

Country Specific Recommendations for 2016 and 2017

A comparison and an overview of implementation

This document presents:

- The **Country Specific Recommendations for 2016** generally endorsed by the European Council of 28/29 June 2016 and adopted by the Council of [12 July 2016](#);
- The **assessment of the implementation of 2016 Country Specific Recommendations** based on the Commission (1) Country Reports published on [22 February 2017](#) and (2) Assessment of the 2017 Stability and Convergence Programmes published on [23 May 2017](#);
- The **2017 Country Specific Recommendations** generally endorsed by the European Council of 22/23 June 2017 and adopted by the Council of [11 July 2017](#);
- The **assessment of the implementation of 2017 Country Specific Recommendations** based on the Commission Country Reports published on [7 March 2018](#); and
- The **Council Recommendation on the economic policy of the euro area** approved by the Council of [23 January 2018](#).




The above policy 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 2017 CSRs have been re-arranged in the table below, where applicable, by policy area to allow for an easier comparison with the 2016 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](#)). Where relevant, the COM assessment of compliance with the Stability and Growth Pact published in May 2017 is included in **"grey"** (as it does not explicitly refer to the above-mentioned assessment grid).

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 BE	<u>2016 CSRs</u> SGP: CSR 1 MIP: -	<u>Assessment of implementation of 2016 CSRs</u> February 2017	<u>2017 CSRs</u> SGP: CSR 1 MIP: -	<u>Assessment of implementation of 2017 CSRs</u> March 2018
	<p>1. Achieve an annual fiscal adjustment of at least 0,6 % of GDP towards the medium-term budgetary objective in 2016 and in 2017. Use windfall gains to accelerate the reduction of the general government debt ratio. Agree on an enforceable distribution of fiscal targets among all government levels. Simplify the tax system and remove distortive tax expenditures.</p>	<p>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>Limited progress has been made towards an enforceable distribution of fiscal targets among the various levels of government. The lack of any formal commitment by the regions and communities to disaggregated fiscal trajectories at their own level undermines the credibility of Belgium's overall trajectory and hampers debt reduction efforts.</p> <p>Some progress has been made in reforming the tax system:</p> <p>The federal government has announced its intention to reform corporate taxation in the direction of reducing the nominal statutory rate. A report of the High Council for Finance was published in July 2016 analysing options. As yet, no firm plans have been brought forward.</p> <p>Measures included in the draft budgetary plan:</p> <p>a further increase of the withholding tax rate, from 27 % to 30 %;</p>	<p>1. Pursue a substantial fiscal effort in 2018 in line with the requirements of the preventive arm of the Stability and Growth Pact, taking into account the need to strengthen the ongoing recovery and to ensure the sustainability of Belgium's public finances. Use windfall gains, such as proceeds from asset sales, to accelerate the reduction of the general government debt ratio. Agree on an enforceable distribution of fiscal targets among government levels and ensure independent fiscal monitoring. Remove distortive tax expenditures. Improve the composition of public spending in order to create room for infrastructure investment, including on transport infrastructure.</p>	<p>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>Limited progress has been made towards an enforceable distribution of fiscal targets among the various levels of government.</p> <p>The federal government is taking steps to reinforce the autonomy of the High Council and the independence of its members. The adoption of the necessary amendments requires prior consultation with the federated entities. However the calendar for consultation and adoption has not been communicated.</p> <p>The federal government has partially dismissed its participation in BNP Paribas. Proceeds from the sale of the participation have been used to reduce the debt.</p> <p>Wallonia has created a public debt management agency.</p> <p>Some progress has been made toward removing distortive tax expenditure.</p> <p>The corporate tax reform contributes to simplify the system, however several distortive tax expenditures remain.</p>

		<p>an increase (ceiling is doubled) and broadening (foreign platforms also taxed) of the stock-exchange tax;</p> <p>the abolition of the 'speculation tax';</p> <p>the introduction of a mobility budget for employees as an alternative to a company car and of a fixed levy imposed on employers for company fuel cards.</p> <p>Other measures legislated or announced since July 2016:</p> <p>Abolition of existing patent income deduction regime (1 July 2016); approval by Council of Ministers of draft bill on Innovation Income Deduction regime (2 December 2016);</p> <p>Legislation for the specific fiscal treatment of income received by private individuals providing services through the sharing economy under certain circumstances (1 July);</p> <p>Online betting and gambling activities no longer exempt from VAT (1 August);</p> <p>New single annual bank tax replaces four existing taxes (act passed on 3 August).</p> <p>In May 2017, the Commission evaluated compliance with the SGP in its Assessment of the 2017 Stability Programme for Belgium (without explicitly referring to the assessment grid used for other CSRs):</p> <p><i>“..the debt criterion as defined in the Treaty and in Regulation (EC) No 1467/1997 should be considered as currently complied with. At the same time, additional fiscal measures are to be taken</i></p>		<p>Company car system: the conditions attached and the voluntary nature of the mobility allowance proposal (a second reading by the Government is expected after the State Council provided its opinion) will result in uncertain environmental gains, with very little changing to the level of tax expenditure.</p> <p>Limited progress has been made to improve the composition of public spending.</p> <p>There are plans to limit the increase of current expenditure, this should determine the relative increase of the share of capital expenditure.</p> <p>The Flemish region plans to introduce a spending review in its budgetary exercise.</p> <p>The federal government has announced a National Pact for Strategic Investment to promote structural reform and address the deficit in public investment.</p> <p>Regional government plans to increase investment in transport infrastructures.</p>
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	<p>2. Carry out the intended review of the Law of 1996 on the promotion of employment and the safeguarding of competitiveness in consultation with the social partners. Ensure that wages can evolve in line with productivity. Ensure the effectiveness of labour market activation policies. Move forward with education and vocational training reforms and</p>	<p>Substantial progress:</p> <p><u>Substantial progress</u> has been made in making wage formation more responsive to the business cycle and changes in productivity. The law on the revision of the 1996 Law on employment and competitiveness is to be voted by parliament in February 2017. It has already been taken into account in the Inter</p>	<p>2. Ensure that the most disadvantaged groups, including people with a migrant background, have equal opportunities to participate in quality education, vocational training, and the labour market.</p>	<p>Some progress:</p> <p><u>Some progress</u> has been made in ensuring equal opportunities to participate in quality education and vocational training. The reform of adult education was adopted by the Flemish Community in June 2017 and should be phased in by August 2019. It requires a scale increase in order to better use available resources,</p>

	<p>provide training support for disadvantaged groups, in particular people from a migrant background.</p>	<p>Professional Agreement agreed between the Social Partners on 31/01/2017.</p> <p>Some progress has been made on ensuring the effectiveness of labour market activation policies.</p> <p>Taxes on labour are being progressively decreased and eligibility conditions for pre-retirement and retirement are progressively being tightened. These ongoing reforms are producing positive effects on take home pay for low and average wage earners as well as on the participation rate of the older workers.</p> <p>The law on flexible and workable work includes a number of measures to increase the flexibility of working time arrangements and to promote in-company training. It also reintroduces the possibility of a lower minimum wage for young people.</p> <p>The three regions and the German-speaking Community have started to reform the recently devolved competences in the area of activation. The existing employment incentive schemes are being rationalised to focus financial support on a limited number of priority groups and to better integrate employment support with other types of activation measures. The reformed employment support systems are already operational in Flanders as of January 2017 and will become fully operational in Wallonia and Brussels in the course of 2017.</p> <p>In November 2016 the "Individualised Project for Social Integration" of the</p>		<p>modernise human resources management and offer full-pathways.</p> <p>Flemish Dual learning reform in secondary education, the pilot has been extended to new fields, however, its full implementation has been postponed to 2019/2020.</p> <p>The Flemish action plan on pre-primary education was launched in Dec 2016. To be progressively implemented</p> <p>Both communities are developing specific attainment targets. In Flanders a draft decree on the basic principles of the attainment targets was adopted. Working groups started work to make them operational. The first ones should be ready by 2019/2020, in time for the progressive implementation of the modernisation of secondary education. Similar measures are taken in the overall framework of the French Community reform.</p> <p>In 2017 the French Community adopted the objectives, a multi-annual budget, an implementation calendar for its systemic reform of ECEC and compulsory education. The implementation will be rolled out in the next 15 years starting with early childhood education.</p> <p>In the French community in the framework of the school reform several measures were adopted: a) on pre-primary education the introduction of an 'initial key competences framework', which should enter into force in 2019/2020 and a EUR 50 million budget to recruit 1 100 pedagogical staff between 2017/2019; b) the establishment by 2018/2019 of a six-year</p>
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		<p>in final reports which have been handed over to the Flemish Parliament. In the phased rollout of the renewed attainment targets, the update and development of attainment targets for a selection of sets of targets for primary education and the first stage of secondary education will start in 2017.</p> <p>The French Community has launched a process to reform its compulsory education system over the period 2015-2030 (Pacte pour un Enseignement d'Excellence). Based on the main orientations approved by the government mid-2016 and on an impact assessment, the December 2016 draft advice of the steering group sets the proposed five strategic axes, objectives and priorities. Great attention is given to early childhood education. Initial Vocational Education and Training (IVET) would be reduced to one track with fewer study options and apprenticeships integrated into the education system. After a two months consultation period, the advice is expected to be finalised in view of its adoption by the government, early 2017. The implementation period has been extended from 2025 till 2030;</p> <p>Independently of the "Pacte", first measures have been approved namely with the so-called "Décret fourre-tout" adopted in 2016. Mandatory support to starting teachers has been introduced in September 2016. Each school will also be required to establish by 2018/2019 a 6-year pilot plan with objectives in more than 10 key areas. The heads of underperforming schools have to draw up</p>		<p>Practice tests (double CVs or mystery calls) to detect and fight discrimination on the labour market have been authorised in the Brussels region and will soon be possible in the whole country.</p> <p>The Flemish Region also updated its action plan to combat work-related discrimination together with social partners and other stakeholders, focussing on awareness-raising, self-regulation and reinforced monitoring.</p> <p>The Brussels Region adopted a "regional plan for diversity and combat discrimination in hiring" which must be translated into an operational plan.</p>
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		<p>a remedial action plan with the support of their umbrella organisation;</p> <p>Both communities are pursuing the preparation of their reform of initial teacher education launched under the previous governments. On teachers' careers, the Flemish education minister and social partners are still pursuing their negotiations on a 'career pact' (Loopbaanpact). The reform of teacher's careers is part of the school reform of the French Community.</p>		
	<p>3. Boost the capacity to innovate, in particular by fostering investment in knowledge-based capital. Increase competition in the business services sector and the retail sector by removing unwarranted operational and establishment restrictions. Address shortfalls in investment in transport infrastructure and energy generation capacity.</p>	<p>Limited progress:</p> <p>Limited progress has been made to boost the capacity to innovate:</p> <p>Major multi-annual plans for R&I include successive versions of the 'Marshall plan' complemented by 'Creative Wallonia' and 'Digital Wallonia' in Wallonia; regional innovation plan in Brussels; and 'VISIE 2050: a long-term strategy for Flanders' in Flanders. These main regional strategies reflect a broad political commitment to boost productivity and address societal challenges through research and innovation.</p> <p>In July 2016, the Brussels region updated its innovation strategy plan for the period 2016-2020.</p> <p>In July 2016, the federal government introduced a fiscal regime for workers of the "Collaborative economy". This was introduced under the "Digital Belgium"</p>	<p>3. Foster investment in knowledge-based capital, in particular with measures to increase digital technologies adoption, and innovation diffusion. Increase competition in professional services markets and retail, and enhance market mechanisms in network industries.</p>	<p>Limited progress:</p> <p>Some progress has been made in fostering knowledge-based capital.</p> <p>The tax shelter for equity investment in start-ups was extended to scale-ups (fast growing enterprises). A fund-of-fund which would facilitate the availability of venture capital funding in Belgium was also announced.</p> <p>Via the National Pact for Strategic Investment, Belgium notably announced more investments in the digital economy.</p> <p>Flanders made substantial budgetary effort in 2017 in support of research and innovation (EUR 195 million additional funding), notably in support of stronger public-private collaborations (via the strategic centres like IMEC and the new cluster policy).</p> <p>Under Flanders' targeted cluster policy, initiatives in the area of sustainable</p>

		<p>initiative, which aims to stimulate entrepreneurship and new economic activities, while providing a clear legal framework. The regime foresees an effective 10% tax rate under 5.000 EUR gross income for individuals providing services via a recognized collaborative platform (Loi-Programme/Programmawet 01/07/2016 and two Royal Decrees 24/01/2017).</p> <p>The Belgian 'Patent Box' regime has effectively been abolished on 1 July 2016. It will be accompanied by a transitory regime of five years. The federal government is working on a new regime entitled 'deduction for innovation income' to bring it in line with the 'modified nexus approach' as introduced by the OECD (BEPS/action 5). The draft law has been submitted to the State Council for its opinion. Adoption is expected early 2017.</p> <p>Flanders and the French Community agreed on the future of the Interuniversity attraction poles whose current financing commitment ends in September 2017 (managed at Federal level before the 6th State Reform). A new programme will start in 2018, co-managed by FWO and CNRS with a dedicated budget of 17.7 million (Flanders) and 13.9 million (French Community) starting in 2018.</p> <p>The Brussels <i>Small Business Act</i> is a plan/vision structured around 77 measures within five development pillars to be implemented between 2016 and 2025. It covers enabling an environment for creation, regardless of the life stage of the company or its model; improving access to</p>		<p>chemistry, logistics, materials and energy started in 2017. Specific cluster pacts lay out the commitments of businesses, knowledge institutions and the government.</p> <p>Flanders pursued its STEM initiatives which dispose of a sizable budget of EUR 9 million. In 2017, the ICT impulse programme was launched to increase computer and programming skills in young people.</p> <p>Flanders started implementing the Innovation Procurement Action plan with the aim of fostering innovation in the private sector in response to public needs (budget EUR 5 million).</p> <p>The Brussels region has started implementing the action plan of its Regional Innovation Plan 2016-2020.</p> <p>The Walloon region is implementing its Small Business Act 2015-2019, integrated in the Marshall plan 4.0.</p> <p>In its Walloon investment plan, the Walloon government announced additional investments in research, development and innovation for the period 2019-2024.</p> <p>Limited progress has been made in increasing competition in professional services and retail</p> <p>Flanders has initiated the assessment of the 27 craft professions. For 16 of them the assessment has been finalised. On march 2017 it has been decided to abolish the Establishment Act a selected number of professions.</p>
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		<p>finance, using a credit intermediary (development of a regional strategy for microcredit, increase the microfinance capacity); supporting the diversity of entrepreneurs and businesses through segmented measures; improving the relations between SMEs and the Brussels capital region by making the administration more "business friendly"; supporting companies in their development (innovation, internationalization, digitization, circular economy). Most of the implementation should start in 2017.</p> <p>In October 2016 the Flemish region adopted a new action plan for innovation procurement. The new action plan is based on a combination of pre-commercial procurement (PCP) and public procurement of innovative solutions (PPI). It foresees co-financing for Flemish procurers to kick-start 5 new PCP and 10 PPI lighthouse projects in 2017.</p> <p>As announced in its 2017 budget, Flanders will structurally increase its public R&D budget, mostly to the benefit of Public Research Organisations, in line with its commitment that public R&D intensity should reach 1% in Flanders (currently 0.78%).</p> <p>Limited progress has been made on increasing competition in the business and professional services:</p>		<p>The profession of travel agent has been completely deregulated in the Walloon region.</p> <p>Simplified procedures for retail establishment in Flanders entered into force on 1 January 2018. A monitoring system to assess the impact of the new legislation is foreseen. Brussels Region has also adopted new rules recently, which will enter to force gradually as of 2018. An evaluation of the new legislation on retail establishment is ongoing in the Walloon region.</p> <p>Limited progress has been made in enhancing market mechanisms in network industries</p> <p>Since July 2017 a simplified procedure has been introduced to change of telecom operator. The new telecom operator is charged of the administrative burden and of the technical transfer.</p> <p>The IBPT has been charged with the analysis of the telecom market in order to adapt regulation in relation to new operator to increase competition</p>
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		<p>End of 2016, a proposal for on the transposition of the Directive 2013/55/EU was voted in the Belgian parliament. For intra-Belgian consistency reasons, a cooperation agreement will be drafted. For Flanders, an implementation law has been submitted to the Flemish parliament. According to the Walloon representative, an orientation note is submitted to the Walloon government, presenting the screening of existing legislation in the area of regulated professions. In the Brussels region, the regional government needs to decide on the proposal for the implementation law.</p> <p>Limited progress has been made on removing unwarranted operational and establishment restrictions in the retail sectors:</p> <p>Further to the 6th State reform transferring competences on retail establishment, the three regions have adopted acts regulating this field (Flanders, as the last region, adopted the relevant act in July 2016, however the provisions relating to authorisations for retail outlets will not enter into force before 2018). The new regional laws provide for some simplification of administrative procedures, but the substantive conditions for granting authorisations leave a broad margin for interpretation. The concrete implementation of these rules will be important to ensure that these do not lead to market entry barriers.</p> <p>As regards e-commerce, the Royal Decree from March 2016 has made night work</p>		
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		<p>related to on-line sales in the retail sector possible.</p> <p>Some progress has been made on addressing shortfalls in investment:</p> <p>In September 2016, the federal government proposed to implement a National Pact for Strategic Investments, calling upon private and public investors to work together in order to boost investment in a number of key strategic sectors, namely energy, security, transport and the digital economy. The roll-out of the plan is foreseen over the period 2017-2030. The governance and policy choices will be determined in more detail in cooperation with the concerned government levels in order to ensure the speedy implementation of the Pact, with respect for the division of competences between the various entities. A steering committee to monitor and support the Pact will be installed within the Chancellery (of the Prime Minister). The detailed rules will be defined in 2017 on the basis of a policy note.</p>		
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BG 	<u>2016 CSRs</u> SGP: CSR 1 MIP: CSR 1, 2, 3, 4	<u>Assessment of implementation of 2016 CSRs</u> February 2017	<u>2017 CSRs</u> SGP: - MIP: CSR 2, 3	<u>Assessment of implementation of 2017 CSRs</u> March 2018
	<p>1. Achieve an annual fiscal adjustment of 0,5 % of GDP towards the medium-term budgetary objective in 2016 and in 2017. Further improve tax collection and take measures to reduce the extent of the informal economy, including undeclared work.</p>	<p>Some progress (this overall assessment of CSR 1 does not include an assessment of compliance with the Stability and Growth Pact):</p> <p>The assessment of compliance with the Stability and Growth Pact will be made in spring when final data for 2016 will be available.</p> <p>Some progress in improving tax collection and reducing the extent of the informal economy. The government adopted in October 2015 the Single National Strategy (SNS) 2015-2017 for improving tax collection, tackling the shadow economy and reducing compliance costs. The implementation of the SNS and its accompanying action plan is ongoing with some of the measures already in place. Additional measures such as risk based controls on enterprises and enhanced controls on products subject to excise duties are also being implemented. Tax revenue is increasing and part of this increase can be attributed to improved collection, but the size of the shadow economy remains high. To tackle undeclared work the authorities have increased labour inspections but more effort seems to be needed in this area.</p> <p>In May 2017, the Commission evaluated compliance with the SGP in its Assessment of the 2017 Convergence Programme for</p>	<p>1. Further improve tax collection and tax compliance, including through a comprehensive set of measures beyond 2017. Step up enforcement of measures to reduce the extent of the informal economy, in particular undeclared work.</p>	<p>Some progress (this overall assessment of CSR 1 does not include an assessment of compliance with the Stability and Growth Pact).</p> <p>The assessment of compliance with the Stability and Growth Pact will be made in spring when final data for 2018 will be available.</p> <p>Some progress in further improving tax collection and tax compliance. Implementation of the tax compliance strategy made somewhat more progress, and controls and measures to collect tax debt were intensified. Until the end of 2017, more than 60 % of the measures included in the Strategy were launched, but only few of them were completed. The authorities have extended the strategy up to December 2018.</p> <p>Some progress in stepping up enforcement of measures to reduce the extent of the informal economy. Several measures were taken to reduce undeclared work. Companies engaged in undeclared work will not be allowed to participate in public procurements, following the recent legal amendments. In spite of the reduction of undeclared work in certain sectors (in agriculture with the introduction of one day contracts), the share of undeclared work continues to be high and continues to distort the labour market and impede fair</p>

		<p><u>Bulgaria</u> (without explicitly referring to the assessment grid used for other CSRs):</p> <p><i>“In 2016, Bulgaria achieved a balanced general government budget and a small surplus in structural terms (0.1% of GDP). This translates into an adjustment of 1.5% of GDP in both nominal and structural terms. Having achieved this fiscal outcome, Bulgaria remains with a large margin within the requirements of the SGP, and is fully compliant with the 2016 country specific recommendation by the Council, which required an annual fiscal adjustment of 0.5% of GDP in 2016 and 2017.</i></p> <p><i>In 2017, despite the planned deterioration of the general government balance to -0.6% of GDP, Bulgaria is expected to remain well below the Treaty reference value for the headline deficit. In structural terms, the estimated deficit of 0.5% of GDP is below, by a large margin, the MTO set by the national Public Finance Act. Similarly, in 2018, Bulgaria is expected to remain fully compliant with the provisions of both the preventive and the corrective arms of the SGP, as the convergence programme envisages some fiscal improvement.” (p. 18)</i></p>		<p>working conditions. Joint inspections between fiscal and labour authorities have been organised, promising future improvements in efficiency and scope.</p>
	<p>2. By the end of 2016, finalise the asset quality review and stress test of the banks. By the end of 2016, complete the balance-sheet review and stress test of the insurance companies and the</p>	<p>Some progress:</p> <p><u>Some progress</u> in finalising the asset quality review and stress test of the banks. The results of the review and stress tests were published but the degree of</p>	<p>2. Take follow-up measures on the financial sector reviews, in particular concerning reinsurance contracts, group-level oversight, hard-to-value assets and related-party exposures. Improve banking</p>	<p>Some progress:</p> <p><u>Some progress</u> in taking follow-up measures on the financial sector reviews. The capital buffers of two banks were strengthened in line with the findings of</p>

	<p>review of private pension funds' assets. Take, as necessary, follow-up actions in all three sectors and continue to improve banking and non-banking supervision.</p>	<p>independence and the nature of the stress tests did not fully comply with the recommendation.</p> <p>Substantial progress in completing the balance-sheet review and stress test of the insurance companies and the review of private pension funds' assets. The reviews were completed to a high degree of independence and transparency. Some issues, including valuing illiquid financial instruments and assets as well as related-party transactions, were not fully tackled.</p> <p>Limited progress in taking, as necessary, follow-up actions in all three financial sectors and in improving banking and non-banking supervision. The two supervisors have issued follow-up actions resulting from the reviews and stress tests. Those actions remain to be implemented. The BNB's action plan on banking supervision is being implemented albeit with delays in some important areas. The IMF/WB review is ongoing. Non-bank supervision remains to be improved by tackling the issues highlighted by the reviews.</p>	<p>and non-banking supervision through the implementation of comprehensive action plans, in close cooperation with European bodies. Facilitate the reduction of still-high non-performing corporate loans, by drawing on a comprehensive set of tools, including by accelerating the reform of the insolvency framework and by promoting a functioning secondary market for non-performing loans.</p>	<p>the asset quality review. With the help of external advisers work is ongoing to strengthen their robustness. The larger of the two banks has tried to raise fresh capital including by attracting new core investors, but it has been unsuccessful by end-2017. In non-banking, the supervisor took some follow-up measures, including issuing recommendations to companies with capital needs and to those with shortcomings in governance.</p> <p>Some progress in improving banking and non-banking supervision. Progress has been made in some areas to strengthen bank supervision, but less so in others. The BNB amended several pieces of legislation with a view to strengthening its decision-making framework and improving the supervisory process. It also took steps to improve the supervision of risk from related-party exposures, adopted by Parliament. Legislative changes were adopted to strengthen the financial independence of the FSC, its governance structure and the judicial framework. The FSC adopted an action plan aimed at addressing the most pressing issues identified by an independent assessment.</p> <p>Some progress in facilitating the reduction of still high corporate non-performing loans. The reduction in NPLs accelerated, but limited progress was made in promoting a functioning secondary market for NPLs. IMF and anecdotal evidence suggest that one reason could be the inconsistent valuation of collateral. The reform of the insolvency framework slowly continues.</p>
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	<p>3. Reinforce and integrate social assistance, including relevant social services, and active labour market policies, in particular for the long-term unemployed and young people not in employment, education or training. Increase the provision of quality education for disadvantaged groups, including Roma. Improve the efficiency of the health system by improving access and funding, and health outcomes. In consultation with social partners establish guidelines and criteria for setting the minimum wage. Increase the coverage and adequacy of the minimum income scheme.</p>	<p>Limited progress:</p> <p><u>Some progress</u> in reinforcing and integrating social assistance, including relevant social services, and active labour market policies, in particular for the long-term unemployed and young people not in employment, education or training. Bulgaria initiated a pilot project to introduce integrated Centres for Employment and Social Assistance and plans to add 8 new centres in remote areas to the existing 65. Many unemployed have already been serviced by these centres. The working methods between the Employment Agency and Agency for Social Assistance have improved. However, there is a limited provision of social services to support the long term unemployed taking a job, as local municipalities – the main social services providers – have not been involved. Efforts to address the high percentage of young people not in employment, education or training have started yielding results as the implementation of the Youth Guarantee is speeding up. However employment indicators are still worrying. There are several projects at national level based on the plans of municipalities and funded by the European Social Fund which aim at providing integrated services for Roma, migrants and the disadvantaged, including employment, education, housing and social services. Many of those in target groups are long term unemployed.</p>	<p>3. Improve the targeting of active labour market policies and the integration between employment and social services for disadvantaged groups. Increase the provision of quality mainstream education, in particular for Roma. Increase health insurance coverage, reduce out-of-pocket payments and address shortages of healthcare professionals. In consultation with social partners, establish a transparent mechanism for setting the minimum wage. Improve the coverage and adequacy of the minimum income.</p>	<p>Limited progress:</p> <p><u>Some progress</u> in improving the targeting of active labour market policies and the integration between employment and social services for disadvantaged groups. While the network of centres has been expanded and new services are being introduced (family case managers, mobile services), the integration of employment and social services still lacks important components. The municipalities, the main social service providers, are not included in the integrated approach, and considerable investment is required to expand the network of centres and harmonize administrative processes, including data collection and sharing. Measures have been taken for targeting long-term unemployed and young people, but Youth Guarantee coverage remains low, especially for the inactive NEET group. The NEET rate and inactivity among the NEET group remain very high. Job integration agreement for the long-term unemployed was introduced with the amendment of the Employment Promotion Act in October 2017.</p> <p><u>Limited progress</u> in increasing the provision of quality mainstream education, in particular for Roma. While Bulgaria started implementing measures for inclusive education reform and for Roma inclusion, these are not enough to address the magnitude of the challenges and results have yet to be seen. Measures</p>
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		<p>Limited progress in increasing the provision of quality education for disadvantaged groups, including Roma. Despite budgetary increases, ensuring the necessary funding for the ongoing reform is a challenge and the financial standard has not yet been adopted. School performance indicators and the methodology for funding based on performance have yet to be developed. The provision banning segregated classes within the same school/kindergarten needs to be properly implemented and monitored, but such mechanisms remain weak. Following the entry into force of the new School Education Act in August 2016, a new education standard will focus on intercultural education¹ and will be implemented for the first time this school year.</p> <p>Limited progress in improving the efficiency of the health system by improving access and funding, and health outcomes. Most measures concerning pharmaceutical pricing which aim at reducing costs of medicines are not expected to go into force until the beginning of 2017 at the earliest. Others like contracting of hospital services based on the National Health Map are implemented only partially – contracts for hospitals until April 2017 were set based on historical data. A significant part of the</p>		<p>include language courses, working with parents and curricular training for those whose mother tongue is not Bulgarian. The multidisciplinary teams to tackle out-of-school children are a step in the right direction, but educational measures to keep students in school and integrated social measures targeting the family are still limited. The impact of the united schools and of the new school structure (lower secondary education ending at grade 7 instead of 8) on early school leaving have to be seen. Enforcing the ban on segregated classes remains a challenge. Remuneration levels were increased and system of financing of pre-school and school institutions re-designed. Despite these measures, the concentration of disadvantaged students into low-performing schools, including de facto segregated schools and Roma classes, are major barriers in providing quality mainstream education in Bulgaria.</p> <p>Limited progress in increasing health insurance coverage, reducing out-of-pocket payments and addressing shortages of healthcare professionals. Despite numerous requests, the Bulgarian authorities did not provide information on the number of inhabitants without health insurance and thus with limited access to health care services. The results of implementing new rules of pharmaceutical pricing are not known. The higher 2018</p>
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¹ The adopted standard is less ambitious than initially planned as it includes 'Civic, health, environment and intercultural education' but it is still a step forward to a more inclusive and innovative methods of education. The programme is to be adopted by the schools depending on their needs. Center Amalipe has shared their experience in this respect and published guidance for schools on how to plan activities in this respect.

		<p>population remains without health insurance coverage.</p> <p>Limited progress in establishing guidelines and criteria for setting the minimum wage. Progress on devising a minimum wage setting mechanism is also limited; there seems to be general agreement among the government and social partners on the way forward, however this still needs to be put in practice.</p> <p>Limited progress in increasing the coverage and adequacy of the minimum income scheme. It is now possible to apply for benefits irrespective of the place of residence. Earnings from one day and dual education contracts will be excluded from the means testing. Heating benefits for the 2016/2017 winter season were marginally increased. However, the extent of measures planned to increase the coverage and adequacy of the minimum income scheme does not correspond to the magnitude of poverty in the country and do not allow the benefits to keep their safety net function over time.</p>		<p>budget for the National Health Insurance Fund is meant to lower out-of-pocket payments. In recent years the number of medical students increased and number of professionals leaving the country dropped. General practitioners are offered better salaries for working in remote areas but the results of this measure are not known. The number of places available for nursing studies was raised but not all of them were taken since nursing is seen as an unattractive profession in Bulgaria. Overall the authorities report more on their plans than in the results of action taken.</p> <p>Limited progress in establishing a transparent mechanism for setting the minimum wage. The government has tabled proposals for a minimum wage setting mechanism to address this shortcoming; however, there is no agreement between the social partners on this issue. There is an agreement, on basing the future mechanism on the ILO convention 131, which is expected to be ratified by Parliament in 2018. In its budget forecast, the government included increases of minimum wage until 2020.</p> <p>Some progress in improving the coverage and adequacy of the minimum income. After being frozen for 9 years, the guaranteed minimum income (GMI), which determines the level of social benefits, is seeing an increase in 2018 of BGN 10 (to BGN 75 or EUR 38), but its adequacy remains among the lowest in the EU. An</p>
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				objective mechanism for regular benefit updates is lacking. The minimum income remains too low to have an impact on the number of people living in poverty or on income inequality. Moreover, take-up is limited.
	<p>4. Reform the insolvency framework to accelerate recovery and resolution procedures and improve their effectiveness and transparency. Increase the capacity of the courts regarding insolvency procedures. Strengthen the capacity of the Public Procurement Agency and contracting authorities and improve the design and control of public tendering procedures, in particular by fully implementing the National Strategy for the development of the Public Procurement Sector (2014-2020). Speed up the introduction of e-procurement.</p>	<p>Limited progress:</p> <p><u>Limited progress</u> in reforming the insolvency framework to accelerate recovery and resolution procedures as well as improving their effectiveness and transparency as well as increasing the capacity of the courts regarding insolvency procedures. The insolvency reform effort has been slow despite the high level of private sector debt and mediocre performance of the insolvency proceedings framework. Improvement efforts in the legislative as well as judicial framework do not match the size of the problem. According to the assessment of the Commission, beyond the proper implementation of the announced initiatives, further steps are needed, in particular in the judicial system. Amendments to the Commerce Act and the Pledge Registry have only recently been adopted. They will need to be complemented with improvements in the infrastructure of the judicial system and in judges' capacity to handle insolvency cases.</p> <p><u>Some progress</u> in strengthening the capacity of the Public Procurement Agency and contracting authorities and improving the design and control of public tendering procedures [...] and limited progress in</p>	<p>4. Ensure efficient implementation of the 2014-2020 National Public Procurement Strategy.</p>	<p>Some progress:</p> <p><u>Some progress</u> in ensuring efficient implementation of the 2014-2020 National Public Procurement Strategy. Most of the measures in the strategy have been put in place. Some still need further work, for example e-procurement platforms are still to be introduced. Attention is also needed to ensure the correct functioning of the Central Purchasing Bodies for the health sector and for the municipalities. Efficient implementation of the National Public Procurement Strategy entails not only adopting the relevant measures but applying them and assessing their impact.</p>

		<p>speeding up the introduction of e-procurement. A number of actions have already been undertaken by the Bulgarian government. However, the majority of them is currently at an early stage of implementation, so that their practical effects still need to be seen and assessed. The authorities have only started the tendering process for the e-procurement system.</p>		
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 CZ	<u>2016 CSRs</u> SGP: - MIP: -	<u>Assessment of implementation of 2016 CSRs</u> February 2017	<u>2017 CSRs</u> SGP: - MIP: -	<u>Assessment of implementation of 2017 CSRs</u> March 2018
	<p>1. Take measures to ensure the long-term sustainability of public finances, in light of future risks in the area of healthcare. Adopt legislation to strengthen the fiscal framework.</p>	<p>Some progress:</p> <p>Limited progress has been made in ensuring the long-term sustainability of public finance. Some measures in the healthcare sector are at various stages of adoption, including a draft law on using Pharmacy Cost-Based Groups to provide for a more equitable distribution of funds among health insurance companies. On the other hand, the government has approved a proposal to cap the retirement age at 65 after around 2030, which is likely to worsen the long-term sustainability of pensions.</p> <p>Substantial progress has been made on the adoption of the legislation to strengthen the fiscal framework. The proposed fiscal legislation to implement Directive 2011/85/EU on budgetary frameworks was approved by the parliament in January 2017.</p>	<p>1. Ensure the long-term sustainability of public finances, in view of the ageing population. Increase the effectiveness of public spending, in particular by fighting corruption and inefficient practices in public procurement.</p>	<p>Some progress:</p> <p>Limited progress. Besides the cap of the retirement age at 65 a new measure increasing the indexation of pensions has been adopted. Specifically, the indexation formula now takes into account a higher proportion of the real wage growth (from $\frac{1}{3}$ to $\frac{1}{2}$). According to long-term projections, the impact on expenditure amounts to 2 pps in 2070 and worsens sustainability. A review report should assess the retirement age every 5 years, starting in 2019. These possible reviews are not part of the expenditure costs projections, because the system lacks an automatic increase of the retirement age in line with life expectancy.</p> <p>Some progress. A number of major anti-corruptions reforms were adopted as part of the government's anti-corruption strategy. Positive examples include the laws on access to information, on the origins of property, on political parties, on public procurement and on the Central Registry of Contracts. New public procurement legislation requires the winning supplier to disclose information on its ownership structure, right up to the ultimate beneficial owner. An amendment to the law on conflicts of interest introduced a central electronic registry of interest declarations and required all public officials to file declarations on taking</p>


				<p>up office. However, penalties are mainly financial. An amendment to the law on the Central Registry of Contracts introduced further exceptions in July 2017, so that the law no longer covers a large part of contracts by state and municipality-owned enterprises. This raises further concerns about transparency in public procurement. Some areas still remain unaddressed by the anti-corruption strategy. In particular, the limited role of the state audit office, the lack of supervision of state-owned companies (now excluded from the scope of the Central Registry of Contracts), and gaps and inefficiencies in the conflict of interest registry remain challenges for the next action plan. Moreover, plans to revise lobbying legislation and to introduce specific legislation on whistle-blower protection failed to materialise under the previous term of the Parliament.</p> <p>Some progress. Steps were taken in 2017 to improve the legal and administrative framework for public procurement. Following the transposition of the modernised public procurement directive in 2016, the conflict of interest registry has been operational since September 2017 and a new law on identifying beneficial owners was to enter into force in January 2018. These measures should, in time, improve transparency and integrity in public procurement. However, the proportion of public procurement contracts awarded in a procedure that attracted only one bidder has been</p>
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				<p>increasing over time and reached 47 % in 2017, while it was 19 % in 2014. On the other hand, the percentage of contracts awarded without a call for tenders decreased considerably from 21 % in 2016 to 10 % in 2017</p>
	<p>2. Reduce regulatory and administrative barriers to investment, in particular in transport and energy, and increase the availability of e-government services. Adopt the outstanding anti-corruption reforms and improve public procurement practices.</p>	<p>Limited progress:</p> <p><u>Limited progress</u> has been achieved in reducing regulatory and administrative barriers to investment. With regards to energy investment, the use of EU funds for energy efficiency projects has been delayed. The administration of the related Operational Programmes is fragmented. To simplify and accelerate the permit procedure, the government has presented a draft amendment of the Construction Act, which is currently under discussion in the parliament.</p> <p><u>Limited progress</u> has been achieved towards increasing the availability of e-government services. The measures taken are showing some results but most are still at an early stage of implementation or not yet initiated. Responsibility for the rollout of e-government services is spread over several ministries. Stakeholders perceive limited cross-sector cooperation.</p> <p><u>Some progress</u> has been made towards adopting the outstanding anti-corruption reforms. The parliament adopted several laws, in particular the Act on Political Party Financing, the Conflict of Interest Law, the Act on Declaring the Origin of Property and the Public Procurement Act. However, several important measures from the anti-</p>	<p>2. Remove obstacles to growth, in particular by streamlining procedures for granting building permits and further reducing the administrative burden on businesses, by rolling out key e-government services, by improving the quality of R&D and by fostering employment of underrepresented groups.</p>	<p>Some progress:</p> <p><u>Some progress.</u> To accelerate the permit procedure, an amendment to the Construction Act was adopted in mid-2017 and is effective from January 2018. One of its main features is the option of including the environmental impact assessment in the zoning decision or in the joint zoning and building permit. This is a positive development, as it reduces extra administrative steps. However, developers doubt that the amendment will make a difference to the new construction projects, mainly because various other authorisations are not included in joint permitting. This makes the simpler procedure unworkable for large infrastructure projects. Also, there is no obligation to use the integrated permitting procedure.</p> <p><u>Some progress.</u> The measures taken are showing some results but most are still at an early stage of implementation. In 2017 two laws on secure access to e-government services have been adopted, with the national e-ID planned to be introduced in July 2018.</p> <p><u>Some progress.</u> Reforms to improve the quality of public R&D have been launched, but have not yet been fully implemented. An example is the new evaluation</p>


