

Report of the round table in Italy on

"National reform and investment proposals and their implementation (2024-2025 European Semester cycle)"

Friday 13 December, 10:00–13:00

Palazzo dei Campanari, Via IV Novembre, 149, 00187 Rome



Proposte nazionali di riforme e investimenti e loro attuazione

(ciclo del semestre europeo 2024-2025)

Venerdì 13 dicembre dalle 10.00 alle 13.00

Palazzo dei Campanari, Via IV Novembre, 149, 00187 Roma



Organiser

- European Economic and Social Committee (EESC)

This round table was organised as part of the consultations carried out by the EESC's [Ad hoc group on the European Semester](#) (ESG) with a view to the preparation of an information report on 'The point of view of organised civil society in the EU Member States on national reform and investment proposals and their implementation (2024-2025 European Semester cycle)' ([ECO/651](#)). With this report, the ESG is continuing the work that began in 2021: consulting the national economic and social councils, the social partners and civil society organisations in the EU Member States on a key subject for the European Semester.

This consultation focuses firstly on **reform and investment measures in the Member States**, particularly those based on the [2024 country-specific recommendations](#) and the **implementation of these**. The aim is to assess just how effective these measures are, and see what can be done to target proposals more accurately, **improve implementation and step up the involvement of and monitoring by organised civil society**. The secondary focus of this report is the **medium-term fiscal-structural plans**, which were proposed following the [revision of the economic governance framework](#). The preparation, implementation and monitoring of these plans have since been incorporated into the European Semester. All in all, it builds on previous consultation exercises by examining the progress made in **implementing the reforms and investments provided for in the national recovery and resilience plans** (RRPs) and financed through the [Recovery and Resilience Facility](#). It also aims to learn from this Facility, specifically regarding features and mechanisms that could be applied to other EU financial instruments.

The results of this consultation are summarised in an EESC information report, also attached, in which the Committee continues to promote a more participatory framework for European Semester and economic governance, with greater ownership at national level and closer involvement of organised civil society.

The round table addresses the following issues (from the questionnaire on which this consultation is based):

- 1. The reform and investment measures in the Member States, particularly those based on the 2024 country-specific recommendations and the implementation of these;**
- 2. Medium-term fiscal-structural plans;**
- 3. The implementation of the reforms and investments provided for in the national recovery and resilience plans.**

Introduction by members of the European Economic and Social Committee

- General presentation of the EESC and its Ad hoc group on the European Semester, and overview of the objectives of this meeting and more generally of the process of consulting organised civil society: 1) to provide substantive opinions on the content of the Semester for the country; 2) to assess the involvement and status of civil society in this discussion.
- The European Semester has become more structural now that the national RRPs (which require countries to consult civil society) and the new fiscal-structural plans have been included. In addition, since 2020, the Sustainable Development Goals have been an integral part of the Semester, both at EU and individual Member State level.
- The Semester now has new economic governance rules, influencing the fiscal-structural plans and the whole Semester process. There is an issue regarding the Member States' spending capacity, and the impact this has on the design of the fiscal-structural plans.
- Cohesion (with a strong social component) is one of the main objectives. During the Belgian Presidency of the Council, a binding procedural analysis on social imbalance, similar to the economic analysis, was proposed.
- Despite the fact that this was never carried out, a social convergence framework has been approved by all Member States – a framework of social indicators to be used as a reference in the fiscal-structural plans. Although not binding, it is an incentive for national policies to converge on common targets and benchmarks, with the Commission set to monitor national steps taken towards these goals, including discussions with the Parliament and the social partners. However, the introduction of an exception for the first year of application weakens this incentive, given the multiannual scope of the fiscal-structural plans.
- It is therefore important to increase the participation and range of stakeholders involved, and to improve the level of information and awareness of relevant EU programmes on the ground. This consultation process is extremely democratic, as it helps the social partners understand what is going on so that they can influence and discuss the process.

