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Country-Specific Recommendations for 2017 and 2018

A tabular comparison and an overview of implementation

ECONOMIC GOVERNANCE SUPPORT UNIT (EGOV)
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DIRECTORATE-GENERAL FOR INTERNAL POLICIES OF THE UNION

ECONOMIC GOVERNANCE SUPPORT UNIT

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This document presents:

- 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 European Commission's **assessment of the implementation of the 2017 Country-Specific Recommendations** based on its Country Reports published on 7 March 2018 and assessments of the 2018 Stability and Convergence Programmes published on 23 May 2018;
- The **2018 Country-Specific Recommendations** proposed by the European Commission on 23 May 2018 for the adoption by the Council in July 2018, and
- The **Council Recommendation on the economic policy of the euro area** approved by the Council on 23 January 2018.

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

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

► The 2018 CSRs have been re-arranged in the table below, where applicable, by policy area to allow for an easier comparison with the 2017 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 separately in May 2018, is included in **"grey"** (as it does not explicitly refers to the above-mentioned assessment grid).

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

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

For an **overview of CSR implementation** by EU Member States, please see the following document:

- Implementation of the 2017 Country-Specific Recommendations (PE 614.500)
- Implementation of the 2016 Country-Specific Recommendations (PE 587.394)
- Implementation of the 2015 Country-Specific Recommendations (PE 574.398)
- Implementation of the 2014 Country-Specific Recommendations (PE 542.649)

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BE	2017 CSRs SGP: CSR 1 MIP: -	Assessment of implementation of 2017 CSRs March 2018	2018 CSRs SGP: CSR 1 MIP: -
	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.	**Limited progress** (this overall assessment of country-specific recommendation 1 does not include an assessment of compliance with the Stability and Growth Pact): **Limited progress** has been made towards an enforceable distribution of fiscal targets among the various levels of government. 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. 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. Wallonia has created a public debt management agency. **Some progress** has been made toward removing distortive tax expenditure. The corporate tax reform contributes to simplify the system, however several distortive tax expenditures remain. 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	**1. Ensure that the nominal growth rate of net primary government expenditure does not exceed 1.8 % in 2019, corresponding to an annual structural adjustment of 0.6 % of GDP.** Use windfall gains to accelerate the reduction of the general government debt ratio. Pursue the envisaged pension reforms and contain the projected increase in long-term care expenditure. Pursue the full implementation of the 2013 Cooperation Agreement to coordinate fiscal policies of all government levels. **Improve the efficiency and composition of public spending** at all levels of government to create room for public investment, notably by carrying out spending reviews.

		uncertain environmental gains, with very little changing to the level of tax expenditure. **Limited progress** has been made to improve the composition of public spending. There are plans to limit the increase of current expenditure, this should determine the relative increase of the share of capital expenditure. The Flemish region plans to introduce a spending review in its budgetary exercise. The federal government has announced a National Pact for Strategic Investment to promote structural reform and address the deficit in public investment. Regional government plans to increase investment in transport infrastructures. In **May 2018**, the Commission provided its assessment of compliance with the SGP as part of the Assessment of the Stability Programme for Belgium, concluding that: *"According to the outturn data,* ***Belgium did not comply with the debt reduction benchmark in 2017.*** *Prima facie there thus appears to be a risk of the existence of an excessive deficit in the sense of the Treaty and the Stability and Growth Pact. The Commission has therefore prepared* ***a report under Article 126(3) TFEU*** *analysing whether Belgium is compliant with the debt criterion of the Treaty. The report concluded, following an assessment of all the relevant factors, that as there is currently not sufficiently robust evidence to conclude on the existence of a significant deviation in Belgium in 2017 and over 2016 and 2017 together,* ***the current analysis is not fully conclusive as to whether the debt criterion as defined in the Treaty and in Regulation (EC) No 1467/1997 is or is not complied with****. However, the adjustment in 2018 appears inadequate to ensure compliance with the adjustment path towards the MTO*	

		in 2018 based on the Commission 2018 spring forecast. The Commission will reassess compliance on the basis of the ex-post data for 2018 to be notified in Spring 2019. *In 2017, net primary expenditure growth exceeded the applicable expenditure benchmark rate by 0.4% of GDP. The structural balance improved by 0.8% of GDP, which is above the required adjustment towards the MTO. Following an overall assessment, this points to some deviation from the recommended adjustment path towards the MTO in 2017. In 2016-2017 together the expenditure benchmark pillar suggests a significant deviation from the requirement (average gap of -0.5% of GDP). On the other hand, over 2016 and 2017 together, the structural balance pillar points to some deviation of -0.1% of GDP from the requirement.* ***Based on an overall assessment of compliance with the preventive arm, and given large uncertainties related to key factors of fiscal performance in 2017, there is no sufficient evidence to conclude that Belgium is non-compliant with the required adjustment path towards the MTO in 2017 and over 2016 and 2017 together.*** *Belgium plans to contain primary expenditure growth equal to the expenditure benchmark in 2018 and 2019. It also plans an improvement of the structural balance of 0.2% of GDP in 2018 and in 2019. Belgium committed to reach the MTO in 2020, while the recalculated structural balance still points to a structural deficit of 0.2% of GDP in 2020. This path implies an average deviation of 0.2 pp. over 2017-2018, while being appropriate in 2019 when taken at face value.* *However,* ***following an overall assessment, a significant deviation from the adjustment path towards the MTO is to be expected in 2018 and 2019 putting at risk compliance with the requirements of the preventive arm of the Pact. Belgium is also assessed to be at risk of significant deviation in 2017 and 2018 together.*** *Hence, the necessary measures should be taken as of 2018 to comply with the provisions of the Stability and Growth Pact. The use of any windfall*	

		gains to further reduce the general government debt ratio would be prudent." (p. 25)	
	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.	**Some progress:** **Some progress** 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, modernise human resources management and offer full-pathways. 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. The Flemish action plan on pre-primary education was launched in Dec 2016. To be progressively implemented 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. 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.	**2. Remove disincentives to work and strengthen the effectiveness of active labour market policies**, notably for the low-skilled, people with a migrant background and older workers. **Pursue the education and training reforms, including by fostering equity** and increasing the proportion of graduates in science, technology, engineering and mathematics.

		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 20172019; b) the establishment by 2018/2019 of a six-year plan covering pupil performance, school climate, inclusive education, pupil pathways and professionalization; c) new governance measures, for instance the set-up of a geographical responsible and quality measures. **Limited progress** has been made in ensuring equal opportunities in participating to the labour market. The initiatives taken by the federal government and the three Regions focus on first arrivals, notably asylum seekers and refugees and fighting discrimination. They include: Cooperation agreements between the reception agency Fedasil and the Flemish Employment Service as well as with the Forem (Walloon agency for employment and training) to provide information on labour market opportunities and training to asylum applicants, as well as to perform a screening of the competences in an early stage. Belgium also developed special procedures for asylum seekers and refugees deal with incomplete documentation of their qualifications, to allow for validation of relevant competences. The three Regions have adopted integration measures that are compulsory for newly arrived third-country nationals. However this is not likely to be sufficient to address the multifaceted obstacles to labour market for immigrants. 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. 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. The Brussels Region adopted a "regional plan for diversity and combat discrimination in hiring" which must be translated into an operational plan.	
	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.**	**Limited progress:** **Some progress** has been made in fostering knowledge-based capital. 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. Via the National Pact for Strategic Investment, Belgium notably announced more investments in the digital economy. 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). Under Flanders' targeted cluster policy, initiatives in the area of sustainable chemistry, logistics, materials and energy started in 2017. Specific cluster pacts lay out the commitments of businesses, knowledge institutions and the government. 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. Flanders started implementing the Innovation Procurement Action plan with the aim of fostering	**3. Reduce the regulatory and administrative burden to incentivise entrepreneurship and increase competition in services**, particularly retail, construction and professional services. **Tackle the growing mobility challenges**, in particular through investment in new or existing transport infrastructure and reinforcing incentives to use collective and low emission transport.

		innovation in the private sector in response to public needs (budget EUR 5 million). The Brussels region has started implementing the action plan of its Regional Innovation Plan 2016-2020. The Walloon region is implementing its Small Business Act 2015-2019, integrated in the Marshall plan 4.0. In its Walloon investment plan, the Walloon government announced additional investments in research, development and innovation for the period 2019-2024. **Limited progress** has been made in increasing competition in professional services and retail 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. The profession of travel agent has been completely deregulated in the Walloon region. 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. **Limited progress** has been made in enhancing market mechanisms in network industries 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.	

		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	

BG	2017 CSRs SGP: - MIP: CSR 2, 3	Assessment of implementation of 2017 CSRs March 2018	2018 CSRs SGP: - MIP: CSR 2, 3
	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.	**Some progress** (this overall assessment of CSR 1 does not include an assessment of compliance with the Stability and Growth Pact). The assessment of compliance with the Stability and Growth Pact will be made in spring when final data for 2018 will be available. **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. **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 working conditions. Joint inspections between fiscal and labour authorities have been organised, promising future improvements in efficiency and scope. In **May 2018**, the Commission provided its assessment of compliance with the SGP as part of the Assessment of the Convergence Programme for Bulgaria, concluding that:	**1. Improve tax collection and the efficiency of public spending**, including by stepping up enforcement of measures to reduce the extent of the informal economy. **Upgrade the State owned enterprise corporate governance framework** in line with international good practices.

