



Republic of Bulgaria  
ECONOMIC  
AND SOCIAL COUNCIL

## **RESOLUTION**

**on**

**“Institutional mechanisms to involve social partners and other civil  
society organizations in the European semester”**

**(own-initiative resolution)**

Sofia, 2016

The 2016 Action Plan of the Economic and Social Council envisages the elaboration of a resolution on: **“Institutional mechanisms to involve social partners and other civil society organizations in the European semester”**.

ESC President - Prof. Lalko Dulevski submitted the draft resolution for discussion to the Plenary Session

At its meeting held on 24 June 2016 the Plenary Session adopted the resolution.

## **ABBREVIATIONS USED**

AGS - Annual Growth Survey

EC - European Commission

EESC - European Economic and Social Committee

EP - European Parliament

EU - European Union

EMU - Economic and Monetary Union

ESC - Economic and Social Council

MS - Minimum Salary

NGO - Non-Governmental Organization

NRP - National Reform Programme

NCTC - National Council for Tripartite Cooperation

UN - United Nations

CEA - Council for European Affairs

SR - Specific Recommendations

## **1. GENERAL CONCLUSIONS AND RECOMMENDATIONS**

- 1.1. ESC welcomes the steps taken in recent years to enhance the role of the social partners and civil society organizations during the European Semester and supports the continuation of the process of their effective inclusion. ESC believes that the active participation of citizens in the process of implementing the Europe 2020 Strategy through the European Semester is a political challenge for national governments of the Member States and to the entire European Union.
- 1.2. Bulgaria is one of the EU Member States, which has a well-developed system of dialogue and consultation with the social partners and civil society organizations, but their participation in drafting the National Reform Programme (NRP) in discussions of specific recommendations of the Commission, and in updating the relevant objectives, is not at a satisfactory level.
- 1.3. ESC believes that it is necessary to continue to develop the process of enhancing the level of cooperation and dialogue centred around European common development goals and targets for national economic and social progress. According to ESC, social partners and civil society organizations must expand their influence over the process of drafting the Annual Growth Survey, the NRP and discussing the specific recommendations of the European Commission both at the national and the European level.
- 1.4. ESC supports the view that it is necessary to create conditions and mechanisms for greater and more effective participation of the social partners in every step of the process of the European Semester both at the national and the European level. Well formulated and implemented rules on the role of the social partners and mechanisms for their implementation would have a positive impact on the entire process of the European Semester and would contribute significantly to improving the outcomes for the country and for Europe as a whole.

- 1.5. Institutional mechanisms to involve social partners and civil society organizations in the European Semester will outline more clearly their rights, but also obligations, the form of participation, the way to organize dialogue and consultation at the national and the European level, as well their obligations concerning the preparation and implementation of substantive documents of the European Semester - the NRP and the SR.
- 1.6. ESC insists that the contribution of the social partners should be connected with the preliminary discussions, preparation and drafting of such key instruments for national and European progress, such as the National Reform Programme and the Convergence Programme. These documents contain the most important budgetary, financial, economic and social parameters of the country and its objectives in implementing the Europe 2020 Strategy and the participation of the social partners will guarantee their performance and the achievement of better results.
- 1.7. A working mechanism and clear institutionalization of the role of representative trade unions and employers' organizations and the structures of organized civil society can be a precondition first - for their close involvement in the implementation of the objectives and tasks, and second, no less important, for better-formed balances in the NRP and the specific recommendations (SR) to the benefit of society.
- 1.8. ESC is convinced that before proceeding with renewing and expanding the institutional mechanisms of the place and role of social partners in the European Semester, it is necessary to do a thorough analysis of best practices from a national perspective, as well as the number of recommendations made by European organizations. Possible solutions (specialized committee to NCTC, a body to CEA, or another, new institutional mechanism) should be discussed with the social partners, with a view to their full involvement in the process.
- 1.9. In its insistence on the establishment of even closer cooperation with the social partners at all stages of the European Semester, ESC referred to various documents of European institutions which emphasize on the importance of involving social

partners and civil society for the success in implementation of the Europe 2020 Strategy:

