European Economic
and Social Committee

ECO/ESG

28 April 2025

APPENDIX

to the
information report

The point of view of organised civil society in the EU Member States on national reform and investment proposals and their implementation (2024-2025 European Semester cycle)

of the
European Semester Group

Results of the consultations of organised civil society in the 27 Member States

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1. INTRODUCTION

With the information report ECO/651[1] and the own-initiative opinion ECO/652[2], the European Semester Group (ESG)[3] is continuing the work started in 2021: consulting social partners, civil society organisations, national economic and social councils, and national, regional and local stakeholders from EU Member States on a key topic of the European Semester: *National reform and investment proposals and their implementation (2024-2025 European Semester cycle)*.

The ESG gathered the views of these stakeholders by means of a questionnaire and a series of country visits carried out between November 2024 and February 2025[4]. The questionnaire consists of sixteen questions, grouped around three main topics:

I. **The reform and investment measures in the Member States**, in particular those **based on the country-specific recommendations 2024**[5] **(CSRs)**, and **the implementation of these measures**
The aim being to assess the effectiveness of these measures and the possibilities for better targeting of proposals, improved implementation, and the monitoring and involvement of organised civil society in the procedures.

II. **The medium-term fiscal structural plans**
These were proposed in the wake of the revision of the economic governance framework[6], and their preparation, implementation and monitoring have been incorporated into the European Semester.

III. **The implementation of the reforms and investments provided for in the national Recovery and Resilience Plans**[7]
The Regulation establishing the Recovery and Resilience Facility (RRF) requires the Commission and the Member States to monitor progress in implementing the national Recovery and Resilience Plans (RRPs) and to report to various stakeholders on the implementation of the RRF.

In total, representatives of all 27 Member States participated in this consultation exercise.

2. METHODOLOGY FOR COLLECTING INFORMATION

The contributions for each country were prepared and coordinated under the responsibility of **national delegations** made up of three EESC members representing each of the three groups of the EESC (Group I - Employers, Group II - Workers, and Group III - Civil Society Organisations).

19 delegations contributed to this exercise by providing a response to the questionnaire (based on their own knowledge of the subjects and/or by consulting representatives of national organisations attached to their group).

Eight delegations contributed to this exercise by organising a round table in their country to meet and discuss with stakeholders directly. These round tables were held in Finland, Hungary, Poland, Italy, Ireland, Latvia, Spain and Malta[8]. The consultation via the round tables was also based on the questions of the questionnaire.

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1 The point of view of organised civil society in the EU Member States on national reform and investment proposals and their implementation (2024-2025 European Semester cycle).
2 The EESC's recommendations on the reform and investment proposals formulated as part of the 2024-2025 European Semester cycle.
3 Ad hoc group on the European Semester | EESC.
4 All the round table reports are published here: Ad hoc group on the European Semester.
5 2024 European Semester: Country- Specific Recommendations / Commission Recommendations.
6 New economic governance rules fit for the future.
7 The Recovery and Resilience Facility, European Commission.
8 All the round table reports are published here: Ad hoc group on the European Semester | EESC.

Furthermore, **the questionnaire was also sent to the EESC Liaison Group**[9], where European civil society umbrella organisations and networks are represented. The joint contribution of the participating organisations is also included in this appendix (point 4.1).

The table below provides an overview of the countries that participated in the consultation process, the method used to collect information (questionnaire or round table) and the extent of representation of the three groups within the consultation process in each country.

Country	Response to the Questionnaire	Round table
Austria (AT)	x	
Belgium (BE)	x	
Bulgaria (BG)	x	
Croatia (HR)	x	
Cyprus (CY)	x	
Czechia (CZ)	x	
Denmark (DK)	x	
Estonia (EE)	x	
Finland (FI)		x
France (FR)	x	
Germany (DE)	x	
Greece (EL)	x	
Hungary (HU)	x	x
Ireland (IE)	x	x
Italy (IT)		x
Latvia (LV)		x
Lithuania (LT)	x	
Luxembourg (LU)	x	
Malta (MT)	x	x
The Netherlands (NL)	x	
Portugal (PT)	x	
Poland (PL)		x
Romania (RO)	x	
Slovakia (SK)	x	
Slovenia (SI)	x	
Spain (ES)		x
Sweden (SE)	x	

If a written contribution was also received from a delegation in addition to a round table being held in their country, this has been incorporated into the round table report.

9 Liaison Group

3. EXECUTIVE SUMMARIES OF THE FINDINGS OF THIS CONSULTATION

The summaries, which can be found under each of the questions of this consultation, include the findings of the eight round tables and the responses to the questionnaire.

Section I: The reform and investment measures in the Member States, in particular those based on the country-specific recommendations 2024, and the implementation of these measures.

Question 1:
Are you aware of the priorities identified by the European Commission in the country-specific recommendations for your country in 2024? What is your general opinion of these CSRs?

In all Member States, organised civil society (OCS) is generally aware of the priorities identified by the European Commission in the country-specific recommendations for their respective countries in 2024.

OCS in AT, BE, BG, CY, HR (GI), CZ, EE, FR, EL, IE, MT, LT, NL (GII and GIII), PL, PT, RO, ES (GII) and SE perceive these priorities as positive. Among the most important priorities according to OCS in some of these Member States are the following:

Fiscal and economic policy: In AT, BE, CZ, EE, EL, IE and RO, OCS stresses the importance of sound fiscal policies for long-term financial stability and growth.

Social policy and inclusion: In AT, CZ, EE, IE, IT, PT and ES, OCS highlighted the importance attached to improving social policies, especially in areas like healthcare, inequality, inclusion and combatting poverty. Although OCS in Italy does not have a position on its general perception of these priorities, it is also unanimous on the importance of integrating the social dimension (and in particular the need for clear indicators).

Green transition and sustainability: In AT, EE and IE, OCS underlined the importance of the green transition and integrating environmental goals into public policy.

Administrative capacity and the implementation **of the RRPs**: In BE, CZ, EE and IT, OCS emphasised the need to further strengthen administrative capacity, in particular to ensure effective implementation of the RRPs.

OCS in HR (GII), DE, LU, NL (GI), SK and SI takes a neutral stance on these priorities, while organised civil society in DK takes a negative stance on the priorities identified by the Commission in the recommendations for their country.

Question 2:
Do these recommendations address the challenges facing your country? Please explain why.

According to OCS in AT, BG, CY, HR, EE, FR, EL, HU, MT, PL, PT, RO, SK, SI and ES (GII) these recommendations **do address** the challenges facing their countries. For example, in these countries, according to OCS, these challenges are mainly economic in nature, particularly with regard to fiscal stability and reforms. There is also a recurring focus on the need for social protection and resilience, green and digital transitions, a strengthened defence and healthcare sectors, and the importance of public service sustainability. They also emphasise the need for better institutional coordination, effective governance and improvements in public administration.

OCS in NL, IE, LV, LT and ES (GI and GIII) **expressed a mixed position**, depending on the issues addressed in the recommendations. For example, in these coutnries, OCS calls for a strong focus on current challenges such as housing, social protection, cost of living, energy costs, and the need for green transition investments, and the importance of healthcare and social services. These countries also face challenges in labour markets, particularly with workforce development, education and skills gap. Additionally, there is a recurring concern about public spending and taxation to support these reforms and transitions.

In DK, FI and IT, OCS **believes that the challenges are not sufficiently addressed**. For example, OCS shares common concerns in FI and IT about economic growth, social issues, skills development and healthcare reforms. There is also a strong emphasis on improving public policies and addressing inequalities. In DK, OCS explained that the focus should notably be on improving competitiveness and addressing demographic challenges.

OCS in BE, CZ, DE, LU and SE **underlined the inadequacy of the recommendations** to meet the challenges facing their countries. For example, in SE and LU, OCS share concerns related to energy pricing, while in DE and LU, OCS also underlines social issues, (especially inequality, poverty, the need to strengthen decent work, collective bargaining and social security). In LU, OCS also stresses the need to improve productivity, control public spending and enhance the long-term viability of the pension system, while in DE, it encourages stronger public investment, which ties into the need for fiscal sustainability and economic growth.

Question 3:
What do you think of how your government is translating these recommendations into tangible political action? Please explain your reasons.

OCS in CY, SI and SE **assesses positively** the governement's translation of the CSRs into tangible political actions. For example, OCS in SI and SE explains that the governments in their countries is taking steps to align with, implement or address the suggestions and challenges set out in the recommendations. In CY, for example, the governement has taken initatives for vocational education and training (VET) development, the green transition, energy efficiency, waste management, the circular economy and sustainable mobility, while in SI, the government is addressing sustainability through legislative solutions tied to the recommendations.

In AT, BG, HR, CZ, DK, EE, FR, DE, EL, LV, MT (GI), PT, SI and ES (GI and GII), OCS adopts a **neutral position** on this issue. For example, in FR, DE, EL and LT, OCS underlines the challenges the governement faces in translating EU recommendations into action, often due to political instability or lack of political will. In AT, BG and LT, OCS stresses governance and institutional issues impacting the implementation of reforms. In AT, HR, LV, LT, SK and ES (GI and GII) other issues raised include the slow pace of reforms or implementation of the recommendations, especially in the context of elections, interim governments and public sector challenges. OCS in HR, CZ, LT, PT and SK also highlighted the need for a long-term strategic vision and consistent policy efforts to address structural issues.

In BE, FI, HU, IE, LU, LT, NL, and RO, OCS **assesses negatively** the governement's translation of the CSRs into tangible political actions. For example, in FI, IE, LU and RO, OCS stresses the slow or insufficient action taken to respond to recommendations, with governments struggling to implement reforms effectively. In these countries, the lack of long-term strategic planning by the government to address systemic issues and sustain improvements is also emphasised.

OCS in FI, IE, IT and RO shares concerns over resources, funding and the level of priority given by the government, particularly in healthcare, social services and infrastructure. In these countries, there are also concerns about social services and the welfare system, particularly in healthcare and infrastructure, with a focus on the need for improved funding, accessibility and quality. In FI, IE, LU, NL and RO, OCS highlights the political and governance challenges impacting the successful implementation of reforms, including political instability, resistance or inaction.

Question 4:
How is organised civil society involved in the dialogue between your government and the European Commission? What are the positive and negative points? What would improve the involvement of organised civil society?

Involvement of OCS in the dialogue between the government and the Commission:

In SK and SE, it is perceived as active engagement, while in AT, BG, CY, CZ, DK, DE, IE, IT, LV, LT, LU, MT and ES, OCS explains that engagement is **visible but not sufficient**. In BE, HR (GII and GIII), EE, FR, EL, HU, NL (GI), PL, PT, RO and SI, involvement is perceived as **weak**, while NL GII and GIII report **no involvement**.

Positive points raised:
OCS in several countries (AT, CZ, IE, LU, RO, SK, SI and SE) notably **mentions formalised or structured consultation processes** with social partners, either through formal bodies or specific advisory platforms, to influence the policy-making process. OCS in AT, BE, DK and MT emphasises the **effective and positive cooperation with the Commission**. While in many of these countries OCS acknowledges the **positive involvement of social partners**, in some of them (AT, CY, IE and SI), OCS shares concerns regarding the effectiveness or the limitations of the consultation processes or the restricted scope of involvement.

Negative points raised:
For example, OCS highlights recurring issues such as **insufficient consultation and involvement** (in IE, IT, LT, SI and RO), tokenistic consultations and **lack of follow-up** (FR, DE, IE, IT and ES), consultations occuring too late in the process or with such **short timeframes** that meaningful participation is not possible (in BE, CY, FR, EE, IE, MT, LV, PL and SI), **limited access to information or transparency** (in CY, DE, HU, IT, MT, LT, PL and RO), **no proper consideration of OCS's provided input** (in AT, CY, DK, MT, LV, LU, LT and PL), and **fragmented or ineffective dialogue structures** (in AT, HR, HU, IT and CZ). According to OCS, these concerns indicate a need for more inclusive, transparent and effective engagement processes that allow social partners and civil society to contribute meaningfully to policy and reform decisions.

How to improve this involvement - points raised:
OCS calls for **clearer and more structured consultation processes, through formalised, structured and transparent consultation procedures** (in CY, IE, IT, LV, LT, LU, MT, RO and ES), for a **timelier invovlement**, not waiting until the final stages of decision-making (in AT, BE, CY, IE, LT, MT, PT and SK), for **greater transparency** in the decision-making process, including the need for governments to report back to social partners on how their input was used and the rationale behind the decisions taken (in CY, IE, DE and LU), for **increased capacity of social partners and civil society** through resources, funding and training, to enable them to engage more effectively in the policy-making process (in HR, CY, HU and IE), for **more frequent, substantive, and meaningful dialogues** (in AT, IE, SK and SI) and **for ensuring that consultations lead to concrete actions and results**, with governments providing clear feedback (in AT, DE and LU). In LV, OCS also stresses the need for better coordination between ministries to ensure a coherent approach and implementation of the European Semester recommendations. In PL, OCS underlines that the partnership model has proven its worth and should be implemented, including when recommendations are being drawn up, and not just in terms of funding.

Question 5:
Do you think that the Sustainable Development Goals are sufficiently integrated into the CSRs to ensure a comprehensive approach to sustainable development?

According to OCS in AT, BE, BG, HR, CY, EE, EL, MT, NL (GI), RO, SK, ES (GII) and SE, the Sustainable Development Goals are **sufficiently intergrated** into the CSRs to ensure a comprehensive approach to sustainable development.

According to OCS in CZ, FR, DE, HU, IE, LT, NL (GII and GIII), PT and SI, the SDGs are **not sufficiently integrated** into the CSRs. For example, in HU, OCS believes that the frameworks of conditions for the designated objectives should have sufficient flexibility to be able to adapt to a changing environment. In IE, OCS explains that there seems to be a lack of awareness or even some misinterpretation of their purpose. As we get closer to 2030, the results regarding the progress on the SDGs have not been very encouraging. There is also a growing sense that many of these goals are not being achieved. One of the key issues is that the **SDGs are not clearly interpreted or communicated**. Amplifying awareness and understanding of the SDGs would create significant opportunities.

A solution proposed in IE to remedy the situation is integrating a framework that aligns with the UN indicators into the work of their National Economic and Social Council.

Question 6:
If so, which ones do you feel are integrated and why do you think so? If not, explain your expectations and why this is important for your organisation and your country.

Integration of SDGs into the CSRs – which ones and why:

The SDG that is the most integrated into the CSRs, according to OCS, is **SDG 4** on quality education (which was selected by OCS in AT, HR, CZ, HU, IE (GIII), LT, MT, RO, SK, SI and SE). It is followed by **SDG 8** on decent work and economic growth (in AT, BE, BG, CY, EE, LT, MT, PT, RO, ES (GII) and SE), **SDG 13** on climate action (in BG, CY, EE, LT, MT, NL (GI), PT, RO, SI, ES (GII) and SE) and **SDG 9** on industry, innovation and infrastructure (in AT, BG, HR, CZ, HU, IE (GIII), LT, MT (GI), SK, ES (GII) and SE). The following SDGs are ranked next: **SDG 7** on affordable and clean energy (in CY, EE, LT, RO, SK and SE), **SDG 5** on gender equality (in HR, CY, IE (GIII), MT (GI), RO, ES (GII) and SE), **SDG 3** on good health and well-being (in HR, IE (GIII), LT, MT (GI and GII) RO, SI and SE) and **SDG 10** on reduced inequalities (in BG, BE, HR, MT (GI and GII), SK and SE). In ES, the SDGs are integrated except SDG 1 (poverty) and SDG 10.

OCS in several countries highlights the **progress on climate action and sustainability**. In AT, CY and EL, for example, OCS underlines the efforts to improve energy supply, reduce emissions and foster climate resilience. OCS in CY focuses on renewable energy and water management (SDGs 7, 6, 12 and 13), while OCS in EL mentions the efforts to improve infrastructure in order to address inequalities, and in AT it emphasises efforts on innovation and sustainable infrastructure (SDG 9).

OCS in many countries stresses **the importance of the connection between SDGs and economic growth**. In AT, HR and CY, it highlights the role of the green transition, competitiveness and innovation in boosting their economies. In CY, OCS emphasises green growth sectors like renewable energy and sustainable agriculture, while OCS in AT highlights that their country is well above the EU average when it comes to innovation, industry and sustainable infrastructure, particularly in terms of its expenditure on research and development.

Insufficient or non-existent integration: reasons and importance for OCS and their country:
OCS in AT, HR, EL, IE, IT, LT RO and SI shares common concerns regarding **insufficient communication on the integration of the SDGs into national policy-making**, the need for **more coherent and comprehensive policies**, and the **struggle to address both economic and social issues effectively**. For example, OCS in HU underlines the serious shortcomings when it comes to eradicating poverty, ensuring decent working conditions and reducing inequalities. OCS in LT stresses issues such as energy affordability and vulnerable households, while OCS in SI and ES (GII) points out the need to focus on quality of life, social security and well-being of the population. In IE, OCS notes poor performance in terms of low-paid work and poor working conditions, while OCS in EL mentions growth and unemployment reduction as a priority. In IE and HR, OCS highlights a lack of public discussion on SDGs and insufficient information regarding their integration into national policies. This lack of communication makes it harder for citizens to connect with and understand the SDGs.

Section II: The medium-term fiscal structural plans

Question 7:
Did you have access to the contents of the plan before or after it was submitted to the European Commission?

OCS in CY, HR (GI and GII), CZ, DK, LV (GI and GII), MT (GI), PL, SK and SI had access to their country's medium-term fiscal structural plan (MTFSP) **before it was submitted to the European Commission**.

OCS in BG, HR (GIII), EE, HU, IE (GIII), IT, LV (GIII), LU, MT (GII and GIII), NL (GI and GII), PT, RO, ES and SE had acces to the plan **after it had been submitted to the Commission**.

OCS in FR, IE (GII), LT and NL (GIII) underlines that they have **never had access to the plan.**

In EL, in some cases access to the contents of the plan is available before it is submitted to the European Commission and in other cases afterwards.

In the case of AT, BG, BE, DE and LT, their governments has not yet (or had not at the time of this consultation) submitted their plans, for reasons regaring internal policies or change of government.

Question 8:
What is your position on the consultation of stakeholders and the holding of a social and civil dialogue as part of the preparation, implementation and monitoring of these plans?

With regard to the position of ogranised civil society on the consultation of stakeholders and the holding of a social and civil dialogue as part of the preparation, implementation and monitoring of the MTFSPs, OCS has the following recommendations:

It is crucial that **the European Commission develop clear guidance in an EU regulation** for Member States on how to involve stakeholders structurally and meaningfully. This recommendation is supported by OCS in BE, HR, CY, EE, DE, EL, HU, IE (GIII), IT, LV, LT, MT, PT, RO, SI and ES. A formal consultation process should be regulated at national level on the basis of the existing provision in the European Regulation, which would oblige Member States to conduct such consultations.

The European Commission should make quality involvement of stakeholders a criterion for approving or, if there is no such involvement, rejecting the national plan. This recommendation is supported by OCS in AT, BE, FR, HU, IE (GII), LT, LU, MT, NL (GIII), RO and SI.

Requiring Member States to provide a summary of consultations with stakeholders. This recommendation is supported by OCS in AT, BG, CZ, NL (GI) and SK.

Others suggestions were raised. For example, in SE, OCS recommends that a compilation of best practices regarding consultation could serve as a way to incentivise governments in the Member States to have inclusive processes. In DK, OCS proposes making the participation of stakeholders, such as the social partners, a clear criterion when assessing national MTFSPs, while in AT, IE (GII) and SI, it proposes a mandatory criterion for high-quality stakeholder consultation, to be included in a report that would accompany the MTFSP, without which the plan would be rejected.

The overall aim of the consultation of the social partners and civil society organisations is to make decisions on the direction of social and economic policy in the coming years. The topics discussed in the framework of the European Semester in general are those that are most relevant to OCS. On the one hand, national stakeholders can contribute their expertise and, on the other hand, they can also propose important measures. Currenly, many mechanisms for participation, though present, lack real dialogue and often fail to ensure follow-up on the issues raised, leading to frustration. National OCS should therefore be involved in a timely and meaningful manner throughout the entire European Semester process. At the same time, the European Commission should continue its structural dialogue with the national social partners and civil society organisations.

Question 9:
What steps can be taken at national level to ensure that future consultations with stakeholders are meaningful and contribute to the quality of medium-term fiscal structural plans?

In AT, CY, CZ, DK, EE, FI, FR, DE, IE, HU, IT, LV, LT, LU, MT, RO, SK, SI, ES (GII) and SE, OCS calls for a **general improvement of stakeholder involvement in the planning, implementation and proces of monitoring the medium-term fiscal structural plans** (MTFSPs), making consultations more **structured, transparent and impactful**, and ensuring that **it receives clear feedback**.

In CY, FR, DK, DE, IE, LT, MT and SI, OCS emphasises the need for **formalised consultation processes** that ensure meaningful stakeholder engagement, including the social partners, civil society organisations and other relevant groups, **with rigorous criteria and real follow-up.** In AT, BE, CZ, EE, LU and PT, stakeholders advocate for **clear guidelines and timetables for consultations.**

Question 10:
What is your position on the reforms and investments proposed in it? Please explain your reasons.

In BG, HR (GI), CZ, EE, LU, MT (GII and GIII), SI, ES (GII) and SE, OCS has a **positive** perception of the reforms and investments proposed in their countries' MTFSPs. In ES, concerns were expressed that investments would be heaviliy conditioned by tax ceilings.
For example, in LU and SE, national stakeholders believe that the proposals, for example those related to the green and digital transition are very relevant. However, in LU, OCS also believes that the planned investments seem insufficient to meet the challenges facing their country, such as housing and the twin transition. In SI, OCS stresses that the reforms announced address the main challenges and the CSRs, however, the exact content of the reforms and their impact have yet to be seen and assessed. In SE, OCS suggests that the proposals made in the context of the European Semester (which are taken into account for the MTFSPs) should also include assessments, for example, of competitiveness and the effect on the labour market. A competitiveness check of each proposal should be included.

OCS says it takes a **neutral stance** in HR (GII and GIII), FR, EL, LT, MT (GI), NL, PT, RO and SK. For example, in EL, OCS acknowledges that reforms and investments are moving in the right direction the environment, innovation and sustainable development. However, it points out that the increase in wages is not keeping up with GDP growth, leaving workers vulnerable, and that social spending is unsatisfactory. In RO, OCS underlines that the proposals are not sufficient to increase budget revenues or ensure adequate public services and investments. In SK, OCS explains that the proposals in the MTFSP are not sufficient to effectively support Slovakia in areas where it has long lagged behind. According to GI in LT, the proposed reforms and investments are viewed as fair and targeted, while GII and GIII take a negative view, expressing dissatisfaction with the lack of tangible results in certain sectors like health and public transport.

Criticism was voiced in DK, FI, HU, IT and IE (GII and GIII), where OCS takes a **negative view** of these investment and reform proposals. For example, in DK, national stakeholders explain that proposals to tackle the labour shortage are missing, and that there has been a lack of action on enhancing opportunities for third-country nationals. In HU, there are concerns about the fiscal projections used by the government, which are considered unrealistic and not sufficiently grounded in sound data. According to OCS, there is no chance of eliminating territorial, competitiveness and social divergence without adequate resources, while public debt would also have to be reduced. In IE, OCS stresses that the country needs to prioritise long-term planning, investing in workforce development and addressing structural challenges in welfare, energy, infrastructure and care services. These challenges are not addressed in their MTFSP, which assumes continued fiscal stability. In IT, OCS is concerned about the potential reduction in public services and privatisation, particularly in health and education, which could hinder equal access and social cohesion. It calls for a balance to be struck between fiscal consolidation and social investments. In FI, OCS expresses concerns about the negative impact of the government’s budget cuts, particularly in areas like healthcare, social security and public services. The reduction in public spending is seen as a threat to the welfare of individuals, particularly for low-income earners, the elderly and people with disabilities. It also believes that the resources needed to tackle the growing demand for social infrastructure are insufficient.

Section III: The implementation of the reforms and investments provided for in the national recovery and resilience plans.

For the preparation and implementation of the recovery and resilience plans (RRPs), the Regulation[10] establishing the Recovery and Resilience Facility (RRF)[11] requires a summary of the consultation

[10] Article 18(4)(q) - OJ L 57, 18.2.2021, p. 17.
[11] Recovery and Resilience Facility, European Commission.

process, conducted in accordance with the national legal framework, of local and regional authorities, social partners, civil society organisations, youth organisations and other relevant stakeholders, as well as of how the input of the stakeholders is reflected in the RRP. It also requires the Commission and the Member States to monitor progress in implementing the national RRPs and to report to various stakeholders on the implementation of the RRF[12].

<u>Question 11</u>:
How do you view the progress made in implementing your country's national recovery and resilience plan? Please explain your reasons.

In HR, GI has a **very positive** assessment of the progress made in implementing the national RRP.
OCS from AT, BG, CY, FR, EL, LU, MT, SI and ES adopts a **positive view**, with different nuances, of the implementation of their countries' RRPs.
For example, in CY, OCS outlines that the plan is ambitious, with significant investments aimed at strengthening the economy's resilience, noting that RRP funding is a tool for achieving long-term economic, social and environmental benefits, and the need to conclude pending reforms. In LU, OCS explains that the modest sum allocated for the RRP has not posed much difficulty for the government and that these measures would have been implemented regardless of the RRP funding. In ES, OCS observes notable progress made in the implementation of the RRP, as many of the most positive reforms, such as the labour reform and the pension reform, were implemented in the previous legislature.

OCS says it takes a **neutral stance** in HR (GII and GIII), DK, EE, IE (GII and GIII), LT, PT, SK and SE. For example, in DK, LT and SK, OCS identifies implementation issues related to decision-making, coordination, timing and administrative burdens. In HR, GII and GIII stress that the implementation of the measures is yet to be seen and that there is no structured and transparent information on the implementation of the plan. In EE and EL, national stakholders note that their countries have made progress in absorbing funds and implementing their RRPs, but still acknowledge areas for improvement. While OCS in EL stresses that the projects in the RRP and the actions being implemented have a developmental and modernising focus and are designed to meet the criteria of sustainability and technological innovation, it also points out that social challenges have not been adequately addressed. In IE, delays and concerns are raised about the performance-based funding model and its impact on the speed of progress. In LT, OCS explains that, despite supporting the plan in itself, the slowness of implementation and the administrative burden associated with the impossibility of implementing aid-related reforms is disappointing. In SK, OCS stresses the need for a more coordinated approach in order to identify obstacles to the successful implementation of the RRP.

In BE, CZ, DE, HU, IT, LV, NL (GI), PL and RO, OCS has a **negative** assessment on the progress made in implementing their countries' RRPs. For example, OCS in DE and NL (GI) notes that their countries are lagging behind in terms of implementation compared to other Member States. OCS in CZ and HU indicates fragmentation in its plan and challenges in meeting targets and milestones. In CZ and RO, OCS mentions insufficient administrative capacity. In IT, OCS highlights inefficiencies, transparency issues, governance problems and a lack of adequate planning and resources in the implementation of the RRP. In RO, national stakeholders draw attention to the low take-up rate of 33% for grants and loans.

<u>Question 12</u>:
Do you think your government will be able to absorb the funds from the RRF, for which the regulation stipulates milestones and targets to be achieved by 31 August 2026?

In AT, HR, CY, DK, EE, FR, LU, MT, SI and SE, OCS thinks that their governments **will be able** to absorb the funds (and in ES (GII), the grants) from the RRF by 31 August 2026. For example, in AT, OCS stresses that ultimate success will depend to a large extent on the progress made in forming a government and the maintenance of the pace of implementation. In HR, national stakeholders explain that, while the Croatian government has made progress in structuring calls and approving projects,

[12] OJ L 57, 18.2.2021, p. 17.

several factors present risks, including administrative burden and systemic inefficiencies. In CY, OCS underlines the importance of cooperation between all stakeholders – the state, the private sector and the social partners – for the successful implementation of the plan

In CZ, EL and RO, national stakeholders believe that if the funds will **not be entirely or properly** absorbed, it could negatively impact the efficient use of these funds and the quality and effectiveness of the projects concerned. In EL, OCS notes that the government will probably achieve the absorption targets, but at the risk of inefficient use of the corresponding funds and at the expense of the quality and effectiveness of the projects and operations implemented with the support of the RRF. In RO, OCS believes that there is a risk that important funds will be decommitted if the government does not accelerate the implementation of the reforms and investments foreseen in the RRP.

In BE, BG, HU, IT, LV, LT, PL and SK, OCS expressed **doubts** about the governments' ability to absorb all the funds before the end of the RRF. For example, in SK, OCS stresses that the ability to draw down these funds in a timely manner will depend on individual ministries and the set-up of planning and monitoring processes as well as on the complexity of the objectives and milestones in their portfolio, noting that, despite efforts to achieve successful disbursement certainly being made, the experience so far raises doubts. In LT, national stakeholders explain that there is a particularly high risk that the government will not be able to use the funds unless it undertakes to urgently and concretely implement the planned reforms in a transparent and qualitative manner. It is therefore essential that all social and economic partners are consulted and listened to, and that full public information and adequate communication are ensured.

In DE, NL and PT, OCS believes that their governments **will not have absorbed** the funds by the end of the Facility.

<u>Question 13:</u>
If there are delays in implementing certain investments and reforms, how do you explain them? How is the administrative burden affecting the implementation of the plan? How do you consider that this situation can be remedied and what mechanisms exist to address potential delays?

Delays in implementing certain investments and reforms:
In HR and IT, OCS acknowledges delays as a normal part of projects, but also points out the need for improved administrative capacity. OCS in CZ identifies **inappropriate content of reforms, unrealistic timelines and poor coordination** leading to delays. In FR, national stakeholders note delays due to **small-scale projects being unable to raise sufficient funds**. OCS in DE mentions the lack of resources and **rigid milestones** causing delays due to **bureaucratic procedures**. In EL and LV, OCS identifies delays due to understaffing, complex procedures and inadequate monitoring of project implementation. In IE, stakeholders highlight delays in areas like housing and water infrastructure, which are exacerbated by **administrative burdens and external factors**. In IT, LV, LT, MT and PT, OCS points out delays due to administrative burdens and inadequate preparation for reforms, the difficulties of long-term planning and insufficient coordination between the parties concerned, and mentions **a lack of consultation with stakeholders**, leading to insufficient preparation for reforms. In RO, national stakeholders detail significant delays in reforms, especially related to pensions, and underline the need for faster implementation to avoid disengagement risks. In HU, delays in access to RRF funds are mainly due to conflicts with the EU, particularly over rule-of-law concerns. In LV and SI, OCS stresses that delays are caused by the protracted preparation of legislative proposals and procurement procedures.

How is the administrative burden affecting the implementation of the plan:
In AT, HR, CY, DK, DE, EL, IT, IE, LV, LT, SK, SI and ES (GII), OCS mentions the lack of administrative capacity as a key issue leading to delays or difficulties in implementing the RRPs. This includes **understaffing** (hiring freezes or insufficient personnel) **and a lack of preparation for reforms**. OCS in these countries stresses that they are facing delays, inefficiencies and slow project initiation due to **complex procedures, limited resources and fragmented coordination among government agencies**. In EL, OCS also mentions the absence of project implementation schedules.

How this situation can be remedied and what mechanisms exist to address potential delays:
In CZ, HR, FR, DE, EL, IE, LT, NL, RO, SK and SI, OCS calls for improved coordination, **planning** and **resource allocation** to overcome the delays. In LV, LT and SK, OCS calls for efforts to reduce administrative burdens, such as the **simplification of processes**, including reducing unnecessary documentation and adopting digital solutions. OCS from HR also suggests adopting **digital solutions** to speed up project approval and reporting. National stakholders in HR, CY, MT and ES (GII) emphasise the need for **training** and **capacity building** to improve project management and administrative processes. In ES and HU, OCS requests that the deadlines be extended and that the assessment of milestones and targets be made less binary, allowing for partial progress and disbursement of funds. In LV and MT, OCS underlines the need for a monitoring mechanism with broad civil society involvement.

Question 14:
As we reach the mid-term of the implementation of the recovery and resilience plans (ending in 2026), what lessons have been learned that should be applied to other EU financial instruments and why?

OCS highlights several lessons learned from the RRF that could be applied to other EU financial instruments. These lessons concern various subjects, such as administrative burden and the simplification of procedures, the involvement of the national social partners and civil society organisations, the flexibility given in implementing the instrument, the need for better coordination, planning and monitoring of such an instrument.

Administrative burden and the simplification of procedures:
In AT and MT (GIII), OCS calls for a reduction in administrative burdens, suggesting simplified criteria for smaller amounts and more pragmatic implementation of these kinds of instruments. In CY, OCS mentions the importance of using tools like digital platforms and simplified cost options to reduce delays in project implementation. In EE and SK, national stakeholders propose reducing administrative burdens by using standardised digital solutions to increase efficiency in EU funding mechanisms. In NL, LT and PT, OCS mentions the need to simplify policy development and implementation processes. In RO, OCS notes that reducing the regulatory burden is essential for improving the administrative capacity of institutions responsible for managing European funds. In FR, OCS draws attention to the need to avoid overburdening SMEs with excessive reporting requirements.

The involvement of national social partners and civil society organisations:
In BE, IT, HR, HU, MT, PL, SI and ES, OCS emphasises the importance of having a structured and meaningful participation of national stakeholders for designing, implementing and monitoring these kinds of EU instrument. In DE, OCS insists on such involvement in decision-making relating to reforms, and stresses that funds should only be linked to reforms that improve absorption (e.g. public procurement and digitalisation). National stakeholders in LT stress the need for targeted information for social partners and stakeholders in order to improve the implementation of such instruments.

The flexibility given to the implementation of the instrument:
In CY, OCS calls for more flexibility in adjusting project milestones and suggests that bottlenecks can arise from over-optimistic planning. In EL and in MT (GII), OCS mentions the need for more flexibility in EU funding processes, as well as the need to reduce bureaucracy and to allow room to reformulate actions.

The need for better coordination:
In LT, national stakeholders underline the need for EU-wide coordination to ensure greater integration of individual countries' investments and avoid fragmentation of the EU single market. In EE and MT (GII), OCS mentions the need for better cooperation between different funding sources to avoid duplication and increase synergies.

The planning and monitoring of such an instrument:
In DK, OCS emphasises the importance of such EU instruments to reforms and investments with clear criteria and evaluations. In IE, OCS stresses the need for better long-term policy-making, adequate funding and clear accountability mechanisms to address societal challenges effectively.

Question 15:
Currently, the structural funds of the multiannual financial framework, the seven-year framework regulating the EU annual budget, are based on a model where funding is paid based on agreed criteria. What is your opinion of using the Recovery and Resilience Fund's performance-based approach, which links the disbursement of EU funds to achieving relevant milestones and targets set by countries in national operational programmes?

In CY, HR, CZ, DK, FR, EL, HU, IE (GII and GIII), MT, NL (GI and GIII), LT, LU, PL and SI, OCS is **in favour** of using the Recovery and Resilience Fund's performance-based approach for the multiannual financial framework. According to OCS in HR, such a performance-based approach as an acceptable solution for addressing the lack of progress in achieving our common goals.

This support is accompanied by suggestions concerning the flexibility needed to use this approach, as well as the need for binding rules.