		"In 2017, Bulgaria's fiscal position improved further as it increased the headline and structural budgetary surplus and remained well above the MTO. Bulgaria plans to decrease its budgetary surplus to zero in 2018 and to return in surplus in 2019 onwards. In structural terms, the balance is expected to remain, by a large margin, above the MTO set by the national Public Finance Act. The Commission's 2018 spring forecast includes a more positive profile for the development of public finances. ***In conclusion, Bulgaria is expected to remain fully compliant with the provisions of the preventive arm of the SGP.****"* (p. 17)	
	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 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.	**Some progress:** **Some progress** in taking follow-up measures on the financial sector reviews. The capital buffers of two banks were strengthened in line with the findings of 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. **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	**2. Take follow-up measures resulting from the financial sector reviews and implement the supervisory action plans** in order to strengthen the oversight and stability of the sector. **Ensure adequate valuation of assets**, including bank collateral, by enhancing the appraisal and audit processes. **Complete the reform of the insolvency framework and promote a functioning secondary market for non-performing loans.**

		an action plan aimed at addressing the most pressing issues identified by an independent assessment. **<u>Some progress</u>** 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.	
	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.	**Limited progress:** **<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. **<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 include language courses, working with parents and curricular training for those whose mother tongue is not	**3. Increase the employability of disadvantaged groups** by upskilling and strengthening activation measures. Improve the provision of quality inclusive mainstream education, particularly for Roma and other disadvantaged groups. In line with the National Health Strategy and its action plan, **improve access to health services**, including by reducing out-of-pocket payments and addressing shortages of health professionals. **Introduce a regular and transparent revision scheme for the minimum income and improve its coverage and adequacy.**

		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. **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 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. **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. **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 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.	
	4. Ensure efficient implementation of the 2014-2020 National Public Procurement Strategy.	**Some progress:** **Some progress** 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.	

CZ	[2017 CSRs](#) **SGP: -** **MIP: -**	[Assessment of implementation of 2017 CSRs](#) **March 2018**	[2018 CSRs](#) **SGP: -** **MIP: -**
	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.	**Some progress:** **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 ⅓ to ½). 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. **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 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	**1. Improve the long-term fiscal sustainability**, in particular of the pension system. **Address weaknesses in public procurement practices**, notably by enabling more quality-based competition and by implementing anti-corruption measures.

		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. **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 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.	
	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.	**Some progress:** **Some progress.** 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	**2. Reduce the administrative burden on investment**, including by speeding up permit procedures for infrastructure work. **Remove the bottlenecks hampering research**, development and innovation, in particular by increasing the innovation capacity of domestic firms. **Strengthen the capacity of the education system** to deliver quality inclusive education, including by promoting the teaching profession. **Foster the employment of women, the low-skilled and disabled people**, including by improving the effectiveness of active labour market policies.

		makes the simpler procedure unworkable for large infrastructure projects. Also, there is no obligation to use the integrated permitting procedure. **Some progress.** 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. **Some progress.** 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 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. **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.	

DK	[2017 CSRs](#) **SGP: -** **MIP: -**	[Assessment of implementation of 2017 CSRs](#) **March 2018**	[2018 CSRs](#) **SGP: -** **MIP: -**
	1. Foster competition in the domestically oriented services sector.	**Limited progress** 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 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.	**1. Increase competition in domestically oriented services sectors**, for instance in the distribution of utilities, network industries and in the financial sector.

DE	2017 CSRs SGP: - MIP: CSR 1, 2	Assessment of implementation of 2017 CSRs March 2018	2018 CSRs SGP: - MIP: CSR 1, 2
	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.**	**Limited progress** (this overall assessment of CSR 1 does not include an assessment of compliance with the Stability and Growth Pact): **Limited progress** 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. June 2017: The federal government decided to invest additional funds in transport infrastructure in 2018. August 2017: Additional funding of the Municipal Investment Promotion Fund for modernizing school buildings including digital infrastructure. **Limited progress** 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. 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. June 2017: The base law was modified to adjust the allocation of responsibilities and funding between the state vs the federal level, from 2020. **Limited progress** has been made in increasing public expenditure on research and innovation and no additional measures have been taken in this regard.	**1.** While respecting the medium-term objective, **use fiscal and structural policies to achieve a sustained upward trend in public and private investment,** and in particular on education, research and innovation at all levels of government, notably at regional and municipal levels. Step up efforts to ensure the availability of very high-capacity broadband infrastructure nationwide. **Improve the efficiency and investment friendliness of the tax system. Strengthen competition in business services and regulated professions.**

		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. **Some progress** has been made: 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. **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 (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. **Limited progress** has been made regarding measures to stimulate competition in business services and regulated professions. In **May 2018**, the Commission provided its assessment of compliance with the SGP as part of the Assessment of the Stability Programme for Germany, concluding that: *"**In 2017, Germany recorded headline and structural budget surpluses in full compliance with the provisions of the Stability and Growth Pact. In addition, Germany complied with the debt benchmark.***	

		*According to both the information provided in the Stability Programme and the Commission 2018 spring forecast, **Germany is expected to continue to remain above its medium-term objective in 2018 and 2019. Moreover, Germany is expected to meet the debt benchmark both in 2018 and 2019.**"* (p. 15)	
	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.	**Limited progress:** **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. 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. **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 **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	**2. Reduce disincentives to work more hours**, including the high tax wedge, in particular for low-wage and second earners. Take measures to promote longer working lives. **Create conditions to promote higher wage growth**, while respecting the role of the social partners**. Improve educational outcomes and skills levels of disadvantaged groups**.

		child benefit and the supplementary child allowance, as well as measures to contain the fiscal drag, from which low wage earner benefit below average. **Limited progress** regarding promoting real wage growth. 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. 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.	

EE	2017 CSRs **SGP: CSR 1** **MIP: -**	Assessment of implementation of 2017 CSRs **March 2018**	2018 CSRs **SGP: CSR 1** **MIP: -**
	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.	**Some progress** (this overall assessment of CSR 1 does not include an assessment of compliance with the Stability and Growth Pact): The compliance assessment with the Stability and Growth Pact will be included in Spring when final data for 2017 is available. **Some progress.** 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. **Some progress.** 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 improving transparency of wages are planned to be adopted by the government in Spring 2018. **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. **Some progress.** Modifications to the parental leave system and parental benefits were adopted by the	**1. Ensure that the nominal growth rate of net primary government expenditure does not exceed 4.1 % in 2019**, corresponding to an annual structural adjustment of 0.6 % of GDP. **Improve the adequacy of the social safety net**, in particular for older people and people with disabilities. Take measures to reduce the gender pay gap, including by improving wage transparency in the private sector.

		Parliament, implementation from 2018 onwards in steps. In **May 2018**, the Commission provided its assessment of compliance with the SGP as part of the Assessment of the Stability Programme for Estonia, concluding that: *"**In 2017, Estonia's structural balance was is in line with the required adjustment towards the MTO.** Also, the growth of government expenditure, net of discretionary revenue measures and one-offs, did not exceed the applicable expenditure benchmark. The ex-post assessment suggests that the adjustment path towards the MTO was appropriate.* *In 2018, Estonia's Stability Programme plans a growth rate of government expenditure, net of discretionary revenue measures, which is in line with the applicable expenditure benchmark rate. The structural balance indicator also confirms that in 2018, the planned progress towards the MTO is appropriate. According to the Commission 2018 spring forecast, there is a risk of some deviation in 2018, based on the expenditure benchmark indicator, but not according to the structural balance indicator. **An overall assessment concludes on the risk of some deviation in 2018.*** *In 2019, the Stability Programme plans a growth rate of government expenditure, net of discretionary revenue measures, which significantly exceeds the applicable expenditure benchmark. The structural balance indicator shows some deviation. Overall, the Stability Programme suggests a risk of significant deviation from the requirements of the preventive arm in 2019. According to the Commission 2018 spring forecast, both structural balance and expenditure benchmark indicated the risk of some deviation from the adjustment path towards the MTO. **An overall assessment concludes on the risk of some deviation in 2019.**"* (p. 17)	

	2. Promote private investment in research, technology and innovation, including by implementing measures for strengthening the cooperation between academia and businesses.	**Some progress:** **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. **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.	**2. Promote research and innovation**, in particular by providing effective incentives for broadening the innovation base.

IE	2017 CSRs **SGP: CSR 1** **MIP: CSR 1, 3**	Assessment of implementation of 2017 CSRs **March 2018**	2018 CSRs **SGP: CSR 1** **MIP: CSR 1, 2, 3**
	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. **Limit the scope and the number of tax expenditures and broaden the tax base**.	**Some progress** (the overall assessment of the CSR1 does not include an assessment of compliance with the Stability and Growth Pact): The compliance assessment with the Stability and Growth Pact will be included in spring when final data for 2017 will be available. **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. **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 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.	**1. Achieve the medium-term budgetary objective in 2019**. Use windfall gains to accelerate the reduction of the general government debt ratio. Limit the scope and the number of tax expenditures, and broaden the tax base. **Address the expected increase in age-related expenditure** by increasing the cost-effectiveness of the healthcare system and by pursuing the envisaged pension reforms.

		In **May 2018**, the Commission provided its assessment of compliance with the SGP as part of the Assessment of the Stability Programme for Ireland, concluding that: *"**In 2017, Ireland achieved its MTO**, with a structural balance of -0.1% of GDP.* *In 2018, Ireland's Stability Programme plans a growth rate of government expenditure, net of discretionary revenue measures, which is significantly above the applicable expenditure benchmarks rates both in 2018 and 2017 and 2018 taken together. The structural balance indicator shows a significant deviation based on the frozen requirement. Given the very open nature of the Irish economy and the volatility of potential GDP estimates, the expenditure benchmark provides a more appropriate yardstick for fiscal policy. However, it does not capture the additional revenue linked to the continued non-indexation of income tax bands, which is considered to be of a permanent nature. **Following an overall assessment, there is a risk of some deviation in 2018 and 2017 and 2018 taken together according to the Commission 2018 spring forecast.*** *In 2019, the MTO is projected to be met by a small margin. This is confirmed by the Commission 2018 spring forecast. Hence, **the assessment points to compliance in 2019.*** ***Compliance with the transitional debt rule is ensured in 2017 and 2018, as well as with the debt reduction benchmark in 2019.**"* (p. 19)	
	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.**	**Some progress:** **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	**2. Ensure the timely and effective implementation of the National Development Plan**, including in terms of clean energy, transport, housing, water services and affordable quality childcare. Prioritise the upskilling of the adult working-age population, with a focus on digital skills.

		regards the creation of Technology Centres. Ireland has an ambitious infrastructure investment plan for education at all levels. **Some progress:** The government is adopting an array of measures to support 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 assistants have achieved a minimum level5 award. **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.	
	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.	**Some progress:** 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 extend 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 the engagement of debtors in distress and increase the number of personal insolvency arrangements, but the take-up remains overall limited.	**3. Foster the productivity growth of Irish firms**, and of small and medium enterprises in particular, by stimulating research and innovation with targeted policies, more direct forms of funding and more strategic cooperation with foreign multinationals, public research centres and universities**. Promote faster and durable reductions in long-term arrears**, building on initiatives for vulnerable households and encouraging write-offs of non-recoverable exposures.

