of national policies 2018"[35], concludes that the EU Member States face and will continue to face significant long-term care system challenges. It reports that Member States are confronted with similar challenges on (a) access and adequacy, due to the underdevelopment of publicly funded formal LTC services and a lack of complementarity between formally and informally provided LTC; (b) quality, as demographic changes will increase the tensions between volume of care and its quality; (c) employment, especially for women, who are often informal carers; and (d) financial sustainability, linked to population ageing and increasing public spending for long-term care.

The report highlights that LTC provision has been subject to several reforms over the past ten years (2008-2018) in most EU countries. There have been three main trends with regard to different aspects of LTC: a) readjustments to the LTC policy mix and specifically moves away from residential care towards home care and community care, b) efforts to enhance financial sustainability and c) improving access to and affordability of care, including by improving the status of informal carers.

However, the report highlights that several key challenges remain, including:

- LTC provisions in many countries are characterised by a fragmentation of responsibilities and consequently a lack of integration between health and social aspects of LTC provision;
- in many countries formal home care services for the elderly remain underdeveloped;
- in many countries residential care facilities for the elderly are underdeveloped, while in others supply has been reduced as a result of policies aiming for deinstitutionalisation;
- only some countries have successfully implemented prevention and rehabilitation strategies;

[34] https://ec.europa.eu/social/main.jsp?catId=738&langId=en&pubId=7724

[35] https://ec.europa.eu/social/main.jsp?catId=738&langId=en&pubId=8128&furtherPubs=yes

- quality of LTC which remains a critical factor in maintaining and improving the quality of life of frail elderly people both in residential and home care settings, but is not sufficiently monitored.

Assessment of the role of the Committees and the monitoring and reporting frameworks (processes and tools)

The assessment contained in the following sections 5 and 6 is mainly based on the views provided by the EMCO and SPC members, in cooperation with their delegates in the subgroups of the Committees, as collected via a joint SPC-EMCO questionnaire in spring 2019. This collected their views on the current monitoring and reporting tools/indicators and what has worked well, and less well, and their assessment of the role of the Committees and the monitoring procedures under the Europe 2020 Strategy. In essence, these sections reflect Member States' experiences under the strategy, in particular the ways and means (i.e. processes and tools) through which the Europe 2020 strategy is implemented and assessed, with a focus on the involvement of the Committees. Detailed assessment reports on the inputs provided are included in Annex 2.

The EMCO and SPC are heavily engaged in the monitoring of progress under the Europe 2020 Strategy and participate in various activities under the European Semester. Various tools have been developed in cooperation with the Commission to assist the Committees in the monitoring process, including the Joint Assessment Framework (JAF), the Employment Performance Monitor (EPM) and the Social Protection Performance Monitor (SPPM). Based on these, there is systematic reporting to the EPSCO Council on employment and social matters founded on a strong analytical framework.

Through their Annual Reports, the EMCO and SPC monitor the employment and social situation and identify key structural challenges and good outcomes. The main objective is to provide the Council with input regarding the main employment and social policy priorities to be taken into account in the context of the preparation of the Annual Growth Survey. The reports include a review of progress towards the employment and poverty and social exclusion targets, as well as a review of a broader set of indicators in the Employment Performance Monitor (EPM) and the Social Protection Performance Monitor (SPPM).

The Committees also provide contributions, following the adoption of the Commission's Annual Growth Survey and draft Joint Employment Report, through ECOFIN and EPSCO, to the Spring European Council's guidance to Member States on economic and employment policies. Yearly Council Conclusions on the AGS systematically refer to the targets and call on Member States to step up their efforts to achieve them. The Committees also review the draft Joint Employment Report produced by the Commission and provide feedback on this.

Further regular activities in the Committees aimed at encouraging progress under the Europe 2020 strategy include:

a) multilateral surveillance throughout the year, in the form of multilateral implementation reviews, notably as regards implementation of country-specific recommendations in employment, social protection and social inclusion, pensions, health and long-term care. In addition, the Employment Committee performs regular

reviews of the implementation of the Council Recommendations on the Youth Guarantee and on the Long-term unemployed;

b) involvement in the development of CSRs for the current year, through acting as the preparatory bodies of the EPSCO Council as regards the draft country-specific recommendations following the proposals from the Commission;

c) mutual learning through the exchange of information, experience and good practice between Member States and with the Commission, through peer reviews and in-depth thematic reviews. Dedicated thematic reviews allow in-depth examination of the key employment and social trends highlighted in the Annual Reports and of policy developments in the relevant areas. They also provide the Member States with an opportunity to engage in multilateral discussions and exchange of good practices. The political endorsement of the key findings of the thematic reviews, when given, provides backing and visibility to the findings;

d) separate, detailed national reporting on social protection and social inclusion strategies was initially prepared to complement the National Reform Programmes. In 2017 it was agreed to include reporting on national developments in the field of social protection and social inclusion in the NRPs and to give social reporting a yearly thematic focus.

5 Assessment of the current monitoring and reporting tools/indicators

This section reports on Member States' views on the current headline target indicators in the employment and social domains and the Committees' monitoring instruments and reporting tools.

5.1 Reflection on the target indicators

When adopted in 2010, in the immediate aftermath of the economic crisis, Europe 2020 headline targets reflected the ambitious long-term agenda of the European Commission to turn the EU into a "*smart, sustainable and inclusive economy delivering high levels of employment, productivity and social cohesion*". Employment and poverty targets reflected the broad political consensus around the need to boost growth, increase employment and address the level of poverty and social exclusion, and helped keep a focus in the political discussions at EU and national level, mainstreaming these goals in National Reform Programmes.

A summary of the quantitative responses to the questionnaire on the issue of the headline targets and indicators is provided in Table 7. These and the qualitative inputs provided by Member States are discussed in the following paragraphs.

There is strong support that the use of targets in general has proved to be useful in driving forward ambitious policy reform. Nevertheless, some concerns are raised that although potential interactions exist among some headline targets, the progress towards the targets has not been assessed in a sufficiently integrated manner. Qualitative inputs emphasise that setting employment and poverty and social exclusion targets have certainly fed and informed policy debate at EU and national level and helped increase the visibility of the employment and social policy strand, delivering a balanced political message around the priorities of the European Commission. It is, however, difficult to assess to what extent targets have concretely driven policy reforms in European Member States (according to some Member States, achieving full employment and addressing emerging inequalities would have probably been pursued also without clear quantitative targets).

Table 7. Summary of questionnaire responses on the headline targets and indicators

Questions	Average of responses	% Share of replies with 1 or 2	% Share of replies with 5 or 6
To what extent has the use of targets in general proved to be useful in driving forward ambitious policy reform? (scores 1-6)	4.4	0.0	51.9
To what extent are the Europe 2020 headline targets assessed in an integrated manner (e.g. to assess synergies/mutual support)? (scores 1-6)	3.7	16.0	20.0
Do the agreed indicators in the fields of employment and poverty and social exclusion serve as an effective tool for monitoring the progress achieved against the employment and social objectives of Europe 2020? (scores 1-6)	4.4	0.0	44.4
Has the setting of national targets (in addition to an overall, common target) been useful for supporting national policy reforms? (scores 1-6)	4.5	0.0	44.4
Is the quality of available indicators sufficient to support monitoring of the targets? (scores 1-6)	4.5	0.0	53.6
To what extent is the employment rate an appropriate indicator to describe progress in the labour market situation in the Member States? (scores 1-6)	4.9	0.0	78.6
Is the target population (20-64 years) the most appropriate choice? (Share of "yes" answers)	0.68	n.a.	n.a.
Would you say that the format of AROPE is the right one (an aggregate indicator combining income poverty and deprivation and an indicator looking at labour market exclusion) or that we should rather split these? (Share answering combined indicator is right format)	0.57	n.a.	n.a.
Are all the components of AROPE equally relevant to monitor trends in poverty and exclusion? (Share of "yes" answers)	0.60	n.a.	n.a.
Should some components of AROPE be revised? (Share of "yes" answers)	0.68	n.a.	n.a.
In the Europe 2020 strategy, EU countries adopted a common poverty and social exclusion target but at the same time they agreed that countries would be free to set their own national targets. .... Do you think that this was the right approach or that it would be better to try and reach agreement on a common EU target that could also be used at the national level? (Share responding there should be a common EU target indicator also used at the national level)	0.30	n.a.	n.a.

Source: Questionnaire to EMCO and SPC members on their appreciation of the role of the Committees and their monitoring tools under the Europe 2020 strategy
Note: Scale of score values between 1 and 6 (1 = worst/weak, 6 = best/strong)

The targets and associated indicators in the fields of employment and poverty and social exclusion are generally felt to serve as an effective tool for monitoring the progress achieved against the employment and social objectives of Europe 2020, with the quality of the indicators used for monitoring generally appreciated as being sufficient for purpose. There is also strong support to the view that the setting of national targets (in addition to an overall, common target) has been useful for supporting national policy reforms. When the employment rate and poverty and social exclusion targets have been complemented with additional national sub-targets, policy action was generally more focused and oriented to pursuing headline and additional objectives.

The employment rate (20-64)

The results in Table 7 show strong support among Member States to the employment rate (for the age group 20-64) having been an appropriate indicator to describe progress in the labour market situation, and that it has proved to be a useful and realistic target indicator for the current decade. In particular, the employment rate is seen as a high quality indicator, and very easy to communicate. It includes information on several aspects of the labour market such as social inclusion and labour market efficiency, and is considered to be the best indicator available to have a synthetic snapshot of the labour market in terms of comparability and reliability. As for the age class chosen (20-64), it is seen as a satisfactory compromise, but, in a future perspective, adjusting the lower and/or upper bounds could be worth exploring further.

However, the employment rate does present some weaknesses. It measures the share of employed people without providing a complete picture of all quantitative (it focuses on the extensive margin of employment only) and qualitative aspects of employment. Concerns have been raised on its appropriateness as a basis for any future employment target, as it fails to grasp the reality of the changing workplace in which the quality of jobs matters as much as their availability. For instance, the growth in employment rates in recent years was far higher than growth in working hours, reflecting the increase in the share of part-time jobs. It also does not provide a picture of the flexibility and dynamics of the labour market. The main weakness of the employment rate, however, is probably the fact that when taken alone it does not address quality aspects of work, including working conditions, wages, equal opportunities, under- and over-employment, level of protection, job strain, and health and safety in the workplace. It could also hide segmentation problems and structural gaps between socio-demographic groups, and hence not allow detecting the more vulnerable groups in the labour market unless complemented with breakdowns for specific groups.

In future, instead of focusing purely on increasing the quantity of employment, greater attention should be given to the aspect of the quality of work, particularly in the context of labour market polarisation and rising precariousness, and the potential impact of new technologies, globalisation and new forms of work on the labour market. Using a limited number of additional indicators as headline or sub-targets is an option that could be explored to fully assess progress in the labour market.

On the issue of setting corresponding national targets, the national 2020 employment rate targets (announced by Member States in 2011 through their National Reform Programmes or updated since then) meant the EU as a whole would fall short of the 75% target even if all national targets would be achieved. The choice and ambition of the national targets has important implications for the credibility of reaching the overall EU employment target, and any future such target setting exercise would need to ensure the consistency of national targets with the objective of actually achieving the common EU target.

The at-risk-of poverty or social exclusion indicator (AROPE)

The at-risk-of-poverty-or-social-exclusion indicator (AROPE) allows capturing several dimensions of poverty and social exclusion within a single indicator that covers relative poverty and material deprivation elements and is responsive to labour market and social policy developments. However, it may not always be easy to communicate, as its value and trends depend on the interactions and the evolution of its three sub-components.

The results in Table 7 show that almost 60% of Member States feel that the format of the headline AROPE target indicator, as an aggregate indicator combining income poverty and deprivation and an indicator looking at labour market exclusion, is the right one. Some three-fifths agree that all the components of AROPE are equally relevant to monitor trends in poverty and exclusion, while at the same time there is strong support (around two-thirds of countries) to revise some of the components of the AROPE indicator, namely the severe material deprivation and the (quasi-)jobless households indicators. Responses indicate that there is only weak support to having a common EU poverty target indicator also used at the national level, with most countries preferring to be free to set the form of their own national target indicators.

Beyond the results of the survey, various issues have been raised on the AROPE indicator at recent meetings of the SPC/ISG. These include that, as an indicator that aggregates different dimensions (relative poverty, material deprivation and work intensity of households) it can be hard to interpret the changes in the AROPE rate and to isolate the effect of particular policies upon it (interpretation of its evolution must be based on a careful analysis of both the aggregate value and its sub-components). This is compounded by the fact that the components actually relate to different reference years (the at-risk-of-poverty and (quasi-)jobless household components refer to the year before the survey, severe material deprivation to the actual year of the survey). In addition, the components respond differently to the economic cycle, with some much more responsive than others. With regard to the (quasi-)jobless households component, it is arguable that social exclusion is not only about hours of work. There are also several important areas that are still not covered by AROPE adequately or at all, for example access to and quality of services or in-kind benefits.

On a technical level, it was recognised early on that one component of the AROPE indicator, namely the measurement of severe material deprivation, would need to be improved. This has led to the development of a new, more robust indicator based on a revised set of deprivation items, the material and social deprivation rate (see Guio et al, (2016)). More

recently, some concerns have also been raised on the need to improve the (quasi-)jobless households component (see for example Ponthieux, S. (2017)).

Some adjustments to the AROPE indicator could be envisaged. It might be considered, for example, to cover only poverty and deprivation dimensions in a future target indicator, and no longer include the (quasi-)jobless households component. Using all three components together blurs the picture and the assessment of progress, and there is the issue of covering different populations (the (quasi-)jobless households component refers to the population aged 0-59 years instead of the whole population as for the other components). It should also be explored whether to replace the current severe material deprivation component by a new material and social deprivation indicator, based on the revised list of items collected through EU-SILC, and whether some improvements to the (quasi-)jobless household indicator could be foreseen.

It would also be necessary to consider the choice of appropriate thresholds and the specific target. This includes reflecting on the specific groups to focus on in relation to the target setting. For example, choosing severe material deprivation and very low work intensity as components for the overall AROPE indicator put a very specific focus on a particular sub-population with more extreme difficulties. It will be important to reflect on appropriate thresholds for any future such target.

The individual poverty-reduction ambitions of Member States were not consistent with the overall ambition at EU level, since they sum to a figure lower than the EU level commitment to reduce poverty and social exclusion by 20 million. Moreover, the indicators used by several Member States to monitor their progress with regard to the reduction of poverty and social exclusion were not always in line with the headline aggregate indicator, and this has not facilitated the link between national progress and the achievement of the common overall EU target. Looking ahead to a possible future target, it would be essential to ensure a clear link between developments in the national target/indicator and those in the EU target/indicator. Moreover, an approach to synchronise and coordinate the level of ambition in targets on both EU and national levels would need to be ensured.

Another issue concerns the form of the target. For the poverty and social exclusion target, the objective was set in terms of an absolute reduction (of 20 million). In practice, this objective has been heavily affected by the influence of demographic changes over recent years, especially immigration. The EU population increased by some 2.4% between 2008 and 2018, or around 12 million, with much larger changes at the level of individual Member States. The addition of an extra 12 million to the EU population against which a reduction of 20 million was to be assessed may have made it less feasible to meet the poverty reduction target, including when one considers that migration accounts for a substantial part of population increases and that migrants are more likely to suffer from the risk of poverty or social exclusion.

Finally, a recurring issue with social indicators has been their timeliness. The timeliness and availability of data for the AROPE indicator does not facilitate linkage to the latest

developments in economic and labour market indicators, which are much more up to date. In addition, sampling design and size makes it difficult to analyse specific subgroups of the population because of large sample errors. Further developments could be explored in the future, including use of flash estimates of developments in the income distribution (see Leventi, C., et al (2017) recently developed by Eurostat[36] to address some of the timing issues for social indicators and statistical modelling and enhanced use of administrative data to help address the existing gaps.

5.2 The tools and outputs of the two Committees

The main analytical tools

In December 2010, the Council endorsed a proposal from EMCO, SPC and the European Commission for a Joint Assessment Framework. Subsequently, the EMCO and SPC Committees respectively developed the Employment Performance Monitor (2011) and the Social Protection Performance Monitor (2012). These tools aimed at monitoring the Europe 2020 targets and signalling challenges in the employment and social domains. In 2013 a '*scoreboard of key employment and social indicators*' was added to these monitoring tools, aiming at a timely detection of negative employment and social trends and of divergences between Member States, and was used in the Joint Employment Report. In 2017, the latter was replaced in the Joint Employment Report by the headline indicators of the social scoreboard of the European Pillar of Social Rights, supported by further analysis from the EPM and SPPM. This scoreboard monitors the implementation of the Pillar by tracking trends and performances across EU countries in three areas and feeds into the European Semester of economic policy coordination.

There is broad support among EMCO and SPC members for the existing monitoring tools of the Committees, and broad agreement that they have played an important role in monitoring the progress achieved under the Europe 2020 Strategy and in making social and employment issues more visible in the EU governance process (Table 8). They are considered fit for purpose in providing a picture of the main employment and social trends and challenges, and in supporting the formulation of consistent messages to policy makers. Nevertheless, there is some support to simplify and consolidate the existing tools and to improve their accessibility and usability. On consolidation, some countries have expressed the view that the Semester and tools for Europe 2020 have expanded over the years, and that the large number of tools and reports might create some overlaps. The possibilities to simplify the process/tools should therefore be explored, which could also support awareness about the outputs among a larger audience. On improving accessibility and usability, this should in the first instance focus on use for EU policy making, but then also for policy makers at national and subnational level and for stakeholders and the broader public. Enhancing the visibility of the Committee reports in which the tools are used would contribute to this.

[36] https://ec.europa.eu/eurostat/web/experimental-statistics/income-inequality-and-poverty-indicators

Table 8. Summary of questionnaire responses on the monitoring tools of the Committees

Questions (scores 1-6)	Average of responses	% Share of replies with 1 or 2	% Share of replies with 5 or 6
To what extent are the current EMCO and SPC tools useful in general to monitor progress under Europe 2020?	4.7	0.0	61.5
To what extent do the current monitoring tools support the formulation of consistent messages to policy makers?	4.3	3.8	46.2
What is the scope to simplify and consolidate the existing tools to monitor the employment and social situation (SPPM, EPM, JAF, EPSR scoreboard, etc.)?	4.1	4.2	37.5
How well has the EPM and the Annual Employment Performance Report served to monitor progress towards the employment target and identify employment trends?	4.9	0.0	70.4
How well has the EPM (and underlying JAF) served for initial quantitative screening to identify possible key employment challenges and good labour market outcomes (KECs and GLMOs)?	4.8	0.0	77.8
How well have the SPPM and the SPC annual report served to monitor progress towards the poverty and social exclusion target and key trends in the social situation?	4.5	0.0	50.0
How well has the SPPM (and underlying JAF) served for initial quantitative screening to identify possible Key Social Challenges and Good Social Outcomes?	4.4	0.0	41.7

Source: Questionnaire to EMCO and SPC members on their appreciation of the role of the Committees and their monitoring tools under the Europe 2020 strategy
Note: Scale of score values between 1 and 6 (1 = worst/weak, 6 = best/strong)

The EMCO and SPC monitoring tools are currently felt to address quite exhaustively all relevant policy areas. A number of Member States indicate explicitly that there are no important areas missing, while some make proposals for specific issues that could be added in view of further development of the tools. Some of the proposals put forward concern issues that are new to the monitoring tools (e.g. social dialogue, undeclared work, skills mismatches, effectiveness of activation policies etc.), others concern the need to further develop policy areas that are already present (e.g. pensions and health and long-term care). Other possible areas for future inclusion raised by some delegates included expanding the tools to cover social imbalances, social upward convergence, quality of social services, and economic and social well-being. Additional effort will also be required to fully mainstream gender into the EMCO and SPC tools, and to align them with the European Pillar of Social Rights.

An important use of the tools is in identifying key challenges and good outcomes for Member States in the employment and social domains, key elements that ultimately feed into the policy process. While EPM/SPPM/JAF are considered good tools, different Member States indicate that the evidence base for the challenges and good outcomes should be further strengthened, for example through more detailed analysis and possibly also making greater use of national/contextual indicators.

The main reports of the Committees

On the main reports of the Committees (Table 9), there is strong agreement that the format, timing and focus/content of the both the EPM report and the SPC Annual Report are appropriate, but around two-fifths of countries feel the SPC report is now too long and should be made more concise. Both reports should contain some succinct key messages. There is a general concern about insufficient dissemination of the Committees' reports and annual outputs to the broader public. In future, tools should be developed for dissemination of outcomes to raise public awareness.

Table 9. Summary of questionnaire responses on the main reporting tools of the Committees

Questions (Share of "yes" answers)	Average of responses	% Share of replies with 1 or 2	% Share of replies with 5 or 6
EMCO (EPM report)			
Appropriate length?	0.96	n.a.	n.a.
Appropriate format?	0.96	n.a.	n.a.
Appropriate timing?	0.93	n.a.	n.a.
Appropriate focus/content?	0.96	n.a.	n.a.
How large is the report's impact/relevance to national administrations? (scores 1-6)	3.9	14.8	29.6
Underlying analytical and methodological approach (EPM, JAF) are appropriate?	1.0	n.a.	n.a.
SPC (SPC Annual Report)			
Appropriate length?	0.62	n.a.	n.a.
Appropriate format?	0.88	n.a.	n.a.
Appropriate timing?	0.84	n.a.	n.a.
Appropriate focus/content?	0.95	n.a.	n.a.
How large is the report's impact/relevance to national administrations? (scores 1-6)	3.3	30.8	15.4
Underlying analytical and methodological approach (EPM, JAF) are appropriate?	0.95	n.a.	n.a.

Source: Questionnaire to EMCO and SPC members on their appreciation of the role of the Committees and their monitoring tools under the Europe 2020 strategy
Note: Scale of score values between 1 and 6 (1 = worst/weak, 6 = best/strong)

The EPM, which is usually finalised in May, is mainly seen as a valuable tool in the discussions on Country Specific Recommendations. Its use as the basis for an input to the AGS was not mentioned by any Member State. The SPPM, finalised in time for the October Council, is seen as a monitoring tool and provides the analytical basis for the SPC annual report, as a more political document which serves as a basis for decisions of policy makers

and as an input to the AGS. The SPC Annual Report also contains information on the work of the committee in the previous year, for example on peer reviews or thematic reviews. It may also contain a thematic focus. Together with the country sheets the SPC Annual Report runs up to about 500 pages. The EPM report, in contrast, comprises about 130 pages in total and is purely technical. It contains just a brief description at the beginning, and the rest of the document displays only data in graphs and tables. Both the EPM report and the SPPM-based SPC Annual Report serve as the basis for key messages to the Council in October, which are to be used by the Commission as an input to the AGS.

Specifically on the EPM report (the Annual Employment Performance Report), most Member States consider the report long but acknowledge that because of its purpose and content, there is not much room for shortening it. It is suggested that some re-designing might be needed in order to make the report easier to read, and to include an executive summary of the findings. Regarding the timing of the report, the consensus seems to be that there is not much scope for change because of the timing of the availability of the latest statistical data. In terms of purpose, the focus and content of the report are felt to be appropriate. However, the readability is low for people not accustomed to the Semester process, so, in order to make it more appealing to a wider audience it should be less technical and more illustrative. There seems to be a prevailing opinion that the report is useful and relevant for national authorities, and an important source of information for them. Some Member States suggested that more visibility might improve the attention it draws from policy makers.

Specifically on the SPC annual report, it is felt the report should be more concise. Two different priorities can be distinguished concerning the purpose and timing of the report. One group of countries prefers the report to be mainly a monitoring instrument, which implies that the timing should primarily depend on the availability of the most recent data. Another group of countries stresses the use of the report as an input to the AGS, which entails a priority to align the timing to the AGS. A compromise would be to maintain the current timing and continue the ongoing efforts to ensure earlier availability of data. There seems to be broad agreement on the need for more concise key messages based on the evidence of the report, as well as the need for better availability of the report on the Commission website. The impact of the report on national administrations is considered to be rather low, but the relevance of the report is underlined by many delegations. Issues mentioned in this regard included the need to improve the dissemination of the report, to make it more concise and give more attention to clear main messages, that the impact has varied according to the policy area (with some impact in the area of pensions but very limited significance in the health area) and that language constraints act as an impediment to a higher impact.

6 Review of the role the Committees and the monitoring and reporting frameworks have played

This section examines whether the common objectives, processes, tools and working methods of the Committees under the Europe 2020 Strategy have been effective in supporting progress towards the goals of Europe 2020 (Table 10).

Table 10. Summary of questionnaire responses on the working methods and procedures of the Committees

Questions (scores 1-6)	Average of responses	% Share of replies with 1 or 2	% Share of replies with 5 or 6
To what extent has the process around agreeing the Employment Guidelines been effective in contributing to achieving the common objectives under the Europe 2020 strategy?	4.3	3.6	42.9
To what extent has the European Semester and its elements (e.g. Joint Employment Report, Annual Growth Survey, Country Reports, National Reform Programmes, Country Specific Recommendations) contributed to the monitoring and achieving of the common objectives under the Europe 2020 strategy?	4.7	0.0	67.9
To what extent have the flagship initiatives in the employment and social domains contributed to achieving the common objectives under the Europe 2020 strategy?	3.2	39.3	21.4
Has the Employment Strategy (the elements noted in the introduction above, and the interplay of those elements) contributed to achieving the common objectives under the Europe 2020 strategy?	4.6	0.0	64.3
To what extent has the OMC been an effective method in view of achieving the common objectives under the Europe 2020 strategy?	4.5	3.8	61.5

Source: Questionnaire to EMCO and SPC members on their appreciation of the role of the Committees and their monitoring tools under the Europe 2020 strategy
Note: Scale of score values between 1 and 6 (1 = worst/weak, 6 = best/strong)

The general opinion of the Member States is that the Employment Guidelines (EGs) form the wider framework of the employment strategy and have provided continuity for the strategy and overall aims throughout the years, and provide general policy direction for Member States. Member States are of the view that the process around agreeing the Employment Guidelines is satisfactory and has been improving over the years. The relation to other components of the Semester process raises some concerns, for example the role of the Employment Guidelines in the annual cycle has been less prominent than it should be and has somewhat been by-passed by the priorities in the Annual Growth Survey or overshadowed by budgetary concerns. As the EGs provide the legal mandate for the country specific recommendations, their role should be reinforced, for example by including more explicit references to the guidelines in the country reports and the CSRs, and their visibility improved.

Member States are quite positive about the contribution of the European Semester to the objectives of the Europe 2020 strategy at EU and national level, and feel it has reinforced coordination and cooperation on employment and social protection issues. It is considered to be a visible, logically structured process that allows for regular monitoring of progress and cross-country comparison. It has also played an important role in putting or keeping topical, sometimes sensitive, issues on the agenda. The integrated, comprehensive approach to policymaking is highly appreciated. The process has improved over the years, but some delegates point to the need for further work in view of better balancing with budgetary and macro-economic coordination, for further increasing ownership by the Member States and for exploring ways to streamline the process, such as going to a multiannual assessment approach. The improved consultation process (e.g. on the country reports) has contributed to better ownership of the analysis and recommendations, but further progress can be made. In addition, questions have been raised on the impact of the work of the Committees on the AGS and on the role of the NRPs.

In general, it is felt that EMCO-SPC cooperation works well, but could be improved further, including through the secretariats of the Committees more regularly exchanging brief information about what is happening in each Committee. Cooperation between EPSCO and ECOFIN committees has improved but could go further to allow the Committees to be able to contribute on an equal footing. Cooperation between EMCO and EDUC Committees and between SPC and the Working Party on Public Health at Senior Level (WPPHSL) could be (further) improved.

Regarding the impact of the flagship initiatives, these are considered not to have been very effective (lack of visibility among the wider public, no strong connection to the strategy, some have been dissolved, etc.). In practice, these have been overtaken by recommendations such as on the Youth Guarantee, Long Term Unemployment Recommendation and Upskilling Pathways, with their own targets and a much closer link to the Semester process.

Overall, Member States are very positive in assessing the approach, effectiveness and impact of the Employment Strategy. It is considered that the Employment Strategy has helped to focus attention on the key employment challenges and has been effective in contributing to the achievement of common objectives under the Europe 2020 Strategy. It has served as an adequate tool at national level to provide the basic framework needed to guide and inform policy response, with the possibility for national authorities to adapt their policies to national circumstances. It strikes the right balance between flexibility and usefulness in its content and instruments that makes it instrumental in promoting reforms and facilitating the coordination of employment policies. In particular, EMCO multilateral surveillance and thematic reviews are viewed as being key for EMCO's work under the Europe 2020 strategy, although there is felt to be scope for improvement regarding their organisation and timing. In addition, the Mutual Learning Programme is considered to be important in addressing problematic issues of the MS through examining the good practices of the other countries

and providing opportunities for in-depth discussions. In doing so, it is seen as contributing to the development of competencies of policy makers.

However, possible weaknesses of the Employment Strategy are that the related processes are slow and time-consuming, and place a heavy workload on Member States. In addition, while areas of common EMCO-SPC interest are addressed quite effectively, further deepening could be beneficial. The majority of Member States consider the level of involvement of social partners and civil society to be adequate and effective under the current organisational structure.

There is an overall positive assessment of the OMC contribution to Europe 2020 objectives, with it providing a stable and flexible framework and having a real impact. The method has contributed to putting important social policy issues on the agenda at EU and national level. In this way it has supplemented and counterbalanced economic and employment policies. OMC tools such as thematic reviews, peer reviews, and thematic reporting have been effective in the context of the Europe 2020 Strategy, although the effectiveness of social reporting via the NRPs is questioned. However, the OMC also has some weaknesses, including that the impact on national policies has been too weak (more specifically, the impact of the economic and financial crisis and the country specific recommendations focusing on fiscal sustainability was such that little scope remained for policies aimed at the OMC common objectives). The impact of the OMC at national level depends on the degree of take-up by governments and national stakeholders. While issues of common EMCO-SPC interest have been addressed effectively, it is felt that common EPC-SPC issues should be addressed in a more integrated manner. It is also felt that dissemination of lessons learned and the involvement of civil society and social partners could be improved, while some OMC strands could be addressed better (e.g. health and long-term care).

Key results from the evaluation of Europe 2020 that would need to be taken on board when reflecting on any possible future strategy

As the current Europe 2020 strategy is considered to be working well and its goals are well established, there are some lessons to be considered for the future as well. Overall, the European Employment Strategy, being a well-established, treaty-based process, has proven to be a flexible instrument contributing to the more comprehensive Europe 2020 strategy. In addition, there is strong support for continuation of the OMC as it provides a means for achieving upward social convergence, while respecting the competence and national specificities, through the exchange of good practices. The European Semester, as the main framework for implementation of Europe 2020 at national level, has been an important driver for reforms. The interplay of the different elements (Employment Guidelines, CSRs, NRPs, JER) and the evolution of their role is emphasised as something to pay more attention to, particularly that the role of the Employment Guidelines could be strengthened. Furthermore, views have been expressed that the annual repetition of the whole procedure may not be the ideal approach to structural reforms, and that a longer perspective could be needed.

Looking to the future, there is a need for more prominence of social policies next to employment and economic policies. Having a balanced policy triangle, analysing also links and interactions between the different policies, is seen in general as beneficial for the well-being of people in the long term.

