

Country-Specific Recommendations for 2018 and 2019

A tabular comparison and an
overview of implementation



DIRECTORATE-GENERAL FOR INTERNAL POLICIES OF THE UNION

ECONOMIC GOVERNANCE SUPPORT UNIT

Country-Specific Recommendations for 2018 and 2019

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This document presents:

- The **2019 Country-Specific Recommendations** proposed by the European Commission on [5 June 2019](#) and adopted by the Council on [9 July 2019](#) and
- The European Commission's **assessments of the implementation of the 2018 Country-Specific Recommendations** based on its Country Reports published on [27 February 2019](#).
- The **2018 Country-Specific Recommendations** proposed by the European Commission on [23 May 2018](#) and adopted by the Council on [13 July 2018](#) and

For an overview of the Council Recommendations on the economic policy of the euro area, please see a separate [EGOV document](#).

The Country-Specific Recommendations may relate to **a specific EU policy objective and underlying legal procedure**:

- The first CSR generally refers to **fiscal policies**. It could therefore trigger further procedural steps either under the preventive arm or the corrective arm of the Stability and Growth Pact (SGP) (in accordance with [Regulation 1466/97](#), [Regulation 1467/97](#), and [Regulation 1173/2011](#)).
- If the Member State is **experiencing macro-economic imbalances**, then one or more CSRs may refer to these imbalances and could therefore trigger further procedural steps under the Macro-Economic Imbalances Procedure (MIP) (in accordance with [Regulation 1176/2011](#) and [Regulation 1174/2011](#)).
- Other CSRs may address **other major economic policy objectives**, such as growth enhancing structural reforms, employment and social aspects and/or financial market stability (in accordance with the integrated guidelines adopted under Articles 121(2), 136 and 148(4) of the [TFEU](#)).

► The 2019 CSRs have been re-arranged in the table below, where applicable, by policy area to allow for an easier comparison with the 2018 CSRs.

► The "colour code" used for the assessment of CSR implementation is based on the categories used by the Commission (COM) in its Country Reports: **red** = "no progress" or "limited progress"; **yellow** = "some progress"; **green** = "substantial progress" or "full progress" (see assessment criteria at the end of this document)

Please note that the overall assessment of the Country-Specific Recommendations (carried out in the Commission country reports in February 2019) does not include an assessment of **compliance with the recommendations** based on the SGP. However, in June 2019, the Commission evaluated also progress with the compliance of SGP related recommendations in its [assessments of the 2019 Stability and Convergence](#)

[Programmes](#) without using or referring to the assessment grid used for other Country-Specific Recommendations; summaries of these assessments of SGP compliance have been added in the overleaf table (see [grey parts](#) in the second column) for those countries which received a SGP based Recommendation in 2018.

For an overview of recent key developments under the Stability and Growth Pact (including on relevant indicators included in the latest comprehensive European Commission economic forecasts), please see separate [EGOV document](#).

For an **overview and comparison of CSRs over the previous European Semester cycles**, please see the following documents:

- Country-Specific Recommendations for 2017 and 2018: A comparison and an overview of implementation ([PE 614.522](#))
- Country-Specific Recommendations for 2016 and 2017: A comparison and an overview of implementation ([PE 602.081](#))
- Country-Specific Recommendations for 2015 and 2016: A comparison and an overview of implementation ([PE 497.766](#))
- Country-Specific Recommendations (CSRs) for 2014 and 2015: A comparison and an overview of implementation ([PE 542.659](#))


For **summary overviews of CSR implementation** per year by EU Member States, please see the following documents:

- Implementation of the 2018 Country-Specific Recommendations ([PE 634.354](#))
- Implementation of the 2017 Country-Specific Recommendations ([PE 614.500](#))
- Implementation of the 2016 Country-Specific Recommendations ([PE 587.394](#))
- Implementation of the 2015 Country-Specific Recommendations ([PE 574.398](#))
- Implementation of the 2014 Country-Specific Recommendations ([PE 542.649](#))

For an overview of the Commission assessments of CSRs implementation since 2012, please see also separate data-base as published on the [EP homepage](#).

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<p>BE</p> 	<p><u>2018 CSRs</u> SGP: CSR 1 MIP: -</p>	<p><u>Assessment of implementation of 2018 CSRs</u> February 2019</p>	<p><u>2019 CSRs</u> SGP: CSR 1 MIP: -</p>
	<p>1. Ensure that the nominal growth rate of net primary government expenditure does not exceed 1,8 % in 2019, corresponding to an annual structural adjustment of 0,6 % of GDP. Use windfall gains to accelerate the reduction of the general government debt ratio. Pursue the envisaged pension reforms and contain the projected increase in long-term care expenditure. Pursue the full implementation of the 2013 Cooperation Agreement to coordinate fiscal policies of all government levels. Improve the efficiency and composition of public spending at all levels of government to create room for public investment, in particular by carrying out spending reviews.</p> <p><i>Split into Sub-CSRs</i></p> <ul style="list-style-type: none"> • Ensure that the nominal growth rate of net primary government expenditure does not exceed 1,8 % in 2019, corresponding to an annual structural adjustment of 0,6 % of GDP. Use windfall gains to accelerate the reduction of the general government debt ratio. • Pursue the envisaged pension reforms 	<p>Limited progress (this overall assessment of country-specific recommendation 1 does not include an assessment of compliance with the Stability and Growth Pact):</p> <p><i>See grey part below.</i></p> <p>Limited Progress. A number of measures have been adopted since 2015 in order to control the costs of ageing and guaranteeing the fiscal sustainability of the first pension pillar. The measures mostly consist in: gradually raising the legal age; tightening the conditions of access to the early pension; gradually eliminating the consideration of years of study in careers for the public sector; introduction of the mixed pension system. However, even when taking into account those measures, the projected increase</p>	<p>1. Ensure that the nominal growth rate of net primary government expenditure does not exceed 1,6 % in 2020, corresponding to an annual structural adjustment of 0,6 % of GDP. Use windfall gains to accelerate the reduction of the general government debt ratio. Continue reforms to ensure the fiscal sustainability of the long-term care and pension systems, including by limiting early exit possibilities from the labour market. Improve the composition and efficiency of public spending, in particular through spending reviews, and the coordination of fiscal policies by all levels of government to create room for public investment.</p>

	<ul style="list-style-type: none"> • and contain the projected increase in long-term care expenditure. • Pursue the full implementation of the 2013 Cooperation Agreement to coordinate fiscal policies of all government levels. • Improve the efficiency and composition of public spending at all levels of government to create room for public investment, in particular by carrying out spending reviews. 	<p>in pension expenditure is significant and put the long-term sustainability at risk. The planned measures about the definition of 'arduous jobs' and the introduction of 'credit-based public pension system' have been postponed.</p> <p>Limited Progress. The devolution to the regions of the responsibilities for the long-term care system does not appear to have a clear impact the long-term sustainability of the system. In absence of measures, according to the Ageing Working Group reference scenario public expenditure on long-term care is projected to steadily increase from 2.3 % of GDP in 2016 to 4.0 % of GDP in 2070.</p> <p>Limited Progress. According to the 2013 Cooperation Agreement, the Consultation Committee must discuss the global budgetary objective and take a decision on individual objectives for the Stability Programme based on an opinion of the High Council of Finance. In contrast with the practice of previous Stability Programmes, in which the Consultation Committee "took note" of the trajectory, all levels of government approved the overall fiscal trajectory presented in 2018 Stability Programme and supported the achievement of the fiscal targets by 2020 for all government levels. Although this approval added credibility to the overall trajectory, there was no formal agreement on the annual fiscal targets at each level of government. In addition, the lack of annual targets for individual entities undermines the possibility for the High Council of Finance to monitor the compliance with an agreed budgetary trajectory.</p> <p>Limited Progress. In March 2017, the Prime Minister announced the elaboration of a National Pact for Strategic Investments. Within the framework of the National Pact for Strategic Investments, eight working groups were set up to support the Strategic Committee. Six of these working groups have made a</p>	
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		<p>thorough analysis of the potential investments concerning the six thematic pillars of the Pact (digital, cyber security and trust in digital, education, health, energy and mobility) and two working groups have discussed the transversal issues of the regulation and the mobilisation of capital for investment. In March 2017, a Strategic Committee was also established to outline the main points of the Pact and make recommendations to the government. Since October 2017, the Strategic Committee has been in the operational phase of the Pact, which is aimed at formulating concrete recommendations on investment projects and measures to promote their implementation and increase their impact on growth. In the context of the preparation of the initial budget 2019, the federal government intends to finance 447 million on strategic investment projects.</p> <p>The Government of Flanders is preparing the structural incorporation of a spending review approach in its budgetary process. As a first step, the Flemish Government is carrying out a pilot project with a focus on a specific topic, as recommended by the European Council. The pilot project will be completed in spring 2019. Further preparatory measures towards the structural incorporation of spending reviews in the budgetary process are planned for 2019.</p> <p>In June 2019, the Commission evaluated compliance with the SGP in its assessment of the 2019 Stability Programme for Belgium (without using or explicitly referring to the assessment grid used for other CSRs):</p> <p><i>“Following an overall assessment, which takes into account large uncertainties related to key factors of fiscal performance in 2017 and 2018, and in line with last year’s analysis, there is no sufficient evidence to conclude that Belgium is non-compliant with the required adjustment path towards the MTO in 2018 and over 2017 and 2018 taken together. (...) However, according to the Commission 2019 spring forecast,</i></p>	
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		<p><i>there is a risk of significant deviation both in 2019 and in 2020, following an overall assessment.</i></p> <p><i>According to the outturn data, Belgium did not comply with the debt reduction benchmark in 2018. Prima facie, there thus appears to be a risk of the existence of an excessive deficit in the sense of the Treaty and the SGP. The Commission has therefore prepared a report under Article 126(3) TFEU analysing whether Belgium is compliant with the debt criterion of the Treaty. The report could not fully conclude, following an assessment of all the relevant factors, if the debt criterion as defined in the Treaty and in Regulation (EC) No 1467/1997 should be considered as complied or not with." (p. 24)</i></p>	
	<p>2. Remove disincentives to work and strengthen the effectiveness of active labour market policies, in particular for the low-skilled, people with a migrant background and older workers. Pursue the education and training reforms, including by fostering equity and increasing the proportion of graduates in science, technology, engineering and mathematics.</p> <p><i>Split into Sub-CSRs</i></p> <ul style="list-style-type: none"> Remove disincentives to work and strengthen the effectiveness of active labour market policies, in particular for the low-skilled, people with a migrant background and older workers 	<p>Limited progress:</p> <p>Limited Progress. As of 1st January 2019, the new programme for employment support - AktiF and AktiF Plus - enters into force in the Germanspeaking Community. It consists of financial support to employers who hire people from groups far-away from the labour market (in particular below 26 and 50+).</p> <p>In July 2018 Flanders has reinforced the existing target group policies. A higher reduction of social security contribution is introduced for employers willing to hire people over 60 years old. Employers will also be exempted from employer contributions if they hire people over 55 years old and low skilled youngsters. Support to people with a disability will be increased. The income threshold of the disability premium (VOP) will be lowered to make it more attractive to independent workers and the procedure</p>	<p>2. Remove disincentives to work and strengthen the effectiveness of active labour market policies, in particular for the low-skilled, older workers and people with a migrant background. Improve the performance and inclusiveness of the education and training systems and address skills mismatches.</p>

		<p>will be simplified. The reinforced target group policy will enter into force in January 2019. At the same time existing measures will be continued: language training through 'integration through work' (PES), temporary work experience trajectories, activation long term unemployed job seekers (>2years) and trying to reach more NEET youngsters.</p> <p>As of Jan 1st 2019, new rules have entered into force Flanders, regarding, a.o the recruitment and hiring (and financial support) of medium and highly qualified workers from abroad. The main goal is to attract talent from outside the EU in order to fill in recurrent bottleneck professions. At the same time existing procedures have been simplified. Today employers can start a procedure to obtain a work-and residence permit at the same time for a non-EU national who wants to work in Flanders. In 2019 an electronic platform will be developed to further simplify the existing procedures.</p> <p>In July 2018 the Walloon Government decided on attributing new financial means to the so-called Brasero mechanism, which aims at supporting the creation of cooperatives and social entrepreneurship.</p> <p>In November 2018 the Walloon government has approved the revamping/streamlining of the so-called Airbag mechanism, which aims at supporting the transition towards self-employment as main occupation. The newly adopted measures aim at reducing the delay for assessment/examinations of the dossiers and at simplifying the mechanism both for the workers and for the FOREM (in charge of its implementation).</p> <p>As of Jan 1st 2019, the Tax Shift enters in its last phase, with notably, among others, the reduction of personal social security contributions for the low-wage workers.</p>	
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	<ul style="list-style-type: none"> • Pursue the education and training reforms, including by fostering equity and 	<p>Limited Progress has been made in proposing and adoption of education and training reforms, including for fostering equity, but many important reforms still need implementation.</p> <p>The implementation of the 'Pact for Excellence', the French Community's flagship school reform to improve basic skills, efficiency, governance and tackle inequalities is progressing slowly. The French Community is gradually proposing or adopting decrees for the implementation of the Pact for Excellence, but only a few measures are being implemented so far.</p> <p>From 2019, there will be a gradual increase in the budget for individualised child support to reduce grade repetition and school failure. New quality assurance and school governance measures as well as the recently adopted reform of the initial teachers' education aim to improve educational performance and to reduce inequalities. Nevertheless, major reforms are still pending, such as the extension of the common multi-disciplinary curriculum to the 9th grade and the new working organisation of teachers.</p> <p>Some decrees improving educational outcomes and reducing inequalities have been adopted:</p> <ul style="list-style-type: none"> - The decree on remediation and individualised support of pupils was adopted on 10 October 2018. - The decree on the separation of the organizing power from the regulatory power adopted on 6 February 2019 will allow the public schools' network to become autonomous and decentralised as well as the adoption and the implementation of further reforms foreseen in the Pact for Excellence in Education. - The decrees on the 6-year piloting plans of schools with improvement objectives are being gradually implemented over the next few years, as well as the macro governance measures. - Additional support staff (speech therapists) for pre-primary school have been available as of 1 January 	
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		<p>2019 and pre-primary school will be free as of 1 September 2019.</p> <p>-The decree on the implementation of certification by units in formal Initial Vocational Education and Training (IVET) programmes has been adopted on 13 June 2018 and a pilot is being implemented.</p> <p>The French Community has adopted on 6 February 2019 a reform of the Initial Teachers' Education for elementary and lower secondary education, which will enter into force in 2020. The main thrusts of the reform are: the extension of studies, the harmonization of teacher training at all levels of schooling, the reinforcement of training contents, in particular those giving teachers the means to manage their education. Heterogeneity of classes and to fight against school failure, the accentuation of the articulation theory and practice, the development of scientific research in teaching, and the revision of the training of trainers.</p> <p>Additional reforms are under preparation, but have not been adopted and implemented yet: The draft decrees on the work organisation and the workload of teachers, the status of school directors, the missions of the new school inspection and the support to low performing schools are relatively advanced in the legislative process.</p> <p>The government of the French Community has proposed on 19 December 2018 the legal framework for the extended Common curriculum (to be implemented as of school year 2020/2021). Parliament will need to adopt this draft decree. A follow-up draft decree on the educational attainment targets will need to be proposed and adopted before this new common curriculum can be implemented.</p> <p>There has been some progress in the Flemish Community to reduce inequalities, as adopted decrees targeted many education levels.</p>	
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		<p>Close monitoring will be needed to ensure that some of the measures mentioned below also have a positive impact on equity.</p> <p>The Flemish Community adopted on 28 March 2018 a decree on the modernisation of secondary school education. It will be implemented as of school year 2019/2020.</p> <p>The decree on the reform of the attainment goals for the first stage of secondary education is expected to be adopted by the Flemish Parliament before the end of the current legislature.</p> <p>The decree on the dual learning system in secondary education was adopted on 21 March 2018 and will be fully implemented as of 1 September 2019 onwards.</p> <p>The reform of the pupil guidance in secondary education was implemented as of 1 September 2018.</p> <p>The decree on Higher Vocational Education was adopted by the Flemish Parliament on 4 May 2018 and will be implemented as of academic year 2019/2020.</p> <p>The decree on the reform of Adult Education was adopted on 7 March 2018 and will be implemented as of school year 2019/2020.</p> <p>The adoption of the decree on the Right to enrolment in compulsory education is currently suspended.</p> <p>The decree on the reform of the existing system of training incentives was adopted in October 2018.</p> <p>The decree on the reform of the teaching career is currently being drafted. "Teacher platforms" have already been set up to provide more job security to young starting teachers.</p> <p>On 11 July 2017, the Government of Flanders and social partners reached an agreement on the reform</p>	
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	<ul style="list-style-type: none"> • increasing the proportion of graduates in science, technology, engineering and mathematics. 	<p>of education and training incentives for adults which will start on 1/9/2019. The goal is to have an integrated training incentive policy with three instruments with a labour market-oriented and forward-looking training focus: Flemish educational leave, training vouchers and Flemish training credit.</p> <p>Limited progress has been made in pursuing education and training reforms to increase the proportion of STEM graduates.</p> <p>The Flemish Community further pursued the implementation of the STEM action plan 20122020. Two of the five objectives have already been met in 2016. Specific measures advocated by the STEM platform include further development of STEM academies (driven by volunteers) to provide extracurricular initiatives to raise awareness among young people and better structural support and quality promotion through collaboration with other instances, training centres, art academies, and schools with a good STEM infrastructure. As from 2019 onwards, a broad range of initiatives will be taken in collaboration with the Regional Technological Centres of Flanders, CPD's and a broad range of VET schools.</p> <p>The Walloon Government decided on 13 December 2018 to grant a subsidy to the 5 Walloon universities to promote, disseminate and raise awareness of STEM studies and careers.</p> <p>The Digital Wallonia Plan includes measures to grant subsidies to digital projects for schools (Digital Schools) and an awareness campaign to promote STEM, and in particular digital studies for women (Wallonia Wonder Women).</p> <p>Brussels Capital Region has launched a call for proposals for the financing of coding projects targeting compulsory schools.</p>	
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	<p>3. Reduce the regulatory and administrative burden to incentivise entrepreneurship and increase competition in services, particularly retail, construction and professional services. Tackle the growing mobility challenges, in particular through investment in new or existing transport infrastructure and reinforcing incentives to use collective and low-emission transport.</p> <p><i>Split into Sub-CSRs</i></p> <ul style="list-style-type: none"> • Reduce the regulatory and administrative burden to incentivise entrepreneurship and 	<p>The government of the French Community adopted a Digital Strategy for education (schools) on 10 October 2018 to be gradually implement in the next 5 years. The measure on digital governance will require legislative approval by the next government in 2019.</p> <p>Limited progress:</p> <p>Limited progress has been made on the reduction of administrative burden to incentivise entrepreneurship.</p> <p>-The reform of the company law code will reduce the number of companies from 17 to 4, remove minimal company requirements for setting up a company, abolish the unlimited liability of administrators and allow e-mail to replace registered letters.</p> <p>- Flanders has adopted a decree on 18 May abolishing the legal provisions on basic knowledge of business management.</p> <p>- Flanders has integrated the retail license in the environmental permit.</p> <p>- The implementation of the 2017 reform to simplify the corporate tax system has continued. The statutory tax rate has been lowered from 33.99% to 29.58% in 2018. The reform also introduced amendments to ease taxation on startups and small companies. However, some inefficient tax expenditures remain in place such as the company</p>	<p>4. Reduce the regulatory and administrative burden to incentivise entrepreneurship and remove barriers to competition in services, particularly telecommunication, retail and professional services.</p> <p>3. Focus investment-related economic policy on sustainable transport, including upgrading rail infrastructure, the low carbon and energy transition and research and innovation, in particular in digitalisation, taking into account regional disparities. Tackle the growing mobility challenges, by reinforcing incentives and removing barriers to increase the supply and demand of collective and low emission transport.</p>
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	<ul style="list-style-type: none"> • increase competition in services, particularly retail, construction and professional services. 	<p>car scheme (cf. infra). The regionalisation of some taxes may add complexity to the tax system.</p> <p>Digitisation of public services is still fragmented and progressing slowly in spite of a number of innovative initiatives at regional and local level.</p> <p>Digitalisation of the justice system is advancing slowly. The e-Deposit system allowing for a digital submission of court documents is still being implemented. The e-Box network is also still under implementation by courts. The establishment of a national register for interpreters, translators and court experts is still under implementation. The digital platform Regsol for the handling of insolvency proceedings is still under implementation. The migration of the civil register to a digital environment has been announced for March 2019. The establishment of a central platform for the extra-judicial collection of unchallenged monetary claims for the business-to-business environment is still being implemented.</p> <p>Limited progress has been made to increase competition in services, particularly retail, construction and professional services:</p> <ul style="list-style-type: none"> - Brussels has adopted a reform of the Code Bruxellois de l'Aménagement du Territoire (CoBAT) to facilitate retail establishment - Flanders has integrated the retail license in the environmental permit. - Flanders has adopted a decree to abolish the qualifications for eleven construction-related professions. - A Royal Decree has been adopted to adapt rules on activities that can be performed together with the profession of accountant has been adopted in August 2018. <p>However, the modernisation of the legal professions announced for the summer 2018 has not been published yet. There has been no follow-up to the</p>	
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	<ul style="list-style-type: none"> Tackle the growing mobility challenges, in particular through investment in new or existing transport infrastructure and reinforcing incentives to use collective and low-emission transport. 	<p>analysis of the need for and proportionality of specific restrictions imposed on legal persons providing professional services.</p> <p>Finally, no reforms have taken place to reduce the important restrictions to rail and road transport services.</p> <p>Some progress was made to tackle investment in existing transport infrastructure. In January 2019, Regions have agreed to a multi-annual 60/40 allocation key for the Regional ExpressNet.</p> <p>The Brussels Regional Government has approved and is carrying out a multiannual investment programme for the renovation of its tunnels, bridges and viaducts worth over 1 billion euros for the coming 10 years. In addition, the Brussels Regional Government has approved a multiannual investment programme for public transport that is currently being carried out. The plan runs from 2015 until 2025 and foresees 5.2 billion euros of investments in new metro lines, tram lines and a greener bus fleet. An agreement for additional funding for the regional ExpressNet project was reached at the end of 2018. The agreement has been approved by the Federal Parliament and is waiting for approval by the Regional Parliaments.</p> <p>Limited Progress. Belgium is still a country where the use of company cars for commuting is heavily incentivised, whereas the connectivity with collective public transport, in particular between the centre of Brussels and its outskirts is deficient. As to low-emission transport, the use of alternative fuels in new passenger cars sold in Belgium has been increasing very dynamically over the past four years. The different Belgian regions each apply their own set of support measures, potentially leading to market fragmentation, but all put emphasis on encouraging the uptake of electric vehicles. The Federal</p>	
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		Government grants a tax credit of 30 % on the purchase of an electric vehicle.	
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 BG	<u>2018 CSRs</u> SGP: - MIP: CSR 2, 3	<u>Assessment of implementation of 2018 CSRs</u> February 2019	<u>2019 CSRs</u> SGP: - MIP: CSR 2
	<p>1. Improve tax collection and the efficiency of public spending, including by stepping up enforcement of measures to reduce the extent of the informal economy. Upgrade the State owned enterprise corporate governance framework in line with international good practices.</p> <p><i>Split into Sub-CSRs</i></p> <ul style="list-style-type: none"> Improve the efficiency of tax collection and public spending 	<p>Some Progress:</p> <p>Some Progress. In 2018, Bulgaria has put in place a number of measures to tackle the shadow economy and improve tax collection. Many of those measures were implemented in the framework of “The Single National Strategy for improving tax collection, tackling shadow economy and reducing compliance costs”. These measures have brought some positive results in the form of higher revenue. A particularly successful measure was the checks of declared cash by the companies (bringing in additional BGN 108.3 million, a 55.6% increase year-over-year), which encouraged many of the companies with excess cash to amend their financial results or declare dividend payments. In addition, the introduction of tax controls on the movement of high-risk goods has brought higher direct and indirect tax revenue from companies in these sectors</p> <p>Some Progress. The government has made steps to improve public expenditure efficiency. In 2018, the World Bank completed a spending review in a number of public institutions (ministries and municipalities), published two</p>	<p>1. Improve tax collection through targeted measures in areas such as fuel and labour taxes. Upgrade the State-owned enterprise corporate governance by adopting and putting into effect the forthcoming legislation.</p>

