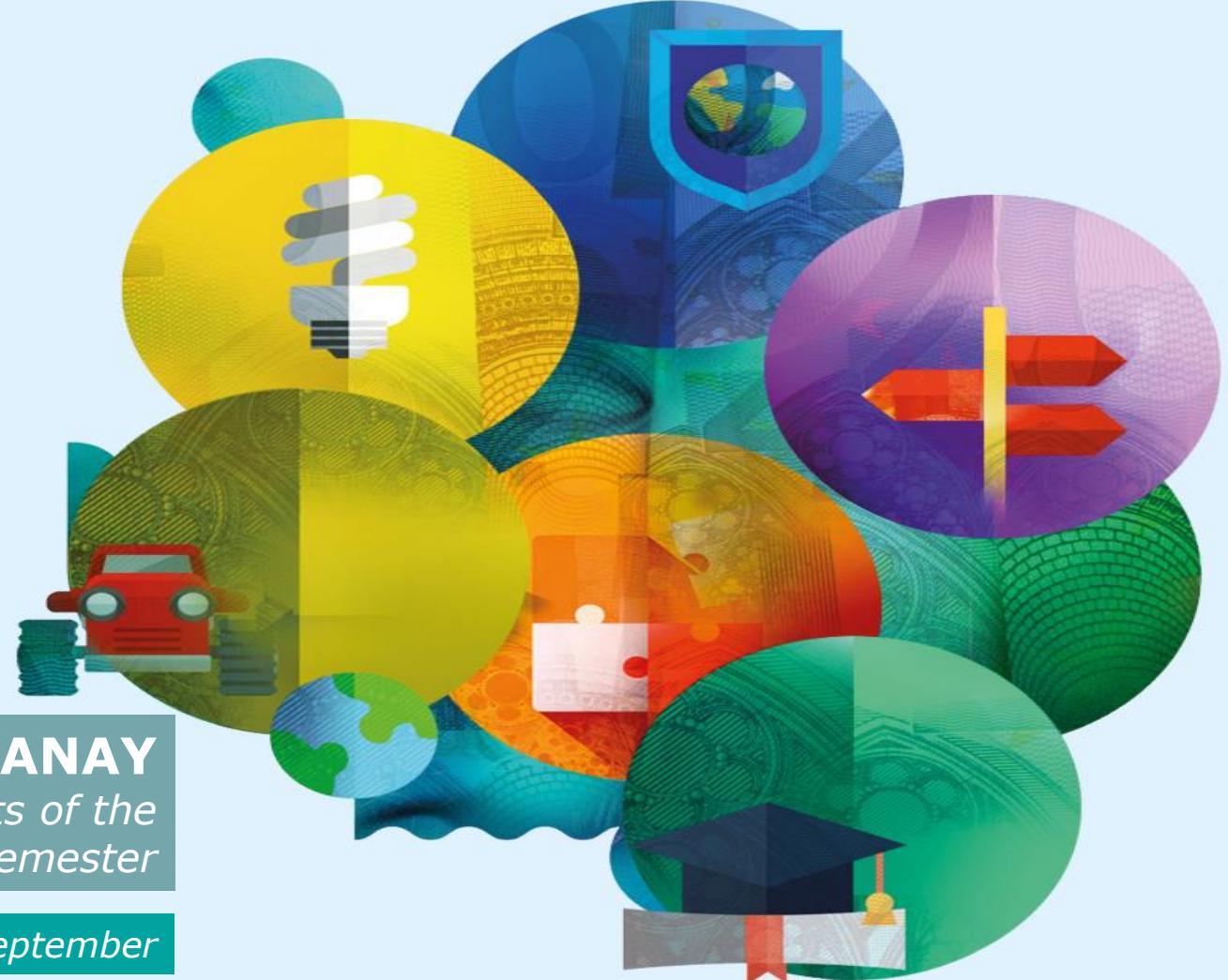




ASGS and the European Semester in 2021

Filip TANAY
*Team Leader, Employment and social aspects of the
European Semester*

