



# **European Employment Strategy – European Semester – Western Balkans Economic Reform Programmes and Employment and Social Reform Programmes**

*ESAP – Meeting of Ministries of Labour of the Western Balkan  
Economies, Podgorica 13-14 December 2016*

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# Content

*I EU governance in the employment and social field*

*II EU European Semester and Economic Reform Programmes of the Western Balkan economies*

*III Policy priorities*

*IV Some tools*

# I

## EU governance in the employment and social field

# Open Method of Coordination (OMC)

*The Member States cooperate in gearing their policies to shared objectives through the OMC, an intergovernmental process whereby the Member States evaluate each other (peer pressure) in areas of Member State competence, such as employment, social protection, social inclusion, education, youth and training.*

*It relies mainly on:*

*jointly identifying and setting shared objectives (adopted by the Council),  
measuring instruments established jointly (statistics, indicators and guidelines),  
benchmarking, which involves comparing the Member States' performances and  
exchanging best practice (monitored by the Commission).*

*The OMC involves 'soft law' measures which never take the form of legislation. Under the European Semester and Europe 2020, the OMC requires the Member States to draw up national reform plans and forward them to the Commission.*

# European Employment Strategy

*Treaty on the functioning of the European Union (TFEU):*

*Yearly adoption of **employment guidelines**. These are shared priorities and targets for employment policies proposed by the Commission, agreed by national governments and adopted by the Council.*

*Yearly **joint employment report (JER)**, proposed by the Commission and adopted by the Council (hence 'joint'), based on: (a) an assessment of the employment situation in Europe; (b) the way the employment guidelines have been implemented, and (c) an examination by the Employment Committee of the draft national reform programmes. The draft JER is part of the annual economic governance package and annexed to the **annual growth survey (AGS)**.*

***National reform programmes (NRPs)**, drawn up and submitted by the Member State governments and analysed by the Commission for conformity with the employment guidelines.*

*Provides for the possibility (Article 148) of **country-specific recommendations** to the Member States based on Commission proposals.*

# EES implementation: Member States

*End 1990s*

*National Action Plans Employment*

*2000-2010*

*Lisbon Strategy – National Reform Programmes*

*2010-2020*

*European Semester – National Reform Programmes*

# EES implementation

*EU level coordination:*

*EPSCO Council + Employment Committee*

*Annual Employment Guidelines*

*Joint Employment Report*

*Country-specific recommendations*

*Over time increasingly interlinked with economic governance, in particular of the EMU*

# European Semester revamp 2015

*More focus on the euro area*

*Strengthen the social dimension*

*More focus on economic convergence*

*Increase democratic ownership*



## Social OMC

*Member States agree on common objectives in the areas of social protection and social inclusion, which is the core of the social OMC*

*Member States carry out voluntary annual social reporting (National Social Reports based on a questionnaire). This is on top of reporting on the poverty and social exclusion target in connection with the National Reform Programmes (NRPs). It details the Member States' policy efforts in the social protection and social inclusion areas and the ways these contribute to meeting the common objectives.*

# **II**

## **EU European Semester and Economic Reform Programmes of the Western Balkan economies**

2016-17	European Semester	ERP process
SEP	COM country teams	COM + OECD support/missions
OKT	COM country teams	COM + OECD support/missions
NOV	COM <b>AGS, draft JER</b>	COM + OECD support/missions
DEC	COM/MS bilateral meetings	COM + OECD support/missions
JAN	<b>MS prepare JER adoption</b>	31/1 <b>ERP</b> submission
FEB	COM publ. <b>Country reports</b>	COM /WBs on ERPs
MAR	EUCO adopts econ.priorities	COM /WB on ERPs
APR	MS submit <b>NRPs</b> (and SCPs)	Assessments and <b>PGs</b> to Council fora and WB partners
MAY	COM <b>CSR</b> proposal	EMCO, EPC, EFC, Council – with WB partners
JUNE	Council discussion CSRs	Guidance for ERP cycle 2018
JULY	EUCO endorses final CSRs	Guidance for ERP cycle 2018

