

SMEs involvement in the European Semester Process: stocktaking and the way forward



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Foreword

Since the creation in 2010 of the macro-economic policy coordination among EU Member States known as the 'European Semester' which evolved along the years, an increasing number of policies with a direct impact on Crafts and SMEs have been integrated in the process. Nevertheless, the involvement of SME organisations at national level in the different stages of the Semester is still limited. The situation varies in different Member States and changed over the years. However, large room for improvement still remains.

With the COVID-19 pandemic outbreak, the European Union is facing a new economic, employment and social crisis. In the 2021 Annual Sustainable Growth Strategy, the Commission asked Member States to engage in a broad policy dialogue with social partners to prepare their Recovery and Resilience Plans. Furthermore, in the guidance document on the Recovery and Resilience Facility, Member States were invited to outline in their plans how the social partners have been consulted and involved in designing the reforms included in the plan. Consultations went from formal consultations to no consultation at all, and the feedback received from SME organisations shows an important general dissatisfaction.

Monitoring the involvement of national social partners and of SME organisations during the implementation phase of the National Recovery and Resilience Plans should be thoroughly checked by the European Commission on the basis of social partners assessment and report.

As mentioned in the 2021 Annual Sustainable Growth Strategy, the use of NextGenerationEU financial tool has to primarily focus on investments along the line of the Green Deal for 37% and on the Digital Transition of our economy for 20%. These two priorities should not set aside the need to continue the implementation of structural reforms highlighted in the Country Specific Recommendations of 2019 and 2020. They cover the full spectrum of policies and reforms highly relevant for SMEs such as cutting red tape and improving the business environment.

Thanks to the participation of our 25 members in 19 countries, SMEUnited can present valuable results and recommendations from SME organisations with a vast majority of micro-enterprises which would need specific attention. These recommendations focus on strengthening their involvement at the different stages of the European Semester at national level and on how to improve the process to better embed the voice of more than 22.5 million SMEs which employ almost 82 million people in Europe.



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Secretary General of SMEUnited

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	Organisation	Country
	WKÖ - Wirtschaftskammer Österreich	Austria
	BNC – Belgian National Committee for SMEs (UCM & UNIZO)	Belgium
	Made in Bulgaria	Bulgaria
	CCCI - Cyprus Chamber of Commerce and Industry	Cyprus
	FFE - Yrittäjät	Finland
	CMA France - Chambres de Métiers et de l'Artisanat	France
	CPME - Confédération des Petites et Moyennes Entreprises	France
	U2P - Union des Entreprises de Proximité	France
	ZDH - Zentralverband des Deutschen Handwerks	Germany
	GSEVEE - Hellenic Confederation of Professionals, Craftsmen & Merchants	Greece
	IPOSZ - Ipartestületek Országos Szövetsége	Hungary
	Confartigianato Imprese	Italy
	Confcommercio Imprese per l'Italia	Italy

	CNA - Confederazione Nazionale dell'Artigianato e delle Piccole e Medie Imprese	Italy
	ALCCIC - Association of Lithuanian Chambers of Commerce, Industry and Crafts	Lithuania
	CdM - Chambre des Métiers du Grand-Duché de Luxembourg	Luxembourg
	Chamber of SMEs	Malta
	MKB Nederland	Netherlands
	ZRP - Związek Rzemiosła Polskiego	Poland
	CCP - Confederação do Comércio e Serviços de Portugal	Portugal
	CNIPMMR - Consiliul National al Intreprinderilor Private Mici si Mijlocii din Romania	Romania
	OZS - Obrtno-podjetniška Zbornica Slovenije	Slovenia
	ATA - Federación Nacional de Asociaciones de Trabajadores Autónomos	Spain
	CEPYME - Confederación Española de la Pequeña y Mediana Empresa	Spain
	PIMES Group (PIMEB & PIMEC)	Spain

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Executive Summary

SMEUnited project SMILES - SMEs involvement in the European Semester - started in February 2020 with the original aim to assess the level of involvement of SME organisations in the European Semester process. Due to the COVID-19 pandemic the project has been rapidly extended to assess the involvement of SME organisations in the preparation of National Recovery and Resilience Plans after the adoption by the European Union of NextGenerationEU financial instrument as a response to the economic and social crisis.

The report contains the findings of the SMILES project gathered through a questionnaire, mutual learning seminars, a validation seminar and the final conference. Twenty-five SME organisations from nineteen countries took part in the project activities, providing a good overview of the involvement of SME organisations from the process and content perspective. Starting from this analysis, the project partners adopted recommendations both for the European and the national levels.

The main difficulties highlighted by SME organisations are the lack of a clear structured consultation process and the low integration of SME organisations views in policy and reforms included in the National Reform Programmes. The low level of consultation of SME organisations was regrettably confirmed in the drafting of National Recovery and Resilience Plans, with a very diverse picture going from formal to no consultation at all, without a meaningful participation in the whole process. Moreover, more information on the impact of reforms on the business environment for SMEs should be taken into account.

SME organisations recommend a better involvement in the European Semester at national level with a well-structured process of consultation. Moreover, establishing clear deadlines for the different phases of the Semester cycle is key to allow meaningful contributions. As the European Semester and the monitoring of the implementation of the National Recovery and Resilience Plans will be embedded for the next two years at least, SME organisations recommend a meaningful consultation and involvement in the design and implementation of the structural reforms included in the plans.

Introduction

SMEunited launched the SMILES project - SMEs involvement in the European Semester: stocktaking and the way forward¹ in 2020. The aim was to better understand the state of play of SME organisations' awareness, consultation and involvement in the European Semester and to systematically promote their role through the exchange of good practices, mutual learning and recommendations. Following the adoption of NextGenerationEU² and the Recovery and Resilience Facility (RRF)³ by the European Council at the end of July 2020, SMEunited monitored the drafting of the National Recovery and Resilience Plans in the project with a specific focus on the involvement of national SME social partners and organisations.



Figure 1. Countries covered in the SMILES project.

This report is the result of a series of activities: it started with a detailed questionnaire, followed by mutual learning seminars. A validation seminar and discussions were held with representatives from member organisations in between each event and especially at the final conference. The kick-off event of the project took place on 27 February 2020 and aimed to present in a well-structured and easily accessible manner the full cycle of the process and content of the European Semester. After the kick-off, the 25 partners from 19 countries received a fully-fledged questionnaire aiming to collect a detailed assessment of the process and content of their contributions at national level in the different phases of the European Semester. The questionnaires form the basis of the analysis in this report in addition to discussions during the three mutual learning seminars organised in January 2021. The recommendations included in this report address the main gaps identified in the different phases of the European Semester and provide concrete policy pointers to address them. The recommendations were discussed and adopted during the validation seminar held in May 2021 and presented at the final conference organised in September 2021.

¹ For more information, please visit: <https://www.smeunited.eu/smiles-project->

² For more information, please visit: https://ec.europa.eu/info/strategy/recovery-plan-europe_en

³ For more information, please visit: https://ec.europa.eu/info/business-economy-euro/recovery-coronavirus/recovery-and-resilience-facility_en

The European Semester until the COVID crisis

Introduced after the economic crisis of 2008, the European Semester⁴ is the policy cycle through which the European Commission coordinates the macroeconomic and social policies of Member States. It follows an annual cycle:

- the Annual Sustainable Growth Strategy (ASGS) is issued in Autumn and sets out general economic and social priorities for the EU in the year ahead,
- Individual Country Reports are issued in Winter for each Member State to provide in-depth analysis of the social and economic state-of-play,
- National Reform Programmes and Stability/Convergence Programmes are presented by the Member States in Spring to outline specific policies each country will implement to address the economic and social priorities raised by the Commission in the individual country reports and the Country Specific Recommendations issued the year before,
- Annual Country Specific Recommendations (CSRs) are adopted by the Council and issued in June to provide tailored policy guidance to each Member State.

The European Semester process underwent several revisions and now integrates all major relevant policies for SMEs, such as the business environment, the Small Business Act and the new SME strategy, economic and fiscal dimension, financial stability, the green and digital transition, labour market and skills, social protection and social cohesion including the 20 principles of the European Pillar of Social Rights and the social scoreboard.

With the outbreak of the COVID pandemic in March 2020, the European Semester process was disrupted and the European Commission adapted it temporarily to the new current challenges.

The European Semester 2021: the Recovery and Resilience Facility

The 2021 cycle of the European Semester⁵ is deeply impacted by the COVID pandemic and by the adoption of NextGenerationEU. The European Commission proposed NextGenerationEU as an emergency instrument to support the immediate economic and social recovery after the COVID-19 crisis. The central pillar of NextGenerationEU is the Recovery and Resilience Facility (RRF), a large-scale financial support for investment and reforms to boost the recovery of Member States incorporating the digital and green transition. The RRF entered into force in

⁴ For more information, please visit: https://ec.europa.eu/info/business-economy-euro/economic-and-fiscal-policy-coordination/eu-economic-governance-monitoring-prevention-correction/european-semester_nl

⁵ For more information, please visit: https://ec.europa.eu/info/business-economy-euro/economic-and-fiscal-policy-coordination/eu-economic-governance-monitoring-prevention-correction/european-semester/european-semester-timeline/european-semester-2021-exceptional-cycle_nl

February 2021 and Member States had the opportunity to present their National Recovery and Resilience Plans (NRRPs) until April 2021.

The Annual Sustainable Growth Strategy (ASGS) launched in Autumn 2020 set out strategic guidance for the implementation of the Recovery and Resilience Facility (RRF). In 2021, given that the deadlines within the European Semester and the RRF overlap, the Commission deemed necessary to temporarily adapt the Semester. National Country Reports and Country Specific Recommendations were not published in 2021, however the Commission proposed recommendations on the budgetary situation of Member States in 2021 under the Stability and Growth Pact that pursues fiscal consolidation.

Chapter 1: Cross-country analysis

This chapter has been drafted on the basis of the aggregated analysis of 25 questionnaires completed by the project partners from 19 countries⁶. In addition to this first questionnaire, and due to the COVID-19 pandemic crisis, SMEUnited conducted a new survey in January 2021 involving all its members, to enquire and monitor the level of consultation of SME organisations in the drafting of the National Recovery and Resilience Plans.

Process

1. EU Semester process 2020 until the COVID crisis

In this first part of the questionnaire, SMEUnited aimed to assess the modalities and the level of involvement of SME organisations in the European Semester process at national level starting with the consultation process. As shown in table 1, the majority of respondents states that consultation of social partners and SME organisations in the different phases of the European Semester takes place via social dialogue, institutionalised consultation or multi-stakeholders events. Table 2 better specifies who took the initiative to invite SME organisations.

Table 1. Multiple choice question – ‘How are you involved in the process of the European Semester?’

How are you involved in the process of the European Semester?	N. of responses
Social dialogue (only social partners)	11
Institutionalised consultation (e.g. economic and social committee)	10
Multi-stakeholders event, conference, public consultation, informal or online consultation	10
Consultation meeting with all employers together, be it social partners or not	8
Written procedure	7
No consultation	6
Consultation meeting separately (your organisation alone)	5

⁶ Austria, Belgium, Bulgaria, Cyprus, Finland, France, Germany, Greece, Hungary, Italy, Lithuania, Luxembourg, Malta, Netherlands, Poland, Portugal, Romania, Slovenia and Spain.

Table 2. Multiple choice question – ‘Who took the initiative to invite you?’

Who took the initiative to invite you?	N. of responses
European Commission	12
European Semester Officers (ESOs)	9
Your government	9
Another specific body (e.g. Economic and Social Committee)	8

When asked about any improvements in the process of consultation in the various cycles of the Semester prior to 2020, 12 respondents stated that there were no changes, 7 signalled a slight improvement whilst 3 highlighted a slight deterioration.

On access to information and documents, 9 respondents stated that they receive the Draft National Reform Programme prior to their meeting with the governmental authorities and 9 respondents receive information during a conference, public consultation, an informal or online consultation, or a multi-stakeholder event. Moreover, 7 respondents confirmed that they receive meaningful information prior to the meeting with the authorities and 3 only receive oral information in informal context, or written notes including analysis. This information is sent by the government (13 responses) and by the European Semester Officer (9 responses).

On the topic of consultation, Table 3 highlights that the majority of respondents are consulted for feedback on the Country Specific Recommendations and for input on the National Reform Programmes. Table 4 shows more in detail the timings for the consultations. The majority of respondents indicates that the delays for consultation are not realistic to provide meaningful contributions. On having enough time during meetings to express their views, 12 respondents state that the time is sufficient and 6 that it is insufficient.

Table 3. Multiple choice question – ‘Have you been specifically consulted on Country Specific Recommendations (CSRs), either by the European Commission or at national level?’

Have you been specifically consulted on CSRs, either by the European Commission or at national level?	N. of responses
For feedback on Country Specific Recommendations	12
For input on the National Reform Programme (ahead of drafting or comments on draft)	12
For input on the draft Country Report (in drafting phase)	8
For presentation/discussion of the Country Report (after publication)	7

Table 4. Multiple choice question – ‘On timing of consultation’

	National Country Reports	Country Specific Recommendations	National Reform Programmes
Sufficient time	8	4	5
Insufficient time	7	8	10
Unreasonable short delay	2	4	1

The majority of respondents assesses that their views were heard and partially agreed with or taken on board, whilst 7 state that their views were heard but not taken on board. Overall, 10 respondents assess the consultation process as meaningful and only 3 did not find it meaningful. Finally, 17 respondents state that their views have been partially taken on board, which might be considered as a good outcome.