	<ul style="list-style-type: none"> including by stepping up enforcement of measures to reduce the extent of the informal economy. Upgrade the State owned enterprise corporate governance framework in line with international good practices. 	<p>pilot studies and delivered to the authorities a manual for future reviews. No follow-up measures or additional spending reviews have been announced as yet. The government also updated and stabilised the set of performance indicators per policy area in the medium term fiscal strategy. The Ministry of Finance is planning to use this stable set of indicators to assess the impact of public spending and to inform the budget evaluation and planning in the medium term</p> <p>Some Progress. To fight undeclared work, the authorities implemented measures such as one-day flexible contracts in agriculture and the exclusion of companies convicted for undeclared work (in the last three years) from public procurement. The General Labour Inspectorate has signed an agreement with the trade unions to jointly fight undeclared work. At the same time, the National Revenue Agency (NRA) applies a number of measures to improve compliance and collection in high-risk sectors, including undeclared work risk. Another positive element in 2018 is the launch of an information campaign “Salary in an Envelope” by the National Revenue Agency. The campaign primary aim is to demonstrate to the citizens the amount of the losses they are experiencing from this practice in the long run, including a dedicated webpage in which they can estimate the actual losses in their future pension, among other harmful consequences.</p> <p>Limited Progress. There is not yet any change in the state-owned enterprises corporate governance framework but its reform has been planned. The government put in place a project to (i) review and assess the legal, regulatory and operational framework of State-owned enterprises and (ii) revise and align legislation with OECD guidelines on corporate governance of State-owned enterprises. The initiative is part of the action plan of the government in view of the envisaged application for participation in the ERMII. A technical assistance project with the European Commission and the OECD was launched in August 2018. The adoption of the new framework is expected by July 2019.</p>	
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	<p>2. Take follow-up measures resulting from the financial sector reviews and implement the supervisory action plans in order to strengthen the oversight and stability of the sector. Ensure adequate valuation of assets, including bank collateral, by enhancing the appraisal and audit processes. Complete the reform of the insolvency framework and promote a functioning secondary market for non-performing loans.</p> <p><i>Split into Sub-CSRs</i></p> <ul style="list-style-type: none"> • Take follow-up measures resulting from the financial sector reviews 	<p>Some progress:</p> <p>Substantial Progress. Most recommendations of the 2016 asset quality review of the banking sector have been addressed, leaving one important outstanding action. Insurance companies' solvency has improved since the completion of the sector's reviews. According to the Financial Supervision Commission, all recommendations of the independent balance sheet reviews of insurance companies and pension funds were fully implemented by April 2017. At the end of 2017, all but one insurer satisfied Solvency Capital Requirements, without the application of Long-Term Guarantee and transitional measures. However, some insurers' solvency ratios are close to 100%, which could indicate potential weaknesses that should be closely monitored. In 2017, the Financial Supervision Commission withdrew the licences of two insurers for a number of reasons, including the failure to comply with capital requirements. Both companies have appealed this sanction. The decision is still pending before the administrative higher court. Group-level supervision remains a challenge for an adequate risk-based insurance supervision. The group-level assessment of two insurance groups was never completed. While in one case group supervision is no longer applicable due to restructuring, in the other case the Supreme Administrative Court revoked the decision of the authority for identification of the group. The authorities' approach following the court's decision will still have to take into account the requirements under the transposed Solvency II Directive stipulating that group level supervision is to be applied at the ultimate parent level. The supervision of the car insurance sector is being</p>	<p>2. Ensure the stability of the banking sector by reinforcing supervision, promoting adequate valuation of assets, including bank collateral, and promoting a functioning secondary market for non-performing loans. Ensure effective supervision and the enforcement of the AML framework. Strengthen the non-banking financial sector by effectively enforcing risk-based supervision, the recently adopted valuation guidelines and group-level supervision. Implement the forthcoming roadmap tackling the gaps identified in the insolvency framework. Foster the stability of the car insurance sector by addressing market challenges and remaining structural weaknesses.</p>
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	<ul style="list-style-type: none"> and implement the supervisory action plans in order to strengthen the oversight and stability of the sector. 	<p>strengthened. The authorities started in November 2017 to automatically match information from car registration databases with motor third-party liability contracts, to combat fraud. The Financial Supervision Commission has taken further measures to ensure that victims of car accidents receive the proper compensation, in particular in cases of cancelled insurance contracts, and that all Bulgarian insurers have a network of claims representatives in all EU Member States, as required in the Motor Insurance Directive. As expected under the Action Plan 2017, the Financial Supervision Commission has published a report on the level of motor third party liability premiums. Nevertheless, significant challenges regarding the business model and business strategy of market participants remain a concern, with potential spill overs beyond the sector itself.</p> <p>Some Progress. Delayed actions for improving banking supervision from the 2015 plan are being completed. The Financial Supervision Commission adopted an Action Plan for reforming non-bank financial supervision in September 2017, in cooperation with the European Insurance and Occupational Pensions Authority. Implementation is ongoing. The actions towards a proper risk-based forward-looking supervisory process already delivered some outputs, like a supervisory manual and risk matrices. These are useful and necessary tools, but the full implementation of an action plan to establish such a risk-based forward-looking supervisory process remains key, and only time will show to what extent new rules are effectively enforced and whether supervision has really improved in practice. The failure of Olympic, issues with group-level supervision, the frequency at which the supervisor's decisions are overturned by the courts and the worsened problems of the Green Card Bureau show that insurance supervision still faces some real challenges. In the area of pension funds, amendments to the Social Insurance Code were adopted by the parliament in November 2017. They include a broader definition of related parties, in line with international standards. As the law previews a 12 months implementation delay, the changes need to be duly</p>	
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	<ul style="list-style-type: none"> • Ensure adequate valuation of assets, including bank collateral, by enhancing the appraisal and audit processes 	<p>enforced and their effectiveness monitored. In addition, the Financial Supervision Commission was strengthened by legislative amendments introduced in 2017, which provided it with sufficient funding and staff and expanded its supervisory capacity. A proper risk assessment framework, currently under development, should support the improved supervision capacity. The head of Insurance Supervision in the Financial Supervision Commission resigned in August 2018, as a consequence of the failure of Olympic Insurance. Despite announced plans to designate a successor, no formal steps have been taken so far. Furthermore, the announced change in the Financial Supervision Commission chair in March 2019 could generate further uncertainty, in particular given the ambitious scope of the planned reforms. It is important in both cases to ensure the timely appointment of professionals who duly fulfil fit-and-proper requirements.</p> <p>Some Progress. Issues with the valuation of collateral limit the incentives of banks to dispose of non-performing loans. A range of hard-to-value assets still exist, notably related to immovable property. Examples include real-estate collateral in the banking sector, receivables and real estate holdings in the insurance sector, and stocks, bonds, real estate and other financial instruments in the pension funds sector. In addition, the uneven quality of auditing affects the valuation of illiquid instruments traded on stock exchanges, as well as non-traded assets, including receivables, minority equity stakes and subsidiaries. For real-estate valuations, auditors rely on locally-licensed appraisers. Despite the advantage of local expertise, valuation standards differ and the licensing system is not sufficiently tight. In the absence of a mandatory standardised methodology, commercial banks have the discretion to use different valuation frameworks, which may create considerable discrepancies. Some issues related to valuation in the non-banking financial sector require further monitoring. According to the Financial Supervision Commission, auditors have not identified any particular problem with the clean-cut reinsurance contracts. However, concerns regarding their supervisory</p>	
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	<ul style="list-style-type: none"> • Complete the reform of the insolvency framework • and promote a functioning secondary market for non-performing loans. 	<p>treatment remain to be addressed. The on-going on-site inspections are also expected to allow further assessment by the Financial Supervision Commission. The issue of hard-to-value assets, including traded securities with low liquidity and low free float, as well as non-traded assets, has been identified in the reviews of both the banking and non-bank financial sectors but has not yet been fully addressed. Amendments to secondary legislation could be followed by changes to the rules governing the work of valuation practitioners to improve the application of valuation rules. Amendments to Ordinance 9 of the Financial Supervision Commission, concerning the valuation of the assets and liabilities of the pension funds, entered into force on 19 November 2018.</p> <p>Limited Progress. Reform of the insolvency framework is still incomplete, with important legislative elements missing. The pre-insolvency restructuring procedure entered into force on 1 July 2017, but so far its take-up has been weak. The new framework could benefit from further streamlining and less complexity, inter alia by encouraging out-of-court settlements, less court involvement and administration and lower thresholds when voting on adoption of restructuring plans. On the positive note, Bulgaria asked for assistance to progress on the reform of the insolvency framework in 2018. This project will put forth a roadmap addressing the identified gaps.</p> <p>Limited Progress. The overall ratio of nonperforming loans declined to 9.2% in June 2018, from 12.1% a year earlier. Non-performing loans by non-financial corporations also decreased, but still topped 15.4% of total loans and advances (19.9% a year earlier). These levels are well above the EU averages in June 2018. Progress with restructuring has been slow.</p>	
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	<p>3. Increase the employability of disadvantaged groups by upskilling and strengthening activation measures. Improve the provision of quality inclusive mainstream education, particularly for Roma and other disadvantaged groups. In line with the National Health Strategy and its action plan, improve access to health services, including by reducing out-of-pocket payments and addressing shortages of health professionals. Introduce a regular and transparent revision scheme for the minimum income and improve its coverage and adequacy.</p> <p><i>Split into Sub-CSRs</i></p> <ul style="list-style-type: none"> • Increase the employability of disadvantaged groups by upskilling and strengthening activation measures. • Improve the provision of quality inclusive mainstream education, particularly for Roma and other disadvantaged groups. 	<p>Limited progress:</p> <p>Some Progress. Several measures are being implemented supporting disadvantaged groups to access the labour market, including training, supervised internships and incentives to employers to hire them after their training. Other measures encourage entrepreneurship among young people for starting their own business. Mediation services have been broadened and Job Integration Agreements (JIA) have been introduced during 2018 for long-term unemployed. Overall, however, participation in active labour market policies (ALMP) remains low and the training component of these policies could be strengthened. Further developing vocational education and training could improve the impact and sustainability of activation measures.</p> <p>Some Progress was made in improving the provision of quality inclusive mainstream education, but a significant amount of work is still needed. A few measures have been implemented such as the inter-institutional mechanism to identify out-of-school children and return them to school, support for students to overcome learning gaps, several measures aiming to improve digital skills, increasing teachers' salaries and retraining teachers, as well as reforming funding standards to allocate additional funding to disadvantaged schools and kindergartens. However, im-</p>	<p>4. Strengthen employability by reinforcing skills, including digital skills. Improve the quality, labour market relevance, and inclusiveness of education and training, in particular for Roma and other disadvantaged groups. Address social inclusion through improved access to integrated employment and social services and more effective minimum income support. Improve access to health services, including by reducing out-of-pocket payments and addressing shortages of health professionals.</p>
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	<ul style="list-style-type: none"> In line with the National Health Strategy and its action plan, improve access to health services, including by reducing out-of-pocket payments and addressing shortages of health professionals. Introduce a regular and transparent revision scheme for the minimum income and improve its coverage and adequacy. 	<p>provements in educational outcomes have not been recorded yet and efforts to improve the situation of students from the most vulnerable groups and Roma are lagging behind.</p> <p>Limited Progress. The implementation of the National Health Strategy action plan is considerably delayed. In 2018, some progress was achieved in improving access to disease prevention medicines and outpatient programmes. The 2014-2020 ERDF investment in a network of emergency health care, planned in the National Health Strategy, started as late as end of 2018.</p> <p>Limited Progress. While no regular and transparent revision mechanism has been proposed for the minimum income (MI) the number of supported persons has increased according to administrative data of the authorities. The minimum income remains too low to have an impact on the number of people living in poverty or on income inequality. In 2018 the guaranteed minimum income (GMI) was increased by 15% - from BGN 65 to 75 (EUR 5). However, the minimum income is still among the least adequate in the EU and significantly below the at-risk-of-poverty threshold (EUR 180 in 2018). Despite the measures that have been taken – social assistance for heating is being granted on the current place of residence, making it more flexible and accessible, the amount of the heating benefits for the next heating season is adjusted to the electricity prices, the mechanism for compensation of pensions' increase is being updated so that the pensioners who receive heating benefits could not drop out due to the pensions' increase – the coverage and adequacy of social benefits remain low and an objective mechanism for their regular updates is still lacking.</p>	
			<p>3. Focus investment-related economic policy on research and innovation, transport, in particular on its sustainability, water, waste and energy infrastructure and energy efficiency, taking into account regional disparities, and improving the business environment.</p>

 CZ	<u>2018 CSRs</u> SGP: - MIP: -	<u>Assessment of implementation of 2018 CSRs</u> February 2019	<u>2019 CSRs</u> SGP: - MIP: -
	<p>1. Improve the long-term fiscal sustainability, in particular of the pension system. Address weaknesses in public procurement practices, in particular by enabling more quality-based competition and by implementing anti-corruption measures.</p> <p><i>Split into Sub-CSRs</i></p> <ul style="list-style-type: none"> • Improve the long-term fiscal sustainability, in particular of the pension system. 	<p>Limited Progress:</p> <p>No Progress. Recent measures increase pension adequacy but are not coupled with policies that improve long-term sustainability. The government made pension indexation more generous by taking into account one half (rather than the previous one third) of real wage growth. It will also top up pensions with CZK 1 000 for all pensioners over 85 years and increase the flat rate part of the pensions from 9 % to 10 % of the average wage. These measures will likely increase costs further and worsen the sustainability indicator (S2) by around 0.2 to 0.3 pps of GDP in the long term. While the government agreement mentions pension reform among its priorities, it is unclear what reforms are envisaged and if they can improve the sustainability of the pension system. The projected increase in age-related public expenditure on healthcare also reduces long-term fiscal sustainability. Public expenditure on healthcare is projected to increase by 1.1 pps of GDP by 2070, above the EU average increase of 0.9 pps. Taking into account the impact of non-demographic drivers, it may increase by 1.9 pps of GDP by 2070, 0.3 pps above the EU average.</p>	<p>1. Improve long-term fiscal sustainability of the pension and health-care systems. Adopt pending anti-corruption measures.</p>

	<ul style="list-style-type: none"> Address weaknesses in public procurement practices, in particular by enabling more quality-based competition and by implementing anti-corruption measures. 	<p>Some progress. There has been some progress in addressing weaknesses in public procurement practices. Nonetheless, apart from an improved and restructured public procurement training system and increased cooperation of contracting authorities with professional authorities, annual procurement indicators do not evidence so far any improvement of public procurement practices in terms of quality based competition. Nevertheless, the effort goes into the right direction, even if the results may take more time to show. Anti-corruption measures have been planned but adoption by the Parliament has been long outstanding.</p>	
	<p>2. Reduce the administrative burden on investment, including by speeding up permit procedures for infrastructure work. Remove the bottlenecks hampering research, development and innovation, in particular by increasing the innovation capacity of domestic firms. Strengthen the capacity of the education system to deliver quality inclusive education, including by promoting the teaching profession. Foster the employment of women, the low-skilled and disabled people, including by improving the effectiveness of active labour market policies.</p> <p><i>Split into Sub-CSRs</i></p> <ul style="list-style-type: none"> Reduce the administrative burden on investment, including by speeding up permit procedures for infrastructure work. Remove the bottlenecks hampering research, development and innovation, in 	<p>Some progress:</p> <p>Some Progress. An amendment to the current legislation has the potential to shorten and improve the effectiveness of permits proceedings involving the awarding of permits related to strategic infrastructure. Furthermore, a new construction law is being prepared and is expected to be finalised by 2023.</p> <p>Limited progress. The announced 'Investment package', if well designed, could attract higher value investments in the country and thus strengthen the</p>	<p>3. Focus investment-related economic policy on transport, notably on its sustainability, digital infrastructure, and low carbon and energy transition, including energy efficiency, taking into account regional disparities. Reduce the administrative burden on investment and support more quality-based competition in public procurement. Remove the barriers hampering the development of a fully functioning innovation ecosystem.</p> <p>2. Foster the employment of women with young children, including by improving access to affordable childcare, and of disadvantaged groups. Increase the quality and inclusiveness of the education and training systems, including by fostering technical and digital skills and promoting the teaching profession.</p>

	<p>particular by increasing the innovation capacity of domestic firms.</p> <ul style="list-style-type: none"> • Strengthen the capacity of the education system to deliver quality inclusive education, including by promoting the teaching profession. • Foster the employment of women, the low-skilled and disabled people, including by improving the effectiveness of active labour market policies. 	<p>potential for innovation. At the same time, the recent changes in the R&I policy governance and the design of Metodika 17+ are unlikely to significantly improve R&D performance. The Czech Republic remains a 'moderate' innovator with a performance of around 80% of the EU average. Despite the Czech economy gradually shifting towards more knowledge-intensive activities also thanks to EU funding, the proportion of innovative Czech firms is lagging behind the EU average. Bottlenecks exist on the supply side as well, mainly related to the generally low attractiveness of the public research systems when compared internationally, the shortage of skilled researchers and a lack of incentives for collaboration with businesses.</p> <p>Some Progress. A number of measures to improve the system have been taken but their impact will depend on implementation. Regarding the teaching profession, its attractiveness remains low and further efforts are needed to better promote it and to attract and retain talented young people.</p> <p>Some progress. Measure fostering labour market participation of women, low-skilled and people with disabilities have somewhat improved but there are still challenges regarding the effectiveness of active labour market policies (ALMP). Improvements were supported from EU funds by increasing the number of childcare facilities but the implementation of other policy measures is delayed. The announced changes in provision of individualised services by public employment services, which could further help to integrate other underrepresented groups such as the low skilled and people with disabilities, have not yet brought tangible results. Due to the ineffective targeting and a lack of tailored measures, the progress in improving the effectiveness of ALMPs was limited, preventing these groups from fully benefitting from the favourable conditions of the labour market.</p>	
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DK 	<u>2018 CSRs</u> SGP: - MIP: -	<u>Assessment of implementation of 2018 CSRs</u> February 2019	<u>2019 CSRs</u> SGP: - MIP: -
	1. Increase competition in domestically oriented services sectors, for instance in the distribution of utilities and in the financial sector.	Some progress: In 2018, Denmark has implemented measures to enhance competition in the financial sector. Moreover, Denmark has continued its work with implementing the utilities strategy. Political agreements on measures in the water and sewage water sector were reached in October 2018.	1. Focus investment-related economic policy on education and skills, research and innovation to broaden the innovation base to include more companies, and on sustainable transport to tackle road congestion.
			2. Ensure effective supervision and the enforcement of the anti-money laundering framework.

<p>DE</p> 	<p><u>2018 CSRs</u> SGP: - MIP: CSR 1, 2</p>	<p><u>Assessment of implementation of 2018 CSRs</u> February 2019</p>	<p><u>2019 CSRs</u> SGP: - MIP: CSR 1, 2</p>
	<p>1. While respecting the MTO, use fiscal and structural policies to achieve a sustained upward trend in public and private investment, and in particular on education, research and innovation at all levels of government, in particular at regional and municipal levels. Step up efforts to ensure the availability of very high-capacity broadband infrastructure nationwide. Improve the efficiency and investment-friendliness of the tax system. Strengthen competition in business services and regulated professions.</p> <p><i>Split into Sub-CSRs</i></p> <ul style="list-style-type: none"> • While respecting the MTO, use fiscal and structural policies to achieve a sustained upward trend in public and private investment, 	<p>Limited progress:</p> <p>Some Progress. Overall, the investment situation shows signs of improvement, but further action is still needed. Public investment in 2018 grew by 7.7 % nominally and by 3.8 % in real terms. This represents a noticeable increase compared to past years and the long-term average. However, given the backlog especially at municipal level, public investment still needs greater efforts to maintain the capital stock. This could be achieved, in particular by addressing planning constraints as well as the high regional differences of public investment, which suggest that the current fiscal set up does not yet provide all municipalities with sufficient financial resources and staff to significantly step up their investment levels. Private investment has increased noticeably as well, but not across all asset types. Equipment investment has grown robustly in response to record high capacity utilisation. Housing investment continues to boom even if the construction sector reports capacity constraints and price increases. Non-residential construction has been increasing sluggishly in real terms, suggesting that essential infrastructure may not have kept up with the economy's needs.</p>	<p>1. While respecting the MTO, use fiscal and structural policies to achieve a sustained upward trend in private and public investment, in particular at regional and municipal level. Focus investment-related economic policy on education; research and innovation; digitalisation and very-high capacity broadband; sustainable transport as well as energy networks and affordable housing, taking into account regional disparities. Shift taxes away from labour to sources less detrimental to inclusive and sustainable growth. Strengthen competition in business services and regulated professions.</p>