A new ambitious, coherent and clearly designed long-term policy agenda for growth and jobs is needed. The new growth agenda should be geared towards enhancing the EU's competitiveness in a global context, creating an economically, environmentally strong and at the same time inclusive Europe, and taking a modern, forward-looking policy approach to the digital era. The European Pillar of Social Rights and the UN sustainability goals should be considered as cornerstones for any possible future strategy, but the latter should be adapted to European realities.

Any future strategy needs to include measures to strengthen further the evidence base and the statistical capacity underpinning it. Priority should be given to further investing in improving and enhancing EU-SILC as the core data source for social policies, but also ways should be explored to enable better use of the existing data in EU-SILC. Also possibilities to improve data availability and assessment of the impact of policies (e.g. through the use of models (especially EUROMOD), and through the greater use of administrative data, should be explored. In addition, more investment should go into the analysis of interrelations of outcomes of related policies. The consistency and synergies between the different Committees and the Commission's analytical tools in the financial, economic, employment and social areas could be further improved.

Mutual Learning and Peer Review Programmes should be encouraged under any new strategy and could be further developed to allow cross-committee collaboration. More investment and more innovative thinking is needed in order to ensure adequate dissemination of the lessons learnt.

The role of the EPSCO Council in any future strategy should be ensured and enhanced, and in this perspective, strengthening the multilateral element in the European Semester discussions at EPSCO could be considered. The role of EMCO and SPC is seen as key and should continue to be prominent. The gradually strengthening cooperation between committees, especially EPC-EMCO-SPC joint discussions on CSRs and EMCO-SPC joint opinions is welcomed. Closer cooperation with the EPC, EDUC and other Committees and groups could provide an opportunity to achieve more comprehensive outcomes. Furthermore, participation must involve all relevant stakeholders, in particular the social partners, in the design, monitoring and implementation of policy through an effective partnership approach.

7 Structural challenges for the decade ahead

European society, economy and labour markets are changing rapidly. Demographic changes (especially population ageing and immigration), globalisation and the advancement of information technologies, and the transition to an environmentally sustainable economy are at the heart of shaping a new social reality for the societies in the European Union. There are many changes in digitalisation and restructuring of the economy, as well as in the educational systems, which will result in a loss of jobs, in particular low-skilled, in some traditional sectors and the creation of jobs beyond the current models and arrangements for working conditions and social protection.

At the same time, challenges are arising related to rising inequality and questions of intergenerational solidarity as well as changes in family structure and shifting living arrangements. Questions remain over the inclusiveness of the recovery, with persisting high inequalities and persons in vulnerable situations risking being left behind. Given the limited progress overall towards the Europe 2020 target on poverty and social exclusion, the reduction of the population at risk of poverty or social exclusion remains a key challenge going forward.

A key issue for the coming decade will be to accelerate upward convergence. This primarily means narrowing the gap in living and working conditions between and within Member States and regions. At the same time, Europe needs to promote greater social cohesion and solidarity, with a strong social dimension, built on the principles of the European Pillar of Social Rights together with more sophisticated instruments for the better coordination of policies.

7.1 Demographic trends

The ageing of the EU population will be a clear trend over the next decade (Figure 32). It is projected that the share of people aged 65 and over in the EU will rise from 20.4% to close to 24%, equivalent to an increase of around 20 million, while the population aged under 65 will fall by 12 million mainly among those of prime working age.

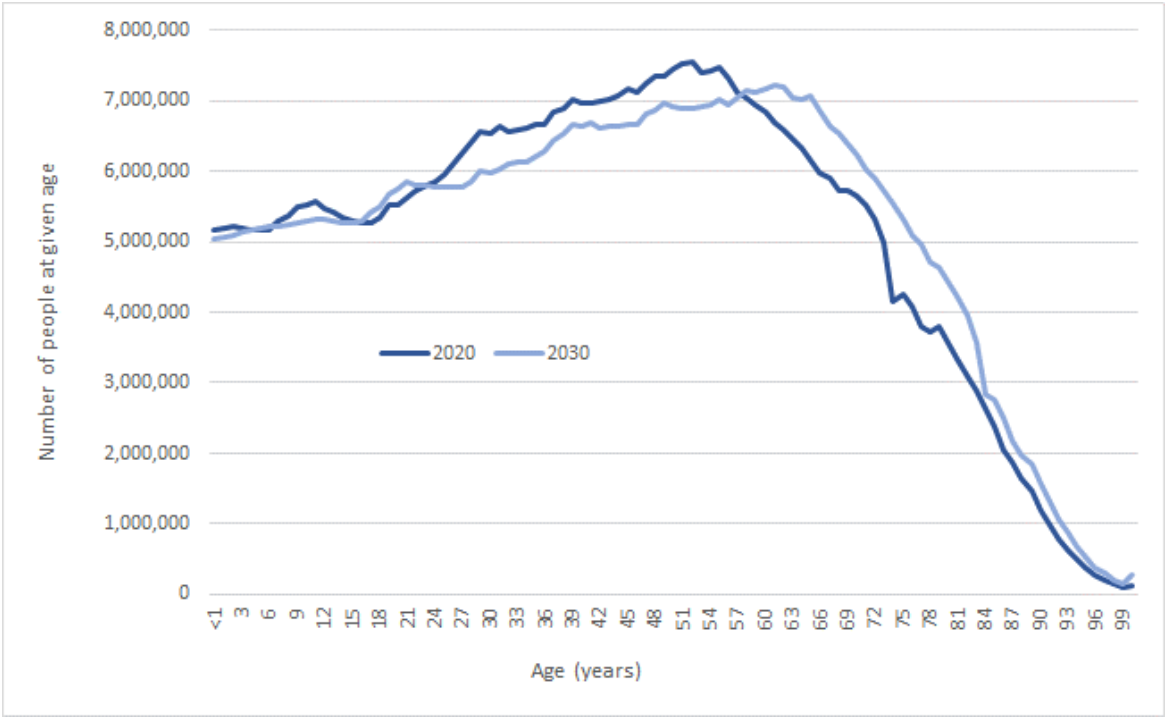
Demographic ageing will bring higher economic dependency of the older on the younger generations in almost all EU countries, and with fewer contributors paying in to pension systems on which more pensioners will depend. In addition, since the 1970s, the number of years spent in retirement has increased considerably until recently, despite rising pensionable ages. Ageing report projections point to a continuing increase in the ratio between the average number of years spent in retirement and those spent working. On average in the EU, the time spent in retirement is about half (51%) of that spent in employment. This ratio is projected to increase to 53% by 2060, posing the challenge of finding a new balance between working life and retirement and of sustaining adequate

pensions. Pensions systems are therefore being challenged by higher demographic dependency - declining numbers of workers have to support growing numbers of inactive pensioners. Recent Commission analysis (European Commission (2017d)) highlights that this will place a double burden on the today's young: due to the shrinking of the working age population, they will have to be more productive during their active lives, but in addition, they will have to pay higher contributions while receiving lower pensions.

Demographic trends will require increased focus on how to best accompany an ageing society and on an active ageing approach that encompasses the increasing participation of older people in social, economic, political, cultural and civic affairs, as well as in the labour force. Addressing the ageing challenge and turning it into an opportunity depends on extending working lives, developing supplementary pensions and ensuring that all workers have access to adequate social protection.

In addition, with the increase in the elderly population will come greater needs for formal long-term care. This will require looking at ways to provide adequate and sustainable long-term care, by investing in preventative care, rehabilitation, age-friendly environments and at ways of delivering care that are better adjusted to people's needs and existing abilities.

Figure 32. Age profile of the EU28 population, 2020 and 2030



Source: Eurostat, Demographic statistics

Another key issue concerns immigration and the integration of migrants. Due to record levels of displacement, demands in the labour market, climate change, socio-economic impact on host communities as well as complex political ramifications in many countries, migration will continue to be high on the EU agenda. According to the most recent standard

Eurobarometer survey of autumn 2018, citizens regard migration as by far the biggest issue the EU is facing. The current Eurostat baseline projection foresees net immigration of just over 11 million from 2020 to 2030, broadly in line with the level witnessed over the current decade.

Recent immigration, which has included a significant surge in the inflow of asylum seekers, is challenging Member States' infrastructure, facilities and communities as well as the capacity of their social protection systems to respond in an appropriate manner and integrate the new arrivals. Measures identified as effective to reduce the time needed for labour market integration encompass swift action through counselling on employment, language training, individualised approaches, individualised support by Public Employment Services, and early screening of skills/qualifications. Language courses are an essential part of integration policies.

Mobility of EU citizens between EU Member States is a growing phenomenon (it has increased by more than 20% since 2014) and some 17.5 million EU citizens were living in another EU country in 2018. The two main movement patterns are from Eastern countries to Western ones, and from Southern to Northern ones. While this can have beneficial effects on the economies of sending and receiving countries, especially in order to address skills shortages and labour market imbalances, there are also negative risks that need to be countered. For example, intra-EU labour mobility can magnify the effects of population ageing and lead to a smaller and lower-skilled workforce in sending countries. As a result, sending countries may experience skill shortages, erosion of their tax bases, lower overall return from their earlier investments in the welfare and education of their citizens and difficulty to maintain infrastructure and services.

7.2 Impact of technological change on the labour market and the financing of social protection systems in the context of new forms of work

The combined effects of globalisation and technological, environmental, and demographic change are transforming the world of work at an unprecedented pace and scale. Technological progress creates new markets, reconfigures value chains and fundamentally changes competitive conditions. It also challenges industrial relations, employment relations and social contracts. Besides technological change, the spread of global supply chains, ageing societies and climate change will have an impact on the way we will work. As highlighted in a recent high-level expert group report (European Commission (2019c)) digitalisation and automation have started to profoundly reshape industries and employment, leading to sectoral shifts and new patterns of work, including the rise of independent and alternative working arrangements.

Digitalisation influences labour supply through the introduction of new technological intermediaries or 'platforms'[37] that lower barriers to labour market entry and thus include

[37] See also EUROFOUND study on Employment and working conditions of selected types of platform work.

more people in the market. Indeed, the report of the experts group highlights that overall, digitalisation and the potential for greater automation do not necessarily lead to net employment losses. Rather, employment effects depend on the interaction between several macroeconomic adjustment mechanisms, and the report highlights that existing literature mostly points to positive effects on net aggregate employment once adjustment processes between firms and sectors have been taken into account.

However, digitalisation does change the composition of employment in terms of required skill level or wage. Routine work that can be automated is heavily concentrated in the middle of the skills distribution, whereas non-routine work that cannot be automated is concentrated in either the most skilled jobs or the least skilled jobs. Consequently, digitalisation is leading to job polarisation.

The emergence of the digital economy with its new forms of work has created new opportunities for employment and economic growth, and has started to transform the traditional employment structure, which is centred on full-time permanent work. Platform work is one form of employment that has grown rapidly over the last few years, but remains relatively limited so far[38]. Nonetheless, such employment is expected to grow rapidly over the next few years.

Working careers are now characterised by less stability, and recent trends are creating a patchwork of parallel employment realities. The rising incidence of non-standard forms of employment[39] has brought with it structural changes in work patterns. Self-employment (without employees) has become more common, as have temporary and part-time contracts. 'Non-standard' work may offer greater flexibility and autonomy, but research has shown that it has led to greater job insecurity and precariousness, with negative consequences in terms of wage polarisation, knowledge and skill accumulation, and health and well-being.

Indeed, changes in the world of work raise questions about the quality of future jobs in terms of earnings, job security and working conditions. While new types of contracts can be an entry to the world of work and offer more flexibility, non-standard working arrangements also bring a risk of increasing labour market polarisation, with rising wage inequalities or more people trapped in low-quality jobs.

Digital technologies are mostly skill-biased, leading to rising relative demand for high-skilled workers. As the rising demand for high-skilled workers is not accompanied by a rapid

[38] The COLLEEM survey, an online panel survey on digital platforms commissioned by DG EMPL and coordinated by the JRC, provides some initial tentative evidence on the situation of platform workers. It was conducted in 14 European Member States: DE, ES, FI, FR, HR, HU, IT, LT, NL, PT, RO, SE, SK and UK. The survey was conducted in June 2017, on a sample of 32 409 people (each country contributing around 2 300 people). See Pesole et al., (2018). According to the survey, one in ten adults has some experience with platform work.

[39] i.e. workers in contractual relationships other than full-time open-ended contracts with a single employer (see: 2018 *Employment and Social Developments in Europe*.)

expansion in the supply of worker skills, the wage premium of high-skilled relative to low-skilled workers and, therefore, wage inequality increases. In many advanced economies, including European countries, the process of job polarisation has contributed to rising inequality. The OECD (OECD (2019) points out that middle-skilled occupations no longer guarantee middle-class status, and high-skilled jobs no longer give workers automatic access to the higher echelons of the income distribution, and that this type of phenomenon may help to explain the growing sense of preoccupation and discontent registered in many OECD countries, which spans well beyond people in the lowest tiers of the income distribution and increasingly encompasses middle-class households. Eurofound projections (Eurofound (2018a)) find that Europe's labour market is set to become even more polarised over the coming decade, largely due to the growth of jobs at the very bottom of the wage distribution.

With the current and foreseen pace of digitalisation and economic change, some of today's occupations and tasks will become obsolete and the skills needed to do them will become outdated. The sectors most at risk of contraction in the future world of work are those that rely heavily on routine tasks, such as low-skill manufacturing jobs, but also some craft and clerical occupations. Routine occupations are particularly vulnerable to automation, increasing the likelihood of job displacement (especially for the low-skilled workers). As the trend towards more service-oriented economies is likely to continue, job growth in the future can be expected to be in the service sector and particularly in non-routine elementary occupations such as personal care services.

Until recently, there has been a rather linear pattern in the transition from education and training to work and retirement. Given the changes in the workplace, people will have to increasingly learn new skills to remain employable throughout their working life. However, more frequent employment transitions and non-standard working conditions may also translate in less lifelong learning opportunities for some workers. Thus, it is essential to invest in human capital, skills, inclusive life-long learning strategies and active labour market policies.

The quality and precariousness of employment are also issues gaining increasing attention. In-work poverty has risen and remains persistently high, and labour market segmentation continues to be a challenge in a number of Member States. The increase in non-standard work has disproportionately affected younger workers. Looking forward, the quality of jobs will increasingly matter as much as their availability. There may be new health risks associated with the new ways of working and the high demands of the modern economy (e.g. increasing incidence of incapacity to work due to burnout, not having the right to disconnect etc.).

At the same time, questions have arisen over the need to adapt social protection systems to the changing labour market situation. With non-standard forms of work becoming increasingly common across Europe, doubts have been raised about the capacity of existing tax-benefit systems to provide adequate social protection to all types of worker. At the same

time, the social and economic sustainability of national social protection systems is at stake. Gaps in access to social protection for growing groups of the workforce will lead them to take recourse to tax-funded safety nets of last resort in case of social risk while the number of people contributing to social protection will be proportionately smaller. Non-standard work together with population ageing are likely to erode the financing base of social protection systems and require a rethinking of the traditional ways in which these have been financed.

With growing numbers of people in self-employment, in jobs not governed by standard contracts, or going through transitions between various types of employment and self-employment, larger parts of the workforce are left without sufficient access to social protection due to their labour market status or the type of employment relationship. In particular, concerns have been raised regarding the obstacles faced by workers in non-standard forms of employment and by self-employed in accessing social protection such as unemployment benefits, sickness benefits, disability benefits, health insurance and pensions.

Atypical workers are in general less well protected than traditional employees in the event of unemployment, and guaranteeing adequate social protection to atypical workers has become a priority for the EU. Member States have begun to adapt their labour market institutions and social protection systems to these new developments, but deficiencies remain in the regulatory framework and concern coverage, transferability, adequacy and transparency, which will be important to address in the years ahead. The Commission's proposal for a Recommendation on access to social protection for workers and the self-employed aimed at addressing these deficiencies obtained political agreement in the Council in December 2018.

Industrial relations are also strongly affected by the proliferation of non-standard forms of employment and new work patterns. Social partners and governments need to find ways of re-organising and strengthening social dialogue to ensure that it continues to be effective in the future.

The Principles of the European Pillar of Social Rights proclaimed in November 2017 by the Council, the European Parliament and the Commission explicitly address the challenges related to new forms of employment and adequate working conditions in atypical forms of employment. As part of the follow-up to the Pillar, the European Commission has adopted in December 2017 a proposal for a new Directive for more Transparent and Predictable Working Conditions across the EU, for all workers, which will benefit specifically workers in vulnerable situations. In February 2019, the co-legislators reached a political agreement on this proposal. In addition, the future of work has been a key topic for several conferences under recent EU Presidencies (see Box 1).

Box 1: Recent EU Presidency Conferences on the Future of Work

Given the challenges posed by the increasing incidence of new forms of work, the Council has shown great interest in finding ways to address them. In September 2017, the Estonian Presidency of the Council organised a **High-level international conference with the title "Future of work: making it e-easy"**. The conference focused on the forms of employment, working conditions, social protection, skills and competencies in the changing world of work. Following up on this conference, the Council adopted conclusions on Future of Work, which invite Member States and the Commission to acknowledge the emergence of new forms of employment, while ensuring fair working conditions, social protection and equal opportunities for all.

The conference was followed up by a discussion on the Future of Work held at the meeting of the Employment Committee in Tallinn on 21-22 September 2017. The EMCO members identified a number of issues at stake: the regulatory environment and bogus self-employment; the need to share the benefits of innovation; the link to the education system; the importance of labour market intelligence and skills forecasting; the role of civil society and the social partners in particular.

Both the Estonian Presidency conference and the discussion at the EMCO meeting in Tallinn recalled the policy initiatives launched by the European Commission on social Europe, focusing in particular on how to create more and better jobs, equip people with the right skills and foster upward social and economic convergence, in the light of tomorrow's society and the world of work. They also recalled the objectives of the New Skills Agenda for Europe, as well as the principles of the European Pillar of Social Rights aimed at supporting fair and well-functioning labour markets and welfare systems.

Wishing to further develop the topic, the Bulgarian Presidency organised a **High-level Conference on "Future of Work: A Lifecycle Approach"** in March 2018. The resulting Council conclusions focus on the development of cognitive and social-emotional skills from an early age, skills and competencies for future jobs, the impact of digitalization and automation on the labour market, fair working conditions and adequate social protection for new forms of work.

The Austrian Presidency also organised Conferences on the topic. The Austrian Presidency Informal EPSCO of 19-20 July 2018 was dedicated to the Platform economy & Robotics and the impact on the quality of work, while the **Vienna Conference on the Future of Work** in September 2018 **focused on the platform economy**. The current Finnish Presidency has announced further conferences/work on this topic.

In September 2018, as a follow up to previous work and as part of the priorities of the Austrian Presidency of the Council, the SPC held a dedicated review on "Social Aspects of Digitalisation", with a focus on platform work, while EMCO discussed the topic of "Digitalisation and Robotisation of work", with a particular focus on health and care sectors.

7.3 The transition to an environmentally sustainable economy

As highlighted in the Commission's reflection paper (European Commission (2019d)) "Towards a sustainable Europe by 2030", technological, structural and demographic changes in a more interconnected world are transforming the nature of work. The focus of the reflection paper is on the policy foundations for the sustainability transition. In keeping with the EU's social welfare model, it envisages ensuring a socially fair transition to ecologically sustainable economic growth while leaving no one behind.

The transition to a low-carbon economy is expected to have an overall small but positive effect on GDP and employment levels (European Commission (2018d)), however some regions and sectors in the EU will be hit hard (in terms of loss of employment or needing to adjust).

Despite the fact that many households are struggling to make ends meet, there is a growing public understanding that we need to change the ways we produce and consume. Nevertheless, not only can these challenges hit the middle and lower-income class relatively harder but the costs to upgrade their houses, their cars or their skills, for example, can pose a higher burden on them as well. The transition to an environmentally sustainable economy should be a just transition. Unless carefully designed, key climate policy tools such as carbon taxes for different fuels, certain mandatory standards, subsidies and regulatory tools, can make low-income households worse off relative to high-income households.

Ensuring a socially inclusive, just and fair transition will also be crucial for the public acceptance of the steps required and for turning the transition into a success for all. The social dimension should be integrated in the climate and energy strategy at the EU and national level from the outset. Where needed, mitigating or compensatory measures need to be a part of the reforms. This implies a higher and fairer participation in the labour market, while focusing on job quality and working conditions. It also implies the respect for minorities' rights. Energy and climate policies with progressive effects should be favoured rather than those with a regressive nature, in order to protect those in the middle and at the bottom of the income distribution.

The sustainability transition also requires investment in effective and integrated social inclusion and social protection systems, including quality services such as education, training, life-long learning, childcare, out-of-school care, health and long-term care. This is essential to ensure equal opportunities for all and to promote economic and social convergence.

7.4 Societal changes

Addressing poverty and rising inequality

While growth has returned to Europe, reflected in improved labour market conditions and increases in household incomes, questions remain over the inclusiveness of the recovery, with persisting high inequalities and persons in vulnerable situations risking being left

behind, as also highlighted by the increase in the poverty rate of people living in quasi-jobless households.

More extreme forms of poverty and social exclusion are on the rise and need to be addressed. For example, according to the 2018 report by the European Federation of National Organisations working with the Homeless (FEANTSA) and Fondation Abbé Pierre, housing exclusion is still a fast-growing problem in all EU countries, leading to increasingly severe saturation of support systems, increased pressure on emergency services and ultimately, increasing homelessness. The crisis seems to have aggravated the situation, while the profile of the homeless population has also been changing and now includes more young people and children, migrants, Roma and other disadvantaged minorities.

Given the limited progress overall towards the Europe 2020 target on poverty and social exclusion, the reduction of the population at risk of poverty or social exclusion remains a key challenge going forward.

In a broader context, there is broad agreement that the current level of income inequality in the EU28 is too high, reflecting that income inequality has generally increased in almost all OECD countries over the last three decades. This can in part be traced back to policy choices made in the 1980s and 1990s, which negatively affected the share of labour income for low- to middle-income earners and, at the same time, mitigated the effectiveness of taxes and benefits in correcting this outcome. Technological change has also been an important driver of the increases in income inequality observed over recent decades. This is because of the skills-bias in the wage distribution, leading to a widening market income distribution, which is only partially counteracted by policy. On top of this, in recent decades, the effectiveness of redistribution weakened in many countries due to working-age benefits not keeping pace with real wages and taxes becoming less progressive. Among the negative consequences are that high levels of inequality can constrain economic growth, hamper social cohesion, result in lost opportunities for many, and reduce trust in institutions.

Since the onset of the 2008 economic crisis, income inequality within EU Member States has been gradually rising and only recently have there been signs of a potential turnaround in this trend. The effects of the crisis exacerbated income inequality in some countries, as rising unemployment had a disproportionately high impact on those at the lower end of the distribution. This may be related to less resilience and fewer ‘buffer’ resources at household level for low-skilled workers, when suffering an employment shock.

The latest data are showing that the current recovery in European countries is to some extent attenuating the post-crisis increase in inequality. However, in the absence of further policy action, the underlying trend as observed over recent decades is likely to remain one of rising market income inequality. A recent study by the OECD (OECD 2015) warns that the gap between rich and poor keeps widening. Growth, if any, has disproportionally benefited higher income groups while lower income households have been left behind. This long-run increase in income inequality raises social, political and economic concerns.

The rising concentration of wealth is linked to rising income inequality, as differences in the savings rate translate into different rates of wealth accumulation over time. However, it is also related to policy changes in the tax treatment of wealth, which has been softened in many European countries in recent decades and years.

Social mobility and inequality of opportunity

A recent OECD study[40] shows that social mobility from parents to offspring is low across the different dimensions of earnings, education, occupation and health, and that the same prevails for personal income mobility over the life course. There is in particular a lack of mobility at the bottom and at the top of the social ladder. Although in many parts of the EU social mobility had been improving since the start of mass education, this trend has stalled and inequality of opportunity remains generally at high levels. For instance, parental background in Western Europe still significantly influences inequality in the earnings of offspring, including through a networking mechanism among well-off parents.[41]

Promoting further equality of opportunity is a common policy goal for all EU countries. It evokes concepts of social fairness, social justice and social rights. Furthermore, it is the inequality of opportunity rather than income inequality that presents the most severe constraints to growth prospects by preventing entire groups from participating in economic and social life.[42] A key challenge for Europe will therefore be to create more equal chances and to ensure structural trends such as demographic change, technology or migration do not further undermine this principle.

Intergenerational solidarity

Reflections on inequalities in post-crisis Europe increasingly include issues related to intergenerational solidarity. Several years into the recovery, it has become clearer that the crisis and its legacy had a particularly pronounced effect on younger and working age people. High unemployment hit the young particularly hard and – together with increasing employment through temporary contracts - may scar their developing careers. In contrast, older people appear to have been generally less affected by the crisis, whether due to established positions in the labour market or to welfare systems, notably pensions, which protected them relatively well. Besides current labour market conditions and the situation of current and future welfare benefits, the large increase in public debt adds to the burden of the crisis that is to be shouldered predominantly by younger and future generations. Looking

[40] See for instance OECD (2018) Report on intergenerational mobility "Broken Social Elevator" OECD report on intergenerational mobility, including the educational, occupational and earnings mobility http://www.oecd.org/social/soc/Social-mobility-2018-Overview-MainFindings.pdf also: World Bank (2019) "Towards a new social contract: Taking on Distributional Tensions in Europe and Central Asia"

[41] Milanovic B (2016). *Global Inequality: A New Approach for the Age of Globalization*, Cambridge, MA: Harvard Univ Press

[42] See Bourguignon F, Ferreira F H G, Walton M (2007)" Equity, efficiency and inequality traps: A research agenda", *Journal of Economic Inequality*, 5, 235-256; and World Bank (2006) "World development report 2006: Equity and development", Washington, DC: The World Bank and Oxford University Press.

forward, the constraints of population ageing now emerging will add to intergenerational fairness challenges, in particular the double burden for the young as mentioned previously.

The European Commission's recent White Paper on the future of Europe reflects these concerns by stressing that "Addressing the legacy of the crisis […] remains an urgent priority" and that "the challenge is particularly acute for the younger generation. For the first time since the Second World War, there is a real risk that the generation of today's young adults ends up less well off than their parents. Europe cannot afford to lose the most educated age group it has ever had and let generational inequality condemn its future".

Changes in family structure and shifting living arrangements

Demographic ageing, increased participation of women on the labour market and changes in family structure are leading to discernible shifts in living arrangements. For example, recent trends have seen a rise in the number of people living alone (i.e. single households), and a fall in the share of households with dependent children. In addition, the number of single parents has risen, together with the share of households of two adults with at least one aged 65 years or over. A further trend is the rising share of the population living in institutional settings rather than in private households, associated with the increased share of the elderly population, which also has implications for the representativeness of current survey instruments, which tend to be based on private households.

Related underlying trends are declines in rates of people getting married and rises in young adults staying longer in the parental home. Moreover, fertility rates within the EU have broadly declined in a large majority of Member States over the last decade, especially in the southern Member States which have been hit especially hard during the crisis, but also in Belgium, Finland, Ireland, Luxembourg, The Netherlands and the United Kingdom.

Work-life balance and gender equality

Work-life balance remains a considerable challenge for many people with caring responsibilities. Difficulties in reconciling work and care have an especially detrimental impact for women, who are much more likely to assume the role of informal carers and drop out of the labour market or reduce their working hours accordingly, and this problem is likely to get worse due to the impacts of an ageing population. This negatively affects their employment rate as well as their earnings, career progressions, and ultimately, pension entitlements. Eurofound (2016) has estimated the economic loss due to the gender employment gap to be around €370 billion per year, corresponding to 2.8% of the EU's GDP (in 2013).

Women's underrepresentation in the labour market also results in their higher risk of poverty and social exclusion, especially in old age. Their reduced earnings, higher concentration in part-time work and gaps in careers lead to lower social security contributions, translating into reduced or non-existent pension entitlements. Addressing women's underrepresentation in the labour market will help ensure long-term economic growth and make use of all of Europe's skills and talent.

Gender inequalities are exacerbated by inadequate leave or flexible working arrangements and a lack of access to formal care services. Inadequate measures to reconcile work with care responsibilities tend to impact women disproportionately, with many men discouraged from taking up family-related leaves and flexible working arrangements and many women pushed to leave the labour market or to reduce their working hours. Childcare and long-term care are important tools to remove obstacles to employment, especially for women. The availability, accessibility and affordability of care infrastructures are crucial elements to allow parents and carers to stay on or join the labour market. Tax-benefit disincentives can also discourage second-earners, most often women, from entering the labour market or working additional hours. When coupled with high costs for childcare and long-term care services, high tax rates and reduced benefits for second earners in a household can magnify the financial disincentives for women to stay or enter into work.

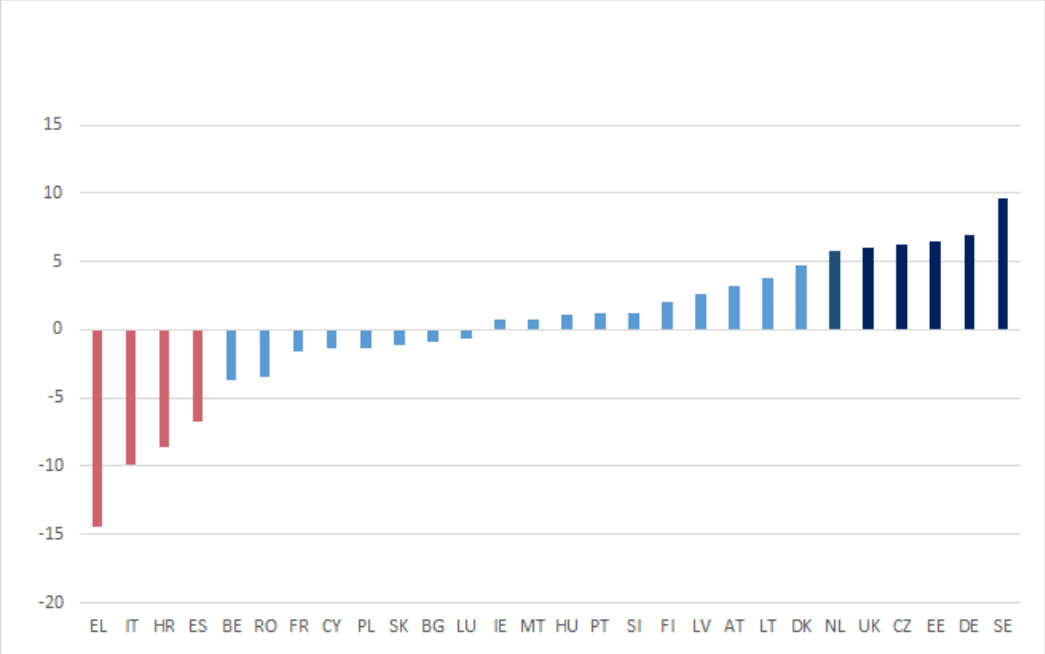
At the same time, the digital transformation of the economy is reshaping the way people work and do business, creating new opportunities for remote work, increased autonomy and flexible schedules that can be used better to reconcile work and family commitments. Ensuring the quality of flexible work and a gender-balanced take up of flexible working arrangements is key to ensuring work-life balance for all.

One of the key deliverables of the European Pillar of Social Rights is the Work-life Balance Initiative, which addresses the work-life balance challenges faced by working parents and carers. In order to modernise the existing legal framework, the Commission proposed a Directive on work-life balance, adopted by the Council in June 2019. The Directive preserves the fundamental elements of the Parental Leave Directive and maintains existing rights, including the length of leave and the individual entitlement for each parent.

