

Special report

Labour market reforms in the national recovery and resilience plans

Some results, but not sufficient
to address structural challenges



EUROPEAN
COURT
OF AUDITORS

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Executive summary

I In February 2021, Regulation (EU) 2021/241 establishing the Recovery and Resilience Facility (RRF) was approved by the European Parliament and the Council, and entered into force. The RRF, amounting to €650 billion, is an essential part of the EU's objective to mitigate the economic fallout from the COVID-19 pandemic and to foster sustainable economic recovery by supporting member states in implementing comprehensive reforms and investments.

II Labour market and employment policies are a key area for which the RRF provides funding. The RRF Regulation outlines “fostering high-quality employment creation” and “contributing to the implementation of the European Pillar of Social Rights” as general objectives and establishes a clear link with the European Semester. In particular, the reforms and investments set out in the national Recovery and Resilience Plans submitted by member states to benefit from the facility are expected to contribute to effectively addressing all or a significant subset of challenges identified in the relevant country-specific recommendations.

III With this audit, we assessed whether the reforms included in the national recovery and resilience plans contributed effectively to addressing member states' labour market challenges identified during the European Semester and set out in the country-specific recommendations. For the labour market reforms included in the RRFs of four sampled member states (Belgium, Greece, Spain and Portugal), we examined whether these reforms were implemented as planned in terms of timing, scope, outputs and results. We also reviewed how the Commission took account of completed reforms when assessing each member state's progress in implementing its country-specific recommendations.

IV This audit concludes that the labour market reforms included in the national Recovery and Resilience Plans have so far achieved the expected outputs and some results but have only partially addressed the structural labour market challenges identified in the European Semester.

V Labour market country-specific recommendations were issued in 2019 and 2020 for all but one member state. According to the RRF Regulation, the reforms and investments in the national RRFs must contribute to addressing all or a significant subset of the country-specific recommendations. We note that around a third of the country-specific recommendations was not addressed by any reform and only slightly more than a third was either largely or fully addressed by RRF reforms. At member

state level, only four member states that received labour market country-specific recommendations in 2019 or 2020 had largely addressed them through relevant RRF reforms.

VI We also found that the sampled reforms due to be completed by the end of 2023 were largely implemented by the time indicated in the respective Council Implementing Decisions (CIDs). In addition, most of the completed reforms in our sample achieved their milestones and targets, and therefore the expected output. However, we note that milestones and targets do not always cover key stages of implementation or essential parts of the reform. This entails a major risk regarding the completion of the measures.

VII Furthermore, the absence of suitable indicators significantly limits the possibility of assessing the results or impact of the RRF reforms in the area of labour market. Member states provided evidence of results for only about half of the completed reforms.

VIII Finally, the completion of labour market reforms has so far had only a limited impact on the implementation of the relevant CSRs. For the four countries in our sample, only seven reforms in two member states (Belgium and Spain) were mentioned in the justification provided by the Commission to upgrade the related sub-CSRs.

IX Based on these findings, we recommend that the Commission should:

- ensure sufficient coverage of key challenges identified in country-specific recommendations;
- ensure that measures apply a comprehensive set of milestones and targets;
- set out a framework for assessing the results of reforms; and
- assess the contribution of RRF measures to country-specific recommendations.

Introduction

Labour market in the EU

01 In the EU, labour market policies are a national prerogative: member states, sometimes together with their regions, are responsible for the effective functioning of their labour markets and for deciding on and implementing appropriate measures for fostering employment.

02 Several EU funds and instruments support employment in the member states, such as the European Social Fund Plus, the European Globalisation Adjustment Fund for Displaced Workers, and the [Employment and Social Innovation programme](#), or the Technical Support Instrument that provides member states with tailor-made technical expertise to design and implement reforms. In addition, the European Semester also aims to coordinate employment policies in the EU based on Article 148 TFEU.

03 In the EU, unemployment rates differ significantly between member states. During the first two years of the COVID-19 pandemic, lockdowns and social distancing measures profoundly disrupted the EU member states' economies. There were significant concerns about how the measures taken in response to the pandemic would affect employment. Vulnerable groups – including young people, women or low-skilled workers – were considered to be at particular risk of being affected by unemployment. Several member states adopted policy measures to stabilise their labour markets and support workers and businesses¹.

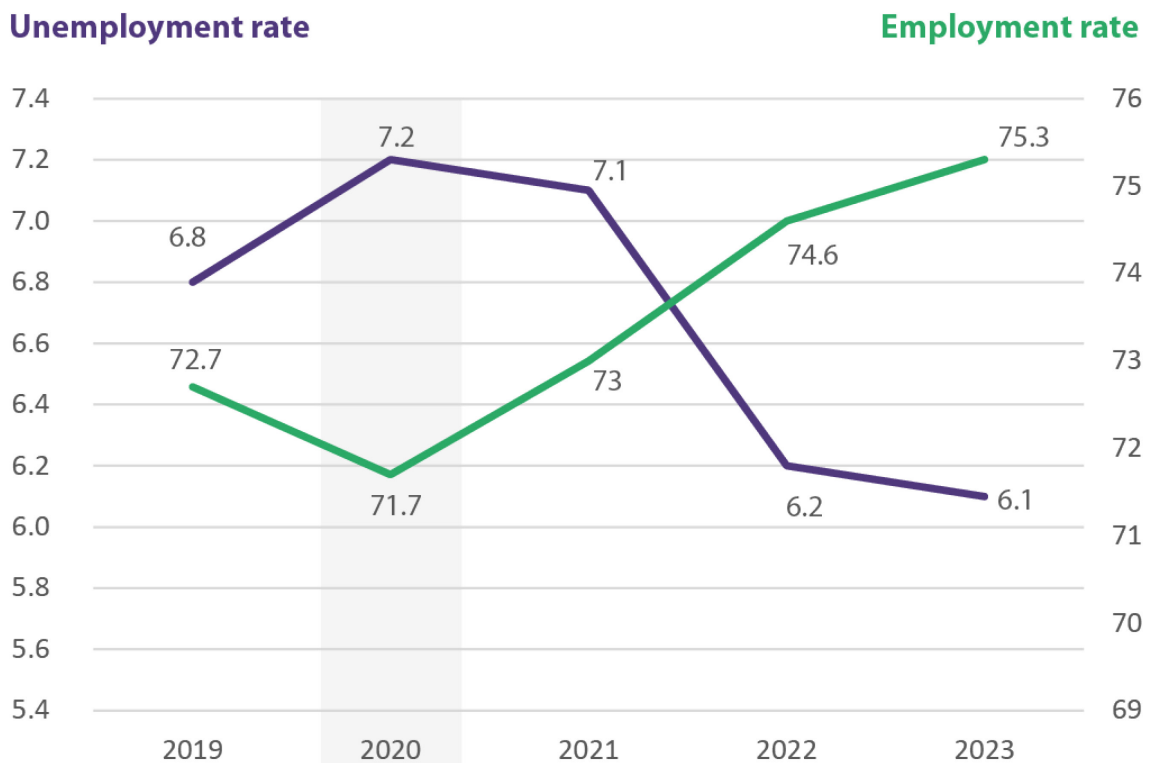
04 At EU level, the Commission adopted temporary state aid frameworks and proposed two new budgetary instruments to support member states in their efforts to stabilise employment during the COVID-19 pandemic: the SURE² (Support to mitigate Unemployment Risks in an Emergency) initiative and the Recovery and Resilience Facility (RRF).

¹ Review [06/2020](#) “Risks, challenges and opportunities in the EU’s economic policy response to the COVID-19 crisis”.

² For more information, see special report [28/2022](#) “Support to mitigate Unemployment Risks in an Emergency (SURE): SURE financing contributed to preserving jobs during the COVID-19 crisis, but its full impact is not known”.

05 In 2020, the first year of the COVID-19 pandemic, the unemployment rate for the EU as a whole first increased slightly before falling to a level below the pre-pandemic years in 2022. After decreasing by one percentage point in 2020, the employment rate in the EU increased constantly from 2021 onwards (see [Figure 1](#)).

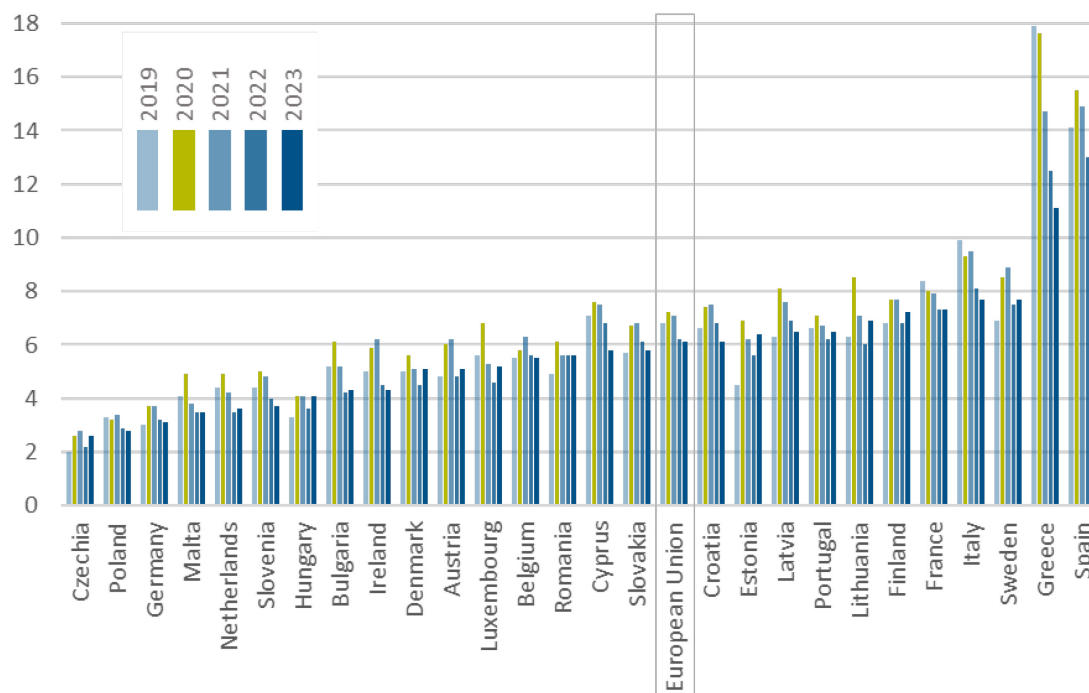
Figure 1 – EU unemployment and employment rates, 2019-2023



Source: ECA, [unemployment](#) and [employment](#) rates data from Eurostat.

06 During 2020, all member states (except Greece, Italy and Poland) experienced an increase in unemployment rates. However, except for Lithuania, this increase was below two percentage points. Already in 2021, unemployment rates had started to decrease in most member states, especially those where rates had increased most in 2020 (see [Figure 2](#)).

Figure 2 – EU and member state’s unemployment rates (%), 2019-2023



Source: ECA, data from Eurostat.

Coordination of labour market policies in the EU through the European Semester

07 The European Semester aims to coordinate economic and social policies in the member states, based on Articles 121 and 148 TFEU. In line with this, employment guidelines are adopted every year on the basis of a Commission proposal, setting out the priorities for the upcoming semester cycle(s) in the areas described. The Commission’s role in the European Semester involves monitoring economic and social policy developments in close cooperation with member states, social partners, and other stakeholders. This results in the publication of country reports and proposals for country-specific recommendations (CSRs) for each member state. CSRs are generally broken down into thematic sub-CSRs. Based on the Commission’s analysis, the Council adopts these CSRs and asks the member states concerned to take specific measures.

08 Since 2011, the Commission has been assessing member states’ labour market policies through this process. Since 2018, the European Semester has also included the [European Pillar of Social Rights](#) (EPSR). The EPSR sets out 20 principles to build fairer and better-functioning labour markets and good welfare systems in the member

states. The 2021 Action Plan³ to implement the EPSR sets out headline targets for employment, skills, and poverty reduction to be attained by 2030⁴. The Commission monitors the implementation of the principles and targets. This analysis feeds into the drafting of the Country Reports and ultimately formulating the CSRs.

Labour market and the Recovery and Resilience Facility

09 In July 2020, the Council agreed to create a recovery instrument in response to the COVID-19 pandemic. In February 2021, Regulation (EU) 2021/241 establishing the RRF was approved by the European Parliament and the Council, and entered into force. The RRF is an essential part of the EU's objective to mitigate the economic fallout from the COVID-19 pandemic and foster sustainable economic recovery by supporting member states in implementing comprehensive reforms and investments.

10 The RRF's maximum financial allocation was originally €723 billion in non-repayable financial contributions ("grants") (€338 billion) and loans (€385 billion). Taking into account the amendment to the RRF Regulation, and the loans the member states requested by the August 2023 deadline, the Commission committed €650 billion in total by the end of 2024, consisting of €359 billion in grants and €291 billion in loans.

11 The RRF is implemented under direct management, with the Commission being directly responsible for key steps in the facility's implementation. To receive RRF support, member states had to submit their recovery and resilience plans (RRPs) that comprise a set of measures – either reforms or investments. The Commission then assesses the RRPs⁵, which the Council subsequently approves in the form of Council Implementing Decisions (CIDs).

12 Labour market and employment policies are a key area for which the RRF provides funding. In particular, the RRF Regulation⁶ outlines "fostering high-quality employment creation" and "contributing to the implementation of the European Pillar

³ Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions: The European Pillar of Social Rights Action Plan, [COM\(2021\) 102 final](#).

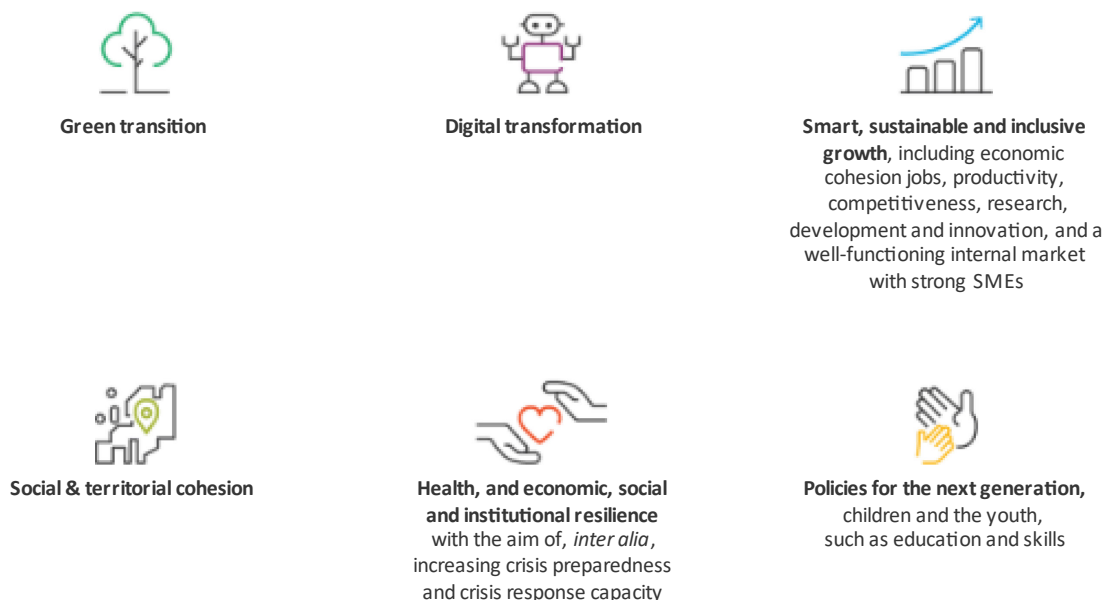
⁴ See [A strong social Europe that protects](#).

⁵ Special report [21/2022](#) "The Commission's assessment of national recovery and resilience plans: overall appropriate but implementation risks remain".

⁶ [Regulation \(EU\) 2021/241](#) establishing the Recovery and Resilience Facility, referred to in this special report as the "RRF Regulation".

of Social Rights” as general objectives. Most measures supporting employment, skills development, and the creation of high-quality and stable jobs are included in the fourth pillar on “social and territorial cohesion” (see [Figure 3](#)).

Figure 3 – The six pillars of the Recovery and Resilience Facility



Source: ECA, based on the [Commission’s Recovery and Resilience Scoreboard](#).