On the overall effectiveness of the consultation, the majority expressed that the consultation was somewhat effective (13 responses) and 7 respondents state that the consultation was not effective. This is mainly due to the lack of time prior to the meetings to provide feedback (11 responses versus 8 who assess that they had sufficient time).

2. European process towards the Recovery phase: the National Recovery and Resilience Plans: consultation during the drafting phase

The results illustrated in the table below were collected from a dedicated questionnaire sent to all SMEUnited members until 26 January 2021 and from the three mutual learning seminars held on 19, 21 and 26 January 2021. The questionnaire aimed to collect feedback on the consultation process on the drafting of the National Recovery and Resilience Plans (NRRPs). The results, illustrated in Table 5, show that all partners in the project are aware about the ongoing process and have more or less actively tried to get involved in the process. At the time of the questionnaire, only very few member organisations had received a first draft:

- a draft had been received by members in five Member States and the consultation process is ongoing (Italy, France, Poland, Hungary and Portugal),
- in some countries the government had already announced that there will be no consultation on the first draft (Germany, Spain, Lithuania, Luxembourg, Austria, Malta, Finland and Bulgaria),
- all other members were waiting for a first draft to comment on it.

The results on the quality of the consultation during the first phase of the process (elaboration of a first draft), gives a mixed picture:

- partners in 14 Member States (Austria, Bulgaria, Cyprus, Finland, France, Germany, Hungary, Lithuania, Luxembourg, Malta, Netherlands, Poland, Portugal and Spain) do not express any complaints on the process,
- some partners complain that the consultation has only been a formal process and more an information event with no or only very reduced possibilities to contribute meaningfully. This is especially true for Slovenia, where meetings with large groups of different types of stakeholders took place,
- some partners from countries with decentralised structures, report that they have been involved so far only at national level, but not at regional level. This is the case for Belgium and Italy,
- no involvement of social partners or SME organisations during the first phase has been reported by members from two Member States (Romania and Greece).

Table 5. Summary of the results on the involvement in the drafting of the NRRPs

Country	Awareness	Consultation	Meeting	Input	Input taken
Austria	yes	yes	yes	yes	no draft
Belgium	yes	yes	yes	yes	--
Bulgaria	yes	yes	yes	yes	no draft
Cyprus	yes	yes	yes	yes	no draft
Finland	yes	yes	yes	yes	no draft
France	yes	yes	yes/no	yes	partially
Germany	yes	yes	yes	no	no draft
Greece	yes	no	no	yes	no draft
Hungary	yes	yes	yes	no	draft received
Italy	yes	yes	yes	yes	partially
Lithuania	yes	yes	no	yes	draft expected
Luxembourg	yes	yes	yes	yes	partially
Malta	yes	yes	yes	yes	no draft

Netherlands	yes	yes	yes	yes	no draft
Poland	yes	yes	yes	yes	partially
Portugal	yes	yes	yes	yes	very few
Romania	yes	no	no	yes	no draft
Slovenia	yes	yes	yes	yes	no draft
Spain	yes	yes	yes	yes	no draft

Following this first assessment conducted in January, partners in the project were given another opportunity to report on the process of consultation until the submission by Member States of their NRRP to the European Commission at the end of April 2021. The final assessment conducted by SMEUnited gives a mixed picture. However, on average, it can be concluded that SME organisations have not been fully consulted or involved in the drafting process, except for few countries such as Poland and Bulgaria. The level of involvement of SME organisations is different from country to country and varies from involvement since the beginning to no involvement at all.

Chapter 2: Analysis per country

Austria

Process

1. EU Semester process 2020 until the COVID crisis

The Austrian government has a legal obligation to consult social partners in all EU-matters, including the European Semester. Therefore, the Austrian Chamber of Commerce (Wirtschaftskammer Österreich - WKÖ) is part of the formal coordination process of the government for the European Semester. The annual cycle of coordination of the National Reform Programme at national level starts in January with an inter-ministerial kick-off meeting with social partners and other stakeholders under the lead of the Federal Chancellery. During this meeting, the process of the European Semester is presented and discussed. Social partners can coordinate and submit their contribution to the National Reform Programme until the end of February. The draft National Reform Programme is shared with social partners mid-March and they can provide comments or amendments before it is adopted by the government in mid-April. Some of the comments are taken on board, especially those regarding more technical aspects. The amendments regarding the numerous activities of the social partners or WKÖ usually are fully accepted.

The European Commission holds regular contacts with the WKÖ in all stages of the European Semester starting with a meeting in the framework of the annual fact finding mission in October. Moreover, the WKÖ has well-established relations with both European Semester Officers, with whom they are in contact to provide feedback on the Country Report and the Country Specific Recommendations. Overall, the WKÖ is satisfied with the level of involvement of their organisation by the European Commission in the process of the European Semester. However, they would appreciate to have more time for providing feedback on the Country Report and the Country Specific Recommendations.

2. European process towards the Recovery phase: the Austrian Recovery and Resilience Plan

The process of consultation of social partners in the framework of the Austrian Recovery and Resilience Plan started officially on 26 January 2021 with a kick-off meeting organised by the Federal Chancellery. The meeting involved all ministries, regions, social partners and civil society organisations. The WKÖ was proactive and submitted its proposals for the national plan before the kick-off meeting and established relations with the desk officer at the Recovery and Resilience Task Force and with the European Semester Officer. All stakeholders could send their proposals for the Recovery and Resilience Plan via e-mail to a joint mailbox set up by the Federal Chancellery and the Finance Ministry, until 26 February at the latest.

No further formal consultation has taken place after the first meeting until the draft RRP was sent to the European Commission on 13 April and some elements of the draft were unexpectedly presented to the press on 14 April.

However, there have been some informal talks of WKÖ representatives with the Federal Chancellery and the Finance Ministry. Following the press conference, the responsible Secretary of State Edtstadler invited the social partners to a 30-minute exchange of information. The requests to the government to receive the draft were denied. The formal adoption of the Recovery and Resilience Plan and its official publication was on 30 April. The WKÖ considers that the Austrian government did not adequately involve social partners.

Content

The WKÖ considers that the Country Report published in February 2020 gives enough attention to SMEs and that the 2020 Country Specific Recommendations are overall balanced, except for recommendation 4 on shifting the tax mix towards wealth and environmental taxes. The WKÖ reports that uncertainty has the greatest impact on investment activity of SMEs during the pandemic. Therefore, increasing liquidity, planning financial security and reducing burdens on companies are key to increase their growth and employment capacity.

In WKÖ's views, the 2020 Country Specific Recommendations rightly call for efficient digital public services and clearly state that bureaucracy must be reduced. The recommendation on giving more resources to SOLVIT Austria is particularly welcomed.

In line with the 2020 Country Specific Recommendations, the WKÖ structured the proposals for the Austrian Recovery and Resilience Plan around three key pillars for the recovery, namely increasing solvency and entrepreneurial resilience, digitalisation boost and investing in the Green Deal:

1. Increasing solvency and entrepreneurial resilience	2. Digitalisation boost for Austria	3. Investing in the Green Deal
Assisting entrepreneurs (SMEs) affected by COVID-19 to develop a vision for the immediate future	Accelerating the extension of high performance broadband	Promoting research on hydrogen technology and renewable fuels
Ensuring compensation for subsequent insolvencies of sound companies	Speeding up the modernisation of IT infrastructure in educational institutions	Prioritising the decarbonisation of industry
Critical Infrastructure Business Platform	Promoting platform solutions for digital learning	Upgrading transmission system capacities for cross-border electricity trade
Transformations check – supporting SMEs in their	Launching a fitness programme for the digitalisation of SMEs in Austria	Promoting transformation of automotive industry

transformation through services of the creative sector

Launching a new craftsman bonus	“Agents of transformation” – training skilled workforce for the digital sector	Supporting sustainable mobility
Establish fund of funds involving leading Austrian companies (investment in innovative companies)	Technology Campaign 2020+ - Promoting economic innovation and digitalisation projects and strengthening FTI Fundament (Research, Technology and Innovation base) through applied research and technological development in the areas: future proof production, digitalisation, “Tech for Green”, life sciences	Modernising the circular economy
		Contributing towards effective circular economy by establishing a “Repair Bonus”
		Establishing a greening bonus for zero-emission vehicles

As regards broader reforms with direct impact on small companies, the WKÖ insists on the need to ensure that Austria is an attractive location for businesses. Therefore, the WKÖ advocates for relieving the tax burden for businesses and their employees, improving the equity structure of businesses, adopting targeted incentives to strengthen digitalisation and future-oriented investments, securing domestic supply of skilled workers and improving measures facilitating the export of goods and services.

Concerning general reforms in Austria, the WKÖ supports the Commission’s recommendations on ensuring the sustainability of the health, long-term care, and pension system. Simplifying and rationalising fiscal relations and responsibilities across layers of government and aligning financing and spending responsibilities are equally supported by the WKÖ. Additionally, the WKÖ recommends to improve the availability of childcare services and measures for improving labour market outcomes for the low skilled.

In terms of content, the WKÖ is overall satisfied with the Austrian Recovery and Resilience Plan and considers that it includes business-friendly measures in many areas. A majority of the measures proposed by the WKÖ were adopted. The SME Digital programme implemented by the WKÖ is prominently included in the digital area, which underscores the important role of this funding for the digitalisation of SMEs. The WKÖ welcomes the focus on research and innovation, including in the area of hydrogen technology and microelectronics.

Of the 20 measures proposed by the WKÖ, the following are included in the Recovery and Resilience Plan:

- Broadband expansion,
- SME digital (Digitalisation programme for SMEs),
- Digital investments in companies (as part of the digitalisation strategy),
- Provision of digital devices for children in schools,
- Hydrogen technology research,
- IPCEI microelectronics and connectivity,
- Repair bonus (for electrical and electronic equipment),
- Transformation of industry (esp. automotive industry),
- Promoting sustainable mobility (3 measures),
- Modernisation of waste sorting plants,
- Parts of the innovation strategy/technology boost and the digitalisation strategy,
- Further measures as part of the technology boost.

In WKÖ's views, the lack of short-term liquidity measures and the lack of adequate priorities in the environmental and education sectors might hinder a positive outcome. For example, there is a lack of digitalisation measures for vocational schools and other education institutions in the education sector. In the environmental area, the framework now envisaged for the decarbonisation of industry is too low to generate sustainable change in view of Austria's and the EU's ambitious climate targets.

Belgium

(contributions from BNC - UCM and UNIZO)

Process

1. EU Semester process 2020 until the COVID crisis

Belgian social partners are officially consulted for the European Semester in the framework of two existing formal structures for social dialogue, the National Council on Labour (*Nationale Arbeidsraad/Conseil National du Travail – NAR-CNT*) and the Central Economic Council (*Centrale Raad Voor Het Bedrijfsleven/Conseil Central de l'Economie – CRB-CCE*). Feedback on the content of the National Reform Programme (NRP) is provided during meetings organised by the NAR-CNT and the CRB-CCE.

UCM and UNIZO consider that the overall process of consultation of social partners is well-established at national level. Social partners do not receive the draft National Reform Programme, however in the framework of the CRB they issue an advice on it before the government starts drafting the National Reform Programme and they can provide a formal

feedback after its publication. UNIZO considers that SMEs have sufficient visibility in the NRP, however more time should be given to provide feedback.

The process for the contribution to the Country Report and the Country Specific Recommendations kicks off in October/November when social partners receive a questionnaire in preparation of the European Commission's fact finding mission. Both formal (NAR/CRB) and informal meetings with the Commission's officials are then organised and there is an excellent cooperation with the European Semester Officer all along the different phases of the process. However social partners are not requested a formal feedback after the publication of the CSRs.

2. European process towards the Recovery phase: the Belgian Recovery and Resilience Plan

Concerning the drafting of the Belgian Recovery and Resilience Plan, a significant delay in the consultation process was due to the late appointment of the national government, which entered into office in October 2020. Two regions, namely Wallonia and Flanders, had already adopted regional recovery plans during the previous summer and requested to have a preliminary agreement on the allocation of the funds before discussing the content of the federal plan. This agreement was finally reached on 11 January 2021.

Social partners are involved in the consultations for the federal Belgian Recovery and Resilience Plan via the CRB-CCE and together with other stakeholders also in the framework of the Federal Council for Sustainable Development (*Federale Raad voor Duurzame Ontwikkeling/ Conseil Fédéral du Développement Durable – CFDD-FRDO*). UNIZO put forward the key priorities for SMEs on the different files. Consultation of social partners also took place at regional level in the appropriate structures (eg. the Social & Economic Council in Flanders), however UNIZO had a limited consultation in the framework of the drafting of the regional recovery plan. On the contrary, UCM could contribute more to the development of the regional plans for Wallonia and Brussels, and less on the federal plan.

Content

As key reform priorities in Belgium, UNIZO identifies the digitalisation of SMEs (e-commerce), the green transition and policies addressing mobility and transport. These priorities are in line with the 2020 Country Specific Recommendations for Belgium, and in particular, UNIZO supports CSR 4 on the reduction of administrative burdens for entrepreneurs. UNIZO considers that Belgium made little progress on the implementation of the 2019 CSRs. Monitoring public procurement and late payments is key for SMEs.