7.5 Upward convergence and social cohesion

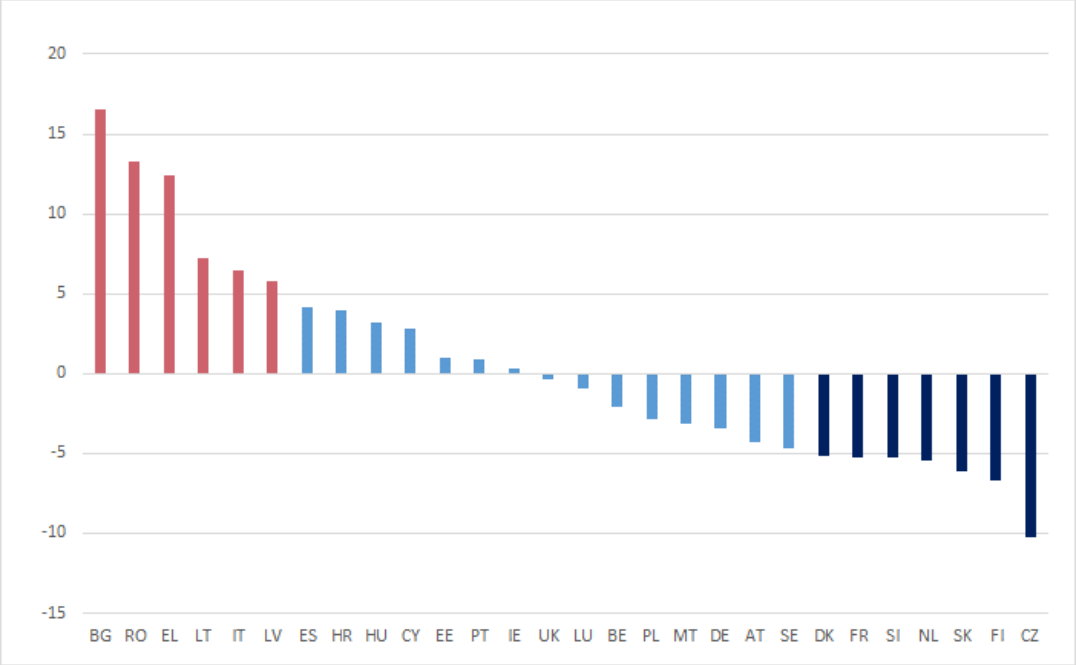
A key issue for the coming decade will be to accelerate upward convergence, and to achieve greater social cohesion and solidarity. The differences in employment rates (Figure 33) and in the at-risk-of-poverty-or-social-exclusion rates (Figure 34), which were exacerbated by the crisis, remain substantial across Member States. A group of southern Member States including Croatia, Greece, Italy and Spain have employment rates more than 5 percentage point below the EU average, compared to a group of mainly central and northern countries with rates more than 5 percentage points above the average. Similarly, several southern and eastern Member States have at-risk-of-poverty-or-social-exclusion rates more than 5 percentage points above the average compared to mainly central and northern countries with rates more than 5 percentage points below the average.

Figure 33. Difference (in pps) in national employment rates 20-64 compared to the EU average employment rate 20-64, 2017



Source: Eurostat, EU LFS

Figure 34. Difference (in pps) in national AROPE rates compared to the EU average AROPE rate, 2017



Source: Eurostat, EU-SILC

Work on the subject of upward convergence by the European Foundation for the Improvement of Living and Working Conditions (Eurofound (2018b)) shows varying progress with regard to convergence across recent time periods (see Annex 1 for further details). Prior to the 2008 economic crisis, Member States experienced both economic and social convergence. However, the recession caused the process to slow or even to reverse in some outcomes, with the performance of some Member States diverging in certain dimensions including employment and living conditions. Convergence trends were only restored for the most part in 2013, but diverging performance among Member States remains a concern.

The Eurofound report emphasises that persistent economic divergence across Member States may erode the promise of shared economic prosperity. Social divergence and increasing disparities within Member States undermine the European integration project and progress towards improved living and working conditions. Central to the current debate is the need to foster socioeconomic convergence at all levels; there exists a shared conviction that the future of the EU lies in preserving diversity but correcting possible asymmetries while moving closer together. In this regard, supporting upward convergence among Member States in socioeconomic outcomes is the ultimate goal of the European Pillar of Social Rights and is central to the discussion on reforming the Economic and Monetary Union (EMU).

8 Conclusions and next steps

The Europe 2020 Strategy has been the EU's agenda for growth and jobs over the present decade. A key element of the strategy has been the adoption of headline targets, including an employment target (that 75% of the population aged 20 to 64 years are in employment by 2020), and a poverty and social exclusion target (that at least 20 million fewer people are at risk of poverty or social exclusion by 2020). The Employment Committee and the Social Protection Committee have been actively involved in supporting and monitoring progress towards these targets.

The crisis that hit the EU just before the start of the Europe 2020 Strategy has had a deep and, for some Member States, lasting impact on the employment and social situation over the last decade and has hindered the overall progress towards the stated objectives of the strategy. Nevertheless, having entered a strong and sustained recovery since 2013, the EU has seen strong employment expansion leading to record levels of employment. The main factors underlying the strong growth in employment include the job-rich nature of the economic recovery, greater participation of women, the improving skill level of the age group 20-64, and success in retaining workers longer in the labour market. As a result, since the adoption of the Europe 2020 strategy in 2010, the employment rate has grown by almost 5 percentage points and it is expected that by 2020 the EU will achieve an employment rate (for age group 20-64) very close to the Europe 2020 target of 75%.

However, despite the recent progress, unemployment and economic inactivity remain very high in some countries, notably amongst young people and the low skilled. In addition, the recovery in the EU has been job-rich but not particularly hours-rich, since both the total number of hours worked and the number of hours worked per person are still lower than the pre-crisis levels, which can be seen as an indication of the remaining slack on the labour market. In-work poverty has risen, and labour market segmentation continues to be a challenge in some Member States, while the quality and precariousness of employment are also gaining increasing attention. Long-term unemployment and the labour market situation of young people remain major concerns in the EU. Tackling long-term unemployment through activation measures and supporting young people in their transition from the education system to the labour market, improving matching efficiency, and promoting the activation of jobseekers still represent challenges for many Member States.

With regard to the poverty and social exclusion target, more limited progress has been made so far concerning the target of lifting 20 million people out of the risk of poverty and social exclusion. After rising markedly following the crisis, the total number of people at risk of poverty or social exclusion is now back below the 2008 level, but remains far from the original objective of a reduction of 20 million. In 2017, there were around 4.2 million fewer people in the EU living at risk of poverty or social exclusion compared to 2008, with a total of 113 million. However, it should be noted that improvements in the labour market translate into improvement of other social indicators with a lag, with major improvements only being observed very recently.

Reasons for the more limited progress on reducing poverty and social exclusion include that, while over recent years improvements in economic activity and labour markets have led to reductions in the number of (quasi-)jobless households and substantial improvements in living standards in the large majority of Member States, the benefits of the economic recovery have not been distributed so as to bring down markedly the risk of relative income poverty (i.e. the at-risk-of-poverty rate, AROP) among the overall population. Increases in overall employment are not systematically linked to changes in the risk of relative income poverty, and ongoing labour market transformations, including job polarisation, are linked to the deepening of market income inequalities. In addition, there has been a trend towards less progressive national tax systems and a weakening in the effectiveness of social protection systems, in particular regarding reducing the risk of relative poverty for especially vulnerable households such as (quasi-)jobless households.

There is strong divergence across EU countries in the extent to which the employment and social situations were affected by the crisis and the extent to which they have recovered subsequently. However, for most Member States, there is a significantly higher number of indicators now showing positive developments than negative ones, although a few still record many indicators showing a deterioration compared to 2008.

Focusing on progress achieved in terms of policy implementation[43], recent Commission analysis has concluded that around 60% of the country-specific recommendations (CSRs) are implemented – to different degrees – when assessed on a multiannual basis, as compared to around 40% on a yearly basis. Relatively few CSRs are considered to be "fully" implemented (5% in the area of employment and social policies), with most implementation considered to be either substantial or partial. However, the analysis also showed that only a small number of recommendations do not translate into any reforms being implemented.

In the employment field, areas where Member States have generally implemented reforms well (as reflected in the decreasing number of CSRs) are early retirement and disability schemes, and welfare-related benefits. Meanwhile, strengthening the education and training systems and improving skills are recently receiving more attention, as challenges in these areas still remain for many Member States. Finally, areas where MS have carried out reforms but which continue to feature on the agenda (as indicated by a stable number of CSR) are employment protection legislation, labour market participation, ALMPs, labour taxation and wage setting. Many approaches to ALMPs have been refocused to better tailor them towards individual needs, and more prominent focus has been given to disadvantaged groups. Efforts taken to address labour market segmentation have focused on reforms to modernise and simplify employment protection legislation and to reduce the gap between different levels of employment protection for permanent and temporary forms of employment. Steps have been taken to reinforce gender equality and work-life balance, but these differ in extent and design across the EU, with variable progress having been achieved.

[43] It should be noted, however, that many Member States' policies contributing to Europe 2020 objectives are not necessarily covered in the Country Specific Recommendations, or for some some Members States were covered under the economic adjustment programmes.

On addressing the cost of labour and improving wage-setting, progress has been made in some Member States with targeted tax reductions towards lower-wage earners, and in others with more across-the-board tax wedge reductions or targeted to specific groups. Steps were taken in several countries to reduce the tax wedge on labour, mainly through shifting taxation towards more growth-friendly consumption and environmental taxes. Long-term unemployment remains a major concern in the EU, and is being addressed through the Council Recommendation on the integration of the long-term unemployed into the labour market. Finally, reducing the high share of youth neither in employment, education or training is a key objective, and is being tackled under the Council Recommendation of 2013 establishing a Youth Guarantee, which Member States have made considerable progress in implementing.

Regarding implementation of reforms under the strands of the social OMC, progress has been mixed. Under the strand on social protection and social inclusion, important reforms addressing active inclusion have been triggered across the EU and produced encouraging results in some Member States. In others, the implementation of comprehensive active inclusion strategies and reforms in specific areas has been lagging behind, reflecting that the economic crisis and rising unemployment caused Member States to switch their priority focus to getting public finances under control and reduce public expenditure in the short term. Regarding investment in children, relevant CSRs have been made to Member States on topics ranging from childcare capacity, income support and disincentives to inclusive education, but progress on addressing CSRs on investment in children has been limited. In the area of pensions, most pension reforms have focused on safeguarding the financial sustainability of pension systems and promoting later retirement. More recently, many Member States have put measures to safeguard the adequacy of pensions more prominently at the heart of their policy efforts. In the health and long-term care strand, Member States have committed to accessible, high quality and sustainable healthcare. Challenges have been identified, and several countries have recently adopted new reforms focusing on improving access to care, enhancing primary care capacity, greater use of e-Health and a more efficient use of resources through reducing duplication of services while improving the quality. Across Member States, long-term care (LTC) needs tend to be far less well covered by social protection systems than health care needs. Although LTC provision has been subject to several reforms over the past ten years in most EU countries, Member States face and will continue to face significant long-term care system challenges in the face of demographic ageing.

On the role of the Committees and their monitoring and reporting frameworks in supporting progress under the strategy, the views of the Committees are that:

(a) Concerning the employment and social headline indicators;

- There is strong support that the use of targets in general has proved to be useful in driving forward ambitious policy reform, but some concerns are raised that the headline targets are not assessed in a sufficiently integrated manner. Views are that

setting employment and poverty and social exclusion targets have certainly fed and informed policy debate at EU and national level and helped increase the visibility of the employment and social policy strand.

- The targets and associated indicators in the fields of employment and poverty and social exclusion are generally felt to serve as an effective tool for monitoring the progress achieved against the employment and social objectives of Europe 2020. There is also strong support to the view that the setting of national targets (in addition to an overall, common target) has been useful for supporting national policy reforms.

- The Committees consider that the EU employment rate target focussed on the age group 20-64 has proved to be a useful, realistic and achievable target for the current decade. However, its appropriateness as a basis for a future target could be questioned, as it fails to grasp the reality of the changing workplace, in which the quality of jobs matters as much as their availability. Any future target setting exercise would need to ensure the consistency of national targets with the EU target.

- Most Member States feel that the format of the headline AROPE target indicator, as an aggregate indicator combining income poverty and deprivation together with an indicator looking at labour market exclusion, is the right one. However, there is strong support to revise some of the components of the indicator, namely the severe material deprivation and (quasi-)jobless households elements. In addition, concern has been expressed by several countries that aggregating the three components together blurs the picture and the assessment of progress, and that the issue of covering different populations could be reconsidered. In any future target setting, it would be essential to ensure a clear link between developments in the national target/indicator and those in the EU target/indicator, and to ensure an approach to synchronise and coordinate the level of ambition in targets on both EU and national levels.

(b) On the tools and outputs of the two Committees;

- On the main analytical tools of the Committees (JAF, EPM and SPPM) there is broad support for the existing tools, and broad agreement that they have played an important role in monitoring the progress achieved under the Europe 2020 Strategy and in making social and employment issues more visible in the EU governance process. Nevertheless, there is felt to be some scope for simplifying and consolidating the existing tools and improving their visibility, accessibility and usability.

- On the main reports of the Committees, there is strong agreement that the format, timing and focus/content of the both Committees' monitoring reports are appropriate, but there is scope to make them more concise and to improve their dissemination.

(c) On the role the Committees and the monitoring/reporting frameworks have played;

- The Committees consider that the various processes and working methods under the Europe 2020 Strategy, other than the flagship initiatives, have generally worked well.

- The general opinion is that the Employment Guidelines form the wider framework of the employment strategy and have provided continuity and overall guidance throughout the years on the general policy direction for counties. Member States are of the view that the process around agreeing the Guidelines is satisfactory and has been improving over time, but that the role of the Guidelines should be reinforced.

- Member States are quite positive about the contribution of the European Semester to the objectives of the Europe 2020 strategy at EU and national level, and feel it has reinforced coordination and cooperation on employment and social protection issues. It is considered to be a visible, logically structured process that allows for regular monitoring of progress and cross-country comparison. The integrated, comprehensive approach to policymaking is appreciated. The process has improved over the years, but some delegates point to the need for better balancing with budgetary and macro-economic coordination, for further increasing ownership by the Member States and for exploring ways to streamline the process. The multiannual dimension of the Semester and its components could be strengthened by taking into account a longer-term perspective, for instance by looking at the outcome of the implementation of CSRs over several years, as is already the case with the EPM and SPPM which identify longer-term "trends to watch". Cooperation between EPSCO and ECOFIN Committees, and with other relevant groups, has improved but could go further.

- Overall, Member States are very positive in assessing the approach, effectiveness and impact of the Employment Strategy. It is considered to have helped focus attention on the key employment challenges and to have been effective in contributing to the achievement of common objectives under the Europe 2020 strategy. However, possible weaknesses of the Employment Strategy are that the related processes are slow and time-consuming, and place a heavy workload on Member States.

- There is a positive assessment overall of the OMC contribution to Europe 2020 objectives, with it providing a stable and flexible framework and contributing to putting important social policy issues on the agenda at EU and national level, supplementing and counterbalancing economic and employment policies. OMC tools such as thematic reviews, peer reviews, and thematic reporting have been effective in the context of Europe 2020. However, the overall impact of the OMC, which depends on voluntary take up by Member States and national stakeholders, has not been strong enough, given the difficult context of the great recession. It is also felt that dissemination of lessons learned and the involvement of civil society and social partners could be improved, while some OMC strands such as health and long-term care could be addressed better.

- As the current Europe 2020 strategy is considered to be working well and its goals are well established, there are some lessons to be considered for the future. Overall, the European Employment Strategy, being a well-established, treaty-based process, has proven to be a flexible instrument contributing to the more comprehensive Europe

2020 strategy. In addition, there is strong support for continuation of the OMC as it provides opportunities to exchange good practices. However, there is seen to be a need for more prominence of social policies next to employment and economic policies, based on a balanced policy triangle, analysing also links and interactions between the different policies, while national contexts and realities need to be factored in more for better interpreting the progress achieved by Member States and in order to understand what are the socio-economic and other obstacles in place. The European Pillar of Social Rights and the UN 2030 Agenda and its Sustainable Development Goals (SDGs) should be considered as cornerstones for any possible future strategy, but the latter should be adapted to European realities.

- The role of the EPSCO Council in any future strategy should be ensured and enhanced. The role of EMCO and SPC is seen as key and should continue to be prominent, while cooperation with other Committees and the involvement of all relevant stakeholders, in particular the social partners and civil society organisations, should be enhanced.

- Any future strategy needs to include measures to strengthen further the evidence base and the statistical capacity underpinning it, in particular through improving and enhancing EU-SILC. The consistency and synergies between the different analytical tools in the financial, economic, employment and social areas could be further improved.

Future challenges

European society and labour markets are changing rapidly. The combined effects of demographic changes, globalisation and technological change, as well as the transition to an environmentally sustainable economy, are transforming the world of work at an unprecedented pace and scale. Demographic trends will require increased focus on how to best accompany an ageing society and greater needs for formal long-term care, while migration will continue to be high on the EU agenda both in terms of the challenges and opportunities. There are many changes in digitalisation and restructuring which will result in a loss of jobs in traditional sectors and the creation of jobs beyond the current models and arrangements for working conditions and social protection. People will need to be supported to cope with the substantial changes in working lives, while social protection systems will need to adapt to the changing demographic and labour market situation. It will be essential to invest in human capital, skills and life-long learning to help people address the labour market challenges ahead.

At the same time, challenges are arising related in particular to rising inequality. Questions remain over the inclusiveness of growth, with persisting high inequalities and persons in vulnerable situations risking being left behind. Given the level of progress achieved overall towards the Europe 2020 target on poverty and social exclusion, the reduction of the population at risk of poverty or social exclusion remains a key challenge going forward. Furthermore, although in many parts of the EU social mobility had been improving this trend has stalled and inequality of opportunity remains generally at high levels. Gender

inequalities in terms of employment and activity status, pay and pensions continue to represent a challenge for many Member States. Work-life balance remains a considerable challenge for many people with caring responsibilities, especially women, and is likely to get worse due to the impacts of an ageing population.

A key issue for the coming decade will be to accelerate upward convergence and give it a more prominent role. This means narrowing the gap in living and working conditions between and within Member States and regions. At the same time, Europe needs to promote greater social cohesion and solidarity, with a strong social dimension, built on the principles of the European Pillar of Social Rights together with more sophisticated instruments for the better coordination of policies.

Next steps

This joint EMCO/SPC report provides a basis for the Committees´ preparation for discussions on a possible future strategy, and its findings will be the basis for a report to the EPSCO Council in December 2019. A final assessment of the progress against the quantitative targets based on 2020 LFS and EU-SILC survey figures will be produced in 2021.

In the upcoming reflection on a possible future strategy, the EU's and Member States' commitment to the UN 2030 Agenda and its Sustainable Development Goals (SDGs), the European Pillar of Social Rights proclaimed by the European Parliament, the Council and the Commission at the Gothenburg Social Summit of 17 November 2017, as well as the European Council's new strategic agenda for the EU for the period 2019-2024 can also provide inspiration to help shape a future strategy.

A new, ambitious, coherent and clearly designed long-term policy agenda for growth, jobs and social inclusion is needed. The new agenda should be geared towards enhancing the EU's competitiveness in the global context, creating an economically, environmentally sustainable and at the same time inclusive Europe and taking a modern, forward-looking policy approach to the digital era. It will be important to maintain a focus on upward social convergence.

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ANNEXES

Annex 1: The wider evolution in the employment and social situation during the Europe 2020 period

1. Wider developments in the labour market and impacts on productivity, wages and quality of work

Technological change, especially digitalisation, is contributing to labour market transformation and may have implications for job quality

The labour market has been influenced by the structural changes that are affecting working life and social conditions. A key driver of this change is technology, especially digitalisation, which, in combination with further globalisation and the deepening of the Single Market, is expected to affect all workers in one way or another.

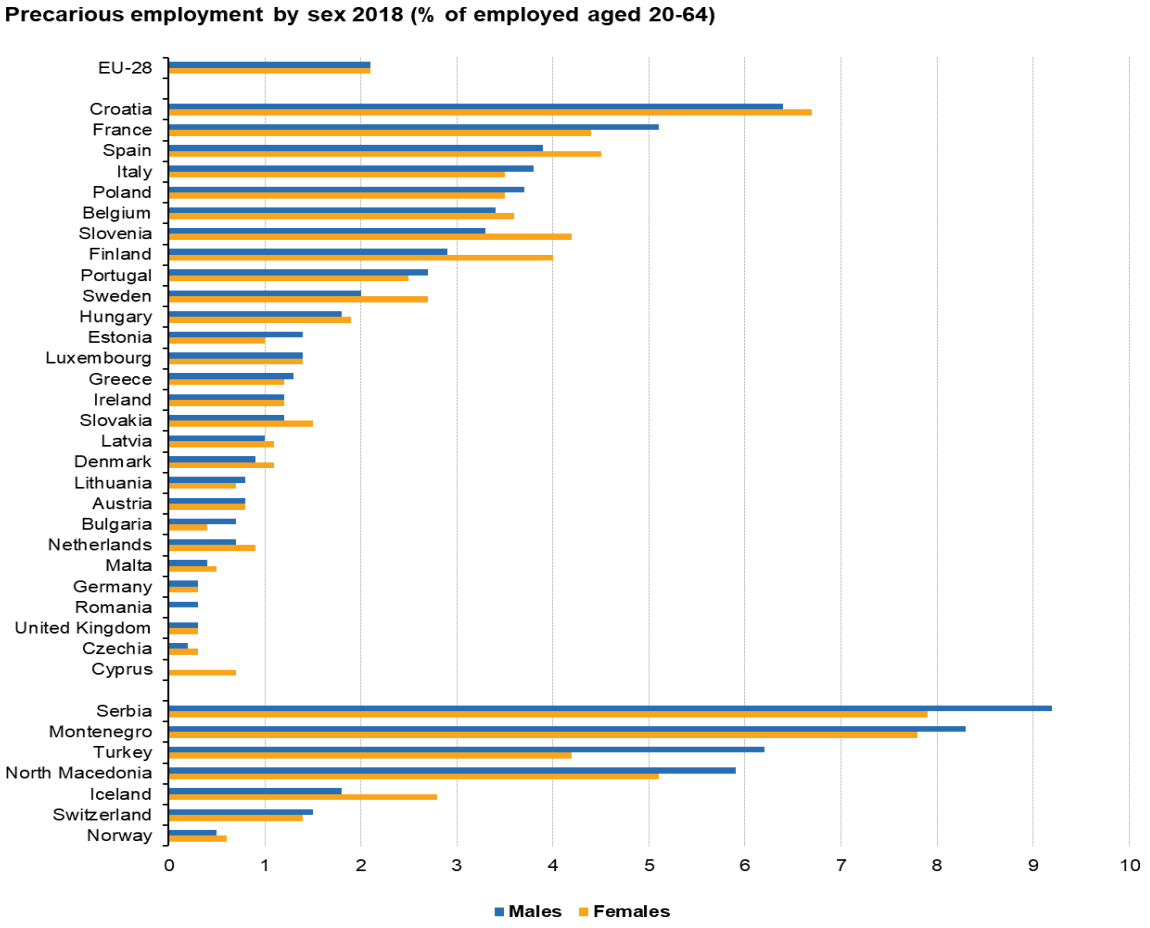
The channels via which digitalisation affects labour markets include the automation of manual and cognitive routine tasks, the use of digital platforms that facilitate business functions; the relocation of tasks such as outsourcing and offshoring, but also reshoring, of non-core activities within global value chains; as well as the building, operation and maintenance of ICT infrastructure such as cloud computing platforms. All in all, these developments are expected to transform or destroy some of the existing jobs or tasks and create new jobs or tasks.

Moreover, further digitalisation will also affect job quality as it allows, for example, for more flexible working arrangements that have the potential to mitigate physical or psychosocial barriers especially for older workers, workers with disabilities and those with family responsibilities; but at the same time there may be also a stronger demand for temporary contracts to meet the needs of the platform economy, and there may be new health risks associated with the new ways of working (e.g. not having the right to disconnect).

Atypical forms of work can lead to lower entry barriers and increased flexibility. In particular, the precariousness of employment has increasingly become a focus of attention. The share of such employment among workers in the age group 20-64 has risen slightly since 2010 - in 2018, 2.1% of men and women aged 20-64 in the EU-28 had a work contract of only up to 3 months. The differences between men and women were lower than 1 pp in all Member States, except for Finland (1.1 p.p.). Women tended slightly more than men to have a precarious employment situation in half of the EU Member States (Figure 35).

At the same time, the self-employed and non-standard workers are often not adequately protected by labour law, social partner representation, and social protection. Since these new forms of work make it increasingly difficult to track work-related income, to distinguish between employment contracts and contracts for services, or to pinpoint location of working/doing business, the financial sustainability of social security systems may come under pressure in the long run.

Figure 35: Employees on contracts with a duration of under 3 months by sex, 2018 (% of employees aged 20-64)



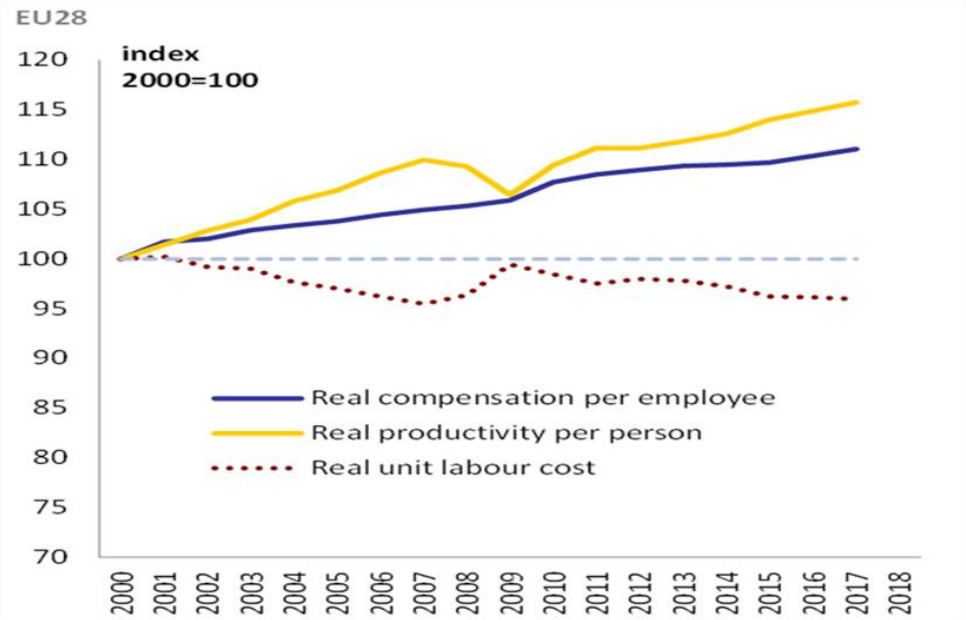
Source: Eurostat (LFS)

Subdued productivity and wage growth

The ageing workforce, the under-utilisation of labour and the skills mismatches recorded across the EU have an impact on labour productivity. Over the period 2008-2016, the growth of labour productivity per hour worked dropped to an average of 0.5%, from about 1.5% over the period 2000-2007 (Figure 36). Moreover, while the employment rate has increased steadily, surpassing the pre-crisis level, the hours worked per employee remains low (Figure 37). In 2017 and second quarter of 2018, they remained around 3% below the pre-crisis level in the EU. The rise of part-time employment contributes to the overall decline in the average hours worked.

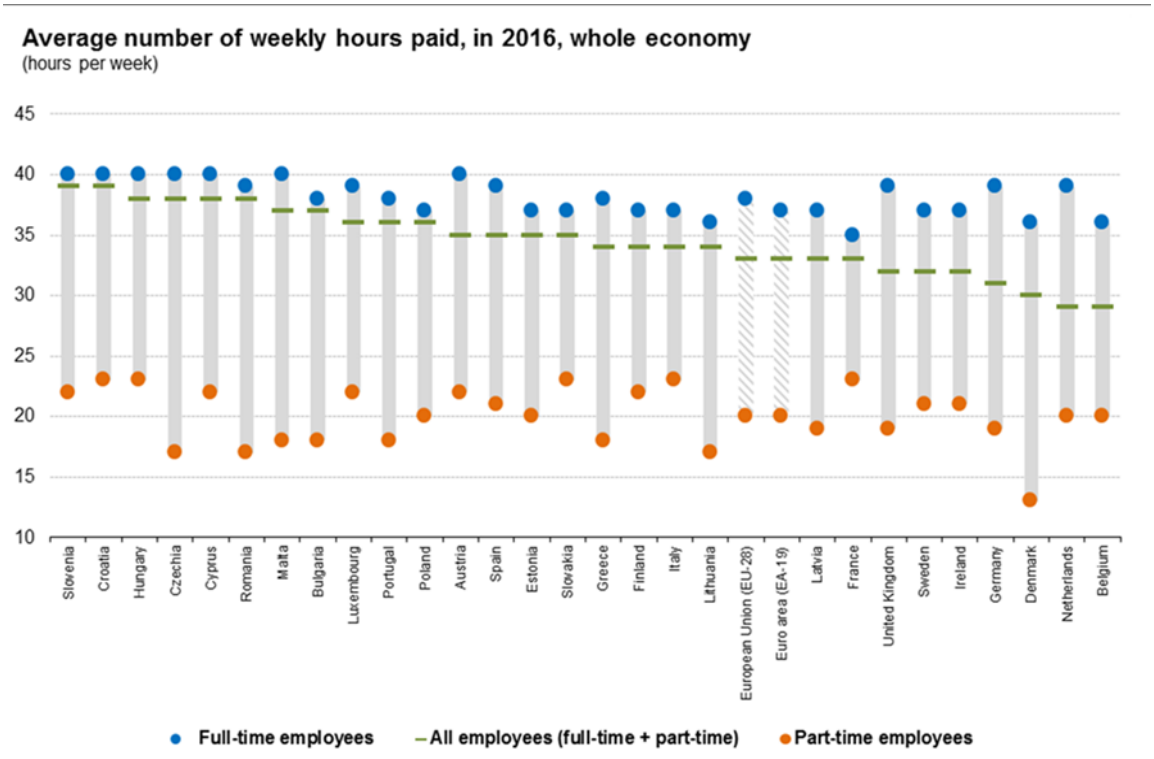
While labour market conditions have been improving since 2013, wage growth has remained subdued until recently. From the end of 2016 through to the second quarter of 2018, wage growth moved slowly but steadily upwards. Nominal wage growth was positive in almost all Member States in 2017 and the first half of 2018. In 2018, hourly labour costs rose by 2.7% in the EU as compared with the previous year. Nonetheless, nominal wage growth is well below where it was before the crisis in years with comparable levels of unemployment.

Figure 36: Evolution of hourly labour costs in relation to productivity, EU 28, 2000-2018



Source: Eurostat (LFS)

Figure 37: Average number of hours paid per week by type of contract, 2016



Source: Eurostat (LFS)

For large segments of the labour force, earnings in recent years have been stagnating despite a recovery in employment after the global economic and financial crisis. Salary dynamics in low-paid jobs have been a key driver of the overall decline in wage growth. In particular, there has been a significant worsening in average earnings of part-time jobs relative to those of full-time jobs, which is associated with the rise of involuntary part-time employment in a number of countries.

