



# **LOCALISING THE EUROPEAN SEMESTER JOINT CEMR-EPSU PROJECT 2018 – 2020**

**HANDBOOK FOR SOCIAL PARTNERS**

by Inga Pavlovaite and Dr. Tina Weber

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# ABBREVIATIONS

<b>AGS</b>	Annual Growth Survey
<b>ASGS</b>	Annual Sustainable Growth Strategy
<b>CSR</b>	Country Specific Recommendations
<b>DG</b>	Directorate General
<b>EC</b>	European Commission
<b>ES</b>	European Semester
<b>ESO</b>	European Semester Officer
<b>JER</b>	Joint Employment Report
<b>LRG</b>	Local and regional government
<b>NRP</b>	National Reform Programmes

# AIMS OF THE HANDBOOK

## Why this handbook?

This handbook was developed in the framework of the joint 2018-2020 CEMR EPSU project on Localising the European Semester<sup>1</sup> and is aimed to help the social partners in the local and regional government sector to engage in the process of the European Semester. Its goal is to draw the lessons from the project and provide guidance for local and regional governments (LRG) and social partners of LRG sector on how to structure and enhance their involvement in the European Semester. This is illustrated in line with the different phases of the Semester process.

## Why is the European Semester important to the local and regional government social partners?

Since 2010, the European Semester aims to ensure that national economic, financial, employment and social policies are coordinated in an efficient and systematic manner at the European and national levels. The Semester is an annual cycle of policy interactions, involving the European institutions, national governments, social partners and other stakeholders at the EU and national levels. All the EU Member States participate in the policy coordination cycle of the European Semester. The European Semester is not just a

dialogue process on economic or financial issues, it includes a whole range of policies and will get even broader in the future with the inclusion of Sustainable Development Goals.

The Semester has a strong local and regional dimension. It concerns directly the relationship between the central and local and regional governments as well as the policy areas where the regional/local governments play a key role (such as public finance, taxation, health and social care, education, environment, etc.<sup>2</sup>, as well as potentially impacting on the working conditions of workers in the local and regional government sector. Overall, the analysis by the Committee of Regions<sup>3</sup> found that in 2019, 137 sub-recommendations of the Country Specific Recommendations were either directly/indirectly addressed to LRAs or had a territorial impact, up from 120 in 2018. These territory-related CSRs, represent 62% of all CSRs. The Semester has called for a range of reforms, e.g. actions to improve the spending across various government levels, as well as to improve the coordination and efficiency between the government levels. After 2020, the implementation of EU funds is also expected to link more strongly with the orientations of the Semester, which may also have a more direct impact on the LRG sector in so far as use is being made of the EU Structural Funds.

In **Finland**, there has been an impact of three key CSRs on the LRG sector, i.e. fiscal adjustment and reduction of debt; alignment of wages with productivity; and the cost effectiveness of social and health care services. Although initial reform processes on these issues did not stem from CSRs but came from government programmes aiming to find a better balance for public finances, the CSRs provided additional impetus and arguably speeded up reform processes. As the only Nordic country in the Euro zone, the impact of CSRs has been more significant. To address the CSR on improving the cost-effectiveness of social and healthcare services (which had already been on the agenda of national policy makers for over 10 years) a large-scale reorganization of local and regional government is taking place.



Also in **Lithuania**, the Semester priorities, such as reducing the level of poverty and social inequalities, is also very firmly related to the policy aims of local government partners. The Country Specific Recommendations to reduce regional and local disparities, the effectiveness of active labour market policies, healthcare and education policies as well as actions to improve the demographic situation of Lithuania are also considered to be directly related to the role of municipalities.



