

Still in the background or truly involved?

National trade unions and implementation of the national Recovery and Resilience Plans

Sebastiano Sabato, Angelina Atanasova and Slavina Spasova

Policy implications

Sebastiano Sabato

is a senior researcher at the European Social Observatory (OSE), Brussels.

Angelina Atanasova

is a researcher at OSE.

Slavina Spasova

is a senior researcher at OSE.

- Meaningful involvement of domestic stakeholders in the implementation of the national Recovery and Resilience Plans (RRPs) is key to ensuring the legitimacy of the Recovery and Resilience Facility (RRF). This is particularly true for social partners, also in light of the European Commission's intention to relaunch social dialogue at both the national and the European level. While the EU is going through multiple transitions and coping with several 'crises', strong arrangements to ensure meaningful and effective social partner involvement in policymaking are needed more than ever.
- Despite significant cross-country variation, national trade union involvement in the preparation of RRP in most of the seven countries included in this analysis was far from satisfactory. Some improvement can be found at the implementation stage, although meaningful involvement is often limited to the implementation of specific measures.
- Several shortcomings are still to be addressed to improve involvement in the implementation of the RRP. These include, first, a mismatch of expectations as to the nature of the involvement process: specific EU guidance in this respect would be useful. Second, both trade union organisations and national administrations should be provided with sufficient resources to be able to engage in a meaningful dialogue under constant time pressure, during RRP implementation.

Introduction

The Recovery and Resilience Facility (RRF) can be considered a quantum leap in European integration. This new EU policy instrument – financed through unprecedented levels of joint debt – is expected to steer reforms and investment in the Member States in a variety of key policy domains, including employment and social policies (Bokhorst 2022). Implementation of the RRF is integrated in existing EU economic governance structures, notably the European Semester. According to some observers (Creel et al. 2021), given the RRF's potential impact on Member States' policies and policymaking, it is vital to enhance democratic accountability in its governance (and the accountability of EU economic governance in general), in order to ensure legitimacy. Broadening the accountability of RRF management to national or European social partners would be an important step in that direction (ibid.). In this respect, the RRF Regulation calls, implicitly, for domestic stakeholders' involvement in the national Recovery and Resilience Plans (RRPs), asking the Member States to provide a summary of stakeholders' consultations during the preparation and ('where available') during implementation of the RRFs, including how their input was reflected in the plans (European Parliament and Council of the EU 2021).

While the Commission Staff Working Documents (SWD) assessing the national RRFs suggest that many Member States reported quite an extensive formal consultation process with domestic stakeholders during the preparation of the plans (Lehofer et al. 2022), other accounts are more critical. Vanhercke and Verdun (2022) note that, during the years 2020–2021, because of the suspension of key elements of the European Semester, EU institutional and social actors traditionally involved in the Semester, including the social partners, were initially sidelined from RRF governance. While EU-level social players were able to regain a role at a later stage, the involvement of EU civil society organisations and national social partners in the new process has proved weak (ibid.). In a context of high cross-country variation, the available evidence also shows an overall problematic situation, specifically regarding domestic social stakeholders' involvement in preparing the RRFs (EESC 2021; Eurofound 2022), while evidence on involvement in implementation of the plans is scarce. One reason often adduced to justify the shortcomings in stakeholder involvement is time pressure: both the RRF and the national RRFs were meant to be a (relatively) fast reaction to the Covid-19 crisis, hence the related policymaking process was subject to tight time constraints. In a context that has been dubbed an 'age of permacrisis' (Zuleeg et al. 2021) – with one challenge seamlessly followed by the next, from the 2008 financial crisis to the Covid-19 pandemic, to the consequences of the Russian aggression against Ukraine, and the climate crisis – operating under such circumstances appears to be the 'new normal'. It is nevertheless crucial to approach policymaking in a way that ensures meaningful stakeholder engagement and social dialogue, also in light of the European Commission's (2023a; 2023b) intention to relaunch social dialogue at both the national and the European level.