The need for flexibility:
OCS in CY emphasises the need for flexibility in adjusting milestones and targets when necessary, as well as the need for simplified procedures, including the introduction of simplified cost options. In IE, GII notes the usefulness of innovative financial instruments used during the pandemic, while GIII expresses support for this performance-based approach in order to ensure timely reforms. However, GIII also highlights potential issues, such as the relevance of targets, changing circumstances and capacity constraints that could make performance failures inevitable, and explains that this is viewed as a double-edged sword if not implemented with flexibility. In LT, OCS discusses the political risk involved when policies change due to political shifts, suggesting flexibility in the planning and implementation of EU programmes to adapt to economic and political realities.

The need for binding rules:
In FR, OCS mentions the need for a binding system to ensure that Member States play by the rules, aiming for both attractiveness and enforceability. In NL, GIII calls for more binding rules and for enforcement to be crystal clear, while GI stresses that Member States should be held accountable for the implementation of projects and policies, indicating that simplified processes are needed for efficiency.

OCS in DE, LV, PT, RO, SI and SE is **against** using this performance-based approach for the multiannual financial framework. For example, OCS in SE underlines that our generation must bear the consequences of the policies decided upon, and we must not put future generations further into debt. Any increase in debt in the short term, for example in order to rapidly increase defence capabilities, should be repaid in a few years' time. In DE, OCS stresses that the performance-based approach should not be applied to other financial instruments, as reforms proposed in the context of the European Semester are decided by Member States in a technocratic procedure, without adequate social partner involvement and parliamentary scrutiny, and emphasises that the reform recommendations partly contradict the political priorities of the structural funds and other funds. It stresses that the disbursement of funds should only be linked to reform recommendations if they are conducive to better absorption of funds (effective public procurement procedures, capacity building in public administrations, digitalisation of public administration, etc.). The prevailing view in ES is that this approach should be applied flexibly, depending on the nature of the fund.

In LV, OCS highlights that the mechanism is not functioning as intended and has negative aspects in its implementation, lacking flexibility. Stakeholders believe that each country or territory has unique development needs that cannot be standardised at the European level. However, OCS believes that the link between cohesion policy and the European Semester process should be preserved. In PT, OCS believes that measures that prevent the risk of non-compliance and enforcement from the outset are more effective than sanctions that could put countries in complex situations.

In AT, OCS does not take a position on this issue, but highlights that the design of the RRF's performance-based approach has weaknesses. On the other hand, it believes it also makes sense for payments from the EU budget to contribute to the achievement of certain objectives. In this sense, the disbursement of these funds would have to be linked to the fulfilment of certain objectives, thus creating a certain degree of conditionality. However, whether this is done and what form it might take would have to be discussed comprehensively and open-endedly. In principle, attaching funding to specific conditions is a very sensible approach; however, there is not enough information to be able to assess the design of the milestones and draw conclusions. In BE, OCS stresses that sanctions, even in the event that the sanctioned amount could be reimbursed if conditions are meet, could place an additional fiscal burden on the government budget, which should not hamper public and private investments.

<u>Question 16:</u>
With regard to the investment gap in the EU, are you in favour of creating a new common EU strategic investment facility, such as the RRF, to make up the billions needed for the EU to meet its environmental, social and digital goals? Please explain your reasons.

OCS in BG, CY, HR, CZ, EE, FR, DE, EL, HU, IE (GII and GIII), LT, LU, MT, NL, PT, RO, SK, SI and ES (GII) is **in favour** of creating a new common EU strategic investment facility, such as the RRF, to make up the billions needed for the EU to meet its environmental, social and digital goals. In these countries, OCS expresses support for the creation of a new investment facility, particularly in areas such as the green transition, digital transformation and for achieving of the social objectives.

For example, in EE, OCS highlights the need for a simplified business environment and effective implementation to support investment, and stresses the importance of facilitating private sector access to finance and creating opportunities for businesses in key sectors, such as green and digital innovation. In FR, national stakeholders argue that such a fund must be interconnected with existing systems to avoid fragmented priorities. They advocate for a single steering group to manage investments efficiently. In DE, OCS underlines that this should be accompanied by reformed state aid rules to make climate protection funds accessible, especially for social services and services of general interest. In EL, stakeholders note that a new common EU investment facility strategy would reinforce cohesion and common objectives, and would also contribute to a balanced and fair distribution of funds and would not distort competition. In IE, OCS acknowledges that many Member States lack the fiscal capacity to make necessary investments, especially in sustainability, and argues that such a facility would help reduce fiscal pressures and protect green investments from austerity measures. It cautions about the potential drawbacks of performance-based approaches, noting that targets can become irrelevant or overly ambitious due to changing contexts, and that governments may still fail to address underlying issues even when penalised for not meeting their targets. In LU, national stakeholders stress the importance of mobilising public capital to finance investments, in particular as a lever to mobilise private savings. Consequently, the rules of budgetary governance could provide for a specific treatment of investments, according to procedures yet to be defined, in order to better respond to major investment needs (cf. Draghi report: EUR 800 billion per year). In NL, GI stresses that such a fund should be financed own resources such as CO_2 trading, the carbon border adjustment mechanism, plastics and other funds. In RO, OCS emphasises the need for the EU to continue funding climate change programmes while increasing investments in defence, security and reindustrialisation, and notes that the EU's budget is insufficient to support all these priorities simultaneously. In MT, OCS supports the creation of a common EU strategic investment facility to facilitate the EU's environmental, social and digital goals and improve its global competitiveness. In PT, OCS emphasises that this should be done without compromising the welfare state and with benefits for citizens.

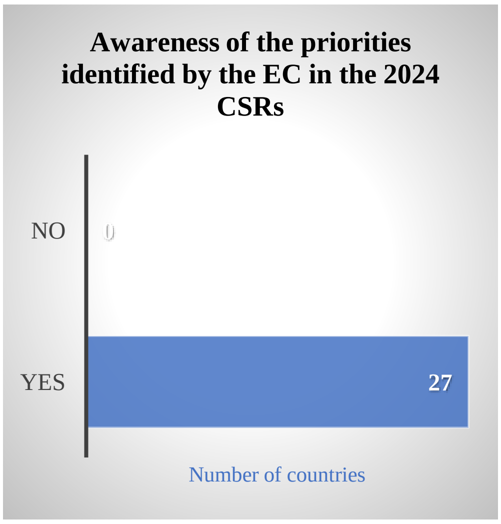
OCS in SE is **against** the creation of a new common EU strategic investment facility, such as the RRF, noting that Member States should try to prioritise achieving sufficient room for fiscal manoeuvre to increase investments. Simply increasing debt for investment would increase the burden on future generations without necessarily reaping any economic benefits. Moreover, they believe that the private sector should finance the bulk of investment.

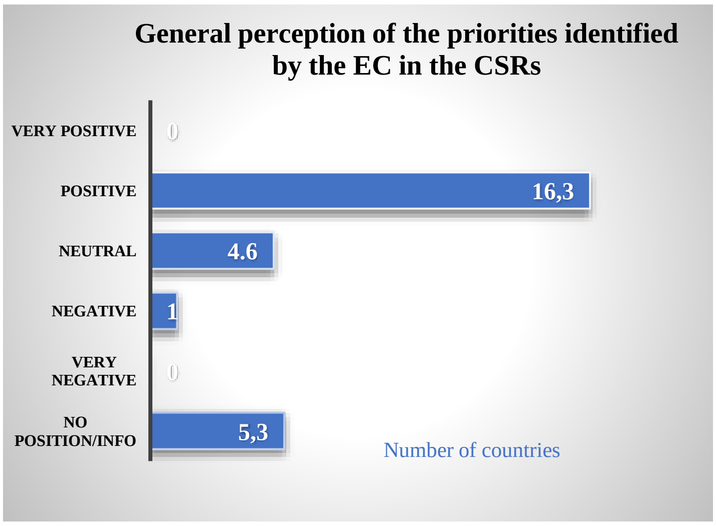
DETAILED RESULTS OF THE RESPONSES TO THE QUESTIONNAIRE AND THE REPORTS FROM THE ROUND TABLES[13]

Section I: The reform and investment measures in the Member States, in particular those based on the country-specific recommendations 2024, and the implementation of these measures.

On 19 June 2024, the Commission published the CSRs to provide guidance to Member States on how to tackle key economic and social challenges that are addressed only partially or not at all in their recovery and resilience plans. This includes tailored advice to individual Member States on how to boost jobs, growth and investment, while maintaining sound public finances. The recommendations adopt priorities identified in the autumn in the Annual Sustainable Growth Strategy[14] and in the recommendation for the economic policy of the euro area.

Question 1:
Are you aware of the priorities identified by the European Commission in the country-specific recommendations for your country in 2024? What is your general opinion of these CSRs?





General perception of the priorities identified by the European Commission in the CSRs
Positive: AT, BE, BG, CY, HR (GI), CZ, EE, FR, EL, IE, LT, MT, NL (GII and GIII), PL PT, RO, ES (GII) and SE.
Comments: • **Austria:** Both the country report and the CSRs did not come as a surprise this time. It is very positive that the Commission is maintaining certain recommendations, for example in the area of expanding childcare, over a longer period of time. In particular, the issue of competitiveness, which was taken as the basis for the country reports of all Member States, is of key importance. However, the social component should also be given more consideration, for example the goals of fighting poverty and creating high-quality jobs and the overall distributive effect of the measures taken. The focus on a sustainable fiscal policy and the continuation of green investments is very important. However, it is essential to ensure that this does not lead to a curbing of economic development, even to the point of a recession, an undermining of competitiveness and further pressure on those in receipt of small and medium incomes, and that investments – including measures to increase energy efficiency – are designed in such a way that the savings potential of the fundamental change in favour of the economy and the population can be exploited to the full. Economic, social and ecological goals must be given equal consideration. The proposal to improve the tax mix is also explicitly welcomed. The focus on holistic concepts for inclusive and sustainable development is particularly noteworthy. In order to achieve patient guidance,

[13] All the round table reports are published here: Ad hoc group on the European Semester.
[14] 2024 European Semester: Annual sustainable growth survey, European Commission.

especially in the area of chronic illnesses, comprehensive and needs-based inclusion of all healthcare professions is needed to enable care at the 'best point of service'. This would mean that patients would no longer be forced to resort to expensive hospital treatment.

- **Belgium**: In general, we do agree with the report of the European Commission and the different recommendations. However, the competitiveness aspect is absent from the recommendations. Belgian labour costs have surged compared to our neighbouring countries due to our unique system of automatic indexation of wages and social transfers, both in the private and the public sector. It is estimated that Belgian electricity prices are (according to a recent Deloitte study) between 8 and 21% higher on average compared to Germany, France and the Netherlands. Belgian businesses have also been facing a strong rise in administrative burdens. According to the most recent study by the Federal Planning Bureau, administrative costs went up by 20% between 2020 and 2022. It can be expected that administrative costs have risen even more strongly between 2022 and 2024. Specific attention should be paid to the impact on SMEs. Finally, we agree with the recommendations regarding the budgetary aspects of public finances. Belgium today has one of the worst levels of public deficit and debt ratios among the EU Member States. Belgium must pursue a medium-term budgetary strategy in favour of sustainable public finances, combined with investments and reforms conducive to more sustainable growth. There is consensus among the social partners on the objective of fiscal consolidation, with reservations about the way to proceed, for example by reducing the tax burden on labour, reducing tax breaks and transitioning to clean energies. CSR 1: The government agreement should entail concrete structural reforms of the labour market, pensions and tax policy that could make Belgium eligible for a 7-year adjustment period. Though a thorough evaluation of the effectiveness is impossible at this stage, some measures should reduce labour taxes for lower wages, redesign allowance and social benefit schemes in order to make employment more desirable, and relax working time regulations. GI fears negative effects for part-time contracts and more specifically for women's employment. CSR 2: Current labour-market-related projects are insufficient to respond to the challenges and needs, as also indicated in the CSRs, as well as to the 80% employment target set by the outgoing Belgian federal government in its governing agreement in 2020. CSR 3: The gap between the expected skills needs and the actual skills of graduates remains very wide in Belgium. Technical and vocational courses remain underutilised and the number of students graduating in these fields is very low. These fields, like the education system as a whole, remain underfinanced, which makes it difficult for students to learn to use the most modern techniques and technologies. The education system is not structurally based on a dual system that links education and workplaces. The activation policy is not up to the task of achieving an employment rate in Belgium in line with the European average (or the target of 80% by 2030). The employment rate remains at a relatively low level (72.1% among those aged 20-64 in 2023) in comparison to other countries. The trend is positive, but is too slow in relative terms. CSR 4: Administrative burdens are increasing year by year in Belgium, creating obstacles for society. Over the past decade, the focus on administrative simplification has weakened. The COVID-19 crisis has only reinforced this trend. Since then, efforts have been almost exclusively directed towards avoiding risks (health, safety, well-being, working conditions, fraud, etc.), with little consideration of the administrative burden associated with a constant stream of new rules and obligations. Digitalisation initiatives, although introduced to simplify procedures, have sometimes had the opposite effect, increasing the demand for data. To revive the fight against administrative complexity, a significant set of simplification measures could reduce administrative burdens, thereby stimulating entrepreneurship in Belgium. Applying these principles would reduce administrative burdens and foster an environment more conducive to entrepreneurship and competitiveness. This requires thorough investigation and rigorous analysis before any new regulations are introduced, in order to ensure that they do not create unnecessary burdens for businesses and citizens and to facilitate planning by public authorities. Reforms aimed at reducing red tape should, however, not jeopardize the high level of protection which Belgian legislation grants to workers and consumers. This concern should equally apply to methods to make the services sector leaner, addressing the level of competition in the telecoms market and in professions like legal and auditing services, where quality of services should be guaranteed. In summary, fewer administrative burdens should lead to more entrepreneurship and a more dynamic and competitive society with benefits for all.
- **Cyprus:** (1) Macroeconomic stability – Cyprus has made significant progress in restoring macroeconomic stability following the 2013 financial crisis and the COVID-19 pandemic. This

progress has been supported by sound fiscal policies and structural reforms. While challenges remain, efforts under the EU Recovery and Resilience Facility and national initiatives are aiming for sustainable growth. Long-term stability will rely on maintaining fiscal discipline, diversifying the economy and addressing structural vulnerabilities; (2) Environmental sustainability – Cyprus's 2024 CSRs are aligned with the country's green transition goals, with over 45% of the national RRP dedicated to climate-related objectives. This surpasses the EU's 37% minimum. These funds primarily target energy efficiency upgrades in public and residential buildings to reduce energy consumption and meet carbon reduction targets. Additionally, Cyprus is advancing circular economy practices, focusing on waste reduction, recycling and efficient land use, which, while receiving less funding, are crucial for long-term sustainability; (3) Productivity – Cyprus needs to address labour supply and demand imbalances to improve productivity and competitiveness. This includes making VET more attractive, reforming the apprenticeship system and promoting lifelong learning, especially in digital, green, blue and entrepreuneurial skills. A national authority for recognising skills gained outside formal education would help implement the EU's recommendations and enhance learner mobility. Additionally, strengthening STEM education, modernising school facilities and updating the research and innovation strategy are key for boosting competitiveness. With low levels of investment in research and development (0.7% of GDP), Cyprus lags behind the EU average, which impacts overall productivity. Sectoral productivity differences also exist, and digitalisation in the public sector needs to be improved; (4) Fairness – Cyprus's RRP prioritises improving energy and resource efficiency, with over 30% of climate-related funding directed towards these goals. This aligns with the EU recommendations to modernise the energy infrastructure and reduce fossil fuel dependence. Key initiatives include renovating buildings for energy efficiency, upgrading the power grid and improving water management, particularly due to the country's vulnerability to drought and water scarcity. Sustainable water usage and marine ecosystem preservation are crucial for long-term environmental stability. The plan also focuses on sustainable mobility and climate adaptation, such as reducing carbon emissions through enhanced transportation systems and electric mobility. Investments in electric vehicle infrustructure and public transport aim to cut emissions from the transport sector. Additionally, climate adaptation measures like coastal protection and drought management are vital in order to protect Cyprus's infrastructure and ecosystems from rising sea levels and increasing temperatures.

- **Estonia:** Priority 1 (MTFSP) will create a stable financial base and provide confidence to citizens and investors alike. Priority 2 (Implementation of the RRP) shows that Estonia is ready for reforms, innovation and social justice for the future. Priority 3 (Social protection system) will ensure that the most vulnerable groups in society receive the support they need and will contribute to overall social justice.
- **Czechia:** Priority 1: (a) A MTFSP in line with the Stability and Growth Pact – a necessary issue that corresponds to national efforts to achieve fiscal consolidation as a basis for long-term sound public finances; (b) Measures for long-term fiscal sustainability, especially of the pension system – a much needed and recurring issue here, which is very difficult and complicated to enforce in practice. It targets the largest single burden on the public finance system in Czechia; (c) Improving incentives for work participation of parents with young children and people of pre-retirement age – a legitimate issue to be addressed in a labour market context characterised by the lowest unemployment rate in the EU, and particularly relevant for the lower senior age group, where there is a sharp decline in labour market participation; (d) Increasing property tax revenue – given its persistently low level compared to the EU average, this can probably be supported (a sensitive topic given the extremely high rate of home ownership in Czechia); Priority 2: (a) Strengthening the administrative capacity for the management of the national recovery plan – a very necessary issue, which, given the time constraints, has to be addressed urgently; (b) Speeding up the implementation of cohesion policy programmes – a definite yes, especially in the case of operational programmes with weaker performance; (c) Reflection on the mid-term review and STEP priorities – an objective that would be necessary, but that is unfortunately not very widely applied and supported in practice in Czechia; Priority 3: Strengthened capacity of the public administration, attracting people with analytical, managerial and IT skills – a necessary goal only if there is a clear benefit, identified by the Regulatory Impact Assessment process, and if the less-qualified, routine workforce is released from the administration, otherwise the Czech public administration will swell significantly. Any absolute increase without other conditions makes no sense; Priority 4: Promoting innovation to improve technology transfer from academia

to business (start-ups; greater role of tertiary education, etc.) – an extremely necessary issue on which Czechia does not excel within the EU. There is huge room for improvement.

- **Greece:** The recommendations are considered positive, at least in terms of their basic direction, as they focus on the areas where further improvements are needed, particularly in the areas of economic and fiscal, environmental, business and social policy.
- **Ireland:** (1) Positive perception of priorities in the CSRs: OCS in IE mentions that the general perception of the priorities identified in the CSRs is positive, though the specifics vary. The idea that the CSRs provide clear direction for improvement is emphasised by GI, while the GII and GIII focus more on specific priorities; (2) Focus on infrastructure – the importance of infrastructure is consistently highlighted. GI specifically mentions the need to prioritise electricity, drinking water and wastewater infrastructure, while GIII touches on the neglected state of water infrastructure and the need for investment in renewable energy; (3) Green transition – the green transition is a common focus. According to GII and GIII, this is a critical issue that must be addressed alongside fiscal and social policies. They emphasise the need to ensure that environmental concerns are given the same importance as fiscal and social priorities; (4) Fiscal and social policies – OCS in IE highlights the interconnectedness of fiscal and social policies. In GII and GIII's views, there is a focus on the need to balance fiscal policy with social issues, such as equality and inclusion, while GI suggests fiscal concerns should come second after infrastructure; (5) Social inclusion and equality – social inclusion and equality issues are stressed by GII and GIII, with concerns that these issues are often neglected or treated as secondary. There is a call for a more holistic approach to integrating social issues into economic policy; (6) Sustainability of social spending – the idea that social spending alone will not be sustainable unless paired with sustainable fiscal policies is brought up by GIII. This connects to the broader theme of integrating fiscal policy with social and environmental concerns.
- **Poland:** The Commission's recommendations for Poland are generally viewed positively, as they accurately diagnose the main challenges.
- **Portugal:** CSR 1: Ecological transition – Portugal wants to keep up with the agenda but is not creating rapid adaptation mechanisms that are appropriate for the population and the business community. The changes and infrastructure necessary to boost electric mobility and the contractual support mechanisms for the changes in the supply of clean energies to markets and the population are being delayed. Everything is planned from a theoretical and regulatory point of view (to an excessive degree) and there is no implementation or planning; CSR 2: Social issues – despite having reached a situation in which unprecedented numbers of people are covered by social support (more than one and a half million families and individuals), there is a lack of mechanisms for monitoring and inserting and reinserting people into the labour market and society. Once again, the priorities are theoretical but concrete and structural measures are lacking; CSR 3: Budgetary and financial policy – there are reforms and budgetary flexibility to fulfil the planned ratios agreed with the EU, but these do not promote growth and are not accompanied by improvements in the economy and for the population; CSR 4: Competitiveness – there are packages to improve conditions for access to investment, simplify taxation and reduce bureaucracy in the economy, but these have yet to be implemented.
- **Spain (GII):** the CSRs should be analysed in greater depth, above all because the public actions and policies contemplated in the recovery plans should influence the transformations with just transition measures and it would therefore be necessary to evaluate and assess their effects.
- **Romania:** The CSRs cover the important and necessary reforms that Romania needs to implement in order to reduce macroeconomic imbalances and exit the excessive deficit procedure.

Neutral: HR (GII), DE, LU, NL (GI), SK and SI.

<u>Comment:</u>

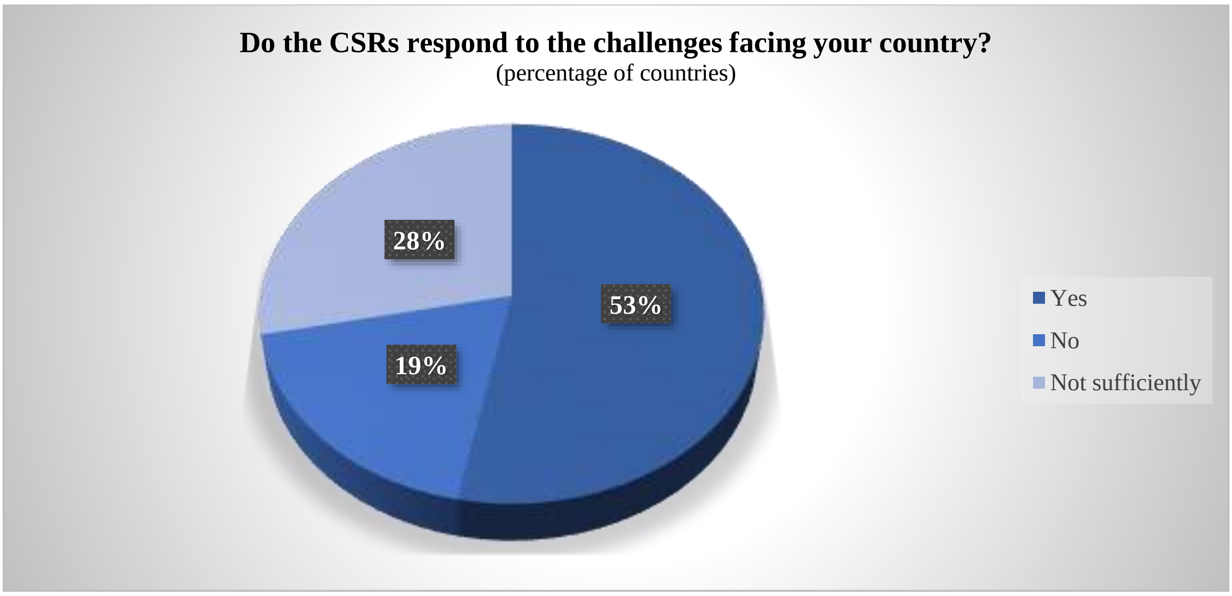
- **Luxembourg**: The Commission's recommendations highlight a number of issues and challenges (housing, public finances, the digital and environmental transitions, competitiveness, equity in the education system), but overall they do not take sufficient account of Luxembourg's specific characteristics and socio-economic reality.

Negative: DK.

No position/information: FI, IT, HU, LV, ES (GI and GIII) and NL (GI and GII).

Additional comments
• **Italy:** GI and GIII stress the importance of taking into account the social dimension. • **Italy (GI):** They identified administrative simplification, strengthened operational capacity at local level and increased training for workers as crucial for overcoming the skills gap. They drew attention to variations between regions and the need for decisive action where local measures prove insufficient. • **Italy (GII):** While recognising that there is more awareness now than in the past, the fact remains that economic recommendations are binding, while social recommendations are not. There is therefore a danger that the social dimension will be sacrificed on the altar of competitiveness and security. • **Italy (II):** Accessible data and indicators are needed and must also take into account the social and environmental dimensions. The aim is to ensure that reforms are not geared exclusively towards macroeconomic stability (see the reform of the Stability and Growth Pact), thereby neglecting cohesion and inclusion. • **Hungary:** There is a general awareness of the priorities identified in the 2024 CSRs. The CSRs include decoupling from fossil fuels, but this goal can only be achieved for projects financed by EU funds. There should also be a requirement at Member State level to meet this objective. • **Spain:** OCS recognises the importance of water management and considers the resolution of the housing crisis to be one of the national political priorities, which is not sufficiently taken into account in the CSRs. GII and GIII deplore the absence of social objectives, in particular the fight against poverty, in the CSRs. GII states that a tax reform is needed that would ensure an income floor to help develop the welfare state. GIII believes that a distinction should be made between public spending and public investment, not only focusing on employment, but also on combating exclusion and poverty.

Question 2:
Do these recommendations address the challenges facing your country? Please explain why.



Do the CSRs respond to the challenges facing your country?
Yes: AT, BG, HR, CY, EE, FR, EL, HU, MT, PL, PT, RO, SK, SI, ES (GII).
No: BE, CZ, DE, LU and SE.
Not sufficiently: NL, IE, LV, LT, IT, DK, FI, ES (GI and GIII).

Additional comments
Austria: Several recommendations are reflected in the positions of the social partners and OCS, namely with regard to improving energy security, promoting measures to increase employment among women, low-skilled workers and migrants, providing high-quality childcare, reducing the tax burden on labour, ensuring the sustainability of the healthcare system and improving access to venture capital. However, more attention should be paid to the sustainability and balance of social security systems and their benefits, which protect against a decline in living standards, social cohesion and the fight against poverty, as well as to the reduction of emissions in the transport sector. One incentive for increasing the working hours of women, who often work part-time, can be found in improving working conditions, or in age-appropriate workplaces for older people. For the healthcare system, patient guidance is one of the central challenges. Health expenditure, which is particularly high by EU standards, will continue to grow if structural measures are not taken to ensure that individual healthcare institutions are used in a targeted manner. Coherent patient guidance through a wider range of publicly available care services provided by all healthcare professions would relieve the burden on existing hospital and outpatient care and improve the care of chronically ill patients, an area in which Austria has some catching up to do. This could also include the stronger structural integration of all healthcare professions and public pharmacies, as is the case in many Member States.   **Belgium**: The challenges and issues mentioned in the CSRs provide a good overview of the main elements. These recommendations are certainly a step in the right direction, but they overlook certain structural problems and are not always sufficiently precise. The challenges that have not been addressed, or that have not been addressed in sufficient depth, are explained below. The CSRs are sufficiently clear on the objectives (limiting growth of net expenditure) and on some of the levers for ensuring success (addressing age-related expenditure, introducing reforms to increase incentives to work and reducing ineffective tax measures). However, the CSRs no longer mention the need for further fiscal consolidation (as was the case in the 2019 CSRs), i.e. the need to coordinate fiscal policies over different levels of power and to create the necessary margin for future public investments, for example for the digital and green transition. Additionally, more transparency should be created regarding the different intra-Belgian revenue streams and public expenditure. Belgian has the highest contribution burden on labour income. Its tax wedge amounts to 52.73% in 2023 and was the highest among the OECD countries, creating a disadvantage vis-à-vis its main trading partners and competitors. The CSRs argue that the reduction in the burden on labour should be financed by reducing tax expenditure and alludes to the presence of several wage subsidies and tax deductions such as the withholding tax exemption for R&D and shift work and the company car scheme. The inefficiencies and complexities created by tax expenditure and wage subsidies are rightly raised as a problem which the CSRs do not solve in a realistic way. There are still too many disincentives to work in Belgium. There is a need to make work pay in relation to non-employment situations. One challenge for Belgium is to activate both the unemployed and non-active people.   **Croatia:** The CSRs identify important issues, such as the fragmentation of government research institutes and the need to improve coordination between the various levels of government to improve policy goal formation and implementation. The CSRs rightly address issues of labour and skills shortages, skill mismatches and deficiencies in the education system, as well as of institutional fragmentation and coordination issues and administrative capacity regarding the management of EU funds.   **Cyprus:** It is evident from the extensive shortage of skilled workers in the economy that strengthening the capacity and appeal of VET and bolstering adult learning should be a priority, something the third CSR recognises clearly. Cyprus has a very low participation rate of adults in training (despite the fully subsidised training programmes offered through the RRF), part of which is attributed to the lack of a culture of continuous training and development (see also the comment regarding Priority 3 in the previous question). The recommendations address to an important extent the challenges facing Cyprus in relation to the protection of the environment and climate adaptation. The Cypriot economy is highly dependent on fossil fuel imports, with the latter accounting for over 90% of the country's energy mix. Cyprus's CSRs clearly point to the need to upgrade and expand its power supply grid and storage to accommodate an increasing share of renewables, in order to further assist their penetration and more productive utilisation. Cyprus faces

significant challenges relating to water scarcity, especially as climate change exacerbates prolonged droughts and resource scarcity, and this is an issue addressed directly by the fourth CSR. Furthermore, the country's geographic and climatic conditions make the island highly susceptible to the adverse effects of climate change, including rising sea levels, extreme heat and prolonged droughts. These climatic and environmental threats necessitate the implementation of climate adaptation measures, which is also directly addressed by the second and fourth CSRs.

- **Czechia:** The recommendations are far from containing a comprehensive list of the issues and risk factors facing the Czech economy.
- **Denmark**: OCS in DK acknowledges the relevance of implementing the investment programmes. However, the overarching focus of the CSRs should be on how to improve competitiveness. The CSRs could thus reflect the challenging regulatory environment for businesses today, putting the emphasis on recommendations to streamline administrative burdens and avoid gold-plating. Further, a focus on the demographic challenges and the derivative effects thereof (labour and skills shortages) is necessary. This considerable challenge for Denmark should be reflected in the CSRs by putting the focus on recommendations relating to the labour market and social affairs in the near future.
- **Estonia:** These recommendations respond to the challenges Estonia faces by creating a stable financial base, accelerating reforms for a green and digital transition, strengthening social protection and reducing the share of fossil fuels in the energy mix, fostering a greener and more sustainable economy.
- **Finland:** Social and healthcare service reform was one of the main concerns for all stakeholders. In addition, Finland needs to develop the skills level of its workforce, and a Parliament-level agreement would be needed in this area. New taxation instruments should also support entrepreneurship and research. In Finland, all three groups emphasise the importance of improving healthcare, with a shared concern over population ageing and the associated strain on healthcare systems. There is also a shared concern regarding the need to address the skills gap through better education and training, particularly to help address healthcare challenges. The three groups also share support for policies that promote inclusive economic growth and better employement opportunities, including for people with special needs and those facing barriers to work. Finally, the three groups agree on the need to reform the tax system to support both public health initiatives and businesses.
- **Finland (GI):** Taxonomy and other sustainable finance instruments should be further developed. More detailed steps on how to improve the functioning of the single market are also needed. On decluttering and better legislation, it is crucial to have discussions in Finland on what could be improved and to analyse existing legislation and use the same principles for new legislation. Moreover, Finland lacks doctors, which is an issue that should be addressed. In addition, Finland needs an inclusive growth plan and should give greater importance to reaching a better employment level.
- **Finland (GII)**: Concerning the social and healthcare services reform (SOTE), taxing right should be at the well-being zone level to ensure sufficient flexibility and faster reactions to the changing situation. Welfare areas needs to focus particularly on developing organisational decision-making and listening to personnel when making decisions. Support is also needed for employees suffering from reduced capacity for work in welfare areas (there were already many people who suffered from reduced capacity for work in welfare areas). Moreover, special attention should be paid to older people and to other priority groups, and a decision at national level is needed to determine what a well-being society could promise society, with involvement of the political level needed for implementation. One solution could be more partnerships between the public and private sectors – an area in which there are many avenues for cooperation. Furthermore, occupational health needs attention, especially with regard to how cooperation is working in the area of special medical care. As regards universities and young people, polytechnics and universities should be given EUR 2 billion to strengthen their financial position and autonomy. There should also be a parliamentary commitment to guaranteeing half of Finland's young people a university degree, increasing the number of international experts and solutions for skills development, and ensuring a reform of the tax system and the business support system.
- **Finland (GIII):** Skills have decreased, language skills among young people especially, and Finland simply lacks the skills needed to recruit competent personnel and obtain investments. In addition, to cope with an ageing population, labour productivity in healthcare must increase. By

improving productivity, the same workforce could provide care for a larger number of people. Investing in research and development is the most effective way to achieve higher productivity. More focus is needed on efficient treatment methods and healthcare technologies to enhance care quality and maintain Finland's leadership in international healthcare standards. This would increase costs in the short to medium term, but lower them in the medium to long term. Rising healthcare costs could be mitigated through preventive measures. Real expenditure on primary healthcare has grown by only one quarter over the past two decades, while specialised healthcare costs have doubled, making the number one reason for higher healthcare spending insufficient preventive care. Finland needs to increase early support, address mental health and substance abuse issues, and reduce lifestyle-related diseases, which would prevent expensive treatments in specialised healthcare. The personal doctor model would be an investment in primary healthcare and reduce future costs. Morever, a comprehensive health tax (aimed at sugar, saturated fat and salt) could improve public health and lower fiscal deficits.

- **France**: This applies to the French situation, but the fragility of the French institutions penalises any long-term vision or constructive consensus.
- **Germany:** A social dimension is missing, i.e. strengthening decent work and collective bargaining, ensuring better social security coverage and ending precarious work. Positive recommendation: strengthen public investments.
- **Greece**: As to whether the recommendations focus on the challenges facing the country, the answers are positive, as the country has faced a decade-long crisis and has lagged behind on many issues, and there is also room for further improvement when it comes to modernising the public administration and improving the tax policy framework. The recommendations relating to the management of European funds, in particular the resources of the Structural Funds, and to the effective absorption of the Recovery and Resilience Facility, as well as to issues concerning human resources and skills, are also considered positive.
- **Hungary**: The CSRs are considered relevant, particularly those addressing issues such as energy efficiency and fiscal balance. However, the recommendations lack sufficient depth when it comes to structural changes and long-term solutions. OCS in HU welcomes the inclusion of sustainability among the optional subjects for the secondary school-leaving certificate, but stresses the need to improve the situation and quality of public education and to raise awareness among young people. It stresses the importance of ensuring that the CSRs adequately address the impacts of climate change. With regard to the emigration of competitively skilled workers, OCS in HU notes that, in addition to income, the practical implementation of education, health and environmental protection objectives also plays a role. One forward-looking solution is to upgrade human resources and adequately address the situation of older people. The quality of human resources is critical and adult education should be strengthened. The challenges of an ageing society are also not sufficiently reflected either in the CSRs, or in the Hungarian government's plans. There is a lack of focus on the textile strategy, waste management and the circular economy, as well as on training, upskilling and digitalisation in relation to these areas.
- **Hungary (GII):** GII stresses that, without competitive incomes, the economy cannot be competitive, because competitive skills will trickle out of the country. Micro, small and medium-sized enterprises are unable to keep pace with large companies in terms of wage growth, but at present the latter also have no interest in targeting internationally competitive wage levels. It would be essential to find a common, consensual solution to this problem before it becomes even bigger.
- **Italy (GI)**: The issue is the quality and appropriateness of EU-level indicators. The use of parameters that are not tailored to Italy's situation, especially in the services sector, for instance, could result in inaccurate data and steer economic policy choices in the wrong direction. Improving data collection and analysis is therefore strategic for designing appropriate policies.
- **Italy (GII)**: Skills mismatches, low productivity and a lack of effective policies to get people into work are exacerbating precariousness and the weakness of the welfare system.
- **Ireland**: The CSRs identify key issues such as housing, water, energy and the green and digital transitions, but they often lack the specificity and ambition needed to address structural challenges. Additionally, they fail to adequately integrate social dimensions like poverty reduction, inequality and decent work. A better balance is needed between economic, social and environmental goals. Addressing climate change, fostering green innovation and reducing energy costs are essential for long-term sustainability. While GI focuses on innovation, clean energy and competitiveness, the overwhelming volume of environmental legislation has created compliance challenges for

businesses. Instead of introducing new initiatives, the Commission should focus on consolidating and implementing existing legislation, particularly so as to help small businesses manage these changes effectively.