- As early as 2013 the Commission stressed in its Communication "Strengthening the social dimension of the economic and monetary union" the importance of social dialogue for the market economy and concluded that there is room to improve the degree of involvement of social partners. In AGS 2015 EC stated that it wants to make sure that the social partners will be better associated with the European Semester.
- The so-called "Report of the five presidents" and the subsequent Communication from the Commission emphasized that the main prerequisite for the successful completion of the European Economic and Monetary Union is the optimization of the European Semester and the active involvement in it of the social partners at the European and the national level<sup>1</sup>.
- The Parliament also turned to Member States and the European Council, the national parliaments, the social partners, public authorities and civil society to actively participate in the implementation and monitoring of the Europe 2020 Strategy.<sup>2</sup>
- EESC is an institution which not only supports the active involvement of national social partners and civil society but makes specific analyses and recommendations which are the subject of a special report on this topic<sup>3</sup>.

## **2. EUROPEAN SEMESTER IN BULGARIA**

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<sup>1</sup> EC. Steps to the completion of the European economic and monetary union. Report by Jean-Claude Juncker in enhanced collaboration with Donald Tusk, Jeroen Deyselblum Mario Draghi and Martin Schulz, Brussels, 2015.

EC. Communication from the Commission to the European Parliament and the ECB "Steps to complete the economic and monetary union", Brussels, 21 October 2015.

<sup>2</sup> EP, 2014b; Schmid-Druner, 2015

<sup>3</sup> EESC. NAT / 663 Information Report "Opportunities and procedures for the participation of civil society in the implementation of the EU programme for the period after 2015, Brussels, 17 September 2015.

- 2.1. Monitoring the progress on Europe 2020 targets for the European Union and individual Member States is carried out by the European Commission through the system of economic governance called "European Semester". The annual cycle of macroeconomic, budgetary and structural coordination is conducted within three pillars: *thematic coordination* (employment, social inclusion, education, within the Europe 2020 Strategy) *macroeconomic surveillance* and *fiscal surveillance* within the Pact for Stability and Growth.
- 2.2. Thematic coordination is done through the National Reform Programmes (NRP) based on the Integrated Guidelines, with which the European Commission aims to support Member States in integrating their national Europe 2020 targets into national policies. Macroeconomic surveillance and fiscal oversight are implemented and coordinated by means of the stability and convergence programmes.
- 2.3. ESC notes that initially the role of national social partners within the European Semester was not institutionalized in European economic governance. However, the social partners are seen as key players in the European Semester process. The European Commission and European institutions have repeatedly called for greater involvement of national social partners in the process of decision-making within the European Semester. For the first time since the end of last year the European Commission included the European social partners in the process of preparing the AGS after having previously published the positions of the ETUC and European employers from various sectors.
- 2.4. In Bulgaria the consultation process is carried out by the Interagency Working Group 31 on the Europe 2020 Strategy<sup>4</sup>, which includes (besides experts from government agencies in their advisory capacity) representatives of employers' organizations, ESC, NGOs and associations. The idea of a consultative process in Bulgaria includes:

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<sup>4</sup> Ministry of Finance Order MFO -1291 / 18 October 2012.

- to publish the draft NRP on the public consultation web portal;
- to organize public discussion;
- to include the results of these consultations in the final version of the NRP;
- the government to present NRP to the standing committees of the National Assembly and then to forward it to the Council of Ministers for adoption;
- the Ministry of Finance to organize public discussions on specific recommendations to the country.

2.5. ESC notes that the social partners are not represented fully in the aforementioned group, and that it does not include trade-union experts from the two nationally representative centrals. Furthermore, current practice shows that the consultation process is not sufficiently effective, its results are rarely published, and public hearings are better characterized as episodic than regular.

2.6. At the same time, it is necessary to note that the approach of the European Commission during the last year was marked by positive changes. The work of the EC Representation in Sofia for promoting the objectives and results of the European Semester was intensified, and delegations of experts and heads of various directorates of the Commission in Brussels regularly presented the most important documents of the Semester - AGS, the Report on Bulgaria and the specific recommendations for the country to Bulgarian social partners and NGOs. ESC believes, however, that the discussions should be more effective and fruitful, as both sectors (social partners and NGOs) are consulted separately in order to improve the opportunities for in-depth exchange of views and opinions.