The first draft of the Belgian Federal Recovery and Resilience Plan was shared with social partners in January 2021. It is structured around five axes 1) Sustainability, Climate & Innovation, 2) Digital transformation, 3) Mobility, 4) Humanity & Society and 5) Productivity.

UNIZO and UCM put forward the following recommendations for the Plan:

UNIZO

- Use funding for structural reforms
- Stimulate private sector
- More attention for SMEs in general:
- Ensure that parts of the funds are available for SMEs. UNIZO welcomes the obligation to indicate the beneficiaries for each part of the plan
- Increase support for solvency of SMEs
- Support SMEs to invest on sustainability
- Speed-up network charging points electrical vehicles
- Switch electricity grids from 230 volts to 400 volt
- Enrol a dense network of bicycle 'highways'
- Stimulate (financially) apprenticeships for companies (with a specific focus on SMEs)
- Stimulate export activities & internationalisation of companies
- Invest in a 5G network.

UCM

- Digitalisation of SMEs: support for digitalisation of entrepreneurs, financial support for hardware and software, development of e-commerce, knowledge transfer from big to small companies, support for telework
- Sustainability: private and public buildings renovation, support SMEs for access to public procurement, financial support for building material
- Enhance productivity: financial support and solvency of companies, support entrepreneurs with specific public guarantees when they want to adapt their business model to the new business environment, support creation of new companies and guidance services for new entrepreneurs, support the development of companies who adopt new economic models (for example: circular economy)
- Training: upskilling and reskilling
- Support companies and employment: measures adopted during the crisis to continue as long as needed
- Mobility: improve network charging points for electrical vehicles.

In general UNIZO has a positive assessment of the Belgian Recovery and Resilience Plan, in particular the projects on digitalisation of public administration, on the educational system and on sustainability (e.g, electrification of public transport, renovation wave, charging possibilities for electric cars, bicycle infrastructure). UNIZO welcomes the enforcement of the research & innovation policy and the attention for the improvement of commercial rural areas and town centres.

According to the federal planning bureau the 80% activity rate (employment) will not be reached. This is considered essential for both the Belgian economy and budget. Furthermore, according to UNIZO, the plan lacks a strategic reform of the labour market as an essential measure. Finally many structural reforms need clarification in particular about the involvement of social partners.

Bulgaria

Process

1. EU Semester process 2020 until the COVID crisis

Made in Bulgaria (MiB). is involved indirectly in the consultation for the European Semester via their membership in the Bulgarian Industrial Capital Association (BICA), a representative employers' organisation at national level. MiB is not a recognised social partner at national level but is represented in the Board of the BICA, and both organisations promote policies in favour of micro-enterprises and SMEs in Bulgaria.

The consultation of social partners at national level for the European Semester takes place in the framework of the National Council for Tripartite Cooperation. The preparation of the National Reform Programme is structured around several stages and consultations to which MiB contributes actively.

MiB has good relations with the European Semester Officer and takes part in the meetings organised for the fact-finding mission in October/November. MiB is invited by the European Semester Officer (ESO) to take part in this meeting and considers that there is enough time for preparation. After the publication of the Country Report by the European Commission, MiB is informed by the ESO and the government and issues a statement. MiB is also consulted on the Country Specific Recommendations and sufficient time is allocated in advance to prepare a meaningful contribution. MiB considers that its contribution is sufficiently taken on board from a content perspective.

2. European process towards the Recovery phase: the Bulgarian Recovery and Resilience Plan

The Bulgarian government created a working group on July 2020 that reviewed over 100 projects. Until the submission of the first draft of the Plan in December 2020, many public consultations took place, notably:

- round table discussions with NGOs, government representatives and civil society,
- consultations at national level, regional level, online, at all levels with targeted stakeholders in the drafting phase,
- discussions at all levels and with targeted parties in the drafting phase,
- debates at all levels.

The process of the preparation of the Bulgarian Recovery and Resilience Plan includes several stages of consultation and one of them envisages the discussion of the document with the social partners which provides an opportunity to contribute and discuss the procedural and policy aspects. MiB took part in the different stages of the consultation process and provided a set of recommendations.

Content

1. Persisting structural challenges addressed in the EU Semester cycles

According to MiB, Bulgaria experienced a strong growth momentum that offered an opportunity to tackle its remaining structural challenges and raise its growth potential, especially for SMEs. Building on past progress, national authorities made further efforts to tackle the identified macroeconomic imbalances by strengthening financial supervision and taking steps to address the financial sector vulnerabilities. Economic growth remains robust and the labour market continues to perform well. The growth potential may be hampered by negative demographic trends and the increasing scarcity of skilled workers as well as by increasing regional disparities. Labour shortages and planned government wage increases are expected to drive wage growth above productivity growth until 2020, potentially leading to losses in Bulgaria's competitiveness. Budgetary developments remain positive.

There has been limited progress in upgrading the governance framework for state-owned enterprises, in completing the reform of the insolvency framework and promoting a functioning secondary market for non-performing loans, in improving access to health services, in reducing 'out-of-pocket' payments and addressing shortages of health professionals and in introducing a transparent scheme to revise the minimum income to improve its coverage and adequacy.

Regarding progress towards its national targets under the Europe 2020 strategy, Bulgaria is expected to achieve its target for reducing greenhouse gas emissions and increasing the share of renewable energy. Bulgaria has taken measures to improve energy efficiency but energy consumption remained above the indicative national targets. Bulgaria has made progress on employment, early school leaving and tertiary education rates but has yet to meet its targets. There was no progress towards the R&D intensity target. Major challenges for the education and training system remain, including providing quality inclusive education and tackling early school leaving. Despite ongoing efforts, higher education is insufficiently aligned with the labour market needs. The rate of participation in adult learning is one of the lowest in the EU. Inclusion of Roma in education and the high impact of socio-economic status on educational outcomes remain problematic. The level of digital skills within the overall population remains very low.

Specifically on SME policy, legislative and economic initiatives are taken on an ongoing basis, without delivering expected results. In the views of MiB, SMEs experience administrative burdens and have to provide additional requirements that hinder their capacity to benefit from SME policies carried by the Government.

2. Bulgarian Recovery and Resilience Plan

The European Commission put forward four Country Specific Recommendations on steps for Bulgaria to take in 2020 and 2021 as the country faces the Coronavirus pandemic and the consequent economic crisis. According to MiB, the recommendations address the major reforms that will have a positive impact on SMEs. The measures taken by the government to improve the environment for the development of SMEs and their support during the pandemic had a positive impact. MiB considers that more reforms are needed and significant steps are already being taken for their approval and implementation at all levels in Bulgaria.

Made in Bulgaria made the following specific recommendations during the consultations on the Bulgarian Recovery and Resilience Plan. The Plan should:

- strengthen active labour market policies,
- streamline and accelerate the procedures to provide effective support to small and medium-sized enterprises and self-employed, also ensuring their continued access to finance and flexible payment arrangements,
- invest in the green and digital transition, in particular on clean and efficient production and use of energy and resources, environmental infrastructure and sustainable transport, contributing to a progressive decarbonisation of the economy, including in the coal regions,
- minimise the administrative burden on companies by improving the effectiveness of public administration and reinforcing digital government,
- ensure an effective functioning of the insolvency framework, and step-up efforts to ensure adequate risk assessment, mitigation, effective supervision and enforcement of the anti-money laundering framework,
- include additional measures to support SMEs particularly hit by the crisis. Measures should include the prolongation of financial support and measures to access bank loans,
- ensure adequate social protection and essential services for all, improve access to distance working and promote digital skills and equal access to education,
- address the shortcomings in the adequacy of the minimum income scheme,
- address the demographic crisis, in accordance with the measures agreed in the National Tripartite Agreement by social partners,
- link policy areas to the reforms they contribute to, including by updating and refining the system of indicators,
- programme direct payments without creating new funds for the envisaged indirect payments. The management bodies and structures of the already existing funds should be used,
- mobilise adequate financial resources to strengthen the resilience, accessibility and capacity of the health system, and ensure a balanced geographical distribution of health workers.

Parliamentary elections took place at the beginning of April 2021, and it is to be expected that the new appointed government adopts a new Recovery and Resilience Plan or negotiates some of the priorities and reforms already included by the previous government. In its current version,

the Plan includes significant measures in the field of socio-economic life in Bulgaria, including education and green policy and with a strong focus on issues of SMEs.

Cyprus

Process

1. EU Semester process 2020 until COVID crisis

The Cyprus Chamber of Commerce and Industry (CCCI) is a recognised social partner and is involved in the consultations on the European Semester via written procedure. The Chamber considers that this procedure is not sufficient, and a meeting should be organised instead. Furthermore, more time should be provided to submit the comments in all the different phases of the Semester. On the National Reform Programme, CCCI considers that the consultation was somewhat efficient and the suggestions were only partially included.

CCCI has good relations with the European Semester Officer and takes part in the meetings organised in the occasion of the fact-finding mission organised by the European Commission in October/November. CCCI is invited by the ESO to take part in this meeting and considers that there is enough time for preparation. In 2020, CCCI was offered for the first time the opportunity to provide comments on the draft Country Report with a deadline of ten days. This is considered as an improvement even if having an extension on the set deadline would result in a better contribution. Concerning the Country Specific Recommendations, CCCI gave its feedback after the publication through a press release, expressing its agreement with nearly all the recommendations.

2. European process towards the Recovery phase: the Cypriot Recovery and Resilience Plan

CCCI has been consulted by the government in October 2020, during a consultation process involving several Ministries and social partners. In the following month, CCCI participated in an online conference with relevant national authorities and stakeholders and submitted a detailed paper with its priorities on 24 November. In March 2021, CCCI submitted its comments on the draft Cypriot Recovery and Resilience Plan.

Content

1. Persisting structural challenges addressed in the EU Semester cycles

CCCI highlights that there are persistent delays in the implementation of reforms in key areas such as: the reform of the public sector and local government, the improvement of the regulatory framework, the digital transformation of the country, the modernisation of the judicial system and the improvement of its efficiency, procedures relating to real estate, the privatisation process, the formulation of a long term strategy for Cyprus economy including the

strengthening of its competitiveness, the reform of the education and training system and the transformation of the energy system. Moreover, according to CCCI, more needs to be done for high levels of debt (both private and public) and for the further reduction of non-performing loans.

2. Cypriot Recovery and Resilience Plan

In the document submitted to the government on 24 November, CCCI highlighted 7 priority reform areas and the corresponding measures to be implemented in the Plan:

Priority	Specific measures affecting SMEs and the performance of the labour market
Public Health, Civil Protection and Lessons from the Pandemic	<ol style="list-style-type: none"> 1) improving the resilience and flexibility of the health system 2) strengthening intensive care units 3) securing supplies 4) improving the quality of health services 5) encouraging research and training 6) improving the national health system 7) accreditation of private hospitals 8) autonomation of public hospitals 9) upgrading relevant protocols 10) use of advanced ICT systems
Labour Market, Social policy, Education and Human Capital	<ol style="list-style-type: none"> 1) reform of the education system 2) more emphasis on digital and entrepreneurship skills, VET, lifelong learning, upskilling and reskilling, distance learning 3) strengthening the labour market and social services 4) continuation of employment support schemes 5) encouraging flexible working methods, entrepreneurship including social entrepreneurship 6) youth and vulnerable groups schemes for integration into the labour market 7) facilitation of access to quality childcare services 8) strengthening of long-term care services for the elderly and vulnerable groups
New Development Model and Economic Differentiation	<ol style="list-style-type: none"> 1) further promotion of research and innovation 2) support schemes 3) commercialisation support 4) cooperation between business and academia – chamber 5) support services 6) support to innovative start-ups
Promotion of a Business-Friendly Environment For Investments, SME Support and Improvement of the Efficiency of the Public Sector and the Judicial System	<ol style="list-style-type: none"> 1) facilitation of investments in high value-added sectors 2) encouraging investments in new sectors 3) fast track scheme acceleration 4) investment protection framework enhancement 5) reform of the judicial system and introduction of e-justice 6) support to SMEs and promotion of entrepreneurship 7) encouragement of entrepreneurship including in education 8) support to technological and digital upgrade of enterprises 9) support to R&D and innovation 10) support of youth and women entrepreneurship 11) also vulnerable groups entrepreneurship 12) incentives for e-commerce development 13) incentives for the development of green technologies, products and services and establishment of a consultancy support centre 14) SME certification support 15) encouragement of SME extroversion and export orientation 16) access to finance and loan restructuring schemes 17) impact assessment and SME test improvement

- 18) public administration reform
- 19) elimination of bureaucracy with all positive consequences
- 20) regulatory simplification
- 21) government wage bill
- 22) promotion of e-government
- 23) privatisations
- 24) local government reform
- 25) acceleration of the implementation of the planned reform
- 26) reform of the judicial system
- 27) establishment of new courts
- 28) e-justice
- 29) encouragement of alternative dispute resolution

