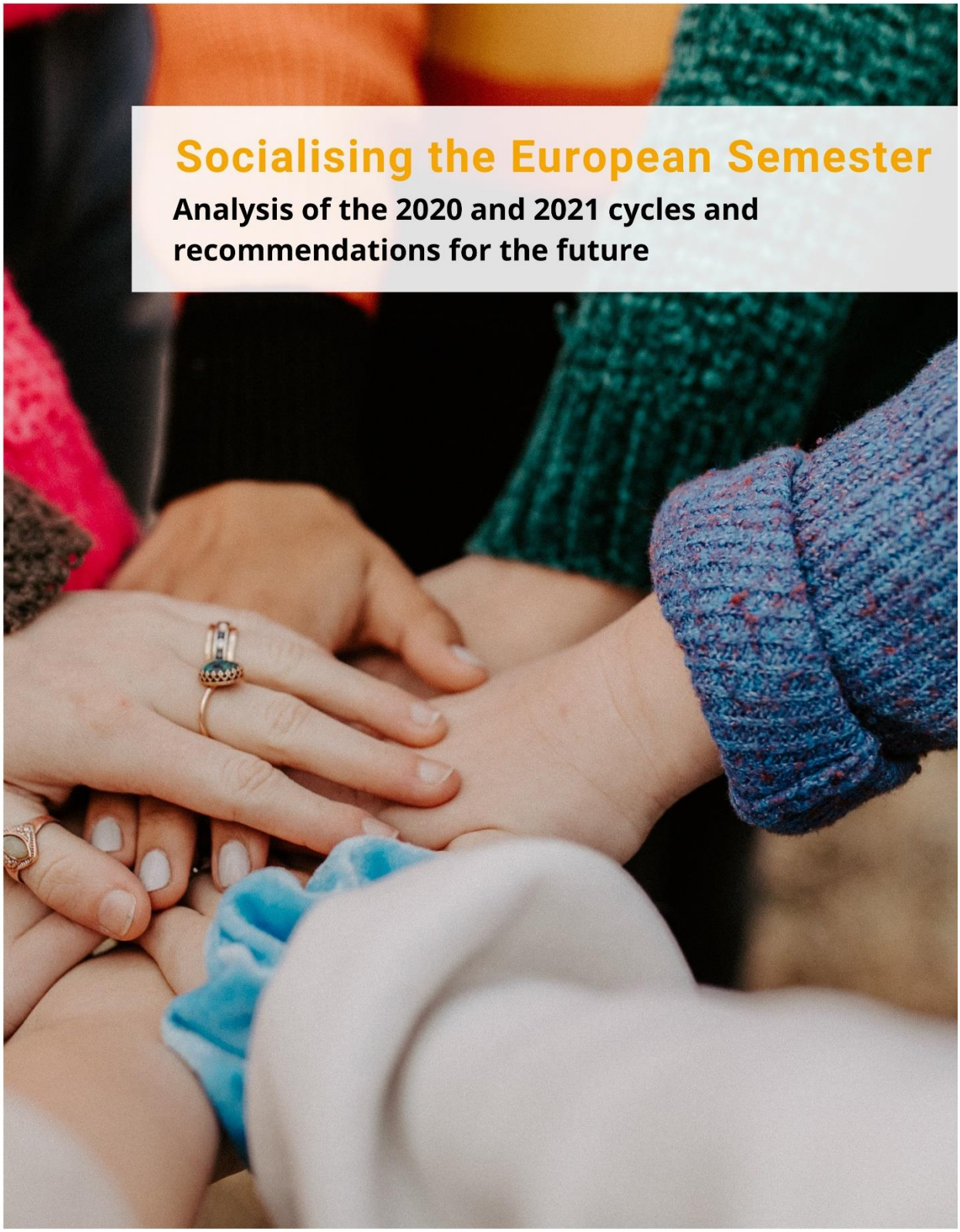
# Socialising the European Semester

## Analysis of the 2020 and 2021 cycles and recommendations for the future



socialplatform

Social Platform is the largest network of civil society organisations in the European Union advocating for a social Europe. It is driven by a membership of European federations united in the fight for social justice, equality between all people, inclusion, sustainability and participatory democracy in the EU and beyond.

Social Platform acknowledges the financial support of the European Commission's 'Europe for Citizens' programme, managed by the Education, Audiovisual and Culture Executive Agency (EACEA). This publication reflects the author's views. Neither the European Commission nor the EACEA is liable for any use that may be made of the information contained in this publication.

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17 November 2020

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## Key messages

1. **Strike a proper balance between sustainable economic growth that must be inclusive and benefit all equally, the twin green and digital transition that must be achieved without leaving more people behind and the wellbeing of its people** in line with the European Commission's objective to create an economy that works for people within planetary boundaries;
2. **Improve the inclusion of groups in vulnerable situations** that have been disproportionately affected by the crisis in the Semester process, especially in the country-specific recommendations;
3. **Continue ensuring the right level of investments** to enable the social reforms needed for Europe's social recovery from the COVID-19 pandemic, for the duration of the pandemic and ensure building a social Europe in the years to come;
4. **Continue reflections on establishing a longer Semester cycle** to improve its impact;
5. **Improve the design of the various stages of the process and the related documents** to ensure that policies appear consistently throughout all the documents of a cycle, without creating thematic contradictions;
6. **Improve the implementation rate of reform recommendations** to increase the impact of the process on national policy-making;
7. **Ensure that the European Semester process is a key tool to support the full and ambitious implementation of the European Pillar of Social Rights** to mitigate the socio-economic impact of the COVID-19 pandemic, helping to ensure Europe's social recovery from this crisis;
8. **Ensure that key political frameworks, like the European Pillar of Social Rights and the SDGs are coherently mainstreamed through the European Semester process**;
9. **Make the European Semester process an integral tool to achieving the objectives of a coherent comprehensive and ambitious social and sustainable long-term strategy**;
10. **Improve the involvement of various stakeholders in the European Semester process**, including national parliaments, social partners and civil society organisations.

# Executive summary

Since the proclamation of the European Pillar of Social Rights (Social Pillar) in 2017, Social Platform has been strongly working on how to support its implementation through legislation, socio-economic governance - including the European Semester process - funding and civil dialogue.

This analysis aims to give an overview of the views of Social Platform on the 2020 European Semester process, our views on the 2021 cycle to date as well as our views on necessary reforms of the European Semester process in the longer run.

Social Platform sees the European Semester process as a key tool to support the full and ambitious implementation of the European Pillar of Social Rights and to mitigate the socio-economic impact of the COVID-19 pandemic, helping to ensure Europe's social recovery from this crisis.

To achieve these objectives, we argue that it is crucial to improve the social dimension of the European Semester process by striking a better balance between social, economic and environmental priorities. It is also crucial that the specific situation of groups of people in vulnerable situations - who are disproportionately affected by the socio-economic impact of the crisis - is better included in the Semester process to ensure that reform recommendations correspond to their needs. Moreover, we argue for the importance of ensuring the right level of investments is ensured to enable the social reforms needed for Europe's social recovery from the COVID-19 pandemic.

We also argue for improving the design of the European Semester process to strengthen its impact. We suggest reflections about a longer Semester cycle, which we believe could give Member States more time to implement recommendations and potentially increase implementation rates, thereby increasing the impact of the process. We also advocate for improving the coherence and consistency of topics throughout the various documents of the Semester process to improve the coherency of the process and therefore its impact. Moreover, we call for improving the implementation rate of reform recommendations to strengthen the impact of the process.

In a larger context, we argue for better mainstreaming various political frameworks, such as the European Pillar of Social Rights (Social Pillar), the UN Sustainable Development Goals (SDGs) and the European Green Deal. We also advocate for the European Semester process as an integral tool to achieving the objectives of a coherent, comprehensive and ambitious social and sustainable long-term strategy.

Finally, we call for a stronger involvement of stakeholders in the European Semester process, both at EU and national level, including national parliaments, social partners and civil society organisations to ensure that the reforms recommended and implemented to ensure Europe's social recovery from the crisis correspond to the situation on the ground.

# 1. Introduction

## 1.1 Who we are

Social Platform is the largest network of civil society organisations in the European Union advocating for a social Europe. It is driven by a membership of 48 European federations united in the fight for social justice, equality between all people, inclusion, sustainability, and participatory democracy in the EU and beyond.