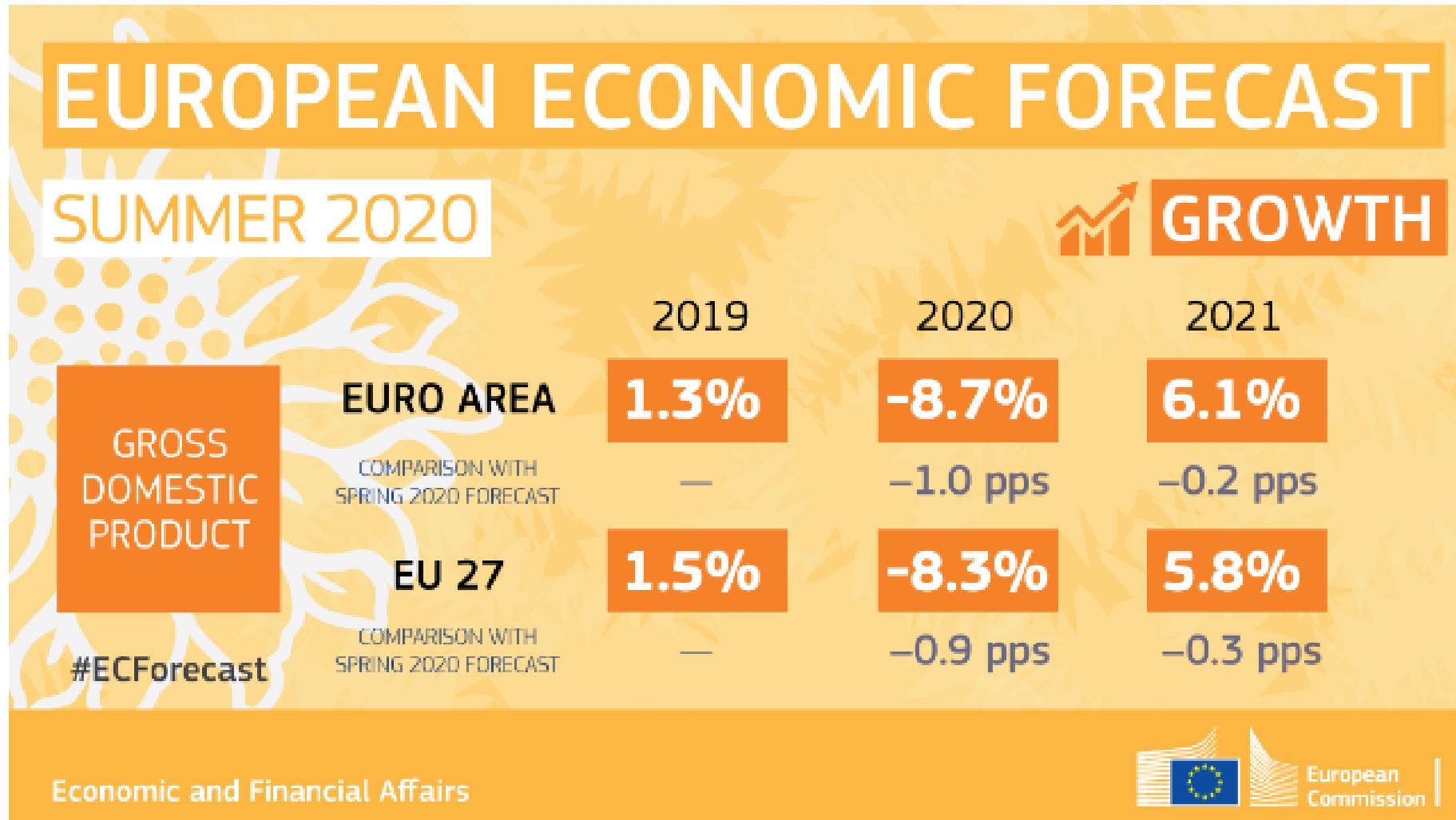
30 September



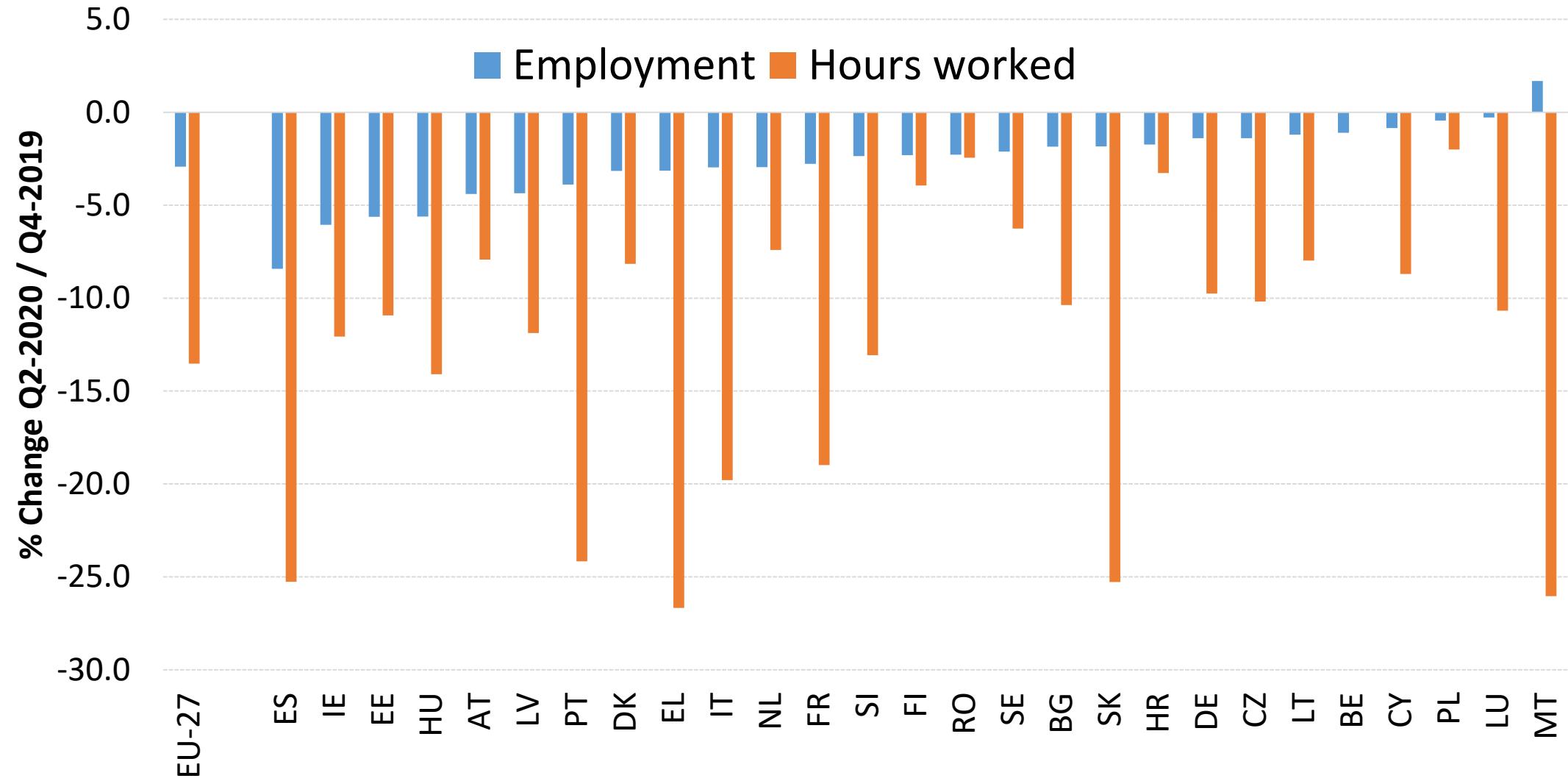
Annual Sustainable Growth Survey (ASGS) 2021 and RRPs guidance

- **ASGS** adopted on 17/9 covers:
 - Political priorities for the upcoming Semester cycle:
 - 4-pillar economic strategy based on environmental sustainability, productivity, fairness and macroeconomic stability
 - Explaining changes to Semester with launch RRF
 - Elements on RRF implementation
 - Flagships
- Published together with ASGS:
 - **Guidance to MSs on Recovery and Resilience Plans (RRPs)**
 - Template RRPs
 - Q&A on RRF

Economy will contract in 2020 but rebound in 2021



Employment has declined more than ever before but a lot less than GDP and hours due to support measures



Annual Sustainable Growth Survey (ASGS)