13 The RRF Regulation also establishes a clear link with the European Semester⁷. In particular, the reforms and investments set out in the initial RRP were expected to contribute to effectively addressing all or a significant subset of the challenges identified in the 2019 and 2020 CSRs. For most member states, this included labour market challenges. Furthermore, any revision to the RRP should take the latest CSRs into account.

⁷ Articles 18(4)(b) and 19(3)(b) [RRF Regulation](#).

Audit scope and approach

14 With this audit, we aimed to assess whether the RRF labour market reforms contributed effectively to addressing the member states' labour market challenges identified during the European Semester, as set out in the country-specific recommendations.

15 Member states can address the labour market challenges identified in the CSRs through both RRF reforms and investments. We focused our audit on reforms for three main reasons: firstly, due to the nature of most CSRs, they are more likely to be addressed by reforms than investments; secondly, the new approach of disbursing funding in exchange for a member state's commitment to carry out these reforms; and, thirdly, timing – reforms were generally frontloaded in most member states' RRFs, and therefore implemented earlier than investments.

16 We assessed whether:

- the labour market-related **reforms in the RRFs were designed** in a way that contributed to addressing the relevant challenges identified in the European Semester. This assessment covered all member states;
- these **reforms were implemented** as planned, both in terms of timing, scope and achievements, as well as their impact on the Commission's assessment of CSRs. This part of the work focused on the labour market reforms in four member states (Belgium, Greece, Spain and Portugal). Our sample includes countries with a comparatively high number of both labour-market related sub-CSRs in 2019 and 2020 and RRF reforms with labour market relevance, which had to be completed by 2023.

17 An overview of the labour market related reforms included in our assessment as well as the methodology for selecting them is set out in [Annex I](#). Our audit work covered the period from February 2020 until June 2024 and was based mainly on a review of relevant documents and interviews with the Commission. It also included interviews with competent national authorities and other relevant stakeholders (such as trade unions, employers' associations, and independent fiscal councils) during audit missions in the member states in our sample.

18 We based our audit criteria mainly on the RRF Regulation and related Commission guidance, the relevant European Semester documents, and the European Pillar of Social Rights (EPSR) as set out in the respective sections of this report.

Observations

Labour market reforms only partly address structural challenges identified in the country-specific recommendations

Labour market country-specific recommendations vary in scope and ambition

19 In the context of the European Semester, the Commission issues CSRs in areas such as the labour market. In line with the RRF Regulation, all or a significant subset of the challenges identified in the CSRs should be addressed by the national RRFs⁸.

20 Our analysis shows that all member states, except Sweden, received labour market-relevant sub-CSRs in 2019 and 2020. In total, based on the Commission's 37 CSR policy areas, we identified 106 sub-CSRs for both years as labour market-relevant.

21 Given the differences between member states' labour markets, the sub-CSRs generally reflect the specific labour market situation in the respective member state. Nevertheless, our analysis also shows differences in the nature, scope and level of ambitions between the 2019 and 2020 CSRs.

22 The 2019 CSRs often refer to recurring structural challenges that member states have been facing for years, for example:

- CSR France 2019 2.2. "Addressing skills shortages and mismatches"; and
- CSR Estonia 2019 2.1 "Address skills shortages and foster innovation by improving the capacity and labour market relevance of the education and training system".

23 By contrast, many of the 2020 CSRs respond directly to the pandemic, and are therefore – by definition – considerably narrower in scope and less targeted at addressing structural challenges, for example:

- CSR France 2020 2.1 "Mitigate the employment and social impact of the crisis"; and

⁸ Article 17(3) RRF Regulation.

- CSR Romania 2020.2.4 “Mitigate the employment impact of the crisis by developing flexible working arrangements and activation measures”.

24 Finally, the labour market-related challenges identified in the 2022 and 2023 CSRs were largely in line with those of 2019 and 2020. Specifically, all 27 member states received a new and identical sub-CSR in 2023 to “step up policy efforts aimed at the provision and acquisition of skills and competences needed for the green transition”. Our analysis showed that, apart from this new sub-CSR:

- 15 member states⁹ did not receive any additional labour market related sub-CSR in 2022 or 2023;
- a further 11 member states¹⁰ received additional labour market-related sub-CSRs in 2022 or 2023, but these were broadly in line with the challenges already identified in 2019-2020; and
- the remaining member state (Sweden) had not received any labour market-related sub-CSR in 2019 and 2020, but received sub-CSRs in 2022 and 2023 related to the shortage of teachers and the integration of people with a migrant background into the labour market. These new sub-CSRs have not been addressed by any measure included in the revised Swedish RRP that was submitted in August 2023.

Labour market reforms do not always address structural challenges

25 The RRF Regulation refers to investments and reforms, but does not provide a definition for either, or make a clear distinction between them. The Commission summarised some characteristics of a reform in a [guidance note](#) to member states on the RRFs:

- A reform is an **action or process of making changes and improvements with significant impact and long-lasting effects** on the functioning of a market or policy, the functioning or structures of an institution or administration, or on progress to relevant policy objectives, such as growth and jobs, resilience and the twin transitions.

⁹ Bulgaria, Czechia, Denmark, Ireland, Spain, Croatia, Italy, Cyprus, Latvia, Lithuania, Malta, Portugal, Romania, Slovenia and Slovakia.

¹⁰ Belgium, Germany, Estonia, Greece, France, Luxembourg, Hungary, Netherlands, Austria, Poland and Finland.

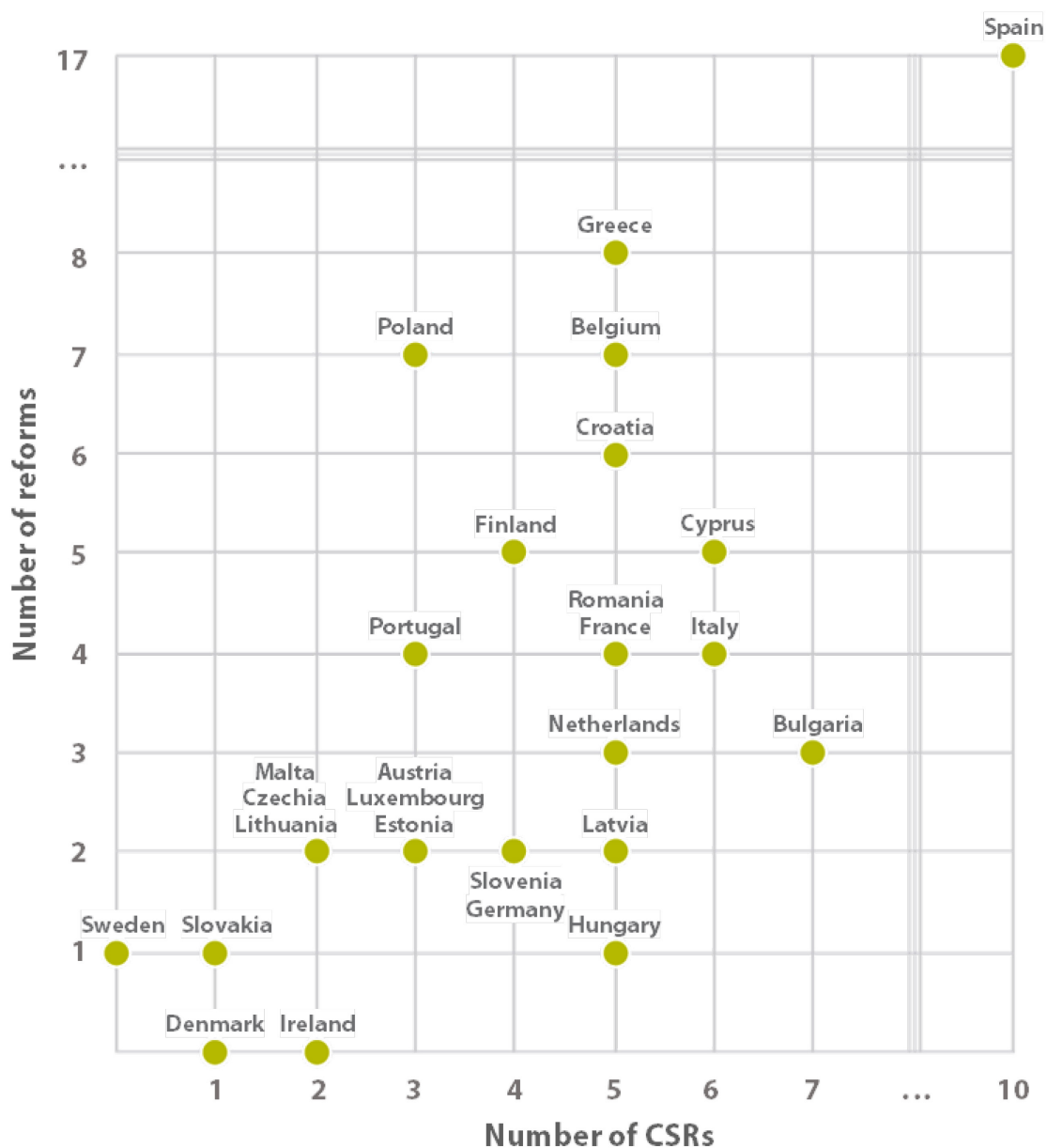
- o The aim of a reform is to **structurally change parameters, address necessary drivers, or remove obstacles or other hindrances** to the proper performance or to the fundamentals of quality employment.
- o Plans should address those areas in need of reform to improve the functioning of the economy and society and the sustainability of public finances, **to create jobs, strengthen active labour market policies and support job transition where needed.**
- o All types of reforms should be considered under the Facility, including those that **do not require any specific funding.**

26 However, we note that the guidance was adopted in September 2020 based on a draft of the RRF Regulation and then replaced by a new version in January 2021, i.e. at the same time member states were drafting their RRP. Furthermore, it summarised the different types of reforms rather than providing a binding definition for establishing what a reform constitutes. As a result, what constitutes a reform remains subjective to some extent.

27 In total, we identified 98 labour market-relevant reforms in the 27 national RRP, based on the Commission's methodology of linking reforms to CSRs. The Commission, for its own analysis, also considers that an additional 21 reforms could have an impact on labour markets. These reforms primarily relate to social policies, education, training and digital skills and are not included in our analysis. *Annex I* provides details on our methodology used to select labour market reforms.

28 All member states apart from Denmark and Ireland included labour market reforms in their RRP. The number of labour market sub-CSRs which a member state had received in 2019 and 2020 does not necessarily reflect the number of labour market-related reforms included in its RRP. For example, Bulgaria received seven sub-CSRs and included only three reforms in its RRP, whereas Poland received only three sub-CSRs but included seven reforms in its plan. *Figure 4* presents an overview of the number of 2019 and 2020 labour market sub-CSRs and labour market reforms for each of the 27 member states.

Figure 4 – Number of 2019/2020 sub-CSRs and RRF reforms with labour market relevance per member state



Source: ECA.

29 We note that the scope and level of ambition of the 98 RRF reforms vary. While several reforms do indeed address structural challenges and therefore have the potential to change parameters structurally, other reforms are less likely to “make changes and improvements with significant impact and long-lasting effects” (see [Box 1](#)).

Box 1**Reform with the potential to address structural challenges**

France – The reform of unemployment insurance: The objectives of this reform are to strengthen incentives to return to stable employment and to limit the alternation of short contracts and periods of unemployment. To incentivise unemployed individuals to return to work, the reform introduces a new method for calculating the benchmark daily wage, which determines the amount of the allowance. It also includes a sliding scale for reducing benefits awarded to high-income recipients after six months of compensation and a restriction of eligibility criteria, requiring six months of work instead of four to access benefits. For businesses, the reform introduces the bonus-malus of employers' contributions to unemployment insurance to disincentivise excessive use of short-term contracts.

Reform not likely to address structural challenges

Germany – Social Guarantee 2021: The objective of the measure is to avoid the financial impact of COVID-19 leading to a significant increase in social security contributions, reducing net income, and increasing labour costs. For this purpose, the Federal Government will provide fiscal transfers for the social security funds to fill their financing gap, thus ensuring that the contribution rate of social security contributions does not exceed 40 % in 2021. As this was only a temporary measure limited to the year 2021, we conclude that it does not address any structural challenge.

30 In this context, we note that a large majority of the 98 RRF labour market reforms (almost 80 %) require a legislative change. However, not all reforms that require legislative changes are necessarily structural reforms.

Labour market reforms and CSRs target similar labour market issues but differences exist

31 For its internal coordination of the European Semester process, the Commission defined 37 policy areas for CSRs (assigning each CSR to one or sometimes two). At the same time, the Commission has broken down the six pillars defined in the RRF Regulation into 52 policy areas (assigning each reform or investment to a maximum of two). These policy areas are listed in [Table 1](#).

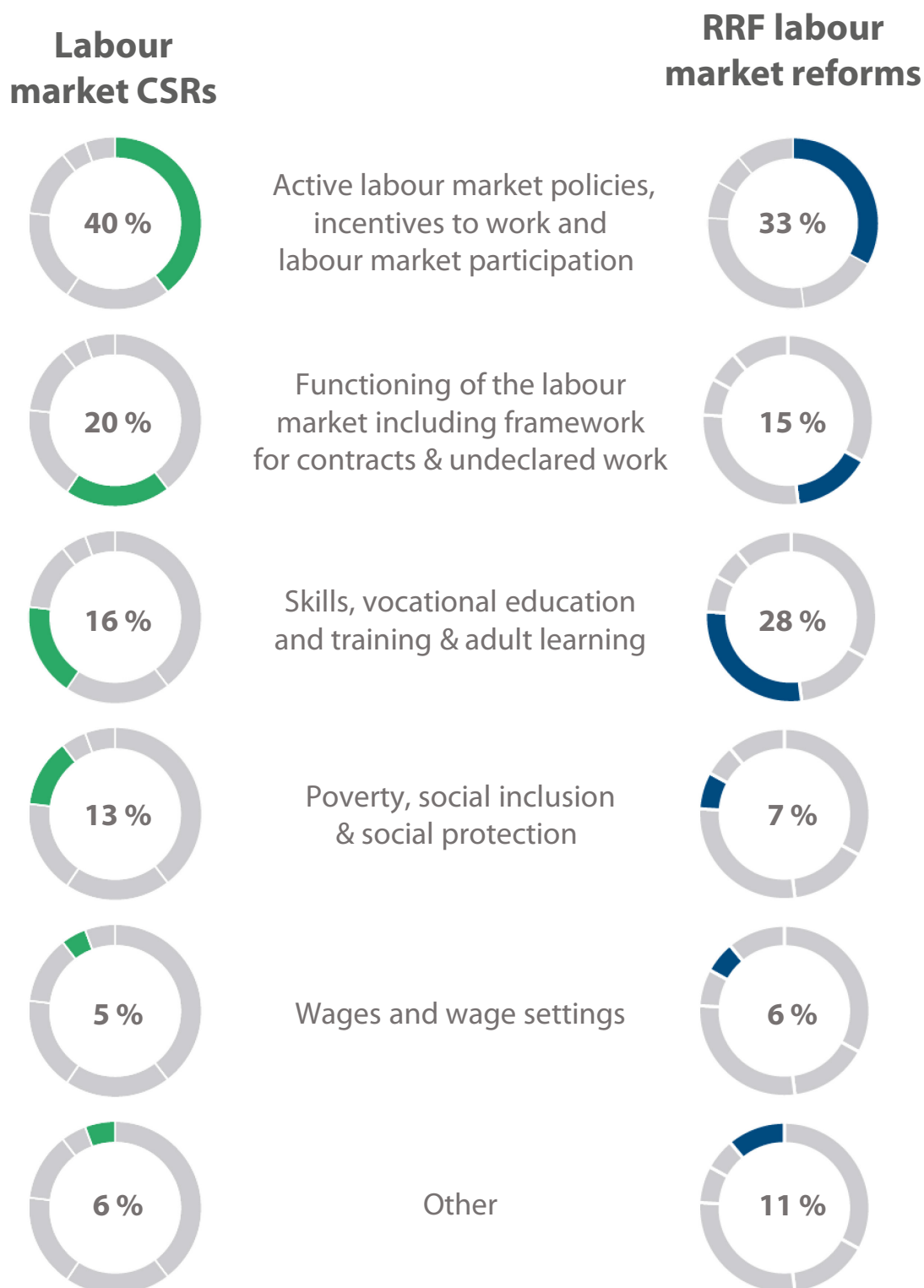
Table 1 – Comparison of CSRs and RRF policy areas

Policy area CSRs	Policy area RRF reforms
Functioning of the labour market including framework for contracts & undeclared work	Modernisation of labour market institutions, including employment services and forecasting of skills and labour inspectorates; employment protection and organisation; social dialogue and wage setting mechanisms; adaptation of workplaces
Wages and wage setting	
Skills, vocational education and training & adult learning	Adult learning, including continuous vocational education and training; recognition and validation of skills
Active labour market policies, incentives to work and labour market participation	Non-youth/youth employment support and job creation, including hiring and job transition incentives and support for self-employment
Poverty, social inclusion & social protection	Social protection, including social services and integration of vulnerable groups

Source: ECA.