Against the background, in this Policy Brief¹ we investigate national *trade unions'* involvement in implementation of the RRP in seven EU countries: Bulgaria, Denmark, France, Germany, Italy, Slovakia and Spain. In detail, we first summarise the main features of trade union involvement in the preparation stage, assuming that this is likely to affect implementation dynamics (Section 2). Second, we identify and discuss the main factors affecting the involvement of national trade unions in RRP implementation, providing concrete examples from the countries under scrutiny (Section 3). Finally, in Section 4, we discuss the implications of our findings.

Background: trade union involvement in preparation of the RRP

The RRP were prepared in an emergency context, because of the persistence of the Covid-19 pandemic and the need to react quickly to the related health, social and economic consequences. Hence, although there was interaction between governments/administrations and the social partners in all the countries included in the analysis, trade unions are often critical of the quality and meaningfulness of the involvement process, especially in France, Germany, Italy, Slovakia and Spain.

The 'access channels' identified for the social partners were varied, including (and often combining) *ad hoc* venues and procedures specifically set up for drafting the RRP (for example, in Denmark, Italy, Slovakia and Spain), established institutional settings for social dialogue (in all seven countries), and venues and procedures linked to the national cycle of the European Semester. These access channels consisted of both forums for bipartite or tripartite exchanges between the social partners and national governments, and multi-stakeholder settings involving a broader array of players (such as NGOs). Only in Germany were there no institutionalised channels for dialogue, nor set procedures, but rather informal meetings with government representatives.

The social partners usually held discussions with both political and administrative interlocutors. In Bulgaria and Italy, national parliaments played a particularly important role in offering the social partners an opportunity to express their views on the draft RRP and to impact parts of the final plans.

Trade union assessments of the involvement process and the social partners' impact on the final versions of RRP were fairly negative in most cases. From the union point of view, involvement often consisted merely of exchanges of information (for example, in France, Italy, Slovakia and Spain). In Germany, besides information exchanges, some limited instances of consultations were reported. Moreover, in all cases, trade unions claim that they received no feedback on whether and how public authorities took their proposals into account in the RRP. Overall, trade unions perceived that they had had a very slight impact on the contents of the RRP in Bulgaria, Germany and Italy, and

1. This Policy Brief draws on a broader study conducted by the European Social Observatory (Sabato et al. forthcoming). We refer the reader to that study for an in-depth discussion of the findings from the seven countries and of the analytical and methodological frameworks for the empirical research. The latter covered the period spring 2021–December 2022.

no impact at all in France and Spain. Instances of consultation and, on some issues, negotiations between national governments and the social partners in preparing the RRP were mentioned in Bulgaria and Denmark, where national trade unions felt they had influenced the contents of some parts of the national plans. In Bulgaria, social partner consultation on preparing the RRP took place mainly through well-established institutional social dialogue venues, while in Denmark consultations took place through *ad hoc* structures.

National trade unions' involvement in implementing the RRP: key factors

Our analysis of trade union involvement in implementing the national RRP shows a varied situation across the seven countries under scrutiny. In the majority, there is a centralised institutional structure for overall implementation, with ministries of finance usually playing a key role. That said, a variety of access channels for social partner involvement can be identified, with the involvement process reportedly organised differently at national and at regional level. The type and impact of involvement in RRP implementation appears more varied than in the preparation stage, because it is more strictly related to (and differs across) specific measures included in the plans. The only country in which involvement was just an exchange of information was France (at least *vis-à-vis* the national government), while in the other countries involvement ranged between information exchanges and consultation (Germany, Italy, Slovakia, Spain) and even negotiations (Spain), depending greatly on the specific measures and territorial levels. Implementation of the Bulgarian RRP (which started much later than in the other countries) is expected to involve consultations and issue-specific negotiations, while involvement in implementing the Danish RRP is fully integrated into national policymaking channels (which makes it more complex to monitor implementation).

