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## The European Semester and modernisation of public administration



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## **The European Semester and modernisation of public administration**

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This OSE Briefing paper summarises a report <sup>(1)</sup> produced for the European Federation of Public Service Unions (EPSU) and its affiliates <sup>(2)</sup>. It focuses on the reforms concerning the 'Modernisation of Public Administration' (MPA) undertaken in the framework of the European Semester – i.e. on those measures affecting the organisation and functioning of public services recommended by the European Union (EU) and implemented by its Member States. As MPA has been one of the 5 key-priorities of the European Semester cycles since 2012, the full report aims to: (1) achieve in-depth understanding of the EU's recommendations concerning MPA as well as of the responses provided by the EU Member States in this regard; (2) investigate the degree of involvement of the social partners in the European Semester process both at the EU and national levels; and (3) provide recommendations for improving the involvement of public sector trade unions in the European Semester process.

In more detail, the abovementioned report first provides a description of the European Semester cycles from 2011 to date. Then, it analyses the recommendations on MPA that the European Commission and the Council have addressed to the Member States by means of the Country-specific Recommendations (CSRs), as well as the reforms implemented in the Member States in response to the CSRs, as outlined in the National Reform Programmes (NRPs). Finally, it looks at the recent developments concerning the involvement of trade unions in the European Semester both at national and European level.

The research relies on both a bird's-eye view of the situation in the EU and a more in-depth analysis of five country case studies (the Czech Republic, Finland, France, Ireland and Italy). From a methodological perspective, the following six analytical dimensions were retained as useful to reflect the approach to MPA within the European Semester:

- Governance and institutions
- Tools for modernising public administration
- Administrative burden on businesses
- Efficiency of (EU) public investments
- Justice systems
- Corruption

Moreover, a web survey has been conducted among EPSU affiliates, with a view to better understanding the state of play relative to the degree of the public service unions' involvement in the European Semester process.

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1. Peña-Casas R.; Sabato S.; Lisi V. and Agostini C. (2015) *The European Semester and Modernisation of Public Administration. Final Report*, Brussels, European Federation of Public Service Unions.
  2. The Briefing paper and full report were produced as part of an EPSU social dialogue project: "Modernising public administration- the implications for social dialogue and collective bargaining" N° VS/2014/0531, with financial support from the European Commission. The sole responsibility for the content lies with the authors of these publications: the Commission is not responsible for any use that may be made of the information contained therein.

## **Preliminary remarks: the 'streamlined' European Semester for economic policy coordination**

The European Semester is a complex process, which nevertheless is taking on an increasing importance for domestic policy choices. It is a process of economic policy coordination, bringing together a number of instruments and procedures with different legal bases and related to a variety of policy domains. Since its first year of implementation in 2011, it has been organised around some specific steps defined by a precise timeline for the publication of key documents such as the Annual Growth Survey (AGS), the National Reform Programmes and the Country-specific Recommendations. Since 2015, the Juncker Commission has introduced a number of innovations aimed at 'streamlining' the process, increasing its political ownership and improving the involvement of social partners in the procedure. These include:

- the simultaneous publication (in single Country Reports) of the two documents that provide the rationale for the Country-specific Recommendations addressed to MS, i.e. the Staff Working Documents accompanying the CSRs and the In-depth review following up the Alert Mechanism Report;
- an invitation to Member States to 'refocus' their NRPs and to involve national Parliaments and social partners in the elaboration of the documents;
- the early presentation of the Country Reports, so as to allow more time for examining and discussing EU guidance. The new timeline was envisaged to allow the organisation of bilateral meetings with Member States and 'fact-finding missions' on the ground;
- proposals to increase the engagement with other important actors in the process, namely the European Parliament and the EU level social partners.

## **Modernisation of public administration in the CSRs: a downward trend towards 'efficiency'?**

Since 2012, the European Semester cycles have extensively addressed modernisation of public administration, although with a strong political emphasis on the economic efficiency of public services and their contribution to enhanced growth. Despite an emphasis on the quality of the services offered, efficiency is considered from the angle of a supply-side definition of competitiveness. This directly translates, for public service providers, into the paradoxical challenge of 'doing better with less' or, in other words, providing high quality services in conditions of budgetary austerity.

