BACKGROUND PAPER

Using Europe 2020 (NRPs and CSRs) at the national level to encourage Environmental Fiscal Reform

Why use Europe 2020 for Environmental Fiscal Reform?

It is the main overarching strategy driving EU economic, employment and social policy, including energy efficiency.

It has potential to influence national Environmental-Fiscal Reform (EFR) strategies and concrete policy measures i.e tax reform or subsidy reform through the National Reform Programmes (NRPs).

Stakeholders, including NGOs and multi-level government are expected to be key actors in the development, delivery and evaluation of the NRPs.

Implementation of the EFR measures will be monitored through Europe 2020.

The Strategies’ Country-Specific Recommendations can put pressure on national governments to take decisive action, based on the EU monitoring process.

It can help to ensure more consistency and uptake on EFR, with EU2020 as a key criteria driving EU funding priorities through Structural and other Funds.

Introduction

This background paper aims to explain the role of the Europe 2020 strategy and highlight some of the main opportunities for national level stakeholders to use the Europe 2020 processes to make progress on EFR, as well as the challenges they may face. It will give particular attention to the role of national stakeholders in influencing the National Reform Programmes and the Country-specific Recommendations, building on national examples and making some general tips on effective action. For a fuller explanation and tips on engagement in Europe 2020, please consult the EAPN 2013 Tool Kit on Stakeholder Engagement in National Reform Programmes and National Social Reports including glossary. See here.
Europe 2020 Strategy: 2010-2020 – In a nutshell

Europe 2020 is the EU’s 10-year strategy for smart, sustainable, inclusive growth.

The Strategy sets for the first time, five key EU targets to be achieved by 2020, which are translated into national targets. The strategy also includes seven ‘flagship initiatives’ supporting the Europe 2020 priorities such as innovation, the digital economy, employment, youth, industrial policy, poverty, and resource efficiency.

The EU 2020 strategy is delivered through a new EU governance cycle - the European Semester - with potentially strong tools for implementation at the national level.

Since 2011 the European Semester is the term used to describe the yearly cycle of policy coordination to ensure joint delivery with Member States on the targets and agreed EU priorities. The European Semester provides a common timetable for EU policy guidance and the monitoring of national actions.

The European Commission launches the European Semester with the publication of the so-called Annual Growth Survey (AGS), a list of general policy priorities for the EU. The AGS is based on the progress report on EU2020 strategy, the Macroeconomic Report and the Joint Employment Report.

The Council of Ministers (regrouped under different formations) and the European Parliament have the opportunity to debate the AGS up to March, when the Spring European Council formally endorses it.

The European Parliament is only involved in the discussion in a formal fashion through the Economic Dialogue, having for example the right to invite the President of the European Commission to discuss the AGS.

Following the endorsement by the Spring European Council, EU Member States are under the obligation of taking EU policy guidance into account when drafting their Stability or Convergence Programmes (SCPs) and National Reform Programmes (NRPs), which they have to submit simultaneously to the EU by 15th April every year.

The Social Ministries, through the Social Protection Committee, have also agreed to develop separate National Social Reports (NSRs) which will be used to feed into the NRP, drawing on broader social objectives linked to the existing EU Social Open Method of Coordination. These cover 3 pillars – social inclusion, health and long-term care and pensions and also put a premium on consultation with stakeholders.

The European Commission evaluates national plans to assure that proposed measures respect the priorities and objectives identified by the AGS. Around the end of May the European Commission publishes its own assessment of national fiscal and structural plans and releases Country-Specific Recommendations (CSRs) as well as euro-area recommendations.
After that, the Council of Ministers approves draft recommendations, the June European Council endorses them and finally the Council of Ministers issues the country-specific recommendations, which become thus “binding” documents for EU Member States.

These recommendations are expected to be taken on board in Member States' policies and budgets in the autumn, during the ‘national semester’, with the possibility of sanctions particularly as regards the implementation of deficit rules and in the macro-economic priorities.