	<ul style="list-style-type: none"> • and in particular on education, • research and innovation at all levels of government, in particular at regional and municipal levels • Step up efforts to ensure the availability of very high-capacity broadband infrastructure nationwide. 	<p>Limited Progress. Spending rose in real terms but remained flat as a share of GDP at 4.2%. Important investment were announced in the coalition agreement. However, the investment backlog in education is by now bigger than in other sectors at municipal level. Legislative changes for direct government investment in the Länder is put on hold, with a stalling effect on important investments in education infrastructure and other projects (digital education).</p> <p>Some Progress. R&D intensity increased from 2.71 % of GDP in 2010 to 3.02 % in 2017. The national (and EU) target of 3 % has thus been achieved. In real absolute terms, growth was also faster than the EU average. While expenditure by the business sector grew faster than spending by the government and the higher education sectors, R&D intensity in the business sector also expanded faster in pps (from 1.82 % in 2010 to 2.09 % of GDP in 2017) than in the public sector (where it increased from 0.89 % of GDP in 2010 to 0.93 % in 2017).</p> <p>Limited Progress. Overall, there are encouraging announcements to improve the nationwide broadband infrastructure, but so far only small steps have been taken regarding their implementation. Germany is lagging behind in the deployment of very high-capacity broadband on a national level, and particularly in rural areas. The market share of fibre optics connections was still at a very low level of only 2.1 % in July 2017, compared to a significantly higher EU average of almost 12.9 %. Concerning take-up rates for ultrafast connections (DAE target III), 11.1 % of German households subscribe to 100 Mbps or more. This is way below the EU average of 15.4 %. The Federal Government has acknowledged the problem and has taken first steps to address it. The special 'Digital Infrastructure' fund was announced and EUR 2.4 bn was allocated from the 2018 federal budget. Moreover, a Gigabit Investment Fund of EUR 10-12 bn was included in the coalition agreement of the parties forming the federal government, to be spent by 2021 in order to roll out gigabit infrastructure. If</p>	
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	<ul style="list-style-type: none"> • Improve the efficiency and investment-friendliness of the tax system. • Strengthen competition in business services and regulated professions. 	<p>implemented, this could be a big step towards a more future-proof digital infrastructure in Germany.</p> <p>Limited Progress. Overall, there is still more action needed to improve the efficiency and investment-friendliness of the tax system. Although some measures are expected to lead to improvements, the most important distortions are not fully addressed, the tax system overall remains complex and the marginal tax burden on new investments or for taking up (additional) work is still high. After some improvements in this area in recent years, relatively little progress has been made over the past year. Germany adopted a reform designed to modernise and automate tax administration procedures in 2017, but this is still in the process of being implemented. As of 2018, Germany simplified the tax treatment of mutual investment funds and their investors. At the same time, it removed some restrictions on offsetting losses when loss-making companies are bought by new investors. It remains to be seen if these two new measures can actually trigger additional real investment.</p> <p>Limited Progress. Barriers to competition in business services remain high in comparison with other EU Member States. Data on business dynamics and profitability are suggesting lower competitive pressures in key business services sectors such as legal, accounting, architectural and engineering activities, which lead to higher mark-ups. Professional services are still overregulated, where exclusive rights, compulsory chamber membership, and regulation on prices and fees stifle competition. This is problematic given the high share of services inputs in the German manufacturing industry. Changes in the regulation of services could boost economic activity and investment in Germany. Policy actions to stimulate competition in business services and regulated professions have not been recorded, with the exception of minor measures as a follow-up to individual court decisions concerning the professions of lawyers and tax advisors.</p>	
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	<p>2. Reduce disincentives to work more hours, including the high tax wedge, in particular for low wage and second earners. Take measures to promote longer working lives. Create conditions to promote higher wage growth, while respecting the role of the social partners. Improve educational outcomes and skills levels of disadvantaged groups.</p> <p><i>Split into Sub-CSRs</i></p> <ul style="list-style-type: none"> • Reduce disincentives to work more hours, • including the high tax wedge, in particular for low wage 	<p>Some Progress:</p> <p>Some Progress. A number of measures were taken to reduce disincentives to work more hours. From 2019, the mid-job earning threshold was raised from EUR 850 to EUR 1300, resulting in a more gradual phase-in of social security contributions. This will reduce marginal tax rates for certain groups of low wage earners. Further measures, such as the right to return to full time employment, may also contribute to higher employment of women.</p> <p>Some Progress. As of 2019, the social security burden on self-employed people has been reduced, as their monthly minimum health insurance contribution will fall from EUR 360 to EUR 160. The family benefit supplement, responsible for high marginal effective tax rates for certain family types, such as single earners with children, will be phased out more gradually when earned income increases, instead of full withdrawal at the cut-off point. Unemployment contributions will be reduced by 0.5 pps from 2019; however, this will be counterbalanced by a 0.5 pps increase in the long-term care contribution rate. The reintroduction of the rule requiring employers and employees to pay equal contributions to statutory health insurance will result in an average reduction of 0.5 pps in contributions for employees and pensioners, thereby increasing take-home pay and unit labour costs. However, as this is counterbalanced by an increase in employers' contributions, the effect on the tax wedge is neutral. The increase in the basic personal allowance in 2019 appears</p>	<p>2. Reduce disincentives to work more hours, including the high tax wedge, in particular for low-wage and second earners. Take measures to safeguard the long-term sustainability of the pension system, while preserving adequacy. Strengthen the conditions that support higher wage growth, while respecting the role of the social partners. Improve educational outcomes and skills levels of disadvantaged groups.</p>
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	<ul style="list-style-type: none"> • and second earners. • Take measures to promote longer working lives • Create conditions to promote higher wage growth, while respecting the role of the social partners. 	<p>to roughly match inflation, so it will not result in an effective reduction in taxation.</p> <p>Limited Progress. Some efforts have been recorded to promote the use of the alternative factor method (Faktorverfahren) to tackle the high marginal tax rates on take-home pay for the second earner, given the current set-up of joint income taxation for married couples. However, disincentives to working more hours persist. In addition to the joint taxation framework, these include a persistent supply gap in the provision of full-time quality childcare.</p> <p>Limited Progress. The increases in pension entitlements for women with children born before 1992 (Mütterrente II) and for people with disability pensions (Erwerbsminderungsrente) are expected to improve pension adequacy for these groups. Yet neither these measures, nor the double pension stopline - setting a minimum benefit rate and maximum contribution rate until 2025 — are expected to promote longer working lives. There is no official assessment yet of the impact of the flexible retirement reform, which entered into force in 2017, and the Pension Commission’s proposals for increasing pension system sustainability and adequacy are not expected until March 2020.</p> <p>Some Progress. Nominal wage growth accelerated to 3.2 % in 2018. However, real wage growth has not yet picked up. Some measures have been taken to support wage growth, while the effect of earlier measures has tended to fade away. Earlier policy measures, such as the introduction of the general statutory minimum wage in 2015, had a substantial impact on wage growth. However, by now, low wages have largely adjusted and the increase in the minimum wage currently sends limited price impulses, which is also reflected in the reduction of the wage drift. Collective bargaining coverage continued to decline in 2017. A collective agreement was reached for public employees at the federal and the municipal level, affecting about 2.3 million workers directly and 300 thousand workers</p>	
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	<ul style="list-style-type: none">• Improve educational outcomes and skills levels of disadvantaged groups.	<p>indirectly. The agreement, which runs for 30 months from March 2018, stipulates wage increases and lump-sum payments, which, taken together, will yield about 3.0 % of annualised nominal wage increase. This is about 0.6 pps higher annualised than the previous wage agreement for the sector, which is somewhat below the increase in inflation since the previous agreement was reached in early 2016.</p> <p>Limited Progress. Several measures to improve equity are being implemented by the Länder. However, socio-economic and/or migrant background still strongly impact educational participation and outcomes. Recent national sources on education mark insufficient progress over time. Remedial measures, such as increasing the number of all-day schools, are threatened by serious shortages of teaching staff.</p>	
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 EE	<u>2018 CSRs</u> SGP: CSR 1 MIP: -	<u>Assessment of implementation of 2018 CSRs</u> February 2019	<u>2019 CSRs</u> SGP: CSR 1 MIP: -
	<p>1. Ensure that the nominal growth rate of net primary government expenditure does not exceed 4,1 % in 2019, corresponding to an annual structural adjustment of 0,6 % of GDP. Improve the adequacy of the social safety net, in particular for older people and people with disabilities. Take measures to reduce the gender pay gap, including by improving wage transparency in the private sector.</p> <p><i>Split into Sub-CSRs</i></p> <ul style="list-style-type: none"> • Ensure that the nominal growth rate of net primary government expenditure does not exceed 4,1 % in 2019, corresponding to an annual structural adjustment of 0,6 % of GDP. • Improve the adequacy of the social safety net, in particular for older people and people with disabilities. 	<p>Some progress (this overall assessment of CSR 1 does not include an assessment of compliance with the Stability and Growth Pact):</p> <p><i>See grey part below.</i></p> <p>Some Progress. Estonia has achieved some progress in providing a more adequate social safety net. The subsistence level for the first household member, the basic income tax allowance and the pensions through indexation were increased. <i>Furthermore</i>, to reduce the poverty risk of pensioners living alone, one-time allowance of EUR 115 was paid in 2017 and 2018. The parental pension supplement was introduced. The situation of disabled is improving as the Work Ability reform helps them to return to the labour market and thus increase their income. In addition, the reform of the first pillar pension scheme has introduced – among others – a change that from 2021 the calculation of the pension index will add more value to the years worked, raising the income of low wage earners; and as from 2027 the retirement age will be linked to life expectancy. The minimum income scheme does not protect people from falling below the absolute</p>	<p>1. Ensure that the nominal growth rate of net primary government expenditure does not exceed 4,1 % in 2020, corresponding to an annual structural adjustment of 0,6 % of GDP. Ensure effective supervision and the enforcement of the anti-money laundering framework.</p>

	<ul style="list-style-type: none"> Take measures to reduce the gender pay gap, including by improving wage transparency in the private sector. 	<p>poverty line. Furthermore, providing good quality and affordable social services remains a challenge.</p> <p>Some Progress. Estonia has achieved some progress in taking measures to address gender pay gap. The first phase of the parental leave and benefit system reform is already being implemented. The second phase of the parental leave and benefit system was adopted in October 2018. The change to the Gender Equality Act introducing a pay transparency requirement for the public sector is in the Parliament awaiting second reading. The gender pay gap is decreasing but remains among the highest in the EU.</p> <p>In June 2019, the Commission evaluated compliance with the SGP in its assessment of the 2019 Stability Programme for Estonia (without using or referring to the assessment grid used for other CSRs): <i>“In 2019, the SP foresees a growth rate of government expenditure, net of discretionary revenue measures, which is in line with the applicable expenditure benchmark rate. The improvement of the structural balance of 0.4% of GDP in 2019 is also appropriate. However, over a two-year average, which captures the fiscal underperformance in 2018, the expenditure benchmark is significantly exceeded and the structural pillar shows some deviation. According to the Commission 2019 spring forecast, there is a risk of significant deviation in 2019, following an overall assessment.”</i> (p. 19)</p>	
	<p>2. Promote research and innovation, in particular by providing effective incentives for broadening the innovation base.</p>	<p>Some progress:</p> <p>Some progress. Estonia introduced some new initiatives in 2018 to address the country-specific recommendation. These include funding schemes to support product development in companies, the commercialisation of breaking scientific results, and digitalisation in the industry. The impact of the measures remains to be seen. So far, measures introduced in the previous years (innovation and development vouchers, ADAPTER, NUTIKAS) had limited impact. The innovation performance of SMEs creating new products, introducing</p>	<p>2. Address skills shortages and foster innovation by improving the capacity and labour market relevance of the education and training system. Improve the adequacy of the social safety net and access to affordable and integrated social services. Take measures to reduce the gender pay gap, including by improving wage transparency.</p> <p>3. Focus investment-related economic policy on sustainable transport and energy infrastructure, including interconnections, on fostering research and</p>

		<p>innovation in processes and innovating inhouse remains well below the EU average. Estonia's performance is low, both as regards business R&D&i, which amounts to only half the EU average, and as regards the proportion of companies that report carrying out research activities.</p>	<p>innovation, and on resource and energy efficiency, taking into account regional disparities.</p>
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 IE	<u>2018 CSRs</u> SGP: CSR 1 MIP: CSR 1, 2, 3	<u>Assessment of implementation of 2018 CSRs</u> February 2019	<u>2019 CSRs</u> SGP: - MIP: CSR 1, 3
	<p>1. Achieve the MTO in 2019. Use windfall gains to accelerate the reduction of the general government debt ratio. Limit the scope and the number of tax expenditures, and broaden the tax base. Address the expected increase in age-related expenditure by increasing the cost-effectiveness of the healthcare system and by pursuing the envisaged pension reforms.</p> <p><i>Split into Sub-CSRs</i></p> <ul style="list-style-type: none"> • Achieve the MTO in 2019. Use windfall gains to accelerate the reduction of the general government debt ratio. • Limit the scope and the number of tax expenditures, and broaden the tax base. 	<p>Some progress (this overall assessment of CSR 1 does not include an assessment of compliance with the Stability and Growth Pact):</p> <p>Limited Progress (the assessment does not include an assessment of compliance with the Stability and Growth Pact). Budget 2019 estimates some receipts from the return of funds set aside for the resolution of the financial crisis, including the winding down of the National Asset Management Agency. However, no measures have been adopted so far to use these to reduce the debt. <i>See also grey part below.</i></p> <p>Some Progress. The measure with the biggest positive impact is an increase in the lower value-added-tax rate on hospitality, from 9 % to 13.5 %. Furthermore, the vehicle registration tax relief granted for certain leased vehicles will be suppressed and the scope of the sugar sweetened drinks tax will be moderately widened. At the same time, some Budget 2019 measures actually increase tax expenditures and narrow the tax base, e.g. personal income tax is cut by changing bands and increasing certain tax credits, as is the universal social charge through band and rate changes. Diesel is still taxed at a lower rate both in terms of carbon and energy content, even though it emits more air pollutants.</p>	<p>1. Achieve the MTO objective in 2020. Use windfall gains to accelerate the reduction of the general government debt ratio. Limit the scope and number of tax expenditures, and broaden the tax base. Continue to address features of the tax system that may facilitate aggressive tax planning, and focus in particular on outbound payments. Address the expected increase in age-related expenditure by making the healthcare system more cost-effective and by fully implementing pension reform plans.</p>


	<ul style="list-style-type: none"> • Address the expected increase in age-related expenditure by increasing the cost-effectiveness of the healthcare system and by pursuing the envisaged pension reforms. 	<p>Limited Progress. Despite some measures to increase the cost-effectiveness of healthcare, expenditure has continued to increase at a fast rate. The ambitious Sláintecare reform represents a credible vision for making the health system universally accessible and sustainable. However, its implementation is endangered by the health system’s difficulties in addressing the duplicate health insurance market and effectively managing its own budget, performance and workforce in the short term. The Roadmap for Pension Reform, published in 2018, aims to address the long term sustainability of the state pension system. However, the envisaged reforms have not yet been finalised.</p> <p>In June 2019, the Commission evaluated compliance with the SGP in its assessment of the 2019 Stability Programme for Ireland (without using or referring to the assessment grid used for other CSRs):</p> <p><i>“In 2019, Ireland's Stability Programme plans a growth rate of government expenditure, net of discretionary revenue measures, in line with the applicable expenditure benchmarks rates both in 2019 and 2018 and 2019 taken together. The structural balance indicator also shows compliance, based on the adjustment requirement for 2019 set in 2018, which remains fixed for the in-year assessment. Similarly, the Commission 2019 spring forecast points to compliance following an overall assessment. In 2020, the MTO is projected to be met. This is confirmed by the Commission 2019 spring forecast. Hence, the current assessment points to compliance in 2020. Compliance with the transitional debt rule is ensured in 2018, as well as with the debt reduction benchmark in 2019. In 2020, the debt ratio is projected to fall under the 60% of GDP reference value of the Treaty. This is confirmed by the Commission 2019 spring forecast.</i>” (p. 20)</p>	
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	<p>2. Ensure the timely and effective implementation of the National Development Plan, including in terms of clean energy, transport, housing, water services and affordable quality childcare. Prioritise the upskilling of the adult working-age population, with a focus on digital skills.</p> <p><i>Split into Sub-CSRs</i></p> <ul style="list-style-type: none"> • Ensure the timely and effective implementation of the National Development Plan, including in terms of clean energy, transport, housing, water services and affordable quality childcare. • Prioritise the upskilling of the adult working-age population, with a focus on digital skills. 	<p>Some progress:</p> <p>Some Progress. Some of the governance structures, funds and tools to deliver the National Development Plan have already been set up and implementation has started. However, the government has not put in place a performance framework which translates the plan objectives into specific and measurable targets (result indicators) and defines the necessary interventions to be annually delivered for their attainment (output indicators). The absence of this framework will make it difficult to ensure the timely and effective implementation of the plan and to assess the capacity that the national, regional and local departments require for their implementation. The implementation of the plan may also benefit from a robust project selection system which assesses their value for money and alignment with the output and result indicators of the plan.</p> <p>Some Progress. A new policy framework for further education and training and skills development of people in employment was launched in September 2018. Employees, particularly those in vulnerable jobs, will be able to access upskilling and reskilling opportunities directly at work, through engagement with companies, mainly SMEs, and as part of regional economic development strategies. The Agency for upskilling those in employment (SkillsNet) will also be reinforced. The new pilot programme EXPLORE aimed at increasing lifelong learning participation rates and offering upskilling opportunities for adults concerning also digital skills, was also launched in 2018.</p>	<p>2. Provide personalised active integration support and facilitate upskilling, in particular for vulnerable groups and people living in households with low work intensity. Increase access to affordable and quality childcare.</p>
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	<p>3. Foster the productivity growth of Irish firms, and of small and medium enterprises in particular, by stimulating research and innovation with targeted policies, more direct forms of funding and more strategic cooperation with foreign multinationals, public research centres and universities. Promote faster and durable reductions in long-term arrears by the use of secondary markets, building on initiatives for vulnerable households and, where necessary, using write-offs of non-recoverable exposures.</p> <p><i>Split into Sub-CSRs</i></p> <ul style="list-style-type: none"> • Foster the productivity growth of Irish firms, and of small and medium enterprises in particular, by stimulating research and innovation with targeted policies, more direct forms of funding and more strategic cooperation with foreign multinationals, public research centres and universities. • Promote faster and durable reductions in long-term arrears by the use of secondary markets, building on initiatives for vulnerable households and, where necessary, using write-offs of non-recoverable exposures. 	<p>Some progress:</p> <p>Limited Progress. Some measures have been introduced. A key step is the announcement of the EUR 3.16 billion capital funding under the ‘Business, Enterprise and Innovation Priority Investments’ to projects highlighted in Project Ireland 2040 over the five years until 2022. The third Innovation 2020 Progress Report outlines advances made in delivering the 140 actions. A Disruptive Technologies Innovation Fund has been endowed with EUR 500 million and the first call for proposals launched. Yet the R&D efforts of most domestic firms continue to be moderate, tax credits remain the main instrument of public R&D support (accounting for 80 % of total public R&D spending) and science-business linkages continue to be weak. Public expenditure in R&D has decreased from EUR 951 m in 2016 to EUR 907 million in 2017. Measures have been announced to produce a new ‘Future Jobs’ programme that would enact measures specifically targeted to increase productivity growth of Irish firms and diversify exports.</p> <p>Substantial Progress. The pace of NPL reduction is picking up pace as the banks have sold, or agreed to sell, a significant portion of their NPL stocks. With these, the headline NPL ratio (ECB data) should decline to around 7% by mid-2019. However, risks remain. Although some of the disposed assets include long-term mortgage arrears, the size of the latter remains high, both in percentage and absolute terms. Also, a</p>	<p>3. Focus investment-related economic policy on low carbon and energy transition, the reduction of greenhouse gas emissions, sustainable transport, water, digital infrastructure and affordable and social housing, taking into account regional disparities. Implement measures, including those in the Future Jobs strategy, to diversify the economy and improve the productivity of Irish firms — SMEs in particular — by using more direct funding instruments to stimulate research and innovation and by reducing regulatory barriers to entrepreneurship</p>
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		<p>potential worsening in economic conditions, especially given the uncertainty over the UK's departure from the EU in 2019, could result in an above-average worsening of credit quality for restructured loans, even those that have transitioned into performing status. Several recent policy initiatives, mostly launched by opposition parties, may hamper the recent positive developments. Meanwhile, the take up of the Enhanced Mortgage-to Rent scheme, which was introduced in 2017 to support vulnerable debtors that are in deep distress, is improving, although it is too early to tell if the measure will have a meaningful impact. In turn, the take up insolvency procedures continues to be relatively dismal.</p>	
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 EL	2018 CSRs	Assessment of implementation of 2018 CSRs February 2019	2019 CSRs SGP: - MIP: CSR 1, 2
	To avoid duplication with measures set out in the Economic Adjustment Programme , there are no additional recommendations for Greece.	-	1. Achieve a sustainable economic recovery and tackle the excessive macroeconomic imbalances by continuing and completing reforms in line with the post-programme commitments given at the Eurogroup of 22 June 2018.
			2. Focus investment-related economic policy on sustainable transport and logistics, environmental protection, energy efficiency, renewable energy and interconnection projects, digital technologies, R&D, education, skills, employability, health, and the renewal of urban areas, taking into account regional disparities and the need to ensure social inclusion.


<p>ES</p> 	<p>2018 CSRs SGP: CSR 1 MIP: CSR 1, 2, 3</p>	<p>Assessment of implementation of 2018 CSRs February 2019</p>	<p>2019 CSRs SGP: CSR 1 MIP: CSR 1, 2, 3, 4</p>
	<p>1. Ensure compliance with Council Decision (EU) 2017/984 giving notice under the excessive deficit procedure, including through measures to enforce the fiscal and public procurement frameworks at all levels of government. Thereafter, ensure that the nominal growth rate of net primary government expenditure does not exceed 0,6 % in 2019, corresponding to an annual structural adjustment of 0,65 % of GDP. Use windfall gains to accelerate the reduction of the general government debt ratio.</p> <p><i>Split into Sub-CSRs</i></p> <ul style="list-style-type: none"> • Ensure compliance with Council Decision (EU) 2017/984 giving notice under the excessive deficit procedure • including through measures to enforce the fiscal • and public procurement frameworks at all levels of government. 	<p>Limited Progress (this overall assessment of compliance with CSR 1 does not include an assessment of compliance with the Stability and Growth Pact):</p> <p><i>See grey part below.</i></p> <p>No Progress in strengthening the fiscal frameworks</p> <p>Limited Progress. A new law on public procurement introducing measures to enhance competition and ensure transparency and effective control mechanisms came into force on 9 March 2018. There are still not enough available data to allow a sound assessment of its impact yet. The set-up of the new governance structure, established under the new law, is ongoing. The elaboration of the Public and Procurement Strategy is still pending.</p> <p>In June 2019, the Commission evaluated compliance with the SGP in its assessment of the 2019 Stability</p>	<p>1. Ensure that the nominal growth rate of net primary government expenditure does not exceed 0,9 % in 2020, corresponding to an annual structural adjustment of 0,65 % of GDP. Take measures to strengthen the fiscal and public procurement frameworks at all levels of government. Preserve the sustainability of the pension system. Use windfall gains to accelerate the reduction of the general government debt ratio.</p>

		<p>Programme for Spain (without using or referring to the assessment grid used for other CSRs):</p> <p><i>“In 2018, Spain achieved a headline deficit of 2.5% of GDP, above the EDP target of 2.2% of GDP. Moreover, the fiscal effort has not been delivered neither on the basis of the top-down nor the bottom-up method. However, as the headline deficit was below the reference value of 3% of GDP and is expected to remain so over the forecast horizon, Spain is considered to have durably corrected its excessive deficit in a timely manner.</i></p> <p><i>Spain plans a growth rate of government expenditure, net of discretionary revenue measures that is not in line with the applicable expenditure benchmark rate in neither 2019 nor 2020 and plans a small deterioration in the recalculated structural balance of 0.1 percentage points in 2019 and an improvement of 0.7 percentage points in 2020. This path implies a deviation of 0.9% of GDP from the required adjustment path towards the MTO in 2019. In 2020, on the other hand, the planned progress towards the MTO appears appropriate. However, according to the Commission 2019 spring forecast, there is a risk of significant deviation both in 2019 and 2020 following an overall assessment.</i></p> <p><i>Based on the Stability Programme, compliance with the transitional debt rule is not ensured in neither 2019 nor 2020. This is confirmed by the Commission 2019 spring forecast. “ (p. 26)</i></p>	
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	<p>2. Ensure that employment and social services have the capacity to provide effective support for jobseekers, including through better cooperation with employers. Foster transitions towards open-ended contracts. Improve family support and increase the effectiveness of income guarantee schemes, by addressing coverage gaps, simplifying the system of national schemes and reducing disparities in access conditions to regional ones. Reduce early school leaving and regional disparities in educational outcomes, in particular by better supporting students and teachers.</p> <p><i>Split into Sub-CSRs</i></p> <ul style="list-style-type: none"> • Ensure that employment and social services have the capacity to provide effective support for jobseekers, including through better cooperation with employers. • Foster transitions towards open-ended contracts. 	<p>Limited Progress:</p> <p>Some progress. Spain has slightly but steadily increased the economic and human resources of regional public employment services since 2017 and approved a technical guidance to better provide services to jobseekers. The new government launched an Action Plan for Youth Employment that includes a budgetary allocation to hire 3 000 new staff to increase support and guidance for young unemployed. However, total public employment services staff and expenditure are still lower than before the crisis. The performance of the public employment services is uneven across regions. Measures to provide individualised services to jobseekers, including through profiling and IT tools, are still in an initial phase. Furthermore, Spain had in 2017 the lowest share in the EU of unemployed people using public employment services for job search.</p> <p>Some progress. Spain approved in July 2018 an Action Plan to tackle the sources of labour market segmentation. In addition, the capacity of labour inspectorates to fight the abuse of temporary contacts and undeclared work was further strengthened. However, temporary contracts are still widely used and there are doubts about the effectiveness of existing incentives to promote open-ended employment. In the</p>	<p>2. Ensure that employment and social services have the capacity to provide effective support. Foster transitions towards open-ended contracts, including by simplifying the system of hiring incentives. Improve support for families, reduce fragmentation of national unemployment assistance and address coverage gaps in regional minimum income schemes. Reduce early school leaving and improve educational outcomes, taking into account regional disparities. Increase cooperation between education and businesses with a view to improving the provision of labour market relevant skills and qualifications, in particular for information and communication technologies.</p>
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	<ul style="list-style-type: none"> • Improve family support and increase the effectiveness of income guarantee schemes, by addressing coverage gaps, simplifying the system of national schemes and reducing disparities in access conditions to regional ones. • Reduce early school leaving and regional disparities in educational outcomes, in particular by better supporting students and teachers. 	<p>public sector, recruitment competitions are ongoing to reduce fixed-term employment down to 8 % in all sectors. However, estimates show still high shares of temporary employees in the public sector.</p> <p>Limited Progress. The poverty-reducing impact of social transfers (other than pensions) remains one of the lowest in the EU, especially for children. Meanwhile, the share of poor working age people living in jobless households in receipt of benefits is well below the EU average and public spending on family benefits is almost half of the EU average. Fragmentation and disparities in access conditions across regions continue to undermine the effectiveness of the multiple income guarantee schemes. The new Universal Social Card envisages collecting information from central, regional and local government on all benefits and recipients, but it will not directly address the weaknesses of the existing schemes.</p> <p>Limited Progress. Despite having improved, early school leaving rates are still high and regional disparities persist. The early school leaving rate is still well above the EU average and the national Europe 2020 target, with a difference of 20 pps. between the best performing and the worst performing regions. In the absence of effective policy measures, there is a risk that labour market improvements create negative incentives for young people to drop out of school prematurely. Existing coordination schemes between national and regional administrations are not sufficient to address regional disparities in education and training outcomes.</p>	
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	<p>3. Increase public investment in research and innovation and systematically carry out evaluations of support policies in this area to ensure their effectiveness. Increase cooperation between education and businesses with a view to mitigating existing skills mismatches. Further the implementation of the Law on Market Unity by ensuring that, at all levels of government, rules governing access to and exercise of economic activities, in particular for services, are in line with principles of that Law and by improving cooperation between administrations.</p> <p><i>Split into Sub-CSRs</i></p> <ul style="list-style-type: none"> • Increase public investment in research and innovation and systematically carry out evaluations of support policies in this area to ensure their effectiveness. • Increase cooperation between education and businesses with a view to mitigating existing skills mismatches. • Further the implementation of the Law on Market Unity by ensuring that, at all levels of government, rules governing access to and exercise of economic activities, in particular for services, are in line with principles of that Law and by improving cooperation between administrations. 	<p>Limited progress:</p> <p>Limited Progress. Spain made limited progress in increasing public investment in research and innovation so far. The level of public investment in R&D remains unchanged in the absence of a new Budget Law for 2019. There have been limited steps to enhance the evaluation of research and innovation policies.</p> <p>Limited Progress. Cooperation between universities and businesses remains weak, albeit improving, with initiatives to increase business participation in the decision-making process. Despite the high tertiary education attainment, skills supply is not sufficiently aligned with labour market needs. Matching initial vocational education and training (VET) with labour market needs is still a challenge in Spain. Spain lacks enough skills for smart specialisation, industrial transition and entrepreneurship.</p> <p>Limited Progress. Some measures were taken to implement the Law on Market Unity with however limited effect. Measures include work on sectorial conference, training on the implementation of the law. Several favourable court rulings applying this Law were passed during this period.</p>	<p>3. Focus investment-related economic policy on fostering innovation, resource and energy efficiency, upgrading rail freight infrastructure and extending electricity interconnections with the rest of the Union, taking into account regional disparities. Enhance the effectiveness of policies supporting research and innovation.</p> <p>4. Further the implementation of the Law on Market Unity by ensuring that, at all levels of government, rules governing access to and exercise of economic activities, in particular for services, are in line with the principles of that Law and by improving cooperation between administrations.</p>
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 FR	<u>2018 CSRs</u> SGP: CSR 1 MIP: CSR 1, 2, 3	<u>Assessment of implementation of 2018 CSRs</u> February 2019	<u>2019 CSRs</u> SGP: CSR 1 MIP: CSR 1, 2, 3, 4
	<p>1. Ensure that the nominal growth rate of net primary government expenditure does not exceed 1,4 % in 2019, corresponding to an annual structural adjustment of 0,6 % of GDP. Use windfall gains to accelerate the reduction of the general government debt ratio. Implement expenditure savings in 2018 and fully specify the objectives and new measures needed in the context of Public Action 2022, for them to translate into concrete expenditure savings and efficiency gains measures in the 2019 budget. Progressively unify the rules of the different pension regimes to enhance their fairness and sustainability.</p> <p><i>Split into Sub-CSRs</i></p> <ul style="list-style-type: none"> • Ensure that the nominal growth rate of net primary government expenditure does not exceed 1,4 % in 2019, corresponding to an annual structural adjustment of 0,6 % of GDP. Use windfall gains to accelerate the reduction of the general government debt ratio. I • Implement expenditure savings in 2018 and fully specify the objectives and new measures needed in the context of Public Action 2022, for them to translate into concrete expenditure savings and efficiency gains measures in the 2019 budget 	<p>Limited progress (this overall assessment of CSR 1 does not include an assessment of compliance with the Stability and Growth Pact):</p> <p><i>See grey part below.</i></p> <p>No Progress. It remains difficult to understand how exactly and with what timing "Action Publique 2022" would contribute to the objective of reducing the expenditure-to-GDP ratio by 3 percentage points by 2022. Available information shows weak adherence to the guidance for spending reviews agreed in 2016 at the level of the Eurogroup. Implementation risks seem high when looking at the track record of spending reviews in France and the relatively limited results produced. No significant expenditure savings and efficiency gains stemming from Public Action 2022 was included in the 2019 budget.</p>	<p>1. Ensure that the nominal growth rate of net primary expenditure does not exceed 1,2 % in 2020, corresponding to an annual structural adjustment of 0,6 % of GDP. Use windfalls gains to accelerate the reduction of the general government debt ratio. Achieve expenditure savings and efficiency gains across all sub-sectors of the government, including by fully specifying and monitoring the implementation of the concrete measures needed in the context of Public Action 2022. Reform the pension system to progressively unify the rules of the different pension regimes, with the view to enhance their fairness and sustainability.</p>

- Progressively unify the rules of the different pension regimes to enhance their fairness and sustainability.