## 1.2 Our work on the implementation of the European Pillar of Social Rights

The core of Social Platform's work is advocating for an ambitious implementation of the Social Pillar, which aims to create new social rights and standards across the EU. It is an important commitment by EU institutions and EU Member States alike to improve people's working and living conditions in Europe, a commitment we want to see become a reality. However, while we have seen some progress with regards to its implementation, much more remains to be done.

Indeed, the success of the Social Pillar is reliant on its ambitious agenda being reinforced with the full use of all existing and potential implementation tools available at EU and national levels. In our position paper[1], we outline how this can be achieved through a comprehensive implementation approach that encompasses:

- EU legislation to establish minimum social standards & policy instruments to further the impact of the Social Pillar in Member States;
- Mainstreaming the principles of the Social Pillar in the European Semester, rebalancing social and economic priorities;
- Investment in people, both at EU and national level;
- Meaningful involvement of civil society in the implementation of the Social Pillar, at EU and national level.

To fully support the implementation of the Social Pillar, we believe that the European Semester process needs to be reformed and strengthened, especially with regards to better balancing its economic, social, and environmental priorities. This is especially crucial in the current context of the COVID-19 pandemic, which has changed the social and economic landscape for years to come, making a socio-economic system that tackles inequalities, includes all members of society and respects human rights more important than ever before.

[1] Social Platform Position paper, Building Social Europe. A comprehensive implementation plan for an effective European Pillar of Social Rights. 2018. Available at: https://www.socialplatform.org/wp-content/uploads/2018/03/Building-Social-Europe-A-comprehensive-implementation-plan-for-an-effective-EPSR.pdf

## 1.3 The importance of the European Semester process in the context of mitigating the socio-economic impacts of COVID-19

This subchapter will briefly describe the main elements of the socio-economic impact of the COVID-19 pandemic and the importance of the Semester process in mitigating the impacts of the pandemic. Obviously, these impacts will vary strongly across Member States and across different groups, based on different decisions taken regarding pandemic containment measures and their duration, policy measures to mitigate the socio-economic impact of the pandemic, the extent to which a country has been affected by the epidemic, the preparedness, capacities and resilience of countries' health and social care systems and pre-existing levels of inequalities, for example. In addition, these impacts will continue developing in the longer term. Therefore, different levels of focus on reforms in certain policy areas might be necessary depending on the Member State in question. In addition, these impacts will continue developing, with the pandemic still ongoing. This subchapter therefore aims at giving a rough overview of impacts that Social Platform and its member organisations are seeing, which in our view warrant the reforms of the Semester process and the reform recommendations in the social field that we would like to see.

The COVID-19 pandemic has significantly exacerbated socio-economic challenges and inequalities that existed well before this crisis. It is impacting on human physical and mental health and wellbeing, education & training, employment, working conditions, wages and income, access to services including health, care, including childcare and long-term care services, social service provision to marginalized groups, etc. While this crisis impacts all, it does not hit all equally. Indeed, the social and economic consequences are the most severe for people in vulnerable situations and people who are already at risk of or experiencing poverty and social exclusion. Just to name a few examples from an employment perspective:

- People with low-quality jobs, those earning low wages and/or income, those with atypical work and/or precarious employment contracts (e.g. zero-hour), people who are unemployed or dependent on income support.[2]
- Workers, employees, and especially self-employed persons active in professions that cannot be done remotely have been affected by pandemic containment measures. They often have been suspended from their jobs or made redundant because of the measures taken to contain COVID-19 and have had to deal with a full or partial, temporary, or longer-term loss of income. Self-employed persons, in particular, are most at risk of losing their businesses in the longer run, due to reduced or lacking income, being unable to pay rents, loans, and other fixed liabilities.

[2] European Anti-Poverty Network (EAPN), EAPN Statement on COVID-19 (March 2020). Available here: https://www.eapn.eu/eapn-statement-on-covid-19/; European Anti-Poverty Network (EAPN), EAPN Report "The impact of Covid-19 on people experiencing poverty and vulnerability. Rebuilding Europe with a Social Heart". 2020. Available here: https://www.eapn.eu/the-impact-of-covid-19-on-people-experiencing-poverty-and-vulnerability-eapn-report/

- The workforce in the sector of social care and support have faced massive challenges, including shortages in staff, lack of protective equipment, low pay, stress, lack of recognition as frontline workers, etc.
- Single parents, the majority (85%) of whom are mothers[3], have been greatly affected due to the nature of the jobs they perform: more women than men work in temporary, part-time and precarious employment (26.5 % compared to 15.1 % of men).[4]
- Persons with disabilities are also more likely to work part-time and be in precarious employment situations.
- Many Roma people are employed in the informal economy or as self-employed and were limited by lockdowns in exercising their trade, without typically being covered or eligible for replacement incomes.

At the same time, the social impact of the crisis goes significantly beyond the impact it has had on people's employment. Generally, people have been facing increased mental health issues, social isolation and loneliness, stress and burnout are on the rise, gender based violence has increased, parents and people with caring responsibilities face increased difficulties and stress trying to balance work and care responsibilities, etc. However, specific vulnerable groups who, including before the pandemic, have often been at higher risk or levels of poverty and social exclusion and have been among the most marginalised are hit especially hard. This can include homeless persons, persons with disabilities and/or pre-existing health conditions, women, children and young people, older persons, people in training or with only non-formal skills, single parents and their families, migrants and refugees, members of the LGBTIQ+ community, ethnic minorities such as Roma, racialised communities as well as religious minorities.

Those at risk of poverty, social exclusion, unemployment, and employment precariousness during the COVID-19 pandemic face exceptional levels of stress and anxiety increasing their exposure to mental health issues, which also often impacts children. The scaling down or closing of social service provision has exacerbated pre-existing exclusion and vulnerabilities of people for whom these services are indispensable, including to cover basic needs such as food or shelter. Some groups, such as Roma, have specifically experienced increased discrimination, stigma, hate speech, policy brutality associated with lockdown measures, and scapegoating for the crisis. Identifying as a member of several at-risk groups will compound and increase the impact of the crisis.

Extensive economic, social and financial policy measures are indispensable to ensure, as highlighted above, that this crisis does not worsen living and working conditions of all people across Europe, as did the last economic crisis.

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[3] European Commission, Peer Review on "Single mothers facing poverty: Providing adequate financial, material and social support for sustainable social integration", Brussels (Belgium), 5 October 2017. Available at: https://ec.europa.eu/social/main.jsp?catId=1024&langId=en&newsId=9005&furtherNews=yes

[4] European Institute for Gender Equality. Economic hardship and gender. Available at: https://eige.europa.eu/covid-19-and-gender-equality/economic-hardship-and-gender

The European Semester process is an important instrument in the current context: it is one of the key tools the EU has at its disposal to analyse the socio-economic situation at national level and to make recommendations for reforms to address existing and new challenges. Considering the impact of this crisis and the urgency of action, it is essential that these recommendations are the right ones. They must be people-centred, ensure that no one is left behind and build more secure social protection and active inclusion systems that are the foundation for more resilient societies that can better face crises in the future.

However, we see the need to reform the European Semester process to ensure that it reaches its potential to ensure that it is best equipped to steer socio-economic policy reforms in the needed direction.

In 2019, we published our first analysis of an entire Semester cycle, with an eye towards improving the upcoming 2020 cycle. It included our thoughts on possible reforms of the European Semester process in the future, with regards to its thematic priorities and its design. We will pick up some of these recommendations again in this report, as we continue seeing a reform need in this regard. In addition, in our 2019 analysis, we followed the structure of the virtuous triangle of boosting investment, structural reforms and responsible fiscal policies, focusing in the chapter on structural reforms on following the structure of the Social Pillar to highlight how a stronger link between the Social Pillar and the Semester process as one of the means to implement the Social Pillar can be created. Doing so, we made recommendations for the next cycle principle by principle.

We decided to structure the main part of our analysis by presenting, with regards to its social dimension and design:

- Our views on the 2020 cycle;
- Our views on some of the key changes in the 2021 cycle to date;
- Our views on key reforms for the future European Semester process.

Policy action or legal initiatives needed at EU level to mitigate the socio-economic impact of the pandemic, fully and ambitiously implement the Social Pillar, and build a more social and resilient Europe has been addressed in our paper on the Social Pillar Action Plan.[5] As many of these reforms that we believe to be important at EU level also require action at national level, these papers will complement each other. We therefore recommend reading them in parallel.