EL	2017 CSRs	Assessment of implementation of 2017 CSRs	2018 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.

ES	2017 CSRs **SGP: CSR 1** **MIP: CSR 1, 2, 3**	Assessment of implementation of 2017 CSRs **March 2018**	2018 CSRs **SGP: CSR 1** **MIP: CSR 1, 2, 3**
	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.	**Some progress** (this overall assessment of compliance with CSR 1 does not include an assessment of compliance with the Stability and Growth Pact): **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. **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. **Some progress.** A review of central and regional government expenditure has 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. In **May 2018**, the Commission provided its assessment of compliance with the SGP as part of the Assessment of the Stability Programme for Spain, concluding that: *"In 2017, Spain achieved a headline deficit of 3.1% of GDP, in line with the EDP deficit target.* ***Spain plans to correct its excessive deficit by the 2018 deadline set by the***	**1. Ensure compliance with the Council Decision of 8 August 2016** giving notice under the excessive deficit procedure, including through measures to enforce the fiscal and public procurement frameworks at all levels of government. Thereafter, **ensure that the nominal growth rate of net primary government expenditure does not exceed 0.6% in 2019**, corresponding to an annual structural adjustment of 0.65 % of GDP. Use windfall gains to accelerate the reduction of the general government debt ratio.

		Council, but the programme does not project to reach the MTO set in Spain's Stability Law within the programme horizon. *Based on the Commission 2018 spring forecast, the headline deficit is expected to decrease to 2.6% of GDP in 2018 and further to 1.9% of GDP in 2019. Short-term risks to the achievement of the fiscal targets relate to uncertainty about tax revenues at this stage of cycle, the pace of public employment growth and the possible materialisation of contingent liabilities.* *Based on the Commission 2018 spring forecast,* ***the projected change in the unadjusted structural balance falls short of the fiscal effort required by the Council in 2018 and cumulatively over the 2016-18 period.*** *This also holds for the adjusted change in the structural balance and the fiscal effort measured by the bottom-up method. This reflects the expansionary nature of the draft 2018 budget, including the additional expenditure on pensions following from the higher annual revaluation of the pensions than foreseen by the 2011-13 pension reforms.* *Should the excessive deficit be corrected in a durable manner by 2018, as expected, Spain will be subject to the preventive arm of the Stability and Growth Pact from 2019 onwards and to the transition period as regards compliance with the debt criterion. According to the Commission 2018 spring forecast,* ***Spain would be at risk of significant deviation from the recommended adjustment path towards its MTO in 2019. Moreover, in 2019, Spain would not progress towards compliance with the debt criterion either.*** *In addition, in August 2016, the Council required Spain to take measures to improve its fiscal and public procurement policy frameworks. However, the Stability Programme does not report plans to improve its fiscal policy framework. Spain has made progress with the adoption of a new law on public sector contracts in*	

		November 2017. Nevertheless, the new legislation can only improve the efficiency and transparency of public procurement if it is swiftly and ambitiously implemented by setting up the new governance structure and enhancing control mechanisms of procurement procedures at all levels of government." (p. 24)	
	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 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.	**Limited progress:** **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 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. **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. **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. **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. **Limited progress.** Regional disparities persist in early school leaving rates and student performance, although some improvements have been made to	**2. Ensure that employment and social services have the capacity to provide effective support for jobseekers**, including through better cooperation with employers. Foster transitions towards open-ended contracts. **Improve family support and address coverage gaps in income guarantee schemes**, by simplifying the system of national schemes and reducing disparities in access conditions to regional ones. **Reduce early school leaving and regional disparities in educational outcomes**, in particular by better supporting students and teachers.

		close the gap between best and worst performing regions.	
	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.	**Limited progress:** **Limited progress.** 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. **Limited progress.** 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 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.	**3. Increase public investment in research and innovation** and systematically carry out evaluations of support policies in this area to ensure their effectiveness. **Increase cooperation between education and businesses** with a view to mitigating existing skills mismatches. **Further the implementation of the Law on Market Unity** by ensuring that, at all levels of government, rules governing access to and exercise of economic activities, notably for services, are in line with principles of that law and by improving cooperation between administrations.

FR	2017 CSRs **SGP: CSR 1** **MIP: CSR 1, 2, 3, 4**	Assessment of implementation of 2017 CSRs **March 2018**	2018 CSRs **SGP: CSR 1** **MIP: CSR 1, 2, 3**
	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.	**Limited progress** (this overall assessment of CSR 1 does not include an assessment of compliance with the Stability and Growth Pact): The compliance assessment with the Stability and Growth Pact will be included in spring when final data for 2017 will be available. **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. **Limited progress** has been made in in reviewing expenditure items. The 20182022 multiannual public finances programming law sets the principles of Public Action 2022. The process seeks to address this sub CSR, by commissioning the Comitee Action Publique 2022 (CAP2022) to set the roadmap by April 2018 and to analyse possible measures that would need to be taken. Clearly-specified measures to address the CSR have not proposed though. The spending reviews in place since 2014 will be discontinued. In **May 2018**, the Commission provided its assessment of compliance with the SGP as part of the Assessment of the Stability Programme for France, concluding that: *"In 2017, France achieved a headline deficit of 2.6% of GDP, below the target under the EDP and in line with the deadline for the correction of the excessive deficit set by the Council. However, the fiscal effort has not been*	**1. Ensure that the nominal growth rate of net primary government expenditure does not exceed 1.4 % in 2019**, corresponding to an annual structural adjustment of 0.6 % of GDP. Use windfall gains to accelerate the reduction of the general government debt ratio. **Implement expenditure savings in 2018 and fully specify the objectives and new measures needed in the context of Public Action 2022**, for them to translate into concrete expenditure savings and efficiency gains measures in the 2019 budget. **Progressively unify the rules of the different pension regimes** to enhance their fairness and sustainability.

		delivered according to all metrics. Based on both the information provided in the Stability Programme and the Commission 2018 spring forecast, the headline deficit is expected to remain below the 3.0% of GDP reference value over the Programme period and the forecast horizon, respectively. *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 information in the Stability Programme,* ***France would be at risk of some deviation from the recommended adjustment path towards the MTO in 2018 and at risk of significant deviation in 2018 and 2019 taken together****. According to the Commission 2018 spring forecast though,* ***France would be at risk of significant deviation from the recommended adjustment*** *path towards the MTO in both 2018 and 2019. Moreover,* ***while France plans compliance with the debt criterion in 2018 and 2019, the Commission forecast projects that the debt criterion will not be met in any of both years****."* (pp. 23-24)	
	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.**	**Some progress:** **Some progress** 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.	**2. Pursue the reforms of the vocational education and training system**, to strengthen its labour market relevance and improve access to training, in particular for low qualified workers and jobseekers. **Foster equal opportunities and access to the labour market,** including for people with a migrant background and people living in deprived areas. **Ensure that minimum wage developments are consistent with job creation and competitiveness.**

		<u>Some progress</u> has been made in broadening the overall tax base and in decreasing the corporate income tax rate. **<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 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.	
	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.**	**Some progress:** **<u>Some progress</u>** 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	*See CSR 2 (access to the labour market, minimum wage developments)*

		2018. A specific hiring premium for increasing hires of deprived territories inhabitants will be tested into 10 of these territories starting from April 2018. 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. 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). **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 to reform the apprenticeship system on 9 February 2018. **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.	
	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**.	**Limited progress:** **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 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. **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).	**3. Simplify the tax system**, by limiting the use of tax expenditures, removing inefficient taxes and reducing taxes on production levied on companies. **Reduce the regulatory and administrative burden** to increase competition in the services sector and to foster firms' growth. **Step up efforts to increase the performance of the innovation system** notably by improving the efficiency of public support schemes and strengthening knowledge transfer between public research institutions and firms.

		This work was published in August 2017. However, the impact refers to the Macron law's implications and, hence, is not new. **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 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.	

HR	2017 CSRs **SGP: CSR 1** **MIP: CSR 1, 2, 3, 4, 5**	Assessment of implementation of 2017 CSRs **March 2018**	2018 CSRs **SGP: -** **MIP: CSR 1, 2, 3, 4**
	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.	**Limited progress** (this overall assessment of CSR 1 does not include an assessment of compliance with the Stability and Growth Pact): The compliance assessment with the Stability and Growth Pact will be included in spring when final data for 2017 will be available. **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. **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. **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. In **May 2018**, the Commission provided its assessment of compliance with the SGP as part of the Assessment of the Convergence Programme for Croatia, concluding that: *"In 2017, Croatia achieved a headline surplus of 0.8% of GDP. The Commission 2018 spring forecast projects a significantly more positive profile for the development of public finances with the general government balance*	**1. Strengthen the fiscal framework,** including by strengthening the mandate and independence of the Fiscal Policy Commission. **Introduce a recurrent property tax.**

		expected to remain in surplus throughout the forecast period. The structural balance is projected to deteriorate in both 2018 and 2019 but it should stay within the tolerance margin from the MTO. The debt ratio would decline in line with the forward-looking element of the debt reduction benchmark. ***Overall, Croatia is expected to remain fully compliant with the provisions of the preventive arm of the SGP.****"* (p. 16)	
	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.	**Limited progress:** **No progress** 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. **Limited progress** in improving the social benefits system. The ambitious and long-planned establishment of the onestop-shop as a central point for the 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.	**2. Discourage early retirement, accelerate the transition to a higher statutory retirement age and align pension** provisions for specific categories with the rules of the general scheme. **Deliver on the reform of the education and training system** to improve its quality and labour market relevance for both young people and adults. **Consolidate social benefits and improve their poverty reduction capacity.**
	3. Improve adult education, in particular for older workers, the low-skilled and the long-term unemployed. **Accelerate the reform of the education system**.	**Limited Progress** **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	*See CSR 2 (reform of the education system)*