# Economic and Social Reform Programmes

*Medium-term*

*Comprehensive identification of key challenges*

*Envisaged policy reforms outlined*

*Link to the ERP process*

*Implementation and Monitoring*

# **III**

## **Policy priorities**

# Employment Guidelines 2016

*Council Decision (EU) 2016/1838 of 13 October 2016 on guidelines for the employment policies of the Member States for 2016*

*= Reconduction of the 2015 guidelines*

## **Guideline 5: Boosting demand for Labour**

Member States should facilitate the creation of quality jobs, reduce the barriers business faces in hiring people, promote entrepreneurship and, in particular, support the creation and growth of small enterprises. Member States should actively promote the social economy and foster social innovation.

The tax burden should be shifted away from labour to other sources of taxation less detrimental to employment and growth, while protecting revenue for adequate social protection and growth-enhancing expenditure. Reductions in labour taxation should aim to remove barriers and disincentives in relation to participation in the labour market, in particular for those furthest away from the labour market.

Member States should, together with social partners and in line with national practices, encourage wage-setting mechanisms allowing for a responsiveness of wages to productivity developments. Differences in skills and divergences in economic performance across regions, sectors and companies should be taken into account. When setting minimum wages, Member States and social partners should consider their impact on in-work poverty, job creation and competitiveness.

## **Guideline 6: Enhancing labour supply, skills and competences**

Member States, in cooperation with social partners, should promote productivity and employability through an appropriate supply of relevant knowledge, skills and competences. Member States should make the necessary investment in all education and training systems in order to improve their effectiveness and efficiency in raising the skill and competences of the workforce, thereby allowing them to better anticipate and meet the rapidly changing needs of dynamic labour markets in an increasingly digital economy and in the context of technological, environmental and demographic change. Member States should step up efforts to improve access for all to quality lifelong learning and implement active-ageing strategies that enable longer working lives.

Structural weaknesses in education and training systems should be addressed to ensure quality learning outcomes and to reduce the number of young people leaving school early. Member States should increase educational attainment, encourage work-based learning systems such as dual learning, upgrade professional training and increase opportunities for recognising and validating skills and competences acquired outside formal education.

High unemployment and inactivity should be tackled. Long-term and structural unemployment should be significantly reduced and prevented by means of comprehensive and mutually reinforcing strategies that include individualised active support for a return to the labour market. Youth unemployment and the high number of young people not in education, employment or training (NEETs), should be comprehensively addressed through a structural improvement in the school-to-work transition, including through the full implementation of the Youth Guarantee.

Barriers to employment should be reduced, especially for disadvantaged groups. Female participation in the labour market should be increased and gender equality must be ensured, including through equal pay. The reconciliation between work and family life should be promoted, in particular access to affordable quality early childhood education, care services and long-term care. Member States should make full use of the European Social Fund and other Union funds to foster employment, social inclusion, lifelong learning and education and to improve public administration.



## **Guideline 7: Enhancing the functioning of labour markets**

Member States should take into account the flexibility and security principles ('flexicurity principles'). They should reduce and prevent segmentation within labour markets and fight undeclared work. Employment protection rules, labour law and institutions should all provide a suitable environment for recruitment, while offering adequate levels of protection to all those in employment and those seeking employment. Quality employment should be ensured in terms of socioeconomic security, work organisation, education and training opportunities, working conditions (including health and safety) and work-life balance.

In line with national practices, and in order to improve the functioning and effectiveness of social dialogue at national level, Member States should closely involve national parliaments and social partners in the design and implementation of relevant reforms and policies.

Member States should strengthen active labour-market policies by increasing their effectiveness, targeting, outreach, coverage and interplay with passive measures, accompanied by rights and responsibilities for the unemployed to actively seek work. These policies should aim to improve labour-market matching and support sustainable transitions.