- **Ireland (GI):** The recommendations address key issues such as infrastructure, housing, electricity, water and competitiveness, with a focus on the need for increased investment. There are concerns about worsening geopolitical issues and defence spending, which is currently below 1% of GDP, far below the 2% target set by the previous administration. Competitiveness and public sector resourcing are also critical, especially given Ireland's population growth. The public sector has not grown proportionally to the population, remaining the same size as when the population was 2.9 million, despite the population having reached 6 million. Ireland faces significant strategic and policy challenges, particularly regarding the investment and spending needed to meet emissions targets and address infrastructure pressures, including housing, wastewater and energy. The CSRs provide clear direction for improvement. Achieving green and digital transition goals, addressing structural challenges and tackling issues like population ageing, labour shortages and transport connectivity require substantial investments, resources and workforce development. Prioritising innovation, advanced technologies and digital upskilling is essential to improve efficiency, reduce costs and ensure economic and environmental resilience.
- **Ireland (GII):** The recommendations fail to address Ireland's social challenges, especially regarding decent work. A key priority for the healthcare workforce is ensuring adequate resources for healthcare services to meet the needs of the growing population. Workers in the voluntary sector also require fair and sustainable funding to tackle challenges relating to workforce mobility and retention. Housing is a fundamental issue which hinders progress on other goals. While childcare is mentioned in the CSRs, the government's focus is more on cost reduction rather than developing a robust public childcare system. This approach overlooks challenges like insufficient childcare places and the lack of integration of early childhood education into the broader education system, which affects labour market participation. Labour market reforms must continue to progress. Concerns about infrastructure, particularly concerning water and wastewater, highlight the need for public ownership in these areas.
- **Ireland (GIII):** The most pressing issues in Ireland are social exclusion, property deprivation and public health. The focus should be on building a strong economy to address negative social indicators. Targeted environmental action, accountability in policy-making and paying urgent attention to water quality, waste reduction and biodiversity are essential. However, environmental recommendations often lack specificity and urgency, and there is concern over the diminishing focus on the Green Deal, climate, biodiversity and environmental restoration. Ireland is a net contributor to the EU budget and will hold the EU presidency in 2026. Ireland's role in the EU requires addressing economic inequalities and improving engagement with EU-sceptical demographics, particularly those aged 25-55. Security and defence also need serious consideration, as relying on geographical advantages is no longer enough. The CSRs overlook significant structural social and economic exclusion, which have wide-reaching implications for society and democracy, and the impacts on equality and social inclusion are not fully addressed. Fiscal prudence, once a focus in the European Semester, has received less attention. While the CSRs target some important challenges, issues like energy, infrastructure and labour supply remain significant. To address the issue of labour supply, education and workforce development, including making apprenticeships and construction jobs more attractive, are key. Lifelong learning and adult education, especially in connection with the green and digital transitions, are vital, with Ireland's SME sector needing to engage more in innovation. Finally, investments in care services, including childcare and care for older people, are crucial for labour market participation and economic growth. These services should focus on both cost reduction and ensuring quality and availability.
- **Latvia**: Regarding the green transition, the need for sustainable development was stressed, but there are concerns about its practical implementation in many sectors, such as agriculture, forestry and land use. More concrete actions and recommendations from the European Commission are needed to bring about significant changes in national regulation. Concerns are raised about the future status of greening as a priority, i.e. what will the position of the new European Commission and European Parliament be on the necessary changes and their direction. OCS in LV stresses the need to maintain a balance between economic and environmental concerns and not to lose sight of the principle of sustainable development in the overall policy-making process. It also stresses the need for greater participation of the non-state sector in energy sector policy planning, as well as the need to better align national policies with broader climate policy objectives. Regarding the digital

transformation, OCS in LV raises concerns about public readiness and skills. Regarding institutional resilience, there is a need to strengthen the country's institutional structure to ensure long-term development. At the same time, it is stressed that, in the case of Latvia, it would be very important to also talk about social resilience, and that this should be included as an additional area for in-depth study by the Commission, in order to achieve more structured and coordinated work in Latvia on strengthening the social resilience of the population and the country. OCS in LV also stresses that successful reform planning and implementation will mean strengthening the capacity and resilience of both the public administration and non-governmental organisations. It is therefore surprised that societal resilience, including the development and strengthening of democracy, is not part of the CSRs. As regards competitiveness , there is a need to improve the business environment, make the country more attractive to investors and boost innovation, especially in agriculture and energy. OCS in LV also mentions the need for smart financial planning and the availability of financial resources to implement all of the recommendations and national priorities mentioned above, as well as the ability to set clear priorities and keep them constant, ensuring a stable and predictable environment for all stakeholders in the longer term. Regarding fiscal and financial policy, OCS in LV calls for the European Commission to make more concrete and specific recommendations that are in line with the real reform needs of the country and its capacity to implement them. Finally, the European Semester process and the recommendations made by the European Commission do not provide the necessary emphasis on and direct link to the negative impact of the ongoing Russian hostilities in Ukraine on Latvia's security and economic, social and territorial resilience. As such, at least one very important element, namely that of security and resilience, has long been missing from the recommendations. Stakeholders call on the European Commission to carry out an in-depth study on social resilience in Latvia and to include it in the European Semester process, as well as to work together with organisations on CSRs in this particular block.

- **Lithuania:** The Commission's spring forecast for 2024 projects Lithuania's structural balance to be -0.8% of GDP in 2024, up from 0.1% in 2023, thus remaining close to the country's medium-term budgetary objective of a structural balance of -1.0% of GDP. This is in line with the Council Recommendation. Lithuania's tax revenue as a percentage of GDP increased in 2023 but is well below the EU average. This constrains the availability of funds to finance public expenditure on health, social protection and general public services. In 2022, revenues from property taxes, which are one of the least growth-impacting taxes, amounted to only 0.3% of GDP, around seven times lower than the EU average. Lithuania's capital tax revenue as a percentage of GDP was less than half the EU average, its transport taxes are among the lowest in the EU, and it is one of the few Member States without an annual car tax. Public spending on social protection increased in 2023, but is still well below the EU average. As a result, social benefits are relatively low and coverage is narrow, while old-age pensions are among the lowest in the EU relative to labour income. Expenditure on general public services is extremely low: their funding as a percentage of GDP is less than half the EU average. Inadequate financial resources for healthcare mean that many patients' needs remain unmet, especially in the case of low-income groups, many costs have to be borne out of pocket, and healthcare professionals cannot be offered competitive salaries and conditions. A sound healthcare system is essential to keep people healthy, to stimulate growth, to make healthy people more productive in the labour market and to encourage foreign investment. The adequacy of old-age pensions gives people confidence in the state and the future. However, these are not the only problems facing the country. High inflation, especially in house, energy and food prices, are making young people in particular think about emigrating. The prevailing psychological state, the emotional frustration and the sense of injustice are leading to a fragmented society. Anger and despair at the lack of change, particularly in the regions, is particularly acute. There are no incentives for private companies to invest in R&D, and the system of matching higher education to labour market needs is not working.
- **Luxembourg:** The Commission's recommendations do not take sufficient account of Luxembourg's specific characteristics and socio-economic reality. With a view to containing inflation, the social partners do not agree with the Commission's call to abolish energy support measures before the 2024-2025 heating season. Moreover, the partial maintenance of the electricity price cap is precisely a strong price signal in favour of this energy source. Although business representatives welcome the recommendations regularly made by the Commission to 'improve the long-term viability of the pension system' (action on the expenditure side) and, more generally, to better control public spending, they consider that the recommendations should place more emphasis

on the need to boost productivity, which has been stagnant for many years, as shown in the Commission's reports on Luxembourg, and which weighs on the economy's growth potential and ultimately on its socio-economic balance. For employees' representatives, the recommendations fail to take into account the deteriorating social situation in Luxembourg. The Commission ignores the explosion in inequality and the risk of poverty; it also ignores the Luxembourgish government's questioning of the role of trade unions in social dialogue. As far as pensions are concerned, the Commission's recommendations go in the wrong direction: the aim should rather be to increase low pensions and, where necessary, generate new revenue.

- **Malta:** Regarding the transport sector, OCS in MT stresses that the country should put more emphasis on infrastructure, for example road construction, in order to address the problem of traffic congestion. It stresses that it will be easier to negotiate the network in the way that it is currently organised. More emphasis should be placed on community services, so that the cost of living decreases for each person and every area, for example, during the school year, so that children can take part in extracurricular activities. Transport and connections, especially between the island of Malta and the island of Gozo, should be prioritised. Although there is a demand for hybrid and electric cars, there are concerns that the cars of this future will not be able to fulfil the role expected of them. In order to increase road traffic flow, the possibility of providing certain services, e.g. car washes, at night should be explored. It is important that the measures taken to reduce transport problems and congestion are effective, that they are coordinated and that they do not create any additional stress. Regarding education and skills, OCS in MT explains that not enough is being done in the field of skills and training, for example to train people in new skills, and that the social partners are not being included sufficiently in this regard. For example, workers' unions provide courses in partnership with the government, but these are too few and not delivered consistently. Not enough is also being done to train women and girls in STEM. In addition, in general, many young people are not choosing the sciences in their studies, and this could hamper the country's ambition to make a digital leap. While a great emphasis is being placed on the low birth rate in the country and on the importance of increasing it, much more needs to be done in the field of online learning, so that people can still stay abreast of developments in the world of work. A lot of training is being done within companies because of the skills card. However, the certification of the acquired skills is taking the form of a certificate issued by the company itself. Certification has to be done through the skills card by persons trained in a given field. Workers are being brought from outside the country to work in certain areas of healthcare where there is a lack of workers, thus compensating for the existing gaps. Although it is generally easy to have access to a doctor in Malta, there is still work to be done in order to address the problem with hospital waiting lists and to strengthen resilience in the healthcare sector. Regarding the energy sector and renewable energy, although efforts have been made over the years in favour of the transition, these have been rather slow and unstable. This could also be due to the fact that workers' and employers' organisations are not always in favour of the actions intended. In addition, certain laws that were introduced, for example regarding solar panels, are not coordinated. It is important that everyone is included in the actions taken in the area of the ecological transition, thus strengthening the sense of ownership. In addition, there is a need to change the general idea of waiting for the government of the day to take the necessary steps and actions.
- **Netherlands (GI):** This Dutch cabinet is addressing the business climate and wants to bring back regulatory burdens, for instance. However, policy is unstable and somewhat unpredictable. After COVID-19 and inflation, many citizens are worried about the cost of living. Who will pay the cost of the green transition? Fitfor55 is only low hanging fruit. There is no pathway yet to achieve 'net zero' by 2050.
- **Poland:** In general, OCS in PL stresses that the CSRs accurately diagnose the main challenges. The recommendations rightly address the need to improve competitiveness. However, the problem at the moment is over-regulation of the market. Drug safety is one of the foundations for improving competitiveness, and this is not mentioned much. There is a lack of concrete recommendations on how to protect the competitiveness of the Polish economy against non-EU countries. There is a lack of a horizontal Polish industrial strategy. There are also concerns about the fiscal recommendation. There is uncertainty as to whether, in such difficult times characterised by a need for a great deal of expenditure, e.g. on defence, energy transition, healthcare (still as a consequence of the COVID-19 pandemic) and increasing salaries in the public sector (for example, teachers' salaries, which were raised last year), it is legitimate to meet the requirements of fiscal consolidation. The Polish economy needs investment to sustain economic growth and jobs.

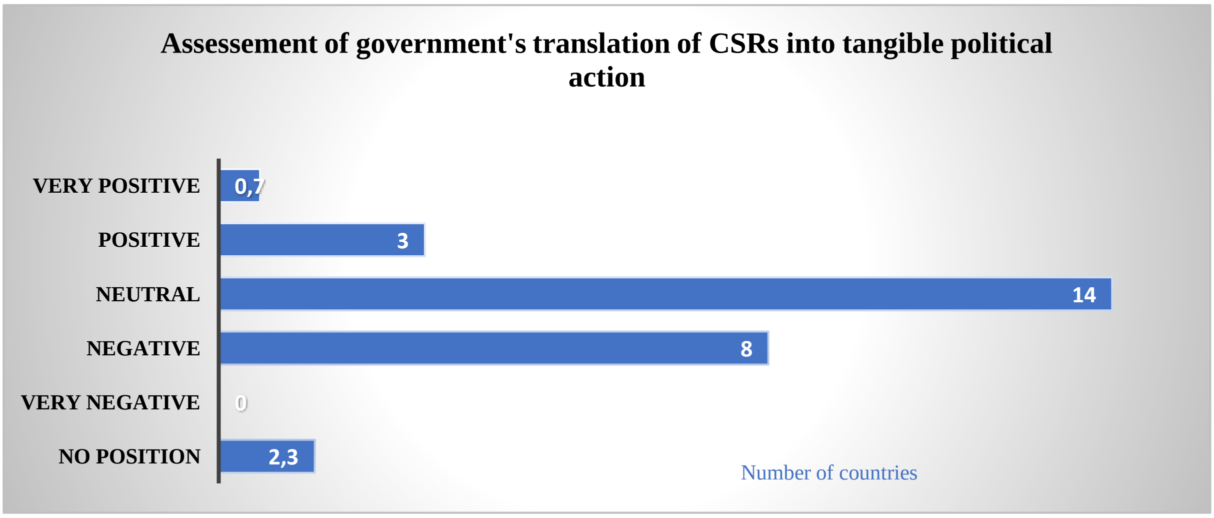
Increased investment spending in Europe is one of the main recommendations of the Draghi report. In addition, the recommendations are not fully adequate to diagnose the cause of the problem of lack of convergence between Poland and other EU countries. Moreover, there are concerns about the recommendation to accelerate the gradual phasing out of fossil fuels, taking into account the current geopolitical situation, which results in very high energy prices in the EU, with Poland being one of the countries with the highest energy prices in the EU. There is a need for a climate policy and a green transformation, but this process should be carried out in a way that does not threaten the competitiveness of the economy and jobs. The direction of the energy transformation chosen in the recommendations is therefore correct, but the recommendations should take better account of the real possibilities and needs of entrepreneurs. Labour market aspects are treated too superficially. The implementation of the recommendations on increasing the participation of disadvantaged groups in the labour market requires a high level of coordination between different ministries, public and private entities, and due protection of jobs. The recommendations do not focus enough on access to workers in the context of a shrinking labour market. Regarding the issue of access to public services and long-term care, there is a lack of proper treatment of transport exclusion for people with disabilities and the elderly. There is also a lack of focus on issues relating to gender equality and representativeness, a lack of a reference to Poland's failure to implement the Charter of Fundamental Rights, and a lack of recommendations to improve crisis management competences and strengthen resilience in this area. Poland faces a shortage of relevant skills in this area, which was clearly visible during the recent floods. The recommendations also fail to address the key issue of making better use of and adopting a horizontal approach to voluntary work (the ad hoc nature of activities only carried out in the event of a crisis). The CSRs do not sufficiently take into account the challenges posed by the problem of increasing extreme poverty, an ageing population and energy poverty (statistics show that it has the face of an elderly woman above all). Finally, more investment in the insulation of buildings and the development of alternative forms of housing for people at risk of climate poverty are needed.

- **Portugal**: Yes, in a general and conceptual way. However, there is a lack of concrete, reform-oriented measures that are capable of bringing about change.
- **Romania:** Romania has been in the excessive deficit procedure since 2020. The multiple and overlapping crises in recent years have hampered Romania in its efforts to introduce the necessary reforms and measures to reduce its budget deficit. This year, the government will be forced to reduce the budget deficit by introducing measures to cut spending in the public sector.
- **Slovakia**: Slovakia needs more active measures to reduce its public deficit and stabilise public finances, with a view to improving the regulatory and fiscal environment in order to make the business environment in Slovakia more attractive.
- **Slovenia**: As regards the priorities in the Council's recommendations for Slovenia, while fiscal sustainability is important, it is also important to maintain a high level of social protection and to ensure quality public services that are equally accessible to all. This aspect is not emphasised in the recommendations. The recommendations include a reference to addressing the delays in the implementation of the RRP, to continuing the rapid and effective implementation of the RRP, and to completing reforms and investments by August 2026, but we caution that speed should not come at the expense of the deliberateness and quality of the solutions adopted, nor at the expense of the broadest possible societal consensus on reforms that directly affect the socio-economic situation of employees and the economy.
- **Spain (GI):** GI stresses that there is a need to boost public-private partnerships, deepen the single market, control public finances, improve expenditure control and boost investment. It explains that there should also be a focus on micro-enterprises and the self-employed to help them transform themselves, taking advantage of the twin transitions. GI also underlines the loss of competitiveness vis-à-vis the USA and China, among other things, which is due to the lack of consolidation of the single market and the limited progress made in digitalising the economy.
- **Spain (GII):** I agrees with some of the economic recommendations, but not with the fiscal ones aimed at cutting public spending. The reintroduction of European fiscal rules from 2024 must not pose a risk to the expenditure and investment that Spain needs for its development. The current positive situation, characterised by high levels of economic growth and employment, should be used to go further and carry out the pending structural reforms to sustain it in the medium and long term, where there is a need for progressive and far-reaching tax reform that generates sufficient public income on a structural basis. A minimum level of income must be guaranteed to allow for

the development of the economy and the welfare state that the population needs. The recommendation on water management is a priority (see the answer to question 1 and recommendation 3). However, there are aspects that are not covered, such as the ecological, demographic and digital transitions and their effects on people, among other issues, and that are affected in the development of the three recommendations made. There also needs to be a spotlight on the social pillar. The significance of subnational imbalances also needs to be emphasised. Finally, GII underlines that the European Commission did not take into account the promotion of equality or the fight against poverty.

- **Sweden:** Only partly. There are many challenges, in particular the increased uncertainty about security after the Russian attack on Ukraine. Electricity supply and the implications for energy prices are also not covered in full.

Question 3:
What do you think of how your government is translating these recommendations into tangible political action? Please explain your reasons.



Assessement of government's translation of CSRs into tangible political action
Very positive: MT (GII and GII).
Positive: CY, SI and SE.
Comments: • **Cyprus:** Regarding the promotion and development of VET, and secondary technical VET in particular, it is evident from the very low participation rate (compared to the EU average) that more impactful actions and interventions are required. In this context, the government has introduced the Cyprus Lifelong Learning Strategy and training programmes for young people aged 15-19 and those who are not in education, employment, or training (NEETs), the "Development of a National Graduate Tracking Mechanism and Design and Implementation of an Employers' Skills Survey" and the creation of the StVET online alumni community platform. Initiatives such as platforms to track graduates and online registries of graduates are welcome and needed; however, they must not be viewed or used in isolation but form part of a holistic integrated national educational strategy. Regarding the environment, climate adaptation and water management, there are notable actions reflecting tangible progress towards the green transition, supported by specific measures detailed in the national recovery plan for 2024: (1) Energy Integration and Renewable Energy Development – Cyprus is prioritising the Great Sea Interconnector project to reduce energy isolation, enhance security and increase renewable energy sources to 33% of total consumption by 2030, supporting the transition to a renewables-based system and aligning with EU carbon-emissions reduction goals; (2) Energy Efficiency and Housing Renovations – the 'Saving-Upgrading Houses' programme in Cyprus supports energy

efficiency upgrades in households through insulation, renewable energy installations and modern heating and cooling systems, aiming to reduce energy consumption and costs while promoting sustainable energy use in the residential sector; (3) Waste Management and Circular Economy – Cyprus' Municipal Waste Management Plan includes initiatives such as separate waste collection, deposit-refund schemes and landfill taxes, supporting local authorities and promoting a circular economy to reduce waste and enhance resource efficiency; (4) Sustainable Mobility Initiatives – Cyprus is promoting sustainable mobility through incentives for electric vehicles, alongside investments in 'sustainable urban mobility plans' (SUMPs) for cycling, walking and public transport, aiming to reduce emissions and align with EU sustainability goals; (5) Circular Economy and Market Integration –Cyprus is promoting a circular economy by encouraging business investments in this area, launching a grant scheme, developing a marketplace platform and supporting hotels in transitioning to sustainable practices, while aligning with EU recommendations to improve resource efficiency and foster sustainable economic models. Overall, Cyprus demonstrates a proactive approach in translating EU recommendations into action, with initiatives that span energy, waste, transport and the circular economy. These measures, particularly those concerning energy interconnectivity and resource management, and to a lesser extent the development of VET, showcase the government's commitment to building a more sustainable and resilient future.

- **Slovenia:** The government is working on legislative solutions to address the recommendations.
- **Sweden**: The government of course considers the recommendations for their policies. The governemnt is held accountable by the electorate in general elections held every four years. The public has expectations that are broader and not fully covered in the CSRs.

Neutral: AT, BG, HR, CZ, DK, EE, FR, DE, EL, LV, MT (GI), PT, PL, SK and ES (GI and GII).

Comments:

- **Austria:** As parliamentary elections took place in September and the new government is still being formed, it is too early to say how these recommendations will be translated into policy measures. We know from the recommendations of previous years that it takes time to implement major reforms, such as in the area of childcare. The prospect of implementing the recommendations increases if the measures have already been agreed in the government's coalition agreement. This year, this could be the case. Furthermore, an agreement on Austria's medium-term financial and structural plan must be reached at the beginning of 2025, which must also be in line with the CSRs. In the healthcare sector, no serious steps have yet been taken towards consistent patient guidance. The aforementioned reform package of 2023 focused too much on undermining the liberal professions and too little on real structural reforms, such as the financing of outpatient services from a single source. So far, the CSRs have not been noticeably reflected in regulatory measures. An outlook is hardly possible due to the current process of forming a government in Austria.
- **Bulgaria**: Due to the fact that we had several elections and interim governments, they all tried to follow up.
- **Croatia**: The success of the government in drawing down RRF funds is commendable and demonstrates the existence of a greater than perceived institutional capacity in the public sector in Croatia. The achievement of the fiscal goals within the Maastricht criteria in the period in question (and the related increase in the sovereign credit rating) is something which is undervalued in Croatian society. As the CSRs stress, it is important to remain within these criteria, having spent decades working to get there. Political actions are taking too long, for example efforts to tackle issues relating to labour shortages. Additional employers' view (GI): the slow pace of the adjustment of energy subsidies to households (which were not targeted in the first place) and the fact that these subsidies were greater for households than businesses most clearly demonstrates the political challenges the government faces. More complex policy issues with longer-term pay off matrices, such as labour market/education system reforms or dealing with the fragmentation of the institutional set up in Croatia, will require consistent efforts beyond the term of one government. Here, the CSRs from year to year and the mechanisms within the EU will assist Croatia in achieving progress.
- **Czechia:** It depends on the issue. Fortunately, the Czech economy does not suffer from major structural defects; it is relatively very fiscally disciplined, but with an awareness of the risks that may arise in the future and that are not being effectively addressed. The 2024 recommendations

are satisfactory for medium-term fiscal consolidation measures. The development of the national RRP and its administration, the efficiency of public administration and technology transfer are assessed far less positively.

- **Estonia:** The Estonian government is well placed to translate these recommendations into concrete policy action, but the question is whether they will be translated into policy.
- **France:** Institutional fragility poses major problems for management.
- **Germany:** The government is basically ignoring the recommendations.
- **Greece:** Regarding whether the government is responding to these recommendations, it is pointed out that while much emphasis has been placed on the digital transition, on fiscal and economic compliance, on competitiveness and on health, many of the weaknesses identified that lead the EU to make recommendations to address them effectively require stronger political will. It is also noted that despite the progress made in the use of Recovery and Resilience Facility resources, in areas such as employment, vocational training and the skills of workers and the unemployed, progress has not been as expected and further efforts are needed.

  Latvia: Regarding the digital transformation, OCS in LV explains that there are various new IT systems which are being developed to deliver public services to citizens and businesses. There are also various forms of monitoring which are being introduced to assess the effectiveness of the implementation of existing policies. However, this does not automatically address problems such as reducing social inequalities or the low proportion of young people choosing to study STEM subjects, etc. As regards social issues, OCS in LV stresses that poverty and inequality reduction and access to education remain major challenges, and that Latvia is lagging behind in tackling and implementing solutions. There is concern that, despite recommendations and reports, real progress in these areas is not reflected in national budget planning and in the funding allocated to address the problems. In addition, insufficient coordination and cooperation between the various ministries directly or indirectly responsible for different social issues was pointed out. Regarding fiscal and financial policy, OCS in LV underlines that better coherence between policy plans and fiscal space is needed. It also stresses the lack of clear coordination and continuity in government policy, especially in the case of the Ministry of Finance, which has been conservative in its approach to tax policy changes. OCS in LV draws attention to the fact that recommendations are often not implemented and that more progress should be made in this area. In addition, GI explains that, despite recognition of the important priorities for Latvian workers, including healthcare reforms and access to education at the national level, there are concerns that these priorities are not sufficiently reflected in the national budget, especially in the area of healthcare, where the allocated funding is insufficient. As regards competitiveness, OCS in LV stresses that the country's national policies do not distinguish rural areas as a separate policy block. As a result, there is no separate financial flow for rural areas distinguishing them from urban areas. The result is increased urbanisation and social inequalities between the inhabitants of different territories. This issue is becoming increasingly relevant in the context of the resilience and development of the Eastern Borderlands, as both economic activity and population are declining in the border regions. This situation is already becoming a threat to national and EU security. The overall political objective of reducing red tape at both national and EU level is positive, but this political commitment is currently hard to see in practical terms. The parties agree that this is a major obstacle to the overall competitiveness of the country.
- **Portugal**: These proposals are still in their infancy and there is a lack of an effective plan for realising them.
- **Slovakia**: The Slovak Government has only partially incorporated these recommendations and is not taking sufficient steps to stabilise public finances by reducing public spending. At the same time, there are no strategic steps for a long-term vision in this area with regard to strategic objectives and the need for reforms in the future.
- **Spain (GI and GII)**: According to GI, the absence of national budgets made it difficult to incorporate the CSRs at national level. Public spending needed to be more efficient in order to effectively transform the economy. Currently, at record highs, public spending does not lead to long-term productivity or growth. GII understands that there have been difficulties in the implementation of some measures. Furthermore, the current political context is making their implementation more complex and delaying, or even making their implementation impossible.

Negative: BE, FI, HU, IE, LU, LT, NL and RO.

Comments:

- **Belgium:** Proposed measures announced by the incoming government comprise structural reforms in the social security/first pillar pensions, labour market and tax system: though modalities are not known yet, they could bring about positive reforms in line with the recommendations. The incoming government needs to take prompt action as the budget deficit, low growth and unresolved structural issues (notably low employment rates) may send interest rates higher.
- **Finland:** Stakeholders wish to see more concrete results and measurable objectives in the European Semester. There is broad consensus among the three groups that the social and healthcare services reform (SOTE) has not yet delivered its intended improvements, whether in terms of service delivery, financial sustainability or work-force wellbeing. There is also shared recognition of the high stress levels faced by social and healthcare workers, highlighting the need for better support systems. Insufficient funding and resource allocation are shared major concerns, particularly with regard to how they affect the quality and accessibility of services, with vulnerable groups being the most affected. Finally, both workers and civil society highlight the need for a stronger focus on preventive measures to reduce the long-term strain on the healthcare system.
- **Finland (GI):** The reform of social and healthcare services has (SOTE) not yet met expectations.
- **Finland (GII):** The move to welfare areas has not improved the working conditions or well-being of staff, and that on many indicators, the situation has even worsened – but not dramatically. Work in many social and healthcare professions is still very stressful, and methods are needed to reduce this stress and improve coping mechanisms.
- **Finland (GII)**: During the SOTE reform, many errors were made. One concrete example was that there was no sufficient financial transfer to new well-being areas. The basis for calculating the amount was incorrect, as the municipality previously financed too little and used a complementary budget to cover needs. The 30-year deficit is really eye-opening, and it is not possible to compensate for the missing financing in such a short amount of time. In addition, there are concerns that digitalisation does not reach all citizens (older people and those with disabilities). There are also concerns about on narrowing services, the reduction of purchased services (for cost-saving reasons, e.g. places for older people are empty and services are being shut down) and the reduction of low-threshold services. Moreover, organisational cuts are hitting low-threshold services (i.e. the weakest parts of the population), and this is reflected in the increase in contact with social services, which do not have the resources to meet the growing demand. A broader discussion is needed on who will take care of the weaker sections of society if neither the third sector nor social services are able to respond. Preventive care in Finland is not doing well, and there are a lot of unmet medical needs that will become an expensive reality very quickly. In addition, the government's alcohol policy needs attention, as current proposals could have far-reaching negative consequences. The social sector needs much stronger commitments from the government on the stability of its plans, especially regarding investments.
- **Hungary:** The translation of the recommendations into action by the Hungarian government is ineffective, with incomplete and sometimes contradictory measures being taken. Areas of particular concern are education, environmental protection and social dialogue. The Hungarian government is lagging far behind when it comes to using European Semester documents and recommendations and incorporating them into planning. There is a need to ensure that planning at Member State level is more closely aligned with EU-level efforts. There is a general need for better follow-up on the use of EU programmes and funds.
- **Ireland:** OCS in IE expresses concerns about the government's response to recommendations, slow infrastructure development, inefficient resource use and the lack of comprehensive data to effectively address challenges. It highlights the need for better planning, investment and alignment between government actions and policy priorities.
- **Ireland (GI):** From a fiscal perspective, political stability is crucial, but there is a disconnect between identifying issues and effectively addressing them. Although progress has been made in diagnosing problems and allocating resources, the challenge lies in using those resources efficiently. The tax base is stable, but it is not fully utilised to tackle pressing issues. Water and wastewater infrastructure, in particular, face significant deficits, with billions needed to address growing demand. While recent funding is helpful, inflation and rising costs create further shortfalls. Connectivity is also a critical issue, with inadequate transport links, especially in rural

areas, hindering regional development. Investment in rail, road and public transport infrastructure is needed to ensure balanced growth. Rapid population growth is placing additional pressure on infrastructure and services, highlighting the need for long-term planning in energy, water and housing to meet current and future demand. Education and training programmes must be scaled up to equip the workforce with the skills needed for modern, sustainable industries. Migration also plays a key role in meeting labour demand, particularly in sectors like manufacturing and construction.

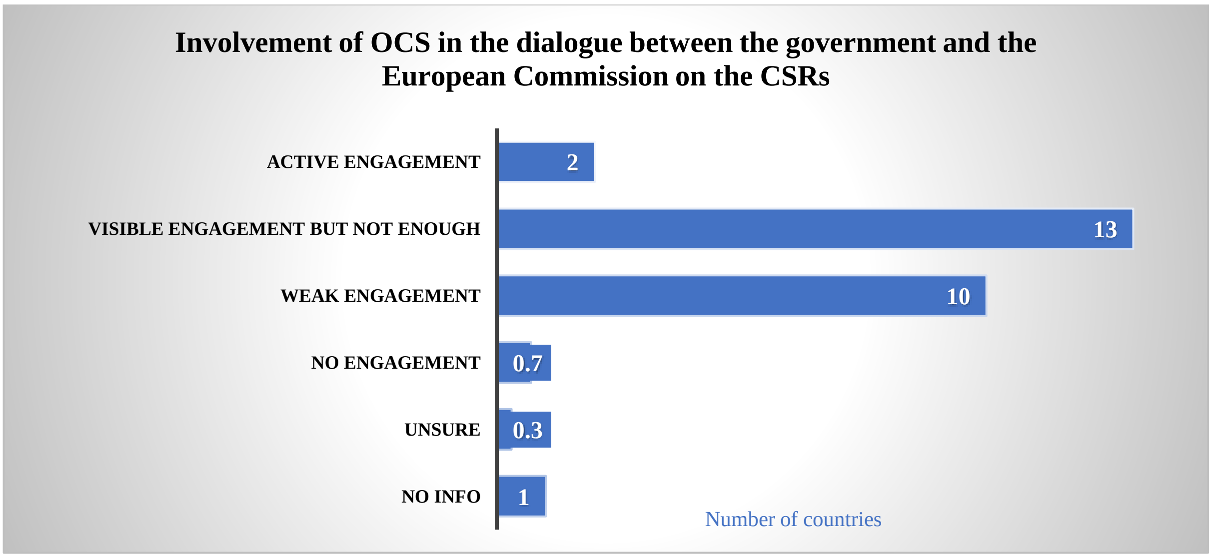
- **Ireland (GII):** It is very difficult to see where government policies clearly respond to the CSRs. Ireland's RRF (approximately EUR 1 billion) and cohesion policy programmes (EUR 1.4 billion over the period 2021-2027) are relatively small in the context of total annual expenditure. Furthermore, some CSRs do not seem to be taken into account by the government. For example, the 2024 CSRs recommend that Ireland consider the opportunities provided by the Strategic Technologies for Europe Platform initiative, yet this has not been considered in Ireland's MTFSP.
- **Ireland (GIII):** The lack of detailed and comparable indicators hinders the ability to truly understand and quantify the quality of life for individuals and households. As a result, while social inclusion recommendations may be included in policy documents or CSRs, they are often based on incomplete or inconsistent data, which weakens their impact. A comprehensive and standardised dashboard of indicators is crucial in order to ensure that policies are informed by accurate data. There is a neutral stance regarding the government's policy response to the CSRs. The government moves forward on these recommendations when they coincide with its own political and policy priorities. There is a negative perception regarding the government's political actions. It has not taken sufficient steps to address the implications of higher age-related spending e.g. ignoring the recommendations of the 2022 Commission on Taxation and Welfare. Progress on water and energy infrastructure has been extremely slow.
- **Lithuania**: Implementation of the recommendations has been slow due to a lack of political will, financial constraints and a lack of incentives for the private sector to invest in R&D. 2024 was an election year in Lithuania, which influenced a more populist/electoral context of political parties and ad hoc proposals rather than implementation of coherent reforms. The government lacked an inclusive and participatory dialogue with the social partners, NGOs and the public, which resulted in the failure to implement the planned tax reform and other reforms.
- **Luxembourg**: Quite apart from the fact that the recommendations do not take sufficient account of Luxembourg's specific characteristics and socio-economic reality, and that not all of them are shared by the social partners, little national action to implement these recommendations has been seen.
- **Netherlands (GI):** Today's government is mainly concentrating on immigration (populist agenda) and not much else. The policy direction is good, as are the intentions, but since the cabinet is unstable and the opposition is fierce, it is hard to reach concrete results. OCS in NL is also critical of the nationalistic tendencies and cost cutting in the area of education, although the latter had been partly reversed.
- **Romania:** The excessive deficit procedure was initiated by the European Commission at the beginning of 2020. The COVID-19 pandemic, the war triggered by Russia in Ukraine, the energy crisis and high inflation prevented the government from introducing the necessary measures to reduce the budget deficit. As a result, Romania ended 2024 with an 8% deficit. The measures that the government plans to introduce in 2025 are socially costly and there are fears that resistance from some socio-professional groups could block some of the measures promoted by the government.