		<p>corruption plan for 2016 remain unimplemented.</p> <p>Limited progress has been made in improving public procurement practices. Despite the slightly delayed transposition of the modernised public procurement directives, no specific measures were announced to cope with the systemic shortcomings in the application of the public procurement legislation, in particular low use of quality criteria in tenders, unprofessionally prepared tender specifications, excessive use of negotiated procedures without prior publication and low use of aggregated procurement.</p>		<p>methodology (Metodika 17+) which was adopted in 2017 and should be gradually implemented until 2019. The August 2017 proposal for a new law on the support of research, development and innovation was put on hold.</p> <p>Some progress. The situation of the underrepresented groups (women, low skilled, Roma) has somewhat improved thanks to the tight labour market and consequent high demand for labour. Childcare facilities, including those for children under three, are being built with ESF financing in order to help women return faster to the labour market. However, the use of the flexible arrangement remains low and the female employment rate is still significantly lower than the male one. Moreover, only a few uncoordinated measures targeting low skilled were taken. On the contrary, the activation works, being the most used measure, were reinforced. However this measure has a strong lock-in effect in the secondary (protected) employment and rarely leads to regular employment. Specialised trainings and individualised approach are still missing. Roma are estimated to represent around a half of the low skilled unemployed and inactive. The coordinated approach, which is the main measure to address their situation, is still under development and covers only a small part of the socially excluded localities. More consistent investment may help to develop its full potential.</p>
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	<p>3. Strengthen governance in the R & D system and facilitate the links between academia and enterprises. Raise the attractiveness of the teaching profession and take measures to increase the inclusion of disadvantaged children, including Roma, in mainstream schools and pre-schools. Remove the obstacles to greater labour market participation by under-represented groups, in particular women.</p>	<p>Some progress:</p> <p><u>Limited progress</u> has been made in strengthening governance in the R&D system and facilitating the links between academia and enterprises. While progress has been observed in terms of developing a more comprehensive funding methodology, governance in the sense of a separate function to be provided by the government to all R&D bodies has not yet been sufficiently addressed. Further, cooperation between academia and enterprises has not yet been incorporated into the funding and evaluation framework.</p> <p><u>Substantial progress</u> has been made in raising the attractiveness of the teaching profession by increasing teachers' salary by 8 % in September 2016. The government also adopted a new draft career system for teachers and pedagogical staff, the aim of which is to link professional development, career and remuneration.</p> <p><u>Some progress</u> has been made towards increasing the inclusion of disadvantaged children. The reform on inclusive education got underway in September 2016 which makes it too early to assess the impact. It aims to gradually increase the participation of pupils with special needs — including socially disadvantaged pupils — in mainstream education by granting them a legal right to individual support measures. Only a limited number of pupils have benefited from the reform to date. Aside from the absence of a piloting period, this may be partly due to the fact that the</p>	<p><i>See CSR 2 (R&D, employment of under-represented groups)</i></p>	
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		<p>reform is being implemented gradually over a period of two years.</p> <p>Some progress has been made in removing obstacles to greater labour market participation by under-represented groups, in particular women. Labour market participation of women improved in 2015, climbing up to 66.4 %. Proposed amendments to the Labour Code are aimed at strengthening both the flexibility of labour arrangements and the protection of employees. A proposed amendment to the law on social support makes the drawing of parental allowance more flexible. The implementation of ESF-supported projects creating new places in childcare facilities continues — almost 10 000 places have been created to date, while new 'micro-nurseries' are being piloted. A pilot project supporting job-related mobility of the long-term unemployed is being implemented.</p>		
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DK 	<u>2016 CSRs</u> SGP: CRS 1 MIP: -	<u>Assessment of implementation of 2016 CSRs</u> February 2017	<u>2017 CSRs</u> SGP: - MIP: -	<u>Assessment of implementation of 2017 CSRs</u> March 2018
	<p>1. Respect the medium-term budgetary objective in 2016 and achieve an annual fiscal adjustment of 0,25 % of GDP towards the medium-term budgetary objective in 2017.</p>	<p>In May 2017, the Commission evaluated compliance with the SGP in its Assessment of the 2017 Convergence Programme for Denmark (without explicitly referring to the assessment grid used for other CSRs):</p> <p><i>“The assessment of the convergence programme for Denmark shows that Denmark complied with the provisions of the Stability and Growth Pact in 2016 and is also expected to be compliant over the programme period, i.e. from 2017 to 2020.</i></p> <p><i>The structural fiscal position is estimated to remain balanced or positive between 2016 and 2020. Although these estimates benefit from excluding the volatile pension yield taxes from the recalculated structural balance, the growth of government expenditure, net of discretionary revenue measures and one-offs, indicates overachievement of the applicable expenditure benchmark rate in 2016, as well as over the programme period.” (p. 14)</i></p>		
	<p>2. Enhance productivity and private sector investment by increasing competition in the domestic services sector, in particular by facilitating market entry in retail and construction. Incentivise the cooperation between businesses and universities.</p>	<p>Some progress:</p> <p><u>Some progress</u> has been made in enhancing productivity and private sector investment. On facilitating market access in retail: in January 2017 the government presented a proposal to the Parliament to amend the Planning Act. However, since this proposal has not yet been adopted, the assessment is limited progress. There was</p>	<p>1. Foster competition in the domestically oriented services sector.</p>	<p>Limited progress</p> <p>The government has adopted reforms concerning the retail and transport sectors, hence some progress in this area. Following the mapping of standards in 2015, the modernisation of the law on electrical installations in 2015, and the 2018 update of the building regulation to simplify procedures there is some progress</p>

		<p>some progress on facilitating market access in construction, following the mapping of standards in 2015, the updating of the law on electrical installations in 2015, and the proposed amendments to the Building Regulation to simplify procedures.</p> <p>Some progress has been made on incentivising cooperation between businesses and universities: There is some initiative from the national authorities to strengthen the links between universities and the private sector through dialogues involving both parties, new guidelines and specific programmes that stimulate collaboration. These include notably the efforts of the Danish Agency for Science and Technology together with Universities Denmark, a more prominent role given to the research and technology organisations, and the new Innovation Fund Denmark created with the ambition of supporting investments and long-term projects/partnerships that involve research, technology, demonstration and market development activities. Moreover, the Ministry of Higher Education and Science in June 2016 renegotiated the university performance contracts for 2015-2017 which introduced an additional performance targets on regional knowledge transfer activities.</p>		<p>in increasing competition in the construction sector. However, weak competition continues to prevail in several other services sectors, such as finance, distribution of utilities and pharmacies, healthcare and legal profession. In these sectors none or limited progress was made.</p>
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 DE	<u>2016 CSRs</u> SGP: - MIP: CRS 1, 2, 3	<u>Assessment of implementation of 2016 CSRs</u> February 2017	<u>2017 CSRs</u> SGP: - MIP: CSR 1, 2	<u>Assessment of implementation of 2017 CSRs</u> March 2018
	<p>1. Achieve a sustained upward trend in public investment, especially in infrastructure, education, research and innovation, while respecting the medium term objective. Improve the design of federal fiscal relations with a view to increasing public investment, especially at municipal level.</p>	<p>Some progress:</p> <p><u>Some progress</u> has been made in increasing investment in public infrastructure. The federal infrastructure plan 2030 announces significant increases in transport infrastructure investment. If implemented effectively, the planned transport infrastructure company could be a step forward in addressing the barriers to investment identified in last year's country report. Funds provided for investment in transport infrastructure in the federal budget have increased in recent years.</p> <p><u>Limited progress</u> has been made in increasing public expenditure on education and no additional measures have been taken in this regard. Despite more spending by the Federal Government, expenditure on education as a proportion of GDP at the level of general government has remained stable in recent years and well below the EU average. Overall public and private education and research expenditure has increased only slightly in recent years and may have fallen short of the national target of 10 % of GDP.</p> <p><u>Limited progress</u> has been made in increasing public expenditure on research and innovation and no additional measures have been taken in this regard. Public expenditure on R&D has remained stable at around 0.9 % of GDP in recent years and</p>	<p>1. While respecting the medium-term objective, use fiscal and structural policies to support potential growth and domestic demand as well as to achieve a sustained upward trend in investment. Accelerate public investment at all levels of government, especially in education, research and innovation, and address capacity and planning constraints for infrastructure investments. Further improve the efficiency and investment-friendliness of the tax system. Stimulate competition in business services and regulated professions.</p>	<p>Limited progress (this overall assessment of CSR 1 does not include an assessment of compliance with the Stability and Growth Pact):</p> <p><u>Limited progress</u> has been made in achieving a sustained upward trend in investment. The public investment share of GDP for 2017 remained largely unchanged compared to the two years before.</p> <p>June 2017: The federal government decided to invest additional funds in transport infrastructure in 2018.</p> <p>August 2017: Additional funding of the Municipal Investment Promotion Fund for modernizing school buildings including digital infrastructure.</p> <p><u>Limited progress</u> has been made in increasing public expenditure on education and no additional measures have been taken in this regard. Despite more spending by the Federal Government, expenditure on education as a proportion of GDP at the level of general government has remained stable in recent years and well below the EU average. Overall public and private education and research expenditure has increased only slightly in recent years and may have fallen short of the national target of 10 % of GDP.</p>

		<p>total public and private expenditure stabilised at around 2.9 % of GDP in 2014 and 2015.</p> <p>Some progress has been made in improving the scope for public investment, including at federal state and municipal level, though it remains to be seen to what extent this additional fiscal space will actually be used for more public investment.</p> <p>The Federal Government is further relieving federal states and municipalities of expenditure relating to asylum seekers and refugees and other social spending, which should increase their scope for public investment. The transfers to the federal states comprise an annual lump sum of EUR 2 billion over the period 2016-2018 through an equivalent increase in the federal states' share of joint VAT revenue. They also include compensation for the cost of accommodation allowances for those granted asylum, amounting to EUR 400 million in 2016, EUR 900 million in 2017 and EUR 1.3 billion in 2018. As of 2018, the municipalities will receive an additional EUR 5 billion of relief annually through a combination of a higher share of municipalities in joint VAT revenue and an increased federal contribution to the funding of the accommodation allowance for the long-term unemployed. In total, the relief planned for 2016 amounted to about 0.1 % of GDP (or 5.4 % of the gross fixed capital formation of the federal states and</p>		<p>The reallocation of financial responsibilities between the state and the federal levels can somewhat improve the availability of funding at the state level where direct responsibility for investment lies.</p> <p>June 2017: The base law was modified to adjust the allocation of responsibilities and funding between the state vs the federal level, from 2020.</p> <p>Limited progress has been made in increasing public expenditure on research and innovation and no additional measures have been taken in this regard. Despite some nominal increases, public expenditure on R&D has remained at around 0.9 % of GDP in recent years and total public and private expenditure remained at around 2.9 % of GDP in 2015 and 2016.</p> <p>Some progress has been made:</p> <p>Spring 2017: To support public investment on municipal level, the service agency ("Partnerschaft Deutschland – Berater der öffentlichen Hand GmbH") did take up its operational work in 2017.</p> <p>No progress. No additional measures have been taken to improve the efficiency and investment-friendliness of the tax system. Implementation of measures taken in the past is on-going. On 1 January 2017 most provisions of the Act on the Modernisation of Taxation Procedures became effective</p>
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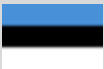
		<p>municipalities in 2015), rising to around 0.3 % of GDP (20 %) by 2018.</p> <p>The planned reform of federal fiscal relations that will take effect in 2020 (see Box 4.4.3) should also improve the conditions for public investment at all levels of government. The adoption of the related constitutional changes and implementing legislation by both the Federal Parliament and the Federal Council representing the federal states is envisaged for spring 2017. The extra revenue allocated to the federal states – estimated at around EUR 9.7 billion in 2020 (0.3 % of 2015 GDP), rising to EUR 13 billion by 2030 – should increase the scope for public investment both at federal state and municipal level in the longer term. However, the reform falls short of more fundamental changes in terms of increasing the tax autonomy of federal states and municipalities, which could have further increased the scope for public investment. The planned federal transport infrastructure company could alleviate significant barriers to public infrastructure investment.</p> <p>The recent extension of the services of the existing independent consulting firm (ÖPP Deutschland AG) that promotes public private partnerships to include the whole public sector should also boost the planning and implementation of infrastructure investment, particularly at municipal level.</p>		<p>(Federal Law Gazette I 2016 no. 35, p. 1679). It has the potential to enhance the role of IT and automated procedures relieving administrative and compliance burden of tax administrations and taxpayers. It is too early to assess the actual impact of the new law. Its full roll-out will stretch over a period of six years.</p> <p>Limited progress has been made regarding measures to stimulate competition in business services and regulated professions.</p>
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	<p>2. Reduce inefficiencies in the tax system, in particular by reviewing corporate taxation and the local trade tax, modernise the tax administration and review the regulatory framework for venture capital. Step up measures to stimulate competition in the services sector, in particular in business services and regulated professions.</p>	<p>Limited progress:</p> <p><u>Limited progress</u> has been made in reducing inefficiencies in the tax system. The law on the reform of investment fund taxation aims at simplifying the taxation of public investment funds and at closing some loopholes for tax avoidance. Key elements are that public funds will be subject to corporate taxation, while the transparency principle will be abolished. No measures have been taken to review corporate taxation and the local trade tax.</p> <p><u>Limited progress</u> has been made in modernising the tax administration.</p> <p>The law on modernising taxation procedures aims at strengthening the automatic processing of tax returns. Previous requirements to submit supporting documents have largely been abolished. Combined with a stronger emphasis on risk-based audits, this also prepares the ground for a more efficient and effective tax administration.</p> <p>If implemented effectively, additional general and IT-specific functional authority of the federal tax administration in relation to the states' tax administrations as agreed as part of the reform of federal fiscal relations could facilitate an accelerated modernisation of the tax administration.</p>	<p><i>See CSR 1 (reducing inefficiencies in the tax system, increasing competition in the services sector)</i></p>	
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		<p>Several additional measures to curb tax evasion and avoidance have been proposed by the Federal Government.</p> <p>Some progress has been made in reviewing the regulatory framework for venture capital. The Federal Government has adopted a draft law to improve the loss carry-forward for companies that have a change in shareholders but continue their core business. This is to facilitate access to venture capital for young and innovative companies, particularly in later start-up stages.</p> <p>Limited progress has been made in stimulating competition in the services sector. The Federal Government plans some limited modifications for certain liberal professions and business services, partly in response to national court decisions having declared some existing regulations unlawful. This concerns the prohibition of medical doctors and lawyers on offering services in partnership and mandatory tariffs for tax advisers. However, there is no strategy to substantially modernise the regulated professions and to strengthen competition in the services sector.</p>		
	<p>3. Increase incentives for later retirement and reduce disincentives to work for second earners. Reduce the high tax wedge for low wage earners and facilitate the transition from mini-jobs to standard employment.</p>	<p>Limited progress:</p> <p>Limited progress has been made in increasing incentives for later retirement. A law on facilitating the transition of older workers into retirement ('Flexi-Rente') has been adopted. It mainly aims to make the transition of older workers into retirement more flexible. In particular, the reform</p>	<p>2. Reduce disincentives to work for second earners and facilitate transitions to standard employment. Reduce the high tax wedge for low-wage earners. Create conditions to promote higher real wage growth, respecting the role of the social partners.</p>	<p>Limited progress:</p> <p>Limited progress has been made in reducing disincentives to work for second earners and facilitate transition to standard employment. The Act for Combating Tax Avoidance was adopted in June 2017 and entered into force as of 1 January 2018 (Federal Law Gazette I p.</p>


		<p>promotes the combination of early retirement and part-time work by reducing pension deductions in the event of extra income. It also incentivises employment above retirement age for employees by enabling them to acquire additional pension entitlements as well as for employers, by releasing them from the obligation to pay unemployment insurance contributions for employees above retirement age. It is too early to assess to what extent the reform may offset the stronger incentives for early retirement introduced by the last pension reform and the impact of an ageing population. Further assessment and monitoring appears required in this regard.</p> <p>No progress has been made in reducing disincentives to work for second earners. No initiatives have been taken or announced in this regard.</p> <p>Limited progress has been made in reducing the high tax wedge for low-wage earners. The Federal Government adopted a package of measures aimed at safeguarding the minimum subsistence level and compensating for fiscal drag. The basic personal income tax allowance, the child allowance, the child benefit and the child supplement will be increased in 2017 and 2018 to align them with the adjusted subsistence level in accordance with existing law. Moreover, the income tax brackets will be adjusted to offset the impact of fiscal drag based on the tax</p>		<p>1682). Tax brackets IV/IV become the standard tax bracket for married couples. Further work is also done to raise awareness of the factor-based method.</p> <p>Limited progress. No further measures were taken - though the law on temporary agency work and work contracts entered into force in April 2017, after its adoption autumn 2016. This provides equal pay after nine months of working in the sector and the introduction of a maximum transitional period of 18 months after which temporary agency workers must be hired by the company</p> <p>Limited progress has been made with reducing the high tax wedge for low-wage earners, that was due to the good economic situation, without further specific action. In October 2017, it was decided to reduce the supplementary contribution rate to the regular health insurance system by 0.1 pp to 1.0 %, from 2018. In November 2017, it was decided to reduce employee's pension contributions by 0.1 pp to 18.6 % from 2018, a small decrease due to higher revenues in the currently good economic situation, not a structural change. Measures reducing the tax wedge in general were adopted in 2016 and entered into force on 1 January 2017 and 1 January 2018. These comprise successive increases in the tax-free basic and child allowances, the child benefit and the supplementary child allowance, as well as measures to contain the fiscal drag,</p>
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		<p>progression report that is published every two years. These measures largely aim at adjusting for price developments and tend to benefit in particular low and middle income groups. However, only a limited impact on the tax wedge, if any, can be expected.</p> <p>No progress has been made in facilitating the transition from mini-jobs to standard employment. No initiatives have been taken or announced in this regard.</p>		<p>from which low wage earner benefit below average.</p> <p>Limited progress regarding promoting real wage growth.</p> <p>May 2017: The federal government adopted an ordinance, setting out minimum wages for agency workers, following up on earlier rules, with entry into force from June 2017.</p> <p>July 2017: The federal government adopted an ordinance setting out minimum working conditions including minimum wages in the long term care sector, updating the existing regulation, with entry into force from November 2017.</p>
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<p>EE</p> 	<p><u>2016 CSRs</u> SGP: - MIP: -</p>	<p><u>Assessment of implementation of 2016 CSRs</u> February 2017</p>	<p><u>2017 CSRs</u> SGP: CSR 1 MIP: -</p>	<p><u>Assessment of implementation of 2017 CSRs</u> March 2018</p>
	<p>1. Ensure the provision and accessibility of high-quality public services, especially social services, at local level, inter alia, by adopting and implementing the proposed local government reform. Adopt and implement measures to narrow the gender pay gap, including those foreseen in the Welfare Plan.</p>	<p>Some progress:</p> <p><u>Some progress</u> in ensuring the provision and accessibility of high-quality social services at local level. Implementation is ongoing for the Social Welfare Act and the measures under the 2016-2020 action plan for the 2016-2023 welfare development plan.</p> <p><u>Some progress</u> in adopting and implementing the local government reform. The Administrative Reform Act was adopted in July 2016. The voluntary merger of municipalities, lasting until the end of 2016 was successful, leading to an initial decrease in the number of municipalities from 213 to 100.</p> <p><u>Limited progress</u> in reducing the gender pay gap. The 2016-2023 welfare development plan and its 2016-2020 action plan were adopted in June 2016. One out of the plan's four main areas aims at ensuring equal rights, responsibilities and opportunities for men and women in all areas of society. Due to the late approvals, the progress on implementing specific measures to reduce the gender pay gap is delayed.</p>	<p>1. Pursue its fiscal policy in line with the requirements of the preventive arm of the Stability and Growth Pact, which entails remaining at its medium-term budgetary objective in 2018. Improve the adequacy of the social safety net. Take measures to reduce the gender pay gap, in particular by improving wage transparency and reviewing the parental leave system.</p>	<p>Some progress (this overall assessment of CSR 1 does not include an assessment of compliance with the Stability and Growth Pact):</p> <p>The compliance assessment with the Stability and Growth Pact will be included in Spring when final data for 2017 is available.</p> <p><u>Some progress.</u> Some steps are being taken to provide more adequate pension for pensioners living alone, higher and more flexible subsistence allowance and higher family allowances. Despite recent measures, social safety nets still do not provide adequate income support and the increasing share of the population at risk-of-poverty is a concern. The actual impact of the recent reforms therefore requires proper monitoring and assessment. The inadequacy of financing is the highest for pensions, disability benefits and long-term care services.</p> <p><u>Some progress.</u> Some progress was made regarding reducing the gender pay gap. Modifications to the parental leave system and parental benefits were adopted by the Parliament, implementation from 2018 onwards in steps. Amendments to the Gender Equality Act with a view to</p>

		<p>The amendments to the Gender Equality Act are expected to enable the Labour Inspectorate to monitor gender equality in the private sector. They are planned for March. Also important are changes to the parental leave system to improve flexibility and ensure more equal sharing of care responsibilities between women and men. The government discussed and gave political guidelines on the scope and timetable of the parental leave system on 26th January.</p>		<p>improving transparency of wages are planned to be adopted by the government in Spring 2018.</p> <p>Limited progress. Amendments to the Gender Equality Act with a view to improving transparency of wages are planned to be adopted by the government in Spring 2018.</p> <p>Some progress. Modifications to the parental leave system and parental benefits were adopted by the Parliament, implementation from 2018 onwards in steps.</p>
	<p>2. Promote private investment in research, development and innovation, including by strengthening cooperation between academia and businesses.</p>	<p>Some progress:</p> <p>Private investment in R&D is bottoming out at 0.69 % GDP. Cooperation between businesses and academia remains weak. However, Estonia has made some progress in addressing the CSR:</p> <p>At the end of 2016, Estonia had already selected ERDF operations worth EUR 277 million under the priority axis on research, technological development and innovation of the Operational Programme for Cohesion Policy Funds 2014-2020. This is equivalent to 43 % of the total ERDF budget (EUR 642 million) for the axis concerned. Estonia also finalised in 2016 the remaining legal acts for the activities under this axis.</p> <p>In 2016, the government launched a business development programme for firms with high-growth potential, launched specific support for the public procurement of innovation and promoted the increased use of financial instruments.</p>	<p>2. Promote private investment in research, technology and innovation, including by implementing measures for strengthening the cooperation between academia and businesses.</p>	<p>Some progress:</p> <p>Some progress. Estonia put in place various measures to increase the potential for private investment but the impact of these measures to date has been limited.</p> <p>Some progress. Measures were put in place and their implementation is on the way, but it is not yet possible to assess the effectiveness of the new measures compared to the earlier measures.</p>

		<p>An 'Industrial Policy Green Book' is also being developed.</p> <p>There will be further support to public research organisations for applied research and development of products in cooperation with business, in areas addressed by the smart specialisation strategy. Changes are being introduced to the baseline funding of public research organisations to provide incentives for contract research with business. The share of institutional funding and project-based financing for research will be gradually raised to 50/50 (under the ruling coalition agreement).</p> <p>Specialised R&D civil servant profiles have been created in line ministries in 2016 under the 'RITA' programme. The aim is to help deliver R&D priorities closer to business needs in smart specialisation areas.</p> <p>Finally, doctoral studies in cooperation with enterprises and support for business to participate in technology development centres and clusters are being implemented.</p>		
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 IE	<u>2016 CSRs</u> SGP: CSR 1 MIP: CSR 1, 3	<u>Assessment of implementation of 2016 CSRs</u> February 2017	<u>2017 CSRs</u> SGP: CSR 1 MIP: CSR 1, 3	<u>Assessment of implementation of 2017 CSRs</u> March 2018
	<p>1. Following the correction of the excessive deficit, achieve an annual fiscal adjustment of 0,6 % of GDP towards the medium-term budgetary objective in 2016 and in 2017. Use windfall gains from strong economic and financial conditions, as well as from asset sales, to accelerate debt reduction.</p> <p>Reduce vulnerability to economic fluctuations and shocks, inter alia, by broadening the tax base. Enhance the quality of expenditure, particularly by increasing cost-effectiveness of healthcare and by prioritising government capital expenditure in R & D and in public infrastructure, in particular transport, water services and housing.</p>	<p>Some progress (this overall assessment of CSR 1 does not include an assessment of compliance with the Stability and Growth Pact):</p> <p>The compliance assessment with the Stability and Growth Pact will be included in Spring when final data for 2016 will be available.</p> <p>Limited progress in reducing the vulnerability to economic fluctuations and shocks. The announced establishment of a 'rainy-day fund', if appropriately designed, could provide a fiscal buffer during a future economic downturn. Together with the announced long-term target of 45 % for the debt-to-GDP ratio, the fund could help to reduce vulnerability to economic fluctuations. However, in the short term, the Draft Budgetary Plan for 2017 has introduced a wide range of tax expenditure measures, including a tax rebate for first-time buyers of newly-built homes, and increases in tax credits for the self-employed and home carers. These are likely to narrow the income tax base, thereby increasing the exposure of public finances to shocks. This is in addition to the suspension of water charge payments earlier this year, and the decision to further delay, until November 2019, the revaluation of self-assessed property values used to calculate local property tax liabilities. In isolation, the phasing out of</p>	<p>1. Pursue a substantial fiscal effort in 2018 in line with the requirements of the preventive arm of the Stability and Growth Pact. Use any windfall gains arising from the strong economic and financial conditions, including proceeds from asset sales, to accelerate the reduction of the general government debt ratio.</p> <p>Limit the scope and the number of tax expenditures and broaden the tax base.</p>	<p>Some progress (the overall assessment of the CSR1 does not include an assessment of compliance with the Stability and Growth Pact):</p> <p>The compliance assessment with the Stability and Growth Pact will be included in spring when final data for 2017 will be available.</p> <p>Some progress: The proceeds from the sale of government's shares in state-owned banks have been used to reduce public debt and the National Asset Management Agency recently redeemed, three years ahead of target, the final EUR 500 million of the government-guaranteed debt. In December 2017, the Irish authorities repaid the outstanding IMF loans, together with the bilateral loans from Denmark and Sweden, early and in full.</p> <p>Limited progress: Some of the measures in the Budget do not contribute to expanding the tax base: the increases to tax credits for self-employed and home carers, the creation of a stamp duty refund scheme for residential land, the reduction from seven to four years of the holding period to qualify for the capital gains tax exemption on certain property assets, the tapered extension of mortgage interest relief for the remaining recipients, the fiscal incentive for certain types of share-based</p>

		<p>the Universal Social Charge will undermine the commitment to maintain a broad tax base.</p> <p>Some progress in enhancing the quality of expenditure through a reform of the budgetary process. This can help to improve communication on expenditure targets, increase stakeholder engagement and harness public support to improve the quality of expenditure. A ‘culture of spending’ to, for example, increase responsibility across the public administration for assessing the efficiency and effectiveness of public expenditure is being developed. The roll-out of activity-based funding, the development of new eHealth architecture, the streamlining of financial management and information systems and the new cost-saving deal with the pharmaceutical industry are also steps forward.</p> <p>Some progress in prioritising government capital expenditure. Public expenditure marginally grew from EUR 814 million in 2014 to EUR 843 million in 2015. Specific R&D Programmes being funded by the Capital Plan include commitments in respect of Cycle 5 of the Programme for Research in Third Level Institutions. However, low public R&D intensity continues to cause concern (decreasing at 0.33 % GDP in 2015). According to the Draft Budgetary Plan for 2017, capital expenditure will increase by 9 % compared to 2016. Investment will focus primarily on</p>		<p>remunerations, or the decision to extend the universal social charge relief for medical card holders for a further two years. Conversely, the reduced cap of 80% on the amount of capital allowances for intangible assets and the introduction of a new tax on sugar sweetened drinks can potentially broaden the tax base.</p>
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		<p>social housing and education. Ireland is planning to increase public investment while rebalancing priorities between current and capital spending. On 19 July the government published a housing action plan involving the allocation of a further EUR 2.2 billion (approximately 40% of total capital spending) to social housing over the next four years, in addition to the EUR 3.8 billion already committed by the last government. The action plan envisages an increase in social housing units by approximately 47 000 and an increase in housing output of around 25 000 per year. It aims to create a EUR 200 million Local Infrastructure Housing Activation Fund, which will contribute to the delivery of transport, water and other infrastructure essential to an increase in housing supply. The government proposes to expedite the development of a number of large urban sites with the capacity to deliver up to 20 000 new homes.</p> <p>In May 2017, the Commission evaluated compliance with the SGP in its Assessment of the 2017 Stability Programme for Ireland (without explicitly referring to the assessment grid used for other CSRs):</p> <p><i>“In 2016, Ireland achieved an improvement of 0.3% of GDP in the structural balance, below the recommended structural adjustment of 0.6% of GDP. The growth of government expenditure, net of discretionary revenue measures and one-offs, exceeded the applicable expenditure benchmark, leading to a negative impact of nearly 0.5% of GDP on the underlying fiscal position. Following an overall assessment,</i></p>		
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		<p>the Commission forecast points to some deviation from the recommended adjustment path towards the MTO.</p> <p><i>In the stability programme, Ireland plans improvements in the structural balance of 0.3% and 0.6% of GDP in 2017 and 2018, respectively. This is expected to be conducive to the MTO being reached in 2018. These plans imply a deviation of 0.3% of GDP from the required adjustment towards the MTO in 2017. Moreover, the growth of government expenditure, net of discretionary revenue measures and one-offs, is planned to exceed the expenditure benchmark in 2017. The assessment based on the information provided in the stability programme points to a risk of a significant deviation from the recommended adjustment path towards the MTO over 2016 and 2017 taken together. Based on the Commission forecast, the projected improvement in the structural balance of 0.6% of GDP in 2017 is in line with the recommended fiscal effort. However, the growth of government expenditure, net of discretionary revenue measures and one-offs, is expected to exceed the expenditure benchmark, leading to a negative impact of nearly 0.5% of GDP. The overall assessment based on the Commission forecast points to a risk of a significant deviation over 2016 and 2017 taken together.</i></p> <p><i>In 2018, based on the information provided in the stability programme, Ireland is</i></p>		
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		<p><i>expected to comply with the recommended adjustment path toward the MTO. However, according to the Commission forecast, under unchanged policy, the growth of government expenditure, net of discretionary revenue measures and one-offs, is expected to exceed the expenditure benchmark, while the structural balance is expected to be in line with the required fiscal effort. The overall assessments based on the Commission forecast point to a risk of some deviation over 2017 and 2018 taken together.</i></p> <p><i>At the same time, compliance with the transitional debt rule is ensured between over 2016-2018.” (p. 20)</i></p>		
	<p>2. Expand and accelerate the implementation of activation policies to increase the work intensity of households and address the poverty risk of children. Pursue measures to incentivise employment by tapering the withdrawal of benefits and supplementary payments. Improve the provision of quality, affordable full-time childcare.</p>	<p>Some progress:</p> <p>Some progress in increasing households work intensity. Labour activation programmes have been rolled out further but their effects have not yet been assessed by the government. New announced measures, such as ‘Pathways to Work for Jobless Households’, are likely to increase the work intensity of households.</p> <p>Some progress in reducing child poverty. The government continues to implement previous measures but child benefit remains at EUR 140 per month. The benefits for lone parents is envisaged to increase from 2017.</p> <p>Some progress in incentivising employment. The Back to Work Family Dividend, set up in 2015, currently reaches 21 000 dependent young people. Budget</p>	<p>2. Better target government expenditure, by prioritising public investment in transport, water services, and innovation in particular in support of SMEs. Enhance social infrastructure, including social housing and quality childcare; deliver an integrated package of activation policies to increase employment prospects of low-skilled people and to address low work intensity of households.</p>	<p>Some progress:</p> <p>Some progress has been made in enhancing the quality of expenditure through a new spending review. Public investment continues to recover while addressing key infrastructure bottlenecks. A Water Service Act has been adopted that provides for the current domestic water charging regime to be discontinued and for this to be replaced by a regime where general taxes fund domestic water services. Some progress has been achieved in the provision of innovation infrastructures to SMEs, in particular as regards the creation of Technology Centres. Ireland has an ambitious infrastructure investment plan for education at all levels.</p> <p>Some progress: The government is adopting an array of measures to support</p>

		<p>2017 announced additional funding for the Housing Assistance Payment, which is designed to tackle work disincentives arising from housing subsidies for the unemployed. This support is expected to reach an additional 15 000 people.</p> <p>Some progress in improving childcare provision. Ireland has taken steps to make childcare more affordable and improve its quality, but sustained efforts are needed over coming years to meet existing needs, especially among disadvantage families. Measures are also underway to improve the quality of childcare provision.</p>		<p>housing supply, including increasing the provision of social housing units. Childcare costs remain elevated and according to recent OECD figures are the highest in the EU. Despite high participation in early childhood education and care (ECEC), its accessibility, affordability and full-time provision remain problematic. The ECEC participation rate in Ireland was 92.7 % in 2015 against the EU average of 94.8 %. Attendance fell by 5.4 pp percentage points (pps.) since 2013, and the availability and cost of full-time provision are still problematic. The quality of ECEC is supported by Síolta, the national quality framework for the sector, and by Aistear, a curriculum framework published by the National Council for Curriculum and Assessment (NCCA). In August 2016, a National Collaborative Forum for the sector was created. This facilitates engagement with stakeholders on issues of concern and on policy and delivery. There have been important changes to the minimum qualifications required for staff in the sector, and a reorganisation of the inspection system for pre-schools in order to help children with disabilities fully participate. From December 2016 all staff working directly with children must hold at least a level 5 qualification ('major award in early childhood care and education'). More funding is available to services where the preschool leader has a pre-school award in ECEC at level 7 on the national qualifications framework and the</p>
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				<p>assistants have achieved a minimum level 5 award.</p> <p>Some progress: With the Action Plan for Jobless Households, IE has taken important steps to expand the labour force, combat joblessness and ensure that the inactive households are equipped with the skills required on the labour market. How the plan will be put into effect and implemented is still to be seen. A more holistic approach to support provision for the inactive households could be sought considering the diverse needs of this group and integration of services across areas could be recommended for the whole target group. In general the Action Plan is rather weak in terms of defining the personalised services to be designed. More flexibility would need to be included in the training and education offers provided.</p>
	<p>3. Finalise durable restructuring solutions to lower non-performing loans, to ensure debt sustainability of households and to encourage lenders to reduce the debt of excessively leveraged yet viable businesses. Accelerate the phasing-in of a fully operational central credit registry covering all categories of lenders and debtors.</p>	<p>Some progress:</p> <p>Some progress in adopting restructuring solutions sustainable in the long term. As the overall level of non-performing decreases, the more difficult long-term arrears cases make up an increasingly higher share of the remaining stock. Repossessions remain low and the legal route lengthy. Following a pilot phase, the Money Advice and Budgeting Service for distressed debtors was launched nationally. In the first couple of months it registered significant interest, with over 2 800 free advice vouchers given out, of which the majority were used for financial counselling.</p>	<p>3. Encourage a continued and more durable reduction in non-performing loans through resolution strategies that involve write-offs for viable businesses and households, with a special emphasis on resolving long-term arrears.</p>	<p>Some progress:</p> <p>The reduction of NPLs continues but perhaps not as quickly as one would have expected given the economic performance of IE in recent years. It is difficult to establish to what extent the reduction in NPLs is the result of policy measures or just the consequence of the upturn in the business cycle. The pace of NPL reduction has slowed somewhat as the most difficult cases are proving sticky. The nature of impaired loans restructuring is such that it requires time to show whether arrangements put in place are truly sustainable and resilient to changes in the interest rate environment. Several policy measures have been introduced to support</p>

		<p>Some progress in phasing-in the central credit registry. The consultation with the data Protection Commissioner has been concluded the regulations published by the Central Bank of Ireland. However, delays in implementing the central credit register mean that it will not be fully operational until late 2018.</p>		<p>the engagement of debtors in distress and increase the number of personal insolvency arrangements, but the take-up remains overall limited.</p>
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EL 	2016 CSRs	Assessment of implementation of 2016 CSRs	2017 CSRs	Assessment of implementation of 2017 CSRs
	To avoid duplication with measures set out in the Economic Adjustment Programme , there are no additional recommendations for Greece.		To avoid duplication with measures set out in the Economic Adjustment Programme , there are no additional recommendations for Greece.	