Member States should aim for better, more effective public employment services to reduce and shorten unemployment by providing tailored services to support jobseekers, supporting labour-market demand and implementing performance-measurement systems. Member States should effectively activate and enable those who can participate in the labour market to do so, while protecting those unable to participate. Member States should promote inclusive labour markets open to all women and men, putting in place effective anti-discrimination measures, and increase employability by investing in human capital.

The mobility of workers should be promoted with the aim of exploiting the full potential of the European labour market. Mobility barriers in occupational pensions and in the recognition of qualifications should be removed. Member States should at the same time prevent abuses of the existing rules and recognise potential 'brain drain' from certain regions.

## **Guideline 8: Fostering social inclusion, combatting poverty and promoting equal opportunities**

Member States should modernise social protection systems to provide effective, efficient and adequate protection throughout all stages of an individual's life, fostering social inclusion, promoting equal opportunities, including for women and men, and addressing inequalities. Complementing universal approaches with selective ones will improve effectiveness, while simplification should lead to better accessibility and quality. More attention should go to preventative and integrated strategies. Social protection systems should promote social inclusion by encouraging people to actively participate in the labour market and society. Affordable, accessible and quality services such as childcare, out-of-school care, education, training, housing, health services and long-term care are essential. Particular attention should also be given to basic services and actions to prevent early school leaving, reduce in-work poverty and fight poverty and social exclusion.

For that purpose, a variety of instruments should be used in a complementary manner, in line with the principles of active inclusion, including labour activation enabling services, accessible quality services and adequate income support, targeted at individual needs. Social protection systems should be designed in a way that facilitates take-up for all those entitled to do so, supports protection and investment in human capital, and helps to prevent, reduce and protect against poverty and social exclusion through the life cycle.

In a context of increasing longevity and demographic change, Member States should secure the sustainability and adequacy of pension systems for women and men. Member States should improve the quality, accessibility, efficiency and effectiveness of health and long-term care systems, while safeguarding sustainability.

## Employment policy areas in the European Semester

1. Increase labour market participation
2. Enhancing labour market functioning; combating segmentation
3. Active labour market policies
4. Adequate and employment oriented social security systems
5. Work-life balance
6. Job creation
7. Gender equality
8. Improving skill supply and productivity; Lifelong learning
9. Improving education and training systems
10. Wage setting mechanisms and labour cost developments

## Western Balkans reform priorities in ERPs 2016-18

- \* *PES capacity development: AL, XK, RS, MK*
- \* *Stepping up / improving ALMPS: AL, XK, ME, RS*
- \* *Adjust labour market legislation: BiH, ME, MK*
- \* *Targeted support for specific groups: AL, RS*
- \* *Improve adequacy and effectiveness of social benefits: RS*
- \* *All Western Balkan countries have included education reforms (main focus: NQF, VET, teacher training)*



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# IV

## Some tools

## Thematic factsheets

In core policy areas of the European Semester, thematic factsheets provide **cross-country information** on economic or social challenges, **useful policies** to address them, and **examples of good practice**.

[https://ec.europa.eu/info/strategy/european-semester/thematic-factsheets\\_en](https://ec.europa.eu/info/strategy/european-semester/thematic-factsheets_en)

## Factsheets labour market and skills

Policies that impact labour supply and labour demand, the matching of workers and jobs, and the acquisition of skills:

- Active labour market policies
- Early school leavers
- Employment protection legislation
- Labour force participation of women
- Skills for the labour market
- Tertiary education attainment
- Undeclared work
- Unemployment benefits
- Wage developments and wage setting systems
- Youth employment

## **Factsheets Social protection and cohesion**

Social cohesion, material well-being and health are important dimensions of EU countries' economic and social models. Pension expenditure has important fiscal implications for young people.