[5] Social Platform, Building a Social Europe For All with All. Social Platform views on the future European Pillar of Social Rights Action Plan. 2020. Available at: https://www.socialplatform.org/wp-content/uploads/2020/11/Social-Platform-report-on-the-European-Pillar-of-Social-Rights-Action-Plan-with-visuals-final.pdf

# 2. Our vision of European Semester reform to ensure Europe's social recovery and the building of a more socially just Europe

The European Semester 2020 was the first cycle of economic, fiscal, and social policy coordination under the new leadership of the new European Commission, Parliament and Council in office since December 2019. In her Political Guidelines from 2019, European Commission President Ursula von der Leyen outlined the commitment to create "an economy that works for people" "striving for more social fairness and prosperity"[6]. The 2020 cycle marked the first attempt to reform the European Semester to meet these new goals. With the COVID-19 pandemic having far-reaching social and economic repercussions across the EU, implementing the principles of the Social Pillar has never been more important. Europe can only tackle the impacts of the crisis if it becomes a society based on social justice, where the dignity, wellbeing of and respect for every person and their human rights are at the centre of all decisions and actions. The European Semester process is a crucial tool in this context.

We will detail our views on how such reforms of the European Semester process can help ensure Europe's social recovery and the building of a more socially just Europe:

- by strengthening the social dimension of the European Semester process;
- by improving its structure to improve the impact of the process;
- by mainstreaming various key political frameworks in the European Semester process;
- by more strongly involving stakeholders, including civil society organisations, in the European Semester process.

## 2.1 Strengthening the social dimension of the European Semester process

### 2.1.1 A better balance between social, economic and environmental priorities

The European Semester process was created as an annual tool to coordinate macroeconomic and fiscal policies. Social policies had been increasingly included in the last years, also with some efforts to use the European Semester to monitor the implementation of the Social Pillar.

***Our views on the 2020 cycle***

In the 2020 cycle, we saw a certain shift in the narrative toward a more social, inclusive and sustainable economic model, also with the replacement of the Annual Growth Survey (AGS) with the Annual Sustainable Development Strategy (ASGS). Indeed, the 2020

[6] Political guidelines for the next European Commission 2019-2024. Available at: https://ec.europa.eu/commission/sites/beta-political/files/political-guidelines-next-commission_en.pdf

ASGS set the goal to put the SDGs at the "heart of EU's policy making action"[7] and commits to the transformation from the current growth model into a "sustainable economic model".[8] We will further analyse how the various political frameworks, including the SDGs were mainstreamed throughout the 2020 cycle in chapter 2.3.

The 2020 ASGS introduced four main priorities: environmental sustainability, productivity gains, fairness and macro-economic stability. As already stated, this marked somewhat of a shift in the narrative toward a more social, inclusive and sustainable economic model. Even though this is a positive change that introduces a focus on fairness, fairness still follows macroeconomic priorities in importance, and many of the initiatives included in the fairness chapter aim at improving labour market outcomes. While this is a key aspect for fighting poverty and social exclusion, it is on its own insufficient to reach this objective.

Overall, some progress was achieved in the ASGS with regards to increasing its focus on social policy reforms, but imbalances remained.

In response to the socio-economic crisis following the COVID-19 pandemic, the European Commission kept the overarching priorities from the 2020 ASGS, but structured the 2020 Country Specific Recommendations around two objectives: the mitigation of the short term consequences of the pandemic and in the medium term a response to support a recovery that "fosters resilience and upward convergence by putting people at the centre."[9] Moreover, as stated in the press release on the CSRs, the European Commission aimed at recovery and investment going hand-in-hand, reshaping the EU economy faced with the digital and green transitions[10].

***Our views on some of the key changes in the 2021 cycle to date***

In our view, some of this progress made in 2020 has been lost in the 2021 cycle, which has been significantly transformed and was launched early, with the 2021 ASGS published mid-September 2020. This has especially impacted on the balance between social, economic and environmental priorities. Indeed, while the 2021 ASGS is still composed of the same (albeit slightly reworded) four thematic dimensions of green transition, digital transition and productivity, fairness and macroeconomic stability, the fairness dimension has a small relative weight in the ASGS compared to the green and digital transition chapters (only ¾ of a page). While the fairness chapter contains some useful references to several social challenges and ways to address them, there is a lack

[7] European Commission Communication to the European Parliament, the Council, the European Central bank, the European Economic and social committee, the committee of Regions, and the European Investment Bank, Annual Sustainable Growth Strategy 2020, 17/12/2019 Available at: https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:52019DC0650&from=EN

[8] European Commission Communication to the European Parliament, the Council, the European Central bank, the European Economic and social committee, the committee of Regions, and the European Investment Bank, Annual Sustainable Growth Strategy 2020, 17/12/2019 Available at: https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:52019DC0650&from=EN

[9] Annual Sustainable Growth Strategy 2020. Available at: https://eur-lex.europa.eu/legal-content/EN/TXT/?qid=1578392227719&uri=CELEX%3A52019DC0650

[10] European Semester Spring Package: Recommendations for a coordinated response to the coronavirus pandemic 20 May 2020. Available at: https://ec.europa.eu/commission/presscorner/detail/en/ip_20_901

of mainstreaming of social and human rights, the European Pillar of Rights and its upcoming Action Plan and the SDGs (unlike in 2020 for the latter).

Furthermore, the 2021 ASGS sets up seven European flagship areas and encourages Member States to include investment and reforms in these areas in the new recovery and resilience plans (RRPs) they must submit this cycle. However, these flagships focus on digital and green transition and not on social rights. Only two of the flagships, 2. On improving energy efficiency of public and private buildings and 7. on reskilling and upskilling have a certain relevance for the fight against poverty, social exclusion, and discrimination. However, their primary focus, same as the other 5 flagships, remains on the twin green and digital transition.

In line with this thematic focus, the 2021 ASGS states that each RRP will have to include a minimum of 37 % of expenditure related to climate and proposes that each RRP should also include a minimum level of 20 % of expenditure related to digital. Despite the significant social impact of the COVID-19 pandemic, no earmarking is foreseen for the fairness chapter.

However, it is positive that the European Commission asks Member States to describe, as an introduction to their RRPs: (i) the main challenges that they are facing and (ii) how addressing them through the recovery and resilience plan will contribute to the achievement of four general objectives:

1. Promoting the Union's economic, social and territorial cohesion
2. Strengthening economic and social resilience
3. Mitigating the social and economic impact of the crisis
4. Supporting the green and digital transitions

Indeed, three of these four objectives contain a social dimension and the guidance for each of these objectives contains some useful social policy hooks. However, it is unclear what the role and weight of the reforms undertaken to address the above objectives will be compared to the European flagships and how much Member States will invest in the social dimension of these objectives without dedicated earmarking to social inclusion.

***Our views on key reforms for the future European Semester process***

We believe that the European Semester process should reflect the will of the EU institutions and the EU Member States to strike a proper balance between sustainable economic growth that must be inclusive and benefit all equally, the twin green and digital transition that must be achieved without leaving more people behind and the wellbeing of its people in line with the European Commission's objective to create an economy that works for people. To do so, it is necessary that the social, economic and environmental priorities are kept on equal footing. The Semester needs to promote the principle of upward convergence of working and living conditions in line with the Social Pillar by mainstreaming all of its principles throughout out the process. A just twin transition cannot be limited to the mitigation of harmful effects of transitions - especially limited to certain

"regions, industries and workers".[11] Instead, it should be a triple transition that also addresses inequality and poverty, improves living and working conditions of all, ensures the social recovery from the COVID-19 pandemic and builds a more socially just and inclusive Europe.

### 2.1.2 Better inclusion of groups in vulnerable situations in the European Semester process

#### *Our views on the 2020 cycle*

In the 2020 Semester process, all Member States received recommendations to take all necessary measures to effectively address the pandemic, sustain the economy and support the ensuing recovery, with a general focus on ensuring adequate income support or replacement and/or guaranteeing access to essential services for all. While this recommendation at times contained further details on how to do so and while at times a second more socially focused CSR was added, the recommendations remained quite broad and did not take the specific situation of the groups in the most vulnerable situations. Indeed, no CSRs specifically addressed key target groups this year. Lacking specific recommendations, they again risk being overlooked in the implementation of CSRs at national level.

