

# TRADE UNION INPUT for the Review Report on the implementation of the RRF

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# A PEOPLE'S RECOVERY



## TRADE UNION INPUT for the Review Report on the implementation of the RRF.

At the end of last February the ETUC ran a survey among its members, identifying and ranking the most urgent priorities for investment and social progress that, in their opinion, NRRPs should finance.

It transpires that there is a substantial mismatch between trade union proposals and current NRRPs due to a lack of involvement in the design phase of the National Recovery and Resilient Plans (NRRPs) and low relevance, visibility or quantification of social objectives in NRRPs. There should be a new phase in the RRF covering the implementation of NRRPs, the alignment of their contents to the REPowerEU and additional measures aimed at preserving investments levels in the light of the soaring inflation. From the ETUC perspective, the RRF should contribute to the achievement of the Porto's targets, and NRRPs should reflect the contribution of national components to achieve national targets for employment, training/education and the fight against poverty.

21 ETUC member organisations from 17 countries responded to the [survey](#), covering almost 90% of the (requested) resources under the RRF. This exercise has been useful to structure the ETUC input for the EU Semester Spring Package, and as an assessment of the implementation of the RRF so far.

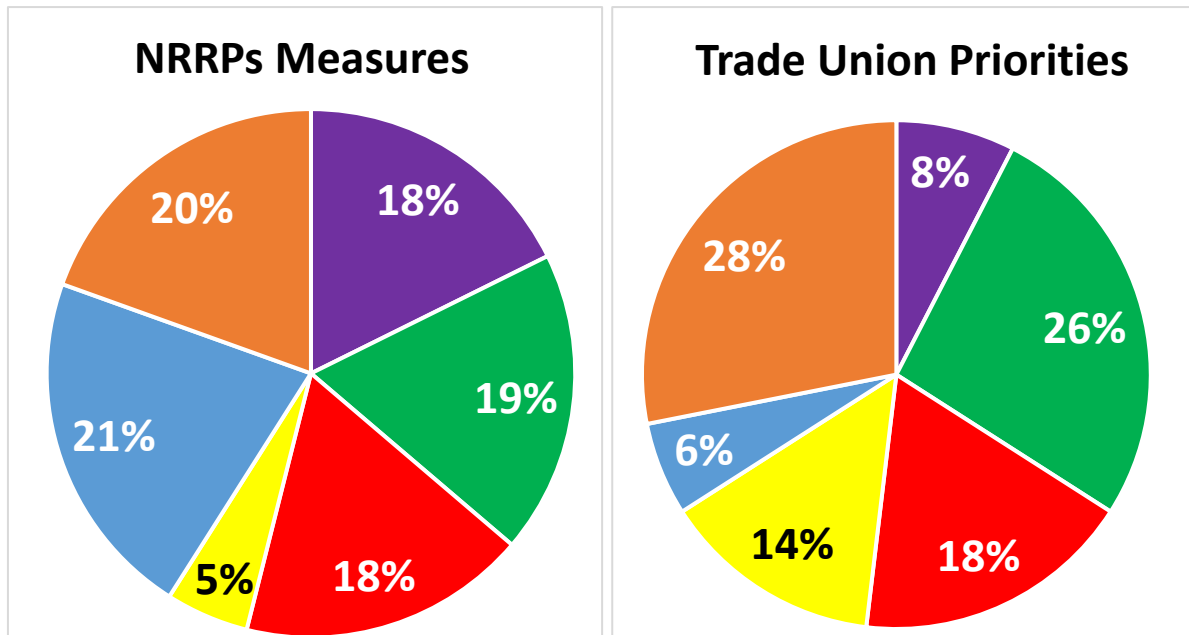
The answers submitted by the TUSLOs (Trade Union Semester Liaison Officers) were analysed and synthesised. The data was then compared with the figures in the [Recovery and Resilience Scoreboard](#), to assess the degree of matching with investment and social priorities.

### **Investment priorities for the NRRP**

The first section investigated the investments priorities according to trade unions. The respondents had the opportunity to choose and rank the policy areas according to the 6 Pillars set out in Article 3 (RRF regulation), through the following question:

- ***“Please select the 10 investment areas that your organisation considers a priority for your Country and the National Recovery and Resilience Plan should finance. Please rank your priority putting the most urgent”***

A first comparison could be made between the priorities for trade unions and the measure (or milestone and targets) foreseen in the Recovery and Resilience Scoreboard (grouping all the NRRPs).