<p>ES</p> 	<p><u>2016 CSRs</u> SGP: CSR 1 MIP: CSR 1, 2, 3, 4</p>	<p><u>Assessment of implementation of 2016 CSRs</u> February 2017</p>	<p><u>2017 CSRs</u> SGP: CSR 1 MIP: CSR 1, 2, 3</p>	<p><u>Assessment of implementation of 2017 CSRs</u> March 2018</p>
	<p>1. Ensure a durable correction of the excessive deficit, in accordance with the relevant decisions or recommendations under the excessive deficit procedure, by taking the necessary structural measures and by using all windfall gains for deficit and debt reduction. Implement at all government levels the tools set out in the fiscal framework law. Enhance control mechanisms for public procurement and coordination of procurement policies across government levels.</p>	<p>Limited progress (this overall assessment of CSR 1 does not include an assessment of compliance with the Stability and Growth Pact):</p> <p>Some progress has been made to strengthen Spain's fiscal framework. The updated DBP for 2017 reports that the government will assess, with the assistance of regional and local governments, the Stability law's spending rule, with a view to removing inconsistencies with the SGP spending rule, without however, providing details and a timeline. The government has implemented in 2017 some provisions set out in Spain's Stability law that had never been implemented –such as the requirement to adopt cuts in expenditure appropriations for public administrations at risk of non-compliance with the fiscal targets. However, the government has disclosed no measures to further increase the automaticity of the Stability Law's mechanisms to prevent and correct deviations from the deficit, debt and expenditure targets.</p> <p>Limited progress has been made to strengthen Spain's public procurement policy framework. The updated 2017 DBP includes measures that can go some way towards improving some public</p>	<p>1. Ensure compliance with the Council Decision of 8 August 2016, including also measures to strengthen the fiscal and public procurement frameworks. Undertake a comprehensive expenditure review in order to identify possible areas for improving spending efficiency.</p>	<p>Some progress (this overall assessment of compliance with CSR 1 does not include an assessment of compliance with the Stability and Growth Pact):</p> <p>Limited progress. While the government has kept implementing measures set out in the domestic law to prevent and correct deviations from fiscal targets, no regulatory measures have been taken in 2017 to increase their automaticity and to strengthen the contribution of the Stability Law's spending rule to public finance sustainability.</p> <p>Some progress. A new law on public procurement was adopted and will enter into force on 9 March 2018. It provides for the establishment of a consultative body, a committee to promote cooperation across the various tiers of government, and a new supervisory authority. For the first time, it stipulates the obligation to adopt, within eight months following the entry into force of the law, a nation-wide public procurement strategy. Much of the success of the new law will depend on the ambition of decisions taken at the time of implementation.</p> <p>Some progress. A review of central and regional government expenditure has</p>


		<p>procurement practices in Spain. However, they do not address the need for a consistent framework that ensures sufficient transparency and coordination of public procurement across all contracting authorities and entities. Furthermore, the reported measures do not spell out clear objectives for public procurement, instruments for action and a timeline for their adoption and implementation.</p> <p>In May 2017, the Commission evaluated compliance with the SGP in its Assessment of the 2017 Stability Programme for Spain (without explicitly referring to the assessment grid used for other CSRs):</p> <p><i>“In 2016, Spain achieved a headline deficit of 4.5% of GDP, slightly below the EDP deficit target of 4.6% of GDP. The fiscal effort was delivered on the basis of the bottom-up method and slightly missed on the basis of the top-down method.</i></p> <p><i>Spain plans to correct its excessive deficit by the 2018 deadline set by the Council, but the programme does not project to reach the MTO set in Spain's Stability Law within the programme horizon.</i></p> <p><i>Based on the Commission 2017 spring forecast, the headline deficit is expected to decrease to 3.2% of GDP in 2017 and further to 2.6% of GDP in 2018. Short-term risks to the achievement of the fiscal targets relate to uncertainty regarding the impact of the recent tax measures. Moreover, taking into account the assumed materialisation of contingent liabilities (which are not included in the Commission</i></p>		<p>been launched in 2017 to identify areas where spending allocation can be made more efficient. The first phase of the review is planned to be completed by end-2018.</p>
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		<p><i>forecast), the programme relies on considerably higher expenditure restraint than projected in the Commission forecast in 2017 and 2018.</i></p> <p><i>The projected improvement in the unadjusted structural balance falls short of the fiscal effort required by the Council in 2016, 2017 and 2018. Based on the adjusted change in the structural balance, the required fiscal effort is projected to be delivered in 2017, but to fall slightly short of the requirement in cumulative terms over 2016-2017. Based on the bottom-up method, the requested effort is respected in 2016 and also in cumulative terms over 2016-2017.</i></p> <p><i>In addition, in August 2016, the Council required Spain to take measures to improve its fiscal and public procurement policy frameworks. The stability programme does not report plans to improve its fiscal policy frameworks. On procurement, it reports on amendments made to the draft laws transposing the latest procurement directives, but some concerns flagged in the assessment of the updated 2017 draft budgetary plan remain.” (pp. 18-19)</i></p>		
	<p>2. Take further measures to improve labour market integration, by focusing on individualised support and strengthening the effectiveness of training measures. Enhance the capacity of regional employment</p>	<p>Some progress:</p> <p>In 2016 Spain adopted the three-year Joint Action Plan to enhance the assistance to long-term unemployed, aimed at strengthening the employment services' capacity to provide individualised support</p>	<p>2. Reinforce the coordination between regional employment services, social services and employers, to better respond to jobseekers' and employers' needs. Take measures to promote hiring on open-ended contracts. Address</p>	<p>Limited progress:</p> <p>Some progress. Some regions advanced moderately towards better coordination between public employment and social services. However, cooperation with employers still presents important deficiencies. The Network for Social</p>

	<p>services and reinforce their coordination with social services. Address gaps and disparities in minimum income schemes and improve family support schemes, including access to quality childcare and long-term care.</p>	<p>for long-term unemployed. The Protocols to develop the Common Employment Services Portfolio are being developed.</p> <p>Some progress has been made in improving labour market integration by focusing on individualised support. The Joint Action Plan to enhance the assistance to long-term unemployed lays down a limit of 120 beneficiaries per caseworker. Caseworkers should design an individualised pathway based on the profile of the unemployed, for which a profiling tool is being developed.</p> <p>Spain has made some progress in enhancing the capacity of regional employment services. The Joint Action Plan to enhance the assistance to long-term unemployed provides for EUR 515 million for 2016-2018. In 2016 Spain has finalised an evaluation of the regional employment services (EVADES), whose conclusions have not been translated into concrete action so far. There has been no significant action to reinforce coordination between the public employment and social services.</p> <p>Limited progress has been made in addressing gaps and disparities in minimum income schemes and improving family support schemes. The government will analyse the findings and recommendations of the in-depth evaluation of income guarantee systems and will work with the regions to improve the effectiveness of the schemes. In the area of long-term care some progress was made in terms of provision of services. The government plans to improve the</p>	<p>regional disparities and fragmentation in income guarantee schemes and improve family support, including access to quality childcare. Increase the labour market relevance of tertiary education. Address regional disparities in educational outcomes, in particular by strengthening teacher training and support for individual students.</p>	<p>Inclusion has the potential to effectively enhance coordination between employment and social services at the national and regional level. The roll-out of the Universal Social Card starting in 2018 should also facilitate closer coordination. Overall the scope of measures is limited and their effect can only be assessed once implementation has begun.</p> <p>Limited progress. While Spain became more successful in fighting the abuse of temporary contracts, most efforts to promote hiring on open-ended contracts have shown limited effectiveness so far or have not yet moved to implementation stage.</p> <p>Limited progress. While fragmentation has been mitigated to some extent, initiatives intended to address limited effectiveness in national income guarantee schemes are progressing very slowly.</p> <p>Limited progress. Measures to increase labour market relevance of tertiary education are so far largely limited to provision of information and advice, or too recent to measure effects on graduate cohorts.</p> <p>Limited progress. Regional disparities persist in early school leaving rates and student performance, although some improvements have been made to close the gap between best and worst performing regions.</p>
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		conditions for access to the services, notably by simplifying the categories of dependency.		
	<p>3. Take further measures to improve the labour market relevance of tertiary education, including by incentivising cooperation between universities, firms and research institutions. Increase performance-based funding of public research bodies and universities and foster R&I investment by the private sector.</p>	<p>Limited progress:</p> <p><u>Limited progress</u> was made as regards measures to foster public-private cooperation in research and innovation. There is no strategic approach to knowledge transfer. Only a few punctual measures have been taken: creation of a working groups with chambers of commerce; establishment of a new technological 6 years-term; creation of an industrial PhD scheme; tax incentives for companies hiring researchers.</p> <p><u>Limited progress</u> made towards increasing performance-based funding of public research bodies and universities, and on fostering R&I investment by the private sector. The valuable initiatives under the "institutional strengthening" pillar of the National Plan for R&I can be a stepping stone for the further reinforcement of performance-based funding.</p>	<p>3. Ensure adequate and sustained investment in research and innovation and strengthen its governance across government levels. Ensure a thorough and timely implementation of the law on market unity for existing and forthcoming legislation.</p>	<p>Limited progress:</p> <p><u>Limited progress.</u> Public funding for innovation in SMEs somewhat increased, but fiscal measures put in place during the crisis appear to limit the adequate execution of R&I budget lines. Administrative procedures are being modified to encourage uptake of support measures. Involvement and interaction of relevant actors in the design of innovation policy is being intensified. Examples of initiatives include the work to increase the efficiency of "Unique Scientific and Technical Infrastructures" (ICTS) through a second mapping, and increased support for the R+D+I Public Policy Network (REDIDI), which has the potential to improve national-regional coordination of R&I policy. Systematic programme evaluations, however, have not yet become the rule despite some good practice examples.</p> <p><u>Limited progress.</u> Supporting guidelines for implementing the law on market unity have been issued, but the renewed commitment of regions and the central government to mutual cooperation on market unity and better regulation in Spain has so far not translated into tangible results. The Constitutional Court rulings on the Law on Market Unity might limit</p>

				effective progress in this area for the time being. National authorities have given reassurances that it will be possible to achieve the objectives of the law using the provisions unaffected by the rulings.
	<p>4. Accelerate the implementation of the law on market unity at regional level. Ensure implementation by the autonomous regions of the reform measures adopted for the retail sector. Adopt the planned reform on professional services and associations.</p>	<p>Limited progress:</p> <p>Limited progress has been made on the implementation of the market unity law at regional level, judging from the pace of adaptation of sectorial regulation to the principles of the law on market unity and from the number of agreements reached between the central and regional governments at sectorial conference level to develop regulatory frameworks adapted to that law, since the publication of the 2016 Country Report for Spain. Moreover, some regulations adopted by regions in the area of the collaborative economy may be contrary to the principles of the market unity law.</p> <p>Limited progress has been made on implementing the retail sector reform, as only some regions have adopted implementing measures.</p> <p>No progress has been made on reforming professional services. Spain has neither announced nor adopted any measures in this area in 2016.</p>	See CSR 3 (law on market unity)	

	<p><u>2016 CSRs</u> SGP: CSR 1 MIP: CSR 1, 2, 3, 4, 5</p>	<p><u>Assessment of implementation of 2016 CSRs</u> February 2017</p>	<p><u>2017 CSRs</u> SGP: CSR 1 MIP: CSR 1, 2, 3, 4</p>	<p><u>Assessment of implementation of 2017 CSRs</u> March 2018</p>
	<p>1. Ensure a durable correction of the excessive deficit by 2017 by taking the required structural measures and by using all windfall gains for deficit and debt reduction. Specify the expenditure cuts planned for the coming years and step up efforts to increase the amount of savings generated by the spending reviews, including on local government spending, by the end of 2016. Reinforce independent public policy evaluations in order to identify efficiency gains across all sub-sectors of general government.</p>	<p>Limited progress (this overall assessment of CSR 1 does not include an assessment of compliance with the Stability and Growth Pact):</p> <p>The compliance assessment with the Stability and Growth Pact will be included in spring when final data for 2016 will be available.</p> <p>Limited progress has been made in reinforcing the identification of savings and efficiency gains generated by the spending reviews and public policy evaluations. The savings made following the spending reviews in the PLF 2017 total EUR 400 million, which is a small amount given the structural efforts required. Also, the second wave of spending reviews has not resulted in any proposed savings. A number of further public policy evaluations were launched and a meta-evaluation is ongoing.</p> <p>In May 2017, the Commission evaluated compliance with the SGP in its Assessment of the 2017 Stability Programme for France (without explicitly referring to the assessment grid used for other CSRs):</p> <p><i>“In 2016, France achieved a headline deficit of 3.4% of GDP, in line with the target under the EDP. However, the fiscal</i></p>	<p>1. Ensure compliance with the Council recommendation of 10 March 2015 under the excessive deficit procedure. Pursue a substantial fiscal effort in 2018 in line with the requirements of the preventive arm of the Stability and Growth Pact, taking into account the need to strengthen the ongoing recovery and to ensure the sustainability of France’s public finances. Comprehensively review expenditure items with the aim to make efficiency gains that translate into expenditure savings.</p>	<p>Limited progress (this overall assessment of CSR 1 does not include an assessment of compliance with the Stability and Growth Pact):</p> <p>The compliance assessment with the Stability and Growth Pact will be included in spring when final data for 2017 will be available.</p> <p>Limited progress has been made in ensuring the sustainability of France’s public finances. According to the 2017 Commission autumn forecast, the headline deficit is projected to reach 2.9% of GDP in 2018 and the structural balance is projected to deteriorate by 0.4% of GDP. The worsening of the structural balance increases sustainability gap. The fiscal impulse on the other hand may have a positive impact on economic performance.</p> <p>Limited progress has been made in reviewing expenditure items. The 2018-2022 multiannual public finances programming law sets the principles of Public Action 2022. The process seeks to address this sub CSR, by commissioning the Comité Action Publique 2022 (CAP2022) to set the roadmap by April 2018 and to analyse possible measures that would need to be taken. Clearly-specified</p>

		<p><i>effort has not been delivered based on all metrics.</i></p> <p>France plans to correct its excessive deficit by the 2017 deadline set by the Council and to ensure an improvement of the (recalculated) structural balance of 0.4% of GDP in both 2018 and 2019 and of 0.1% of GDP in 2020.</p> <p><i>Based on the Commission 2017 spring forecast, the headline deficit is expected to decrease to 3.0% of GDP in 2017 and to increase again to 3.2% of GDP in 2018 at unchanged policies. A durable correction of the excessive deficit is therefore not ensured yet. Moreover, there are downside risks for the attainment of the deficit target in 2017.</i></p> <p><i>The projected improvement in the structural balance falls short of the effort required by the Council in 2017 and on a cumulative basis over the period 2015-2017, based on all metrics.</i></p> <p><i>Should the excessive deficit be corrected in a durable manner by 2017, France would be subject to the preventive arm of the Stability and Growth Pact from 2018 onwards and to the transition period as regards compliance with the debt criterion. According to the Commission 2017 spring forecast, France would be at risk of significant deviation from the recommended adjustment path towards the MTO in 2018. Moreover, in 2018 France would not progress towards compliance with the debt criterion either.</i> (pp. 21-22)</p>		<p>measures to address the CSR have not been proposed though. The spending reviews in place since 2014 will be discontinued.</p>
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	<p>2. Ensure that the labour cost reductions are sustained and that minimum wage developments are consistent with job creation and competitiveness. Reform the labour law to provide more incentives for employers to hire on open-ended contracts.</p>	<p>Substantial progress:</p> <p><u>Substantial progress</u> has been made in ensuring that labour cost reductions are sustained. The second phase of reductions in employers' social security contributions planned under the solidarity and responsibility pact started in April 2016, after the first phase introduced in 2015. In addition, the government has increased the tax credit for competitiveness and employment (CICE) from 6 % to 7 %. The 2016 national reform programme announced that the CICE would be transformed into permanent reductions in employers' social security contributions by 2018, but no details are available at the moment.</p> <p><u>Some progress</u> has been made in ensuring that changes in the minimum wage are consistent with job creation and competitiveness. The minimum wage followed its indexation rule, leading to a 0.6 % increase on 1 January 2016. No intent to review the indexation mechanism has been expressed by the government.</p> <p><u>Substantial progress</u> has been made in reforming the labour law. The El Khomri law on labour, social dialogue and professional pathways was adopted in July 2016. However, its final effect will depend on its full implementation and on social partners taking ownership of the flexibility the law offers. The reform of Labour Courts introduced by the 2015 Macron law was</p>	<p>2. Consolidate the measures reducing the cost of labour to maximise their efficiency in a budget-neutral manner and in order to scale up their effects on employment and investment. Broaden the overall tax base and take further action to implement the planned decrease in the statutory corporate-income rate.</p>	<p>Some progress:</p> <p><u>Some progress</u> has been made in consolidating and maximising the efficiency of measures reducing the cost of labour. Some progress has been made to reduce the tax burden on labour. According to the 2018 Budget Plan, the tax credit for employment and competitiveness (Crédit d'impôt pour la Compétitivité et l'Emploi or CICE) would be converted as of 2019 into permanent reductions in employers' social security contributions and accompanied with a further reduction of these latter for wages up to 1.6 times the minimum wage. The impact of this transformation in terms of employment is expected to be positive but limited, and equal to 35 000 jobs in 2019 and 70 000 jobs in 2020 according to government's projections.</p> <p><u>Some progress</u> has been made in broadening the overall tax base and in decreasing the corporate income tax rate.</p> <p><u>Some progress</u> has been made in the implementation of the decrease in the statutory corporate income rate. The 2018 finance law confirmed that it will reach 25% for all companies in 2022. No progress has been made on broadening the overall tax base on consumption as the 2018 finance law does not limit or remove the use of reduced rates on VAT. By contrast, employees' social contributions for health and unemployment insurance will be</p>
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		completed with the adoption, in November 2016, of a decree reviewing the indicative ceilings for unjustified individual dismissals.		gradually eliminated and offset by a 1.7% increase in the general social contribution (contribution sociale généralisée) payable by employees and retirees. This measure contributes to rebalance part of the tax burden away from workers to retirees and broaden the tax base financing social security.
	<p>3. Improve the links between the education sector and the labour market, in particular by reforming apprenticeships and vocational training, with emphasis on the low-skilled. By the end of 2016, take action to reform the unemployment benefit system in order to bring the system back to budgetary sustainability and to provide more incentives to return to work.</p>	<p>Limited progress:</p> <p>Some progress has been made in improving the links between the education sector and the labour market. The implementation of the 2014 vocational training reform is ongoing. Apprenticeship figures stopped decreasing in 2015. The El Khomri labour law introduces a new personal activity account (CPA), entering into force in January 2017. It mostly reinforces training rights for non-qualified active workers.</p> <p>No progress has been made in reforming the unemployment benefit system. Social partners failed to agree on a new unemployment benefit convention in July, leading to an extension of the current 2014 convention. The timeline for adopting a reform of the unemployment benefit system is not clear yet.</p>	<p>3. Improve access to the labour market for jobseekers, in particular less-qualified workers and people with a migrant background, including by revising the system of vocational education and training. Ensure that minimum wage developments are consistent with job creation and competitiveness.</p>	<p>Some progress:</p> <p>Some progress has been made in improving access to the labour market for jobseekers. Launched in September 2017, the Grand Plan d'Investissement 20182022 includes EUR 13.8 billion of investment in training and skills. This initiative, called Plan d'investissement compétences (PIC), targets low-qualified young people facing particular difficulties in finding a job and low-skilled long-term unemployed. It aims to fund 1 million trainings for job-seekers with low qualifications and 1 million early-school leavers over a time horizon of five years. It contains reinforced support measures for young (pursuit of the generalisation of the Youth Guarantee, increase of places in second-chance schools, and improvement in tracing and tracking of young not in education, employment or training (NEETs) beyond the support for young early-school leavers). Initiatives for a total amount of EUR 1.5 billion (including external financing) have been included in the finance law for 2018. A specific hiring premium for increasing hires of deprived territories inhabitants will be tested into 10 of these territories starting from April 2018.</p>

				<p>In December 2017, the Government has invited social partners to negotiate for a reform of unemployment insurance. The government has then set out a roadmap concerning a reform to ensure access to compensation for resigning and independent workers, to fight against precariousness and permanent intermittency (permittance). Negotiations among social partners are planned to end in February 2018.</p> <p>As regards persons with a migrant background, little progress has been made in 2017. A revision of the integration policy is planned for spring 2018. This revision is meant to focus on trainings to learn French (especially for professional purposes) and the mobilisation of economic actors to favour the access to the labour market for people with a migrant background (inter alia by closer monitoring and better recognition of qualifications and professional experiences).</p> <p>Limited progress has been made in revising the system of vocational education and training. On 15 November, a policy orientation document prepared by the Government has been sent to social partners with a view to establishing a diagnosis of the challenges faced by the vocational education and training system as well as to formulate options for reform. Inter-professional negotiations started in November 2017 and should be completed by the end of February 2018. The Government has presented first measures</p>
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				<p>to reform the apprenticeship system on 9 February 2018.</p> <p>Some progress has been made in ensuring minimum wage developments consistent with job creation and competitiveness. No ad-hoc hike of the minimum wage has been adopted since 2012. On 1 January 2018, the minimum wage was increased by 1.23% on the basis of its automatic indexation formula (Decree 2017-1719 of 20 December 2017 on the increase of minimum wage growth). At the same time, the employment rate of low skilled workers continues to be lower than in the EU (in 2016 it was at 38.8% in France against 44.5% in the EU) and to decrease over time (-0.9 pp. from 2015 and -9.8 pps from its peak level in 2003). In their recent report, the group of experts appointed to monitor minimum wage developments shows the need to reform the minimum wage automatic indexation formula, beyond limiting ad-hoc hikes.</p>
	<p>4. Remove barriers to activity in the services sector, in particular in business services and regulated professions. Take steps to simplify and improve the efficiency of innovation policy schemes. By the end of 2016, further reform the size-related criteria in regulations that impede companies' growth and continue to simplify companies' administrative, fiscal and accounting rules by pursuing the simplification programme.</p>	<p>Some progress:</p> <p>Some progress has been made regarding the removal of barriers to activity in the regulated professions through sectoral legislation, notably the Loi Macron and the Loi Santé. France has adopted almost all the secondary legislation needed to implement provisions on liberalisation of professions that were not directly applicable. In other fields where reforms of the service sector were adopted in 2015 (e.g. home-care services), the legal framework was completed in 2016 and awaits implementation by local authorities.</p>	<p>4. Further reduce the regulatory burden for firms, including by pursuing the simplification programme. Continue to lift barriers to competition in the services sector, including in business services and regulated professions. Simplify and improve the efficiency of public support schemes for innovation.</p>	<p>Limited progress:</p> <p>Some progress has been made in further reducing the regulatory burden for firms. (i) In July 2017 the government has issued a circulaire to limit the proliferation of norms, but the real impact of this circulaire remains to be seen; (ii) simplification measures were adopted for the self-employed; (iii) the 2017 reform of the labour law includes measures to simplify the application of such law (covered under a separate heading); (iv) the government has presented a bill (loi pour un Etat au service d'une société de confiance) to</p>

		<p>However, the ambition of measures to increase competition in regulated professions is lower than initially announced, mainly because of the implementation measures (for instance, as regards notaries). Some steps have also been taken to introduce competition in regional rail transport services for passengers on an experimental basis.</p> <p>Limited progress has been made to simplify and improve the efficiency of innovation policy schemes. While no recent measures have been adopted in this area, clear action to systematically evaluate innovation policy has been promoted in recent year(s), in particular by the National Commission for the Evaluation of Innovation Policies together with France Stratégie. These efforts include the evaluation of individual schemes (e.g. the CIR), and of the efficiency of the innovation policy as a whole. How these evaluations will be translated into policy practice is still to be seen.</p> <p>No progress to reform the size-related criteria in social and tax legislation has been made, as no new measures have been adopted in this area since the end of 2015.</p> <p>Some progress has been made to simplify companies' administrative, fiscal and accounting rules. The simplification programme is ongoing and encompasses new measures, but its implementation is slow. The 'Sapin II law' makes it easier for</p>		<p>simplify administrative procedures and promote the exchange of information with the administration; (v) France has announced simplification measures under the PACTE, but those measures are not yet defined.</p> <p>No progress has been made in further lifting barriers to competition in the services sector. Since the Macron law (presented in October 2014, adopted in January 2015) there has been no change (increase or decrease) in the barriers to competition in the business services and regulated professions sectors. In this regard, the French Ministry of Finance has provided additional information of the impact that the changes undertaken by the Macron law will have in the next round of the OECD's Product Market Regulation indicators (2018 indicators to be published in 2019). This work was published in August 2017. However, the impact refers to the Macron law's implications and, hence, is not new.</p> <p>Limited progress has been made in simplifying and improving the efficiency of public support schemes for innovation. Several evaluations of direct and indirect (e.g. R&D tax credit, "CIR") public funding to innovation are ongoing under the leadership of the National Commission for the evaluation of Innovation Policies (CNEPI) and the Parliament. However, it remains to be seen how these evaluations will be translated into concrete policy</p>
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		<p>certain small companies to switch legal status, while it facilitates business creation by easing training requirements prior to starting a business and by removing the requirement for micro-entrepreneurs to open a second bank account at least during the first year of business.</p>		<p>actions to simplify and improve the overall performance of the public support to innovation. In parallel, a number of new initiatives have also been announced such as the "Breakthrough Innovation Fund" and the Grand Plan d'Investissement. Further clarification regarding their synergies with existing schemes is required.</p>
	<p>5. Take action to reduce the taxes on production and the corporate income statutory rate while broadening the tax base on consumption, in particular as regards VAT. Remove inefficient tax expenditures, remove taxes that are yielding little or no revenue and adopt the withholding personal income tax reform by the end of 2016.</p>	<p>Limited progress:</p> <p>Limited progress has been made in reducing taxes on production and the corporate income. The last tranche of the turnover tax (C3S) has not been abolished and still weighs on 20 000 businesses. The statutory rate of corporate income tax will only be reduced to 28 % in 2017 for SMEs up to EUR 75 000 of profits. The objective of setting this rate at 28 % across the board by 2020 still stands. No progress on broadening the tax base on consumption, as the 2017 finance law does not remove or limit the use of reduced rates on VAT.</p> <p>Some progress has been made in modernising the tax system. The withholding tax reform for personal income tax has been adopted by Parliament and will be introduced by 2018. However, tax expenditures keep increasing in number and in value and have exceeded the ceiling set in the 2014-2019 multiannual budgetary framework. In 2017, 14 new tax expenditures will be introduced while only 4 are to be suppressed and 5 come to an end. The removal of taxes yielding little or no revenue is progressing at a very slow pace.</p>	<p><i>See CSR 2 (broadening of the overall tax base, reduction in the corporate income statutory rate)</i></p>	

 <p>HR</p>	<p><u>2016 CSRs</u> SGP: CSR 1 MIP: CSR 1, 2, 3, 4, 5</p>	<p><u>Assessment of implementation of 2016 CSRs</u> February 2017</p>	<p><u>2017 CSRs</u> SGP: CSR 1 MIP: CSR 1, 2, 3, 4, 5</p>	<p><u>Assessment of implementation of 2017 CSRs</u> March 2018</p>
	<p>1. Ensure a durable correction of the excessive deficit by 2016. Thereafter, achieve an annual fiscal adjustment of at least 0,6 % of GDP in 2017. Use any windfall gains to accelerate the reduction of the general government debt ratio. By September 2016, reinforce numerical fiscal rules and strengthen the independence and the mandate of the Fiscal Policy Commission. By the end of 2016, improve budgetary planning and strengthen the multi-annual budgetary framework. By the end of 2016, start a reform of recurrent taxation of immovable property. Reinforce the framework for public debt management. Adopt and start implementing a debt management strategy for 2016-2018.</p>	<p>Limited progress (this overall assessment of CSR 1 does not include an assessment of compliance with the Stability and Growth Pact):</p> <p>Limited progress in reinforcing numerical fiscal rules and strengthening the independence and the mandate of the Fiscal Policy Commission. While a new draft of the fiscal responsibility act and budget act were prepared, they have still not been adopted.</p> <p>Limited progress in improving budgetary planning and strengthen the multi-annual budgetary framework.</p> <p>Some progress in reforming recurrent property taxation. The authorities have introduced a simple recurrent real estate tax through amendments to the law on local taxes. The tax will enter into force as of 2018.</p> <p>Some progress regarding public debt management, related to the adopted debt management strategy, which covers the 2017-2019 period.</p> <p>In May 2017, the Commission evaluated compliance with the SGP in its Assessment of the 2017 Convergence Programme for</p>	<p>1. Pursue its fiscal policy in line with the requirements of the preventive arm of the Stability and Growth Pact, which entails remaining at its medium-term budgetary objective in 2018. By September 2017, reinforce budgetary planning and the multi-annual budgetary framework, including by strengthening the independence and mandate of the Fiscal Policy Commission. Take the necessary steps for the introduction of the value-based property tax. Reinforce the framework for public debt management, including by ensuring annual updates of the debt management strategy.</p>	<p>Limited progress (this overall assessment of CSR 1 does not include an assessment of compliance with the Stability and Growth Pact):</p> <p>The compliance assessment with the Stability and Growth Pact will be included in spring when final data for 2017 will be available.</p> <p>No progress in reinforcing the budgetary framework. The new Fiscal Responsibility and Budget Acts, aimed at addressing many of the outstanding issues, have still not been adopted.</p> <p>No progress in introducing the property tax. The already legislated introduction of the property tax, scheduled for January 2018 (as part of the tax reform adopted in 2016), was postponed without a timeframe for adoption.</p> <p>Some progress in reinforcing the framework for public debt management. A sizable share of central government debt relating to SOEs (previously in the form of loans) was refinanced by a bond issuance and the public debt management body was promoted to the status of a Directorate within the Ministry of Finance. Both developments should improve control over debt management.</p>

		<p>Croatia (without explicitly referring to the assessment grid used for other CSRs):</p> <p><i>“In 2016, the deadline for correcting the excessive deficit, Croatia achieved a headline deficit of 0.8% of GDP, substantially lower than the headline deficit target of 2.7% of GDP under the EDP. The Commission 2017 spring forecast projects the general government deficit to remain below the 3%-of-GDP Treaty reference value throughout the forecast period, while the debt ratio would decline in line with the forward-looking element of the debt reduction benchmark.</i></p> <p><i>...After having over-achieved the MTO in 2016, the (recalculated) structural balance from the programme deteriorates back towards the MTO in 2017 and remains broadly stable in 2018, before slightly improving again.</i></p> <p><i>The revenue and expenditure growth projections in the programme for 2017 appear rather conservative in light of the slightly lower deficit projected in the Commission forecast. At the same time, downside risks to the budgetary targets in the programme stem from the impact of Agrokor’s financial difficulties. Unlike the convergence programme, the Commission 2017 spring forecast incorporates the materialisation of some of these risks. However, as uncertainties over the outcome of the ongoing restructuring of Agrokor loom, risks remain, over and above what is already included in the Commission 2017 spring forecast. In addition, in the outer years of the programme, some of the</i></p>		
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		<p><i>planned expenditure growth restraint may be difficult to achieve. More generally, the absence of any quantification of the budgetary impact of the measures underpinning the budgetary projections of the programme hampers their proper assessment.</i></p> <p><i>Taking into account the balance of risks, the Commission spring forecast projects a deterioration of the structural balance to -2.1% of GDP for 2018. An overall assessment points to a risk of some deviation from the MTO in that year. By contrast, Croatia is forecast to comply with the debt rule in 2017 and 2018." (pp. 17-18)</i></p>		
	<p>2. By the end of 2016, take measures to discourage early retirement, accelerate the transition to the higher statutory retirement age, and align pension provisions for specific categories with the rules of the general scheme. Provide appropriate up- and re-skilling measures to enhance the employability of the working-age population, with a focus on the low-skilled and the long-term unemployed. Consolidate social protection benefits, including special schemes, by aligning eligibility criteria and integrating their administration, and focus support on those most in need.</p>	<p>No progress:</p> <p><u>No progress</u> in reforming the pension system Announced measures encouraging longer working lives and streamlining pension provisions have not been implemented. The authorities have completed a review of the arduous or hazardous professions benefiting from more generous pension provisions. However, the planned streamlining has not yet taken place.</p> <p><u>Limited progress</u> in providing up- and re-skilling measures. The programme for developing vocational education training has been adopted and new legislation is being prepared to improve adult learning. However, the scope of training actions</p>	<p>2. Discourage early retirement, accelerate the transition to the higher statutory retirement age and align pension provisions for specific categories with the rules of the general scheme. Improve coordination and transparency of social benefits.</p>	<p>Limited progress:</p> <p><u>No progress</u> in reforming the pension system. Reform measures planned for December 2017 are being further postponed to mid-2018. These include the streamlining of the 100+ arduous or hazardous professions benefitting from more generous pension provisions, measures aimed at reducing access to early retirement, the increase of the statutory retirement age and the acceleration in the equalisation of retirement age for women and men.</p> <p><u>Limited progress</u> in improving the social benefits system. The ambitious and long-planned establishment of the onestop-shop as a central point for the</p>


		<p>provided by the Public Employment Services seems inadequate in view of the size of the challenge. There are no significant developments on recognition of skills and validation of non-formal and informal learning.</p> <p>No progress in improving the social protection system. The action plan setting out the reform priorities has not yet been adopted. The authorities have completed the analysis of benefits granted at central government level with a view to categorising them and harmonising eligibility criteria. The planned introduction of means-testing for the child allowance is currently being reviewed. The establishment of one-stop shops to administer and provide social services is being postponed for the second time in a year. This has delayed the implementation of all the related reform measures.</p>		<p>administration and provision of social benefits and services has been abandoned. Similarly, the previously announced harmonisation of eligibility criteria for social benefits has been suspended. The focus has shifted to harmonizing definitions and classifications of social protection benefits and improving beneficiaries' records as well as data exchange between the central and local government level.</p>
	<p>3. By the end of 2016, start reducing fragmentation and improving the functional distribution of competencies in public administration to improve efficiency and reduce territorial disparities in the delivery of public services. In consultation with social partners, harmonise the wage-setting frameworks across the public administration and public services. Advance the divestment process of state assets and reinforce the monitoring of state-owned enterprises' performance and boards' accountability,</p>	<p>Limited progress:</p> <p>Limited progress in reforming the public administration. The main pillars of the reform have all been postponed due to lack of political commitment. In December 2016 the government adopted a new version of the 2017-2020 action plan for the modernisation of the public administration. New legislation redefining the division of tasks between the central and local state administration offices was due to be adopted in December 2016 but is still under preparation. There is no clear timetable for the plan to reduce the over 1 200 local branches of central administration offices by 20 %. The</p>	<p>4. Reduce the fragmentation and improve the functional distribution of competencies in public administration, while enhancing the efficiency and reducing territorial disparities in the delivery of public services. In consultation with social partners, harmonise the wage-setting frameworks across the public administration and public services.</p> <p><i>See CSR 5 (divestment process of state assets and reinforce the monitoring of state-owned enterprises' performance)</i></p>	<p>No progress:</p> <p>No progress in the public administration reform. The planned reduction of the branch-offices of the central administration (e.g. ministries) operating at local level has not yet started. Previous plans to rationalise the cumbersome state agencies system have been suspended. The authorities plan to establish first a new legal framework for states agencies. The government proposed amendments to the law on the financing of local government units, aims at simplifying the complex system of transfers and financing. The fragmentation and functional distribution</p>

	<p>including by advancing the listing of shares of state-owned companies.</p>	<p>planned harmonisation and rationalisation of the state agencies system has been put on hold.</p> <p>No progress in harmonising the wage-setting frameworks. The adoption of new legislation on public sector wages has been postponed by two years, to the end of 2019. Preparatory work has been carried out to develop an IT system to support the introduction of a universal system of wage grades. The authorities have also developed common guidelines for the negotiation, coordination and monitoring of collective agreements in the public administration. As far as state-owned enterprises are concerned, no further steps have been taken in setting up a coordinated system for collective bargaining.</p> <p>Limited progress in improving performance monitoring and corporate governance of state owned enterprises, and in divestment from state assets. Eight companies were removed from the government's list of companies and other legal entities of strategic and special interest, whereas the sale of stakes in non-strategic companies yielded income of 0.2 % of GDP in 2016.</p>		<p>of competencies of sub-national units have not been addressed.</p> <p>No progress in harmonising the wage-setting frameworks across the public administration and public services. The new legislation on public sector wages has been postponed several times. The aim of the law is to achieve greater harmonisation of wages across the public administration through the introduction of common wage grids and job complexity coefficients, based on more consistent job descriptions and competences frameworks</p>
	<p>4. Significantly reduce parafiscal charges. Remove unjustified regulatory restrictions hampering access to and the practice of regulated professions. Reduce the</p>	<p>Limited progress:</p> <p>Limited progress in reducing parafiscal charges. The authorities have decreased or cut only five parafiscal charges, with an</p>	<p>5. Speed up the divestment of state-owned enterprises and other state assets, and improve corporate governance in the state-owned enterprise sector.</p>	<p>Limited progress:</p> <p>Limited progress in SOEs divestment and improving corporate governance. The new Ministry has advanced efforts in sales of</p>