Limited Progress. In October 2018, the Government presented the main principles of the future pension reform, which will replace the more than 40 regimes currently existing with a unique and universal pension system. Consultations with social partners are currently ongoing, while the adoption of the reform is scheduled by the end of 2019.

In June 2019, the Commission evaluated compliance with the SGP in its [assessment of the 2019 Stability Programme for France](#) (without using or referring to the assessment grid used for other CSRs):

*“Moreover, according to the Stability Programme, the headline general government deficit in 2019 is planned to increase to 3.1% of GDP, thereby exceeding the 3% of GDP reference value in the Treaty. The Commission has therefore prepared a report under Article 126(3) TFEU analysing whether France is compliant with the debt criterion in 2018 and with the deficit criterion of the Treaty in 2019. The report concluded, following an assessment of all the relevant factors, that the deficit and debt criteria as defined in the Treaty and in Council Regulation (EC) No 1467/97 should be considered as currently complied with. **For 2019, based on the information in the Stability Programme, the overall assessment points to a risk of significant deviation with respect to the adjustment path towards the MTO in 2019 (...)***

*Based on the Stability Programme, France is not expected to **comply with the transitional debt rule in 2019 and 2020.** This is confirmed by the Commission 2019 spring forecast. ” (p.17)*


	<p>2. Pursue the reforms of the vocational education and training system, to strengthen its labour market relevance and improve access to training, in particular for low qualified workers and jobseekers. Foster equal opportunities and access to the labour market, including for people with a migrant background and people living in deprived areas. Ensure that minimum wage developments are consistent with job creation and competitiveness.</p> <p><i>Split into Sub-CSRs</i></p> <ul style="list-style-type: none"> Pursue the reforms of the vocational education and training system, to strengthen its labour market relevance and improve access to training, in particular for low qualified workers and jobseekers. 	<p>Some progress:</p> <p>Substantial progress has been made to pursue the reforms of the vocational education and training (VET) system and improve access to training. The law on “freedom to choose one’s professional pathway” (adopted in September 2018) reforms apprenticeship and continuous training to support labour market integration. Measures are being gradually implemented since January 2019 to increase the attractiveness of apprenticeship (accompanying measures for apprentices, financial incentives for SMEs). Comparative information on the labour market relevance of apprenticeship pathways and school-based vocational education should be made available in the future. The law also facilitates access to continuous training through a revised, euro-based, personal training account granting increased rights to low-qualified and part-time workers. The governance of the VET system is overall reshaped and simplified with the establishment since January 2019 of a single national certifying authority “France compétences”. A reform of school-based vocational education has been announced in 2018 and will be progressively introduced as of September 2019. In addition, a EUR 15 billion investment plan for skills (PIC) has been running since 2018 to train 1 million of young people and 1 million of low qualified job seekers by 2022. The plan is gaining pace in 2019, based on agreements on jobseekers trainings between the state and the regions, which are currently rolled out.</p>	<p>2. Foster labour market integration for all job seekers, ensure equal opportunities with a particular focus on vulnerable groups including people with a migrant background and address skills shortages and mismatches.</p>
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	<ul style="list-style-type: none"> • Foster equal opportunities and access to the labour market, including for people with a migrant background and people living in deprived areas. 	<p>Limited progress has been made in improving access and equal opportunities in the labour market for people living in deprived areas. A specific hiring premium for increasing labour market integration is being tested since April 2018, before possible mainstreaming. Moreover, professional orientation and internship opportunities are being currently strengthened at the level of lower secondary schools in these areas. Testing against discriminatory practices is currently under way. However, the focus is limited to bigger French enterprises. Concerning persons with a migrant background, little progress has been made in 2018, apart from the actions targeted at recently arrived migrants and actions in the field of education. A revision of the integration policy for recently arrived migrants focused on trainings to learn French (especially for professional purposes) and the mobilisation of economic actors to favour their access to the labour market (inter alia by closer monitoring and better recognition of qualifications and professional experiences). On education, the starting age of compulsory education was reduced to three years, targeting those few children who do not participate in early childhood education and care, most of whom are from disadvantaged and migrant backgrounds or live in overseas territories. The halving of class size in the first two grades of primary education was extended to all disadvantaged schools. The on-going upper-secondary and higher education reforms and in particular, strengthened guidance in upper secondary education as well as support measures to increase the completion rate in higher education and to increase the number of places reserved for holders of technological and vocational baccalauréat also supports the future employment rates of (disadvantaged) students.</p>	
	<ul style="list-style-type: none"> • Ensure that minimum wage developments are consistent with job creation and competitiveness. 	<p>Some progress has been made in ensuring minimum wage developments are consistent with job creation and competitiveness. Since 2012, no ad-</p>	

		<p>hoc hike of the minimum wage has been adopted. The minimum wage hence evolved following its automatic indexation rule, evolving below reference wages in the previous years. The implementation of the formula led to an increase of +1.5% in January 2019, aligned to inflation and reference wages evolutions observed in 2018. At the same time, the unemployment rate of the low-skilled remains in France at 17% end 2017 and 16.6% in the second quarter of 2018. Income of employees paid close to the minimum wage will be supported by an additional increase of 90 euros of the activity premium (at minimum wage level) associated to a decrease of employees' social contributions applied in October 2018.</p>	
	<p>3. Simplify the tax system, by limiting the use of tax expenditures, removing inefficient taxes and reducing taxes on production levied on companies. Reduce the regulatory and administrative burden to increase competition in the services sector and to foster firms' growth. Step up efforts to increase the performance of the innovation system in particular by improving the efficiency of public support schemes and strengthening knowledge transfer between public research institutions and firms.</p> <p><i>Split into Sub-CSRs</i></p> <ul style="list-style-type: none"> • Simplify the tax system, by limiting the use of tax expenditures, removing inefficient taxes and reducing taxes on production levied on companies. 	<p>Some progress:</p> <p>Some progress has been made in simplifying the tax system for businesses and removing inefficient taxes while very limited progress has been made to reduce taxes on production levied on companies. In particular, several measures have been announced and are being implemented to simplify the tax system (ESSOC law). Furthermore, a total of 17 inefficient taxes worth EUR 7.5 million will be discontinued in 2019. On tax expenditures, six inefficient tax expenditures are planned to be suppressed, while four new ones (worth EUR 1 billion) to be introduced. However, little has been done to reduce taxes on production weighing on companies: only one tax ("forfait social") is planned to be cut in 2019 (according to the budget law).</p>	<p>4. Continue to simplify the tax system, in particular by limiting the use of tax expenditures, further removing inefficient taxes and reducing taxes on production. Reduce regulatory restrictions, in particular in the services sector, and fully implement the measures to foster the growth of firms.</p>

	<ul style="list-style-type: none"> • Reduce the regulatory and administrative burden to increase competition in the services sector and to foster firms' growth. • Step up efforts to increase the performance of the innovation system in particular by improving the efficiency of public support schemes and strengthening knowledge transfer between public research institutions and firms. 	<p>Some progress has been made in reducing the regulatory and administrative burden to increase competition in the services sector and to foster firms' growth. The 2018 'Loi pour un État au service d'une société de confiance' (ESSOC law) further simplified procedures, interactions and exchange of information with the public administration. A law supporting firms' growth (loi PACTE) is currently being discussed at the Parliament. It plans to reduce the number of thresholds related to size-dependent regulations based on the number of employees that firms face as they grow, and to introduce a five-year transitional period to give firms time to adjust when they cross these thresholds. To further support SME growth, the draft law promotes employees' incentives linked to firm performance by removing the so-called forfait social for firms with less than 50 employees. Barriers to competition in the services sector remain and reforms in specific sectors continue. For instance, the healthcare strategy (...) announced by the President in September 2018 aims to abolish the numerus clausus to access medical studies.</p> <p>Limited progress. Several measures have been announced to improve the performance of the innovation system, with a particular focus on breakthrough innovation, e.g. the Innovation Council and the EUR 10 billion fund, but they still need to be fully implemented. Concerning the efficiency of public support schemes, the 4th Phase (2019-2022) of the competitiveness poles has been announced and the preliminary design suggests that some of the weaknesses identified in a previous evaluation have been addressed. The announced publication of the evaluations of the R&D tax credit have been repeatedly postponed and it is still due to date. Finally, more incentives for researchers in the public sector to collaborate with industry have been proposed in the PACTE law which has not been adopted yet.</p>	<p>3. Focus investment-related economic policy on research and innovation (while improving the efficiency of public support schemes, including knowledge transfer schemes), renewable energy, energy efficiency and interconnections with the rest of the Union, and on digital infrastructure, taking into account territorial disparities.</p>
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 HR	2018 CSRs SGP: - MIP: CSR 1, 2, 3, 4	Assessment of implementation of 2018 CSRs February 2019	2019 CSRs SGP: - MIP: CSR 1, 2, 3, 4
	1. Strengthen the fiscal framework, including by strengthening the mandate and independence of the Fiscal Policy Commission. Introduce a recurrent property tax. <i>Split into Sub-CSRs</i> <ul style="list-style-type: none"> • Strengthen the fiscal framework, including by strengthening the mandate and independence of the Fiscal Policy Commission. • Introduce a recurrent property tax. 	<p>Some progress:</p> <p>Substantial Progress in strengthening the fiscal framework. After a long delay, in December 2018 the Parliament adopted a new Fiscal Responsibility Act and a new State Audit Office Act. The adoption of the new Budget Act remains delayed.</p> <p>No Progress. The introduction of a recurrent value-based property tax is no longer planned.</p>	1. Reinforce the budgetary framework and monitoring of contingent liabilities at central and local level. Reduce the territorial fragmentation of the public administration and streamline the functional distribution of competencies.

	<p>2. Discourage early retirement, accelerate the transition to a higher statutory retirement age and align pension provisions for specific categories with the rules of the general scheme. Deliver on the reform of the education and training system to improve its quality and labour market relevance for both young people and adults. Consolidate social benefits and improve their poverty reduction capacity.</p> <p><i>Split into Sub-CSRs</i></p> <ul style="list-style-type: none"> • Discourage early retirement, accelerate the transition to a higher statutory retirement age and align pension provisions for specific categories with the rules of the general scheme. • Deliver on the reform of the education and training system to improve its quality and labour market relevance for both young people and adults. • Consolidate social benefits and improve their poverty reduction capacity. 	<p>Some progress:</p> <p>Substantial Progress. In December 2018 the parliament adopted an important package of pension system reforms aimed at addressing design inconsistencies in the system, improving pension adequacy through longer working lives, and strengthening the institutional setup and performance of the 2nd mandatory pillar.</p> <p>Some Progress in delivering on the reform of the education and training system. A number of measures have been set in motion, such as the launch of newly developed general education curricula as a pilot project. Other objectives set in the Education and Training 2020 Strategic Framework await adoption and implementation.</p> <p>Limited Progress in consolidating social benefits. A categorisation of the types of benefits granted at the local government level following the European System of Integrated Social Protection Statistics nomenclature was completed. However, most policy measures remain in a preparatory phase.</p>	<p>2. Deliver on the education reform and improve both access to education and training at all levels and their quality and labour market relevance. Consolidate social benefits and improve their capacity to reduce poverty. Strengthen labour market measures and institutions and their coordination with social services. In consultation with the social partners, introduce harmonised wage-setting frameworks across the public administration and public services.</p>
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	<p>3. Reduce the territorial fragmentation of the public administration, streamline the functional distribution of competencies and enhance the capacity to design and implement public policies. In consultation with social partners, introduce harmonised wage-setting frameworks across the public administration and public services.</p> <p><i>Split into Sub-CSRs</i></p> <ul style="list-style-type: none"> • Reduce the territorial fragmentation of the public administration, streamline the functional distribution of competencies and enhance the capacity to design and implement public policies. • In consultation with social partners, introduce harmonised wage-setting frameworks across the public administration and public services. 	<p>Limited Progress:</p> <p>Some Progress in the public administration reform. A substantial rationalisation of the cumbersome state agencies system – as a step towards simplification and efficiency – is ongoing. The territorial fragmentation at the local government level remains a challenge.</p> <p>Limited Progress in harmonising wage-setting frameworks across the public administration and public services, as the relevant legislation remains in a preparatory phase.</p>	<p>3. Focus investment-related economic policy on research and innovation, sustainable urban and railway transport, energy efficiency, renewables and environmental infrastructure, taking into account regional disparities. Increase the administration's capacity to design and implement public projects and policies.</p>
	<p>4. Improve corporate governance in state-owned enterprises and intensify the sale of state-owned enterprises and non-productive assets. Significantly reduce the burden on businesses arising from parafiscal charges and from cumbersome administrative and legislative requirements. Enhance competition in business services and regulated professions. Reduce the duration of court proceedings and improve electronic communication in courts.</p> <p><i>Split into Sub-CSRs</i></p> <ul style="list-style-type: none"> • Improve corporate governance in state-owned enterprises and intensify the sale of state-owned enterprises and non-productive assets. 	<p>Some progress:</p> <p>Limited Progress. A new Corporate Governance Code has been implemented, and obligatory reporting on business plans and performance has been introduced in all major state-owned enterprises. Disposal of state assets has progressed slowly due to delays in adoption of required legislation.</p>	<p>4. Improve corporate governance in State-owned enterprises and intensify the sale of such enterprises and non-productive assets. Enhance the prevention and sanctioning of corruption, in particular at the local level. Reduce the duration of court proceedings and improve electronic communication in courts. Reduce the most burdensome parafiscal charges and excessive product and services market regulation.</p>

	<ul style="list-style-type: none"> Significantly reduce the burden on businesses arising from parafiscal charges and from cumbersome administrative and legislative requirements. Enhance competition in business services and regulated professions. Reduce the duration of court proceedings and improve electronic communication in courts. 	<p>Some Progress in reducing the burden on business. There has been some progress with the continuation of removal of identified administrative burden and limited progress with the removal of parafiscal charges.</p> <p>Limited Progress in enhancing competition in business services and regulated professions. The implementation of some measures to remove excessive restrictions has finally started, most notably in passenger transport, audit and education.</p> <p>Some Progress in the judicial system reform. Backlogs in courts have been reduced and progress was made with implementation of electronic communication. Mergers of courts effective as of January 2019 are expected to increase efficiency.</p>	
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 IT	<u>2018 CSRs</u> SGP: CSR 1 MIP: CSR 1, 2, 3, 4	<u>Assessment of implementation of 2018 CSRs</u> February 2019	<u>2019 CSRs</u> SGP: CSR 1 MIP: CSR 1, 2, 3, 4, 5
	<p>1. Ensure that the nominal growth rate of net primary government expenditure does not exceed 0,1 % in 2019, corresponding to an annual structural adjustment of 0,6 % of GDP. Use windfall gains to accelerate the reduction of the general government debt ratio. Shift taxation away from labour, including by reducing tax expenditure and reforming the outdated cadastral values. Step up efforts to tackle the shadow economy, including by strengthening the compulsory use of e-payments through lower legal thresholds for cash payments. Reduce the share of old-</p>	<p>No Progress (this overall assessment of CSR 1 does not include an assessment of compliance with the Stability and Growth Pact):</p>	<p>1. Ensure a nominal reduction of net primary government expenditure of 0,1 % in 2020, corresponding to an annual structural adjustment of 0,6 % of GDP. Use windfall gains to accelerate the reduction of the general government debt ratio. Shift taxation away from labour, including by reducing tax expenditure and reforming the outdated cadastral values. Fight tax evasion, especially in the form of omitted invoicing, including by strengthening the compulsory use of e-payments including through lower legal thresholds for cash payments. Implement fully past pension reforms to reduce the share of</p>

	<p>age pensions in public spending to create space for other social spending.</p> <p><i>Split into Sub-CSRs</i></p> <ul style="list-style-type: none"> • Ensure that the nominal growth rate of net primary government expenditure does not exceed 0,1 % in 2019, corresponding to an annual structural adjustment of 0,6 % of GDP. Use windfall gains to accelerate the reduction of the general government debt ratio. • Shift taxation away from labour, including by reducing tax expenditure and reforming the outdated cadastral values. • Step up efforts to tackle the shadow economy, including by strengthening the compulsory use of e-payments through lower legal thresholds for cash payments. • Reduce the share of old-age pensions in public spending to create space for other social spending. 	<p><i>See grey part below.</i></p> <p>No Progress. No progress was achieved in these areas, because: (i) tax expenditures have been reviewed but not streamlined; (ii) cadastral values have not been reformed; and (iii) taxation on labour has not been reduced nor shifted to other tax base but only a very marginal reduction of taxation on capital has been enacted (namely self-employed through the extension of the so-called "flat tax regime").</p> <p>Limited Progress. E-invoicing has become compulsory for the private sector as of 2019 pursuant to the 2018 budget law of December 2017. Moreover, electronic transmission of receipts has been introduced. Nevertheless, a new tax amnesty could offset the positive impact of those measures on tax compliance; no action was taken to encourage e-payments for instance through lower legal thresholds for cash payments.</p> <p>No Progress. Old-age pension expenditure has actually been increased through the introduction of a new early-retirement scheme.</p> <p>In June 2019, the Commission evaluated compliance with the SGP in its assessment of the 2019 Stability</p>	<p>pensions in public spending and create space for other social and growth-enhancing spending.</p>
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		<p>Programme for Italy (without using or referring to the assessment grid used for other CSRs):</p> <p><i>“As regards 2019, Italy was recommended to ensure that the nominal growth rate of net primary government expenditure does not exceed 0.1%, corresponding to an annual structural adjustment of 0.6 % of GDP. The Commission 2019 spring forecast expects Italy’s structural balance to deteriorate by 0.2% of GDP in 2019 in line with the (recalculated) projections of the 2019 Stability Programme. An overall assessment based on both the Commission 2019 spring forecast and the Stability Programme points to a risk of significant deviation from the preventive arm requirement both in 2019 and over 2018 and 2019 taken together.”</i> (p. 27)</p>	
	<p>2. Reduce the length of civil trials at all instances by enforcing and streamlining procedural rules, including those under consideration by the legislator. Achieve more effective prevention and repression of corruption by reducing the length of criminal trials and implementing the new anti-corruption framework. Ensure enforcement of the new framework for publicly-owned enterprises and increase the efficiency and quality of local public services. Address restrictions to competition, including in services, also through a new annual competition law.</p> <p><i>Split into Sub-CSRs</i></p> <ul style="list-style-type: none"> • Reduce the length of civil trials at all instances by enforcing and streamlining procedural rules, including those under consideration by the legislator. • Achieve more effective prevention and repression of corruption by reducing the length of criminal trials and implementing the new anti-corruption framework. 	<p>Limited progress:</p> <p>No Progress. No new measures have been introduced to enforce and streamline procedural rules, including those against the misuse of litigation.</p> <p>Some Progress. A new anti-corruption law was passed by the Parliament in December 2018. It introduced stricter penalties and longer prescription terms for corruption offences. It even stops prescription terms after a first instance conviction (as requested by</p>	<p>3. Focus investment-related economic policy on research and innovation, and the quality of infrastructure, taking into account regional disparities. Improve the effectiveness of public administration, including by investing in the skills of public employees, by accelerating digitalisation, and by increasing the efficiency and quality of local public services. Address restrictions to competition, particularly in the retail sector and in business services, also through a new annual competition law.</p>

	<ul style="list-style-type: none"> • Ensure enforcement of the new framework for publicly-owned enterprises and increase the efficiency and quality of local public services. • Address restrictions to competition, including in services, also through a new annual competition law. 	<p>GRECO) but only as of 2020. However, despite the recent reform of the statute of limitations, prosecution of corruption remains ineffective due to long trials and the still unmet need of a reform of the appeal system to avoid misuse of litigation.</p> <p>Limited Progress. The enforcement of the new SOEs framework is ongoing, although with some delays. The limited ability of local bodies to effectively dismiss non-core shares is delaying the enforcement. No initiatives have been taken on local public services.</p> <p>No Progress. No progress is registered in reducing barriers to competition</p>	
	<p>3. Maintain the pace of reducing the high stock of non-performing loans and support further bank balance sheet restructuring and consolidation, including for small and medium-sized banks, and promptly implement the insolvency reform. Improve market-based access to finance for firms.</p> <p><i>Split into Sub-CSRs</i></p> <ul style="list-style-type: none"> • Maintain the pace of reducing the high stock of non-performing loans and support further bank balance sheet restructuring and consolidation, including for small and medium-sized banks, and promptly implement the insolvency reform. 	<p>Some progress:</p> <p>Some Progress. Banks' balance sheet repair including non-performing loans disposals through outright sales and securitisations with the government guarantee scheme (GACS) has substantially progressed. Despite a number of important banking reforms adopted in recent years, the corporate governance reform of the large cooperative banks has stalled and that of the small mutual banks somewhat watered down, while the insolvency framework reform still has to be finalised. Having said this, a recovering banking system, in particular small and mid-sized banks, is now suffering contagion from the increase in sovereign yields, which has already negatively impacted banks'</p>	

	<ul style="list-style-type: none"> • Improve market-based access to finance for firms. 	<p>capital positions and jeopardised access to unsecured wholesale funding.</p> <p>Limited Progress. In addition to past policy measures (the SME Guarantee Fund, instruments through the state lender Cassa Depositi e Prestiti (CDP), Minibonds, the alternative investment market (AIM), and long-term individual saving plans (PIR)), a new fund for venture capital has been set and PIR will be extended to unlisted companies. However, the allowance for corporate equity (ACE), conducive in lowering leveraging and boosting firm equity has been abolished as part of the 2019 Budget law. Although these measures go in the right direction, there is a backtracking on increasing firms' capitalisation by the abrogation of ACE (which was largely used by corporations).</p>	
	<p>4. Step up implementation of the reform of active labour market policies to ensure equal access to effective job-search assistance and training. Encourage labour market participation of women through a comprehensive strategy, rationalising family-support policies and increasing the coverage of childcare facilities. Foster research, innovation, digital skills and infrastructure through better-targeted investment and increase participation in vocational-oriented tertiary education.</p> <p><i>Split into Sub-CSRs</i></p> <ul style="list-style-type: none"> • Step up implementation of the reform of active labour market policies to ensure equal access to effective job-search assistance and training. 	<p>Limited progress:</p> <p>Some Progress. Monitoring indicators and minimum standards for Public Employment Services (PES) staff were set at the national level by Decree in January 2018, but strengthening coordination between the national agency (ANPAL) and regions remains a major challenge. PES are being linked through a newly developed national IT system. The information provided to non-registered people has also been improved, as well as the on-line registration of jobseekers and the set-up of single points of contact for</p>	<p>4. Reduce the length of civil trials at all instances by enforcing and streamlining procedural rules, including those under consideration by the legislator and with a special focus on insolvency regimes. Improve the effectiveness of the fight against corruption by reforming procedural rules to reduce the length of criminal trials.</p>