Towards a
Digital Era of
Efficiency and
Productivity

-
- 1) upgrade of the technical and telecommunications infrastructure
 - 2) further development of high-speed broadband
 - 3) provision of relevant incentives to internet service providers and SMEs
 - 4) introduction of 5G
 - 5) privatisation of state telecom company
 - 6) promotion of e-government
 - 7) keeping the digitalisation momentum
 - 8) promotion of digital signatures and trust services
 - 9) promotion of e-learning and telework
 - 10) relevant training of public employees
 - 11) upgrade of the digital skills of the private and public sector
 - 12) further promotion of ECDL in schools (including IT security)
 - 13) introduction of a chamber scheme for ECDL certification of public employees and SME employees
 - 14) promotion of cybersecurity scheme
 - 15) development and utilisation of advanced technologies like blockchain
 - 16) research support
 - 17) design of relevant courses
 - 18) incentives for the use of such technologies
 - 19) the integrated national digital strategy should include these technologies

Acceleration
of the
Transition to a
Green
Economy

-
- 1) promotion of the energy and climate targets
 - 2) promotion of RES in business enterprises
 - 3) promotion of energy efficiency measures
 - 4) promotion of energy investments such as smart meters and systems and certification of emissions
 - 5) promotion of green products and technologies
 - 6) promotion of the use of electric vehicles and sustainable transport
 - 7) effective management of waste and water resources
 - 8) financing of relevant infrastructure
 - 9) increase in the use of recycled water
 - 10) upgrade of desalination infrastructure
 - 11) financing of anaerobic power stations
 - 12) financing of the recycling of fabrics, clothing and shoes
 - 13) zero food waste programmes
 - 14) protection of biodiversity, wild-life and the environment
 - 15) effective management of Natura 2000 areas
 - 16) strengthening of forest protection and fire fighting
 - 17) protection of coastal areas and the sea
 - 18) promotion of the circular economy
 - 19) support schemes for the strengthening of relevant business activities
 - 20) further encouragement of the separation of waste
 - 21) encouragement of waste reduction including food waste
 - 22) increase in the number and better management of green spots
 - 23) establishment of an information and applied research centre for the circular economy
 - 24) establishment of an information and synergies platform
 - 25) establishment of a centre for research into the circular design of existing industrial products
 - 26) establishment of a programme for the circular economy in the construction sector
-

- 27) establishment of a centre for accepting furniture for remanufacture, repurpose and resale
- 28) financial support for product-as-services systems in the HORECA sector

Budgetary and Financial Measures	<ul style="list-style-type: none"> 1) securing financial stability 2) essential for supporting viable businesses 3) dealing with the problem of non-performing loans 4) need for viable loan restructurings 5) need for a sound foreclosure and immovable property sale framework 6) need to increase the operational efficiency of banks 7) securing budgetary stability 8) need to contain unnecessary expenditure (e.g. government wage bill) 9) need to secure the viability of the national health system without the increase of contributions 10) need to reduce public debt
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In March 2021, CCCI submitted the following feedback to the government on the draft RRP. The overall assessment was positive, however CCCI suggested to include more support measures for SMEs, introduction of entrepreneurship in education and in lifelong learning, support measures for employment and social entrepreneurship. The plan still lacked an export credit insurance scheme, measures on privatisations and to promote alternative dispute resolution, and measures for increasing recycling and circular economy.

CCCI received the final version of the Cypriot Recovery and Resilience Plan in May 2021. CCCI highlights that about 25% of the funds are directly allocated to SMEs whilst about 35% will indirectly benefit SMEs. CCCI is satisfied with the fact that 60% of the funds will directly or indirectly benefit to SMEs.

Finland

Process

1. EU Semester process 2020 until COVID crisis

In Finland, social partners are officially consulted in the Semester process together with other stakeholder organisations that are not formally recognised as social partners but closely involved in the Finnish policy making. Organisations such as the Federation of Finnish Enterprises (Yrittäjät - FFE) are therefore consulted together with other employers' organisations, despite not having the social partner status⁷. In addition, FFE is consulted on an individual basis if further information is needed for the Semester process. In general, FFE considers that the overall process of consultation is satisfactory.

The National Reform Programmes for 2019 and 2020 have been included in the National Recovery and Resilience Plan and FFE was able to comment on them as part of the consultations on the Plan.

⁷ FFE does not engage into collective bargaining. However, in other regards, FFE acts similarly to other social partners.

FFE has good relations with the European Semester Officer and takes part in the meetings organised by the European Commission in the framework of the fact-finding mission in Autumn. On the Country Report and the Country Specific Recommendations, FFE considers that the consultation is more limited. There is no formal hearing organised to collect the views of stakeholders and meetings only take place at the level of sub-committees in the ministries.

2. European process towards the Recovery phase: the Finnish Recovery and Resilience Plan

FFE was pro-active and shared some proposals with the government at the end of September 2020, when the government launched the planning process of the Plan. In November 2020, the Government sent to Parliament a proposal on the planned use of the Recovery and Resilience Facility funds in Finland. Since then, the Government has organised stakeholder events in which the FFE has participated. Based on the feedback from these events and the feedback from the Commission, Finland prepared and sent to the EU the final version of the Recovery and Resilience Plan in May 2021.

FFE considers that the consultation process that took place between September and November 2020 has been timely, varied (formal and informal) and inclusive. The government organised a Road Tour Growth Seminar ending the consultation process of stakeholders in the Finnish regions and presented the results of the consultations to the Parliament in December in the document titled 'Sustainable Growth Programme'. In January 2021, the Parliament discussed the proposal and consulted FFE and other stakeholders several times. Following the consultations, the Parliament adopted a report. Based on the report, the Government published in March 2021 a preliminary version of the Finnish Recovery and Resilience Plan included in the sustainable growth programme, which Finland submitted to the European Commission. This document formed the basis of the Finnish Recovery and Resilience Plan which should be presented to the European Commission in May 2021.

Content

FFE considers that the reforms included in the CSRs in 2019 and 2020 are relevant especially from the point of view of SMEs. In 2019, the Commission recommended to improve incentives to accept work, enhance skills and active inclusion, and to focus on investment-related economic policy on research and innovation. In 2020, the Commission highlighted the need to support employment and active labour market policies and to provide liquidity in particular to SMEs. FFE highlights that progress in these reforms have been very slow, in particular access to finance for SMEs, which is key for the Recovery.

During the consultation process on the Plan, FFE put forward the following reform priorities to support the recovery and economic growth of SMEs:

- improving the transport infrastructure, alternative fuels and charging network,
- improving the energy efficiency of buildings,

- supporting exporting SMEs, especially in the service sector,
- digitalising further the public administration and business services,
- promoting and further developing VET,
- increasing labour mobility,
- improving the accessibility of social and health services.

The first draft of the Finnish Recovery and Resilience Plan is structured around six priorities:

- education, research and innovation,
- sustainable infrastructure and digitalisation,
- global competitiveness,
- labour market, unemployment services and work/life balance,
- green transition,
- accessibility and cost-effectiveness of health and social services.

According to FFE, the first draft of the Plan submitted to stakeholders did not fully meet the priorities for SMEs objectives, however the second draft is more in line with the needed reforms and investments.

The second draft of the Finnish Recovery and Resilience Plan is structured around the following four priorities:

- a green transition to support the structural adjustment of the economy and to underpin a carbon-neutral welfare society,
- digitalisation and a digital economy to strengthen productivity and make services available to all,
- raising the employment rate and skill levels to accelerate sustainable growth,
- access to health and social services to be improved and enhancement of their cost-effectiveness.

FFE is currently discussing how to ensure that implementation will bring the best results for SMEs.

France

(contributions from CPME, U2P, CMA France)

Process

1. EU Semester process 2020 until COVID crisis

At the national level, social partners are consulted on the European Semester in the framework of the Social Dialogue Committee for European and International Affairs (*Comité du Dialogue Social pour les questions Européennes et Internationales - CDSEI*). SME employers social

partners are represented in the Committee (CPME and U2P⁸). Concerning the European Semester, consultation of social partners by CDSEI mainly takes place during the preparation phase of the National Reform Programme (NRP). This consultation takes place at a very late stage, only a couple of weeks before the government sends out the document to the Commission. Organisations have the possibility to annex a written contribution from social partners to the NRP's final version.

Social partners meet with the European Commission each year in November in the framework of its fact-finding mission. This hearing is prepared through a detailed questionnaire sent by the European Semester Officer in September/October. Social partners can send their written replies to the questionnaire. U2P and CPME consider that the consultation organised by the ESO is satisfying concerning its format and content. The questionnaire is long enough (around thirty questions), and the deadline of one month gives sufficient time for preparation. The questionnaires are shared with the representatives of the Commission who participate to the bilateral meeting, and this allows to address the most important points in only one-hour meeting. However, the integration of social partners' comments and information in the Country Report remains insufficient.

The European Semester Officer also requires reactions to the Country Specific Recommendations in order to forward them to Brussels, without any indication on how this feedback is used. Finally, the delay to provide feedback on the CSRs is very short, usually a few days, which limits the content of the response.

2. European process towards the Recovery phase: the French Recovery and Resilience Plan

In September 2020, the French government adopted 'France Relance', a national plan for the economic, green and social recovery to be achieved by 2030. This Plan was drafted in consultation with national social partners and is the basis for the French Recovery and Resilience Plan. The French Recovery and Resilience Plan identifies the provisions that can be financed by the European budget, both concerning the crisis support measures and investment and reform measures. A national monitoring committee will be set up, but only little information is available to date. Some of the proposals submitted by the business organisations were taken into account.

Given the upstream consultation on the French recovery plan, there was no formal consultation on the Recovery and Resilience Plan. Nevertheless, two information meetings were organised in the framework of the CDSEI to present and discuss some elements of the French Recovery and Resilience Plan . According to the usual consultation procedure for the National Reform

⁸ CMA France is a public body under the authority of the Ministry for Economy and as such is not recognised as a "social partner".

Programme, social partners had the possibility to annex their contribution to the final plan, but were not invited to modify the content of the French Plan.

Content

Concerning the Country Specific Recommendations addressed by the European Commission in 2019 and 2020, the three organisations consider that the reforms are not fully implemented and some of them might have further delays linked to the crisis context, such as the pension reform. In general, U2P and CPME consider that the specific needs of SMEs regarding training and apprenticeship, support to enterprises or measures aiming to improve growth are not sufficiently tackled in the CSRs. CMA France considers that the plan targets mainly industrial enterprises and lacks measures intended for the recovery of crafts and trades at local level.

With the outbreak of the COVID crisis and its effects on SMEs, CPME, U2P and CMA France put forward a number of priorities in the Plan “France Relance” including the following:

CPME ⁹	U2P ¹⁰	CMA France ¹¹
<p>110 proposals – « Save the present to build the future » (June 2020)</p> <p>11 propositions satisfied at the moment :</p> <p>The possible extension of the loan guaranteed by the state repayment deferral from 1 to 2 years,</p> <p>Coverage by the state of employees in partial activity' paid vacation scheme instead of the employer.</p>	<ol style="list-style-type: none"> 1) Maintain and reinforce the solidarity fund 2) Reduce burden for local enterprises 3) Improve subcontracting and reinforce the share of local enterprises in public procurements 4) Mobilise savings towards local enterprises 5) Transform the State guaranteed loan into a 10-years loan 6) Reduce the cost of overtime 7) Reinforce buying power of workers 8) Create an organisation to maintain local activities 9) Support consumption in local enterprises 10) Cover extra costs of health measures and reduce them according to the evolution of the situation 	<p>Proposals for a sustainable recovery grounded in local economy and crafts and trades, including:</p> <ol style="list-style-type: none"> 1) Funding and simplifying private and public building renovation 2) Supporting local production through a European system for non-agricultural geographic indicators 3) Access to innovation funding for trades and crafts 4) Earmarking a share of public procurement contracts for European small enterprises ("Buy European Act") 5) Fiscal incentives to reduce labour cost (overtime, hiring new employees) 6) Simplifying the use of EU funding 7) Reduced VAT on reparation

⁹ CPME: https://www.cpme.fr/sites/default/files/2020-06/plan_cpme_de_soutien_dinvestissement_04062020.pdf

¹⁰ U2P identified 14 priorities for the recovery : https://u2p-france.fr/sites/default/files/14_priorites_pour_la_reprise_des_entreprises_de_proximite_pap_0.pdf

¹¹ CMA France : « Pour une relance durable de l'économie de proximité et de l'artisanat » <https://cma-france.fr/relance-durable-economie-artisanat/>

- | | |
|---|---|
| <ul style="list-style-type: none"> 11) Rebuild trust for local enterprises 12) Simplify legal system for enterprises 13) Support development of enterprises 14) Give the priority to territories and sustainable development. | <ul style="list-style-type: none"> 8) Establishing a carbon tax at the European borders. |
|---|---|
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In general, the three organisations agree on the importance to make the measures included in the Plan accessible for micro and small companies, since the tenders for the projects seem to favour larger enterprises (U2P and CPME). Moreover, the programme does not include public procurement as a tool to create growth opportunities for SMEs (CMA France).

In conclusion, the recovery plan is welcome by the three organisations. They highlight that whilst the plan may benefit French SMEs, there is no guarantee that what is indicated in the Plan will ultimately benefit them. The plan will require more efforts to raise awareness and support SMEs. Moreover, the measures will mainly affect the largest SMEs and not very small enterprises, and finally some calls for project in the plan are open for a very short period which limits their access to SMEs.