Comments of the invited stakeholders

Employers:

On the reform and investment measures in the Member States, particularly those based on the 2024 country-specific recommendations, and the implementation of these measures:

- Employers' organisations stressed the importance of proper structured discussions with policymakers, at both national and European level. They identified administrative simplification, strengthened operational capacity at local level and increased training for workers as crucial for overcoming the skills gap. They drew attention to variations between regions, and the need for decisive action where local measures prove insufficient.
- Another issue is the quality and appropriateness of EU level indicators. The use of parameters that are not tailored to Italy's situation, especially in the services sector for instance, could result in inaccurate data and steer economic policy choices in the wrong direction. Improving data collection and analysis is therefore strategic for designing appropriate policies.
- There have, however, been positive signs in recent years, with a growing focus on consultation exercises and efforts to formalise these. While these efforts have thus far been insufficient, formalisation is essential.

On the medium-term fiscal-structural plans:

- In the medium term, employers call for economic governance that is aligned with EU recommendations and capable of overcoming dependence on special funding, such as the national RRP.
- In Italy, the fiscal-structural plans face a myriad of challenges: reversing excessive deficit, controlling expenditure, and boosting productivity, jobs and growth. In this regard, the priorities continue to be improving human capital, reorganising the tax system (with a comprehensive reform of personal income tax (IRPEF)), opening up markets and increasing competition (with a level playing field and with due regard for the principle of reciprocity as regards international trade), and improving mechanisms related to supplementary pensions and contracting out welfare services.
- Current discussions on the fiscal-structural plans are still struggling with the same difficulties as were encountered during the discussions on the budget. An EU regulation establishing consultations on the fiscal-structural plans would therefore be welcome.

On the implementation of the reforms and investments provided for in the national recovery and resilience plans:

- The national RRP is a key opportunity for the Italian economy, especially for certain strategic sectors such as the agri-food sector, where the aim is to strengthen food and energy sovereignty through the involvement of domestic agricultural businesses and food supply chains.
- Businesses report the need for accessible data and continuous monitoring. In some cases, the demand for funds largely exceeds resources, creating bottlenecks.
- Despite all this, businesses are taking part in calls for tenders, particularly those published by the relevant ministries. There is considerable interest in a number of planned measures, such as supply-chain contracts, and not only in Italy. This is because they provide for investments to improve the sustainability of agri-food supply chains and a large space for research, driving national innovation and sustainable growth.
- Strategic investments, for example in irrigation infrastructure, are not adequately planned. The full potential of the *Consorzi di Bonifica* (land improvement cooperatives) should be exploited, for example to construct water basins.
- There needs to be more social partner involvement and more transparency regarding the implementation of the national RRP in order to ensure a lasting impact on products and services.

Workers:

On the reform and investment measures in the Member States, particularly those based on the 2024 country-specific recommendations, and the implementation of these measures:

- Trade unions complained about consultations that are often a mere formality and not very inclusive. While recognising that there is more awareness now than in the past, the fact remains that economic recommendations are binding while social recommendations are not. There is therefore a danger that the social dimension will be sacrificed on the altar of competitiveness and security.
- Skills mismatches, low productivity and a lack of effective policies to get people into work are exacerbating precariousness and the weakness of the welfare system.
- However, awareness has increased in recent years, gradually replacing the passive ‘because Brussels said so’ mentality.

On the medium-term fiscal-structural plans:

- Workers worry that the new economic governance and the tax consolidation provided for in the fiscal-structural plan (estimated at EUR 13 billion per year) could limit the ability to fully support cohesion policy and reduce inequality. The fiscal-structural plan caps nominal growth in net government expenditure at around 1.5% a year, limiting the development of services and social investments. This approach could curb growth and reduce access to key public services. The trade unions feel that the health and education sectors in particular are effectively being privatised, a process which could exclude the most vulnerable people from public services.
- It is a good thing that the fiscal-structural plan has incorporated the Commission’s recommendations, but there are concerns about how this has been done, in particular the lack of discussions on either the fiscal-structural plan or the budget. However, the fiscal-structural plan does have positive aspects, such as reducing the tax wedge and merging personal income tax (IRPEF) rates. Some trade unions have criticised aspects pertaining to support for the birth rate and the renewal of public employment contracts: there are no moves to ensure the needed investments in infrastructure which would enable people to start a family, and resources allocated to contracts and healthcare are insufficient.

