



Propostas de reforma e investimento e sua aplicação nos Estados-Membros – Ponto de vista da sociedade civil organizada?

8 de fevereiro de 2024 - das 09h30 às 13h

Conselho Económico e Social de Portugal, Rua João Bastos No. 8, 1449-016, Lisboa

Report

Organisers of this round table

- Economic and Social Council of Portugal
- The European Economic and Social Committee (EESC)

Description

This round table was organised as part of the consultation carried out by the EESC's European Semester Group (ESG) for the preparation of an own-initiative opinion entitled "Reform and investment proposals and their implementation in the Member States: the views of organised civil society (2023-2024 cycle of the European Semester)" (ECO/631). With this opinion, the ESG is now continuing the work begun in 2021: consulting national economic and social councils, the social partners and civil society organisations in the EU Member States on a key subject of the European Semester. This consultation focuses firstly on the reform and investment measures in the Member States, in particular those based on the [2023 country-specific recommendations](#), and on their implementation, in order to assess the effectiveness of these measures and the possibilities for better targeting of proposals, improved implementation and monitoring, and the involvement of organised civil society in the procedures. Secondly, it is also focusing on issues relating to the ongoing [review of the EU's economic governance rules](#), the central objective of which is to strengthen public debt sustainability while promoting sustainable and inclusive growth in all Member States through reform and investment. Lastly, the EESC intends to continue previous consultation exercises by examining the state of implementation of the reforms and investments provided for in the national recovery and resilience plans and which are financially supported by the [Recovery and Resilience Facility](#) funds. The results of this consultation will be summarised in an EESC opinion, also set out in an annex, in which the Committee continues to promote a more participatory European Semester and economic governance framework, with greater ownership at national level and closer involvement of organised civil society. This round table addressed the following questions (taken from the questionnaire on which this consultation is based):

- *The reform and investment measures in the Member States, in particular those based on the country-specific recommendations 2023¹, and their implementation;*
- *The reform of the EU's economic governance rules;*

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For a quick overview of the CSRs for your Member State, please consult the [country-specific recommendations database](#) established by the European Commission Recovery and Resilience Plans in the 2023 European Semester (europa.eu).

- *The implementation of the reforms and investments provided for in the national recovery and resilience plans.*

Statements by the social partners

Specific recommendations for Portugal ²

- In terms of budgetary policies and the application of the Recovery and Resilience Facility (RRF) funds, the choices were not the best. However, the application of RRF money has been similar in several European countries, and it has been used to make up for shortcomings in public administration, hiding deficits through these funds. The money is therefore not being spent for its original purpose, which is to help economic entities, especially those that have suffered from the COVID crisis. The consolidation of public finances (which is also one of the recommendations) has therefore been done at the expense of private investment and the recovery of the economy.
- To tackle the issue of private investment, it is necessary to simplify SMEs' access to capital markets and encourage the reinvestment of profits in their activities. As for the consolidation and sustainability of social protection systems, this involves tackling the issue of their funding, and in particular the funding of the contributory pillar. The system was designed according to the number of workers and their wages, but the intensification of capital calls into question the traditional perspective, which punishes the most labour-intensive companies and sectors.
- With regard to energy policies, the measures were well targeted but short-lived, reducing their effectiveness.
- With regard to improving the tax and social protection system, there has been very little concrete development in terms of measures. The efficiency of public administration is important not only for economic growth, but also for simplifying processes and making it easier for citizens and companies to interact with the administration. We can only assess the merits through concrete measures evaluated at a technical level.
- Recital 35 mentions the need to foster skills in the labour market – but we can't find any recommendations that address this problem. Meeting the needs of the labour market deserves more attention, and it's not just about the ecological transition. We need a recommendation that addresses the needs of our economy across the board, and not just in terms of training, but also in terms of retaining skilled labour.
- Without economic growth, the recommendations are irrelevant. The geopolitical instability in which we live must be taken into account when reflecting on European action as a whole, and in the recommendations for each country. The defence of European values is dependent on economic growth, and without that the recommendations are a dead letter. Issues such as re-industrialisation and technological innovation are elements not to be forgotten and here, private investment must play a decisive role, even if the important role of public investment is recognised.
- In particular, sacrificing public investment in favour of budgetary consolidation (as has been seen) is not sustainable, even in terms of public finances. Furthermore, the tax system should be stable and predictable and should be used for economic consolidation and social solidarity, not to maintain the status quo without reforms that promote growth and social welfare.
- In this sense, it is important to understand to what extent these recommendations make it possible to realise the objectives of the European Pillar of Social Rights. The conditionalities must not only be economic, but also social. According to Eurobarometer data, Portuguese