32 The fact that the respective CSRs and RRF policy areas are not aligned complicates the assessment of whether the RRF reforms or investments have addressed the relevant sub-CSRs. For our own assessment, we therefore allocated the 98 RRF labour market reforms to a CSR policy area, based on their description in the annex to the CID (see paragraph 27). Nevertheless, our analysis shows that sub-CSRs and RRF reforms largely address similar challenges with some difference in focus. For example, RRF reforms have a comparatively stronger focus on “skills, vocational and adult learning”, focusing less on “poverty, social inclusion & social protection” and “active labour market policies”, whereas most sub-CSRs are related to “active labour market policies” (see [Figure 5](#)).

Figure 5 – Share of sub-CSRs with labour market relevance and RRF reforms per CSR policy area



Source: ECA.

Labour market reforms leave more than half of the sub-CSRs unaddressed or only marginally covered

33 For each labour market-relevant sub-CSR and each member state, we assessed the extent to which RRF labour market reforms are designed to address the relevant sub-CSRs. Our assessment is based on the RRF Regulation, which requires that:

- the RRFs should be consistent with the relevant country-specific challenges and priorities identified in the context of the European Semester¹¹;
- each RRF should provide a detailed explanation of how it contributes to effectively addressing all or a significant subset of challenges identified in the relevant CSRs¹², “so that the related challenges are expected to be resolved or otherwise addressed in a manner that significantly contributes to their resolution”¹³;
- the Commission should assess the relevance, effectiveness, efficiency and coherence of the RRF and, for that purpose, take into account whether the RRF is expected to contribute to effectively addressing all or a significant subset of challenges identified in the relevant CSRs¹⁴.

34 We have noted previously that neither the RRF Regulation nor the Commission has defined what constitutes a “significant subset” of CSRs. This means that any assessment of whether the investments and reforms included in the RRF address a significant subset remains to some extent a matter of judgement¹⁵.

35 The Commission guidance issued in 2021 indicates that the term “component” refers to a set of “mutually reinforcing and complementary” reforms and investments¹⁶. Before the RRFs were adopted, the Commission mapped the contribution of the RRF components to the sub-CSRs and carried out a qualitative

¹¹ Article 17(3) [RRF Regulation](#).

¹² Article 18(4)(b) [RRF Regulation](#).

¹³ Commission, [SWD\(2021\) 12 final](#), part 1/2, p. 8.

¹⁴ Article 19(3)(b) [RRF Regulation](#).

¹⁵ Special report [21/2022](#), paragraph 53.

¹⁶ Commission, [SWD\(2021\) 12 final](#), part 1/2, p. 13.

assessment. On the basis, the Commission concluded in all cases that the regulatory requirements were met¹⁷.

36 Only after the RRP had been approved did the Commission carry out further, more detailed mapping, linking each measure to one or more sub-CSRs. While this detailed mapping at measure level was not required by the RRF Regulation for the assessment of the RRP, we consider this to be the appropriate level for examining whether CSRs had been sufficiently addressed and for identifying those which had not.

37 The Commission's mapping of the reforms to individual sub-CSRs showed that for around a third (31 %) of the 106 labour market sub-CSRs, no reform had been included in the national RRP to address them. We note however, that these may be addressed by national or other EU funds, or even by RRF investments. We expanded on the Commission's mapping at measure level, by assessing the extent to which the issues identified in each sub-CSR have been addressed by the RRF reforms.

38 Our assessment was carried out as a desk review, and was based on the description of each reform and the corresponding milestones and targets included in the annex to the CID. In particular, we assigned each sub-CSR to one of the following four categories:

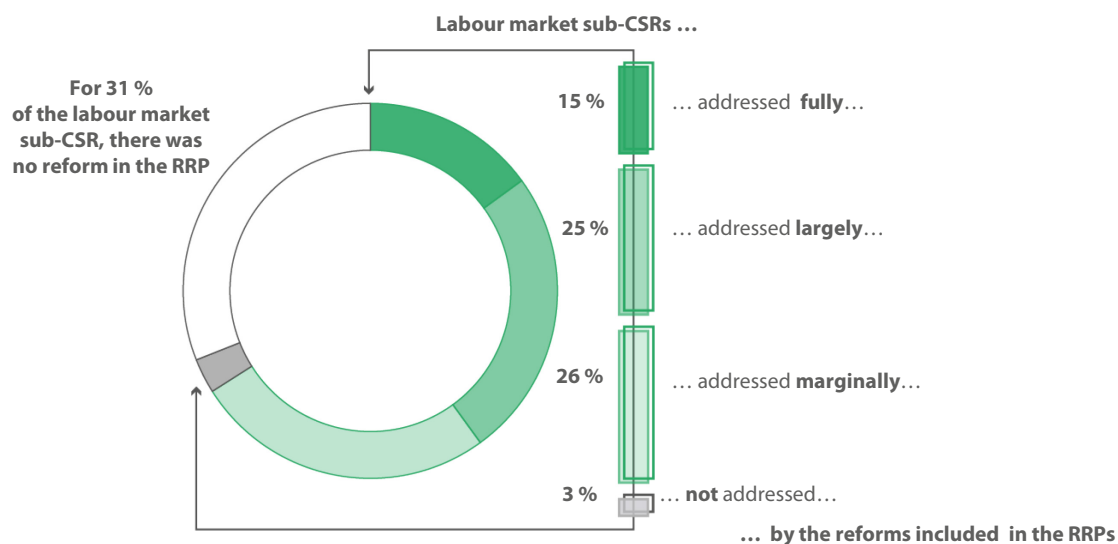
- the sub-CSR is “not addressed” if none of the issues identified in the sub-CSR is addressed by any the RRF reforms, or if the reforms are not linked to the sub-CSR;
- the sub-CSR is “marginally addressed” if major issues identified in the sub-CSR are not addressed by the RRF reforms;
- the sub-CSR is “largely addressed” if only a few minor issues identified in the sub-CSR are not addressed by the RRF reforms;
- the sub-CSR is “fully addressed” if all issues identified in the sub-CSR are addressed by the RRF reforms.

39 Overall, according to our analysis, the labour market reforms addressed 40 % of the sub-CSRs fully or largely and another 26 % marginally. The remaining 34 % were not addressed by the labour market RRF reforms (see [Figure 6](#)). [Annex II](#) provides our detailed assessment of the extent to which RRF reforms addressed each sub-CSR.

¹⁷ SWDs assessing the RRP for each member state.

Box 2 provides examples of sub-CSRs and the extent to which they have been addressed.

Figure 6 – Extent to which individual labour market sub-CSRs have been addressed by RRF reforms



Source: ECA.

Box 2

Labour market sub-CSRs and the extent to which they have been addressed by RRF reforms: examples from Romania, Cyprus, Portugal and France

One of the 2019 sub-CSRs in Romania was to “Ensure minimum wage setting based on objective criteria, consistent with job creation and competitiveness.” In its RRP, Romania included a reform that aims to establish a minimum wage-setting mechanism in line with these criteria. We conclude that the reform is designed in such a way as to **fully address the sub-CSR**.

Cyprus received a sub-CSR in 2019 to “Deliver on the reform of the education and training system, including teacher evaluation, and increase employers’ engagement and learners’ participation in vocational education and training” (sub-CSR 2019 3.2). The Cypriot RRP contains two reforms for addressing skills mismatch between education and labour market, mainly in secondary and higher education, and enhancing the digital competences across all population groups. Since these reforms do not contain any mechanism to promote and increase employers’ engagement in vocational training, we concluded that the reforms **largely address** sub-CSR.

Portugal received a sub-CSR to “Support employment and prioritise measures to preserve jobs” (sub-CSR 2020 2.1). However, this sub-CSR is only **marginally addressed**, as the corresponding reform “Agenda for the promotion of decent work” focuses on labour rights rather than on the support or preservation of employment.

France’s reform “Adaptation of short-time work schemes” aims at tightening the rules of short-time work schemes. As its objective is to incentivise the return to work after COVID-19, we conclude that the 2019 sub-CSR “Address skills shortages and mismatches” is **not addressed**.

40 We have noted previously¹⁸ that, overall, the RRP’s contributed to most of the 2019 and 2020 CSRs, but we underlined that some important elements of the CSRs remained unaddressed, largely related to recurring structural challenges. This is confirmed by our analysis of the sub-CSRs in the area of labour market policies, where some recurring structural challenges remained unaddressed by the labour market reforms included in the RRP’s, such as:

- shifting taxes away from labour to sources less detrimental to inclusive and sustainable growth (CSR 2019 2.1 – Austria);
- reducing tax disincentives to work for second earners in a household (CSR 2019 2.3 – Germany); and
- continuing the labour market integration of the most vulnerable groups, in particular through upskilling (CSR 2019 2.1 – Hungary).

41 Building on our analysis of individual sub-CSRs, we consolidated the results for each member state. The overall result for a member state is based on the number of sub-CSRs in each category (fully/largely/marginally/not addressed).

42 Based on our analysis, we conclude that none of the 26 member states that received labour market sub-CSRs in 2019/2020 has fully addressed them with relevant RRF reforms. Four member states (Greece, Spain, Croatia and Finland) have largely addressed them, and 18 member states did so only to a marginal extent.

¹⁸ See special report [21/2022](#), paragraph 53.

43 Finally, four member states did not make use of reforms at all to address the labour market-relevant sub-CSRs they received:

- o Denmark and Ireland, because they did not include any labour market reforms in their RRFs (see paragraph 26);
- o Hungary and Slovakia, because the only labour market reform they included in their RRFs did not address any of the labour market sub-CSRs they had received, as confirmed by the Commission’s tagging.

44 *Table 2* provides an overview of our assessment of sub-CSR coverage for each member state.

Table 2 – Consolidated assessment of sub-CSR coverage at member state level

Extent to which a member state’s sub-CSRs are addressed by RRF reforms	Member states falling into that category
No reform addresses the labour market-relevant sub-CSRs	Denmark, Ireland, Hungary, Slovakia
Labour market-relevant sub-CSRs are marginally addressed by tagged reforms	Belgium, Bulgaria, Czechia, Germany, Estonia, France, Italy, Cyprus, Latvia, Lithuania, Luxembourg, Malta, Netherlands, Austria, Poland, Portugal, Romania, Slovenia
Labour market-relevant sub-CSRs are largely addressed by tagged reforms	Greece, Spain, Croatia, Finland
Labour market-relevant sub-CSRs are fully addressed by tagged reforms	None

Source: ECA.

Most labour market reforms address principles of the European Pillar of Social Rights, but gaps remain

45 The European Pillar of Social Rights (EPSR) establishes 20 principles grouped in three chapters: equal opportunities and access to the labour market; fair working conditions; and social protection and inclusion (see *Figure 7*).

Figure 7 – The European Pillar of Social Rights

Source: Commission.

46 Contributing to the implementation of the EPSR is part of the general objectives of the RRF¹⁹. It is also part of criterion three “Relevance” for assessing the RRFs. Member states were asked to explain how their RRFs would contribute to implementing the EPSR²⁰. The Commission had to assess this contribution²¹ before the draft RRFs were adopted.

47 We reviewed the Commission’s assessment at member state level of the extent to which the RRFs should contribute to implementing the EPSR. We also carried out our own analysis, based on the description of each measure in the CID, to assess whether a reform addressed, partially addressed or did not address the labour market relevant EPSR principles.

48 In view of their broad and general nature, addressing the EPSR principles – at least to some extent – is not a particular challenge. As a result, our analysis summarised in [Figure 8](#) showed that 73 % out of the 98 reforms addressed at least one principle set out in the first chapter “Equal opportunities and access to the labour market”. Within this chapter, principle 1 “Education, training and life-long learning” and principle 4 “Active support to employment” were addressed by 42 % and 51 % of the reforms respectively.

49 Also, 48 % of the reforms addressed at least one principle set out in the second chapter “Fair working conditions”, with principle 5 “Secure and adaptable employment” being addressed by 21 % of the reforms. Finally, only 40 % of the reforms addressed the principles of Chapter 3, “Social protection and inclusion”. This low coverage reflects the fact some of those principles were only distantly linked to the labour market, such as “Housing and assistance for the homeless” and “Access to essential services”.

50 However, despite their labour market relevance, some EPSR principles were covered only to a limited extent by the labour market reforms. For example, the “Gender equality” principle, which is highly prominent in the RRF Regulation, is addressed by only 10 % of labour market reforms (five addressed and five partially addressed). The same applied to the “Wages” principle (addressed by five reforms and partially addressed by six reforms). Finally, four principles (principle 7 “Information about employment conditions and protection in case of dismissals”; principle 10

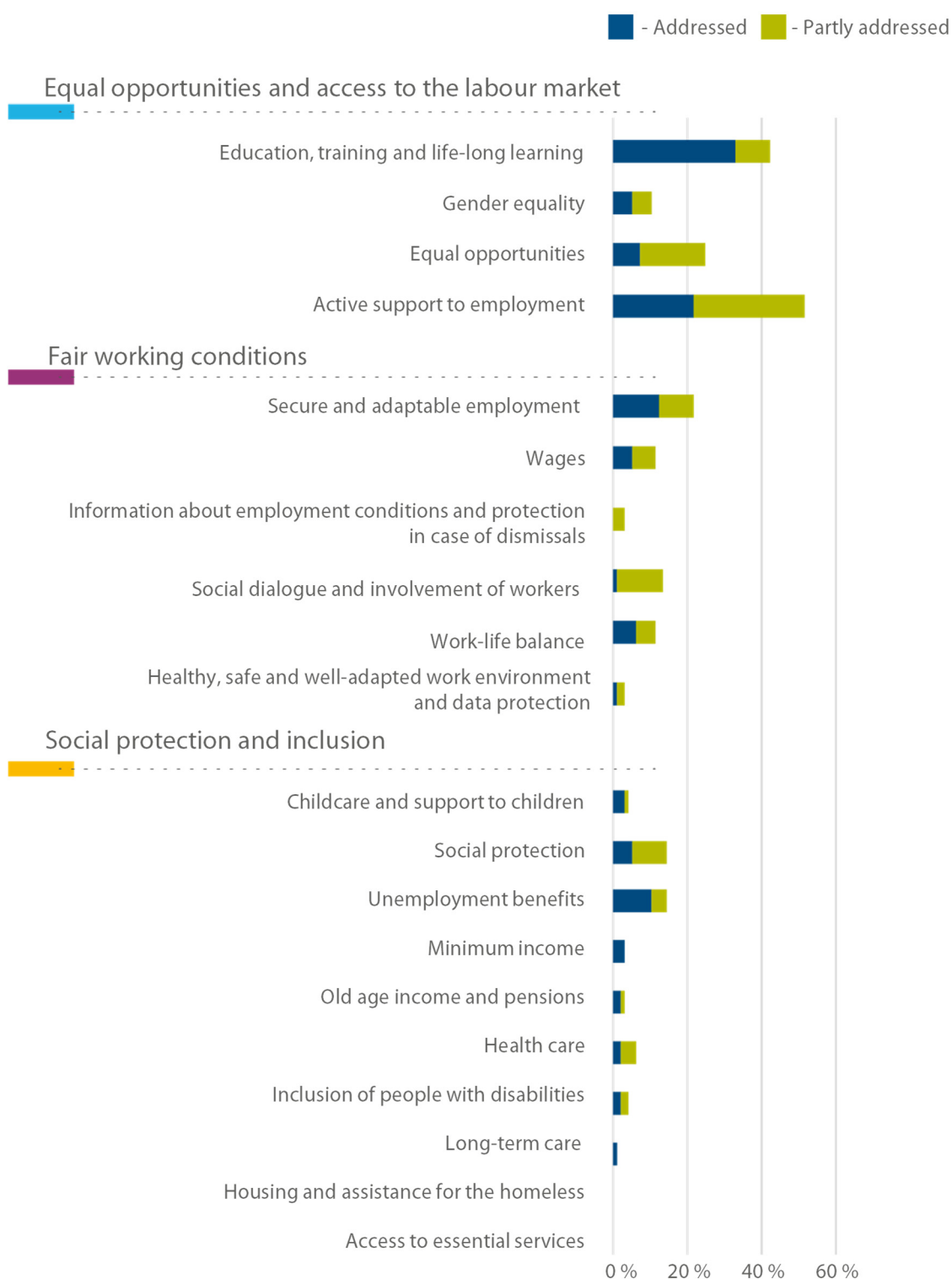
¹⁹ Article 4(1) [RRF Regulation](#).