Germany

Process

1. EU Semester process 2020 until COVID crisis

The German Confederation of Skilled Crafts and Small Enterprises (*Zentralverband des Deutschen Handwerks – ZDH*) is a social partner through one of its branches, the UDH (*Unternehmerverband des Deutschen Handwerks*). In Germany, the process of consultation with social partners and trade associations starts with an informal meeting organised in December/January by several trade associations with the German Ministry for Economic Affairs to discuss the main topics of the National Reform Programme. ZDH has the possibility to provide a position paper on the draft National Reform Programme in March usually with a short deadline. In general, ZDH considers the timing of the consultation at national level insufficient. Moreover, more and better formal and informal consultations with business organisations during the drafting process of the National Reform Programme should be in place.

Concerning the relations with the European Commission, DG GROW organises a meeting in Brussels with ZDH to have an in-depth discussion about the priorities for SMEs. This includes the provision of evidence, data and details on various topics of interest for SMEs in the preparation of the country reports. The Commission is very much interested in a continuous feedback on points of interest. On the Country Specific Recommendations, ZDH is not requested to provide feedback but actively provides input when relevant.

2. European process towards the Recovery phase: the German Recovery and Resilience Plan

The German government started the process of consultation of social partners in mid-February 2021. ZDH did not take part in this consultation because the government only consulted the employers' umbrella organisation BDA, of which ZDH is a member. The government then consulted relevant stakeholders, including ZDH, at the end of February on the National Reform Programme. The government took the decision to work in parallel on the National Reform Programme and the German Recovery and Resilience Plan and to publish two separate documents. The reason put forward by the German government is to finance via the National Recovery and Resilience Plan very specific projects already agreed by the political parties. The National Reform Programme would then reflect the broad reform priorities for Germany over the next few years.

Both consultations were very short, of about one week. The government did not see much room to make a lot of changes neither in the National Recovery and Resilience Plan nor in the National Reform Programme.

Content

ZDH considers that in the National Reform Programme, the German government addressed some important issues to strengthen the German economy in the medium and long-term. However, some reforms that need to be tackled are missing in the National Reform Programme such as:

- strengthen public investment as well as planning capacities at the local level,
- strengthen the competitiveness of the German tax system,
- reduce bureaucratic burden,
- make company creation and business transfers easier and more attractive,
- rely on an extended EU-wide emissions trading scheme to meet the EU's CO2 targets instead of introducing other less economically efficient measures,
- increase the reputation and the image of the dual vocational system and the role of Higher Vocational Education and Training.

Increase the digital catch-up in online interactions between public authorities and citizens/businesses, requiring a more efficient focus on e-government. The 2020 CSRs for Germany rightly focus on the current priority of dealing with the Covid-19 crisis and mention many of the issues relevant for ZDH. The 2020 CSRs for Germany explicitly mention investment in SME digitalisation. Strengthening the digital capacity and competence of SMEs, especially micro-enterprises or enterprises in remote areas with limited experience in digitalisation is key and needs to be better monitored in the country report. Finally, the 2020 CSRs also mention the need to decrease administrative burdens for businesses. ZDH considers that developing e-government at national and *Länder* levels is a key reform to achieve this objective.

Finally, ZDH suggests involving the European SME envoy in the European Semester and in the Fit for Future Platform and intensify the dialogue with the national SME Envoys. However, in order to be successful, the European SME envoy would need to have the support of a “SME task force”, in all Directorates-General relevant to the craft sector to assess the specific impact of new EU legislation on small and medium-sized enterprises.

Since the German Recovery and Resilience Plan will only focus on direct investments in selected projects, ZDH addressed its main priorities for reforms in a position paper on the National Reform Programme.

The first priority is vocational training which in the view of ZDH is not given the relevance it deserves, in particular after the adoption of the Osnabrück Declaration in 2020.

Measures to cope with the pandemic resulted in important additional expenditure in the public health sector and long-term care insurance in 2020 (e.g. due to the COVID-19 Hospital Relief Act and the Corona premium for employees in geriatric care). Since coping with the pandemic is a task for society as a whole, ZDH welcomes the fact that these costs have been supported by federal funds. However, it is unsatisfactory that the federal funds granted for 2020 and 2021 do not completely cover the additional expenditure. In the interests of employers and insured persons, a further increase in health and long-term care insurance contributions must be prevented.

Concerning the promotion of recovery, ZDH underlines that craft businesses, despite being highly affected by the successive lockdown phases, often receive little help or support measures are not accessible to them. This is because the support instruments are very detailed in the practical implementation and their criteria are too precisely defined or are targeting the wrong aspects. Overall, this means that micro and small businesses in particular, are confronted with liquidity problems or funding gaps.

Another priority concerns the increasing need for the management of company successions in the skilled crafts. Improving the inheritance tax law is a key reform that could help in this regard.

In its position paper, ZDH put forward a number of more precise proposals, including:

- need to balance social spending and economic growth,
- accelerate the public investment in infrastructure works (roads, etc...),
- support regions in structural change, incentivise future investments,
- stabilise investments in sustainable transport, help shape the mobility of the future,
- design digitalisation strategically and support SMEs with digital change,
- use digitalisation for the energy transition,
- further expand renewable energies,
- leverage the potential of energy efficiency and renewable heat,
- tap into hydrogen as an energy source,
- harness opportunities for the industry and SMEs arising from the energy transition,

- increase investment in education, research and innovation,
- create a framework for more research and development as well as innovations,
- ensure fair competition in the digital world,
- modernise public procurement law and accelerate public procurement,
- move towards a fair and growth-friendly tax framework, among others by reducing the tax burden on low and secondary earners,
- reduction of administrative and bureaucratic burdens for companies,
- improve framework conditions for labour force participation to address skills shortages.

Greece

Process

1. EU Semester process 2020 until COVID crisis

Greece re-joined the European Semester cycle in 2019 and so far no consultation of the national social partners has been structured.

2. European process towards the Recovery phase: the Greek Recovery and Resilience Plan

The drafting of the Greek Recovery and Resilience Plan was assigned to a group of experts nominated by the government in September 2020, with no involvement of social partners. The Greek Government invited the Hellenic Confederation of Professionals, Craftsmen & Merchants (GSEVEE) to take part in the consultation process in December 2020 (ex post phase) through a short working meeting.

Content

1. Persisting structural challenges addressed in the EU Semester cycles

Despite the 2019 Country Specific Recommendations focused mainly on investments (environmental protection, digital technologies, sustainable transport and education), the government cut the Programme of Public Investments thus discouraging the private sector from new investments. The 2019 Greek National Reform Programme included a very detailed programme for reforms, however there is no essential provision for SMEs, despite the impact of the crisis on them. SMEs in Greece suffer from a lack of liquidity that was further exacerbated by the COVID-19 crisis.

GSEVEE shares a more positive assessment of the 2020 Country Specific Recommendations that refer to “measures to provide liquidity and continued flow of credit in particular on small and medium-sized enterprises most affected by crisis”. However, the government has not taken adequate measures to support the self-employed and SMEs during the crisis. GSEVEE

proposed several measures, including the reduction of VAT especially for the HORECA sector and direct taxation, that were not implemented.

According to GSEVEE, Greece is not pursuing an expansionary pro-growth fiscal policy and is consequently running the risk of stagnation. GSEVEE estimates that there is an urgent need to reconsider the long-term fiscal obligations of Greece in the direction of relaxing the aim of primary surplus.

2. Greek Recovery and Resilience Plan

GSEVEE produced and officially submitted a key policy document including a whole set of proposals for the Greek Recovery and Resilience Plan. The proposals are structured around the most urgent reform priorities:

- climate change and green transition,
- reform of the public sector and the judiciary system,
- reform of the vocational training system,
- tackle the issue of insolvency of SMEs,
- digital transformation of the public and private sectors,
- sectoral policies focusing on stimulating the strongest sectors of the Greek economy,
- measures to support SMEs to tackle the current economic crisis and tools to empower them.

Moreover, GSEVEE considers that more investments need to be addressed via the Plan to sustainable transport and logistics, environmental protection, energy efficiency, renewable energy and interconnection projects¹², digital technologies, research and development, education, skills, employability, health, and the renewal of urban areas, taking into account regional disparities and the need to ensure social inclusion.

Concerning SMEs, two priorities are most relevant: digital transformation and clusters' formation through synergies. In order to achieve the digital transformation, it is key to create, establish and fund multi-functional digital platforms focusing on SME's digital transition as well as deploying digital tools and guidance which will facilitate SME's digital advancement (e.g. e-commerce, digitalisation of production processes, digital logistics), especially for micro-enterprises. Secondly, the formation of clusters constitutes an efficient means to formulate

¹² Interconnection projects refers to 'critical infrastructures' which could provide facilities and different type of services to SMEs (which often lack access to critical resources). For example, an agro-logistic hub could secure a joint and collaborative supply chain, joint financial and insurance instruments, warehouse facilities of fresh products, cost sharing and joint export platforms etc. In manufacturing, an interconnection project could provide SMEs with access to critical assets such as knowledge, technology, equipment, skills, funding and networking through the establishment of innovation hubs, and manufacturing laboratories for SMEs (not only born-digital but also non-tech) across several sectors (e.g. creative economy, agro-food, metal sector).

(backward and forward) inter-linkages across sectoral value chains (e.g. production, marketing, sales, exports) for many small enterprises, keeping at the same time the advantages of flexibility and ability of adjustment in the changes of the economic environment.

According to GSEVEE, the Greek Recovery and Resilience Plan is highly concentrated and directed to large firms which are eligible for the criteria set by the Greek government. There is no provision facilitating the participation of micro, small and medium enterprises. Consequently, the impact on employment and social cohesion might not produce the expected results.

Hungary

Process

1. EU Semester process 2020 until the COVID crisis

The Hungarian Association of Craftsmen's Corporations (*Ipartestületek Országos Szövetsége* - IPOSZ) is a recognised social partner. However it can only indirectly present its position in the 'Permanent Consultation Forum of the Private Sector and the Government' in cooperation with other employers' organisations that are also recognised social partners. IPOSZ is member of several policy fora and committees and regularly participates in the different debates. Usually in Hungary, policy consultations are conducted directly with ministries responsible for the policy in question. Therefore there is no specific consultation on the European Semester as a whole, and different policy areas are discussed in the relevant structures. Moreover, IPOSZ is member of the Enterprise Development Council, a body established under the competences of the Ministry of Finance and the Ministry for Innovation and Technology. All the discussions in the Enterprise Development Council feed into the European Semester.

IPOSZ has regular contacts with the European Commission's representation in Budapest, which regularly holds briefings on issues covered by the European Semester, but not systematically involved in the fact-finding missions organised by the Commission in Autumn. IPOSZ considers that the National Country Reports are very general, whereas the situation of SMEs is very specific. The lack of translation capacities to provide the documents in Hungarian to member organisations and the lack of the necessary staff to follow-up all the initiatives of the Commission hinders a meaningful consultation of members in the framework of the European Semester.

2. European process towards the Recovery phase: the Hungarian Recovery and Resilience Plan

The government initiated social dialogue on the design of the development policy regarding the Multiannual Financial Framework 2021-2027 cycle in October 2020. This consultation process goes beyond NextGenerationEU and the National Recovery and Resilience Plan. IPOSZ was contacted by the responsible Secretary of State on 14th December 2020 to give an opinion on

the draft version of the Partnership Agreement¹³, its Operational Programmes and on the general outlines of the National Recovery and Resilience Plan. The given deadline for consultation was 31st January 2021.

Content

1. Persisting structural challenges addressed in the EU Semester cycles

IPOSZ considers that the 2019 Country Specific Recommendations rightly address the issue of effective social dialogue and engagement with stakeholders, in particular with the organisations representing SMEs and micro-enterprises. IPOSZ supports the recommendations to continue simplifying the tax system, to improve upskilling pathways and education outcomes.

Some of the recommendations are addressed by the government in the National Reform Programme, however the COVID crisis has completely changed the economic environment. As far as micro and small businesses are concerned, the recommendations do not directly improve their situation either in the medium or in the long term. SMEs face specific issues such as generational change, the green and digital transitions and globalisation that are not adequately addressed in the European Semester process.

In general IPOSZ considers that the CSRs are usually too broad to generate a direct impact on SMEs and micro-enterprises.

2. Hungarian Recovery and Resilience Plan

On the Hungarian Recovery and Resilience Plan, IPOSZ put forward some remarks:

- prolongation of the crisis measures,
- reintroduction of solvency support instruments with simplified procedures,
- facilitation of the transition into a greener and circular economy,
- acceleration of the use of ICT technologies and the digitalisation of businesses,
- implementation of the above policy objectives should take place in a SME-friendly manner, with due regard to the situation of micro-enterprises.

IPOSZ considers that it is key that aid and funding effectively reach micro and family businesses in the proportion of their employment and GDP share. Administrative burdens should be reduced and funding should be less difficult to access. SMEs and micro-enterprises need guidance and services of professional organisations to keep pace with the efforts of digitalisation, sustainable production, circular economy, use of renewable energies, green economy and modernisation of water management. Business organisations need more support

¹³ The agreement between the European Commission and the Hungarian authority, that sets out the plans on how to use funding from the European structural and investment funds.

to capacity building in order to be able to employ more professionals to reach hundreds of thousands of entrepreneurs and micro-enterprises and develop adequate services that can generate additional revenues.

The draft Hungarian Recovery and Resilience Plan was opened for consultation on 16 April 2021 with a deadline of two weeks. Based on later government declarations, contrary to the information contained in the draft, the final Recovery and Resilience Plan would not use the loan component of the Recovery and Resilience Facility at the beginning. Loans will be drawn from the Facility on a project basis later on. The final Hungarian Recovery and Resilience Plan was submitted on 11th May and made publicly available on 11th August 2021. As of today, it is not yet known which parts of the plan will be adopted and which will be further discussed by the European Commission.