		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. **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.	
	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.**	**No progress:** **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 of competencies of sub-national units have not been addressed. **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	**3. Reduce the territorial fragmentation of the public administration, streamline the functional distribution of competencies and enhance the capacity to design and implement public policies.** In consultation with social partners, **introduce harmonised wage-setting frameworks across the public administration and public services.**

		across the public administration through the introduction of common wage grids and job complexity coefficients, based on more consistent job descriptions and competences frameworks.	
	5. Speed up the divestment of state-owned enterprises and other state assets, and improve corporate governance in the state-owned enterprise sector. 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.	**Limited progress:** **Limited progress** in SOEs divestment and improving corporate governance. The new Ministry has advanced efforts in sales of 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. **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. **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. **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.	**4. Improve corporate governance in state-owned enterprises and intensify the sale of state-owned enterprises and non-productive assets. Significantly reduce the burden on businesses** arising from parafiscal charges and from cumbersome administrative and legislative requirements. **Enhance competition** in business services and regulated professions. **Reduce the duration of court proceedings and improve electronic communication in courts.**

IT	[2017 CSRs](#) **SGP: CSR 1** **MIP: CSR 1, 2, 3, 4**	[Assessment of implementation of 2017 CSRs](#) **March 2018**	[2018 CSRs](#) **SGP: CSR 1** **MIP: CSR 1, 2, 3, 4**
	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.**	**Some progress** (this overall assessment of CSR 1 does not include an assessment of compliance with the Stability and Growth Pact): The compliance assessment with the Stability and Growth Pact will be included in spring when final data for 2017 will be available. **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%). **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 haves been reviewed but not streamlined; no changes have been made to the property tax; the reform of cadastral values is still pending. **Substantial progress** mandatory e-invoicing has been extended to the private sector as of 2019 (2018 for fuels and public procurement). No action has been made to further electronic payments. In **May 2018**, the Commission provided its assessment of compliance with the SGP as part of the [Assessment of the Stability Programme for Italy](#), concluding that: *"In 2017, Italy's structural balance deteriorated by 0.3 % of GDP based on the Commission 2018 spring forecast, which points to some deviation from the required adjustment towards the MTO once taking into account*	**1. Ensure that the nominal growth rate of net primary government expenditure does not exceed 0.1 % in 2019,** corresponding to an annual structural adjustment of 0.6 % of GDP. **Use windfall gains to accelerate the reduction of the general government debt ratio. Shift taxation away from labour**, including by reducing tax expenditure and reforming the outdated cadastral values. **Step up efforts to tackle the shadow economy**, including by strengthening the compulsory use of e-payments through lower legal thresholds for cash payments. **Reduce the share of old-age pensions** in public spending to create space for other social spending.

		an allowance of 0.35 % of GDP related to the migration inflow and the need for protection against seismic risk. ***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 2017 and over 2016 and 2017 taken togethe****r.* *The debt-to-GDP ratio slightly declined in 2017 to 131.8 % of GDP, i.e. well above the Treaty reference value of 60 % and, based on the Commission 2018 spring forecast, Italy was not compliant with the debt reduction benchmark in that year and is not expected to comply in 2018 and 2019 either.* ***Due to Italy's prima facie non-compliance with the debt reduction benchmark in 2016 and 2017,*** *the Commission has prepared a report under Article 126(3) TFEU analysing whether or not Italy is compliant with the debt criterion of the Treaty.* ***The report concluded that the debt criterion as defined in the Treaty and in Regulation (EC) No 1467/1997 should be considered as currently complied with, and that an EDP is thus not warranted at this stage.*** *This conclusion followed an assessment of all the relevant factors, having regard in particular to Italy's ex-post compliance with the preventive arm in 2017. However, the adjustment in 2018 appears inadequate to ensure compliance with the adjustment path towards the MTO in 2018 based on the Commission 2018 spring forecast. The Commission will reassess compliance on the basis of the ex-post data for 2018 to be notified in Spring 2019.* *As regards 2018, Italy was recommended to ensure a nominal rate of reduction of net primary government expenditure of at least 0.2 % in 2018, corresponding to an annual structural adjustment of at least 0.6 % of GDP. The Commission 2018 spring forecast expects Italy's structural balance to remain stable at 1.7 % of GDP in 2018, while the projections of the 2018 Stability Programme point to a small structural effort of 0.1 % of GDP.* ***Based on the Commission 2018 spring forecast,***	

		there is a risk of significant deviation from the preventive arm requirement both in 2018 and over 2017 and 2018 taken together. *However, in order to balance Italy's current stabilisation needs and existing sustainability challenges, in its 2018 DBP Opinion, the Commission considered that a fiscal structural effort of at least 0.3 % of GDP would be adequate in 2018, without any additional margin of deviation over one year. This corresponds to a nominal rate of growth of net primary expenditure not exceeding 0.5 %.* ***Even taking that into account in the overall assessment, there is a risk of significant deviation from the recommended adjustment path towards the MTO in 2018 based on the Commission 2018 spring forecast.*** *For 2019, Italy is recommended to ensure that the nominal growth rate of net primary government expenditure does not exceed 0.1%, corresponding to an annual structural adjustment of 0.6 % of GDP. The Stability Programme plans a structural improvement of 0.7 % of GDP, while the Commission expects Italy's structural balance to further deteriorate by 0.3 % of GDP, reaching -2.0 % of GDP. The difference is mainly due to the fact that the Commission 2018 spring forecast does not include a VAT hike (amounting to around EUR 12.5 billion or 0.7 % of GDP) legislated for 2019 as a "safeguard clause" to ensure the achievement of the budgetary targets, as such increase was systematically repealed in recent years.* ***Taking into account the preventive arm requirement, an overall assessment based on the Commission 2018 spring forecast points to a risk of a significant deviation from the recommended adjustment path towards the MTO in 2019 and over 2018 and 2019 taken together.****"* (p. 22)	
	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**	**Some progress:** **Limited progress** a few civil justice reforms of limited scope have been passed, but an allencompassing 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	**2. Reduce the length of civil trials** at all instances by enforcing and streamlining procedural rules, including those under consideration by the legislator. **Achieve more effective prevention and repression of corruption** by reducing the length of criminal trials and implementing the new anti-corruption framework. **Ensure enforcement of the new**

	the pending law on competition and address the remaining restrictions to competition.	not show a clear downward trend compared to past years. **Substantial progress** 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. **Some progress** the implementation of the Public administration reform is almost complete. The relevant legislative decrees 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. **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.	**framework for publicly-owned enterprises** and increase the efficiency and quality of local public services. **Address restrictions to competition**, including in services, also through a new annual competition law.
	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.**	**Some progress:** **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.	**3. Maintain the pace of reducing the high stock of non-performing loans and support further bank balance sheet restructuring and consolidation**, including for small and medium-sized banks, and promptly implement the insolvency reform. **Improve market-based access to finance for firms.**

		<u>Limited progress</u> 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.	
	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.**	**Limited progress:** **<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. **<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 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. **<u>Limited progress</u>** 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.	**4. Step up implementation of the reform of active labour market policies** to ensure equal access to effective job-search assistance and training. **Encourage labour market participation of women** through a comprehensive strategy, rationalising family-support policies and increasing the coverage of childcare facilities. **Foster research, innovation, digital skills and infrastructure** through better-targeted investment and increase participation in vocational-oriented tertiary education.

		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.	

CY	2017 CSRs SGP: CSR 1 MIP: CSR 1, 2, 3, 4	Assessment of implementation of 2017 CSRs March 2018	2018 CSRs SGP: - MIP: CSR 1, 2, 3, 4, 5
	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.	**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. The compliance assessment with the Stability and Growth Pact will be included in Spring when final data for 2017 will be available. **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 egovernance. However, key legislation remains to be adopted. **No progress** with regard to the governance of state-owned entities. The draft law is still pending adoption by the House of Representatives. **No progress** related to the reform of local governments. Relevant legislation is awaiting adoption by the House of Representatives. In **May 2018**, the Commission provided its assessment of compliance with the SGP as part of the Assessment of the Stability Programme for Cyprus, concluding that: *"**In 2017, Cyprus recorded headline and structural budget surpluses, overachieving the provisions of the Stability and Growth Pact. Cyprus also made sufficient progress towards compliance with the debt***	**1. Adopt key legislative reforms to improve efficiency in the public sector,** in particular as regards the functioning of the public administration and the governance of stateowned entities and local governments.

		criterion as defined by the minimum linear structural adjustment (MLSA) in 2017. *According to both the information provided in the Stability Programme and the Commission 2018 spring forecast, Cyprus is expected to remain above its medium-term objective in 2018 and 2019. In addition, according to the Stability Programme and the Commission 2018 springforecast, Cyprus is also expected to make sufficient progress towards compliance with the debt reduction benchmark in 2018 and respect the benchmark in 2019. Therefore,* ***Cyprus is projected to meet the requirements under the preventive arm of the Stability and Growth Pact in both 2018 and 2019.*** *At the same time, expenditure developments should be monitored carefully, especially in light of possible future risks to the robustness of revenues, to safeguard fiscal sustainability in line with the SGP."* (pp. 19-20)	
	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 the transfer of immovable property rights.	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, but more comprehensive measures remain to be adopted. **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.	**2. Step up efforts to improve the efficiency of the judicial system** by revising civil procedures, increasing the specialisation of courts and setting up a fully operational e-justice system. **Take measures to fully operationalise the insolvency and foreclosure frameworks** and ensure reliable and swift systems for the issuance of title deeds and the transfer of immovable property rights.