	<p>administrative burden on businesses.</p>	<p>impact significantly lower than planned in the national reform programme.</p> <p>Limited progress in removing regulatory restrictions in regulated professions. An action plan was submitted in July 2016, but it entails only limited reform proposals and does not provide details on the substance of the amendments. For a number of professions, the action plan states that current regulation is adequate and no modification is needed.</p> <p>Limited progress in reducing the administrative burden. An action plan for the reduction of administrative burden was adopted by the government.</p>	<p>Significantly reduce the burden on businesses stemming from costs of regulation and from administrative burdens. Remove regulatory restrictions hampering access to and the practice of regulated professions and professional and business services. Improve the quality and efficiency of the justice system, in particular by reducing the length of civil and commercial cases.</p>	<p>minority shares in state-owned companies and further reduced the list of companies of strategic and special interest. However, there are considerable delays in the legislation aimed at improving the management of state assets and corporate governance in SOEs.</p> <p>Limited progress in reducing the burden on business. The measuring and subsequent reduction of administrative burden has continued and two parafiscal charges have been reduced.</p> <p>Limited progress in liberalising regulated professions. Measures in this area were limited in scope and the restrictions most detrimental to the functioning of the economy remain in place.</p> <p>Limited progress in improving the quality and efficiency of the justice system. Over the past year, the decrease in backlogs was driven mainly by reduced inflows, whereas proceedings remained long. Efficiency enhancing and modernisation measures in the system are progressing slowly.</p>
	<p>5. Take measures to improve the quality and efficiency of the judicial system in commercial and administrative courts. Facilitate the resolution of non-performing loans, in particular by improving the tax treatment of the resolution of non-performing loans.</p>	<p>Limited progress:</p> <p>Limited progress in improving the justice system. The number of pending cases and length of court proceedings remain among the highest in the EU. Few measures have been implemented to improve the efficiency of justice (e.g. limited introduction of case management reforms) and it will take time for the implemented judicial map reform to show effects. Improving the quality of the justice system</p>	<p><i>See CSR 5 (the quality and efficiency of the judicial system)</i></p>	

		<p>remains a challenge, particularly the electronic communication with courts, where no measures have been implemented that would allow public bodies, parties and legal professionals to send and receive court documents in electronic form.</p> <p>Some progress in facilitating the resolution of non-performing loans, as sales accelerate. The recent tax reform's provisions on deductibility of non-performing loan write-offs may facilitate a faster resolution in 2017.</p>		
			<p>3. Improve adult education, in particular for older workers, the low-skilled and the long-term unemployed. Accelerate the reform of the education system.</p>	<p>Limited Progress</p> <p>Limited progress in improving adult education. Coverage of Active Labour Market Policies (ALMPs) remains very low. In February 2017 the Croatian Employment Service (CES) adopted a new package of ALMP with focus on education. Concerns however remain with regard to the capacity of the CES to adapt its offer of employment/education measures to the needs of its beneficiaries. The authorities' efforts to increase participation in adult learning do not seem to be well coordinated with the provision of ALMPs by the CES (including reskilling and upskilling measures). The adoption of the new Adult Education Act and the Law on Vocational Education and Training has been further postponed.</p>

				<p>Limited progress in reforming the education system. The implementation of the reform previously suffered from numerous delays. Some activities were relaunched in 2017, and a pilot project to implement the curricular reform is due to start in September 2018. The necessary legislation amendments, including on the General Education Act, have not yet been discussed in Parliament. The adoption of a new bylaw on non-formal and informal learning is still pending.</p>
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	<p>2016 CSRs SGP: CSR 1 MIP: CSR 1, 2, 3, 4, 5</p>	<p>Assessment of implementation of 2016 CSRs February 2017</p>	<p>2017 CSRs SGP: CSR 1 MIP: CSR 1, 2, 3, 4</p>	<p>Assessment of implementation of 2017 CSRs March 2018</p>
	<p>1. In 2016, limit the temporary deviation from the required 0,5 % of GDP adjustment towards the medium-term budgetary objective to the amount of 0,75 % of GDP allowed for investments and the implementation of structural reforms, subject to the condition of resuming the adjustment path towards the medium-term budgetary objective in 2017. Achieve an annual fiscal adjustment of 0,6 % or more of GDP towards the medium-term budgetary objective in 2017. Finalise the reform of the budgetary process in the course of 2016 and ensure that the spending review is an integral part of it. Ensure the timely implementation of the privatisation programme and use the windfall gains to accelerate the reduction of the general government debt ratio. Shift the tax burden from productive factors onto consumption and property. Reduce the number and scope of tax expenditures and complete the reform of the cadastral system by mid-2017. Take measures to improve tax compliance, including through electronic invoicing and</p>	<p>Some progress (this overall assessment of CSR 1 does not include an assessment of compliance with the Stability and Growth Pact):</p> <p>The assessment of compliance with the Stability and Growth Pact will be made in Spring.</p> <p>Substantial progress has been made in reforming the budgetary process. A comprehensive reform of the process was passed in 2016. Its full implementation is expected in the 2018 Budget Law, which would make the spending review a more integral part of the budgeting process.</p> <p>Limited progress has been made in implementing the privatisation programme and in using the windfall gains to reduce public debt. In 2016, Italy has underachieved its privatisation targets (at 0.1 % of GDP in 2016 versus the planned 0.5 %) and the lower interest rate expenditure was counterbalanced by increased primary expenditure.</p> <p>Some progress has been made in shifting the tax burden from productive factors onto consumption and property. Italy's 2017 Budget Law contains several measures affecting the tax wedge on</p>	<p>1. Pursue a substantial fiscal effort in 2018, in line with the requirements of the preventive arm of the Stability and Growth Pact, taking into account the need to strengthen the ongoing recovery and to ensure the sustainability of Italy's public finances. Ensure timely implementation of the privatisation programme and use windfall gains to accelerate the reduction of the general government debt-to-GDP ratio. Shift the tax burden from the factors of production onto taxes less detrimental to growth in a budget-neutral way by taking decisive action to reduce the number and scope of tax expenditures, reforming the outdated cadastral system and reintroducing the first residence tax for high-income households. Broaden the compulsory use of electronic invoicing and payments.</p>	<p>Some progress (this overall assessment of CSR 1 does not include an assessment of compliance with the Stability and Growth Pact):</p> <p>The compliance assessment with the Stability and Growth Pact will be included in spring when final data for 2017 will be available.</p> <p>Limited progress since the issuance of the 2017 CSRs, and despite the confirmation of ambitious privatisation targets for both 2017 (0.2% of GDP) and 2018 (0.3% of GDP), no new privatisations have been carried out. Italy's debt-to-GDP ratio is forecast by the COM to only stabilise in 2017 (at 132.1%) and slightly decrease in 2018 (to 130.8%).</p> <p>Limited progress while measures have been taken to reduce the tax burden on labour and capital, no shift to property and consumption can be recorded. Tax expenditures have been reviewed but not streamlined; no changes have been made to the property tax; the reform of cadastral values is still pending.</p> <p>Substantial progress mandatory e-invoicing has been extended to the private sector as of 2019 (2018 for fuels and public</p>

	<p>payments.</p>	<p>labour, including lower tax rates on productivity premia agreed in decentralised bargaining, an exemption from the payment of social security contributions for certain new hires, and the reduction of the social security contributions rate for the self-employed. These measures compound more sizeable measures taken in 2014 and 2015 to reduce the labour tax wedge.</p> <p>Limited progress has been made in reducing the number and scope of tax expenditures and in completing the reform of the cadastral system.</p> <p>Limited progress has been made in improving tax compliance. The 2017 Budget Law introduces a new tax on business income (IRI) to harmonise the tax system of small firms and corporations. It also introduces transparency provisions on the communication of invoices and VAT data, and a reform of tax administration, merging the tax-recovery agency (Equitalia) with the revenue agency. Sanctions and fines related to unpaid taxes in 2000-2015 are waived for taxpayers spontaneously regularising their tax position.</p> <p>In May 2017, the Commission evaluated compliance with the SGP in its Assessment of the 2017 Stability Programme for Italy (without explicitly referring to the assessment grid used for other CSRs):</p> <p><i>'In 2016, Italy's structural balance deteriorated by 0.7 % of GDP based on the Commission 2017 spring forecast, which points to some deviation from the required</i></p>		<p>procurement). No action has been made to further electronic payments.</p>
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		<p>adjustment towards the MTO once taking into account the following allowances: (i) 0.5 % of GDP under the structural reform clause; (ii) 0.21 % of GDP under the investment clause; (iii) 0.06 % of GDP due to the additional expenditure for the exceptional inflow of refugees/migrants; and (iv) 0.06 % of GDP for security-related expenditure related to the terrorist threat.</p> <p>The ex-post assessment thus suggests that Italy's adjustment path towards the MTO was broadly compliant with the requirements of the preventive arm of the SGP in 2016 and over 2015 and 2016 taken together.</p> <p>The debt-to-GDP ratio increased in 2016 to 132.6 % of GDP, i.e. well above the Treaty reference value of 60 %, and, based on the Commission 2017 spring forecast, Italy was not compliant with the debt rule in that year and is not expected to comply in 2017 and 2018, either. Due to Italy's prima facie non-compliance with the debt rule in 2015, on 22 February 2017 the Commission issued a report under Article 126(3) TFEU, which concluded that "unless the additional structural measures, worth at least 0.2 % of GDP, that the government committed to adopt at the latest in April 2017 are credibly enacted by that time in order to reduce the gap to broad compliance with the preventive arm in 2017 (and thus in 2016), the current analysis suggests that the debt criterion as defined in the Treaty and in Regulation (EC) No 1467/1997 should be considered as</p>		
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		<p>currently not complied with". In response to that request, the Italian government adopted a decree law with additional consolidation measures of a structural nature of around 0.2 % GDP. After incorporating those measures, the Commission 2017 spring forecast expects Italy's structural balance to deteriorate by 0.2 % of GDP in 2017, broadly in line with the 0.3 % of GDP worsening in the (recalculated) structural balance planned by the stability programme. That fiscal path is broadly compliant with the required adjustment path towards the MTO in 2017 and over 2016 and 2017 taken together, once the budgetary impact of the exceptional inflow of refugees and of the preventive investment plan for the protection of the national territory against seismic risks (preliminarily estimated at 0.34 % of GDP, overall) is deducted from the preventive arm requirement. As a result, the Commission assesses also that the conditionality to grant the requested deviation from the adjustment path towards the MTO in 2016 (i.e. the resumption of the adjustment in 2017) was fulfilled.</p> <p>In 2018, in the light of its fiscal situation and notably of its debt level, Italy is expected to further adjust towards its medium-term budgetary objective of a balanced budget in structural terms. According to the commonly agreed adjustment matrix under the SGP, that adjustment translates into a requirement of a nominal rate of reduction of net primary government expenditure of at least 0.2% in 2018, corresponding to an</p>		
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		<p>annual structural adjustment of at least 0.6% of GDP. In 2018, the stability programme plans a structural improvement of 0.8 % of GDP, while the Commission expects Italy's structural balance to further deteriorate by 0.3 % of GDP, reaching a level of -2.2 % of GDP, i.e. below the country's minimum benchmark of -1.3 % of GDP. The difference is mainly due to the fact that the Commission 2017 spring forecast does not include a VAT hike (amounting to around EUR 16 billion or 0.9 % of GDP) legislated for 2018 as a "safeguard clause" to ensure the achievement of the budgetary targets, as the stability programme confirms the intention to repeal it without specifying the compensating measures. Taking into account the preventive arm requirement, an overall assessment based on the Commission 2017 spring forecast points to a risk of a significant deviation from the recommended adjustment path towards the MTO in 2018 and over 2017 and 2018 taken together. These assessments are based on the matrix of preventive arm requirements agreed with the Council, which takes into account (i) the cyclical position of the economy, as assessed on the basis of output gap estimates using the commonly agreed methodology as well as the projected real GDP growth rate, and (ii) debt sustainability considerations. Given the current cyclical conditions and the uncertainty surrounding them, it is important that the fiscal stance strikes the right balance between both safeguarding</p>		
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		<p><i>the ongoing recovery and ensuring the sustainability of Italy's public finances. The Commission noted that, in carrying out its future assessments, it stands ready to use its margin of appreciation in cases where the impact of large fiscal adjustment on growth and employment is particularly significant. In that context, it will make use of any updated information regarding the projected position in the economic cycle of each Member State and work closely with the Council to that effect.” (pp. 24-25)</i></p>		
	<p>2. Implement the reform of the public administration by adopting and implementing all necessary legislative decrees, in particular those reforming publicly-owned enterprises, local public services and the management of human resources. Step up the fight against corruption including by revising the statute of limitations by the end of 2016. Reduce the length of civil justice proceedings by enforcing reforms and through effective case-management.</p>	<p>Limited progress:</p> <p><u>Limited progress</u> has been made in implementing the public administration reform. Several implementing decrees have been adopted. However, on 25 November 2016, the Constitutional Court ruled that the procedure envisaged was unconstitutional for the decrees pointed out in the recommendations, notably those concerning human resource management, local public services and publicly-owned enterprises. Some of them had been already adopted (those regulating the management level in the health sector, disciplinary dismissals and state-owned enterprises) and have therefore to be amended. For two decrees, (on local public services and public managers), the delegation had already expired. The decree on non-managerial staff was also concerned, but it can still be adopted under the enabling law with the correct procedure.</p> <p><u>No progress</u> has been made in revising the statute of limitations.</p>	<p>2. Reduce the trial length in civil justice through effective case management and rules ensuring procedural discipline. Step up the fight against corruption, in particular by revising the statute of limitations. Complete reforms of public employment and improve the efficiency of publicly-owned enterprises. Promptly adopt and implement the pending law on competition and address the remaining restrictions to competition.</p>	<p>Some progress:</p> <p><u>Limited progress</u> a few civil justice reforms of limited scope have been passed, but an all-encompassing reform of the civil trial is still pending and evidence does not support yet the effectiveness of reforms to avoid abuses of the trial. Overall, disposition time does not show a clear downward trend compared to past years.</p> <p><u>Substantial progress</u> overall, Italy's anticorruption framework has been improved in the past year by revising the statute of limitations and extending whistle-blowers' protection to private sector workers. While some powers of ANAC in the area of procurement were curtailed, the Authority was given a more prominent role in monitoring the implementation of the new framework. However, these new competencies remain to be operationalised through a regulation.</p> <p><u>Some progress</u> the implementation of the Public administration reform is almost complete. The relevant legislative decrees</p>


		<p>Some progress has been made in enforcing civil justice reform and improving case-management but the length of proceedings is not decreasing.</p>		<p>to reform public employment have been adopted and need to be operationalised. The new framework for SOEs is in place and needs to be implemented.</p> <p>Some progress the 2015 annual competition law was adopted and it needs to be implemented. No actions have been taken to remove remaining restrictions to competition.</p>
	<p>3. Accelerate the reduction in the stock of non-performing loans, including by further improving the framework for insolvency and debt collection. Swiftly complete the implementation of ongoing corporate governance reforms in the banking sector.</p>	<p>Some progress:</p> <p>Limited progress has been made in reducing non-performing loans (NPLs). In April 2016, a law was passed creating an NPL securitisation scheme supported by state guarantees (GACS), which became operational in August 2016 with the adoption of an implementing decree. Since April 2016, two private-sector backstop funds (Atlante I and II) have been set up to support the recapitalisation and the impaired asset disposal of vulnerable banks. Furthermore, the Bank of Italy has issued a new reporting template requiring banks to provide detailed data on their bad loans, collateral and ongoing recovery procedures. Although all these measures — including several reforms of insolvency and collateral enforcement rules — are in principle helpful in fostering the development of a secondary market for distressed assets in Italy, they have not yet resulted in significant short-term relief for the banking sector. In December 2016, the government approved the setup of a EUR</p>	<p>3. Accelerate the reduction in the stock of non-performing loans and step up incentives for balance-sheet clean-up and restructuring, in particular in the segment of banks under national supervision. Adopt a comprehensive overhaul of the regulatory framework for insolvency and collateral enforcement.</p>	<p>Some progress:</p> <p>Some progress in the banking sector, the authorities' clean-up of some of the weakest banks in mid-2017 has reduced acute financial stability risks. The high legacy stock of NPLs is declining on the back of NPL disposals including via the securitisation scheme supported by state guarantees (GACS). The supervisor has enhanced oversight of less significant institutions including by announcing a NPL guidance. The various corporate governance reforms are broadly on track. Consolidation and restructuring in the banking sector have continued.</p> <p>Limited progress regarding the overhaul of the insolvency framework, the enabling law has been adopted, and relevant implementing decrees have to be passed within a year. The Patto Marciano, an adopted measure to shorten the period of collateral enforcement, is not yet used by banks for firms.</p>

		<p>20 billion fund for the precautionary recapitalisation of and liquidity support for vulnerable banks, but it is not yet clear whether this will be a turning-point in the clean-up of the Italian banking sector.</p> <p>Some progress has been made in improving the framework for insolvency and debt collection. In June 2016, further changes to Italy's insolvency and collateral enforcement rules were made. Inter alia, provisions authorise private enforcement clauses in loan contracts allowing creditors to take ownership of collateral out-of-court in the event of a debtor's default (patto marciano), and enable entrepreneurs to pledge movable assets while continuing to use them (a kind of non-possessory lien). Furthermore, an electronic register for insolvency cases will be set up, and hearings can now be held electronically. The reforms complement those of 2015, but it may take some time before their results in terms of shorter proceedings and higher recovery values — essential for NPL market activity — materialise. In the meantime, a draft enabling law aiming to fundamentally overhaul the insolvency and enforcement framework is currently under parliamentary discussion.</p> <p>Some progress has been made in implementing corporate governance reform. With the adoption of a law in April 2016 and implementing provisions by the Bank of Italy in November 2016, the 18-month implementation period started for the self-reform of the segment of small mutual banks (banche di credito cooperativo (BCCs)). BCCs wishing to retain</p>		
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		<p>their cooperative status will have to join one of the cooperative banking groups that will be set up, and their relationship with the group's holding company will be determined by risk-based 'cohesion contracts'. The implementation of the 2015 reforms of large cooperative banks (banche popolari) and bank foundations has continued, although legal challenges and unfavourable market conditions have led to some delays.</p>		
	<p>4. Implement the reform of active labour market policies, in particular by strengthening the effectiveness of employment services. Facilitate the take-up of work for second earners. Adopt and implement the national antipoverty strategy and review and rationalise social spending.</p>	<p>Some progress:</p> <p><u>Some progress</u> has been made in implementing the reform of ALMPs. The new Agency in charge of active labour market policies (ANPAL) is operational as of January 2017. A pilot outplacement voucher (assegno di ricollocazione) scheme was launched in November 2016 covering a sample of 30 000 beneficiaries.</p> <p><u>Limited progress</u> has been made in facilitating the take-up of work by second earners. The 2017 Budget Law extends paternity leave from two to four days as of 2018. It also extends to 2017 and 2018 the possibility, first introduced in 2012, to exchange parental leave with babysitting vouchers and introduces a non-means-tested voucher for EUR 1 000 per year to be spent in public or private nurseries.</p> <p><u>Some progress</u> has been made with regard to the national antipoverty strategy. The active inclusion measure (SIA), which</p>	<p>4. With the involvement of social partners, strengthen the collective bargaining framework to allow collective agreements to better take into account local conditions. Ensure effective active labour market policies. Facilitate the take-up of work for second earners. Rationalise social spending and improve its composition.</p>	<p>Limited progress:</p> <p><u>Limited progress</u> the use of second-level contracts is very limited. Most actions relating to collective bargaining were taken before the adoption of the relevant CSR, while the intersectoral agreement on the bargaining framework has not been renegotiated yet. Social partners updated the agreement on the representativeness of trade unions, which is expected to become only operational in 2019. The tax rebates on productivity-related wage increases set by second-level agreements were strengthened in 2017.</p> <p><u>Limited progress</u> the reform of ALMPs is still incomplete. The new Agency for Active Labour Market Policies was set up in January 2017, but the governance of the system is still into jeopardy. The adoption by the Ministry of Labour of the strategic plan on ALMP has been delayed. In this context, the PES placement capacity remains extremely limited, with a few</p>

		<p>provides economic and social care to disadvantaged households, was rolled out at national level. An enabling law aimed at establishing a single comprehensive scheme against poverty, replacing SIA and the unemployment assistance scheme (ASDI), has been approved by the Chamber of Deputies.</p>		<p>exceptions. A pilot project on the outplacement voucher was launched in 2017, but the uptake has been lower than expected. In the absence of a common methodology for data collection, monitoring and performance evaluation remain weak. The annual reports on the implementation of the provisions of the Jobs Act on ALMPs, foreseen by the Decree 150/2015, have not been published.</p> <p>Limited progress some measures have been introduced in the Budget law, including the extension of paternity leave. However, policy actions remain fragmented and a comprehensive strategy is still lacking.</p> <p>Some progress to fight poverty and social exclusion, a new permanent measure has been adopted (REI), which also incorporates unemployment assistance and partly rationalises social spending. However, the latter remains biased towards old-age expenditure. In fact, the 2018 Budget further extends some provisions of the 2017 Budget partially reversing past pension reforms, which increase the already high pension share in overall social spending.</p>
	<p>5. Swiftly adopt and implement the pending law on competition. Take further action to increase competition in regulated professions, the transport, health and retail sectors and the system of concessions.</p>	<p>Limited progress:</p> <p>No progress has been made with regard to the pending law on competition. The draft law was presented to Parliament in April 2015 and has not yet been approved by the Senate.</p>	<p><i>See CSR 2 (implementation of the law on competition)</i></p>	

		<p>Limited progress has been made in addressing remaining barriers to competition in regulated professions, the transport, health and retail sectors and the system of concessions. The code for public procurement and concessions was revised in 2016. No further measures were taken to remove remaining barriers to competition in the other sectors.</p>		
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CY 	<u>2016 CSRs</u> SGP: CSR 1 MIP: CSR 1, 2, 3, 4, 5	<u>Assessment of implementation of 2015 CSRs</u> February 2017	<u>2017 CSRs</u> SGP: CSR 1 MIP: CSR 1, 2, 3, 4	<u>Assessment of implementation of 2017 CSRs</u> March 2018
	<p>1. Following the correction of the excessive deficit, respect the medium-term budgetary objective in 2016 and in 2017. By the end of 2016, adopt a binding mechanism containing the growth rate of the compensation of public employees. By the end of 2016, adopt the horizontal reform of the public administration and the law on the governance of state-owned entities, and implement the reform of local governments. By the end of 2016, adopt the secondary legislation to complete the new budgetary framework.</p>	<p>Limited progress in addressing CSR 1 despite the completion of the budgetary framework. Indeed, limited progress has been made to adopt the draft bills regarding the wage bill while no progress was made concerning the public administration reform. No progress was made regarding the reform of state owned enterprises and local government, which related bills are still pending adoption by the House of Representatives.</p> <p>The assessment of compliance with the Stability and Growth Pact will be included in spring 2017, when final data for 2016 will be available</p> <p>There has been limited progress with regard to the binding mechanism containing the growth rate of the compensation of public employees. The mechanism has been introduced until 2018 in collective agreements with public sector unions. However, the legislative proposal to make this mechanism permanent has been rejected by the House of Representatives.</p> <p>There has been no progress with regard to the horizontal reform of the public administration. The draft laws have been rejected by the House of Representatives.</p>	<p>1. Pursue its fiscal policy in line with the requirements of the preventive arm of the Stability and Growth Pact, which entails remaining at its medium-term budgetary objective in 2018. Use windfall gains to accelerate the reduction of the general government debt ratio. By the end of 2017, adopt key legislative reforms aiming to improve efficiency in the public sector, in particular on the functioning of public administration, governance of state-owned entities and local governments.</p>	<p>Limited progress in addressing CSR 1 in particular concerning the public administration reform, with the adoption of legislation facilitating staff mobility between the public administration and state-owned entities. No progress was made regarding the reforms of state-owned entities and local governments.</p> <p>The compliance assessment with the Stability and Growth Pact will be included in Spring when final data for 2017 will be available.</p> <p>Some progress regarding the improvement of the efficiency of the public sector with the adoption of legislation facilitating staff mobility between the public service and state-owned entities. Some measures were also undertaken promoting e-governance. However, key legislation remains to be adopted.</p> <p>No progress with regard to the governance of state-owned entities. The draft law is still pending adoption by the House of Representatives.</p> <p>No progress related to the reform of local governments. Relevant legislation is awaiting adoption by the House of Representatives.</p>

		<p>There has been no progress with regard to the law on the governance of state-owned entities, and the reform of local governments. These reforms have not yet been adopted by the House of Representatives.</p> <p>There has been substantial progress as the legislation to complete the new budgetary framework has been adopted by the House of Representatives but implementation steps are still missing for it to be effective.</p> <p>In May 2017, the Commission evaluated compliance with the SGP in its Assessment of the 2017 Stability Programme for Cyprus (without explicitly referring to the assessment grid used for other CSRs):</p> <p><i>“In 2016, Cyprus achieved an improvement of the structural balance of 0.9% of GDP, which is well above the required adjustment towards the MTO.</i></p> <p><i>Based on the information provided in the stability programme, in 2017, Cyprus is expected to be broadly compliant with the requirement to remain at the MTO (a deviation of less than -0.1% of GDP). The growth rate of government expenditure, net of discretionary revenue measures, is projected to exceed the applicable expenditure benchmark rate by 0.3% of GDP. Based on an overall assessment of the Commission 2017 spring forecast, the adjustment path towards the MTO for Cyprus seems to be appropriate for 2017.</i></p>		
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	<p>2. By June 2017, eliminate impediments to the full implementation of the insolvency and foreclosure frameworks and ensure adequate resources for the Insolvency Service. Ensure reliable and swift systems for the issuance of title deeds and the transfer of immovable property rights. Increase the efficiency and</p>	<p>Cyprus has made limited progress with regard to CSR 2 on implementation of the insolvency and foreclosure frameworks and improving the title deeds issuance and transfer system. Some measures have been announced but remain to be adopted, while no full review of the insolvency and foreclosure frameworks, nor title deeds reform legislation have been tabled.</p>	<p>2. Increase the efficiency of the judicial system by modernising civil procedures, implementing appropriate information systems and increasing the specialisation of courts. Take additional measures to eliminate impediments to the full implementation of the insolvency and foreclosure frameworks, and to ensure reliable and swift systems for the issuance of title deeds and</p>	<p>Cyprus has made limited progress in addressing CSR 2. Regarding the efficiency of the judicial system, some measures have been announced, but key reforms are at preliminary stage. Efforts are on-going on eliminating obstacles to fully implement the insolvency and foreclosure frameworks, but no significant progress was recorded. Administrative steps were taken to address the issuance of title deeds and transfer of immovable property rights,</p>

	<p>capacity of the court system. Reform the civil procedure law.</p>	<p>There has been some progress in eliminating barriers to fully implementing the insolvency and foreclosure frameworks and in ensuring adequate resources for the Insolvency Service. Necessary amendments to the legislation on insolvency have been identified but not yet drafted, and no timetable has been released for their submission to the House of Representatives. Rules of Court have been adopted for personal insolvency procedures and are being prepared for corporate insolvency procedures. The capacity of the Insolvency Service has been increased. The foreclosure infrastructure has been developed.</p> <p>There has been limited progress on ensuring reliable and swift systems for issuing title deeds and transferring immovable property rights. Administrative and legislative measures have been taken to facilitate the issuance of title deeds, but no draft legislation for transfer of title deeds has been prepared due to the lack of understanding and agreement among stakeholders.</p> <p>There has been limited progress on increasing the efficiency and capacity of the court system and reforming the civil procedure law, as several reform initiatives have been announced but remain at a preliminary stage.</p>	<p>the transfer of immovable property rights.</p>	<p>but more comprehensive measures remain to be adopted.</p> <p>Limited progress in modernising the civil procedures. A legislation filtering appeals on interlocutory decisions is in place. However, a series of announced measures still remain to be implemented, such as setting up a management information system for the courts (e-justice system), establishing a specialised commercial court, amending the civil procedure law to strengthen the legal framework for the enforcement of judgements, incentivising judicial mediation and creating a training department in the Supreme Court.</p> <p>Limited progress in eliminating barriers to fully implement the insolvency and foreclosure frameworks. Rules of Court have been adopted for personal insolvency procedures, but the amendment of the bankruptcy rules on legal entities is still under preparation. An independent review of the insolvency and foreclosure frameworks, covering also staffing and IT requirements, is completed and the results are reviewed by the authorities.</p> <p>Limited progress on ensuring reliable and swift systems for issuing title deeds and transferring of immovable property rights. Administrative simplification measures to facilitate the issuance of title deeds are ongoing and a policy response related to the licencing and permitting procedures is under preparation based on findings of</p>
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				external experts. A draft law on the creation of a new system for the transfer of property rights is under preparation.
<p>3. By the end of 2016, take additional measures to ensure a decline in non-performing loans and accurate valuations of collateral for provisioning purposes. Increase the range of information available for creditors and enhance the information currently provided to make the credit registry fully effective.</p>	<p>There has been some progress overall on CSR 3, regarding measures to ensure a decline in non-performing loans and increase the range of information available for creditors through the credit registry, which is now fully operational for loan origination purposes.</p> <p>There has been some progress on taking measures to ensure a decline in non-performing loans and accurate valuations of collateral for provisioning purposes. In particular, due to increased loan restructuring efforts incentivised by Government and Central Bank of Cyprus measures, the stock of NPLs has started to decline, but remains at a very high level. Some steps were also taken to create a secondary market for loans although no transaction has taken place.</p> <p>There has been some progress in increasing the range of information available for creditors through the credit registry, which is currently operational for loan origination purposes.</p>	<p>3. Accelerate the reduction of non-performing loans by setting related quantitative and time-bound targets for banks and ensuring accurate valuation of collateral for provisioning purposes. Create the conditions for a functional secondary market for non-performing loans. Integrate and strengthen the supervision of insurance companies and pension funds.</p>	<p>Cyprus has made limited progress in addressing CSR 3. Some measures were undertaken such as setting up a task force on non-performing loan in the Central Bank. Despite the small decline in non-performing loans, the level of stock is still very high.</p> <p>Limited progress was made. The Central Bank of Cyprus in July 2017 set-up an NPL task force to develop a national strategy to reduce NPLs and the authorities are evaluating various options for a comprehensive solution to the NPL problem, including a new targeting framework creation.</p> <p>Limited progress was made by banks announcing the creation of joint ventures with specialised foreign debt servicers to manage their NPL portfolios, which could facilitate NPL sales in the future. Recently Hellenic bank has sold a loan package of 145 mln euros. However, the legal framework for the securitisation of loans is still pending.</p> <p>Limited progress was made as relevant legislation is still under preparation.</p>	
<p>4. Remove impediments to investment, in particular by implementing the action plan for growth, pursuing the privatisation plan and strengthening the national regulatory authorities. Take measures to increase access to</p>	<p>Cyprus has made some progress towards removing impediments to investment as it started implementing the action plan for growth and made some minor progress with regard to privatisation, while limited progress was achieved concerning the facilitation of SME's access to finance.</p>	<p>4. Accelerate the implementation of the action plan for growth, focusing in particular on fast-tracking strategic investments and improving access to finance, and, by the end of 2017, resume the implementation of the privatisation</p>	<p>Cyprus has made limited progress in addressing CSR 4. Limited progress was recorded in the implementation of the action plan for growth and no progress was made with regard to the privatisation plan.</p>	

	<p>finance for small and medium-sized enterprises.</p>	<p>There has been some progress in implementing the action plan for growth. However, many workstreams have yet to enter their implementation phase.</p> <p>There has been limited progress in pursuing the privatisation plan. Draft bills aimed at launching the privatisation process of the Cyprus Telecommunications Authority (CyTA) were abandoned at the eve of the May 2016 general election, due to strong political opposition. Alternative proposals have not yet been formulated. Although minor privatisation projects still follow their course, budgetary funding for the privatisation unit has been cancelled.</p> <p>There has been some progress in strengthening the national regulatory authorities, notably through the capacity increase of the energy regulator CERA.</p> <p>There has been limited progress in increasing access to finance for SMEs, as most new initiatives from the authorities remain at a preliminary stage.</p>	<p>plan. Take decisive steps towards the ownership unbundling of the Electricity Authority of Cyprus and, in particular, proceed with the functional and accounting unbundling by the end of 2017.</p>	<p>Some progress was made in implementing the action plan for growth. A series of measures stemming from the action plan are gradually being implemented. The legal framework to attract and facilitate large scale investments was submitted to the House of Representatives for adoption. Some initiatives were undertaken by the authorities to improve access to finance, but still remain at a preliminary stage.</p> <p>Limited progress has been achieved in pursuing the privatisation plan. Only the operations of the port of Limassol were transferred to a private consortium, while the privatisation of the port of Larnaca is under way. An agreement to sell the Greek subsidiary of CYTA was reached. A series of measures were announced but still are at preliminary stage.</p> <p>Limited Progress some new decisions were taken at ministerial level to ensure greater independence of the Transmission System Operator Cyprus, but many important steps still need to be taken.</p>
<p>5. Enhance the capacity of the public employment services and their provision to the long-term unemployed; improve outreach to the non-registered unemployed. Adopt legislation for a hospital reform and advance with the planned implementation of universal health care coverage.</p>	<p>There has been limited progress overall in addressing CSR 5.</p> <p>Limited progress has been made concerning the enhancement of the capacity of the public employment services. This is because the recruitment of additional counsellors has been continuously delayed and the plans for</p>	<p>5. Speed up reforms aimed at increasing the capacity of public employment services and improving the quality of active labour market policies delivery. Complete the reform of the education system to improve its labour market relevance and performance, including teachers'</p>		<p>There has been some progress overall in addressing CSR 5, in particular with the adoption of legislation establishing a universal National Health System.</p> <p>There has been some progress regarding the capacity of the public employment services with the initiation of the recruitment of additional counsellors,</p>


		<p>improving the service remain vague. Some progress has been made to reach out to the non-registered unemployed, especially young people, but the outcome of these initiatives in terms of outcomes is not yet known.</p> <p>There has been limited progress in adopting legislation for a hospital reform and advancing with the planned implementation of universal healthcare coverage. Two bills for the creation of the National Health System and the autonomy of public hospitals were submitted to the House of Representatives, and are currently under discussion.</p>	<p>evaluation. By the end of 2017, adopt legislation for a hospital reform and universal healthcare coverage.</p>	<p>which will also facilitate the active labour market policies. A web platform to facilitate recruitment of personnel by employers was launched and a project for the use of private employment services by unemployed is being implemented.</p> <p>Limited progress some measures are being implemented in relation to the vocational education training system. The new teacher appointing system is in place; however, no progress has been made regarding the evaluation system of teachers.</p> <p>Substantial progress the legislation for the creation of a national health system with universal coverage and the autonomisation of public hospitals was adopted. Secondary legislation and implementing steps are under way.</p>
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<p>LV</p>	<p><u>2016 CSRs</u> SGP: CSR 1 MIP: -</p>	<p><u>Assessment of implementation of 2016 CSRs</u> February 2017</p>	<p><u>2017 CSRs</u> SGP: CSR 1 MIP: -</p>	<p><u>Assessment of implementation of 2017 CSRs</u> March 2018</p>
	<p>1. Ensure that the deviation from the adjustment path towards the medium-term budgetary objective in 2016 and 2017 is limited to the allowance linked to the systemic pension reform and the major structural reform in the healthcare sector. Reduce the tax wedge for low-income earners by exploiting a growth-friendly tax shift towards environmental and property taxes and improving tax compliance.</p>	<p>Limited progress (this overall assessment of CSR 1 does not include an assessment of compliance with the Stability and Growth Pact):</p> <p>The compliance assessment with the Stability and Growth Pact will be included in spring when final data for 2016 will be available.</p> <p>Limited progress has been made in shifting the tax burden away from low-wage earners. Adopted measures have a limited effect. The tax wedge on low-wage earners remains high, while there is a scope to shift taxation to consumption, property and capital.</p> <p>Some progress has been made in improving tax compliance. A number of small measures have been introduced. The increased tax revenue relative to the tax base demonstrates a better collection.</p> <p>In May 2017, the Commission evaluated compliance with the SGP in its Assessment of the 2017 Stability Programme for Latvia (without explicitly referring to the assessment grid used for other CSRs):</p> <p><i>“In 2016, Latvia reached a balanced budgetary position, over-achieving the</i></p>	<p>1. Pursue its fiscal policy in line with the requirements of the preventive arm of the Stability and Growth Pact, which entails achieving its medium-term budgetary objective in 2018, taking into account the allowances linked to the implementation of the systemic pension reform and of the structural reforms for which a temporary deviation is granted. Reduce taxation for low-income earners by shifting it to other sources that are less detrimental to growth and by improving tax compliance.</p>	<p>Some progress (this overall assessment of CSR 1 does not include an assessment of compliance with the Stability and Growth Pact):</p> <p>The compliance assessment with the Stability and Growth Pact will be included in spring when final data for 2017 will be available.</p> <p>Some progress the tax wedge on low wages is reduced, but it is estimated to remain relatively high compared to other Member States. The increase in the income-differentiated basic allowance, which is the most effective at reducing the tax wedge for single low income earners, accounts for the small share of the total reform costs. The tax cutting measures are only partly compensated by the increases in excise duties and stricter VAT administration, thus the tax shifting principle is only partly observed.</p> <p>Some progress administrative measures limiting tax evasion are being implemented. The tax administration adopts cooperative approach – the ‘consult first’ principle. The tax administration is reformed by streamlining operations and strengthening capacity.</p>