Moreover the 2020 Semester cycle, even though it recognised the social impact of the current pandemic, describes the social impact predominantly in the context of workers. It is important to stress that the wellbeing of individuals is more than their employment status. It is critically important that those who are not part of the labour market - including before the pandemic, which already made them more vulnerable before the crisis began - are also taken into account to ensure that they have access to adequate income, health care and services. This means looking carefully at the universality of social protection schemes and addressing the gaps in the system.

#### *Our views on some of the key changes in the 2021 cycle to date*

With regards to the 2021 cycle, it remains to be seen how strongly Member States will include the situation of groups in vulnerable situations in their RRPs. It is generally positive that the 2019 and 2020 CSRs remain relevant, with the Member States being asked to look at the full set of CSRs issued to them in these cycles. However, as we have highlighted in this report and our 2019 analysis, the specific situation of groups in vulnerable situations has been insufficiently included in both sets of CSRs. Therefore, we see the risk that their situation will continue to be insufficiently addressed in the 2021 cycle that will not produce new CSRs.

[11] Annual Sustainable Growth Strategy 2020. Available at: https://eur-lex.europa.eu/legal-content/EN/TXT/?qid=1578392227719&uri=CELEX%3A52019DC0650

### *Our views on key reforms for the future European Semester process*

It is crucial that the situation of groups in vulnerable situations is better included in the European Semester process. They face specific barriers that are often overlooked due to reforms suggested in the Semester process generally being based on how national performance compares to EU averages in certain areas. This also related to issues with the design of the Social Scoreboard on the basis of which CSRs are made to Member States. We will address these issues further below.

Groups that have already been in vulnerable situations and at increased risk of poverty, social exclusion and discrimination have been disproportionately affected by the crisis, due to the systemic inequalities they faced previously that are being exacerbated. It is crucial that the recommendations issued in the Semester process better correspond to their situation and needs, if we want to ensure Europe's social recovery and the building of a more socially just Europe for all.

## 2.1.3 The importance of social investment in the European Semester process

### *Our views on the 2020 cycle*

The European Commission stressed, more than in previous Semester Cycles, the importance of public investment.

We believe that boosting social investment is an important priority to recover from the socioeconomic crisis generated by the COVID 19 pandemic as it pays off both socially and economically. We welcome the activation of the escape clause of the Stability and Growth Pact to give Member States greater freedom to increase expenditure to ensure the necessary level of investment to contain and address the impact of the pandemic.

Nearly all Member States, with the exception of Greece and Romania (which currently is in the corrective arm of the Stability & Growth Pact), received as their first CSR to "when economic conditions allow, pursue fiscal policies aimed at achieving prudent medium-term fiscal positions and ensuring debt sustainability, while enhancing investment." In our view, this is a somewhat contradictory recommendation to make, especially while at the same time activating the escape clause of the Stability & Growth Pact, which has been and will continue to be crucial to ensure the necessary levels of investment to tackle the socio-economic impact of the pandemic from the very beginning and as long as it is necessary. As the Commission states, "all countries are generally required to do more when economic conditions are favourable, so they can have more flexibility when conditions are tough. At the same time, the required pace of adjustment is reduced when economic conditions are unfavourable."[12] However, Member States receive conflicting recommendations with regards to enhancing investment while ensuring debt

[12] European Commission, Medium-Term Budgetary Objectives (MTOs). Available at: https://ec.europa.eu/info/business-economy-euro/economic-and-fiscal-policy-coordination/eu-economic-governance-monitoring-prevention-correction/stability-and-growth-pact/preventive-arm/medium-term-budgatary-objectives-mtos_en

sustainability as well as with regards to how widely they should use the budgetary flexibility provided by the activation of the escape clause. This was especially the case as the European Commission's Spring Package Communication underlined that the general escape clause does not suspend the procedures of the Stability and Growth Pact.[13] Nevertheless, the Stability and Growth Pact remains in force and this raises the fear of new austerity measures to recover deficits and public debts.[14]

As already stated in our analysis of the 2019 Semester[15], social investment helps create more social justice. A premature tightening of the rules and a return to austerity measures, as it was done in the context of the economic crisis of 2008, "would undermine the necessary investment in universal public services such as health, care, housing and social protection and generate more poverty, exclusion and inequality."[16]

***Our views on some of the key changes in the 2021 cycle to date***

Investment continues to play a key role in the 2021 Semester cycle, which is positive. Indeed, the adaptations made to the 2021 cycle were made to link it to the launch of the Recovery and Resilience Facility (RRF) that comprises 672.5 billion € of loans (360 billion €) and grants (312.5 billion €)1 in frontloaded financial support for all Member States.

However, as we highlighted above, we are concerned with the fact that there is no earmarking for social inclusion, contrary to binding earmarking on the green transition and recommended earmarking for the digital transition. Unfortunately, the chance has been missed to set binding earmarking for social inclusion. However, the EU should now provide clear recommendations on the minimum 43% of the budget left (after applying the earmarking for the green and digital transitions). Furthermore, the social dimension of the overall fairness chapter and the flagships is very weak, as highlighted above.

In our open letter[17] "Call to reinforce the social dimension of the European Semester, the RRF and the NRRP" sent to the European Commission leaders in October 2020, we have called for the inclusion of a 25% earmarking for social investment as well as bringing back the implementation of the Social Pillar to the forefront of the European Semester to ensure that the recovery from the crisis is truly inclusive tackling social exclusion, poverty and inequalities. Therefore, we are concerned that without such an earmarking Member States will not sufficiently invest in the social reforms that are urgently needed to ensure Europe's social recovery from the COVID-19 pandemic.

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[13] European Commission, European Semester: Country-specific recommendations. 2020. Available at: https://eur-lex.europa.eu/legal-content/EN/TXT/?qid=1591720546579&uri=CELEX%3A52020DC0500

[14] EAPN Assessment of the 2020 country specific recommendations, 2020. Available at https://www.eapn.eu/wp-content/uploads/2020/07/EAPN-CSR-2020-Assessment-Main-Report-_FINAL-4526.pdf

[15] Social Platform, Socialising the European Semester. Available at: https://www.socialplatform.org/wp-content/uploads/2019/11/Socialising-the-European-Semester-Social-Platform-analysis-of-the-2019-Semester-process-with-recommendations-for-the-2020-cycle.pdf

[16] EAPN Assessment of the 2020 country specific recommendations, 2020. Available at: https://www.eapn.eu/wp-content/uploads/2020/07/EAPN-CSR-2020-Assessment-Main-Report-_FINAL-4526.pdf

[17] Social Platform, Call to reinforce the social dimension of the European Semester, the RRF and the NRRP. 2020. Available at: https://www.socialplatform.org/news/call-to-reinforce-the-social-dimension-of-the-european-semester-the-rrf-and-the-nrrp/

***Our views on key reforms for the future European Semester process***

As highlighted above, it is crucial that the right level of investments is ensured to enable the social reforms needed for Europe's social recovery. Considering that it is still unclear by when a safe and effective vaccine against SARS-CoV-2 can be developed and distributed to immunise the world's population, it can be assumed that the impact of the pandemic is going to continue in 2021 and beyond. It is therefore crucial that the EU does not return to "business as usual" by suspending the activation of the escape clause of the Stability and Growth Pact and refocusing the EU's economic governance systems towards recover deficits and public debts too soon.

We advocate that the upcoming revision of the EU's economic governance will also restructure its system accordingly to adapt the Stability & Growth Pact to lessons learned from the handling of this crisis compared to the 2008 economic crisis.

## 2.2 Improving the design of the European Semester process

### 2.2.1 Reflections about a longer Semester cycle

Until 2020, the European Semester process has been an annual cycle, with CSRs issued annually but are recommended for the year in which they are issued as well as the following year. However, implementing the recommended reforms often takes Member States longer than the 1,5 years that the cycle foresees. This has often led to repetitions of recommendations by the European Commission as no or insufficient progress had been made in implementing the recommendations of the previous cycle.

Considering the time needed for Member States to implement larger reform recommendations, we have been reflecting upon whether generally changing the European Semester to a longer cycle with a longer list of recommendations emitted might make it more efficient. Indeed, this could give Member States more time to implement recommendations and potentially increase implementation rates, thereby increasing the impact of the process.