<sup>1</sup> More information about the project: [https://www.ccre.org/img/uploads/piecesjointe/filename/CEMR\\_EPSU\\_Localising\\_the\\_European\\_Semester.pdf](https://www.ccre.org/img/uploads/piecesjointe/filename/CEMR_EPSU_Localising_the_European_Semester.pdf)  
<https://www.epsu.org/article/localising-european-semester-joint-social-dialogue-project-local-and-regional-government>

<sup>2</sup> The roles and responsibilities of local and regional government differ in the Member States. For more information, see for example Council of European Municipalities and Regions, Local and Regional Government in Europe: Structures and Competences, 2016: [https://www.ccre.org/docs/Local\\_and\\_Regional\\_Government\\_in\\_Europe.EN.pdf](https://www.ccre.org/docs/Local_and_Regional_Government_in_Europe.EN.pdf)

<sup>3</sup> <https://cor.europa.eu/en/news/Pages/2019-CSRs.aspx>

# AWARENESS RAISING AND CAPACITY BUILDING

Certainly, the social partners could strongly **engage with the main stakeholders coordinating** the Semester process in their country. These are foremost:

- At the central administration level, one ministry coordinates the Semester process for the national government. For example, they are in charge of preparing and implementing the National Reform Programme (see also below). It is often the Economy or Finance Ministry, or Prime Minister's Office who leads the Semester process, with more or less (depending on the country) input from other Ministries, such as Employment and Social Affairs, Environment, Justice, etc. In order to ascertain the key responsibilities at national level and the best way to get involved, it is usually easiest to get in touch with the Government representatives the LRG social partners normally work with;

- The **European Commission delegation** in your country<sup>4</sup> is also an important actor in the Semester process and has a specific staff member allocated to oversee the process – the so-called Semester officer;
- In most countries, **cross sector social partners** are already participating in the Semester process, so it is worthwhile exploring with the national trade union confederations and main employers' organisations potential for further involvement of LRG social partners.

In **Denmark**, LRG social partners are involved through:

- the Contact Committee for the 2020 Strategy: The Contact Committee is led by the Ministry of Foreign Affairs and provides a high-level overview of ES processes and policies and helps to provide a picture of what can be expected throughout the ES period on an annual basis. The Contact Committee meets four times a year with relevant stakeholder organisations, which are broader than just the social partners and covers all relevant policy areas. The agenda for Committee meetings varies between, for instance, the national ability to achieve the targets of the 2020 strategy, the ES, as well as the general political situation in the EU. This includes the discussion of themes such as the future of Europe and Brexit.
- the European Special Committees: more detailed debates on specific policy areas take place in EU Special Committees organised under the auspices of each ministry. These deal with EU policy matters (e.g.

drafts of new legislation) as well as the Country Specific Recommendations (CSRs) and National Reform Programme (NRP) policies which fall under their specific remit. They are linked to Council meetings (2-8 meetings per year ahead of council meeting). In these Committee meetings social partners are represented by policy experts.

- Hearings organized by the Ministry of Foreign Affairs on the NRP, the convergence programme and the country report. Social partners can give opinions on existing policy and how this should change. In addition, social partners also often provide written contributions submitting their views in this format.



Project exchanges showed that this engagement could successfully involve several actions:

- Getting to know and making early contact with the national ministry officials and European Semester officials in the EC delegations in person. In the countries where there are no European Semester specific structures or the LRG partners are not part of them, LRG social partners could take the initiative, and approach the relevant officials and thus start to build the relationships with the relevant national ministries;
- Similarly important is getting to know the European Semester officers in the EC delegations as they might not be aware of the LRG partners. This is not only useful in and of itself, but the Semester Officer can also help to arrange meetings with all DGs in order to meet desk officers with responsibility for a specific country;
- Inviting them to your organisation's events, discussions, and other exchanges so that they become aware of your organisation's mission, agenda and your concerns;
- Discussing and agreeing with the national ministry officials and European Semester officials in the EC delegations how your organisation could participate concretely in the Semester process, at which points, which meetings and what mode (verbally/written submissions) – see also below;
- Participating in regular exchanges with relevant national bodies in charge of aspects of the Semester;
- Organising training and awareness raising activities about the Semester in your organisation to raise further knowledge of the main aspects of the Semester internally. The social partners should take more responsibility in their own organisations to inform the leadership and colleagues about the ES process, its contents and how it can be used as a tool to advance the LRG agenda in their countries. Raising awareness of the importance of these processes is critical because input into the European Semester tends to require expertise and cooperation