²⁰ Article 18(4)(c) [RRF Regulation](#).

²¹ Article 19(3)(c) [RRF Regulation](#).

“Healthy, safe and well-adapted work environment and data protection”; principle 14 “Minimum income”; and principle 17 “Inclusion of people with disabilities”) were addressed by only 2 % or 3 % of the reforms.

Figure 8 – Percentage of RRF labour market reforms addressing the principles of the European Pillar of Social Rights



Source: ECA.

Most of the selected labour market reforms achieved their intended output, but few can so far demonstrate results or contribution to CSR implementation

About half of the reforms were implemented by the time indicated in the Council Implementing Decision

51 In this section, we assess whether the RRF labour market reforms for four member states (Belgium, Greece, Spain and Portugal) were implemented as planned. For our assessment, we selected the 30 reforms in the four national RRFs that should have been completed by the end of 2023. We checked whether member states completed their final milestone or target by the time indicated in the initial CID. Although the time in the CID is only indicative, it provides useful information on potential delays.

52 Our analysis shows that 15 of these 30 reforms were completed by the time indicated in the CID. Another 10 reforms were implemented later than initially planned, although most were delayed by no more than six months. The remaining five reforms were not completed by June 2024. For three of them (one in Belgium and two in Greece), the final milestone/target was postponed by at least one year in the revised RRFs. For the two reforms in Greece, the later completion date was the result of additional milestones being added in the revised RRF to correct the incomplete coverage of key stages in implementing the reforms in the original RRF (see [Table 3](#)).

Table 3 – Implementation status of labour market reforms, June 2024

Reforms planned to be completed by end-2023 in the original CID		Actually completed						Reforms not yet completed	
		Completed by the time indicated in the CID		Completed with minor delay (≤ 6 months after the time indicated in the CID)		Completed with major delay (> 6 months after the time indicated in the CID)			
Belgium	7	2	29 %	3	42 %	0	0 %	2	29 %
Greece	4	2	50 %	0	0 %	0	0 %	2	50 %
Spain	17	10	59 %	5	29 %	1	6 %	1	6 %
Portugal	2	1	50 %	1	50 %	0	0 %	0	0 %
Total	30	15	50 %	9	30 %	1	3 %	5	17 %

Source: Commission data as confirmed by ECA during on-the-spot visits.

Most labour market reforms achieved their intended outputs, but member states can demonstrate results for only half

53 In line with the Financial Regulation and our own methodology, we classify achievements of a reform or an investment in the area of labour markets as follows:

- o **output:** something produced or achieved by a reform or investment, such as the adoption of a legislative act or the delivery of a training course;
- o **result:** the immediate effect of a reform or investment upon completion, such as the improved employability of training-course participants or an increased share of open-ended contracts;
- o **impact:** wider, long-term consequences, such as a decrease in unemployment.

54 We examined the extent to which the RRF labour market reforms that were planned to be completed by the end of 2023 had achieved the expected outputs, results, or impact. We based our assessment on a desk review of the expected achievements set out in the CID, and the evidence provided by the member states during our visits and subsequent interactions.

Most selected labour market reforms achieved their intended outputs, though with some limitations

55 We assessed whether the milestones and targets, which correspond to outputs for the selected reforms, were satisfactorily fulfilled. Our analysis found that 25 of the 30 selected reforms due to be completed by the end of 2023 have largely achieved the intended outputs. *Annex III* provides a detailed analysis of the output for each of these 25 reforms. Specifically:

- 19 had fulfilled their milestones and targets and therefore the expected outputs. The Commission has so far assessed all milestones and targets for 16 of these 19 reforms, and also concluded that they were satisfactorily fulfilled.
- For another six reforms (one in Greece, two in Belgium and three in Spain), the coordination bodies in the member states explained during our audit visits that the milestones and targets had been achieved, and how. However, in five cases formal evidence could so far not be provided for all elements required by the verification mechanisms, as some of the milestones/targets were not yet included in any payment request. Regarding the sixth reform, we concluded that not all elements of the milestone were fulfilled, even though the Commission has assessed them as satisfactorily fulfilled²².

56 With regard to the remaining five reforms:

- in three cases, the completion date was postponed and so they had not yet been completed;
- for one reform in Belgium, the milestone for one of the two components was not achieved and may, according to the information provided by the Belgian authorities, be subject to a request for modification; and
- for one reform in Spain, the final milestone had not yet been completed.

57 When the respective RRP were amended, two of these postponed reforms (one in Belgium and one in Greece) were reduced in scope. In addition, the scope of a reform in Belgium was substantially changed in nature and subsequently completed in 2024 (see *Box 3*).

²² Annual reports concerning the financial year 2022, Chapter 11: Recovery and Resilience Facility, paragraphs 11.22 and 11.23.

Box 3**Reforms whose scope has been reduced or substantially amended****Greece – “Active Labour Market Policies Reform”**

This RRF reform consists of a large hiring subsidy programme that also contained a training component. Initially, the objective was to complete a comprehensive upskilling/reskilling and short-term employment programme for at least 13 500 unemployed people (aged 25-45) out of the total 15 000 beneficiaries of the programme. In 2023, the RRP was amended due to unforeseen capacity constraints experienced by implementing bodies, and the targets for the measure were reduced to 7 000 unemployed workers (aged 25-45) completing their programme out of a reduced total of 7 500 beneficiaries.

Belgium – “Learning account”

This RRF reform had an initial target to train 25 000 unemployed workers. With the modification of the RRP in 2023, the quantitative target was removed and replaced by a qualitative milestone requesting the entry into force of the decree requiring all workers in long-term or structural temporary unemployment to be registered in the competent regional service.

According to the Commission, the target had been set when the COVID-19 pandemic was expected to have a significant negative impact on employment. As this was not the case, the target could no longer be reached in absolute numbers²³.

58 The RRF Regulation required member states to justify the estimated total cost of the measures presented in their RRP²⁴. The Commission used these estimates to assess whether the RRF’s overall budget allocation to each member state was justified.

59 Overall, around three quarters of the reforms in member states’ RRP²⁵. This was also the case for the 36 reforms included in the four sampled RRP²⁵. This was also the case for the 36 reforms included in the four sampled RRP²⁵ since only nine out of them had estimated cost. More precisely, there were no estimated costs in two out of the four sampled member states (Belgium and Portugal). Only two of the 17 reforms in the Spanish RRP had a small amount of

²³ Commission, *SWD(2023) 376 final*, p. 8.

²⁴ Article 18(4)(k) RRF Regulation.

²⁵ See special report [22/2024](#), paragraph 33.

estimated costs associated with them. However, seven of Greece’s eight reforms included total estimated costs of more than €2 billion (see [Table 4](#)).

Table 4 – Estimated costs of reforms in the sampled RRP

	Number of sampled reforms	Reforms with estimated costs	Total costs for sampled reforms (million euros)
Belgium	7	0	0.00
Greece	8	7	2 055.10
Spain	17	2	2.60
Portugal	4	0	0.00
Total	36	9	2 057.70

Source: ECA, based on Commission data.

60 We have noted in previous reports²⁶ that milestones and targets do not always fully cover key stages of implementation or all elements of a measure, and in particular its completion. We found that this was also the case for some of the labour market reforms in Greece, as there were no milestones or targets for those parts of the measures for which costs had been estimated. This presents a major risk, as completion of essential parts of the measures is not part of the payment conditions. Consequently, RRF financial support for the satisfactory achievement of the measures’ milestones and targets could be paid in full without this part of the measures ever being implemented (see example in [Box 4](#)).

Box 4

Reform with an estimated cost, but no milestone or target for this part of the measure: labour reform in the cultural sector in Greece

“Labour Reform in the Cultural Sector” had an indicative completion date of September 2022. The aim was to increase the share of declared work in the sector, thus supporting the industry’s professionals and protecting their intellectual property rights.

²⁶ Special report [21/2022](#), paragraphs 83 and 84, and special report [26/2023](#) “The Recovery and Resilience Facility’s performance monitoring framework – Measuring implementation progress but not sufficient to capture performance”, paragraphs 30-32.

In the annex to the CID, the milestone for this reform and its qualitative indicator only referred to adopting legislation for “Labour reform in the cultural sector”.

However, this legislation also provided for tax credits and subsidies. The estimated cost of this essential part of the measure was nearly €30 million, making up the entire cost of the reform. Meanwhile, these tax credits and subsidies could only be implemented after the adoption of the legislation. The implementation was however neither mentioned in a separate milestone nor in the indicator included in the CID.

Greece reported the only milestone of the reform the “Entry into force of legislation for labour reform in the cultural sector” as completed in its first payment request, and the Commission assessed it as “satisfactory fulfilled”. On this basis, in April 2022, the Commission authorised the payment in full.

At the time of our audit visit in February 2024, no evidence could be provided whether and to what extent these tax credits and subsidies were granted.

61 Although the sampled reforms largely achieved their respective milestones and targets, there are some general limitations:

- As previously noted²⁷ milestones and targets are in most cases limited to measuring output. For the sampled reforms, all milestones and targets correspond to outputs and were in the majority of cases the adoption of a law. As a result, the payment condition would be fulfilled as soon as the law including all required elements is adopted.
- As explained in the first part of this report, reforms differ in scope and nature and for some of them the fulfilment of milestones and targets may not necessarily translate into structural changes in the labour market of the respective member state.
- As regards the RRF’s added value in term of implementing the sampled reforms, the representatives of the relevant ministries in the four member states we visited stated that many of the reforms were already envisaged before the RRF was set up. However, in their view, the RRF’s financial support played an important role in ensuring that the reforms were actually implemented, or implemented at that moment in time.

²⁷ Special reports [21/2022](#) and [26/2023](#).

Member states have so far only demonstrated some results for half of the completed reforms

62 As previously noted, it is too early at this stage to assess the impact of reforms in the national RRP²⁸. This should be subject of *ex post* evaluations. For the 25 completed reforms, we therefore assessed whether there was any evidence of results achieved by completing a measure. For our assessment, we classified the information the member states provided about results for each reform as:

- “no results”, if no evidence of results could be provided;
- “limited” if the results achieved were well below the main objective of the reform, as described in the CID or other relevant supporting documentation; and
- “significant” if they were at least broadly in line with the main objective of the reform, as described in the CID and other relevant supporting documentation.

63 Our analysis showed that member states were not able to provide evidence for the achievement of results in line with the main objective of the RRF reform for slightly less than half of the reforms completed (12 out of 25). We consider the results as significant for only three reforms, while they were limited for the other 10 (see [Box 5](#)).

64 The reasons for achieving no or only limited results included the following:

- Results need time to be achieved. This is particularly true of structural reforms which often require the adoption or change of a law. The effects of such a legal change may, however, take years to be felt on the ground. In our sample, around one third of the reforms (8 out of 25) had been completed only in 2023 or 2024, and so it may be too early for them to show results. We also note that the two reforms showing significant results were completed in 2021 or early 2022.
- Reforms can be subject to factors outside the national authorities’ control. These may include economic or political changes.

²⁸ Special report [26/2023](#), paragraph 83.

Box 5

Results achieved by RRF labour market reforms

Significant results

In Spain, the “Regulation of the work of home distributors by digital platforms (riders)” reform aims to regulate the working conditions of the “riders” by legally establishing the presumption of an employment relationship between the company and the rider.

During the first year of implementation, the number of workers recognised as employees doubled from 5 464 to 10 980²⁹.

We consider the results of this reform to be fully in line with its main objective.

Limited results

In Portugal, the “Agenda for the promotion of decent work” aims to build upon measures adopted in recent years (addressing labour market segmentation and fostering collective bargaining) to protect labour rights, particularly by regulating platform work in order to address the new challenges created by atypical labour relations. Eurostat data so far show only a limited decrease in the proportion of temporary workers overall from Q2 2023 to Q2 2024 (i.e. 1.9 percentage points, from 17.9 % to 16.0 %). In addition, the authorities could not provide evidence on the extent to which platform workers contributed to this change. We therefore consider the results of this reform to be limited.

No results

In Spain, “Simplification and improvement of unemployment assistance” aims mainly to extend unemployment protection by filling in some of the coverage gaps of the current system and extending the maximum duration. In addition, benefits had to be linked to a personalised activation itinerary.

Although the reform was planned to be completed by the end of 2022, the legislative act entered into force only in mid-2024 with some provisions being postponed until November 2024.

Due to the long delays for its implementation, the Spanish authorities could not provide any evidence of results achieved in line with the main objectives of the reform.

²⁹ ESADE study, p. 10, October 2022.

65 We also note that the absence of suitable indicators significantly reduces the ability to assess the results of the reforms, and therefore the RRF's impact on the labour market. Our analysis showed that for most of the reforms (19 out of 25), either no indicator had been defined to measure the results of the reform or the indicator was not suited to assessing whether the reform achieved its objectives. Although the RRF Regulation does not explicitly require member states to set up specific result indicators, we consider them essential for assessing performance. [Table 5](#) provides an overview of the results of our analysis for the 25 completed RRF reforms while [Annex IV](#) offers a detailed analysis for each reform.

Table 5 – Results of labour market reforms per member state

	No results	Limited results	Significant results	Total
Belgium	2 (40 %)	3 (60 %)	0 (0 %)	5
Greece	2 (100 %)	0 (0 %)	0 (0 %)	2
Spain	8 (50 %)	5 (31 %)	3 (19 %)	16
Portugal	0 (0 %)	2 (100 %)	0 (0 %)	2
Total	12	10	3	25

Source: ECA analysis.

Note: we focus on results as it is too early to assess impact. For the definition of the different categories see paragraph 62 (for example, “no results” means that member states could not provide any evidence of results).

Completed labour market reforms have not been the key factor contributing to an upgrade of the Commission’s assessment of sub-CSR implementation

66 Each year, in the Spring package of the European Semester, the Commission publishes its assessment of the implementation of each sub-CSR (see [Annex V](#)). It uses five categories to assess their level of implementation: “no progress”, “limited progress”, “some progress”, “substantial progress”, and “full implementation”:

- “No progress”: when a member state has neither announced nor adopted any measures to address the CSR.
- “Limited progress”: when a member state has announced some measures to address the CSR, but these appear insufficient and/or their adoption/implementation is at risk.

- “Some progress”: when a member state has announced or adopted measures to address the CSR. These measures are promising, but not all of them have yet been implemented and implementation is not certain in all cases.
- “Substantial progress:” when a member state has adopted measures, most of which have been implemented.
- “Full implementation”: when a member state has adopted and implemented measures that address the CSR appropriately.

67 Overall, the Commission’s assessment provides a mixed picture, with some member states showing improvement and others showing limited or no progress in implementing their sub-CSRs between 2021 and 2024, even though one of the RRF’s goals was the implementation of CSRs. We note that the Commission’s assessment also takes account of the implementation of other non-RRF actions by the member states.

68 We analysed the extent to which the completed RRF labour market reforms in our sample had an impact on the Commission’s assessment of sub-CSR implementation. We did so by first identifying which labour market sub-CSRs had progressed over the 2021 to 2024 period. Second, we checked whether – based on the information included in the Commission’s assessment – this upgrade resulted from the RRF labour reforms implemented in these four member states.

69 Overall, the four member states in our sample received 23 labour market relevant sub-CSRs. Over the last four years, the Commission has upgraded its assessment for 16 of these sub-CSRs, whereas the remaining seven sub-CSRs made no progress. Our analysis of the information included in the Commission’s database showed that only seven reforms in two member states (Belgium and Spain) were mentioned in the justification provided for by the Commission in order to upgrade the related sub-CSRs (see [Table 6](#)).

