



*European Economic and Social Committee*

**ECO/495**  
**The European Semester and Cohesion policy –**  
**Towards a new European strategy post-2020**

## **OPINION**

European Economic and Social Committee

**The European Semester and Cohesion policy – Towards a new European strategy post-2020**  
[Own-initiative opinion]

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Co-rapporteur: **Petr Zahradník**

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## 1. Conclusions and recommendations

- 1.1 The upcoming new political and financial period in the EU provides an opportunity for bolstering resolve, improving results and making the most of new opportunities. There is a need for a revitalised, more ambitious and more dynamic 2030 Strategy for a sustainable, competitive, protective and fair Europe.
  - 1.1.1 One of the greatest lessons, as well as achievements, in recent EU economic policy management in the wake of the crisis was the introduction and practical implementation of the European Semester. This new form of economic policy coordination includes deep monitoring and analysis, practical coordinated management and a series of restrictions and sanctions<sup>1</sup>, closely related to the Member States' economic performance. Its results should be visible in the form of stricter discipline, greater responsibility and a clearer focus on key strategic issues. As such, it could serve as a reliable platform for the new cohesion policy interventions.
- 1.2 The Semester process is complementary to the system of cohesion policy instruments that have been operating for decades. The links between the European Semester and EU cohesion policy (and perhaps the majority of the MFF programmes) have huge potential to be utilised to improve coordination and governance of the EU's economic policy. It is a sign of better governance and of a performance-based approach. The issue has a rational and technocratic background as well as a political one (taking account of the European elections, competences at national versus EU level, managing a bottom-up and a top-down approach and striking a balance between them). Through its coordinating nature, it brings together the implementation of strategic economic, social and environmental goals, political priorities and interaction between short and long-term tasks.
- 1.3 Due to its constantly expanding practice and self-regulatory philosophy, the Semester is actually the only working structure endowed with a multipurpose mechanism which is able to measure, via the Country Specific Recommendations (CSRs), the interaction between very different procedures, and to measure the application of about thirty-two European policies. The EESC believes in the Semester process, and proposes that there should be an opportunity for a more balanced application of the incentive and differentiated, well-founded and carefully considered sanctions<sup>2</sup> coordinating the implementation of the economic, social and environmental objectives, where possible measuring short-term progress in achieving the long term goals.
- 1.4 The EESC recognises with regret that in spite of a well-defined multi-stage procedure (Annual Growth Surveys (AGSs), CSRs, National Reform Programmes, partnership agreement), the level of performance of the agreements is very different, depending on the status of macroeconomic development in each country. Implementation of the multiannual policies is generally low (between 40 and 50%). It is noticeable that social policy targets are among the

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<sup>1</sup> Common Provisions Regulation 2021-2027, [COM\(2018\) 375 final](#).

<sup>2</sup> [Agreements between the European Commission and individual EU countries](#). They set out the national authorities' plans on how to use funding from the European structural and investment funds.

least fulfilled commitments, including: wages and wage setting, health and long-term care, education, training, life-long learning and quality jobs (especially as regards young people).