- **New economic paradigm** from ASGS 2020 remains valid:
 - *Environmental sustainability*
 - *Productivity*
 - **Fairness**
 - *Macroeconomic stability*
- **Competitive sustainability & econ and social resilience:** 2 sides same coin!
 - Guiding principles underpinning **MSs' recovery and resilience plans**

AN ECONOMY THAT WORKS FOR PEOPLE & PLANET

- Boosting sustainable investment
- Green taxation
- Carbon neutrality
- Shifting towards a more circular economy

First-Mover Advantage

- Research and innovation
- Digitisation
- Efficient and competitive markets
- Strong industrial base
- Supporting SMEs
- Access to finance
- Favorable business environment
- Deepening the Single Market

Ensuring a Just Transition

- Implementing the European Pillar of Social Rights
- Invest in skills and health
- Fighting poverty
- Gender equality
- Fair taxation
- Social and territorial cohesion
- Job quality



Investment and Reforms

- Completing our Economic and Monetary Union
- Sound public finances
- Stable financial sector
- Preventing domestic and external imbalances
- Structural reforms to boost productivity
- International role of the euro

Inclusive Growth

ASGS 2021: Green transition

- In line with ambition to:
 - Decrease greenhouse gas emissions by 55% in 2030 (below 1990 levels)
 - Reach climate neutrality by 2050
- MSs should **support the green transition** in particular through:
 - Fast deployment of **renewable energy and hydrogen** and increased action on **energy efficiency of buildings**
 - Also conducive to healthier living conditions and reduced energy poverty
 - Investment in **sustainable mobility**
 - Promotion of **more circular economy** and **protection of biodiversity**
- **Just dimension** to be duly accounted for!

ASGS 2021: Digital transition and productivity

- To support the digital transition MSs should in particular focus on:
 - Reforms/investments that improve **connectivity** (including very high capacity networks)
 - Also key to avoid territorial digital divides
 - Developing **digital skills at all levels**
 - Equality in access to digital infrastructure, equipment and skills as key
 - Building and deploying **cutting-edge digital capacities** (AI, high performance computing, quantum technologies, cloud infrastructure and services...)

ASGS 2021: Fairness

- COVID highlighted **urgent need** to address long-standing **challenges affecting fairness** of our societies (EPSR as compass for action):
 - Preparedness & resilience of and equal access to **healthcare and long-term care**
 - Preparedness & resilience of our **social protection systems**
 - Effectiveness of **ALMPs**
 - **Gender** employment and pay **gaps** and **work-life balance**
 - Inclusiveness of **education and training systems**
- Support needed in particular for:
 - Hardest hit by the crisis - youth, women, vulnerable groups
 - Workers most affected by green and digital transitions

ASGS key messages

European Pillar of Social Rights as the compass to ensure equal opportunities, inclusive education, fair working conditions and adequate social protection

- *green and digital transitions require rethinking our social protection systems and labour markets...*
- *“The recovery and transition process needs to be fair for all Europeans to prevent growing inequalities, ensure support from all parts of the society and has to contribute to social, economic and territorial cohesion.”*
- *“Every effort should be made to prevent unemployment and social exclusion from becoming entrenched”*



ASGS key messages

*“There is also a need to address the continuously high level of **employment and pay gaps between men and women.***

Adequate support for effective work-life balance policies, ensuring access to quality childcare, income support schemes, reforms of tax and benefit systems supporting quality job creation and reducing disincentives to work are crucial in this respect.”



*“Various forms of **inequalities** limit growth and social cohesion. Ensuring equal access to education, quality healthcare, as well as strengthening long-term care, will be increasingly important also because the full impact of COVID-19 on public health will persist for years.”*