No position/ information: IT, PL and ES (GII).

Additional comment

- **Italy:** OCS expresses concerns over prioritisation given by the government, particularly in healthcare, social services, and infrastructure.

Question 4:
How is organised civil society involved in the dialogue between your government and the European Commission? What are the positive and negative points? What would improve the involvement of organised civil society?



Involvement of organised civil society in the dialogue between the government and the European Commission on the CSRs
Active engagement: SK and SE.
Visible engagement but not enough: AT, BG, CY, CZ, DK, DE, IE, IT, LV, LT, LU, MT and ES.
Comments: • **Italy:** All three groups share a desire for formal involvement of OCS. • **Italy (GI):** There have been positive signs in recent years, with a growing focus on consultation exercises and efforts to formalise these. As these efforts have thus far been insufficient, formalisation is essential. • **Italy (GII)**: Trade unions complain about consultations that are often a mere formality and not very inclusive. • **Italy (GIII)**: Civil society wants to be allowed to play a meaningful role, although formal involvement would itself be a step forward. • **Ireland (GII and GIII):** GII and GIII emphasise insufficient engagement from civil society in the dialogue with the European Commission and the government. According to GII, despite several initiatives aimed at improving social dialogue, such as the 2023 recommendations and the 2022 Directive on Adequate Minimum Wages, these have yet to translate into tangible progress in Ireland. GIII acknowledges some visibility in engagement but still highlights it is insufficient. • **Spain**: The stakeholders called for a formal, permanent and structured consultation at both EU and national levels.
Weak engagement: BE, HR (GII and GIII), EE, FR, EL, HU, NL (GI), PL, PT, RO and SI.
Comments: • **Greece**: Regarding the level of social dialogue, it is noted that, despite the existence of the institutional framework, there is no systematic dialogue between OCS and the government, and the dialogue that takes place is a sham. The government sporadically issues invitations to participate in dialogue or to submit written proposals. • **Hungary:** Civil society's involvement in the decision-making process is insufficient. Critical organisations or those that do not align with the government are often excluded from decision-making, leading to a lack of meaningful consultation. There is no permanent, structural consultation process. Consultation may be completely omitted, but when it does take place, the social partners and civil society organisations are often confronted with impossible deadlines.

• **Netherlands (GI):** There is no active engagement (involvement) of OCS in the dialogue between the European Commission and the government. • **Poland:** There is a sense that consultations are organised just for the sake of formality. Social dialogue/consultation in Poland is not treated with due seriousness.
No engagement: NL (GII and GIII).
Comment: • **The Netherlands (GII and GIII)**: There is no engagement (involvement) of OCS in the dialogue between the European Commission and the government.
Unsure: HR (GI).
No information: FI.

Positive points of OCS involvement in the dialogue with the government and the European Commission on the CSRs
• **Austria:** The involvement of the European Commission is positive, with regular exchanges taking place in both Brussels and Vienna. The government's traditional formal involvement of the social partners is also fundamentally positive. However, substantive feedback on the statements is missing. The social partners were at least able to comment on the draft of the national RRP. The social partners were invited to the first meeting on the medium-term financial plan. This meeting in June 2024 was an information event, but unfortunately without any planned opportunity for dialogue. The fact that participation is often limited to the social partners in the narrower sense seems insufficient in terms of a broad dialogue with OCS. For example, the associations of the liberal professions, which represent professional groups that play a lasting role in shaping the functioning of civil society in many areas, are often excluded from this participation. • **Belgium:** Generally, the European Commission consults OCS. • **Bulgaria**: There is an established tri-partite dialogue. • **Cyprus**: (1) Advocacy and representation – the social partners and agricultural economy organisations actively engage in advocacy and lobbying efforts, representing the interests of their members in relation to EU policies. They can provide valuable input and alternative perspectives on issues like environmental protection, human rights and social justice; (2) Monitoring and accountability – the social partners and agricultural economy organisations may act as observers, monitoring government and EU actions for compliance with environmental regulations and democratic principles. This can help hold authorities accountable and ensure transparency in decision-making processes; (3) Capacity building – the social partners and agricultural economy organisations may participate in EU-funded projects that contribute to EU objectives. This can enhance their capacity to engage in policy dialogue and advocacy. The social partners in general play a leading role in that direction by promoting cooperation with other European social partner organisations. • **Czechia:** The main platform is regular round tables. • **Croatia (GI)**: OCS is formally involved and consulted and this is visible. • **Denmark**: As regards the dialogue with the government, OCS is invited to the dialogues and is consulted. As regards the dialogue with the Commission, OCS has open contact and the possibility to share information. • **France**: Genuine consultation exists, thanks in particular to the French Economic, Social and Environmental Council. • **Germany:** There is regular contact and open exchanges, and the government usually asks for contributions. • **Hungary:** The only positive noted by OCS is the process of minimum wage negotiations. **Ireland**: In general, OCS acknowledges the positive engagement with European institutions and OCS, particularly through platforms like the National Economic and Social Council and the National Economic Dialogue, but it also expresses some concerns about the limitations of the current engagement with the government and the loss of informal communication channels.

- **Latvia**: OCS in LV welcomes the consultations on European Union policy issues organised by the Ministry of Foreign Affairs with stakeholders. These consultations are an opportunity for the non-governmental sector to learn together and more broadly about, and at least partially engage with and influence, Latvia's position on a range of issues, including the European Semester process. The Ministry of Foreign Affairs has acted as a positive example by chairing meetings before the General Affairs Council and the European Council, which has fostered cooperation and information exchanges. GI and GII point out that their involvement in the European Semester process at national level has been better than in other EU Member States over the last eight years. They also acknowledge that, in recent years, the Latvian national reform programme has also included their diverging views on reforms and measures in certain text boxes. This innovation is largely due to a strong and successful persuasion campaign at the European Commission to include this option. GII and GIII note that the Ministry of Climate and Energy involves representatives of various NGOs and trade unions in the discussions. GIII stresses that NGOs in the agricultural sector informed that there is good cooperation with the Ministry of Agriculture.
- **Lithuania:** Dialogue with the European Commission and the government is more active than in previous years. This uses structured formats, through the EU Structural Funds Committee.
- **Luxembourg:** A government that seems determined to include the social partners. Extract from the coalition agreement: ‘The Government will ensure strong involvement of the social partners within the framework of national social dialogue and will initiate regular exchanges between the members of the Government in charge of the European Semester and the social partners in order to allow regular monitoring’. A meeting was held in June 2024 on the 2024 recommendations.
- **Malta:** There are established mechanisms that allow certain representatives of civil society to take part in the dialogue. The consultations with the European Commission and the government are giving an opportunity for feedback on reforms and policies that affect Malta.
- **Malta (GI):** Public consultations on various themes, particularly those relating to the environment, energy and climate, occur frequently. However, most of their significant aspects have already been decided at the European level, regardless of whether OCS agrees with them or not. The Maltese Council for Economic and Social Development serves as a formal platform for consulting civil society on issues relating to the EU. NGOs and professional associations are consulted on legislative proposals and new EU policies. There is an increase in awareness about the importance of civil society being involved in decision-making.
- **Malta (GII):** The social partners take part in consultation processes organised by the government or the European Commission. Examples include meetings on the National Recovery Strategy and the REPowerEU initiative. This part involves a meeting within the Maltese Council for Economic and Social Development, at the European level in the European Social and Economic Committee, and allows the social partners to express their views on the need for relevant reforms. In addition, the social partners participate in the conferences and meetings of the European Commission or other EU institutions to put forward the Maltese perspective. The involvement of the social partners ensures that CSRs are designed in an inclusive way, giving a voice to various groups in the population. When these policies are developed through full dialogue, there is a greater chance of them being accepted by the public and the parties concerned. The social partners bring with them specialist knowledge from different fields (eg industry, labour, workers’ rights, and order and enforcement), which can strengthen the content of policies. Apart from that, it is very important that the Member States and the social partners are involved to be participants in this process and help in the promotion and awareness of the impact of the EU on Malta.
- **Malta (GIII):** A number of sectoral organisations are being consulted in relevant economic discussions.
- **Netherlands (GI):** OSC managed to achieve concrete results on pensions.
- **Romania**: The social partners and civil society organisations are active within the Economic and Social Council and, through the latter’s opinions, they have the possibility to formulate comments and suggestions for the normative acts elaborated by the government.
- **Slovakia**: There are regular, systematic and formalised meetings of advisory bodies on key points relating to legislative as well as non-legislative changes. There are also opportunities to comment on materials in a formal way.
- **Slovenia**: Unlike NGOs, the social partners in the Economic and Social Council are involved in preparing reforms, especially legislative proposals, but not in implementing investments.

- **Spain (GII):** Meetings with the social partners took place prior to the EPSCO Council meeting. The social partners met directly with the European Commission, but with little notice and sometimes little opportunity to exchange ideas.
- **Sweden:** Legislative proposals, whether arising from a CSR or not, have often been handled in a governmental committee with the participation of stakeholders. The proposal is presented to the government and, after further considerations, a proposal is typically sent out for comments. Anyone can submit comments. A revised proposal is then presented to parliament for approval.

Negative points of OCS involvement in the dialogue with the government and the European Commission on the CSRs

- **Austria:** Overall, there is little to no actual participation and opportunity for involvement in the area of new economic governance. Fundamental decisions on the direction of social and economic policy in the coming years are at stake here, so comprehensive involvement is urgently needed. At present, it is also difficult to help shape the national reform programme because most important reforms have already been agreed as part of the coalition agreement. Participation is restricted due to the narrow definition of social partnership**.**
- **Belgium:** The former government did so but in a 'pro forma' way at the last minute. For example, the national reform plan is almost entirely written by the government when it is sent to the social partners for consultation. Consequently, the opinion of the social partners had no impact on the final plan.
- **Bulgaria**: Negative results.
- **Croatia (GI**): Most civil society initiatives are fragmented, relate to a single issue or are exclusive. There is insufficient understanding that whatever issue a civil society organisation is focused on needs to be integrated into a whole of government/policy framework approach.
- **Cyprus:** (a) Limited resources and capacity – many individual businesses and members of professional and sectoral associations in Cyprus face challenges relating to funding, staffing and expertise, limiting their ability to effectively engage in policy dialogue and advocacy; (b) Authorities' disregard – in some cases, the authorities may not adequately consider the input of the private sector. Moreover, consideration of the social partners' positions and concerns must be enhanced; (c) Limited access to information – businesses may face difficulties accessing relevant information and data, hindering their ability to conduct effective research and analysis. Local characteristics can be overlooked. Horizontal decision-making and strategic planning, especially regarding agricultural policies, often fails to address local concerns or unique circumstances and problems. For small economies and markets, this exacerbates the challenges faced by the agricultural sector. Bureaucracy hinders timely decision-making.
- **Czechia:** In the main platform, the round tables, there is no consensus or mutual understanding between those involved. Moreover, the government accepts only a minimum of the proposals made.
- **Denmark**: As regards the dialogue with the government, OCS in DK is of the opinion that the government could do more to take its views into account. It calls for civil society involvement to be more timely. As regards the dialogue with the Commission, it stresses that more focus on recommendations relating to labour market reforms would be welcome.
- **Estonia**: There is a serious lack of involvement, as the time taken to agree drafts is too short.
- **France**: Some organisations are consulted, while others are not, for no apparent reason, and deadlines are very short. OCS does not know whether its opinions are followed.
- **Germany**: There is a lack of effectiveness and it is not clear what happens with the results of the consultation. Parliamentary accountability is missing completely and there is not enough time to contribute adequately. Partly better contacts to the Commission than to the federal government.
- **Hungary:** There is an increasing lack of transparency in government planning processes, such as a lack of transparency in the budgetary planning process, which prevents stakeholder bodies from taking an informed position. OCS in HU stresses the complete lack of social dialogue and notes that the system for coordinating interests is completely fragmented. The lack of legal certainty and repeated extention of emergency governance by decree makes advocacy work impossible. Government communication and a media environment characterised by a high degree of government influence make it difficult to engage in advocacy, as EU recommendations and proposals from representative bodies are being distorted. OCS in HU stresses that both the social partners and other civil society organisations are facing a lack of capacity.

- **Italy:** OCS in IT stresses insufficient consultation, limited access to information and fragmented dialogue structures.
- **Ireland:** OCS in IE expresses dissatisfaction with the current state of engagement and consultation. It emphasises the need for more meaningful, focused and resource-supported dialogue, particularly for underrepresented sectors like the community and voluntary sector. The lack of real input and the decline in the quality of discussions are key concerns, as is the tokenistic nature of some consultations. One of the challenges is the proliferation of special interest voices and groups. While their input is valuable, there is a risk of losing sight of core priorities amidst the noise. Another key point raised by several people is the need to find balance, which is often missing. We're not having the necessary deep debates about the difficult choices that need to be made.
- **Ireland (GII):** Government engagement has been limited to requests for submissions, with little constructive interaction. Meetings often occur after decisions are made, preventing meaningful input from the social partners and undermining the effectiveness of national plans. Recently, invitations to provide input on the European Semester have become symbolic, with offers to engage before the final national reform programme was submitted being ignored. Discussions, though comprehensive, often feel ineffective, since decisions are already finalised. Pre-budget meetings, while providing some engagement, often feel like formalities, with minimal response to concerns such as the cost of living or welfare rates.
- **Ireland (GIII):** Over the past 10-15 years, the quality of engagements has decreased, with less meaningful dialogue and analysis, focusing more on information sharing rather than collaboration or data-driven discussions. A major challenge is the chronic funding shortage in the community and voluntary sector, leading to staff shortages and recruitment issues. In this sector, another issue is the lack of a career development structure, which further complicates engagement. The annual nature of the National Economic and Social Dialogue limits deep, meaningful exchanges, and tight timeframes hinder effective participation in European processes like the European Semester. Limited consultation time, lack of opportunity to comment on plans and minimal inclusion of community and voluntary organisations' concerns have made engagement feel tokenistic. There is a need for a stronger commitment to working collaboratively with these sectors.
- **Latvia:** OCS in LV expresses concerns that these stakeholder consultations by ministries are often organised in overly short timeframes, which makes it difficult to get full feedback from members and to have meaningful discussions with the ministries involved in the follow-up process. OCS in LV also points out that the responsible ministries do not carry out an annual assessment of the implementation of the CSRs. There is no analysis of progress or reasons for non-implementation at national level. The Ministry of the Economy is unlikely to be able to fully ensure quality stakeholder consultation due to capacity constraints, as well as the low priority of the European Semester process on the national political agenda. Consequently, consultation often takes place only with a limited number of organisations and over a relatively short period of time. GIII stresses that it is more difficult when it comes to cooperation with the government and the parliament as a whole. In an extended discussion, farmers' views and needs become one of the numerous items on the agenda of the government and the parliament and calls for support for green change are not always heard. GIII also stresses the current lack of organisations representing socially vulnerable groups in the dialogue with the government. Their level of involvement and capacity are not sufficient to get issues of importance to these groups onto decision-makers' agendas and to keep them there for a long time, leading to a favourable outcome for them. In addition, GIII mentions that the range of topics covered by the European Semester is too narrow. It urgently needs to include the issues of democratic development and societal resilience, which are indispensable in the context of the current external and internal challenges.
- **Lithuania:** Civil society is not consulted when the government's positions on European Commission issues are coordinated. Government institutions control information, but share it with civil society when it is useful. As a result, necessary decisions or decisions to be taken are sometimes not discussed with the social partners and the public. Trade unions and NGOs, etc. do not have sufficient human resources and competent experts for such work with the European Commission.
- **Luxembourg**: There is a lack of a position on the part of the authorities regarding the positions of the social partners.

- **Malta (GI and GII):** Consultations are often carried out too late in the process, when decisions have already been made. There is a lack of resources and technical capacity within many civil society organisations to enable them to participate effectively. There is not always clear feedback on how the contributions of civil society are considered.
- **Malta (GIII):** The involvement of civil society is still not sufficiently widespread and is limited when it comes to reforms and policies that affect Malta. There is a lack of transparency around how the contributions of civil society are being incorporated into the final decisions. Bureaucratic processes and insufficient resources can weaken the impact of civil society.
- **Netherlands (GI):** There is uncertainty. The government is on shaky grounds and may not last very long. Like elsewhere in society, the atmosphere is somewhat polarised, with labour unions urging for higher wages and employers stressing the need for an improved business climate. It is not always easy to find a compromise. The gains made by international autocracies are adding to the turbulence at international level. In The Hague, it sometimes feels like Brussels is on another planet.
- **Netherlands (GIII**): The current government has no eye for the value and involvement of OCS.
- **Poland**: There is a lack of sufficient information about the consultations that are being carried out. It is also not easy to determine where the recommendations have been taken into account. There is a lack of a sense of real influence on the final content of the Commission's recommendations for Poland. The deadlines for responding to consultations are short, and there is a sense that consultations are organised purely for the sake of formality. Very often, consultations are not carried out at all on many important and controversial issues, such as the Mercosur free trade agreement. It is becoming increasingly difficult to develop a common position within the Social Dialogue Council.

  Portugal: The understanding that civil society organisations should participate has not been translated into a practical and constructive form.
- **Romania:** There is no formal system of consultation of social partners and NGOs on the policy and programmatic documents that the government prepares in the framework of the European Semester. In 2024, due to the complicated national and European context, the government did not present the MTFSP that it submitted to the European Commission to civil society partners.
- **Slovakia:** Often, decisions are made without the consensus of the social partners, especially with regard to the need for reforms.
- **Slovenia**: The relatively late start of the implementation of some reforms creates time pressure with respect to the speed of coordination of the legislative solutions that constitute the implementation of the reforms, which makes it very difficult for the social partners to prepare a quality response to the proposals, to think through the solutions and to narrow the space for democratic and reasoned debate that would allow for quality and informed decisions and legislative solutions. Moreover, OCS is not directly involved in the dialogue between the European Commission and the government, and is therefore not aware of the content of this dialogue and of the possible highlights in this respect. In particular, OCS in SI draws attention to the fact that there is no dialogue in the field of agriculture and that stakeholders are not involved in the dialogue and are not informed about the activities.
- **Spain:** Although some of the reforms have been accompanied by processes of social dialogue, in others, participation is more formal than real and, in some cases, merely informative.
- **Sweden:** Some CSRs may openly contradict what the government has been elected to do. The government is acountable to the public, while accountability with respect to the recommendations in the CSRs is unclear. Wider civil society, excluding the social partners, is only sporadically consulted.

Suggestions for improvement

- **Austria:** Timely information, consideration of recommendations and justification/discussion in the event of rejection. Broader definition of 'the social partners'.
- **Belgium:** To improve involvement, it is necessary to have more dialogue and discussions and to ensure more timely consultation (more time and more information).
- **Bulgaria**: Encouragement, and constant dialogue on topics that are important for our development.
- **Croatia:** Continued engagement, regular meetings and exchanges of views with the government and civil society organisations will produce better results for Croatia. Capacity building and the

development of a strong civil society is one of the prerequisites for the latter's engagement in the dialogue with the government.

- **Cyprus:** While the social partners and agricultural economy oorganisations are active to some extent, their impact could be significantly enhanced through more structured engagement, increased resources and greater recognition of their role. To improve their involvement in the dialogue between the government of Cyprus and the European Commission, several steps can be taken. These include: (1) establishing formal communication for regular dialogue between the government, the European Commission and representatives of the private sector. This communication may be used to regularly discuss policy issues, share information and provide recommendations; (2) enhance capacity building by providing funding and training to support businesses' and workers' capacity-building efforts. This will empower them to engage effectively with policy-makers. Furthermore, it is also recommended to organise workshops, seminars and conferences to promote knowledge exchange and networking among businesses, trade unions, government officials and EU representatives; (3) improve transparency and access to information. This could include regular briefings, policy documents and research findings through simplified access procedures; (4) acknowledge the role of professional and sectoral associations and the business community to society and their role in promoting social and economic progress. Other examples of improved involvement could include the following: (a) regular consultations between the government and EU institutions with the business community and professional associations, including the European social partners, on specific policy areas, such as environmental protection and social welfare; (b) joint projects between the government, EU institutions, businesses and trade unions to address common challenges. This could involve co-funding initiatives, sharing expertise and co-creating policy solutions; and (c) establishing civil society observatories to monitor government and EU actions, identify potential issues and provide recommendations for improvement.
- **Czechia:** Less formal discussions and more openness within the government and ministries to suggestions and observations.
- **France:** Formalising the consultation framework and setting longer deadlines.
- **Germany**: Engaging national parliaments and the European Parliament in the European Semester, and making reference to the social partner consultations in the country reports. The European Commission should clarify which demands by the social partners have been taken up and which have not and explain why. Other OCS actors should also be included in consulations. There should be provision for a longer timeframe to respond when contributions are requested.
- **Greece:** It is felt that more attention should be given by the state to OCS and, at the same time, that there should be more active demand from OCS itself for participation.
- **Hungary:** It would be necessary for Hungarian civil society organisations to be able to develop harmoniously at national and even EU level. A coherent social partnership system at macro-economic level would be needed.
- **Ireland:** Through this structured dialogue it was made clear that there is a strong need for engagement that brings together social, economic and civil perspectives. There seems to be a consensus that creating spaces for these kinds of discussions is not only desirable but necessary. Broadening participation does not necessarily mean making the process larger. There is a need to strike a balance, ensuring that diverse perspectives are heard, while keeping a focus on the fundamentals. There is also a need to confront the reality of limited resources and to prioritise accordingly.
- **Ireland (GII):** There is a proposal to place greater emphasis on improving social dialogue in the Commission's country reports and the CSRs. Experiences from other Member States, particularly those using the Nordic model, show that countries with strong social dialogue systems, including collective bargaining, perform better and are more economically resilient. Strengthening collective bargaining and increasing the involvement of the social partners in policy-making remain key areas for improvement. Meaningful engagement from trade unions, employers and other stakeholders in both planning and implementation is essential for enhancing the effectiveness and inclusiveness of policies. The lack of such engagement undermines the sense of ownership over national plans, highlighting the need for a more structured process.
- **Ireland (GIII):** There is a need for improved engagement structures, as current discussions often lack depth and meaningful exchanges. The National Economic Dialogue should occur more frequently in smaller, focused settings to foster richer discussions. Providing feedback would

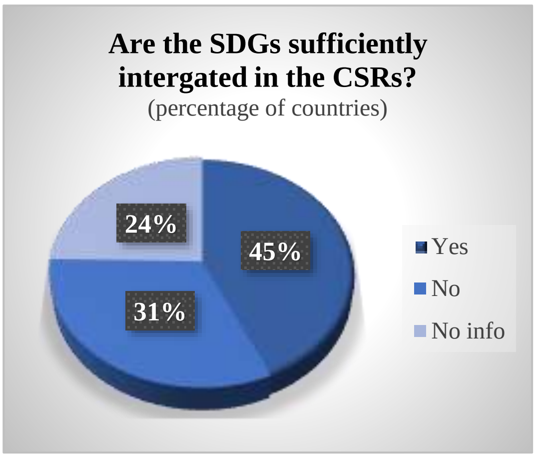
encourage continued participation. Active involvement of stakeholders is necessary to make policies more inclusive and effective. A more structured consultation process with face-to-face interactions is essential, as social dialogue requires compromise and engagement, which is currently lacking. A new methodology for engagement, including clearer involvement in the European Semester submission process, could improve the situation. Regular policy-focused interactions with civil servants and ministers, along with opportunities to submit views and evidence, would also enhance the process.

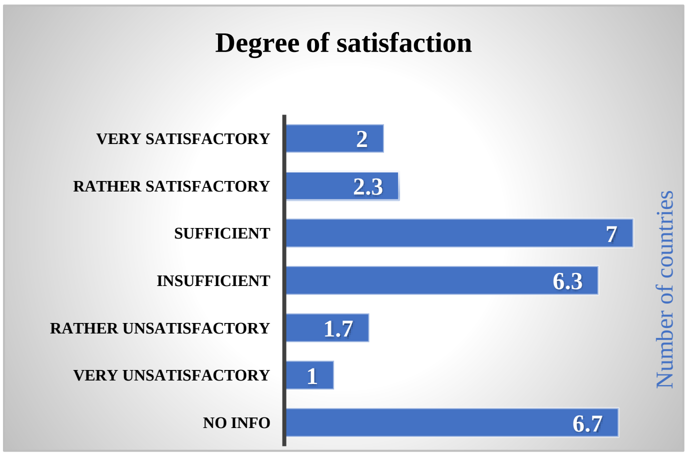
- **Latvia:** OCS in LV underlines that there is a need to improve the involvement of the social partners and the wider public in the planning and implementation processes of the European Semester. In the light of the reform of the European Semester, there is a need to review how stakeholders are consulted and how their involvement is ensured. The range of organisations consulted needs to be broadened according to their representativeness and, overall, the European Semester needs a higher priority in the annual action/activity plan of the Latvian government and its ministries. Coordination between ministries needs to be improved to ensure a coherent approach and the implementation of the European Semester recommendations. Sometimes complex additional requirements and regulations are created by the local legislator when transposing EU regulations into national legislation, thus increasing the administrative burden. Active communication with the European Commission should continue to ensure mutual understanding and support for Latvia's needs. OCS in LV explains that there is a need for closer coordination and sense of ownership among all stakeholders and for more support for specific areas such as social support and business development. Dialogue with Parliament is also important to ensure that plans are agreed and supported at parliamentary level. GIII stresses that there is a need for the European Commission to provide greater clarity and transparency on the involvement of associations in the European Semester process and consultations, including during Member State visits, as well as greater involvement of civil society in general.
- **Lithuania:** There is a need for more good will from the authorities and perhaps legislative measures to oblige the authorities to consult the public. Structured and consistent cooperation would ensure effective participation, which should be timely rather than ad hoc and urgent. The social partners and civil society organisations should have permanent specialists who are constantly interested in the decisions taken at EU level and who maintain an ongoing dialogue between interest groups and decision-makers.
- **Luxembourg**: Definition of a clear and structured national consultation timetable. It should be remembered that the social partners had on several occasions expressed their dissatisfaction to the government with the way in which the European Semester procedure was being conducted, which hardly amounted to consultation, but at most to information being provided by the government after the fact, if not a succession of presentations not followed up by conclusions or positions. A new consultation procedure was proposed by the social partners in a letter to the Luxembourgish prime minister dated 11 March 2022. The government of the day responded favourably (see in particular chapter 2 of the 2022 RRP, which deals with national social dialogue in the context of the European Semester). The new procedure applies from 2023. However, in 2023 there were parliamentary elections, which disrupted the consultation procedure and, above all, in 2024 there was a reform of the European governance framework, which rendered the national procedure that had been agreed null and void. The social partners are hoping for greater visibility of the new European governance framework (including the European Semester) and, on the basis of this, greater visibility of the way in which the new government wishes to link the national procedure to the European Semester. At a meeting between the social partners and the current government on 2 December 2024, the latter undertook to submit, at the beginning of 2025, a procedural proposal for the coming years. In the interests of transparency, the social partners would also like the government to report on these meetings (publicly or otherwise).
- **Malta:** OCS in MT stresses that public consultations should be held regularly. They should be given more time to discuss their ideas and opinions. It underlines the importance of coordinating initiatives that address different issues, as well as the need for mutual respect between politicians.
- **Malta (GI):** GI stresses that public consultations should be effective and should be less of a political communication or marketing tool. GI proposes (1) developing a structured and transparent framework for consultation with civil society from an early stage; (2) training and capacity building for civil society organisations on EU processes and policies; (3) increased funding and technical support to enable organisations to participate more effectively; (4) a regular

feedback mechanism on how the contribution of civil society is integrated into the decisions; and (5) strengthening the coordination between the different civil society organisations in order to strengthen their voice**.**

- **Malta (GII):** Consultations must be organised regularly and in advance so that all parties have enough time to prepare. Support should be given to the social partners in terms of resources, training and information so that they can participate in a more informed and effective way. The Maltese Council for Economic and Social Development should be informed about how the ideas of the social partners are being integrated into the government's policy and projects.
- **Malta (GIII):** Regular and inclusive consultations should be increased, wider civil society entities that fall under the MCESD having a chance to participate. A clear feedback structure should be established so that the contributions of civil society are reflected in a tangible way in the results of the policies. Administrative burdens should be reduced so that organisations can participate more actively and effectively. A better communication network should be introduced between the government, the European Commission and civil society organisations to increase the coordination and effectiveness of the dialogue. Due to the fact that the organisations are small and have limited resources, civil society should be given adequate time to contribute to the consultations.
- **Netherlands (GI)**: Better qualified politicians coming from parties that want to take responsibility for difficult decisions. We see consensus is emerging on the need to enhance labour productivity by highlighting the advantages of this for both employers and employees.
- **Netherlands (Gr. III):** The Netherlands needs a new government.
- **Estonia:** Substantive engagement is important. Today there is none. Organisations have repeatedly drawn attention to this.
- **Poland**: There should be greater representativeness of NGOs in social dialogue (employers are best represented); nationwide representation is a major challenge because the environment is not homogeneous. The partnership principle model is proven to work and should be implemented in many areas (including when developing recommendations), not just with respect to funds.
- **Portugal:** There should be capable and serious planning that makes it possible for organisations to be consulted in good time and to be given the visibility and capacity to respond and follow up on requests for consultation and opinion. OCS should also play a more active role in positively 'monitoring' the implementation of reforms in order to improve people's contact with the reforms and the European circuit. In addition, there is unanimity in society that OCS should be actively involved in reflection and planning exercises.
- **Romania:** We believe that a formal system of consultation with civil society partners should be introduced during the drafting of the documents. In this way, the social partners and non-governmental organisations would have the opportunity to formulate proposals for the reforms they consider necessary.
- **Slovakia:** There is a need for more effective working-level negotiations and consultations between partners to increase the effectiveness of the exchange of information and expertise at working level.
- **Slovenia:** Quality and timely preparation of legislative solutions; involvement of the social partners and OCS in the earliest possible stages of preparation; involvement of representatives of OCS in the dialogue between the government and European Commission representatives monitoring the implementation of the RRP.
- **Spain:** The most appropriate approach is for the participation of the social partners and civil society organisations to be developed through 'a formal, permanent and structured consultation process' throughout the process, without this preventing the direct involvement of other partners. However, in some cases they should be referred to related existing areas (for example, measures related to labour regulations should be brought to the social dialogue).
- **Sweden:** A better and wider debate in society on the role of the CSRs in the political process. What is decided at EU level and what is decided at national level? The Treaties and the subsidiarity principle and their implications need to be regularly explained. Raising awareness of the process and issues relevant for the wider and more diverse civil society, and these actors capacity to engage.

Question 5:
Do you think that the Sustainable Development Goals are sufficiently integrated into the CSRs to ensure a comprehensive approach to sustainable development? How do you exactly see this integration?



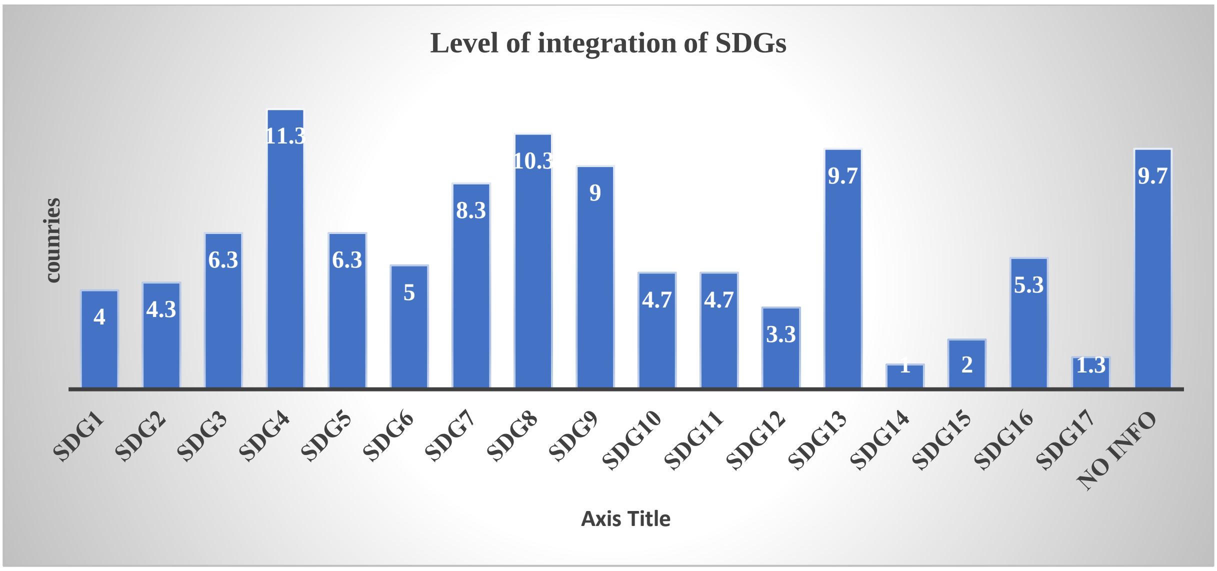


Sufficient reflection of SDGs in CSRs
Yes: AT, BE, BG, HR, CY, EE, EL, MT, RO, SK, SI, ES (GII) and SE.
No: CZ, FR, DE, HU, IE, LT, NL (GII and GIII), PT and SI.
No information: DK, FI, IT, LU, LV, PL and ES (GI and GIII).

Perception of the integration of SDGs into the CSRs
Very satisfactory: EL and SE.
Comment: • **Greece**: The Sustainable Development Goals have been effectively integrated into the CSRs.
Rather satisfactory: BG, NL (GI) and SK.
Sufficient: AT, BE, HR, CY, EE, MT and RO.
Insufficient: CZ, HU, IE, LT, PT, SI and ES (GII).
Comments: • **Hungary:** The inclusion of the SDGs in the planning process and thus in the CSRs is seen as a positive development. However, OCS in HU states that the implementation of the SDGs is inadequate. More targeted actions to address poverty and inequality and decent work are needed. The government's policy responses are often too general and fail to reach the most vulnerable groups. OCS in HU believes that the frameworks of conditions for the designated objectives should have sufficient flexibility to be able to adapt to a changing environment. The government fails to make the SDGs truly inclusive, instead often benefiting the upper middle class rather than addressing social sustainability and inclusivity. At least another 40-50 years would be needed to meet the targets and it is felt that the SDGs are not adequately funded and supported by financial and other means. • **Ireland:** There seems to be a lack of awareness or even some misinterpretation of their purpose. As we get closer to 2030, the results regarding the progress on the SDGs have not been very encouraging. There is also a growing sense that many of these goals are not being achieved. One of the key issues is that the SDGs are not clearly interpreted or communicated. Amplifying awareness and understanding of the SDGs would create significant opportunities. While the SDGs are a UN initiative, their success depends on the national level. A framework has been

integrated into the work of the National Economic and Social Council, which aligns with the indicators. This is a relatively recent development but is helping to drive delivery. • **Ireland (GIII):** There is a lack of a robust set of standardised metrics to comprehensively track poverty, and the SDGs are insufficiently referenced in both government actions and civil society engagement. While some SDGs (1, 2, 3, 4, 5, 6, 9, 16 and 17) are integrated, the overall incorporation of the SDGs into the CSRs is minimal. Specific concerns exist about the sustainability of rural communities, and the SDGs are only minimally included in the government's programme.
Rather unsatisfactory: NL (GII and III) and DE.
Very unsatisfactory: FR.

Question 6:
If so, which ones do you feel are integrated and why do you think so? If not, explain your expectations and why this is important for your organisation and your country.