		<p><i>MTO. The increase in government expenditure, net of discretionary revenue and one-off measures, exceeded the applicable expenditure benchmark rate by 0.2% of GDP. Following an overall assessment the requirements of the preventive arm are assessed to be met.</i></p> <p><i>In 2017, the headline government balance is planned to deteriorate to a deficit of 0.8% of GDP. The structural balance requirement is met, but the expenditure benchmark is surpassed by 0.1% of GDP. Based on an overall assessment, Latvia is projected to meet the requirements of the preventive arm.</i></p> <p><i>In 2018, Latvia plans the government deficit to increase to 1.6% of GDP. This implies a deviation of 0.7% of GDP from the required adjustment path towards the MTO in 2018. The significant deviation from the expenditure benchmark is also recorded in 2018. Based on the Commission 2017 spring forecast, and following an overall assessment, there is a risk of significant deviation in 2018." (p. 20)</i></p>		
	<p>2. Improve the adequacy of social assistance benefits and step up measures supporting recipients in finding and retaining work, including through increased coverage of activation measures. Speed up the curricula reform in vocational education, establish — with the involvement of social partners — a regulatory framework for work-based learning</p>	<p>Limited progress:</p> <p><u>Limited progress</u> has been made in improving adequacy of social assistance benefits. The key reform of the minimum income level was not implemented as planned in 2017 and future plans are uncertain. The family state benefit has been excluded from the means test to qualify for social assistance with a limited improvement in benefit adequacy.</p>	<p>2. Improve the adequacy of the social safety net and up-skill the labour force by speeding up the curricula reform in vocational education. Increase the cost-effectiveness of and access to healthcare, including by reducing out-of-pocket payments and long waiting times.</p>	<p>Some progress:</p> <p><u>Limited progress</u> guaranteed minimum income will be increased from EUR 49.80 to EUR 53 as of January 2018; some steps taken to improve current pension adequacy and family state benefits. The minimum income level reform substantially improving social safety net was not implemented in 2017 as planned and no follow-up has been decided.</p>

	<p>and increase their offer. Improve the accessibility, quality and cost-effectiveness of the healthcare system.</p>	<p>Some progress has been made in supporting social assistance recipients in finding and retaining work. The EU financed programmes have picked up in 2016 after a dip in 2015. Measures for vulnerable groups are expanded, but regional mobility support is not fully utilised. To encourage taking up employment, income up to the minimum wage is excluded from the means test for the social assistance for three months from start of employment.</p> <p>Some progress has been made in improving vocational education. The regulatory framework for work-based learning and on development of VET programmes is established. Limited progress has been made on curricula reform in 2016, which is to be finalised in 2021.</p> <p>Limited progress has been made. The current structure of the system, with high out-of-pocket and informal payments, still leaves much of the population with unmet healthcare needs. There is some increase in public funding in 2017, but no medium-term financing plans have been adopted yet. The implementation of e-health services is delayed.</p>		<p>Some progress as of 2017/2108 school year, modular programmes in 29 out of 56 professional qualifications developed so far are taught in 24 VET schools (doubling over the previous year). Development of 10 planned modular programmes was initiated in 2017, but 174 programmes still remain to be developed. Development of 56 (out of 160 total remaining) professional standards has been initiated in 2017 and 22 of them were approved by the tripartite council for co-operation in VET by the December 2017.</p> <p>Some progress public financing for healthcare is increased, but little progress on efficiency enhancing measures. Access to the universal healthcare is expected to be limited by linking service provision to social contributions.</p>
<p>3. Pursue the consolidation of research institutions and provide incentives for private investment in innovation. Strengthen the conflict of interest prevention</p>	<p>Some progress:</p> <p>Some progress has been made in the consolidation of research institutions and in private innovation incentives. The</p>	<p>3. Increase efficiency and accountability in the public sector, in particular by simplifying administrative procedures and strengthening the conflict-of-</p>	<p>Some progress:</p> <p>Some progress a top-down targets for staff reduction and increasing efficiency of support services are set for the central</p>	

	<p>regime and set up a common legal framework for all public employees. Increase the accountability and public oversight of insolvency administrators.</p>	<p>consolidation of research institutions is ongoing. Business investment in R&D has slightly declined and remains low in international comparison.</p> <p>Limited progress has been made in strengthening the conflict of interest prevention regime. The legislative framework has been further developed by granting more independence of the director of the corruption prevention office and by an expert-based selection process of the director, but there is political reluctance to apply this framework. The draft Public Service Law has not progressed and will be reviewed in light of the upcoming public service reform.</p> <p>Some progress has been made in increasing the accountability and public oversight of insolvency administrators. Legal framework and tools for supervision of insolvency administrators have been put in place. The capacity of the state police is gradually increased for preventing criminal offences related to insolvency.</p>	<p>interest prevention regime, including for insolvency administrators.</p>	<p>government, while the more numerous local authorities are not covered.</p> <p>Limited progress a regulation on the internal control requirements for prevention of risks of conflict of interest and corruption in public institutions was adopted by the Cabinet of Ministers in October 2017. However, a lack of clarity persists on the mechanism of verification of the conflicts of interest and revenues declarations for public officials, as well as on the division of competencies among the institutions involved. A draft law on whistle-blower protection has been dropped by the parliament.</p>
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 <p>LT</p>	<p><u>2016 CSRs</u> SGP: CSR 1 MIP: -</p>	<p><u>Assessment of implementation of 2016 CSRs</u> February 2017</p>	<p><u>2017 CSRs</u> SGP: CSR 1 MIP: -</p>	<p><u>Assessment of implementation of 2017 CSRs</u> March 2018</p>
	<p>1. Ensure that the deviation from the medium-term budgetary objective is limited to the allowance linked to the systemic pension reform in 2016 and in 2017. Reduce the tax burden on low-income earners by shifting the tax burden to other sources less detrimental to growth and improve tax compliance, in particular in the area of VAT.</p>	<p>Some progress (this overall assessment of CSR 1 does not include an assessment of compliance with the Stability and Growth Pact):</p> <p>Substantial progress has been made in reducing the tax burden on low-wage earners. Lithuania has substantially increased the non-taxable allowance for the low wage earners.</p> <p>Lithuania raised the non-taxable allowance and the allowance for dependent children substantially as from 2017.</p> <p>As a result, the tax wedge to low earners is lowered by up to 2.5 pp for households without children and by up to 3.5 pp to households with children.</p> <p>However, these tax measures fail to further lower the tax wedge to some of the most vulnerable households, e.g. single earners with two children or more.</p> <p>Some progress in shifting the tax burden to other sources. Measures to compensate for the revenue loss due to reduced tax burden on labour cover about a half of those losses.</p> <p>The diversity of new tax sources; however, is limited however as the vast majority of</p>	<p>1. Pursue its fiscal policy in line with the requirements of the preventive arm of the Stability and Growth Pact, which entails remaining at its medium term budgetary objective in 2018, taking into account the allowances linked to the implementation of the systemic pension reform and of the structural reforms for which a temporary deviation is granted. Improve tax compliance and broaden the tax base to sources that are less detrimental to growth. Take steps to address the medium-term fiscal sustainability challenge related to pensions.</p>	<p>Some progress (this overall assessment of CSR 1 does not include an assessment of compliance with the Stability and Growth Pact):</p> <p>Some progress has been made in fighting tax avoidance, but further progress must be made to increase tax compliance and the fairness of the overall system. Despite a decrease in the VAT gap from 28 % in 2014 to 26 % in 2015, Lithuania still has one of widest gaps in the EU.</p> <p>Lithuania has introduced several measures as part of the smart tax administration system such as e-registering of VAT invoices and e-waybills.</p> <p>These measures have already helped to improve tax compliance and raise revenue.</p> <p>Limited progress was made in broadening the tax base.</p> <p>Excise duties on diesel (which has been the lowest in the EU), diesel for agricultural purposes and cigarettes have been increased from 2018 while the exemptions for coal and coke used for heating purposes have been abolished.</p> <p>Property taxation became more progressive since 2018 with a broader tax base.</p>


		<p>additional revenue comes from increase in excise taxes on cigarettes and alcohol.</p> <p>Some progress in improving tax compliance. Lithuania has adopted a number of measures that are expected to improve its analytical and tax collection ability substantially. The actual impact on tax collection of these efforts; however is yet to be seen.</p> <p>During 2016 Lithuania introduced an electronic invoicing system and an electronic waybill system.</p> <p>In May 2017, the Commission evaluated compliance with the SGP in its Assessment of the 2017 Stability Programme for Lithuania (without explicitly referring to the assessment grid used for other CSRs):</p> <p><i>“In 2016, Lithuania maintained a structural balance above its MTO in line with the requirements of the preventive arm of the Stability and Growth Pact.</i></p> <p><i>Lithuania plans to remain above the MTO over the period 2017-2020. Based on the Commission 2017 spring forecast, the structural balance is projected to respect the MTO in 2017-2018. Therefore, Lithuania is projected to meet the requirements under the preventive arm of the SGP in both 2017 and in 2018.”</i> (p. 19)</p>		<p>However, environmental and transport taxes remain very low. At the moment, there are no plans to introduce car taxation or road-use tax for private passenger vehicles.</p> <p>Some progress was made in increasing the sustainability of the pension system.</p> <p>From 2018, pensions started to be automatically indexed to the wage bill growth. This will strengthen the fiscal sustainability of the pension system.</p> <p>However, the new indexation mechanism will still lead to a steady fall in the theoretical replacement rate after 2056, possibly raising concerns for pension adequacy and future sustainability of the system.</p>
	<p>2. Strengthen investment in human capital and address skills shortages, by improving the labour market relevance of education, raising the quality of teaching and</p>	<p>Some progress:</p> <p>Limited progress has been made in strengthening the investment in human capital. Overall, Lithuania has adopted</p>	<p>2. Address skills shortages through effective active labour market policy measures and adult learning and improve educational outcomes by rewarding quality in teaching</p>	<p>Some progress:</p> <p>Some progress was made in addressing skills shortages.</p>

	<p>adult learning. Reinforce the coverage and effectiveness of active labour market policies. Strengthen the role of social dialogue mechanisms. Improve the performance of the healthcare system by strengthening outpatient care, disease prevention and health promotion. Improve the coverage and adequacy of unemployment benefits and social assistance.</p>	<p>some measures that partly address the CSR, but a fair amount of work is still needed to fully address the CSR.</p> <p>Lithuania continues implementing measures to improve the attractiveness of vocational education and training, and has taken steps to expand availability of work-based learning.</p> <p>However, there is limited progress on improving the quality of teaching, and especially the working conditions and professional development of teachers.</p> <p>Also, there is a lack of improvement in the uptake of adult learning.</p> <p><u>Some progress</u> has been made in reinforcing the coverage and effectiveness of active labour market policies. Overall, LT has adopted some measures that partly address the CSR, but a fair amount of work is still needed to fully address the CSR.</p> <p>Lithuanian Public Employment Service implemented specific activation projects targeting the low-skilled, long-term unemployed, older and disabled persons.</p> <p>Lithuania has adopted the new Law on Employment, which is planned to come into force in July 2017.</p> <p><u>Some progress</u> in strengthening the role of social dialogue mechanisms.</p> <p>LT has adopted the legislative package on the "new social model", among them a new labour code. It includes new</p>	<p>and in higher education. Improve the performance of the healthcare system by strengthening outpatient care, disease prevention and affordability. Improve the adequacy of the social safety net.</p>	<p>Lithuania has adopted a new Law on Employment which will improve provision of the ALMP measures, and the public works will no longer be considered an ALMP measure. The increase in funding for ALMP is envisaged.</p> <p>Lithuanian Public Employment Service is undergoing a reform, which should result in more staff working directly with job seekers.</p> <p>Lithuania adopted an action plan for the development of lifelong learning for 2017-2020 in June 2017, and continued expanding and enabling the country-wide network of adult learning coordinators. Further progress in this area, however, is needed.</p> <p><u>Limited progress</u> was achieved in improving educational outcomes.</p> <p>At the end of 2017, the government and the trade unions signed a new collective agreement aimed at weakening the link between seniority and salaries and strengthening the link between salaries and quality. Further progress depends on adapting a wider funding system to better reward quality.</p> <p>Lithuania has started consolidation of higher education institutions, and plans to improve the system of quality assurance, but the reforms are at the initial stage only.</p>
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		<p>provisions for collective bargaining, industrial action, and the participation in the Tripartite Council, but the implementation is postponed to 1 July 2017.</p> <p>The Ministry of Social Affairs and Labour has adopted the Action Plan for Strengthening of Social Dialogue in Lithuania for 2016-2020. It will support the promotion of social dialogue between employers and employees' representatives (at national and local levels), and include other measures, including capacity building for the social partners, in order to foster the social dialogue. However, some social partners indicated that they were not fully involved in designing the Action Plan, which may not cover their real needs.</p> <p>Some progress has been made in improving the performance of healthcare system.</p> <p>Lithuania has advanced on the fourth stage of the health system reform, particularly on shifting patients from inpatient to outpatient settings.</p> <p>A State Health Promotion Fund was established in 2016 funded by resources from alcohol excise duties and some projects are being supported by the fund; other small projects are being implemented.</p> <p>Other actions that could support the improvement of the performance of the health system, as the Action Plan for reducing health inequalities 2014-2023 are still to be effectively launched.</p>		<p>Limited progress was achieved in improving the performance of the healthcare.</p> <p>Some structural elements are already in place to meet the challenge of the status of poor health.</p> <p>However, there is limited progress in restructuring of healthcare delivery along the efficiency and quality concerns for both primary care and hospital care.</p> <p>The public health policies should also improve more rapidly, strengthening the accountability at local level and focus on the most serious challenges.</p> <p>Results of measures taken to reduce the high level of out-of-pocket payments and their substantial financial burden on low income groups remain to be assessed.</p> <p>Some progress was achieved in improving the adequacy of the social safety net.</p> <p>Unemployment benefits have been increased in 2017.</p> <p>The monthly state supported income amount was increased from January 2018 from EUR 102 to EUR 122</p> <p>Child benefits have been revised so that low income earners could fully benefit from them as of January 2018.</p> <p>The automatic indexation of pensions became effective as of January 2018.</p> <p>However, the indexation of the guaranteed minimum income is not yet in place, and measures need to be taken to ensure progressive phasing out of the benefits in</p>
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		<p>Regarding corruption on healthcare the authorities have concrete plans that seem to be adequate, but, as in all other areas, the success of implementation will be crucial.</p> <p>Some progress has been made in improving the coverage and adequacy of unemployment benefits. There was no progress in the adequacy of social assistance but a slight one as regards coverage.</p> <p>LT has adopted measures that address the CSR, but a fair amount of work is still needed to fully address the CSR as only a few of the adopted measures have been implemented, and their effect is not tangible yet.</p> <p>LT has adopted the new labour code and the "social model", but the implementation is postponed to 1 July 2017. The initial analysis shows that while coverage of the unemployment insurance benefits may increase, the increase in adequacy could be only marginal. The effect of the new legislation "on the ground" is not clear at the moment.</p> <p>Regarding the social benefits, the amendments indeed increase the coverage, and for some beneficiary groups, the adequacy might be slightly improved. However, overall the adequacy of the social benefits remains low, and no major changes have been implemented since 2008.</p>		<p>order to keep the incentives of social assistance beneficiaries to enter the labour market.</p>
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	<p>3. Take measures to strengthen productivity and improve the adoption and absorption of new technology across the economy. Improve the coordination of innovation policies and encourage private investment, inter alia, by developing alternative means of financing.</p>	<p>Limited progress:</p> <p><u>Limited progress</u> has been made in strengthening the productivity.</p> <p>Although, implementation of the European Structural and Investment Funds and the Lithuanian Smart Specialisation Framework are expected to support this process in the coming years, no additional measures to address the challenge have been adopted.</p> <p><u>Limited progress</u> has been made to improve coordination of innovation policies.</p> <p>President's Office called for reforms in the "Lithuanian Science and Innovation Policy Reform Guidelines", these were adopted by the Parliament and are expected to trigger the reform process in 2017.</p> <p><u>Some progress</u> has been made in developing alternative means of financing.</p> <p>Lithuania has helped establish and fund a number of venture capital and seed capital funds. Also, the government has recently passed a law on crowd-investing.</p>	<p>3. Take measures to strengthen productivity by improving the efficiency of public investment and strengthening its linkage with the country's strategic objectives.</p>	<p>Lithuania has made limited progress in strengthening productivity by improving efficiency of the public investment.</p> <p>The Government Resolution on State capital investments was revised and the rules for investment project selection, accountability and control were strengthened. Cost/benefit analyses are required and investment projects need to demonstrate their link with the country's strategic goals.</p> <p>The rules for monitoring the implementation of investment projects have been strengthened by introducing EU funds' ex post evaluation criteria also for state funded projects. The effective application of the new rules still needs to be monitored.</p> <p>Public investment in R&D dropped significantly in 2016. Business investment in R&D is also lagging behind. The consolidation of higher education institutions is ongoing and the system of institutional R&D funding is being revised. Cooperation between businesses and science remains scarce.</p>
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	<p><u>2016 CSRs</u> SGP: - MIP: -</p>	<p><u>Assessment of implementation of 2016 CSRs</u> February 2017</p>	<p><u>2017 CSRs</u> SGP: - MIP: -</p>	<p><u>Assessment of implementation of 2017 CSRs</u> March 2018</p>
	<p>1. Ensure the long-term sustainability of public pensions by increasing the effective retirement age, by limiting early retirement and increasing incentives to work longer, and by aligning the statutory retirement age to changes in life expectancy.</p>	<p>Limited progress: Progress has [been] limited for all subparts of the CSR and no progress has been made in relation to the recommendation to align the statutory retirement age to changes in life expectancy.</p> <p>Limited progress in ensuring the sustainability of the public finances. A working group on pensions was set up in April 2016 with the task of carrying out a sustainability analysis of the pension system. In early December 2016 a report was published. It contains a detailed analysis of the situation of the national pension system. It shows inter alia that based on current scenario (the Ageing Working Group) revenues from contributions will remain higher than pension expenditure up to 2022 (the last year of the current contribution period). Simulations were also done with alternative scenarios. These simulations show that under less favourable economic and demographic assumptions, the size of the pension challenge could be larger than currently estimated.</p> <p>Limited progress in increasing the effective retirement age. A law on reclassification of workers with working disabilities has been adopted in 2015 and is being implemented</p>	<p>2. Ensure the long-term sustainability of the pension system, limit early retirement and increase the employment rate of older people.</p>	<p>Limited progress:</p> <p>Limited progress the measures adopted to limit early retirement and increase the employment rate of older people have had a limited impact on addressing the long-term sustainability of public pensions. Moreover, the latest projections adopted by the EPCAWG suggest an aggravation of the impact of age-related expenditure on the long-term sustainability of public finances.</p> <p>Limited progress the latest projections adopted by the EPC-AWG suggest an aggravation of the impact of age-related expenditure on the long-term sustainability of public finances.</p> <p>Limited Progress the law suppressing the ‘préretraite de solidarité’ was adopted in November 2017 but its impact on the average effective retirement age and on expenditure is difficult to assess due to an easing of restrictions on other kinds of early retirement schemes.</p> <p>Limited progress In spite of some targeted measures, the employment rate of older workers remains particularly low at 39.6 % in 2016 compared to 55.3 % on EU average. The Age Pact to foster age management</p>

		<p>since the beginning of 2016. It aims to keep workers with disabilities in the labour market. It is too early to assess its impact however.</p> <p>Limited progress on reforms regarding early retirement. A draft law to modify existing legislation on early retirement is still to be discussed in the Parliament.</p> <p>Limited progress on increasing incentives to work longer. A legislative initiative, referred to as 'Age Pact', which includes a whole package of measures to keep workers longer in employment, is tabled in the Parliament, but it has not been adopted yet.</p> <p>No progress in aligning the statutory retirement age to changes in life expectancy. There are no measures to link the effective retirement age to changes in life expectancy.</p>		<p>measures in businesses seems stalled in Parliament since its first introduction in 2014.</p>
	<p>2. Remove barriers to investment and innovation that limit economic development in the business services sector. Address bottlenecks that hamper housing investment.</p>	<p>Limited progress: Progress has been limited in removing barriers to investment, while some progress has been made in addressing bottlenecks to housing investment.</p> <p>Limited progress in removing barriers to investment and innovation that limit economic development in the business services sector. By decision of the 'Conseil de Gouvernement' of 2 September 2016, the fixed tariffs in public contracts for the services provided by architects and engineers have been abolished.</p> <p>Some progress in addressing bottlenecks that hamper housing investment. Numerous measures have been adopted or</p>	<p>1. Strengthen the diversification of the economy, including by removing barriers to investment and innovation. Remove regulatory restrictions in the business services sector.</p>	<p>Some progress:</p> <p>Luxembourg has made some progress on diversifying the economy by taking actions to foster investments in the key priority sectors. By contrast, private investment in R&D continued to decline, indicating that several weaknesses remain in the research and innovation ecosystem, which drag down Luxembourg's innovation performance. Additionally, barriers remain in the business services sector, which may be hindering private investment.</p> <p>Some Progress The government has strengthened its strategy to diversify the economy and some measures have been adopted to foster innovation. Yet, private</p>

		<p>are planned. The measures are: i) a reform of local government financing has been adopted in December 2016. It links, at least partially, the financing of the municipalities to initiatives favouring housing investment; ii) a draft 'Omnibus' law (n. 6704) has been approved at beginning of 2017. Among others, it aims at streamlining the building permits procedure; iii) the tax reform includes measures intended to provide incentives to increase the supply of houses and construction land (temporary tax exemption for 50 % of the capital gain realised on the sale of constructible land); and iv) an initiative to produce a new sectoral housing plan. Nevertheless, the challenge ahead for the Luxembourg authorities remains sizeable.</p>		<p>investment, especially on R&D, and innovation remain low compared with the euro area average.</p> <p>Limited Progress Limited progress has been achieved in removing regulatory restrictions in the business services sectors, notably in some professions such as lawyers.</p>
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HU 	<u>2016 CSRs</u> SGP: CSR 1 MIP: -	<u>Assessment of implementation of 2016 CSRs</u> February 2017	<u>2017 CSRs</u> SGP: CSR 1 MIP: -	<u>Assessment of implementation of 2017 CSRs</u> March 2018
	<p>1. In view of the high risk of a significant deviation, achieve an annual fiscal adjustment of 0,3 % of GDP towards the medium-term budgetary objective in 2016 and of 0,6 % of GDP in 2017, unless the medium-term budgetary objective is respected with a lower effort, by taking the necessary structural measures.</p>	<p>In May 2017, the Commission evaluated compliance with the SGP in its Assessment of the 2017 Convergence Programme for Hungary (without explicitly referring to the assessment grid used for other CSRs):</p> <p><i>“In 2016, based on the Commission 2017 spring forecast, Hungary is considered to be at the MTO, given that its structural balance is within a margin of ¼ pps. of GDP from its MTO. In 2016, starting from an initial position above the MTO, Hungary's structural balance is estimated to have deteriorated by 0.3% of GDP, which points to some deviation from the required adjustment. However, a significant deviation was observed for the expenditure benchmark pillar in 2016. Taking into account the factors affecting the estimated deviations for the two pillars, the overall assessment suggests some deviation from the required adjustment path towards the MTO in 2016. At the same time, Hungary met the requirement of the debt reduction benchmark in 2016.</i></p> <p><i>Both on the basis of the debt-reduction path of the convergence programme and the Commission 2017 spring forecast, Hungary's debt-to-GDP ratio is expected to be below the debt reduction benchmark in 2017 and 2018 implying compliance with the debt rule.</i></p>	<p>1. Pursue a substantial fiscal effort in 2018 in line with the requirements of the preventive arm of the Stability and Growth Pact, taking into account the need to strengthen the ongoing recovery and to ensure the sustainability of Hungary's public finances.</p>	<p>The compliance assessment with the Stability and Growth Pact will be included in Spring when final data for 2017 will be available.</p>


		<p><i>The convergence programme assumes that the revised MTO will be reached by 2020. Based on the programme data recalculated by the Commission, however, the structural balance would not reach the MTO by the end of the programme period. According to the Commission 2017 spring forecast, the structural balance is expected to deteriorate considerably below the MTO in 2017 and 2018. Overall, the adjustment path planned in the programme is not in line with the requirement of the preventive arm of the Stability and Growth Pact with a risk of a significant deviation in 2017 and 2018. The structural balance and net expenditure growth based on the Commission 2017 spring forecast also point to a risk of a significant deviation from the required adjustment path towards the MTO in 2017 and 2018.” (p. 23)</i></p>		
	<p>2. Further reduce sector-specific taxes and reduce the tax wedge for low-income earners. Strengthen transparency and competition in public procurement through e-procurement, increased publication of tenders and further improvement of the anti-corruption framework. Improve the regulatory environment in the services sector and in the retail sector by addressing restrictive regulations and ensuring predictability.</p>	<p>Limited progress: Hungary has made <u>limited progress</u> in addressing the first subpart of CSR 2 as regards the further reduction of sectorial taxes. By means of measures adopted (published) on 15.6.2016 and implemented with effect from 1.1.2017, the bank levy on the taxable base in excess of HUF 50 billion is reduced from 0.24% to 0.21% of the balance sheet total. This reflects a downward trend as the bank levy was first reduced as of 1.1.2016 from 0.53% to 0.24%. At the same time, some distortive sectorial taxes remain, in particular in the</p>	<p>2. Complete the reduction of the tax wedge for low-income earners and simplify the tax structure, in particular by reducing the most distortive sector-specific taxes. Strengthen transparency and competition in public procurement, by implementing a comprehensive and efficient e-procurement system, and strengthen the anti-corruption framework. Strengthen regulatory predictability, transparency and competition in particular in the services sector, notably in retail.</p>	<p>Limited progress: <u>Some progress</u> employer's social security contribution rate was lowered by 7.5 % pps. in 2017-2018. However, the tax wedge for low income earners remains the highest in the EU. <u>Limited progress</u> the upper rate of the bank levy was decreased in 2017 from 0.24 % to 0.21 %. At the same time, the advertisement tax paid by companies publishing or broadcasting ads was increased. However, considerable efforts are made to reduce high compliance costs.</p>

		<p>telecommunications sector (utilities tax, telecommunications tax,) and the energy sector (Robin Hood tax, utilities tax).</p> <p>Hungary has made some progress in addressing the second subpart of CSR 2 as regards the reduction of the tax wedge for low-income earners. By means of measures announced in November 2016 and implemented with effect from 1.1.2017, the employers' social security contributions are cut from 27% to 22% and are set to be further reduced to 20% from 2018. This general measure reduces the tax wedge for all employees. Personal income tax allowance for families with two children is further increased. The tax wedge of low-income earners however remains higher than the EU average and in regional peers.</p> <p>As regards anti-corruption, Hungary has made limited progress. New measures taken streamline the internal control and the integrity management functions. The real impact of the national anti-corruption programme's approach on preventing and curbing down corruption has not been evaluated yet. No legal measures have been taken to improve the protection of whistle-blowers or to reduce favouritism among government officials. Prosecution of high-level corruption remains limited and affects deterrence. Limited progress can be seen as regards public procurement. Revised versions of the e-procurement strategy were sent in the second half of 2016. Although the document is a solid basis for future developments. Hungary also committed to</p>		<p>Personal income tax return is prepared by the tax authority every year from 2017. Simplified corporate taxation regimes for small businesses have been modified increasing the number of eligible taxpayers. From 2018, draft tax returns for excise duties will be prepared by the tax authority and taxpayers classified as 'reliable' will benefit from a shorter (30 days) refund period for VAT. In 2017, the government launched a modernisation programme of the tax authority to adopt a more client-centred approach in tax collection through digitization, process redesign and professional upgrading.</p> <p>Some progress Hungary implemented a number of measures to strengthen transparency and competition in public procurement, especially the amendment to the Public Procurement Act. Some improvements are already visible but there is still room for enhancement. The new e-procurement system has been put in operation as of January 2018, which is a big step towards further increasing transparency and competition. Its efficiency and impact is still to be seen in the coming years.</p> <p>Limited Progress the government's strategic approach to fighting corruption continues to narrowly focus on integrity within state administration and there is no evidence as to the effectiveness of the measures in preventing corruption. No progress has been made as regards the transparency of asset declarations, whistleblower protection and informal payments in public healthcare. No</p>
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		<p>develop an e-procurement system, and test it through a pilot project. So far, no pilot project has been launched, nor did Hungary draw up a concrete concept of what it intends to do in this regard.</p> <p>Regarding service sector in the field of energy, the concentration of household gas customers into one gas supplier and regulated end-user prices eliminates retail competition and does not contribute to attract investments in the energy utility sector. No progress has been made on improving the regulatory environment in the services sector and in the retail sector.</p>		<p>measures have been taken to reduce favouritism among government officials and there are no indications as to stepping up efforts to investigate corruption allegations involving high level officials. The ESI Funds are financing a number of anti-corruption measures, however actions tackling high level, institutionalised corruption and increasing state transparency are lacking, such as the review the data subject to statutory disclosure or developing publicly available and easily searchable public procurement database with unique identifier linked to economic operators. On a positive note, the statute of limitation of prosecuting corruption was extended in 2017.</p> <p>Limited progress the revision of the professional rules for lawyers removed some restrictions. However, Hungary made no progress in the general area of business services regulation nor in retail. The level of restrictiveness remains high and also legal uncertainty as regards additional restrictions, notably in retail, remains an issue.</p>
	<p>3. Facilitate the transition from the public works scheme to the primary labour market and reinforce other active labour market policies. Improve the adequacy and coverage of social assistance and unemployment benefits. Take measures to improve educational outcomes</p>	<p>Limited progress:</p> <p>Hungary has made some progress in reinforcing active labour market policies other than the public work scheme. Following legislative changes PWS participants are now entitled to a placement benefit if they find employment in the primary labour market. The training</p>	<p>3. Better target the public works scheme to those furthest away from the labour market and provide effective support to jobseekers in order to facilitate transitions to the labour market, including by reinforcing active labour market policies. Take measures to improve education outcomes and to</p>	<p>Limited progress:</p> <p>Some progress as result of legislative changes, participation in the public works scheme is set to decrease under 150 000 by the year 2020, along with the decrease of the budget allocated for the scheme. In parallel with this decrease, the national expenditure for active labour market</p>


	<p>and to increase the participation of disadvantaged groups, in particular Roma, in inclusive mainstream education.</p>	<p>component of the PWS has been enhanced. As of January 2017 further activation measures were introduced. From 2016, the ESF co-financed "Training of Low-skilled and Public Workers" programme supports training for among others public workers. PWS participants also receive training supported by funds from the Ministry of Interior. During the first ten months of 2016 almost 20 thousand public workers were involved in trainings. ESF (and YEI) supported ALMP programmes started to roll out in 2015 and 2016. The two major programmes are the "Path to the labour market" and the Youth Guarantee. Until the end of October 2016, more than 39,000 people have been involved in the first programme, and more than 41,000 young people in the YG. The national expenditure for active labour market policies is planned to be gradually increased, whereas expenditures of the public work schemes will be decreased in the upcoming years. In 2017 the budgetary allocation for public works is set to stabilize while spending on other ALMPs is set to increase.</p> <p>Limited progress was observed with regards to the improving the adequacy and coverage of social assistance and unemployment benefits. The duration of unemployment benefits is still the lowest in the EU at 3 months. The budget for 2017 foresees an increase (by about 5%) of the nominal value of some benefits: elderly support, care assistance, child support benefit. There has been a 12% increase regarding the so called "home-acquisition" support provided for those young people</p>	<p>increase the participation of disadvantaged groups, in particular Roma, in inclusive mainstream education. Improve the adequacy and coverage of social assistance and the duration of unemployment benefits.</p>	<p>policies is being gradually increased and new national programmes have been initiated. Since 2016 several ESF co-financed programmes have been running and facilitating the transition from PWS to the primary labour market. 'Training of Low-skilled and Public Workers' programme targets public workers and by October 2017 it has had over 50 000 participants. Other ESF (and YEI) supported ALMP programmes initiated in 2015/2016 are being continued. The two major programmes are the 'Path to the labour market' and the Youth Guarantee with, respectively, 88 000 and 74 000 participants. Other ESF funded programmes supporting traineeships and entrepreneurship have also been launched.</p> <p>Limited progress amendments to the Equal Treatment and Public Education Acts to prevent future segregation have been adopted but they can only have an impact as of the 2018-19 school year. ESIF-funded measures have been launched to support schools in fighting school failure and early schoolleaving. As of January 2018 teachers are entitled to a salary supplement if working under difficult conditions. However, explicit active desegregation measures which would systematically address the existing segregation in mainstream education are lacking. In addition, some new measures such as the highly competitive entry exam to upper-secondary schools and the reduction of science and general education content taught at vocational grammar schools and vocational secondary schools have further</p>
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		<p>who leave institutional care. The level of the other entitlements is not planned to change in 2017.</p> <p>Hungary made limited progress in improving educational outcomes and increasing participation of disadvantaged groups in inclusive mainstream education. Recent PISA results show a deterioration of educational outcomes. The distribution of disadvantaged pupils between schools is uneven and the corresponding corrective mechanisms are insufficient. National and European surveys indicate that increasing shares of Roma children attend Roma-majority schools and classes. Legislative changes aiming at addressing this have been tabled, but remain to be adopted and implemented.</p>		<p>strengthened differences between schools and thereby the selectiveness of the school system.</p> <p>Limited progress the duration of unemployment benefits is still the lowest in the EU at maximum 3 months and the main income support scheme remained unchanged. However few minor in kind benefits have been expanded and are expected to have some positive impact on child poverty alleviation.</p>
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MT 	<u>2016 CSRs</u> SGP: CSR 1 MIP: -	<u>Assessment of implementation of 2016 CSRs</u> (COM Country Report, February 2017)	<u>2017 CSRs</u> SGP: CSR 1 MIP: -	<u>Assessment of implementation of 2017 CSRs</u> March 2018
	<p>1. In view of the high risk of a significant deviation, achieve an annual fiscal adjustment of 0,6 % of GDP towards the medium-term budgetary objective in 2016 and in 2017, by taking the necessary structural measures. Step up measures to ensure the long-term sustainability of public finances.</p>	<p>Limited progress (this overall assessment of CSR 1 does not include an assessment of compliance with the Stability and Growth Pact).</p> <p>Malta has made limited progress in improving the sustainability of public finances. The Draft Budgetary Plan reports on the initiatives to address the fiscal structural country specific recommendations, although no new elements are reported compared to the situation in spring. In particular, in the area of pension reform, some measures were introduced already with the 2016 budget, targeted at addressing sustainability and adequacy. A full assessment of the budgetary impact is still missing, but initial assessments show that measures to achieve sustainability are not yet as ambitious as to respond to the long term challenges. In addition, the 2017 budget introduced a number of new measures targeted at increasing pension income. Policy action to improve the sustainability of the healthcare system is ongoing. However, it is uncertain whether these measures are sufficient to cope with the challenge of long-term sustainability. An estimate of their potential impact to be incorporated into the long-term budgetary projections is still missing.</p> <p>In May 2017, the Commission evaluated compliance with the SGP in its Assessment</p>	<p>1. Expand the scope of the ongoing spending reviews to the broader public sector and introduce performance-based public spending.</p>	<p>Some progress:</p> <p>The authorities envisage that a review will be undertaken at the Management Efficiency Unit and the Malta College for the Arts, Sciences and Technology. They are also planning to institutionalise the spending review function under a directorate within the Ministry for Finance which is tasked with public sector performance and evaluation. This directorate will be also in charge of the monitoring of the recommendations issued in the past years in the three areas concerned by the spending review and coordinate in the future. These initiatives seem promising and should contribute towards increased effectiveness in public spending, provided those are properly implemented.</p>


		<p>of the 2017 Stability Programme for Malta (without explicitly referring to the assessment grid used for other CSRs):</p> <p><i>“In 2016, Malta recorded headline and structural budget surpluses, in line with the provisions of the Stability and Growth Pact.</i></p> <p><i>According to both the information provided in the stability programme and the Commission 2017 spring forecast Malta will continue to remain above its medium-term objective in 2017 and 2018. In addition, the debt-to-GDP ratio decreased below 60% in 2016 and, according to the stability programme and the Commission 2017 spring forecast, and it is projected to decline further. Therefore, Malta is projected to meet the requirements under the preventive arm of the SGP in both 2017 and in 2018.” (p. 18)</i></p>		
	<p>2. Take measures to strengthen labour supply, in particular through increased participation of low-skilled persons in lifelong learning.</p>	<p>Some progress:</p> <p>Malta has made <u>some progress</u> in strengthening labour supply by improving access and participation in lifelong learning, with a focus on the low-skilled. The National Lifelong Learning Strategy is under implementation, with relevant upskilling and reskilling initiatives. Literacy, numeracy and IT courses are offered in the community, including through cooperation with Local Councils and LEAP centres. () Free of charge revision classes are provided to those who failed or were absent for their</p>		

		<p>examination. Besides the Alternative Learning Programme, two other programmes are offered to students who at the end of compulsory education acquire no or minimum qualifications: 'Youth Inc.' and 'GEM16+'. Malta is working to increase access to second chance education for those with no formal secondary education certificate, through the Malta College of Arts, Science and Technology (MCAST). In 2016 a programme called Skills Kits which offers more flexible and customised pathways was launched. Counselling and orientation is provided for students in education through VET and higher education. In addition services are available to unemployed within Public Employment Services. However, less attention is given to those already in employment.</p>		
			<p>2. Ensure the effective national supervision of internationally oriented business by financial institutions licensed in Malta by strengthening cooperation with the host supervisors in the countries where they operate.</p>	<p>Some progress:</p> <p>The authorities are making effort in securing more resources in the supervisory departments, whereby a high number of open vacancies proof that MFSA is understaffed. However, the process of reinforcing supervision of cross-border entities is slow and for the small supervisory body, such as in Malta, cross-border supervision remains an issue. In this respect, the Maltese authorities need to further ensure strong cross border supervisory cooperation, in order to assure the protection of freedom of services and also to protect the reputation of their jurisdiction, given the importance of the large cross-border financial sector registered in Malta.</p>