Contrary to the other European institutions, the contribution of the European Parliament to the European Semester is not characterised by precise deadlines. The European Parliament can participate to the European Semester at almost any point in time of the cycle. The six-pack, in fact, has allowed the European Parliament to make use of the Economic Dialogue instrument throughout the whole official Semester process for engaging in a discussion with the other EU Institutions as well as in an exchange of views with national representatives.

The CSRs have potential to be a powerful tool: The Council can only reject CSRs by majority (50% of voting power) – and in the case of Eurozone countries, recommendations can only be rejected by qualified majority (i.e. 2/3 by voting power) of the Eurozone member states. Not implementing these recommendations may trigger further steps through the EU economic governance tools, including the Stability and Growth Pact and the Macro Economic Imbalance Procedure, both of which may ultimately lead to fines.

However, substantial further work is needed to bring out the Semester's political dimension. The European Parliament only gives an opinion, twice a year, on the functioning of the Semester. Many MEPs feel that the whole process needs to be made more democratic, at both national and EU levels.
The figure below summarises the European Semester timeline.

### The European Semester Timeline

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<tr>
<th>European Semester</th>
<th>November/January</th>
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<tr>
<td>Up to March</td>
<td>National Parliaments (mostly in committee formation) discuss national documents to be submitted to the EU</td>
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<td>March</td>
<td>The AGS is being discussed by different Council formations and by the European Parliament</td>
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<td>30th of April</td>
<td>EU Member States submit Stability or Convergence Programmes (SCPs) and National Reform Programmes (NRFs)</td>
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<td>End of May</td>
<td>The European Commission adopts country-specific recommendations for Council opinions on SCPs and for Council recommendations on NRFs plus euro-area recommendations</td>
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<tr>
<td>June to July</td>
<td>The Council proposes draft recommendations, the same European Council endorses them, and finally, the Council issues country-specific recommendations so to make them binding documents for the EU Member States</td>
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<tr>
<td>August to December</td>
<td>National Parliaments discuss government draft budgets and vote them by 31st December</td>
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<td>EU Member States approve national budgetary laws</td>
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**Member States should consult with national stakeholders at all stages of the NRP.**

The Recital 16 of the Integrated Employment Guidelines for the strategy establish clearly that “While these guidelines are addressed to Member States, the Europe 2020 strategy should, as appropriate, be implemented, monitored and evaluated in partnership with all national, regional and local authorities, closely associating parliaments, as well as social partners and representatives of civil society, who shall contribute to the elaboration of National Reform Programmes, to their implementation and to the overall communication on the strategy”\(^1\). See [here](#).

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\(^1\) Integrated Employment Guidelines (European Council October 2010), Recital 16.
OPPORTUNITIES TO MAKE PROGRESS ON EFR USING EUROPE 2020

Engaging stakeholders in NRPs to press for multidimensional strategies.

The NRP process should offer a key opportunity to stakeholders to work together as part of the dialogue process in preparing the NRP. Although the processes/timing varies within each Members State, engagement can mean preparing inputs, attending consultation meetings, responding to drafts and then reviewing the impact and results in the final NRP, and using media to get your message home, including social media. GBE, with other stakeholders, have pressed for an on-going meaningful dialogue process which can show impact. In 2013, the Guidance note on the NRPs, makes a stronger plea for engagement of stakeholders, with a specific section of the NRP to report on institutional issues and stakeholder involvement, “Member States should notably report on how social partners and civil society were involved in the preparation of the NRP’. Stakeholders can also capitalize on increasing awareness of the alienation of many EU citizens to the EU, associated increasingly with the austerity drive, highlighted by recent Eurobarometer reports and EU leaders reflecting a deeper crisis of confidence in the EU.

The guidance note for the 2013 NRPs establishes that each NRP must report on progress on the Europe 2020 targets, as well as the Stability and Convergence priorities focussed on stabilising the economy.

Influencing the Country-Specific Recommendations (CSRs)

The CSRs are the recommendations made by the Commission each May, highlighting gaps in Member States policies/or the implementation, in terms of agreed EU priorities, following their review of each countries’ NRP. These are then discussed/endorsed by Member State’s Prime Ministers in the European Council in June/July. They are therefore a key instrument for influencing Member States National Reform Programmes and potentially their EFR policies, including phasing out environmental Harmful Subsidies.