- 1.5 The EESC notes that a strengthened Semester process, without losing sight of its original objectives, should be the most important element of economic policy coordination, making it possible to complete the stability and convergence programmes, and possibly becoming the central coordination element of a well-targeted investment procedure, stepping up reform implementation, measuring the balance between economic performance and cohesion policy as well as fulfilling social objectives. Key issues include the implementation of the European Pillar of Social Rights, sustainable employment, the introduction of minimum social standards in Member States, on the basis of a common European framework, set by the European Semester, and also more ambitious climate targets and better protection of biodiversity.
- 1.6 In the EESC's view, if Europe is to achieve sustainable growth, growth that is socially and environmentally viable, it will need to explore in greater depth and make efficient use of local resources. The new Europe 2030 Strategy has to build a feasible bridge between local, regional and national targets and the objectives of a better-connected Europe.
- 1.7 In the opinion of the EESC, enhanced coordination between the European Funds (Cohesion Funds, Invest EU, etc.) could help to more readily attract private participation and investments. To increase productivity and private investment, the investment environment needs to be improved, taking into consideration as a matter of course the fiscal arrangements prevailing in the respective Member States. In the best case scenario, an improved investment environment could raise the level of the relationship between European governance and the different types of ownership.
- 1.8 The EESC proposes that the renewed system of European governance based on the EU 2030 Strategy should focus more on results and set fewer priorities, facilitating access to administrative procedures and relying more on its understanding of and cooperation with civil society. All this must go hand in hand with the development of monitoring and evaluation systems. One important way of strengthening European governance is to enhance multi-level public administration and to open up more freely to participation.
- 1.9 The EESC has to find a newly defined place in European policy and strategy preparation and implementation, taking up a new and stronger position in European governance in order to guarantee a special mediating role between civil society's perception of reality and its future intentions. The EESC seeks to establish better understanding by strengthening a regular and structured dialogue with social partners and civil society.
- 1.10 The EESC has to learn more about and increase the use of new information systems, including digitalised and social networks linked to civil society. The EESC can meet this objective if it is involved in the Semester process and becomes adept in processing the information it receives.
- 1.11 The EESC points out that one of the most significant current obstacles to unleashing European development is the low level of factual, continuous communication between the economic and

social partners and European governance. Here, too, we need to understand the system of EESC relationships.

- 1.12 The EESC believes that by conducting a continuous assessment of the complex targets, using the comprehensive partnership agreements, building deep civil support and measuring the global environment of the European Union, the Semester will prove capable of focusing on reducing the risk of crises in the future and of creating a sustainable, meaningful and responsive economic and social environment.

## 2. **General and specific comments**

### 2.1 *Europe has reached a turning point*

- 2.1.1 Europe has reached a new turning point. Ten years after the profound economic crisis and in spite of the strong recovery in Europe, we are living in a state of political and societal turmoil and with an emerging new global uncertainty. One of the greatest lessons, as well as achievements, in recent EU economic policy management in the wake of the crisis was the introduction and practical implementation of the European Semester. This new form of economic policy coordination includes deep monitoring and analysis, practical coordinated management and a series of restrictions and sanctions, closely related to the Member States' economic performance. Its results should be visible in the form of stricter discipline, greater responsibility and a clearer focus on key strategic issues. As such, it could serve as a reliable platform for the new cohesion policy interventions.

- 2.1.2 In this period, with a new political five-year cycle of European governance and a new financial seven-year period for coordinated European development about to start, and the end of the "Europe 2020 strategy" for smart, sustainable and inclusive growth fast approaching, the EU will have to rethink governance systems: these have to be based on a new, comprehensive implementation strategy for the coming ten years, as a compass for a sustainable future.

- 2.1.3 There is broad support for the idea that one of the most important conditions for successfully implementing a new "multi-level and multi-actor governance" is the unimpeded involvement of the economic and social partners in the decision and implementation process<sup>3</sup>.

- 2.1.4 Learning from the added value delivered by a strong partnership principle in cohesion policy, the EESC reiterates the importance of multi-level governance, enhancing the structural participation of civil society organisations and other stakeholders in the process of programming, implementing, evaluating and monitoring the use of the funds; the same should be applied to macro-economic programming across Member States.

- 2.1.5 To this end, the EESC emphasises the need to put in place a common European framework – similar to the Partnership Agreement under the EU Structural Funds – guaranteeing that there

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<sup>3</sup> EESC opinion on *Common Provisions Regulation 2021-2027*, [OJ C 62, 15.2.2019, p. 83](#); and EESC opinion on *The future of cohesion policy*, [OJ C 228, 5.7.2019, p. 50](#).

can be strong and meaningful participation of social partners and civil society at large at all stages of the design and implementation of the EU Semester. This will entail greater accountability by the national authorities as well as a more effective and meaningful deployment of the policies and recommendations.

2.1.6 The European Renaissance has to be built upon the same power of continuity underpinning European values, such as freedom, security, justice, the rule of law and human rights, with enhanced ongoing renewal fulfilling the criteria of sustainable development.