In **France**, currently, the formal structures for consultation exist under the national ministry of employment, where the Semester issues are directly discussed 2-3 times a year, for example, in the presentation of the country report and the discussion of the NRP. From the trade union side, the three main trade union confederations participate with one person representing each confederation and presenting the views of the trade unions on the documents received. The social partners are consulted in the Committee on Social Dialogue in European and International Affairs (CDSEI), which is under the authority of the Ministry of Employment. Created in 1998 by the French Government within the framework of the European Employment Strategy (EES), this tripartite committee comprises representatives of the Ministries in charge of Labour, Economy and External Affairs, and representatives of the employer and employee organisations. The peak level social partners are consulted on the contents of the NRP by the national government, and can send their written contributions which are then annexed to the NRP.



across different parts of the LRG services. Building capacity with regard to European Semester processes is also particularly relevant in countries where awareness is currently low and the involvement of social partners in national policy processes is more limited overall. Thus, awareness raising and capacity building in this regard can facilitate and speed up such internal consultation processes;

- Building alliances with other social partners in the LRG sector and outside: it is worthwhile investment to build and work together in strong alliances, bringing together organisations that share common values and concerns of the LRG social partners.

<sup>4</sup> See the list of EC delegations: [https://ec.europa.eu/info/about-european-commission/contact/representations-member-states\\_en](https://ec.europa.eu/info/about-european-commission/contact/representations-member-states_en)

Thus, LRG social partners could use the existing Semester process more actively to consider how best to use the process to ensure the social partners' views are heard by the national government in the adoption of key reforms and making of political choices:

- To take a step back, the LRG social partners could concretely find 1-2 problems where both employer and workers representatives agree on the common problems and common solutions and use a joint approach in the European Semester process towards the national government. The example of the childcare challenges and available solutions was mentioned in this respect as this is a core issue facing many LRGs in many European countries;
- To take a step forward, the LRG social partners should consider what key challenges should be addressed in the European Semester process over the next 1-3 years and use this analysis to set the Semester agenda in their countries. This would also enable the social partners to be more pro-active in the European Semester process.

The overall aim is not to be only involved in one-off consultations, but to build strong structured dialogue platforms, where stakeholders regularly meet with the central government and EC representatives to discuss progress on Semester priorities, provide concrete input, and propose new actions, as well as be meaningful partners in implementation. As mentioned above, in countries where social partner involvement is currently more limited, these processes can even be used as leverage to secure more regular involvement in relevant national policy debates.

In **Italy**, the involvement of the LRG social partners in the ES process in Italy mainly takes place via the national confederations. On the trade union side, the three main trade union confederations participate in the EC delegation meetings and also provide inputs to the work of the ETUC on the country reports. In relation to the national government, the key moment of social partner input is the participation in the Italian Parliament hearings for the adoption of the annual national budget law which is the main law outlining the key reforms for the coming years.



Social partners in the LRG sector could get further involved in the particular points of Semester process over the year.

## PART 2

### PREPARATION PHASE (NOVEMBER-MARCH)

This is an important phase for influencing the country reports and subsequently the contents of the Annual Growth Survey (since 2019, Annual Sustainable Growth Strategy), Joint Employment Report and Alert Mechanism Report.

For each country, in February, the Commission publishes **country reports** which provide an assessment of the country's progress and emerging reform priorities for each Member State<sup>5</sup>. The reports cover all areas of macroeconomic or social importance and take stock of the country's budgetary situation. The Commission's assessment is based on the joint analysis of an interdisciplinary team of country analysts of all relevant measures that the country has taken or announced, cross checked against a horizontal assessment framework per policy area. As the reform progress is often not directly measurable and the scope of challenges differs across countries, the progress assessment is mostly qualitative. They also assess the progress made by each EU country in addressing the issues identified in the previous year's EU recommendations. A new development in the 2019 country report is the annex identifying the key investment needs in the Member States which also provides the link between the Semester process and the future programming of the cohesion policy after 2021.