- Digital Transformation
- Green Transition
- Social & Territorial Cohesion
- Health, and economic, social and institutional resilience
- Smart, sustainable and inclusive growth
- Policies for the next generation




If, on one hand, we can say that the resilience of the European health, economic and social institutions has the same weight in the priorities of Trade unions and Member states, on the other hand it is clear there are some divergence, especially when it comes to Policies for Next Generation, Smart sustainable and inclusive growth and digital transformation.

The differences in priorities for investment of Governments and Trade Unions are even more accentuated if we breakdown the NRRP expenditure and Trade Unions' priorities for the policy areas in the 6 pillars.

In Table 1, we consider the breakdown of expenditure supporting the different objectives in the 6 pillars, per policy area, as illustrated in the Recovery and Resilient Scoreboard.

Table 1. **Breakdown of NRRP expenditure per policy area (TOP 3)**







|  |   |
|--|---|
| <br>Green transition                        | <ul style="list-style-type: none"> <li>• Sustainable mobility (35%)</li> <li>• Energy efficiency (28%)</li> <li>• Renewable energy and networks (15%)</li> </ul>  |
| <br>Digital transformation                  | <ul style="list-style-type: none"> <li>• E-government, digital public services (37%)</li> <li>• Digitalisation of businesses (20%)</li> <li>• Human capital in digitalisation (17%)</li> </ul>            |
| <br>Smart, sustainable and inclusive growth | <ul style="list-style-type: none"> <li>• Building renovation and construction (23%)</li> <li>• Support to SMEs (20%)</li> <li>• *Competitiveness/ Business environment/ Entrepreneurship (19%)</li> </ul> |

|  |   |
|--|---|
| <br>Social & territorial cohesion                             | <ul style="list-style-type: none"> <li>• Territorial infrastructure and services (65%)</li> <li>• Adult learning, VET, recognition and validation of skills (9%)</li> <li>• Social Housing (7%)</li> </ul>  |
| <br>Health, and economic, social and institutional resilience | <ul style="list-style-type: none"> <li>• Healthcare: resilience, sustainability, adequacy, ... (48%)</li> <li>• Effectiveness of public administration and national systems (30%)</li> <li>• Strategic autonomy / Crisis preparedness and reaction capacity (9%)</li> </ul> |
| <br>Policies for the next generation                          | <ul style="list-style-type: none"> <li>• General, vocational, and higher education: ... (74%)</li> <li>• Early childhood education and care: ... (14%)</li> <li>• Youth employment support and youth job creation ... (12%)</li> </ul>                                      |

\* Research, Development and Innovation (16%)

In Table 2, to identify the top Trade Union Priorities, we have considered both the frequency of the answers and the “average priority” for each policy proposal, since we asked TUSLOs to rank (from 10 to 1) the priority they chose.

Table 2 : **Breakdown of Trade Unions’ priorities per policy area (TOP 3)**

|  |   |
|--|---|
| <br>Green transition  | <ul style="list-style-type: none"> <li>• Green skills and jobs (27%)</li> <li>• Research, Development, Innovation in green activities (13%)</li> <li>• Climate change adaptation/ Other climate change mitigation (12%)</li> </ul>  |
| <br>Digital transformation                                    | <ul style="list-style-type: none"> <li>• Human capital in digitalisation (71%)</li> <li>• Digital capacities and deployment of advanced technologies (26%)</li> <li>• Digital-related measures in R&amp;D&amp;I (3%)</li> </ul>   |
| <br>Smart, sustainable and inclusive growth                   | <ul style="list-style-type: none"> <li>• Research, Development and Innovation (60%)</li> <li>• Business infrastructure/ Industrialisation and reindustrialisation/ Cultural sector (23%)</li> <li>• Building renovation and construction (17%)</li> </ul>                           |
| <br>Social & territorial cohesion                             | <ul style="list-style-type: none"> <li>• Social Protection (23%)</li> <li>• Adult learning, VET, recognition and validation of skills (19%)</li> <li>• Modernisation of labour market institutions ... (16%)</li> </ul>   |
| <br>Health, and economic, social and institutional resilience | <ul style="list-style-type: none"> <li>• Healthcare: resilience, sustainability, adequacy, ... (42%)</li> <li>• Fiscal policy and fiscal governance/ Financial sector reforms/ Taxation (20%)</li> <li>• Long-term care: resilience, sustainability, adequacy, ... (12%)</li> </ul> |
| <br>Policies for the next generation                          | <ul style="list-style-type: none"> <li>• General, vocational, and higher education: ... (39%)</li> <li>• Youth employment support and youth job creation ... (32%)</li> <li>• Early childhood education and care: ... (29%)</li> </ul>  |



Among all the policy areas, the resilience, sustainability and adequacy of Healthcare is the one that most reflect a common orientation for both Governments and Trade Unions (respectively 48% and 42%). It should come as no surprise, especially after 2 year of the pandemic, which exposed all the weaknesses of Healthcare systems in many EU countries. Within the same pillar, while Trade Unions would prioritise investments also on long-term care (12%) and to update the fiscal governance/policy and taxation system (20%) in EU, the Governments focused more on the effectiveness of Public Administration (30%) and Strategic Autonomy (9%).