## 2.2 *The Semester and its complexity*

2.2.1 The Commission has made a great and seemingly successful effort over the last ten years to establish a multi-level working system for economic governance: the European Semester. It includes different policies and strategies covering whole-of-sector and horizontal issues across all economic, social and environmental areas. With this new process the European Commission surpassed the old system of "open method of coordination".

2.2.2 The Semester has been strengthened and added to in the last few years, with important social and environmental elements of the EU 2020 Strategy linked directly to the cohesion policy recommendations<sup>4</sup>. A strong link can be seen between economic governance, implementation of cohesion policy and a new concept for European development: the Investment Plan for Europe<sup>5</sup>.

2.2.3 In several opinions, the EESC has defended structural reforms that improve productivity, growth, job quality, job security and social protection, while favouring investment and strengthening collective bargaining, based on autonomy of the social partners and social dialogue<sup>6</sup>. The EESC also "believes that the linkage between the Reform Support Programme and the European Semester could be even greater and more direct than is provided for in the proposal for a Regulation"<sup>7</sup>.

## 2.3 *A sustainable European future*

2.3.1 At the beginning of this year, the Commission published its Reflection Paper on a Sustainable European future, paving the way for a comprehensive implementation strategy for the period up to 2030. The Paper sets out the way forward for further developing the EU's sustainable development vision and the focus of sectoral policies after 2020, whilst preparing for long-term implementation of the Sustainable Development Goals (SDGs). More ambitious climate targets are called for by the Committee, integrated into the European Semester, as the semester is relatively weak on the dangers presented by climate change and on the EU's progress towards

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<sup>4</sup> 2019 European Semester: Communication on Country Reports, [COM\(2019\) 150 final](#).

<sup>5</sup> [Investment Plan for Europe and the InvestEU Programme \(2021-2027\)](#).

<sup>6</sup> EESC opinion on Multiannual Financial Framework post 2020, [OJ C 440, 6.12.2018, p. 106](#).

<sup>7</sup> EESC opinion on Reform Support Programme, [OJ C 62, 15.2.2019, p. 121](#).

reaching the Paris targets<sup>8</sup>. In addition, in a world affected by climate change, the EESC has repeatedly made recommendations to improve the protection of biodiversity and the vital resources necessary for our existence<sup>9</sup>.

2.3.2 The Reflection Paper puts forward three scenarios to stimulate discussion on how to follow up on the SDGs in the EU:

- an overarching EU sustainable development strategy guiding the actions of the EU and its Member States;
- continuing mainstreaming of the strategies in all relevant EU policies by the Commission, but not enforcing Member States' action; and
- enhanced focus on external action while consolidating current sustainability ambitions at EU level.

2.3.3 An intelligent blending of the first two scenarios into the European Semester should play a decisive role in the implementation of EU budgets and their funding frameworks (such as the EU Structural and Investment Funds), making maximum use of the flexibility of the new MFF and ensuring a strong relationship between cohesion policy and other policies.

2.3.4 Consideration could be given to allowing the Semester process, complete with a new participatory model, to play a more effective and efficient role in the development of the Union.

2.3.5 The EU's Investment Plan, if adequately funded, and its cohesion policy can both contribute here, in coordination with country-specific recommendations (CSRs). This implies allowing appropriate flexibility within the stability and growth pact. As argued in a previous opinion, it also implies continued adequate funding for cohesion policy from the EU budget<sup>10</sup>.

## 2.4 *Cohesion Policy and the Semester process*

2.4.1 The set of proposals for the 2021-2027 MFF regulations (the umbrella one as well as the sectoral regulation proposals) has brought some new elements that could help improve the coordination and performance of EU economic policy and the efficiency of cohesion policy interventions<sup>11</sup>. One of the most important elements is the definition of a clear relationship between cohesion policy and the European Semester process and the several steps involved<sup>12</sup>.