A general overview of the CSRs related to public administrations issued since 2012 shows that despite the overall decreasing number of CSRs issued over the years, the number of those directly related to modernisation of public administration has remained rather stable, thus showing an increasing trend in the importance given to the topic. The majority of Member States have repeatedly been the object of CSRs on MPA since 2012, or at least in three of the four years. Only a small group of countries have not received any CSR on MPA since 2012 (LU, NL, SE). This finding provides a meaningful insight into the regularity with which the topic of MPA has been addressed

in the European Semester and into the pressure on the majority of Member States to undertake reforms in this domain. Moreover, from an attentive analysis of the references to public administration in the text of the CSRs, it emerges that these have moved from a broader notion of 'public services' in 2012 to a narrower concept of 'administrative modernisation' in 2015. However, the focus on '(smart) regulation' remains a constant feature of CSRs related to modernisation of public administration across the whole period.

A more detailed overview of the CSRs issued in 2015 shows the highest concentration of recommendations on modernisation of public administration related to the dimension 'governance organisation and institutions' (20 out of 37). Conversely, the number of CSRs concerning the 'reduction of the administrative burden on businesses' – usually extensively targeted over the years – declined steeply, despite being the dimension most closely related by far to competitiveness. As for the other categories of MPA defined in the present research, they have also been subject to CSRs to a substantially lesser extent than the dimension concerning governance.

## **National approaches to modernisation of public administration in the EU: a significant, though unequal, stream of reforms**

Evidence of the significant stream of reforms encompassing the dimensions of MPA across the EU has emerged from the analysis of the 2015 National Reform Programmes, with an average of 6.1 reforms implemented during the European Semester cycle 2014-2015 in each MS. However, the screening exercise shows substantial differences in the distribution per country of the number of reforms implemented. At the upper extremity of the distribution there is a group of countries where numerous reforms on MPA were carried out simultaneously (BU, HR, IT, SK, RO). At the other end of this distribution there are countries with less intense reform activity (LU, PL, NL, UK) or no identified reforms at all (DK, EE). The majority of the Member States are in a 4-to-6 reform bracket.

Among the analytical dimensions of MPA, 'governance organisation and institutions' is one of the most frequently addressed by MS, especially the sub-dimension targeting the efficiency of the tax system. No fewer than 16 EU countries are engaged in reforms aimed at improving the scope and efficiency, in economic terms, of the tax systems. This is a policy field of utmost importance within the ES, as it touches on the funding capacities of States, but also on potential budgetary savings. However, 'reducing the administrative burden on businesses' is the dimension of MPA for which the highest number of reforms has been identified in the 2015 NRPs. Reforms concerning this dimension (42 in total) were undertaken in all but 5 countries (DK, EE, LU, NL, PL).

This important reforming activity contrasts with the limited number of CSRs in 2015 explicitly referring to this dimension. It indicates that, as a paramount focus of the European Semester, reforms aimed at 'cutting red tape' were already required in previous years' CSRs, generating since then an intense wave of reforms across the EU.

Additionally, the dimensions related to the 'efficiency of public and EU investments' and 'tools of modernisation' are also the subject of significant numbers of reforms, while the improvement of 'justice systems' and the tackling of 'corruption' are the dimensions of modernisation of public administration for which the lowest numbers of reforms were identified. Specifically, the latter seems to remain a priority of Central and South-Eastern European MS, which are also the countries frequently receiving CSRs on the topic of tackling corruption.

## **Trade union involvement in the European Semester: the large gap between stated priorities and course of action**

The need for greater stakeholder involvement in the economic and social coordination at European level has been largely singled out in EU official documents. This is the case of documents published since 2010 in relation to the Europe 2020 strategy and the European Semester, as well as in the context of the renewed emphasis on EU-level social dialogue put forward by the Juncker Commission.

However – besides the rhetoric of the official documents – during the first years of implementation of the European Semester, social partner participation (in particular, that of trade unions) has been weak. EU level social partners have repeatedly called for greater involvement – cf., for instance, the 2013 Joint Declaration by the EU-social partners to support stakeholder involvement. In some cases, they have also tried to set up instruments for monitoring the process and enhancing their participation (e.g. the 'Toolkit for coordination of collective bargaining and wages in the EU economic governance', developed by the European Trade Union Confederation, ETUC). Nonetheless, progress has been limited and, looking at the 2014-2015 European Semester, the ETUC still denounces the lack of linkages between social dialogue and the EU socio-economic governance as well as the persistence of a democratic deficit characterising the whole process.