Recovery and Resilience Facility

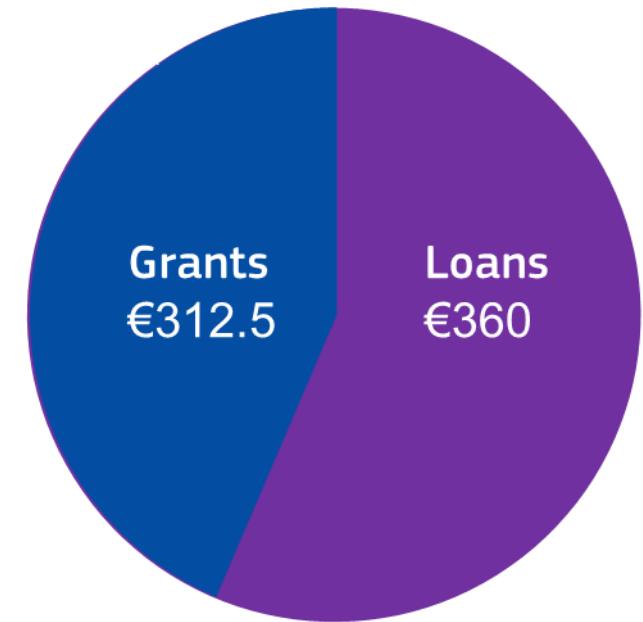
The Recovery and Resilience Facility

*The Commission proposed the RRF in May as the centrepiece of the **Next Generation EU** recovery instrument.*

→ To be operational as of 1 Jan 2021; support under the Facility until 2026

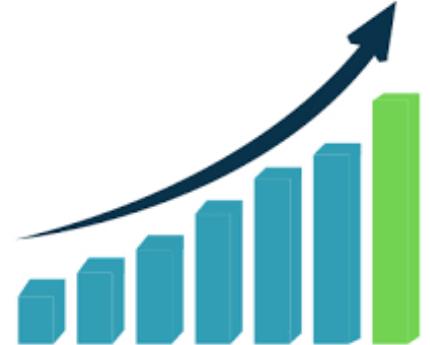
Effective implementation of Next Generation EU can deliver 2% of additional GDP by 2024 and create 2 million jobs.

Total Budget
€672.5 billion



RRF & National recovery and resilience plans

- Facility triggered on a voluntary basis
- Provide an overview of reforms and investments *in line with the objectives of the RRF and country-specific recommendations* (in particular 2019 and 2020 CSRs) and
- **EU flagships**
- Focus on:
 - ✓ Promoting **economic, social and territorial cohesion**
 - ✓ Strengthening **economic & social resilience**
 - ✓ Mitigating the **socio-economic impact of the crisis**
=> coherence with / contribution to implementing EPSR
 - ✓ Supporting the **green & digital transitions**



Strategic Guidance to MSs for preparing RRPs

*Strategic guidance for the preparation of national recovery and resilience plans set out in the **2021 Annual Sustainable Growth Strategy** (ASGS)*

*Commission presented Member States with **detailed guidance** on how best to present their recovery and resilience plans together with a standard **template***

- ✓ **Executive summary to outline the main narrative of each plan**
- ✓ **Detailed explanation of what MSs are expected to submit**
- ✓ **Each recovery and resilience plan to include min 37% of climate related expenditure and COM proposes min 20% of expenditure related to digital**



Milestones and targets

- Milestones and targets: measures of progress on implementing reforms and investments, specifying a stage to be reached by a certain date
 - **Milestone:** objectively verifiable qualitative achievement (e.g. adopted legislation)
 - **Target:** quantitative result on agreed indicator (e.g. number of beneficiaries)
- Should follow the **SMART-principle:** specific, measurable, achievable, realistic, and time-bound
- 4 different stages of implementation of reforms/investments: **input** (ex: money spent); **output** (ex: teachers trained); **result** (no. of students with improved IT skills); **impact** (ex: decrease in no. of unfilled vacancies in IT sector)

Assessing the national plans

Commission's assessment will consider whether the plans:



contribute to effectively addressing challenges identified in the relevant **country-specific recommendations**



contain measures that effectively contribute to the **green and digital transitions**



contribute to **strengthening the growth potential, job creation and economic and social resilience** of the Member State