***Our views on the 2020 cycle***

The 2020 Semester cycle was slightly different in the sense that the Spring Package contained recommendations that varied significantly from those made in the previous cycle. Indeed, the European Commission made short- and medium-term recommendations to all Member States to first contain the immediate socio-economic impact of the pandemic and then ensure Europe's recovery, with the 2019 CSRs continuing to be relevant.[18]

[18] European Commission Communication, 2020 European Semester: Country-specific recommendations. 2020. Available at: https://eur-lex.europa.eu/legal-content/EN/TXT/?qid=1591720546579&uri=CELEX%3A52020DC0500

***Our views on some of the key changes in the 2021 cycle to date***

The 2021 cycle carries on with the changes of the 2020 cycle by not proposing new CSRs, though it does maintain the validity of the CSRs for 2019 and 2020. However, the process was significantly changed overall to link it to the launch of the RRF, including various different milestones and therefore does not constitute a longer Semester cycle per se.

***Our views on key reforms for the future European Semester process***

We suggest continuing reflections with regards to how to reform the European Semester process post-2021, including with regards to how a longer Semester cycle could give Member States the necessary time to implement received reform recommendations that could make the process more efficient.

### 2.2.2 Improving the coherence and consistency of topics throughout the European Semester process by addressing issues in its structure

In our 2019 analysis, we highlighted that the current design of the European Semester process and its different documents has led in previous years to many important topics not being consistently addressed throughout the cycle and its different documents.

In our view, this is partially due to several issues related to the structure of the Semester process and its different documents.

***Our views on the 2020 cycle***

This was still the case during the 2020 cycle. For instance, some social policy topics appeared in the longer Joint Employment Report (JER) but were not picked up in the shorter ASGS. This is problematic, as the ASGS sets out the general priorities for the year. Therefore, social topics which were not covered in the ASGS continued being overlooked in the remainder of the Semester cycle, especially in the CSRs. Similarly, sometimes topics were addressed in the country reports and the preambles of the CSRs but not the CSRs themselves, which is what Member States mainly look at with regards to reforms that need to be implemented.

Some inconsistencies with regards to the coverage of topics throughout the 2020 cycle might have been partially due to the Spring Package coming out after mid-March when COVID-19 was declared a pandemic by the World Health Organisation, while the Autumn Package and the Winter Package were published before that. However, as highlighted above, inconsistencies in addressing topics through the cycle had existed in previous cycles and still exist internally within documents published after the outbreak of the pandemic, such as the country-specific recommendations.

Similarly to what we highlighted in our 2019 analysis, we also see issues in the design of the CSRs that create inconsistencies in the inclusion of social reform recommendations.

In EU legal acts, "recitals set out the reasons for the contents of the enacting terms (i.e. the articles) of an act".[19] However, in the framework of the Semester process, social topics are often only covered in the preambles to the country-specific recommendations without being picked up in the actual recommendation. Indeed, not only do the preambles often add significant detail to the existing challenges in the various Member States, but they even at times suggest measures to address them, going well beyond the limited number of main recommendations addressed to the Member States. For instance, many preambles (BG, DK, EE, EL, ES, HU, LV, IT, LT, SI, UK) in the 2020 CSRs highlighted existing high poverty levels before the crisis, warning that the pandemic will increase poverty and inequality for many population groups.[20] However, only Lithuania mentions poverty in the main recommendation. This practice of providing "indirect" recommendations within the preambles without there being actual recommendations on the same topics creates incoherencies. This is especially problematic, as often challenges that are specific to certain population groups in the most vulnerable situations are only covered in the preambles and might therefore be neglected when implementing policy reforms, as they were not part of the actual recommendations.

Recommendations are generally grouped in clusters, which we understand as an effort to ensure that important elements are not left out of the recommendations. We however see a danger that implementation rates might not accurately reflect the degree of implementation in the different countries. Indeed, with clustered recommendations, it will be easily possible to claim that limited/some/substantial progress has been made with regards to implementing a given recommendations, hiding the fact that some priorities addressed in a recommendation may not have been addressed at all.[21]

Furthermore, while we understand that Member States cannot receive recommendations on each policy area in which they would require reforms, we believe - as was the case in previous years - that more recommendations would be necessary. In 2020, almost all Member States received a general recommendation to take all necessary measures to effectively address the pandemic, sustain the economy and support the ensuing recovery. Considering the context of COVID-19 and in combination with the activation of the escape clause of the Stability and Growth Pact, we welcome the flexibility that both in combination allow Member States to define their responses to the pandemic, ensure the necessary level of investment and make policy reforms to protect people across the EU from the impact of the pandemic. However, especially considering the link between recommendations and the use of the Structural Funds, it is crucial to ensure that social considerations are not ignored by a rigid adoption of "if it is not a CSR, it is not a reform priority", leading to structural funds not being used for this objective. The limited number of CSRs entails in our view the risk of neglecting some reforms that would be needed to reduce inequalities, which - while it is an essential objective of the Europe 2020 strategy,

[19] European Commission, Interinstitutional Style Guide: 2.2. Preamble (citations and recitals). Available at: https://publications.europa.eu/code/en/en-120200.htm

[20] EAPN Assessment of the 2020 country specific recommendations, 2020. Available at: https://www.eapn.eu/wp-content/uploads/2020/07/EAPN-CSR-2020-Assessment-Main-Report-_FINAL-4526.pdf

[21] Eurodiaconia, Policy Paper Boosting sustainable and inclusive growth through the European Semester. 2019. Available at: https://www.eurodiaconia.org/wordpress/wp-content/uploads/2019/09/201907-Boosting-sustainable-and-inclusive-growth.pdf?utm_source=Eurodiaconia+Newsletter&utm_campaign=4bb20a489b-EMAIL_CAMPAIGN_2019_01_07_07_48_COPY_04&utm_medium=email&utm_term=0_dca24754fe-4bb20a489b-

the Agenda 2030, the Social Pillar and the Semester process as an instrument aiding their implementation - is especially crucial in the context of the COVID-19 pandemic and its increased impact on people who are already experiencing inequalities.

***Our views on some of the key changes in the 2021 cycle to date***

The 2021 cycle saw, for the first time, the ASGS being completely decoupled from the JER. Indeed, the JER will only be published in November, while the ASGS came out mid-September, as this year's Semester process (and ASGS) is aligned with the RRF.

In the past, we have argued for strengthening the links between the ASGS and the JER. Indeed, the JER has always read as an additional analytical document describing the employment and social situation in the EU without significantly influencing the priorities set in the ASGS.

This is even more pronounced this year, the JER being published more than two months after the publication of the ASGS. We therefore see a significant risk of losing the already quite weak connection between the ASGS and the JER in this cycle. Indeed, as highlighted above, the social dimension is insufficiently included in the 2021 ASGS. Now, as the JER will be published late, it cannot fully serve its function of analysing the employment and social situation in Europe[22] – key in the context of the COVID-19 pandemic – and the policy responses of national governments[23] to inform and support the inclusion of the social dimension in the RRPs that are already being drafted.

The loss of the country reports is especially problematic for European and national CSOs, as it was one of the key documents for them to influence, knowing that they would inform the national reform programmes (NRPs). Now, the NRPs and the RRPs are to be published in a single document, which reduces the possibility to influence them.

Overall, the 2021 cycle overall has seen significant disruptions of the normal Semester cycle, with the early publication of the ASGS, its split from the remainder of the Autumn Package, the early presentation of the RRPs, the loss of the country reports and the fact that no new CSRs will be published this cycle (while the ones from the last two cycles remain valid).

We are concerned that all of these significant changes to an already complex process might make it more difficult for the European Commission and Member States to manage this new process and coherently include priorities, including social ones, throughout the different remaining stages and documents of the cycle.

[22] European Commission, Autumn Package. Available at: https://ec.europa.eu/info/business-economy-euro/economic-and-fiscal-policy-coordination/eu-economic-governance-monitoring-prevention-correction/european-semester/european-semester-timeline/autumn-package_en
[23] Idem.

### *Our views on key reforms for the future European Semester process*

We believe that it is crucial for social policies to appear consistently throughout the entire Semester process and throughout all of its documents, on an equal basis with macroeconomic and fiscal considerations, without creating thematic contradictions.