2.4.2 The proposals for regulations, on the other hand, remain quite open to utilising sufficient space for invention and creativity in order to tackle this issue in a practical way. This opinion could offer some ideas as to how to do this. First of all, cohesion policy and the European Semester

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<sup>8</sup> EESC opinion on [Listening to the citizens of Europe for a sustainable future, \(Sibiu and beyond\)](#). Not yet published.

<sup>9</sup> EESC opinion on [The Future of the EU: Benefits to citizens and respect for European values](#). Not yet published.

<sup>10</sup> EESC opinion on [The future of cohesion policy, OJ C 228, 5.7.2019, p. 50](#).

<sup>11</sup> MFF 2021-2027, [COM\(2018\) 321 final](#) and [MFF 2021-2027 Annex](#).

<sup>12</sup> EESC opinion on Multiannual Financial Framework post 2020, [OJ C 440, 6.12.2018, p. 106](#).

could be considered as interrelated; they are closely interlinked and have huge potential for improving the current situation.

- 2.4.3 Cohesion policy investment and intervention could have been predominantly focused on areas highlighted by the European Semester process, especially where investment gaps were identified through statistical platforms such as the Social Scoreboard. It is necessary to adjust the time-frames for the implementation of policy objectives (generally a seven-year period for the cohesion policy versus a shorter usually one- or one-and-a-half-year period, for the Country Specific Recommendations (CSRs)).
- 2.4.4 For a particular Member State, they could be identified by means of the scoreboard for the main macroeconomic, fiscal and structural indicators, published annually every November when the new European Semester cycle starts, and especially with the use of the procedure of National Reform Programmes, subsequently converted into CSR reports.
- 2.4.5 The new 2021-2027 MFF proposal is also to be based on strengthened flexibility and thematic concentration. Cohesion policy instruments could therefore be flexibly adjusted to real needs specific to a particular Member State.
- 2.4.6 The opposing directions within the mutual relationship can, however, indicate that European Semester performance can serve as an instrument to stimulate good performance or to provide a clearly differentiated, proportionate approach to sanctions<sup>13</sup> in the event of poor performance<sup>14</sup>. Good European Semester performers who maintain macroeconomic discipline and react responsibly to the CSRs could be encouraged by a sort of bonus through the additional allocation of cohesion policy funds (ERDF, ESF+ or CF); the financial base of poor performers and those who ignore CSR reports could be reduced commensurately<sup>15</sup>.
- 2.4.7 The new 2021-2027 MFF proposal is also very much about synergies among several MFF chapters and programmes. The European Semester identifies the most important reform needs, as viewed from every Member State's perspective. One proposal even introduces a new Reform Support Programme; it would be more than necessary to adopt a common management system for cohesion policy instruments and Reform Support Programmes<sup>16</sup> in practice, at best at the level of a particular cohesion policy's operational programme. In that case, optimal conditions for synergies could be put in place<sup>17</sup>.
- 2.4.7.1 The same holds true for the InvestEU Programme (also partially based on Member States' voluntary allocation of cohesion funding to this centralised financial instrument).

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<sup>13</sup> See EESC opinion on [Listening to the citizens of Europe for a sustainable future \(Sibiu and beyond\)](#), point 11.4 (not yet published in the official journal).

<sup>14</sup> *Common Provisions Regulation 2021-2027*, [COM\(2018\) 375 final](#).

<sup>15</sup> [The legal nature of Country Specific Recommendations](#), European Parliament, June 2017.

<sup>16</sup> Proposal for a regulation of the European Parliament and of the Council on the establishment of the Reform Support Programme, [COM \(2018\) 391 final](#).

<sup>17</sup> EESC opinion on Reform Support Programme, [OJ C 62, 15.2.2019, p. 121](#).

2.4.8 For the 2021-2027 MFF, there could be a strategic handicap, because there will no longer be a successor to the Europe 2020 Strategy. It is a serious question as to whether the Reflection Paper on a Sustainable European Future has any real ambition to play this role. Recently, it played a substantial role in defining the next country-specific cohesion policy investment priorities (Country Reports, published in February 2019<sup>18</sup>), and investment needs (Spring Forecast of May 2019<sup>19</sup>).

