17 June, 2021

The European Semester and the Recovery and Resilience Plans State of Plays – June 2021

Briefing for Members

As we informed our members last year in the framework of our webinar dedicated to The Semester 2021 and the Recovery & Resilience Facility - Eurodiaconia, and in a number of news items, year 2021 will be different from the previous ones when it comes to the European Semester.

This year, the Semester is linked to the Recovery and Resilience Facility, which means – among others – that Members States have not had to submit national reform programmes, and the European Commission will not produce the usual country reports and structural country-specific recommendations.

What is the Recovery and Resilience Facility?

The Commission has launched the Recovery and Resilience Facility (Facility) in order to help repair the economic and social damage caused by the pandemic and to make the EU and its Member States more resilient. The Facility entered into force on 19 February 2021, and it offers EUR 672.5 billion in loans and grants to Member States so that they can implement their recovery and resilience-related reforms and investments.

What are the Recovery and Resilience Plans and what is their content?

In order to be able to access the funds, Member States had to submit their Recovery and Resilience Plans (Plans) with their specific reform proposals by 30 April. According to the Commission's website, so far, i.e. until 17 June, 23 Member States submitted their Plans. The countries which have failed to meet the deadline are Estonia, Latvia, Malta and the Netherlands. All the received plans are uploaded onto the website of the Commission. However, they are only available in the official language of the relevant Member States, and some of them are in draft stage.

The Plans are required to feature an executive summary which gives an account of the main challenges of the relevant Member States discussing how the proposed actions will contribute to mitigating the health and socio-economic impacts of the crisis, to strengthening resilience, promoting cohesion and competitiveness, supporting green and digital transition, and to benefitting the next generations, which are also known as the six pillars of the Facility.

Furthermore, the Plans should include investments and reforms which are

- in line with the specific national challenges and policy shortcomings mentioned in the European Semester documents, especially in the 2019 and 2020 country-specific recommendations;
- contributing to the guiding principles of 'environmental sustainability, productivity, fairness and economic stability', as framed in the 2021 Annual Sustainable Growth Strategy;

- directed towards 7 flagship areas, starting from clean technologies and renewables, through 'digitalisation of public administration' to 'education and training to support digital skills';
- dedicating at least 37% of the expenditure to climate-related investments and reforms, and at least 20% of expenditure to promoting digital transition;
- respectful towards the 'do no significant harm' principle related to environmental sustainability; and
- contributing towards fostering gender equality and equal opportunities for all, which objectives are to be mainstreamed throughout the reforms and investments.

What is happening now with the Recovery and Resilience Plans?

Instead of issuing country-specific recommendations, usually published in spring/summer each year, the Commission will assess the Recovery and Resilience Plans within two months after their submission and present a detailed analysis of the Plans in the format of a Commission Staff Working Document. Until the assessment process is finished, the Commission will not comment on individual Plans, nor will it issue preliminary assessment on them.

At the end of its two-month-long assessment process, the Commission will propose legally binding acts, i.e. Council Implementing Decisions, on the content of the Plans, which then have to be adopted by the Council within 4 weeks. Once the Council adopts the decisions, the Member States can access 13% of the required funds as pre-financing.

All throughout the preparation and the assessment of the Plans, the Commission, especially SG RECOVER and DG ECFIN, provides their expertise, guidance and technical support to the Member States, both policy-wise and politically through a Steering Board chaired by Commission President Ursula von der Leyen. Amending already adopted Plans is possible, but only in cases where Member States can justify why they intend to do so, and the Commission finds the justification reasonable and the amended measures ambitious and realistic.

In the implementation phase, close monitoring and reporting for the sake of identifying any potential delays or difficulties are foreseen. To this end, the Commission will also propose a delegated act on a Recovery and Resilience Scoreboard with common indicators and methodology for reporting on social expenditure. The act has to be adopted the latest by the end of this year; however, it might be approved already in autumn.

The available funds

Apart from the Facility, with the adoption of the new multi-annual financial framework (2021-2027), including the regulation on the European Social Fund+ and the European Regional Development Fund-Cohesion Fund, and with the launch of the REACT-EU recovery assistance making it possible to continue the 2014-2020 cohesion policy programmes for two more years, a substantial amount of money is available to Member States to heal the socio-economic wounds inflicted by the epidemic and the related crisis, and to lay the foundations of a truly inclusive and fair transition to a climate-protecting and digital future.

We hope that the spending actions of Member States governments will make the best, complementary use of the available funds and will address growing inequalities and intersectional discrimination, the continued and often increasing poverty and social exclusion of disadvantaged social groups, and will support social services and social service providers operating in a very challenging environment.

On stakeholder involvement

As for stakeholder involvement and consultation, the situation is not entirely favourable for social partners and civil society. This is due to the fact that consultation during the different stages of the

Plans, also for the sake of an essential broad ownership of them, is encouraged by the Commission, and the Facility regulation expects Member States to give an account in their Plans about the ways relevant stakeholders, including NGOs, have been consulted. However, consultation is not an assessment criterion and Member States are free to carry out stakeholder involvement according to their own national procedures.

How can we have a say in the process?

We encourage all our members to check the Plans of their relevant Member States, and participate in the implementation and monitoring process. We at Eurodiaconia would be happy to collect any information about the experienced shortcomings and to hear about good practices, promising measures. We plan to prepare a report on the social aspects of the Plans; therefore, your inputs would be very much welcome.

Should you need further information, please, send your e-mail to rita.fober@eurodiaconia.org.