	<ul style="list-style-type: none"> • Encourage labour market participation of women through a comprehensive strategy, rationalising family-support policies and increasing the coverage of childcare facilities. • Foster research, innovation, digital skills and infrastructure through better-targeted investment and increase participation in vocational-oriented tertiary education. 	<p>the long-term unemployed. But active labour market policies (ALMP) are barely integrated and coordinated with related policies (e.g. social protection, social services, adult learning, and vocational training). Major competences lie with regional authorities, which received new resources in 2018 to reinforce public employment services (PES). However, recruitments of new staff has not yet started.</p> <p>Limited Progress. Female labour participation remains one of the lowest in the EU. The employment rate of women (20-64) is substantially lower than the EU average ([52.5% vs 66.4%]) in 2017. A high tax wedge for second earners reduces the financial incentive for women to take up work (the marginal tax rate for a second earner earning two thirds of the average wage is at [30.5%] in 20XX). In addition, the lack of adequate measures to reconcile professional and private life such as care facilities tends to hamper employment, especially for women with dependent children or other family members in need of care. The share of children under three years of age in formal early childhood education at 27.3% is well below the EU average. This situation is exacerbated by an inadequate system of parental leave.</p> <p>Limited Progress A fully fledged assessment of the R&D incentives contained in Impresa 4.0 is lacking. From preliminary information available, tax incentives would have had a positive impact on private investment. However, the incentives - which remain of temporary nature - have been substantially reduced by the last budget law. The latter introduced a new (supposedly structural) system of tax reduction on reinvested profit, which however does not seem to concern also investment in R&D. The new budget law confirms the tax credit on training in skills linked to 4.0 technologies for 2019 (with 250 million EUR budget, the same amount budgeted the previous year); however a comprehensive strategy for digital skills is</p>	<p>2. Step up efforts to tackle undeclared work. Ensure that active labour market and social policies are effectively integrated and reach out in particular to young people and vulnerable groups. Support women's participation in the labour market through a comprehensive strategy, including through access to quality childcare and long-term care. Improve educational outcomes, also through adequate and targeted investment, and foster upskilling, including by strengthening digital skills.</p>
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		<p>still missing; the funding for the National Plan for Digital School is still insufficient for reaching the Plan's objectives and competence centers for the Industry 4.0 strategy are having a slow start. The funding of public research is stagnating (0.50% GDP in 2017, the lowest value since 2005). Public investment in infrastructure remains low, although the government intends to address the issue of lack of project management skills within public administrations that hampers ability to carry out investment. Despite the interesting initiatives on ITS and 'lauree professionalizzanti', vocational-oriented tertiary education concern only a few thousand students. The 2019 Budget Law sets two institutional bodies to strengthen investment capacity of national and local authorities (Centrale per la progettazione delle opere pubbliche e Investitalia). Moreover, funds to promote innovative technologies such as Artificial Intelligence, Blockchain and Internet of Things were created. The drafting of a standard contract for Public-Private Partnership is ongoing. The PPP for the creation of Competence centres were selected. Finally, the 2019 Budget Law provides incentives for private employers who hire young graduates or PHD holders through a permanent contract (EUR 50 mn in 2019 and 20 in 2020). No progress is registered on education, particularly on vocational-oriented tertiary education.</p>	
			<p>5. Foster bank balance sheet restructuring, in particular for small and medium-sized banks, by improving efficiency and asset quality, continuing the reduction of non-performing loans, and diversifying funding. Improve non-bank financing for smaller and innovative firms.</p>


	<p><u>2018 CSRs</u> SGP: - MIP: CSR 1, 2, 3, 4, 5</p>	<p><u>Assessment of implementation of 2018 CSRs</u> February 2019</p>	<p><u>2019 CSRs</u> SGP: - MIP: CSR 1, 2, 3, 4, 5</p>
	<p>1. Adopt key legislative reforms to improve efficiency in the public sector, in particular as regards the functioning of the public administration and the governance of state-owned entities and local governments.</p> <p><i>Split into Sub-CSRs</i></p> <ul style="list-style-type: none"> • Adopt key legislative reforms to improve efficiency in the public sector, in particular as regards the functioning of the public administration • and the governance of state-owned entities • and local governments. 	<p>Limited progress:</p> <p>There has been limited progress in improving the efficiency of the public administration by further promoting e-governance. However, the adoption of key legislation on modernising the functioning of the public administration is still pending.</p> <p>There has been limited progress on the governance of State-Owned Enterprises. The draft law is still pending adoption by the House of Representatives since 2015. In the meantime, a proposal to the Council of Ministers and guidance notes are being prepared, which include most of the draft law provisions.</p> <p>There has been limited progress related to the reform of local governments. Relevant legislation, which was submitted to the House of Representatives in 2015 is being amended.</p>	<p>1. Adopt key legislative reforms to improve efficiency in the public sector, in particular as regards the functioning of the public administration and the governance of State-owned entities and local governments. Address features of the tax system that may facilitate aggressive tax planning by individuals and multinationals, in particular by means of outbound payments by multinationals.</p>

	<p>2. Step up efforts to improve the efficiency of the judicial system by revising civil procedures, increasing the specialisation of courts and setting up a fully operational e-justice system. Take measures to fully operationalise the insolvency and foreclosure frameworks and ensure reliable and swift systems for the issuance of title deeds and the transfer of immovable property rights.</p> <p><i>Split into Sub-CSRs</i></p> <ul style="list-style-type: none"> • Step up efforts to improve the efficiency of the judicial system by revising civil procedures, increasing the specialisation of courts and setting up a fully operational e-justice system. • Take measures to fully operationalise the insolvency and foreclosure frameworks • and ensure reliable and swift systems for the issuance of title deeds and the transfer of immovable property rights. 	<p>Some progress:</p> <p>Limited progress in improving the efficiency of the judicial system. A number of measures are being implemented, but they are not yet completed. The civil procedures are still under revision and the specialisation of courts is only at an initial stage. Important measures to specialise the courts, including establishing a Commercial Court, creating new jurisdictions dealing with disputes related to credit facilities and appointing judges dedicated to handling financial disputes, are still pending. The e-justice system has not yet been developed.</p> <p>Substantial progress on making the insolvency and foreclosure tools operational with the enactment of strengthened legal frameworks. The effective use and the overall impact of the amended frameworks will be assessed over time. Measures to improve the efficiency and effectiveness of the Insolvency Service and the profession of insolvency practitioners are still pending.</p> <p>Limited progress on the issuance and transferring of title deeds. Efforts to reduce the backlog are ongoing, however, limited progress was achieved so far. A roadmap to reform the licensing and permitting procedures based on findings of external experts is still under preparation and further legislative amendments to ensure a reliable and swift system are pending.</p>	<p>5. Step up efforts to improve the efficiency of the judicial system, including the functioning of administrative justice and revising civil procedures, increasing the specialisation of courts and setting up an operational e-justice system. Take measures to strengthen the legal enforcement of claims and ensure reliable and swift systems for the issuance and transfer of title deeds and immovable property rights. Accelerate anti-corruption reforms, safeguard the independence of the prosecution and strengthen the capacity of law enforcement.</p>
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	<p>3. Accelerate the reduction of non-performing loans by implementing a comprehensive strategy, including legislative amendments allowing for the effective enforcement of claims and facilitating the sale of loans. Integrate and strengthen the supervision of insurance companies and pension funds.</p> <p><i>Split into Sub-CSRs</i></p> <ul style="list-style-type: none"> Accelerate the reduction of non-performing loans by implementing a comprehensive strategy, including legislative amendments allowing for the effective enforcement of claims and facilitating the sale of loans. Integrate and strengthen the supervision of insurance companies and pension funds. 	<p>Substantial progress:</p> <p>Substantial progress in implementing a comprehensive strategy to address the high level of non-performing loans. The measures undertaken are: (i) the adoption of a legal package to facilitate the enforcement of claims and the sale of loans, (ii) the partial sale of a public bank and the transferring of non-performing loans to an asset management company and (iii) the adoption of a decision to introduce in 2019 a subsidy scheme for defaulted loans backed by primary residence. Additional measures to ensure an overall positive impact of the strategy are still pending.</p> <p>No progress on creating a single independent supervisory authority for insurance companies and pension funds as the bill is still pending for adoption.</p>	<p>2. Facilitate the reduction of non-performing loans including by setting up an effective governance structure for the State-owned asset management company, taking steps to improve payment discipline and strengthening the supervision of credit-acquiring companies. Strengthen supervision capacities in the non-bank financial sector, including by fully integrating the insurance and pension-fund supervisors.</p>
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	<p>4. Prioritise the implementation of key elements of the action plan for growth, in particular fast-tracking strategic investments, and take additional measures to improve access to finance for small and medium-sized enterprises. Improve the performance of state-owned enterprises including by resuming the implementation of privatisation projects.</p> <p><i>Split into Sub-CSRs</i></p> <ul style="list-style-type: none"> • Prioritise the implementation of key elements of the action plan for growth, in particular fast-tracking strategic investments, • and take additional measures to improve access to finance for small and medium-sized enterprises • Improve the performance of state-owned enterprises including by resuming the implementation of privatisation projects. 	<p>Limited progress:</p> <p>No progress as the bill for simplifying and shortening the procedures to obtain the necessary permits for strategic investments is still pending adoption.</p> <p>Some progress as a few measures are being implemented, mainly supported by EU funds.</p> <p>Limited progress as only few efforts have been made to improve the performance of the State-Owned Enterprises. A proposal to the Council of Ministers and relevant guidance notes are under preparation. Limited progress was also made on the privatisation of the Larnaca Port / Marina, as the tendering is slowly progressing. The project is expected to advance in 2019. For the other privatisation projects, including the corporatisation of the Cyprus Telecommunications Authority (CyTA), the timeline is uncertain.</p>	<p>4. Focus investment-related economic policy on sustainable transport, environment, in particular waste and water management, energy efficiency and renewable energy, digitalisation, including digital skills, and research and innovation, taking into account territorial disparities within Cyprus. Adopt legislation to simplify the procedures for strategic investors to obtain necessary permits and licences. Improve access to finance for SMEs, and resume the implementation of privatisation projects.</p>
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	<p>5. Complete reforms aimed at increasing the capacity and effectiveness of the public employment services and reinforce outreach and activation support for young people who are not in employment education or training. Complete the reform of the education and training system, including teacher evaluation and actions to increase the capacity of vocational education and training. Take measures to ensure that the National Health System becomes fully functional in 2020, as planned.</p> <p><i>Split into Sub-CSRs</i></p> <ul style="list-style-type: none"> • Complete reforms aimed at increasing the capacity and effectiveness of the public employment services and reinforce outreach and activation support for young people who are not in employment education or training. • Complete the reform of the education and training system, including teacher evaluation and actions to increase the capacity of vocational education and training. • Take measures to ensure that the National Health System becomes fully functional in 2020, as planned. 	<p>Limited progress:</p> <p>Limited progress insofar, as the capacity of the public employment services increased, but only temporarily and measures to increase the effectiveness are still pending. There has also been limited progress in outreaching and activating young people not in employment, education or training. An action plan was prepared, but its implementation is very slow.</p> <p>Limited progress, as only some areas are progressing well, such as teachers' appointment system, revised curricula and the introduction of new specialisations in vocational and technical education, in line with labour market needs. However, only limited progress has been made on teachers' evaluation, where a proposal is still pending. Slow and fragmented progress has been made with the reform of the vocational education and training system, while no progress has been recorded as regards the capacity (infrastructure and facilities).</p> <p>There has been some progress in undertaking measures to ensure that the National Health System becomes functional in 2020 as planned. Secondary legislation has been adopted and the reform of the primary healthcare system is advancing.</p>	<p>3. Complete reforms aimed at increasing the effectiveness of the public employment services and reinforce outreach and activation support for young people. Deliver on the reform of the education and training system, including teacher evaluation, and increase employers' engagement and learners' participation in vocational education and training, and affordable childhood education and care. Take measures to ensure that the National Health System becomes operational in 2020, as planned, while preserving its long-term sustainability.</p>
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 LV	<u>2018 CSRs</u> SGP: CSR 1 MIP: -	<u>Assessment of implementation of 2018 CSRs</u> February 2019	<u>2019 CSRs</u> SGP: CSR 1 MIP: -
	<p>1. Achieve the medium-term budgetary objective in 2019, taking into account the allowances linked to the implementation of the structural reforms for which a temporary deviation is granted. Reduce taxation for low-income earners by shifting it to other sources, particularly capital and property, and by improving tax compliance.</p> <p><i>Split into Sub-CSRs</i></p> <ul style="list-style-type: none"> • Achieve the medium-term budgetary objective in 2019, taking into account the allowances linked to the implementation of the structural reforms for which a temporary deviation is granted. • Reduce taxation for low-income earners by shifting it to other sources, particularly capital and property, • and by improving tax compliance. 	<p>Limited progress (this overall assessment of CSR 1 does not include an assessment of compliance with the Stability and Growth Pact):</p> <p><i>See grey part below.</i></p> <p>Limited progress. No new measures are implemented in response to the 2018 CSR. The adopted measures are being implemented, but their effect is limited.</p> <p>Some progress. Tax compliance has been strengthened by more detailed tax reports being requested from businesses and using data available in public registers. Stricter sanctions for financial and economic crimes are applied.</p> <p>In June 2019, the Commission evaluated compliance with the SGP in its assessment of the 2019 Stability Programme for Latvia (without using or referring to the assessment grid used for other CSRs): "In 2019, Latvia is projected to be close to its MTO taking into account the allowance linked to the health care reform, based on the Stability Programme and the Commission 2019 spring forecast. However, the expenditure benchmark points to a risk of significant deviation from the requirement in 2019,</p>	<p>1. Ensure that the nominal growth rate of net primary government expenditure does not exceed 3,5 % in 2020, corresponding to an annual structural adjustment of 0,5 % of GDP. Reduce taxation for low-income earners by shifting it to other sources, particularly capital and property, and by improving tax compliance. Ensure effective supervision and the enforcement of the anti-money laundering framework.</p>

		<p><i>based on the Commission forecast. Taking into account the distance to the MTO, the current assessment points to a risk of some deviation in 2019. If the structural balance is no longer projected to be close to the MTO, taking into account the allowance linked to healthcare reform, future assessments would need to take into account a possible deviation from the requirement.” (p. 19)</i></p>	
	<p>2. Improve the adequacy of minimum income benefits, minimum old-age pensions and income support for people with disabilities. Increase the labour market relevance of vocational education and training, and foster upskilling of low-skilled workers and jobseekers. Increase the accessibility, quality and cost-effectiveness of the healthcare system.</p> <p><i>Split into Sub-CSRs</i></p> <ul style="list-style-type: none"> • Improve the adequacy of minimum income benefits, minimum old-age pensions and income support for people with disabilities. • Increase the labour market relevance of vocational education and training, and foster upskilling of low-skilled workers and jobseekers. 	<p>Limited progress:</p> <p>No progress. The most recent plan (2018) to improve the minimum income support system 2019-2020, although announced, has not been implemented. The guaranteed minimum income increase of EUR 3.20 entered into force on 1 January 2018. Several measures were taken to improve the overall situation for the elderly e.g.: indexation of pensions with long insurance periods, supplements to old age and disability pensions for work period before 1996, a time-limited survivor’s pension. In 2018, financial support for families with two and more children was increased. However, the minimum pension and state social security old-age allowance have not been increased.</p> <p>Some progress. No new measures have been taken on the vocational education and adult learning. Ongoing programmes are continuing and are supported using EU funds. VET reforms have picked up pace and work-based learning is being rolled out, but outcomes in terms of the share of VET students and recent graduate employment remain lower than the EU average. While upskilling low-skilled and jobseekers has been strengthened using EU funds, participation in adult</p>	<p>2. Address social exclusion notably by improving the adequacy of minimum income benefits, minimum old-age pensions and income support for people with disabilities. Increase the quality and efficiency of education and training in particular of low-skilled workers and jobseekers, including by strengthening the participation in vocational education and training and adult learning. Increase the accessibility, quality and cost-effectiveness of the healthcare system.</p>

	<ul style="list-style-type: none"> • Increase the accessibility, quality and cost-effectiveness of the healthcare system. 	<p>learning and active labour market policies remains low and public expenditure on active labour market policies is low. An ESF-funded activation programme for the long-term unemployed was launched in second half of 2018. In April 2018, the Latvian government endorsed the implementation of Latvia's national skills strategy project to develop a comprehensive medium-term education and skills policy agenda.</p> <p>Some progress. Public financing for healthcare has increased, which has resulted in reduced waiting times for some interventions and increased availability of health services, but the level remains low relative to other EU countries. Structural reforms in the sector are proceeding slowly and in some cases concrete implementation plans are still to be formulated, for instance in primary care reform.</p>	
	<p>3. Strengthen the efficiency of the public sector, in particular with regard to local authorities and state-owned enterprises. Strengthen the accountability of public administration by protecting whistle-blowers, preventing conflicts of interest and following-up on the results of the ongoing assessment of past insolvency proceedings.</p> <p><i>Split into Sub-CSRs</i></p> <ul style="list-style-type: none"> • Strengthen the efficiency of the public sector, in particular with regard to local authorities and state-owned enterprises. • Strengthen the accountability of public administration by protecting whistle-blowers, preventing conflicts of interest and following-up on the results of the ongoing assessment of past insolvency proceedings. 	<p>Some progress:</p> <p>Limited progress. The public administration reform adopted in November 2017 is being slowly rolled out. The public sector reforms exclude municipalities, which enjoy a high degree of autonomy. No measures on governance of local authorities or state-owned enterprises have been presented.</p> <p>Some progress. The adoption of the whistleblower protection law shows substantial progress. Despite an increased effectiveness of the Corruption Prevention and Combatting Bureau, there are delays in the implementation of the National Anti-Corruption</p>	<p>4. Strengthen the accountability and efficiency of the public sector, in particular with regard to local authorities and State-owned and municipal enterprises and the conflict of interest regime.</p>

		Strategy and in adopting relevant provisions, such as a law regulating lobbying activities or a Code of ethics covering politically elected persons. Proposed amendments to the law on conflicts of interests would exempt certain categories of officials from submitting assets and interests declarations. The approach followed for the verification of asset declarations is still unclear.	
			3. Focus investment-related economic policy on innovation, the provision of affordable housing, transport, in particular on its sustainability, resource efficiency and energy efficiency, energy interconnections and digital infrastructure, taking into account regional disparities.


 LT	<u>2018 CSRs</u> SGP: - MIP: -	<u>Assessment of implementation of 2018 CSRs</u> February 2019	<u>2019 CSRs</u> SGP: - MIP: -
	1. Improve tax compliance and broaden the tax base to sources less detrimental to growth. Ensure the long-term sustainability of the pension system while addressing the adequacy of pensions. <i>Split into Sub-CSRs</i> <ul style="list-style-type: none"> Improve tax compliance 	<p>Some progress:</p> <p>Some progress was made in fighting the shadow economy but further efforts are needed. Tax compliance remains relatively low. Although Lithuania's VAT gap decreased slightly from 26 % in 2015 to 25 % in 2016, it is still one of the largest in the EU.</p> <p>Several public relations campaigns aimed at increasing public awareness and engagement were undertaken.</p> <p>Smart Tax Administration system (i.MAS) measures introduced in recent years resulted in almost halving the time needed to comply with taxes.</p>	1. Improve tax compliance and broaden the tax base to sources less detrimental to growth. Address income inequality, poverty and social exclusion, including by improving the design of the tax and benefit system.

	<ul style="list-style-type: none"> and broaden the tax base to sources less detrimental to growth Ensure the long-term sustainability of the pension system while addressing the adequacy of pensions. 	<p>No progress was made in broadening the tax base. The new tax reform does not involve any shift of the tax base towards more growth-friendly sources.</p> <p>Environmental taxes are significantly below the EU average. Taxes on transport are the lowest in the EU and do not take into account vehicles' environmental performance. CO2-based motor vehicle taxes are not in place in Lithuania. No changes related to car taxation or road-use tax for private passenger vehicles are envisaged.</p> <p>Property taxation remains low and no further changes are planned.</p> <p>Some progress was made with the introduction of the pension indexation formula from January 2018 and additional pension reforms legislated in summer 2018.</p> <p>These reforms increase the fiscal sustainability of the pension system in the medium and long term and, to some extent addresses the issue of adequacy in the short term. Adequacy will also partly depend on the participation rate in the second pension pillar.</p> <p>In the longer term, however, adequacy might become an issue, mainly due to the low spending on pensions.</p>	
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	<p>2. Improve the quality, efficiency and labour market relevance of education and training, including adult learning. Improve the performance of the healthcare system by a further shift from hospital to outpatient care, strengthening disease prevention measures, including at local level, and increasing the quality and affordability of care. Improve the design of the tax and benefit system to reduce poverty and income inequality.</p> <p><i>Split into Sub-CSRs</i></p> <ul style="list-style-type: none"> • Improve the quality, efficiency and labour market relevance of education and training, including adult learning. • Improve the performance of the healthcare system by a further shift from hospital to outpatient care, strengthening disease prevention measures, including at local level, 	<p>Limited progress:</p> <p>Limited progress was made in the general education area.</p> <p>The outcomes and efficiency of the general education system remain relatively low. The reforms are ongoing, but no substantial positive effect on educational outcomes has yet been observed, and the efficiency of the education system remains a challenge.</p> <p>Initial VET is in the process of being modernised; while some positive steps have been taken, it had not yet improved sufficiently the supply of relevant skills for the labour market.</p> <p>The reform of the higher education network is slow.</p> <p>The adult learning system is at the initial stage and there has not been any significant improvement in adult participation in learning.</p> <p>Limited progress was made in improving the performance of the healthcare system.</p> <p>Though preparatory work has been undertaken, legal frameworks for further consolidating the hospital</p>	<p>2. Improve quality and efficiency at all education and training levels, including adult learning. Increase the quality, affordability and efficiency of the healthcare system.</p>
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	<p>and increasing the quality and affordability of care.</p> <ul style="list-style-type: none"> • Improve the design of the tax and benefit system to reduce poverty and income inequality. 	<p>network and strengthening disease prevention at local level have not been approved yet.</p> <p>Measures were taken to reduce prices of pharmaceuticals, but the measures to address the affordability constraints of specific groups are pending.</p> <p>Measures taken to improve the quality of care were partial, targeting only primary care entities and limited to the introduction of some monitoring indicators. It is premature to assess whether these measures are sufficient to address quality concerns.</p> <p>Limited progress was achieved in improving the tax and benefit system.</p> <p>Lithuania has implemented some measures to reduce poverty and social exclusion, namely increasing the level of guaranteed minimum income and introducing the universal child benefit system. The indexation of the minimum income has been established, and the universal child benefit has been increased in 2019. However, public spending on social protection is low, and the impact of social transfers on poverty reduction is limited.</p> <p>Lithuania introduced some progressivity in its personal income taxation, but the effects on income inequality are expected to be negligible.</p>	
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	<p>3. Stimulate productivity growth by improving the efficiency of public investment, ensuring efficient governmental coordination of research and innovation policy and tackling gaps and inefficiencies in public measures supporting science-industry cooperation.</p> <p><i>Split into Sub-CSRs</i></p> <ul style="list-style-type: none"> Stimulate productivity growth by improving the efficiency of public investment, ensuring efficient governmental coordination of research and innovation policy and tackling gaps and inefficiencies in public measures supporting science-industry cooperation. 	<p>Limited progress:</p> <p>Limited progress was made in improving the efficiency of public investment.</p> <p>Some interim measures were taken to improve the procedures for the preparation, evaluation and selection of public investment projects.</p> <p>However, the new integrated approach to strategic and investment planning should be put in place only for the 2021-2023 budgeting process.</p> <p>Limited progress was made in the area of R&I.</p> <p>R&I policy coordination was slightly improved by reassigning responsibility for it to the Ministry of Economy and the Ministry of Education and Science, and transferring the experimental development in companies file to the Ministry of Economics. However, a coherent new R&I policy still needs to be developed.</p> <p>Some progress was achieved in improving scienceindustry cooperation. Progressive measures were introduced in the evaluation of universities and research institutes (taking account of their ties with businesses), industrial PhDs, innovation vouchers and other schemes.</p>	<p>3. Focus investment-related economic policy on innovation, energy and resource efficiency, sustainable transport and energy interconnections, taking into account regional disparities. Stimulate productivity growth by improving the efficiency of public investment. Develop a coherent policy framework to support science-business cooperation and consolidate research and innovation implementing agencies.</p>
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 LU	<u>2018 CSRs</u> SGP: - MIP: -	<u>Assessment of implementation of 2018 CSRs</u> February 2019	<u>2019 CSRs</u> SGP: - MIP: -
	<p>1. Increase the employment rate of older people by enhancing their employment opportunities and employability while further limiting early retirement, with a view to also improving the long-term sustainability of the pension system.</p> <p><i>Split into Sub-CSRs</i></p> <ul style="list-style-type: none"> • Increase the employment rate of older people by enhancing their employment opportunities and employability • while further limiting early retirement, • with a view to also improving the long-term sustainability of the pension system. 	<p>Limited progress:</p> <p>Limited Progress. Limited Progress The employment rate of older workers has stagnated since 2010 and remains one of the second lowest in the EU (39.8% in 2017). Some labour demand oriented policies have been implemented so far, which are having positive results on other population groups, but have failed to improve substantially older workers' participation in the labour market.</p> <p>Limited Progress. The average effective retirement age stood at 60.2 in 2016, well below the statutory age of 65. 59.2% were early old-age pensions (average effective age: 59.8). but its impact on the average effective retirement age and on expenditure is still difficult to assess due to an easing of restrictions on other kinds of early retirement schemes. No further measures intending to provide incentives for senior workers to stay longer at work have been announced so far.</p> <p>Limited Progress. No evolution since 2017. The 2016 reform of the professional reclassification scheme for persons with working disabilities is expected to reduce the share of disability pensions and the 'pré-retraite de solidarité, a special scheme allowing people to retire from the age of 57, was abrogated in</p>	<p>1. Increase the employment rate of older workers by enhancing their employment opportunities and employability. Improve the long-term sustainability of the pension system, including by further limiting early retirement.</p>