Table 6 – Changes in the Commission’s assessment of sub-CSRs linked with the completion of labour market reforms, June 2024

Member state	Sub-CSRs						
	Labour market-relevant sub-CSRs	Not upgraded (2021-2024)	Upgraded (2021-2024)	Upgrades linked to RRF Reforms			
				Upgraded (2021-2024)	From limited to some progress	From limited to substantial progress	From some to substantial progress
Belgium	5	1	4	2	2	0	0
Greece	5	0	5	0	0	0	0
Spain	10	3	7	5	3	1	1
Portugal	3	3	0	0	0	0	0
Total	23	7	16	7	5	1	1

Source: ECA, based on Commission data.

70 Moreover, for five of these seven sub-CSRs, the impact of the RRF reforms on the Commission’s assessment was moderate (i.e. they moved from “limited progress” to “some progress”). In the remaining two cases, progress was more significant, i.e. one from “some progress” to “substantial progress” and the other from “limited progress” to “substantial progress” (see [Box 6](#)).

Box 6

RRF reform contributing to the upgrade of a sub-CSR from “limited” to “substantial” progress

In 2019, Spain received a sub-CSR to foster the transition towards open-ended contracts. The Commission assessed its implementation as “limited progress” in 2021.

The Spanish RRP contained a reform to simplify contracts by promoting open-ended contracts, defining appropriate reasons for temporary contracts and regulating training/apprenticeship contracts implemented by the end of 2021. This legislative reform involved establishing indefinite labour contracts as the default option, thereby combatting the previously high share of temporary contracts in Spain.

After the reform was implemented, the Commission upgraded its assessment of the sub-CSR implementation to “substantial progress” in 2022. This was based on

the legislative changes adopted at the end of 2021 under the RRP, which aim to restrict the use of temporary contracts.

RRF reform contributing to the upgrade of a sub-CSR from “limited” to “some” progress

In 2019, Belgium received a sub-CSR to improve the performance and inclusiveness of its education and training systems. The Commission assessed its implementation as “limited progress” in 2022.

The Belgian RRP contained a “Life-long learning” reform in the Flemish Community. The aim was to pave the way towards an individual learning and career account by making all training incentives visible in a single central place so that citizens know clearly their learning rights and the available support.

After the reform was implemented by June 2022, the Commission upgraded its assessment of the sub-CSR implementation to “some progress” in 2023, stipulating among other things that the Flemish Community had approved measures with support from the RRF.

71 This analysis shows that the successful completion of a RRF labour market reform is not the key factor for the Commission when assessing the implementation progress of sub-CSRs. Apart from Spain, the RRF reforms have not yet contributed to any significant changes in the way the Commission assesses a member state’s progress in implementing labour market-relevant sub-CSRs (see [Annex VI](#)).

72 We acknowledge that RRF implementation is ongoing, and it may still be too early for significant results of these reforms to emerge. Indeed, more than halfway through the RRF eligibility period, the majority of labour market reforms included in the RRP still have to be completed.

Conclusions and recommendations

73 We conclude that the labour market reforms included in the recovery and resilience plans have so far achieved the expected outputs and some results but have only partially addressed the structural labour market challenges identified in the European Semester.

74 The Recovery and Resilience Facility (RRF) Regulation requires national recovery and resilience plans to contribute to address all or a significant subset of challenges identified in the relevant CSRs. All but one member state received labour market sub-CSRs in 2019 and 2020. Whereas the 2019 sub-CSRs often address structural labour market issues, the 2020 sub-CSRs focus on mitigating the short-term impact of the COVID-19 pandemic on the labour market (paragraphs [19-24](#)).

75 We have noted previously that some important elements of the CSRs – largely related to recurring structural challenges – remained unaddressed. Our analysis showed that the labour market reforms in the RRFs address the labour market-relevant sub-CSRs only partially. Specifically, around a third of the sub-CSRs was not addressed by any reform, and only slightly more than a third was either largely or fully addressed by RRF reforms. Moreover, only four of the member states that received labour market sub-CSRs in 2019 and 2020 have largely addressed them through relevant RRF reforms (paragraphs [25-44](#)).

76 Finally, we found that the principles of the European Pillar of Social Rights are generally addressed by the labour market reforms in the RRFs, as required by the RRF Regulation. However, due to their broad nature, this was not a particular challenge (paragraphs [45-50](#)).

Recommendation 1 – Sufficient coverage of key challenges identified in country-specific recommendations

The Commission should:

- (a) Ensure that any future revision of the plans sufficiently cover the key elements identified in the country-specific recommendations, in particular structural labour market challenges.

- (b) If designing instruments linked to reforms and/or country-specific recommendations, and without prejudice to its right of legislative initiative, ensure that key challenges are properly addressed.

Target implementation date: (a) for any future revision of the plans; (b) when designing instruments linked to reforms and/or country-specific recommendations.

77 We note that our sample of RRF reforms planned to be completed by the end of 2023 were largely implemented by the time indicated in the respective CIDs. About half of these reforms were completed on time, and another third with a delay of less than six months (paragraphs [51-52](#)).

78 Most of the completed reforms achieved their expected outputs by fulfilling the relevant milestones and targets. However, as we have already noted in previous reports, the milestones and targets for these reforms do not always cover key stages of implementation. Moreover, in some cases, member states' RRFs included reforms for which essential elements were not covered by milestones or targets. Completing these elements of the measure is not part of the payment conditions, and will therefore not formally be assessed (paragraphs [53-61](#)).

Recommendation 2 – Ensuring that measures apply a comprehensive set of milestones and targets

In cooperation with member states, the Commission should ensure that milestones and targets cover all essential elements of reforms, including labour market reforms.

Target implementation date: for any future revision of the plans.

79 For almost half (12 out of 25) of the reforms completed, member states could not provide appropriate evidence of results being achieved in line with the main objective of the RRF reform. For only two of the remaining 13 reforms, we consider the results as significant, while for the other 11 they were limited. Furthermore, the absence of suitable indicators significantly limits the possibility of assessing the result or impact of the RRF reforms in the area of labour market (paragraphs [62-65](#)).

Recommendation 3 – Set out a framework for assessing the results of reforms

When preparing legislative proposals for future instruments, and without prejudice to its right of legislative initiative, the Commission should propose a framework for assessing the results of measures, in particular reforms..

Target implementation date: when preparing legislative proposals for new instruments.

80 Lastly, the national recovery and resilience plans – including the labour market reforms – are expected to contribute to addressing all or a significant subset of the CSRs. However, only seven reforms in two member states (Belgium and Spain) were mentioned in the justification provided for by the Commission in order to upgrade the related sub-CSRs, and almost three quarters had no impact. This indicates that successfully completing an RRF labour market reform is not the key factor for the Commission when assessing the implementation progress of sub-CSRs (paragraphs [66-71](#)).

81 We acknowledge that RRF implementation is ongoing, and it may be too early for significant results of these reforms to emerge. Indeed, more than halfway through the RRF eligibility period, member states still have to complete the majority of the labour market reforms included in their RRFs. Nevertheless, the findings of this audit indicate a need for further assessment of the effectiveness of reforms which aim to addressing the country-specific recommendations set out under the European Semester (paragraph [72](#)).

Recommendation 4 – Assessing the contribution of RRF measures to country-specific recommendations

The Commission should provide timely information to the European Parliament and the Council about which RRF measures – in particular reforms – contributed to progress in implementing country-specific recommendations, and how they did this.

Target implementation date: first by the end of 2026 (in view of the forthcoming negotiations for the next MFF) and then periodically updated until the *ex post* evaluation in 2028.

This report was adopted by the Court of Auditors in Luxembourg at its meeting of 27 February 2025.

For the Court of Auditors

Tony Murphy
President

Annexes

Annex I – List of RRF labour market reforms by member state

We selected labour market reforms using the Commission methodology of linking reforms to the labour market related policy areas of CSRs. In addition, we included the reforms assigned by the Commission to the following RRF “primary policy area”:

- Modernisation of labour market institutions, including employment services and forecasting of skills and labour inspectorates; employment protection and organisation; social dialogue and wage setting mechanisms; adaptation of workplaces.
- Both non-youth and youth employment support and job creation including hiring and job transition incentives and support for self-employment.

In addition, we cover labour market reforms based on a keyword search in their titles (searching for “employ”, “unemploy”, “job”, “labo(u)r”).

Reforms on skills and education are only included in our sample when they are relevant for the labour market, i.e., when they address the issue of labour market mismatch. We excluded reforms concerning primarily general education, primary and secondary schooling, and higher education, as well as reforms concerning attainment of green and digital skills that are not directly relevant for labour market reforms.

Below is the list of the RRF labour market reforms (reference and name) we obtained.

	Reform reference	Reform name
Belgium	C[C42]-R[R-404]	Tackling discrimination at the labour market
	C[C42]-R[R-405]	Re-qualification strategy
	C[C42]-R[R-406]	An inclusive labour market
	C[C51]-R[R-501]	Cumulation regime and mobility to sectors with shortages
	C[C51]-R[R-503]	Learning account
	C[C51]-R[R-504]	Life-long learning
	C[C51]-R[R-505]	Reform of support to jobseekers in Wallonia
Bulgaria	C[C1]-R[R1]	Reform in preschool and school education and lifelong learning
	C[C11]-R[R1]	Reform of the minimum income scheme
	C[C12]-R[R3]	Improving the attractiveness of healthcare professions and promoting a more balanced distribution of healthcare professionals across the territory
Czechia	C[C3.3]-R[R1]	Development of labour market policies
	C[C3.3]-R[R2]	Ensuring sustainable financing of childcare facilities
Germany	C[2.2]-R[2]	Federal programme “Building continuing education and training networks (CET networks)”
	C[4.1]-R[2]	Social guarantee 2021
Estonia	C[F]-R[6-7-.6-7-]	Extending the duration of unemployment insurance benefits
	C[F]-R[6-9-.6-9-]	Reducing gender pay gap
Greece	C[3,1]-R[16744]	Modernisation and simplification of labour law
	C[3,1]-R[16746]	Reform of passive labour market policies to support transitions to employment
	C[3,1]-R[16747]	Active labour market policies reform
	C[3,2]-R[16792]	Labour force skilling, reskilling and upskilling through a reformed training model (Vocational education & training reform)
	C[3,2]-R[16794]	Strengthening the apprenticeship system
	C[3,2]-R[16913]	A new strategy for lifelong skilling: modernising and upgrading Greece’s upskilling and reskilling system
	C[3,2]-R[16934]	Upgrading vocational education and training
	C[4,6]-R[16715]	Labour reform in the cultural sector
Spain	C[C10]-R[R1]	Just transition protocols

	Reform reference	Reform name
	C[C18]-R[R4]	Strengthening professional skills and reducing temporary employment
	C[C20]-R[R1]	Plan for the modernisation of vocational training
	C[C20]-R[R2]	Law regulating the integrated VET system linked to the national qualifications system
	C[22]-R[R5]	Improvement of the system of non-contributory financial benefits of the General State Administration
	C[C23]-R[R1]	Regulation of teleworking
	C[C23]-R[R10]	Simplification and improvement of unemployment assistance
	C[C23]-R[R11]	Digitalisation of the public employment services (PES) for its modernisation and efficiency
	C[C23]-R[R2]	Measures to close the gender gap
	C[C23]-R[R3]	Regulation of the work of home distributors by digital platforms (riders)
	C[C23]-R[R4]	Simplification of contracts: generalisation of the open-ended contract, reasons to use temporary contracts and regulation of the training/apprenticeship contract
	C[C23]-R[R5]	Modernisation of active labour market policies (ALMP)
	C[C23]-R[R6]	Permanent mechanism for internal flexibility, job stability and reskilling of workers in transition
	C[C23]-R[R7]	Review of hiring incentives
	C[C23]-R[R8]	Modernisation of collective bargaining
	C[C23]-R[R9]	Modernisation of sub-contracting activities
	C[C30]-R[R3]	Reform of the social security contribution system for the self-employed
France	C[C8]-R[R1]	Provision of services by the unemployment agency (Pôle Emploi)
	C[C8]-R[R2]	Adaptation of short-time work schemes
	C[C8]-R[R3]	Health and security at work
	C[C8]-R[R4]	Reform of the unemployment insurance
Croatia	C[C22]-R[R2]	New wage and work models in civil and public service
	C[C41]-R[R1]	Development and implementation of new targeted active employment policy measures for

	Reform reference	Reform name
		the green and digital transitions of the labour market
	C[C41]-R[R2]	Strengthening of the system of inclusion and monitoring of vulnerable groups in the labour market through improvements of the employment service processes
	C[C41]-R[R3]	Setting up a voucher system for the education of employed and unemployed people
	C[C41]-R[R4]	Improvements to the labour legislation
	C[C61]-R[R2]	Developing a framework for ensuring adequate skills in the context of green jobs needed for post-earthquake reconstruction
Italy	C[M4C1]-R[R1.1]	Reform of technical and professional institutes
	C[M4C1]-R[R1.2]	Reform of the tertiary vocational training system (ITS)
	C[M5C1]-R[R1]	ALMPs and vocational training
	C[M5C1]-R[R2]	National plan tackling undeclared work
Cyprus	C[C3.4]-R[R2]	Regulate flexible working arrangements in the public sector
	C[C5.1]-R[R1]	Addressing skills mismatch between education and labour market (Secondary and Higher Education)
	C[C5.1]-R[R5]	E-skills action plan – Implementation of specific actions
	C[C5.2]-R[R1]	Reform of the social insurance system and restructuring of the social insurance services
	C[C5.2]-R[R2]	Flexible work arrangements in the form of telework
Latvia	C[C3]-R[2-3-1-r-]	Development of a sustainable and socially responsible support framework for adult learning
	C[C3]-R[3-1-2-r-]	Access to social and employment services in support of minimum income reform
Lithuania	C[C4]-R[D-1-3]	Vocational guidance system to balance supply and demand on the labour market
	C[C4]-R[D-1-4]	Competences for green and digital transformation acquired in vocational education and training
Luxembourg	C[1A]-R[R1]	“Skillsdësch” (skills table)
	C[1B]-R[R2]	Reforming the remits of health professionals

	Reform reference	Reform name
Hungary	C[C1]-R[C1.R3]	Improving the attractiveness of the teaching profession
Malta	C[C5]-R[R2]	Strengthening skills development and recognition, with a particular focus on low-skilled adults
	C[C5]-R[R5]	Reinforcing the resilience of the labour market
Netherlands	C[C4]-R[1.R1]	Reduction of the self-employed persons' deduction
	C[C4]-R[1.R2]	Disability insurance for self-employed persons
	C[C4]-R[1.R4]	Tackling bogus self-employment
Austria	C[C3]-R[3B1]	Education bonus
	C[C4]-R[4D10]	Labour market: one-stop shop
Poland	C[A]-R[3.1]	Workforce for the modern economy: improving the matching of skills and qualifications with labour market requirements due to the introduction of new technologies in the economy and the green and digital transformation
	C[A]-R[4.1]	Effective institutions for the labour market
	C[A]-R[4.2]	Reform to improve the labour market situation of parents by increasing access to high-quality childcare for children up to the age of three
	C[A]-R[4.4]	Making forms of employment more flexible and introducing remote work
	C[A]-R[4.6]	Increase labour market participation of certain groups by developing long-term care
	C[A]-R[4.7]	Limit the segmentation of the labour market
	C[D]-R[3.2]	Creation of favourable conditions for the development of the medicines and medical devices sector
Portugal	C[C06]-R[r14]	Reform of vocational education and training
	C[C06]-R[r15]	Reform of cooperation between higher education and public administration and enterprises
	C[C06]-R[r17]	Agenda for the promotion of decent work
	C[C06]-R[r18]	Combating inequality between women and men
Romania	C[C12]-R[R3.0]	Increased capacity for health management and human resources in health
	C[C13]-R[R4.0]	Introduction of work cards and formalisation of work in domestic workers
	C[C13]-R[R5.0]	Ensure minimum wage setting

	Reform reference	Reform name
	C[C14]-R[R4.0]	Developing of a fair unitary pay system in the public sector
Slovenia	C[C10]-R[RA]	Structural measures to strengthen the resilience of the labour market
	C[C12]-R[RC]	Modernisation of secondary vocational and vocational education training, including apprenticeships
Slovakia	C[C10]-R[R1]	Reform of residence and labour legislation
Finland	C[P3C1]-R[R1]	Nordic model of employment services
	C[P3C1]-R[R2]	Removal of additional days of unemployment allowance
	C[P3C1]-R[R3]	Streamlining the work and education-based immigration process
	C[P3C1]-R[R4]	Strengthening the multidisciplinary services for young people (Ohjaamo services)
	C[P3C2]-R[R1]	Reform of continuous learning
Sweden	C[B]-R[R2]	Employment protection act and greater transition possibilities

Source: ECA, based on initial national RRP.