As of 2017, nominal unit labour costs picked up in the EU, driven by moderate real wage growth and modest productivity gains. Nominal wage growth in the EU has remained subdued during the recovery, with compensation per employee increasing by 2.1% in 2017. The strong wage growth in Central and Eastern European countries has supported the process of wage convergence in the EU. Wage growth was the fastest in Central and Eastern European countries characterised by comparatively high economic growth, while it was the lowest in countries with high unemployment or external adjustment needs. The increase in nominal compensation per employee was the highest in Romania (16.0%), Lithuania (9.1%), Hungary (7.9%), Latvia (7.9%) and Bulgaria (7.5%), pointing to wage convergence between Eastern and Western Europe. At the low end, nominal wages declined in Finland (-1.1%) and Croatia (-1.1%) and remained flat in Spain, Italy and Greece. In spite of the recent increase, wage growth continued to be moderate in euro area countries with low unemployment.

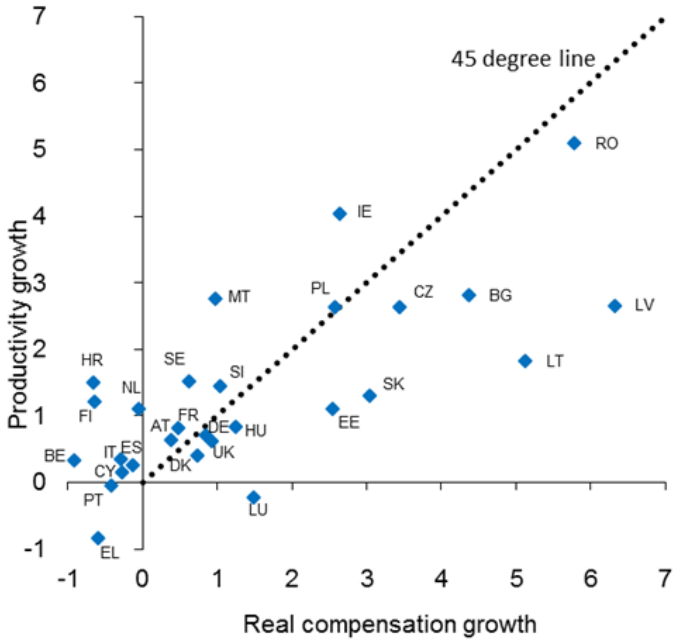
Moderate nominal wage growth in the recovery can be explained by low inflation, low productivity growth and remaining reserves in the labour market. When looking at real production wages (adjusted for the GDP deflator), the picture is almost unchanged, with real wage growth increasing only slightly in the EU in 2017 (by 0.7%) and a decline registered in ten countries (Figure 38).

In addition to cyclical explanations, structural (long-term) factors may have held back the growth of wages. Demographic trends may slow down inflation and wage growth. In many Member States, older workers tend to earn more than younger workers do but younger individuals' earnings grow faster. The gender pay gap represents another likely explanation for the subdued wage growth, since the increasing employment rate of women did not translate into a more marked salary convergence. In 2017, in the EU-28 as a whole, women were paid on average 16.0 % less than men, a slight decrease from 16.4% in 2010.

Various issues contribute to gender pay gaps, such as: differences in labour force participation rates, differences in the occupations and activities that tend to be male- or female-dominated, differences in the extent to which men and women work on a part-time basis, as well as the attitudes of personnel departments within private and public bodies towards career development and unpaid and/or maternity/parental leave. Some underlying factors that may, at least in part, explain gender pay gaps include sectoral and occupational segregation, education and training, awareness and transparency, as well as direct discrimination. Gender pay gaps also reflect other inequalities, in particular, the often-disproportionate share of family responsibilities that women undertake as well as the associated difficulties of reconciling work with private life. Many women work part-time or

under atypical contracts: although this permits them to remain in the labour market while managing family responsibilities, it can have a negative impact on their pay, career development, promotion prospects and pensions.

Figure 38: Real compensation per employee and productivity, average growth rates 2015-2017



Source: Eurostat, National Accounts (from *Labour Market and Wage Developments in Europe*, Annual Review 2018).

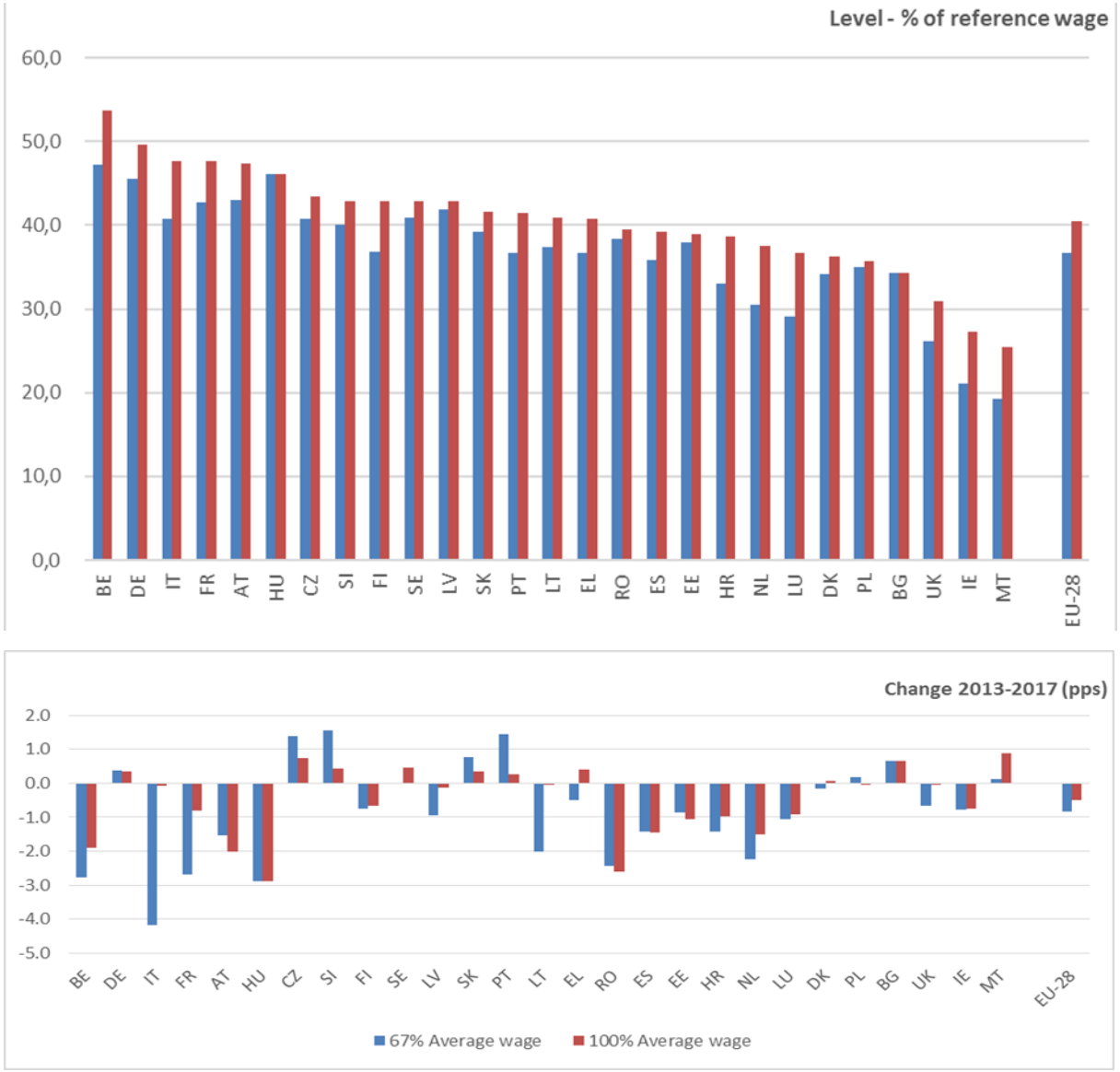
In a few Member States, changes in the composition of the workforce were the main driver of wage growth. Education, age and non-standard employment appear to be the most important factors affecting wage growth through composition effects. In almost all Member States, upskilling had a positive contribution to wage growth, underlining the importance of higher education and life-long learning as highlighted in the European Pillar of Social Rights Population. Ageing also had a positive impact on the aggregate wage level, as working lives become longer. This reflects the increase in the share of older workers in the workforce, which is likely related to the impact of recent reforms aiming to increase the effective retirement age.

Furthermore, the recent increase in non-standard employment (part-time and temporary employment) as seen in the Netherlands, Germany or Cyprus, had a negative impact on wage growth, in particular for those earning lower wages. This shows that transitions towards open-ended contracts, as advocated in the Social Pillar, could have a positive impact on wages.

Labour taxation and tax wedge

Wage growth was also influenced by the measures taken by several Member States to reduce the tax wedge on labour, mainly through shifting taxation towards more growth-friendly consumption and environmental taxes. The tax burden on labour in Europe has gradually decreased in recent years, but significant differences remain across Member States. According to the *Joint Employment Report* (European Commission 2018), in 2017, the tax wedge for a single worker earning the average wage ranged from less than 30% in Ireland and Malta to around 50% in Belgium, Germany, Hungary, Italy, France and Austria. For lower income workers (defined as those earning 67% of the average wage), the tax wedge ranged from around 20% in Malta and Ireland to more than 45% in Belgium, Hungary and Germany (Figure 39).

Figure 39: Tax wedge on labour, level in 2017 and change 2013/2017



Source: Tax and benefits database, European Commission/OECD. Note: data are for single earner households (no children). No recent data available for Cyprus.

Some Member States opted for targeted tax incentives to hire specific disadvantaged groups, such as the young, the low-skilled, older workers, women, long-term unemployed and low-wage earners, while also stimulating employers in micro firms to hire staff, de-taxing the productivity-linked component of wages, and switching to a flat-rate personal income tax coupled with a family tax allowance. In other countries, employment incentives have been created through increasing the ceiling for non-taxable earnings and reduced personal income tax rates, and counterbalanced mainly with rises in consumption taxes.

A final group of Member States devoted efforts to tackling distortions within existing tax systems, including the elimination of exemptions for certain segments and the narrowing of the gap between taxation of dependent and self-employment work.

The need to broaden the tax-base and increase revenues for fiscal consolidation purposes has led other Member States to raise income tax rates and social insurance charges for certain groups, though also as a means to discourage excessive use of temporary work, and reduce tax-free allowances, including on low earnings.

Increased job polarisation

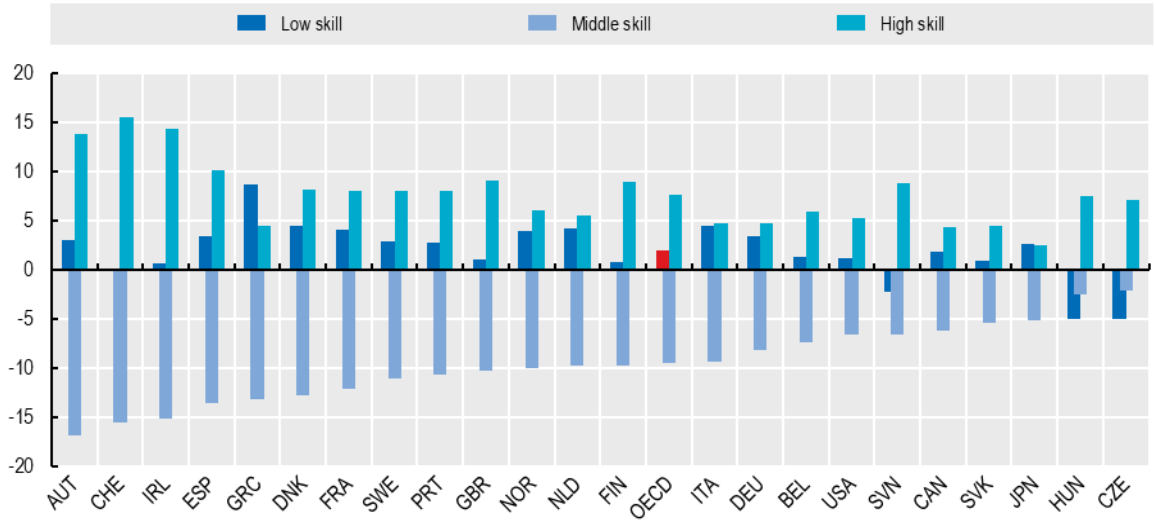
Although aggregate wage growth has been limited, a major feature of recent developments in the labour market has been the marked structural change in the wages and tasks distribution of employment. Recent research (Eurofound (2018a)) finds that much employment growth over the last decade occurred at both the top and bottom end of the occupational distribution with a relative decline in the middle i.e. a more polarised development. In its latest Employment Outlook report (OECD (2019)), the OECD also highlights the ongoing trend for labour markets to become more polarised, with the share of middle-skilled jobs decreasing relative to the share of workers in high- and low-skilled occupations, and that in almost all countries for which data are available, including most EU Member States, this process has resulted in an overall shift of employment towards high-skilled occupations (Figure 40). Eurofound projections find that Europe's labour market is set to become even more polarised over the coming decade, largely due to the growth of jobs at the very bottom of the wage distribution.

The economy witnessed a decoupling between real median wages and productivity, with the latter growing much faster than the former. In other words, contrary to previous decades, the productivity gains generated by the economy have not resulted in broadly shared wage gains for all workers.

The polarisation of the occupational structure into high-skilled and low-skilled jobs and between open-ended and various atypical forms of employment may entail further polarization of the wage structure into high-paying and low-paying jobs. It is important to consider their distributional aspects and their feedback on ongoing trends in terms of labour market polarisation, as middle income jobs and wages disappear, and of increasing inequality - especially if one takes into account that ongoing ICT developments render an

important share of tasks and jobs obsolete at a high speed and access to life-long learning is limited.

Figure 40: The labour market is polarising (percentage point change in share of total employment, 1995 to 2015)



Source: OECD Employment Outlook 2019

2. An overview from the Social Protection Performance Monitor[44]

The Social Protection Performance Monitor (SPPM) dashboard provides a summary overview of broad developments in the employment and social situation over the last decade, based on a broad set of key indicators. This identifies the areas where significant numbers of Member States have shown an improvement or deterioration, based on relevant indicators.

Looking at developments since 2008 (Figure 41), the dashboard shows there have been a large number of Member States that have recorded significant improvements compared to the situation in 2008, notably in relation to aggregate gross household disposable income (although in some Member States, notably Cyprus, Greece and Italy, GDHI is still largely below 2008 levels), which has supported rising living standards and reductions in material deprivation, and in relation to the employment of older workers and the relative income and living conditions of the elderly. The labour market situation of older workers has improved markedly, as evidenced by increases in the employment rate for the age group 55-64 in almost all Member States. At the same time, compared to 2008, the relative income situation of the elderly (aged 65 and over) also shows clear signs of improvement in around half of Member States, with decreases in the number of elderly living at risk of poverty or social exclusion in 16 Member States as well as an improvement in their income situation with respect to the rest of the population (as evidenced by rises in the aggregate replacement ratio in 13 Member States, and the median relative income ratio of elderly people in 15). However, this trend should be interpreted with caution, as it does not necessarily show an improvement in absolute terms. As pension income continued to increase during the economic crisis while the working age population suffered from substantial income loss (wage decreases, job loss, and decreases in benefit levels), the relative, but not necessarily the absolute, position of the elderly has improved, highlighting the important role of pension systems.

Other areas which have seen an improvement include an increasing number of healthy life years among the population aged over 65 in many countries, and significant decreases in the number of early school leavers (with reductions in two-thirds of Member States).

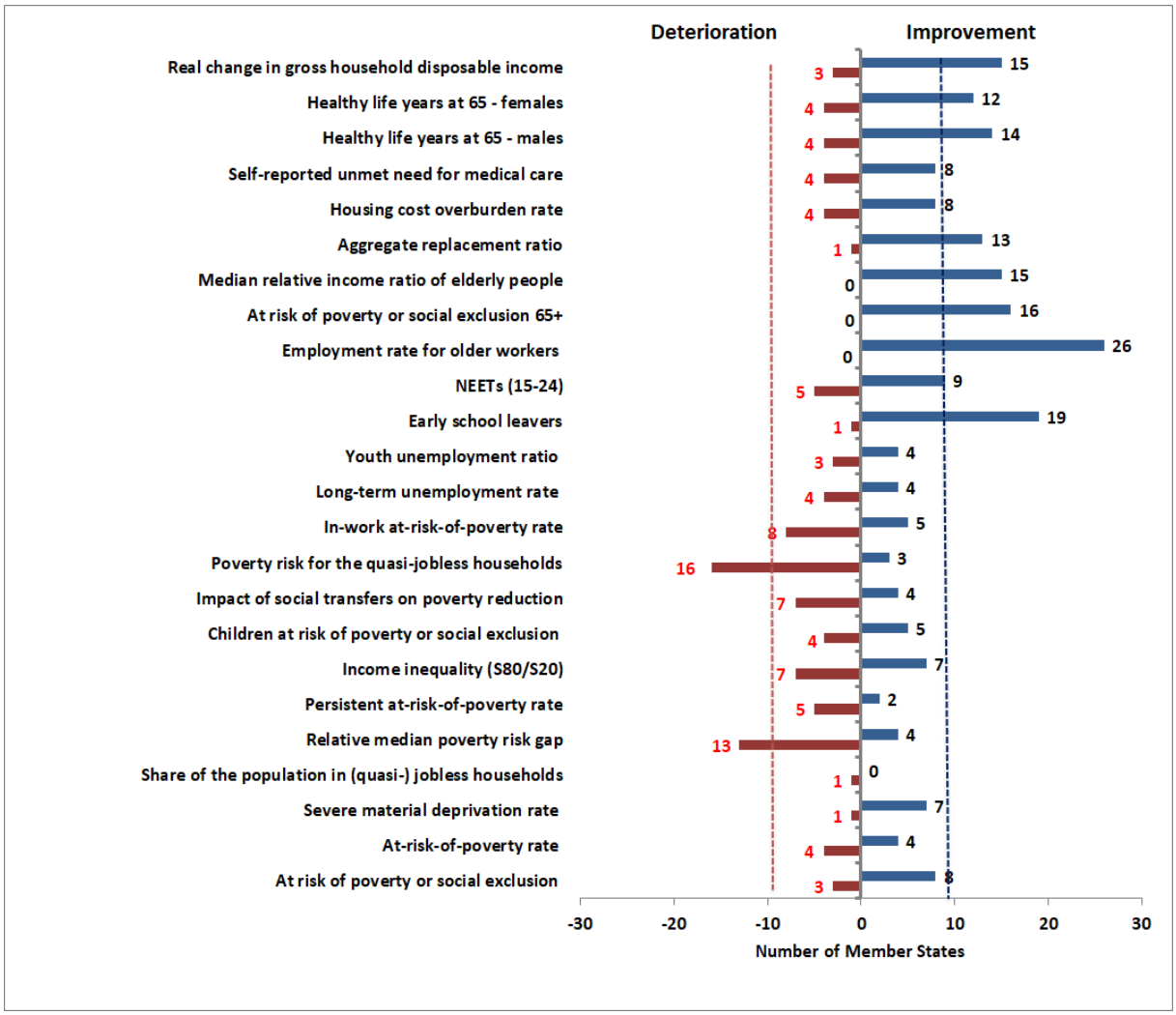
Nevertheless, apart for the elderly, not many Member States show significant improvement on indicators relating to the income distribution (i.e. those relating to poverty and inequality), and there remain some areas where indicators show the situation still remains noticeably worse compared to 2008 as a result of the economic crisis, despite recent improvements. The areas still with substantial deterioration concern:

- higher poverty risk for people living in (quasi-)jobless households (in two-thirds of MS)
- greater depth of poverty risk (with the poverty risk gap higher in around half of MS compared to 2008).

[44] This overview is based on the indicators contained in the SPPM. A similar exercise based on the Employment Performance Monitor has not been possible as the longest reference period used in the EPM refers to changes over the latest 3-year period and not since the reference year at the start of the strategy.

Other areas where outcomes compared to 2008 remain noticeably worse in many Member States concern rises in the risk of in-work poverty, in income inequality and declines in the impact of social transfers on poverty reduction.

Figure 41. Areas of deterioration and improvement for the period 2008-2017*

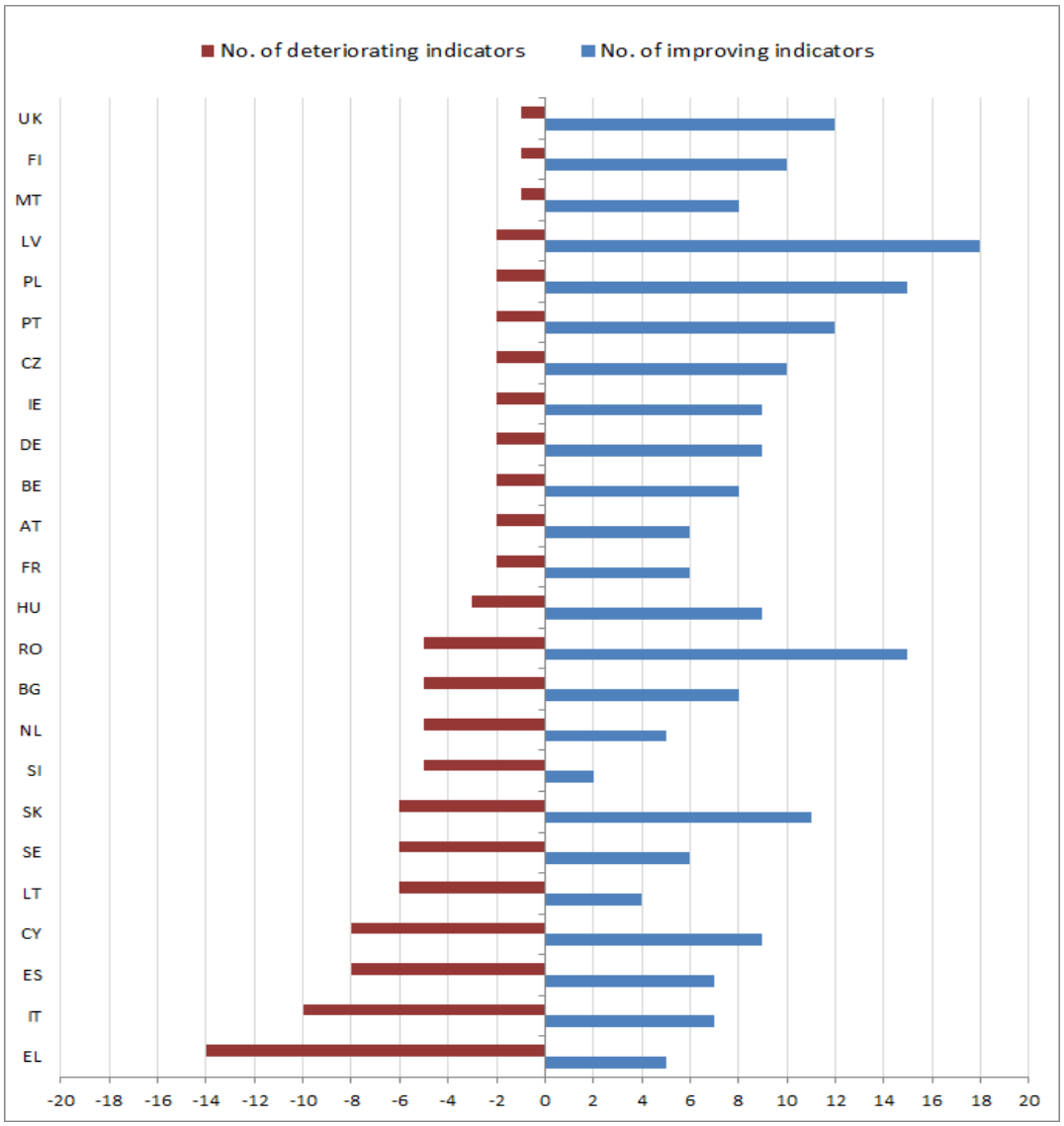


Source: Social Protection Performance Monitor

Note: i) For AT, break in series in 2011 for persistent poverty risk (so trend in this indicator not considered for the period compared to 2008); ii) For BE, major break in 2011 in the self-reported unmet need for medical examination (so trend for this not considered for the period compared to 2008); iii) For BG, major break in the time series in 2014 for the material deprivation indicators, so for SMD and AROPE trends not considered for the period compared to 2008; iv) For DK, breaks in series for the period since 2008 which mainly affect indicators related to incomes and to a lesser degree variables highly correlated with incomes (so trends in these not considered for the period compared to 2008 for these); v) For EE, major break in series in 2014 for variables in EU-SILC due to implementation of a new methodology based on the use of administrative files. Hence changes not considered for the period compared to 2008 for these; vi) For HR, no EU-SILC data published by Eurostat before 2010; vii) For LU, major break in series in 2016 for EU-SILC based indicators. Hence changes not considered for the period compared to 2008 for these; viii) For NL, improvement to the definition of income in 2016 has some impact on comparison of income-based indicators over time; ix) For RO, breaks in series in 2010 for LFS-based indicators, so changes 2010-2017 used for longer term change; x) For SI, break in time series in Healthy Life Years indicator (change of question in 2010) which affects the comparison of change since 2008; xi) For UK, changes in the survey vehicle and institution in 2012 might have affected the results on trends since 2008 and interpretation of data on the longer-term trend must therefore be particularly cautious. xii).For some indicators (LTU rate, early school leavers, youth unemployment ratio, NEETs, ER (55-64)) the changes refer to the period 2008-2018

There are marked differences across countries in terms of the number of social indicators in the SPPM dashboard for which a given country has registered a significant deterioration or improvement over the period 2008 to 2016/17 (Figure 42). For most Member States, there is a significantly higher number of indicators now showing positive developments than negative ones, most notably in Latvia, Poland and Romania. On the other hand southern Member States such as Greece, Italy and Spain, still record many indicators showing a deterioration compared to 2008, and with relatively few indicators showing an improvement. This highlights the strong divergence across EU countries in the extent to which the employment and social situations were affected by the crisis and the extent to which they have recovered subsequently.

Figure 42. Number of SPPM indicators per Member State with a significant deterioration or improvement between 2008 and 2017*



Source: Social Protection Performance Monitor

Note: i) For AT, break in series in 2011 for persistent poverty risk (so trend not considered for the period compared to 2008); ii) For BE, major break in 2011 in the self-reported unmet need for medical examination (so trend not considered for the period compared to 2008); iii) For BG, major break in the time series in 2014 for the material deprivation indicators, so for

*SMD and AROPE trends not considered for the period compared to 2008; iv) For DK, breaks in series for the period since 2008 which mainly affect indicators related to incomes and to a lesser degree variables highly correlated with incomes, so changes since 2008 not shown; v) For EE, major break in series for EU-SILC variables, so longer-term changes for EE not shown; vi) For HR, no EU-SILC data published by Eurostat before 2010, so changes since 2008 not shown.; vii) For LU, major break in series in 2016 for EU-SILC based indicators, so changes since 2008 not shown; viii) For NL, improvement to the definition of income in 2016 has some impact on comparison of income-based indicators over time; ix) For RO, breaks in series in 2010 for LFS-based indicators, so changes 2010-2017 shown for longer term change in these; x) For SI, break in time series in Healthy Life Years indicator (change of question in 2010) which affects the comparison of change since 2008; xi) For UK, changes in the survey vehicle and institution in 2012 might have affected the results on trends since 2008 and interpretation of data on the longer-term trend must therefore be particularly cautious; xii) * For healthy life years at 65 and AROP of persons with disabilities the reference period is 2008-2016; xiii) The bars refer to the number of SPPM indicators which have registered a statistically and substantively significant deterioration or improvement between 2008 and 2017. For LTU rate, early school leavers, youth unemployment ratio, NEETs, ER (55-64) changes refer to 2008-2018;*

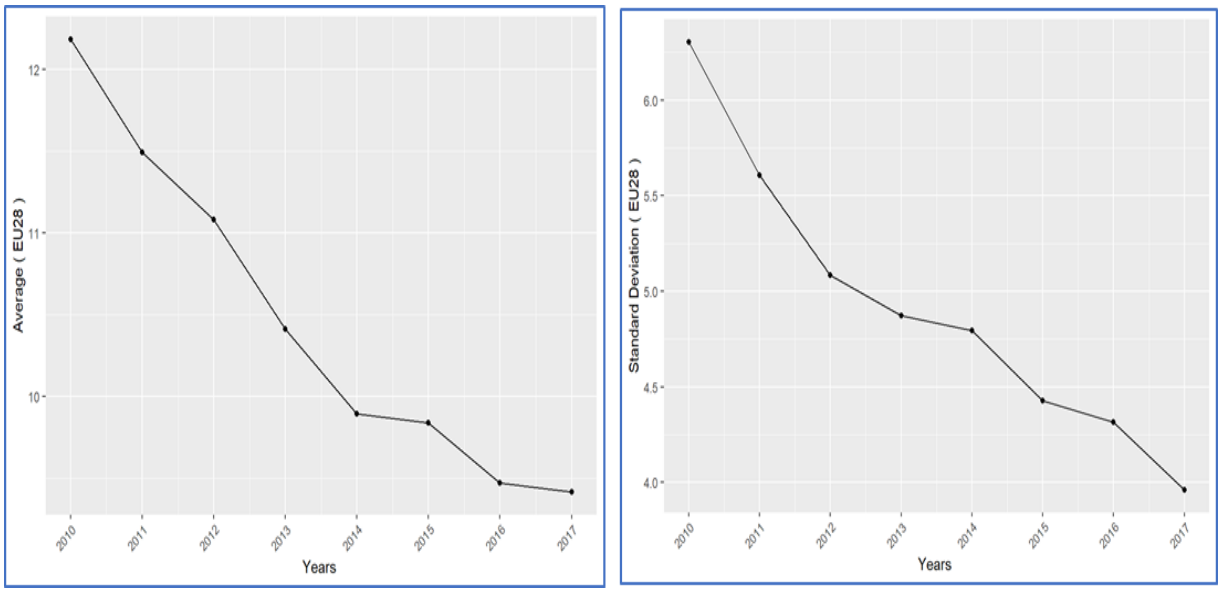
3. Convergence trends since the beginning of the strategy in 2010

Recent statistical analysis on upward convergence by the European Foundation for the Improvement of Living and Working Conditions (EUROFOUND)) reveals that, notwithstanding the negative effects of the crisis, since 2010 European Member States are converging again towards better employment and socio-economic conditions. During this period, upward convergence was recorded in most of the labour market and socio-economic indicators considered in the Social Scoreboard for monitoring progress under the European Pillar of Social Rights[45], showing an improvement in the EU average performance together with a reduction in disparities between Member States in the period considered.

However, three broad groups of indicators can be identified, with different characteristics mainly depending on how the business cycle affected their trend.

For the first group of indicators, upward convergence trends were steady and robust over the entire period considered. The pattern was consistent also during the crisis and the effect of the business cycle was very limited. In fact, for these indicators, the improvement in levels and the reduction of disparities among Member States' performance was marked since 2010, and even earlier, and the fluctuations of the levels and of the variability due to the business cycle have been limited. The indicators in this group are all the education-related indicators (ESL (Figure 43), Tertiary education attainment), the activity rate and the gender gaps related indicators (gender gaps in employment rates, political participation and education). Interestingly, for the indicators of this group, the speed of convergence of the Euro Area is quicker than for the Non-Euro Area countries.