		<u>Limited progress</u> 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. **<u>Limited progress</u>** 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 on-going and a policy response related to the licencing and permitting procedures is under preparation based on findings of external experts. A draft law on the creation of a new system for the transfer of property rights is under preparation.	
	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**.	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. **<u>Limited progress</u>** 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. **<u>Limited progress</u>** 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.	**3. Accelerate the reduction of non-performing loans** by implementing a comprehensive strategy, including legislative amendments allowing for the effective enforcement of claims and facilitating the sale of loans. **Integrate and strengthen the supervision of insurance companies and pension funds.**

		Limited progress was made as relevant legislation is still under preparation.	
	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 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.	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. **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. **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. **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.	**4. Prioritise the implementation of key elements of the action plan for growth**, in particular fast-tracking strategic investments, and take additional measures to improve access to finance for small and medium-sized enterprises. **Improve the performance of state-owned enterprises** including by resuming the implementation of privatisation projects.
	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' evaluation. By the end of 2017, **adopt legislation for a hospital reform and universal healthcare coverage.**	There has been **some progress** overall in addressing CSR 5, in particular with the adoption of legislation establishing a universal National Health System. There has been **some progress** regarding the capacity of the public employment services with the initiation of the recruitment of additional counsellors, which will also facilitate the active	**5. Complete reforms aimed at increasing the capacity and effectiveness of the public employment services** and reinforce outreach and activation support for young people who are not in employment education or training. **Complete the reform of the education and training system**, including teacher evaluation and actions to increase the capacity of vocational education and training. **Take measures to ensure that the National**

		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. **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. **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.	**Health System becomes fully functional in 2020**, as planned.

LV	[2017 CSRs](#) **SGP: CSR 1** **MIP: -**	[Assessment of implementation of 2017 CSRs](#) **March 2018**	[2018 CSRs](#) **SGP: CSR 1** **MIP: -**
	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.	**Some progress** (this overall assessment of CSR 1 does not include an assessment of compliance with the Stability and Growth Pact): The compliance assessment with the Stability and Growth Pact will be included in spring when final data for 2017 will be available. **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. **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. In **May 2018**, the Commission provided its assessment of compliance with the SGP as part of the [Assessment of the Stability Programme for Latvia](#), concluding that: ***"In 2017, Latvia observed its MTO, after taking into account the temporary deviation** related to the pension and structural reform in the healthcare sector. This shows **compliance with the preventive arm.***	**1.** Achieve the medium-term budgetary objective in 2019, taking into account the allowances linked to the implementation of the structural reforms for which a temporary deviation is granted. **Reduce taxation for low-income earners** by shifting it to other sources, particularly capital and property, and by improving tax compliance.

		The Stability Programme plans a structural deterioration by 0.6% of GDP in 2018 and an improvement by 0.2% of GDP in 2019, indicating the risk of significant deviation in both years. The Commission 2018 spring forecast indicates a similar structural deterioration in 2018, but no improvement in 2019. This suggests a significant deviation from the expenditure benchmark pillar and some deviation from the structural balance requirement in both 2018 and 2019. However, the better-than-expected outcome in 2017 point to a lower risk for 2018. Moreover, the plausibility tool based on the Commission 2018 spring forecast indicates a high degree of uncertainty surrounding the estimate of output gap for Latvia based on the common methodology. These factors will be considered in the ex post assessment of compliance, if still confirmed. At this point, ***the overall assessment concludes on a risk of significant deviation in both 2018 and 2019.****"* (pp. 18-19)	
	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.	**Some progress:** **Limited progress** 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. **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. **Some progress** public financing for healthcare is increased, but little progress on efficiency enhancing	**2. Improve the adequacy of minimum income benefits, minimum old-age pensions and income support for people with disabilities**. **Increase the labour market relevance** of vocational education and training, and foster upskilling of low-skilled workers and jobseekers. **Increase the accessibility, quality and cost-effectiveness of the healthcare system.**

		measures. Access to the universal healthcare is expected to be limited by linking service provision to social contributions.	
	3. Increase efficiency and accountability in the public sector, in particular by simplifying administrative procedures and strengthening the conflict-of-interest prevention regime, including for insolvency administrators.	**Some progress:** **Some progress** a top-down targets for staff reduction and increasing efficiency of support services are set for the central government, while the more numerous local authorities are not covered. **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.	**3. Strengthen the efficiency of the public sector**, in particular with regard to local authorities and state-owned enterprises. **Strengthen the accountability of public administration** by protecting whistle-blowers, preventing conflicts of interest and following-up on the results of the ongoing assessment of past insolvency proceedings.

LT	2017 CSRs **SGP: CSR 1** **MIP: -**	Assessment of implementation of 2017 CSRs **March 2018**	2018 CSRs **SGP: -** **MIP: -**
	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.**	**Some progress** (this overall assessment of CSR 1 does not include an assessment of compliance with the Stability and Growth Pact): **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. Lithuania has introduced several measures as part of the smart tax administration system such as e-registering of VAT invoices and e-waybills. These measures have already helped to improve tax compliance and raise revenue. **Limited progress** was made in broadening the tax base. 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. Property taxation became more progressive since 2018 with a broader tax base. 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. **Some progress** was made in increasing the sustainability of the pension system.	**1. Improve tax compliance and broaden the tax base** to sources less detrimental to growth. **Ensure the long-term sustainability of the pension system** while addressing the adequacy of pensions

		From 2018, pensions started to be are automatically indexed to the wage bill growth. This will strengthen the fiscal sustainability of the pension system. 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. In **May 2018**, the Commission provided its assessment of compliance with the SGP as part of the Assessment of the Stability Programme for Lithuania, concluding that: *"**In 2017, Lithuania maintained the structural balance above its MTO and complied with the requirements of the preventive arm of the Stability and Growth Pact.*** *In its 2018 Stability Programme Lithuania plans to remain above the MTO over the period 2018-2021. Based on the Commission 2018 spring forecast, the structural balance is projected to respect the MTO in 2018 and 2019. Therefore, **Lithuania is expected to be compliant with the provisions of the Stability and Growth Pact in both 2018 and in 2019.**"* (p. 16)	
	2. Address skills shortages through effective active labour market policy measures and adult learning and improve educational outcomes by rewarding quality in teaching 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.**	**Some progress:** **Some progress** was made in addressing skills shortages. 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. Lithuanian Public Employment Service is undergoing a reform, which should result in more staff working directly with job seekers.	**2. Improve the quality, efficiency and labour market relevance** of education and training, including adult learning. **Improve the performance of the healthcare system by a further shift from hospital to outpatient care,** strengthening disease prevention measures, including at local level, and increasing the quality and affordability of care. **Improve the design of the tax and benefit system** to reduce poverty and income inequality.

		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. **Limited progress** was achieved in improving educational outcomes. 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. 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. **Limited progress** was achieved in improving the performance of the healthcare. Some structural elements are already in place to meet the challenge of the status of poor health. However, there is limited progress in restructuring of healthcare delivery along the efficiency and quality concerns for both primary care and hospital care. The public health policies should also improve more rapidly, strengthening the accountability at local level and focus on the most serious challenges. 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. **Some progress** was achieved in improving the adequacy of the social safety net. Unemployment benefits have been increased in 2017.	

		The monthly state supported income amount was increased from January 2018 from EUR 102 to EUR 122 Child benefits have been revised so that low income earners could fully benefit from them as of January 2018. The automatic indexation of pensions became effective as of January 2018. 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 order to keep the incentives of social assistance beneficiaries to enter the labour market.	
	3. Take measures to **strengthen productivity** by improving the efficiency of public investment and strengthening its linkage with the country's strategic objectives.	Lithuania has made **limited progress** in strengthening productivity by improving efficiency of the public investment. 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. The rules for monitoring the implementation of investment projects have been strengthened by introducing EU funds' expost evaluation criteria also for state funded projects. The effective application of the new rules still needs to be monitored. 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.	**3. Stimulate productivity growth** by improving the efficiency of public investment, ensuring efficient governmental coordination of research and innovation policy and tackling gaps and inefficiencies in public measures supporting science-industry cooperation.

LU	2017 CSRs SGP: - MIP: -	Assessment of implementation of 2017 CSRs March 2018	2018 CSRs SGP: - MIP: -
	1. Strengthen the diversification of the economy, including by removing barriers to investment and innovation. **Remove regulatory restrictions in the business services sector.**	**Some progress:** 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. **Some Progress** The government has strengthened its strategy to diversify the economy and some measures have been adopted to foster innovation. Yet, private investment, especially on R&D, and innovation remain low compared with the euro area average. **Limited Progress** Limited progress has been achieved in removing regulatory restrictions in the business services sectors, notably in some professions such as lawyers.	**2. Further reduce regulatory restrictions in the business services sector.**
	2. Ensure the long-term sustainability of the pension system, limit early retirement and increase the employment rate of older people.	**Limited progress:** **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. **Limited progress** the latest projections adopted by the EPC-AWG suggest an aggravation of the impact of	**1. Increase the employment rate of older people** by enhancing their employment opportunities and employability while further limiting early retirement, with a view to also improving the long-term sustainability of the pension system.

		age-related expenditure on the long-term sustainability of public finances. **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. **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 measures in businesses seems stalled in Parliament since its first introduction in 2014.	

HU	2017 CSRs **SGP: CSR 1** **MIP: -**	Assessment of implementation of 2017 CSRs **March 2018**	2018 CSRs **SGP: CSR 1** **MIP: -**
	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.	The compliance assessment with the Stability and Growth Pact will be included in Spring when final data for 2017 will be available. In **May 2018**, the Commission provided its assessment of compliance with the SGP as part of the Assessment of the Convergence Programme for Hungary, concluding that: *"Based on the Commission 2018 spring forecast and the 2017 outturn data validated by Eurostat, the growth of government expenditure, net of discretionary revenue measures and one-offs, was well above the applicable expenditure benchmark rate in 2017, pointing to a significant deviation from the required structural adjustment (deviation of 2.4% of GDP). In 2017, from a position of -1.8% of GDP in 2016, the structural balance deteriorated to -3.1% of GDP, also pointing to a significant deviation (deviation of 1.4% of GDP). After taking into account factors that can potentially underestimate the fiscal effort measured by the growth of net primary government expenditure, the expenditure benchmark appears to adequately reflect the fiscal effort and still points to a significant deviation by a wide margin. This conclusion is also confirmed by the assessment of the structural balance pillar.* ***The ex-post assessment therefore leads to the conclusion that the observed deviation from the MTO is significant in 2017.*** *Hungary complied with the debt rule in 2017. Both on the basis of the debt-reduction path of the Convergence Programme and the Commission 2018 spring forecast, Hungary's debt-to-GDP ratio is expected to remain below the debt reduction benchmark in 2018 and 2019, implying compliance with the debt rule.*	**1. In 2018, ensure compliance with the Council recommendation** of XX June 2018 with a view to correcting the significant deviation from the adjustment path toward the medium-term budgetary objective. **In 2019, ensure that the nominal growth rate of net primary government expenditure does not exceed 3.9 %,** corresponding to an annual structural adjustment of 0.75 % of GDP.