Annex II – Extent to which each sub-CSR has been addressed by RRF labour market reforms

Country	CSRs		CSR text	Reform	Extent to which the CSR has been addressed	CSR coverage for the country as a whole
Belgium	2019	2.1	Remove disincentives to work and strengthen the effectiveness of active labour market policies, in particular for the low-skilled, older workers and people with a migrant background.	Tackling discrimination at the labour market	marginally addressed	marginally addressed
				Re-qualification strategy		
				An inclusive labour market		
				Reform of support to jobseekers in Wallonia		
		2.2	Improve the performance and inclusiveness of the education and training systems.	Learning account	marginally addressed	
				Life-long learning		
	2.3	Address skills mismatches	Re-qualification strategy	marginally addressed		
			Cumulation regime and mobility to sectors with shortages			
			Learning account			
			Life-long learning			
2020	2.1	Mitigate the employment and social impact of the COVID-19 crisis, notably by promoting effective active labour market measures	Tackling discrimination at the labour market	marginally addressed		
			Re-qualification strategy			
			An inclusive labour market			
	2.2	Fostering skills development	Re-qualification strategy	marginally addressed		
Cumulation regime and mobility to sectors with shortages						
Learning account						
Life-long learning						
Bulgaria	2019	4.1	Strengthen employability by reinforcing skills, including digital skills.	Reform in preschool and school education and lifelong learning	largely addressed	marginally addressed
				Reform in preschool and school education and lifelong learning	largely addressed	
		4.2	Improve the quality, labour market relevance, and inclusiveness of education and training, in particular for Roma and other disadvantaged groups		not addressed	
				Reform of the minimum income scheme	fully addressed	
				Improving the attractiveness of healthcare professions and promoting a more balanced distribution of healthcare professionals across the territory	marginally addressed	
	2020	2.2	Strengthen active labour market policies	Reform in preschool and school education and lifelong learning	marginally addressed	
				Reform of the minimum income scheme		

Country	CSRs	CSR text	Reform	Extent to which the CSR has been addressed	CSR coverage for the country as a whole
	2.3	Improve access to distance working		not addressed	
Czechia	2019	2.1 Foster the employment of women with young children, including by improving access to affordable childcare, and of disadvantaged groups.	Development of labour market policies	marginally addressed	marginally addressed
			Ensuring sustainable financing of childcare facilities		
	2020	2.1 Support employment through active labour market policies.	Development of labour market policies	marginally addressed	
Denmark	2020	1.2 Enhance the resilience of the health system, including by ensuring sufficient critical medical products and addressing the shortage of health workers.		not addressed	not addressed
Germany	2019	2.1 Reduce disincentives to work more hours.	Social guarantee 2021	marginally addressed	marginally addressed
		2.2 Including the high tax wedge, in particular for low-wage.	Social guarantee 2021	marginally addressed	
		2.3 Second earners.		not addressed	
		2.5 Strengthen the conditions that support higher wage growth, while respecting the role of the social partners.	Social guarantee 2021	marginally addressed	
Estonia	2019	2.1 Address skills shortages and foster innovation by improving the capacity and labour market relevance of the education and training system.		not addressed	marginally addressed
		2.3 Take measures to reduce the gender pay gap, including by improving wage transparency.	Reducing gender pay gap	marginally addressed	
	2020	2.1 Strengthen the adequacy of the social safety net, including by broadening the coverage of unemployment benefits.	Extending the duration of unemployment insurance benefits	largely addressed	
Ireland	2019	2.1 Provide personalised active integration support and facilitate upskilling, in particular for vulnerable groups and people living in households with low work intensity.		not addressed	not addressed
	2020	2.1 Support employment through developing skills.		not addressed	
Greece	2019	2.5 Education	Labour force skilling, reskilling and upskilling through a reformed training model (Vocational education & training reform)	largely addressed	largely addressed
			Strengthening the apprenticeship system		
			Upgrading vocational education and training		
	2.6 Skills	Reform of passive labour market policies to support transitions to employment	fully addressed		
		Active labour market policies reform			
		A new strategy for lifelong skilling: modernising and upgrading Greece's upskilling and reskilling system			
		Upgrading vocational education and training			
2.7 Employability	Modernisation and simplification of labour law	fully addressed			

Country	CSRs		CSR text	Reform	Extent to which the CSR has been addressed	CSR coverage for the country as a whole
				Reform of passive labour market policies to support transitions to employment		
				Active labour market policies reform		
				Labour force skilling, reskilling and upskilling through a reformed training model (Vocational education & training reform)		
				A new strategy for lifelong skilling: modernising and upgrading Greece's upskilling and reskilling system		
				Strengthening the apprenticeship system		
				Labour reform in the cultural sector		
	2020	2.1	Mitigate the employment and social impacts of the crisis, including by implementing measures such as short-time work schemes.	Labour reform in the cultural sector	not addressed	
		2.2	Ensure effective activation support.	Reform of passive labour market policies to support transitions to employment	fully addressed	
				Active labour market policies reform		
				Labour force skilling, reskilling and upskilling through a reformed training model (Vocational education & training reform)		
A new strategy for lifelong skilling: modernising and upgrading Greece's upskilling and reskilling system						
Upgrading vocational education and training						
			Labour reform in the cultural sector			
Spain	2019	2.1	Ensure that employment services have the capacity to provide effective support	Just transition protocols	largely addressed	
				Digitalisation of the public employment services (PES) for its modernisation and efficiency		
				Modernisation of active labour market policies (ALMP)		
		2.3	Foster transitions towards open-ended contracts.	Strengthening professional skills and reducing temporary employment	fully addressed	
				Simplification of contracts: generalisation of the open-ended contract, reasons to use temporary contracts and regulation of the training/apprenticeship contract		
				Permanent mechanism for internal flexibility, job stability and reskilling of workers in transition		
		2.4	Simplify the system of hiring incentives.	Review of hiring incentives	fully addressed	
		2.6	Reduce fragmentation of national unemployment assistance.	Simplification and improvement of unemployment assistance	largely addressed	
2.7	Address coverage gaps in regional minimum income schemes.	Improvement of the system of non-contributory financial benefits of the General State Administration	fully addressed			
2.10		Plan for the modernisation of vocational training	largely addressed			

Country	CSRs	CSR text	Reform	Extent to which the CSR has been addressed	CSR coverage for the country as a whole	
		Increase cooperation between education and businesses with a view to improving the provision of labour market relevant skills and qualifications.	Law regulating the integrated VET system linked to the national qualifications system	largely addressed		
			Modernisation of active labour market policies (ALMP)			
			Permanent mechanism for internal flexibility, job stability and reskilling of workers in transition			
	2020	2.1	Support employment through arrangements to preserve jobs.			Just transition protocols
						Regulation of teleworking
						Modernisation of active labour market policies (ALMP)
						Permanent mechanism for internal flexibility, job stability and reskilling of workers in transition
		2.2	Effective hiring incentives.			Review of hiring incentives
2.4	Reinforce unemployment protection, in particular for atypical workers.	Simplification and improvement of unemployment assistance	fully addressed			
		Regulation of the work of home distributors by digital platforms (riders)				
2.5	Improve coverage and adequacy of minimum income schemes.	Improvement of the system of non-contributory financial benefits of the General State Administration	fully addressed			
France	2019	2.1 Foster labour market integration for all job seekers, ensure equal opportunities with a particular focus on vulnerable groups including people with a migrant background.	Provision of services by the unemployment agency (Pôle Emploi)	largely addressed	marginally addressed	
			Adaptation of short-time work schemes			
			Reform of the unemployment insurance			
	2.2	Address skills shortages and mismatches.	Adaptation of short-time work schemes	not addressed		
	2020	2.1	Mitigate the employment and social impact of the crisis.	Adaptation of short-time work schemes		fully addressed
				Including by promoting skills.		not addressed
		2.3	Active support for all jobseekers.	Provision of services by the unemployment agency (Pôle Emploi)		marginally addressed
		Reform of the unemployment insurance				
Croatia	2019	2.1	Deliver on the education reform and improve both access to education and training at all levels and their quality and labour market relevance.	largely addressed	largely addressed	
		2.3	Strengthen labour market measures and institutions and their coordination with social services.	largely addressed		
			Development and implementation of new targeted active employment policy measures for the green and digital transitions of the labour market			
		Strengthening of the system of inclusion and monitoring of vulnerable groups in the labour market through improvements of the employment service processes				

Country	CSRs	CSR text	Reform	Extent to which the CSR has been addressed	CSR coverage for the country as a whole	
			Setting up a voucher system for the education of employed and unemployed people			
			Improvements to the labour legislation			
		2.4	In consultation with the social partners, introduce harmonised wage-setting frameworks across the public administration and public services.	New wage and work models in civil and public service		fully addressed
	2020	2.1	Strengthen labour market measures and institutions	Development and implementation of new targeted active employment policy measures for the green and digital transitions of the labour market		largely addressed
				Strengthening of the system of inclusion and monitoring of vulnerable groups in the labour market through improvements of the employment service processes		
				Setting up a voucher system for the education of employed and unemployed people		
Improvements to the labour legislation						
	2.2	Improve the adequacy of unemployment benefits and minimum income schemes.	Strengthening of the system of inclusion and monitoring of vulnerable groups in the labour market through improvements of the employment service processes	marginally addressed		
Italy	2019	2.1	Step up efforts to tackle undeclared work.	National plan tackling undeclared work	marginally addressed	
		2.2	Ensure that active labour market and social policies are effectively integrated and reach out notably to young people and vulnerable groups.	The ALMPs and vocational training	largely addressed	
		2.3	Support women's participation in the labour market through a comprehensive strategy, including through access to quality childcare and long-term care.		not addressed	
	2020	2.1	Provide adequate income replacement and access to social protection, notably for atypical workers.		not addressed	
		2.2	Mitigate the employment impact of the crisis, including through flexible working arrangements.		not addressed	
		2.3	Active support to employment.	The ALMPs and vocational training	largely addressed	
Cyprus	2019	3.1	Complete reforms aimed at increasing the effectiveness of the public employment services and reinforce outreach and activation support for young people		not addressed	
		3.2	Deliver on the reform of the education and training system, including teacher evaluation, and increase	Addressing skills mismatch between education and labour market (Secondary and Higher Education)	largely addressed	
	E-skills action plan – Implementation of specific actions					

Country	CSRs	CSR text	Reform	Extent to which the CSR has been addressed	CSR coverage for the country as a whole	
	2020		employers' engagement and learners' participation in vocational education and training.			
		2.1	Provide adequate income replacement and access to social protection for all.	Reform of the social insurance system and restructuring of the social insurance services	fully addressed	
		2.2	Strengthen public employment services,		not addressed	
		2.3	Promote flexible working arrangements.	Regulate flexible working arrangements in the public sector	fully addressed	
				Flexible work arrangements in the form of telework		
		2.4	Improve labour market relevance of education and training.	Addressing skills mismatch between education and labour market (Secondary and Higher Education)	largely addressed	
E-skills action plan – Implementation of specific actions						
Latvia	2019	2.1	Address social exclusion notably by improving the adequacy of minimum income benefits, minimum old-age pensions and income support for people with disabilities.	Access to social and employment services in support of minimum income reform	marginally addressed	marginally addressed
		2.2	Increase the quality and efficiency of education and training in particular of low-skilled workers and jobseekers, including by strengthening the participation in vocational education and training and adult learning.	Development of a sustainable and socially responsible support framework for adult learning	marginally addressed	
	2020	2.1	Provide adequate income support to the groups most affected by the crisis.	Access to social and employment services in support of minimum income reform	largely addressed	
		2.3	Mitigate the employment impact of the crisis, including through flexible working arrangements.		not addressed	
		2.4	Active labour market measures and skills.	Development of a sustainable and socially responsible support framework for adult learning	marginally addressed	
	Lithuania	2020	2.1	Mitigate the impact of the crisis on employment.		
2.2			Increase the funding and coverage of active labour market policy measures.	Competences for green and digital transformation acquired in vocational education and training Vocational guidance system to balance supply and demand on the labour market	largely addressed	
Luxembourg	2019	1.1	Increase the employment rate of older workers by enhancing their employment opportunities and employability.		not addressed	marginally addressed
		3.3	Stimulate skills development.	"Skillsdäsch" (skills table)	largely addressed	
	2020	2.1	Mitigate the employment impact of the COVID-19 crisis, with special consideration for people in a difficult labour market position.	"Skillsdäsch" (skills table)	not addressed	

Country	CSRs		CSR text	Reform	Extent to which the CSR has been addressed	CSR coverage for the country as a whole
Hungary	2019	2.1	Continue the labour market integration of the most vulnerable groups, in particular through upskilling.		not addressed	not addressed
		2.2	Improve the adequacy of social assistance and unemployment benefits.		not addressed	
		4.3	Improve the quality and transparency of the decision-making process through effective social dialogue and engagement with other stakeholders and through regular, appropriate impact assessments.		not addressed	
	2020	2.1	Protect employment through enhanced short-time working arrangements and effective active labour-market policies and extend the duration of unemployment benefits.		not addressed	
		4.2	Ensure effective involvement of social partners and stakeholders in the policy-making process.		not addressed	
Malta	2019	3.5	Inclusive education and training.	Strengthening skills development and recognition, with a particular focus on low-skilled adults	marginally addressed	marginally addressed
	2020	2.1	Consolidate short-time work arrangements and ensure the adequacy of unemployment protection for all workers.	Reinforcing the resilience of the labour market	marginally addressed	
Netherlands	2019	1.3	Implement policies to increase household disposable income, including by strengthening the conditions that support wage growth, while respecting the role of social partners.		not addressed	marginally addressed
		2.1	Reduce the incentives for the self-employed without employees, while promoting adequate social protection for the self-employed.	Reduction of the self-employed persons' deduction	largely addressed	
				Disability insurance for self-employed persons		
		2.2	Tackle bogus self-employment.	Tackling bogus self-employment	fully addressed	
	2.3	Strengthen comprehensive life-long learning and upgrade skills notably of those at the margins of the labour market and the inactive.		not addressed		
2020	2.1	Mitigate the employment and social impact of the crisis.		not addressed		
Austria	2019	2.1	Shift taxes away from labour to sources less detrimental to inclusive and sustainable growth.		not addressed	marginally addressed
		2.2	Support full-time employment among women, including by improving childcare services.		not addressed	
		2.3	Boost labour market outcomes for the low skilled in continued cooperation with the social partners.	Education bonus Labour market: one-stop shop	largely addressed	

Country	CSRs		CSR text	Reform	Extent to which the CSR has been addressed	CSR coverage for the country as a whole
Poland	2019	2.2	Take steps to increase labour market participation, including by improving access to childcare and long-term care, and remove remaining obstacles to more permanent types of employment.	Reform to improve the labour market situation of parents by increasing access to high-quality childcare for children up to the age of three	marginally addressed	marginally addressed
				Increase labour market participation of certain groups by developing long-term care		
				Limit the segmentation of the labour market		
	2.3	Foster quality education and skills relevant to the labour market, especially through adult learning.	Workforce for the modern economy: improving the matching of skills and qualifications with labour market requirements due to the introduction of new technologies in the economy and the green and digital transformation	largely addressed		
2020	2.1	Mitigate the employment impact of the crisis, in particular by enhancing flexible and short time working arrangements.	Making forms of employment more flexible and introducing remote work	marginally addressed		
Portugal	2019	2.1	Adopt measures to address labour market segmentation.	Combating inequality between women and men	marginally addressed	marginally addressed
				Agenda for the promotion of decent work		
		2.2	Improve the skills level of the population, in particular their digital literacy, including by making adult learning more relevant to the needs of the labour market.	Reform of vocational education and training Reform of cooperation between higher education and public administration and enterprises	largely addressed	
	2020	2.1	Support employment and prioritise measures to preserve jobs.	Agenda for the promotion of decent work	marginally addressed	
Romania	2019	3.2	Improve skills, including digital, notably by increasing the labour market relevance of vocational education and training and higher education.		not addressed	marginally addressed
		3.5	Improve the functioning of social dialogue.		not addressed	
		3.6	Ensure minimum wage setting based on objective criteria, consistent with job creation and competitiveness.	Ensure minimum wage setting	fully addressed	
	2020	2.1	Provide adequate income replacement.		not addressed	

Country	CSRs	CSR text	Reform	Extent to which the CSR has been addressed	CSR coverage for the country as a whole		
	2.4	Mitigate the employment impact of the crisis by developing flexible working arrangements and activation measures		not addressed			
Slovenia	2019	1.5	Increase the employability of low-skilled and older workers by improving labour market relevance of education and training, lifelong learning and activation measures, including through better digital literacy.	not addressed	marginally addressed		
	2020	2.1	Mitigate the social and employment impact of the COVID-19 crisis, including by providing adequate income replacement and social protection.	Structural measures to strengthen the resilience of the labour market		marginally addressed	
		2.2	Enhancing short-time work schemes and through flexible working arrangements.	Structural measures to strengthen the resilience of the labour market		largely addressed	
		2.3	Ensure that these measures provide adequate protection for non-standard workers.			not addressed	
Slovakia	2020	2.1	Provide adequate income replacement.	not addressed	not addressed		
Finland	2019	2.1	Improve incentives to accept work.	Nordic model of employment services	largely addressed	largely addressed	
			Removal of additional days of unemployment allowance				
			Strengthening the multidisciplinary services for young people (Ohjaamo services)				
		2.3	Enhance active inclusion, notably through well-integrated services for the unemployed and the inactive.	Strengthening the multidisciplinary services for young people (Ohjaamo services)	largely addressed		
	2020	2.1	Strengthen measures to support employment.	Streamlining the work and education-based immigration process	marginally addressed		
				Nordic model of employment services			
				Removal of additional days of unemployment allowance			
				Strengthening the multidisciplinary services for young people (Ohjaamo services)			
2.2	Bolster active labour market policies.	Strengthening the multidisciplinary services for young people (Ohjaamo services)	largely addressed				
			Nordic model of employment services				

Source: ECA.