On the implementation of the reforms and investments provided for in the national recovery and resilience plans:

- Regarding this point, trade unions highlighted problems in local governance, a shortage of qualified staff in public administrations and the reduced involvement of social partners in decision-making processes. In view of these difficulties, it is difficult to understand the hiring freeze, which contradicts all the objectives of the national RRP.
- Another problem is establishing who is responsible for managing projects, and the current uncertainty is leading to conflicts and delays. The end result is that reforms and investments are not as impactful as they could be, and are likely to be concentrated in easy areas rather than areas where reforms and investments are needed most. Furthermore, there are concerns that slippage in expenditure towards the end of the period covered by the national RRP could exacerbate absorption and administrative capacity problems.

Civil society organisations

On the reform and investment measures in the Member States, particularly those based on the 2024 country-specific recommendations, and the implementation of these measures:

- Civil society wants to be allowed to play a meaningful role although formal involvement would itself be a step forward. The EESC's proposals on this issue are a very good starting point.
- However, up-to-date, accessible data and indicators are needed and must also take into account the social and environmental dimensions. The aim is to ensure that reforms are not geared exclusively towards macroeconomic stability (see the reform of the Stability and Growth Pact), neglecting cohesion and inclusion.

On the medium-term fiscal-structural plans:

- Civil society organisations fear that the revision of the economic governance framework could see reduced social investments and a weakened welfare system. They therefore call for more balanced indicators that complement economic metrics with ones on well-being, quality of life and social and environmental sustainability.
- Growth remains one of the key problems, with industrial policies lacking an overall vision and failing to consider the range of businesses across the various sectors.

On the implementation of the reforms and investments provided for in the national recovery and resilience plans:

- As regards the implementation of the national RRP, it is difficult to track the actual use of resources, which is often fragmented in non-aggregated and opaque data. This makes it impossible to carry out a proper assessment of the impact of investments, in particular for the most disadvantaged areas and the most vulnerable social groups.
- Weak administrations, especially at local level, and the hiring freeze in public administration further complicate matters. The implementation difficulties are due to limited administrative capacity and complex procedures. For example, at the end of July there were around 250 000 unique project codes associated with national RRP projects. However, the number of projects awarded was much lower, indicating a gap between planning and implementation.
- In any case, the review of the national RRP is a fairly good example of structured and proper participation. Overall, the national RRP is more result-oriented and open to feedback from social partners, whereas ordinary cohesion funds fail to resolve concerns about participation and monitoring. If the national RRP model is extended to cohesion funds post-2027, changes and consequences will need to be properly analysed.

Conclusions from EESC members

- Thank you all for participating and providing valuable input. We are pleased to note that civil society organisations have been gradually building their capacity, largely through their own means and due in part to a growing focus on these issues both within and outside Italy.
- This growth has also involved the European institutions, particularly the European Parliament. The national recovery and resilience plan marks a turning point: its momentum has continued in the reform of the Stability and Growth Pact, and it is recognised that civil society must be involved for both democratic and practical reasons.

- Since investments and reforms must be implemented by companies, local authorities and other stakeholders, their involvement is essential throughout the decision-making process, from development and implementation to evaluation and modification. This is important for governance, and responds to calls by the EESC.

List of participants

Stakeholders:

- Italian Confederation of Workers' Unions
- National Third Sector Forum
- General Union of Labor
- Centro Studi Confcooperative
- Italian Labour Union
- Office for European Policies, Legacoop
- Italian Confederation of Academic Professionals
- General Italian Confederation of Labour
- Utilitalia

Members of the Italian European Semester Group's delegation, for the European Economic and Social Committee:

- Cinzia Del Rio, EESC member
- Luca Jahier, EESC member
- Maurizio Reale, EESC member

For the European Commission:

- Francesco Rossi Salvemini, economic advisor for the European Commission representation in Italy
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