² https://commission.europa.eu/system/files/2023-05/COM_2023_622_1_PT.PDF.

citizens' biggest concerns include poverty, health and employment. We need to know to what extent the recommendations enable the achievement of the sustainable development objectives.

Regarding the consultation of civil society organisations in drawing up the recommendations

- All the social partners said they had not been consulted, neither by the government nor by the European Commission.
- Furthermore, the informal practice of successive governments meeting with the partners of the Permanent Social Dialogue Committee has been broken. It is therefore suggested that we return to this practice. The European Commission itself (and its representation in Lisbon) should hold these consultations, rather than simply listening to the government's version.
- The information received by Portuguese civil society comes almost exclusively from the European umbrella organisations (European trade union or business confederations), which have been consulted.
- The social partners emphasised that the only participation mechanisms they had, depended on their own initiative, in informal meetings with the European Commission or in communications to the Portuguese government.
- On the few occasions that civil society has been approached in any way, what has been asked for is a reaction to documents that have already been prepared and no willingness to discuss their content. But much more important are the extremely short deadlines, which show disrespect for the social partners.
- The failure to consult organised civil society in good time makes it impossible to create consensus and negotiated measures that generate greater social support. The national and European authorities therefore miss out, not only on the opportunity to create better measures, but also more effective ones insofar as they would be more widely accepted and understood.

Regarding reform and investment priorities

- The Eurozone continues to grow well below the US, the world and China. Prioritisation of the digital and ecological transition means that economic entities have to disguise projects in order to fit into centrally-drawn goals without any reflection on the economic reality of the countries. There are many risks of Europe collectively embarking on the wrong political and economic choices. The figures for the evolution of the European economy, compared to other major economic areas, demonstrate this.
- The new rules of economic governance are worrying, given that, in a country with experience of external interference, we know how much weight they can have on the national economy. There are reasons to be concerned about European interference, forcing governments to make the wrong choices without consulting civil society. The acceleration of reforms linked to the digital and ecological transition has complicated economic activities and other reforms that are fundamental to the sustainability of companies.
- It's strange that there are no recommendations on demographic challenges, even when we look at issues such as the sustainability of social security, once again showing a lack of knowledge of the country's reality. The ageing of the labour force is so pronounced that not even immigration can solve the problem.
- It is important to bring citizens closer to the European project, hence the importance of public consultation with citizens and civil society. The Portuguese see a horizon of hope in Europe, but without a reversal of the demographic scenario there will be no economic planning measures to save the country. Also important in this regard is the quality of employment, which determines quality of life. The Portuguese labour market is marked by a lack of skilled and unskilled labour, with a poor connection between skills and needs. In order to keep workers in

the country, we need to improve the quality of work and the quality of life. Keeping young people in the country and enabling them to start a family is closely linked to the quality of labour. It is therefore important to realise the importance of European funds in promoting the quality of employment.