According to IPOSZ, the proposed measures refer in principle to the Country-Specific Recommendations and existing strategies, but it is not known what proportion of projects will actually reach SMEs and micro-enterprises. IPOSZ is of the opinion that more studies and analyses should be conducted to highlight the real needs of SMEs.

Italy

(contributions from Confartigianato Imprese, Confcommercio-Imprese per l'Italia and CNA)

Process

1. EU Semester process 2020 until the COVID crisis

The three Italian SME organisations Confartigianato Imprese, Confcommercio-Imprese per l'Italia and CNA consider the consultation process in the framework of the European Semester is not properly structured. The three organisations are not systematically involved and the procedures are not fit for purpose. At national level, no formal hearings with SME organisations are organised. The only consultation takes place on the initiative of the Italian Parliament and focusses only on the economic and financial orientations and on the budget law for the calendar year.

Concerning the relations with the European Semester Officers, there is no timely and structured consultation of social partners, notably SME organisations. Meetings organised by the European Semester Officer (ESO) are often not planned in advance, making it difficult to provide valuable inputs.

2. European process towards the Recovery phase: the Italian Recovery and Resilience Plan

The Italian Government presented the draft National Recovery and Resilience Plan in April 2020 addressing the priorities for the recovery of the economy after the COVID crisis. The

consultation of three organisations was not adequate given the unprecedented situation, although some of the proposals put forward by them were taken into consideration.

In June 2020, the Italian Government organised a meeting with all social partners and stakeholders active in the business environment (*Stati Generali dell'economia*) to launch the consultations for the Italian Recovery and Resilience Plan. The three organisations presented their contributions to the Plan. After adopting the Guidelines for the definition of National Recovery and Resilience Plan published by the Ministry for European Affairs¹⁴, two hearings were organised by the Parliament in September 2020. The initial draft of the Italian Recovery and Resilience Plan was presented on 12 January 2021. The new Government consulted the Social partners on 16 April 2021. On 30th of April the Italian Government sent the Italian Recovery and Resilience Plan to the European Commission.

Content

1. Persisting structural challenges addressed in the EU Semester cycles

According to the three organisations, the Italian government did not adequately address the structural challenges included in the National Reform Programmes. The 2019 and 2020 Country Specific Recommendations rightly pointed the need to modernise the public administration, reduce bureaucracy, improve the efficiency of the judiciary system. These reforms are considered crucial for the economic recovery of the country.

Another critical issue facing Crafts and SMEs is the skills mismatch. Upskilling and reskilling of the adult workforce is crucial. These policies should be well designed with adequate active labour market policies in partnership with social partners. On the twin transition, the three organisations consider that the policy measures included in the Plan are supported by sufficient financial investments.

The three organisations believe that, although some elements included in the CSRs can be supported, it will be necessary to better involve all relevant social partners in a planned and structured way, to create a shared basis for the implementation of the National Recovery and Resilience Plan.

2. Italian Recovery and Resilience Plan

The priorities for the Plan put forward by the three organisations are summarised in the table below:

¹⁴ Ministry responsible for the consultation of social partners according to Italian law.

Confartigianato Imprese ¹⁵	Confcommercio	CNA
<p>1. A Strategic Plan for craft and small businesses</p> <ul style="list-style-type: none"> capitalisation of craft companies digitalisation 4.0 for small businesses and support for innovation and research training and transfer of new skills managerial support to crafts and small businesses ensure the indication of origin for all products and support to export Circular Economy and green transition <p>2. Finance as a support for the real economy</p> <ul style="list-style-type: none"> a specific Fund to strengthen access to credit for SMEs and support the business projects participating in the economic regeneration project forms of credit insurance (in B2B credit) to protect credits from insolvency local bonds, oriented towards SMEs, as a valid alternative financing channel to credit <p>3. Jobs and Skills</p> <ul style="list-style-type: none"> increase digital and green skills with continuous training for workers encourage the acquisition of managerial skills in SMEs relaunch apprenticeships schemes <p>4. Regulatory and bureaucracy reduction</p> <p>5. Support to the economic growth in the South of Italy</p> <ul style="list-style-type: none"> encourage the inclusion of SMEs in the planning phase of the cohesion funds 	<p>1. A Strategic Plan for SMEs</p> <ul style="list-style-type: none"> digitalisation of SMEs and support for innovation training and transfer of new skills managerial support to SMEs job attractiveness for young people circular economy and green transition fiscal and credit measures for SMEs <p>2. A Strategic plan for urban economy</p> <ul style="list-style-type: none"> support bottom-up urban regeneration processes strengthen urban economic systems and local services enhance historical activities and business innovation improve local governance by increasing the participation of SME entrepreneurs foster networks and urban business districts <p>3. Culture</p> <p>4. Finance as a support for the real economy</p> <ul style="list-style-type: none"> incentive scheme for pension and welfare funds to invest in private markets establishment of investment platforms gathering both public and private investors and real asset oriented structural strengthening of the guarantee system for access to credit tools to improve the financial structure and sustainability of 	<p>1. SME Finance and small business development</p> <ul style="list-style-type: none"> extension of the loan moratoria up to 31 January 2022 and debt renegotiation strengthening of the public guarantee scheme for the manufacturing and service sectors innovation and digitalisation of SMEs support to the Transition Plan 4.0 incentives for the purchase of new capital goods for SMEs support to investment investment in public research extension of the duration of loans that can benefit from the increased guarantees, from the current 72 to 180 months mitigation of the European regulatory framework on banking supervision (loan moratoria treatment, Calendar Provisioning, new default rules) derogation from the adoption of the new EBA guidelines, which are expected to start after 30 June, with the request for prospective information on the applicant derogations from the introduction of ESG risk profiling strengthening of instruments to promote the capitalisation of companies new tools to access to credit for micro and small businesses support higher technical institutes that train professionals with a high technological specialization <p>2. SMEs green priorities</p>

¹⁵ Confartigianato Imprese (June 2020). Le proposte di Confartigianato Imprese. Accessible here : https://www.confartigianato.it/wp-content/uploads/2017/05/Confartigianato_Web_Rev_5.pdf

- define projects and tenders based on the 'accessibility of business'

6. Policies for young entrepreneurs

- planning the generational transition
- encourage the generational transition

7. Policies for women entrepreneurs

- increase women participation in the labour market
- grants and loans to start businesses

8. Sustainable taxation for small businesses

- review the tax system to achieve a reduction of tax burden for small businesses and workers

businesses and promote and simplify the provision of low-amount loans

- reduction of costs and fees for accepting electronic payments
- strengthening the intensity of public aids provided in the Transition 4.0 plan for all types of investments

5. Jobs and Skills

- strengthen continuous training and digital and green skills
- encourage the acquisition of managerial skills in SMEs
- relaunch apprenticeships schemes
- reform of ALMPs and Public Employment Services
- reduction of labour costs
- flexible contracts

6. Support economic growth in the South of Italy

- improve business environment for companies and businesses
- simplification of procedures for accessing to subsidy tools
- public administrations reform to facilitate the creation of new companies

7. Health

8. and 9. Policies for young and women entrepreneurs

- planning the generational transition and increase women participation in the labour market
- encouraging self-entrepreneurship via training
- grants and loans to start businesses
- share generational statistics to identify priorities and monitoring outcomes
- looking for benchmarks of young capital enhancement in Europe
- simplifying bureaucracy for companies
- develop tangible and intangible infrastructure

- supporting the self-production of energy from renewable sources by encouraging the construction of small plants on small business sites
- making the most of energy communities
- strengthening the fiscal lever instrument to facilitate the energy transition of small businesses, enhancing the green tax credit instrument
- encouraging energy assessments in small businesses
- making better use of circular economy
- removing the legislative barriers to transition

- increase welfare services
- 10. Taxation Reform**
- Revision of IRPEF
 - Create a tax compliance system
 - Reform of judicial system
- 11. Transport infrastructure and services for sustainable accessibility**
- 12. Support to self-employed and professional services**
- digitalisation of SMEs and self-employed and support for innovation
 - social security benefits for self-employed in case of suspension or reduction of work activity
 - fair and equitable remuneration for all self-employed
 - promoting voluntary self-regulation of professions in compliance with technical standards (i.e. CEN, ISO)
 - ensuring compatibility between national and European skills-certification systems
 - including self-employed in ALMPs, national employability and training programmes
 - promoting work-life balance and access to social security for the self-employed
-

The three organisations agree that the implementation of the Italian Recovery and Resilience Plan will require a shared governance from government and regional/local authorities and social partners. The current fragmentation of competencies between the state, regions and municipalities is a challenge for the implementation of the Plan, for the urban regenerations investments, for circular economy and sustainable mobility.

Moreover, the implementation of the Plan needs to be accompanied by a revision of the European Stability Pact, the credit regulatory framework, fiscal policies and the labour market. These reforms are key for the recovery and sustainable growth of Italian SMEs and micro-enterprises together with active labour market policies for employment growth and job mobility towards sectors with high vacancy rates particularly in micro-enterprises.

The reforms included in the Plan, in particular the tax reform, are welcome. Over the years, the numerous regulatory interventions in this area created a complex tax system that contributed to decreasing investment over time. Finally, the timeframe for repaying bank loans backed by

public guarantees to micro-enterprises and SMEs must be extended and their recapitalisation process must be supported at all levels.

Overall, the three organisations consider that the Plan addresses many of the needs of Italian Crafts and SMEs, such as digital innovation, ecological transition, competitiveness and territorial rebalancing, including a rethinking of urban spaces.

Lithuania

Process

1. EU Semester process 2020 until the COVID crisis

The Association of Lithuanian Chambers of Commerce, Industry and Crafts (*Lietuvos prekybos, pramonės ir amatų Rūmų asociacija*) (ALCCIC) is a recognised social partner

There is no official and structured consultation of social partners in the context of the European Semester at national level. ALCCIC is neither present nor invited to contribute to the drafting of the National Reform Programme by the government. Some of the issues included in the NRP are discussed separately during different meetings of the responsible ministries or bodies, however no clear reference is made to the European Semester. ALCCIC actively participates in discussions, events with governmental bodies concerning the economic situation, in many meetings, committees and working groups but it is not directly involved in the EU Semester consultations. ALCCIC is not requested to give any feedback after the publication of the Country Report and the Country Specific Recommendations.

2. European process towards the Recovery phase: the Lithuanian Recovery and Resilience Plan

The Lithuanian government adopted two national recovery plans after the first two waves of the COVID-19 pandemic (in 2020 and 2021). The plans included support measures for businesses to cope with the difficult situation and the relaunch of the economy. ALCCIC actively participated in the Working Group for the Coordination of State Level Emergency Measures to Business under the Ministry of Economy and Innovation by participating in meetings and proactively presenting written positions.

The process of consultation in the framework of the Lithuanian Recovery and Resilience Plan "New Generation Lithuania" started in January 2021, when the government informed social partners and stakeholders via the website of the Ministry of Finance. Some of the consultations took place in 2020 as well.

Public consultations were organised based on specific topics of the plan and all social partners had the possibility to participate and to send their written proposals. The plan was then presented on the website of the Ministry of Finance.

Content

1. Persisting structural challenges addressed in the EU Semester cycles

ALCCIC supports the 2019 and 2020 Country Specific Recommendations and invites the Lithuanian government to further implement reforms to tackle persisting structural challenges. These include the improvement of the tax and benefit system design, the efficiency of education system and of investments on innovation, energy and resource efficiency also in view of the green transition. According to ALCCIC, it is key to improve the short-term and long-term employment situation by improving active labour market policy measures related to skills. Liquidity for small- and medium-sized enterprises and export-oriented sectors should be a priority, together with more investments on the green and digital transitions. SMEs and large companies require more support for technological innovation, digitalisation and green policy measures implementation.

2. Lithuanian Recovery and Resilience Plan

ALCCIC put forward several measures to be included in the Lithuanian Recovery and Resilience Plan, including improving the business environment and programmes for a faster recovery. These measures include:

- specific measures for the recovery for the most affected sectors by the pandemic: subsidies for companies and employees, guaranties for loans, creation of trade credit system,
- measures for liquidity of SMEs and export-oriented sectors, tax review,
- supporting SMEs for the digital and green transition, internationalisation, technological innovation of traditional industry and other sectors,
- improving access to finance for SMEs,
- simplifying procedures and reducing administrative burdens for SMEs,
- tackling the lack of workforce, supporting companies for upskilling and reskilling staff and simplifying procedures for the recruitment of third-country national workers,
- improving the efficiency of the public sector.

ALCCIC considers “New generation Lithuania” as a good recovery and growth plan to support Lithuanian economy. According to ALCCIC, it is very important to successfully transform the economy and remain competitive in international markets and the development of adequate skills for new business models is strongly required.

Luxembourg

Process

1. EU Semester process 2020 until the COVID crisis

The consultation of social partners in the context of the European Semester is part of the “Annual social dialogue in the framework of the European Semester”. This dialogue takes place in March-April under the aegis of the Economic and Social Council (*Conseil Économique et Social - CES*), the government and national social partners (the national representative organisation for employers UEL¹⁶, and the three representative organisations for private and public employees -OGBL, LCGB and CGFP). The government and social partners present their respective positions on the analysis of the European Commission of the Luxembourg situation presented in the National Country Report. The position of the employers’ organisation UEL is integrated in a formal opinion of CES (“*Avis*” – *Contribution commune des partenaires sociaux nationalement représentatifs au Semestre européen*”). *Chambre des Métiers (CdM) Luxembourg* considers that the CES is a useful platform to discuss about the European Semester.