Such cross-country variation notwithstanding, some similarities can be identified. In particular, a number of factors affecting the features and quality of the involvement process can be seen as particularly significant, and should be considered carefully if the objective is to improve the involvement process and achieve more effective implementation of the RRP.

First, the *state of social dialogue* in the country has an obvious impact on the quality of interactions between national/local governments and trade unions in the implementation of the RRP. Eventually, measures in the plans are implemented through domestic policymaking processes, in which social dialogue structures are often expected to play an important role. For instance, long-standing shortcomings in the functioning of national social dialogue have an impact on French trade unions' assessment of their involvement in the implementation of the RRP, judged as low quality. What is more, according to some French trade unionists, the inclusion of some measures in the RRP (and the related need to respect the implementation deadlines set there) has allowed the national government to somehow bypass social dialogue. An example of this dynamic, mentioned by French trade unionists, is the reform

of the unemployment insurance scheme. Conversely, in Spain, the fact that the government and the social partners reached agreement on specific measures included in the RRP, such as labour market and pension reforms, facilitated their approval by the national Parliament.

Second, the *availability and quality of access channels* for involvement in implementing the RRP are crucial. Access channels identified are varied: ordinary national policymaking venues, social dialogue forums and newly established *ad hoc* settings. Furthermore, these may involve bipartite or tripartite exchanges between the social partners and national governments, and/or multi-stakeholder exchanges with both political and administrative officials. From a trade union perspective, however, the available access channels often do not allow genuine involvement but are perceived merely as occasions to exchange information on RRP implementation, suggesting to some of the actors involved that key decisions are taken elsewhere. In other cases, although promising ‘on paper’, access channels might prove unsatisfactory in practice. For instance, in Italy – where some procedures for social partner involvement have been enshrined in law – sectoral and territorial ‘ex-ante discussion forums’ were established following a Memorandum of Understanding between the government and the social partners, and are expected to be one of the key venues for trade union involvement in the implementation of RRP measures. While only a few such ‘forums’ have been formally set up, however, even fewer are actually working and allowing the emergence of consultation dynamics on the RRP. In France, multiple venues for involving the social partners exist at different levels of governance. But involvement with the national government/administration is depicted by trade unionists as a simple exchange of information, with some of these venues (such as the Economic, Social and Environmental Council) not allowing meaningful involvement, also because of their broad composition. French trade unions seem to have been more involved at local level, however, focusing on core aspects of the plan, and pushing for a certain number of projects. Conversely, in Bulgaria, while no dedicated structures/procedures for social partner involvement in the implementation stage are mentioned in the RRP, evidence from the elaboration process suggests that institutionalised social dialogue venues will be used for such a purpose, notably the National Council of Tripartite Cooperation. Additionally, a new research institute, the Institute for Sustainable Transition and Development, is to serve as a forum during RRP implementation for further informal exchanges between social partners, public authorities and other stakeholders. Compared with other countries included in this analysis, it appears likely that Bulgarian trade unions will try to coordinate with other organisations (including NGOs) in order to be involved in implementing specific RRP measures, including within the Economic and Social Council of Bulgaria.

Third, *shortcomings in communication* may affect the involvement process. Even in cases in which meaningful exchanges take place with policymakers on implementation, a lack of specific feedback on how trade union contributions have been used may negatively affect trade unions’ perception of their level of involvement and their impact on RRP implementation. This is common to all the countries considered in this analysis, including those in which the involvement

process could be seen as more satisfactory (from a trade union perspective) already at the RRP preparation stage. For instance, in Denmark, the involvement of social partners in consultations on spending and monitoring may prove complicated because RRF funding is channelled through the budgets of domestic ministries, without any RRP-specific monitoring structures. Accordingly, some Danish trade unionists maintained that, to enable more regular and structured monitoring of RRP implementation, consideration should be given to further integrating RRP consultations and follow-up with the European Semester process, which is deemed to work satisfactorily at the national level.