- The effectiveness of national plans depends on their first being a plan and then a budget, and on these plans being discussed and drawn up in social dialogue, with government officials taking responsibility for the plans' implementation.
- The sustainability of reforms and investment plans is intrinsically linked to their profitability. The conditions created in the country have meant that companies are captive, for their survival, to inadequate remuneration for the factors of production (human capital and social capital).
- In practice, the national Recovery and Resilience Plan (RRP) was intended to finance current expenditure. Apart from this problem (and the delay in implementing the investments) it is important to realise that the aim of the digital transition must be instrumental and not an end in itself. In some areas, public services will be more digitised due to the RRP, but if there has been no facilitation of procedures for citizens and businesses, then there has been no real reform. Where the RRP has had a positive impact has been in terms of connecting companies, public organisations and universities.
- The delays in the financial implementation of the RRP deserve to be evaluated. The complexity of the rules means that companies are going ahead with investments in a context of uncertainty, a situation that is all the more worrying given inflation and rising interest rates (which alter the gap between the amounts projected and the amounts actually spent). Some reprogramming will be necessary to allow an adjustment to reality.

Regarding experiments that could improve the plans proposed by the European Commission

- The creation of a development bank that is unable to communicate with entrepreneurs in Portuguese is a sign of the authorities' difficulties in understanding the reality and needs of Portuguese society. More positive has been the RRP National Monitoring Commission ('Comissão Nacional de Acompanhamento do PRR'), which has helped with the financial implementation of the RRP. This committee has been an active element, facilitating and liaising well with beneficiaries and social actors.
- Business associations can help with the implementation of the funds by helping companies manage the administrative complexities. We need to understand the reality of the Portuguese business fabric and use the organisations that know it best.
- Implementation must be monitored on the basis of real and quantifiable criteria, also looking at the sustainability of the investments and infrastructures created by the RRP.
- The social partners must be valued, both in the design of plans and in the implementation of investments.
- The priority must be to generate investment with broad benefits for society as a whole. Planning and financing should not be limited to the creation of infrastructure, but also how to maintain and update this infrastructure.

Speeches by EESC members

Regarding the specific recommendations for Portugal

- The recommendations focus on some of the country's priorities, but their formulation lacked the participation of civil society institutions in general, and social economy institutions in particular. Although the recommendations are generally positive, they could have been better defined through a more comprehensive consultation process.

On consulting civil society organisations when drawing up recommendations

- Only organisations working on the ground can give a concrete view of the impact of reforms and their usefulness. Medium and long-term plans are important, but they can be improved with structured consultations with civil society.
- The social partners are not valued: even if the government is not obliged to consult civil society, it is not forbidden to do so either. This consultation should take place before the recommendations are drafted, rather than making a request for reaction to final documents with tight deadlines.
- The legislation sometimes mentions prior consultations with civil society, when in reality this consultation was a simple message notifying the relevant organisations of the decision, which had already been taken politically, or meetings on the working day before the request for a reaction.
- Most countries would benefit from country-specific recommendations that correspond to the opinions and interests of their populations, economic agents and civil society. Living with our backs turned to civil society ultimately reduces its usefulness and feasibility.

Regarding reform and investment priorities

- The sustainability of the social and health sector is jeopardised by the constant lack of investment in the sector. The social economy sector is fundamental in the provision of long-term and palliative care, and this lack of investment hinders its complementary role to state social action. Without coherent and continued investment, the response to future crises is jeopardised.
- Administrative simplification remains a key element in generating economic growth. The European authorities have not paid sufficient attention to the social partners' recommendations in this regard.

Regarding experiences that could improve the plans proposed by the European Commission

- The implementation of European and national investment funds could involve using the social partners (business associations and trade unions) as agents for the implementation of funds, rather than creating new institutions (sometimes purely as a result of European pressure) which, despite the energy and capital invested in them, end up failing to have any real effect due to their artificiality and lack of connection to society and national economies.
- The Monitoring Committees were essential in implementing the investments. In this sense, their role should be duly recognised in future reform and investment plans.

Speeches by representatives of public authorities

Regarding the specific recommendations for Portugal

- These recommendations do not take account of regional asymmetries, given that Portugal is a country with major differences, even between contiguous areas. Furthermore, there is no focus on effective decentralisation, which would allow for efficiency gains in project implementation.
- In terms of energy and sustainability policies, it is hard to understand why there is no focus on financing public lighting, given its weight in public finances and also in pollution emissions and energy consumption. The incoherence between objectives and investment options can also be seen in the low level of investment in public transport, particularly in fleet renewal, with the aim of reducing energy consumption and urban pollution.