Although, currently, the CSRs focus predominantly on the macro-economic targets and goals, currently meaning deficit reduction, there has been a small increase in more environmental CSRs GBE, together with T&E and the EEB prepared alternative CSRs in 2013 and also worked as part of a joint initiative on alternative CSRs with other NGOs, supported by the Greens/EFA party, which were presented during a cross-party Hearing in the European Parliament in May 2013.

In the coming years, GBE plans an evaluation of the CSRs and their implementation and further input into the NRPs.

Furthermore, GBE is the environmental representative in a broader EU stakeholder coalition together to prepare new alternative proposals to the Commission and the Parliament, with the attempt to influence the Commission’s proposals and more directly Member State priorities.

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2 www.foes.de/veranstaltungen/dokumentationen/2013/bruessel-14052013/.
3 See Commissioner Andor’s speech at the Annual Convention of the European Platform Against Poverty and Social Exclusion “Stakeholders such as regions and cities, social partners, civil society and where possible those directly affected by our policies, must have a say in designing, implementing and monitoring national reform programmes”.
4 Adhoc alliance includes: EAPN, Eurochild, Caritas Europa, Church and Society, Eurodiaconia, EASPD, Cecodhas, EPSU, Green Budget Group, EEB, Social Platform.
new opportunity arises with the agreement of a new EU social instrument proposed by the Social Protection Committee: the Social Protection Performance Monitor which aims to reinforce coordination of social policy and multilateral surveillance within Europe 2020. This monitor will not only strengthen the monitoring of the social situation in the EU, identifying the main key Trends to Watch, but should help to ensure a stronger set of social CSRs. This might be an opportunity to link to the overall positive social impacts of Environmental Tax Reform – a shift from labour to environmental and resource based taxes.

**Key challenges facing civil society**

**Europe 2020 dominated by Austerity and Macro-economic priorities**

Despite the rhetoric of Europe 2020 towards a more balanced sustainable, social and economic agenda, the strategy continues to be dominated by macro-economic priorities. The key documents make it clear that fiscal consolidation based on austerity remain the main priority, with marginal manoeuvre for support to growth and jobs, and little reference to environmental or climate protection. In 2013, the overwhelming majority of CSRs were focussed on these priorities. This is also reflected in the NRP guidance for 2013. Moreover, countries under the Troika programme arrangements (European Central Bank (ECB), International Monetary Fund (IMF) and the European Commission) are not required to present NRPs, only to give an update on progress towards to the targets.

This failure to have a common requirement for all EU policies to work towards EFR undermines the need for a more balanced economic, sustainable and social approach.

**Weak commitment to stakeholder engagement**

Despite the support from the Commission to increase stakeholder engagement, assessments by Stakeholders, including EAPN, Eurochild and other NGOs have highlighted little improvement. In 2013, only one GBE member managed to engage in the NRPs to some extent, but could not consider the engagement meaningful in terms of respectful interchange and impact on the policy priorities and spending in the NRP. Some promising practices of stakeholder engagement:

**Despite the difficult context, the NRPs and CSRs still seem to offer one of the few opportunities to support progress on national multidimensional EFR strategies.**

However, if progress is to be made, it is important to build on the existing positive examples of stakeholder engagement, promote mutual learning and peer review and to embed adequate guidelines/codes of guidance in Europe 2020 to ensure meaningful engagement.

**GBE will engage actively to enhance the process and the content as part of the CEPRiE project but can significantly improve the impact with your support!**

**SOME GENERAL TIPS FOR ENGAGING AT THE NATIONAL LEVEL**

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5 EC(2012) 750, Annual Growth Survey 2013
1) Identify who is drafting the NRPs/NSRs

2) Ask to be invited to participate in stakeholder engagement

3) Brief members / partners and build a common position

4) Develop key messages and responses/input

5) Consider alternative/shadow inputs or pro-active reports

6) Build alliances

7) Disseminate your message and promote public debate

8) Evaluate your progress and adapt your strategy

Drafted by Constanze Adolf, Director Brussels Office with special thanks to Sian Jones, EAPN Policy Coordinator for substantial input.