Fourth, *time pressure* and *insufficient resources* (including time and staff) seriously affect the features and quality of the involvement process. On one hand, the performance-based financing model for implementation of the RRF – linking payments to the timely achievement of precise milestones and targets – has an impact on both social dialogue dynamics and more general decision-making processes in the Member States, sometimes excessively squeezing the timing of domestic policymaking. On the other hand, because the RRFs are usually made up of many measures, expected to be implemented according to tight deadlines, both trade unions and domestic administrations need to devote significant resources to the involvement process. The resources actually available, however, are not always sufficient to ensure a high-quality involvement process. Time pressure and high administrative burdens are affecting the features of RRF implementation in all the countries considered, including those that can be seen as front-runners in implementing the RRF, such as Slovakia. Our research shows a relatively high level of awareness among national administrations of the implications of these factors for the quality of social partner involvement.

Fifth, in some cases a *mismatch of expectations* can be seen between trade unions and national governments concerning the nature of the involvement process. While trade unions often wish to have a say on the implementation of the whole RRF, national governments are more likely to involve the social partners only on specific measures, usually those related to employment and social policies. Similarly, while trade unions are eager to engage in political discussions on the general orientations of the plans or on the policy approach of specific measures, exchanges with policymakers sometimes focus exclusively on more technical aspects related to the implementation of those measures. For instance, in Germany, trade unions wished to be actively involved and have a say in the overall plan, including the main underlying priorities. But the national administration is more focused on the potential added value of consultations with social partners on the implementation of specific measures (notably, social and employment policies). In France, according to national trade unions, exchanges with the government on the implementation of the RRF often concern technical aspects and discussions on (quantitative) progress in the achievement of milestones and targets, not allowing for more in-depth political discussions on the measures implemented and the overall orientations of the RRF.

Finally, in some cases these mismatched expectations had already affected trade union involvement during the *preparation of the RRFs*. Hence,

sixth, trade unions' level of satisfaction with the original contents of the RRP (see Section 2) plays a role in ensuring their commitment to and the features of their involvement in the implementation stage, especially considering the limited scope for changing the contents of the plans.

Conclusions

This research describes a range of situations regarding social partner (and, in particular, trade union) involvement in preparing and implementing national RRP. While the initial stages were particularly difficult in most countries, with involvement consisting mainly of exchanges of information, some improvements can be detected in the implementation stage, including in relation to ongoing amendments to the plans. That said, significant shortcomings remain. These shortcomings should be addressed in order to enhance the legitimacy of the RRF (and, more generally, of EU economic governance), and to ensure meaningful social partner involvement in the implementation of economic, employment and social policies, an objective highlighted by the European Commission (2023a) in its recent proposal for a Council Recommendation on 'strengthening social dialogue in the European Union'. As we have shown in this Policy Brief, several factors are likely to affect the quality of social partner involvement in RRP implementation. Two among them should be urgently addressed, in our opinion. First, the mismatch of expectations as to the nature of the involvement process observed in many countries should be clarified: specific EU guidance in this respect would be useful. Second, the implications of the RRF performance-based financing model on national policymaking should be acknowledged, making sure that both national social partners and administrations have enough resources to engage in a meaningful dialogue in a situation of constant time pressure. The EU is going through turbulent and crucial times: multiple transitions are happening simultaneously (Countouris et al. 2023), in a context of permacrisis (Zuleeg et al. 2021). The legitimacy of the EU crucially depends on how it will navigate these transitions, proposing and implementing solutions that are at the same time effective and 'fair'. Importantly, the perceived fairness of these transitions does not depend only on their outcome but also on the features of the process implemented to achieve them. In this respect, arrangements to ensure meaningful and effective involvement of key actors, such as the social partners, are more necessary than ever.

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The ETUI Policy Brief series is edited jointly by Nicola Countouris, Philippe Pochet, Aída Ponce Del Castillo, Kurt Vandaele and Sigurt Vitols.
The editor responsible for this issue is Philippe Pochet, ppochet@etui.org

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