	<p><u>2016 CSRs</u> SGP: CSR 1 MIP: CSR 3</p>	<p><u>Assessment of implementation of 2016 CSRs</u> February 2017</p>	<p><u>2017 CSRs</u> SGP: - MIP: CSR 1, 2</p>	<p><u>Assessment of implementation of 2017 CSRs</u> March 2018</p>
	<p>1. Limit the deviation from the medium-term budgetary objective in 2016 and achieve an annual fiscal adjustment of 0,6 % of GDP in 2017. Prioritise public expenditure towards supporting more investment in research and development.</p>	<p>No progress in addressing the fiscal-structural part of CSR 1 (This overall assessment of CSR 1 does not include an assessment of compliance with the Stability and Growth Pact)</p> <p>No progress has been made in prioritising public expenditure towards supporting more investment in research and development.</p> <p>In May 2017, the Commission evaluated compliance with the SGP in its Assessment of the 2017 Stability Programme for the Netherlands (without explicitly referring to the assessment grid used for other CSRs):</p> <p><i>“In 2016, the Netherlands recorded headline and structural budget surpluses, in full compliance with the provisions of the Stability and Growth Pact. The Netherlands complied with the transitional debt benchmark in 2016.</i></p> <p><i>According to the stability programme, the Netherlands plans to remain above the MTO in 2017 and 2018, and the debt-to-GDP ratio is projected to fall below the 60% reference value as of 2017. This is in line with the Commission 2017 spring forecast.</i></p>	<p>1. While respecting the medium-term objective, use fiscal and structural policies to support potential growth and domestic demand, including investment in research and development. Take measures to reduce the remaining distortions in the housing market and the debt bias for households, in particular by decreasing mortgage interest tax deductibility.</p>	<p>Some progress:</p> <p>Substantial progress. The government has taken fiscal measures that support domestic demand, in particular increasing expenditure on security and on teachers' salaries.</p> <p>Some progress. From 2018 onwards, the government increases expenditure on research and development.</p> <p>Some progress. The government has announced to accelerate the reduction of mortgage interest tax deductibility from 2020 onwards until it reaches 37 % in 2023, which is still relatively high. For the rental market, the government has created a roundtable on the middle segment rental market (Samenwerkingstafel Middenhuur) to bring stakeholders together to discuss challenges and solutions in the rental market. The roundtable will issue recommendations on how to stimulate the middle segment of the rental market. Furthermore, the Law on Spatial Planning was amended in 2017, allowing municipalities to set aside zones specifically for building middle segment rental dwellings. Other remaining distortions in the social housing sector have not been addressed.</p>

		<p><i>The budgetary position indicates available fiscal space to support domestic demand, including investment in research and development, in full compliance with the provisions of the Stability and Growth Pact. Furthermore, this would also be in line with the Council recommendation on the economic policy of the euro area of 21 March 2017, which invited Member States that have outperformed their medium-term objectives to continue to prioritise investments to boost potential growth while preserving the long-term sustainability of public finances.” (p. 15)</i></p>		
	<p>2. Tackle remaining barriers to hiring staff on permanent contracts and facilitate the transition from temporary to permanent contracts. Address the high increase in self-employed without employees, including by reducing tax distortions favouring self-employment, without compromising entrepreneurship, and by promoting access of the self-employed to affordable social protection.</p>	<p>Limited progress:</p> <p>No (further) progress has been made in tackling remaining barriers to hiring staff or in facilitating transition from temporary to permanent contracts.</p> <p>No progress has been made in reducing tax distortions favouring self-employment or increasing the social protection coverage of self-employed.</p> <p>Limited progress has been made in addressing the increase in using self-employed without employees. With the Employment Relationships Deregulation Act (Wet DBA) the Netherlands have implemented a mechanism that reduces the incentives for employers to replace employees by bogus self-employed. But the enforcement of this law has recently been postponed until at least the beginning of 2018.</p>	<p>2. Tackle remaining barriers to hiring staff on permanent contracts. Address the high increase in the self-employed without employees, including by reducing tax distortions favouring self-employment, without compromising entrepreneurship, and by promoting access of the self-employed to affordable social protection. Based on the broad preparatory process already launched, make the second pillar of the pension system more transparent, inter-generationally fairer and more resilient to shocks. Create conditions to promote higher real wage growth, respecting the role of the social partners.</p>	<p>Limited progress:</p> <p>Limited progress. The government has announced several additional measures and ideas/intentions for further reflection on segmentation, but no legislative measures have been presented yet.</p> <p>Limited progress. The government has announced the introduction of a minimum hourly rate for the self-employed and ideas for further reflection, but no legislative measures have yet been presented. The announced reduction of tax brackets from four to two may reduce the maximum rate of specific tax deductions for some self-employed not operating at the margin of the labour market in a phased manner. No specific measures have been announced on the social security coverage of the self-employed.</p> <p>No progress. The government has confirmed its intention to reform the</p>

		<p>In the Perspectives Memorandum the government developed a vision for a possible reform of the pension system that may also include the coverage of self-employed under the second pillar of the pension system on a voluntary basis.</p>		<p>second pillar of the pension system, but no measures have been announced so far</p> <p>Limited progress. The government has acknowledged the need for higher real wage growth. The announced new fiscal measures will reduce the tax burden on labour income. In addition, the coalition agreement includes an increase in expenditure on teachers' salaries. In general, wage setting is the competence of the social partners and recent wage demands (and those already agreed for certain sectors) are substantially higher for 2017 and 2018. A tightening of the labour market is expected to push up real wage growth.</p>
	<p>3. Take measures to make the second pillar of the pension system more transparent, inter-generationally fairer and more resilient to shocks. Take measures to reduce the remaining distortions in the housing market and the debt bias for households, in particular by decreasing mortgage interest tax deductibility.</p>	<p>Limited progress:</p> <p>Limited progress: With the Perspectives Memorandum, the government announced its ambition to reform the second pillar of the pensions system, but the development and the implementation of a reform is left to the next government. This points to limited progress.</p> <p>No progress has been made regarding the distortions in the housing market, since no additional reforms have been implemented and the mortgage interest tax deductibility has not been reduced further.</p>	<p><i>See CSR 1 (distortions in the housing market, decreasing mortgage interest tax deductibility)</i></p> <p><i>See CSR 2 (the second pillar of the pension system)</i></p>	

AT 	<u>2016 CSRs</u> SGP: CSR 1 MIP: -	<u>Assessment of implementation of 2016 CSRs</u> February 2017	<u>2017 CSRs</u> SGP: CSR 1 MIP: -	<u>Assessment of implementation of 2017 CSRs</u> March 2018
	<p>1. Ensure that the deviation from the medium-term budgetary objective in 2016 and in 2017 is limited to the allowance linked to the budgetary impact of the exceptional inflow of refugees in 2015, and to that effect achieve an annual fiscal adjustment of 0,3 % of GDP in 2017 unless the medium-term budgetary objective is respected with a lower effort. Ensure the sustainability of the healthcare system, and of the pension system by linking the statutory pension age to life expectancy. Simplify, rationalise and streamline fiscal relations and responsibilities across the various layers of government.</p>	<p>Some progress (this overall assessment of CSR 1 does not include an assessment of compliance with the Stability and Growth Pact):</p> <p>The compliance assessment with the Stability and Growth Pact will be included in Spring when final data for 2016 will be available.</p> <p>Some progress can be reported in ensuring the sustainability of the healthcare system. The 2017 financial equalisation law has set more stringent expenditure targets. The provision of outpatient care has been strengthened by the creation of a new legal framework for multi-disciplinary primary care centres with an earmarked budget. Incentives for hospitals to treat outpatient cases as inpatient cases have been reduced.</p> <p>Limited progress in ensuring the long-term sustainability of the pension system, as financial incentives for working beyond the statutory retirement age are likely to marginally increase the effective retirement age.</p> <p>No progress has been made in addressing CSR 1 on increasing the sustainability of the pension system by linking the statutory retirement age to life expectancy. The Austrian government has no intention to take measures establishing a link between</p>	<p>1. Pursue its fiscal policy in line with the requirements of the preventive arm of the Stability and Growth Pact, which entails achieving its medium-term budgetary objective in 2018, taking into account the allowance linked to unusual events. Ensure the sustainability of the healthcare system and of the pension system. Rationalise and streamline competencies across the various layers of government and align their financing and spending responsibilities.</p>	<p>Limited progress (this overall assessment of CSR 1 does not include an assessment of compliance with the Stability and Growth Pact):</p> <p>The compliance assessment with the Stability and Growth Pact will be included in spring when final data for 2017 will be available.</p> <p>Some progress in improving the sustainability of the healthcare sector, including by improving public procurement practices. The reform of primary healthcare services is progressing. The reform is expected to help shifting services away from the hospital sector, thus containing expenditure in the medium term.</p> <p>No progress on ensuring the financial sustainability of the pension system. No new measures taken so far. However, due to the proper implementation of previous measures aimed at encouraging later retirement, the effective retirement age is increasing.</p> <p>Limited progress on reforming fiscal relations between the various layers of government. The Parliament ratified the increased autonomy for federal states to set the contribution rate for the housing subsidy. Although this is a step towards increased tax autonomy at the subnational</p>


		<p>the statutory retirement age and life expectancy.</p> <p>Some progress in simplifying, rationalising and streamlining fiscal relations and responsibilities across the various layers of government. The 2017 financial equalisation law implemented a few steps to increase the tax autonomy of sub-national governments, even if the misalignment between revenue-raising powers and spending responsibilities remains high. The system of inter-government transfers has been slightly simplified, while the revenue-sharing system has been made more task-orientation. The efficiency and adaptability of the fiscal framework has been improved with the introduction of the legal basis for regular spending reviews and a system of benchmarks. The different government subsectors have committed to a reform of their respective competencies.</p> <p>In May 2017, the Commission evaluated compliance with the SGP in its Assessment of the 2017 Stability Programme for Austria (without explicitly referring to the assessment grid used for other CSRs):</p> <p><i>“In 2016, Austria made sufficient progress towards compliance with the debt criterion as defined by the minimum linear structural adjustment (MLSA). The structural balance deteriorated by 0.8 pps of GDP to -1% of GDP. At the same time, the growth rate of government expenditure in 2016, net of</i></p>		<p>level, the amount of additional revenues potentially raised by this subsidy is small compared to the spending powers of federal states. The pact for the 2017 Financial Equalisation Law contained several more ambitious initiatives that still need to be implemented.</p>
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		<p>discretionary revenue measures and one-offs, was above the applicable expenditure benchmark rate by -0.4% of GDP. On the basis of an overall assessment, this points to a risk of some deviation from the adjustment path towards the MTO in 2016.</p> <p>Based on the stability programme, Austria is expected to meet the debt reduction benchmark both in 2017 and 2018, the first two years of the application of the debt benchmark after the transition period. The Commission 2017 spring forecast confirms compliance both in 2017 and 2018.</p> <p>Austria expects in the stability programme the (recalculated) structural balance to improve by 0.2 pps of GDP to -0.8% of GDP in 2017. Based on an overall assessment, this path is at risk of some deviation from the required adjustment path towards the MTO in 2016 and 2017 taken together. In 2018, the (recalculated) structural balance is expected to remain stable, at 0.8% of GDP, while the growth rate of government expenditure in 2016, net of discretionary revenue measures and one-offs, is expected to be above the applicable expenditure benchmark rate by -0.5% of GDP. On the basis of an overall assessment, this causes a risk of significant deviation from the required adjustment path towards the MTO. Nevertheless, in case the current estimate of the budgetary impact in 2017 of the additional security measures is considered for 2017 and subsequently carried forward as an allowed distance from the MTO, the overall assessment</p>		
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		<p><i>would point to a risk of some deviation in 2018. According to the Commission 2017 spring forecast, there is a risk of some deviation from the adjustment path towards the MTO in 2017 and 2018.”</i> (p. 19)</p>		
	<p>2. Improve the labour market participation of women. Take steps to improve the educational achievements of disadvantaged young people, in particular those from a migrant background.</p>	<p>Some progress:</p> <p><u>Some progress</u> can be reported regarding increasing childcare infrastructure and services. The right for part-time workers of a business to receive information about full-time job offers has been implemented. Awareness-raising of the advantages and disadvantages of full-time and part-time employment has been enforced. Overall the increasing labour market participation of women is mainly based on part-time employment. No new measures have been taken to substantially increase full-time employment of women.</p> <p><u>Some progress</u> in addressing the need to improve the educational achievements of disadvantaged young people, in particular those from a migrant background. This progress takes the form of the step-by-step implementation of the education reform agreed in September 2015 which allocates EUR 750 million for expanding the number of all-day schools over the next 6 years. Reform measures in early childhood education and care and primary schools have already been implemented. Measures to increase schools’ autonomy and improve task distribution between the</p>	<p>2. Improve labour market outcomes for women through, inter alia, the provision of full-time care services. Improve the educational achievements of disadvantaged young people, in particular those from a migrant background. Foster investment in the services sector by reducing administrative and regulatory barriers, easing market entry and facilitating company growth.</p>	<p>Some progress:</p> <p><u>Some progress</u> in improving labour market outcomes for women but there is still a high proportion of women in part-time work, and a high gender pay gap.</p> <p><u>Limited progress</u> in improving child care services. Despite increasing child care provision Austria is still below the Barcelona criteria for the age under 3 years old. In addition there are considerable regional differences in child care provision and the quality of the child care provision does not allow parents to work longer due to opening hours of child care facilities.</p> <p><u>Limited progress</u> in improving the educational achievements of disadvantaged young people, in particular those from a migrant background.</p> <p><u>Some progress.</u> Austria adopted a revision of the Trade Licence Act (Gewerbeordnung) in July 2017. The revision removes access barriers for 19 trades (Teilgewerbe), abolishes the initial registration fee and increases the scope for performing side activities without an additional licence (15-30 % instead of</p>

		<p>federal level and the regions are planned for adoption before April 2017. However, these measures have not yet had an impact on education outcomes.</p>		<p>around 10 % currently). However, the high number of regulated trades (reglementierte Gewerbe) remains largely unchanged (two trades were liberalised). The law still requires separate licence entries for each additional trade exercised beyond the Nebenrechte described in Section 3.4 above. Austria has also simplified the procedure for authorising installations on business premises (Betriebsanlagen). Low-risk installations will benefit from a simplified procedure, deadlines for granting authorisations will be shortened and publication requirements will be reduced. A one-stop shop has been introduced for federal-level permits but the plan to also integrate federal state-level permits was not adopted. For other restrictions on access to and exercise of regulated professions only relatively minor changes have been implemented. This included a reform of the law on economic trustees (Wirtschaftstreuhandberufsgesetz), where education requirements were simplified.</p>
	<p>3. Reduce, in the area of services, administrative and regulatory barriers for investments, such as restrictive authorisation requirements and restrictions on legal form and shareholding, and impediments to setting up interdisciplinary companies.</p>	<p>Limited progress:</p> <p>Limited progress: Austria presented a draft revision of the trade licence act (Gewerbeordnung) in November 2016. This revision removes access barriers for 19 trades (Teilgewerbe), abolishes the initial registration fee and increases the scope for performing side activities without an additional licence (15-30 % instead of currently around 10 %). The high number of regulated trades (reglementierte Gewerbe) remains unchanged, however, and the law still requires separate licences</p>	<p><i>See CSR 2 (reduction of administrative and regulatory barriers for investment in the services sector)</i></p>	

		<p>for each of the 459 free trades (freie Gewerbe). Austria is also simplifying the procedure for authorising installations on business premises (Betriebsanlagen). Low-risk installations will benefit from a simplified procedure, deadlines for granting authorisations will be shortened, a one-stop shop for different types of permits will be created and publication requirements will be reduced. As regards other restrictions on access to and exercise of the regulated professions, only relatively minor changes have been implemented.</p> <p>No progress: Efforts which were started in November 2015 to remove restrictions on interdisciplinary companies have subsequently been discontinued.</p>		
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PL 	<u>2016 CSRs</u> SGP: CSR 1 MIP: -	<u>Assessment of implementation of 2016 CSRs</u> February 2017	<u>2017 CSRs</u> SGP: CSR 1 MIP: -	<u>Assessment of implementation of 2017 CSRs</u> March 2018
	<p>1. Achieve an annual fiscal adjustment of 0,5 % of GDP towards the medium-term budgetary objective in 2016 and in 2017. Strengthen the fiscal framework, including by establishing an independent fiscal council. Improve tax collection by ensuring better VAT compliance, and limit the extensive use of reduced VAT rates.</p>	<p>Limited progress (this overall assessment of CSR 1 does not include an assessment of compliance with the Stability and Growth Pact):</p> <p>The compliance assessment with the Stability and Growth Pact will be included in spring when final data for 2016 will be available.</p> <p>No progress has been made on establishing a fiscal council. The authorities do not envisage implementing one.</p> <p>Some progress was made in improving tax collection. Several measures aimed at fighting tax fraud in the fuel sector entered into force in 2016. They are followed by a large amendment of the VAT law that entered into force in 2017. A new National Revenue Administration will become operational in March 2017. In contrast, no progress was made on limiting the extensive use of reduced VAT rates.</p> <p>In May 2017, the Commission evaluated compliance with the SGP in its Assessment of the 2017 Convergence Programme for Poland (without explicitly referring to the assessment grid used for other CSRs):</p> <p><i>“In 2016, the general government deficit was 2.4% of GDP, while the structural deficit reached 2.2% of GDP. The structural balance improved by 0.1% of GDP, which is</i></p>	<p>1. Pursue a substantial fiscal effort in 2018, in line with the requirements of the preventive arm of the Stability and Growth Pact, taking into account the need to strengthen the ongoing recovery and to ensure the sustainability of Poland’s public finances. Take steps to improve the efficiency of public spending and limit the use of reduced VAT rates.</p>	<p>Limited progress (this overall assessment of CSR 1 does not include an assessment of compliance with the Stability and Growth Pact):</p> <p>The compliance assessment with the Stability and Growth Pact will be carried out in spring when final data for 2017 is available.</p> <p>Limited progress has been made in improving the efficiency of public spending. In 2017, work continued on a reform of the budget process that was announced in 2016. Measures are planned to support macroeconomic forecasting, help modernise the Chart of Accounts to facilitate a move towards accrual accounting, and to strengthen the medium-term budgetary framework. The work also continued on amendments to the public finance law that would in particular incorporate spending reviews in the budgetary process and strengthen the role of internal audit in the public sector. No implementation date for the reform of the budget planning and budgetary procedures has been set.</p> <p>No progress was made on limiting the extensive use of reduced VAT rates.</p>

		<p><i>0.4% of GDP below the recommended adjustment towards the MTO. The growth rate of government expenditure, net of discretionary revenue measures, met the applicable expenditure benchmark rate. Following an overall assessment, this points to some deviation from the recommended adjustment path towards the MTO.</i></p> <p><i>At the end of 2016, the general government debt amounted to 54.4% of GDP. It is expected to remain below the Treaty reference value of 60% of GDP over the programme horizon.</i></p> <p><i>Poland plans to achieve compliance with its MTO, set at a structural balance of -1% of GDP, after 2020, i.e. beyond the programme period.</i></p> <p><i>The recalculated structural balance is expected to worsen by 0.8% of GDP in 2017 and to improve by 0.3% of GDP in 2018. This would lead to a deviation from the recommended adjustment path towards the MTO of -1.3% of GDP in 2017 and -0.2% of GDP in 2018. At the same time, the growth rate of government expenditure, net of discretionary revenue measures after correcting for the impact of an exceptional transaction within the general government sector in 2017, is planned to exceed the applicable expenditure benchmark rate in 2017 (leading to a negative impact of 0.4% of GDP on the underlying fiscal position) and to be in line</i></p>		
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		<p>with it in 2018. For 2017, the assessment based on the programme is broadly confirmed by the Commission forecast pointing to a risk of some deviation from the recommended adjustment path towards the MTO. In 2018, the Commission projects a deviation from the recommended adjustment path towards the MTO of -0.4% of GDP and predicts the growth rate of government expenditure, net of discretionary revenue measures to exceed the expenditure benchmark (leading to a negative impact of 0.5% of GDP on the underlying fiscal position). Over 2017 and 2018 taken together, both indicators point to a risk of a significant deviation from the adjustment path towards the MTO as the deviations from 2017 are not expected to be compensated for in 2018. This would point to a risk of significant deviation from the recommended adjustment path towards the MTO in 2018." (pp. 18-19)</p>		
	<p>2. Ensure the sustainability and adequacy of the pension system and increase participation in the labour market, by starting to reform the preferential pension arrangements, removing obstacles to more permanent types of employment and improving the labour market-relevance of education and training.</p>	<p>No progress:</p> <p><u>No progress</u> in ensuring the sustainability and adequacy of the pension system. Contrary to the CSR, a lowering of the statutory retirement age has been voted in and will enter into force as of October 2017. In the longer term, it will worsen sustainability and adequacy of the pension system. No progress in reforming the preferential pension arrangements, although there are plans to review them with a view to reform them (including those for farmers and miners).</p>	<p>2. Take steps to increase labour market participation, in particular for women, the low-qualified and older people, including by fostering adequate skills and removing obstacles to more permanent types of employment. Ensure the sustainability and adequacy of the pension system by taking measures to increase the effective retirement age and by starting to reform the preferential pension arrangements.</p>	<p>Limited progress:</p> <p><u>Limited progress</u> has been made as regards measures to increase labour market participation. Some policy measures can be expected to increase activity. In particular the creation of nurseries should become easier and the public funding for them was increased. The number of places in kindergartens was also increased. Some barriers to permanent employment may potentially be removed by new labour codes, but the drafts have not yet been published. No government decision has been made on the higher education reform. Simultaneously, the</p>

		<p>No progress in increased participation in the labour market. Some measures undertaken so far seem to go in the opposite direction. In particular, lowering the statutory retirement age and the new child benefit could have adverse effects on the labour market participation. Limited progress in removing obstacles to more permanent types of employment. Despite measures taken to reduce segmentation, the use of open-ended contracts is still discouraged by a number of obstacles. To address this, two codification committees were set up to prepare new draft individual and collective Labour Codes by early 2018. Limited progress in improving the labour market-relevance of education and training. The reforms of the higher education system seem to be going in the right direction, but the changes in general education could go in the opposite direction.</p>		<p>lowered statutory retirement age acts towards limiting labour market participation. Labour market participation of the respective groups increased during the last 3-4 quarters thanks to a strong cyclical position of the economy.</p> <p>No progress has been achieved in ensuring the sustainability and adequacy of the pension system. The sustainability and adequacy of the pension system was weakened by lowering of the statutory retirement age which came into force on 1 October 2017. No measures have been implemented to increase the effective retirement age. Also no measures have been taken to start reforming the preferential pension arrangements.</p>
	<p>3. Take measures to remove obstacles to investment in transport, construction and energy infrastructure, and increase the coverage of spatial planning at local level.</p>	<p>Limited progress:</p> <p>Limited progress in removing obstacles to investment in infrastructure. Despite the 2016 amendment to the rail transport law simplifying some investments procedures and enabling their faster implementation, its scope is rather limited and the observed progress with investments on the ground throughout the year has been very slow. In renewable power generation infrastructure, the situation worsened in 2016, as a result of the new law on investment in on-shore wind installations</p>	<p>3. Take measures to remove barriers to investment, particularly in the transport sector.</p>	<p>Limited progress:</p> <p>There was no progress in ensuring legal certainty and trust in the quality and predictability of policies, including regulatory changes, and institutions.</p> <p>Limited progress has been made as regards the construction-related procedures: the government is working on legislative proposals that, if effectively implemented, could simplify environmental procedures and issuing construction permits. Some progress has</p>

		<p>and long-delayed revision of the Renewable Energy Law.</p> <p>Limited progress in simplifying construction permitting and rationalising spatial planning at the local level. Construction permits were practically abolished for constructing private houses and other smaller structures, though they are still required for other construction projects. The newly drafted Construction Code contains elements related to spatial planning and aimed at improving the current system, like: consolidating old legislation on spatial planning and construction permitting, streamlining procedures into a single investment decision, reinforcing the role of municipal studies on territorial development and making more stringent the conditions, under which new developments could take place in the absence of the spatial development plan.</p>		<p>been made in removing obstacles to investment in the transport sector. The contracting and implementation of rail and road projects was accelerated and some new legislative and non-legislative measures were implemented or are in the legislative process.</p>
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<p>PT</p> 	<p><u>2016 CSRs</u> SGP: CSR 1 MIP: CSR 1, 2, 3, 4, 5</p>	<p><u>Assessment of implementation of 206 CSRs</u> February 2017</p>	<p><u>2017 CSRs</u> SGP: CSR 1 MIP: CSR 1, 2, 3, 4</p>	<p><u>Assessment of implementation of 2017 CSRs</u> March 2018</p>
	<p>1. Ensure a durable correction of the excessive deficit, in accordance with the relevant decisions or recommendations under the excessive deficit procedure, by taking the necessary structural measures and by using all windfall gains for deficit and debt reduction. Thereafter, achieve an annual fiscal adjustment of at least 0,6 % of GDP. Conduct, by February 2017, a comprehensive expenditure review and strengthen expenditure control, cost effectiveness and adequate budgeting at all levels of public administration. Ensure the long-term sustainability of the health sector, without compromising access to primary healthcare. Reduce the reliance of the pension system on budgetary transfers. By the end of 2016, refocus ongoing restructuring plans of state-owned enterprises.</p>	<p>Limited progress (this excludes an assessment of compliance with the Stability and Growth Pact).</p> <p>The compliance assessment with the Stability and Growth Pact will be included in Spring when final data for 2016 will be available.</p> <p>Some progress in conducting a comprehensive expenditure review. The authorities have started a spending review exercise, mainly based on efficiency measures that involve the health and education ministries; state-owned enterprises and (centralised) public procurement and real estate management). This spending review still falls short of a comprehensive approach since its scope only covers the central government and focused on efficiency savings stemming from streamlining services.</p> <p>Some progress in ensuring the long-term sustainability of the healthcare sector. As Portugal is expected to have the highest increase in healthcare costs in the EU by 2060, more efforts for cost compression should be pursued including by integrating primary care, hospital services and continuous care. However, health care</p>	<p>1. Ensure the durability of the correction of the excessive deficit. Pursue a substantial fiscal effort in 2018 in line with the requirements of the preventive arm of the Stability and Growth Pact, taking into account the need to strengthen the ongoing recovery and to ensure the sustainability of Portugal’s public finances. Use windfall gains to accelerate the reduction of the general government debt-to-GDP ratio. Step up efforts to broaden the expenditure review to cover a significant share of general government spending across several policies. Strengthen expenditure control, cost effectiveness and adequate budgeting, in particular in the health sector with a focus on the reduction of arrears in hospitals and ensure the sustainability of the pension system. To increase the financial sustainability of state-owned enterprises set sector-specific efficiency targets in time for the 2018 budget, improving state-owned enterprises’ overall net income and decreasing the burden on the State budget.</p>	<p>Limited progress (this overall assessment of CSR 1 does not include an assessment of compliance with the Stability and Growth Pact):</p> <p>Some progress. The savings from the spending review in 2018 are more ambitious than previously at EUR 290 m. The exercise is also being expanded into new sectors, as justice and internal affairs have been added to the existing areas of education, healthcare, SOEs, public sector real estate management and centralised public procurement. Some progress has already been made in the justice sector, such as the introduction of efficiency enhancing reforms in the courts, while plans to reduce the costs associated with the legal treatment of seized vehicles are under development, although the extent of estimated savings from the latter are unclear. A series of reforms in the internal affairs sector are being planned but have not yet reached the stage of implementation. Human resource management more generally (including recruitment procedures, incentives for staff to innovate) is being presented as a cross-sectorial area for savings, with a particular focus on reducing absenteeism. Broadening the review to cover an even more significant share of general</p>

		<p>prevention and access to primary health care have been improved which will definitely help Portugal meet the long term challenges facing its health care sector, Nonetheless, the increase stock of arrears adds strain to the system's fiscal sustainability in the short-term.</p> <p>Limited progress in reducing the reliance of pension system on budgetary transfers. The draft budget for 2017 includes the earmarking of a new progressive tax on real estate portfolios (on top of the IMI) to the social security's Financial Stabilization Fund (worth EUR 160 million in 2017 according to the 2017 draft budgetary plan 2017). Although this earmarking is being presented by the government as an alternative to the excessive reliance on classical budgetary transfers, this does not address the expenditure side of the pension system sustainability.</p> <p>No progress in refocusing restructuring plans of state-owned enterprises. In terms of their operational performance state-owned enterprises fared well in 2016, as shown by their positive EBIDTA (earnings before interest, tax, depreciation and amortization). However, indebtedness remains very high resulting in persistent negative net income. The government so far has not presented any concrete measures to significantly restructure state-owned enterprises.</p> <p>In May 2017, the Commission evaluated compliance with the SGP in its Assessment of the 2017 Stability Programme for</p>		<p>government spending across several policy areas would represent another positive step forward.</p> <p>Limited progress. Limited progress has been achieved on the reduction of hospital arrears, which keep increasing. Certain initiatives have been announced, such as a new Budget Analysis Unit as well as the implementation of Integrated Responsibility Centers in 2018, although it remains unclear whether these efforts will be sufficient to address the hospital arrears problem. Some progress has been made however in terms of increasing cost-effectiveness in the National Health Service, for instance through an increased reliance on centralised purchasing, increasing digitisation and through efforts to increase the use of generics and biosimilars.</p> <p>Some progress. A far-reaching proposal for early retirement reform was announced in spring 2017 with the potential to deteriorate the sustainability of the pension system. The scope of the reform, however, has since been limited to the first phase concerning only very long careers (with a limited fiscal impact). The potential implementation of further phases (with a substantial fiscal impact) originally scheduled for 2018 onwards has been suspended.</p> <p>For the first time in recent years, the extraordinary transfers from the state budget to finance the social security deficit will end in 2018. The end of the extraordinary transfers will be enabled</p>
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		<p>Portugal (without explicitly referring to the assessment grid used for other CSRs):</p> <p><i>“In 2016, Portugal achieved a headline deficit of 2.0% of GDP, thus below the headline deficit target of 2.5% of GDP requested in the Council decision of 8 August 2016. Moreover, the required fiscal effort is also estimated to have been delivered.</i></p> <p><i>Portugal plans an improvement of the structural balance of 0.3% of GDP in 2017 and 0.6% of GDP in 2018, compared to the recommended structural adjustment of 0.6% of GDP towards the MTO in both years. The planned growth rate of government expenditure, net of discretionary revenue measures and one-offs, is planned to exceed the applicable expenditure benchmark rate, leading to negative impacts of 0.6% of GDP on the underlying fiscal position in both years. Following an overall assessment, this points to a risk of some deviation from the recommended adjustment path towards the MTO in both years based on the stability programme. However, following an overall assessment on the basis of the Commission 2017 spring forecast, there is a risk of a significant deviation in 2017 and 2018.</i></p> <p><i>Based on stability programme data, Portugal plans to make sufficient progress towards compliance with the debt reduction benchmark in 2017 and 2018.</i></p>		<p>primarily by the projected strong increase in social contributions. Certain discretionary measures are, however, also increasing pension expenditure in 2018 (early retirement for very long careers, extraordinary pension increases.)</p> <p>A portion (0.5%) of the corporate income tax revenue is set to be earmarked to the Financial Stabilisation Fund in 2018. This earmarking is planned to increase in a progressive way by 0.5 pps. per year until it reaches 2% in 2021. This is projected to transfer EUR 70 m to the Fund in 2018. Earmarking funds in this way does not, however, represent new sources of revenue as such.</p> <p>Limited progress. The SIRIEF system's upgrade to automatically draw information from the accounting systems of public companies will be widely applied in 2018. Activity and Budget Plans submitted by SOEs to UTAM (the Ministry of Finance's task force on SOE monitoring), are beginning to be evaluated more comprehensively, with new tools such as an SOE risk assessment methodology to be deployed in 2018. While the DBP committed to limit the overall growth of public company debt to 2% per year (net of capital increases and the financing of new investments), total non-consolidated debt of public corporations included in general government remains high, and is only falling slowly. The State is continuing its recapitalisations of SOEs in order to reduce indebtedness and improve financial</p>
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		<i>However, based on the Commission 2017 spring forecast, Portugal is not projected to make sufficient progress towards compliance with the debt reduction benchmark in both years.” (pp. 22-23)</i>		results. The 2018 DBP projects the total net income of non-financial public companies to remain negative but to continue to improve (EUR -118 m in 2018), an improvement from the very large losses previously incurred (EUR -461 m in 2017 and EUR -1293 m in 2014). Operational results (EBITDA) of SOEs generally improved between Q2-2016 and Q2-2017, particularly in the transport sector, although the results for the health sector are worsening.
	2. In consultation with social partners, ensure that the minimum wage is consistent with the objectives of promoting employment and competitiveness across sectors.	Limited progress: Limited progress in ensuring that the minimum wage is consistent with promotion of employment and competitiveness. The minimum wage was raised most recently in January 2017, from EUR 530 to EUR 557 i.e. above expected inflation and average productivity increases. While increasing aggregate demand and reducing in-work poverty, in a context of low inflation and high unemployment, continued increases in the minimum wage above productivity might put upward pressures on the overall wage structure, with the risk of affecting employment and competitiveness perspectives. The government established a structure to monitor the impact of minimum wage developments, through quarterly reports which are published and discussed with social partners.	<i>See CSR 2 (consistency between minimum wage developments and employment)</i>	
	3. Ensure the effective activation of the long-term unemployed and improve the coordination between employment and social services.	Some progress: Limited progress in ensuring effective activation of long-term unemployed and in improving coordination between	2. Promote hiring on open-ended contracts , including by reviewing the legal framework. Ensure the effective activation of the long-term unemployed. Together with	Some progress: Limited progress. On promoting hiring on open-ended contracts, there are planned measures like Contrato-Geração (support

	<p>Strengthen incentives for firms to hire through permanent contracts.</p>	<p>employment and social services. The rate of long-term unemployment remains one of the highest in the EU, despite active labour market measures targeted at long-term unemployed which have been developed in recent years. To address this, the government produced an assessment of active labour market policies. However, no specific measures targeted at integrating the long-term unemployed into the labour market have been adopted since then. The public employment service's planned increased use of online platforms instead of face-to-face-services should enable staff to focus on more personalised services for the long-term unemployed. As part of the ongoing administrative simplification process, one-stop shops for the long-term unemployed are being developed, although this initiative has not yet reached the implementation phase.</p> <p>Some progress in strengthening incentives for firms to hire through permanent contracts. The Government redesigned its employment support programme to promote hiring on open-ended contracts while restricting the financial support for temporary contracts to specific cases such as the very long-term unemployed. However, the expected impact of the new measure in reducing segmentation is limited in view of the low number of people to be covered.</p>	<p>social partners, ensure that minimum wage developments do not harm employment of the low-skilled.</p>	<p>granted for hiring, as a general rule, on permanent contracts), the revision of labour law to restrict the use of fixed-term contracts (with ongoing discussions with social partners) and tax incentives for the use of permanent contracts. In 2018 negotiations will be initiated between the Government and the social partners in the Permanent Committee for Social Dialogue in order to find concerted responses to the main challenges identified in the Green book on Labour Relations and to include measures to reduce market segmentation work.</p> <p>Some progress. The monitoring framework of the Council Recommendation on integrating the long-term unemployed shows that almost all registered long-term unemployed people had a job integration agreement in 2016, of which 20.6% regained employment. The implementation of one stop shops for Public Employment Services and Social Services is planned in the first quarter of 2018. This measure has been included in the Budget for 2018. The planned Contrato-Geração also addresses long-term unemployed in the form of cumulative incentives for the simultaneous recruitment of young unemployed people (or the ones searching for their first job) and the long-term unemployed, aiming to focus support on the ones with greatest difficulty in entering or returning to the labour market. According to Portuguese authorities, PES's structures and measures</p>
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				<p>to support the creation of entrepreneurial projects and self-employment will also be evaluated and the re-evaluation of the Contratos Emprego-Inserção will be implemented with the purpose of bringing them back to their original goal in activating the unemployed and the inactive.</p> <p>Some progress. Minimum wage increased three times since October 2014, pointing to a cumulative increase of 14.2%. A further increase happened in January 2018 (EUR 580). In absolute level, the minimum wage remains low when compared to the EU but it is high when compared to the Portuguese average and median wage. This compressed wage structure has led to a substantial rise in the number of employees covered (from 19.6% in October 2014 to 23.3% in October 2016). The employment rate of low-skilled workers is comparatively high in Portugal and minimum wages increases have not prevented their employment rate from rebounding. The Portuguese government publishes quarterly reports to monitor minimum wage developments, which are discussed with social partners. In this context, the Portuguese Government takes into account the quarterly monitoring of minimum wage increases impacts, which have been developed within the CPCS (standing committee for social dialogue).</p>
	<p>4. Take measures, by October 2016, to facilitate the cleaning up of the balance sheets of credit institutions and address the high level of non-performing loans.</p>	<p>Limited progress:</p> <p>Limited progress in facilitating the clean-up of credit institutions' balance sheets</p>	<p>3. Step up efforts to clean up the balance sheets of credit institutions by implementing a comprehensive strategy addressing non-performing loans, including by</p>	<p>Some progress:</p> <p>Some progress. Following an exhaustive analysis of the banks' bad loans by type, vintage, size and sector of activity, the</p>