CdM Luxembourg considers that it is necessary to have more in-depth discussions with the government and a more specific focus on SMEs, especially in the framework of a future 5th National Action Plan for SMEs mentioned in the coalition programme of the Government in 2018.

In 2020, social partners prepared the European Semester 2020 and published a formal opinion¹⁷ not discussed with the Government due to the pandemic¹⁸. In 2019, social partners agreed on a renewed and more unified approach aiming at a common presentation of the shared key issues (with a limited number of points where different opinions are explicitly formulated). For the 2020 common position, they agreed about “tax policy” and the SMEs challenges had been taken into consideration. The government was informed of this in view of the traditional public meeting initially scheduled for 30 March 2020, but later cancelled.

CdM Luxembourg usually meets the officials of the European Commission (DG GROW and DG EMPL) in the framework of the Autumn fact-finding mission. This meeting is based on a common agenda discussed with the European Semester Officer and UEL. The European

¹⁶ UEL is the umbrella organisation representing the interests of two professional chambers – including *Chambre des Métiers Luxembourg* – and 6 sectoral federations – including *Fédération des Artisans Luxembourg*. <http://www.uel.lu>

¹⁷ “Avis” published on 14th July 2020 : <https://ces.public.lu/dam-assets/fr/avis/avis-annuels/avis-annuel-2020.pdf>

¹⁸ All the preparations had been interrupted by the emergency measures in the fight against Covid-19 and the state of crisis formalised by the Grand-Ducal regulation of 18 March 2020.

Semester Officer sends to UEL all the official documents adopted by the European Commission for an in-depth consultation. CdM Luxembourg as well as all other member organisations of UEL can send a feedback on the Country Report and Country Specific Recommendations. The information is sent the day of the publication of the official documents and CdM Luxembourg can react in reasonable timeframes.

The overall assessment of CdM Luxembourg of the process of consultation in the framework of the European Semester is mitigated as only a few of the recommendations from the last years were taken on board or implemented by the government. No real discussion was held about the position of the social partners and the government did not really give a formal reply to the questions and propositions put forward by the social partners.

2. European process towards the Recovery phase: the Luxembourgish Recovery and Resilience Plan

In December 2020, UEL sent an official letter to the government with a list of measures to be included into the Luxembourgish Recovery and Resilience Plan. The social partners sent a common letter in January 2021 to the Prime Minister to initiate the proper consultation process.

In March 2021 the official phase of consultation of social partners for the Luxembourgish Recovery and Resilience Plan started with the announcement of the meeting between the government and social partners in the framework of CES organised on 30th March 2021¹⁹. The common position of CES²⁰ had been presented to the government with the demand for a second meeting. The social partners published a common press release²¹ pointing out their dissatisfaction about the process of consultation.

A second meeting was organised on 27th April 2021, but this meeting did not bring a real added value, as the draft²² of the Luxembourgish Recovery and Resilience Plan had already been presented to the press²³ on 10th March 2021 and finally no points had been substantially adapted or added, according to CES. In this draft, it was specified that a process of consultation would be organised in the framework of the European Semester until the end of April and social partners will be given the opportunity to give their feedback on the plan.

¹⁹ https://gouvernement.lu/fr/actualites/toutes_actualites/communiqués/2021/03-mars/30-bettel-semester-europeen.html

²⁰ "Avis" published on 30th March 2021 : <https://ces.public.lu/dam-assets/fr/avis/avis-annuels/avis-annuel-2021.pdf>

²¹ <https://uel.lu/fr/article/un-echange-qui-en-appelle-un-autre-sur-la-contribution-commune-des-partenaires-sociaux/>

²² <https://mfin.gouvernement.lu/dam-assets/publications/ProjetPRR-final.pdf>

²³ https://gouvernement.lu/fr/actualites/toutes_actualites/communiqués/2021/03-mars/10-plan-resilience.html

The Luxembourgish government transmitted its Recovery and Resilience Plan²⁴ to the European Commission on 30th April 2021. Prior to the start of consultation, CdM Luxembourg adopted a position paper²⁵ with 7 major measures for a roadmap for ministerial meetings.. It complements two earlier position papers published during the pandemic²⁶. All these position papers were discussed with the Minister of SMEs (*Ministre des Classes Moyennes*) and the Minister of Economy (*Ministre de l'Economie*) in October and November 2020. The positions presented more specific proposals complementary to the long term proposals made²⁷ by CdM Luxembourg to the Minister of SMEs (“MEMORANDUM de la Chambre des Métiers - En faveur d'une stratégie Artisanat et PME durable et moderne”).

Content

1. Persisting structural challenges addressed in the E Semester cycles

The new government started at the end of 2018. The year 2019 has to be considered as a transition year, where a lot of valuable ideas had been discussed between CdM Luxembourg and the new Minister for SMEs. Many of these measures should have been drafted or implemented in 2020. The Covid-19 crisis slowed down the whole process of implementation of SME policy planned with specific legal reforms on the SME environment.

According to CdM Luxembourg, the 2020 National Reform Programme (NRP) does not present highly innovative initiatives concerning SME policy. CdM Luxembourg is mentioned through different initiatives (however there is no specific focus on SME policy through a separate chapter).

Even if CdM Luxembourg is mentioned in the NRP (page 31: “bill reforming the right of establishment”), the reform of the state aid schemes discussed in 2019 is not mentioned. Besides digitalisation, the transition of enterprises to the next generation is a serious issue for SMEs in Luxembourg.

The problem of a lack of increase of housing supply and especially the lifting of barriers to the construction of social housing by the private sector are not sufficiently tackled. The improvement of the long-term sustainability of pensions is one of the most recurrent recommendations, but the Government did not put forward this subject as a priority nor the very low employment rate of older workers and no real long-term solutions have been proposed so far (time horizon 2040 – 2050). There had been also very few measures proposed to tackle.

CdM Luxembourg notes that some SME and micro-enterprise aspects are mentioned (liquidity problems, lack of demand) in the framework of the post-Covid-19 period, however the 2020

²⁴ https://gouvernement.lu/fr/actualites/toutes_actualites/communiqués/2021/04-avril/30-transmission-prr-commission.html

²⁵ <https://www.cdm.lu/media/CdM-Plan-de-reliance-2-0-Artisanat-12-10-2020-version-publi--e.pdf>

²⁶ <https://www.cdm.lu/mediatheque/media/plan-global-de-reliance-des-activites-dans-l-artisanat>

²⁷ Publication of a résumé

Country Specific Recommendations are considered too general. The National Country Report mentions a certain number of SME policy topics under the chapter “Business environment” but to have more visibility, the report should present on a regular basis a short “SME Policy Scoreboard” concerning the implementation of the national SME Action Plan. The following subjects should be systematically assessed:

- transition of businesses to the next generation and reinforcement of guidance for transferors and transferees,
- digitalisation needs in micro- and small enterprises and measures to be reinforced,
- introduction of new measures for greening in building and energy efficiency of enterprises, especially those concerning expert guidance (new Fit4Climate-Guidance-Scheme for SMEs),
- evaluation and monitoring of the lack of future skills according to Skilled Craft sectors,
- obstacles in the internal market, especially those concerning the posting of workers in neighbouring countries,
- reform of the legal statute of the self-employed and elimination of inequality between the employee and the self-employed status such as access to unemployment benefit or cumulation of pension and salary.

2. Luxembourgish Recovery and Resilience Plan

In its long term position paper mentioned above CdM Luxembourg included forty recommendations in eight chapters recommending areas for future-oriented investments:

- Digitalisation & Innovation,
- Greening (Skills-Certification & Measures to push demand – consumers/enterprises),
- Lifelong Learning Measures & Development of Skills,
- Learning Measures & Development of Skills,
- Transfer of SMEs & Territorial Supply Constraints,
- National SME Policy (linked to EU-SME Strategy).

CdM Luxembourg made an assessment of the final Luxembourgish Recovery and Resilience Plan ²⁸ with a focus on the social and employment, training and all other policies affecting the recovery and the economic growth of SMEs. The general remarks are the following:

- the plan repeats measures already included in the state budget (a relatively limited financial framework of € 93,53 million, with € 76,64 million for 2021 and 2022, and about € 16,89 million for 2023),
- it lacks a clear vision and measures are fragmented,

²⁸ Luxembourgish Recovery and Resilience Plan is based on 3 "pillars", namely: 1. social cohesion and resilience; 2. green transition; and 3. digitalisation, innovation and governance.

- most of the measures are either "reforms" (without a budget), or investments in the public sector,
- there is no direct investment in Crafts and SMEs,
- there are several measures that indirectly benefit the craft sector: e.g. € 40 million are foreseen for a support scheme for charging stations digitalisation of administrations (national employment agency ADEM, platform for public enquiries, one-stop-shop for citizens/enterprises MyGuichet), etc.
- there are only two measures concerning social, employment and training:
 - "FutureSkills" (1.5 million EUR; up- and reskilling of jobseekers for future occupations; measure implemented via the Agency for the Public Employment Service). Two strands might have an impact on SMEs: sectoral surveys to anticipate the evolution of occupations and support for enterprises to analyse/plan their quantitative and qualitative labour needs in a forward-looking manner; "training/e-learning" project for a group of jobseekers under a 6 month stage contract (this measure might be extended to the craft sector during 2021),
 - "Digital Skills" (€30 billion; organisation of online "digitalisation" courses for employees on short-time working in 2021 by 30 training centres - training voucher worth €500 valid until end of 2021).

Malta

Process

1. EU Semester process 2020 until the COVID crisis

The consultation of social partners in Malta starts with a draft proposal for the National Reform Programme presented by the government in December. The discussion takes place in the Council for Economic and Social Development (MCESD), an advisory committee where social partners are represented. The timing for the consultation is considered sufficient, however, there is not sufficient time to meet with other employers' organisations to discuss about the main issues facing SMEs in Malta.

Malta Chamber of SMEs takes part in the Autumn fact-finding mission via a meeting including all social partners. This meeting is quite formal and does not give the opportunity to focus in-depth on the specific situation of SMEs. The Chamber is not requested to provide a feedback after the publication of the Country Report but can provide feedback on the Country Specific Recommendations. The timings for the consultations are considered sufficient.

2. European process towards the Recovery phase: the Maltese Recovery and Resilience Plan

The plan was built on a number of high level discussions not specifically related to the Plan itself. Social partners called for months to understand when the consultation on the Plan would

start, only to be presented with a final Plan at the end. The result of this exercise was that almost all the recovery funds would be used by the public sector for its own investments and reforms. This approach was heavily criticised by social partners who adopted a joint declaration stating that they were not consulted and did not agree with the Plan. After the joint declaration, the government had discussions with social partners to find an acceptable compromise that resulted in social partners endorsing the Maltese Recovery and Resilience Plan.

Content

1. Persisting structural challenges addressed in the EU Semester cycles

Malta Chamber of SMEs considers that the 2019 Country Specific Recommendations address the main priorities for SMEs. However they do not give enough attention to the sustainability and growth of SMEs. The priorities concern the banking sector, postage fees for export and easier access for SMEs to the European funds. On the implementation of the recommendations, the Chamber underlines that the issue of corporate bank accounts is not well addressed in the National Reform Programme. There are still issues with banking fees and for opening corporate bank accounts.

In the 2020 CSRs there is particular attention to the Covid-19 pandemic. Whilst welcoming the support measures adopted by the government, the Chamber recommended to adopt more measures to support SMEs in the recovery phase, such as liquidity and prolongation of the support measures until they are needed.

Malta Chamber of SMEs considers that the following priorities should be addressed by the Maltese Government in order to support SMEs:

- reform of the banking system to allow access to finance to SMEs,
- more continuous training measures for employees in different sectors for successful digital and green transitions,
- reinforced active labour market policy to tackle the long standing issue of labour shortages. The Maltese economy relies on third country national workers for a number of jobs. After the outbreak of the pandemic, the number of work-permits for third country nationals was limited to prevent the risk of increasing unemployment. With the end of the lockdown measures and the restart of the economy, the issue of labour shortages is coming back.

2. Maltese Recovery and Resilience Plan

In the views of Malta Chamber of SMEs, the Recovery and Resilience Plan needs to address a number of reforms, including the restructuring of Malta's economy which is very dependent on the tourism sector. Bank moratoria have to be extended and companies need direct support for investment. More investments on research and innovation can be a game-changer for start-ups and small enterprises. New systems and solutions can make a difference in the SMEs operations as long as the required funds are accessible by them.

The Recovery and Resilience Plan should focus on investing in the Maltese economy by supporting business competitiveness and job creation. SMEs would need assistance to gain confidence to re-invest and continue growing following the pandemic. The plan should also include various reforms and investments related to the green and digital transitions.

Netherlands

Process

1. EU Semester process 2020 until the COVID crisis

MKB-Nederland, together with the other employers' organisations, is consulted every year by the Dutch Government to provide feedback on the draft National Reform Programme (NRP). MKB-Nederland considers that the Dutch government provides information pro-actively, adequately and timely.