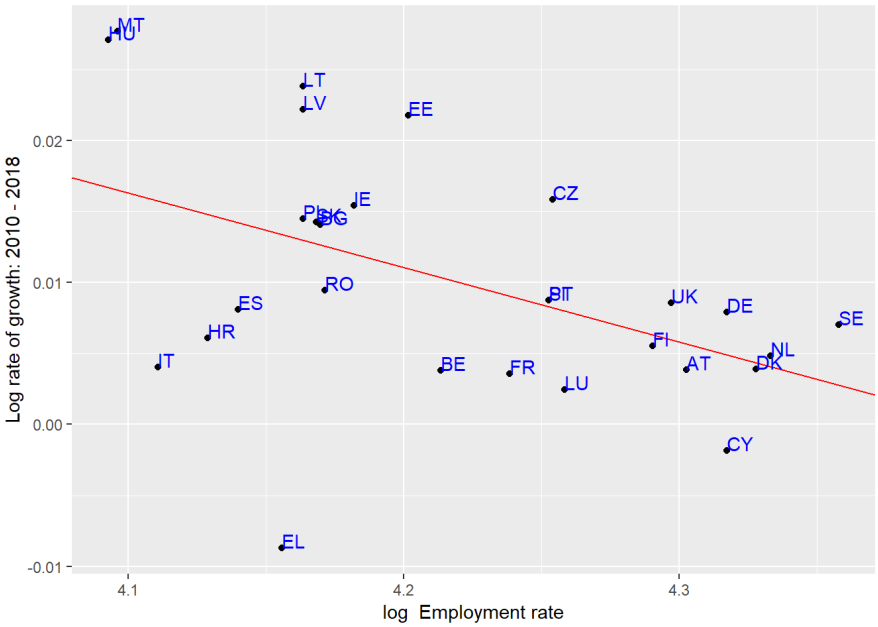
Figure 43. Upward convergence in Early School Leavers (left-hand chart: unweighted average; right-hand chart: absolute variation)



[45] https://ec.europa.eu/social/main.jsp?langId=en&catId=1196&newsId=9163&furtherNews=yes

The second group of indicators consists of all indicators for which upward convergence trends show a considerable correlation with the business cycle, both in terms of performance and of changes in variability of Member States. For these indicators it is possible see a cyclical evolution in both averages and variability, suggesting that in good times there is upward convergence (with improvements and lower dispersion) while in bad times there is downward divergence (with deterioration in levels and higher dispersion). This set of indicators includes the employment rate, unemployment rate, long-term unemployment rate and the NEET rate, as well as poverty indicators such as AROPE. As the business cycle cannot grow indefinitely and recessions are inevitable, the results suggest that these are the indicators on which Member States should improve their resilience in order to prevent future asymmetric shocks. For the indicators in this group, non-Euro Area countries converge quicker than Euro Area countries. This is particularly evident among eastern European countries, which show a continuation of the catching-up process towards the richer western European countries in employment rates (Figure 44) and disposable household incomes. On the contrary, for this group of indicators, Euro Area countries exhibit an increasing variability and growing national and regional disparities since the onset of the crisis, with southern countries losing ground compared to central and northern Member States.

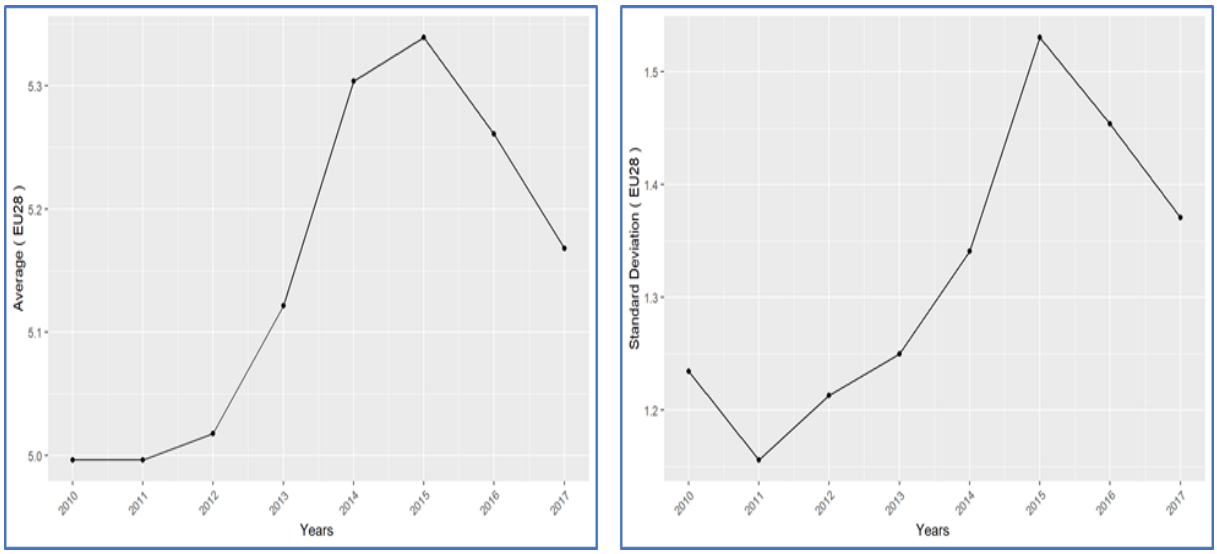
Figure 44. Convergence in Employment Rate 2010-2018, with strong catching up of Eastern European Countries



Although most indicators have recovered since 2010, for a third group of indicators EU Member States are still showing growing differences or are converging towards negative outcomes. The economic and financial crisis had a severe effect on income inequalities among the population and increased the degree of socio-economic heterogeneity across EU Member States. There has been a reversal in the convergence towards lower income

inequality recorded before the crisis, with a convergence process towards higher levels of poverty and inequality for the EU as a whole (Figure 45). Non-Euro Area countries have been particularly affected, with Bulgaria, Romania, Estonia, Lithuania showing high and increasing levels of inequalities. Similarly, a downward divergence pattern in employment conditions, especially regarding atypical employment is recorded. Involuntary temporary and part-time work increased over the period 2000-2017 and transitions from temporary to permanent work declined, with increasing disparities among Member States.

Figure 45. Downward divergence in income inequality (left-hand chart: unweighted average; right-hand chart: absolute variation)



The analysis of regional convergence and across different sub-groups of the population reveals less uniform and less positive developments. Disparities in socio-economic and labour market indicators are generally greater among EU regions than countries, although broad developments in terms of convergence and divergence are quite similar. In addition, higher disparities at the regional level are mostly linked to developments in the Euro Area. The analysis by certain sub-groups of the population also shows different convergence patterns on the basis of age and education. For example, despite the overall upward convergence trend identified for the employment rate for prime age and older people, a divergence process is registered in employment rates for youth (15-24) and workers with high educational levels.

These findings confirm that growth has been unequally distributed among regions and has not reached all citizens. It indicates that particular attention should be placed not only on reducing disparities among countries, but that additional efforts should be made to ensure that growth and the reduction of disparities reach all geographical areas and all groups of the population.

Annex 2: Detailed assessment reports on the questionnaire reviewing the role of the Committees and the monitoring and reporting frameworks

In spring 2019, a joint SPC-EMCO questionnaire (see the appendix to this annex for details) was used to collect the views of the EMCO and SPC members, in cooperation with their delegates in the subgroups of the Committees, on the current monitoring and reporting tools/indicators and on the role of the Committees under the Europe 2020 Strategy and the related assessment and monitoring procedures. In essence, the responses reflect Member States' experiences under the strategy, in particular on the ways and means (i.e. processes and tools) through which the Europe 2020 strategy has been implemented and assessed, with a focus on the involvement of the Committees.

The questionnaire was arranged to cover the following aspects:

A) The working methods and procedures of the Committees

B) The headline targets and indicators

C) The monitoring tools (EPM, SPPM, JAF)

D) The main reporting tools

E) The key results from the evaluation of Europe 2020

The assessments on each of these, based on the responses provided by the Member States, are included in this annex.

Part A: The working methods and procedures of the Committees

1. Effectiveness of the process of agreeing the Employment Guidelines in contributing to achieving the common objectives under the Europe 2020 strategy

All Member States have answered this question but the level of detail in the answers is very uneven. On specific elements, not enough Member States have replied to allow drawing general conclusions. The average score is rather high (4,3 on a scale from 1 to 6), indicating that the Member States think the process of agreeing the Employment guidelines contributed to a great extent to achieving the objectives of the Europe 2020 strategy.

General assessment

The general opinion of the MS is that the Employment Guidelines (EGs) form the wider framework for employment strategy, and provide sustainability of the strategy and overall aims throughout the years as well as general policy guidance for Member States.

Overall, all MS agreed that **the process** of agreeing the EGs was satisfactory, well-timed, overall well designed and it functions adequately (one MS describes the process as "smooth"). MS have enough time to express their position on the text and to discuss sensitive points. The opinions of all MS have been taken into account and discussed, and the final formulation was jointly agreed by all MS and the Commission. Working together on the wording reflects the interest of MS, as well as both the EU-level and national priorities, thus they serve as a common ground for all.

The process has improved over the years, so it was possible to reach a balanced outcome and long-term perspective. Still, one MS is of the opinion that process could give the MS *more* time to come to an agreement.

A few MS emphasized the importance the practice of keeping EGs stable over several years and reviewing EGs only in case of major new challenges. In this way, the EGs provide concrete and permanent goals. However, one MS finds exactly that issue as problematic, since it means that the response is not relevant enough to the current situation or not precise enough for identification of current challenges and possible solutions. Another MS wonders if such detailed guidelines are necessary and in fact helpful in formulating national policies.

On the issue of **content**, some MS think they focus on a holistic, comprehensive approach and include the most important aspects that can ensure the effective functioning of the labour market. They are broad enough and flexible, since they encompass a wide variety of issues that are flexible enough to suit the individual areas of interest to a particular MS, while others are of the opinion that they are too broad and could be more compact. One MS, however, is proposing they should be *more comprehensive* and address all other specific policy issues (e.g. LTU or Youth Guarantee).

The fact that Guidelines include social questions and equal opportunities as one of four main domains was welcomed by a few MS. This helps to design, implement and analyse employment and social policies in an integrated manner. Guideline 8 is comprehensive and includes all the elements of the social open method of coordination (OMC). However, one MS suggested that not all social protection and social inclusion issues are employment related. Therefore, the name of the guidelines does not fully cover their contents. This sometimes leads to confusion, with people arguing that the employment guidelines should be strictly limited to employment issues. One MS pointed out as positive that Employment Guidelines have highlighted the importance of quality and paid

employment in order to prevent the emergence of the working poor and to put in place pension systems providing adequate retirement income. However, the emphasis on preventing child poverty has not been taken into account, which reduces the impact of MS' will to pursue social inclusion and break the determinism of poverty, i.e. that a poor child today becomes a poor adult tomorrow.

The redrafting of the Employment Guidelines to match the Social Pillar in 2018 was a welcome development, and involvement of both Committees was thorough. However, one MS feels that the result was perhaps too detailed and repetitive in some aspects. Two other MS think that with regard to the "alignment" with the European Pillar of Social Rights, the Commission has claimed a rather dominant role within the whole process and seemed reluctant to alter the original proposal and could have been somewhat more willing to discuss these references in the text. In addition, one MS pointed out that the process would have benefited from a more in-depth analysis as background for the (re)drafting sessions.

Some concerns were raised as well. Employment Guidelines are a key element of the Semester. However, their role in the annual cycle has been less prominent than it should and sometimes their role has somewhat been "overtaken" by the AGS priorities or overshadowed by budgetary concerns. Discussions on draft CSRs or during the MLS have seldom referred to the Guidelines, when they could have provided useful input for the debate.

In addition, a few MS pointed out that EGs provide the legal mandate for the country specific recommendations, so their role could therefore be reinforced, by including more explicit references to the guidelines in the country reports and the CSRs. The reporting in the NRPs is based on the headline goals and CSRs, references to the guidelines are rare. Another MS is of the opinion that the introduction of policy specific recommendations to a certain extent watered down the importance of the Employment Guidelines.

In addition, two MS proposed that since EGs are just one part of the Integrated Guidelines, which also contain the economic guidelines, that in a truly integrated strategic framework the committees should be able to participate more strongly and effectively (than it is now the case) in the discussion on all parts of the guidelines. In that respect, Cooperation with the ECOFIN side (committees) could be considered.

One MS thinks that EGs are not used to the full, and another that political initiatives in the area of the guidelines usually do not refer to them and that the relevance of the guidelines for national policy making is relatively low. One MS also said that it is hard to assess to what extent they are used in the national policy making process, but they believe that the guidelines can be a useful reference document for different stakeholders and spell out a common understanding of the main objectives in the EU.

In terms of future considerations, a few MS pointed out some proposals:

- the visibility of the guidelines could be improved;
- awareness raising towards civil servants and officials shall be continued, in order to improve overall feedback;
- the content should highlight measures to promote prolonging working activity of older workers in view of the demographic trends;

- Guidelines should remain a main part of the Semester after 2020 as well and should not be replaced by any other instrument;
- the Guidelines should not be prescriptive, while safeguarding and enhancing ownership among MSs is essential;
- further involvement of other relevant committees such as the EPC and EDUC, as well as the social partners and civil society etc. in the preparation of the guidelines is needed;
- an improved dialogue with the European Parliament is equally important for increasing the shared ownership and democratic legitimacy of the process.

Tentative conclusions

- A general opinion of MS is that the EGs form the wider framework of employment strategy and provide sustainability of the strategy and overall aims throughout the years and provide general policy directions for Member States;
- Overall, all MS agreed that **the process** of agreeing the EGs was satisfactory, well-timed, overall well designed and that it functions adequately;
- On the issue of **content**, some MS think they focus on a holistic, comprehensive approach and include the most important aspects that can ensure the effective functioning of the labour market, while others are of the opinion that they are too broad and could be more compact;
- Employment Guidelines are a key element of the Semester. However, their role in the annual cycle has been less prominent than it should be and has somewhat been by-passed by the AGS priorities or overshadowed by budgetary concerns;
- As Employment Guidelines provide the legal mandate for the country specific recommendations, their role should be reinforced, by including more explicit references to the Guidelines in the country reports and the CSRs;
- The visibility of the guidelines could be improved.

2. The Contribution of the European Semester and its elements to the monitoring and achieving of the common objectives under the Europe 2020 strategy

All Member States have answered this question but the level of detail in the answers is very uneven. On specific elements, not enough Member States have replied to allow drawing general conclusions. The average score is high (4,7 on a scale of 1 to 6), indicating that the Member States think the European Semester has strongly contributed to achieving the objectives of the Europe 2020 strategy. Only two Member States gave a score lower than 4.

General assessment

Overall, Member States are positive about the contribution of the European Semester to the objectives of the Europe 2020 strategy at EU and national level. The Semester has reinforced European policy coordination and cooperation on employment and social protection. It is a visible, logically structured process that allows for regular monitoring, measuring progress and cross-country

comparison. It has had an important role in putting or keeping topical, sometimes sensitive issues on the agenda. Some Member States explicitly mention that the Semester has helped drive reforms at national level. Even if naming and shaming has not always worked, Member States have at least been stimulated to reflect on the success of their policy over the longer term and in comparison with other Member States. The Semester has raised awareness and has promoted the involvement of stakeholders. Especially appreciated is the fact that it is based on an integrated, comprehensive approach to policy, bringing together different policy strands in a holistic perspective.

Many Member States emphasize that the Semester used to be overly focused on fiscal and macroeconomic surveillance. Short-term budgetary concerns overshadowed long-term employment and social policy concerns. It has been an uphill battle to get to a more balanced approach. Many will admit that social issues are now more visible in the Semester, especially also since the introduction of the European Pillar of Social Rights. That does not mean however that we have now reached a perfect balance and more visibility does not necessarily mean more impact on the ground. Some Member States emphasize that today, the budgetary and macro-economic coordination still takes centre stage. The at-risk-of-poverty or social exclusion target is not visible enough. Country specific recommendations are far more focused on reforms aimed at competitiveness than at social investment. It is questioned whether the Pillar has sufficiently filtered through to the country specific recommendations.

Several Member States argue that changes to the process over the years have contributed to better ownership of the analysis and the recommendations at national level. Countries are now consulted on a draft version of the country report long before the Commission publishes its proposals for country specific recommendations and the dialogue between the Commission and Member States and stakeholders has intensified. It is mentioned, however, that the Commission is not open enough to Member States' arguments and that the procedure for voting on the draft Council Recommendations has become so burdensome that it is almost impossible to substantially modify Commission proposals. It is also noted that there is an imbalance in the position of the Commission and the Member States in the 'jumbo-meetings'. Member States must take collective decisions on the spot, while the Commission refuses to commit to decisions during the meeting. Involvement of social partners and civil society remains too marginal according to one Member State.

Some Member States stress the fact that recommendations do not turn into policy overnight with results that can be measured instantly. Reforms in areas like pensions and long-term care take time. The multiannual dimension of the Semester and its components could be strengthened.

Several Member States consider the Semester process to be rather burdensome and time consuming. Duplication of work and excessive administrative burden should be avoided and some streamlining of processes and monitoring tools would be welcome. Rather than continually adding new tools, synergies should be exploited. Reducing the complexity would also contribute to a more accessible, explainable Semester.

Assessment of individual tools and processes

- *The Annual Growth Survey (AGS)*

A few Member States have the impression that the impact of the work in the committees on the AGS remains very limited. The argument is valid for the SPC Annual Report and for the Employment Performance Monitor. The AGS may have become more social than it used to be, according to some

Member States it does not focus enough on impacts of policies on inequality and the risk of poverty or social exclusion.

- *The Joint Employment Report (JER)*

Just two Member States comment on the JER. One indicates that the focus has become too broad after the introduction of the EU Pillar of Social Rights. Another stresses the positive contribution of the Report to the process.

- *The Country Reports*

According to some Member States, the country reports have raised the level of the policy discussion at national level. In some cases, they have put social issues higher on the policy agenda. Several Member States welcome the fact that they can comment on a draft version of the report (fact check), but according to some the Commission could be more open to Member States' arguments.

- *The National Reform Programmes (NRPs)*

Only a few Member States mention the NRPs. Two argue that because of the timing of the programmes (they are published at the end of April) they have largely lost their significance. By April Member States have completed Commission tables on the implementation of the recommendations, the country reports have been published and the multilateral implementation reviews have taken place. It is doubtful whether in their current format and with the current timing the NRPs are a significant contribution to the process of analysis of implementation and preparation of new country specific recommendations. According to one Member State the NRPs should be more focused and streamlined.

- *The country specific recommendations*

One Member State welcomes the fact that the number of recommendations has decreased. This has led to a more focused and more relevant Semester process. Another Member State notes that the recommendations have become more complex and crosscutting. Assessment of the Commission proposals presupposes a lot of consultation with experts and bodies at the national level. Several Member States point to the fact that enough time is needed for the assessment. Unpredictability (often postponement) of the publication date of the Commission proposals is problematic because it limits the time available for preparing a quality input into the process by the Member States. Some Member States believe the Commission is not sufficiently open to suggested changes to its proposals and some Member States think that not all recommendations are clearly linked to Europe 2020 issues or targets.

- *The Multilateral Reviews of CSR Implementation*

Most Member States consider that the format of the reviews has improved over the years and that they are useful in the process. The conclusions help support the discussion on the draft recommendations. One Member State stresses that enough time is needed for preparing reports and assessments. Another points out that a lot of energy goes into formulating horizontal conclusions and key messages. This is only useful if the contents of the conclusions and messages makes it worthwhile. Maybe the conclusions need to be more political. Another option mentioned by a Member State is to lift the reviews to the level of the EPSCO-Council. That would make the political discussion at Council meetings more relevant and will increase ownership of the process. Benchmarking has been time consuming with so far limited results according to one Member State.

Maybe it could more systematically provide input for the multilateral reviews. Ways could be explored to make the reviews more interactive.

It is suggested that the thorough *EMCO Multilateral Surveillance Reviews* have strengthened the role of EMCO in the Semester. One Member State thinks that one way to still improve the reviews would be to have smaller, more focused seminars of Member States with common challenges involving external experts (as tested in EMCO Policy Analysis Group reviews).

For a long time, the *SPC Multilateral Implementation Reviews* were a rather bilateral exercise involving essentially the Commission and the Member State that had received a recommendation. Over the years, the format has been changed and it is now more multilateral. Although Member States are still reluctant to criticize other Member States based on limited knowledge, a franker policy debate takes place. One Member State thinks that a more interactive exchange would be possible if, for each policy area, a horizontal discussion were to be added at the end of the review, picking up common issues. This could be supported by more active use of the Semester thematic factsheets (strengthening the evidence base).

Cooperation between the committees

- *EMCO SPC Cooperation*

Member States feel that the cooperation works relatively well. Joint meetings are useful. Some, however, see room for further improvement. It is mentioned that the secretariats of the committees could more regularly exchange brief information about what is happening (relevant for Europe 2020) with the other committee(s).

- *Cooperation between EPSCO and ECOFIN committees*

Many Member States think this cooperation has much improved over the years, thanks also to the efforts of chairs and secretariats. Better cooperation between delegations at national level is essential here. There is still room for improvement. Committees should be able to contribute on an equal footing. Some Member States see the case for more joint meetings while others think this is not the way to go. One avenue suggested by several member states is to invest in deeper joint (holistic) examination of certain issues (thematic analysis) also outside the Semester process. Better assessing cross-impacts is essential. One Member State points out that progress on improved cooperation with the ECOFIN committees also depends on a better balance in Commission support to EPC/EFC on the one hand and EMCO/SPC on the other hand. Some Member States point to the recent discussion of the Eurozone recommendation as an example of where things can still go wrong, with the EPC downgrading a reference to the fight against poverty (in the recommendation last year) to a simple mention in a recital this year. Decisions on Eurozone recommendations should preferably be taken at a 'jumbo-meeting'.

- *Cooperation between EMCO and EDUC and between SPC and the Working Party on Public Health at Senior Level (WPPHSL).*

Many Member States think that cooperation could be improved. Both in the case of EDUC and of the WPPHSL, part of the problem is felt to be (perceived) lack of clarity on the division of competences due to differences in mandate, institutional arrangements and working habits.

Regarding *EMCO-EDUC*: One Member State mentions the possibility of more joint meetings, discussions, reports. Another suggests reconsidering the idea of establishing a third EMCO subgroup supported by both the DG EMPL skills directorate and DG EAC. Another proposes to strengthen the political ownership by better involving education ministers.

Regarding *SPC WPPHSL*: Some Member States mention the need for a more extensive exchange of information and cross-participation in meetings. Participants in the WPPHSL should be better informed about the SPC's activities and working methods. A reflection could be organized in the SPC on how to better involve health experts and how to better share tasks with the WP. One MS suggests broadening the mandate of the SPC (while staying within the treaty mandate). Some SPC meetings could be dedicated solely to healthcare issues. A Member State points to the fact that health ministers should be informed whenever SPC documents with health aspects are presented to EPSCO.

Tentative conclusions

- Member States are positive about the European Semester, a visible, logically structured process, based on an integrated policy approach that allows for regular monitoring and cross-country comparison. It has had an important role in putting or keeping topical, sometimes sensitive, issues on the agenda and in driving reforms at national level.

- The Semester used to be overly focused on fiscal and macroeconomic surveillance. Especially also since the introduction of the Pillar of Social Rights, social issues have become more visible but for some Member States more needs to be done to ensure a really balanced approach.

- Changes to the process over the years, among them the consultation on a draft version of the country reports, have increased ownership at national level but some Member States feel the Commission and the process could still be more open to Member States' arguments.

- Member States stress the fact that policy reform takes time and that the multiannual dimension of the Semester and its components could be strengthened.

- Several feel that the Semester is too burdensome and time consuming. Some streamlining and simplification would be welcome.

- The replies to the questionnaire are often not detailed enough to allow drawing general conclusions about Member States' views on individual tools and processes but comments have been made and suggestions offered by some Member States concerning AGS, JER, country reports, NRPs, CSRs, multilateral reviews.

- Cooperation between EMCO and SPC is assessed positively. The cooperation with the ECOFIN committees has improved over the years but more can be done. It is suggested that more work is needed on assessing cross-impacts between policy domains. In this respect, joint thematic work, also outside the Semester is an interesting option.

- Cooperation between EMCO and EDUC and between SPC and the WPPHSL is hampered by the (perceived) lack of clarity on the division of competences due to differences in mandate, institutional arrangements and working habits. Closer cooperation should be explored.

3. Contribution of the flagship initiatives in the employment and social domains to achieving the common objectives under the Europe 2020 strategy

All Member States have answered this question but the level of detail in the answers is very uneven. On specific elements, not enough Member States have replied to allow drawing general conclusions. The average score is rather low (3,2 on a scale from 1 to 6), indicating that the Member States think that flagship initiatives did not contribute in a significant manner to achieving the common objectives under the Europe 2020 strategy.

General assessment

In general, more comments were made in the case of the "European platform against poverty" than on the other two initiatives specified in the questionnaire. Some MS analysed in detail the influence of particular initiative(s) on national policies, while some others have provided information about the purpose of the flagships, without giving an actual assessment.

A majority of MS have reported negative effectiveness and results for the flagship initiatives.

Many MS stated that flagship initiatives remained fairly unknown to the wider public and are only known in professional circles of the government and so, consequently, did not achieve the effect intended. A few MS said that they remained not visible and intangible and that they do not seem to have a strong connection to the strategy. A few said that they have not been fully comprehensive and strategic. One MS said that they rather represented a haphazard mix of measures in the pipeline, and another one said they were mostly an unnecessary addition to the process, and dropped out of sight quite soon, as was very much predictable. Many other MS stated the same - that they were an issue at the very beginning, and very useful as profile-raisers at the time of the launching of the strategy but have not been "heard of since" or that they had been "dissolved", and therefore their impact was limited or insufficient.

As possible explanation for that some said that it may be argued that they have been replaced by the implementation of the European Pillar of Social Rights, or the flagship initiatives have been, to some extent, overcome and obscured by the horizontal recommendations such as on the Youth Guarantee, the Long Term Unemployment Recommendation, Upskilling Pathways or, more recently, Access to Social Protection, with their own targets and much closer link to the Semester process, and this made them a more relevant part of the process than the flagship initiatives. One MS said that since the proposing body "neglected" the previous initiative,it could be perceived as a temporary marketing tool and one MS commented that if any future strategy needs to be "simpler" than Europe 2020, it could drop the flagships.

Some proposals were listed as how to improve the visibility of flagships. Because the link between initiatives and the European Semester and its elements is quite unclear, there seem to be separated rather than integrated processes. Since there is a need for a unified long-term approach for implementation of such initiatives, they could be mainstreamed in the Semester process. In addition, one MS proposed that flagship initiatives should be better integrated within the framework of operational programmes (Structural Funds). Otherwise, they will remain as ad-hoc initiatives with a short-term impact. One MS suggested it would be helpful to support the information campaign in the future to help them to bring these initiatives more into context.

However, some MS argued that stronger monitoring and follow-up of the EU 2020 strategy instead of continuously adding more tools would contribute to a more streamlined and clear process. Creating an additional administrative burden without a clear output should be avoided. In addition, some streamlining might be considered, since there is a sense of overlapping of flagship initiatives.

Another group of MS assessed the flagships in a more positive light, as important and relevant, since they shift the focus from general to more specific areas of policy development, so it was a successful approach for focusing the efforts in the specific areas. They had an important role in keeping the focus and addressing the challenges in employment and social protection.

Also, they helped in promoting of common EU values and principles, in finding and developing new ideas and awareness rising, and in developing the EU and national social agendas and in shaping the European Pillar of Social Rights, which will play a central part in developing the future employment and social protection objectives. The activities undertaken in the framework of the flagship initiatives received both political support and funding, which led to reforms and positive results.

"European platform against poverty "

Some MS see the "European platform against poverty" and the opportunity to attend the Annual Convention of Inclusive Growth where policymakers and other organisations can discuss policies as very useful, and as a model of good practice that provides a strong added value through the engagement of representatives of social NGOs, and a source of ideas and good practices. It is seen as quite efficient in a number of social inclusion initiatives at EU level. They also featured a broad call for support towards building a coalition across Member States, policy fields, levels of government, institutions and civil society actors for a more social Europe by 2020. However, they all agree that after an ambitious start, this initiative has lost its momentum and political relevance.

Some MS are more critical. One MS stated that the Platform has missed the chance of being a venue of genuine discussion on the matter, i.e. where conflicting perspectives would be laid out and confronted, and it has chiefly served as a venue for the NGO's to lobby for their favourite causes and vent their frustrations with governments. Another one said that the Platform should focus on those most deprived, but the most deprived, such as the homeless, are rarely interviewed by EU-SILC. Therefore, successful policies that support these people cannot be reflected in the AROPE indicator.

One MS mentions that from the start it was not really clear what the Commission had in mind when it proposed the Platform. It eventually became a list of Commission initiatives that was quickly overshadowed by later initiatives like the Social Investment Package and the European Pillar of Social Rights. Stakeholder hopes that national platforms against poverty which were established in some MS would, together with the Annual convention of the European level platform, regularly assess progress towards the EU poverty and social exclusion target never materialized. After the Commission's stocktaking of the Europe 2020 flagships at the occasion of the mid-term review of the Strategy had been quite critical[46], the Annual Convention of the European Platform became the Annual Convention on Inclusive Growth. The new format is quite interactive and provides a good opportunity for stakeholder participation but the link to the overall policy process at EU level remains unclear. The SPC is not involved: it is not consulted in the preparation stage; it is not visible in the programme and there is no feedback of the results of the meeting in the committee after the event.

[46] Commission Communication Taking stock of the Europe 2020 strategy for smart, sustainable and inclusive growth. COM/2014/0130 final.

"An Agenda for new skills and jobs"

Only a few MS commented on this initiative. The general assessment is that it has been a valuable tool to drive forward action at the EU-level and national level. One MS explained in detail the positive impact of this initiative on national strategies and policies, especially the Upskilling Pathways, as one of the main legislative proposals of the "New Skills Agenda for Europe". Another MS commented that the Agenda responded appropriately to the current situation on the labour market in the European Union, but that the subject of skills is going to expand in importance in the light of the ageing population and future labour shortages.

"Youth on the move"

This initiative has been commented on by only a few MS. They recognized its importance in response to the unfavourable position of youth on the labour market, as key actions covered by the initiative have improved young people's education and employability and given them suitable qualifications and experience. Together with the Youth Guarantee measures, it contributed to improving the labour market situation of youth. One MS mentioned in particular the **Your First EURES Job** scheme, which they find extremely beneficial and successful in providing sustainable employment opportunities in another EU country whilst also enhancing career development opportunities in a different cultural and/or language environment.

However, one MS assessed that this initiative has not been very effective because of a lack of dissemination, mainly due to little collaboration with the public bodies in charge of youth policies.

One MS pointed out that since these initiatives are mainly the subject of competence of other Council formations, such as EDUC and the Youth Working party, closer cooperation with them in the future could help to enhance the effectiveness and results of such initiatives. This could especially be the case when issues such as employment, generating work and employment creation, new forms of work and preparing youth for employment are discussed in such formations.

There were also some suggestions for any future strategies in fields covered by flagship initiatives:

- it should cater for the visibility of the fight against poverty as a major challenge facing the EU in general;
- more emphasis should be put on social inclusion, and employment should be addressed as part of social inclusion.