Which SDGs are most integrated into the CSRs?	
SDG 1	BE, IE (GIII), MT (GI and GII), SK and SE.
SDG 2	BG, IE (GIII), LT, MT (GI and GII), ES(GII) and SE.
SDG 3	HR, IE (GIII), LT, MT (GI and GII), RO, SK, ES (GII) and SE.
SDG 4	AT, BE, HR, CZ, HU, IE (GIII), LT, MT, RO, SK, SI and SE.
SDG 5	HR, IE (GIII), LT, MT (GI and GII), PT, RO, ES (GII) and SE.
SDG 6	HR, CY, IE (GIII), MT (GI), RO, ES (GII) and SE.
SDG 7	CY, EE, LT, RO, PT, MT, SI, ES (GII) and SE.
SDG 8	AT, BE, BG, CY, EE, LT, MT, PT, RO, ES (GII) and SE.
SDG 9	AT, BG, HR, CZ, HU, IE (GIII), LT, MT (GI), SK, ES (GII) and SE.
SDG 10	BE, BG, HR, MT (GI and GII) and SE.
SDG 11	BG, CY, MT (GI and GII), RO and SE.
SDG 12	CY, MT (GI), SK and SE.
SDG 13	BG, CY, EE, LT, MT, NL (GI), PT, RO, SI, ES (GII) and SE.
SDG 14	SE.
SDG 15	RO and SE.
SDG 16	HR, IE (GIII), MT (GI and GII), RO, SK, ES (GII) and SE.
SDG 17	IE (GIII) and SE.
No info	DK, FI, FR, DE, EL, IT, LV, LU, PL and ES (GI and GIII).

Comments regarding the SDGs considered to be integrated into the CSRs
• **Austria:** On the one hand, the SDGs are integrated into all phases of the European Semester. In the SDG Index, Austria ranked 6th out of 166 countries: https://dashboards.sdgindex.org/. In July 2024, Austria already submitted the 2nd Austrian Voluntary National Report on the Implementation of the 2030 Agenda and the SDGs. Statistics Austria also measures progress towards the SDGs and published the 4th SDG report in June 2024. In its 2024 country report, the Commission found that Austria is doing well or very well on the SDGs relating to competitiveness and productivity (SDGs 4, 8, 9). Austria's high score for quality of education (SDG 4) is due to its relatively good performance in digital skills. Indicators for sustainable economic growth and employment (SDG 8) are above the EU average, particularly because Austria's labour market is characterised by low unemployment and comparatively high wages, and the employment rate is above the EU average. For SDG 9, which relates to innovation, industry and sustainable infrastructure, Austria is well above the EU average, particularly in terms of its expenditure on research and development. However, it should be noted that, for example, the increasing risk of poverty across the EU is also affecting Austria, which is why the comparatively good figures should be no reason for complacency. • **Bulgaria**: To improve quality of life. • **Croatia (GI):** Of the goals highlighted above, all except climate action are well integrated and referenced adequately in the CSRs. They represent the areas where Croatia has most work to do to improve the quality of outcomes for society, while meeting the EU goal of improved competitiveness. • **Cyprus**: The CSRs focus on diversifying Cyprus's energy supply, reducing reliance on imported petroleum and expanding renewable energy infrastructure. These efforts align with SDG 7 (Affordable and Clean Energy) and SDG 13 (Climate Action). Cyprus is encouraged to invest in renewable energy production, upgrade its grid capacity and introduce energy storage solutions to support both resilience and energy independence. This is especially important in the context of the REPowerEU initiative, which is crucial for addressing Cyprus's energy vulnerabilities. Another key CSR area is improving water and waste management, with specific goals for enhancing wastewater treatment and adopting water-efficient agricultural practices. This supports SDG 6 (Clean Water and Sanitation), which is essential given Cyprus's high levels of water stress and vulnerability to climate change. For the social partners, agricultural economy organisations and industrial stakeholders, addressing water scarcity is vital to prevent disruptions in agriculture and manufacturing, two sectors that heavily depend on a stable water supply. To foster sustainable economic growth (SDG 8), the recommendations call for improvements in governance, particularly within state-owned enterprises, and for the skills gap to be addressed through vocational training. These measures would enhance efficiency and competitiveness, ensuring that the green transition is supported by a skilled workforce. For employers and industries, this would mean a more capable labour force with which to drive growth in emerging green sectors such as renewable energy and sustainable agriculture. Strengthening Cyprus's climate resilience is another focal point, with recommendations to improve institutional frameworks for climate adaptation. This supports SDG 13, which is especially important given Cyprus's exposure to climate impacts like extreme temperatures and low rainfall. For businesses, building climate resilience translates into better risk management against extreme weather, ensuring long-term operational stability. The recommendations also focus on SDG 12 (Responsible Consumption and Production), promoting waste reduction, efficient water use and resource-efficient practices in businesses. Key actions include improving recycling, reducing landfill use and encouraging water-saving measures in agriculture. These initiatives offer opportunities for innovation, cost savings and regulatory compliance. In addressing SDG 11 (Sustainable Cities and Communities), the recommendations emphasise energy-efficient infrastructure, improved water and waste management, and climate resilience. Actions include enhancing urban energy efficiency and implementing climate adaptation strategies. These initiatives create investment opportunities, foster innovation and align with EU sustainability standards, supporting business growth and competitiveness. • **Czechia:** This paragraph illustrates the abovementioned point that the recommendations are far from covering all of the development and sustainability needs in Czechia. In particular, topics

relating to the green and digital transformation process should appear with greater intensity among the recommendations.

- **Estonia:** Our expectation is that the integration of the SDGs will provide a coherent and targeted framework for policy reform and investment.
- **Greece**: The SDGs have been effectively integrated into the CSRs. Greece has made leaps and bounds on some targets and small steps on others. The strengthening and upgrading of the innovation and infrastructure industry is progressing (e.g. the creation of several data centres and logistics, the Thessaloniki metro and the financing of major roads). To address inequalities, targeted allowances are now being given.
- **Lithuania:** All the recommendations are important for our country and organisations. Lithuania has started to implement many measures to improve in all of these areas, but not enough has been done to fully achieve any of the goals.
- **Netherlands (GI):** The SDGs were set by all countries, including the Netherlands. That requires having the responsibility to deliver. However, governments are good at making big statements, but not good at actually delivering on what is being promised. So far, however, the Netherlands is adhering to its climate goals, e.g. what is proposed for 2040. Poverty numbers are at an all-time low in the Netherlands. Income distribution is very flat. We will meet the goals of the Paris agreement and of the EU Green Deal. On climate goals, we see more of a mixed bag.
- **Romania:** The CSRs for Romania refer specifically to the implementation of the RRP and cohesion programmes, which contribute to some extent to some of the SDGs. Special mention should be made, however, of SDG 16, which is better reflected specifically in the CSRs, which emphasises that the implementation of all other measures should be done while ensuring effective governance and strengthening administrative capacity.
- **Spain (GII):** The CSRs for Spain explicitly integrate some SDGs, albeit unevenly and with significant shortcomings with respect to several of them. Among the objectives that are reflected, those linked to environmental sustainability, energy transition, industrial development and the improvement of the labour market stand out. However, the incorporation of aspects relating to social equality, the reduction of inequalities and institutional strengthening is notably insufficient.
- **Sweden**: All of them are brought up (see pp. 21-23 of the report on Sweden).

Comments concerning the SDGs considered not to be integrated into the CSRs and concerning the importance of such integration

- **Austria:** From the point of view of the Austrian Federal Economic Chamber, the SDGs are more than sufficiently included. Austria ranks sixth in the world in terms of implementation so the focus of the CSRs should be on the real problems. Based on the already high EU average, Austria is below average on only four goals: fairness (SDG 10), some aspects of sustainability in the areas of energy and the environment (SDGs 2 and 7) and partnership for the goals (SDG 17). However, Austria's comparatively good performance should not obscure the fact that there is still significant room for improvement in many areas, for example in the area of gender equality.
- **Croatia (GI):** All remaining unmarked goals will be much easier to achieve if Croatia achieves material progress in the areas identified above.
- **Croatia (GII):** It is difficult to assess this, since there is no public discussion on the CSRs. We only have partial information on the issues that are relevant to trade unions.
- **Greece:** Greece has made leaps and bounds on some targets and small steps on others. Leaps have been made in the area of unemployment and growth, where the results are impressive (unemployment may be above the EU average, but in 5 years it has fallen from 16.3% in December 2019 to 9.3% in December 2024, while growth is well above the EU average). Climate action and the transition to cleaner forms of energy are a priority (e.g. closing lignite plants and creating lots of renewables).
- **Hungary**: There are serious shortcomings when it comes to eradicating poverty, ensuring decent working conditions and reducing inequalities. The main problem is not the EU's CSRs, but the failure of the Hungarian government to implement them. Often the government works in the opposite direction.
- **Ireland (GII and GIII):** GII and GIII highlight significant concerns about the insufficient integration and impact of the SDGs in Irish policy-making. GII focuses on Ireland's poor performance on SDG 8 (Decent Work and Economic Growth), pointing to high levels of low-paid work, poor working conditions and limited collective bargaining coverage, while noting that the European Commission's criteria for assessing SDG 8 are limited. GIII emphasises the need

for deeper integration of social inclusion, equity and equality into national and European policies, pointing out that the SDGs are not effectively addressing socio-economic exclusion, inequality and poverty. GII and GIII stress the lack of understanding and communication about the SDGs, their complexity and their failure to connect with everyday citizens, making them less effective in addressing societal challenges.

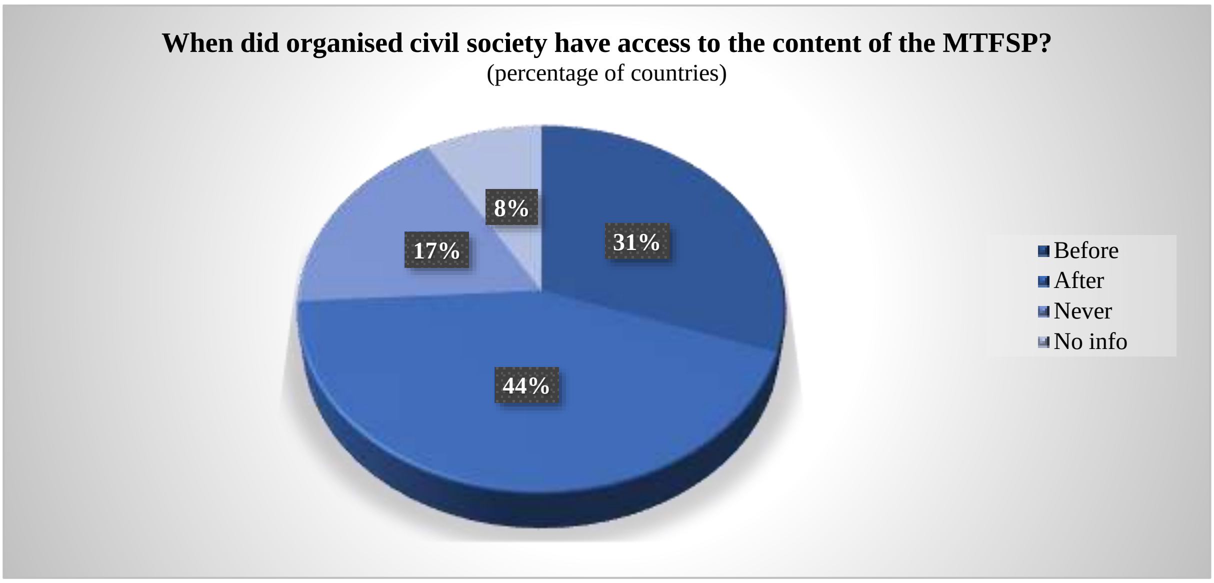
- **Lithuania:** Lithuania has started to implement many measures to improve in all of these areas, but not enough has been done to fully achieve any of the goals. We need to continue and consistently pursue the reforms that have been put in place, and we need to allocate sufficient funding to them, such as in the areas of healthcare reform, quality education, affordable clean energy, poverty eradication, housing, reduction of inequalities and quality employment. So far, these objectives have been pursued in a piecemeal rather than a coherent manner. The Council recommended that Lithuania take action as soon as possible to phase out existing emergency energy support measures in 2023 and 2024. The Council further stated that if new support measures were to be introduced or existing ones continued due to a renewed increase in energy prices, Lithuania should ensure that they are aimed at protecting vulnerable households and businesses, are fiscally affordable and maintain incentives to save energy. The Commission's 2024 Spring Forecast estimates the net budgetary cost of emergency energy support measures at 0.3% of GDP in 2023 and projects it to be less than 0.1% of GDP in 2024 and 0.0% of GDP in 2025. In particular, VAT refunds on heat and hot water for household consumers will remain valid in 2024. It is foreseen to phase out emergency energy support measures as soon as possible in 2023 and 2024. This is in line with the Council's recommendation, but there is deemed to be a major problem here. Many Lithuanian citizens are central heating consumers who have no alternative way to heat their homes and are forced to pay significantly increased heating prices, resulting in a large number of socially vulnerable people.
- **Romania:** The reflection of the SDGs is rated as sufficient as the Romanian documents target the minimum standards set by the European Commission when preparing these plans.
- **Slovenia**: As already mentioned, the recommendations do not focus sufficiently on the population's quality of life, social security and well-being. Further emphasis should also be placed on boosting and maintaining the competitiveness of the economy (reform of the EU regulatory approach to reduce unnecessary administrative burdens, foster innovation and technological development, maintain a strong industrial base and promote efficient energy and transport systems).
- **Spain (GII)**: Firstly, SDG 6 (Clean Water and Sanitation) is clearly present in the CSRs, which include specific recommendations on improving sustainable water management in Spain. These measures range from improving water efficiency, especially in agriculture, to investing in infrastructure such as wastewater reuse, reducing leaks in supply networks and restoring rivers. Actions to address water stress and scarcity, aggravated by climate change, are also highlighted. This goal is crucial for Spain, a country particularly vulnerable to the effects of drought and desertification, and is aligned with climate adaptation goals. Another prominent goal is SDG 7 (Affordable and Clean Energy), which is reflected in the REPowerEU chapter, which prioritises measures such as the diversification of energy supply, reducing dependence on fossil fuels and promoting renewable energy. In addition, projects relating to the development of green hydrogen and the digitalisation of electricity grids are included, with the aim of guaranteeing cleaner, safer and more accessible energy for citizens. SDG 8 (Decent Work and Economic Growth) is also present in the CSRs, in particular through recent labour reforms that have reduced temporary employment and improved job stability. The recommendations also include the promotion of vocational training programmes to address the skills mismatch in the labour market, as well as job creation in sectors relating to the green and digital transitions. However, significant challenges remain in the areas of youth unemployment and territorial cohesion, which are not sufficiently addressed. SDG 9 (Industry, Innovation and Infrastructure) is integrated through proposals on the modernisation of industry, the development of sustainable infrastructure and the promotion of technological innovation in strategic sectors such as the circular economy and digitalisation. However, investment in R&D is still insufficient compared to the European average, which limits the scope of the measures adopted in this area. With regard to SDG 13 (Climate Action), the CSRs reflect a commitment to ecological transition, including actions for decarbonisation, the circular economy and the mitigation of climate impacts. These measures are designed to increase economic and social resilience in the face of phenomena such as floods, droughts and heatwaves, which seriously affect the country. However, the

implementation of these policies is still limited by the lack of effective coordination between the different levels of public administration. Despite this progress, the CSRs have significant shortcomings when it comes to the integration of other fundamental SDGs. For example, SDG 1 (No Poverty) and SDG 10 (Reduced Inequalities) are insufficiently addressed, as the recommendations do not include sufficiently ambitious measures to combat child poverty or to structurally reduce regional disparities. Similarly, SDG 4 (Quality Education) is only partially reflected, with a focus on vocational training and educational digitalisation, but without addressing inequalities in access to education or improving its quality in an equitable manner. Furthermore, SDG 5 (Gender Equality) is practically absent, with no specific references to the wage gap, the participation of women in the labour market or the fight against gender violence. Finally, SDG 16 (Peace, Justice and Strong Institutions), although implicit in some aspects relating to improving administrative efficiency, is not sufficiently addressed. There are no clear measures to strengthen institutions, improve transparency or encourage active citizen participation in decision-making.

- **Spain (GIII):** SDGs 1 and 10 were not included in the CSRs. With regard to SDG 5, women did not benefit from anti-poverty measures in the same way as men. With regard to SDG 7, families had to be supported through the climate transition in a particularly difficult geopolitical context.

Section II: The medium-term fiscal structural plans.

Question 7:
Did you have access to the contents of the plan before or after it was submitted to the European Commission?



Before: CY, HR (GI and GII), CZ, DK, EL (only a part of OCS), LV (GI and GII), MT (GI), PL, SK and SI.

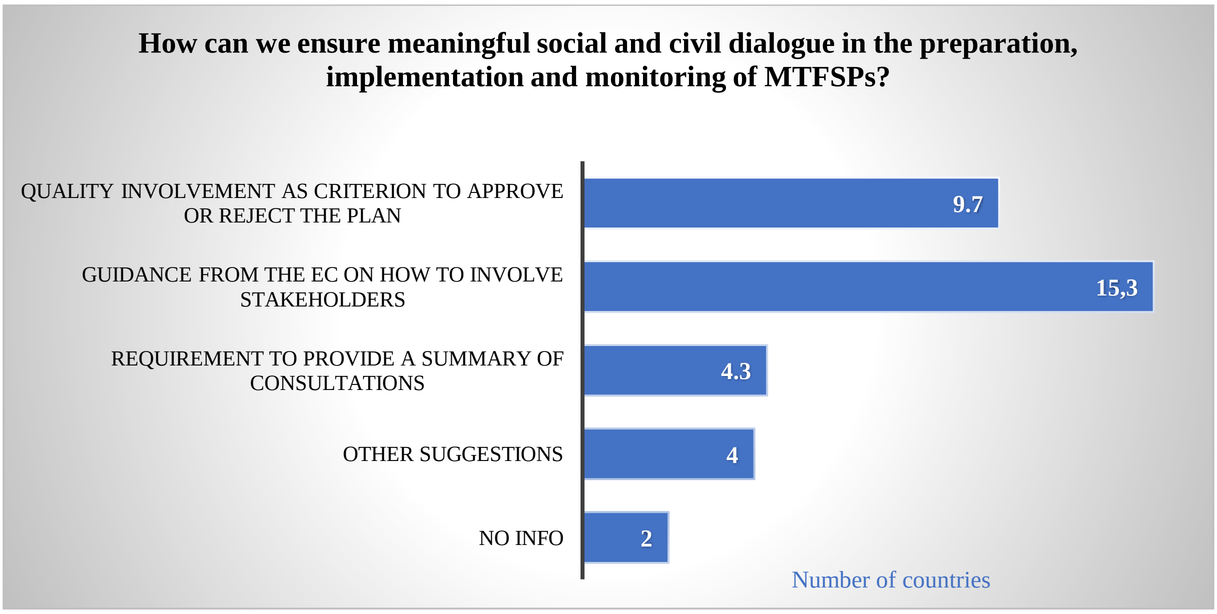
Comments:

- **Greece**: In some cases, access to the contents of the plan is available before it is submitted to the European Commission and in other cases afterwards.
- **Latvia:** GI and GII explained that the Ministry of Finance had organised a meeting with representatives of the social partners and the ministries concerned, during which they had been informed about the plan and the measures defined in it, and that the stakeholders had been given the opportunity to comment on the document. GI and GII had been indirectly involved in the development of the plan through their participation in the working group on fiscal reform, with an indirect impact on the MTFSP.
- **Poland:** There is limited room for manoeuvre in negotiations, due to the primarily fiscal nature of these plans.

After: BG, HR (GIII), EE, EL (only a part of OCS), HU, IT, IE (GIII), LV (GIII), LU, MT (GII and GIII), NL (GI and GII), PT, RO, ES and SE.
<u>Comments:</u> • **Greece:** In some cases, access to the contents of the plan is available before it is submitted to the European Commission and in others cases afterwards. • **Hungary:** It is acknowledged that there is limited awareness of the plan. This is due to the complexity of the framework and the limited engagement with stakeholders prior to the submission of the plan. Most OCS representatives only became aware of the plan after it had been submitted, and another large part has never had access. • **Ireland (GIII):** In last year's consultations the construction industry had access before the plans were finalised, trade unions were brought in after decisions were made, and some groups, incloudin ours were not included at all, despite repeated requests for a meeting with key officials. The access to the contents of the plan came after it was submitted to the European Commission. • **Spain:** OCS in ES stresses the shortcomings of OCS's participation in the preparation of the MTFSP. The government held an information meeting, but there was no participatory consultation process on the content. OCS in ES saw the plan for the first time when it was published by the Spanish government.GI underlines that the local administrations had not been involved. The plan was not submitted to the Congress of Deputies and GI was not consulted during its development.
Never: AT, FR, DE, IE (GII), LT and NL (GIII).
<u>Comments:</u> • **Austria**: Not yet, because Austria has not yet submitted a plan due to the parliamentary elections in the autumn and the ongoing process of forming a government. • **Belgium**: Not yet, because Belgium has not yet submitted a plan due to the late formation of the government. • **Ireland (GII):** Never had access to the contents of the plan before or after it was submitted to the European Commission.
No information: BE, FI and IE (GI).

<u>**Question 8:**</u>

What is your position on the consultation of stakeholders and the holding of a social and civil dialogue as part of the preparation, implementation and monitoring of these plans?



Position on the consultation of stakeholders and the holding of a social and civil dialogue

The European Commission should make quality involvement of stakeholders a criterion to approve or, if there is no such involvement, reject the national plan:
AT, BE, FR, HU, IE (GII), LT, LU, MT, NL (GIII), RO and SI.

Comments:

- **Austria:** The Commission should make high-quality stakeholder participation a criterion for the acceptance of the national plan; similarly, it should reject the national plan if such participation is not provided. It is crucial that the Commission, in an EU regulation, provides clear guidelines to the Member States on how to involve stakeholders in a structural and meaningful way.
- **Hungary:** Consultations are incomplete, with many reporting the complete exclusion of stakeholders. Some OCS representatives are aware that this was due to the late drafting of the legislation, the forced rush through the planning process and the resulting consultation derogation. In general, they would like to see broad participation, quality and meaningful consultations and stricter guidelines imposed by the EU. OCS in HU perceives that national governments often avoid consulting or do so only as a formality – in all Member States and typically in Hungary – because of their competences and decision-making preferences. Strong but not coercive provisions would therefore be considered appropriate. There is also a suggestion to establish a more direct communication channel between the European Commission and stakeholders in order to ensure real and effective participation. In order to reap the benefits of EU integration, it argues that a continuous dialogue between the Member State, the European Commission, as well as between Member State's interested institutions, is necessary.
- **Ireland (GII):** The European Commission should make quality involvement of stakeholders a criterion to approve or, if there is no such involvement, reject the national plan.
- **Netherlands (GIII):** This will be the only way to bring our government to engage our organisations.

It is crucial that the European Commission develops clear guidance in an EU regulation for Member States on how to involve stakeholders structurally and meaningfully:
BE, HR, CY, EE, DE, EL, HU, IE (GIII), IT, LV, LT, MT, PT, RO, SI and ES.

Comments:

- **Cyprus:** As stakeholders, the social partners and agricultural economy organisations play a vital role in shaping fiscal policies that support economic growth, job creation and competitiveness. Participating in the preparation and implementation of MTFSPs ensures that each stakeholder's perspective is reflected in government strategies, fostering an environment conducive to sustainable economic growth and social well-being. Moreover, there is an attempt to maximise the use of the various tripartite bodies to promote a more balanced fiscal policy. Especially regarding the agricultural sector, stakeholders work for the social and technological advancement of the Cypriot farming community and for more use to be made of it in advancing economic growth.
- **Hungary:** Consultations are incomplete, with many reporting a complete exclusion of stakeholders. In general, OCS in HU would like to see broad participation, quality and meaningful consultations and stricter guidelines imposed by the EU. Strong but not coercive provisions would be considered appropriate.
- **Ireland (GIII):** The European Commission should provide clear guidance for Member States on how to involve stakeholders meaningfully and structurally in policy-making processes. There is strong support for making stakeholder engagement a criterion for approving national plans, with calls for fair and balanced participation across sectors. While past processes, such as the national reform programme, allowed for some input, tight timelines often hindered broader engagement. Many mechanisms for participation, though present, lack real dialogue and often fail to follow up on the issues raised, leading to frustration. The development of national plans should reflect a commitment to co-design, collaborative working and ensuring that the social partners and civil society have a meaningful influence on the final outcomes.
- **Lativa:** The participants consider it very important that the European Commission provides clear guidance to Member States in the EU regulation on how to involve stakeholders in a structural and meaningful way in the process of developing and approving national MTFSPs.
- **Portugal:** Given that the current mechanisms have not been enough to motivate Member States towards a more active and effective participation of OCS, we believe that a specific and balanced

European regulation can contribute to an effective improvement in the participation of OCS, which can greatly improve the processes and implementation of fair and balanced reforms. • **Spain:** The European Commission should propose a regulation that clearly specifies the basis for participation processes.
Simply require Member States to provide a summary of consultations with stakeholders: AT, BG, CZ, NL (GI) and SK.
Comments: • **The Netherlands (GI):** Be aware that the European Semester is not at the forefront of the minds of many decision-makers in The Hague. It hardly makes any impact. This is not to say that it is not important, but in the current Dutch political scene it is not a priority. • **Austria**: The aim is to make decisions on the direction of social and economic policy in the coming years. Furthermore, the topics are those that are most relevant to the social partners. On the one hand, they can contribute their expertise, but, on the other hand, they can also propose important measures. The national social partners should be involved in a timely and meaningful manner throughout the entire European Semester process. At the same time, the European Commission should continue its structural dialogue with the national social partners.
Other recommendations: DK, RO, SI and SE.
Comments: • **Denmark:** Before proposing new regulation, the need should be thoroughly assessed. Alternatively, they could make the involvement of stakeholders, such as the social partners, a clear criterion when assessing the national plans. • **Slovenia:** The MTFSP should also be accompanied by a report on the consultation of stakeholders (the social partners and civil society), including an identification of the key comments of these stakeholders. • **Romania:** It is of the utmost importance that Member States are obliged to consult the social partners and non-governmental organisations in the process of drafting the European Semester policy documents. A formal system of consultation should be regulated at national level on the basis of the existing provision in the European Regulation, which obliges Member States to conduct such consultations. • **Sweden:** There is limited civil dialogue. Civil society at large is not familiar with the process, nor does it have the capacity and expertise to engage. Each Member State must find an appropriate way for civil society engagement. A compilation of best practices could serve as a way to incentivise governments to have inclusive processes.
No information: FI and PL.

Question 9:
What steps can be taken at national level to ensure that future consultations with stakeholders are meaningful and contribute to the quality of medium-term fiscal structural plans?

How to ensure that future consultations with stakeholders are meaningful and contribute to the quality of MTFSPs?
• **Austria:** Early and appropriate involvement through opportunities to comment, access to draft plans, consultation, reasons for rejecting proposals and, in general, feedback. However, this is difficult in Austria at present because the plans will be heavily influenced by the coalition agreement. • **Belgium:** Timely consulting of the competent bodies of the social partners (CRB-CCE and NAR-CNT). • **Bulgaria**: Communication and follow-up. **Croatia:** Wider regular, structured and meaningful consultations with all relevant stakeholders prior to sending documents and plans to the European Commission. A clear vision and presentation of goals, clear guidelines and dedicated implementation of these. • **Cyprus**: There is a need for improved communication between stakeholders at national level, through formalised meetings or consultation sessions with the participation of social partners and representatives of the business community, such as professional and sectoral associations which

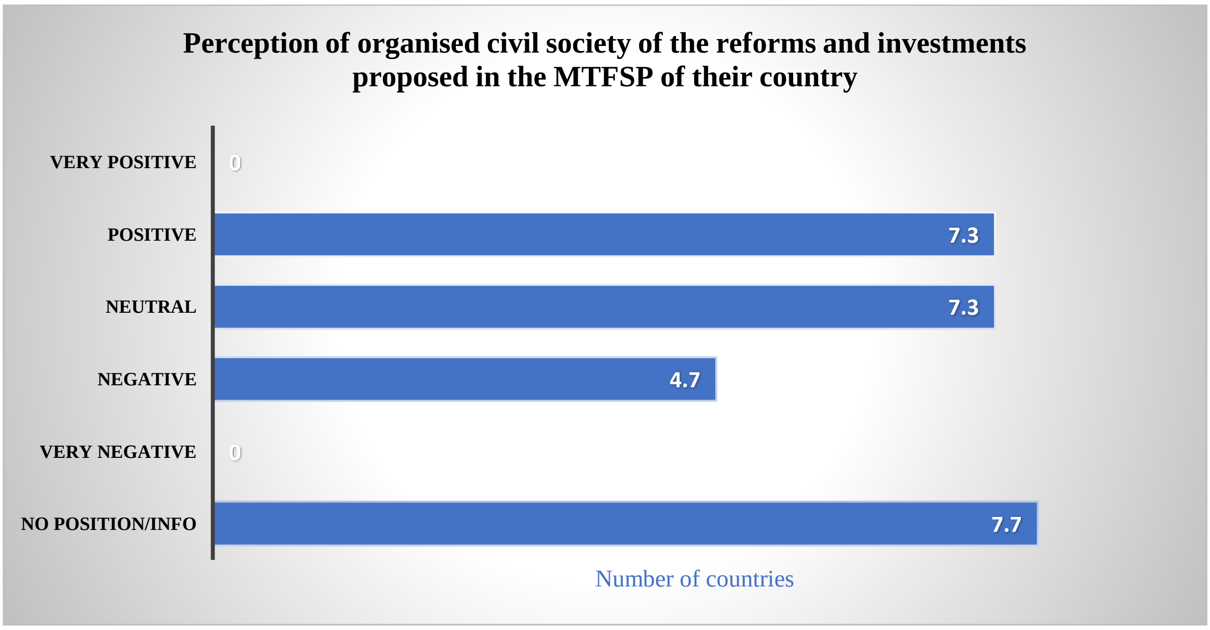
may be affected, in order to discuss the structure and content of the plans. This will ensure the preparation of a complete, collective and inclusive plan which takes into consideration factors and concerns from different groups.

- **Czechia:** Education about the change in concept of these new plans, more time to adapt and clear feedback from the government.
- **Denmark**: OCS in DK does generally support fiscal-structural plans being clearly linked to specific reform and investment. Effectiveness would depend on oversight, enforcement and consequences. Continuous consultations and meetings could help achieve this.
- **Estonia:** Establishing permanent fora and working groups, including representatives of civil society, businesses, regional authorities and experts, to ensure diverse and high-quality feedback. Establishing clear guidelines and timetables on how and when to consult stakeholders in order to ensure adequate preparation and participation of all relevant actors.
- **France:** (1) A formalised framework; (2) rigorous consultation criteria; (3) real follow-up, including feedback; and (4) giving time to the social partners and civil society organisations to respond.
- **Germany**: The fiscal-structural plan needs to be decided in national parliaments. A response by the Commission regarding the input given by social partners and other civil society organisations is needed in order to make the consultation process more meaningful.
- **Greece**: Ensuring that future consultations with stakeholders are meaningful requires the institutionalised participation of the social partners in consultation processes at the stage of drafting the plan. Their input and proposals should also be publicised.
- **Hungary:** Broader and more inclusive consultation is needed to ensure real and meaningful contributions. It is important to ensure that the social burden is fair and sustainable. This requires a well-functioning mechanism for consulting OCS. Representative bodies should be considered by the government sector as partners. Their involvement is important in order for them to be able to express their views, as these organisations act as intermediaries and can also put forward positions and considerations that the government is not aware of.
- **Italy**: An EU regulation establishing consultations on the fiscal-structural plans would be welcome.
- **Ireland:** Consultations often feel like box-ticking exercises, with decisions made before meaningful input from OCS is received. Monitoring visits to other countries have been conducted and, in some Member States, consultation has been abandoned altogether. It is important to preserve and improve consultation mechanisms. It is vital to view this meeting as part of a broader process of effective consultation and feedback. By ensuring that input leads to meaningful actions, we can improve the consultation process and ensure it is worth the time and effort invested by all involved. A more structured and transparent process is needed to ensure that stakeholder contributions influence policy outcomes.
- **Ireland (GII):** In order to ensure that future consultations with stakeholders are meaningful and contribute to the quality of the MTFSP, we should give the social partners and civil society the draft plan and allow them sufficient time to make a meaningful submission relating to it. This was done in the past with the draft NRPs (e.g. in 2019). The state must also create better processes for real engagement and dialogue and there must be proper feedback mechanisms, so there is clarity as to what was or was not incorporated into the plan. All actors must be properly supported in engaging in these processes.
- **Ireland (GIII):** The green transition has raised concerns among farmers and landowners, who feel they are excluded from decision-making processes and have legislation imposed on them without proper consultation. Similarly, there is a lack of consideration of the needs of SMEs, whose challenges differ significantly from those of large industries. While larger businesses can adapt to new legislation, changes can overwhelm and harm small businesses. The government's consultation processes are criticised for the short notice given and the lack of meaningful engagement, and are often seen as a box-ticking exercise. This has led stakeholders to question whether investing time and effort in submissions is worthwhile. To improve stakeholder involvement, clear EU guidance is needed to ensure meaningful and structured engagement, with national plans that better reflect the views of the social partners and civil society.
- **Lativa:** The participants consider it very important that the European Commission provide clear guidance to Member States in the EU regulation on how to involve stakeholders in a structural and meaningful way in the process of developing and approving national MTFSPs.

- **Lithuania:** Consultations should be systematic and timely, and participants should receive feedback from the organisers before submitting their plans. However, trade unions, for example, do not have enough experts for such work with the Commission, they are therefore unable to provide quality input and suggestions, and participation is patchy. Nevertheless, trade unions are increasingly taking part in the consultations.
- **Luxembourg**: Definition of a clear and structured national consultation timetable.
- **Malta:** With regard to improving the consultation process in general, OCS in MT focuses on the need for adequate support for stakeholders (capacity building) and the creation of effective feedback and communication systems regarding the consideration of its recommendations.
- **Malta (GI)**: The MCESD has been strengthened with data, statistics and foresight analysis through which the social partners can better develop their position. GI proposes: (1) improvements to the process structure, which means stablishing an annual calendar of consultations, creating a dedicated digital platform for consultations, developing clear guidelines on the participation process and allowing adequate time for feedback and discussion; (2) capacity building, which means having training programmes for interested parties on fiscal issues, having technical assistance for smaller organisations, having resources and tools to help with data analysis, and providing regular workshops on specific themes; and (3) feedback mechanisms, which means having a structured system for collecting feedback, providing clear explanations of how feedback is taken into account and receiving a detailed report on the results of the consultation.
- **Malta (GII)**: Consultations must be organised regularly and in advance so that all parties have enough time to prepare for them. Support must be given to the social partners in terms of human resources, financial resources, training and information so that they can participate in a more informed and effective way. The same social partners should be constantly informed about how their contributions are being integrated into the government's policy and projects. There should be an allocation of resources for interested parties (the social partners) and improved transparency and follow-up mechanisms, including involvement at every stage.
- **Malta (GIII)**: GIII proposes: (1) establishing a structured consultation platform, which means creating a permanent national platform where interested parties, including representatives of the hospitality sector, can give their input at early stages of the planning process; (2) transparency and better communication, which means ensuring regular publication of information on the status of plans and opportunities for dialogue in order to make sure that all parties are informed and prepared to participate; (3) support for effective participation, which means strengthening the capacity of stakeholders by providing resources and training to enable them to better understand the plans and make meaningful contributions; (4) a structured feedback tool, which means that a mechanism would be established through which the contributions of the parties concerned are documented, evaluated and reported, to make it clear how these contributions are being incorporated into the final plans; and (5) consultation evaluations, in order to assess the level and quality of stakeholder involvement after each planning cycle, with recommendations for improvement.
- **Netherlands (GI):** Gather Dutch members of the EESC and CoR before recommendations are sent to The Hague and ask for their input. This will also help their organisations to prepare statements when recommendations are made public.
- **Netherlands (GII):** Early involvement of civil society (like the SER in the Netherlands).
- **Netherlands (GIII):** The social partners must require that other stakeholders are also consulted.
- **Poland:** The schedule was tight this time round. In the future, unlike the European Semester, which has always a tight schedule, time should be set aside to consult OCS on the MTFSP. Throughout the EU integration process, there is a lack of sufficiently strong, grassroots social dialogue. This should be significantly strengthened, and certain issues/aspects should first be consulted on and resolved in depth at the national level, and only then transferred to the EU level, which is a very complicated construct.
- **Portugal:** A plan and timetable for consultations with CSOs should be mandatory and the participation of organisations in the planning and implementation of plans and reforms should be regulated.
- **Romania:** Regulating the consultation process on the MTFSP.