The disparity in the Green Transition and Digital Transformation, is that while in NRRPs the expenditure is allocated mostly for Sustainable mobility (35%), Energy efficiency (28%) and digitalization of public services (37%) and business (20%), for the trade union movement, the priority is to invest in Green Skills and jobs (27%) and Human Capital in digitalization (71%). The “human factor” appears to be more prominent for Trade Unions.

A huge share of expenditure for the Pillar “Smart, sustainable and inclusive growth” has been allocated to Building renovation and construction (23%) and Support to SMEs (20%). Trade unions prioritised almost exclusively the Research, Development and Innovation (60%) policy area.

Huge divergences arose in the pillar “Social and Territorial Cohesion”, where almost all the resources supporting cohesion are intended to finance Territorial Infrastructures and Service (65%). On the other hand, the Trade Union movement believes there is an urgent need to invest in social protection (23%). Social Protection policy area accounts only for the 7% in the NRRPs, while the need to modernise Labour Market Institutions accounts only for 3% in the National plans. The latter policy area appears to be more important (16%) for Trade Unions. TUSLOs ranked Adult Learning, vocational educational and training, recognition and validation of skills (19%) as crucial within this pillar; this represents a good matching among priorities for both sides.

Finally, concerning the “Policies for the Next Generation” we can only observe a more balanced combination of the investment priorities for Trade Unions, while Governments focus mostly on General, vocational and higher education.

The Trade Union demands could be divided in 2 groups: a) a strong focus on a fairer green transition, and b) a balanced mix of investments across the priority board. In the second case, TUs tend to prioritise investments that produce jobs and improve workers’ position in the labour market. In both cases, TUs identify a number of measures that can be qualified as just transition measures.

### **Social priorities in the NRRPs**

As recommended in the Commission Staff Working document “Guidance to Member States on the Recovery and Resilience Plans”, one of the **overarching principles underpinning** the plans is that the proposed reforms and investments should contribute to effectively strengthen the sustainable growth potential, job creation, and economic, social and institutional resilience. Therefore, contributing to the **implementation of the European Pillar of Social Rights (EPSR)**.

For this reason, the social priorities have been identified by using the 20 principles of the European Pillar of Social Rights. The objective was to investigate whether the social

priorities identifiable in the NRRPs were in line with the ones seen as most urgent for the national trade unions.

We asked the TUSLOs the following questions:

- Please, select the social priorities that appear in the National Recovery and Resilience Plans (or National Reform Programs).
- Please, select the social priorities that according to your organisation the National Recovery and Resilience Plans should pursue.

As for the social priorities in the national plans, the following principles are the ones perceived as more recurrent (top 5 choices), even if it has to be said that many ETUC members complain that the social priorities are not visible or well embodied in the overall structure of the NRRPs:

- Healthcare (principle 16)
- Education, Training and LLL (principle 1)
- Active support to Employment (principle 4)
- Equal Opportunities (principle 3)
- Gender Equality (principle 2)

While for the Trade Unions, the EPSR's principle to be most urgently pursued are:

- Wages (principle 6)
- Social Dialogue and involvement of workers (principle 8)
- Active Support to Employment (principle 4)
- Secure and Adaptable Employment (principle 5)
- Gender Equality (principle 2)

The greatest mismatch in principles of the Pillar between Social priorities in the NRRPs and this of the Trade Unions' are: Healthcare (P. 10), Education, Training and LLL (P. 1), and Active support to Employment (P. 4). To some extent, it reflects the emergency measures and the policies undertaken to respond to the negative effects stemming from the pandemic. The increase in inflation may explain the high relevance that ETUC members attach to wage and incomes, which have already been affected by a prolonged stagnation in the pre-CoViD times.