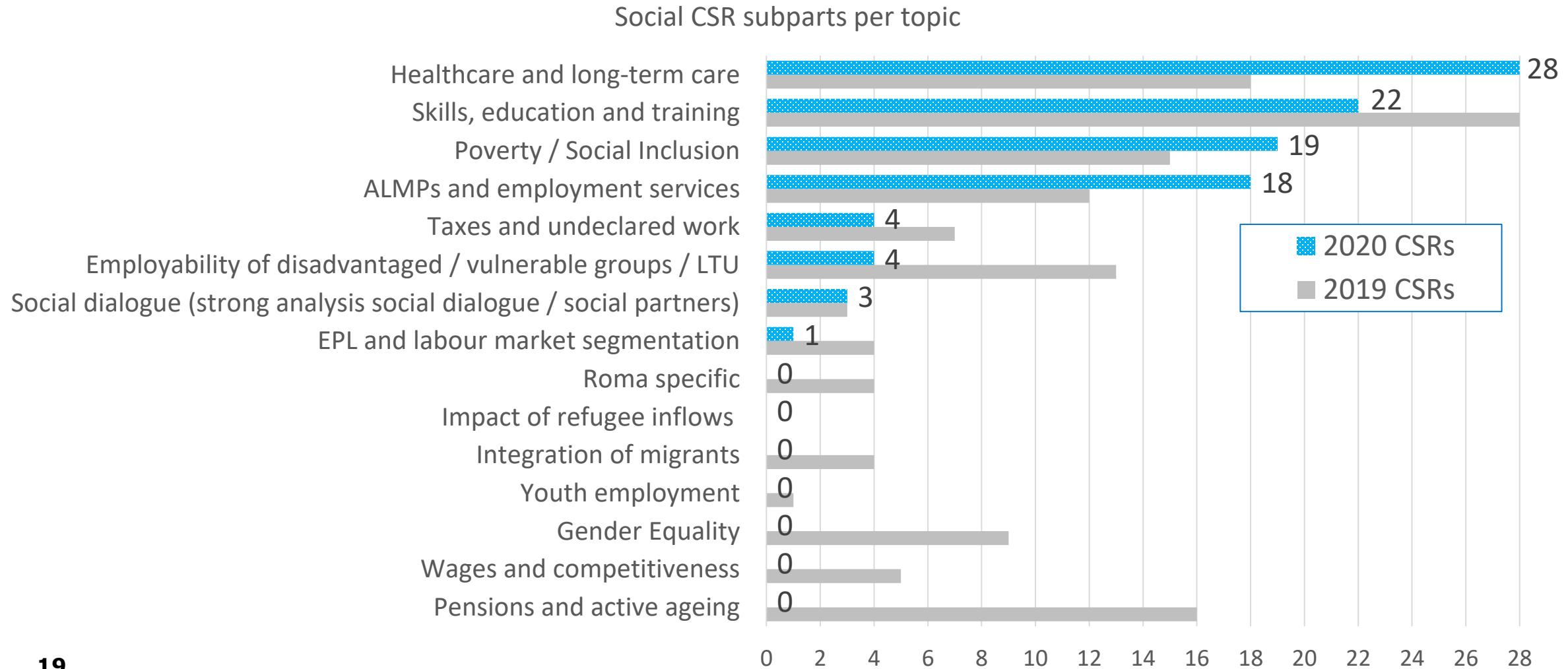
→ Commission's assessment will be **approved by the Council**

The Facility will be fully embedded in the European Semester

-
- The diagram consists of five teal-colored circles arranged in a circular pattern, connected by light blue curved arrows. Each circle contains a statement about the Facility's integration into the European Semester process.
- The top circle states: "The plans should set out a coherent programme for reforms and investments."
 - The bottom-left circle states: "The plans should be consistent with and contribute to effectively address CSRs."
 - The bottom-right circle states: "The basis for the support will be national recovery and resilience plans"
 - The bottom circle states: "The plans should be consistent with and contribute to green and digital transitions"
 - The top-right circle states: "The plans should complement the NRPs; reporting using NRP"

ASGS: Semester remains the anchor

“The assessment of the recovery and resilience plans will be checked against country-specific recommendations.”



Timeline of Semester/RRF

- **Autumn package** *in November* – yes with all other elements
- Submission of RRP^s - Deadline = 30 April 2021 (but drafts encouraged already from 15 October)
- **Winter package (country reports)** – *not in 2021*
 - Replaced by analytical documents assessing RRP^s, in staggered batches with proposals for Council implementing acts, later on in cycle
- **Spring package (CSRs)** – different approach & timeline (country-specific)
 - Fiscal CSRs only
 - But reform implementation will continue to be monitored based on previous year's CSRs (both 2019 and 2020 relevant)
 - COM assessments of RRP^s and proposals for implementing acts instead
- **Continuous strategic dialogues** with Member States

Thank you for your attention!

Please get
involved!