		<p>2018 but its impact on the average effective retirement age and on expenditure is still difficult to assess due to an easing of restrictions on other kinds of early retirement schemes. No further measures intending to provide incentives for senior workers to stay longer at work have been announced so far. In 2018, the working group on pensions mandated by the Government concluded that the pension system appears to be not sustainable, amid high uncertainty levels, in the long term projections at unchanged policies.</p>	
	<p>2. Further reduce regulatory restrictions in the business services sector.</p>	<p>Limited progress:</p> <p>Limited Progress. Regulatory restrictions remain above EU weighted average in several regulated professions (according to available indicators). Luxembourg engaged in further reforming the profession of architects (a new draft law is envisaged in the first half of 2019). With the law of 18 July 2018, Luxembourg removed the requirement for professional qualifications to obtain a standard business license.</p>	<p>2. Reduce barriers to competition in regulated professional business services.</p>
			<p>3. Focus economic policy related to investment on fostering digitalisation and innovation, stimulating skills development, improving sustainable transport, and increasing housing supply, including by increasing incentives and lifting barriers to build.</p>
			<p>4. Address features of the tax system that may facilitate aggressive tax planning, in particular by means of outbound payments.</p>

 HU	<u>2018 CSRs</u> SGP: CSR 1 MIP: -	<u>Assessment of implementation of 2018 CSRs</u> February 2019	<u>2019 CSRs</u> SGP: CSR 1 MIP: -
	<p>1. In 2018, ensure compliance with the Council recommendation of 22 June 2018 with a view to correcting the significant deviation from the adjustment path toward the medium-term budgetary objective. In 2019, ensure that the nominal growth rate of net primary government expenditure does not exceed 3,9 %, corresponding to an annual structural adjustment of 0,75 % of GDP.</p>	<p>The compliance with the SGP is not assessed in the country reports, but in spring 2019 once the final data for the previous year are available.</p> <p>In June 2019, the Commission evaluated compliance with the SGP in its assessment of the 2019 Convergence Programme for Hungary (without using or referring to the assessment grid used for other CSRs):</p> <p><i>"In 2018, Hungary further deviated from the adjustment path towards the MTO. The structural balance deteriorated by 0.3% of GDP, thus deviating by 1.3% of GDP from the required adjustment towards the MTO requested by the Council recommendation under the SDP. Similarly, the growth rate of government expenditure, net of discretionary revenue measures, exceeded the applicable expenditure benchmark rate by 1.3% of GDP. Following an overall assessment, this points to a significant deviation from the recommended adjustment path towards the MTO requested by the Council recommendation under the SDP.</i></p> <p>Hungary plans a growth rate of government expenditure, net of discretionary revenue measures, which is not in line with the applicable expenditure benchmark rate in both 2019 and 2020. Hungary also plans an improvement of the structural balance of 0.6% and 0.5% of GDP respectively in 2019 and 2020. This path implies a deviation of 0.4% and 0.3% of GDP on the basis of the structural balance from the required adjustment path towards the MTO in 2019 and 2020. The expenditure benchmark is expected to deviate in both years by, respectively, 1.2% and 1.1% of GDP. The Commission 2019 spring forecast confirms the risk</p>	<p>1. Ensure compliance with the Council Recommendation of 14 June 2019 with a view to correcting the significant deviation from the adjustment path towards the medium-term budgetary objective.</p>


		<p>of deviation both in 2019 and 2020, following an overall assessment.” (p. 24-25)</p>	
	<p>2. Continue simplifying the tax system, in particular by reducing sector-specific taxes. Improve the quality and transparency of the decision-making process through effective social dialogue and engagement with other stakeholders and by regular, adequate impact assessments. Reinforce the anti-corruption framework, strengthen prosecutorial efforts and improve transparency and competition in public procurement inter alia through further developing the e-procurement system. Strengthen competition, regulatory stability and transparency in the services sector, in particular in retail.</p> <p><i>Split into Sub-CSRs</i></p> <ul style="list-style-type: none"> • Continue simplifying the tax system, in particular by reducing sector-specific taxes. • Improve the quality and transparency of the decision-making process through 	<p>Limited progress:</p> <p>Some Progress. In 2019, the government continued simplifying the tax system. The upper rate of the bank levy was lowered further from 0.21 % to 0.2 % and it will stop being applicable for investment companies. The financial transaction tax was abolished for the first HUF 20 000 in individuals’ transactions from 2019. The tax system operates around sixty different taxes, many of which are small and generate administrative burden. Recently, some smaller taxes, such as the cultural tax, were phased out, while others were merged.</p> <p>No Progress. No substantial changes have been introduced for the system of social dialogue, thereby</p>	<p>2. Continue the labour market integration of the most vulnerable groups, in particular through upskilling, and improve the adequacy of social assistance and unemployment benefits. Improve education outcomes and increase the participation of disadvantaged groups, in particular Roma in quality mainstream education. Improve health outcomes by supporting preventive health measures and strengthening primary healthcare.</p>

	<p>effective social dialogue and engagement with other stakeholders and by regular, adequate impact assessments.</p> <ul style="list-style-type: none"> • Reinforce the anti-corruption framework, strengthen prosecutorial efforts and • improve transparency and competition in public procurement inter alia through 	<p>this still remains underdeveloped and ineffective. In consequence, social partners continue to have very limited influence on national decision-making. Regulatory impact assessments are not available for a significant number of laws. Lack of meaningful consultation and impact assessment leads to a learning by doing approach, which contributes to frequent changes in the legal framework. Fast track legislation combined with the increased number of new laws worsens the stability of the legal framework and leads to higher costs for businesses, discourages innovation and high value added investments. Sometimes targeted legislations penalise actors (such as the sector specific taxes); in other cases they grant benefits or monopolies.</p> <p>No Progress. Corruption remains a major concern. Hungary's scores on most corruption indicators have deteriorated over the past years based internationally collated indicators. In particular the score on favouritism is weak. The anti-corruption framework mainly focuses on integrity of public services, while determined action on prosecuting high level corruption is lacking. No steps were taken to reinforce the anti-corruption framework. No measures have been taken to reduce favouritism and ensure merit-based appointments at all levels in public administration. Restrictions on access to information hinder corruption prevention. Public institutions continued to illegally charge fees for requested documents. Some changes have been introduced in the criminal procedure law in July 2018 to clarify the competences of the prosecution against the police and an increase of resources is also foreseen.</p> <p>Limited Progress. Efforts have been made by Hungary in 2018 to introduce full electronic public procurement, but there is still a wide scope to further</p>	
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	<p>further developing the e-procurement system.</p> <ul style="list-style-type: none"> Strengthen competition, regulatory stability and transparency in the services sector, in particular in retail. 	<p>improve transparency in tendering processes. The public procurement data are currently not published in a structured form. The Hungarian e-procurement system does not offer access to the system's data in an open machine-readable format, and there are no searchable functions allowing for listing call for tenders or bids in different categories. Furthermore, there are no functionalities for making aggregate data easily understandable to citizens (e.g. visualisations, statistics).</p> <p>No Progress. Certain services continue to be entrusted to state-owned or private firms specifically created for these purposes. The government continues to exempt certain mergers and acquisitions from competition scrutiny. Short-term regulatory measures with immediate impact on the business environment are being discussed; once adopted, their impact is still to be measured. The legislation imposing a ban on loss-making has been withdrawn, but a new legislative act on authorisation requirements for the transformation of buildings dedicated to retail has been introduced. This legislation is likely to unnecessarily increase the administrative burden on retail companies.</p>	
	<p>3. Unlock labour reserves through improving the quality of active labour market policies. Improve education outcomes and increase the participation of disadvantaged groups, in particular Roma, in quality and inclusive mainstream education. Improve the adequacy and coverage of social assistance and unemployment benefits.</p> <p><i>Split into Sub-CSRs</i></p> <ul style="list-style-type: none"> Unlock labour reserves through improving the quality of active labour market policies. 	<p>Limited progress:</p> <p>Some Progress. The strong economic expansion in Hungary raises employment and wages. The employment rate for the age group 20-64 increased to around 75 % and the unemployment rate fell below 4 % in 2018. However, the gaps in employment and wage outcomes between genders and skills groups remain wide in an EU comparison. Labour market outcomes for various vulnerable</p>	<p>3. Focus investment-related economic policy on research and innovation, low-carbon energy, transport infrastructure, and waste management and energy and resource efficiency, taking into account regional disparities. Improve competition in public procurement.</p>

	<ul style="list-style-type: none"> • Improve education outcomes and increase the participation of disadvantaged groups, in particular Roma, in quality and inclusive mainstream education. • Improve the adequacy and coverage of social assistance and unemployment benefits. 	<p>groups, including Roma and people with disabilities, are weak. The Public Works Scheme is still disproportionately large. Since 2016 several programmes co-financed by the European Social Fund have been running and facilitating the transition from Public Works Scheme to the primary labour market. Other European Social Fund funded programmes supporting traineeships and entrepreneurship have also been launched and are currently ongoing. The Training of Low-skilled and Public Workers programme targets mostly public workers. Other European Social Fund (and Youth Employment Initiative) supported active labour market programmes initiated in 2015/2016 are being continued. A specific project was also launched to support non-governmental organisations to provide labour market services (such as counselling, mentoring, psychological counselling etc.) for disadvantaged jobseekers. In parallel, participation in the public works scheme is set to decrease, along with the decrease of the budget allocated for the scheme.</p> <p>Limited Progress. Some measures such as the modification of school catchment areas and establishing anti-segregation officers were taken to prevent segregation. However, their impact is limited by the exemption of non-state schools from the requirement to take disadvantaged pupils, combined with the effect of free school choice. 300 schools showing high rates of drop-out risk are involved in a targeted EU-funded project.</p> <p>Limited Progress. No substantial change in the level and coverage of social benefits, with a few minor in kind benefits have been expanded. No change in the duration of unemployment benefits, however, the ratio of people staying unemployed for less than three months slightly improved recent years.</p>	
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			<p>4. Reinforce the anti-corruption framework, including by improving prosecutorial efforts and access to public information, and strengthen judicial independence. Improve the quality and transparency of the decision-making process through effective social dialogue and engagement with other stakeholders and through regular, appropriate impact assessments. Continue simplifying the tax system, while strengthening it against the risk of aggressive tax planning. Improve competition and regulatory predictability in the services sector.</p>
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 MT	<u>2018 CSRs</u> SGP: - MIP: -	<u>Assessment of implementation of 2018 CSRs</u> February 2019	<u>2019 CSRs</u> SGP: - MIP: -
	<p>2. Ensure the sustainability of the health care and the pension systems, including by increasing the statutory retirement age and by restricting early retirement.</p>	<p>Limited progress:</p> <p>In the area of pensions, a Pension Strategy Group was established in 2018 and a report is expected by December 2020, outlining recommendations for improving adequacy and sustainability of the pension system. Efforts are continuing to diversify retirement income and reduce dependency on state pensions. The 2019 budget strengthens the fiscal incentives for private pension savings and voluntary occupational retirement pensions. The authorities are also incentivising older workers to return to work and stay in work longer, through changes to contributions paid, and addressing low education attainment levels to increase activity, employment and productivity of the population. A first assessment of these initiatives points to very little or no impact on the sustainability of the pension system, but possible increases in non-pension income.</p> <p>In the area of health, services are continuing to be decentralised — from hospitals to the primary care level — with new regional primary care centres being built and investment made to gradually expand the use of eHealth. Acute and geriatric care capacity will increase by means of a public-private partnership between the government and a private hospital operator, which provides for the refurbishment, development and management of three public hospitals in Malta and Gozo. While these initiatives seem to go into the right direction, it is not yet clear how they will affect the Maltese health system’s long-term fiscal sustainability.</p>	<p>1. Ensure the fiscal sustainability of the healthcare and pension systems, including by restricting early retirement and adjusting the statutory retirement age in view of expected gains in life expectancy.</p>

	<p>1. Strengthen the overall governance framework by enhancing the national supervision of internationally oriented financial businesses licensed in Malta, by ensuring the effective enforcement of the Anti-Money Laundering framework and by continuing to step up the fight against corruption.</p>	<p>Limited progress:</p> <p>Some steps have been taken on financial supervision and against money laundering. The MFSA has introduced a number of strategic initiatives aimed at enhancing its supervisory capacity and regulatory performance.</p> <p>No significant steps have been taken to strengthen the anti-corruption framework. In particular, the police still appears understaffed. A reform is planned to increase the capacity of the Economic Crimes Squad by 2020. Also, the Permanent Commission against Corruption (PCAC) conducts investigations either on its own initiative or in response to reports by anyone. However, structural flaws hinder its ability to independently and effectively fulfil its role.</p>	<p>2. Address features of the tax system that may facilitate aggressive tax planning by individuals and multinationals, in particular by means of outbound payments. Strengthen the overall governance framework, including by continuing efforts to detect and prosecute corruption. Continue the ongoing progress made on strengthening the anti-money-laundering framework, in particular with regard to enforcements. Strengthen the independence of the judiciary, in particular the safeguards for judicial appointments and dismissals, and establish a separate prosecution service.</p>
			<p>3. Focus investment-related economic policy on research and innovation, natural resources management, resource and energy efficiency, sustainable transport, reducing traffic congestion and inclusive education and training.</p>

 NL	<u>2018 CSRs</u> SGP: - MIP: CSR 1, 2	<u>Assessment of implementation of 2018 CSRs</u> February 2019	<u>2019 CSRs</u> SGP: - MIP: CSR 1, 3
	<p>1. While respecting the medium-term objective, use fiscal and structural policies to raise public and private investment in research, development and innovation. Take measures to reduce the debt bias for households and the remaining distortions in the housing market, in particular by supporting the development of the private rental sector.</p> <p><i>Split into Sub-CSRs</i></p> <ul style="list-style-type: none"> • While respecting the medium-term objective, use fiscal and structural policies to raise public and private investment in research, development and innovation. • Take measures to reduce the debt bias for households and the remaining distortions in the housing market, in particular by supporting the development of the private rental sector. 	<p>Substantial progress:</p> <p>Substantial progress. The government is implementing a fiscal stimulus, which includes public investment, while respecting the medium-term objective. The announced increase in R&D expenditure in 2019 has been incorporated in the budget law. The R&D tax credit budget (WBSO) will also be increased from 2020 onwards, increasing the subsidy on R&D related costs. At the same time, a gap remains compared to the R&D target of 2.5% of GDP.</p> <p>Some progress. The announced acceleration of the reduction in mortgage interest deductibility has been adopted by Parliament and will take effect between 2020 and 2023. While this helps to address the debt bias for households, a substantial subsidy on debt-financed homeownership remains. The government also submitted a draft law to Parliament to increase supply in the mid-priced rental market (Wet maatregelen middenhuur).</p>	<p>3. While respecting the medium-term budgetary objective, use fiscal and structural policies to support an upward trend in investment. Focus investment-related economic policy on research and development in particular in the private sector, on renewable energy, energy efficiency and greenhouse gas emissions reduction strategies and on addressing transport bottlenecks.</p> <p>1. Reduce the debt bias for households and the distortions in the housing market, including by supporting the development of the private rental sector. Ensure that the second pillar of the pension system is more transparent, inter-generationally fairer and more resilient to shocks. Implement policies to increase household disposable income, including by strengthening the conditions that support wage growth, while respecting the role of social partners. Address features of the tax system that may facilitate aggressive tax planning, in particular by means of outbound payments, in particular by implementing the announced measures.</p>

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	<ul style="list-style-type: none"> • Create conditions to promote higher wage growth, respecting the role of the social partners. • Ensure that the second pillar of the pension system is more transparent, inter-generationally fairer and more resilient to shocks. 	<p><u>Some progress.</u> Wages in collective agreements increased on average by 2.1% in 2018. Public sector wages increased at a faster rate (by 3% in the second half of 2018), with wage agreements leading to a nominal increase of 7% in two years for all civil servants in central government. Additional funding has been provided to increase the salaries of primary school teachers. The government has taken tax measures that support higher disposable real incomes of households. Overall, wage growth is expected to increase further due to a further tightening labour market.</p> <p><u>Limited progress.</u> Despite a shared understanding among stakeholders of the need for comprehensive pension reform, negotiations stalled in mid-November 2018. The government informed Parliament with a letter setting out the government initiatives to continue reforming the occupational pension system in early February 2019.</p>	
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AT 	<u>2018 CSRs</u> SGP: CSR 1 MIP: -	<u>Assessment of implementation of 2018 CSRs</u> February 2019	<u>2019 CSRs</u> SGP: - MIP: -
	<p>1. Achieve the medium-term budgetary objective in 2019, taking into account the allowance linked to unusual events for which a temporary deviation is granted. Ensure the sustainability of the health and long-term care and the pension systems, including by increasing the statutory retirement age and by restricting early retirement. Make public services more efficient, including through aligning financing and spending responsibilities.</p> <p><i>Split into Sub-CSRs</i></p> <ul style="list-style-type: none"> • Achieve the medium-term budgetary objective in 2019, taking into account the allowance linked to unusual events for which a temporary deviation is granted. • Ensure the sustainability of the health • and long-term care 	<p>Limited progress (this overall assessment of CSR 1 does not include an assessment of compliance with the Stability and Growth Pact):</p> <p><i>See grey part below.</i></p> <p>Some Progress. Public expenditure remains below the legislated ceilings and structural measures contribute to dampen expenditure growth but fiscal sustainability issues persist. The announced merger of social security funds will bring about high upfront costs of yet unknown magnitude.</p> <p>Limited Progress. Implemented measures generally support the de-institutionalisation of long-term care. However, the abolishment of the 'Pflegerereg' may have the opposite effect in addition to requiring higher public spending with negative effects for the fiscal sustainability of the system.</p>	<p>1. Ensure the sustainability of the health, long-term care, and pension systems, including by adjusting the statutory retirement age in view of expected gains in life expectancy. Simplify and rationalise fiscal relations and responsibilities across layers of government and align financing and spending responsibilities.</p>

	<ul style="list-style-type: none"> • and the pension systems, including by increasing the statutory retirement age and by restricting early retirement. • Make public services more efficient, including through aligning financing and spending responsibilities. 	<p>Limited Progress: The focus is on increasing the effective retirement age by restricting access to early retirement. No measures have been adopted to increase the statutory retirement age.</p> <p>Limited Progress: The Intergovernmental Fiscal Relations Act 2017 has introduced numerous changes but cannot be considered a major step towards increased tax autonomy or a more transparent assignment of competences. Work in these areas is still ongoing and several initiatives such as task-oriented financing and spending reviews are at risk of being delayed. A comprehensive constitutional reform for a more transparent assignment of competences is high on the political agenda. The "Kompetenzbereinigungs-paket" can be seen as a first step into the right direction but more needs to be done.</p> <p>In June 2019, the Commission evaluated compliance with the SGP in its assessment of the 2019 Stability Programme for Austria (without using or referring to the assessment grid used for other CSRs): <i>"In 2018, Austria achieved its MTO. Based on both the information contained in the Stability Programme and the Commission 2019 spring forecast, the structural balance is expected to overachieve the medium-term budgetary objective in 2019 taking into account the allowance granted for unusual events. If such achievement of the medium-term objective is not confirmed in future assessments, the overall assessment of compliance will need to take into account the extent of the deviation from the requirement set by the Council. Similarly, in 2020, on the basis of the Stability Programme, Austria is expected to overachieve its MTO, in line with the Commission forecast. Austria complied with the debt reduction benchmark in 2018 and, based on both the Stability Programme and the Commission forecast, Austria is expected to meet the debt reduction benchmark also in 2019 and 2020."</i> (p. 20)</p>	
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	<p>2. Reduce the tax wedge, especially for low-income earners, by shifting the tax burden to sources of revenue less detrimental to growth. Improve labour market outcomes of women. Improve basic skills for disadvantaged young people and people with a migrant background. Support productivity growth by stimulating digitalisation of businesses and company growth and by reducing regulatory barriers in the service sector.</p> <p><i>Split into Sub-CSRs</i></p> <ul style="list-style-type: none"> • Reduce the tax wedge, especially for low-income earners, by shifting the tax burden to sources of revenue less detrimental to growth. • Improve labour market outcomes of women. • Improve basic skills for disadvantaged young people and people with a migrant background. 	<p>Some progress:</p> <p>Some Progress. While several measures have been implemented that contribute to reducing the tax wedge on labour, the overall tax structure remains basically unchanged. The potential to shift the tax burden to other bases (e.g., wealth or environmentally harmful activities) still remains under-utilized.</p> <p>Some Progress. Labour market outcomes of women improved mainly as a result of implementing the Agreement (in accordance to Art 15a of the Federal Constitution Act) of the government with the provinces on early childhood education and care for the years 2018/19 until 2021/22. This led to expansion of formal childcare opportunities for children under the age of 3 years and an increase of full-day school forms. In the absence of other measures, female employment rates still increased mainly due to part time employment the share of which remains high together with a high gender pay and employment gap. The Barcelona target has still not been reached and there are disparities in childcare provision between the regions.</p> <p>Limited Progress. Expansion of all day schools risks to slow as the implementation period of the additional funding (EUR 750 million) that has already been made available has been doubled, now until 2032. Reforms</p>	<p>2. Shift taxes away from labour to sources less detrimental to inclusive and sustainable growth. Support full-time employment among women, including by improving childcare services, and boost labour market outcomes for the low skilled in continued cooperation with the social partners. Raise the levels of basic skills for disadvantaged groups, including people with a migrant background.</p>
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	<ul style="list-style-type: none"> • Support productivity growth by stimulating digitalisation of businesses • and company growth and by reducing regulatory barriers in the service sector. 	<p>intented and implemented partially counteract previous reforms. They are not always in line with best practice in the OECD and the EU, therefore their positive impact has still to materialize. This is also the case for the pedagogical package (Pädagogikpaket 2018). Positive is that formerly temporary funding for German language support has now been integrated into the education budget. However this was done without making available additional resources for the education budget.</p> <p>Some Progress. The “KMU Digital” programme to support business digitalisation has been prolonged by three months. A new digital agency has been established which will develop policies in five key areas, including business digitalisation. A call for proposal to establish Digital Innovation Hubs in the regions has been launched. These hubs will support small and medium-sized enterprises, universities and municipalities in the uptake of digital technologies.</p> <p>Limited Progress. As a key measure to improve (fast) growing companies’ access to the necessary funding, Austria adopted a revision of its stock corporation law to remove obstacles to SME listings on the Viennese stock market. The lack of a specific segment dedicated to SME at the Vienna Stock Exchange was a marked contrast to other countries. Service sector companies profit from Austria’s administrative burden reduction efforts, such as the 2018 law to repeal roughly half of the federal laws adopted before 2000. Austria has however not addressed the restrictions on key professions identified in 2017 by the Commission. The government programme has neither announced specific measures to address the identified restrictions nor a wider review of service sector restrictions.</p>	<p>3. Focus investment-related economic policy on research and development, innovation, digitalisation, and sustainability, taking into account regional disparities. Support productivity growth by stimulating digitalisation of businesses and company growth and by reducing regulatory barriers in the service sector.</p>
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PL 	<u>2018 CSRs</u> SGP: CSR 1 MIP: -	<u>Assessment of implementation of 2018 CSRs</u> February 2019	<u>2019 CSRs</u> SGP: CSR 1 MIP: -
	<p>1. Ensure that the nominal growth rate of net primary government expenditure does not exceed 4,2 % in 2019, corresponding to an annual structural adjustment of 0,6 % of GDP. Take steps to improve the efficiency of public spending, including by improving the budgetary process.</p> <p><i>Split into Sub-CSRs</i></p> <ul style="list-style-type: none"> • Ensure that the nominal growth rate of net primary government expenditure does not exceed 4,2 % in 2019, corresponding to an annual structural adjustment of 0,6 % of GDP. • Take steps to improve the efficiency of public spending, including by improving the budgetary process. 	<p>Limited progress (this overall assessment of CSR 1 does not include an assessment of compliance with the Stability and Growth Pact):</p> <p><i>See grey part below.</i></p> <p>Limited progress has been made in improving the efficiency of public spending: works to reform the budget process initiated in 2016 were continued in 2018. Currently, they focus on the analysis of the current situation and defining a target solution and its implementation plan. The main effort focuses currently on multiannual budget planning, modernisation of the chart of accounts and efficiency of spending (spending reviews). The overall reform will be time consuming and its final implementation date has not yet been communicated.</p> <p>In June 2019, the Commission evaluated compliance with the SGP in its assessment of the 2019 Convergence Programme for Poland (without using or explicitly referring to the assessment grid used for other CSRs): “Poland plans a growth rate of government expenditure, net of discretionary revenue measures, which exceeds the applicable expenditure benchmark rate in both 2019 and 2020. Poland plans a deterioration of the structural balance by 1.3% of GDP in 2019 and an improvement of the structural balance of 1.0% of GDP in 2020. Poland plans to</p>	<p>1. Ensure that the nominal growth rate of net primary government expenditure does not exceed 4,4 % in 2020, corresponding to an annual structural adjustment of 0,6 % of GDP. Take further steps to improve the efficiency of public spending, including by improving the budgetary system.</p>