		The Convergence Programme assumes that the MTO will be reached by 2020. Based on the Programme's data recalculated by the Commission, however, the structural balance would reach the MTO in 2022, by the end of the planning period. According to the Commission 2018 spring forecast, the structural balance is expected to deteriorate further in 2018 and remains 1.8% of GDP away from the MTO in 2019. ***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 2018 and 2019. The net expenditure growth and structural balance based on the Commission 2018 spring forecast also point to a risk of a significant deviation from the required adjustment path towards the MTO in 2018 and 2019.****"* (p. 22)	
	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.	**Limited progress:** **Some progress** 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. **Limited progress** 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. 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	**2. Continue simplifying the tax system,** in particular by reducing sector specific taxes**. Improve the quality and transparency of the decision-making process** through effective social dialogue and engagement with other stakeholders and by regular, adequate impact assessments. **Reinforce the anti-corruption framework, strengthen prosecutorial efforts and improve transparency and competition in public procurement** inter alia through making data gained from the e-procurement system accessible to the public. **Strengthen competition, regulatory stability and transparency in the services sector**, notably in retail.

		approach in tax collection through digitization, process redesign and professional upgrading. **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. **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 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. **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.	
	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 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.**	**Limited progress:** **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 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. **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	**3. Unlock labour reserves** through improving the quality of active labour market policies. **Improve education outcomes and increase the participation of disadvantaged groups**, in particular Roma, in quality and inclusive mainstream education. **Improve the adequacy and coverage of social assistance and unemployment benefits**

		education content taught at vocational grammar schools and vocational secondary schools have further strengthened differences between schools and thereby the selectiveness of the school system. **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.	

MT	2017 CSRs SGP: CSR 1 MIP: -	Assessment of implementation of 2017 CSRs March 2018	2018 CSRs SGP: - MIP: -
	1. Expand the scope of the ongoing spending reviews to the broader public sector and **introduce performance-based public spending.**	**Some progress:** 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.	**2. Ensure the sustainability of the health care and the pension systems,** including by increasing the statutory retirement age and by restricting early retirement.
	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.	**Some progress:** 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.	**1. Strengthen the overall governance framework by enhancing the national supervision of internationally oriented financial businesses licensed in Malta**, by ensuring the effective enforcement of **the Anti-Money Laundering framework** and by continuing to step up **the fight against corruption.**

NL	2017 CSRs SGP: - MIP: CSR 1, 2	Assessment of implementation of 2017 CSRs March 2018	2018 CSRs SGP: - MIP: CSR 1, 2
	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.	**Some progress:** **Substantial progress**. The government has taken fiscal measures that support domestic demand, in particular increasing expenditure on security and on teachers' salaries. **Some progress.** From 2018 onwards, the government increases expenditure on research and development. **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.	**1.** While respecting the medium-term objective**, use fiscal and structural policies to raise public and private investment** in research, development and innovation. **Take measures to reduce the debt bias for households and the remaining distortions in the housing market,** in particular by supporting the development of the private rental sector.
	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.**	**Limited progress:** **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. **Limited progress.** The government has announced the introduction of a minimum hourly rate for the self-employed and ideas for further reflection, but no	**2. Reduce the incentives to use temporary contracts and self-employed without employees,** while promoting adequate social protection for the self-employed, and tackle bogus self-employment. **Create conditions to promote higher wage growth,** respecting the role of the social partners. **Ensure that the second pillar of the pension system is more transparent, inter-generationally fairer and more resilient to shocks.**

	Create conditions to promote higher real wage growth, respecting the role of the social partners.	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. **No progress**. The government has confirmed its intention to reform the second pillar of the pension system, but no measures have been announced so far **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.	

AT	2017 CSRs SGP: CSR 1 MIP: -	Assessment of implementation of 2017 CSRs March 2018	2018 CSRs SGP: CSR 1 MIP: -
	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.**	**Limited progress** (this overall assessment of CSR 1 does not include an assessment of compliance with the Stability and Growth Pact): The compliance assessment with the Stability and Growth Pact will be included in spring when final data for 2017 will be available. **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. **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. **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 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.	**1. Achieve the medium-term budgetary objective in 2019**, taking into account the allowance linked to unusual events for which a temporary deviation is granted. **Ensure the sustainability of the health and long-term care and the pension systems**, including by increasing the statutory retirement age and by restricting early retirement. **Make public services more efficient, including through aligning financing and spending responsibilities.**

		In **May 2018**, the Commission provided its assessment of compliance with the SGP as part of the [Assessment of the Stability Programme for Austria](), concluding that: *"**In 2017, Austria achieved its MTO with the applicable margin.** In 2018, on the basis of the Stability Programme, **Austria is at risk of some deviation from the required adjustment path towards the MTO in 2018.** This assessment is confirmed on the basis of the Commission forecast. **In 2019, on the basis of the Stability Programme, Austria is at risk of some deviation from the required adjustment path towards the MTO.** According to the Commission 2018 spring forecast, **based on an overall assessment, there is a risk of significant deviation in 2019, due to the deviation over 2018 and 2019 taken together.*** ***Based on the Stability Programme, Austria is expected to meet the debt reduction benchmark both in 2018 and 2019,** which is confirmed by the Commission 2018 spring forecast."* (p. 19)	
	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.	**Some progress**: **Some progress** 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. **Limited progress** 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. **Limited progress** in improving the educational achievements of disadvantaged young people, in particular those from a migrant background.	**2. Reduce the tax wedge, especially for low-income earners,** by shifting the tax burden to sources of revenue less detrimental to growth. **Improve labour market outcomes of women.** Improve basic skills for disadvantaged young people and people with a migrant background**. Support productivity growth by stimulating digitalisation of businesses and company growth and by reducing regulatory barriers in the service sector.**

		Some progress. 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 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.	

PL	2017 CSRs SGP: CSR 1 MIP: -	Assessment of implementation of 2017 CSRs March 2018	2018 CSRs SGP: CSR 1 MIP: -
	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.**	**Limited progress** (this overall assessment of CSR 1 does not include an assessment of compliance with the Stability and Growth Pact): The compliance assessment with the Stability and Growth Pact will be carried out in spring when final data for 2017 is available. **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. **No progress** was made on limiting the extensive use of reduced VAT rates. In **May 2018**, the Commission provided its assessment of compliance with the SGP as part of the Assessment of the Convergence Programme for Poland, concluding that: *"In 2017, Poland did not achieve the MTO. The structural balance of 2% of GDP remained unchanged as compared to 2016, which is not in line with the required adjustment towards the MTO. On the other hand, the growth rate of*	**1. Ensure that the nominal growth rate of net primary government expenditure does not exceed 4.2 % in 2019,** corresponding to an annual structural adjustment of 0.6 % of GDP. **Take steps to improve the efficiency of public spending,** including by improving the budgetary process.

		government expenditure, net of discretionary revenue measures, exceeded the applicable expenditure benchmark rate by nearly 0.5% of GDP. ***Following an overall assessment, this points to some deviation from the recommended adjustment path towards the MTO.*** *Poland plans a growth rate of government expenditure, net of discretionary revenue measures, which exceeds the applicable expenditure benchmark rate in both 2018 and 2019. Based on the Commission forecast, Poland also plans a slight worsening and then stabilisation of the structural balance in 2018-2019.* ***Poland doesn't plan to reach the MTO in the Convergence Programme horizon. This path would imply a significant deviation from the required adjustment path towards the MTO in both 2018 and 2019.****"* (p. 19)	
	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.	**Limited progress:** **Limited progress** 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 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. **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	**2. Take steps to increase labour market participation, including by improving access to childcare and by fostering labour market relevant skills**, especially through adult learning, and remove remaining obstacles to more permanent types of employment. **Ensure the sustainability and adequacy of the pension system** by taking measures to increase the effective retirement age and by reforming the preferential pension schemes.

		have been implemented to increase the effective retirement age. Also no measures have been taken to start reforming the preferential pension arrangements.	
	3. Take measures to **remove barriers to investment,** particularly in the transport sector.	**Limited progress:** There was **no progress** in ensuring legal certainty and trust in the quality and predictability of policies, including regulatory changes, and institutions. **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 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.	**3. Strengthen the innovative capacity of the economy,** including by supporting closer collaboration between business and research institutions. **Improve the regulatory environment**, in particular by ensuring effective public and social consultations in the legislative process.

PT	2017 CSRs SGP: CSR 1 MIP: CSR 1, 2, 3, 4	Assessment of implementation of 2017 CSRs March 2018	2018 CSRs SGP: CSR 1 MIP: CSR 1, 2, 3
	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.	**Limited progress** (this overall assessment of CSR 1 does not include an assessment of compliance with the Stability and Growth Pact): **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 government spending across several policy areas would represent another positive step forward. **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	**1. Ensure that the nominal growth rate of net primary government expenditure does not exceed 0.7 % in 2019**, corresponding to an annual structural adjustment of 0.6 % of GDP. **Strengthen expenditure control, cost effectiveness and adequate budgeting,** in particular in the health sector with a focus on the reduction of arrears in hospitals. **Improve the financial sustainability of state-owned enterprises**, in particular by increasing their overall net income and by reducing debt.