Tentative conclusions

- A majority of MS have reported negative effectiveness and results for the flagship initiatives;
- The flagship initiatives remained fairly unknown to a wider public and are only known in professional circles of the government and so, consequently, did not achieve the effect they were intended to;
- It may be argued that in practice they have been replaced by the implementation of the European Pillar of Social Rights, or that they have been overtaken and overshadowed by the horizontal recommendations such as on the Youth Guarantee, Long Term

Unemployment and Upskilling Pathways, with their own targets and much closer link to the Semester process;

- However, a group of MS assessed the flagships in a more positive light, as important and relevant, since they shift the focus from general to more specific areas of policy development and had an important role in maintaining the focus, and addressing the challenges in employment and social protection;

4. Contribution of the Employment Strategy to achieving the common objectives under the Europe 2020 strategy

All Member States have answered this question but the level of detail in the answers is very uneven. On specific elements, not enough Member States have replied to allow drawing general conclusions. The average score is rather high (4,6 on a scale from 1 to 6), indicating that the Member States think that the Employment Strategy did contribute in a significant manner to achieving the common objectives under the Europe 2020 strategy.

General assessment

Overall, MS are very positive in assessing the approach, effectiveness and impact of the Employment Strategy. It helped to focus attention on key challenges in the area of employment and is regarded as key in terms of its contributions towards the achievement of the common objectives under the Europe 2020 Strategy. It has served as an adequate tool at national level to provide the basic framework needed to guide and inform policy response, with the possibility for national authorities to adapt their policies to national circumstances. This flexibility should be maintained. Many MS commented on how positively the Employment Strategy and Employment Guidelines influenced the national employment strategies, their orientation, goals and targets, and was translated into national employment strategies and guidelines.

The Employment Strategy strikes the right balance of flexibility and usefulness in its content and instruments that makes it instrumental in promoting reforms and facilitating the coordination of employment policies.

As **strengths** of the Strategy MS mentioned that it is integrated with the economic and employment policies and covers the essential part of employment policy; different elements of the Employment Strategy provide a good overview of both the European employment situation, as well as the situation in the individual member states; the process is clear in structure, focused and consensus-oriented on the substance and the performance monitoring indicators are objective; it is written in comprehensible language, is understandable not only to experts and policy makers, but also to other groups of society. In addition, integration into the European Semester and Europe 2020 Strategy has given more visibility to the Employment Strategy and its monitoring instruments.

The quality of the analytical work has improved. The procedure from the analysis to the CSRs forms a logical continuum. The country report is a quality analytical document. The increased bilateral contact has been useful. Several MS concluded that the Semester does contribute to achieving the common objectives under the Europe 2020 strategy. Monitoring tools developed within the semester (JAF, JER, EPM, Thematic Reviews) work well.

As **weaknesses** of the Strategy MS listed: slow, time-consuming process, the whole process can be quite a heavy workload for the Member States, and the interlinkages between instruments aimed at implementing the Strategy are not clear enough.

Some MS pointed out that processes became complex over the years and difficult to oversee; a certain boom of parallel tools and processes developed in recent years, which are then more or less streamlined into the Strategy, might have been more limited (e.g. benchmarking, scoreboard, Council Recommendations etc.), and respectively better addressed directly within the existing tools and processes. Therefore, all recent initiatives for shorter and simpler procedures are very much welcomed.

It can be concluded that the Employment Strategy has given a positive contribution to the achievement of the Europe 2020 common targets. In particular, also through a fruitful debate within the EMCO that was reflected in the reformed Employment Guidelines, some factors were progressively emphasized that are key for achieving the goals, such as developing skills (smart growth), modernising active labour market policy systems with particular attention to the long-term unemployed (inclusive growth), and promoting equal opportunities and decent jobs, the latter being boosted with the adoption of the European Pillar of Social Rights.

It is also important to continue to assess and analyse the efforts made by single Member States to contribute to the success of the Employment Strategy in a broader context, where budget policies and fiscal adjustments continue to be relatively more binding than other aspects.

It is also worth noting that the space for greater attention to employment and social policy issues has gradually expanded within the European Semester and in the general context of the Europe2020 strategy.

- ***Areas of common EMCO – SPC interest***

Most MS are of the opinion that areas of common EMCO-SPC interest are addressed effectively, and that current working methods provide for an adequate means to address them. Several MS also pointed out that further deepening of cooperation in this regard could benefit EMCO's work to address issues more comprehensively, since the number of common questions is rather wide and there is scope to work more and exchange information more frequently. Especially since spill overs between social policies and labour policies cannot be ignored and these aspects can only be discussed in common.

- ***Thematic reviews: contribution to EMCO's work within the strategy***

The general opinion of MS is that EMCO Multilateral Surveillance and thematic reviews should be considered as the most important element of EMCO's work within the strategy and are an inseparable part of the European Semester. They cover appropriately the areas of Employment Guidelines pertaining to its competence, provide a good combination of thematic focus and review of country specific situations. MS find them very useful and helpful in defining clear and understandable recommendations to Member States, as well as to better address statistical/ interpretation errors or usage of up-to-date information. They also provide a good source of information, expert assessment by other MS and exchange of good practices. Many MS emphasized the importance of multilateral aspect of the process. However, one MS pointed out that in recent years written procedures have in many cases replaced the discussions in EMCO, which is unfortunate as other MS comments are not apparent and common discussions would benefit the products.

Some MS pointed out that plenary horizontal conclusions after the reviews provide an overview of results achieved and remaining challenges. They also activate the plenary discussion since thematic reviews on single MS lack common discussion, which is a positive development since some MS feel that there is still a challenge of active participation of MS not under review, i.e. that the MLS reviews are not truly multilateral. In this sense, the inclusion of a second discussant is positive, but still not enough. Presentation of case studies and analysis carried out by the Commission or other institutions could be very useful to improve the involvement of the whole Committee.

The process itself works well and has been improved over the years, but many MS think there is scope for further improvements, such as:

- consider allocating more time for discussion per MS or consider organizing the "big reviews" (YG and LTU) over two days, in order to maintain the appropriate level of members' involvement in discussions;
- reinforcing the background analysis and connecting them more to the Employment Guidelines. Looking forward, the fact that an increasing number of Recommendations (Youth Guarantee, LTU, Upskilling Pathways, Access to Social Protection…) and other issues (Social Partners involvement at national level) are now part of the work of the committees requires to find an orderly arrangement to preserve the regular MLS work;
- implementation of a reform on national level may take a longer time and this could be captured better in the different discussions;
- the fact that the Country Reports are published at the end of February invites reflection on the calendar of the meetings. This problem is only partially addressed with the Country Reviews organised in late April, but shifting the calendar of the thematic reviews after the publication of Country Reports is an issue to explore;
- benchmarking exercises can add value to the multilateral surveillance work of EMCO and to the policy analysis carried out in EMCO PAG.

- ***Role of the Mutual Learning Programme***

The Mutual Learning Programme is considered to be important in addressing problematic issues of the MS through examining the good practices of the other countries. The Programme encourages the development of competencies of policy makers and implementers, the growth of knowledge of the measures and methods of application. It offers an excellent opportunity for gaining a deeper understanding of specific issues. A majority of MS pointed out its usefulness and the important multilateral aspect of the process. MLP is very valuable and a way to learn from the experiences of other Member States in more informal settings that allows going into more detail on reforms. They provide good insights into national practices and approaches.

However, one MS pointed out that since MLPs are more effective when they deal with the details of the implementation of national policies and programmes, the technical aspect of these events should be further emphasized, with the participation of MS representatives able to acquire best practices and transfer them into their daily working activity. Another MS pointed out that arranging these events are time consuming for MS despite support from the Commission.

There were few suggestions on how to improve the MPL:

- consider expanding the number of participants from each MS, by allowing experts from different fields to participate (for example invite both EMCO and EDUC representatives to events discussing skills), which would be beneficial in fostering synergies at national level. Now it is limited to one independent expert and one civil servant;

- MLP can be more targeted on solving specific problems faced by a Member State or a group of countries, probably by agreeing on a more pro-active approach in specifically inviting Member States (based on challenges or practical examples identified in multilateral surveillance) to host those;

- in addition to the website of MLP, provide feedback/summary of the Peer Reviews to the committees.

- ***Involvement of Social Partners and civil society***

A majority of MS consider the level of involvement of social partners and civil society to be adequate and effective under the current organisational structure, as they are involved in the process at several points (participation in the main stages of the European Semester). One MS commented that social partners are regularly involved in EMCO meetings, but effective participation is not always optimal.

Some MS argued that even though the involvement and contribution of social partners is crucial to implementing Europe 2020, it is not entirely up to the Member States or the Commission to get a good outcome from this involvement. Social partners themselves need to engage and contribute as well. The same applies to Civil Society organisations.

Some MS addressed the issue of involvement of social partners in the national context, as in the process of the Semester and discussing CSRs (which is quite difficult due to time constraints and pressures) or in implementing national reforms and strategies, where they are regularly included, with good examples of successful cooperation models, for example, in implementation of national Youth Guarantee programmes, or in activation of long-term unemployed, where success of this strategic approach depends on the real involvement of all stakeholders.

One MS pointed out that when considering the involvement of the social partners we should have due regard to the national contexts, since the framework for input by social partners varies considerably across MS.

Regarding the "Social partners' review" some MS suggested it would be advisable to clarify the working methods and purpose of the review and develop a common approach with guidelines and criteria on evaluation of Social Partners involvement in the Semester process, as the current recommendation seems to use different assumptions and approaches (opinion of Social Partners should be taken into account, but cannot be the only tool to measure progress of Social Dialogue on national level).

- ***Other points raised***

There was only one issue pointed out here – the issue of capacity of the support team.

It is essential to ensure the capacity of the support team to effectively underpin the work of EMCO. The importance of the support team cannot be overestimated in helping EMCO play its role in the

Semester as a whole. Improvements in visibility and relevance of the Committee work require a strong support team.

Tentative conclusions

- Overall, MS are very positive in assessing the approach, effectiveness and impact of the Employment Strategy;
- It is considered that it helped to focus the attention on key challenges in the area of employment and is regarded as key in terms of its contributions towards the achievement of the common objectives under the Europe 2020 strategy;
- It had a positive influence on the national employment strategies, their orientation, goals and targets, and was translated into national employment strategies and guidelines;
- It strikes the right balance of flexibility and usefulness in its content and instruments, that makes it instrumental in promoting reforms and facilitating the coordination of employment policies;
- As a weakness, it is pointed out that the related processes are slow and time consuming, and place a heavy workload on MS;
- The areas of common EMCO-SPC interest are addressed effectively and current working methods provide for an adequate means to address them. However, further deepening of cooperation in this regard could benefit EMCO's work to address issues more comprehensively;
- Multilateral Surveillance and thematic reviews are considered as the most important element of EMCO's work within the strategy and are an inseparable part of the European Semester. They cover appropriately the areas of Employment Guidelines pertaining to its competence, provide a good combination of thematic focus and review of country specific situations. MS find them very useful and helpful in defining clear and understandable recommendations to Member States. The process has improved over the years, but there is still scope for improvement in terms of organization and timing;
- The Mutual Learning Programme is considered to be important in addressing problematic issues of the MS through examining the good practices of the other countries and providing opportunities for in-depth discussions. In doing so, it contributes to the development of competencies of policy makers;
- The level of involvement of social partners and civil society is considered adequate and effective under the current organisational structure. However, some MS suggested it would be advisable to clarify the working methods and purpose of the Social partners' review and develop a common approach with guidelines and criteria on evaluation of Social Partners involvement in the Semester process;
- It is essential to ensure the capacity of the Support team to effectively underpin the work of EMCO.

5. Effectiveness of the OMC as a method in view of achieving the common objectives under the Europe 2020 strategy.

All Member States have answered this question but the level of detail in the answers is very uneven. On specific tools and processes, not enough Member States have replied to allow drawing general conclusions. The average score is high (4,5 on a scale of 1 to 6), indicating that the Member States think the OMC has been an effective method in view of achieving the objectives of the Europe 2020 strategy. Only two Member States gave a score lower than 4.

General assessment

According to the Member States, the OMC has provided a positive contribution to the common objectives under the Europe 2020 strategy. The OMC is a stable, capable and flexible tool. It is respectful of national competence and works on a voluntary basis. Less prescriptive than the European Semester, it has nevertheless had a real impact. The method has contributed to putting important social policy issues on the agenda at EU and national level. In this way it has supplemented and counterbalanced economic and employment policy. The mutual learning framework (active learning and sharing of best practice) provides valuable support to Member States preparing social policy reforms. Multilateral learning is more effective and efficient than bilateral learning. The OMC develops knowledge and political consensus (common understanding) around what is effective social policy. It helps avoid mistakes in social policy and contributes to upward social convergence. The OMC has developed a toolbox of commonly agreed indicators and has improved the scope and the quality of data collection. It supplements the Semester and provides quality analytical inputs to the EPSCO-Council. The OMC allows to also focus on important social policy issues not covered by country specific recommendations.

Some Member States mention weaknesses of the method. The impact of the OMC on national policies has not been strong enough. The impact of the economic and financial crisis and the country specific recommendations focusing on fiscal sustainability has been such that little scope remained for policies aimed at the OMC common objectives. Social policy issues are highly complex, but some of this complexity has tended to get lost in communicating the results of mutual learning. The learning is sometimes too shallow and of limited use in a specific national context. Several Member States stress the fact that the OMC should continue, updated in the context of a new post Europe 2020 strategy, while preserving its specific characteristics.

Contribution to the Europe 2020 common objectives at national level

Some Member States emphasised that if the government and/or national stakeholders decide to use it, the OMC can enrich the national social policy debate. Some Member States are less inclined to use OMC learning and put greater trust in national statistics and evidence.

Assessment of the integration of the OMC in the Europe 2020 strategy

Most Member States think that the integration of the OMC in the strategic framework of Europe 2020 has increased the visibility and impact of social protection and inclusion messages. One Member State sees little difference in the visibility and impact between the OMC in the later years of the Lisbon strategy (stand-alone) and under Europe 2020. Another Member State considers that the OMC had more visibility and a bigger impact under the Lisbon Strategy because at that time the OMC still had its Joint Report on Social Protection and Social Inclusion.

Some factors have worked against more visibility and impact in the framework of Europe2020: the dominance of macro-economic and budgetary concerns; the complexity of the many tools and processes that can hamper visibility and the impact of messages; the fact that after the disappearance of the Joint Report on Social Protection and Social Inclusion and the discontinuation of the national social reports (general reporting) the common objectives of the Social OMC are no longer visible.

Issues of common EMCO-SPC interest addressed effectively?

Most Member States think that the cooperation between the two committees has worked well (it has improved over time) and that common issues have been addressed effectively. A few Member States think that more could be done. One Member State points out that effective coordination between delegates to the two committees at national level is important, that duplication of work should be avoided and that more joint meetings are not always the answer.

Issues of common interest EPC-SPC addressed effectively?

One Member State points to the fact that under the early OMC (Lisbon strategy) there was closer cooperation with EPC on pensions and health care than under the Europe 2020 strategy. A few Member States think more joint work with EPC and the Ageing Working Group would be welcome. The EPC-SPC integrated policy paper on pensions, planned for the second half of 2019, is cited as, potentially, a good step forward. It is mentioned that one of the major challenges is to get a better understanding of how social indicators are affected by the economic cycle and by the policies covered by the ECOFIN committees.

Sufficient coverage of all strands of the OMC?

Most Member States seem to think that all strands of the OMC have been covered to some extent, yet several point to some issues that could be better covered. Areas where the coverage could be improved are notably health and long-term care. One Member State also mentions social services and family policy and another mentions coverage of social security. Most Member States indicate that the best covered areas are social inclusion and pensions. One Member State points to the fact that coverage depends on prominence of an issue at a given time. Since most pension systems across the EU are being reformed the focus has shifted to long-term care and it will probably soon shift further to health care. Some reasons why health and long-term care are less covered are mentioned: different directorates (not normally represented in the SPC delegations) are responsible at EU and national level and health systems are very complex. It is suggested that cooperation with DG SANTE should be improved and that a closer link could be developed with relevant EU projects and studies.

Effectiveness of the tools and processes of the OMC in the context of Europe 2020

In general, Member States think that the tools and processes of the OMC mentioned in the questionnaire have been effective in the context of Europe 2020.

A few Member States comment that mutual learning is often most effective when different tools are combined for learning on the same topic, integrating inputs from governments, the Commission, social partners, civil society, academics (see e.g. the so-called thematic years under the Social OMC (2006-2010) on child wellbeing, homelessness, active inclusion). Other Member States point to the negative impact of too many tools existing next to each other, where even those actively participating in the process have difficulty in seeing how everything fits together. According to these Member States, the complexity is off-putting and can lead to excessive administrative burden.

- SPC Thematic Reviews

In general, Member States consider that the thematic reviews have been useful. They have supported the exchange of information and analytical contributions on important policy issues. Some suggestions raised were:

- The selection of topics could be more systematic in a long-term perspective. Topics used to be selected in an SPC meeting based on an analysis of the SPPM. Recently, topics have been selected on a more ad hoc basis by the Presidencies.
- The reviews could be enriched by better cooperation with research institutes.
- Synergies should be exploited with other activities of Commission, Council and the Presidencies (e.g. Council Conclusions).
- Results could be more useful at the national level if they were less shallow and more focused on value added.

- SPC Peer Reviews

The peer reviews are highly appreciated. They have been an instrument available for Member States to learn from other Member States whenever they engage in social policy reforms. It is mentioned that the reviews have facilitated networking between government representatives, the Commission, academics, social partners and social NGOs, thus contributing to the constitution of an EU social policy community. Some suggestions:

- The reviews are still a bit cumbersome, they could be more flexible;
- There is a need to involve the relevant stakeholders and the SPC members;
- More reflection is needed on the transferability of policies;
- Stakeholders could be better briefed on the results of the peer review programme so that they are better motivated to participate;
- Debriefings of peer reviews in the SPC are an excellent idea, but there remains room for improvement. SPC members could receive an alert when peer review reports become available and people doing the debriefing could be encouraged to focus more on the value added of the review (new learning, agreement versus disagreement...) rather than focus only on the host country's policy or on the well-established consensus.
- There should be a permanent focus on introducing lessons learned at peer reviews in other SPC-activities, whenever that can be useful.
- One could consider bringing together lessons learned in peer reviews on similar issues over a certain period.

One Member State questions whether it was a good idea of the Commission to start another mutual learning programme on access to social protection in addition to the existing peer review

programme. Another Member State supports the results of a recent SPC evaluation of the peer review programme (on-line questionnaire)[47].

- *SPC thematic flagship publications*

This refers to publications like the Pension Adequacy Reports and the 2014 Long term Care Report, but this was not well understood. Only one of the Member States has commented on these tools, pointing out that the Pension Adequacy Report can be considered a success as far as dissemination is concerned.

- *Social Reporting in the NRPs*

Some Member States indicate that when the national social reports (general reporting) were discontinued the guidelines for the social reporting in the NRP's were hardly changed. They remain focused on the country specific recommendations and on the Europe 2020 poverty and social exclusion target. Therefore, the scope for social reporting in the NRP is much more limited than the common objectives of the Social OMC. Furthermore, the space available for social reporting was not increased. Nevertheless, a few Member States confirm that they include their most important social protection and social inclusion measures in the NRP. One Member State suggests adding a separate section to the NRPs, devoted to reporting on the implementation of the European Pillar of Social Rights.

- *Thematic Social Reporting*

Just a few Member States comment on these reports. They seem to find the results interesting. The reports contribute to a better understanding of different approaches to similar challenges, but the comparability of the reports is often limited. Not all Member States are contributing, and the results are not used enough. One Member State comments that these reports have not yet reached their full potential.

Some criteria for effective mutual learning

A few Member States focus on criteria for effective mutual learning. It is suggested that care needs to be taken that the right experts are involved and the subject needs to be well defined: better narrow and deep than broad and shallow learning. Each exercise could start with an internationally comparative picture of the participating countries based on some key variables relevant for the subject under review (e.g. universal or means tested system, more in kind or cash benefits, level of government involved). Such a typology is helpful when considering the possibility of policy transfer. A more active role for the moderator can help in getting answers to the key questions for debate (focus on value added and new learning).

Dissemination of lessons learned

Almost all Member States seem to think that dissemination of lessons learned could be improved. Some remarks: it must be a common effort at EU and national level; the SPC website could be improved; the external communication strategy should be reassessed; communication should be adapted to the different target audiences; dissemination should be a separate, last stage of any mutual learning activity.

[47] Results of the online survey on the SPC peer review programme. Document SPC/2019.3/5.

Involvement of civil society and social partners on work under the Social OMC

Although some Member States think that the involvement of stakeholders is fine as it is, most feel that it could be improved at key moments in the year and that it could be more interactive and better structured. Stakeholders can bring in other perspectives and improve policymaking. They can be partners in policy implementation. Comments raised included the following:

- There is a European and a national dimension to this;

- Time is too short to involve stakeholders effectively in preparing the reaction of the Member States to the Commission proposals for country specific recommendations;

- The setup for stakeholder input in SPC meetings rarely leads to an interactive debate. Perhaps more inputs should be sought on specific issues (thematic work: thematic reviews and peer reviews) and based on specific questions sent before the meetings;

- Better inform stakeholders about the SPC and its activities and working methods so that it is clear to them what they are contributing to.

Tentative conclusions

- Member States feel that the OMC has provided a positive contribution to the Europe 2020 objectives. It is a stable, capable and flexible tool that respects national competence. By keeping social protection and inclusion issues on the EU and national policy agendas it has supplemented and counterbalanced economic and employment policy. Mutual learning in the framework of the OMC has supported policy reform and qualitative thematic analytical inputs have been sent to the EPSCO-Council.

- The impact of the OMC on national policies, largely dependent on voluntary take up by Member States and national stakeholders, could have been stronger. Because of the economic and financial crisis and the country specific recommendations focusing on fiscal sustainability, at least during a part of the period under review, little scope remained for policies aimed at the OMC common objectives.

- The majority of the Member States think that the fact that the OMC was part of an integrated strategic framework, Europe 2020, has led to better visibility and more impact than if the OMC had continued as a stand-alone process.

- Most Member States consider that the cooperation between SPC and EMCO has worked well and that common issues have been addressed effectively. There is a less positive assessment of the cooperation with EPC on common issues. Closer cooperation is suggested.

- Most Member States agree that all strands of the OMC have been covered but less work was done on health and long-term care.

- In general, Member States consider that the tools and processes of the OMC have been effective. Some are of the opinion that different tools and processes used in combination reinforce each other, while others warn that too many tools and processes lead to confused messages and a high administrative burden.

- The peer reviews, thematic reviews, thematic social reporting are highly appreciated by the Member States and suggestions are offered to make them even better. Some Member States focus specifically on success factors for effective mutual learning. The assessment of the social reporting in the NRP's is more negative.

- It is felt that there is a lot of room for improvement as far as dissemination of OMC products is concerned and some Member States suggest that in this respect a new, more strategic approach is needed.

- Participation of social partners and civil society organisations is considered to be important and more could be done to ensure effective interaction.

- Several Member States stress the fact that the OMC should continue, updated in the context of a new post Europe 2020 strategy, while preserving its specific characteristics.

Part B: The headline targets and indicators

Questions common to EMCO and SPC

Q6. Headline targets as driver of policy reforms

When asked about the role of targets in driving reforms, about half of the member countries gave a score above 5, while none gave a value below 3. This seems to indicate a certain consensus on the role played by the headline targets and by the national ones in influencing the political agenda of national governments.

Some countries have pointed out that targets have been taken into due consideration in the drafting of the NRPs as part of the national reporting process, while other countries are less inclined to consider them particularly fundamental for the reforms implemented, though acknowledging their certain relevance. It remains to be assessed, according to some, how the objective of poverty reduction has really been translated into concrete policy actions at national and European level. An issue that should not be underestimated is that the long ten-year term of the European strategy does not coincide with the Governments / Commission political cycle. In order for the strategy to remain relevant, it is therefore necessary to continuously reaffirm its ambitions at both European and national level.

The definition of target indicators in the economic and social field has in any case made it possible to measure the progress made by the countries in a tangible and efficient manner, encouraged the countries to adopt ambitious reforms and also had a fundamental role in giving visibility to employment and social inclusion issues. It was also pointed out that the indicator on poverty and social exclusion highlighted the complexity and multi-dimensionality of fighting against poverty and to some extent influenced and informed policy making. With this view, some MSs also noted that headline indicators translated into operational tools at national level.

Some noted that given national circumstances and starting points, achieving an EU-wide target is not a definitive measure of national progress, which are in some cases difficult to quantify. The progress made should be then always assessed looking at the distance travelled since the start of the Strategy and flexibility should always be required – including in a future perspective – to cater for unexpected shocks and unprecedented changes in national and European labour markets.

Q7. Integration in the assessment of Europe2020 targets

The question asking whether Europe2020 objectives are assessed in an integrated manner is the one in the whole questionnaire that received the lowest score. Almost 40% of Member States answered with a rating of 2 on a scale of 6, and the average score was 3.2. It is therefore quite clear that the Member States consider the work done to comprehensively evaluate the progress made towards the objectives of the strategy barely sufficient.

First, it is necessary to evaluate how the general objectives of the Strategy are actually consistent or whether there are potential trade-offs between them. In fact, the positions expressed on the subject by delegations are varied. On the one hand there are those who emphasize a certain complementarity between some of the objectives (for example between the growth of employment and the reduction of poverty or between education target and smart growth) and those who instead emphasize how when expanding the vision to the Strategy as a whole some potential trade-offs

emerge between the goals of smart growth, social inclusion and environmental sustainability. It was also noted that in the same CSRs, sometimes implicit contradictions emerge in the demand for both responsible fiscal policies and investments and expenditures in social policies.

The fairly shared perception, in any case, is that of a lack of tools capable of holistically evaluating the progress made, and that this assessment is rather delegated to the individual member countries in the drafting of the NRPs. One of the keys to building a fully integrated approach is therefore to strengthen cooperation between the different Committees that currently monitor progress towards reaching the targets quite separately. With this view, although it has been noted that over time there has been progress in the cooperation between EMCO and SPC and EMCO and EDUC, many have complained about the lack of concrete synergies for a joint analysis of the evolution of the employment and social situation in Europe. Finally, there is no clear linkage between the priorities in terms of employment and the fight against poverty and the economic and fiscal policy objectives of the Union.

Q8. Effectiveness of employment and poverty and social exclusion indicators for monitoring the progress achieved against the employment and social objectives of Europe 2020

About half of the respondents believe that the indicators chosen for monitoring progress towards achieving the objectives of the Europe2020 Strategy - the employment rate and AROPE - are adequate. In fact, 46.2% of the scores are over 5 and the average score is 4.4. Only 3 respondents provided a score of 3.

The clarity, simplicity and comparability of the employment rate are particularly highlighted. Among the merits of AROPE, its ability to capture the different aspects and multiple dimensions of poverty and social exclusion in a single indicator, its robustness and its comparability have been reported.

However, a number of critical elements also emerge. Many observed how, by using the employment rate, several dimensions of jobs quality are neglected, including the type of contract, the job security, the adequacy and the continuity of the labour income. In light of the changes taking place in the labour market and of the spreading new forms of work, the issue could become more important in the coming years. Equally numerous are the delegations that underline how the general employment rate can hide remarkable differences in the employment levels of the population's subgroups (women, young people, migrants). In essence, the reading of the employment rate should always be accompanied by an analysis of additional indicators, including those relating to in-work poverty and long-term unemployment.

As far as AROPE is concerned, it has been noted that its dynamics is not always easy to interpret, as it is the result of three components that may have different evolutions. In this sense, according to some MSs, AROPE is not always easy to communicate. Many answers, then, focused on the fact that AROPE does not capture some important aspects of social policies: the dimension of wellbeing, the access to quality services, in particular health services but also social and cultural ones, the growing income inequalities, and the gaps between different subgroups of the population.

Some respondents also pointed out that the indicator is not easily correlated to policies, because of its composite nature and partly its dependence on the economic cycle. In this sense, there is a broad consensus that in order to identify the challenges to be addressed and to set up effective policy tools, it is necessary to analyse all the components of the indicator and, in some cases, complement the analysis with additional context data.

Q9. Usefulness of national targets in supporting national policy reforms

Most respondents provided a positive or very positive score also to the question about the usefulness of national targets in supporting national reform. In fact, in line with the previous question, the average of the scores was 4.5, with a percentage of votes higher than 5 of 46.2%.

The comments of Member States focussed in particular on two aspects: the fact of having set employment and poverty targets for each country and the fact of having set additional targets at national level - a circumstance that is not common to all member countries.

As regards the setting of different national target values for the employment rate, many countries see the outcome of the process as a compromise between realism and ambition. While many countries have emphasized that it was necessary to take into account the different starting points of European countries and that a common level of targets for all would have been unrealistic or ambitious, others have observed that the setting of national targets makes the comparison of progress made less transparent, due to the fact that some countries may have been more ambitious and others more realistic. In such context, when national targets are set less ambitious and achieved well before the end of 2020, national governments could lose motivation to revise these targets and pursue reforms.

While the employment rate is an objective indicator common to all countries, in the case of the risk of poverty or social exclusion each country has been able to define its objectives according to specific challenges. Some have opted for AROPE, but not all. This also makes the way in which countries provided their answers to the questionnaire diversified. For many, the process has allowed each country to assess its initial situation and identify specific challenges for the country's social policies. However, some countries have noted that the final result was not entirely satisfactory in terms of coherence between the European and the national targets. Others noted that setting a national target for AROPE was problematic due to the limited timeframe and lack of up-to-date information. Finally, some countries have noted that poverty targets have proved too ambitious and that greater prudence is needed in the future.

With regard to the second aspect, that of the definition of additional targets, it was highlighted by some MS how this contributed to focus the policy on the relevant challenges and contributed to the pursuit of the general objectives of the Strategy.

Q10. Quality of available indicators to support monitoring of the targets

According to the score received, the opinion of Members States on the quality of the indicators is largely positive. In 55.6% of the cases the score assigned is at least of 5 and the average score is 4.5.

In particular for the employment rate there is an almost unanimous agreement on the quality, robustness and comparability of the data coming from the LFS. As far as AROPE is concerned, the opinions are more varied, though a general appreciation can be registered. Nonetheless, the analysis of the answers reveals aspects that can be improved. In particular, the insufficient sample size of EU-SILC for the analysis of specific sub-groups is noted. Furthermore, the sampling error associated with the single components of the indicator is considered sometimes too high. Another issue is the timeliness of data, which remains unsatisfactory for many. Some believe that further efforts can be made to align the wording of the questionnaire and improve the comparability of the data. It has been noted that the AROPE indicator does not reflect the demographic evolution of a country and

could therefore grow simply because there is an increase in population. Finally, the indicator does not take into account some transfers in kind (e.g. service vouchers) which are important for improving the standard of living of households.

EMCO-specific questions

Q11. Appropriateness of employment rate to describe progress in the labour market situation in the Member States

Among the questions in section B, the one on the appropriateness of the employment rate to describe progress in the labour market situation was the one that received the highest average score (4.9), with 81.5% of scores above the threshold of 5.

This figure reflects a general appreciation of the indicator in synthesising the labour market situation and describing its evolution. However, in reading the answers, several points for reflection emerge. Many countries have shown that it is always necessary to combine the analysis of the employment rate with other context indicators. Others note the presence of some knowledge gaps to be filled to fully understand the state and evolution of employment in their countries and in Europe.