2.7. ESC has established itself as an active participant in the consultation process for monitoring the implementation and coordination of activities of the Europe 2020 Strategy within the framework of the European Semester from its launch in 2011. It should be noted that the Bulgarian Council may be the only national council, which adopted a resolution on the National Reform Programme in 2011 and sent it not only



to the national institutions but also to the European Commission and the EESC. During the last two years national representative organizations of workers and those of employers have also been very active. The positions developed by them were communicated to the government, the EC and other relevant national and European institutions. Nevertheless, these positions mostly remain without consequence.

- 2.8. In its adopted acts on the Annual Growth Survey, as well as on the recommendations addressed to Bulgaria concerning NRP (country-specific recommendations) for the last four years, ESC has called consistently for strengthening the involvement of social partners, civil society organizations and all stakeholders the different levels of economic governance. The role of social partners in the European Semester obviously needs to increase, and not only in the form of advice, but also as participants in an expert debate that leads to a convergence of positions and goals and achieving consensus, at an early stage, on the reforms and the implementation of the recommendations of the Commission. In this regard, ESC repeats its position that the social partners and civil society, incl. Economic and Social Councils, can provide significant support through their expertise to support the processes of consultation and preparation of documents of strategic national importance.
- 2.9. During the period 2014-2015 EC organized a review of the Europe 2020 Strategy by presenting the Communication "Review of the Results from the Europe 2020 Strategy for Smart, Sustainable and Inclusive Growth". A public consultation at the European level was conducted as part of this process, which showed that the Europe 2020 Strategy continues to be seen as an appropriate framework to promote job creation and growth at the European and at the national level. However, the consultation also showed that the strategy has not been sufficiently implemented in Member States and that greater participation at the national level is needed. Following the review the Commission stated that it would do the best of the existing strategy and instruments through improved implementation and monitoring in the context of the European Semester. On this basis the Commission corrected its guidance to Member States on drawing up their national reform programmes to

ensure that the Europe 2020 Strategy will continue to play a prominent role. In parallel, next year the Commission will begin a process of developing a long-term vision beyond 2020, taking into account also the new sustainable development goals adopted by the UN for the period until 2030. The lessons learned from the review of the Europe 2020 Strategy will be taken into account in this process.

2.10. In this connection, in early 2015, ESC adopted a resolution on the topic: **"Key Positions of the Economic and Social Council on the Review of the Implementation of the Europe 2020 Strategy in Bulgaria"** which summed up its key findings and challenges in terms of structure, coordination and effectiveness of the implementation of the Europe 2020 Strategy.

2.10.1. According to ESC, the European Semester does not achieve effective coordination at the EU level in terms both of fiscal policy and structural reforms of labour markets and labour incomes. At the same time, it stresses that so far no significant results in the implementation of national objectives in the context of the Europe 2020 Strategy have been observed.

2.10.2. Moreover, ESC has repeatedly drawn attention to the limited time frame of the European Semester, which does not allow individual Member States to conduct a real dialogue on the choice of the appropriate measures within the framework of policies to address identified challenges. This prevents adequate implementation of specific recommendations and also hinders the implementation of an effective multilateral surveillance and the exercise of peer pressure at the European level.

2.10.3. The European Semester is applied by integrated approach to policy management, through which coherence between different policy areas at the EU and the national level is ensured. In practice, however, the country-specific recommendations appear to be non-systematic and there is little connection between specific recommendations as well as between them and national policies and the financial provisions set side for them. ESC believes that this can be

overcome by setting priorities and sequencing reforms, strengthening dialogue and expecting the final effects of specific policies.

2.10.4. According to ESC, integrated economic governance somewhat shifted the focus of recommendations to meet the requirements of the Stability and Growth Pact and the procedure for macroeconomic imbalances, leaving the discussion of the implementation of the Europe 2020 Strategy in the background.

2.10.5. ESC believes that there is a need to rethink economic governance and reaffirms its recommendation that in its further development much more attention should be paid to reporting and strengthening its social aspects.