	<p>Reduce the debt bias in corporate taxation and improve the access to finance for start-ups and small and medium-sized enterprises via the capital market.</p>	<p>and addressing the high level of non-performing loans.</p> <p>By Resolution of the Council of Ministers N. 42/2016 of 18 August 2016, the government approved the Capitalizar Programme. Under the programme's "corporate restructuring" strand, the government intends to improve existing mechanisms for restructuring the balance of viable economic enterprises and the recovery of credits. The government is also taking action to revise its insolvency regime through the following: mechanisms to control the access to the PER (implementation period: first quarter of 2017); access of judicial administrators to the Citius dataset, the IT system to support the activities of the courts) (fully implemented); the right of judicial administrators to directly access the various databases (implementation planned for the first quarter of 2017); creation of electronic certificates (expected to be implemented in the first quarter of 2017); possibility of exemption from holding a meeting of creditors; changes to the legal framework to the new registration rules on cross-border insolvencies and interconnection of registries.</p> <p>The tax law has been changed to remove disincentives to write-off. The central bank is conducting additional supervisory work, including by assessing banks' capability to manage non-performing loans, The central</p>	<p>enhancing the secondary market for bad assets. Improve the access to capital, in particular for start-ups and small and medium-sized enterprises.</p>	<p>issue of non-performing loans is being addressed by a three-pronged strategy: changes to the judicial, legal and tax systems; prudential/supervisory actions led by the central bank following SSM guidance and NPL management solutions. Many of the measures so far announced have already been either approved or implemented. In that context a simplified regime aiming to facilitate the transfer of NPL portfolios is in the legislative pipeline. The regime will allow mass registration of the transfer of collateral and the mass communication to courts in insolvency proceedings.</p> <p><u>Some progress.</u> The government took several actions to improve access to capital. Among them, in 2017 new financial instruments have been introduced in the Capitalizar programme, and the implementation of several announced measures is expected in the course first of quarter of 2018, including a Business Gateway website to centralize the financing support information. Moreover, the authorities recently approved the new programme Internacionalizar, which foresees financial instruments to support SMEs, notably to foster exports. However, for the time being, alternative sources of finance remain overall of little relevance for Portuguese firms, and venture capital did not yet recover to the pre-crisis level.</p>
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		<p>bank is also providing guidance to banks on how to screen different types of non-performing loans, and how to manage them. They are also considering an external servicing of loans, although the details have not been provided as to whether this would entail the creation of a market of distressed assets. Overall, a comprehensive strategy appears to be lacking.</p> <p><u>Some progress</u> in reducing the debt bias in corporate taxation. The 2017 draft budgetary plan includes broadening the scope of the allowance for corporate equity (ACE) regime. The regime now applies to all companies (previously it applied only to small and medium-sized enterprises) and shareholders (not only individuals and venture capital investors). In addition, the allowance has been increased from 5 % during 4 years to 7 % during 6 years.</p> <p><u>Limited progress</u> in improving the access to finance for start-ups and small and medium-sized enterprises via the capital market. Under the Capitalizar Programme, the government has put forward measures to ease businesses' financing needs. A new credit line with a mutual guarantee has been made available and will allow financing to companies of more than EUR 1 billion in financing for companies. In parallel, the government has put in place another programme (Programa Semente) to finance for start ups and small enterprises in their early stages (seed capital), helping them to raise equity finance by offering tax reliefs, for at least</p>		
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		<p>two years, to individual investors who purchase new shares in such companies, These programmes are expected to improve the financing of companies in Portugal, provided that they are swiftly and fully implemented.</p>		
	<p>5. Increase transparency and efficiency in public procurement as regards public-private partnerships and concessions. By the end of 2016, improve and accelerate administrative and licensing procedures, accelerate tax litigations and reduce regulatory barriers, especially in business services. Incentivise cooperation between universities and the business sector.</p>	<p>Some progress: <u>Some progress</u> in increasing transparency in public procurement. Transparency and reliability of public procurement data is improving. The institute for Monitoring Public Procurement (IMPIC) is moving from a case by case approach on correcting data in BASE to a more systematic and automated system. Access to procurement data by control and prosecution authorities is not automatic, because of the legal framework on data protection, which hampers efficient checks and investigations. By Decree N. 18/2016, the government has established quarterly monitoring and reporting procedures related for local and regional public private partnerships and concessions. The use of direct awards remains high and there are weaknesses in the tender procedures due to: (i) insufficient justification underpinning the recourse to direct awards; (ii) splitting of contracts; (iii) lack of capacity and professionalization an (iv) limited checks.</p> <p><u>Limited progress</u> in improving and accelerating licensing procedures by the end of 2016. The SIMPLEX + initiative</p>	<p>4. Implement a roadmap to further reduce the administrative burden and tackle regulatory barriers in construction and business services by the end of 2017. Increase the efficiency of insolvency and tax proceedings.</p>	<p>Limited progress: <u>Limited progress.</u> The SIMPLEX program is introducing some administrative simplification for public procurement and some horizontal issues relevant for business administration relations, mainly through eGovernment initiatives of digitalisation and implementation of the once-only principle. However, SIMPLEX seldom includes amending applicable procedural rules such as shorter deadlines, fewer competent authorities involved, inclusion of tacit approval, reduction of document submission requirements. Development of the Point of Single Contact remains slow.</p> <p><u>Limited Progress.</u> No reform was put in place regarding business services however some authorisations in the construction sector for gas and electrical installations were replaced by declarations of responsible professionals.</p> <p><u>Some progress.</u> Disposition time for first instance litigious civil and commercial cases decreased slightly in 2016 (289 days) compared to 2015 (315 days). A range of measures aiming at increasing the</p>

		<p>includes some cross cutting simplification measures, yet to be implemented, but progress in enhancing the business environment has largely stalled in relation to sector specific regulation.</p> <p>Some progress in accelerating tax litigations by the end of 2016. The Tax Administration has drawn up a multiannual plan to combat fraud, improve tax collection and simplify tax procedures. The 2017 draft budgetary plan introduced provisions for the tax authorities to: reduce response time for issuing binding rulings (Autoridade Tributária) to a maximum of 75 days in all urgent requests, significantly reduce the deadline for urgent requests; also, assess the possibility of reducing the costs of urgent binding ruling. Despite these efforts, the tax courts' clearance rate remains low.</p> <p>Limited progress in reducing regulatory barriers especially in business services by the end of 2016. Previous reform efforts targeting the most restrictive business services, including regulated professions, were halted and, in some cases, reversed. Restrictions on corporate groups for professional firms and restrictive regulation of legal professions (legal form, shareholding, management, multidisciplinary, advertising restrictions) set to remain in place.</p> <p>Some progress in incentivising cooperation between universities and the business sector. New initiatives announced include the creation of collaborative laboratories, technological centres for engineering activities and new business innovation</p>		<p>efficiency and quality of justice has been undertaken in 2017 and a number of measures are planned for 2018.</p>
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		<p>contracts. The government is currently preparing a revision of the Higher Education system. The new programme to modernise and revamp polytechnic institutes focuses on matching both R&D activities and dual VET programmes (CTeSPs) with regional needs. The Innovation Agency (ANI) is working to increase knowledge and collaborative innovation and has identified further potential players to bring into the innovation eco-system (including businesses and research organizations). It is also pushing for more collaboration as a priority for further action. However, there is no overall comprehensive strategy to foster cooperation between universities and the business sector: cooperation still relies mostly on isolated initiatives from specific universities or businesses.</p>		
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 RO	<u>2016 CSRs</u> SGP: CSR 1 MIP: -	<u>Assessment of implementation of 2016 CSRs</u> February 2017	<u>2017 CSRs</u> SGP: CSR 1 MIP: -	<u>Assessment of implementation of 2017 CSRs</u> March 2018
	<p>1. Limit the deviation from the medium-term budgetary objective in 2016 and achieve an annual fiscal adjustment of 0,5 % of GDP in 2017 unless the medium-term budgetary objective is respected with a lower effort. Ensure the application of the fiscal framework and strengthen further tax compliance and collection. Ensure that legislative initiatives do not undermine legal certainty and do not put at risk financial stability. If necessary, adopt measures that mitigate such risks.</p>	<p>Limited progress (this overall assessment of CSR 1 does not include an assessment of compliance with the Stability and Growth Pact).</p> <p>CSRs related to compliance with the Stability and Growth Pact will be assessed in spring once the final data are available.</p> <p>There was no progress on ensuring the application of the fiscal framework. The 2016 budget does not comply with the deficit rule, which contains the obligation to comply with the MTO; as in previous years, the authorities did not send an update of the fiscal strategy to Parliament by the statutory deadline of 15 August.</p> <p>Limited progress. There are slight improvements with regard to the compliance ratios for tax declarations and payments for both natural persons and companies compared to the previous year. The tax administration (ANAF) and Labour inspection maintained their efforts in terms of inspections and audits, yet the results are not better compared to last year. ANAF introduced also an audience with the applicant as an additional step before issuing the final decision with regard to the VAT registration. The legislation for the registration and deregistration for VAT purposes has been modified and clarified again and the procedures for VAT reimbursement were</p>	<p>1. In 2017, ensure compliance with the Council Recommendation of 16 June 2017 with a view to correcting the significant deviation from the adjustment path toward the medium-term budgetary objective. In 2018, pursue a substantial fiscal effort in line with the requirements of the preventive arm of the Stability and Growth Pact. Ensure the full application of the fiscal framework. Strengthen tax compliance and collection. Fight undeclared work, including by ensuring the systematic use of integrated controls.</p>	<p>Limited progress (the overall assessment of CSR 1 does not include an assessment of compliance with the Stability and Growth Pact):</p> <p>The compliance assessment with the Stability and Growth Pact will be included in spring once final data for 2017 are available.</p> <p>No progress There was no progress on ensuring the application of the fiscal framework. The 2017 budget does not comply with the deficit rule, which contains the obligation to comply with the MTO; as in previous years, the authorities did not send an update of the fiscal strategy to Parliament by the statutory deadline of 15 August.</p> <p>Limited progress Despite an improvement registered in 2015, the VAT gap in Romania remains the highest in the EU. The size of the informal economy is also large (22.1% according to 2014 estimates), reflecting significant tax evasion and undeclared work. Moreover, the mandatory introduction of electronic cash registers connected to the tax administration's IT system, which was supposed to help improve VAT collection, has been postponed again.</p> <p>Some progress. A number of important modifications were made to the labour and</p>

		<p>adapted, respectively, in the course of 2016. The mandatory but progressive introduction of electronic cash-register connected to the National Agency for Fiscal Administration (ANAF) IT system is pursued, but further delays to the official deadlines were introduced. To tackle sectorial tax evasion, a special annual income tax will replace corporate income tax in specific business areas, such as accommodation services and bars/restaurants, from 2017. Irrespective of the sales or the net profits of the business, the tax to be paid will be computed based on coefficients, such as the surface of premises, the seasonality or the location of the business. Moreover, as of 2017, self-employed and family businesses will be limited to the number of business activities they can perform and in the number of persons they can employ.</p> <p>Some progress was made on safeguarding financial stability. The law on debt discharge ("datio in solutum") was promulgated with retroactive application, but a recent decision of the Constitutional Court has mitigated some of the potential risks on financial stability. The CHF-denominated loan conversion law adopted by Parliament may put strain on several banks. However, before its enactment, the law was sent to the Constitutional Court for a constitutional check.</p> <p>In May 2017, the Commission evaluated compliance with the SGP in its Assessment</p>		<p>fiscal codes broadening the definitions of undeclared work. Under-declared earnings are now explicitly included. Coercive measures were expanded, also benefiting from media coverage, but preventive measures are still insufficiently used. However, in 2017 the labour inspection conducted fewer joint inspections compared to the previous year due to the late signature of the memorandum of understanding with ANAF. Social partners are still insufficiently involved, the dialogue with external stakeholders is still relatively weak, and quality management is at early stages.</p>
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		<p>of the 2017 Convergence Programme for Romania (without explicitly referring to the assessment grid used for other CSRs):</p> <p><i>“In 2016, from a position of -0.6% of GDP in 2015, i.e. above the MTO, the structural balance deteriorated to -2.6% of GDP, pointing to a significant deviation from the MTO. The growth of government expenditure, net of discretionary revenue measures and one-offs, was well above the expenditure benchmark, also pointing to a significant deviation. The overall assessment points to a significant deviation from the requirements of the preventive arm of the Stability and Growth Pact in 2016.</i></p> <p><i>In 2017 and 2018, a significant deviation from the adjustment path towards the MTO is expected both based on the programme and based on the Commission 2017 spring forecast, putting at risk the compliance with the requirements of the preventive arm of the Pact.</i></p> <p><i>Moreover, although the programme projects the headline deficit to amount to 2.9% of GDP in 2017, according to the Commission 2017 spring forecast Romania's deficit is projected to exceed the 3% of GDP reference value in 2017 and in 2018 based on a no-policy change assumption.” (pp; 16-17)</i></p>		
	<p>2. Strengthen the National Employment Agency's services to employers and jobseekers, in particular by tailoring services to jobseeker profiles, better linking</p>	<p>Some progress:</p> <p><u>Substantial progress</u> was made in strengthening the National Employment Agency's (NEA) services. The NEA is</p>	<p>2. Strengthen targeted activation policies and integrated public services, focusing on those furthest away from the labour market. Adopt legislation equalising the</p>	<p>Limited progress:</p> <p><u>Limited progress</u> Despite measures to include more categories of disadvantaged groups and to improve the financial</p>

	<p>them with social assistance, including social services, and reaching out to unregistered young people. Establish, in consultation with social partners, objective criteria for setting the minimum wage. Take action to prevent early school leaving and increase the provision of quality education, in particular among Roma. Adopt the equalisation of the pension age for men and women.</p>	<p>undergoing a major change process reflected in a strategy and including 1) establishing for the first time an initial profiling and segmentation process, which became a working procedure and legislation in October 2016 (most of the people in NEA database have already been profiled); 2) Adoption of a catalogue of services, for the first time bringing together the service offer of the organisation towards jobseekers and towards employers; 3) Reinforcement of case management capacity - pilot project developed in October/November; to be up-scaled through the ESF; 4) Setting up an integrated approach to NEETs outreach, including a substantial increase in agency staff for the delivery of the Youth Guarantee- to be rolled out. The Youth Guarantee has so far only partially reached young NEETs. The NEA also plans to reinforce its capacity to strengthen its services for employers. The active labour market policies have been revised to provide more incentives for take up and several disadvantaged groups benefit for the first time from some ALMPs. A national mobility plan aims to improve the internal mobility. As regards linking employment with social services, a pilot project, financed with EU funds, will be rolled out. This would target 100 deprived communities and would set up integrated teams that include social assistants, community health assistants/mediators and education counsellors/mediators. In the long run, these integrated teams are supposed to be</p>	<p>pension age for men and women. Establish a transparent mechanism for minimum wage-setting, in consultation with social partners. Improve access to quality mainstream education, in particular for Roma and children in rural areas. In healthcare, shift to outpatient care and curb informal payments.</p>	<p>attractiveness, the active labour market policies appear insufficiently well designed and the administrative burden remains a disincentive for employers. There is no case management for long-term unemployed and social assistance beneficiaries or cooperation procedures between public employment services and social assistance or educational services. Some progress has been made with outreaching young people not in education, employment or training following the signing of the project INTESPO. Progress on introducing integrated teams in the most disadvantaged communities is limited, despite several months of discussions, due to lack of involvement of certain actors, low political priority and rigid employment provisions.</p> <p>No progress The bill on pension age equalisation for men and women is still pending in parliament.</p> <p>No progress Despite a proposal for an objective mechanism endorsed by the social partners as a good basis, the minimum wage continues to be set on a discretionary basis. Moreover, the opinions of the social partners are not taken into account, even when they converge, as it was the case for the recent transfer of social contributions to employees and the changes to the Fiscal code.</p>
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		<p>scaled up at national level, in over 500 deprived communities. A common order of the ministers for Labour, Education and Health establishes the working methods of integrated teams. Special advisers dealing with disadvantaged groups are proposed to be hired in the Public employment service and would make the link with social services and integrated teams. The minimum inclusion income law increases the coverage and adequacy of social benefits and strengthens the provision of active labour market policies for Guaranteed Minimum Income beneficiaries. These reforms have the potential of tangible and lasting effects, but only if implemented and sustained over the longer term.</p> <p>Limited progress was made on minimum wage setting. In January 2016, the government set up a tripartite working group with the task of establishing an indexation mechanism that would make future minimum wage adjustments automatic. This group has commissioned a study to analyse all the economic and social aspects of the minimum wage in Romania. As a follow up to this and based on the results of the study, clear guidelines and criteria, endorsed by social partners are supposed to be established in the first quarter of 2017. However, the new government announced the increase of the minimum wage from 1 February 2017 and subsequent increases until 2020, despite tripartite ongoing work on a minimum wage setting mechanism.</p>		<p>Limited progress Limited progress to improve access to quality mainstream education, in particular for Roma and children in rural areas. Implementation of the ESF-financed calls to attract highly qualified teachers in disadvantaged schools and to tackle early school leaving is delayed, with limited or no impact on the ground. The methodology to identify and tackle school segregation has yet to be developed. Implementation of the kindergarten coupon for children from disadvantaged backgrounds has continued, but the number of children not previously enrolled is very low and hence the impact on enrolment rates is only marginal. An early-warning mechanism to identify children at risk of drop-out is being developed and there are plans to launch an ESF-financed call for second chance programmes. However, prevention measures for early school leaving tend to be focused on social programmes, whereas the focus on the quality of education provided is rather limited. Existing measures to address Roma inclusion in education remain insufficient to tackle the magnitude of the challenge. Implementation of the new school curriculum is progressing, but is incomplete, while textbooks have raised a series of controversies. Beyond the ongoing ESF project to finance teacher training in view of the new curriculum, initial and in-service teacher education programmes remain insufficiently geared towards fostering inclusive education in the classroom. The strategy on education infrastructure has been finalized at the end of 2017. However, no specific budget has</p>
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		<p>Some progress was made to tackle early school leaving and increase the provision of quality education. The situation for Roma inclusion in schools remains challenging. As a step on the implementation of the Early school Leaving Strategy, authorities have launched two national calls for proposals supported by the European Social Fund (approximately EUR 200 million) to tackle drop-out ('School for all') and improve the provision of quality education in disadvantaged schools ('Motivated teachers in disadvantaged schools'). These projects aim to address two of the main drivers of early school leaving, namely insufficient prevention measures and insufficient provision of quality education. 'School for All' seeks to finance a wide range of activities, including integrated interventions for students and their parents, after-school programmes, and scholarships. The second call specifically aims to increase teaching quality in disadvantaged schools, in particular for Roma and schools in rural areas. The projects are now in the evaluation phase, with implementation expected to start the latest in September 2017. Therefore, the impact on reducing drop-outs or increasing teaching quality in disadvantaged school is yet to be seen. Other recent measures to tackle early school leaving include a warm meal pilot programme running in 50 schools, and full reimbursement of commuting costs for students from rural areas. The methodology for teachers'</p>		<p>been set aside for the implementation of the strategy and the implementation capacity remains very modest.</p> <p>Limited Progress A variety of measures will be implemented in the 2018 Framework Contract of the National Health Insurance House with the providers: (i) The administrative burden for family doctors will be reduced using eHealth solutions. (ii) In rural areas, pilot projects will be implemented to increase the number of family doctors by setting a pay per performance system. (iii) The fees for specialised ambulatory care will be raised close to the level of day hospital. Other measures are planned in the context of the Regional Health Plans and Regional Master Plans, some of which will required some legislative changes that are currently discussed to be approved by the corresponding Commissions of Specialties: (i) Palliative care is being reorganised with an integrated approach (home-ambulatory-inpatient care) as part of a World Bank project; (ii) In connection with the building of the regional hospitals, some of the beds in the old county hospitals will be reconverted to palliative and long term care; (iii) The Romanian government will invest in infrastructure regarding the ambulatory specialised care (policlinics); (iv) A network of Integrated Community Centres equipped with integrated teams will be developed, complemented with training for community nurses. Nonetheless, the ongoing implementation</p>
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		<p>allowances was changed to include criteria on working with children at risk of drop-out (ministerial order from 22 December).</p> <p>To support the participation of poor children in pre-school education (empirically shown to prevent early school leaving) authorities are implementing the programme 'Every child in kindergarten' providing social vouchers on condition of attendance. To improve take-up, the application procedures were simplified. Although the number of beneficiary children who had not gone to kindergarten before is increasing, it remains relatively low (2 700 out of 67 000). Modernisation of the curricula for pre-school education is underway.</p> <p>To increase quality in education, authorities have also approved the curricular frameworks for lower secondary education (grades 5-8). The new curriculum is expected to enter into force in September for 5th graders. However, plans to reform the curricula high school education have been delayed.</p> <p>To increase managerial capacities in schools, a competition for school principals was organized, albeit allowing for some exceptions.</p> <p>Anti-segregation legislation was improved by expanding the criteria and strengthening the responsibilities of school inspectorates which is expected to lead to a more inclusive education in schools for Roma and other disadvantaged groups. However, in the absence of monitoring</p>		<p>of the National Health Strategy 2014-2020 (with the overall aim of shifting from inpatient to outpatient care) is marred by shifting priorities, poor investment planning, lack of clear political commitment and the modest administrative capacity of the Ministry of Health. The progress on mobilizing ESIF to reinforce outpatient care remains very limited. Efforts are still focused on the hospital sector (regional hospitals). While some ESIF calls have been launched and implementation can finally start, the political will to ensure the shift towards outpatient care seems to be lacking.</p> <p>Some progress An Integrity Service within the Ministry of Health is connected to the National Integrity Agency and receives support from the National Anticorruption Directorate. The Service monitors patients' feedback mechanism which was revamped in December 2016. The feedback is based on two elements: a survey of patients' satisfaction following hospital discharge and a secure telephone line. Between July and October 2017, a total of 164 calls were registered of which 48 involved some offence and 37 were corruption-related. A report on the satisfaction survey is produced on a monthly basis (to be sent to the Commission). The Government and the hospitals are running awareness-raising campaigns. However, it is too early to assess the impact of the above measures on the reduction of informal payments.</p>
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		<p>criteria progress has yet to be seen. While a number of positive measures have been initiated, these are unlikely to be sufficient to address the challenge.</p> <p>No progress was made on the equalisation of the pensionable age for men and women. The draft law submitted to Parliament in 2013 has been adopted by the Senate, but not by the lower Chamber.</p>		
	<p>3. Curb informal payments in the healthcare system and increase the availability of outpatient care. Strengthen the independence and transparency of human resources management in the public administration. Simplify administrative procedures for business and the public. Strengthen corporate governance of state-owned enterprises.</p>	<p>Some progress:</p> <p>Some progress was made with curbing informal payments in the healthcare system. In line with the new National Anti-corruption Strategy for 2016-2020, legislation was adopted in November 2016 to revamp the existing patient feedback mechanism. In 2014, the Ministry of Health put in place a patient feedback form mechanism for reporting informal payments. Reporting under the mechanism was not reliable and is now being revamped. The National Anti-corruption Strategy for 2016-2020 adopted in August planned to revise the existing patient feedback mechanism to eliminate the involvement of medical units in the collection of information on patients' experience. Consequently, new legislative measures were adopted in November 2016 to empower patients, also addressing the role of ethics councils in public health units, and sanctions. In addition, the salaries of health professionals have been improved (Emergency Ordinance no. 20 of June 8,</p>	<p><i>See CSR 2 (healthcare system)</i></p> <p><i>See CSR 3 (independence and transparency in public administration)</i></p>	


		<p>2016 amending and supplementing Government Emergency Ordinance no. 57/2015 on the salaries of staff paid from public funds in 2016).</p> <p>Limited progress was made with increasing the availability of outpatient care. Some measures have been taken in this regard, but overall a shift to outpatient care is still at a very early stage to consider a substantial fulfilment of the recommendation. The Ministry of Health has developed regional healthcare plans that include a mapping of needs for infrastructure and services. The regional plans, together with the national health strategy, offer a good basis for the planning of investments from ESIF and other sources. The first monitoring report of the national health strategy has been published mid-2016, the second report being expected in February 2017. A Working Group has been created to address ambulatory care; it is announced that outpatients' centres will be developed in the context of the Regional Plans including a pilot project in the South-West region; on the other hand, on primary healthcare, the budget in 2016 has increased overall 5 % with higher increases (up to 15 %) for the expenditure per capita and the value of the points for service. Nonetheless, the shift to outpatient care is still at a very early stage. Likewise, the implementation of the World Bank's project Health Sector Reform including the target of strengthening ambulatory care is unsatisfactory (World Bank, 2016).</p>		
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		<p>Limited progress was made in human resources management in the public administration. Strategies for Civil Service and Staff Training have been adopted, however the current legislative and institutional set-up makes it hard to effectively implement.</p> <p>Some progress was made on the simplification of administrative procedures for business and the public. Measures taken in 2016 include emergency ordinance n. 41/2016 to simplify administrative procedures and facilitate relations between citizens and the public administration; and the adoption in November 2016 of first elements of a second legislative package, including emergency ordinance 84/2016 amending the Fiscal Procedure Code contains also measures to simplify administrative procedures for businesses, including e.g. procedures to obtain a fiscal code, for the reactivation of inactive taxpayers, widening the use of remote means of payment (e.g. home banking, mobile banking) to pay taxes, wider provision of e-tools to pay taxes and some specific fee reductions; further development of the RIA framework; introduction of income tax exemptions for R&D tasks and activities, and clarification of tasks and activities exempt from income taxation for IT professionals; adoption of OUG 35/2016 for the modification and completion of the land registry law 7/1996, important both for agriculture and for infrastructure</p>		
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		<p>projects. The substantial measures taken in 2016 to increase transparency (public consultation and debates on draft legislation etc), are being reversed in 2017.</p> <p>Substantial progress was made in SOEs corporate governance. The bylaws supporting Law 111/2016 on SOEs corporate governance were adopted within the deadline, in October 2016. As Law 111/2016 applies to all SOEs, the Ministry of Finance started contacts with the larger local authorities to improve awareness of the new rules. The H1 2016 budget execution of SOEs under the central government was made public. However, the hiring of professional managers has not yet started raising concerns on the implementation of law 111/2016.</p>		
	<p>4. Improve access to integrated public services, extend basic infrastructure and foster economic diversification, in particular in rural areas. Adopt and implement the transport master plan. Strengthen public investment project prioritisation and preparation.</p>	<p>Some progress:</p> <p>Despite delays, in 2016 there was some progress with the completion of action plans for ex-ante conditionality on health, transport, public procurement and RD&I. This has created a basis for strategic planning of future ESIF investments in infrastructure for public services and SMEs. However, the institutional and operational setup of ESIF programmes is still not completed and a few key ex-ante conditionality items are not yet fulfilled, creating a risk of further delays in implementation. 348 projects of a value of 252 million EUR (19% of allocation) for investments in rural infrastructure (roads, water supply/waste water systems, education and social infrastructure) have been contracted. In August 2016 the</p>	<p>3. Adopt legislation to ensure a professional and independent civil service, applying objective criteria. Strengthen project prioritisation and preparation in public investment. Ensure the timely full and sustainable implementation of the national public procurement strategy.</p>	<p>Limited progress:</p> <p>Limited progress Draft legislation sent to the Parliament in December is now aligned with the Civil Service Strategy. The National Institute of Administration has become operational since June 2017. A project with the World Bank was recently signed to implement some of the key actions of the human resource management reform. First results of the project may be available by mid-2019 and depend on the legal text adopted by Parliament and the effective implementation of the measures under the World Bank project. It is essential to address dysfunctions in public administration and public investments governance in all sectors including quality of implementation and absorption of ESIF.</p>

		<p>government further launched a comprehensive IT programme, developed jointly with the private sector, to increase the inter-operability across different levels of administration and the quality of public services (GovITHub). Some progress was made on improving access to integrated services in rural areas, marking a shift from benefits towards service provision. As part of a pilot project, integrated services will be introduced in around 100 most marginalised communities, through teams at community level, mostly in rural areas. When scaled up, it can produce substantial progress concerning the provision of integrated services. ESF calls at national level have been launched, covering disadvantaged communities, including in disadvantaged areas. A comprehensive set of measures was adopted in early 2016 aimed at improving living standards, stimulating productivity and economic diversification in the rural areas. A set of measures was adopted in 2016 aimed at increasing the wealth in rural areas and developing the rural middle class. The Rural Development Programme has started to be implemented. Additional 533 projects of a value of 49 MEUR (16% of allocation) for investments in diversification of economic activities and setting-up of non-agricultural activities in rural areas have been contracted. While there is progress on contracting, implementation of the projects on the ground is just starting. Romania still has to spend by 2023 around 1.2 BEUR for</p>		<p>Limited Progress Despite some progress with public procurement reform, limited political ownership of structural measures, burdensome administrative procedures and lack of stable prioritization and strategic planning hold back the implementation of important policies across many sectors, including the timely implementation of ESI Funds. New administrative structures were set up in the Ministry of Finance in 2016 to facilitate public-private partnerships (Directorate for Management of Public Investments). The Government Programme 2017-2020 retains a focus on PPP. Technical assistance projects under the SRSP focus on improving the related existing legal framework and administrative capacity and enhancing public investment prioritisation. However the investment agenda remains influenced by changing priorities and the link with the adopted strategic framework remains modest.</p> <p>Some Progress Despite efforts to engage a thorough reform of the public procurement system and tangible achievements made in 2017, the process was marked by instances of backtracking and lack of political ownership to implement some of the critical commitments taken in the context of the national public procurement action plan. Further focus and progress are needed to ensure the sustainability of reforms and the enforcement of measures allowing the use of the opportunities provided by the</p>
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		<p>investments in rural infrastructure and 275 MEUR for diversification of rural economy.</p> <p>Some progress. The Transport Master Plan was adopted in September 2016. The Railway Reform Authority, set-up in October 2016 and expected to become fully operational by mid-2017, should take the necessary measures to make the operation of railway transport more efficient. To speed up of investments in road infrastructure, the government has also split the national authority in charge of road construction into two bodies, one for infrastructure investments (CNIR) and one for infrastructure administration (CNAIR). Performance contracts between the national companies and the Ministry of Transport are currently developed.</p> <p>Limited progress was made with strengthening public investment project prioritisation and preparation. In August, a change to the ordinance 88 obliged the line ministries to take into account the public investment priority list in the budget preparation. However, no other steps have been made to enhance the role of the existing public investment prioritisation unit in the Ministry of Finance and to improve the prioritisation and preparation of all public investment projects.</p>		<p>new public procurement directives. The areas where further progress is needed include the professionalization and empowerment of the contracting authorities, the aggregation of purchases, use of strategic procurement and balanced articulation of controls. The reform of the public procurement system is supported via the establishment of a Public Procurement Agency, the transposition of the 2014 public procurement directives and the adoption of secondary legislation. However, pressures to exempt some investments from public procurement rules continue to affect implementation. The irreversibility of the public procurement reform and further monitoring in the context of the EU Semester process remain essential.</p>
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<p>SI</p> 	<p><u>2016 CSRs</u> SGP: CSR 1 MIP: CSR 1, 3, 4</p>	<p><u>Assessment of implementation of 2016 CSRs</u> February 2017</p>	<p><u>2017 CSRs</u> SGP: CSR 1 MIP: CSR 1, 3</p>	<p><u>Assessment of implementation of 2017 CSRs</u> March 2018</p>
	<p>1. Following the correction of the excessive deficit, achieve an annual fiscal adjustment of 0,6 % of GDP towards the medium-term budgetary objective in 2016 and in 2017. Set a medium-term budgetary objective that respects the requirements of the Stability and Growth Pact. Strengthen the fiscal framework by appointing an independent fiscal council and amending the Public Finance Act. Complete and implement the reform of the long-term care and healthcare systems, making them more cost-efficient to ensure long-term sustainability of accessible and quality care. By the end of 2017, adopt the necessary measures to ensure the long-term sustainability and adequacy of the pension system.</p>	<p>Limited progress (this overall evaluation excludes an assessment of compliance with the Stability and Growth Pact).</p> <p>The compliance assessment with the Stability and Growth Pact will be included in Spring when final data for 2016 will be available.</p> <p>Limited progress was made regarding the fiscal framework. The revised Public Finance Act was adopted by the Parliament in December 2016, but the appointment of the Fiscal Council was further delayed. Following three unsuccessful public calls for applicants, the Government will have to restart an open call for applications to find members for the Fiscal Council.</p> <p>Limited progress was made regarding long-term care reform. The pilot project to determine long-term care needs and support proposed legislative solutions is being prepared.</p> <p>Some progress was made regarding healthcare reform. The proposed draft Health Care and Health Insurance Act, which is the central piece of the reform, has been put into public consultations in February 2017 and will be forwarded to the National Assembly in 2017. In December</p>	<p>1. Pursue a substantial fiscal effort in 2018 in line with the requirements of the preventive arm of the Stability and Growth Pact, taking into account the need to strengthen the ongoing recovery and to ensure the sustainability of Slovenia’s public finances. Adopt and implement the proposed reform of the healthcare system and adopt the planned reform of long-term care, increasing cost-effectiveness, accessibility and quality care. Fully tap the potential of centralised procurement in the health sector. Adopt the necessary measures to ensure the long-term sustainability and adequacy of the pension system.</p>	<p>Limited progress (this overall assessment of CSR 1 does not include an assessment of compliance with the Stability and Growth Pact):</p> <p>The assessment of compliance with the Stability and Growth Pact will be made in Spring.</p> <p>Limited progress. Key legislation like the draft Health Care and Health Insurance act has not been adopted yet. Other health reform milestones have been reached. These include amendments to the Health Services Act, the Medical Practitioners Act, the Patient Rights Act, an Act on intervention measures to ensure the financial stability of public health care institutions.</p> <p>Limited progress. A draft law on long term care has been published in October 2017, and it is under the public consultation. The final draft has yet not been submitted to the National Assembly.</p> <p>Some progress. In 2017, centralised procurement was organised for nine different items. The total amounts were however low compared to other countries and the number of officials in charge of centralised procurement remains limited</p>

		<p>2016, also the proposals to amend the Health Services Act and the Patient Rights Act were presented and the new Pharmacies Act was adopted.</p> <p>Limited progress has been made regarding the long-term sustainability and adequacy of pension system. The White Paper on pensions was adopted in April 2016 and has opened a wide public consultation on the future of the pension system. However, the White Paper on pensions is a non-legislative act that needs to be followed up with adoption of legislative acts, needed to address the 2016 CSR.</p> <p>In May 2017, the Commission evaluated compliance with the SGP in its Assessment of the 2017 Stability Programme for Slovenia (without explicitly referring to the assessment grid used for other CSRs):</p> <p><i>“The medium-term budgetary objective — a balanced budget in structural terms, an objective which does not respect the requirements of the Stability and Growth Pact — is planned to be reached by 2020. However, based on the recalculated structural balance, the medium-term budgetary objective would not be met by the programme horizon.</i></p> <p><i>In 2016, Slovenia complied with the recommended adjustment path towards the MTO.</i></p> <p><i>In 2017, based on the stability programme Slovenia is expected to meet the requirements under the preventive arm of the SGP. However, based on the</i></p>		<p>for such demanding activity. A database of recent procurement result has been created. Hospitals are required to use the lowest price in this database as the maximum price for any new supply contract for the same item.</p> <p>Limited progress. The document called 'Starting points for the modernisation of the Pension and Disability Insurance System in the Republic of Slovenia' was prepared and unanimously adopted by the Economic and Social Council in July 2017. It outlines various measures to improve the adequacy and sustainability of the pension system. However, it is still unclear how and by when the proposed measures would be implemented. Effective since October 2017, the Pension and Disability Insurance Act, increases the minimum old-age and disability pension for those fulfilling full retirement conditions.</p>
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		<p>Commission spring forecast there is a risk of some deviation from the adjustment path towards the MTO.</p> <p><i>In 2018, based on the stability programme Slovenia is expected to meet the requirements preventive arm of the SGP. However, based on the Commission spring forecast there is a risk of significant deviation from the adjustment path towards the MTO.</i></p> <p><i>With respect to the debt criterion, both the stability programme and the Commission 2017 spring forecast indicate sufficient progress towards compliance with the debt criterion in 2017 and 2018.” (p. 22)</i></p>		
	<p>2. In consultation with social partners, increase the employability of low-skilled and older workers, including through targeted lifelong learning and activation measures.</p>	<p>Limited progress:</p> <p><u>Limited progress</u> has been made. The analysis of the situation of older workers on the labour market has been adopted on 22 December 2016. While the spending on the active labour market policies stayed at the same level, the analysis of their effectiveness is under way. Active labour market policy measures targeting older workers still need to be intensified and the analysis of the effectiveness of active labour market policies is being prepared. It is also not yet clear what will be done as regards to lifelong learning.</p>	<p>2. Intensify efforts to increase the employability of low-skilled and older workers, particularly through targeted lifelong learning and activation measures.</p>	<p>Some progress:</p> <p><u>Some progress.</u> In 2017 two measures (a subsidy scheme and support activities to help companies for active ageing of the workforce) aimed at older workers and an in-work incentive scheme for the low-skilled were introduced. In December 2017 the Intervention Act was adopted by the parliament. The Act extends measures of promoting employment of persons aged over 55 years where an employer hiring older worker is exempted from the payment of social security contributions for up to 24 months. The measure is in place from 1.1.2016 and will now be extended until 31.12.2019. Improvements on life-long learning should be made as improving skills through adult learning</p>

				could increase employment of vulnerable groups.
	<p>3. Improve the financing conditions for creditworthy business, including by facilitating durable resolution of non-performing loans and access to alternative financing sources. Ensure the proper implementation of the bank asset management company strategy.</p>	<p>Some progress:</p> <p>Some progress has been made on reducing the level of non-performing loans. These loans continue to fall, but their level is still high. The Bank of Slovenia has implemented a number of measures that are giving banks incentives to reduce their non-performing loans sustainably. They have also shown a willingness to take part in the Structural Reforms Support Service projects, which should further help the process.</p> <p>Limited progress has been made regarding improving the financing conditions for creditworthy business by facilitating access to alternative financing sources. The Slovenian Enterprise Fund and the SID bank have introduced only new debt instruments for SMEs including measures such as microcredits. One scheme of seed capital (some EUR 3.9 million) was implemented in 2016 by the Slovenian Enterprise Fund and some 47 SMEs were supported. Other alternative financing instruments, including venture capital and equity are planned with use of ESIF</p> <p>Some progress has been made regarding the implementing of the Bank Asset Management Company's strategy.</p>	<p>3. Improve the financing conditions, including by facilitating a durable resolution of non-performing loans and access to alternative sources of financing. Ensure the full implementation of the bank asset management company strategy. Reduce the administrative burden on business deriving from rules on spatial planning and construction permits and ensure good governance of state-owned enterprises.</p>	<p>Some progress:</p> <p>Substantial progress. Non-performing loans (NPLs) have continued their downward trend, reflecting the improving asset quality in the Slovenian financial system. Declining NPLs are reported both by Bank of Slovenia and the ECB. Banks are following their NPLs target plans which are monitored by the Bank of Slovenia and the Single Supervisory Mechanism (SSM). Backed by the technical assistance of the European Commission and in cooperation with the World Bank, the Bank of Slovenia issued in March 2017 the Handbook for Effective Management and Workout of SME NPLs. The handbook includes a complete toolkit to prevent, identify and manage NPLs in this segment.</p> <p>Some progress. Financial support has been directed to SMEs through the Slovene Enterprise Fund (SEF) financial instruments (both debt- and also equity-type of instruments) as well as the national development bank SID Bank. In autumn 2017 the SEF invested 8 million euros into a new cross-border equity initiative called the Central Europe Fund of Funds (CEFoF), aimed at boosting equity investments in the region's SMEs and small mid-caps. In mid-November 2017 EIF and the national promotional bank SID Bank launched the first Slovenian capital growth investment programme. EUR 100 million, backed by the European Fund for Strategic Investments (EFSI) guarantee, will be made</p>