Thematic factsheets provide information on the policies that shape the respective social outcomes:

- Adequacy and sustainability of pensions
- Health systems
- Social inclusion



# Employment Performance Monitor

- Joint EMCO - Commission report
- Identification of the main employment challenges for the EU and each MS, based on two JAF components:
  1. Monitoring and assessment under the Employment Guidelines through a methodology including both a quantitative and qualitative assessment
  2. Quantitative monitoring of progress towards the EU headline and related national targets
- Published once a year, in June

# Structure of the EPM

## PART I – EU overview

- Progress towards the EU-28 employment rate headline target
- Overview of:
  - National Employment Targets
  - Key Employment Challenges (KECs) and Good Labour Market Outcomes (GLMOs)

## PART II – Country overviews

- Progress towards EU2020 national targets
- Key labour market performance indicators
- Detailed KECs and GLMOs by country

## ANNEX

- Detailed statistics
- Benchmarking exercise

Example: Summary overview of the Key Employment Challenges and particularly good labour market outcomes per Member State and per policy area, June 2015

Country	Labour market participation	Labour market functioning, combatting segmentation	Active labour market policies	Social security	work-life balance	Job creation	Gender equality	skill supply and productivity, lifelong learning	Education and training systems	wage setting mechanisms and labour cost development
BE	C	C	C	C/G	C	C	C	C	C	C
BG	C	C	C	C/G	C	C		C	C	C
CZ	C/G		C	G	C		C	G	G	
DK	C/G	G		C/G	C/G			C/G		
DE	G		C	C	C	G	C	C	C/G	
EE	G	G	C	C/G	C		C	C	C/G	
IE	C		C	C/G	C/G			C/G	C/G	
EL	C		C	C	C	C		C	C	
ES	C	C/G	C	C	C	C/G	C/G	C	C	G
FR	C/G	C		G		C		C/G	C	C
HR	C	C/G	C	C	C		G	C/G	C/G	
IT	C/G	C	C	C/G	C/G	C	C/G	C	C	C
CY	C	C	C	G	C	C	C/G	C/G	C/G	
LV	C/G	G	C	C	C	C		C/G	C	
LT	C/G	C	C	C	C	C	G	C/G	C/G	
LU	C/G		C	C		G			C/G	C
HU	C/G			C	C	C/G		C/G	C	
MT	C/G	G	C/G	C	C/G	G	C/G	C	C	
NL	C/G	C		C/G			C			
AT	C/G	G	G	C/G	C	C/G	C		C/G	
PL	C	C	C	C	C		C	C	C/G	
PT	C	C	C		G	C		C	C	
RO	C	C/G	C	C/G	C	C	C	C	C	C
SI	C	C/G	C	C	G	G	G	C	G	C/G
SK	C	C	C	C	C		C	C	C/G	
FI	C	C	C	G			G		G	C
SE	C/G	G	G		G	C		G	C/G	
UK	C/G	G		C	C	G		C	C/G	

## A country example: Key employment challenges Belgium, June 2015

Employment policy area	Key employment challenge	Particularly good labour market outcome
1. Increase labour market participation	Participation is low for older workers. Duration of working life is below the EU average, particularly for men. Low labour market participation of people with a migrant background.	
2. Enhancing labour market functioning; combating segmentation	Risk of labour market segmentation, especially for the young, with job tenure for the 15-24 shorter than the EU average.	
3. Active labour market policies	Average long-term unemployment incidence despite significant investment in ALMP.	
4. Adequate and employment oriented social security systems	Unemployment traps significantly higher than the EU average for some types of households.	At-risk of In-work poverty below the EU average.
5. Work-life balance	Significant differentiation in the uptake of early child education and care (ECEC).	
6. Job creation	Tax wedge on labour costs significantly higher than the EU average.	
7. Gender equality	Inactivity trap for second couple member and low-wage trap for second earner significantly higher than the EU average.	
8. Improving skill supply and productivity; Lifelong learning	Participation in LLL is below average. Transitions in labour status and pay level below the EU average.	
9. Improving education and training systems	Significant and longstanding educational inequalities linked to socio-economic and migrant background	
10. Wage setting mechanisms and labour cost developments	Closing entirely the labour cost gap and avoiding the emergence of new gaps in the future.	



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**Thank you!**