Annex III – Assessment of output of completed reforms

The table below provides a detailed analysis of the output for each of the 25 reforms that were completed in Belgium, Greece, Portugal and Spain by June 2024.

Country	Reform	Milestone/Target	Assessment output
Belgium	C[C42]-R[R-404] Tackling discrimination at the labour market	M140 Adapted regulatory framework and improved application of discriminatory tests Qualitative indicator: Publication of the adapted regulatory framework in the Official Journal Planned completion: Q4 2023	Milestone/target largely achieved but evidence partly outstanding
	C[C42]-R[R-406] An inclusive labour market	T141 Completion of sectoral non-discrimination actions Quantitative indicator: Sectors Planned completion: Q1 2023	Milestone/target largely achieved but evidence partly outstanding
		T142 New integrated path for newcomers Quantitative indicator: Participants Planned completion: Q4 2023	
	C[C51]-R[R-503] Learning account	M172 Federal reform developing individual entitlement to training for employees Qualitative indicator: Publication in official journal Planned completion: Q4 2021	Milestone/target achieved
		M173 Federal reform creating incentives for companies to provide training Qualitative indicator: Publication in official journal Planned completion: Q1 2021	
		M174 Provisions in the decree indicating the entry into force. Qualitative indicator: / Planned completion: Q4 2023	
C[C51]-R[R-504] "Life-long learning" of the Flemish Community	M168: Vision paper on learning and career account in Flanders Qualitative indicator: Publication of agreement by the Government Planned completion: Q2 2022	Milestone/target achieved	
C[C51]-R[R-505] Reform of support to jobseekers in Wallonia	M177 Reform of support for jobseekers in Wallonia Qualitative indicator: Publication in official journal Planned completion: Q3 2021	Milestone/target achieved	
Greece	C[3,1]-R[16744] Modernisation and simplification of labour law	M133 Entry into force Labour law Qualitative indicator: Provision in the law indicating the entry into force Planned completion: Q3 2021	Milestone/target largely achieved apart from some elements
	C[4,6]-R[16715] Labour reform in the cultural sector	M278 Legislation for Labour Reform in the Cultural sector Qualitative indicator: Entry into force of legislation and secondary legislation and set up of a system to credibly evaluate status of the "creative or cultural professional" Planned completion: Q3 2022	Milestone/target achieved
Spain	C[C10]-R[R1] Just transition protocols	M137 Creation of the Institute for the Just Transition Fund Qualitative indicator: Publication in the OJ Planned completion: Q1 2020	Milestone/target achieved but evidence partly outstanding
		T138 Just transition protocols Quantitative indicator: Number (baseline 0-Goal 12) Planned completion: Q2 2023	
	C[C18]-R[R4] Strengthening professional skills and reducing temporary employment	M276 Law on the Framework Statute for Statutory health service Staff, other complementary measures, and improvement of the specialised health training system	Milestone/target achieved but evidence partly outstanding

Country	Reform	Milestone/Target	Assessment output
		<p>Qualitative indicator: Entry into force of the amendment to the law, and entry into force of the Royal Decree</p> <p>Planned completion: Q4 2023</p>	
	<p>C[C20]-R[R1] Plan for the modernisation of vocational training</p>	<p>M295 Plan of the Modernisation of Vocational Training and related Royal Decree Laws</p> <p>Qualitative indicator: Publication on MEFP webpage and presentation by the Prime Minister</p> <p>Planned completion: Q4 2020</p>	Milestone/target achieved
	<p>C[C20]-R[R2] Law regulating the integrated VET system linked to the national qualifications system</p>	<p>M296: Entry into force of the Law on the single integrated Vocational Training System, with the objectives of modernising the system</p> <p>Qualitative indicator: Publication in Official Journal</p> <p>Planned completion: Q2 2022</p>	Milestone/target achieved
	<p>C[C23]-R[R1] Regulation of teleworking</p>	<p>M329 Entry into force of two Royal Decree-Laws regulating distance work in the private sector and in public administrations</p> <p>Qualitative indicator: Provisions in the Royal Decree Laws force</p> <p>Planned completion: Q4 2020</p>	Milestone/target achieved
	<p>C[C23]-R[R2] Measures to close the gender gap</p>	<p>M330 Entry into force of two by-laws on equal pay between women and men and on equality plans and their registration</p> <p>Qualitative indicator: Provisions in the by-laws on entry into force</p> <p>Planned completion: Q2 2021</p>	Milestone/target achieved
	<p>C[C23]-R[R3] Regulation of the work of home distributors by digital platforms (riders)</p>	<p>M[331] Entry into force of Royal Decree Law for the protection of workers engaged in distribution activities to third parties using technological means</p> <p>Qualitative indicator: Provisions in the Royal Decree Law on entry into force</p> <p>Planned completion: Q3 2021</p>	Milestone/target achieved
	<p>C[C23]-R[R4] Simplification of contracts: generalisation of the open-ended contract, reasons to use temporary contracts and regulation of the training/apprenticeship contract.</p>	<p>M[332] Amendment of the Worker's Statute to support the reduction of temporary employment by streamlining the number of contract types</p> <p>Qualitative indicator: Provisions in the amendment on entry into force</p> <p>Planned completion: Q4 2021</p>	Milestone/target achieved
	<p>C[C23]-R[R5] Modernisation of active labour market policies (ALMP)</p>	<p>M[333] Entry into force of Action Plan to tackle youth unemployment</p> <p>Qualitative indicator: Provisions in the Action Plan on entry into force</p> <p>Planned completion: Q2 2021</p> <p>M[334] Royal Decree for a new Spanish Employment Strategy 2021-2024</p> <p>Qualitative indicator: Provisions in the Royal Decree on entry into force</p> <p>Planned completion: Q4 2021</p> <p>M[335] Entry into force of the amendment of the Employment Law (Royal Legislative Decree 3/2015)</p> <p>Qualitative indicator: Provision in the amendment on entry into force</p> <p>Planned completion: Q4 2022</p>	Milestone/target achieved
	<p>C[C23]-R[R6] Permanent mechanism for internal flexibility, job stability and reskilling of workers in transition</p>	<p>M336 Amendment of the Worker's Statute to establish a scheme to adjust to cyclical and structural shocks, including a system that provides internal flexibility to companies and stability to workers</p> <p>Qualitative indicator: Provisions in the amendment on entry into force</p> <p>Planned completion: Q4 2021</p>	Milestone/target achieved

Country	Reform	Milestone/Target	Assessment output
	C[C23]-R[R7] Review of hiring incentives	M337 Entry into force of the reform of Law 43/2006 to simplify and increase the effectiveness of the recruitment incentive system taking into account the recommendations issued by AIReF Qualitative indicator: Provision in the reform on entry into force Planned completion: Q4 2022	Milestone/target achieved
	C[C23]-R[R8] Modernisation of collective bargaining	M338 Amendment of the Worker's Statute to improve the legal rules governing collective bargaining Qualitative indicator: Provisions in the amendment on entry into force Planned completion: Q4 2021	Milestone/target achieved
	C[C23]-R[R9] Modernisation of sub-contracting activities	M339 Amendment of the Worker's Statute to improve the rights of persons working in subcontracted companies Qualitative indicator: Provisions in the amendment on entry into force Planned completion: Q4 2021	Milestone/target achieved
	C[C23]-R[R10] Simplification and improvement of unemployment assistance	M340 Entry into force of amendment of the Royal Legislative Decree 8/2015 reforming the regulation of non-contributory unemployment support Qualitative indicator: Provision in the amendment on entry into force Planned completion: Q4 2022	Milestone/target achieved
	C[C23]-R[R11] Digitalisation of the public employment services (PES) for its modernisation and efficiency	M341 Certificates of completion of the services under the contracts for the modernisation of the State Public Employment Service Qualitative indicator: Certificates of completion of the services under the contracts (Administrative Acts) Planned completion: Q4 2023	Milestone/target achieved but evidence partly outstanding
	C[C30]-R[R3] - Reform of the social security contribution system for the self-employed	M411 Reform of the Social Security contribution system for the self-employed Qualitative indicator: Provision of the legislation indicating its entry into force Planned completion: Q2 2022	Milestone/target achieved
Portugal	C[C06]-R[r15] Reform of cooperation between higher education and public administration and enterprises	M[6.13] Entry into force of the law creating special competitions for admission to higher education Qualitative indicator: Entry into force of the law creating special competitions for admission to higher education. Planned completion: Q2 2020	Milestone/target achieved
		M[6.14] Entry into force of the new legal framework governing the cooperation of higher education institutions with public administration and businesses. Qualitative indicator: Entry into force of the new legal framework governing the cooperation of higher education institutions with public administration and businesses Planned Implementation: Q2 2021	
	C[C06]-R[r17] Agenda for the promotion of decent work	M[6.16] Entry into force of the law regulating platform work Qualitative indicator: Entry into force of the law regulating platform work Planned completion: Q1 2023	Milestone/target achieved

Source: ECA.

Annex IV – Assessment of results of completed reforms

Country	Reform	Assessment result/impact	Only recently completed	Indicator
Belgium	C[C42]-R[R-404] Tackling discrimination at the labour market	Limited results	yes (Q4/2023)	Inadequate
	C[C42]-R[R-406] An inclusive labour market	Limited results	yes (Q4/2023)	Inadequate
	C[C51]-R[R-503] Learning account	Limited results	no (Q3/2022)	Inadequate
	C[C51]-R[R-504] “Life-long learning” of the Flemish Community	No results	no (Q1/2022)	Adequate
	C[C51]-R[R-505] Reform of support to jobseekers in Wallonia	No results	no (Q4/2022)	Inadequate
Greece	C[3,1]-R[16744] Modernisation and simplification of labour law	No results	no (Q2/2021)	No indicator
	C[4,6]-R[16715] Labour reform in the cultural sector	No results	no (Q2/2022)	Inadequate
Spain	C[C10]-R[R1] Just transition protocols	Significant results	no (Q1/2022)	Adequate
	C[C18]-R[R4] Strengthening professional skills and reducing temporary employment	Limited results	no (Q3/2022)	Inadequate
	C[C20]-R[R1] Plan for the modernisation of vocational training	Limited results	no (Q4/2020)	Inadequate
	C[C20]-R[R2] Law regulating the integrated VET system linked to the national qualifications system	Limited results	no (Q2/2022)	Inadequate
	C[C23]-R[R1] Regulation of teleworking	Limited results	no (Q4/2020)	No indicator
	C[C23]-R[R2] Measures to close the gender gap	Limited results	no (Q1/2021)	Adequate
	C[C23]-R[R3] Regulation of the work of home distributors by digital platforms (riders)	Significant results	no (Q3/2021)	Adequate
	C[C23]-R[R4] Simplification of contracts: generalisation of the open-ended contract, reasons to use temporary contracts and regulation of the training/apprenticeship contract.	Significant results	no (Q4/2021)	Adequate
C[C23]-R[R5] Modernisation of active labour market policies (ALMP)	No results	yes (Q1/2023)	No indicator	

	C[C23]-R[R6] Permanent mechanism for internal flexibility, job stability and reskilling of workers in transition	No results	no (Q4/2021)	No indicator
	C[C23]-R[R7] Review of hiring incentives	No results	yes (Q3/2023)	Inadequate
	C[C23]-R[R8] Modernisation of collective bargaining	No results	no (Q4/2021)	Inadequate
	C[C23]-R[R9] Modernisation of sub-contracting activities	No results	no (Q4/2021)	No indicator
	C[C23]-R[R10] Simplification and improvement of unemployment assistance	No results	yes (Q2/2024)	No indicator
	C[C23]-R[R11] Digitalisation of the public employment services (PES) for its modernisation and efficiency	No results	yes (Q4/2023)	No indicator
	C[C30]-R[R3] Reform of the social security contribution system for the self-employed	Limited results	yes (Q1/2023)	Adequate
Portugal	C[C06]-R[r15] Reform of cooperation between higher education and public administration and enterprises	Limited results	no (Q2/2021)	Inadequate
	C[C06]-R[r17] Agenda for the promotion of decent work	Limited results	yes (Q2/2023)	Inadequate

Source: ECA.

Annex V – Commission assessment of the implementation of sub-CSRs (2021 to 2024)

The table below reports the changes in the Commission’s assessment from 2021 to 2024 of the 106 labour market-related sub-CSRs.