				<p>available for innovative and fast-growing SMEs.</p> <p>Substantial progress. The Bank Asset Management Company is progressing to fulfil its mandate. The business strategy adopted in December 2016 aims to ensure the highest possible return to the state and to fully redeem bonds backed by state guarantees by 2022. From its inception in 2013 until June 2017, BAMC generated cumulative cash-flows of nearly EUR 1.1 billion, representing nearly 60 % of the aggregate fair value of the loans transferred. BAMC is expected to return to profitability in 2017, mainly due to lower financing costs. Going forward, a key risk is maintaining the momentum of cash-flow generation from sales, as the remaining assets in BAMC's portfolio may be more difficult to sell.</p> <p>Some progress. A new legislation, adopted in October 2017, aims to simplify and accelerate the acquisition of building permits and at the same time, to decrease legal and environmental risks and administrative burden for SMEs. It also envisages regional spatial plans which will improve the coordination between the municipalities and improve the use of resources.</p> <p>Some progress. The new comprehensive framework for the management of state-owned enterprises was implemented for the first time in 2016. Performance of SOEs</p>
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				in 2016 reached the targets set in the management acts, since an almost 6 % return-on-equity was achieved on an aggregated basis. Dividend pay-outs in 2017 for companies managed by the SSH, acting either as an owner or on behalf of the State, have been higher by 38 % compared with 2016, and hit a record high almost doubling the dividends received in 2011, i.e. when Slovenia had first applied a centralised system for the management of capital assets.
	4. Take measures to modernise public administration and reduce the administrative burden on business. Improve the governance and the performance of state-owned enterprises.	<p>Some progress:</p> <p>Some progress has been made regarding the modernisation of the public administration and regarding the reduction of the administrative burden. The implementation the public administration development strategy 2015-2020 is ongoing; however certain specific measures from this strategy have been substantially delayed (i.e. the adoption of the Civil Servants Act). The government programme for reducing the administrative burden is estimated to have created total savings of in total of EUR 365 million of savings between 2009 and 2015. The 9th progress report of the Single Document shows that more than half of 318 measures to reduce the administrative burden have been realised. The SME test was introduced on 1 June 2016 and is now obligatory for all new laws prepared under regular procedure but it is still too soon to assess its effects.</p> <p>Some progress has been made regarding the governance of state-owned enterprises</p>	<i>See CSR 3 (reducing administrative burden on business, improving governance of state-owned enterprises)</i>	

		<p>(SOEs). The Slovenian Sovereign Holding (SSH) is managing SOEs in accordance with the regulatory framework in place. End-2015 results show an improved profitability of SOEs under SSH's management. An asset management plan for 2017, quantifying the performance indicators for each separate SOE and updating a list of assets for divestment has been approved by the government in January 2017. A procedure to appoint a new management board is underway, following the CEOs resignation as a result of pressures exerted on the SSH ahead of its initiative to replace the Port of Koper (Luka Koper) supervisory board.</p>		
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SK 	<u>2016 CSRs</u> SGP: CSR 1 MIP: -	<u>Assessment of implementation of 2016 CSRs</u> February 2017	<u>2017 CSRs</u> SGP: CSR 1 MIP: -	<u>Assessment of implementation of 2017 CSRs</u> March 2018
	<p>1. Achieve an annual fiscal adjustment of 0,25 % of GDP towards the medium-term budgetary objective in 2016 and of 0,5 % of GDP in 2017. Improve the cost-effectiveness of the healthcare system. Take measures to increase tax compliance.</p>	<p>Limited progress (this overall assessment of CSR 1 does not include an assessment of compliance with the Stability and Growth pact):</p> <p>Limited progress has been made in improving the cost-effectiveness of the healthcare system: as a comprehensive spending review has identified major cost inefficiencies and potential cost savings, but these are not yet backed by concrete measures.</p> <p>Limited progress has been made in improving tax compliance. While some measures have been launched and appear promising, the system as a whole remains too focused on control, with little attention paid to voluntary compliance.</p> <p>In May 2017, the Commission evaluated compliance with the SGP in its Assessment of the 2017 Stability Programme for Slovakia (without explicitly referring to the assessment grid used for other CSRs):</p> <p><i>"In 2016, Slovakia's headline deficit declined to 1.7 % of GDP. An improvement of 0.8 % of GDP in the structural balance met the required adjustment towards the MTO. The growth rate of government expenditure, net of discretionary revenue measures and one-offs, also respected the applicable expenditure benchmark rate. Nevertheless, over 2015-2016 taken</i></p>	<p>1. Pursue a substantial fiscal effort in 2018 in line with the requirements of the preventive arm of the Stability and Growth Pact, taking into account the need to strengthen the ongoing recovery and to ensure the sustainability of Slovakia's public finances. Improve the cost-effectiveness of the healthcare system, including by implementing the value-for-money project.</p>	<p>Some progress (this overall assessment of CSR 1 does not include an assessment of compliance with the Stability and Growth Pact):</p> <p>Some progress has been made in improving the cost-effectiveness of the healthcare system. Several commitments of the "Value-for-Money" project have been fulfilled and appear to have generated some positive, tangible changes leading to savings. Several key provisions aimed at significantly enhancing the cost-effectiveness of the system (e.g. introduction of a DRG payment system, strengthening the primary care sector and promoting integration of healthcare providers) are still in their pilot phase and are likely to face further delays and implementation challenges in the near future.</p>

		<p>together, the expenditure benchmark pillar points to some deviation. An overall assessment, taking the expenditure benchmark as a leading indicator, thus points to some deviation from the recommended adjustment path towards the MTO in 2016.</p> <p>Slovakia plans an improvement of the structural balance of 0.3 % of GDP in 2017 and 0.6 % of GDP in 2018, when it plans to reach the MTO. This path suggests a deviation of 0.2 % of GDP from the required adjustment path towards the MTO in 2017, implying a risk of some deviation. In 2018, on the other hand, the planned progress towards the MTO appears appropriate according to the authorities' plans. However, the Commission 2017 spring forecast points to a risk of some deviation in 2017, and an overall assessment suggests a risk of significant deviation in 2018." (p. 18)</p>		
	<p>2. Improve activation measures for the long-term unemployed and other disadvantaged groups, including individualised services and targeted training. Facilitate the employment of women, in particular by extending the provision of affordable, quality childcare. Improve educational outcomes by making the teaching profession more attractive and by increasing the participation of</p>	<p>Some progress:</p> <p><u>Some progress</u> has been achieved in improving activation measures. An action plan on the integration of the long-term unemployed was adopted in late 2016 in order to address the lack of individualised services and training. However, its timely and adequate implementation will need to be monitored. No targeted efforts have been undertaken to help integrate Roma into the labour market.</p>	<p>2. Improve activation measures for disadvantaged groups, including by implementing the action plan for the long-term unemployed and by providing individualised services and targeted training. Enhance employment opportunities for women, especially by extending affordable, quality childcare. Improve the quality of education and increase the participation of Roma in inclusive mainstream education.</p>	<p>Some progress:</p> <p><u>Some progress:</u> Individual work integration agreements are being introduced and individualised counselling will follow. The client-to-specialised counsellor ratio in public employment services has improved but remains high. A basic profiling mechanism for the long-term unemployed has been introduced, but is only based on age and the duration of registration and therefore does not allow an in-depth assessment for</p>

	<p>Roma children from early childhood in mainstream education.</p>	<p><u>Some progress</u> has been identified in increasing the capacity of and access to early childhood education and care, particularly for the over-threes. For children under three, the number of private facilities has increased slightly but no progress has been made in setting up a legislative framework for childcare services.</p> <p><u>Limited progress</u> has been made in the educational dimension of the CSR. Some measures have been taken in order to raise the attractiveness of the teaching profession. Substantial annual pay rises have been agreed or are planned for 2016 and 2017. The government aims to raise entry requirements for teaching and improve training. A reform to support socially and ethnically inclusive education, including of Roma pupils, entered into force in 2016, but effectively implementing the reform will require further efforts and political commitment.</p>		<p>subsequent referral. In addition, partnerships with NGOs are still missing. Some progress has been achieved towards increasing the provision of training of jobseekers (e.g. through the RE-PAS project).</p> <p><u>Some progress:</u> The legislative framework for childcare was extended, but capacities remain limited. Participation in pre-school education is stagnating, with differences in attendance persisting across the board. According to Eurostat, participation in early childhood education and care (ECEC) was 78.4 % in 2016, well below the EU average of 94.8 % (a 16.4 pp. difference). There are big regional disparities.</p> <p><u>Limited progress:</u> To address declining educational outcomes, the national education strategy 'Learning Slovakia', developed through a comprehensive consultation process by experts and completed in September 2017, spells out a vision for regional and higher education reform. Progress on the reform has however been limited, as the document still needs to be translated into the official government National Education Strategy, with concrete action plans announced only for 2018.</p> <p><u>Limited progress:</u> The country's socioeconomic and educational exclusion of its Roma communities is a key problem. The legislative amendments made to the School Act in 2015 have a potential to increase the participation of Roma pupils in inclusive mainstream education. However, they are not delivering the expected</p>
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				<p>results due to the absence of an integrated approach. There is no systematic methodological guidance to schools, which would include concrete measures leading towards inclusive mainstream education and a specification of funding available for that purpose. Systematic monitoring and evaluation of the effectiveness of measures is lacking.</p>
	<p>3. Consolidate governance, reinforce the shift from price only to quality-based competition and improve the prosecution of illicit practices in public procurement. Improve the transparency, quality and effectiveness of human resources management in public administration, in particular by adopting a new civil service act, and the effectiveness of the justice system. Adopt a comprehensive plan to address administrative and regulatory barriers for businesses.</p>	<p>Limited progress:</p> <p><u>Limited progress</u> has been made in improving competition and fighting illicit practices in public procurement. While some initiatives for fostering quality-based procurement procedures have been launched, these are not yet systematic or concrete.</p> <p><u>Some progress</u> has been made in improving human resource management in public administration. While the new Civil Service Act has the potential to materially improve the situation, this will require determined implementation of the Act, which will be applicable only from the second half of 2017 onwards.</p> <p><u>Limited progress</u> has been made towards improving the effectiveness of the justice system. Although the new government made this a key priority, the impact of new measures (some of which are still in draft) cannot be assessed yet.</p>	<p>3. Improve competition and transparency in public procurement operations and step up the fight against corruption by stronger enforcement of existing legislation. Adopt and implement a comprehensive plan to lower administrative and regulatory barriers for businesses. Improve the effectiveness of the justice system, including a reduction in the length of civil and commercial cases.</p>	<p>Limited progress:</p> <p><u>Limited progress</u> has been made in the implementation of a number of efficiency measures, including the European Single Procurement Document, e-ID and the 'once only' principle. The Slovak authorities have undertaken a feasibility study of options for further development of the electronic platform for procurement and are on track to transition to fully electronic procedures by October 2018, as required by the new Public Procurement Directive. Implementation of MEAT criteria in the construction and health sectors is starting, as well as a price mapping exercise and aggregated purchases of certain hospital equipment.</p> <p>No progress: There has been no increase in conviction statistics, and corruption cases involving PEPs / large public assets are not yet properly investigated. There is a decrease in the available human resources devoted to corruption cases at prosecutorial level, namely in the special prosecutions service.</p>

		<p>No progress has been made in adopting a comprehensive plan to address administrative and regulatory barriers for businesses. In the 2016 national reform programme the Slovak government committed to adopt a corresponding long-term strategy, but the plan has not yet been formulated.</p>		<p>Some progress: The Government adopted a package of measures to be implemented by 2019 to improve the business environment and boost investment.</p> <p>Limited progress: Limited progress has been made towards improving the effectiveness of the justice system.</p>
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	<p><u>2016 CSRs</u> SGP: CSR 1 MIP: CSR 2, 3</p>	<p><u>Assessment of implementation of 2016 CSRs</u> February 2017</p>	<p><u>2017 CSRs</u> SGP: CSR 1 MIP: -</p>	<p><u>Assessment of implementation of 2017 CSRs</u> March 2018</p>
	<p>1. Achieve an annual fiscal adjustment of at least 0,5 % of GDP towards the medium-term budgetary objective in 2016 and 0,6 % in 2017. Use any windfall gains to accelerate the reduction of the general government debt ratio. Ensure timely adoption and implementation of the administrative reform with a view to better cost-effectiveness of social and healthcare services.</p>	<p>Some progress (this overall evaluation excludes an assessment of compliance with the Stability and Growth Pact).</p> <p>The compliance assessment with the Stability and Growth Pact will be included in Spring when final data for 2016 will be available.</p> <p>Some progress has been made on the adoption and implementation of the social and healthcare reform. The reform has been undertaken in order to ensure the continued access to the good quality services while ensuring the long-term sustainability of public finances. The government has prepared the first half of the draft legislation that is needed for the reform to take effect from 2019. The 27 draft laws have undergone a public consultation. Legislation regarding the freedom of choice for the citizens was not part of the public consultation. The work needs to continue, but thanks to the timely preparation of the legislation creating the new administrative structure, it can be concluded that there is some progress in implementing the recommendation.</p> <p>In May 2017, the Commission evaluated compliance with the SGP in its Assessment of the 2017 Stability Programme for</p>	<p>1. Pursue its fiscal policy in line with the requirements of the preventive arm of the Stability and Growth Pact, which entails achieving its medium-term budgetary objective in 2018, taking into account the allowances linked to unusual events, the implementation of the structural reforms and investments for which a temporary deviation is granted. Ensure timely adoption and implementation of the administrative reform to improve cost-effectiveness of social and healthcare services.</p>	<p>Limited progress (this overall assessment of CSR 1 does not include an assessment of compliance with the Stability and Growth Pact):</p> <p>The compliance assessment with the Stability and Growth Pact will be included in Spring when final data for 2017 will be available.</p> <p>Limited progress has been achieved in ensuring the adoption and implementation of the social and health care reform. The government has presented large parts of the draft legislation on the reform of the social and healthcare services in the Parliament. However, the formal adoption of the reform has not taken place yet and the effective implementation of the reform has been delayed by one year (January 2020). The 'Freedom of Choice' legislation was subject to a second public consultation round which finished in the end of 2017. The government's proposal for the law is expected to be presented in the Parliament during the first half of 2018.</p>

		<p>Finland (without explicitly referring to the assessment grid used for other CSRs):</p> <p><i>“In 2016, Finland achieved an improvement of the structural balance of 0.3% of GDP, which was marginally below the required adjustment towards the MTO. On the other hand, the growth rate of government expenditure, net of discretionary revenue measures, complied with the applicable expenditure benchmark rate by a positive margin. Following an overall assessment, this appears in line with the recommended adjustment path towards the MTO.</i></p> <p><i>Finland plans a deterioration of the structural balance of 0.5% of GDP in 2017 and an improvement of 0.3% of GDP in 2018. Taking into account the temporary deviations granted in 2017 and the previously-granted allowance under the unusual event clause which is carried forward for a period of three years, the recommended structural adjustment for 2017 is -0.5% of GDP. Based on the Commission spring forecast, an overall assessment would point to consistency with the required adjustment. In 2018, taking into account the previously-granted allowances under the unusual event clause and the structural reform and investment clauses, the planned progress towards the MTO appears consistent with the preventive arm requirements in 2018. Based on the Commission's spring forecast, the projected path of government debt in 2017 and 2018 is not consistent with the debt reduction benchmark.” (p. 22)</i></p>		
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	<p>2. While respecting the role of social partners, ensure that the wage setting system enhances local wage bargaining and removes rigidities, contributing to competitiveness and a more export industry-led approach. Increase incentives to accept work and ensure targeted and sufficient active labour market measures, including for people with a migrant background. Take measures to reduce regional and skills mismatches.</p>	<p>Some progress:</p> <p><u>Substantial progress</u> has been made in ensuring that the wage-setting system enhances local wage bargaining and removes rigidities, contributing to competitiveness and a more export industry-led approach. The social partners agreed on the Competitiveness Pact, which also extends the possibilities for local bargaining. A new wage-setting model is being negotiated for the next round of wage negotiations, where wages in the tradable sector serve as an anchor for the rest of the economy. The extent to which there will be results from the extended local bargaining possibilities remains to be seen.</p> <p><u>Some progress</u> has been achieved on incentives to accept work and ensure targeted and sufficient active labour market measures, including for people with a migrant background. To increase incentives to accept work among parents of young children, the government has proposed in the 2017 budget the reduction of fees for early childhood education. From the benefits side, Finland has tightened the obligation to accept a job offer and the obligation to participate in activation schemes. The duration of earnings-related unemployment insurance was reduced by one fifth to 400 days. From 2017, mandatory interviews with all the unemployed will be carried out at three-month intervals to monitor progress with</p>	<p>2. Promote the further alignment of wages with productivity developments, fully respecting the role of social partners. Take targeted active labour market policy measures to address employment and social challenges, provide incentives to accept work and promote entrepreneurship.</p>	<p>Some progress:</p> <p><u>Some progress</u> has been made since the importance of preserving cost competitiveness has been widely recognised. The first results from the wage negotiations are promising, and the proposed wage increases do not appear to compromise cost competitiveness, while simultaneously guaranteeing some improvement in purchasing power. It remains to be seen whether a coordinated wage-setting model, which would ensure favourable employment outcomes, emerges.</p> <p><u>Some progress</u> has been made as some activation measures have been introduced, such as the interviews to all registered unemployed jobseekers every 3 months. Financing for the public employment service has been increased in 2018.</p> <p><u>Some progress</u> is observed in increasing incentives to accept work: The active model of unemployment benefits is expected to increase incentives to take up a job. Reduced childcare fees in particular for small and medium income families, should encourage working. These actions entered into force in early 2018.</p> <p><u>Some progress</u> has been made as some measures have been introduced to prompt the unemployed to start a company: the unemployed can continue receiving</p>
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		<p>the individual employment plans. The government has also introduced additional funding for migrants' integration and a new measure offering immigrants training that will support their employability.</p> <p>Some progress has been achieved in the area of reducing regional and skills mismatches. The reform of the vocational education system, expected to be finalised in 2018 includes making it more responsive to labour market needs. The rules regarding acceptable commuting distance for jobseekers will be stricter and the unemployment benefit can be used as a mobility allowance.</p>		<p>unemployment benefit during four months after starting a company. This change was implemented in 2018.</p>
	<p>3. Continue pursuing efforts to increase competition in services, including in retail. Promote entrepreneurship and investment, including by reducing administrative and regulatory burden, to foster growth of high value added production.</p>	<p>Some progress:</p> <p>Some progress has been made on competition in services, including retail. Establishment conditions for retail outlets will be eased. The proposed legislation increases the minimum surface of the more tightly regulated large retail units from 2 000 to 4 000 square meters. The possibilities to establish these units in areas other than the city centres will be increased and access to outlets will become a more important factor in the planning than the outlet's nature and size. Transport and gas market reforms have been announced and the draft legislation prepared.</p> <p>Some progress has been made on the promotion of entrepreneurship and investment and fostering growth of high value added production. In order to promote entrepreneurship, the</p>	<p>3. Continue to improve the regulatory framework and reduce the administrative burden to increase competition in services and to promote investment.</p>	<p>Substantial progress:</p> <p>Substantial progress has been made in improving the regulatory framework and reducing the administrative burden. The amended Land Use and Building Act has entered into force and the new Alcohol Act and the first phase of the new transport code were adopted in late 2017 simplifying earlier regulation. Progress has also been made on the framework governing collaborative economy service providers.</p> <p>Some progress has been made as the availability of loans and export guarantees for SMEs has improved. In addition, a new government agency to promote exports, innovation and FDI - Business Finland - has been created by merging Finpro and Tekes.</p>

		government put forward a subsidy (grant or a wage subsidy) for one-person companies to hire a worker, reviewed the rules that guide the recruitment of foreign specialists and the creation of a public database of inventions that everyone can access and exploit. An innovation voucher for SMEs is in preparation, aimed at promoting the use of outside expertise in innovating and improving products or services. The government also plans to combine the existing public support instruments into a single 'growth service'.		
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 SE	<u>2016 CSRs</u> SGP: - MIP: CSR 1	<u>Assessment of implementation of 2016 CSRs</u> February 2017	<u>2017 CSRs</u> SGP: - MIP: CSR 1	<u>Assessment of implementation of 2017 CSRs</u> March 2018
	<p>1. Address the rise in household debt by adjusting fiscal incentives, in particular by gradually limiting the tax deductibility of mortgage interest payments or by increasing recurrent property taxes. Ensure that the macro-prudential authority has the legal mandate to implement measures to safeguard financial stability in a timely manner. Foster investment in housing and improve the efficiency of the housing market, including by introducing more flexibility in setting rental prices and by revising the design of the capital gains tax to facilitate more housing transactions.</p>	<p>Limited progress (this overall assessment of CSR 1 does not include an assessment of compliance with the Stability and Growth Pact):</p> <p>No progress in adjusting fiscal incentives, i.e. changing the mortgage interest deductibility rules or property taxation.</p> <p>Limited progress on enhancing the legal mandate of the macroprudential authority. The authorities have achieved cross-party agreement on strengthening the macroprudential authority's mandate. However, concrete proposals are still to be published later in 2017, so it remains uncertain what form the new legal framework will ultimately take (see 4.2.2).</p> <p>Some progress on fostering investment in housing and improving the efficiency of the housing market. The authorities have put forward a 22-point plan to increase land available for development, further streamline building regulations and shorten planning lead times, and to address a number of other specific inefficiencies in the housing market (see 4.2.3). However, the timeline and precise implementation form of most proposed measures remain uncertain. In addition, no significant policy action has been taken to introduce more flexibility in setting rental</p>	<p>1. Address risks related to household debt, in particular by gradually limiting the tax deductibility of mortgage interest payments or by increasing recurrent property taxes, while constraining lending at excessive debt-to-income levels. Foster investment in housing and improve the efficiency of the housing market, including by introducing more flexibility in setting rental prices and revising the design of the capital gains tax.</p>	<p>Limited progress (this overall assessment of CSR 1 does not include an assessment of compliance with the Stability and Growth Pact):</p> <p>No progress in adjusting fiscal incentives, i.e. changing the mortgage interest deductibility rules or property taxation (see section 4.2.2 [of the Country Report Sweden 2018]).</p> <p>Substantial progress on constraining lending at excessive debt-to-income levels: a strengthened amortisation requirement for high-debt-to-income mortgages has been adopted and will come into force in March 2018 (see section 4.2.3).</p> <p>Some progress on fostering investment in housing and improving the efficiency of the housing market. Sweden is moving forward with the gradual implementation of the '22point plan' to increase residential construction and improve the efficiency of the housing sector (see section 4.2.3). The authorities have also launched a new initiative to raise participation of foreign firms in the Swedish construction sector. However, no significant policy action has been taken to introduce more flexibility in setting rental prices or to revise the design of the capital gains tax.</p>

		<p>prices. A temporary reform of the deferral rules for capital gains taxes on property transaction was introduced, but this will probably have limited effect (as also discussed in 4.2.3).</p> <p>In May 2017, the Commission evaluated compliance with the SGP in its Assessment of the 2017 Convergence Programme for Sweden (without explicitly referring to the assessment grid used for other CSRs):</p> <p><i>“In 2016, Sweden achieved an improvement of the structural balance, which stood at 0.8 % of GDP, significantly outperforming the MTO. However, expenditure increases linked primarily to the reception and integration of migrants are expected to temporary affect the structural balance negatively in 2017. The consolidated gross debt stood at 41.6 % of GDP at the end of 2016, below the Treaty threshold of 60 % of GDP. The debt ratio is projected to decrease further in 2017, as a proportion to GDP.</i></p> <p><i>Overall, Sweden’s structural balance is expected to remain above the MTO in both 2017 and 2018 and is therefore foreseen to continue to meet the requirements under the preventive arm of the Pact.”</i> (pp. 15-16)</p>		
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 UK	<u>2016 CSRs</u> SGP: CSR 1 MIP: -	<u>Assessment of implementation of 2016 CSRs</u> February 2017	<u>2017 CSRs</u> SGP: CSR 1 MIP: -	<u>Assessment of implementation of 2017 CSRs</u> March 2018
	<p>1. Endeavour to correct the excessive deficit in a durable manner by 2016-17. Following the correction of the excessive deficit, achieve a fiscal adjustment of 0,6 % of GDP in 2017-18 towards the minimum medium-term budgetary objective.</p>	<p>In May 2017, the Commission evaluated compliance with the SGP in its Assessment of the 2016-17 Convergence Programme for the United Kingdom (without explicitly referring to the assessment grid used for other CSRs):</p> <p><i>“The United Kingdom is expected to have corrected its excessive deficit by the 2016-17 deadline set by the Council.</i></p> <p><i>Based on the convergence report [and] the Commission 2017 spring forecast, the United Kingdom appears at a risk of some deviation from the recommended adjustment path towards the minimum MTO in 2017-18, and over the two years 2017-18 and 2018-19 taken together.</i></p> <p><i>Based on both the convergence report and the Commission 2017 spring forecast, the structural adjustment in 2017-18 is lower than the MLSA, indicating that the UK will not progress towards compliance with the debt criterion. However, the structural adjustment in 2018-19 is above the required MLSA in both the convergence programme and the Commission 2017 spring forecast.”</i> (pp.21-22)</p>	<p>1. Pursue a substantial fiscal effort in 2018-19 in line with the requirements of the preventive arm of the Stability and Growth Pact, taking into account the need to strengthen the ongoing recovery and to ensure the sustainability of the United Kingdom’s public finances.</p>	<p>CSRs related to compliance with the Stability and Growth Pact will be assessed in spring once the final data is available.</p>

	<p>2. Address shortfalls in network infrastructure investment, including by delivering the priorities of the National Infrastructure Plan. Take further steps to boost housing supply, including by implementing the reforms of the national planning policy framework.</p>	<p>Some progress:</p> <p><u>Some progress</u> in addressing shortfalls in infrastructure investment. In the November 2016 Autumn Statement the UK announced a further prioritisation of public capital spending towards transport and other infrastructure. A number of major transport and energy investment decisions have been made in 2016. However it is not clear that the conditions are fully in place to secure the large amount of private funding that the UK is relying on to remedy investment backlogs in a timely and cost-effective way.</p> <p><u>Some progress</u> on boosting housing supply. The government continues to treat housing as a top policy priority. An ongoing set of reforms should have positive impacts on housing supply, though these will take time and may not be sufficient to address the chronic undersupply of housing.</p>	<p>2. Take further steps to boost housing supply, including through reforms to planning rules and their implementation.</p>	<p>Some progress:</p> <p><u>Some progress</u> on boosting housing supply. The government is implementing a wide-range of measures to boost housing supply and announced further measures in its 2017 Autumn Budget. These measures have likely contributed to higher annual housing completions in recent years. However, new housing supply remains below estimated housing need and many barriers to housebuilding remain.</p>
	<p>3. Address skills mismatches and provide for skills progression, including by strengthening the quality of apprenticeships. Further improve the availability of affordable, high-quality, full-time childcare.</p>	<p>Some progress:</p> <p><u>Some progress</u> in addressing skills and apprenticeship issues. The government has continued with implementation of apprenticeship expansion and reform, including the April 2017 advent of both the Apprenticeship levy and the Institute for Apprenticeships. Wider reform which will contribute to addressing skills mismatches and progression issues is demonstrated in the new Post-16 Skills Plan, which is ambitious in intention and will require</p>	<p>3. Address skills mismatches and provide for skills progression, including by continuing to strengthen the quality of apprenticeships and providing for other funded 'further education' progression routes.</p>	<p>Some progress:</p> <p><u>Some progress</u> in addressing skills and apprenticeship issues. There has been some progress in implementing this CSR. Quality in apprenticeships, if measured by the level at which an apprenticeship is taken, increased in 2016-2017. For example, there has been an increase of 37.4 % in 'higher' apprenticeships, albeit from a very low base, and they still only represent 7.5 % of starts. This coincided with the beginning of the Apprenticeship</p>

		<p>coherent, committed and timely implementation.</p> <p><u>Some progress</u> in improving childcare availability albeit more mixed progress in the three different elements of affordability, quality and full-time availability. A pilot of the expansion of the doubling of the free childcare offer to three and four year olds has commenced, with full roll-out foreseen for September 2017. However, supply-side concerns, in particular the concerns of providers, appear to require further progress.</p>		<p>Levy. Other routes for those aged 16-19 will become available via new 'T-level' vocational qualifications, while other upskilling and reskilling routes for older participants, whether currently working or not, should become available when the 'National Retraining Scheme' is in operation. For now both developments are at a very early stage.</p>
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<p>Euro Area</p> 	<p align="center"><u>2017 Council Recommendations</u> (21 March 2017)</p>	<p align="center"><u>2018 Draft Council Recommendations</u> (Approved by ECOFIN Council, 23 January 2018)</p>
	<p>1. Pursue policies that support sustainable and inclusive growth in the short and the long term, and improve adjustment capacity, rebalancing and convergence. Prioritise reforms that increase productivity, improve the institutional and business environment, remove bottlenecks to investment, and support job creation. Member States with current account deficits or high external debt should raise productivity while containing unit labour costs. Member States with large current account surpluses should implement, as a priority, measures, including structural reforms and fostering investment, that help to strengthen their domestic demand and growth potential.</p>	<p>1. Pursue policies that support sustainable and inclusive growth and improve resilience, rebalancing and convergence. Make significant progress towards completing the Single Market, particularly in services, including financial, digital, energy and transport, and by implementing relevant product market reforms at national level. Given the positive cyclical conditions, all Member States should prioritise reforms that increase productivity and growth potential, improve the institutional and business environment, remove bottlenecks to investment and foster innovation, support the creation of quality jobs and reduce inequality. Member States with current account deficits or high external debt should additionally aim at containing growth in unit labour costs and seek to improve their competitiveness. Member States with large current account surpluses should additionally create the conditions to promote wage growth respecting the role of social partners and implement as a priority measures that foster investment, support domestic demand and growth potential, thereby also facilitating rebalancing.</p>
	<p>2. Aim for an appropriate balance in fiscal policies between the need to ensure sustainability and the need to support investment to strengthen the recovery, thereby contributing to an appropriate aggregate fiscal stance and a more balanced policy mix. Member States that, according to the Commission assessment, are at risk of not meeting their obligations under the SGP in 2017 should, on that basis, take, in a timely manner, additional measures to ensure compliance. Conversely, Member States that have outperformed their medium-term objectives are invited to continue to prioritise investments to boost potential growth while preserving the long-term sustainability of public finances. Member States that are projected to be broadly compliant with the SGP in 2017 should ensure compliance with the SGP within their national budgetary processes. Pursue fiscal policies in full respect of the SGP, while making the best use of the flexibility embedded within the existing rules. Overall, Member States should improve the composition of public finances by creating more room for tangible and intangible investment, and ensure the effective functioning of national fiscal frameworks.</p>	<p>2. Deliver the planned, broadly neutral overall fiscal stance for the Euro Area, contributing to a balanced policy mix. Strike an appropriate balance between ensuring the sustainability of public finances, in particular where debt ratios are high, and supporting the economy, in full respect of the Stability and Growth Pact and taking into account fiscal space and spillovers across Member States. Use the improving economic conditions to rebuild fiscal buffers, while continuing to strengthen economic growth potential. Ensure the effective functioning of national fiscal frameworks. Member States should pursue policies which support investment and improve the quality and composition of public finances, also by making use of spending reviews and adopting growth-friendly and fair tax structures. Member States should take and implement measures to reduce debt bias in taxation and fight aggressive tax planning to ensure a level playing field, provide fair treatment of taxpayers and safeguard public finances and stability within the euro area. This includes continuing work on the Common Consolidated Corporate Tax Base (CCCTB).</p>

<p>3. Implement reforms that promote competitiveness, job creation, job quality, resilience and economic and social convergence, underpinned by an effective social dialogue. They should combine: (i) reliable labour contracts which provide flexibility and security for employees and employers; (ii) quality and efficient education and training systems and comprehensive lifelong learning strategies targeted at labour market needs; (iii) effective active labour market policies to support labour market participation; (iv) modern, sustainable and adequate social protection systems that contribute effectively and efficiently throughout the life cycle to social inclusion and labour market integration. Shift taxes away from labour, particularly for low-income earners and in Member States where cost competitiveness lags behind the euro area average, and make that tax shift budget-neutral in countries without the fiscal room for manoeuvre.</p>	<p>3. Implement reforms that promote quality job creation, equal opportunities and access to labour market, fair working conditions, and support social protection and inclusion. Reforms should aim at: (i) reliable labour contracts, which provide flexibility and security for employees and employers, combined with adequate support during transitions and avoiding labour market segmentation; (ii) quality, efficient and inclusive life-long education and training systems, which aim at matching skills with labour market needs; (iii) effective active labour market policies that foster labour market participation; (iv) sustainable and adequate social protection systems that contribute throughout the life cycle to social inclusion and labour market integration and are responsive to new types of employment and employment relationships; (v) smooth labour mobility across jobs, sectors and locations; (vi) effective social dialogue and wage bargaining at the appropriate level according to national specificities; (vii) shifting taxes away from labour, particularly for low-income and second earners.</p>
<p>4. In line with the roadmap of June 2016, continue work to complete the Banking Union with regard to risk reduction and risk sharing, including a European Deposit Insurance Scheme and making the common backstop for the Single Resolution Fund operational at the latest by the end of the Fund's transitional period. Devise and implement an effective euro-area wide strategy to complement prudential supervisory action to address viability risks within the banking sector, including as regards the high level of non-performing loans, inefficient business models and overcapacity. In Member States with large stocks of private debt, promote orderly deleveraging.</p>	<p>4. In line with the Council (ECOFIN) roadmap of June 2016, continue work to complete the Banking Union with regard to risk reduction and risk sharing, including a European Deposit Insurance Scheme, making the common backstop for the Single Resolution Fund operational as agreed. Further strengthen the European regulatory and supervisory framework to prevent the accumulation of risks. Take measures to tangibly accelerate reduction of the levels of non-performing loans on the basis of the agreed Council (ECOFIN) Action Plan and promote orderly deleveraging in Member States with large stocks of private debt. Further develop the Capital Markets Union to support growth in the real economy while safeguarding financial market stability.</p>
<p>5. Make progress on completing EMU, in full respect of the Union's internal market and in an open and transparent manner towards non-euro area Member States. Further advance the ongoing initiatives and work on the longer-term issues for EMU, taking due account of the Commission White Paper on the Future of Europe.</p>	<p>5. Make swift progress on completing the economic and monetary union, taking into account the Commission initiatives launched in autumn 2017, in full respect of the Union's internal market and in an open and transparent manner towards non-euro area Member States.</p>

Assessment criteria used by the Commission in its evaluation of Country Specific Recommendations (CSRs) implementation

European Semester 2017 Cycle

- (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.

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