2.10.6. ESC calls on the institutions in the preparation of National Reform Programmes to seek more forms of partnership between all levels of government. At the same time, ESC views the lack of sufficient communication and effective participation at all levels of government, especially at regional and local level, as a challenge for Bulgaria in the implementation of the Strategy. As ESC has repeatedly stressed the long-term economic development at the regional level cannot be managed effectively only through nationwide solutions. It is imperative to make provisions for directly involving and ensuring the commitment of local authorities, which will also guarantee the actual implementation of the objectives.

### **3. FORMS OF PARTICIPATION OF THE SOCIAL PARTNERS IN THE EUROPEAN SEMESTER IN MEMBER STATES<sup>5</sup>**

3.1. In most Member States there are no specific provisions to regulate the participation of the social partners in the European Semester. There are established structures of social dialogue, such as social and economic councils or committees, which subsequently expand functions. This means that the involvement of social partners in the semester is developed in the already established social dialogue structures and institutional frameworks.

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<sup>5</sup> Data are taken from the Report on "The role of the social partners within the European semester" of the **European Foundation for the Improvement of Living and Working Conditions**; <http://www.eurofound.europa.eu/publications>.

- 3.2. In other countries, however, there are specific provisions or rules for the establishment of formal structures for consultation between social partners and governments on issues related to the Europe 2020 Strategy:
- 3.3.1. In Denmark the Contact Committee for the Europe 2020 Strategy is the focal point for national action with regard to Europe 2020 and the European Semester, the composition of which includes some 30 regional and local authorities and a wide range of organizations.
- 3.3.2. In Finland the process of European economic governance follows the general procedure for the coordination of European affairs set up under the provisions of the Constitution relating to the competence in the field of foreign policy.
- 3.3.3. In France a Committee on Social Dialogue is created under the leadership of the Ministry of Employment to examine European and International Affairs, which shall consult the social partners. Members of the tripartite committee comprise representatives of the ministries in charge of economic and foreign affairs, and representatives of employers and trade unions.
- 3.3.4. In Poland the consultation of the social partners is carried out by a special body called the Interagency Committee on issues related to Europe 2020, while in Sweden the government of the Prime Minister issued a memorandum establishing a formal structure for consultation between the social partners and the government.
- 3.3. In addition, the majority of Member States hold tripartite meetings, whether within the already established tripartite bodies such as the Economic and Social Councils (Czech Republic, Netherlands and Slovakia), whether within the tripartite ad hoc committees (Spain, Italy and the UK) or within specific bodies established in the context of the Europe 2020 Strategy (Denmark), or in other contexts, such as the European Employment Strategy (France). In other countries (Germany, Estonia, Italy and Luxembourg) separate meetings with trade unions and employers are held. Many countries combine meetings with some form of written consultation. Only in

Lithuania written consultation is the leading form of participation. Before 2014 this form of consultation existed only in Spain.

- 3.4. In most of the Member States the national social partners are included to a differing degree in the definition and implementation of **National Reform Programmes**, while in countries such as Croatia, Hungary and Romania they have no specific role. In Portugal, the government has turned to the Economic and Social Council to provide a written opinion on the National Reform Programme and within two weeks to present an assessment.
- 3.5. Regarding the extent of institutionalization of the participation of the national social partners in the development of NRP - the frequency and regularity of participation, the time spent on information and consultation - a group of ten countries (Austria, Belgium, Denmark, Estonia, Lithuania, Malta, Netherlands, Poland, Slovakia and Sweden) report a fairly high degree of institutionalization.
- 3.6. An average degree of institutionalization is observed in a second group of countries including the Czech Republic, Finland, France, Germany, Latvia, Slovenia and the UK. In four countries the social partners estimate that they do not have enough time for informing and consulting, but consultations are considered regular, predictable and balanced, while in the Czech Republic, Finland and Slovenia the social partners are consulted regularly.
- 3.7. The third group includes Bulgaria, along with Cyprus, Italy, Luxembourg and Spain, which demonstrate a low degree of institutionalization. In our country, although there are consultations, the time allocated for them is insufficient, and they are considered unbalanced. For the sake of comparison, in Cyprus consultations are also unbalanced, but they are also assessed as irregular, while in Italy, Luxembourg and Spain consultations are irregular and the time for information and consultation is limited, in Luxembourg and Spain this time is limited to a single day.
- 3.8. Regarding the degree of impact or the extent to which the positions of the social partners are taken into account by national governments in some Member States -

Austria, Cyprus, Czech Republic, Germany, Estonia, France, Italy, Latvia, Lithuania, Luxembourg, Poland, Slovenia and Spain - the social partners have limited or very limited influence and that influence only covers specific topics.