	<p>2. Take steps to increase labour market participation, including by improving access to childcare and by fostering labour market relevant skills, especially through adult learning, and remove remaining obstacles to more permanent types of employment. Ensure the sustainability and adequacy of the pension system by taking measures to increase the effective retirement age and by reforming the preferential pension schemes.</p> <p><i>Split into Sub-CSRs</i></p> <ul style="list-style-type: none"> • Take steps to increase labour market participation, including by improving access to childcare and by fostering labour market relevant skills, especially through adult learning, and remove remaining obstacles to more permanent types of employment. • Ensure the sustainability and adequacy of the pension system by taking measures to increase the effective retirement age and by reforming the preferential pension schemes. 	<p>reach the MTO in 2021. This path implies a risk of a significant deviation from the required adjustment in both, 2019 and 2020. " (p. 20)</p> <p>No progress:</p> <p>Limited progress in increasing labour market participation by improved access to childcare. Poland made limited progress in fostering labour market relevant skills. Progress in VET and higher education remain to be seen. No progress in adult learning. No progress in removing remaining obstacles to more permanent types of employment.</p> <p>No progress in ensuring the sustainability and adequacy of the pension system, as no progress was observed in measures to increase the effective retirement age and in reforming the preferential pension arrangements. In November 2018, the government announced plans to reverse some of the 2013 reforms as regards the pension system for police officers.</p>	<p>2. Ensure the adequacy of future pension benefits and the sustainability of the pension system by taking measures to increase the effective retirement age and by reforming the preferential pension schemes. Take steps to increase labour market participation, including by improving access to childcare and long-term care, and remove remaining obstacles to more permanent types of employment. Foster quality education and skills relevant to the labour market, especially through adult learning.</p>
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	<p>3. Strengthen the innovative capacity of the economy, including by supporting closer collaboration between business and research institutions. Improve the regulatory environment, in particular by ensuring effective public and social consultations in the legislative process.</p> <p><i>Split into Sub-CSRs</i></p> <ul style="list-style-type: none"> • Strengthen the innovative capacity of the economy, including by supporting closer collaboration between business and research institutions. • Improve the regulatory environment, in particular by ensuring effective public and social consultations in the legislative process. 	<p>Limited progress:</p> <p>Limited progress in strengthening the innovative capacity of the economy through: increased R&D tax incentives with higher rates of tax deductions; The Ministry of Science and Higher Education continued its industrial doctorate programme, while the NCBR continued with the Gospostrateg, a strategic initiative linking Higher Education institutions, public research organisations (PROs) and government organisations to address key challenges for the economy. Limited progress in supporting closer collaboration between business and research institutions. The establishment of the Lukasiewicz Research Network, which was supposed to integrate the activities of multiple PROs and facilitate their cooperation with business partners, remains at the stage of a draft law in the parliament.</p> <p>Limited progress in improving the regulatory environment. "Constitution for Business" was adopted in early 2018. In 2018, a law on the succession of ownership in sole proprietorship enterprises entered into force. In addition, works on a new public procurement law are advancing to address, among others, the issue of low participation of SMEs.</p> <p>No progress observed in ensuring effective public and social consultations in the legislative process. Fast track legislative procedures, with limited scope of consultations, remain to be used on a regular basis. Most recent examples include the law introducing a nationwide public holiday on 12 November 2018 and the December 2018 law on the energy taxation reduction to cushion electric energy price increases for 2019.</p>	<p>3. Strengthen the innovative capacity of the economy, including by supporting research institutions and their closer collaboration with business. Focus investment-related economic policy on innovation, transport, in particular on its sustainability, digital and energy infrastructure, healthcare and cleaner energy, taking into account regional disparities. Improve the regulatory environment, in particular by strengthening the role of consultations of social partners and public consultations in the legislative process.</p>
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<p>PT</p> 	<p><u>2018 CSRs</u> SGP: CSR 1 MIP: CSR 1, 2, 3</p>	<p><u>Assessment of implementation of 2018 CSRs</u> February 2019</p>	<p><u>2019 CSRs</u> SGP: CSR 1 MIP: CSR 1, 2, 3, 4</p>
	<p>1. Ensure that the nominal growth rate of net primary government expenditure does not exceed 0,7 % in 2019, corresponding to an annual structural adjustment of 0,6 % of GDP. Use windfall gains to accelerate the reduction of the general government debt ratio. Strengthen expenditure control, cost effectiveness and adequate budgeting, in particular in the health sector with a focus on the reduction of arrears in hospitals. Improve the financial sustainability of state-owned enterprises, in particular by increasing their overall net income and by reducing debt.</p> <p><i>Split into Sub-CSRs</i></p> <ul style="list-style-type: none"> • Ensure that the nominal growth rate of net primary government expenditure does not exceed 0,7 % in 2019, corresponding to an annual structural adjustment of 0,6 % of GDP. Use windfall gains to accelerate the reduction of the general government debt ratio. • Strengthen expenditure control, cost effectiveness and adequate budgeting, in particular in the health sector with a focus on the reduction of arrears in hospitals. 	<p>Limited progress (this overall assessment of CSR 1 does not include an assessment of compliance with the Stability and Growth Pact):</p> <p><i>See grey part below.</i></p> <p>Limited Progress has been achieved in putting persistently high hospital arrears on a steadily declining path. Cost effectiveness continued to be promoted in the health sector in 2018, including through an increased reliance on centralised purchasing, and a greater use of generics and biosimilars. However, despite substantial clearance measures, hospital arrears remain elevated and have not decreased in a steady and durable manner; after achieving an intra-annual minimum level in April 2018, hospital arrears have resumed their gradual increase in the following months. A mission structure was set up in 2018, on the basis of whose recommendations a new programme to address</p>	<p>1. Achieve the medium-term budgetary objective in 2020, taking into account the allowance linked to unusual events for which a temporary deviation is granted. Use windfall gains to accelerate the reduction of the general government debt ratio. Improve the quality of public finances by prioritising growth-enhancing spending while strengthening overall expenditure control, cost efficiency and adequate budgeting, with a focus in particular on a durable reduction of arrears in hospitals. Improve the financial sustainability of State-owned enterprises, while ensuring more timely, transparent and comprehensive monitoring.</p>


	<ul style="list-style-type: none"> • Improve the financial sustainability of state-owned enterprises, in particular by increasing their overall net income and by reducing debt. 	<p>hospital arrears is to move forward in 2019. Although the programme is a promising first step in the right direction, it remains to be seen whether it will lead to a sizeable reduction in the short term.</p> <p>Limited Progress has been achieved in improving the financial sustainability of state-owned enterprises (SOEs). The previous goal for SOEs as a whole to achieve a net income close to, but still below, equilibrium in 2018 was postponed until 2019. Overall, planned rationalisation efforts and enhanced monitoring were delayed and lagged to translate into corrective action where needed in 2018. Measures to enhance the monitoring of SOEs and to ensure closer adherence to their initial budgetary are to be implemented in 2019.</p> <p>In June 2019, the Commission evaluated compliance with the SGP in its assessment of the 2019 Stability Programme for Portugal (without using or explicitly referring to the assessment grid used for other CSRs):</p> <p><i>“Portugal plans a growth rate of nominal primary government expenditure, net of discretionary revenue measures and one-offs, which exceeds the applicable expenditure benchmark rate in 2019 leading to a negative deviation of 1.2% of GDP of the underlying fiscal position. Portugal plans an improvement of the structural balance of 0.1% of GDP in 2019, below the recommended annual structural adjustment of 0.6% of GDP towards the MTO. Following an overall assessment, there is a risk of significant deviation from the recommended adjustment path towards the MTO in 2019 based on the Stability Programme. An overall assessment on the basis of the Commission 2019 spring forecast, also points to a risk of a significant deviation in 2019.”</i> (p. 27)</p>	
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	<p>2. Promote an environment conducive to hiring on open-ended contracts, including by reviewing the legal framework in consultation with social partners. Increase the skills level of the adult population, including digital literacy, by strengthening and broadening the coverage of the training component in adult qualification programmes. Improve higher education uptake, namely in science and technology fields.</p> <p><i>Split into Sub-CSRs</i></p> <ul style="list-style-type: none"> Promote an environment conducive to hiring on open-ended contracts, including by reviewing the legal framework in consultation with social partners. Increase the skills level of the adult population, including digital literacy, by strengthening and broadening the coverage of the training component in adult qualification programmes. Improve higher education uptake, namely in science and technology fields. 	<p>Some progress:</p> <p>Some Progress. New measures are on the pipeline following the new tripartite agreement signed in June 2018. The aim of the agreement is to tackle precarious employment, reduce labour market segmentation and promote more dynamism in collective bargaining. The measures proposed in the agreement, subject to parliamentary approval (expected in 2019) seek to introduce changes in the labour code, the code of contributory schemes, the legal framework for protection of employees, the framework of active labour market policies and other complementary legislation. Other initiatives include the reinforcement of human resources of the Labour Inspection Authority (aiming to reduce the abusive and illegal use of temporary contracts and other atypical forms of work) and a new programme towards the extraordinary regularization of precarious employment contracts in civil service.</p> <p>Some Progress. The qualification level of the adult population is low, which is a challenge in a context of ageing population. The Qualifica programme is an important tool to tackle the challenge of low-skilled adult population. Insufficient digital skills can hinder inclusion, employability and competitiveness.</p> <p>Some Progress. Measures are being implemented to strengthen the attractiveness and completion rate in higher education. The review of the Higher Education System is ongoing. Graduate numbers in information and communication technologies are low.</p>	<p>2. Adopt measures to address labour market segmentation. Improve the skills level of the population, in particular their digital literacy, including by making adult learning more relevant to the needs of the labour market. Increase the number of higher education graduates, particularly in science and information technology. Improve the effectiveness and adequacy of the social safety net.</p>
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	<p>3. Increase the efficiency of insolvency and recovery proceedings and reduce impediments to the secondary market for non-performing loans. Improve access to finance for businesses. Reduce the administrative burden by shortening procedural deadlines, using more tacit approval and reducing document submission requirements. Remove persistent regulatory restrictions by ensuring a proper implementation of the framework law for highly regulated professions. Increase the efficiency of administrative courts, inter alia by decreasing the length of proceedings.</p> <p><i>Split into Sub-CSRs</i></p> <ul style="list-style-type: none"> • Increase the efficiency of insolvency and recovery proceedings and reduce impediments to the secondary market for non-performing loans. • Improve access to finance for businesses. 	<p>Some progress:</p> <p>Some Progress. Portugal has adopted plans to introduce an early warning system for companies in difficulties, which will help identify companies in financial difficulties at an early stage. Some measures aimed at shortening the long proceedings and improving the efficiency of the court system were implemented in 2018.</p> <p>Some Progress has been made to improve access to finance. Several programmes, such as Capitalizar or Internacionalizar, have included in 2018 credit lines to ease access to finance (notably the credit lines of Capitalizar have been increased compared to 2017). Other programmes, including those initiated in previous years, have targeted specific sectors. However, alternative sources of finance showed limited improvement (also due to limited awareness of available opportunities) and, although improvements, equity capital remains low, and venture capital investments (expressed as share of GDP) are among the lowest in OECD countries and still below pre-crisis levels.</p>	<p>4. Allow for a swifter recovery of the collateral tied to non-performing loans by increasing the efficiency of insolvency and recovery proceedings. Reduce the administrative and regulatory burden on businesses, mainly by reducing sector-specific barriers to licensing. Develop a roadmap to reduce restrictions in highly regulated professions. Increase the efficiency of administrative and tax courts, in particular by decreasing the length of proceedings.</p> <p>3. Focus investment-related economic policy on research and innovation, railway transport and port infrastructure, low carbon and energy transition and extending energy interconnections, taking into account regional disparities</p>
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	<ul style="list-style-type: none"> • Reduce the administrative burden by shortening procedural deadlines, using more tacit approval and reducing document submission requirements. • Remove persistent regulatory restrictions by ensuring a proper implementation of the framework law for highly regulated professions. • Increase the efficiency of administrative courts, inter alia by decreasing the length of proceedings. 	<p>Some Progress has been made in reducing administrative burden. The SIMPLEX programme introduced further measures introducing some horizontal simplification and the implementation of the once-only principle has reduced some document submission obligations, however few sector-specific simplification has been achieved. The production of evidence by the applicant is still the norm rather than the exception; responsible declarations is a form of control seldom taken up by the Portuguese administration. Burdensome authorisation procedures remain the preferred manner of entry control for service providers, with long procedural deadlines for decision and absence of tacit approval persisting in too many instances.</p> <p>No Progress has been made in removing persistent regulatory restrictions for highly regulated professions, however some preliminary steps in the right direction have been taken. In July 2018 a study conducted jointly by the OECD and the Portuguese Competition Authority was published. It identified restrictions to competition in the legal framework of highly regulated professions and presented a number of reform recommendations. It is expected that the Portuguese Government will follow up on the reform recommendations, however the extent of the action as well as the timeframe are yet to be defined.</p> <p>Some Progress. According to data provided by the Portuguese authorities the overall evolution as regards clearance rates in Administrative and Tax Courts between 2015 and 2017 showed a sustained improvement (79.9 % in 2015 and 105 % 2017 [1]). Disposition time remains high and its reduction for the same period is slow (2015: 992 days, 2016: 911 days, 2017: 988). Portugal introduced a set of measures to reduce case-backlogs and additional measures to promote further e-justice and the specialization of courts. As regards insolvency</p>	
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		proceedings, new measures have been taken. All these measures are expected to have a positive impact on the efficiency of the PT Justice system in the near future.	
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 RO	<u>2018 CSRs</u> SGP: CSR 1 MIP: -	<u>Assessment of implementation of 2018 CSRs</u> February 2019	<u>2019 CSRs</u> SGP: CSR 1 MIP: CSR 1, 2, 3, 5
	<p>1. Ensure compliance with the Council recommendation of 22 June 2018 with a view to correcting the significant deviation from the adjustment path toward the medium-term budgetary objective. Ensure the full application of the fiscal framework. Strengthen tax compliance and collection.</p> <p><i>Split into Sub-CSRs</i></p> <ul style="list-style-type: none"> • Ensure compliance with the Council recommendation of 22 June 2018 with a view to correcting the significant deviation from the adjustment path toward the medium-term budgetary objective. • Ensure the full application of the fiscal framework. 	<p>Limited progress (this overall assessment of CSR 1 does not include an assessment of compliance with the Stability and Growth Pact):</p> <p><i>See grey part below.</i></p> <p>No progress on ensuring the application of the fiscal framework. The 2018 budget did not comply with the deficit rule, which requires compliance with the adjustment path towards the medium-term structural objective. The 2018 budget amendment from September broke, among others, rules prohibiting increases in: (i) the nominal headline and primary deficit ceilings during the fiscal year; and (ii) personnel expenditure and total government expenditure excluding EU funds during the fiscal year. The second 2018 budget amendment, published in November, also broke several national fiscal rules. Moreover, as in previous years, the authorities did not send an update of the medium-term fiscal strategy to Parliament by the statutory August deadline.</p>	<p>1. Ensure compliance with the Council Recommendation of 14 June 2019 with a view to correcting the significant deviation from the adjustment path towards the medium-term budgetary objective. Ensure the full application of the fiscal framework. Strengthen tax compliance and collection.</p> <p>2. Safeguard financial stability and the robustness of the banking sector. Ensure the sustainability of the public pension system and the long-term viability of the second-pillar pension funds.</p>


	<ul style="list-style-type: none"> Strengthen tax compliance and collection. 	<p>Limited progress. The Romanian tax administration (ANAF) has recently updated its guidelines on the registration of certified cash registers and the issuing of single identification numbers for cash registers. They have been more active in using risk assessment for the management and auditing of taxpayers, mostly for value-added tax (VAT) and corporate income tax purposes. However, the relative weight of the unobserved economy is about 22.5 % while the VAT gap (i.e. the difference between the VAT liability theoretically due and VAT actually collected) remained the highest in the EU in 2016 (at about 36 %). The introduction of the cash registers with an electronic memory connected to the servers of ANAF is slowly being implemented, also due to suppliers' shortages.</p> <p>In June 2019, the Commission evaluated compliance with the SGP in its assessment of the 2019 Convergence Programme for Romania (without using or explicitly referring to the assessment grid used for other CSRs): <i>"In 2018, Romania continued to deviate further away from the MTO. The growth of net primary government expenditure was well above the expenditure benchmark, pointing to a significant deviation (deviation of 2.4% of GDP). The structural balance remained broadly stable at around -3.0% of GDP, also pointing to a significant deviation from the recommended structural adjustment (deviation of 0.8% of GDP). Following an overall assessment, this points to a significant deviation from the recommended adjustment path towards the MTO. This assessment is in line with the earlier conclusion of 4 December 2018, in which the Council found that Romania had not taken effective action in response to the Council recommendation of 22 June 2018. Both in 2019 and in 2020, there is a risk of deviation from the recommended structural adjustment, both based on the programme and based on the Commission 2019 spring forecast."</i> (p. 20).</p>	
	<p>2. Complete the minimum inclusion income reform. Improve the functioning of social dialogue. Ensure minimum wage setting based on objective criteria. Improve upskilling and the</p>	<p>Limited progress:</p>	<p>3. Improve the quality and inclusiveness of education, in particular for Roma and other disadvantaged groups. Improve skills, including digital, in particular by increasing the labour market relevance of vocational</p>

	<p>provision of quality mainstream education, in particular for Roma and children in rural areas. Improve access to healthcare, including through the shift to outpatient care.</p> <p><i>Split into Sub-CSRs</i></p> <ul style="list-style-type: none"> • Complete the minimum inclusion income reform. • Improve the functioning of social dialogue. • Ensure minimum wage setting based on objective criteria. • Improve upskilling and the provision of quality mainstream education, in particular for Roma and children in rural areas. 	<p>No progress. The Law on minimum inclusion income is expected to enter into force in April 2019. However, no visible progress has so far been observed.</p> <p>Limited progress. The social dialogue law is currently in being debated in Parliament after a long period of consultation with relevant stakeholders. Another competing proposal, drafted with the help of some social partners, has also been put forward. Both legislative initiatives are being debated together. Currently, most social dialogue takes place formally, within the Economic and Social Council and the Social Dialogue Committees. Despite the established framework of dialogue and consultations, the stability and the role of these institutions weakened in the most recent period.</p> <p>No progress. Minimum wage levels continue to be set in an ad-hoc manner, and are not based on a comprehensive and predictable mechanism.</p> <p>Limited progress in improving the provision of quality inclusive mainstream education, in particular for children in rural areas and Roma. The measures financed by the European Social Fund are in early stages of implementation. Work on developing the early warning mechanism to prevent school dropout continues. The methodology to monitor and prevent school segregation has not been adopted yet. Overall, early school leaving remains very high. Rural-urban</p>	<p>education and training and higher education. Increase the coverage and quality of social services and complete the minimum inclusion income reform. Improve the functioning of social dialogue. Ensure that the minimum wage is set on the basis of objective criteria, consistent with job creation and competitiveness. Improve access to and cost-efficiency of healthcare, including through the shift to outpatient care.</p>
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	<ul style="list-style-type: none"> • Improve access to healthcare, including through the shift to outpatient care. 	<p>disparities and Roma inclusion in education remain problematic. While the authorities are planning some measures, active labour market policies continue to provide limited focus on upskilling. A global assessment of skills needs for various economic sectors still needs to be developed and implemented.</p> <p>Limited progress. Since 2018 there have been serious delays in key areas such as integrated community care centres, funding of regional hospitals with related care referral plans, etc. In other relevant areas (such as the uptake of one-day planned surgeries) the effectiveness of previously taken measures remains to be demonstrated.</p>	
	<p>3. Increase the predictability of decision-making by enforcing the systematic and effective use of regulatory impact assessment and stakeholder consultation and involvement in the design and implementation of reforms. Improve the preparation and prioritization of large infrastructure projects and accelerate their implementation, particularly in the transport, waste and waste water sectors. Improve the transparency and efficiency of public procurement. Strengthen the corporate governance of state-owned enterprises.</p> <p><i>Split into Sub-CSRs</i></p> <ul style="list-style-type: none"> • Increase the predictability of decision-making by enforcing the systematic and effective use of regulatory impact assessment and stakeholder consultation and involvement in the design and implementation of reforms. 	<p>No progress:</p> <p>No progress. There is still persistent legislative instability and lack of decision-making predictability, which risk eroding investors' confidence. Regulatory impact assessments continue to be formalistic, although their quality and actual use vary across sectors. A robust policy monitoring mechanism with a transparent reporting system is lacking, and ex-post evaluations are carried out on an ad-hoc basis. The legal and institutional framework for a quality control function of impact assessments at government level has not been formally established. Stakeholders' involvement in policy-making remains limited. The</p>	<p>5. Ensure that legislative initiatives do not undermine legal certainty by improving the quality and predictability of decision-making, including by appropriate stakeholder consultations, effective impact assessments and streamlined administrative procedures. Strengthen the corporate governance of State-owned enterprises.</p> <p>4. Focus investment-related economic policy on transport, in particular on its sustainability, low-carbon energy and energy efficiency, environmental infrastructure as well as innovation, taking into account regional disparities. Improve the preparation and prioritisation of large projects and accelerate their implementation. Improve the efficiency of public procurement and ensure the full and sustainable implementation of the national public procurement strategy.</p>