At national level, the analysis of the country case studies provided evidence of different degrees of trade union involvement in the ES, also very much related to the features of collective bargaining in the specific country. Involvement at national level is expected to result in the inclusion of social partners in the procedures for the elaboration of the National Reform Programmes. However, these procedures are often inadequate and social partners generally do not succeed in having an impact on the contents of the NRPs. This said, in some cases (FI, FR) the process of involvement appears relatively better organised, while in other cases (notably, IE) peculiar economic situations and budgetary constraints have led to almost non-existent involvement of social partners in policy-making. In most cases (CZ, FR, IT), national economic and social committees are the key fora for the consultation of social partners. During these consultations, trade unions are often represented by confederal organisations.

Looking more specifically at public service unions, the situation becomes even gloomier when considering the results of the web survey carried out among EPSU affiliates' representatives. Although no statistical significance could be attributed to the small number of responses obtained

as a proper reflection of the opinions of all EPSU affiliates, the web survey sheds light on the low levels of knowledge and consultation about the European Semester and its components.

## **Recommendations for greater trade union involvement in the European Semester**

Given the significance attached to the theme of modernisation of public administration in the European Semester cycles since 2012, it is very important for trade unions, including public sector unions, to multiply their efforts to be involved in an effective way in the European Semester, so as to make best use of every chance to influence the process and its outcomes. The table below identifies some possible entry points and suggests strategies to enhance trade union involvement in the process.



## Summary table of the recommendations to EPSU and its affiliates on getting involved in the European Semester

Entry point	When	How	Limitations and alternative strategies
<b>Annual Growth Survey (AGS)</b> Published in November	Debate preceding the adoption of the AGS	<ul style="list-style-type: none"> <li>- Ensure coordination with ETUC representatives to make sure that themes related to modernisation of public administration are duly addressed.</li> <li>- Seek collaboration with the European Parliament or specific parliamentary groups.</li> </ul>	Closely monitor whether and how EU-level social dialogue will be linked more closely to the European Semester and what will be the relevant fora for this.
<b>National Reform Programme (NRP)</b> Published in April	Preparation of the document	<p>With national governments:</p> <ul style="list-style-type: none"> <li>- put pressure – also acting in coalition with other stakeholders – in order to set up transparent and timely procedures for a meaningful involvement in the preparation of the NRP;</li> <li>- directly get in contact with the ministerial bodies responsible for the drafting of the NRPs (generally, the Ministries of Finance) or with the ministries responsible for issues related to the public administration.</li> </ul> <p>At confederal level:</p> <ul style="list-style-type: none"> <li>- make sure to be informed of and get involved in the procedures for drafting the confederal position on the NRP;</li> <li>- make sure that the input is duly taken into account so that themes related to PA are adequately addressed.</li> </ul>	Try to create better links between national social dialogue and national-level European Semester procedures, as the governmental nature of the NRP implies the need to have a strong capacity to influence the national decision-making process
<b>Country Reports (CRs) and draft Country-specific Recommendations (CSRs)</b>  Published respectively in February and May	Between September and January (prior to the publication of the CRs)	<p><i>Providing input to the Country Reports represents the most effective intervention if one wants to influence the content of the CSRs.</i> This could be done by:</p> <ol style="list-style-type: none"> <li>a) directly suggesting CSRs/themes that should be issued by the European Commission (supported by evidence-based analysis);</li> <li>b) keeping in contact with the 'European Semester Officer' in the respective countries;</li> <li>c) getting involved in the 'Fact-finding missions to Member States' and/or get involved in the bilateral meetings between the European Commission and the Member States (taking place in December, March and April);</li> <li>d) directly contacting the 'country desks' of the various DGs at the European Commission.</li> </ol>	<ul style="list-style-type: none"> <li>- CSRs follow the more general policy orientations at the EU level, so it is difficult to modify their tenor.</li> <li>- The complexity of the process through which the European Commission elaborates its proposals makes it harder to find the right channels to influence the drafting of the CSRs.</li> </ul>
<b>Final Country-specific Recommendations</b>  Adopted by the Council in June	Between May and June (before the approval of the final CSRs)	Target the ministry attending the formation of the Council of Ministers deciding on the specific recommendations of interest to EPSU.	Hardly viable option due to the limited time available and the use of the 'reverse qualified majority rule'.
	During the implementation of the CSRs	Follow up the implementation of CSRs by getting involved in the activities of broader national networks together with other actors (e.g. NGOs, academics, political parties).	