		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. **<u>Some progress</u>**. 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. 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 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.) 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. **<u>Limited progress.</u>** 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 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. In **May 2018**, the Commission provided its assessment of compliance with the SGP as part of the [Assessment of the Stability Programme for Portugal](), concluding that: *"In 2017, Portugal achieved an improvement of the structural balance of 0.9% of GDP, which is in line with the required adjustment towards the MTO. On the other hand, the growth rate of government expenditure, net of discretionary revenue measures and one-offs, exceeded the applicable expenditure benchmark rate, leading to a negative deviation of 0.5% of GDP in the underlying fiscal position.* ***Following an overall assessment, both indicators point to some deviation from the recommended adjustment path towards the MTO in 2017.*** *Portugal plans a growth rate of nominal primary government expenditure, net of discretionary revenue measures and one-offs, which exceeds the applicable expenditure benchmark rate in both 2018 and 2019 leading to negative deviations of 1.1% of GDP and 0.8% of GDP of the underlying fiscal position in 2018 and 2019, respectively. Portugal plans an improvement of the structural balance of 0.4% of GDP in 2018 and 0.3% of*	

		GDP in 2019, below the recommended annual structural adjustment of at least 0.6% of GDP towards the MTO in both years. ***Following an overall assessment, there is a risk of significant deviation from the recommended adjustment path towards the MTO in both years based on the Stability Programme. An overall assessment on the basis of the Commission 2018 spring forecast, also points to a risk of a significant deviation in both 2018 and 2019.*** ***Based on both the Stability Programme data and on the Commission 2018 spring forecast, Portugal is expected to make sufficient progress towards compliance with the debt reduction benchmark in 2018 and 2019.****"* (p. 22)	
	2. Promote hiring on open-ended contracts, including by reviewing the legal framework. **Ensure the effective activation of the long-term unemployed.** Together with social partners, **ensure that minimum wage developments do not harm employment of the low-skilled.**	**Some progress:** **Limited progress**. On promoting hiring on open-ended contracts, there are planned measures like Contrato-Geração (support 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. **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	**2. Promote an environment conducive to hiring on open-ended contracts,** including by reviewing the legal framework in consultation with social partners. Increase the skills level of the adult population, including digital literacy, by strengthening and broadening the coverage of the training component in adult qualification programmes. **Improve higher education uptake, namely in science and technology fields.**

		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 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. **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).	
	3. Step up efforts to **clean up the balance sheets of credit institutions** by implementing a comprehensive strategy addressing non-performing loans, including by enhancing the secondary market for bad assets. **Improve the access to capital,** in particular for start-ups and small and medium-sized enterprises.	**Some progress:** **Some progress.** Following an exhaustive analysis of the banks' bad loans by type, vintage, size and sector of activity, the issue of non-performing loans is being addressed by a three-pronged strategy: changes to the	**3. Increase the efficiency of insolvency and recovery proceedings and reduce impediments to the secondary market for non-performing loans.** Improve access to finance for businesses. **Reduce the administrative** burden by shortening procedural deadlines, using more tacit approval and reducing

		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. **Some progress.** 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.	document submission requirements**. Remove persistent regulatory restrictions** by ensuring a proper implementation of the framework law for highly regulated professions. **Increase the efficiency of administrative courts,** inter alia by decreasing the length of proceedings.
	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.**	**Limited progress:** **Limited progress.** 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.	*See CSR 3 (removing persistent regulatory restrictions, increasing the efficiency of administrative courts)*

		Limited Progress. 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. **Some progress.** 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 efficiency and quality of justice has been undertaken in 2017 and a number of measures are planned for 2018.	

RO	[2017 CSRs](#) SGP: CSR 1 MIP: -	[Assessment of implementation of 2017 CSRs](#) March 2018	[2018 CSRs](#) SGP: CSR 1 MIP: -
	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.	**Limited progress** (the overall assessment of CSR 1 does not include an assessment of compliance with the Stability and Growth Pact): The compliance assessment with the Stability and Growth Pact will be included in spring once final data for 2017 are available. **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. **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. **Some progress.** A number of important modifications were made to the labour and 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	**1. Ensure compliance with the Council recommendation** of XX June 2018 with a view to correcting the significant deviation from the adjustment path toward the medium-term budgetary objective**. Ensure the full application of the fiscal framework. Strengthen tax compliance and collection.**

		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. In **May 2018**, the Commission provided its assessment of compliance with the SGP as part of the Assessment of the Convergence Programme for Romania, concluding that: *"**In 2017, Romania continued to increasingly deviate from the MTO.** The growth of net primary government expenditure was well above the expenditure benchmark, pointing to a significant deviation by a large margin (deviation of 3.3% of GDP). The structural balance deteriorated to -3.3% of GDP, also pointing to a significant deviation from the recommended structural adjustment by a large margin (deviation of 1.7% of GDP). **Following an overall assessment, this points to significant deviation from the recommended adjustment path towards the MTO.** This assessment is in line with the earlier conclusion of 5 December 2017, in which the Council found that **Romania had not taken effective action in response to the Council recommendation of 16 June 2017.*** ***Both in 2018 and in 2019, there is a risk of deviation from the structural adjustment recommended by the Council,** both based on the Programme and based on the Commission 2018 spring forecast.* *Moreover, although the Programme projects the headline deficit to remain below the 3% of GDP reference value, according to the Commission 2018 spring forecast Romania's headline deficit is projected to exceed the reference value in 2018 and in 2019 based on a no-policy change assumption."* (p. 19)	

	2. Strengthen targeted activation policies and integrated public services, focusing on those furthest away from the labour market. **Adopt legislation equalising the 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.**	**Limited progress:** **Limited progress** Despite measures to include more categories of disadvantaged groups and to improve the financial 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. **No progress** The bill on pension age equalisation for men and women is still pending in parliament. **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. **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	**2. Complete the minimum inclusion income reform. Improve the functioning of social dialogue. Ensure minimum wage setting based on objective criteria.** Improve upskilling and the provision of quality mainstream education, in particular for Roma and children in rural areas. **Improve access to healthcare,** including through the shift to outpatient care.

		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 been set aside for the implementation of the strategy and the implementation capacity remains very modest. **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 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. **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.	
	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.**	**Limited progress:** **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 dysfunctionalities in public administration and public investments governance in all sectors including quality of implementation and absorption of ESIF. **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. **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	**3. Increase the predictability of decision-making** by enforcing the systematic and effective use of regulatory impact assessment and stakeholder consultation and involvement in the design and implementation of reforms. **Improve the preparation and prioritization of large infrastructure projects** and accelerate their implementation, particularly in the transport, waste and waste water sectors. **Improve the transparency and efficiency of public procurement. Strengthen the corporate governance of state-owned enterprises.**

		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 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.	

SI	2017 CSRs **SGP: CSR 1** **MIP: CSR 1, 3**	Assessment of implementation of 2017 CSRs **March 2018**	2018 CSRs **SGP: CSR 1** **MIP: -**
	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.**	**Limited progress** (this overall assessment of CSR 1 does not include an assessment of compliance with the Stability and Growth Pact): The assessment of compliance with the Stability and Growth Pact will be made in Spring. **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. **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. **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 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. **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	**1. Ensure that the nominal growth rate of net primary government expenditure does not exceed 3.1 % in 2019**, corresponding to an annual structural adjustment of 0.65 % of GDP. **Adopt and implement the healthcare and health insurance act and the planned reform of long-term care. Ensure the long-term sustainability and adequacy of the pension system,** including by increasing the statutory retirement age and by restricting early retirement**. Increase the employability of low-skilled and older** workers through lifelong learning and activation measures.

		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. In **May 2018**, the Commission provided its assessment of compliance with the SGP as part of the Assessment of the Stability Programme for Slovenia, concluding that: *"In 2017, Slovenia improved its structural balance by 0.6% of GDP, which is in line with the required adjustment towards the MTO. On the other hand, the growth rate of government expenditure, net of discretionary revenue measures, exceeded the applicable expenditure benchmark rate by -0.7% of GDP.* ***An overall assessment indicates that there was some deviation from the recommended adjustment path towards the MTO in 2017.*** *Slovenia has presented a no-policy change Stability Programme, as it will hold general elections on 3 June 2018. Therefore, the Stability Programme reflects the trends Slovenia would face at no policy change and provides the future government with guidance on the scope of policy action to be taken in order to meet the requirements of the Stability and Growth Pact.* *Under the no policy change scenario presented in the programme, the growth rate of government expenditure as well as the changes in structural balance will not be compliant with the requirements of the Stability and Growth Pact in 2018 and 2019.* ***Slovenia is thus at risk of a significant deviation from the recommended adjustment path towards the MTO in 2018 and 2019.*** *This is confirmed also based on the Commission 2018 spring forecast.*	

		*Based on the Stability Programme, **compliance with the transitional debt rule is ensured in 2017 and 2018, as well as with the debt reduction benchmark in 2019.** This is confirmed by the Commission 2018 spring forecast."* (p. 20)	
	2. Intensify efforts to **increase the employability of low-skilled and older workers,** particularly through targeted lifelong learning and activation measures.	**Some progress:** **Some progress**. 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 could increase employment of vulnerable groups.	*See CSR 1 (increasing employability of low-skilled and older workers)*
	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.**	**Some progress:** **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. **Some progress**. Financial support has been directed to SMEs through the Slovene Enterprise Fund (SEF) financial instruments (both debt- and also equity-type	**2. Develop alternative sources of financing for fast-growing companies. Lower the barriers for market entry** through the revision of product market regulation and limiting administrative burden. **Enhance competition, professionalisation and independent oversight in public procurement. Carry out the privatisations** according to the existing plans.

		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 available for innovative and fast-growing SMEs. **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. **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. **Some progress**. The new comprehensive framework for the management of state-owned enterprises was implemented for the first time in 2016. Performance of SOEs 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.	