Country	CSRs	Assessment 2021	Assessment 2022	Assessment 2023	Assessment 2024	
Belgium	2019	2.1	Limited progress	Limited progress	Limited progress	Limited progress
		2.2	Limited progress	Limited progress	Some progress	Some progress
		2.3	Limited progress	Some progress	Some progress	Some progress
	2020	2.1	Some progress	Some progress	Substantial progress	Substantial progress
		2.2	Limited progress	Some progress	Some progress	Some progress
Bulgaria	2019	4.1	-	Limited progress	Limited progress	Limited progress
		4.2	Limited progress	Limited progress	Limited progress	Limited progress
		4.3	-	Limited progress	Limited progress	Limited progress
		4.4	-	Limited progress	Some progress	Some progress
		4.5	-	Limited progress	Limited progress	Limited progress
	2020	2.2	Limited progress	Limited progress	Limited progress	Limited progress
		2.3	Limited progress	Limited progress	Limited progress	Some progress
Czechia	2019	2.1	Some progress	Some progress	Limited progress	Limited progress
	2020	2.1	Some progress	Some progress	Some progress	Some progress
Denmark	2020	1.2	Some progress	Substantial progress	Substantial progress	Substantial progress
Germany	2019	2.1	Some progress	Some progress	Some progress	Some progress
		2.2	Some progress	Some progress	Some progress	Some progress
		2.3	Limited progress	Limited progress	Limited progress	Limited progress
		2.5	Some progress	Substantial progress	Substantial progress	Substantial progress
Estonia	2019	2.1	Some progress	Some progress	Some progress	Some progress
		2.3	Some progress	Some progress	Some progress	Some progress
	2020	2.1	Some progress	Some progress	Some progress	Some progress
Ireland	2019	2.1	Limited progress	Some progress	Some progress	Some progress
	2020	2.1	Some progress	Some progress	Some progress	Some progress
Greece	2019	2.5	Limited progress	Some progress	Some progress	Some progress
		2.6	Limited progress	Some progress	Some progress	Some progress
		2.7	Limited progress	Limited progress	Some progress	Some progress
	2020	2.1	Substantial progress	Substantial progress	Full Implementation	Full Implementation
		2.2	Limited progress	Limited progress	Some progress	Some progress
Spain	2019	2.1	Some progress	Some progress	Some progress	Some progress
		2.3	No progress	Substantial progress	Substantial progress	Substantial progress
		2.4	Limited progress	Limited progress	Some progress	Some progress
		2.6	Limited progress	Limited progress	Limited progress	Substantial progress
		2.7	Some progress	Some progress	Substantial progress	Substantial progress

Country	CSRs		Assessment 2021	Assessment 2022	Assessment 2023	Assessment 2024
	2020	2.10	Some progress	Some progress	Some progress	Some progress
		2.1	Some progress	Substantial progress	Substantial progress	Substantial progress
		2.2	Limited progress	Limited progress	Some progress	Some progress
		2.4	Limited progress	Limited progress	Some progress	Some progress
		2.5	Some progress	Some progress	Some progress	Some progress
France	2019	2.1	Some progress	Some progress	Some progress	Some progress
		2.2	-	Some progress	Some progress	Some progress
	2020	2.1	Substantial progress	Substantial progress	Substantial progress	Substantial progress
		2.2	Some progress	Substantial progress	Substantial progress	Substantial progress
		2.3	Some progress	Some progress	Some progress	Some progress
Croatia	2019	2.1	Some progress	Some progress	Some progress	Some progress
		2.3	Some progress	Limited progress	Some progress	Some progress
		2.4	Limited progress	Limited progress	Limited progress	Full implementation
	2020	2.1	Some progress	Limited progress	Some progress	Some progress
		2.2	No progress	Limited progress	Limited progress	Limited progress
Italy	2019	2.1	Limited progress	Limited progress	Some progress	Some progress
		2.2	Limited progress	Some progress	Some progress	Substantial progress
		2.3	-	Some progress	Some progress	Some progress
	2020	2.1	Some progress	Some progress	Some progress	Some progress
		2.2	Some progress	Some progress	Some progress	Substantial progress
		2.3	Limited progress	Some progress	Some progress	Substantial progress
Cyprus	2019	3.1	Some progress	Some progress	Some progress	Some progress
		3.2	Limited progress	Limited progress	Limited progress	Limited progress
	2020	2.1	Some progress	Some Progress	Some progress	Some progress
		2.2	Some progress	Some progress	Some progress	Some progress
		2.3	Limited progress	Limited progress	Limited progress	Limited progress
		2.4	Limited progress	Limited progress	Limited progress	Limited progress
Latvia	2019	2.1	-	Some progress	Some progress	Some progress
		2.2	Some progress	Some progress	Some progress	Some progress
	2020	2.1	Some progress	Some progress	Some progress	Substantial progress
		2.3	Limited progress	Some progress	Some progress	Substantial progress
		2.4	Limited progress	Some progress	Some progress	Some progress
Lithuania	2020	2.1	Some progress	Some progress	Substantial progress	Full Implementation
		2.2	Some progress	Some progress	Some progress	Some progress
Luxembourg	2019	1.1	Limited progress	Some progress	No progress	Limited progress
		3.3	Some progress	Substantial progress	Some progress	Some progress
	2020	2.1	Some progress	Substantial progress	Substantial progress	Substantial progress
Hungary	2019	2.1	Limited progress	Limited progress	Limited progress	Limited progress
		2.2	No progress	No progress	No progress	No progress
		4.3	No progress	No progress	Limited progress	Limited progress
	2020	2.1	Limited progress	Limited progress	Limited progress	Limited progress

Country	CSRs		Assessment 2021	Assessment 2022	Assessment 2023	Assessment 2024
		4.2	No progress	No progress	No progress	No progress
Malta	2019	3.5	Limited progress	Some progress	Some progress	Some progress
	2020	2.1	Limited progress	Limited progress	Some progress	Some progress
Netherlands	2019	1.3	Some progress	Some progress	Substantial progress	Substantial progress
		2.1	Limited progress	Limited progress	Limited progress	Limited progress
		2.2	Limited progress	Limited progress	Limited progress	Limited progress
		2.3	Some progress	Some progress	Some progress	Some progress
	2020	2.1	Substantial progress	Substantial progress	Substantial progress	Substantial progress
Austria	2019	2.1	Some progress	Some progress	Some progress	Some progress
		2.2	Limited progress	Limited progress	Limited progress	Limited progress
		2.3	Limited progress	Limited progress	Limited progress	Limited progress
Poland	2019	2.2	Limited progress	Limited progress	Limited progress	Some progress
		2.3	-	Limited progress	Limited progress	Limited progress
	2020	2.1	Some progress	Some progress	Some progress	Some progress
Portugal	2019	2.1	Some progress	Some progress	Some progress	Some progress
		2.2	Some progress	Some progress	Some progress	Some progress
	2020	2.1	Some progress	Some progress	Some progress	Some progress
Romania	2019	3.2	Limited progress	Limited progress	Limited progress	Some progress
		3.5	Limited progress	Limited progress	Some progress	Some progress
		3.6	Limited progress	Limited progress	Limited progress	Limited progress
	2020	2.1	Substantial progress	Substantial progress	Substantial progress	Full Implementation
		2.4	Limited progress	Limited progress	Some progress	Substantial progress
Slovenia	2019	1.5	Some progress	Limited progress	Limited progress	Some progress
	2020	2.1	Some progress	Substantial progress	Substantial progress	Substantial progress
		2.2	Some progress	Substantial progress	Substantial progress	Substantial progress
		2.3	Some progress	Some progress	Some progress	Some progress
Slovakia	2020	2.1	Substantial progress	Substantial progress	Substantial progress	Substantial progress
Finland	2019	2.1	Limited progress	Some progress	Some progress	Some progress
		2.3	Some progress	Some progress	Substantial progress	Substantial progress
	2020	2.1	Some progress	Some progress	Some progress	Some progress
		2.2	Some progress	Some progress	Some progress	Some progress

Source: ECA, based on Commission data.

Annex VI – Relevance of RRF-funded labour market reforms for the Commission’s assessment of the associated sub-CSRs

For **Portugal**, two reforms have been implemented so far. The reform of “cooperation between higher education and public administration and companies” (C[C06]-R[r15]) was completed in Q2 2021. This reform was tagged by the Commission as addressing sub-CSR 2019 2.2. However, the assessment of the implementation of this sub-CSR remained unchanged after the reform was implemented (grey cell). Similarly, the implementation of the “Agenda for the promotion of decent work” reform (C[C06]-R[r17]) in Q1 2023 did not alter the Commission’s assessment of the implementation of the two sub-CSRs which the reform was supposed to address.

Portugal: Sub-CSR implementation and implementation of reforms

		March				May				May				May	
		Q1 2021	Q2 2021	Q3 2021	Q4 2021	Q1 2022	Q2 2022	Q3 2022	Q4 2022	Q1 2023	Q2 2023	Q3 2023	Q4 2023	Q1 2024	Q2 2024
Portugal 2019-2.1	Adopt measures to address labour market segmentation.	Some progress					Some progress			C[C06]-R[r17]	Some progress				Some progress
Portugal 2019-2.2	Improve the skills level of the population, in particular their digital literacy, including by making adult learning more relevant to the needs of the labour market.	Some progress	C[C06]-R[r15]				Some progress				Some progress				Some progress
Portugal 2020-2.1	Support employment and prioritise measures to preserve jobs.	Some progress					Some progress			C[C06]-R[r17]	Some progress				Some progress

Source: ECA.

In **Belgium**, five reforms were implemented by Q4 2023. As reported, the three reforms implemented in Q4 2023 did not change the Commission’s assessment of the implementation of the related sub-CSRs. The reform implemented in Q3 2021 was linked to two sub-CSRs. In one case, the Commission’s assessment was unchanged (grey cell), and was upgraded in the second case with a justification linked to implementation of this reform in the Commission’s database (light green cell). Lastly, after the reform implemented in Q3 2022 which was linked to three sub-CSRs, two remained unchanged and one was upgraded from “limited progress” to “some progress”, also with justification linked to implementation of this reform in the Commission’s database.

Belgium: Sub-CSR implementation and implementation of reforms

		March	Q2 2021	Q3 2021	Q4 2021	Q1 2022	May	Q3 2022	Q4 2022	Q1 2023	May	Q3 2023	Q4 2023	Q1 2024	May
		Q1 2021					Q2 2022				Q2 2023				Q2 2024
Belgium-2019-2.1	Remove disincentives to work and strengthen the effectiveness of active labour market policies, in particular for the low-skilled, older workers and people with a migrant background.	Limited progress		C[C51]-R[R-505]			Limited progress				Limited progress		C[C42]-R[R-404] C[C42]-R[R-406]		Limited progress
Belgium-2019-2.2	Improve the performance and inclusiveness of the education and training systems	Limited progress					Limited progress	C[C51]-R[R-504]			Some progress		C[C51]-R[R-503]		Some progress
Belgium-2019-2.3	and address skills mismatches.	Limited progress					Some progress	C[C51]-R[R-504]			Some progress		C[C51]-R[R-503]		Some progress
Belgium-2020-2.1	Mitigate the employment and social impact of the COVID-19 crisis, notably by promoting effective active labour market measures	Some progress					Some progress				Substantial progress		C[C42]-R[R-404] C[C42]-R[R-406]		Substantial progress
Belgium-2020-2.2	and fostering skills development.	Limited progress		C[C51]-R[R-505]			Some progress	C[C51]-R[R-504]			Some progress		C[C51]-R[R-503]		Some progress

Source: ECA.

In **Greece**, two measures were implemented. The first, implemented in Q3 2021, did not contribute to modifying the Commission's assessment of the implementation of the sub-CSR 2019 2.7 it was supposed to contribute to addressing. After the second reform was implemented in Q3 2022, the three sub-CSRs it was supposed to contribute to addressing were upgraded. However, we could not find any link in the Commission's database of the between these upgrades and the implementation of the reform (grey cells).

Greece: Sub-CSR implementation and implementation of reforms

		March	Q2 2021	Q3 2021	Q4 2021	Q1 2022	May	Q3 2022	Q4 2022	Q1 2023	May	Q3 2023	Q4 2023	Q1 2024	May
		Q1 2021					Q2 2022				Q2 2023				Q2 2024
Greece-2019-2.5	Education	Limited progress					Some progress				Some progress				Some progress
Greece-2019-2.6	Skills	Limited progress					Some progress				Some progress				Some progress
Greece-2019-2.7	Employability	Limited progress		C[3.1]-R[16744]			Limited progress	C[4.6]-R[16715]			Some progress				Some progress
Greece-2020-2.1	Mitigate the employment and social impacts of the crisis, including by implementing measures such as short-time work schemes	Substantial progress					Substantial progress	C[4.6]-R[16715]			Full implementation				Full implementation
Greece-2020-2.2	and ensuring effective activation support.	Limited progress					Limited progress	C[4.6]-R[16715]			Some progress				Some progress

Source: ECA.

We also found a mixed picture in **Spain**, where 16 reforms were implemented. Four of those 16 reforms were not linked to any of the 10 labour market sub-CSRs. Eight measures did not lead to any change in the related sub-CSR implementation as evaluated by the Commission. The remaining four implemented reforms were mentioned by the Commission in its database to justify the five upgrades of its sub-CSR implementation (light green cells).

After reform C[C23]-R[R10] was implemented in Q4 2022, one of the two sub-CSRs it was supposed to address was updated, while the second remained unchanged. After reform C[C23]-R[R6] was implemented in Q4 2021, two of the three sub-CSRs it was supposed to contribute to addressing were upgraded. Lastly, after reforms C[C23]-R[R4] and C[C23]-R[R7] were implemented, respectively in Q4 2021 and Q4 2022, the sub-CSRs they were supposed to contribute to addressing (one for the first and two for second) were all upgraded.

Spain: Sub-CSR implementation and implementation of reforms

		Q4 2020	March Q1 2021	Q2 2021	Q3 2021	Q4 2021	Q1 2022	May Q2 2022	Q3 2022	Q4 2022	Q1 2023	May Q2 2023	Q3 2023	Q4 2023	Q1 2024	May Q2 2024
Spain 2019-2.1	Ensure that employment services have the capacity to provide effective support		Some progress					Some progress		C[C23]-R[R5]		Some progress	C[C10]-R[R1]*	C[C23]-R[R11]		Some progress
Spain 2019-2.3	Foster transitions towards open-ended contracts,		Limited progress			C[C23]-R[R6]		Substantial progress				Substantial progress		C[C18]-R[R4]		Substantial progress
Spain 2019-2.4	including by simplifying the system of hiring incentives.		Limited progress					Limited progress		C[C23]-R[R7]		Some progress				Some progress
Spain 2019-2.6	reduce fragmentation of national unemployment assistance		Limited progress					Limited progress		C[C23]-R[R10]		Limited progress				Substantial progress
Spain 2019-2.7	and address coverage gaps in regional minimum income schemes.		Some progress					Some progress				Substantial progress				Substantial progress
Spain 2019-2.10	Increase cooperation between education and businesses with a view to improving the provision of labour market relevant skills and qualifications,	C[C20]-R[R1]	Some progress			C[C23]-R[R6]		Some progress	C[C20]-R[R2]*	C[C23]-R[R5]		Some progress				Some progress
Spain 2020-2.1	Support employment through arrangements to preserve jobs,	C[C23]-R[R1]	Some progress			C[C23]-R[R6]		Substantial progress		C[C23]-R[R5]		Substantial progress	C[C10]-R[R1]*			Substantial progress
Spain 2020-2.2	effective hiring incentives		Limited progress					Limited progress		C[C23]-R[R7]		Some progress				Some progress
Spain 2020-2.4	Reinforce unemployment protection, in particular for atypical workers.		Limited progress		C[C23]-R[R3]			Limited progress		C[C23]-R[R10]		Some progress				Some progress
Spain 2020-2.5	Improve coverage and adequacy of minimum income schemes		Some progress					Some progress				Some progress				Some progress

Source: ECA.

Abbreviations

ALMP: Active Labour Market Policies

CID: Council Implementing Decision

CSR: Country-specific recommendation

EPSR: European Pillar of Social Rights

NGEU: Next Generation EU

RRF: Recovery and Resilience Facility

RRP: Recovery and Resilience Plans

sub-CSR: Part of a Country Specific Recommendation

SURE: Support to mitigate Unemployment Risks in an Emergency

SWD: Commission Staff Working Document

TFEU: Treaty on the Functioning of the European Union

Glossary

Country-specific recommendation: Annual guidance which the Commission issues, as part of the European Semester, to individual Member States on their macroeconomic, budgetary and structural policies.

European Pillar of Social Rights: EU framework with 20 principles covering equal opportunities and access to jobs, fair working conditions, and social protection and inclusion.

European Semester: Annual cycle which provides a framework for coordinating the economic policies of EU member states and monitoring progress.

Milestone: Qualitative measure of progress towards the achievement of a reform or investment.

National recovery and resilience plan: Document setting out a member state's intended reforms and investments under the Recovery and Resilience Facility.

Recovery and Resilience Facility: The EU's financial support mechanism to mitigate the economic and social impact of the COVID-19 pandemic and green and digital transformation.

Staff working document: A non-binding Commission document produced for discussion, either internally or outside the institution.

Replies of the Commission

<https://www.eca.europa.eu/en/publications/sr-2025-10>

Timeline

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Audit team

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This performance audit was carried out by Audit Chamber IV – Regulation of markets and competitive economy, headed by ECA Member Mihails Kozlovs. The audit was led by ECA Member Ivana Maletić, supported by Sandra Diering, Head of Private Office and Tea Vlainić, Private Office Attaché; Juan Ignacio Gonzalez Bastero, Principal Manager; Giuseppe Diana, Head of Task; Jurgen Manjé and Gonçalo Pombeiro, Auditors.



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The €650 billion Recovery and Resilience Facility (RRF) was established in February 2021 in response to the COVID-19 pandemic.

We audited whether RRF-funded labour market reforms were implemented as planned and contributed effectively to addressing member states' labour market challenges identified in the country-specific recommendations.

We found that while the labour market reforms have generally achieved the expected outputs, only some show results so far. Moreover, they have only partially addressed the structural labour market challenges and had limited impact on the implementation of the relevant country specific recommendations.

We recommend that RRF reforms sufficiently address key challenges in country-specific recommendations and be comprehensively covered by milestones and targets. Furthermore, the Commission should assess the reforms' results and contribution to country-specific recommendations.

ECA special report pursuant to Article 287(4), second subparagraph, TFEU.



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