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# EAPN IRELAND BRIEFING



# NATIONAL RECOVERY AND RESILIENCE PLANS AND THE EUROPEAN SEMESTER PROCESS

Over the past 10 years the EU has coordinated the European Semester process (See below). This process is being adapted in 2021 so that governments can submit their Recovery and Resilience Plans and draw funding from the EU's €672.5 billion Recovery and Resilience Facility (RRF). The RRF will support reforms and investment linked to recovery from Covid-19 and to the implementation of measures linked to EU policy priorities for the future. The Irish Government has launched an [online consultation](#) to develop Ireland's National Recovery and Resilience Plan. Deadline for submissions is the 22nd February. It is important for community organisations to take the opportunity to make a submission of any length to the consultation, based on their experience and knowledge of the areas they believe require reform and investment, for a more equal and socially inclusive Ireland.



The European Semester process (see details below) is the annual cycle which mainly focuses on the coordination of economic policy across the EU, and in particular monitoring countries in the EU to ensure their finances are complying with the deficit and debt rules.

While still dominated by economic concerns, the Semester process has evolved over time and has slowly become a more balanced process for coordinating of economic, social and environmental policy. This has been due to both the ongoing reminders from EAPN and other organisations that the Semester must support the delivery of the social and environmental targets in the [Europe 2020 Strategy](#), including on poverty reduction, and to the adoption of the [European Pillar of Social Rights](#) in 2017 which is now mainly to be monitored through the European Semester process.

However, the EU is still falling well short in its commitments on poverty reduction. The poverty target was to *'lift at least 20 million people out of the risk of poverty or social exclusion by 2020 compared to the year 2008'* (i.e. from 116 million to 96 million people for EU 28). However, by 2019 this had only reduced to 107 million people, with the European Commission admitting the target will not be met. Covid-19 is clearly recognised as having reinforced existing inequalities across the EU. 'The Commission also predicts that the Covid-19 crisis will increase the levels of those at-risk of poverty in the EU by about 4.8%, i.e. from 16.4% in 2019 to around 21%, unless policy measures are introduced to prevent this from happening.

It is important to note that the Europe 2020 strategy is coming to an end and with it the EU poverty target. While the EU has failed by a long way to meet its target it keeps a focus on poverty at EU level. EAPN has been lobbying for the Action Plan for the implementation of the European Pillar of Social Rights, due to be published in March 2021, to include a new ambitious poverty target and a EU integrated anti-poverty strategy.

## What is the National Recovery and Resilience Plan?

The [EU Annual Sustainable Growth Strategy \(ASGS\)](#) for 2021 announced that major changes would be made to the regular European Semester for 2021. The focus for this year will turn instead to the process for dispersing the €672.5 billion [Recovery and Resilience Facility \(RRF\)](#). The RRF includes loans and grants which the EU is making available to support measures undertaken by Member States to address the economic and social impact of Covid-19, including a focus on Green and Digital transitions.

To draw down money from the RRF, each EU member state must prepare and submit a Recovery and Resilience Plan for approval to the EU Commission by 20th April 2021. The EU has decided that a minimum of 37% of the expenditure in the Plans must be for climate and other environmental objectives and 20% for supporting digital transition. The Plans must also take account of the Country Specific Recommendations which the EU issued to them as part of the European Semester process in 2019 and 2020 (see below). Later in the year the Commission will publish its assessment of each member states RRP.

It is critical that any progress made in bringing a more social dimension to the EUs overall priorities is not lost in the Recovery and Resilience Plans. It is also essential that the Pillar of Social Rights provides a strong guide for how the EU as a whole moves forward, including in its Recovery and Resilience Plans. We await the publication of the Action Plan for the implementation of the Pillar in March.

## What is happening in Ireland?

Before Covid-19 hit, 5.5% of the population (over 270,000 people) experienced consistent poverty. This mean they had incomes below the 60% poverty line (€275.72 per week) and also experienced material deprivation. 12.8% of population were at risk of poverty. Specific groups in Irish society are also at higher risk of poverty. (For more details see [EAPN Ireland Briefing on the 2019 CSO survey on income and living conditions](#)).

The Irish Government [Roadmap for Social Inclusion 2020-2025](#) contains the ambition ‘*To reduce the national consistent poverty rate to 2% or less of the Population*’ and, ‘*To make Ireland one of the most socially inclusive States in the EU*’. Previous to this the commitment in the National Action Plan for Social Inclusion was to reduce consistent poverty to 2% or less by 2020.

Ireland is expected to receive €853 million under the Recovery and Resilience Facility in 2021 and 2022. A further set of grants is to be allocated in 2023. On 2nd February the Department of the Taoiseach announced its [consultation](#) to develop the Irish National Recovery and Resilience Plan (NRRP), with submissions due in response to the consultation by February 22nd. In Ireland the NRRP will be linked to the [National Economic Plan](#), a plan which will present the wider framework of the Irish Government’s priorities for a sustainable and inclusive recovery from COVID-19. The National Economic Plan is due for publication early in 2021.

### **The Irish consultation for the NRRP asks two questions:**

- 1.** Taking into account the guidance provided by the European Commission, what are the areas Ireland should prioritise for 1) investments and 2) reforms for inclusion in our National Recovery and Resilience Plan?
- 2.** Of the Country Specific Recommendations received by Ireland in 2019 and 2020 which are considered the most relevant for reflection upon in Ireland’s National Recovery and Resilience Plan?