- **Slovakia:** Consultations should take place at an expert and substantive level in order to make the most effective use of know-how from individual members of the expert community and to better reach consensus with regard to the needs of the business environment.
- **Slovenia**: The consultation process should be defined, including the identification of stakeholders. There should be sufficient time for consultation, provision of relevant materials for consideration, substantive reasoning on stakeholder comments and suggestions, and dissemination of the final plan to stakeholders prior to it being forwarded to the European Commission.
- **Spain (GII):** Some of the reforms have been accompanied by processes of social dialogue (labour reform, social security reforms, unemployment reform and reduction of working hours, etc.). However, in other cases, participation is merely formal and in some cases it has been non-existant. GII continues to have problems monitoring the 'strategic projects for economic recovery and transformation' (PERTE), beyond the reports that are published on the website monitoring the RRP. It cites a lack of systems for informing, involving and evaluating the social partners in these projects. For the rest of the measures, the meetings to which we are invited are merely informative of the decisions taken and only occasionally are there more consultative meetings, but with so little notice given that it is not possible to develop a sufficiently well-founded position. The most pertinent thing is to create a specific forum that becomes 'a formal, permanent and structured consultation process, throughout the whole process' (from preparation to evaluation) in which information, consultation and participation are constant, regulated and guaranteed, and in which certain interlocutors (unions, business organisations, local and regional entities, etc.) are guaranteed a presence. For the monitoring of the MTFSPs, therefore, the specific areas of participation should be implemented within the framework of the European Semester at the national level. It would therefore have to be structured, with a calendar of consultations and participation set in advance, with sufficient notice given to allow stakeholders to make contributions and assessments, which can be reflected in the plan to be presented to the European Commission. It is essential that the European Commission adopts a specific regulation, something similar to the delegated Regulation approved in 2024 on the European code of conduct. All organised civil society agrees with this model of participation.
- **Sweden**: A wider debate on the role of the CSRs could be requested by civil society organisations. It could also be fruitful to present comparisons of the EU/OECD and IMF recommendations.

Question 10:
What is your position on the reforms and investments proposed in it? Please explain your reasons.



Perception of organised civil society of the reforms and investments proposed in the MTFSP of their country

Positive: BG, HR (GI), CZ, EE, LU, MT (GII and GIII), SI, ES (GII) and SE.
Comments: • **Croatia (GI)**: Reforms generally encourage positive and necessary changes at the national level. The investments identified are relevant and the key will be ensuring that they are carried out on time and within budget. • **Luxembourg**: Overall, the social partners stress that the government is committed to maintaining public investment at a high level throughout the legislative period in order to respond adequately to structural challenges. The Luxembourgish MTFSP takes up several of the following areas of reform and investment necessary for Luxembourg: (1) competitiveness of the national economy; (2) defence; (3) education, labour market and social cohesion; (4) housing; and (5) energy and digital transitions. On the substance, the social partners are awaiting details of the announcements contained in the MTFSP. They already consider that the planned investments seem insufficient to meet the challenges facing the country, such as housing and the digital and environmental transitions. • **Slovenia:** The reforms announced address the main challenges and the CSRs, but the exact content of the reforms and their impact have yet to be seen and assessed. • **Spain (GI):** Per capita income and productivity remained stagnant. Opportunities for young people are lacking and there has been no dialogue with the social partners. • **Spain (GII):** Measures that were discussed in the context of the social dialogue forum at national level have indeed been included, but not specifically in connection with the medium-term plan. In general terms, there is an increase in the spending path to continue moving forward. The measures have been grouped into five main areas: (1) ecological transition; (2) digital transformation; (3) human capital; (4) physical capital and productivity, and (5) budgetary measures. All the economic policy measures aimed at expanding the quantity and quality of the labour supply in Spain fall under the heading of promoting human capital. In this area, those relating to the labour market stand out, such as labour or subsidy reform, reform of the immigration system (already carried out) and simplification of the degree recognition system. CSOs are concerned that the realisation of investments is heavily constrained by the fiscal constraints of the Stability and Growth Pact (SGP), even in its reformed version. • **Spain (GIII):** According to GIII, food sovereignty and security must be key. • **Sweden**: The topics listed (green transition, digital transition, healthcare, housing market, skills gap, educational attainment, decarbonisation of the economy and greenhouse-gas emissions) are all very relevant in the Swedish context. There are cross-cutting implications and it would have been beneficial if these considerations had been further explored. Each recommendation has also to be seen in light of the implications of other recommendations if they were to be implemented. The government has to take such a holistic perspective and the recommendations and the debate about them could be enhanced if the European Semester proposals also included assessments on, for example, competitiveness and the effect on the labour market, if implemented. A competitiveness check on each proposal should be included.
Neutral: HR (GII and GIII), FR, EL, LT, MT (GI), NL (GI), PT, RO and SK.
Comments: • **Greece:** Reforms and investments are moving in the right direction in the area of the environment, innovation and sustainable development. On the other hand, however, the estimated increase in workers' wages is lagging behind the growth rate of nominal GDP, leaving workers vulnerable to both the inflation and the housing crises. At the same time, social spending is projected to remain essentially stagnant and is therefore considered unsatisfactory. • **Romania:** The government must implement reforms to reduce the budget deficit and measures to increase budget revenues. In Romania, tax revenues in the consolidated budget are between 27 and 28%. Romania must make medium-term efforts to increase budget revenues. Ensuring quality public services and promoting public investments that will ensure an increase in the level of development is not possible with such a low level of revenue in the state budget. The measures introduced by the government in the MTFSP are not sufficient to ensure this increase in budget revenues. • **Lithuania:** Employers consider the proposed reforms and investments to be broadly fair and targeted and therefore welcome. Trade unions and NGOs have a negative view as they do not yet

see tangible results. The healthcare reform has not improved the situation. There are also the issues of public transport problems, road construction and a high degree of exclusion (regional policy).

- **Netherlands (GI):** Most of the proposals in themselves were good, for instance boosting productivity and fostering innovation.
- **Portugal:** There has been no serious planning and consultation to respond to the country's real challenges.
- **Slovakia**: The reforms in place are not sufficient to effectively support Slovakia in areas where it has long lagged behind. In this respect, reforms and investments need to go further and provide a more ambitious vision of Slovakia's future.

Negative: DK, FI, HU, IT and IE (GII and GIII).

Comments:

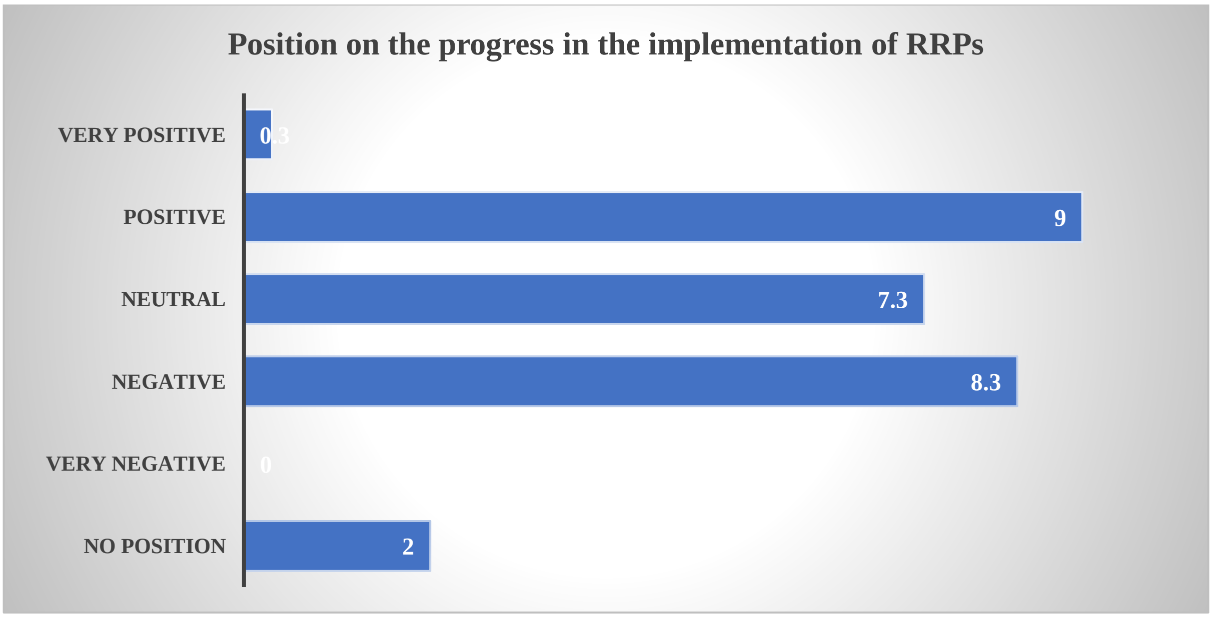
- **Denmark:** Reforms to address the present and future labour shortage are unfortunately missing. Although the government has identified the need to enhance opportunities for third-country nationals to live and work in Denmark, governments' subsequent continuing lack of action on this is viewed negatively.
- **Finland**: All three groups are concerned about the negative impact of the government's budget cuts, particularly in areas like healthcare, social security and public services. The reduction in public spending is seen as a threat to the welfare of individuals, particularly low-income earners, the elderly and people with disabilities. There is also shared concern about the long-term consequences of these cuts, which could lead to higher poverty rates and greater dependency on social assistance. Finally, there is recognition across the three groups that the resources available to tackle the growing demand for social infrastructure are insufficient.
- **Finland (GII)**: The assessment of the draft budgetary plans for 2025 was based on very strict criteria. The plan presented by the government is not really realistic, and it is highly probable that the government will not be able to keep up with the commitments set out in the plan. The retirement part is excluded from the plan, and Finland does not have a high investment level and seeks profits from abroad.
- **Finland (GIII)**: Finland's fiscal policies, influenced by the European Commission's rigid economic models, are facing criticism for potentially repeating mistakes from the 2007-2009 financial crisis, where fiscal consolidation stunted growth and increased public debt. The government's planned savings of EUR 9 billion could harm economic growth and hinder Finland's green and digital objectives. Additionally, Finland's social and healthcare system is struggling with a EUR 1.4 billion deficit, and counties are being forced to cut services. Public healthcare spending has risen significantly over the last two decades, particularly due to the ageing population. In this context, the government plans to reduce subsidies to social and health organisations, which could have serious consequences. There are calls for a graduated health tax to address public health and funding needs. Cuts to social security, especially targeting low-income earners, are expected to increase poverty and reliance on social assistance, and place strain on the social welfare sector. Furthermore, the cuts to public services are predicted to worsen challenges relating to an ageing population, and grants to social and health NGOs will be significantly reduced, affecting their ability to operate.
- **Hungary:** There are concerns about the fiscal projections used by the government, which are considered unrealistic and not sufficiently grounded in sound data. The new EU fiscal rules are complicated and therefore open the door to long-term discussions on both the planning and the implementation of medium-term fiscal-structural plans, for four or even seven years. The planning of the next seven-year budget cycle should include a discussion on which existing or past funding is no longer needed (from an economic, environmental or other viewpoint), so that available resources can be reallocated to better achieve the objectives set. OCS in HU notes that the targets in the Hungarian MTFSP (mainly the net public expenditure path) are difficult to justify. The Hungarian government's forecasts do not match those of the EU or other recognised international organisations. Price caps for all should be phased out of the Hungarian budget system and more focus should be placed on targeted social support aspects at market prices. Financing through increased taxes is not sustainable. There is no chance of eliminating territorial, competitiveness and social divergence without adequate resources, while public debt will also have to be reduced.

- **Italy**: Both workers and civil society are highly concerned about the potential reduction in public services and privatisation, particularly in health and education, which could hinder equal access and social cohesion. There is also a shared concern among all three groups that the fiscal-structural plan must strike a balance between fiscal consolidation and social investments. In this regard, workers and civil society are concerned by the impact on inequalities. Finally, employers and civil society agree on the importance of human capital.
- **Italy (GI):** In Italy, the fiscal-structural plans face a myriad of challenges: reversing excessive deficit, controlling expenditure and boosting productivity, jobs and growth. In this regard, the priorities continue to be: improving human capital, reorganising the tax system (with a comprehensive reform of personal income tax (IRPEF)), opening up markets and increasing competition (with a level playing-field and due regard for the principle of reciprocity as regards international trade), and improving mechanisms relating to supplementary pensions and the contracting out of welfare services.
- **Italy (GII):** Workers worry that the new economic governance and the tax consolidation provided for in the fiscal-structural plan (estimated at EUR 13 billion per year) could limit the ability to fully support cohesion policy and reduce inequality. It could curb growth and reduce access to key public services. Trade unions feel that the health and education sectors in particular are effectively being privatised, a process which could exclude the most vulnerable people from public services. It is a good thing that the fiscal-structural plan has incorporated the Commission's recommendations, but there are concerns about how this has been done, in particular the lack of discussions on either the fiscal-structural plan or the budget. However, the fiscal-structural plan does have positive aspects, such as reducing the tax wedge and merging personal income tax (IRPEF) rates. Some trade unions have criticised aspects pertaining to support for the birth rate and the renewal of public employment contracts: there are no moves to ensure the needed investments in infrastructure which would enable people to start a family, and the resources allocated to contracts and healthcare are insufficient.
- **Italy (GIII):** Civil society organisations fear that the revision of the economic governance framework could see reduced social investments and a weakened welfare system. They therefore call for more balanced indicators that complement economic metrics with metrics on well-being, quality of life and social and environmental sustainability.
- **Ireland (GII and GIII):** Ireland needs to prioritise long-term planning, invest in workforce development and address structural challenges in welfare, energy, infrastructure and care services. These areas are fundamental for building resilience and ensuring sustainable growth in the years ahead. Ireland faces rapid population ageing and the MTFSP is not addressing the related challenges, such as healthcare costs, pensions and workforce sustainability. The plan assumes continued fiscal stability, but concerns exist regarding the reliance on corporate tax receipts, geopolitical changes and the USA's trade policies.
- **Ireland (GII):** The position on the reforms and investments proposed in the MTFSP is negative. For example, the plan says that the government committed to transposing the EU Directive on Adequate Minimum Wages by the deadline of November 2024 and will publish an action plan on enabling conditions for collective bargaining by the end of 2025, as required under the Directive. However, transposing this Directive in full requires more than 'publishing' an action plan by the end of 2025 and Ireland has not complied with its obligations so far.
- **Ireland (GIII):** GIII highlights concerns over healthcare, particularly the lack of population-based planning and the disconnect between funding allocation and demographic needs. The ageing population, with many older individuals owning homes but unable to afford renovations, faces challenges as a result of inadequate housing policy. The digital transition is also problematic, with a significant portion of the population lacking digital skills or access to services. Poverty and exclusion remain significant issues, and are exacerbated by housing costs, precarious employment and migration. While poverty metrics exist, they are not standardised across Europe, leading to inconsistencies in comparisons. The MTFSP is criticised for not addressing structural reforms, relying on temporary solutions like tax cuts and energy credits, while inflation and the cost of living continue to affect lower-income households. Ireland's rapidly ageing population presents long-term challenges that are not adequately reflected in planning, including insufficient provisions for older workers. The country faces the risk of a two-tier economy, with disparities between multinational corporations and SMEs, and issues around migration, inclusion and democracy. The reforms proposed in the MTFSP are seen as insufficient to address deep socio-

economic inequalities. There is a need for more strategic, evidence-based policies on welfare, enterprise and public R&D to ensure long-term sustainability and resilience to future global and geopolitical changes.
No position/ information: AT, BE, CY, DE, IE (GI), LV, NL (GII and GIII), PL and ES (GI and GIII).
<u>Comments:</u> • **Austria:** Austria has not yet submitted a MTFSP and will only do so once a new government has been formed. Therefore, no plan has yet been drawn up and no reforms or investments have been proposed. • **Belgium:** Belgium has not yet submitted a MTFSP due to the late formation of the government. • **Germany**: Germany has not yet handed in its fiscal-structural plan. • **Latvia**: OCS in LV stresses that it would be important to discuss and reach an agreement at both national and EU level that national budget allocations for defence will be deducted from total general government expenditure when calculating the budget deficit. This is already the case for interest expenditure, cyclical unemployment expenditure, EU-funded expenditure and public expenditure co-financing EU-funded programmes.
Additional comment
• **Poland:** Negative assessment of the adopted law on the newly created Fiscal Council (the solution is a response to EU regulations that oblige EU countries to have independent fiscal institutions). It unjustifiably restricts the role of the Social Dialogue Council in giving its opinion on the state budget. Macroeconomic assumptions have already been excluded from the Social Dialogue Council's Act at the expense of the Fiscal Council. There is no consent for establishing new institutions that limit the role of OCS.

<u>Section III: The implementation of the reforms and investments provided for in the national recovery and resilience plans</u>

<u>Question 11:</u>
How do you view the progress made in implementing your country's national recovery and resilience plan? Please explain your reasons.



Position of organised civil society regarding the progress of the implementation of the RRP in their country
Very positive: HR (GI).
Positive: AT, BG, CY, FR, EL, LU, MT, SI and ES.

Comments:

- **Austria:** Austria recently requested the second disbursement of the next two instalments from the RRF, although two of the 67 milestones reported appear to have not yet been reached, which may result in the disbursement not being made in the full amount requested. However, the budget earmarked full disbursement for 2024.
- **Bulgaria**: Efforts are being made.
- **Cyprus:** Cyprus is implementing an ambitious plan involving significant investments to strengthen the resilience of the economy, with the main goals being sustainable economic, social and environmental development. In the two years remaining for its completion, it is important to focus on implementing and concluding all pending reforms and related investments. The use of RRP funding is not an end in itself, but a means of creating an impact that brings about, with each target and milestone achieved, short- and long-term positive effects in the economy and society. The great significance and importance of the plan lies in the adoption of legislative and regulatory action that effectively completes or advances significant reforms, especially regarding sustainable development and competitiveness, while also strengthening justice and social welfare. The request for the fourth instalment payment was submitted to the European Commission last July. With the payment of this instalment, Cyprus's total receipts from the RRP since 2021 will reach approximately EUR 500 million, which is about 50% of the total grant allocation for Cyprus. The next target is to submit the request for the disbursement of the fifth grant instalment by the end of this year, for an additional EUR 120 million. To date, significant results have been achieved, but there is still a long way to go to reach optimal levels of effectiveness and use of the resources made available by the plan, maximising the desired benefits to the economy, society and businesses. Despite impressive progress, challenges remain, mainly due to the unstable geopolitical and geoeconomic environment. Increased uncertainty, delays in the supply chain and cost increases are factors that can also slow down project implementation. It is expected that the Ministry of Finance and the General Directorate of Growth will proceed with all necessary actions, as indicated in the plan's timetable.
- **France:** OCS in FR takes a positive view of the action taken, but it is likely that this has contributed to the deepening of France's public deficit, which will make it more difficult to continue taking action in the future.
- **Luxembourg**: Given the modest sum represented by the RRP for Luxembourg, it was not too difficult to implement these measures, which would have been implemented by the government anyway. The amount under the RRP is EUR 93 million (i.e. 0.1% of GDP), which is small compared with budgetary investments exceeding EUR 2 billion annually.
- **Slovenia:** Reforms that are important for the social partners and civil society are subject to coordination with the social partners, but not with civil society, and there are delays in preparation and adoption, with the result that timeframes that would allow for a quality and reasoned debate with stakeholders are often too short. The social partners and OCS should be involved at earlier stages of the drafting process, e.g. as early as the drafting of guidelines. In practice, the social partners are involved at the stage when the draft regulation is already prepared.
- **Spain (GI):** 2024 saw some progress in implementation, although not as much as had been hoped.
- **Spain (GII and GIII):** According to GII and GIII, there is an urgent need to move forward with tax reform – one of the milestones of the Spanish RRP – which would strengthen the sufficiency and progressivity of the Spanish tax system.
- **Spain (GII):** GII perceives notable progress made in the implementation of the RRP. Many of the most positive reforms, such as the labour reform or the pension reform, were implemented in the previous legislature. However, the fundamental gap that can be seen in the actions taken by Spain is in the tax reform. Despite the timid progress made in November last year, many of the elements addressed at the time have not been incorporated: the harmonisation of inheritance tax, the increase in green taxation and its reflection in the double dividend that this type of programme could generate. With regard to the execution of European funds, we consider that progress has been made in the area of subsidies in most of the areas proposed. Energy rehabilitation, which initially had a higher budget, is not being implemented at the necessary speed. It is possible that part of this budget is being allocated to the construction of sustainable housing through the different plans adopted by the autonomous communities, although not always in an effective way. On the other hand, we are concerned about the lack of demand for a significant part of the credits associated with European funds. Despite their favourable conditions, these credits may not be of

sufficient interest to companies, which makes their implementation difficult in certain areas. We consider this RRP to be essential for the ecological transformation of the country, both in the business sector and in households. However, we believe that a greater proactive effort will be necessary on the part of public institutions to convince companies of the economic benefits that decarbonisation can have in the future. Only in this way will it be possible to generate sufficient demand to guarantee the correct execution of these credits.

Neutral: HR (GII and GIII), DK, EE, IE (GII and GIII), LT, PT, SK and SE.

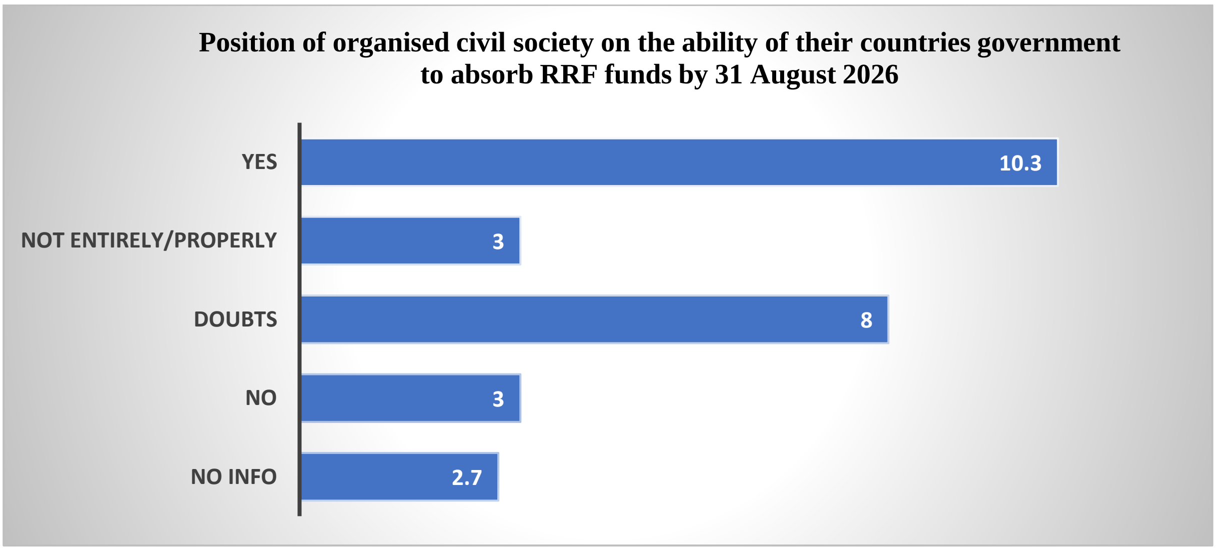
Comments:

- **Croatia**: Not only has the government agreed a larger than expected amount of EU funds, it has negotiated a higher than expected amount of funds for business and, most importantly, Croatia is performing very well when it comes to drawing down the RRF allocation. However, the implementation of the measures is yet to be seen. Civil society organisations do not have structured and transparent information on the implementation of the plan.
- **Denmark:** Implementation could be improved by focusing on streamlining the time it takes for authorities to take decisions and by designing projects more effectively for the private sector.
- **Estonia:** In our assessment, the progress made in implementing the national recovery and resilience plan has been satisfactory, although there is still room for improvement.
- **Greece:** The progress that has been made is significant, as Greece has one of the highest absorption rates of the RRF funds and has largely implemented the initial plan. The projects and actions being implemented have a developmental and modernising focus and are designed to meet the criteria of sustainability and technological innovation. At the same time, however, it should be pointed out that no substantial social challenges concerning workers are being addressed.
- **Ireland (GII and GIII):** The RRF's performance-based funding model ensures accountability, but also risks penalising countries for delays caused by external factors like administrative burdens or changing contexts. While some milestones have been met, there are significant delays in areas like housing and water infrastructure. Stakeholders highlighted a lack of detailed feedback on implementation status.
- **Ireland (GII):** There is no information regarding the progress made in implementing Ireland's national RRP, as the government has not directly engaged with GII on the implementation, nor regarding the absorption of RRF funds, the delays in implementing certain investments and reforms, or the administrative burden.
- **Ireland (GIII):** There is a neutral stance regarding the progress made in implementing Ireland's RRP. From the perspective of GIII, the scenario envisaged in the national RRP did not come to pass, people returned to work once the health restrictions were lifted and the focus of actions within the RRP does not address structural inequalities in the labour market. The general thrust of policy reform is positive but progress is very slow, particularly in relation to infrastructure.
- **Lithuania:** We would be positive about the plan itself. The slow implementation and the administrative burden of not being able to implement aid-related reforms (perhaps some of them were not adequately assessed at the outset and included in the reform plans; perhaps there was a lack of strategic planning capacity here) are perhaps a bit disappointing. It is good that it was later decided, albeit after much debate, to develop loan facilities for business, as public sector project financing had been the dominant instrument. Trade unions and NGOs are more negative about the implementation, as they do not see tangible results yet. Other issues include a lack of tax reform, a healthcare reform that has not improved the situation, public transport problems, road construction and a high degree of exclusion (regional policy).
- **Portugal:** OCS in PT believes that it is neutral because the planning was insufficient and will not respond to the country's real needs. Rather, reforms and changes in both the economy and society are being postponed, which could be yet another missed opportunity.
- **Slovakia:** The pace and robustness of reforms and investments from the RRP need to be increased in order to achieve timely implementation of as wide a range of the RRP objectives as possible. Slovakia needs a more coordinated approach to identify obstacles to the successful implementation of the RRP.
- **Sweden**: The RRP is part of the overall national objectives. The effect on the EU budget and future generations, in light of the need to service the debt and repay it, has a larger impact on our economies than the direct impact on the Swedish budget.

Negative: BE, CZ, DE, HU, IT, LV, NL (GI), PL and RO.
<u>Comments:</u> • **Belgium**: During the last legislature, the Belgian government took measures to reduce tax incentives for company cars. The focus was placed on the shift to electric vehicles, but the use of electric company cars also became less attractive. The company car scheme is today intertwined with the Belgian remuneration model to such an extent that major and/or sudden reforms of it can have a drastic impact on the purchasing power of a significant portion of workers. This issue should therefore be dealt with as part of a broader fiscal reform. Belgium is taking decent steps towards digitalising the economy and public services. The RRF project regarding the learning account does not improve the skills and training needs since it only introduces a very rigid and limited digital platform. The European Council decided to partially suspend the disbursement of the first instalment of the non-repayable support for Belgium due to the unsatisfactorily fulfilment of milestone 157 on the pension reform proposal. The measures adopted failed to sufficiently improve the financial and social sustainability of the pension system. The incoming government has expressed its intention to implement further reforms of first-pillar pensions and to extend the coverage of occupational pensions. Belgium is doing great in international R&D spending rankings, mainly thanks to big efforts by the private sector. **Czechia**: Some major reforms have failed completely, including the digitisation of construction management. The plan has been fragmented into a large number of small projects and contains very few robust investment projects of a differential nature. There is complexity in meeting targets and milestones. There is an insufficient administrative capacity within the units in charge. • **Germany:** Compared to its European peers, Germany is lagging behind as far as implementation is concerned. There is no participation of civil society in designing or implementing the plans. • **Italy:** All three groups highlight challenges relating to governance and execution of the national RRP. Transparency is also a common concern. Employers and civil society both stress the importance of clearer data and monitoring. In addition, all three groups mention resource constraints as an issue. Finally, both employers and workers emphasise the importance of greater involvement of social partners in decision-making. Similarly, civil society advocates for more transparency and aggregated data to allow for better assessments, suggesting that collaboration between sectors could improve the situation. • **Hungary**: There are concerns about the social impact of fiscal policies. Fair and sustainable solutions that do not disproportionately affect workers and other vulnerable groups are needed. With regard to the Hungarian RRP, OCS in HU believes there has been no progress on the fulfilment of milestones and therefore no payments have yet been made by the EU. • **Italy (GI)**: The national RRP is a key opportunity for the Italian economy, especially for certain strategic sectors such as the agri-food sector. Businesses report the need for accessible data and continuous monitoring. In some cases, the demand for funds largely exceeds resources, creating bottlenecks. Despite all this, businesses are taking part in calls for tenders, particularly those published by the relevant ministries. There is considerable interest in a number of planned measures, such as supply-chain contracts, and not only in Italy. Strategic investments, for example in irrigation infrastructure, are not adequately planned. The full potential of the Consorzi di Bonifica (land improvement cooperatives) should be exploited, for example to construct water basins. There needs to be more social partner involvement and more transparency regarding the implementation of the national RRP in order to ensure a lasting impact on products and services. • **Italy (GII):** There are problems in local governance, a shortage of qualified staff in public administrations and reduced involvement of the social partners in decision-making processes. • **Italy (GIII):** It is difficult to track the actual use of resources, which is often fragmented across non-aggregated and opaque data. This makes it impossible to carry out a proper assessment of the impact of investments, in particular for the most disadvantaged areas and the most vulnerable social groups. Difficulties with implementation are due to limited administrative capacity and complex procedures. For example, at the end of July there were around 250 000 unique project codes associated with national RRP projects. However, the number of projects awarded was much lower, indicating a gap between planning and implementation. • **Latvia:** Participants expressed concern about the progress and effectiveness of the implementation of the actions foreseen in the national RRP, in particular with regard to infrastructure projects. OCS also stresses that climate change mitigation now seems to be

increasingly about adapting to climate change rather than preventing it. In addition, GIII mentions that associations such as foundations are currently not eligible for EU funding support for digitisation due to discrimination based on their legal form, which often affects their ability to qualitatively and effectively support their members and achieve their statutory objectives. • **Poland:** The Commission proceeds on the assumption that the reforms are being carried out successfully, without seeking the opinion of the monitoring committee for the reform programme. For example, the Commission did not consult the monitoring committee on the implementation of the stage relating to the re-establishment of the rule of law. The new Polish administration has taken over some of the practices of the previous one. It is now too late to change anything, as in many cases the milestone payments have already been made or will be made soon. • **Romania**: Romania has an absorption rate of only 33% of grants and loans. • **Sweden**: The RRP is part of the overall national objectives. The effect on the EU budget and future generations, with servicing the debt and repaying it, has a larger impact on our economies than the direct impact on the Swedish budget.
No information: FI, IE (GI), NL (GII and GIII).

Question 12:
Do you think your government will be able to absorb the funds from the RRF, for which the regulation stipulates milestones and targets to be achieved by 31 August 2026?



Position of organised civil society on the ability of their country's government to absorb RRP funds by 31 August 2026
Yes: AT, HR, CY, DK, EE, FR, LU, MT, SI, ES (GII) and SE.
Comments: • **Austria:** Yes. Overall, the implementation to date suggests that Austria has a good chance of exhausting the RRF funds. The established implementation structures, the progress made so far and the ability to adapt the plan are, or were, fundamentally positive indicators. However, the ultimate success will depend to a large extent on the progress of the current process of forming a government and the maintenance of the pace of implementation. • **Croatia**: Yes. However, there are certain risks that could affect the full absorption of funds and achievement of all milestones and targets by 31 August 2026. While the Croatian government has made progress in structuring calls and approving projects, several factors present risks, including the administrative burden and systemic inefficiencies. • **Cyprus:** Yes. We recognise the immense shocks and challenges that materialise in an ever-changing geopolitical and geoeconomic environment in which the ability to adapt and respond promptly is becoming a matter of urgent necessity. The Cypriot national plan includes 282 significant targets and milestones. Of these, 180 are in the implementation phase, while 68 have already been included in payment requests, demonstrating steady progress. The plan's positive

evaluation by the European Commission last October, except for 1 out of the 38 milestones, is the achievement of the collaboration and commitment of all stakeholders who worked to meet the plan's obligations. This evaluation concerned Cyprus's request submitted last December and paves the way for the payment of the second and third grant instalments. Maximising fund absorption while meeting related obligations and commitments is a one-way road. We underline the importance of cooperation between all stakeholders – the state, the private sector and the social partners – for the successful implementation of the plan. Recognising that addressing current and future challenges requires a collective effort, it is vital to successfully achieve the common goals set between Cyprus and the EU.

- **Denmark**: Generally, yes.
- **Estonia**: Yes, OCS in ET thinks so.
- **France**: Yes. The connection between the absorption of European funds and the French system set up following the COVID-19 period is working well.
- **Luxembourg**: Yes.

  Malta (GI): It is possible that the Maltese government will manage to absorb the funds from the RRF, but it is unclear what obstacles it may encounter in the procurement process as well as regarding permits, works, prompt settlements or appeals.
- **Malta (GII):** It is possible, but this depends on addressing the current administrative inefficiencies and ensuring strong monitoring mechanisms.
- **Malta (GIII):** The Maltese government has the capacity to absorb funds from the RRF, particularly by using its previous experience in managing EU funds. However, in order to reach the milestones and targets set for 31 August 2026, there is a need for more focus on: (1) strengthening administrative capacity – the creation of more efficient administrative structures to reduce delays in the implementation of projects; (2) involvement of Compromised parties – better consultations with economic sectors, such as hospitality, to ensure that funds are allocated to high impact projects; and (3) effective monitoring – increasing monitoring mechanisms so that the allocation and use of funds are in line with the stipulated targets. If these measures are implemented effectively, Malta could be on the right track to absorb the funds according to the plan.
- **Slovenia:** Yes, we estimate that it would be possible to adopt most of the reforms and investments set out in time and to draw on the resources available under the RRF for this purpose.
- **Spain (GII):** We are convinced that the government will be able to execute all the subsidies foreseen within the RRP. However, as of today, we doubt that it will be able to achieve the same with the credits included in the plan and in the addendum. Therefore, we believe that, in this area, there should be greater public initiative and more proactivity from public institutions. This could be achieved through 'entrepreneurial state' mechanisms that promote effective demand for European credits in various areas. In particular, we believe that greater public initiative would be necessary in order to use these credits to generate affordable housing, one of the greatest crises currently facing our country. We also believe that the state should play a more active role in channelling these credits towards investment and direct capitalisation of companies that require capital to face the ecological and digital transition, as well as other strategic challenges.
- **Sweden**: Yes. Small amounts.