Prior to drafting country reports in February, in December-January, the Commission conducts **fact-finding missions in the Member States** to understand the national situation. Here, LRG social partners could provide their inputs to influence the Commission's analysis of country reports through:

- Requesting, via the EC delegation Semester officer, bilateral meetings with the fact-finding missions of the EC to the capitals and presenting the concerns and analysis of LRG social partners on the core reform priorities;
- Identifying the core reform priorities from the LRG social partner perspective and communicating them to the EC fact-finding missions so that Country Specific Recommendations reflect also the priorities of the LRG social partners;
- When the country report is issued, it is presented to the stakeholders in the capital and the LRG social partners could participate in such meetings discussing the country report and sharing their views on the analysis presented. This is important as it can have budgetary as well as policy implications for the LRG sector;

<sup>5</sup> [https://ec.europa.eu/info/business-economy-euro/economic-and-fiscal-policy-coordination/eu-economic-governance-monitoring-prevention-correction/european-semester/european-semester-timeline/analysis-phase\\_en](https://ec.europa.eu/info/business-economy-euro/economic-and-fiscal-policy-coordination/eu-economic-governance-monitoring-prevention-correction/european-semester/european-semester-timeline/analysis-phase_en)

- Once country reports are available, LRG social partners could use their conclusions as a basis for further discussions with the central government in the implementation phase below. Country reports are a useful information source providing a clear direction and an outside view of which national priorities are key and thus helps to reflect on the reform process.

In **Spain**, the European Commission is engaging with the LRG social partners in the ES process in a number of ways. When preparing the country reports, the Commission delegation is organizing the so-called fact-finding missions, where they also meet the social partners and LRGs to listen to them and to understand how they look at policies and how they consider the implementation of CSRs. Also, LRGs are present in the high-level missions from the Brussels-based commissioners or director general, as well as in the meetings with the other national stakeholders. In parallel, the EC delegation and the ES officer works in Spain to foster dialogue about the ES process and build ownership of the key national reforms at the national and regional levels. This involves regular meetings with the range of stakeholders across the country, as well as presentations to universities and students. For example, the EC delegation participates and explains the ES process in the network of regional representatives "Red de inclusión social"<sup>6</sup> (Social inclusion network) where meetings take place twice a year to exchange views and practices between the regions on the challenges of social inclusion. In the framework of the structural reform service, the EC cooperates with the regions to develop specific projects and provide technical assistance.



In **Estonia** similar experiences have been reported. Here, Semester related interactions with the European Commission are conducted on a regular basis. Commission's delegation meets the trade union and employers' confederations and Commission's country report contains a significant amount of fingerprints from social partners.



<sup>6</sup> <http://redinclusionsocial.es/>

## IMPLEMENTATION PHASE (APRIL-JULY)

In the implementation phase, in April, the Member State governments submit to the Commission their medium-term **National Reform Programmes**.<sup>7</sup> They set out how the targets of the EU strategies are being reached at the national level, which national policies will be implemented and how the EU guidance has been taken into account. In addition, Euro area countries present their Stability Programme, which is a three-year budget plan. Non-euro area countries present their Convergence Programme which is also a three-year budget plan. The Commission assesses the plans and proposes how the Council should vote on them.

In May, the European Commission and the European Council provides country-specific policy advice on general economic policy and budget policy in the form of **Country Specific Recommendations** which should provide the focus for national level reforms. The recommendations are a set of actions for each Member State to take, according to its economic and social performance during the previous year and to the delivery of priorities set out in the AGS. The CSRs are proposed by the Commission based on an assessment of the challenges, risks and policy gaps in the country concerned. Here, LRG social partners could influence the central government in the process of drafting the National Reform Programmes and choosing how to respond to the Country Specific Recommendations through:

- Participating in the existing dialogue structures on the drafting of National Reform Programmes – bilateral and multilateral social partner meetings, specific Semester structures and other existing dialogue structures - to discuss the draft contents and directions of the NRP;
- Reviewing the CSRs issued for your country by the European Commission, highlight gaps and potentially challenging policy suggestions, as well as positive elements;

In **Sweden**, the LRG social partner participation is organized through thematic consultation fora relating to EU Affairs. The government established reference groups (representatives of ministry and central social partners – at civil servant level) which meet at least three times a year. There is spring meeting on NRP (Feb/ March) and when the country report for Sweden is published. Then there is a summer meeting on the CSRs (May/June). Furthermore, an autumn meeting takes place to discuss the implementation of policies linked to CSRs in November following the presentation of the Swedish budget (and close to the presentation of Annual Growth Survey).