Rather than keeping many of the employment and social affairs aspects purely in the Joint Employment Report - separately from the ASGS -, we believe that it would be important for the ASGS to contain all key priorities addressed in the Joint Employment Report, with the latter providing more detail to Member States on the social and employment situation across Europe. Alternatively, we believe that it could be useful to merge the two documents, with a short part of the document listing all macroeconomic, financial and social priorities for the year and a long annex providing additional details following the same structure.

While the 2021 cycle has been described by the European Commission as "exceptional"[24], it remains to be seen how the European Semester process will be shaped post-20201, whether it will go back to its previous design or whether other changes to the process will be upcoming and how this will impact the coherency with which social priorities will be addressed in future cycles.

Ahead of the 2022 cycle, we believe that reflections about the design of the various stages of the process and the related documents is crucial to identify solutions that improve the coherence of the process and therefore its impact.

## 2.2.3 Improving the implementation rate of reform recommendations

Over the last years, we have highlighted issues with the implementation rate of reform recommendations that in our view must be improved to strengthen the impact of the process on national policy-making.

### *Our views on the 2020 cycle*

We fully agree with the statement made in the 2020 Spring Package chapeau communication, stating that "structural challenges remain important and tackling them will be crucial for a sustainable recovery and growth afterward" and that "the more resilient Member States are currently forecast to rebound faster, showing the importance of reform implementation."[25] However, as the communication highlighted, since the start of the Semester process in 2011, 5% of CSRs have seen no progress, 27% of CSRs have seen only limited progress, 46% of CSRs have seen some progress, 16% of CSRs have seen

[24] European Commission, European Semester 2021 – an exceptional cycle. 2020. Available at: https://ec.europa.eu/info/business-economy-euro/economic-and-fiscal-policy-coordination/eu-economic-governance-monitoring-prevention-correction/european-semester/european-semester-timeline/european-semester-2021-exceptional-cycle_en

[25] European Commission, 2020 European Commission communication 2020 European Semester: Country-specific recommendations. Available at: https://eur-lex.europa.eu/legal-content/EN/TXT/?qid=1591720546579&uri=CELEX%3A52020DC0500

substantial progress and 6% of CSRs have seen full implementation.[26] Overall, this means only 22% of recommendations have seen substantial progress or full implementations in the last 9 years. Moreover, as the communication states, progress with the implementation of the recommendations adopted in 2019 has overall been slow. As figure 2 in the 2020 communication indicates, the percentage of CSRs that have seen at least some progress has been consistently going down, except for a very slight uptick in 2019 compared to 2018.[27]

Moreover, it is especially regrettable that the progress made varies significantly across policy areas, with most progress made in financial services followed by progress on employment protection legislation, while progress has been particularly slow on broadening the tax base as well as on health and long-term care.[28] The lack of implementation of crucial recommendations in the areas of health and long-term care over many years created dire consequences during the COVID-19 pandemic, which has exposed the weaknesses of Member States' health and long-term care systems which are now even further challenged because of the COVID-19 pandemic.

Moreover, in our view, it will be difficult to evaluate the implementation of the 2020 CSRs, especially with regards to the first - very general - recommendation received by almost all Member States to take all necessary measures to effectively address the pandemic, sustain the economy and support the ensuing recovery.

Improving the implementation rate of CSRs is now more crucial than ever to ensure that the Semester process reaches its potential to contribute both to Europe's socio-economic recovery as well as to building a more resilient and social Europe in the longer run.

***Our views on some of the key changes in the 2021 cycle to date***

As highlighted above, the 2021 cycle will be fundamentally different with regards to CSRs, as no CSRs will be issued by the European Commission this year, with the 2019 and 2020 CSRs remaining valid.

It will therefore be even more important to ensure that measures taken in the framework of the 2021 cycle will be evaluated as to whether and how much they contribute to the implementation of the 2019 and 2020 recommendations and how these measures contribute to the EU's socio-economic recovery and the building of a more social Europe.

By linking the European Semester process to the RFF, money from the RRF can be disbursed to Member States in line with the estimated costs of the proposed reforms and investments contained in RRPs (from implementation until 2026) that all EU Member States must submit. We hope that this financial "carrot" will be an encouragement for Member States to complete the relevant agreed milestones and targets in line with their set timelines indicated in their RRP to ensure that they can access these funds. This has

[26] Idem.
[27] Idem.
[28] Idem.

the potential to improve the implementation of reforms and make the European Semester process more effective.

However, from a social perspective, as highlighted previously, we are concerned about the lack of earmarking for social inclusion (contrary to set earmarking for the green and suggested earmarking for the digital transition). This will reduce the sums from the RFF which could be spent on social and employment reforms.

It therefore remains to be seen if the RRPs and the 2021 cycle will contribute to a strong social and sustainable European Semester that rebalances economic, environmental, and social objectives.

***Our views on key reforms for the future European Semester process***

We believe that it is crucial to reflect ahead of the 2022 cycle on how the implementation of reform recommendations can be improved. Financial incentives as set up in the 2021 Semester cycle through the RFF can improve the impact of the European Semester process. It should therefore be considered to make them a more permanent fixture of the process. However, especially if this is to be the case, economic, environmental and social objectives must be of equal prominence in the Semester process, which must be reflected in the setting of balanced earmarking for these different objectives.

## 2.3 Mainstreaming of political frameworks throughout the European Semester process

It is crucial that key political frameworks, like the European Pillar of Social Rights and the SDGs are coherently mainstreamed through the European Semester process.

***Our views on the 2020 cycle***

The 2020 Semester cycle aimed to include the implementation of the SDGs. This change was visible both in the Annual Sustainable Growth Strategy (ASGS), which announced the shift in the narrative, and in the Spring Package Communication[29], which reiterated the need to keep the Agenda 2030 at the centre of economic policy coordination.

The 2020 cycle set the European Green Deal as the EU's strategy for growth, ensuring a 'just transition' that delivers on the European Pillar of Social Rights, underpinned by the SDGs.

Even though the 2020 Semester process introduced this new paradigm, the focus on the European Green Deal as the EU's strategy for growth poses the risk of the traditional growth model only being replaced by green growth, rather than a different, fairer economic model of social and sustainable development, in line with the 2030 Agenda. In

[29] 2020 European Semester: Country-specific recommendations Available at: https://ec.europa.eu/info/sites/info/files/2020-european-semester-csr-comm-recommendation-communication_en.pdf

our view, the social dimension of the European Green Deal is insufficient, and it can therefore not deliver on the European Pillar of Social Rights, underpinned by the SDGs, which both far exceed it in scope. Indeed, the "fair transition" approach of the European Green Deal focuses mainly on the regions, industries and workers[30] who will have to make the largest transitions towards achieving a climate-neutral Europe by 2050. However, we also need to pay special attention to the groups of people in the most vulnerable situations who have already been left behind or are at risk of poverty and social exclusion and who will be especially vulnerable to the changes needed to achieve this transition. Indeed, they need extra support and should not be the ones to bear the cost of this transition.

In our view, the Social Pillar was not sufficiently mainstreamed in the 2020 Semester cycle, similarly to previous cycles.[31] While it was generally referenced, it was not sufficiently and coherently used as a compass for the social and employment reforms recommended throughout the process.

The implementation of the Social Pillar in the 2020 is monitored through the Social Scoreboard. In our analysis of the 2019 European Semester cycle,[32] we have highlighted issues related to the Scoreboard and its indicators through which the implementation of the Social Pillar is monitored by tracking trends and performances across Members States in 12 areas that do not cover all the principles of the Social Pillar as well as using EU averages. We have underlined the importance of adding more indicators to cover all 20 Social Pillar principles, as well as disaggregating data by other characteristics in addition to sex, to better capture the situation of people in the most vulnerable situations.

To monitor the progress toward the SDGs, in the 2020 cycle, an annex containing the EU SDG indicator set used by Eurostat was added to the Country Reports. The Eurostat indicators set, used in the Country Reports, has received criticism by academia[33], civil society[34] and European Institutions themselves[35] that the current set of indicators does not capture the most relevant aspects of sustainable development in the EU. Moreover, the annex uses a traffic light system that has been considered confusing[36] and each Country Report focused on different aspects of sustainable development in different and patchy ways.[37]

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[30] European Commission Communication, The European Green Deal. 2019. Available at: https://eur-lex.europa.eu/legal-content/EN/TXT/?qid=1588580774040&uri=CELEX:52019DC0640

[31] See Social Platform, Socialising the European Semester. Available at: https://www.socialplatform.org/wp-content/uploads/2019/11/Socialising-the-European-Semester-Social-Platform-analysis-of-the-2019-Semester-process-with-recommendations-for-the-2020-cycle.pdf

[32] Idem.