- 3.9. The Commission has found communication with the national social partners to discuss issues **related to the specific recommendations** to Member States in Austria, Belgium, Czech Republic, Denmark, Estonia, Finland, France, Germany, Latvia, Malta, Slovenia and Sweden. In some countries, such as Finland, France and Malta, information meetings are held only after the adoption of specific recommendations. In France meetings with the Commission are held during the discussion of the NRP. In this case, the French social partners do not have enough time to be consulted and cannot effectively represent their positions before the European Commission. In some countries, the national social partners have been more active in their communication with the Commission. In other countries (France) national governments have encouraged the Commission to contact the national social partners, while in some countries the initiative has come from the Commission itself.
- 3.10. In less than half of the Member States (Belgium, Bulgaria, Czech Republic, Finland, France, Luxembourg, Malta, Netherlands, Slovenia and Sweden) national governments involve national social partners in the definition and implementation of country-specific recommendations. Sweden presents an interesting case where national social dialogue between unions and the government even managed to modify the design of specific recommendations. On the other end, there are countries, like Italy and Spain, which carried out significant governmental reforms in the labour market, without previously consulting the social partners.
- 3.11. In other countries (Austria) meetings are more of an exchange of opinions and perspectives on issues related to employment and social policy than meetings, which provide space for the discussion of draft recommendations. In Germany the European Commission organized separate meetings with each of the social partners to discuss issues related to the specific recommendations without discussing other

more general aspects of economic and social policy.

#### **4. STRENGTHENING THE ROLE OF ORGANIZED CIVIL SOCIETY IN THE PROCESS OF RESTRUCTURING THE EUROPEAN SEMESTER 2015-2016**

- 4.1. In June 2015 the President of the European Commission in close cooperation with the Euro Summit President, the President of the Eurogroup, President of the European Central Bank and the President of the European Parliament presented a report (The Five Presidents' Report) containing a pragmatic roadmap for the completion of the European Economic and Monetary Union (EMU) which takes into account the intensive discussions with Member States and the civil society. As stated in the report, "the completion of EMU is not an end in itself. It is a means of creating better and more equal living conditions for all citizens to prepare the Union for meeting future global challenges and to enable all Member States to prosper."
- 4.2. In October 2015 the Commission published a Communication "Steps towards completing the Economic and Monetary Union", stressing that the action outlined in the notice applies to Euro Area Member States, but the process of deepening EMU is open to all EU countries.
- 4.3. The Report and the Communication aim to boost "the process of greater convergence both among Member States and within societies, its core targets being increased productivity, job creation and social justice."
- 4.4. In this connection, ESC notes that both documents cited above encourage the active involvement of the social partners and the civil society at all levels.
- 4.5. ESC also noted the increasing role of parliamentary scrutiny as part of the European Semester which envisages:
- ✓ debate in the plenary of the European Parliament on the Annual Growth Survey before and after the submission by the Commission, followed by a debate in plenary on country-specific recommendations;
  - ✓ more synergies between Commissioners and national parliaments on country-

specific recommendations as well as on national budgets;

- ✓ more systematic consultation and involvement of governments, national parliaments and social partners before the annual presentation of the national reform programs and stability.

4.6. Over the years, the process of coordination has been continuously improved and in this connection the ESC welcomes the Commission's efforts to simplify and rationalize the European Semester as of 2015, seeing in these actions realization of a number of proposals.

4.7. The publication of country-specific reports in February allows more time for real dialogue with Member States and allows a thorough debate at the bilateral and multilateral level, as well as with other stakeholders. This timetable with earlier deadlines (see Appendix 2) required adaptation of the role of national reform programs so as to become a tool for Member States to submit prospective policy initiatives in response to the Commission's analysis.

