

Reflections from the LG CSOs about reforming of the European Semester process

Introduction and background:

A reform of the European Semester must consider its history, *raison d'être* and limitations, while learning from the lessons drawn from the pandemic to address the crucial issues for an economically, socially and democratically inclusive European Union. Equality, solidarity, sustainability are key elements to achieve an EU where all citizens feel fully part of the society and no one is left behind. The CSO members of the LG would highly welcome a reform of the ES based on the recent experience with the NRRF and the ES link with a view to broaden the scope of the ES and strengthen the civil dialogue process on national level as well as on EU level for the ES process

With the emergence of the Covid 19 pandemic, last year the European Semester (ES) was used primarily to coordinate and evaluate the numerous crisis measures. With the entering into force of the Recovery and Resilience Facility (RRF) in February 2021 as the key instrument of NextGenerationEU to help the EU emerge stronger and more resilient from the current crisis a strong link between both instruments exists. As the European Semester and the RRF will overlap, it is necessary to temporarily adopt the European Semester. Member States therefore are encouraged to submit their national reform programmes and their recovery and resilience plans in a single integrated document. This offers a window of opportunity to rethink the ES process based on the lessons learnt from the pandemic crisis.

Considerations on the European Semester since its introduction

- The European Semester has been decided in full coherence with the EU's institutions' responsibility for economic and financial stability. The indicators the Semester monitors (public debt, budget deficit), are limited in scope, but impact directly all social policies on which social protection, inclusion and cohesion rely upon, policies that fall under the responsibility of Member States.
- The gradual addition of indicators beyond the ones that are used to monitor the Semester reflects a recognition that the issues at stake are larger than the ones the Semester is monitoring, but it does not constitute an interlinked and holistic social, environmental and economic policy making. Thus, the social consequences of the EU unified economy have to be addressed at national level, creating huge imbalances between strong and weak countries. For the last decades, economic and social inequalities are rising inside countries and between countries. The number of people left behind, at risk of poverty or social exclusion, is reflecting this. The effects of each global crisis too.
- The Recovery and Resilience Facility (RRF) is mostly aimed at developing the competitive sectors for the future. These investments are the continuity of former EU economic thinking. It is a partial answer to the issues at stake for the EU and its citizens (residents). In particular, the foreseen destruction of tens of millions of jobs implies better coverage by and access to adequate social protection schemes and social investment in people, in their qualifications, but also in their access to essential public services, to health and social services, to education and (social) housing as well as into adequate minimum wages and minimum income schemes to be done now. Social services have continued to provide essential care and support to those most in need and mitigated the social impact of the crisis. But all measures to accompany the green and digital transitions in a spirit of solidarity, support for vulnerable groups in our societies and on the labour market, reduced inequalities and equal opportunities are only scarcely financed with the present approach. Social services need to be prioritised as a social investment opportunity in the recovery from the crisis, with the aim of building up the resilience of the sector and ensuring access to care and support for all those who need it.

Looking forward to a revised European Semester for the upcoming periods

- Disenchanted citizens expect from European core principles listed in Article 2 such as democracy, rule of law and fundamental rights, as well as the pillar of social rights and SDGs as reference points that all social issues resulting from the functioning of the economy, that hit specifically disadvantaged persons and vulnerable communities, to be addressed. It is the role of the democratic processes (representative and participatory) to ensure that.
- The European Semester's decision-making and policy-monitoring indicators have to be enlarged with meaningful indicators that are to date de facto second-class information ones. This must include new social earmarking and indicators - to also reflect the key role of the social economy and of social services -as well as a revision of the Social Scoreboard.
- The social consequences of the changes in the economy need strong public policies as tens of millions of jobs are concerned, the effects being differential regarding countries, sectors, communities. Pooling the means to intervene where needed is key for a democratic answer to shocks. Therefore, a shift of the political focus of the EU Semester is needed. Both the 20 principles of the EPSR and the related proposed policy and legislative initiatives in the EPRS AP and the SDGs need to be better reflected in the thematic priorities, the components and the Flagship Initiatives of the European Semester 2022 and in the years to come, backed up by funding from the RRF and the ESF+. EU-level CSO demand to shift the scope towards policies which provide support and guidance not to leave people behind and to strengthen social resilience and social inclusion and to redirect the relevant EU funding accordingly.
- In a democracy, the space of the financing of social policies has to be coherent with the space of creation of wealth. The European Semester has to consider this and develop tools that ensure the fair share of the financing of the social policies resulting from the functioning of the economy and fair taxation systems supportive of the public good/general interest.
- The governance structures of the EU Semester must be built in a way to ensure that civil society organisations together with social partners continue to play their key role in designing, implementing, monitoring and evaluating EU policies at national level - and this in a meaningful, structured and transparent manner. The EU and Member States must use this opportunity to reflect on its civil and social dialogue as a step towards modernised decision and policy making with citizens at the center of it.

Building on existing good examples of civil dialogue in the Member States

- Eg. of national civil dialogue
- Eg. of involvement of CSOs in NRRPs
- Eg. of involvement of citizens in the Country Reports sent to the EU
- Eg. of stronger correlation between EU semester process vs Recovery plan
- Eg. of austerity measures failing (eg.Greece)

NOTES

Main takeaways for the EU Semester from CSOs perspective

- It is the right time to draw lessons from the economic and health crisis we are facing. It has become clear that austerity policies have failed and that the time has come for a strong

European social policy. The goals of a more sustainable, digital and social Europe need to be stronger reflected in the ES.

- Reconstruction can only succeed if we adapt the EU Semester and make the Pillar of Social Rights and SDGs a guiding compass for economic policy in the EU. The pandemic has shown the importance of strong social protection systems and sustainable investment in public services.
- A social and fairer Europe can only be achieved if European social policy is on an equal footing with economic and financial policy. We should safeguard social services from being measured in economic terms only. The same holds for health or education. Support for the social service sector needs to be stepped up for it to act as a lever to bring social justice, protection and inclusion on a par with economic and sustainable recovery from the COVID-19 pandemic
- Social spending is key to ensure a crisis-proof and stable Union able to ensure that no one is left behind. We need an earmarking of public expenditure and investments for social policy, social inclusion and social services which is clearly anchored in the national Recovery and Resilience Plans and the EU funding instruments.

Potential development of the input

- List of new social scoreboards ideas
- Fiscal compact to check and understand how the public expenditure might be in contradiction with fiscal compact