SK	2017 CSRs SGP: CSR 1 MIP: -	Assessment of implementation of 2017 CSRs March 2018	2018 CSRs SGP: CSR 1 MIP: -
	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.	**Some progress** (this overall assessment of CSR 1 does not include an assessment of compliance with the Stability and Growth Pact): **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. In **May 2018**, the Commission provided its assessment of compliance with the SGP as part of the Assessment of the Stability Programme for Slovakia, concluding that: *"In 2017 Slovakia was not at its MTO. An overall assessment, taking account of the over-performance in the structural balance (an improvement of 1.0% of GDP, i.e. twice the required effort) and the uncertainty surrounding the marginal deviation on the expenditure benchmark (by 0.1% of GDP), points to* ***compliance with the recommended adjustment path towards the MTO in 2017.*** *Based on the Commission 2018 spring forecast, Slovakia plans a nominal growth rate of net primary government expenditure which exceeds the applicable expenditure benchmark rate in 2018. On the same basis, the structural*	**1. Ensure that the nominal growth rate of net primary government expenditure does not exceed 4.1 % in 2019,** corresponding to an annual structural adjustment of 0.5 % of GDP. **Implement measures to increase the cost effectiveness of the healthcare system** and develop a more effective healthcare workforce strategy.

		balance is anticipated to deteriorate slightly in 2018. This path implies ***a risk of a significant deviation from the required adjustment path towards the MTO in 2018*** *on the basis of the Commission 2018 spring forecast. On the basis of information provided in the Stability Programme, there also appears to* ***be a risk of a significant deviation from the required adjustment path in 2018.*** *Based on the Commission 2018 spring forecast, Slovakia's nominal growth rate of net primary government expenditure in 2019 respects the applicable benchmark. On the same basis, the planned improvement in the structural balance in 2019 falls slightly short of the required adjustment. However, both pillars support the conclusion of there being a risk of significant deviation in 2019 on the two-year average, based on the Commission 2018 spring forecast.* ***On the basis of information provided in the Stability Programme, Slovakia appears to comply with the requirements of the Stability and Growth Pact in 2019.****"* (p. 18)	
	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.	**Some progress:** **Some progress:** 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 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). **Some progress:** 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	**2. Reinforce activation and upskilling measures,** including quality targeted training and individualised services for disadvantaged groups, in particular by delivering on the action plan for the long-term unemployed. **Foster women's employment,** especially by extending affordable, quality childcare. **Improve the quality and inclusiveness of education,** including by increasing the participation of Roma children in mainstream education from early childhood onwards.

		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. **Limited progress:** 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. **Limited progress:** 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 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.	
	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.	**Limited progress:** **Limited progress** 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	**3. Increase the use of quality-related and lifecycle cost criteria in public procurement operations. Tackle corruption,** including by ensuring enforcement of existing legislation and by increasing accountability at the level of police and prosecution. **Improve the effectiveness of the justice system, in** particular by safeguarding independence in judicial appointment procedures. **Reduce the fragmentation of the public research system** and stimulate business

		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. **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. **Some progress**: The Government adopted a package of measures to be implemented by 2019 to improve the business environment and boost investment. **Limited progress**: Limited progress has been made towards improving the effectiveness of the justice system.	innovation, including for small and medium-sized enterprises.

FI	2017 CSRs SGP: CSR 1 MIP: -	Assessment of implementation of 2017 CSRs March 2018	2018 CSRs SGP: CSR 1 MIP: -
	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.	**Limited progress** (this overall assessment of CSR 1 does not include an assessment of compliance with the Stability and Growth Pact): The compliance assessment with the Stability and Growth Pact will be included in Spring when final data for 2017 will be available. **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. In **May 2018**, the Commission provided its assessment of compliance with the SGP as part of the Assessment of the Stability Programme for Finland, concluding that: ***"In 2017, Finland over-achieved the MTO and the public debt-to-GDP ratio was reduced in line with the debt reduction benchmark.*** *For 2018, Finland plans a nominal growth rate of government expenditure, net of discretionary revenue measures, which slightly exceeds the applicable expenditure benchmark rate. Finland also plans a*	**1. Achieve the medium-term budgetary objective in 2019,** taking into account the allowances linked to the implementation of the structural reforms for which a temporary deviation is granted. **Ensure the adoption and implementation of the administrative reform** to improve cost-effectiveness and equal access to social and healthcare services.

		worsening of the structural balance. Based on an overall assessment, which gives preference to the expenditure benchmark, this ***indicates a risk of some deviation from the required adjustment path towards the MTO in 2018.*** *This assessment is confirmed on the basis of the Commission forecast. In 2019, Finland plans a nominal growth rate of government expenditure in line with the applicable expenditure benchmark rate, while the structural balance requirement is projected to be met.* ***The deviation of the structural balance from the MTO in 2018-2019 does not exceed the allowance linked to the temporary deviations in relation with the unusual event clause and the structural reform clause. In 2018, Finland is projected to comply with the debt reduction benchmark, while in 2019 the debt ratio is projected to fall under the 60%-of-GDP reference value of the Treaty.****"* (p. 19)	
	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.**	**Some progress:** **Some progress** 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. **Some progress** 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. **Some progress** 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	**2. Improve incentives to accept work** and ensure adequate and well-integrated services for the unemployed and the inactive.

		medium income families, should encourage working. These actions entered into force in early 2018. **Some progress** has been made as some measures have been introduced to prompt the unemployed to start a company: the unemployed can continue receiving unemployment benefit during four months after starting a company. This change was implemented in 2018.	
	3. Continue to **improve the regulatory framework and reduce the administrative burden** to increase competition in services and to promote investment.	**Substantial progress:** **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. **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.	**3. Strengthen the monitoring of household debt including by setting up a credit registry system.**

SE	2017 CSRs SGP: - MIP: CSR 1	Assessment of implementation of 2017 CSRs March 2018	2018 CSRs SGP: - MIP: CSR 1
	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.	**Limited progress** (this overall assessment of CSR 1 does not include an assessment of compliance with the Stability and Growth Pact): **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]). **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). **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. In **May 2018**, the Commission provided its assessment of compliance with the SGP as part of the Assessment of the Convergence Programme for Sweden, concluding that: *"**In 2017, Sweden achieved an improvement of the structural balance, which stood at 1.2 % of GDP, significantly outperforming the MTO.** The consolidated gross debt stood at 40.6 % of GDP at the*	**1. Address risks related to high household** debt by gradually reducing the tax deductibility of mortgage interest payments or increasing recurrent property taxes. **Stimulate residential construction where shortages are most pressing**, notably by removing structural obstacles to construction, and improve the efficiency of the housing market, including by introducing more flexibility in setting rental prices and revising the design of the capital gains tax.

		end of 2017, significantly below the Treaty threshold of 60 % of GDP. The debt ratio is projected to decrease further in 2018, as a proportion to GDP. ***Overall, Sweden's structural balance is expected to remain above the MTO in both 2018 and 2019 and is therefore foreseen to continue to meet the requirements under the preventive arm of the Pact.***" (p. 15)	

UK	2017 CSRs SGP: CSR 1 MIP: -	Assessment of implementation of 2017 CSRs March 2018	2018 CSRs SGP: CSR 1 MIP:
	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.	CSRs related to compliance with the Stability and Growth Pact will be assessed in spring once the final data is available. In **May 2018**, the Commission provided its assessment of compliance with the SGP as part of the Assessment of the Convergence Programme for the United Kingdom, concluding that: *"**In 2017-18, the United Kingdom did not achieve its MTO.** An improvement of the structural balance of 0.1% of GDP, which is lower than the required adjustment towards the MTO, was recorded. Furthermore, the growth rate of government expenditure, net of discretionary revenue measures, exceeded the applicable expenditure benchmark rate by 0.2% of GDP. **Following an overall assessment, this points to some deviation from the recommended adjustment path towards the minimum MTO.*** *The United Kingdom plans a growth rate of government expenditure, net of discretionary revenue measures and one offs, that is higher than the applicable expenditure benchmark rate in 2018-19 but lower than the applicable expenditure benchmark in 2019-20. The United Kingdom also plans an improvement of the structural balance of 0.5% of GDP in 2018-19 and 0.3% of GDP in 2019-20, both lower than the required adjustment path towards the minimum MTO. According to both the Commission 2018 spring forecast and the Convergence Programme, and following an overall assessment, **there is a risk of some deviation from the required adjustment in 2018-19, while the United Kingdom is expected to be compliant with the requirements of the preventive arm in 2019-20. While the United Kingdom is expected to comply with the transitional debt rule according to the Commission 2018 spring forecast, it***	**1. Ensure that the nominal growth rate of net primary government expenditure does not exceed 1.6 % in 2019-2020,** corresponding to an annual structural adjustment of 0.6 % of GDP.

		***is not expected to comply based on data from the Convergence Programme.*"** (pp. 19-20)	
	2. Take further steps to **boost housing supply,** including through reforms to planning rules and their implementation.	**Some progress:** **Some progress** 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.	**2. Boost housing supply,** particularly in areas of highest demand, including through additional reforms to the planning system.
	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.	**Some progress:** **Some progress** 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 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.	**3. Address skills and progression needs** by setting outcome targets for the quality and the effectiveness of apprenticeships and by investing more in upskilling those already in the labour force.

Euro Area	[2017 Council Recommendations](#) (21 March 2017)	[2018 Council Recommendations](#) (14 May 2018)
	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.	**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, by, inter alia, 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, in addition, aim at containing growth in unit labour costs and seek to improve their competitiveness. Member States with large current-account surpluses should, in addition, create the conditions to promote wage growth in a manner that respects the role of social partners and implement as a priority measures that foster investment and support domestic demand and growth potential, thereby also facilitating rebalancing.
	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.	**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, while fully respecting 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. Pursue policies which support investment and improve the quality and composition of public finances, including by making use of spending reviews and adopting growth-friendly and fair tax structures. Take and implement measures to reduce debt bias in taxation and fight aggressive tax-planning to ensure a level playing field, ensure that taxpayers are treated fairly and safeguard public finances and stability within the euro area. This includes continuing work on the CCCTB.
	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	**3. Implement reforms that promote the creation of quality jobs, equal opportunities, access to the labour market and fair working conditions, and support social protection and inclusion.** Reforms should aim at: **(i) reliable**

	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.	**labour contracts** that provide flexibility and security for employees and employers, combined with adequate support during transitions, while avoiding labour-market segmentation; **(ii) quality, efficient and inclusive lifelong education and training systems** that aim to match 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 to social inclusion and labour-market integration throughout the life cycle 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 earners and second earners.
	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.**	**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 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 NPLs** on the basis of the Action Plan of July 2017 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.
	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.	**5. Make swift progress on completing the EMU,** taking into account the Commission initiatives launched in autumn 2017, while fully respecting the Union's internal market and **in an open and transparent manner towards non-euro-area Member States.**

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.

This study presents 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; the 2018 Country-Specific Recommendations proposed by the European Commission on 23 May 2018; and the Council Recommendation on the economic policy of the euro area approved by the Council of 23 January 2018.

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