Not entirely/properly: CZ, EL and RO.

Comments:

- **Czechia**: Not entirely, but the majority, yes.
- **Greece**: Additional time is needed because the procedures are complicated. The government will probably achieve the absorption targets, but at the risk of using the corresponding funds inefficiently and at the expense of the quality and effectiveness of the projects and operations implemented with the support of the RRF.
- **Romania**: With such a low rate at present, there is a risk that important funds will be decommitted if the government does not accelerate the implementation of the reforms and investments foreseen in the RRP.

Doubts: BE, BG, HU, IT, LV, LT, PL and SK.

Comments:

- **Belgium**: The social partners have no clear view of the milestone reform and investment proposed and carried out at this stage. Additionally, some milestones pertain to public investments (renovations and digitalisation) or concern regional competences, which reduces transparency. According to the European Commission on evaluating the authorisation of the disbursement of the first instalment of the non-repayable support for Belgium, Belgium has so far been unsuccessful in delivering on a pension reform that would sufficiently improve the financial and social sustainability of its pension system. The incoming government intends to implement further reforms of the pension system, including extending the coverage of occupational pensions. With a new government with an extensive reform agenda (fiscal, labour market, pensions) in office now, this situation might change.

- **Bulgaria**: There are doubts about this.
- **Hungary**: There are concerns about Hungary's ability to meet the milestones necessary for accessing RRF funds. The lack of progress on key rule-of-law conditions is a major issue in this regard. It is questionable whether the RRF will achieve its objectives.
- **Latvia**: OCS in LV is sceptical about whether the projects included in the RRP will be fully implemented, and whether the targets and milestones will be achieved by the end of 2026.
- **Lithuania:** Unless the measures launched by the previous government as well as their evaluation and implementation are halted, there is still room for the plan to be implemented by August 2026. However, the new government has hinted that it will amend the plan. In this case, the process may be delayed and the risk of funds not being used will increase significantly. In the view of NGOs, timely implementation (by mid-2026) is unlikely. There is a particularly high risk that the government will not be able to use the funds unless it undertakes urgent and concrete implementation of the planned reforms in a transparent and qualitative manner. For this, it is essential that all social and economic partners are consulted and listened to. Full public information and adequate communication, e.g. balanced information on tax reform, must also be ensured.
- **Slovakia**: The ability to draw down these funds in a timely manner will depend on individual ministries and the set-up of planning and monitoring processes, as well as on the complexity of the objectives and milestones in their portfolio. In general, efforts to achieve successful disbursement are expected, but the experience so far raises doubts.

No: DE, NL and PT.

Comments:

- **Germany:** No.
- **Netherlands**: Probably not. There is a new cabinet now and the reforms that were a prerequisite for receiving the funds are now in doubt.
- **Portugal:** Probably not. The delays in implementation are well known and are essentially due to a lack of planning, a lack of human resources on the part of the managing bodies and the associated bureaucracy.

No information: IT, SE and ES (GI and GIII).

Question 13:
If there are delays in implementing certain investments and reforms, how do you explain them? How is the administrative burden affecting the implementation of the plan? How do you consider that this situation can be remedied and what mechanisms exist to address potential delays?

Explanation of delays

- **Croatia**: Delays are a normal part of any project implementation process and are often due to unforeseen factors. The RRF is a major test of Croatia's administrative capacity and the country has done better than could reasonably have been expected in respect of the RRF. There is much more work to do, reflecting the complex nature of the issues at hand and highlighting where the focus on building administrative capacity should be.
- **Czechia:** Inappropriate content of reforms and investments, unrealistic timeframe for project implementation and poor coordination of actors.
- **Germany:** There is a lack of resources in administrations, milestones and targets are too rigid, and change is only possible through complex bureaucratic procedures.

- **Greece:** It is noted that there are no major delays, but the margins are tight and the procedures are complex. In any case, the delays observed are due to the architecture of the departments managing the funds and their understaffing, the absence of mandatory interim project implementation schedules beyond the milestones agreed with the EU and the inadequate monitoring of project implementation.
- **France:** Government instability is a real obstacle. The administration is not an obstacle, as the system is effective, but it is noted that innovative but small-scale projects are unable to raise the funds that could be very effective.
- **Hungary:** Delays in accessing RRF funds are mainly due to conflicts with the EU, particularly over rule-of-law concerns. As the government is failing to meet important rule of law conditions, other EU sources are blocked.
- **Ireland:** The RRF's performance-based funding model ensures accountability, but also risks penalising countries for delays caused by external factors like administrative burdens or changing contexts. While some milestones have been met, there are significant delays in areas like housing and water infrastructure. Stakeholders highlight a lack of detailed feedback on implementation status. The RRF funding is insufficient to address Ireland's infrastructure, housing and green transition needs. Inflation and rising costs further constrain the ability to achieve targets.
- **Ireland (GI):** Another issue is the circular nature of some of these challenges, such as the skills deficits. While progress has been made in certain areas, many of these issues cannot be fully addressed within the timeframes of the current funding mechanisms.
- **Latvia:** OCS in LV highlights the lack of EU flexibility on the deadline for the RRP, the resistance to amending the plan, the slow drafting of cabinet regulations and the short deadlines for implementing projects. These issues lead to delays in implementing the RRP reforms and investment projects and, in a later period, to the urgency in implementing the measures. Work is only now underway at both national and EU level to develop guidelines on the principle of 'do no significant harm'. The lack of clarity on the implementation of the principle has raised questions for all parties and partly delayed the RRP implementation process. OCS in LV also stresses that the RRP process appears to be politicised and there is a lack of clarity on what is considered 'reform' or success. OCS has concerns about the gap between political priorities and actual implementation. Stakeholders point out that the lack of quality, lack of transparency, recklessness and haste in the RRP planning phase are currently having a negative impact on the pace, effectiveness and results of its implementation. There is no single and inclusive mechanism for monitoring the implementation of RRP in Latvia. OCS in LV underlines that stakeholders' involvement in the process of monitoring and implementing the RRP could be better. Ministries implement the stakeholder engagement process in different ways and at their own discretion, to varying degrees of success. OCS in LV points out that the overall bureaucratic burden is increasing. RRP as a new format of funding mechanism (results oriented) creates mutual confusion and prolongs the time needed for coordinating different regulations and documents between project stakeholders. In addition, OCS in LV underlines that the conflict-of-interest regulation in the RRP and EU fund frameworks poses challenges for small countries such as Latvia, where high-level professionals work on different projects and for different employers at the same time and may be exposed to indirect conflicts of interest. Moreover, the implementation of the Latvian RRP has also been hampered by the exclusion of value added tax costs from the EU regulation. This issue has now been resolved. Finally, in the health sector, OCS in LV expresses concerns about the non-use of expensive equipment due to lack of manpower, as well as about regional differences.
- **Lithuania**: Apart from the administrative burdens, another issue is that there is inadequate preparation for the reforms, with no consultation with the groups concerned. There is insufficient information in the public domain, resulting in a lack of popular support.
- **Malta**: OCS in MT underlines the administrative burden, the difficulties associated with long-term planning and the insufficient coordination between the parties concerned.
- **Malta (GI)**: The delay can be explained by several factors, including: (1) the fact that current administrative systems can be seen as overloaded with bureaucratic processes, with a lack of human resources and technical knowledge in certain sectors; (2) the fact that projects often require long-term planning and coordination with stakeholders, which can take time and may involve permits and procurement; and (3) the fact that external factors, such as increases in the price of materials or delays in the supply chain, may affect schedules.

Malta (GII): The rigorous process to implement these projects often takes a long time, and due to the small size of Malta's market it is difficult to speed it up. When a call goes out, the selection process also takes a long time because of the national mechanism.   **Malta (GIII)**: The delay in implementing certain investments and reforms is caused by several factors, including: (1) the administrative burden – complex and bureaucratic procedures are increasing the time needed to approve and implement projects. This is having a negative impact, particularly on small and medium-sized businesses such as hospitality establishments, which may find it difficult to navigate these processes; (2) the lack of capacity – certain administrative entities have limited resources to manage and supervise the implementation processes effectively; and (3) insufficient coordination – the lack of alignment between the parties concerned can lead to delays in the approval and execution of investments.   **Netherlands (GI):** The plans were submitted too late. Delays in implementing the reforms are mostly likely to be caused by labour shortages.   **Poland:** The previous administration left the current one with the problem that there is less time to spend the funds from the RRP than there should be.   **Portugal:** The delays in implementation are well known and are also essentially due to a lack of planning, a lack of human resources on the part of the managing bodies, and the associated bureaucracy.   **Romania:** Romania has had only two payment requests approved and paid by the European Commission. Request no. 3 has been long delayed due to unrealised reforms. The most important of these relates to special pensions. The government's efforts to solve this problem were nullified by the decision of the Constitutional Court, which declared the law approved by the parliament unconstitutional. With only 14% of RRP milestones implemented, the government needs to accelerate implementation to reduce the risk of disengagement. In 2025, the government expects to absorb EUR 12 billion, which is an important condition for keeping the budget deficit at the 7% level agreed with the European Commission.   **Slovakia:** Any delays will need to be analysed in terms of procedural delays and lessons identified in order to eliminate potential delays in the future.   **Slovenia:** Yes, there are delays in some areas, but this is not due to administrative burdens, but rather to delays in preparing the relevant legislative proposals and bases for consideration and then adoption, especially in the case of reforms, while in the case of investment, it may also be due to, for example, the procedures for obtaining the relevant permits or for carrying out tenders for public procurement.   **Spain (GII):** There is a lack of demand for loans associated with the European climate fund, both among companies and individuals. The deadlines are not long enough to allow for implementation. They need to go beyond August 2026, at least until the beginning of the new Multiannual Financial Framework in 2028.   **Sweden**: We do not see a problem.
Effect of administrative burden on the implementation of the RRP
Austria: In fact, there was only a slight delay in Austria. The administrative burden is indeed an issue.   **Croatia**: The administrative burden significantly impacts the implementation of the plan due to: (1) complex and lengthy procedures – the design and evaluation of calls for proposals often involve extensive documentation, multiple layers of approval and stringent compliance requirements. This slows down project initiation and reduces the time available for execution; (2) limited administrative capacity – many institutions lack the personnel or expertise needed to manage the increased workload, leading to bottlenecks in evaluations, approvals and disbursement of funds; and (3) fragmented coordination – coordination challenges between national, regional and local authorities can result in inefficiencies, duplication of efforts and missed deadlines.   **Cyprus**: Administrative burden hinders the implementation of projects and reforms for several reasons, including the following: (1) it may create overlapping or contested areas of responsibility and accountability, making coordination more difficult, and (2) authorisation and decision-making procedures among individual government departments may create delays, especially the more actors that are involved. A delay in one actor's procedure may cause bottlenecks down the line as other actors may rely on their input.

- **Denmark**: Disproportionate administrative burdens are generally slowing down implementation, which could be improved by focusing on streamlining the time it takes for authorities to take decisions and by designing projects more effectively for the private sector.
- **Italy:** Both workers and civil society highlight the issue of weak local governance and public administration. They also mention the hiring freeze in public administration as a significant issue. In addition, both groups express concern that the administrative challenges, including the hiring freeze, will reduce the effectiveness and impact of reforms and investments under the national RRP.
- **Italy (GII)**: There are problems in local governance and a shortage of qualified staff in public administrations. In view of these difficulties, it is difficult to understand the hiring freeze, which contradicts all the objectives of the national RRP. Another problem is establishing who is responsible for managing projects, as the current uncertainty is leading to conflicts and delays. The end result is that reforms and investments are not as impactful as they could be, and are likely to be concentrated in easy areas rather than in areas where reforms and investments are needed most. In addition, there are concerns that slippage in expenditure towards the end of the period covered by the national RRP could exacerbate problems linked to absorption and administrative capacity.
- **Italy (GIII)**: Weak administrations, especially at local level, and the hiring freeze in public administrations are further complicating matters.
- **Latvia:** OCS in LV expresses concerns about the administrative burden, the limited capacity of ministries and other actors involved, and the excessive focus on large infrastructure projects without the ability to clearly demonstrate the positive impact on Latvia's development. The RRP's core mandate favoured the implementation of infrastructure projects with a high degree of readiness, which in Latvia's case proved to be a difficult task. OCS in LV also stresses difficulties for businesses in accessing EU funding as a result of increasing bureaucratic requirements and complex conflict of interest regulations. Bureaucratic requirements and disproportionate monitoring often have a chilling effect, especially on small and medium-sized enterprises and farms.
- **Lithuania:** There is constant talk of reducing administrative burdens. Admittedly, this is decreasing in some areas. The digitisation of administrative processes is on the rise. However, even large Lithuanian companies need to hire external consultants (for applications, reports and administration) in order to benefit from any support. Depending on the application, the cost of such consultancy can be as high as EUR 100 000 per year. Such costs are essentially unbearable for smaller companies. In Lithuania, we tend to make rules more stringent and complex than EU legislation requires. On the one hand, therefore, the burden is what EU legislation imposes and, on the other hand, the Lithuanian national authorities are adding additional national rules. Correcting the situation should start with a thorough audit of administrative procedures, in particular by removing redundant, repetitive procedures.
- **Slovakia**: Administrative burden is an overall problem in Slovakia and needs to be addressed systematically. Administrative processes need to be addressed through a systematic review and simplification of processes in synergy with the potential for digitisation. In terms of mechanisms, we recommend a better set-up of planning processes and a better set-up of monitoring processes.
- **Spain (GII):** GII believes that the administrative capacity of the state has been a limiting factor in the execution of European funds at all times. We note that, in areas where the state already had a solid administrative capacity, the execution of European funds has not presented major problems. However, in areas where this capacity did not previously exist, implementation is being delayed, as is the case with energy rehabilitation. The one-stop-shop approach to subsidies for energy rehabilitation has failed to overcome the significant barriers to entry or to facilitate the effort required by neighbourhood communities to carry out these actions. We believe that if there were a public agency that designed turnkey projects for these communities, including subsidies and available loans, and that clearly presented the benefits of such actions, the results would be more favourable. This would allow progress similar to that observed in the area of railway infrastructure, with a greater number of buildings rehabilitated and faster progress in the ecological transition. A similar problem is observed in the lack of public companies dedicated to the promotion, purchase and management of public housing, which prevents administrations from responding with the necessary speed to the housing crisis facing the country.

Suggestions on how to address delays
• **Austria:** In the event of a possible new 'RRF 2.0', the Council should be less meticulous in its requirements and the Commission should be more pragmatic. Overall, however, Austria should be able to fully meet its obligations under the RRF plan. • **Bulgaria**: By relying on competent staff and experts. • **Croatia:** Addressing these issues requires a combination of short-term and long-term measures: (1) capacity building – investing in additional training for public administration employees to enhance their expertise in project evaluation, fund management and compliance monitoring; (2) simplification of procedures – streamlining administrative processes, reducing unnecessary documentation requirements and adopting digital solutions to accelerate project approval and reporting; (3) better interagency coordination – establishing clear communication channels and accountability frameworks to improve collaboration among relevant institutions; and (4) improving transparency in the implementation of the plan and in the results achieved. • **Cyprus:** There are several approaches to addressing these challenges: (1) involving the private sector to the greatest possible extent when implementing projects; (2) simplifying decision-making and approval procedures; (3) utilising technology for project planning, coordination and decision-making: and (4) conducting training on managing projects or other aspects of project implementation (e.g. financial control and reporting). • **Denmark**: The focus should shift to the efficiency of programmes and better spending, access for business, administrative simplification and greater use of financial instruments. • **Hungary**: There is a need to reduce bureaucratic hurdles and streamline the implementation process. Deadlines should be extended and the assessment of milestones and targets made less binary, allowing for partial progress and disbursement of funds. • **Latvia**: There is a consensus that procedures should be simplified, but, for example, the methodology for simplified costs is still not in place, which significantly delays implementation. There is a need for a monitoring mechanism with broad civil society involvement, as well as for a mechanism to compensate civil society for its efforts and coordination. Preferably, this system should be integrated into the monitoring of EU funds. Effective reforms and problem-solving often require a cross-departmental approach involving several ministries and a broad spectrum of civil society organisations. This process needs to be carried out well in advance of funds being invested. Overall, the need to improve the RRP mechanism is highlighted to ensure more efficient use of funds, transparency, clearer benchmarks and better cooperation between government, the social partners, civil society and other stakeholders. More flexibility and simplification in the implementation of the national RRP should be ensured by reducing the administrative burden. • **Malta**: OCS in MT emphasises simplifying approval processes and reducing bureaucratic burdens in order to enhance efficiency. It stresses the need for better adminsitrative resource management. • **Malta (GI)**: Remedies for this include: (1) reforming the administrative regulations to make them easier and faster to implement; (2) offering training and investing in human resources to help to make the administration more efficient, despite not having the desired people and knowledge; and (3) introducing early warning mechanisms to identify and solve problems relating to delays. • **Malta (GII)**: Remedies: (1) simplifying approval processes; (2) improving interdepartmental communication; and (3) leveraging digital tools for project monitoring. • **Malta (GIII)**: There is a need to: (1) simplify processes – measures are taken to reduce bureaucratic burdens, such as clearer approval systems and faster mechanisms for funding applications; (2) strengthen administrative resources – increasing investments in staff training and the allocation of resources to manage processes more efficiently; (3) introduce monitoring mechanisms – establishing a clear monitoring and accountability mechanism to address issues in the early stages of implementation; (4) consult with relevant parties – increasing the involvement of stakeholders, such as the hospitality industry, in order to proactively identify and address barriers; and (5) take into account existing mechanisms – using digital tools to monitor the progress of the projects, and ensuring stronger coordination between the government and the European Commission in order to allocate resources where they are most needed. • **Spain:** To solve these situations, in addition to extending the deadlines for European funds beyond 2026 to guarantee their correct use, it is necessary to reinforce the administrative capacity

of the state. OCS calls for the reallocation of RRP funds, in particular the appropriations earmarked for urgent social housing construction plans. • **Spain (GI):** Further progress is needed in terms of administrative simplification, with a greater focus on anticipating the details of future calls. Businesses need more frequent partial payments to match the investments they have been making. More key players need to be included in value chains in some strategic projects for economic recovery and transformation. All this should be accompanied by tax incentives following the RRP, as well as by a reduction in the initial costs for companies. • **Spain (GII):** In addition, priority should be given to finding solutions to the very serious problem of soaring housing prices in Spain, focusing on access to affordable housing and addressing energy renovation bottlenecks, especially in residential buildings. A public agency is needed to manage this. • **Spain (GIII)**: Moving forward, not only is it necessary to ensure no one is left behind, but it is also necessary to go back and help those who already have been left behind.
No delays
Comment: • **Luxembourg:** In view of the previous response, there was no delay. However, the social partners mentioned that they could have been more involved. In fact, the social partners were not directly involved in the implementation of the RRP, even though they are indirectly involved, on the ground, via the involvement of employers' and employees' professional chambers in training for the digital transition.
No information
Comment: • **Belgium:** The social partners have no clear view of the milestone reform and investment proposed and achieved at this stage.

Question 14:
As we reach the mid-term of the implementation of the recovery and resilience plans (ending in 2026), what lessons have been learned that should be applied to other EU financial instruments and why?

Lessons learned that should be applied to other EU financial instruments
• **Austria:** One lesson is that large volumes have a major impact. The establishment of a permanent institution could be considered, although opinions on this differ and further discussion is needed. It has also been shown that the bureaucratic effort involved in setting up and implementing the Austrian economic stimulus programme was enormous compared to the subsidies that Austria receives from the economic stimulus fund. This includes, among other things, the setting of detailed objectives, milestones and metrics. The implementation criteria should be formulated more pragmatically, especially for smaller amounts. It may be useful to apply simplified criteria until certain thresholds are reached and to apply stricter standards above and beyond these thresholds. For example, the inclusion of social conditionalities should be sought. Overall, a reduction in the administrative burden should be sought. • **Belgium:** The social partners have had little involvement in preparing and evaluating the RRF plans, despite several plans directly impacting them (e.g. federal learning account). In the future, a timely dialogue between the government and the social partners should be organised when preparing and evaluating plans in order to promote achievable solutions. • **Bulgaria:** We need reasoning, control and follow-up. • **Hungary:** Efficient and continuous monitoring of the progress in implementation is needed, as are evaluation and adaptation of the policies. Transparent information and forward-looking conflict management would greatly contribute to improving implementation. Social dialogue would be greatly facilitated and strengthened if the disbursement of certain EU funds was made conditional on the implementation of meaningful and structural consultation with the social partners and other civil society organisations.

- **Italy (GIII):** The review of the national RRP is a fairly good example of structured and proper participation. Overall, the national RRP is more results-oriented and open to feedback from the social partners, whereas ordinary cohesion funds fail to resolve concerns about participation and monitoring. If the national RRP model is extended to cohesion funds post-2027, changes and consequences will need to be properly analysed.
- **Luxembourg:** Little use for Luxembourg.
- **Croatia:** The whole process should be more transparent and inclusive. It is imperative that the social partners and civil society organisations are involved in a meaningful way through regular and structured consultations.
- **Croatia (GI):** Relatively short timeframes for absorbing EU funds can have adverse effects in terms of boosting labour demand and, consequently, input costs. Specifically, this is the case with earthquake assistance in Croatia, where the relatively short time to draw down funds contributed to exacerbating labour shortages in the construction industry and contributed to pushing up prices of construction inputs. This may be more of an issue for smaller Member States rather than larger Member States. At the mid-term of the implementation of the RRPs, several valuable lessons have emerged that should be applied to other EU financial instruments to enhance their efficiency, effectiveness and equitable distribution. One critical lesson is the importance of streamlining administrative procedures. The complexity and administrative burden associated with implementing RRPs have significantly slowed down the pace of reforms and investments. Simplified application, approval and reporting processes are essential to accelerate fund absorption. Another key takeaway is the need to strengthen administrative capacity at both national and local level. Insufficient resources and expertise have often resulted in a critical bottleneck, hindering the timely execution of projects. The implementation of RRPs has also highlighted the value of enhancing stakeholder engagement. To ensure broader buy-in and better results, stakeholder consultations, including representative employers' organisations, should become a mandatory and meaningful part of the planning process. The RRPs have also demonstrated that targeted investments in green and digital transitions can drive systemic change, but these initiatives require robust technical expertise and infrastructure. Expanding the focus on green and digital sectors in other EU financial instruments will be essential, supported by adequate technical assistance and capacity-building measures. It is particularly important that these processes consider SMEs across all sectors and occupations, as these face increasing pressure to adapt their businesses to the green and digital transitions. Ensuring accessible and adequate funds tailored to SMEs' needs is crucial for their development and competitiveness. Supporting SMEs in making these transitions will not only strengthen their resilience but also contribute significantly to achieving broader EU strategic goals.
- **Cyprus:** Delays can be avoided in the future by using tools and methodologies that have been tried and tested, such as those implemented under the ESF+. Digital tools used for reporting purposes (such as online platforms) and the use of simplified cost options have proved very useful, but there is room for improvement. Member States and implementation actors could benefit even more from introducing a 'real' simplified cost option methodology and from the introduction of more flexibility in making changes, The latter is particularly important in cases where it is necessary to make changes in running projects' milestones since bottlenecks cannot always be foreseen or because there was overoptimistic planning from the beginning. The exchange of good practices between Member States and other stakeholders would also be useful as it would make it possible to share accumulated experience.
- **Czechia:** All pending project proposals and projects with an obvious risk of meeting milestones and targets.
- **Denmark**: Any fiscal-structural plans are cleary linked to specific reforms and investment as well as to transparent criteria and evaluations.
- **Estonia**: More in-depth assessment of needs and better targeting of budgetary resources are needed when setting actions. EU financial instruments could also monitor the impact and long-term sustainability of funding, not just the speed of spending. In the future, there could be a focus on better cooperation between different funding sources to avoid duplication and increase synergies. A reduction in administrative burdens and the use of standardised digital solutions could also make other funding mechanisms more efficient.

- **France**: Care should be taken to ensure that small projects, particularly those run by SMEs, are not overburdened by excessive reporting requirements. Better use of the SDGs should be encouraged.
- **Germany:** A performance-based approach (making the disbursement of funds dependent on the implementation of reforms under the European Semester) should not be applied to other financial instruments. Reforms under the European Semester are decided in a technocratic procedure (without adequate social partner involvement and parliamentary scrutiny). In addition to this, the reform recommendations partly contradict the political prioritries of the structural funds and other funds. The disbursement of funds should only be linked to reform recommendations if they are conducive to better absorption of funds (effective public procurement procedures, capacity building in public administrations, digitalisation of public administration, etc.). We reject any link between the European Semester and other financial instruments.
- **Greece**: As noted in Mario Draghi's Report on the Future of European Competitiveness, building on the NextGenerationEU model, the regular and large-scale provision by the EU of common safe and liquid capital will allow for the implementation of common investment projects across the EU, with multiple positive benefits for the EU and the Member States. It is also proposed to create more flexibility, reduce bureaucracy and allow room for the possible reformulation of actions.
- **Ireland:** OCS stresses the need for better long-term policy-making, more adequate funding, clearer accountability mechanisms and improved strategic planning in order to address complex societal challenges effectively.
- **Ireland (GI)**: The funding available through existing mechanisms, such as the RRF, is out of proportion with what is actually needed to achieve these objectives. While the RRF funds are strategically targeted and tied to goals, they represent only a fraction of the resources required to make meaningful progress and far greater investments than what is currently available will be required.
- **Ireland (GII)**: The Finnish NRP sets out in a detailed annex how the Finnish government says it is following up its commitments under the SDGs and European Pillar of Social Rights. It is suggested that this approach should be considered by Ireland. We agree with the introduction of social conditionality for the receipt of payments. This is necessary to ensure Member States comply with their commitments in respect of the SDGs and the European Pillar of Social Rights. It should be applied to other EU financial instruments in the years ahead.
- **Ireland (GIII)**: Concerns were raised about using funds to address obligations that should be met through compliance, rather than holding polluters accountable.
- **Latvia:** The definitions and objectives of reforms need to be reviewed to make them clearer, more realistic and focused on sustainable change. It is essential that indicators and targets are realistic and achievable. A situation where reforms are made for reform's sake or where a project is 'tagged' to a given headline should be avoided.
- **Lithuania:** We believe that more EU-wide coordination and cooperation in Member States with stakeholder groups is needed to ensure that individual Member States' investments lead to greater integration rather than fragmentation of the EU single market. The very principle of the roadmap is good, with national needs coming from the Member States themselves, which are financed in agreement with the European Commission. However, implementation is stalling due to lack of will and administrative burdens on the ground. There is a need for targeted information for the social partners and stakeholder groups, and for continuous communication on progress in implementation.
- **Malta**: It must be ensured that stakeholders are involved from the outset, in order to improve the feasibility of the plan and the whole process.
- **Malta (GI):** More attention needs to be paid to coordinating the work between ministries and stakeholders. GI is not satisfied with the information on the addition of commitments and expenditure as originally proposed and as executed. Greater involvement of stakeholders, including the private sector and local communities, could improve the process.
- **Malta (GII):** There is a need for: (1) early involvement of stakeholders to improve the feasibility of the plan; (2) clear accountability structures to minimise delays; and (3) flexibility in the allocation of funds in order to better respond to emerging needs.
- **Malta (GIII):** (1) It must be ensured that stakeholders are involved from the outset – one of the most important lessons is that early and meaningful consultation with stakeholders, including the

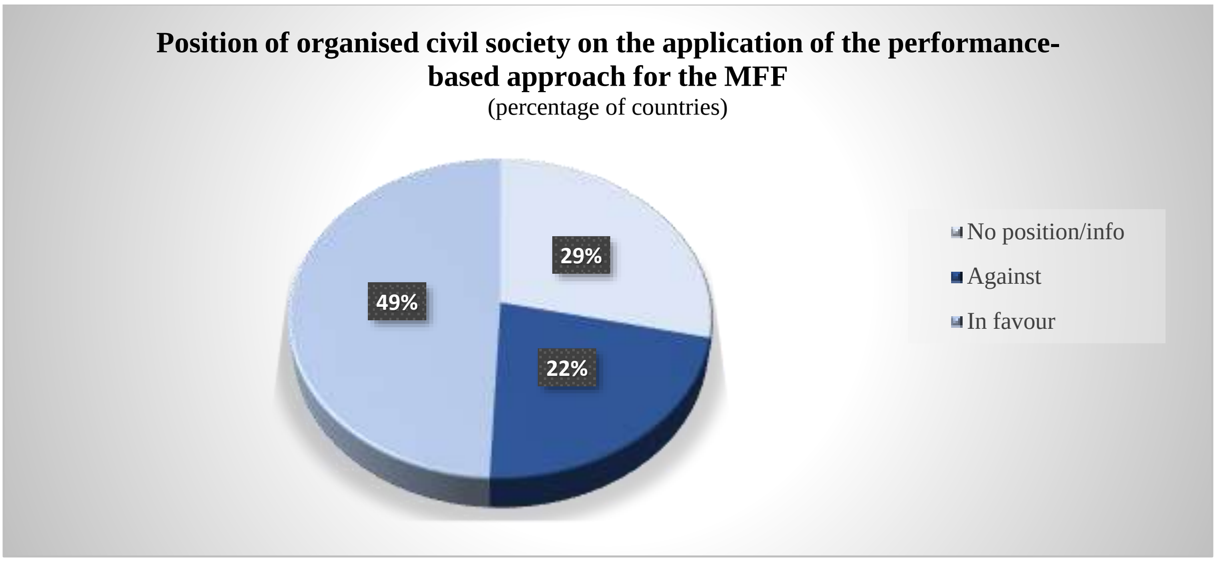
hospitality industry, is essential to ensure plans effectively address local needs. This helps the financial instruments to be designed and implemented in a more effective way; (2) There is a need for transparency and good communication – transparency about eligibility criteria and funding allocation processes is essential to avoid confusion and to build confidence among potential beneficiaries; (3) Processes need to be simplified – experience shows that complex administrative procedures can reduce the rate of absorption of funds. Future EU instruments should therefore be designed to be simpler and more accessible, particularly for SMEs; (4) There is a need for effective monitoring – creating robust monitoring and evaluation mechanisms is crucial to ensure that funds are used effectively and to identify issues in the early stages of implementation; (5) The focus must be on sustainability – the transition to a more sustainable economy is central to EU funding. Strategies and measures that promote sustainable innovation and energy efficiency should therefore be an integral part of other financial instruments; (6) There is a need for flexibility in the case of emergencies – responses to the COVID-19 pandemic highlighted the importance of instruments that can be adapted to address emergencies or changing circumstances. This makes financial instruments more responsive and relevant.

- **Netherlands (GI):** Policy development and implementation should be much better linked. Policies are being developed now, but others have to implement them, often 2-3 years later. Without losing the conditionally, the set-up should be much simpler. The administrative burdens were very high, for both civil servants and businesses.
- **Netherlands (GIII):** We need a more binding framework.
- **Poland**: (1) The reforms undertaken must be of a genuinely high quality. The quality of the reforms implemented is questionable due to the haste and the lack of appropriate evaluation criteria; (2) Adequate and sufficient time is needed to ensure proper and high-quality consultation of stakeholders. The consultations were carried out within too short a timeframe. The social partners only had seven days for consultation in the case of the Cardiac Network Act; (3) Better use of funds must be ensured. There is currently a risk of misallocation and misuse of funds due to the massive injection of short-term liquidity; (4) There is a need for greater speed in the execution of projects linked to the funds. Businesses need these funds and speed is crucial because applicants have been waiting for a decision for many months and often cannot implement their projects during such a long waiting period. Finally, it would improve the quality of the process if all documents that Poland sends to the Commission had to go through the Monitoring Committee, thus increasing the involvement of OCS.
- **Portugal:** As mentioned in the Draghi report, we need more investment, less bureaucracy and more structural reforms. We also need fewer regulatory processes.
- **Romania:** Romania needs to improve the administrative capacity of the institutions with responsibilities in areas financed with European funds. However, efforts must be made at both national and European level to reduce the regulatory burden.
- **Slovakia:** Overall, there is a perceived need to simplify the administrative processes of EU financial instruments and we also recommend encouraging a focus on the practical objectives of the current digital transformation when setting EU funds agendas for the future.
- **Slovenia**: Planning should be realistic about the feasibility of the announced investments and reforms, taking into account the complexity of their implementation and setting deadlines that allow for the quality involvement of all stakeholders, in particular the social partners and civil society, in both preparation and implementation.
- **Spain:** Steps needed to be taken to help coordinate European policies and strengthen the social partners' involvement.
- **Spain (GII):** There are several important lessons: (1) Strengthening the role of the state – it is necessary to reinforce the administrative and operational capacity of the state to lead solutions to the challenges facing the country and to make the most of the resources that the European Union makes available; (2) The state's participation in profits – if the state finances or supports key investments to address national challenges, it should also participate in the profits generated by these investments in the future, especially in cases of great impact; (3) Clear and linked objectives – it is positive that the funds have explicit objectives, such as the green and digital transition, instead of approaches such as those of the European Funds to which our country had access in previous decades, which had less connection with solutions to specific challenges and gave rise to more unnecessary or even negative investments, such as motorways or airports without planes.

- **Sweden**: One should be very careful in deciding to increase debt levels further. The exisitng debt levels in the EU are very high and cause a lot of political turmoil and problems already (in France, for example). The next generation faces an environmental debt and handing over a large financial debt as well is not a responsible and fair policy. The vulnerability of the EU economy is considerable and the interest costs could trigger financial instability, to the detriment of low-income households in particular.

Question 15:

Currently, the structural funds of the Multiannual Financial Framework, the seven-year framework regulating the EU annual budget, are based on a model where funding is paid based on agreed criteria. What is your opinion of using the Recovery and Resilience Fund's performance-based approach, which links the disbursement of EU funds to achieving relevant milestones and targets set by countries in national operational programmes?



Position of organised civil society on the application of the performance-based approach for the MFF
In favour: CY, HR, CZ, DK, FR, EL, HU, IE (GII and GIII), MT, NL (GI and GIII), LT, LU, PL and SI.

Comments:

- **Croatia**: This represents an acceptable solution to the lack of progress in achieving the goals.
- **Cyprus**: We are in favour of the concept of using a performance-based approach. Agreed criteria and the disbursement of funds based on results creates the right framework for project planning. However, as mentioned in the previous question, it should be easier to change milestones when needed. Furthermore, the absorption of funds for reaching certain milestones in one project should not be conditional on the achievement of milestones in another project under the same priority axis. Additional flexibility and adaptability with regard to moving milestones or changing target levels would help adjust to changing circumstances, provided that the scope of the project is achieved. Further simplification of procedures, especially the introduction of a 'real' simplified cost option, would also be useful.
- **Denmark**: OCS in DK does generally support fiscal-structural plans being cleary linked to specific reforms and investments. Effectivity, it would depend on oversight, enforcement and consequences. The measure can be useful, but should only be used if it, on the basis of an individual and thorough analysis, is assessed to help reach the milestones. If fines will slow down the implementation of the RRF, caution should be given. The implementation of the RRF is very important for investments and competitiveness in the EU.
- **France**: If the system is to perform well, it must be attractive, but it must also be binding in order to encourage Member States to play by the rules.
- **Greece**: In favour of an approach that links the disbursement of EU funds to the achievement of relevant milestones and targets set by countries in their national operational programmes.