Regarding the consultation of civil society organisations in drawing up the recommendations

- Regional and local authorities were not consulted, neither directly nor through the National Association of Municipalities. The lack of such consultation is therefore reflected in the fact that regional disparities are not taken into account.
- In addition, and in terms of reforming the system of economic governance, it was increasingly important for the European Semester not to be based solely on macroeconomic indicators, but also to apply the objectives of sustainable development, seeing their impact on the regions.
- Strengthening inter-institutional dialogue at European level should be adopted as a goal for the coming years. In particular, there should be an obligation for national and European authorities to react to proposals from consultative bodies (such as the social partners at national level and the two committees at European level).

Regarding reform and investment priorities

- Increasing purchasing power is fundamental for Portugal: both by reducing the tax burden and by economic and wage growth. There are four areas of fundamental interest: housing is not just a Portuguese problem, but a European one; the environment; productivity and professional qualifications; and finally public transport, not just on a micro scale but also connectivity between regions (for example, reinvesting in the railway).

Regarding experiences that could improve the plans proposed by the European Commission

- The consultation and participation of stakeholders is fundamental. Contractualising the implementation of the plans with local and regional authorities would make it much easier to implement the plans. Simplifying the application and, above all, reporting processes is a pressing need.
- In addition to management capacity, there is also the issue of implementation capacity – the lack of response capacity, especially in the construction sector, means that projects have to be postponed in order to be successfully implemented. Rehabilitation in areas such as culture, education, etc., is being delegated to local authorities, without whom these projects could not be implemented.
- As far as mobilising agendas are concerned, it is important to understand how to allow them to become regular and sustainable beyond the RRP.

Statements by other civil society organisations

Regarding the specific recommendations for Portugal

- The main challenges facing young people in Portugal are fourfold: the environment, employment, access to higher education and housing. Several of the RRP's investments address some of these needs (for example, university residences), but the recommendations for Portugal focus mainly on the environment, which is insufficient. Access to higher education and technical-vocational education must be taken into account. In an election year, the promotion of civic participation should also be mentioned, with support for volunteering and incentives for political participation.

Regarding reform and investment priorities

- The mainstreaming of gender perspectives has not been carried out. When budget consolidation is based on disinvestment in education and health, it overburdens women (who maintain a primary role in caring for families) and makes it difficult for them to work and consequently reduces the productivity of companies.
- The youth sector, like the rest of civil society, was not consulted. However, the national youth federations consulted the various organisations that make them up, highlighting two areas that deserved special attention: housing and territorial cohesion. Social housing is insufficient, and

its number should be increased. With regard to the purchase of housing, support is needed (tax exemption and guaranteed down payment) for the purchase of a first home. The recovery of vacant public buildings and support for university residences are also needed. With regard to territorial cohesion, it is necessary to guarantee the creation and maintenance of services and public transport (such as the railway) linking inland regions, encouraging young people to settle in the inner part of the country.

- The RRP has an important role to play in responding to delays in the digitalisation of the economy and environmental challenges. We need to respond to the challenges of this dual transition, and the RRP are instrumental in this. The Mobilising Agendas have made it possible to better connect companies and universities. A significant problem with the RRP is the low absorption capacity of organisations in Portugal, particularly given the administrative requirements – SMEs and the public administration have a shortage of qualified staff to manage this type of project. The flight of staff via emigration has further complicated this scenario.

Regarding experiences that could improve the plans proposed by the European Commission

- The opacity of the political options makes it impossible to assess issues such as the impact of reform plans and investment in gender issues. The demographic issue mentioned at other points in the discussion also comes into play here, since the data shows that planned fertility (desired by families) is lower than realised: families are not having more children due to lack of conditions.
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