	<ul style="list-style-type: none"> • Improve the preparation and prioritization of large infrastructure projects and accelerate their implementation, particularly in the transport, waste and waste water sectors. • Improve the transparency and efficiency of public procurement. • Strengthen the corporate governance of state-owned enterprises. 	<p>quality of public consultation continues to be hindered by operational factors, such as short periods of consultation, late announcement of important legislative initiatives, and limited follow-up and feedback to stakeholders during and after the consultation process.</p> <p>Limited progress. Large infrastructure projects are being prepared and sent to the European Commission for approval, due in particular to the increased involvement and cooperation with the European Investment Bank (through the Joint Assistance to Support Projects in European Regions programme and the Project Advisory Support instrument). Implementation, however, continues to lag behind.</p> <p>Limited progress in implementing the national public procurement strategy. The transition to a new e-procurement system and the putting in place of legislation on a Central Purchasing Body to operate at national level are positive examples. However, some reforms started under the Action Plan drafted in the context of the ex-ante conditionality that Romanian had to fulfil on public procurement and which were relevant for the implementation of EU funds, have been stopped and, with the recent adoption of the government emergency ordinance no 114/2018, even reversed. Furthermore, important efforts are needed to increase the capacity of contracting authorities and to enhance transparency, monitoring and supervision of the public procurement system, as well as legislative stability and predictability. The streamlining of ex-ante control of public procurement should be based on the measured performance and reliability of contracting authorities.</p> <p>No progress. Corporate governance legislation applicable to state-owned enterprises is robust but only sparsely applied. The exemption of some 100 companies from the legislation, adopted end-2017,</p>	
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		has been barred by the Constitutional Court on procedural grounds, but was again approved by the Senate in June 2018 and awaits final approval in the lower house.	
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 SI	<u>2018 CSRs</u> SGP: CSR 1 MIP: -	<u>Assessment of implementation of 2018 CSRs</u> February 2019	<u>2019 CSRs</u> SGP: CSR 1 MIP: -
	<p>1. Ensure that the nominal growth rate of net primary government expenditure does not exceed 3,1 % in 2019, corresponding to an annual structural adjustment of 0,65 % of GDP. Adopt and implement the healthcare and health insurance act and the planned reform of long-term care. Ensure the long-term sustainability and adequacy of the pension system, including by increasing the statutory retirement age and by restricting early retirement. Increase the employability of low-skilled and older workers through lifelong learning and activation measures.</p> <p><i>Split into Sub-CSRs</i></p> <ul style="list-style-type: none"> • Ensure that the nominal growth rate of net primary government expenditure does not exceed 3,1 % in 2019, corresponding to an annual structural adjustment of 0,65 % of GDP. • Adopt and implement the healthcare and health insurance act • and the planned reform of long-term care. • Ensure the long-term sustainability and adequacy of the pension system, including 	<p>Limited progress (this overall assessment of CSR 1 does not include an assessment of compliance with the Stability and Growth Pact):</p> <p><i>See grey part below.</i></p> <p>No Progress. Slovenia has not proposed any specific measure(s) to address the CSR. However, the authorities announced that a new draft Healthcare Act would be adopted by the end of 2019.</p> <p>No Progress. The government intends to address LTC legislation only after adoption of healthcare act.</p> <p>No Progress. No concrete measures have been taken to ensure the long-term sustainability and adequacy of the pension system, whether by increasing the</p>	<p>1. Achieve the medium-term budgetary objective in 2020. Adopt and implement reforms in healthcare and long-term care that ensure quality, accessibility and long-term fiscal sustainability. Ensure the long-term sustainability and adequacy of the pension system, including by adjusting the statutory retirement age restricting early retirement and other forms of early exit from the labour market. Increase the employability of low-skilled and older workers by improving labour market relevance of education and training, lifelong learning and activation measures, including through better digital literacy.</p>

	<p>by increasing the statutory retirement age and by restricting early retirement.</p> <ul style="list-style-type: none"> • Increase the employability of low-skilled and older workers through lifelong learning and activation measures. 	<p>statutory retirement age or by restricting early retirement.</p> <p>Limited Progress. The Slovenian government continued its efforts to increase the employability of low-skilled and older workers through lifelong learning and schemes to help the inactive find work. However, participation in adult learning is still low, especially among the group of older workers and the low-skilled.</p> <p>In June 2019, the Commission evaluated compliance with the SGP in its assessment of the 2019 Stability Programme for Slovenia (without using or explicitly referring to the assessment grid used for other CSRs):</p> <p><i>“According to the Stability Programme, Slovenia plans a growth rate of government expenditure, net of discretionary revenue measures, which is above the applicable expenditure benchmark rate in 2019. Slovenia also plans an improvement of the structural balance by 0.2% of GDP in 2019, below the recommended adjustment. Slovenia plans to be close to its MTO in 2020, while the expenditure benchmark would point to a risk of a significant deviation from the requirement over 2019 and 2020 taken together. If the structural balance is no longer projected to be close to the MTO in future assessments, an overall assessment would need to take into account a possible deviation from the requirement. This path implies that based on the Stability Programme, there is a risk of significant deviation in 2019 and a risk of some deviation in 2020 from the required adjustment path towards the MTO. Based on the Commission 2019 spring forecast, these conclusions are confirmed.” (p. 22)</i></p>	
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	<p>2. Develop alternative sources of financing for fast-growing companies. Lower the barriers for market entry through the revision of product market regulation and limiting administrative burden. Enhance competition, professionalisation and independent oversight in public procurement. Carry out the privatisations in line with to the existing plans.</p> <p><i>Split into Sub-CSRs</i></p> <ul style="list-style-type: none"> • Develop alternative sources of financing for fast-growing companies. • Lower the barriers for market entry through the revision of product market regulation and limiting administrative burden. 	<p>Some progress:</p> <p>Some Progress. In 2018 Slovenia took important steps in the implementation of, notably, the Slovene Equity Growth Investment Programme and the Central European Fund-of-Funds. These steps related to support amounts, intermediaries and beneficiaries. The Ljubljana Stock Exchange has improved its support for SME listings. Slovenia also adopted an action plan on block chain technology, which is also used for crypto-currencies and initial coin offerings.</p> <p>Some Progress. Slovenia adopted the Investment Promotion Act in early 2018. This act facilitates investment inter alia by harmonising support conditions for domestic and foreign investors and by reducing barriers for strategic investments. Impact assessments are performed for draft laws under regular parliamentary procedure but not for the many laws in urgent procedure. Stakeholders benefit since 2018 from a new online tool for their input to this SME test. Slovenia's justice system also continued reducing the backlog of pending cases. Slovenia also progressed with one-stop online portals for key administrative procedures and with the so-called "Single Document". A good part of the suggested administrative burden reduction measures, as well as planned measures to reduce regulatory restrictions on professions is still pending.</p>	<p>2. Support the development of equity markets. Improve the business environment by reducing regulatory restrictions and administrative burden. Improve competition, professionalisation and independent oversight in public procurement. Carry out privatisations in line with the existing plans.</p>
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	<ul style="list-style-type: none"> • Enhance competition, professionalisation and independent oversight in public procurement. • Carry out the privatisations in line with to the existing plans. 	<p>Limited progress. In May 2018, Slovenia presented an action plan detailing planned improvements, notably on further professionalisation of public procurement, for 2018-2020. Slovenia also made progress in rolling out e-procurement, which is widely used since April 2018. Rather little progress was made to increase competition in procurement, which remains a key problem. Slovenia also did not strengthen the independence of the National Review Commission. Slovenia did not achieve a higher degree of tender aggregation for health sector procurement.</p> <p>Some Progress. Slovenia made some progress in the privatisation of SOEs as only one privatisation took place in 2018. With the partial privatisation of Slovenia's biggest bank in 2018 and the launch of the sale of its third biggest bank, Slovenia took important steps in implementing its privatisation list.</p>	
			<p>3. Focus investment-related economic policy on research and innovation, low carbon and energy transition, sustainable transport, in particular rail, and environmental infrastructure, taking into account regional disparities.</p>

 <p>SK</p>	<p><u>2018 CSRs</u> SGP: CSR 1 MIP: -</p>	<p><u>Assessment of implementation of 2018 CSRs</u> February 2019</p>	<p><u>2019 CSRs</u> SGP: CSR 1 MIP: -</p>
	<p>1. Ensure that the nominal growth rate of net primary government expenditure does not exceed 4,1 % in 2019, corresponding to an annual structural adjustment of 0,5 % of GDP. Implement measures to increase the cost effectiveness of the healthcare system and develop a more effective healthcare workforce strategy.</p> <p><i>Split into Sub-CSRs</i></p> <ul style="list-style-type: none"> • Ensure that the nominal growth rate of net primary government expenditure does not exceed 4,1 % in 2019, corresponding to an annual structural adjustment of 0,5 % of GDP. • Implement measures to increase the cost effectiveness of the healthcare system and develop a more effective healthcare workforce strategy. 	<p>Some progress (this overall assessment of CSR 1 does not include an assessment of compliance with the SGP):</p> <p><i>See grey part below.</i></p> <p>Some Progress. Inefficiencies in healthcare spending are being tackled, including through better procurement. Healthcare staffing is receiving the policy attention it deserves although tangible results are slow to emerge. Public hospitals and the overall care system are seeing less progress, including in the financial performance of the former.</p> <p>In June 2019, the Commission evaluated compliance with the SGP in its assessment of the 2019 Stability Programme for Slovakia (without using or explicitly referring to the assessment grid used for other CSRs): <i>“According to the Stability Programme, Slovakia plans a growth rate of government expenditure, net of discretionary revenue measures, which is in line with the applicable expenditure benchmark rate in both 2019 and 2020. On this basis Slovakia also plans an improvement of the structural balance of 0.5% of GDP in 2019, when it plans to be close to the MTO. The Programme is based on unspecified consolidation measures, posing risks to</i></p>	<p>1. Achieve the medium-term budgetary objective in 2020. Safeguard the long-term sustainability of public finances, in particular that of the healthcare and pension systems.</p>

		<p>meeting the headline targets. By contrast, based on the Commission 2019 spring forecast, the headline deficit is expected to fall to 0.5% of GDP in 2019 but increase again to 0.6% of GDP in 2020. This path implies significant deviations from the required adjustment path towards the MTO according to both pillars in both 2019 and 2020 when looking at the respective two year averages. The lack of consolidation effort in 2018 is expected not to be compensated sufficiently in years 2019 and 2020." (p. 21)</p>	
	<p>2. Reinforce activation and upskilling measures, including quality targeted training and individualised services for disadvantaged groups, in particular by delivering on the action plan for the long-term unemployed. Foster women's employment, especially by extending affordable, quality childcare. Improve the quality and inclusiveness of education, including by increasing the participation of Roma children in mainstream education from early childhood onwards.</p> <p><i>Split into Sub-CSRs</i></p> <ul style="list-style-type: none"> • Reinforce activation and upskilling measures, including quality targeted training and individualised services for disadvantaged groups, in particular by delivering on the action plan for the long-term unemployed. • Foster women's employment, especially by extending affordable, quality childcare. • Improve the quality and inclusiveness of education, including by increasing the participation of Roma children in 	<p>Some progress:</p> <p>Some Progress. Implementation of the Action Plan is well on track. Progress on upskilling measures is less encouraging, with a very low participation of adults in learning and insufficient funding for skills training.</p> <p>Some Progress has been made in increasing the capacity of and access to early childhood education and care, particularly for the over threes. But employment rates do not yet reflect these improvements.</p> <p>Limited Progress. A new national reform programme and other measures were adopted in 2018 to facilitate participation in early childhood education and care,</p>	<p>2. Improve the quality and inclusiveness of education at all levels and foster skills in line with labour market needs. Enhance access to affordable and quality childcare and long-term care. Promote integration of disadvantaged groups, in particular Roma.</p>

	<p>mainstream education from early childhood onwards.</p>	<p>and primary education. Corresponding investments are planned from 2019 to 2027. The Action plan includes lowering the age of obligatory schooling to 5 as of 2020, and enhancing the capacity of kindergartens, and measures to assist the integration of children from disadvantaged backgrounds, with special focus on the marginalised Roma communities.</p>	
	<p>3. Increase the use of quality-related and lifecycle cost criteria in public procurement operations. Tackle corruption, including by ensuring enforcement of existing legislation and by increasing accountability at the level of police and prosecution. Improve the effectiveness of the justice system, in particular by safeguarding independence in judicial appointment procedures. Reduce the fragmentation of the public research system and stimulate business innovation, including for small and medium-sized enterprises.</p> <p><i>Split into Sub-CSRs</i></p> <ul style="list-style-type: none"> • Increase the use of quality-related and lifecycle cost criteria in public procurement operations. • Tackle corruption, including by ensuring enforcement of existing legislation and by increasing accountability at the level of police and prosecution. 	<p>Limited progress:</p> <p>Some Progress. With the latest amendment of the Public Procurement Act, the Public Procurement office introduced measures to speed up Public Procurement to increase the absorption of the European Structural and Investment Funds. Measures include updating the system of management for European Structural and Investment Funds simplification and shortening of public procurement procedures, (re-)drafting of guidance and documentation for tenderers and improving the professionalisation of public procurement. Progress is being made as regards efficiency and administrative capacity.</p> <p>Limited Progress. Tackling corruption requires, among other things, increasing accountability at the level of police and prosecution, which has seen little change yet. However, a substantial revision of the rules of appointments and dismissals in the Police was adopted in December 2018, which should improve accountability of the police chiefs.</p>	<p>3. Focus investment-related economic policy on healthcare, research and innovation, transport, in particular on its sustainability, digital infrastructure, energy efficiency, competitiveness of SMEs, and social housing, taking into account regional disparities. Increase the use of quality related and lifecycle cost criteria in public procurement operations.</p> <p>4. Continue to improve the effectiveness of the justice system, focusing on strengthening its independence, including on judicial appointments. Increase efforts to</p>


	<ul style="list-style-type: none"> • Improve the effectiveness of the justice system, in particular by safeguarding independence in judicial appointment procedures. • Reduce the fragmentation of the public research system and stimulate business innovation, including for small and medium-sized enterprises. 	<p>Limited Progress has been made towards improving the effectiveness of the justice system. Despite a number of past reforms that have led to improvements in certain areas, long-standing concerns regarding the independence of the judiciary remain unaddressed.</p> <p>Limited Progress has been made in improving stimulation for business innovation with the extended rate of the R&D tax allowance and other upcoming support schemes for the small and medium-sized enterprises ecosystem, mostly financed from the European Structural and Investment Funds. However, measures to improve efficiency and consolidate the public research system are still not adopted, notably the transformation of the Slovak Academy of Sciences or a broader assessment of the research and innovation system.</p>	<p>detect and prosecute corruption, in particular in large-scale corruption cases.</p>
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 FI	<u>2018 CSRs</u> SGP: CSR 1 MIP: -	<u>Assessment of implementation of 2018 CSRs</u> February 2019	<u>2019 CSRs</u> SGP: CSR 1 MIP: -
	<p>1. Achieve the medium-term budgetary objective in 2019, taking into account the allowances linked to the implementation of the structural reforms for which a temporary deviation is granted. Ensure the adoption and implementation of the administrative reform to improve cost-effectiveness and equal access to social and healthcare services.</p> <p><i>Split into Sub-CSRs</i></p> <ul style="list-style-type: none"> • Achieve the medium-term budgetary objective in 2019, taking into account the allowances linked to the implementation of the structural reforms for which a temporary deviation is granted. • Ensure the adoption and implementation of the administrative reform to improve cost-effectiveness and equal access to social and healthcare services. 	<p>Limited progress (this overall assessment of CSR 1 does not include an assessment of compliance with the Stability and Growth Pact):</p> <p><i>See grey part below.</i></p> <p>Limited progress has been achieved on ensuring the adoption and implementation of the regional social and healthcare services reform. The draft laws on the reform are still expected to be adopted and to come into effect during the first quarter of 2019. However, the general elections in April 2019 risk to produce yet further delays. Preparative actions in the forthcoming counties, responsible for the reform, have been taken in such manner that they have a good degree of readiness for the adoption and implementation of the reform. Nevertheless, at the moment, it is unclear how the reform's savings mechanisms might deliver the planned containment of the costs arising from the ageing population.</p> <p>In June 2019, the Commission evaluated compliance with the SGP in its Assessment of the 2019 Stability</p>	<p>1. Ensure that the nominal growth rate of net primary government expenditure does not exceed 1,9 % in 2020, corresponding to an annual structural adjustment of 0,5 % of GDP. Improve the cost-effectiveness of and equal access to social and healthcare services.</p>


	<p>2. Improve incentives to accept work and ensure adequate and well-integrated services for the unemployed and the inactive.</p> <p><i>Split into Sub-CSRs</i></p> <ul style="list-style-type: none"> • Improve incentives to accept work and 	<p>Programme for Finland (without using or explicitly referring to the assessment grid used for other CSRs):</p> <p><i>“Finland is expected to remain at its adjusted MTO in 2019 and close to the MTO in 2020. At the same time, based on the Stability Programme, the expenditure benchmark would currently point to a risk of a significant deviation from the requirement in 2018 and 2019 taken together as well as in 2019 and 2020 taken together. If compliance with the MTO, taking into account the allowance linked to implementation of structural reforms, can no longer be established in future assessments, an overall assessment would need to take into account a possible deviation from the requirement.”</i> (p. 20)</p> <p>Limited progress:</p> <p>Limited progress has been made on reducing inactivity and unemployment traps. A number of reforms in the labour market have already been introduced. Nevertheless, further measures would be needed to address the still relatively high structural unemployment (NAWRU at around 7% in 2018). The Finnish authorities are waiting for the outcome of the basic income experiment, whose first results were presented on 8 February 2019. The experiment is expected to provide some information for revising the social security system. There has been a lot of discussion about the possible future reform of the tax-benefit system. However, given the political agenda, no movement in this area is expected before spring 2019. The government’s budget for 2019 introduces complementary measures to promote employment and improve incentives to accept work.</p> <p>Limited progress has been achieved on public employment services. The number of one-stop-</p>	<p>2. Improve incentives to accept work and enhance skills and active inclusion, notably through well-integrated services for the unemployed and the inactive.</p>
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	<ul style="list-style-type: none"> ensure adequate and well-integrated services for the unemployed and the inactive. 	<p>shops, Ohjaamot, offering low-threshold, cross-sectoral information, advice and guidance to youth and young adults have been increased from 50 to 60, covering all regions in Finland. However, the formal adoption of the regional government, health and social services reforms, including the public employment and entrepreneur services, has not taken place. Also, integration of services could have regressed: with the vocational education and training reform, training related to active labour market policies is now under the responsibility of the Ministry of Education, and not any more of the Ministry of Employment, so further away from employment services.</p>	
	<p>3. Strengthen the monitoring of household debt including by setting up a credit registry system.</p> <p><i>Split into Sub-CSRs</i></p> <ul style="list-style-type: none"> Strengthen the monitoring of household debt including by setting up a credit registry system. 	<p>Limited progress:</p> <p>Limited progress is observed on monitoring the household debt, through the setting up of an expert working group assessing household debt developments and possibilities to introduce new macroprudential instruments into the legislation.</p> <p>Limited progress has been made on setting up a credit registry system. The Ministry of Justice has commissioned a report proposing the establishment of a centralized comprehensive (collecting both positive and negative information on debtors) credit registry. The proposal is now in circulation for comments after which the matter will be further assessed. The group should report of its work and conclusions by the end of March 2019. The required legislation would only be tabled after the next general election in April 2019.</p>	<p>4. Strengthen the monitoring of household debt and establish the credit registry system.</p>
			<p>3. Focus investment-related economic policy on research and innovation, low carbon and energy transition and sustainable transport, taking into account regional disparities.</p>

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 SE	<u>2018 CSRs</u> SGP: - MIP: CSR 1	<u>Assessment of implementation of 2018 CSRs</u> February 2019	<u>2019 CSRs</u> SGP: - MIP: CSR 1
	<p>1. Address risks related to high household debt by gradually reducing the tax deductibility of mortgage interest payments or increasing recurrent property taxes. Stimulate residential construction where shortages are most pressing, in particular by removing structural obstacles to construction, and improve the efficiency of the housing market, including by introducing more flexibility in setting rental prices and revising the design of the capital gains tax.</p> <p><i>Split into Sub-CSRs</i></p> <ul style="list-style-type: none"> • Address risks related to high household debt by gradually reducing the tax deductibility of mortgage interest payments or increasing recurrent property taxes. • Stimulate residential construction where shortages are most pressing, in particular by removing structural obstacles to construction, 	<p>Limited progress:</p> <p>No Progress. No measures have been announced to adjust the relevant fiscal incentives.</p> <p>Some Progress. Sweden is continuing with the gradual implementation of the '22-point plan' to increase residential construction and improve the efficiency of the housing sector. The authorities have also proceeded with an initiative to raise participation of foreign firms in the Swedish construction sector, including by setting up an online portal with English-language info on Swedish building and planning regulations.</p>	<p>1. Address risks related to high household debt by gradually reducing the tax deductibility of mortgage interest payments or increasing recurrent property taxes. Stimulate investment in residential construction where shortages are most pressing, in particular by removing structural obstacles to construction. Improve the efficiency of the housing market, including by introducing more flexibility in rental prices and revising the design of the capital gains tax.</p>

	<ul style="list-style-type: none"> and improve the efficiency of the housing market, including by introducing more flexibility in setting rental prices and revising the design of the capital gains tax. 	<p>Limited Progress. In January 2019, the Swedish authorities announced that reforms will be prepared to make the rent-setting system more flexible. There are also plans to make deferred capital gains taxes on sold properties in the owner-occupancy market interest-free.</p>	
			2. Focus investment related economic policy on education and skills, maintaining investment in sustainable transport to upgrade the different transport modes, in particular railways, and research and innovation, taking into account regional disparities.
			3. Ensure effective supervision and the enforcement of the anti-money laundering framework.

 UK	2018 CSRs SGP: CSR 1 MIP: -	Assessment of implementation of 2018 CSRs February 2019	2019 CSRs SGP: CSR 1 MIP: -
	1. Ensure that the nominal growth rate of net primary government expenditure does not exceed 1,6 % in 2019-2020, corresponding to an annual structural adjustment of 0,6 % of GDP.	The compliance with the Stability and Growth Pact is not assessed in the country report, but in spring 2019. In June 2019, the Commission evaluated compliance with the SGP in its assessment of the 2019 Convergence Programme for the United Kingdom (without using or explicitly referring to the assessment grid used for other CSRs): “According to the Convergence Programme, the United Kingdom is at risk of significant deviation from the requirements of the SGP in both 2019-20 and 2020-21. The Commission 2019 spring forecast confirms this	1. Ensure that the nominal growth rate of net primary government expenditure does not exceed 1,9 % in 2020-2021, corresponding to an annual structural adjustment of 0,6 % of GDP.

		<i>assessment, projecting a risk of significant deviation.</i> “ (p. 20).	
	2. Boost housing supply, particularly in areas of highest demand, including through additional reforms to the planning system.	Some progress: Annual net housing supply has increased significantly from post-crisis lows. However, since mid-2017, the recovery in house building has lost momentum, and it is now stabilising at a level below what would be necessary to meet estimated demand. Real house prices are stabilising, and real rents are now falling slightly, but the cost of housing remains high. The government has recently extended and revised a number of existing housing policies, including updating spatial planning rules. The rules on local authority borrowing to build public housing have been relaxed, but wholly new initiatives have otherwise been limited.	
	3. Address skills and progression needs by setting outcome targets for the quality and the effectiveness of apprenticeships and by investing more in upskilling those already in the labour force.	Some progress: The government has introduced a series of initiatives that seek to invest in the skills levels of the workforce thus helping advance career progression. The National Retraining Scheme, which seeks to provide career guidance and advice in line with job experience, has been launched. The newly established tripartite National Retraining Partnership comprising the Government, Employers and the Trade Unions will deliver job specific training, in order to meet labour demand needs and increase productivity whilst reducing skills mismatches. The on-going reform of the Vocational Training system plans to introduce 15 ‘T-level’ qualifications, but only three will be available by 2020. Registration numbers for this new twin-track system are far lower than expected and although an apprenticeship levy has been introduced to provide funding to employers, uptake remains low.	2. Focus investment-related economic policy on research and innovation, housing, training and improving skills, sustainable transport and low carbon and energy transition, taking into account regional diversity.

Assessment criteria used by the Commission in its 2018 and 2019 assessments of progress in addressing current Country-Specific Recommendations' (CSRs)

- (1) **No progress:** The Member State has not credibly announced nor adopted any measures to address the CSR. This category covers a number of typical situations, to be interpreted on a case-by-case basis taking into account country-specific conditions. They include the following:
 - no legal, administrative, or budgetary measures have been announced in the national reform programme, in any other official communication to the national Parliament/relevant parliamentary committees or the European Commission, publicly (e.g. in a press statement or on the government's website);
 - no non-legislative acts have been presented by the governing or legislative body;
 - the Member State has taken initial steps in addressing the CSR, such as commissioning a study or setting up a study group to analyse possible measures to be taken (unless the CSR explicitly asks for orientations or exploratory actions). However, it has not proposed any clearly-specified measure(s) to address the CSR.
- (2) **Limited progress:** The Member State has:
 - announced certain measures but these address the CSR only to a limited extent; and/or
 - presented legislative acts in the governing or legislative body but these have not been adopted yet and substantial further, non-legislative work is needed before the CSR is implemented;
 - presented non-legislative acts, but has not followed these up with the implementation needed to address the CSR.
- (3) **Some progress:** The Member State has adopted measures:
 - that partly address the CSR; and/or
 - that address the CSR, but a fair amount of work is still needed to address the CSR fully as only a few of the measures have been implemented. For instance, a measure or measures have been adopted by the national Parliament or by ministerial decision, but no implementing decisions are in place.
- (4) **Substantial progress:** The Member State has adopted measures that go a long way towards addressing the CSR and most of them have been implemented.
- (5) **Full implementation:** The Member State has implemented all measures needed to address the CSR appropriately

This study presents the 2018 and 2019 Country-Specific Recommendations as adopted by the Council and their implementation based on the assessment by the European Commission in its Country Reports of 27 February 2019 and 05 June 2019. This study was provided by the Economic Governance Support Unit (EGOV).

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