2.4.8.1 Currently, in the Semester process and in other policy instruments, the main objectives of the EU Strategy include the key measurement points for progress, and act as a starting point for a new strategy for 2030.

2.4.9 In the event of late preparation of the new 2030 strategy, for a transitional period it could be recommended that a practice be introduced for preparing a medium- (to long-) term strategy as part of the steps on which the European Semester is based (for example, the outline of such a 2021+ strategy to be published in 2020 and some status reports about real performance and results to be published subsequently every two or three years).

2.4.10 As a result, the EESC is considering a new strategic approach resulting in a cohesion policy that is sharply focused on real (performance-based and result-oriented) priorities that are thematically concentrated, well-balanced and integrated, credible (based on analysis), professionally implemented and that address ownership by all relevant stakeholders.

## 2.5 *The role of the Semester in implementing social cohesion*

2.5.1 Strengthening social cohesion and restoring the trust of the European public are two elements that go hand in hand.

2.5.2 The European Pillar of Social Rights (EPSR) makes an important contribution to both elements by, inter alia, supporting and giving guidance to Member States pursuing reforms to create sustainable, high quality jobs with significant added value.

2.5.3 In this connection, the Social Scoreboard and its indicators should be used as the main tool not just to measure the performance of a region or Member State in the areas covered by the EPSR, but also to identify any possible investment gaps and to target ESF+ funding in the most efficient manner.

2.5.4 The statistical reference should be used to identify investment gaps in each Member State and to target investment and policy recommendations where they will be most useful in terms of social inclusion.

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<sup>18</sup> *European Semester 2019: Communication on Country Reports*, [COM \(2019\) 150 final](#).

<sup>19</sup> [European Economic Forecast, Spring 2019](#).

2.5.5 Close attention should be paid to decent work, gender inequality<sup>20</sup>, to combating unemployment and, in particular, to young people and those furthest removed from the labour market, such as persons with disabilities and special needs. Particular attention should also be paid to people with little or no knowledge of computing and digital technology.

2.5.6 The Pillar of Social Rights should be used as a means to measure recommendations to Member States. The Pillar's 20 principles should be used as markers for assessing countries' success in incorporating their commitment to the Social Pillar into their economic policies.

2.5.7 The question might arise as to how the EPSR should be called upon during implementation of the European Semester to strengthen and reinforce, rather than overload, the process.

2.5.8 The positive answer comes up again and again: there is a need for a well-defined strategy with horizontal, transversal links between the above-mentioned policies. This new European comprehensive strategy for the sustainable future of Europe would be able to guarantee implementation by means of the Semester's strong coordination mechanism.

2.6 *We have to ensure order in diversity*

2.6.1 In the appendix to the CPR<sup>21</sup>, there is a comprehensive collection of different European policies that, in line with the seventeen SDGs shows the near-impossible way of ensuring coordination between them. To add to that, there are the twenty objectives of the EPSR. To clarify and simplify the situation, the regional development and cohesion policy for beyond 2020 has firmly focused on five investment priorities:

- a smarter Europe through innovation, digitisation, economic transformation and support for small and medium-sized businesses;
- a greener, carbon-free Europe, implementing the Paris Agreement and investing in energy transition, renewables and the fight against climate change;
- a more connected Europe, with strategic transport and digital networks;
- a more social Europe, delivering on the European Pillar of Social Rights and supporting quality employment, education, skills (in the EESC's view vocational training and life-long learning is of particular importance) social inclusion and equal access to healthcare;
- a Europe closer to its citizens, supporting locally-led development strategies and sustainable urban (the EESC would emphasise the peripheral and rural dimension) development across the EU.

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<sup>20</sup> EESC opinion on [Gender equality issues](#), point 1.4, [OJ C 240, 16.7.2019, p. 3](#).

<sup>21</sup> *Common provisions on the European Regional Development Fund, the European Social Fund Plus, the Cohesion Fund, and the European Maritime and Fisheries Fund and financial rules for those and for the Asylum and Migration Fund, the Internal Security Fund and the Border Management and Visa Instrument*, [COM\(2018\) 375 final](#).