- **Hungary**: There is clear consensus on the use of a performance-based approach for EU resources, with clear milestones and targets, and performance metrics, to ensure that resources are used efficiently. This would avoid multiple interpretations of criteria and double standards.
- **Ireland (GII):** In favour of using the RRF's performance-based approach. The RRF put in place as the EU began to emerge from the pandemic demonstrated the usefulness of innovative financial instruments.
- **Ireland (GIII):** There is support for the performance-based approach if it helps ensure timely reforms. However, the RRF's performance-based approach is a double-edged sword. While it aims to hold governments accountable, it can become problematic if targets set at a particular time or in a particular context are no longer relevant due to changing circumstances. This approach may overlook real challenges, especially those deemed politically or socially difficult. Governments can be penalised for failing to meet targets, yet still fail to address the deeper issues. Furthermore, the capacity constraints or lack of administrative competence in some cases can make performance failures inevitable and, in such situations, withholding funds or imposing fines may be counterproductive.
- **Lithuania:** This would be positive in principle, but the EU's planning and programme implementation periods do not necessarily coincide with the change of power in EU Member States. This creates a political risk whereby policies can change radically while the programme still contains reforms that may be 'morally' outdated. Therefore, mechanisms for limited flexibility to respond to the realities (economic and political) of the country's period should be foreseen. In addition, the planning of measures should be data-driven and there should be more interinstitutional cooperation between different institutions on some complex issues.
- **Malta (GI):** When funding is linked to concrete results rather than simply to expenditure, Member States have more incentive to ensure high-quality implementation. This helps to avoid inefficient spending and promotes better use of resources. Failure to comply with regulatory obligations must be penalised. Often, they are related to a lack of alignment of measures and expenditure, a lack of documentation, or audits leading to similar conclusions. Although GI agrees with this, there are cases where the matter needs to be examined at a more sensitive level, on the basis of which a reasonable and proportionate decision is made.
- **Malta (GII):** The approach is effective at ensuring accountability, but may endanger countries with weaker administrative capacities.
- **Malta (GIII):** The performance-based approach of the RRF is a positive measure that encourages accountability and the tangible achievement of established milestones and targets. This approach ensures that EU funds are used effectively and that they produce concrete results, which is particularly relevant for sectors such as hospitality, where the sustainability and effectiveness of investments are essential. However, for this approach to be fair and effective: (1) it should be combined with technical support – resources and guidance should be offered to Member States to help them reach their goals; (2) local circumstances should be taken into consideration – for countries, like Malta, which rely heavily on specific sectors such as tourism, criteria must be applied that take into account these unique challenges; (3) criteria must be designed that offer flexibility where targets are not reached due to extraordinary circumstances that cannot be controlled; and (4) transparency and communication – there should be clear communication about progress and help available to address potential obstacles. Considering these points, this model can improve the impact of EU funds and support the sustainable development of the hospitality industry in Malta.
- **Netherlands (GI):** It is important to look at experiences from the past. Member States should be held accountable, instead of blaming 'Brussels'. If only a small percentage of the Draghi report becomes a reality, large amounts of public and private funding will be needed. As indicated above, the set-up should become much simpler for this.
- **Netherlands (GIII):** More binding rules are necessary and enforcement must be crystal clear.
- **Poland:** Thanks to the RRF and its partial link to the recommendations under the European Semester, for the first time in the EU's economic governance system, there is a clear incentive: money for reforms,. although there have also been informal threats against Member States for not implementing the reforms resulting from the recommendations.

Against: DE, PT, LV, RO, SK and SE.

Comments:

- **Germany:** A performance-based approach, i.e. making the disbursement of funds dependent on the implementation of reforms under the European Semester, should not be applied to other financial instruments. Reforms under the European Semester are decided in a technocratic procedure, without adequate social partner involvement and parliamentary scrutiny. In addition to this, the reform recommendations partly contradict the political priorities of the structural funds and other funds. The disbursement of funds should only be linked to reform recommendations if they are conducive to the better absorption of funds (effective public procurement procedures, capacity building in public administrations, digitalisation of public administration, etc.). We reject any link between the European Semester and other finacial instruments.
- **Latvia:** Stakeholders believe that the original RRP model, with its clear targets and milestones in the reform and investment part of the plan and the link to the European Semester recommendations, was positively received and supported. At the same time, OCS points out that the mechanism is not working as well as originally planned and that there are negative features in the implementation process. The process of developing and implementing the RRP shows that the parties have different understandings of the concept of 'reform', its scope and its ability to lead significant change processes in society. Stakeholders also recognise that the RRP lacks the flexibility to redesign planned reforms and investments, as well as the objectives and results to be achieved. Stakeholders considered that, in the current context of political and economic maturity in Latvia, a results-based cohesion policy is not an option, as further work is needed on the overall economic situation, social and territorial alignment, and investment. Stakeholders tend to think that each country/territory has unique development needs that cannot be homogenised at European level and that it is very important that politicians at national level are free to decide on national needs and priorities. At the same time, OCS believes that the existing link between cohesion policy and the European Semester process should be maintained and that the European Semester process and the Europpean Commission's recommendations are often an important support for the non-governmental sector in negotiations with the government and the parliament. Core support for cohesion should be provided without direct links to reforms, and there should be substantial support for strengthening democracy and building resilience.
- **Portugal:** We believe that measures that prevent the risk of non-compliance and enforcement from the outset are more effective than sanctions, which could put countries in complex situations. It would be better to adjust the timetables to allow Member States to have more planning capacity, regardless of the political orientations of their governments, and to make reformist 'regime pacts' more consensual.
- **Sweden:** There is no such thing as a free lunch. Our generation should take the consequences of policies decided and we should not make future generations further indebted. Any short term increase in debt, for instance to rapidly increase defence capabilities, should be repaid within a few years' time. Securing our values and democracies is of value not only to our generation but also for future generations and therefore short-term debt financing may perhaps be called upon. However, there is still no free lunch.

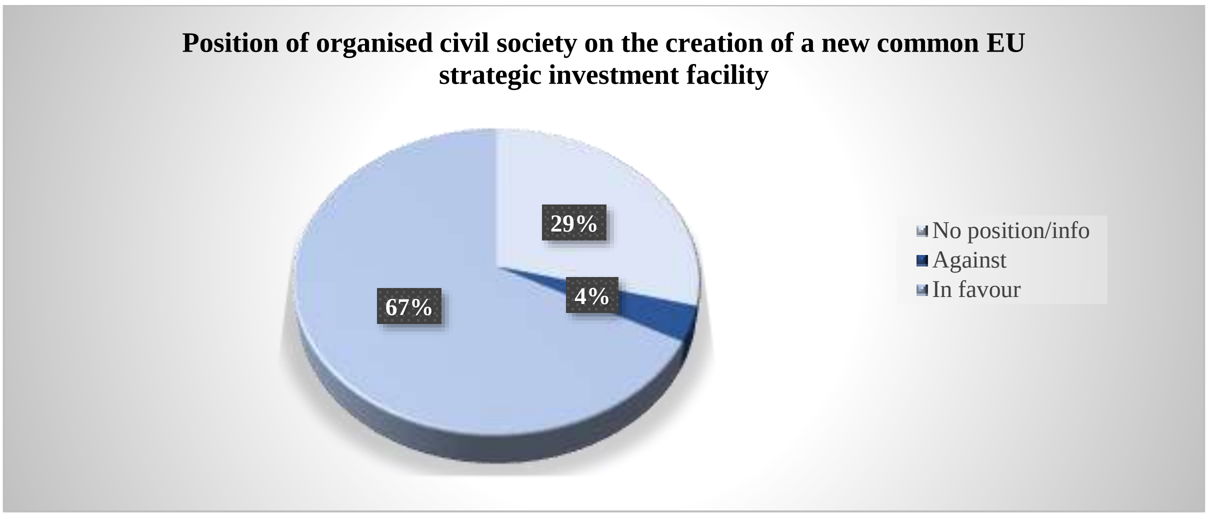
No position: AT, BE, BG, EE, FI, IE (GI), IT, NL (GII) and ES.

Comments:

- **Austria:** The design of the RRF's performance-based approach has weaknesses. Reference is made here to the special reports of the European Court of Auditors, which note the increased risk of double funding and identifies gaps in the European Commission's control system (Special Report 22/2024: Double funding from the EU budget | European Court of Auditors and Special Report 07/2023 Design of the Commission's control system for the RRF). It should also be noted that the earmarking has so far not been sufficiently defined. It is unclear to what extent the RRF contributes to the ecological transition (Special Report 14/2024: Ecological transition | European Court of Auditors). On the other hand, it also makes sense for payments from the EU budget to contribute to the achievement of certain objectives. In this sense, the disbursement of these funds would have to be linked to the fulfilment of certain objectives, thus creating a certain degree of conditionality. However, whether this is done and what form it might take would have to be discussed comprehensively and open endedly. There is no common position here. Cohesion policy is an important policy area, especially when it comes to supporting weaker regions in their process of catching up. Economically stronger regions and states benefit from targeted structural fund interventions and from spill-over effects through the inflow of funds into other Member States. It should be analysed more precisely why some structurally weak regions have not been able to catch up, despite the inflow of funds from the structural funds. Support for SMEs, innovation, education, sustainability, labour market-related measures (further training) and social objectives should remain important priorities. Further support for the digital and green transitions could be an important priority. Territorial specificities must be taken into account in programme planning and implementation. In principle, attaching funding to specific conditions is a very sensible approach. However, there is not enough information to be able to assess the design of the milestones and draw conclusions. As far as the health sector is concerned, they sound reasonable.

- **Belgium:** In principle, we support the reinforcement of ownership by Member States by making refundable and non-refundable support conditional on certain well-described criteria and goals. However, sanctions, even in case the sanctioned amount could be reimbursed if conditions are met, could place an additional fiscal burden on the government's budget, which should not hamper public and private investments. Sanctions should be proportionate and limited.
- **Spain (GII):** Having clear, linked objectives is a good thing that could potentially be transferred to a new mechanism. However, resorting to sanctions that stop funds from coming in should not be the go-to procedure. The justification and disbursement mechanisms of the RRF are less complex, but if the milestones and objectives are not met there is no return of aid, but disbursements are more agile. The mechanisms for the management and control of European funds are more complex and are also subject to compliance with result indicators, although they do not have a direct impact on disbursements, but they do have an impact on those affecting effectiveness results. On the other hand, although they receive advances (between 5 and 7%), there is no disbursement until the expenditure is executed and certified, and the funds that are not executed and certified (due to non-compliance with the n+3 rule) are returned to the EU. It is necessary that the aid received is controlled, managed with transparency and has to have results, but not all measures are easy to quantify their achievements in the short term (investment in tangible infrastructure is not the same as measures relating to people's well-being). The fact that Member States can be sanctioned if milestones and targets are not met and disbursements can be blocked across the board (even if it is later recoverable) would directly harm the Member State in question, as reduced financial capacity would further delay compliance. The performance-based approach should be applied flexibly, depending on the nature of the fund.
- **Spain (GIII):** The RRF model, with its milestones and targets, may need to be transferred over to the new MFF.

<u>Question 16:</u>
With regard to the investment gap in the EU, are you in favour of creating a new common EU strategic investment facility, such as the RRF, to make up the billions needed for the EU to meet its environmental, social and digital goals? Please explain your reasons.



Position of organised civil society on the creation of a new common EU strategic investment facility
In favour: BG, CY, HR, CZ, EE, FR, DE, EL, HU, IE (GII and GIII), LT, LU, MT, NL (GI and GIII), PT, RO, SK, SI and ES (GII).

Comments:

- **Bulgaria**: This would create new momentum.
- **Cyprus**: The Draghi Report on the Future of European Competitiveness, issued last September, describes a cycle of 'low industrial dynamism, low innovation, low investment and low productivity growth' across the EU's 27 Member States. The report outlines the major challenges that the EU must address through a new industrial strategy, which will include lowering energy prices, increasing competitiveness and boosting defence investments to ensure the uninterrupted continuation of sustainable development and transform the economy in order for it to remain competitive. The only way for the EU to meet this challenge is for Europe to undergo a radical change. The financial requirements needed to implement the actions mentioned above are immense. To achieve the targets set out in the report, a minimum annual additional investment of EUR 750 to 800 billion is needed, which corresponds to 4.4-4.7% of the EU's GDP in 2023. By comparison, investments under the Marshall Plan between 1948-51 amounted to 1-2% of the EU's GDP. Achieving this increase would require a jump in the EU's investment share from around 22% of GDP today to approximately 27%. So yes, we agree with the creation of a new investment facility, which is essential not only for successfully tackling all of the challenges mentioned above, but also vital for shaping the EU's future for the next generations. At the same time, it is necessary to maintain our social cohesion and welfare. We recognise the EU's need to upgrade its global competitiveness and productivity in a multipolar and deeply divided world. It is therefore necessary to establish the right mechanisms and funds to ensure that the green transition and digital transformation are implemented with the lowest social costs. This implies that we need to design specific schemes at both national and European level for protecting the most vulnerable groups in our countries.
- **Czechia**: The investment needed to achieve these objectives is so great and urgent that this investment instrument would help to bridge this investment gap.
- **Estonia**: We are in favour of creating a strategic investment facility, but stress the need for a strengthened business environment, simplified administrative processes and effective implementation in order to benefit both businesses and the EU economy as a whole. Investments in the green transition, digital innovation and social sectors will create new business opportunities and strengthen the position of EU companies in global competition. Well-targeted funding would help accelerate the necessary reforms and infrastructure development. Such a facility could strengthen public-private partnerships by providing additional capital to support business investment, especially in SMEs. It is important to ensure that the private sector has easy access to finance and that it supports real economic projects. Experience from previous financial instruments has shown that a complex application process can discourage business interest and participation. The new facility must be simple, transparent and flexible to ensure that money is used quickly and efficiently. The focus must be balanced. While environmental and digital objectives are important, the investment facility must also support overall economic development and job creation. A strong economic base is a prerequisite for achieving all strategic objectives. It is important that the new facility does not impose an excessive financial burden on Member States and businesses. The use of the funding must be transparent and focused on achieving long-term impact.
- **Germany:** European investment capacity is needed to address the massive investment needs linked to the green transition. In addition, state aid rules have to be reformed to make climate protection funds accessible, especially for social services and services of general interest.
- **Greece**: Regarding how to fill the investment gap in Europe to achieve environmental, social and digital objectives, OCS is in favour of a new common EU investment facility strategy such as the RRF. Such a policy reinforces cohesion and common objectives, contributes to a balanced and fair distribution of funds and does not distort competition. The regular and large-scale allocation by the EU of a common safe and liquid fund will allow for the implementation of the necessary

investment projects throughout the EU, in order to address the investment gap, which in Greece remains large.

- **France:** Yes, but with one fundamental reservation: we must avoid piling up the possibilities of funds that are not interconnected. To put it another way, we don't want a new scheme that is disconnected from the main system. There needs to be a single steering group, with no dispersal of priorities.
- **Hungary:** There is strong support for investing in the green and digital transitions and for the necessity of dedicated investment funds for these issues. Such funds should be targeted, transparent and based on a consensus within the EU.
- **Ireland (GII and GIII):** GII and GIII emphasise the support for creating a new common EU strategic investment facility like the RRF to address the issue of the billions needed for the EU's environmental, social and digital goals. They also highlight the usefulness of the RRF, particularly after the pandemic, as well as the role of such financial instruments in supporting green investments. Additionally, they acknowledge that many countries lack the fiscal capacity to make the necessary investments, especially in sustainability, and argue that such a facility would help reduce fiscal pressures and protect green investments from austerity measures. Both groups caution about the potential drawbacks of performance-based approaches, noting that targets can become irrelevant or overly ambitious due to changing contexts, and governments may still fail to address underlying issues even when penalised for not meeting targets.
- **Ireland (GII):** In favour of creating a new common EU strategic investment facility, such as the RRF, to make up the billions needed for the EU to meet its environmental, social and digital goals. The RRF put in place as the EU began to emerge from the pandemic demonstrated the usefulness of innovative financial instruments.
- **Ireland (GIII):** Investments in sustainability should focus on creating long-term, modern systems that meet legal obligations and environmental goals. While the RRF's performance-based approach can be beneficial, it is a double-edged sword, as targets may become irrelevant if contexts change or if the targets prove to be too ambitious. Real challenges, often politically or socially difficult, may be overlooked. Governments can be penalised for failing to meet targets, yet still fail to address the underlying issues. There is support for a common EU strategic investment facility like the RRF, especially since many countries lack the fiscal capacity for the necessary green investments. Such a facility would reduce fiscal pressures and protect green investments from austerity measures. Withholding funds should be considered only when performance targets are not met.
- **Lithuania:** We would argue that, over the years, the EU structural and other funds have proven their usefulness and the synergies they create. Achieving coherent MDG objectives and coordinated investments are crucial for the EU's overall response to environmental and social challenges, digitalisation and other areas. Coordinated, targeted EU-wide investment is therefore essential for such an EU strategic investment instrument at a time when the EU is lagging behind the USA and China in terms of innovation, productivity growth and economic growth. Fragmentation is by far one of the biggest problems of the EU single market. The absence of such an instrument would only worsen the situation and could exacerbate regional disparities and fragmentation. In Lithuania, there is talk about defence funding and the creation of a military industry, so areas such as environment and social issues may not be sufficiently funded and/or may be relegated in order to further other priorities.
- **Luxembourg**: While the social partners have welcomed the RRF and the European loan launched to finance it, they point out that the EU's own resources intended to repay the loan are still not in place (apart from a tax on plastic packaging), even though the EU has already planned a second series of own resources in 2023. The mobilisation of public capital to finance investment is important and necessary, in particular as leverage to mobilise private savings. Consequently, the rules of budgetary governance could provide for specific treatment of investments, according to arrangements to be defined, in order to better respond to the need for significant investment (cf. Draghi report: EUR 800 billion per year). In this context, it is important that these investments should provide incentives, boost productivity, increase social cohesion and respond to national and European challenges.
- **Malta:** OCS supports the creation of a common EU strategic investment facility to facilitate the EU's environmental, social and digital goals, and to improve the EU's global competitiveness.

- **Malta (GI):** The RRF experience shows that a coordinated approach at EU level can mobilise significant investments and increase their effectiveness through economies of scale and synergies between different projects. The investment required for the ecological and digital transition is substantial and goes beyond the capacity of many individual Member States. A common facility can help overcome national budgetary constraints and ensure that the necessary investments are made at the right time.
- **Malta (GII):** GII supports the creation of a new common EU strategic investment facility, such as the RRF, to address the investment gap and facilitate the EU's environmental, social and digital goals. This initiative can contribute to a fairer distribution of funds among Member States, especially those with limited resources to invest in the strategic sectors necessary for a sustainable future. In addition, a common facility can boost the EU's competitiveness, improve its strategic autonomy and ensure that Member States move towards the goals of the European Green Deal and the Digital Agenda at a more aligned rate. However, transparent governance, strict monitoring and the involvement of the social partners must be ensured for this facility to be effective and efficient.
- **Malta (GIII):** The creation of a new EU common strategic investment facility such as the RRF is necessary to ensure that Member States, including Malta, have the necessary support to achieve their environmental, social and digital goals. This initiative can: (1) promote sustainable development – environmental and social investments are essential for the hospitality sector to be more sustainable and respond to the demands of consumers who are always looking for responsible and efficient services; (2) improve access to funds for small countries – Malta, as a small Member State, can benefit from common funds that help to address economic and infrastructural disadvantages; (3) accelerate the digital transition – such investment facilities can help businesses, especially SMEs in the hospitality sector, adapt to new technologies and improve their competitiveness in the global market. Strengthening cooperation and financial aid between Member States can reduce discrepancies and create new opportunities for key industries. For Malta, which relies heavily on tourism, this is critical for the country to be able to maintain its position as a major tourist destination, while protecting the environment and improving its services.
- **Netherlands (GI):** Yes, if it is paid from the EU's own resources, like CO_2-trading, the CBAM, plastics and other funds. There should be no Eurobonds.
- **Netherlands (GIII)**: This is the only way to achieve the objectives.
- **Portugal:** Reasonable adjustment mechanisms are possible, negotiable by all Member States, which meet the need to improve Europe's competitiveness, without jeopardising the welfare state and improving the response to the challenges of changes in the world of work and business, with gains for citizens.
- **Romania**: In a geopolitical context characterised by fragmentation and conflict, the European Union must continue to fund climate change programmes, while at the same time increasing allocations to defence, security and reindustrialisation. The EU's budget is not sufficient to support these priorities simultaneously.
- **Slovakia:** There are currently insufficient resources at national level to put in place the necessary investments in digital and green transformation. As a result, countries facing long-term structural challenges may fall further behind the digital leaders.
- **Slovenia**: This could provide the sources of funding for the necessary investments and the incentive to actually make the investments in order to promote the development and well-being of the population in the EU. An important aspect of this is a fair distribution between Member States, including pursuing the objective of convergence between Member States.
- **Spain (GII):** We are in favour of generating a new common strategic investment mechanism. In a context in which both China and the United States are managing to mobilise, through various instruments such as cheap loans, subsidies or other mechanisms, all the resources necessary to ensure that their industries lead the digital transition, the ecological transition and other major challenges, it is essential that the European Union also has similar tools at its disposal. The ecological transition, in particular, will require investments of hundreds of billions of euros, from both the public and private sectors. However, given the limitations imposed by the current fiscal rules, the only actor with sufficient macroeconomic leeway to finance these investments at the level of the European Union is the European Commission.

Against: SE.
Comment: • **Sweden:** All investments have to be financed. There is ample room in national budgets in the Member States to change the mix of expenditure to increase investment. To just add further debt for investments would increase the burden for future generations, without necessarily reaping any economic benefits. The private sector has to finance the bulk of investments and it is well suited to making such decisions.
No position/no information: AT, BE, DK, FI, IT, IE (GI), LV, NL (GII) and PL.
Comments: • **Austria**: This can only be agreed under certain conditions. In principle, existing funds should be used first before taking on new debt. In addition, according to Art. 310(1) TFEU, the EU budget must always be balanced. EU budgetary law generally restricts borrowing, e.g. for special situations such as the COVID-19 pandemic. A discussion would therefore first have to be held on the tasks the EU should perform in order to create a legal basis. Similarly, an evaluation of the instruments already created should be awaited before a new permanent fund is set up. The debate is also already underway, as can be seen from this study: More investment with Europe? Legal aspects of a debt-financed EU transformation fund. More European funds should be made available for European projects with European added value. To ensure this, shifts in the existing EU budget will be necessary or it will be necessary to raise new funds, especially if any shifts are insufficient. Overall, approval also depends on the fair financing (keywords: new own resources, tax mix) of such a fund. • **Belgium:** The discussion on this topic is still on-going. However, for Belgian employers, the priority must go to the financing of productive investments by the private sector, and through public-private-partnerships (PPPs). It is also necessary to guarantee that any new EU own resources do not lead to an increase in the tax burden on businesses. There should be room for both investments with a yield that can be measured in the short term and investments that serve collective needs that contribute to the level of protection of society as a whole. • **Denmark**: In an eventual new investment facility, the overarching focus must be on the efficiency of programmes, better spending, access for business, administrative simplification and greater use of financial instruments are all necessary elements. Funding should go to competitiveness, the green transition, resilience and defence, at least partially by moving resources from other headings. • **Finland:** All European funding should go to projects of common interest, and the transition to a green, digital and more secure Europe has to be fair and just.

4.1 ADDITIONAL RESPONSE TO THIS QUESTIONNAIRE FROM THE EESC LIAISON GROUP

Four civil society organisations, in particular representing the youth in the EU,[15] from the EESC Liaison Group responded to the questionnaire. The table below summarises the main recommendations from these organisations.

Section I: The reform and investment measures in the Member States, in particular those based on the country-specific recommendations 2024, and the implementation of these measures.
Question 1
• While **awareness of the priorities** identified by the European Commission in the 2024 CSRs is generally **high**, the general opinion on them ranges from **negative to very positive**. • **CSRs do not address long-term fundamental issues**. • The focus of the 2024 CSRs for Germany on **digital skills for young people** is positively assessed. Digitalisation might either bridge or widen societal gaps, depending on access to digital tools and literacy levels. Concerns about **young people's data privacy** and how they are processed, as well

[15] European Students' Union, Erasmus Student Network, YES Forum and the Spanish National Committee of Engineers Europe.

as about the **potential for digital tools to overcome language barriers and exclusion** for those who live in remote areas, are adequately addressed by the CSRs.

Question 2

- **Opinions are divided on the ability of the recommendations to address country-specific challenges.**
- Although the recommendations identify the **green transition, education and competitiveness** as priorities at the EU level, these issues are **not adequately tackled at the national level**. The **focus on improving digital skills**, particularly for disadvantaged young people, is welcome. However, issues relating to the decline of the workforce in the social and youth work sector, as well as to educating young people and professionals on the safe use of technologies, which should not undermine EU democracy, need to be further addressed.
- The **higher education sector is not directly taken into account** in the recommendations, despite massive disinvestment and growing demands to find solutions to the climate crisis, AI and upscaling innovation. The **issue of ageing population is not addressed either**.

Question 3

- Overall, the Spanish **government's ability to translate the recommendations into political action is assessed negatively.**
- The **higher education sector seems to be neglected** when it comes to implementing the recommendations regarding disadvantaged groups and social policies. There is **no involvement of civil society in the consultations, nor access to the funds**, as was the case with the RRF.
- **There are significant cross-country differences in the implementation of the CSRs concerning young people.**

Question 4

- Overall, **civil society has little or no invovlement** in the dialogue between governments and the European Commission.
- Despite its capacity to provide grassroots insights that could **make policies more inclusive and impactful**, **civil society's contribution is not taken into account** in a systematic and coherent way by governments and decision-makers. Organisations often lack an interlocutor.
- **Formal and systematic recognition of civil society's views** could improve its involvement. **Limited resources** and **weak capacity for action** are considered barriers.

Question 5

- The integration of the SDGs into the CSRs is considered, overall, **unsatisfactory or insufficient**.

Question 6

- The SDGs cited as integrated into the CSRs are: SDG 1 - No Poverty; SDG 2 - Zero Hunger; SDG 3 - Good Health and Well-being; SDG 4 - Quality Education; SDG 5 - Gender Equality; SDG 10 - Reducing Inequality; SDG 11 - Sustainable Cities and Communities; and SDG 13 - Climate Action.
- Although the goals are shared by civil society, they are perceived as being too **distant from citizens**.
- SDG 4 on Higher Education is **insufficiently integrated** into the recommendations, while the need to improve the digital skills of disadvantaged young people is only mentioned in relation to shortages of skilled labour. It should also be clear that all educational levels should be targeted and specify which stakeholders should be involved.
- No recommendations are issued on how to reduce inequalities, and the **link with the European Pillar of Social Rights is not established**. The focus on social policy and social rights could be improved.

Section II: The medium-term fiscal structural plans

Question 7

- Most organisations **never had access to the content of the plan** before it was submitted to the European Commission.

Question 8

- The European Commission should make the **quality of stakeholder involvement** a criterion for approving or, in the absence of such involvement, rejecting the national plan. It is also crucial that the European Commission develop **clear guidance in an EU regulation for Member States on how to involve stakeholders in a structural and meaningful way**. A requirement for Member States to provide a summary of consultations with stakeholders could be an improvement.
- It should be made **clear what stakeholder involvement means**.

Question 9
• There should be **consultation councils for the different areas**, e.g. one for education, with sub-groups for the different levels of education (i.e. for higher education, students' unions, staff unions, rectors' conferences, the quality assurance agency and possibly other stakeholders, depending on the national context). • A commitment to submit proposals for evaluation by the relevant stakeholders and the possibility of submitting **complaints if plans are not implemented.** • There should be early and timely engagement, avoiding consultations that need to be carried out to tight deadlines, for example over the Christmas holidays. Organisations should have sufficient time to be consulted, i.e. both to receive the plans and to respond. Processes should be transparent. It is necessary to build capacity and promote inclusivity and diversity.
Question 10
• Some organisations were not consulted at all. • When assessed positively, the proposed measures generally appear to be aimed at improving people's socio-economic situation, boost innovation and support forward-looking reform. However, they are considered **insufficient**. • When assessed negatively, the proposals are seen as **not sufficiently addressing structural problems**. They are often viewed as being aimed at **solving short-term problems** for electoral reasons.
Section III: The implementation of the reforms and investments provided for in the national Recovery and Resilience Plans.
Question 11
• For the organisations concerned, progress in implementing national RRPs is **negative**. **Political instability** or **legal problems** are cited as reasons for governments' inability to implement the plan, for example in Spain. • In countries where the RRPs included specific measures for higher education, these were not implemented at all (**funds were misused**, for example, in Italy) or the measures did not benefit the sector, because they were **not strategic or long-term oriented**. Their **impact has therefore been marginal**. Funds have often been used to **finance measures that were easy to implement**, for example the purchase of laptops, rather than to **achieve the key objectives of the RRF**, for example student poverty.
Question 12
• Governments' ability to absorb the RRF funds before the end of the facility in 2026 has been **assessed negatively**.
Question 13
• **Political instability** and **legal problems** are affecting the implementation of the RRPs.
Question 14
• The **lack of a sanction mechanism when stakeholders are not involved** acts as a brake on consultation. • **Stakeholder involvement should be clearly defined**, especially for sectors where there is agreement at European level on the basic stakeholder community, for example in higher education. • The **relevant stakeholders should have the opportunity to determine the allocation of part of the funds**. This practice already exists in some countries, such as Germany, where the federal states allocate money for quality assurance and where part of these funds is managed, through procurement procedures, by the students' union, which determines the allocation of the funds and ensures that they benefit the universities. • The RRF has not benefited civil society organisations. Future EU financial instrument should **allow civil society organisations to access a part of the funds**. • There is a need to involve more entities in executing the plan, e.g. professional organisations and local governments. • The focus on social policy and social rights could be improved.
Question 15
• Organisations in favour of using a performance-based approach for the Multiannual Financial Framework are calling for a **diversified approach**, depending on the specific situation of the country, **rather than a one-size-fits-all solution,** as well as for **flexibility** in the assessment of milestones and targets, adequate performance and effective management.

Question 16
• Overall, the organisations are in favour of creating a new common EU strategic investment facility to bridge the investment gap and achieve the EU’s environmental, social and digital goals. Those who are not in favour of this are calling for the functioning of already existing instruments to be improved. • The **objectives of such a facility should be clearly defined**, stakeholder involvement should be ensured and a **formal framework should be put in place**, including **sanctions** for failure to consult. The disbursement of funds should be refused if there is a risk of misuse and a complaints procedure should be put in place in this respect. • Such a facility could provide a **coordinated and robust framework for mobilising resources**, ensuring a **fair distribution of funds** and **encouraging innovation in key areas**. By pooling efforts at the EU level, synergies can be created and duplication avoided, ultimately driving transformative change across the Member States. • The facility would provide an opportunity to **strengthen cohesion and social policy**, and to guarantee social rights for disadvantaged groups.

4. Composition of the 27 ESG delegations

	GROUP I	GROUP II	GROUP III
Austrian ESG delegation	Paul RÜBIG	Judith VORBACH	Rudolf KOLBE
Belgian ESG delegation	Wautier ROBYNS DE SCHNEIDAUER	Ferdinand WYCKMANS	Marc DECOSTER
Bulgarian ESG delegation	Georgi STOEV	Dimitar MANOLOV	Diana INDJOVA
Croatian ESG delegation	Dragica MARTINOVIĆ DŽAMONJA	Marija HANŽEVAČKI	Svjetlana MARIJON
Cypriot ESG delegation	Michalis ANTONIOU	Andreas MATSAS	Anastasis YIAPANIS
Czech ESG delegation	David SVENTEK	Lucie STUDNIČNÁ	Zuzana BRZOBOHATÁ
Danish ESG delegation	Christiane MISSLBECK-WINBERG	Dorthe ANDERSEN	Mette KINDBERG
Estonian ESG delegation	Kristi SÕBER	Mare VIIES	Kerli ATS
Finnish ESG delegation	Päivi Elina WOOD	Markus PENTTINEN	Vertti KIUKAS
French ESG delegation	Pierre BOLLON	Ozlem YILDIRIM	Thierry LIBAERT
German ESG delegation	Antje Sabine GERSTEIN	Peter SCHMIDT	Bernd SCHLÜTER
Greek ESG delegation	George VERNICOS	Zoe TZOTZE-LANARA	Athanasios IOANNIDIS
Hungarian ESG delegation	András EDELÉNYI	Sára FELSZEGHI	Zsolt KÜKEDI
Irish ESG delegation	Neil WALKER	Jack O'CONNOR	Cillian LOHAN
Italian ESG delegation	Maurizio REALE	Cinzia DEL RIO	Luca JAHIER
Latvian ESG delegation	Katrīna ZARIŅA	Linda ROMELE	Andris GOBIŅŠ
Lithuanian ESG delegation	Gintaras MORKIS	Kristina KRUPAVIČIENĖ	Dovilė JUODKAITĖ
Luxembourgish ESG delegation	Claudine OTTO	Marco WAGENER	Norbert GEISEN
Maltese ESG delegation	Dolores SAMMUT BONNICI	Philip VON BROCKDORFF	Benjamin RIZZO
Polish ESG delegation	Krzysztof OSTROWSKI	Mateusz SZYMANSKI	Justyna Kalina OCHĘDZAN
Portuguese ESG delegation	Gonçalo LOBO XAVIER	Carlos Manuel SIMÕES DA SILVA	Joâo Diogo DE CASTRO NABAIS DOS SANTOS
Romanian ESG delegation	Aurel Laurenţiu PLOSCEANU	Petru Sorin DANDEA	Elena-Alexandra CALISTRU

	GROUP I	GROUP II	GROUP III
Slovak ESG delegation	Martin HOŠTÁK	Miroslav HAJNOŠ	Juraj SIPKO
Slovenian ESG delegation	Jože SMOLE	Jakob Krištof POČIVAVŠEK	Branko RAVNIK
Spanish ESG delegation	José Ignacio SALAFRANCA SANCHEZ-NEYRA	Javier DOZ ORRIT	Miguel Ángel CABRA DE LUNA
Swedish ESG delegation	Krister ANDERSSON	Benny JOHANSSON	Ariane RODERT
The Netherlands ESG delegation	August MESKER	Jacob PLAT	Jan DIRX

5. LIST OF ABBREVIATIONS

CSOs	Civil Society Organisations
CSRs	Country-Specific Recommendations
EESC	European Economic and Social Committee
EC	European Commission
EP	European Parliament
EU	European Union
EPRS	European Pillar of Social Rights
(N)ESC	(National) Economic and Social Council
ESG	European Semester Group (of the EESC)
GI/II/III	EESC Group I (Employers); EESC Group II (Workers); EESC Group III (Civil society organisations)
MFF	Multiannual Financial Framework
MTFSP	Medium-Term Fiscal-Structural Plan
NGEU	NextGenerationEU (fund)
NGO	Non-governmental Organisation
RRP	(national) Recovery and Resilience Plan (designed in the framework of the RRF)
NRP	National Reform Programmes (designed in the framework of the European Semester)
OCS	Organised Civil Society (the social partners and civil society organisations)
RRF	Recovery and Resilience Facility
SGP	Stability and Growth Pact
VET	Vocational Education and Training

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