4.8. The publication earlier in May of the Commission's proposals for country-specific recommendations allowed more time for reflection and debate. The Commission put more emphasis on this aspect, by significantly reducing the number of recommendations, which cover only the key priorities of macroeconomic and social importance and which should attract the attention of Member States over the next twelve to eighteen months. Although this emphasis should be preserved, the country reports will continue to follow a more holistic approach, covering a wide range of issues of economic importance for Member States.

4.9. ESC welcomes the improved structure of the European Semester 2016 and believes that its effective implementation would help to achieve the objectives set in the Annual Growth Survey 2016 while taking into account the economic development and global challenges; it believes that additional adjustments can be made. The introduced improvements aim to achieve: better integration between the Eurozone and the national dimension; more emphasis on employment and social indicators;



promotion of cohesion by identifying indicators and best practices; support for reforms of the European structural and investment funds as well as technical assistance.

4.10. In connection with the declared reorganization of the European Semester, ESC unanimously supports the proposed structure of "European semester in two successive stages, distinguishing more clearly European time (from November to February dedicated to the Eurozone as a whole) and national moment (from January to June - Discussion of country-specific issues)". The Commission justifies this change in addition to the need for "greater coordination and closer surveillance of economic policies and budgetary processes for all Euro Area Member States and the need to monitor and analyse closely the overall economic, social and fiscal situation in the euro area as a whole by this analysis are taken into account when formulating national policies." In order to identify better the challenges facing the entire Eurozone at an earlier stage, together with the Annual Growth Survey 2016 proposals for recommendations to the Eurozone were published.

4.11. Finally, ESC believes that the positive changes in the structure, content and stages of the European Semester must be accompanied by adequate changes in communication, organization and approach of consultation and involvement of social partners and civil society at the European and the national level. For this purpose best practices in individual Member States should be analysed and summarized and correct and effective solutions to adapt them according to the specific conditions and existing institutional arrangements of social and civil dialogue should be found.

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**PRESIDENT OF THE ECONOMIC AND SOCIAL COUNCIL**

## APPENDIX 1: STEPS TO THE EUROPEAN SEMESTER 2014

- **November:** the Commission issues its Annual Growth Survey (AGS), which deals with the implementation and defines the EU's priorities for the coming year to boost growth and job creation; it also issued a report on alert mechanism for macro-economic imbalances.
- **November/December:** various bodies of the Council (General Affairs, Competitiveness, Environment, Justice, Employment and Social Affairs, Economic and Financial Affairs) discuss and present their contribution to the Annual Growth Survey.
- **November/December:** the Commission issues initial guidance for the preparation of the National Reform Programmes.
- **December/January:** The European Council and the European Parliament discuss the Annual Growth Survey.
- **February:** the Commission holds bilateral meetings with Member States to discuss the actions taken and planned to implement the country specific recommendations and in the preparation of National Reform Programmes and the Stability and Convergences Programmes.
- **February/March:** various bodies of the Council (General Affairs, Competitiveness, Environment, Justice, Employment and Social Affairs, Economic and Financial Affairs) discuss and present their contribution to the identified priority issues.
- **March:** heads of states and governments of the EC (European Council) present EU guidelines for national policies based on the Annual Growth Survey.
- **April:** the Commission holds bilateral meetings with Member States to discuss the status and unresolved issues specific to individual countries.
- **April:** Member States present their NRPs and Stability and Convergence Programmes detailing how they will meet the targets, what national policies will be implemented and how they have taken into account the EU guidelines.
- **May:** The Council on Economic and Financial Affairs conducts thorough reviews based on the procedure for macroeconomic imbalances.
- **May:** the Commission assesses NRPs and Stability and Convergence

Programmes.

- **June:** the Commission provides specific recommendations (SR), respectively for each Member State. Several bodies of the Council (Employment and Social Affairs, Economic and Financial Affairs General Affairs) discuss and approve the recommendations.

- **June:** the European Council endorses SR.

- **July:** the Council on Economic and Financial Affairs formally adopts SR.

- **October:** governments of the Eurozone present a draft budget to the European Commission.

- **October/November:** the Commission holds bilateral meetings with Member States to discuss measures and planned actions to implement the country-specific recommendations.

## APPENDIX 2: TIMETABLE OF THE EUROPEAN SEMESTER 2015-2016