As already partially illustrated in the analysis of the answers to question 8, one of the most recurrent observations concerns the fact that the employment rate is not able to correctly measure the volume of employment, as it limits to register the share of people who worked during the reference week of the survey. Many countries have noticed that, due to the growth of part-time and new forms of casual work, the growth in the employment rate does not necessarily correspond to an increase in hours worked. For this reason, some countries suggest using the full-time equivalent employment rate or in any case accompanying the analysis of the employment rate with that of the percentage of part-time jobs and / or temporary jobs, the involuntary part-time rate, and indicators of over- and under-employment.

A second and equally recurrent observation concerns the fact that the employment rate is not able to capture the disparities existing between the groups in terms of gender, age, level of education and nationality, without neglecting disabled persons. In this sense, it is always necessary to carefully monitor the employment rates specific to the individual groups, also in order to assess the contribution of each component to the general employment rate. Some have also suggested using indicators related to labour market segmentation, such as the long-term unemployment rate, activity and employment gaps, and the potential labour force.

Another aspect noted by several delegations is the fact that the employment rate neglects all aspects related to the quality of work, in particular incomes and working conditions. To this end, some recall, for instance, the need to look also at the in-work poverty rate and the gender pay gap.

Some MS have also observed that the employment rate is not sufficiently informative on the employment trend. In this sense, it is suggested to use 3-5 year employment growth rates and transition indicators. Finally, it was noted that for countries with a high percentage of non-resident workers, the employment rate is a rather imprecise and not very informative measure about the labour market situation.

Many countries have also observed that the indicators present in the EPM and in the JAF are able to fill almost all the possible knowledge gaps linked to the employment rate, although there are still areas for improvement to grasp the phenomena of skills mismatch and new forms of work.

Q12. Appropriateness of target population

Two thirds of the respondents consider the target population chosen for the employment rate indicator as appropriate with respect to the objectives of the Europe 2020 Strategy, however almost all comments underline the need to look carefully also at age specific employment rates, gender and education levels, which are all present in the JAF.

While there is no country that considers the lower limit too high, some delegations find that a potential conflict exists between the need to strengthen the skills of young people, and therefore increase the share of graduates among the population, and the inclusion of the class aged 20-24 in the target population of the employment rate. In this sense, some proposals aim to increase the lower limit to 25 years (using the NEET rate as an indicator of the youth situation), others to compute the employment rate net of young people still in education or training.

With regard to the upper limit, many observe how the demographic changes taking place in the labour market must be taken into account and note that in many countries the mandatory retirement age has been increased over the age of 65. Therefore starting to monitor the rates of occupation of the population up to 69 or 74 years of age could be considered. This can be done either by raising the upper limit of the target population or through a separate analysis of the employment rates of the 65-74 age population. It was, however, also mentioned that in some countries women's average exit age is still around 60 and the upper limit of 64 is already too high.

SPC-specific questions

Q13. Appropriateness of the format of AROPE

The question about the appropriateness of format of AROPE and the possible need to split the single components of the indicator highlights a variety of opinions that can only be partially summarized in the fact that about 55% of respondents prefer the aggregate indicator, while 45% of respondents would prefer to separate the three components.

In general, those who support the aggregate indicator stress that this is able to capture the different dimensions of poverty and social exclusion in a single indicator, with greater coherence with the objectives of the Europe 2020 Strategy and greater practicality in terms of monitoring and reporting progress towards these goals. It has also been observed that splitting into the three sub-components would risk weakening the dimension of social exclusion. Even among those who express themselves for the combined indicator, there are plenty of voices in favour of a careful analysis of the individual components to assess the evolution and trends underlying the general trend of AROPE.

On the other hand, those who would prefer a separate analysis of the indicators highlight the fact that the value of the aggregate indicator risks being too synthetic and not very informative, since the three individual sub-components may have different (or even opposite) trends. Also highlighted is the problem of temporal coherence between the three components that does not allow defining precisely which year the value of AROPE refers to.

Q14. Relevance of AROPE components

The percentage of respondents that consider the three components of AROPE to monitor trends in poverty and social exclusion equally important are 63%. Diverging responses from this relative majority tend to highlight the fact that the different social contexts of Member States may lead to give greater relevance to one of the three sub-indicators (a circumstance that is in any case also called into question by those who consider the three components equally important). AROP, SMD and (quasi-)jobless households have all been cited as the most relevant components by those who have clearly expressed an opinion, while there are those who note the absence of indicators taking into consideration household consumption. Finally, there are those who have observed that work is still needed to improve the capacity to analyse and interpret each indicator and gain more insight on the correlations existing between them.

Q15. Need to revise some AROPE components

67% of respondents believe that it is necessary to review at least one of the three components of AROPE or otherwise continue to develop indicators in the social field.

Most of the issues raised by the Member States concern the SMD indicator and that of the (quasi-)jobless households. As far as the SMD is concerned, many highlight its inadequacy, including as regards the items used to detect deprivation, and suggest a quick transition to the material and social deprivation indicator (MSD). As far as the quasi-jobless household indicator is concerned, the need to change the age limits (harmonizing it with the employment rate at 64) is highlighted by many, while others point out that it would be necessary to take into greater consideration career interruptions linked to further education and training.

Q16. Agreement on a common EU poverty and social exclusion target

The approach followed in this cycle of the Strategy - with a common European target and national objectives defined by each Member State - seems to find, overall, a majority of consensus. In fact, 11 out of 22 respondents believe this approach to be correct, 7 would prefer a common target at national and European level, while 4 others have given different answers.

In general, therefore, the opinion prevails that due to the specific challenges and specific tools, including legislation and fiscal policy, it is appropriate to allow for a certain degree of flexibility in setting national objectives. The potential problem of this type of approach remains, for many of the respondents, to improve the coherence between the national and the common European target.

There are those who argue that a common indicator should be used in order to monitor the impact of the policies adopted and the progress made in the fight against poverty with greater clarity and transparency. There are those who finally propose an intermediate solution, which is using AROPE for all countries, allowing countries to set additional targets, in line with what currently happens for the employment target.

Among the responses in disagreement, there are those who believe that AROPE is insufficient and that it is necessary for instance to monitor the capacity of the social protection systems to lift people out of poverty. Along the same lines, some believe that a new approach could be explored, establishing a more concrete link between the guiding policy principles and the guidelines.

Tentative conclusions:

- In the aftermath of the crisis, fighting against poverty and social exclusion and lifting employment levels were among the priorities in the political agenda of many Member States. Europe 2020 Strategy headline targets gave greater visibility to the challenges in the social and employment field and contributed to the adoption of ambitious reform policies. The contribution that implemented actions concretely gave to addressing poverty and social exclusion remains to be assessed;

- Although potential interactions exist among some headline targets, little attention has been devoted to an integrated assessment of the progress made in the different policy strands covered by the Europe 2020 Strategy. There is the need of a holistic vision able to capture complementarity and potential trade-offs between headline targets. It is therefore necessary to strengthen the cooperation between all the Committees involved in the evaluation of the progress achieved towards Europe 2020 overall objectives;

- Setting national targets has also helped to take into account country-specific situations and different starting points. On the whole, it seems that national targets ensured a good compromise between the ambitious agenda of the European Commission and the need to set realistic targets for national Governments, especially those of countries lagging behind. However, in the case of AROPE, lack of consistency between national and EU targets is to be noted;

- Both target indicators are generally considered as good, benefitting in general from clear and almost unanimous support from Member States. Employment and poverty and social exclusion targets represent the most straightforward and effective way to measure progress in the employment and social field at national and EU level. The employment rate is a high quality indicator, and very easy to communicate. It includes information on several aspects of the labour market such as social inclusion and labour market efficiency. AROPE allows capturing several dimensions of poverty and social exclusion within a single indicator that contains relative and absolute elements and is responsive to labour market and social policy developments. Both the employment rate and the AROPE ensure coherence and comparability of the progress made by Member States, however they also present some weaknesses that are important to take into account;

- The employment rate is the best indicator available to have a synthetic snapshot of the labour market in terms of comparability and reliability. However, it is only partially appropriate to monitor progress toward the objective of the Employment Strategy. It is not able to correctly measure the volume of employment. In the light of the growth in part-time and casual work, this may become an issue. The employment rate may also hide disparities existing in the employment rates of different sub-groups of the population. Finally, employment rate neglects quality aspects of employment, in particular incomes and working conditions. As for the age class chosen (20-64), it is a satisfactory compromise, though some issues could be further explored:

  - there is a potential conflict between the goal of increasing the proportion of people with tertiary education and the inclusion of the age group 20-24 in the employment target. In this regard, increasing the lower limit to 25 may be considered while using

the NEET rate as a joint/complementary indicator. Calculating the employment rate net of people in education could be another option;

- increasing the upper age limit could be considered, in the light of the trends in many Member States towards ageing populations, increasing life expectancy and higher effective and legal retirement ages. However, trends and regulations are not the same all over Europe, and there are some countries where especially women retire before 64.

- In conclusion, using a limited number of additional indicators as headline or sub-targets is an option that could be explored – or a composite indicator based on a solid methodology -, however, EMCO monitoring tools (JAF and EPM) already offer a number of adequate additional indicators that need to be taken into account to fully assess the progress towards Europe 2020 and the Employment Strategy;

- As for the AROPE, combining three components (At-risk-of poverty rate (AROP), Severe material deprivation rate (SMD) and Population living in (quasi-)jobless households), the At-risk-of poverty or social exclusion rate (AROPE) is a comprehensive and robust indicator. However, given its composite nature, the impact of adopted reforms is not always easy to detect. The interpretation of its evolution should therefore be based on a careful analysis of both aggregate value and its sub-components, which could be more informative on specific objectives of policy action. In this regard, the three components of AROPE are equally relevant, though priority may be given to one of them according to national circumstances and challenges. While the at risk of poverty indicator is a very well established indicator, account should be taken of past and on-going work in ISG regarding the SMD/MSD and (quasi-)joblessness indicators;

- The approach followed in this cycle of the Strategy in setting poverty and social exclusion targets at national level was generally appreciated, though consistency between national and European overall target should be improved.

Part C: The monitoring tools (EPM, SPPM, and JAF)

General issues

In December 2010, the Council endorsed a proposal from EMCO, SPC and the European Commission for a Joint Assessment Framework. Subsequently, the EMCO and SPC Committees respectively developed the Employment Performance Monitor (2011) and the Social Protection Performance Monitor (2012). These tools aimed at monitoring the Europe 2020 targets and signalling challenges in the employment and social domains. In 2013, a 'social scoreboard' was added to these monitoring tools, aiming at a timely detection of negative employment and social trends and of divergences. In 2017 the latter was replaced by the social scoreboard of the European Pillar of Social Rights. This scoreboard will monitor the implementation of the Pillar by tracking trends and performances across EU countries in 12 areas and will feed into the European Semester of economic policy coordination. The scoreboard will also serve to assess progress towards a social 'triple A' for the EU as a whole.

EMCO and SPC tools played an important role in monitoring the progress achieved under Europe 2020 and the Employment Strategy and making social and employment issues visible in the EU governance process. While the monitoring tools have been developed at different stages of the EU-Governance process, with specific objectives, replies to the questionnaires indicate an overall support for the monitoring tools. Next to this overall support, the replies contain a number of proposals for further developments, some for additional indicators/topics, but mainly on visibility/communication, and mostly, on further integration/consolidation.

The EMCO and SPC monitoring tools address quite exhaustively all ***relevant policy areas***. A number of Member States indicate explicitly that there are no important areas missing. While supporting the tools in general, other MS make proposals for specific issues that could be added in view of further development of the tools. Some of the proposals concern issues that are new to the monitoring tools; others concern the need to further develop policy areas that are already present in the tools (e.g. health and pensions).

For instance in the employment domain, despite often being covered by thematic reviews and CSRs, social dialogue and undeclared work are not adequately covered. Further work is also needed to find adequate indicators for skills mismatches, wages and effectiveness of activation policies. In the social dimension, there is room for improvement in the health and pensions areas as well in long-term care and homelessness. Child poverty, poverty in relation to education and social mobility are also put forward as useful additions to the current situation. EMCO and SPC monitoring tools could also be expanded to cover social imbalances, social upward convergence, quality of social services, economic and social well-being and report also on progress in a medium-term perspective. Additional effort will also be required to fully gender mainstream the EMCO and SPC tools and to align them with the European Pillar of Social Rights. The use of prospective indicators in the current tools could help in assessing future challenges. A few MS point to the need to strengthen the evidence base. While most proposals are put forward by individual Member States, some, like social dialogue and undeclared work, are signalled by a few Member States. As for all monitoring tools, EMCO and SPC tools need to be reviewed regularly to also include new or emerging policy issues.

In general, being based on robust evidence and despite having been developed independently, they are more than sufficient in providing a picture of the main employment and social trends, challenges and supporting the formulation of **consistent messages** to policy makers. The agreements reached in recent years in both EMCO and SPC toward common methodologies for assessing the employment

and social trends and challenges have been very useful towards achieving a more consistent evaluation and formulation of policy messages to EPSCO.

It is however clear that there is room for improving **accessibility and usability** of the tools. A number of Member States point out that it would be useful to enhance the visibility and usability of the tools, in the first instance for EU policy making, but also for policy makers at the national and sub-national levels, and to stakeholders and the broader public. Although quite some Member States signal this issue, there are not many concrete proposals in this regard. To enhance the usability for policy makers an obvious way forward is to enhance further the relevance of the monitoring tools. One way could be to combine in a more consistent way the short-term perspective with longer-term trends in the different monitoring tools. Improving the timeliness of the main social indicators can also contribute in this regard. The tools should be made more accessible to a broader public, by making further progress in (visually) presenting the results. Furthermore, the dissemination of the monitoring tools (and the reports in which they are used) should be improved, e.g. by a more active communication strategy.

However, although MS are satisfied with the tools, many MS are open to, or request more explicitly, more **consolidation** between tools to avoid redundancies. In this regard further reflections on consolidation could be considered also with a view to providing consistent messages. On the other hand, each tool serves a different purpose and excessive simplification could lead to a less effective base for analysis. For instance, while providing a bridge between employment and social monitoring, the Social Scoreboard also created additional duplication with EPM and SPPM, further increasing the already high number of existing tools. Different pathways for consolidation can be explored: between the tools (JAF/SPPM/EPM/Social Scoreboard) of the EPSCO committees, but some Member States point also to the relation with economic and financial monitoring tools (MIP). While the willingness to consider further consolidation was the most frequent comment, it should be noted that a few Member States underline the importance of SPPM/EPM and express a preference to maintain the current situation. No indications are given as to how to proceed on the consolidation.

The specific tools used for monitoring by the Committees and scope for simplification/improved coherence.

In general, the current tools are efficient in **monitoring progress towards the targets and to identify key employment and social trends**.

The way the EPM and the Annual Employment Performance Report served to monitor progress towards the employment target and identify employment trends is assessed to be very good. Few comments are made in this regard. In line with earlier points on communication, some Member States point to the need to publish the report better and to enhance the visibility and the clarity of the key-messages.

Although in general the SPPM and the SPC annual report are also assessed positively in monitoring progress towards the poverty and social exclusion target and key trends in the social situation, some more comments have been made. Too a large extent these comments repeat earlier points, such as the need for better communication, the need to enhance the statistical reliability for indicators for subgroups and the timeliness. Further comments include the need to include national targets in the analysis. Also the need is signalled to go somewhat more in depth in the analysis, e.g. by using the full set of agreed indicators and breakdowns and to focus the analysis on aspects that are independent of the economic cycle or to focus more on social impacts.

Key challenges and good outcomes are the final outcomes of the monitoring process. These are the elements that ultimately feed into the policy process. In identifying the challenges and good outcomes, having a solid evidence base is of high importance. This is also reflected in Member States' comments. While EPM/SPPM/JAF are considered good tools, different Member States indicate that the evidence base for KECs/GLMOs and KSCs/GSOs should be further strengthened. This could be done by more detailed analysis, possible also making use of national/contextual indicators. A number of Member States (in both employment and social strands) have questions on the relevance and the evidence base of the non-JAF based challenges, while it is also acknowledged that the recent addition of a motivation for these key challenges is positive. The relation between the key challenges and good outcomes on the one hand and the Country Reports on the other hand might also require additional reflection, while it is noted that the latter have a higher political visibility and political weight.

Tentative conclusions

- The monitoring tools (JAF, EPM, SPPM) cover quite extensively all relevant policy areas, though this coverage can be further enhanced by adding some new areas or strengthening areas already present;
- The tools allow the formulation of consistent policy messages;
- Accessibility and usability of the tools can, however, be enhanced;
- More consolidation between the tools in the EU governance process is requested;
- EPM and AEPR are efficient in monitoring progress towards the employment target and to identify key employment trends;
- SPPM is in general also considered efficient to monitor progress towards the targets and identify social trends, although improving the communication and the timeliness and statistical reliability for subgroups should be strengthened;
- The evidence base for identifying key employment and social challenges and good outcomes should be further strengthened, and their relation with the country reports needs to be clarified.

Part D: The main reporting tools

28 Member States submitted their answers to the questionnaire. However, one Member State did not answer any of the EMCO-questions, and another did not answer any of the SPC-questions. Therefore, the analysis for both parts is done on the basis of replies by 27 Member States.

The two reports (EPM report and SPC Annual Report) have a different purpose and different content. The EPM report, which is usually finalised in May, is mainly seen as a valuable tool in the CSR discussions. The SPC Annual Report, finalised just in time for the October council, is seen as a monitoring tool and also as a more political document which should serve as a basis for decisions of policy makers and as an input to the AGS. The SPPM as one part of the SPC Annual Report provides the analytical basis for the SPC Annual report. The SPC Annual Report contains information on the work of the committee in the previous year, for example on peer reviews or thematic reviews. It may also contain a thematic focus. Together with the country sheets the SPC Annual Report runs up to about 500 pages. The EPM report, contrastingly, comprises about 130 pages in total and is purely technical. It contains almost no text, just a brief description at the beginning, and the rest of the document displays only data in graphs and tables.

Both the EPM report and the SPC Annual Report have been used in the past as the basis for key messages for the Council in October, which are supposed to be used by the Commission as an input to the AGS. However, the use of the EPM as the basis for an input to the AGS was not mentioned by any Member State.

These differences are the background to the different views of the MS on the two reporting tools.

A general observation is that many Member States abstained from comments or submitted only short answers to the questions with respect to the main reporting tools. Together with a very high percentage of affirmative answers to the questions (with the exception of the question on the appropriate length of the SPC Annual Report, with only about two thirds approval) this can be interpreted as a relatively high satisfaction of the Member States with the status quo, with the EPM report getting higher approval than the SPC Annual Report.

There seems to be a general feeling that both reports could be made more concise and should contain succinct key messages. Some comments suggest reducing the over-all number of reports.

The results suggest room for improvement but there is no urgency. As one Member State put it: This can be dealt with by the committee(s) independently of the Europe 2020 evaluation.

EMCO specific questions 24-29

Q24. Appropriate length

Out of 27 Member States, only one answered “no” under this question, with an explanation that even though it is important to have a common vision for all the Member State’s employment challenges, the report is too long. However, when reviewing the comments under “yes” answers, some Member States also mentioned that the report is “lengthy” or “extensive” or that it could be “more concise”. In contrast to that, some Member States stated that the report is “concise” and shows the most important changes.

Some Member States stated that it is long, but that it is unavoidable when you want to present this kind of information on all Member States. As it should deliver on the one hand a common overview for the EU and on the other hand give single country analysis including Key Employment Challenges (KEC) and good labour market outcomes (GLMO) there is not much potential for shortening.

Two Member States said that even though the report is long it is well structured so it is possible to focus only on information that a person reading it is interested in.

There was one proposal as to how to improve the structure of the report in order to make it more readable: the EPM report could include a summary of key findings at the beginning, in form of a text to summarize main conclusions and more explanatory comments could be made through the document. The Annexes could also be reviewed and further explained, in some cases, e.g. the Dashboard.

Q25. Appropriate format

Like in the previous question, out of 27 Member States, only one answered "no", with the explanation that it is not very easy to read and it could be better organized. It was compared to the JER which has improved recently in terms of readability, and to the Annual Employment Performance Report which is "much nicer to read", and offers a good summary of the EPM.

The other 24 Member States answered "yes", with a mixture of answers. Some Member States just simply replied that the EPM report is easy to read and use and that it gives a good overview on EU and individual Member State's situation and is clearly divided on statistical and descriptive section, while others think that it could be more concise and that it is difficult to read, so some re-designing would be in order.

There were some proposals as to what could be done in order to improve the report:

- the report should include an executive summary;
- the EPM dashboard could be moved upward before common key employment challenges;
- more explanatory comments are needed to make the tool more readable and understandable;
- some tables (key indicators) could be accessible via a web-tool that would allow organising the information by country and by keyword and creating tables with different variables – this would increase the user-friendliness of the information;
- it could be published as a separate publication, with a launch seminar and a press release, to gain more publicity;
- it should be presented on the Commission's website (some of the reports with limited access for Member State officials, some open for public access) and interactive (easy to search specific content, filter by country or topic etc.).

Q26. Appropriate timing

On this issue, two out of 27 Member States said "no." One Member State suggested that more time should be given to provide feedback and holding bilateral discussions with the Commission on

outstanding issues, even though the first draft of the EPM report is issued in May, and the EPM is endorsed by EPSCO in October. Another Member State suggested merging the EPM report with the JER, or have it as an annex to the JER, with an explanation that when there are fewer reports, more attention is given to the ones that are published.

Many Member States did not comment at all (there was a total of 10 comments). While some Member States consider the fact that the timing is determined by the availability of the latest data, since the Labour Force Survey's results are published at the end of April, and that the EPM should be updated and ready to underpin the CSR discussions, which together with the MLS results, can play a counterweight to the Commission analysis during the CSR process, not much can be done about timing. Two Member States said that timing for delivery of EPM report is good, just on time for CSR negotiations. There is an opportunity to comment on the KECs and GLMOs, and publishing these around May – in line with the CSRs – gives enough time to address the KECs – especially if they are reviewed during next year's MLS.

Some Member States commented that the timing between data availability, EPM and CSRs is too short in terms of being able to gain all the relevant inputs, and that it is necessary to have at least 4 – 5 working days for the feedbacks in general.

One MS raised an issue of the timing of adoption of the EPM report – while the timing is appropriate for the work of the Committee, the timing of adoption is instead quite long and the final document is sent to EPSCO too late.

Q27. Appropriate focus/content

The main questions here were the purpose of the document and who should be the audience of it.

With only one exception, all Member States think that the focus and content of the report are appropriate. Most commented that the purpose of the EPM report is to give a comprehensive picture and an overview of the labour market situation, of the progress made towards the Europe 2020 targets on EU and national level, main reforms in Member States, and to identify not only the challenges but also good practices the Member States have. Furthermore, bottlenecks to progress should be identified. In addition, messages could be more concise. One Member State commented that because of restricted distribution in the countries, there is no use of EPM report to define national policies but it serves as tool to compare these policies at European level.

However, one Member State pointed out that, as it stands, EPM is a working tool, mainly used by EMCO IG and EMCO members. Its readability is quite low for people not accustomed with European Semester process. This is why it is important to accompany EPM with the EMCO Annual Employment Performance Monitor and a Key messages document. There was also a proposal to create two versions: a long version for experts and a short version for policy makers.

As for the audience, most Member States identified policy makers, implementing authorities, the scientific community, social partners, national labour market experts and other stakeholders. Some Member States also included civil servants working with international issues (in a form of a handbook), ECOFIN committees (they have the MIP scoreboard, so there are reasons for exchanges), EDUC committees, interested public and media. However, the report should be non-technical, short and illustrative, when it is communicated to a wider audience. Additional visibility would be useful.

One Member State raised the question on whether the Commission has done an evaluation of the level of outreach of these products.

One Member State stated that monitoring the labour market through the EPM and through the social scoreboard leads to overlaps, and that therefore it would be important to assess the policy impact of the process and considering replacing the EPM with the social scoreboard.

Q28. Impact/relevance of the report to national administrations

This was the only question with the graded assessment, with possible grades ranging from 1 to 6. Out of 27 Member States that provided grades, the scores ranged from 2 (4 Member States) to 6 (3 Member States), majority of scores being 3 and 4 (15 Member States). One Member State split the score into impact (3) and relevance (5).

There were not many comments, but among those the prevailing feeling is that Member States find the EPM report useful and relevant for national authorities and findings are used in developing (or re-enforcing already existing) policies. The report also provides somewhat different perspectives to national developments, and is therefore considered an important source of information to national administrations. In one Member State, the report has been discussed in the Parliament and in the Governmental institutions.

However, several Member States believe that the report is mostly read by people working with the EU processes and wider interest to the report is weak.

It was also suggested that some more publicity (even ”ex post”) could focus the attention of policy makers more strongly on the EPM report during the Semester discussions. Also, that the report should be shared with wider audience (other ministries, particular offices of labour or public experts).

Q29. Underlying analytical and methodological approach (EPM, JAF) are appropriate

All Member States answered “yes” to this question. The comments were only a few, concentrating on the methodological approach, which they deem is an appropriate and a quick way to compare the situation between Member States.

Tentative conclusions:

- While most Member States consider the report long, they also acknowledge that because of its purpose and content, there is not much room for shortening it, some Member States suggested it could be more concise;
- It is suggested that some re-designing might be needed in order to make the report easier to read, and some additional proposals were expressed for improving the content of the document, e.g. creating an executive summary of the findings;
- Regarding the timing of the report, the general consensus seems to be that there is not much to be done about it because of the availability of the latest statistical data. However, being published so close to the CSRs proposal it puts some pressure on Member States in order to gain all relevant input;

- In terms of purpose, all Member States think that the focus and content of the report are appropriate. However, the readability is low for people not accustomed to the Semester process, so, in order to make it more interesting for wider audience it should be less technical and more illustrative;

- There seems to be a prevailing opinion that the report is useful and relevant for national authorities, and also an important source of information for them;

- Some suggested that more visibility might improve the attention given to it by policy makers.

SPC specific questions 30-35

Q30. Appropriate length

A majority of almost two thirds of Member States consider the length of the SPC Annual Report appropriate. However, of those Member States answering with „yes“, almost half added that the report could or should be shortened. Not a single Member State argued to increase the volume of the report.

While a number of Member States stated in general, that the report should become ”more concise“, “streamlined“, “readable“, and that repetitions and overlapping between different documents should be avoided, some Member States made suggestions, how the report could be shortened. Among these proposals are:

- Links in the report could lead to statistics, description of methodology, detailed country fiches or even thematic analysis;

- A more general analysis could be periodically extended with a detailed analysis of specific topics;

- The focus should be put on the most relevant social issues;

- One Member State suggested to include just one of the current two time periods used to present developments over time (compared to the base year 2008 and compared to the previous year) and to skip the dashboard of changes compared to the previous year, because data for most countries are not yet available at the time of finalizing the report;

- The country profiles should summarize most relevant trends also in textual form and should be downloadable separately;

- One Member State pointed out that any reduction would imply trade-offs that should be discussed by the Committee.

Q31. Appropriate format

A large majority of Member States answered with “yes“. Only a minority of Member States added a comment to this question. It is interesting that irrespective of the answer (yes or no), those Member States adding a comment made very similar suggestions, namely to give more attention to clear main messages, for example in order to increase its value to decision makers.

One Member State stressed that the quality of indicators should fully support policy conclusions and that additional efforts in this respect would be needed.

Q32. Appropriate timing

Although the majority of Member States answered affirmatively, the comments reveal two different views. For one group of countries the main preoccupation concerning the timing is the availability of the most recent data. This means the report should only be finished when the latest data are available for all (or at least almost all) Member States. This view correlates with a view of the report mainly as a monitoring instrument. Some argue that efforts should be continued for earlier availability of data.

The second group of countries puts the priority on the use of the report as an input to the AGS. Therefore, the right timing means to have it ready well in advance of the publication of the AGS so that – at least in principle – it can be used as an input by the Commission.

A couple of Member States argued for a more comprehensive review of the timing issue and suggested to consider a biannual rhythm. While one Member State would limit the biannual rhythm on the report with the main argument of the workload, two others argued for a complete review of the organisation of the semester procedure, including for example also biannual CSRs.

Q33. Appropriate focus/content

Concerning the purpose of the report, we can – in alignment with the assessment of the timing of the report to the previous question - again distinguish two groups of countries. For the first group, the report should be mainly a monitoring tool, for the second group it should go further and also include an evaluation of policy reforms, identify challenges and priorities and should be useful as a basis for decisions of policy makers.

It was also mentioned by a couple of Member States that the report should include information on the SPC activities in the previous year (i.e. thematic reporting). Another answer pointed out, that special focus themes should be included, but that they should be agreed before and not be somewhat ad hoc.

On the question of the relevant target audience, many Member States listed the usual parties concerned: decision or policy makers, stakeholders, NGOs, Commission, academia. The broader public was mentioned as a target audience by three Member States, while one Member State explicitly wanted to restrict the report to those who have an interest in EU social policy or are working in the sector. Another answer stated that the complexity of the report would be lost if extracts etc. were to be targeted to the wider public, out of context, while another specified that a broadening of scope to the detriment of impact should be avoided. One Member State suggested creating two versions, one for the political level and the other for the technical level.

The question on distribution channels was taken up only by a few of Member States. Of these, some had a more institutional approach (distribution via Council, Commission, Committee and its members), and others commented on the means of distribution (in paper and electronic, web and newly developed channels, newsletters, press notes etc.). One Member State suggested that the Commission should make more references in its documents to the report and also at national level more references could be included in documents to strengthen the link between EU and national policy targets.

One Member State conceded that format, content and timing could possibly be improved but that this can be dealt with by the SPC independently of the Europe 2020 evaluation.

Another Member State suggested to reduce the duplication of different monitoring tools by using similar indicators and to use instead one monitoring tool covering all social areas (including employment). It was also suggested to better visualize information and to consider changing the title to a more attractive and content oriented one.

Q34. Impact on national administrations

Most Member States gave rather low notes thus seeing a limited impact or relevance to national administrations. Two Member States gave the highest note (6), but both of them did not comment on their rating.

Some Member States distinguished between impact and relevance and noted that it had a very limited impact, though it is highly relevant. One Member State even split the note into impact (2) and relevance (5).

Further comments were that the detailed analysis of the report was often contrasted to national statistics, that the impact has varied according to the policy area (with some impact in the area of pensions but very limited significance in the health area) and one Member State mentioned language constraints as an impediment to a higher impact.

Q35. Underlying analytical and methodological approach (EPM, JAF) are appropriate

With one exception, all Member States answered with yes, but a majority of Member States did not comment this assessment and those who did limited themselves to a few comments only. Three Member States mentioned here their opposition to the current state of the indicators in the health (and Long-term care) field.

Other comments were:

- It would be useful to present EU averages in “at a glance“ format;
- Methodological innovations in countries could enhance such processes in other Member States;
- Counting of Member States per indicator and KSC in the text could be replaced by a single table; more focus on qualitative analyses (rather than technical issues);
- JAF could be brought out in the open more; more accessible, transparent;
- Statistical evidence is very important; national monitoring tools are a good support for better interpretation;
- Idiosyncrasies of indicators have to be kept in mind, particularly for smaller Member States; indicators must be updated to remain relevant.