[33] Miola, & Schiltz, Measuring sustainable development goals performance: How to monitor policy action in the 2030 Agenda implementation? Ecological economics, 164, 106-373. 2019.

[34] SDG Watch Europe, Who is paying the bill? (Negative) impacts of EU policies and practices in the world. 2019. Available at: https://www.sdgwatcheurope.org/who-is-paying-the-bill/

[35] Miola, Borchardt, Neher & Buscaglia, Interlinkages and policy coherence for the Sustainable Development Goals implementation. JRC Technical Reports. 2019.

[36] Eurodiaconia, Eurodiaconia assessment of the 2020 Winter Package. Available at: https://www.eurodiaconia.org/wordpress/wp-content/uploads/2020/05/Winter-Package-analysis-2020-2.pdf

[37] SDG Watch Europe. Time to reach for the moon. The EU needs to step up action and lead the transformation to sustainability. 2020. Available at: https://www.sdgwatcheurope.org/wp-content/uploads/2020/10/Time-to-reach-for-the-moon-web.pdf

### *Our views on some of the key changes in the 2021 cycle to date*

In contrast with the previous cycle's intention, the SDGs are not mainstreamed into the 2021 ASGS. The focus on the twin green and digital transition in the 2021 ASGS will contribute to realising some more environmental SDGs. However, not mainstreaming the entire Agenda 2030 and all of its SDGs throughout the Semester process is a lost opportunity to ensure various social rights set in the SDGs and support efforts to improve social inclusion and fight against poverty. This is unfortunately aligned with the lacking social dimension of the 2021 ASGS and the lack of earmarking for social inclusion overall.

Similarly, the European Pillar of Social Rights has not been mainstreamed throughout the 2021 ASGS at all, on the contrary: the ASGS mentions it once in passing, stating that "In light of the European Pillar of Social Rights, Member States should adopt measures to ensure equal opportunities, inclusive education, fair working conditions and adequate social protection."[38] This is far from the concrete mainstreaming of the Social Pillar in the European Semester that we have advocated for in our analysis of the 2019 Semester cycle.[39] Moreover, the European Semester process is a key tool to monitor implementation of the upcoming Social Pillar Action Plan. Therefore, the continued lack of mainstreaming the Social Pillar in the Semester process is therefore very concerning.

It remains to be seen how both of these important frameworks will continue to be included in the remaining documents of the 2021 cycle, but their lacking inclusion in the ASGS – the document that sets out the EU's priorities for the year – does not bode well for this improving over the course of the cycle.

Regarding the indicators, as the 2021 will not include Country Reports, the SDG set will not be included in the Semester process.

### *Our views on key reforms for the future European Semester process*

In our view, the European Semester process must be an integral tool to achieving the objectives of a coherent comprehensive and ambitious social and sustainable long-term strategy that integrates all the different proposed initiatives and priorities: the United Nations SDGs, a European Green Deal that is truly inclusive, the Social Pillar and its Action Plan as well as all other initiatives foreseen by the European Commission in its political guidelines.

As highlighted above, the European Green Deal has an important role to play in contributing to a new social and sustainable strategy in order to implement the SDGs, but it cannot replace a coherent long-term social, inclusive and sustainable post 2020

[38] European Commission, Annual Sustainable Growth Strategy 2021. 2020. Available at: https://eur-lex.europa.eu/legal-content/en/TXT/?qid=1600708827568&uri=CELEX:52020DC0575
[39] Social Platform, Socialising the European Semester. 2019. Available at: https://www.socialplatform.org/wp-content/uploads/2019/11/Socialising-the-European-Semester-Social-Platform-analysis-of-the-2019-Semester-process-with-recommendations-for-the-2020-cycle.pdf

strategy[40], which has been asked for by EU-level social NGOs and Member States alike. This strategy also needs measurable objectives and targets using a variety of indicators disaggregated by key characteristics that build on the Europe 2020 strategy and that are taken seriously. The ways in which the SDGs will be mainstreamed needs to be clarified, also how they would be linked to the Social Pillar.

To support the full implementation of the Social Pillar, it must be mainstreamed more strongly and comprehensively throughout the European Semester process, rather than just being briefly referenced in the relevant Semester documents. Moreover, in order to guarantee a real coordination of economic, social and environmental policies, we would need to see strong messages on social and environmental rights, linked to and aligned with the Social Pillar.

While we see the inclusion of the SDGs and the Agenda 2030 objectives in the Semester process as positive overall, we see issues regarding the relationship between the SDGs and the Social Pillar within the Semester. Some principles of the Social Pillar and some SDGs overlap[41], but there are also differences between them. It must be ensured that both are properly mainstreamed within the Semester process and that no contradictions are created. As social, economic and environmental policies are intertwined and mutually reinforcing, we see that all should be interlinked to address the causes and symptoms of inequalities. Moreover, implementing the SDGs without implementing the EPSR could lead to greater cuts to social welfare, undermining quality of life and well-being.

As already outlined, the Scoreboard should be improved in order to extensively cover all 20 Social Pillar principles as well as adopt 5 to 10 headline composite indicators that address the EU's main sustainability challenges, to measure the implementation of the SDGs[42].

## 2.4 Stronger involvement of stakeholders in the European Semester process

We see a need for improved cooperation and dialogue of EU institutions and Member States with various stakeholders, including national parliaments, social partners and civil society organisations (CSOs).

Ensuring the full involvement of national parliaments in the Semester process could support the ownership and legitimacy of reforms recommended in this framework, not only at national, but also at regional and local level. This is especially important, as this

[40] EAPN Assessment of the 2020 country specific recommendations. 2020. Available at: https://www.eapn.eu/wp-content/uploads/2020/07/EAPN-CSR-2020-Assessment-Main-Report-_FINAL-4526.pdf
[41] Eurodiaconia, Towards a Social, Sustainable, and Equitable Europe: Integrating and Implementing the European Pillar of Social Rights and the Sustainable Development Goals. 2018. Available at: https://www.eurodiaconia.org/wordpress/wp-content/uploads/2018/04/Pub-2018-Towards-a-Social-Sustainable-and-Equitable-Europe.pdf
[42] SDG Watch Europe. Time to reach for the moon. The EU needs to step up action and lead the transformation to sustainability. 2020. Available at: https://www.sdgwatcheurope.org/wp-content/uploads/2020/10/Time-to-reach-for-the-moon-web.pdf

is where the responsibility for reform design and implementation of the country-specific recommendations lies. Considering that CSR implementation rates are often insufficient in and vary strongly depending on the policy area, as described above, this could have the potential to improve the functioning of the Semester process and indeed bring about better socio-economic outcomes.

Equally, continuously strengthening the involvement of social partners is important to improve both the development, monitoring and evaluation of policy reforms related to employment and workers' rights.

Moreover, it is crucial to continue improving the role of CSOs in the process. CSOs bring together local, regional and national members working with and representing the interests of people and organisations, including those who are traditionally underrepresented in decision-making. These groups are now among the most strongly affected by the social impact of the COVID-19 pandemic and civil society organisations at European and national levels have been very active working on mitigating the socio-economic impact of the pandemic on their constituencies. A snapshot overview of some of the work done by European social CSOs and their national members during the pandemic has been published in an annex[43] to the Social Protection Committee's Annual Report 2020.

In the current context, it is especially crucial that the organisations who represent the interests of these groups are involved in all stages of the Semester process to make sure that the reforms recommended and implemented to ensure Europe's social recovery from the crisis correspond to the situation on the ground.