### Social Mismatch

There is a high rate on mismatch in several Member States, especially if we consider the priorities for national investments, as show in Table 1 and 2. According to Trade Unions, the reasons for the low adherence between investment and social priorities in NRRPs would be that:

- Although the EPSR was one of the main policy framework when filling in the national plans, there was no clear indication of social objectives in the NRRPs;
- No mandatory requirement was set (i.e. % of investments, as for green and digital) for social investment;
- Despite the legal provision of *Article 15(3)(ja) in the RRF Regulation*: “a summary of the consultation process, conducted in accordance with the national legal framework, of local and regional authorities, **social partners**, civil society

*organisations, youth organisations, and other relevant stakeholders, for the preparation and, where available, the implementation of the plan and how the inputs of the stakeholders are reflected in the plan”, and the recommendation in the Guidelines, social partners’ were not involved, especially in the design phase.*

A mismatch between social priorities in NRRPs and those of TUs does not necessarily mean there is a conflict of views between social partners and governments. The mismatch may have happened because social priorities are barely identifiable in the NRRPs, while Unions have a clear idea of what has to be done. Furthermore, when NRRPs identify priorities, the TUs priorities are ranked with a different degree of urgency. Nonetheless, there is room to improve the social impact of the NRRPs.

The upside is that there is a good match of priorities amongst Spain, Finland and Belgium.

### **Porto’s Headline Targets**

The last part of the survey was dedicated to the Headline Targets to be reached by 2030 (78% in employment, 60% Adults in training, and a reduction of at least 15 million people at risk of poverty), proposed by the Commission in the EPSR Action Plan, and endorsed by the Council,. The ETUC demands that the RRF will be better interrelated with the achievement of the headline social targets that Social Partners and EU Institutions co-signed in the Porto Social Commitment in May 2021, establishing the EPSR Action Plan. We asked our members to:

- Please report here what reforms or policy proposals your organisation proposes to **create inclusive labour markets** and **tackle vulnerability of workers** (MORE and BETTER JOBS)
- Please, report here how your country intends to **prepare workers and labour market to the digital and green transitions** in order to ensure fairness and just transition (SKILLS and EQUALITY)
- Please report here how your country intends to **fight poverty and ensure adequate levels of social protection** (including pension) in your country (SOCIAL PROTECTION and INCLUSION).

Results of this section for each country can be found in our [report](#), or [here](#).

The ETUC is convinced that one way to improve the social dimension of the RRF, and to increase its effectiveness *vis-à-vis* the European citizens, is to include the Porto’s Headline Targets as an underpinning principle of the NRRPs. The EU dedicated the last two Social Summits to the EPSR and its Action Plan. In the Porto Social Commitment there is a clear path to be undertaken, and having the Porto targets as a framework for social investments and reforms is the right way forward.

Another way to underpin the realisation of RRF and improve the social aspects in the EU Semester is to properly involve social partners and stakeholders in the process. In this regard, the ETUC made several proposals, which have been summarised in the paragraph below. Nonetheless, when answering to the announced proposal for a Council Recommendation on strengthening the social dialogue at EU and national level the ETUC will prepare a Resolution that will provide concrete elements to equip the European

Semester (and, with it, the RRF governance) with a more structured contribution of trade unions and, eventually, social partners.

## INVOLVEMENT of TRADE UNIONS

As aforementioned, the involvement of social partners in the design phase of the NRRPs has been largely unsatisfactory, despite the recommendations and guidelines issued the EU Commission. Consultations have been too often disregarded by governments, and their effectiveness largely depends on the good will of governments themselves rather than on established practices or rules. Basically, in too many countries, national authorities presented their priorities and guidelines for national recovery plans as a “one-way-flow-of-information” (via roundtables, public hearings, multi-stakeholders events, workshops, informal meetings), more as formal duty and without giving social partners the opportunity to provide input or influence the drafting.

It is worth recalling that the ETUC defines “trade union involvement” in the Semester or RRF as any form of dialogue<sup>1</sup> with national and European decision-makers that is meaningful<sup>2</sup>, timely<sup>3</sup>, with adequate capacities and at the appropriate level<sup>4</sup>. Therefore, being conducive for ETUC affiliates to exercise influence in the design and implementation of policies that are milestones of the European Semester and, if desired<sup>5</sup>, in any other process related to the economic governance of the EU.

Factual evidence shows that social dialogue is useful in designing and implementing policies, reforms and the like. When social partners are merely heard, this cannot be considered as social dialogue. This is why we need to make an urgent call to the EU to invest in social dialogue.