Tentative conclusions

- There seems to be consensus among the Member States that the report can and should be shorter and more concise. Several suggestions for shortening have been made;
- Two different priorities can be distinguished concerning purpose and timing of the report. One group of countries prefers the report to be mainly a monitoring instrument, which implies that the timing should primarily depend on the availability of the most recent data. Another group of countries stresses the use of the report as an input to the AGS, which entails a priority to align the timing to the AGS. A compromise would be to maintain the current timing and continue the work on an earlier availability of data;
- A small number of Member States also question the annual publication of the report together with the general question, whether annual CSRs are appropriate;
- There also seems to be broad agreement to draft more concise key messages based on the evidence of the report;
- Better availability of the report on the Commission's website also seems to be a consensus;
- The impact of the report on national administrations is considered to be rather low, but the relevance of the report is underlined by many delegations.

Part E: The key results from the evaluation of Europe 2020

As the current Europe 2020 strategy is considered to be working well and its goals are well established, there are some lessons to be considered for the future as well. Member States highlighted the need for assessing the difficulties in meeting the headline target for the risk of poverty or social exclusion and the reasons for lagging behind in less successful areas. There is also a need to evaluate and learn from the successes.

Towards a new strategy

- A new, ambitious, coherent and clearly designed long-term policy agenda for growth, jobs and social inclusion is needed. The new agenda should be geared towards enhancing the EU's competitiveness in the global context, creating an economically, environmentally sustainable and at the same time inclusive Europe and taking a modern, forward-looking policy approach to the digital era. It will be important to maintain a focus on upward social convergence.

- It was emphasized that the European Pillar of Social Rights and the UN sustainable development goals should be considered as a cornerstone for a possible future strategy, but the latter should be adapted to European realities.

- Member States expressed the need for more prominence of social next to employment and economic policies. Having a balanced policy triangle, taking into account also links and interactions between the different policy domains, is seen in general as beneficial for the well-being of people in the long term.

- Any new strategy should avoid the European Semester, if maintained, becoming too focused on short-term concerns. More investment should go into the analysis of interrelations of outcomes of related policies. Paying attention to the forecasting and analysis of demographic processes and economic and technological changes and their impact was also stressed. A future strategy needs to include measures to strengthen further the evidence base.

- Some Member States suggested reconsidering how the European Semester and Europe 2020 strategy is dealt with in EPSCO meetings, i.e. by strengthening the multilateral element in the discussions. Importantly, the role of the EPSCO Council in any future strategy should be ensured and enhanced.

- Dissemination of reports and annual outputs to the broader public could be improved. Any future strategy should include some tools for dissemination of outputs to raise public awareness and the trust of EU citizens.

- Participation must involve all relevant stakeholders, in particular the social partners, in the design, monitoring and implementation of policy through an effective partnership approach.

Further building on the European Semester

- Overall, the European Semester has been an important driver for reforms.

- Nevertheless, annual repetition of the whole procedure may not be the ideal approach to structural reforms – a longer perspective could be needed. Therefore, taking into account the mid- to long-term nature of structural reforms, a multiannual revision of progress on implementation of CSRs could be considered.

- National contexts and realities need to be factored in more for better interpreting the progress achieved by Member States and in order to understand what are the socio-economic and other obstacles in place.

- As the European Semester and tools for Europe 2020 have expanded over the years, the range of tools and reports in use might create some overlaps. The process and tools could be simplified, which could support awareness about the outputs among a larger audience as well. The reports produced by the Committees could be shorter and more concise. On the basis of the evidence of the reports, more political key messages should be drafted.

- The role of EMCO and SPC is seen as key and should continue to be prominent. The cooperation between Committees, especially EPC-EMCO-SPC joint discussions on CSRs and EMCO-SPC joint opinions should be further strengthened. Closer cooperation with the EPC, EDUC, WPPHSL and other Committees and groups was seen as an opportunity to achieve more comprehensive outcomes.

Continued relevance of the EES and the Social OMC

- The Social Open Method of Coordination has been a stable and capable tool that is respectful of national competence. It has supplemented the Semester and provided quality analytical inputs to the EPSCO Council. It has kept important social policy issues on the agenda and contributed to a common understanding of what is effective social policy through active learning and sharing best practice, and it should continue. It could focus on increasing the effectiveness of mutual learning, taking better into account the complexity of social policies.

- Mutual Learning and Peer Review Programmes should be continued and could be further developed to allow cross-Committee collaboration. More investment and more innovative thinking is needed in order to ensure adequate dissemination of the lessons learned.

- The benchmarking exercises in different policy strands is an important innovation that contributed to improving qualitative monitoring of the European Employment Strategy and to reflect on policy options available to achieve its objectives. However, they have caused intense discussions partly due to difficulties in comparing policies in different contexts and partly due to overlapping of different statistical instruments. Benchmarking exercises should focus on exchange of good practise and support mutual learning rather than becoming a tool for surveillance or even sanctions.

- The existing tools and monitoring instruments should be fully used, and developed further, rather than developing new ones.

- Regarding data, it would be useful if the Committees had a closer collaboration with Eurostat including to encourage the development of new indicators in relevant areas. Priority should be given to further investing in improving and enhancing EU-SILC (Statistics on Income and Living Conditions) as the core data source for social policies, but also ways should be explored to enable better use of the existing data in EU-SILC. Also, possibilities to improve data availability (e.g. through the use of models (especially EUROMOD) and through the greater use of administrative data) should be explored.

- The consistency and synergies between the different analytical tools of the Committees and the Commission in the financial, economic, employment and social areas could be further

improved. It is also necessary to strengthen the use of indicators in order to support more the evidence-based policymaking processes.

- Gender mainstreaming in EMCO and SPC activities, including data collection, analysis, presentation, monitoring and follow-up, should be strengthened.

QUESTIONNAIRE TO MEMBER STATES ON THEIR APPRECIATION OF THE ROLE OF THE COMITTEES AND THEIR MONITORING TOOLS UNDER THE EUROPE 2020 STRATEGY

How to complete the questionnaire

For the main, overall questions, please put a value *between 1 and 6* in the relevant box (1 = worst, 6 = best), or answer *yes/no* depending on the requested format of the response, to record your answer. Please provide additional details (please avoid just yes/no answers) in response to all the questions under the related comments box. These questions are in fact open questions seeking in a few sentences more detail of your assessments/justifications to support your overall response[48]. Any additional inputs can be included at the end of the box.

Colour-coding key

	SPC-specific questions
	EMCO-specific questions
	For both committees jointly
	Part to be filled in by the respondent

[48] If relevant, this could include arguments, concrete examples, good or bad practices, results of the national studies, references to the research reports etc. to support your overall position.

A) The working methods and procedures of the Committees

Assessment and analysis of the role of the Committees and the monitoring procedures.

i) Common part on the core of Europe 2020

<table>
<tr><td colspan="3">Have the following been effective in supporting progress towards the goals of Europe 2020?</td></tr>
<tr><td colspan="3">Questions common to EMCO and SPC</td></tr>
<tr><td rowspan="2">1. To what extent has the process around agreeing the Employment Guidelines been effective in contributing to achieving the common objectives under the Europe 2020 strategy?</td><td>Score</td><td rowspan="2">Insert score from 1 to 6
(1 = not at all, 6 = fully)</td></tr>
<tr><td></td></tr>
<tr><td>Please provide your views on the following:

- How did the process of agreeing the guidelines work?

- Was the outcome satisfactory?

- Is the way the Guidelines have been used satisfactory?

- Any other points you wish to raise?</td><td colspan="2">Member State comments:</td></tr>
<tr><td rowspan="2">2. To what extent has the European Semester and its elements (e.g. Joint Employment Report, Annual Growth Survey, Country Reports, National Reform Programmes, Country Specific Recommendations) contributed to the monitoring and achieving of the common objectives under the Europe 2020 strategy?</td><td>Score</td><td rowspan="2">Insert score from 1 to 6
(1 = not at all, 6 = fully)</td></tr>
<tr><td></td></tr>
<tr><td>Please provide your views on the following:

- How did the Semester and its components contribute to support progress under the Strategy?

- Are there any possible improvements of the involvement of the Committees in the</td><td colspan="2">Member State comments:</td></tr>
</table>

process, including the handling of areas of common interest (e.g. with regard to the preparation of the AGS, multilateral reviews of CSRs implementation and the finalization of CSRs), - Are there any possible improvements in the co-operation between the Committees and with committees from other filieres (e.g. EPC, EDUC, WPPHSL) related to the Strategy? - Are there any other points you wish to raise?		
3. To what extent have the flagship initiatives in the employment and social domains contributed to achieving the common objectives under the Europe 2020 strategy?	**Score**	Insert score from 1 to 6 (1 = not at all, 6 = fully)
Please provide your views on the following: - Flagship initiatives on "*Youth on the move*", "*An agenda for new skills and jobs*"; "*European platform against poverty*" – their effectiveness; their results? - Any other points you wish to raise?	***Member State comments:***	

ii) EMCO-specific questions on working methods and the Employment Strategy

EMCO-specific questions		
The approach of the Employment Strategy in general *4. Has the Employment Strategy (the elements noted in the introduction above, and the interplay of those elements) contributed to achieving the common objectives under the Europe 2020 strategy?*	**Score**	Insert score from 1 to 6 (1 = not at all, 6 = fully)
Please provide your views on the following: - Strengths and weaknesses of the Employment Strategy? - At national level, how does the Employment Strategy contribute to achieving the common objectives under the Europe 2020 strategy? - Are areas of common EMCO – SPC interest addressed effectively? - Thematic reviews: contribution to EMCO's work within the strategy - Role of the Mutual Learning Programme - Involvement of Social Partners: could this be improved? - Involvement of Civil Society: could this be improved? - Any other points you wish to raise?	***Member State comments:***	

iii) SPC-specific questions on working methods and the Open Method of Coordination (OMC)

SPC-specific questions		
The approach of the OMC in general *5. To what extent has the OMC been an effective method in view of achieving the common objectives under the Europe 2020 strategy?*	**Score**	Insert score from 1 to 6 (1 = not at all, 6 = fully)
Please provide your views on the following: - Strengths and weaknesses of the OMC? - At national level, how does the OMC contribute to achieving the common objectives under the Europe 2020 strategy - Have all strands[49] of the OMC been sufficiently well covered in the work of SPC? - Are areas of common EMCO – SPC interest addressed effectively? - Have the following tools and elements been effective in the context of Europe 2020: – SPC thematic reviews – SPC peer reviews – SPC thematic flagship publications – Social reporting in the NRPs – Thematic social reporting - Dissemination of work under the OMC: could this be improved? - Involvement of Civil Society on work under the OMC: could this be improved? - Involvement of Social Partners on work under the OMC: could this be improved? - How do you assess the more integrated setup of the Europe 2020 strategy? (e.g. are social protection and inclusion messages more visible, do they have less or more impact than under the Lisbon strategy when the Social OMC was a separate process?) - Any other points you wish to raise?	***Member State comments:***	

[49] Social protection and social inclusion, pensions, healthcare and long-term care

B) The headline targets and indicators

i) General issues

Questions common to EMCO and SPC		
6. To what extent has the use of targets in general proved to be useful in driving forward ambitious policy reform	**Score**	Insert score from 1 to 6 (1 = not at all, 6 = fully)
Member State comments:		
7. To what extent are the Europe 2020 headline targets assessed in an integrated manner (e.g. to assess synergies/mutual support)?	**Score**	Insert score from 1 to 6 (1 = not at all, 6 = fully)
Member State comments:		
8. Do the agreed indicators in the fields of employment and poverty and social exclusion serve as an effective tool for monitoring the progress achieved against the employment and social objectives of Europe 2020?	**Score**	Insert score from 1 to 6 (1 = not at all, 6 = fully)
Please provide your views on the following: - What are the main strengths and weaknesses of the AROPE indicator? Does it capture well poverty and exclusion trends over the last decade?	***Member State comments:***	

- What are the main strengths and weaknesses of the employment rate (20-64) indicator to assess overall progress in the employment field? - *Any other points you wish to raise?*		
9. Has the setting of national targets (in addition to an overall, common target) been useful for supporting national policy reforms?	**Score**	Insert score from 1 to 6 (1 = not at all, 6 = fully)
Please provide your views on the following: - How satisfactory was the process of setting national targets? - How to ensure consistency of national targets with the EU target? - Have national and European targets played a role in national policy-making or debate? - Has the ambition of the targets been sufficient to promote necessary reforms? - *Any other points you wish to raise?*	***Member State comments:***	
10. Is the quality of available indicators sufficient to support monitoring of the targets?	**Score**	Insert score from 1 to 6 (1 = not at all, 6 = fully)
Please provide your views on the following: - Timeliness of indicators - Quality of underlying data - *Any other points you wish to raise?*	***Member State comments:***	

ii) The specific target indicators

<table>
<tr><th colspan="4">EMCO-specific questions</th></tr>
<tr><td colspan="4">Views on the employment headline indicator and its consistency with the national targets</td></tr>
<tr><td rowspan="2">11. To what extent is the employment rate an appropriate indicator to describe progress in the labour market situation in the Member States?</td><td>Score</td><td colspan="2" rowspan="2">Insert score from 1 to 6 (1 = not at all, 6 = fully)</td></tr>
<tr><td></td></tr>
<tr><td>Please provide your views on the following:
- Why do you think it is appropriate/ inappropriate?
- With hindsight, is there any other aspect of progress which should have been addressed besides the volume of employment?
- Are there any indicators that could have supplemented the employment rate?
- Any other points you wish to raise?</td><td colspan="3">Member State comments:</td></tr>
<tr><td rowspan="2">12. Is the target population (20-64 years) the most appropriate choice</td><td>Yes</td><td>No</td><td rowspan="2"></td></tr>
<tr><td></td><td></td></tr>
<tr><td>Please provide your views on the following:
- Should it have covered, for instance, an older upper or lower age limit or have been broken down along various age and gender groups?
- Any other points you wish to raise?</td><td colspan="3">Member State comments:</td></tr>
</table>

SPC-specific questions

Views on the EU headline indicator AROPE, its underlying components and their coherence, its consistency with the national targets, and the way the latter matched the EU-level ambition to reduce poverty and social exclusion

13. Would you say that the format of AROPE is the right one (an aggregate indicator combining income poverty and deprivation and an indicator looking at labour market exclusion) or that we should rather split these?	Combine	Split	

Member State comments:

14. Are all the components of AROPE equally relevant to monitor trends in poverty and exclusion?	Yes	No	

Please provide your views on the following: - If not, which components are more relevant and which ones less so, and why? - *Any other points you wish to raise?*	***Member State comments:***

15. Should some components of AROPE be revised?	Yes	No	

Please provide your views on the following: - If yes, which components should be revised? - *Any other points you wish to raise?*	***Member State comments:***

16. In the Europe 2020 strategy, EU countries adopted a common poverty and social exclusion target (decrease by at least 20 million of the number of AROPE people) but at the same time they agreed that countries would be free to set their own national targets. These could use all, some or none of the 3 indicators included in the AROPE target but should have a clear link with the EU target. Progress in the national target should clearly imply progress in the EU target. Do you think that this was the right approach or that it would be better to try and reach agreement on a common EU target that could also be used at the national level, as is the case for all other targets agreed upon under the Europe 2020 strategy?	All MS should use same indicator as EU target	MS can set own form of target, but with clear link to EU target	Other
Member State comments:			

C) The monitoring tools (EPM, SPPM, JAF)

i) General issues

Questions common to EMCO and SPC		
17. To what extent are the current EMCO and SPC tools useful in general to monitor progress under Europe 2020?	**Score**	Insert score from 1 to 6 (1 = not at all, 6 = fully)
Please provide your views on the following: - Do they address all policy areas sufficiently well? Any major gaps? - Any suggestions for improvement? *- Any other points you wish to raise?*	***Member State comments:***	
18. To what extent do the current monitoring tools support the formulation of consistent messages to policy makers?	**Score**	Insert score from 1 to 6 (1 = not at all, 6 = fully)
Please provide your views on the following: - Do the range of tools with their varying assessment methodologies, timeframes and indicator sets lead to a consistent picture of the main employment and social trends and challenges? *- Any other points you wish to raise?*	***Member State comments:***	
19. What is the scope to simplify and consolidate the existing tools to monitor the employment and social situation (SPPM, EPM, JAF, EPSR scoreboard, etc.)?	**Score**	Insert score from 1 to 6 (1 = no scope at all, 6 = large scope)
Please provide your views on the following: *- Any potential synergies between the monitoring tools? Any overlaps?* *- Any other points you wish to raise?*	***Member State comments:***	

ii) The specific tools used for monitoring by the Committees and scope for simplification/improved coherence

EMCO-specific questions		
20. How well has the EPM and the Annual Employment Performance Report served to monitor progress towards the employment target and identify employment trends?	**Score**	Insert score from 1 to 6 (1 = not at all well, 6 = very well)
Please provide your views on the following: - How could it be improved/adapted? - *Any other points you wish to raise?*	***Member State comments:***	
21. How well has the EPM (and underlying JAF) served for initial quantitative screening to identify possible key employment challenges and good labour market outcomes (KECs and GLMOs)?	**Score**	Insert score from 1 to 6 (1 = not at all well, 6 = very well)
Please provide your views on the following: - How could it be improved/adapted? - *Any other points you wish to raise?*	***Member State comments:***	

SPC-specific questions		
22. How well have the SPPM and the SPC annual report served to monitor progress towards the poverty and social exclusion target and key trends in the social situation?	**Score**	Insert score from 1 to 6 (1 = not at all well, 6 = very well)
Please provide your views on the following: - Do you have concrete proposals on how it could be improved/adapted? *- Any other points you wish to raise?*	***Member State comments:***	

23. How well has the SPPM (and underlying JAF) served for initial quantitative screening to identify possible Key Social Challenges and Good Social Outcomes?	**Score**	Insert score from 1 to 6 (1 = not at all well, 6 = very well)
Please provide your views on the following: - Do you have concrete proposals on how it could be improved/adapted? *Any additional - Any other points you wish to raise?*	***Member State comments:***	

D) The main reporting tools

EMCO-specific questions			
EPM report			
24. Appropriate length?	Yes	No	
Member State comments:			
25. Appropriate format?	Yes	No	
Member State comments:			
26. Appropriate timing?	Yes	No	
Please provide your views on the following: - In your view, is the timing for the production of the report appropriate? If not, what would be better? - Any other points you wish to raise?	***Member State comments:***		
27. Appropriate focus/content?	Yes	No	
Please provide your views on the following: - In your view, what should be the main purpose of the report? - What should be the relevant target audience? - Any other points you wish to raise?	***Member State comments:***		

28. How large is the report's impact/relevance to national administrations?	Score	Insert score from 1 to 6 (1 = none, 6 = large)
Member State comments:		

29. Underlying analytical and methodological approach (EPM, JAF) are appropriate?	Yes	No	
Member State comments:			

SPC-specific questions

SPC annual report

30. Appropriate length?	Yes	No	
Member State comments:			

31. Appropriate format?	Yes	No	
Member State comments:			

32. Appropriate timing?	Yes	No	
Please provide your views on the following: - In your view, is the timing for the production of the report appropriate? If not, what would be better? - Any other points you wish to raise?	***Member State comments:***		

33. Appropriate focus/content?	Yes	No	

Please provide your views on the following: - In your view, what should be the main purpose of the report? - What should be the relevant target audience? - How best to distribute the report (channels)? - Any other points you wish to raise?	***Member State comments:***

34. How large is the report's impact/relevance to national administrations?	Score	Insert score from 1 to 6 (1 = none, 6 = large)

Member State comments:

35. Underlying analytical and methodological approach (SPPM dashboard, JAF) are appropriate?	Yes	No	

Member State comments:

E) The key results from the evaluation of Europe 2020

36. What in your view are the key results from the evaluation of Europe 2020 that would need to be taken on board when reflecting on any possible future strategy?	
Please provide your views on the following: - What are the main priority lessons learnt from the evaluation to take forward? - Any other points you wish to raise?	***Member State comments:***

Annex 3: Opinions of the Social Partners and Civil Society on the Europe 2020 Strategy

1. Joint employers' contribution

2. European Trade Union Confederation contribution

3. Social Platform's contribution

Evaluation of Europe 2020 strategy - Joint employers' contribution

Achieving more coherence for better performance of employment, social protection/inclusion and education and training policies

The Europe 2020 strategy was rightly conceived as a growth strategy for Europe. Economic growth, which is closely connected to enterprises competitiveness, is a precondition to achieving social goals. To be effective, education, employment and social protection and inclusion policies need to be conceived in a way that effectively supports economic growth. This interlink between economic and social policies should remain central to Europe's 2030 growth strategy.

Over the years, the Europe 2020 strategy's methodological framework based on jointly agreed EU and national targets on a selected number of most relevant policy fields for economic growth has proved appropriate to ensure a consistent approach to monitoring national progress and outcomes. Where improvement is mostly needed in future is to support better implementation of labour market and social protection reforms.

In this respect, a key challenge is to go beyond the collection of statistical evidence measuring progress towards the agreed targets. The future European growth strategy should better explain how the outcomes reached in terms of statistical evidence relate to the changing economic and social situation, to the national policy responses deriving from the European semester analysis and recommendations, and/or to the use of the relevant EU funding opportunities such as the ESF+, Erasmus +, or Invest EU.

This requires developing new tools to better compare and benchmark the performance of individual Member States in terms of education and training, employment and social protection/inclusion policies to strengthen the coherence and synergies between the measures taken in these three social policy fields of national competence, and help Member States converge towards better adapted and more effective approaches and solutions.

A key area of necessary progress is for the Employment, Social Protection and Education Committees of the Council, with the Commission's support, including a possible role for the Structural Reform Support Service (SRSS), to find realistic solutions to better measure and evaluate the effect of national labour market and social protection reforms, notably by better involving national social partners and improving mutual learning schemes.

Moreover, in line with the 2016 quadri-partite statement on 'a new start for the social dialogue', it is essential that EU and national social partners are closely involved and, in countries where this is needed, supported by the Commission and national governments. Europe's growth strategy in future should first better facilitate the structural reforms that are needed in each country, respecting national competences. It should also better take into account social partners' contractual relations, respecting the diversity of national practices.

One particular issue that also needs to be solved is the separate monitoring process that has existed in the past in terms of education and training, the latest framework being Education and Training 2020 – ET 2020. We believe that the Europe 2030 growth strategy should achieve a more consistent approach. The monitoring process of education and training, employment, and social protection and inclusion policies needs to be streamlined, taking into account what ET 2020 did in the past cycles for education and training, while improving the overall coordination between policy fields.

Finally, European employers call on the next Commission to focus its actions on improving the support to member states and social partners, to help them learn from each other. Future EU initiatives should respect the different levels of competence, whereby EU social policies and actions support and complement those of member states. This is critical for Europe to move forward in unity.

Evaluation of Europe 2020 strategy

ETUC contribution

The Europe 2020 Strategy was soon overwhelmed by the economic crisis which put its targets under considerable pressure. Deprived of a clear governance, the European Semester demonstrated to be a weak instrument to achieve social and economic objectives of the 2020 strategy. Within the economic governance, the EU2020 targets were systematically undermined by the fiscal and macroeconomic constraints of the Stability and Growth Pact, predominantly referring to fiscal stability and convergence. Neither the monetary policies nor the unconventional instruments introduced by the ECB, were able to direct investments where they were most needed. Investments were taken in a double-folded trap: on one hand spending capacity of governments were reduced and, on the other, corporations accumulated liquidity or distributed dividends, both in detriment of investments for innovation and productivity.

On employment, although the employment rate has risen in recent years, the assessment is negative for two main reasons. The first one concerns the overall employment levels. Many indicators show that quality of work is lower than pre-crisis levels, as demonstrated by increased number of precarious and non-standard jobs, poor performance of wages, increased in-work poverty and social underperformances among mobile workers. The second aspect concerns divergences. Positive aggregate employment performances hide the deepening regional disparities. A situation that was not contemplated in the designing of the EU2020 Strategy.

Concerning R&D, trade unions can only take note of gaps in investments. In particular, the trade union movement regrets that reduced R&D expenditure is today reflected in low productivity gains and stagnating wages. This is also one of the most relevant reasons for underperforming in competition positions of European firms on the global market, which coincides with a short-sighted research of competitiveness based on compressing labour costs. Especially periphery countries are stuck in productions with low technology intensity, so consolidating their distance from 2020 Strategy targets.

It also implies that achievement of environment-related targets is ephemeral. 2020 targets became quickly obsolete as the world came up with more ambitious objectives. In terms of industrial production, trade unions look with concern to the shrinking of the manufacturing industry which, despite the strategic announcements, is progressively reducing its share of the GDP and on aggregate added value in strategic industries. This is coupled with fewer resources made available for quality public services and infrastructures for companies and people.

During the last decade, people experienced poverty and risk of poverty in greater number than expected. This had consequences in schooling, education and training performance of the EU populations. It also reflects in reduced social mobility and dynamism of the EU society and economy.

The ETUC thinks that the new legislative cycle should start with a medium-term development strategy that includes a revision of the Stability and Growth Pact (SGP) and a proposal for the post-EU2020 Strategy. The first should give momentum to public and private investments, supported by monetary expansion promoted by the ECB and renewed benchmarking of public expenditure and revisiting of the debt rule. In the medium term, a revision of economic and monetary union patterns would include the capacity of the EU to issue debt (such as Eurobonds) for productive investments.

The ETUC considers that the UN2030 Agenda already introduces a comprehensive model for the development strategy of the EU over the next 10 years. However, its targets and objectives should be adapted to the EU context with ambitious social and environmental objectives. Combined with the EMU governance reforms, the European version of the UN2030 Agenda should reinforce the social and environmental dimension of development in the EU, in order to balance the economic dimension that has been prevalent during the last two decades.

Finally, close to 70 million Europeans struggle with basic reading and writing, calculation, and using digital tools in everyday life, at the time where there are new challenges ahead of them concerning the changing job market. Energy transition, digitalisation, technological change, values and critical thinking are among the main challenges to be tackled. Support for training and skills development to adults is an important gain to the individual, the employer and the whole economy.

To participate actively in this debate, the ETUC proposes the following demands for the post-2020 education and training strategy:

A. European right to training guaranteeing high quality employee training for all workers, in particular low skilled ones, including paid educational leave;

B. A real “Skills guarantee” allowing low skilled workers to obtain at least certified basic skills and key competences;

C. Investment in education and training to ensure appropriate funding by the EU (and member states) in the future Multi-Annual Financial Framework (MFF) post 2020;

D. Effective social dialogue on VET to consolidate an efficient governance on vocational training at all levels.

In the Europe 2020 strategy, the EU committed to fighting poverty and social exclusion and promoting equality and solidarity; paradoxically in the same decade members states have put in place austerity policies to face the financial and economic crisis. As a result, the targets of Europe 2020 Strategy have not been met and the social impact of the crisis remains. While the EU continues to face challenges on its march towards achieving socio-economic justice, new windows of opportunity have opened: reinvigorated political will, public opinion swinging in favour of social equality and solidarity, and a new instrument – the European Pillar of Social Rights (Social Pillar) – that can bring about the needed policy changes.

Concerning poverty and social exclusion, although 2019 has finally seen some progress towards the poverty target – with a 5 million reduction since 2008[50] – 113 million people (22.5%) are still at risk of poverty and social exclusion (AROPE). Much higher levels are also experienced by children and other groups like single parents, migrants, Roma and ethnic minorities and long-term unemployed, with rapidly growing in-work poverty (9.6%) and a widening poverty and inequality gap across the EU.

Regarding the employment target, while the financial and economic crisis had caused an important rise in unemployment, the target of 75% employment rates seems to be on good track to be met. The original Europe2020 Strategy document stated that special attention was to be put, in the implementation of the target, to older workers and women. Unfortunately, unemployment rates of older workers in the EU increased significantly in the past decade. Another issue is that many people who lost their jobs and later found a new one thanks to economic recovery received lower wages. Unemployment of people with disabilities also rose significantly.

The future EU post-2020 strategy should foster inclusive and sustainable development, through the implementation of Agenda 2030 and the Social Pillar. To be able to face several interconnected structural challenges, the strategy will have to be implemented with greater effort of cooperation between different services within EU institutions and within member states governments, avoiding the silo approach.

The future strategy should more consistently promote rights-based anti-poverty and social inclusion policies, which combine implementation of key social rights: adequate minimum income and social protection, access to quality services and employment with fair, living wages. Reflections around the introduction of carers' credits, the assessment of the adequacy of Member States' minimum pensions and new challenges arising in the access to services, for instance in rural areas, will also need to be included.

The European Semester should promote a better balance of and coherence between social and economic priorities. Otherwise there is a risk that social recommendations remain side-lined and undermined by the macroeconomic priorities. Under the current strategy, excessive focus has been put on the cost-effectiveness of social protection and services, on fiscal consolidation, deregulation of labour markets and freezing of wages, as opposed to social and health services' role of safety nets and overlooking their long-term positive economic returns.

Concerning defining targets and indicators in the post-2020 strategy, a better disaggregation by age and sex and a stronger attention to the evolution of the indicators by age would be beneficial. The single headline poverty indicator used in the Europe 2020 Strategy, AROPE, gives an indication of how many people in Europe are struggling with

[50] Having reached a peak of 123 million in 2013 at the height of the crisis.

precarious income but it is too limited. We propose adding other indicators in the future, for example the poverty gap indicator that expresses how 'deep' poverty is (in monetary terms), and to develop indicators to measure the 'hidden dimensions' of poverty (institutional maltreatment, social maltreatment, disempowerment)[51]. Statistics also need to be disaggregated to show persons with and without a disability, and ideally also by type of disability since issues such as unemployment can increase with intensity for certain conditions and disabilities (mental health issues, for example, have a higher impact on unemployment). The revised social scoreboard introduced since the Social Pillar's adoption was helpful in bringing forward more social issues. Other frameworks could be integrated such as the Barcelona objectives on early childcare and education, the results of the Pension Adequacy Reports, and of the Education and Training 2020 Strategy.

A post-2020 EU strategy should emphasise the value of thorough and structured civil dialogue at national and EU levels. Whilst we feel that efforts have been made to involve civil society organisations (CSOs) at EU level in the implementation of Europe 2020, much remains to be done and civil society's participation at national level in all member states need to be strongly reinforced. European CSOs bring together local, regional and national members working with and representing the interests of people and organisations, including those who are traditionally underrepresented in decision-making. CSOs should be involved in an EU high-level dialogue to engage civil society in setting political priorities, including through regular social summits, in addition to the technical dialogue necessary for the implementation and evaluation of policies.

[51] Solid background information on the different dimensions of poverty has been generated by a recent international participatory research on the hidden dimensions of poverty, undertaken by ATD Fourth World and Oxford University in 6 countries: https://www.atd-fourthworld.org/who-decides-how-we-define-poverty/

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The Europe 2020 Strategy has been the EU's agenda for growth and jobs over the current decade. It emphasises smart, sustainable and inclusive growth in order to improve Europe's competitiveness and productivity and underpin a sustainable social market economy. This report focuses on the progress achieved in the employment and social domains under the Europe 2020 Strategy (and in particular the progress against the headline targets for employment and poverty and social exclusion) and the lessons learned from its implementation. It also provides an assessment of the impact of the EMCO and the SPC's work and of their monitoring and reporting frameworks in this context, and contains some reflections on the scope for improvement. Finally, it also considers the structural challenges for the decade ahead that will be important to take into consideration in any discussion on a possible successor strategy to Europe 2020.

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