***Our views on the 2020 cycle***

We welcome the references to social partners in the ASGS as well as the continued focus on strengthening the role and improving the functioning of civil dialogue. Indeed, in the 2020 cycle, 5 countries received a recommendation in this regard.[44]

However, the importance of strengthening civil society and civil dialogue is generally only weakly highlighted throughout the 2020 Semester cycle. One exception from this is the paragraph in the Joint Employment Report highlighting that "civil society can play a key role in the design and implementation of policy reforms, supporting relevant legislation and government action"[45] and reminding Member States of recital 10 of the Employment Guidelines - revised in 2020 - regarding civil society involvement.[46]

[43] Social Protection Committee, 2020 SPC annual review of the Social Protection Performance Monitor (SPPM) and developments in social protection policies. Annex 2. Responses and reactions of the European Social Partners and of European Civil Society Organisations to the crisis caused by the COVID-19 Pandemic. 2020. Available at: http://ec.europa.eu/social/BlobServlet?docId=23152&langId=en

[44] European Anti-Poverty Network, EAPN Assessment of the 2020 country specific recommendations (June 2020) Available at: https://www.eapn.eu/wp-content/uploads/2020/07/EAPN-CSR-2020-Assessment-Main-Report-_FINAL-4526.pdf

[45] European Commission, Joint Employment Report 2020. Available at: https://eur-lex.europa.eu/legal-content/EN/TXT/?qid=1578392632182&uri=CELEX%3A52019DC0653

[46] "While the Integrated Guidelines are addressed to Member States and the Union, they should be implemented in partnership with all national, regional and local authorities, closely involving parliaments, as well as the social partners and representatives of civil society." Proposal for a Council Decision on guidelines for the employment

While this reference is positive, the 2020 Annual Growth Strategy - which sets out the general economic priorities for the EU and offers EU governments policy guidance for the following year[47] - only referred to the need to better include national parliaments and social partners, while not mentioning civil society organisations directly. Similarly, civil society is only mentioned in 4 preambles and no country received a CSR in this regard. When it comes to the involvement of organised civil society, much more needs to be done to set up systematic and meaningful participation of civil society organisations in all countries.

However, as highlighted above, CSOs are not or only insufficiently involved in the European Semester process. As the 2020 Joint Employment Report highlighted, "in many Member States, the consultations with the European Commission are often more active and engaged than the consultations between the National authorities and the civil society organisations, in particular for the preparation of the National Reform Programme."[48] This is worrisome as one would assume that it is easier for national CSOs to interact with their national governments rather than with the European Commission at EU level which is generally further away from the concerns and activities of national CSOs.

***Our views on some of the key changes in the 2021 cycle to date***

The 2021 ASGS again had a low focus on civil society engagement. Indeed, it does not mention CSOs at all. Moreover, there was a clear lack of transparency with regards to the early publication of the ASGS and the fundamental changes made to the 2021 cycle that took CSOs completely by surprise.

We welcome that the template provided to Member States for the elaboration of the RRPs asks them to summarise stakeholder involvement. While this is positive, this does not entail an obligation for Member States to actively engage stakeholders, only to describe what level of engagement they ensured.

Both the above-mentioned changes to the cycle in terms of documents as well as timelines have been making it very difficult for CSOs at EU and national level to engage with the Semester process.

One of the key changes that is rendering CSO involvement in the process more difficult this year is the change of drivers of the process. Social NGOs at EU and national levels built connections in the past years with policy-makers in the fields of employment and social affairs at EU level (DG EMPL in the European Commission, Social Protection Committee and Employment Committee in the Council) as well as at national level

policies of the Member States. 2020. Available at: https://eur-lex.europa.eu/legal-content/EN/TXT/?qid=1591720546579&uri=CELEX%3A52020DC0500

[47] European Commission, European Semester process - Setting the priorities. Available at: https://ec.europa.eu/info/business-economy-euro/economic-and-fiscal-policy-coordination/eu-economic-governance-monitoring-prevention-correction/european-semester/european-semester-timeline/setting-priorities_en

[48] European Commission, Joint Employment Report 2020. Available at: https://eur-lex.europa.eu/legal-content/EN/TXT/?qid=1578392632182&uri=CELEX%3A52019DC0653

(national ministries of employment and social affairs). Many CSOs built good connections with the Semester unit in DG Employment as well as with the Semester officers in their countries.

However, in this cycle, with the new link to the RFF, at EU level, the process is mainly driven by the Secretariat-General of the European Commission. At national level, the national finance ministries are mainly driving the process, even though the situation will be different depending on the Member State in question. This is forcing civil society organisations to quickly figure out which actor is leading on drafting their national RRP and most likely to build new relationships with new stakeholders, an undertaking that generally takes more time than is available to them in this cycle. Therefore, their involvement in this cycle will most likely be reduced, which in our view will reduce the impact of the Semester cycle overall, especially with regards to social and employment policies, which generally are not the priority of policy-makers in national finance ministries.

Moreover, it is not clear whether the draft RRPs will be made available by the Member States or the European Commission. This would be key to allowing CSOs to influence these key documents in this cycle.

The 2018 Employment Guidelines state in recital 11 that they should be implemented in partnership with all national, regional and local authorities, closely involving parliaments, as well as social partners and representatives of civil society.[49] However, we have seen in past and present years that they are being insufficiently followed. We therefore call on the European Commission to set up more clear guidelines for Member States on civil society engagement in the European Semester that ensure CSOs are engaged as partners at all stages, underpinned by recital 11 as their legal basis.

We also call on the Member States to publish the draft reports and actively involve CSO at national level in drafting them as well as evaluating and monitoring their implementation at a later stage.

### *Our views on key reforms for the future European Semester process*

There are various barriers to civil society involvement in general, which also impact their involvement in the European Semester process. First, decision-makers in many Member States lack the political will or neglect to involve CSOs as stakeholders in a regular, structured and meaningful way in these processes. Additionally, they often do not communicate in a transparent way the identity and role of different decision-makers or how CSOs can regularly and meaningfully cooperate with them. With regards to the European Semester, this is especially problematic, considering the complexity of the process, the speed at which different steps within this process take place and the widespread lack of awareness about the Semester process and its importance at national level.

[49] European Commission, Proposal for a Council Decision on guidelines for the employment policies of the Member States. 2017. Available at: https://ec.europa.eu/info/sites/info/files/2017-comm-677_en.pdf

Additionally, many CSOs lack the capacity to influence the European Semester process. Member States should generally strengthen the capacity of organised civil society, including by ensuring a favourable regulatory framework and adequate, independent funding for CSOs at all levels to enable them to be regularly and meaningfully involved in political processes.

Furthermore, the EU should also further encourage the involvement of civil society in the European Semester process, for instance by regularly calling for better involvement of CSOs in its various Semester documents, especially the national reform programmes and the country-specific recommendations. It should also increase its financial support to national CSOs to build their capacity to actively participate in the process. As highlighted above, too little has been done in this regard.

At an EU level, the Strategic Dialogues at regular intervals throughout the cycle have been a productive step forward. We also welcome the regular opportunity Social Platform and several of our member organisations have been having to present our views on the Semester process to the Social Protection Committee and at times the Employment Committee. However, as also highlighted in the past, we believe that an increased dialogue between civil society organisations and all European Commission DG's, Council configurations and advisory committees, including those who working on economic and financial policies (DG ECFIN, ECOFIN and Economic and Financial Committee (EFC)) would improve the impact of the European Semester process. The European Commission has put forward the goal of creating an economy that works for people. We can only achieve this objective if work on all related processes, including the European Semester, fully involves all stakeholders at all levels.

At the same time, we have been highlighting a lack of both quantitative and qualitative data about the involvement of European and national CSOs in the European Semester process. This data is crucial for decision-makers to understand which barriers CSOs encounter when trying to influence the European Semester process in order to remedy them. Through our work on the European Semester process with our European member organisations, and indirectly their national members, we are aware of many barriers to an effective participation of CSOs at both EU and national levels that we listed above. However, we do not have the capacity to assess these barriers in a comprehensive way. We therefore welcome that the European Semester Officers of the European Commission have been asked in the 2020 Joint Employment Report to assess the degree of civil society's involvement in policy formulation.[50] According to the European Commission, "the results of this preliminary survey show a heterogeneous situation, which could become subject to more detailed analysis."[51] We believe that such a more detailed analysis would indeed be important to reveal more of the structural barriers that many CSOs face when trying to be involved in the European Semester process. Only with more information about these barriers will they be able to properly address them and ensure a

[50] European Commission, Joint Employment Report 2020. Available at: https://eur-lex.europa.eu/legal-content/EN/TXT/?qid=1578392632182&uri=CELEX%3A52019DC0653
[51] Idem.

better involvement of CSOs in the process, improving its impact and capacity to contribute to the EU's social recovery and the building a more socially just Europe.