In too many countries, trade unions cannot express a point of view because they are not consulted at all and have no access to timely and quality information. There has been a very poor involvement in the DESIGN phase, while a slight improvement has been reported in the IMPLEMENTATION phase (limited progress in the current practices especially for some countries, e.g. Italy, Germany). Still, there are no common practices to involve national social partners in the EU Semester or NRRPs, and so far it has not been possible to develop an enabling legal framework, consequently there is no standard process to monitor social partners’ involvement.

Involving social partners would increase both the ownership and the quality of national plans, while strengthening the democratic process. It is time to bridge the large dialogue gap in the EU.

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<sup>1</sup> Dialogue is a process that consists of a two-way flow of information, involving at least the decision-maker and the trade unions, which has the potential to lead to the conclusion of an agreement.

<sup>2</sup> Meaningful: trade unions should have access to complete written information to deliver a fully-informed position.

<sup>3</sup> timely: sufficient time should be made available to trade unions to elaborate on the position/intentions of the decision-maker and react according to their actual capacities, without altering or derogating from their internal democratic constraints.

<sup>4</sup> At the appropriate level: the dialogue should take place with those who are actually able to influence policy decisions. This can be at political level (i.e., Ministries, Undersecretaries, etc.), but technical levels can also be useful and desirable to better prepare consultation with the appropriate political level.

<sup>5</sup> Trade union should have sufficient capacity to participate in the social dialogue progress



The ETUC urges the Commission to set a binding rule for governments to involve national social partners in the drafting and implementation of the national Recovery and Resilience Plans (and in the framework of the European Semester). The effectiveness of social partner involvement has to be ensured. The aim of the consultation should be to fix binding priorities as far as the allocation of money is concerned. A common EU framework for the involvement of social partners can be done where, if no meaningful involvement is carried on, the draft plans (NRRP or NRP) could remain pending for approval. There is no need for a standard process in each EU country (i.e. respect for national practices) but national practice should ensure some quality criteria of involvement.

## Final reflections

There could be some delay, or a slower implementation of reforms and investments, due to the geopolitical situation, and lack of administrative capacity. Moreover, the effect of an increasing inflation and supply chain disruption, or bottlenecks, could hamper the prompt realisation of some milestones and targets. The effects of the war and the advent of REPowerEU programme will open a new phase for the RRF in which the ETUC hopes the social dimension of just transition and social progress could be at the forefront.

Anyway, the current geopolitical situation confirms the overall objectives of the RRF, although it may push Member States to prioritise investments that contribute more to strategic and energy autonomy. An increasing demand for security is already speeding up investments in defence, decarbonisation and technological progress. In this period, keeping social cohesion is as important as reacting to a fast-changing economic context.

There is an urgent need to invest in **security**. In the ETUC understanding the concept of security has to be denoted in a way that covers all dimension of security: defence, health and income. We believe it is now more important than ever that people feel protected, and jobs are preserved. Security for people means:

- Maintaining peace and protection against external factors, not only as an issue of defence strategy but also of reinforcing economic, energy and food autonomy (Strategic Autonomy).
- Reinforcing social protection and healthcare systems that are adequate for the needs of people, especially in case of a pandemic or other sanitary crises.
- Social and territorial cohesion in the view of reinforcing democratic institutions at national and European level, supporting inclusive and sustainable growth, and boosting upward convergence of living and working conditions.

Finally, the ETUC positively assessed the launch of the Recovery and Resilience Facility, financed through a common European indebtedness capacity as a way to increase the much needed investments for the socio-economic transformation of our economies and promotion of economic, social and territorial cohesion, employment creation and sustainable growth. The RRF has built a useful process in evaluating sustainable public investments, and it is a positive practice for the future EU economic governance. Mutual trust and better implementation of EU requirements in the context of economic governance can only be achieved with a more democratic EU Semester Process. This should result in strengthening the coordination, transparency and role of EU institutions.

The ETUC is advocating for alternative governance rules, including transforming the RRF into a stable facility that boosts investments in European environmental and social infrastructures while ensuring a fair green, digital and demographic transitions. We need measures that offer flexibility to governments' expenditure to support the economy and preserve social cohesion.

We think that, especially after Russia's invasion of Ukraine, the green and EU's digital transformation needs to be reinforced as part of a wider strategy that pursues the strategic autonomy of the EU. The geopolitical situation and recent developments in energy prices have underlined the need to accelerate both the decarbonisation of the EU production system and the technological development of our economies.

The transformation of the European economy will only succeed if we win the support of people and workers, and if every citizen can reap the benefits offered by the green and digital transitions.