The EU has produced [Guidelines](#) to help with the formation of the Recovery and Resilience Plans. Organisations making submissions to the NRRP can focus on specific key areas for reform and investment. The EU Guidelines state that NRRPs must address challenges and contribute to 6 policy areas:

- Economic Stability
- Link to the European Semester
- Outline how the 7 EU Flagships will benefit
- Progress gender equality
- Equal opportunities for all
- Be coherent

### **Economic stability to focus on addressing 6 key challenges**

1. Green transition;
2. Digital transformation;
3. Smart, sustainable and inclusive growth, including economic cohesion, jobs, productivity, competitiveness, research, development and innovation, and a well-functioning single market with strong SMEs;
4. Social and territorial cohesion;
5. Health, and economic, social and institutional resilience, including with a view of increasing crisis reaction and crisis preparedness; and
6. Policies for the next generation, children and youth, including education and skills

### **Link in with European Semester process**

- By addressing the challenges presented to each member state in their Country Specific Recommendations for 2019 and 2020 (See below for Ireland – Covers taxation, health, housing, education, employment, childcare etc)

### **Outlining how the 7 EU Flagships will benefit**

1. Power Up (renewable power generation)
2. Renovate (retrofitting/deep renovation)
3. Recharge and Refuel (electric and hydrogen chargers)
4. Connect (5G coverage)
5. Modernise (digitisation of public administration)
6. Scale Up (cloud services, big data, semi-processors)
7. Reskill and Upskill (digital skills, education reform)

### **Gender equality and equal opportunities for all**

- Explain how these objectives, linked to principles 2 and 3 of the European Pillar of Social Rights, are being mainstreamed.

### **Be Coherent**

- Show the links and coherence between the different elements of the Plans and between the reforms and investments

**Additional Relevant reading**

- EAPN Ireland submission to the [National Economic Plan](#), December 2020
- EAPN Ireland [Rethinking a More Inclusive and Equal Ireland](#) for 2020 and Beyond ,July 2020
- EAPN (Europe) report on the [impact of Covid-19 on those experiencing poverty and vulnerability, July 2020](#)
- [EAPN Ireland](#) and [EAPN \(Europe\)](#) submission to the European Commission consultation on an Action Plan to Implement the European Pillar of Social Rights
- Civil Society Europe: [Participation of civil society organisations in the preparation of the EU National Recovery and Resilience Plans](#)

**Further reading on the European Semester Process and Country Specific Recommendations below**

## The European Semester Process

The Semester is an annual process of guidance and reporting coordinated by the European Commission. It starts with the announcement of the [Annual Sustainable Growth Strategy](#) by the Commission towards the end of the year, which contains the priorities for the year ahead. Then early in the year the European Commission produces an annual Country Report on each EU country, followed in May by [Country Specific Recommendations](#) (CSR), which are agreed by the Council of the European Union (member state Governments) and which each country is supposed to take into account in their annual budgets and in designing and implementing policy across a range of areas. In return Governments submit an annual [National Reform Programme](#) in April which report on progress in implementing the CSRs and achieving the Europe 2020 targets.

## Country Specific Recommendations for Ireland 2020

1. In line with the [general escape clause](#), take all necessary measures to effectively address the pandemic, sustain the economy and support the ensuing recovery. When economic conditions allow, pursue fiscal policies aimed at achieving prudent medium-term fiscal positions and ensuring debt sustainability, while enhancing investment. **Improve accessibility of the health system** and strengthen its resilience, including by responding to health workforce's needs and ensuring **universal coverage to primary care**.
2. Support employment through developing skills. Address the risk of **digital divide, including in the education sector**. Increase the provision of **social and affordable housing**.
3. Continue to provide support to companies, notably small and medium-sized enterprises, especially through measures ensuring their liquidity. Front-load mature public investment projects and promote private investment to foster the economic recovery. **Focus investment on the green and digital transition**, in particular on clean and efficient production and use of energy, **sustainable public transport, water supply and treatment**, research and innovation and digital infrastructure.
4. **Broaden the tax base**. Step up action to address features of the tax system that facilitate aggressive tax planning, including on outbound payments. Ensure effective supervision and enforcement of the anti-money laundering framework as regards professionals providing trust and company services.

## Country Specific Recommendations for Ireland 2019

1. Achieve the medium-term budgetary objective in 2020. Use windfall gains to accelerate the reduction of the general government debt ratio. Limit the scope and number of **tax expenditures, and broaden the tax base**. Continue to address features of the tax system that may facilitate **aggressive tax planning**, and focus in particular on outbound payments. Address the expected increase in age-related expenditure by making the **healthcare system more cost-effective** and by **fully implementing pension reform plans**.
2. Provide **personalised active integration support and facilitate upskilling**, in particular for vulnerable groups and people living in households with low work intensity. Increase access to **affordable and quality childcare**.
3. Focus **investment**-related economic policy on **low carbon and energy transition**, the reduction of greenhouse gas emissions, **sustainable transport, water, digital infrastructure and affordable and social housing**, taking into account **regional disparities**. Implement measures, including those in the **Future Jobs strategy**, to diversify the economy and improve the productivity of Irish firms – small and medium enterprises in particular - by using more direct funding instruments to stimulate research and innovation and by reducing regulatory barriers to entrepreneurship.



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