2.6.2 To show the complexity of the work on a new, 2030 comprehensive strategy for Europe, the Reflection Paper has set out the main topics of the EU's sustainable development vision as follows:

- sustainable development to better people's livelihood (the EESC is underlining the importance of working conditions in this respect): Europe's competitive advantages;
- EU and global challenges to tackle;
- moving towards a sustainable Europe by 2030 (for the details: see Appendix II);
- the EU as a global trail blazer in sustainable development;
- scenarios for the future<sup>22</sup>.

## 2.7 *The need for new coordination of governance*

2.7.1 Taking advantage of the upcoming major opportunity represented by a new Commission the comprehensive post-2020 strategy, with new, fresh impetus and focused on sustainable development, will indeed constitute an instrument for action, building on the Semester process and a new governance structure in the Commission.

2.7.2 In the light of the current democratic and implementation deficit that has increasingly been observed, in relation to Europe 2030, a considerable need has been expressed by a rising number of stakeholders for more participatory democracy, improved industrial relations (better worker participation), democracy in all sectors of the economy and effective implementation of the strategy's targets. A renewed long-term strategy could play a key role in implementing European economic governance geared to increased competitiveness and development, as long as it was properly coordinated under the Semester.

2.7.3 This can only be achieved by taking decisive, carefully designed measures to guarantee the active involvement of organised civil society in the process. A one-stop shop (OSS) type of information centre<sup>23</sup>, a platform for exchange of information, or some kind of virtual and physical competence centre, without adding to administrative or financial burden, could therefore be established within the EESC's structure, whose role would be to concentrate on addressing the implementation concerns relating to the EU2030 strategy (such as weak national ownership, unclear institutional frameworks and subordination of the social pillar). In order to ensure effective coordination and rationalisation, related tasks, procedures and management of inter-agency cooperation should be coordinated at pan-European and national levels.

2.7.4 The OSS model could be properly applied in any area where the single point of access is guaranteed as the basis for an integrated platform for information sharing and consultation, facilitating further policy-making and decision-making. Due to the advisory nature of the tasks conferred upon the EESC, its well-established network of national ESCs and inter-institutional relations, the OSS model could be a unique tool for carrying out consultation and facilitating

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<sup>22</sup> Reflection Paper Towards a Sustainable Europe by 2030. [COM \(2019\) 22 final](#).

<sup>23</sup> EESC opinion on *Progress made on implementing the Europe 2020 strategy and how to achieve its targets by 2020*, [OJ C 251, 31.7.2015, p. 19](#).

EU2030 implementation. It could involve the widest range of civil society stakeholders in information gathering and sharing about the achievement of EU2030 priorities at regional/national, as well as pan-European level.

2.7.5 The EESC's OSS-based information centre could address implementation as well as democratic deficit concerns relating to the way the EU functions. Establishment of the European Semester Group within the structure of the ECO Section was a first step towards achieving a new type of information centre in order to guarantee greater visibility for the EESC in the institutional landscape.

Brussels, 17 July 2019

Luca Jahier

The president of the European Economic and Social Committee

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**N.B.** Appendices overleaf.

## Appendix I



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**Appendix II**  
**Content of chapter 3 of the "Reflection Paper on a Sustainable Europe by 2030" –**  
**Moving towards a sustainable Europe by 2030**

- 3.1 Policy foundations for a sustainable future
    - 3.1.1 From a linear to a circular economy
    - 3.1.2 Sustainability from farm to fork
    - 3.1.3 Future-proof energy, buildings and mobility
    - 3.1.4 Ensuring a socially fair transition
  - 3.2 Horizontal enablers for the sustainability transition
    - 3.2.1 Education, science, technology, research, innovation and digitisation
    - 3.2.2 Finance, pricing, taxation and competition
    - 3.2.3 Responsible business conduct, corporate social responsibility and new business models
    - 3.2.4 Open and rules-based trade
    - 3.2.5 Governance and ensuring policy coherence at all levels.
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