In **Lithuania**, the social partners' involvement is institutionalised through the Tripartite Council (where the peak level confederations are represented). As all reforms included in the NRP (or reforms implementing the CSRs) are previously discussed and approved by the social partners at the Tripartite Council, so they are able to indirectly influence most reforms planned in the state. In Lithuania, there is no specific system of information exchange during the process of elaboration of the NRP.



In **Latvia** and **Lithuania**, the participation of local and regional partners in the Semester process is supported by the national social dialogue processes. In particular, the annual negotiating procedure is regulated by law insofar as any draft legislative act affecting local and regional governments must have an official opinion of the local government associations.



- Providing written submissions on how the National Reform Programmes should reflect the priorities of LRG social partners. When preparing a submission or contribution, it is important to stimulate debate within organisations and preferably across LRG social partners in your country, analysing your national context and developing a common position together from the LRG perspective. This means preparing briefing notes on the content and the processes and making sure that all relevant parties are involved in developing the key messages your organisations are trying to jointly put forward. This could involve analysing the current situation in your country (reflecting the key LRG social partner priorities), looking at key anticipated trends and the impact of policy decisions of the Semester so far, and building consensus on the main policy changes your organisations think are necessary to be included in the Semester process;
- Considering how the commitments of National Reform Programmes and responses to the Country Specific Recommendations could affect the LRG social partners.

## ANALYSIS AND FOLLOW-UP PHASE (AUGUST-OCTOBER)

In this phase, the central governments are working to implement the National Reform Programmes and preparing the draft budgetary plans for the next year. LRG social partners could provide inputs into this process through existing dialogue and communication channels and are indeed likely to be responsible for the implementation of some reforms. The European Commission is preparing its analysis for the country reports and the LRG social partners could provide their inputs into this process through contacts with the Semester officers in the EC delegation.

In **Latvia**, the interaction occurs through direct negotiations with the central government where the social partners provide directly their opinions on the particular aspects discussed. Social partners in Latvia have to be involved at all stages of the process, including the discussion of the Country Report, development of the National Reform Programme (in cooperation with Ministry of Economics through written comments and participation in an inter institutional meeting) and the Country Specific Recommendations (for example, in 2019 the social partners were asked to comment on draft CSRs and their views were reflected in the final version). The peak level trade union also sends a written report to ETUC which is then sent to the European Commission.



### Further information about the European Semester

#### General information:

<https://www.consilium.europa.eu/en/policies/european-semester/>

#### Semester information specific for each country:

[https://ec.europa.eu/info/business-economy-euro/economic-and-fiscal-policy-coordination/eu-economic-governance-monitoring-prevention-correction/european-semester/european-semester-your-country\\_en](https://ec.europa.eu/info/business-economy-euro/economic-and-fiscal-policy-coordination/eu-economic-governance-monitoring-prevention-correction/european-semester/european-semester-your-country_en)

<sup>7</sup> [https://ec.europa.eu/info/business-economy-euro/economic-and-fiscal-policy-coordination/eu-economic-governance-monitoring-prevention-correction/european-semester/european-semester-timeline/national-reform-programmes-and-stability-convergence-programmes/2019-european-semester\\_en](https://ec.europa.eu/info/business-economy-euro/economic-and-fiscal-policy-coordination/eu-economic-governance-monitoring-prevention-correction/european-semester/european-semester-timeline/national-reform-programmes-and-stability-convergence-programmes/2019-european-semester_en)

*The CEMR-ESPU joint project “Localising the European Semester” looks at new ways to establish or reinforce existing channels that allow the involvement of social partners in the yearly mechanism of the European Semester.*

*The overall goal of this project is to strengthen the role of European and national social partners of local and regional governments in the decision-making process of the European Semester and to increase their involvement in the discussion concerning different outcomes of the Semester – Annual Growth Survey, Country Reports, National Reform Programmes, and Country Specific Recommendations – more homogenous across Member States, while respecting national practices and features.*

*This project receives the financial support of the European Commission, DG Employment, Social Affairs & Inclusion, call for proposals VP/2017/001.*

*[www.ccre.org](http://www.ccre.org) / [www.epsu.org](http://www.epsu.org)*

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