Social partners work together in drafting a joint reply to the consultation. The social partners joint report is submitted as an annex to the National Reform Programme. MKB-Nederland considers the process of consultation of social partners efficient and meaningful. Consultations organised by relevant national authorities on the European Semester are issue-based and take place on an ad-hoc basis. It is therefore difficult to provide an overall assessment of the involvement in the European Semester. Several policy experts within MKB-Nederland are consulted on specific topics within the European Semester, among others, innovation, healthcare and the labour market. Social partners are also consulted on the reform programme by the Dutch government.

The European Commission consults social partners including MKB-Nederland in the Dutch Social Economic Council (SER). The Commission presents the National Country Report, which is then discussed in the SER.

2. European process towards the Recovery phase: the Netherlands Recovery and Resilience Plan

Due to general elections held in March 2021, the drafting of a National Recovery and Resilience Plan was delayed.

The dialogue with the government on this plan has to be further complemented. The Dutch government informed social partners and invited them for consultations and MKB-Nederland has pro-actively initiated contacts with the administration. The new government, once established, will have to continue the process. As the formation of a new government has not yet been finished, the Dutch Recovery and Resilience Plan is expected to be ready in time for the second round 2021–2022.

In February 2021, the Confederation of Netherlands' Industry and Employers (VNO-NCW) and MKB-Nederland adopted their new medium term policy flagship document 'Doing business for broad welfare'. In this document VNO-NCW and MKB-Nederland present their main policy lines for the period until 2030. This document will be a basis for their joint contribution to the National Recovery and Resilience Plan.

Content

The 2019 and 2020 Country Specific Recommendations focus on long term reforms to be tackled in the Netherlands, notably the pension reform, the labour market reform (flexible contracts and job-to-job transitions), life-long learning and strengthening the resilience of the health system (e.g. by stepping up the deployment of relevant e-Health tools).

MKB-Nederland expects policy plans in these fields to be included in the programme of the new government. In their strategic overview, VNO-NCW and MKB-Nederland identify some key investments to increase the economic growth of companies and to create a productive, sustainable and inclusive Netherlands:

- sustainability
- digitalisation (including healthcare)
- skills
- research, development and innovation.

For sustainability, digitalisation and skills, substantial support for SMEs is needed in terms of knowledge transfer and financial support. Moreover, research, development and innovation are a key condition to secure economic competitiveness in the future.

The Dutch Recovery and Resilience Plan is expected to invest substantially in the innovative capacity of SMEs. By stimulating digitalisation in SMEs, the Dutch government can contribute to the recovery of the economy and ensure that SMEs respond quickly enough to the digital transition. MKB-Nederland supports this focus on a digitalisation boost for SMEs and is satisfied with the way and extent of involvement by the Dutch government.

The broad SME sector comprises approximately 200.000 SMEs. It is imperative that this group invests in digitalisation on a structural basis. Therefore the Plan should focus on scaling up the acceleration of digitalisation for SMEs. Scaling up and broadening the programme should result in a significant leap in scale: in 4 years, more than 100.000 companies will receive their own digitalisation 'step-by-step plans'. At least 35,000 companies are matched to ICT service providers and 29.000 companies are financially supported with a DigiVoucher in purchasing productivity-enhancing ICT resources. This would be in line with the Recovery and Resilience Plan digitalisation policy priority. MKB-Nederland is also to a certain extent involved in the implementation of these action programmes.

Poland

Process

1. EU Semester process 2020 until the COVID crisis

The consultation of social partners in the framework of the European Semester takes place in the Social Dialogue Council and in the “Interministerial Team for the Europe 2020 Strategy”, chaired by the Minister for Development. The Polish Craft Association (Związek Rzemiosła Polskiego-ZRP) is a recognised social partner and participates in the work of the Interministerial Team in a group with other civil society organisations, including employers' organisations, trade unions, NGOs designated by the Public Benefit Council, public institutions (scientific units, local government units) and government departments.

Since 2011, after the establishment of the European Semester, the Interministerial Team discusses the Country Specific Recommendations, the Annual Growth Survey, the Country Report and the draft updates of the National Reform Programme. At the meetings of the Team, information is also presented on the course of bilateral meetings of government administration representatives together with the European Commission during the European Semester and on comments submitted to the draft recommendations for Poland (CSR). Due to the approaching end of the Europe 2020 strategy perspective, in October 2019, discussions started on possible changes to this consultation process.

ZRP also participates in meetings organised by the European Semester Officer. In 2020, for the first time, ZRP was also invited in a bilateral meeting with the Commission to discuss more in depth the Country Report for Poland. This meeting took place on 6 March 2020 after other conferences on different topics with the participation of representatives of the European Commission. The EC proposed a bilateral meeting with social partners.

In general, ZRP considers the consultation process quite satisfactory. However, the timings for the consultations on behalf of the European Commission are not adequate enough to allow meaningful consultation of members at regional level. On the contrary, the timings of the consultation on the National Reform Programme are considered adequate. On the process at national level, ZRP highlights improvements since the Ministry for Development introduced some measures and the role played by the Ombudsman for Small and Medium-sized Enterprises largely reflecting the expectations of employers' organisations.

In order to improve the process, capacity building is key to strengthen the expert potential of social partner organisations and regional and sectoral organisations associated in their structures, which will also contribute to a greater involvement in the European Semester process.

2. European process towards the Recovery phase: the Polish Recovery and Resilience Plan

The Polish Government decided to structure the Polish Recovery and Resilience Plan around specific areas and established eight working groups with the task to select projects. Each working group is composed of a Chairperson (Director or Deputy Director of the Department for Strategy in Ministry of Funds and the Regional Development), representatives of ministries relevant to the thematic scope of the group, representatives of regional governments, representatives of social partners and external experts. ZRP is involved in two working groups, notably “Innovation” and “Society” (this latter includes issues around skills).

The process for identifying projects and reforms is organised in the following stages:

- STAGE I - Development of thematic criteria
- STAGE Ia - Development of the matrix of compatibility with the NRP
- STAGE II - Preliminary assignment of projects/programmes to the instruments of support
- STAGE III - Elaboration of the detailed scope of information necessary to identify projects/programmes
- STAGE IV - Identification of project/programme proposals
- STAGE V - Developing key assumptions for the implementation system.

ZRP took part in the official consultations for the draft Polish Recovery and Resilience Plan between the end of February and 2 April 2021. On 7 April 2021, ZRP presented its position during the Social Dialogue Council in the presence of the Polish Prime Minister. ZRP official position paper was sent to the Polish Ministry for Funds and Regional Policy (coordinator for the Recovery and Resilience Plan) on 21 April 2021.

On 29 April 2021, Polish social partners sent a joint request to the Polish Prime Minister to include in the Recovery and Resilience Plan the new priority ‘Strengthening social dialogue’, because in their opinion the draft Polish Recovery and Resilience Plan did not fully address the Council's recommendation on social dialogue to ensure effective public consultation and involvement of social partners in the policy-making process.

Content

1. Persisting structural challenges addressed in the EU Semester cycles

The 2019 Country Specific Recommendations reaffirmed the need to increase the efficiency of public spending, increase the retirement age, eliminate obstacles to more permanent forms of employment, and strengthen the innovation economy. According to ZRP, Poland has not made sufficient progress in their implementation.

On public expenses, in the National Reform Programme adopted in April 2019 the government announced a package of measures to support economic growth. Among the planned measures,

the package being prepared to support economic growth has continued to focus on increasing private consumption. According to ZRP, this is not the right approach for a long-term development strategy, because the possibilities of creating internal demand are either limited by many factors or dependent on increasing demand by other social transfers (e.g. extension of the 500+ programme for families, additional support for pensioners and disability pensioners, tax relief for persons up to 26 years old). As a consequence of their implementation, wage pressure could increase, which in turn will contribute to inflation processes.

As regards the recommendation on the elimination of persistent obstacles for more permanent forms of employment, ZRP draws the attention on the issue of insurance premiums for the self-employed. This could distort competition within very similar groups of small enterprises and create the risk of very low pensions in the future. On the increase of the retirement age, ZRP invites the government to adopt a broader approach and tackle the reform of the pension system. Finally, ZRP considers that the following reforms should have been included in the 2019 CSRs: public finances and taxes, development of the dual system of the vocational education and training and improvement of the social dialogue.

On the 2020 CSRs, ZRP underlines that no reference is made to SMEs. ZRP points out that some support measures for companies excluded all micro-enterprises without employees from financial support. ZRP advocates for the simplification of the measures and of the process for accessing the measures for SMEs and micro-enterprises.

2. Polish Recovery and Resilience Plan

The Polish Recovery and Resilience Plan is organised in the following nine areas:

Area	Sub-topics
Health	<ul style="list-style-type: none"> • infrastructure of medical entities • development of human resources for the health care system • scientific research and development of pharmaceutical sector • digitalization of health care • prevention
Innovation	<ul style="list-style-type: none"> • strategic projects for the economy • research infrastructure • innovative technologies • Industry 4.0
Education	<ul style="list-style-type: none"> • modern education • digital solutions • vocational education
Poverty	<ul style="list-style-type: none"> • social and professional integration of people threatened by poverty or social exclusion • access to social services • de-institutionalisation
Clean and sustainable transport	<ul style="list-style-type: none"> • multi-modal national and international transport networks • low-emission urban and regional transport • alternative fuels

Labour market	• digitalisation of transport
	• flexible forms of employment and remote working
	• reduction of the risk of losing a job and assistance in getting a job
	• employee competences
	• labour market participation
	• support the process of life-long learning and the permanent increase of the employee competences.
Territorial cohesion	• transport renewal and mobility
	• revitalisation
	• strengthening potential for urban and rural development
Digitalisation	• 5G network
	• e-government and e-society
	• eliminating white spaces in access to high-speed Internet
	• cybersecurity
Green Economy	• investments in renewable energy sources
	• thermo-modernisation
	• smart grid
	• reduction of low emissions
	• closed-cycle economy (GOZ)

ZRP considers that the draft Polish Recovery and Resilience Plan is a good basis in terms of data, proposals, target groups and proposed changes. Many of the proposed reforms and related measures are well designed to improve the current situation caused by the Covid-19 pandemic. ZRP is also happy with the structural reforms in key areas such as, e.g., industry 4.0, circular economy, strengthening the potential of the science sector to cooperate with enterprises and improving the transfer of knowledge and innovation to the economy. However, ZRP considers that the investments envisaged in the Recovery and Resilience Plan should be better related to the planned reforms.

Despite numerous reforms, the modernisation of the public administration is still not achieved. There is still a complex system of business taxation, a long-lasting public procurement process, ineffective and slow-operating economic trials, a generally complex legal system, and a not encouraging and transparent investment package for companies. Without major reforms in these areas, the Plan might not produce the expected outcomes.

ZRP considers that Poland should invest more than the earmarked 37% for the implementation of climate goals and 20% for digital transformation, due to important reforms to be implemented in these areas. Poland made great progress to close the gap of digitalisation skills in society, however there are still low levels of automation of Polish companies, internet access, digitalisation of public services, delays in the implementation of environmental protection regulations and the use of renewable energy sources.

The Polish Recovery and Resilience Plan includes investments for the modernisation of vocational education, higher education and lifelong learning, as well as investments concerning better adjustment of qualifications to the labour market requirements. Unfortunately, the Plan

does not take into account the key issue for Polish crafts, namely the development of apprenticeship in close cooperation with employers' organisations. According to ZRP, apprenticeship should be developed because they allow the recruitment of trained professionals and facilitate the transition to employment of young people. Employers' organisations, including craft organisations, could play a key role in developing networks for cooperation in VET in the various Polish regions.

Portugal

Process

1. EU Semester process 2020 until the COVID crisis

The Portuguese Confederation of Commerce and Services (*Confederação do Comércio e Serviços de Portugal – CCP*) is a recognised social partner and participates in the ‘Permanent Commission of Social Bargaining’ (CPCS), a tripartite body. Issues around the European Semester might be included in the agenda of the meetings of this Commission, but not in a consistent way, which means that there is no regular consultation established in the framework of the European Semester.

Concerning the drafting of the National Reform Plan, social partners usually participate in the drafting of an opinion paper. A specific working group is created within the Economic and Social Council, with the participation of all ESC's stakeholders. CCP considers that this working group has very short time to draft the opinion, which usually results in not including the views expressed in the opinion in the NRP.

Several consultations of social partners take place on the invitation of the European Commission and managed by the European Semester Officer in Portugal. These meetings take place in the different stages of the European Semester (or some of them) and/or on specific fields (e.g.: social policy, financial policy, CSRs...). After the publication of the Country Report and the CSRs, the ESO organises meetings with the social partners in order to get a feedback. No consultation is organised before the publication of the Country Report and the CSRs.

2. European process towards the Recovery phase: the Portuguese Recovery and Resilience Plan

The government appointed an expert to draft the Plan. CCP has not been consulted, and only invited to a meeting with the expert after the first draft was presented. CCP sent pro-actively a list of issues to be included in the Plan.

Content

1. Persisting structural challenges addressed in the EU Semester cycles

The latest National Reform Programme presented by the government had some weaknesses, due in part to recommendations only focusing on the labour market and on services trade. The NRP did not address the State Reform, investments for public growth and the priority for investment in the private sector. CCP considers that public investment should be made to encourage private investments in transport infrastructures, qualifications, skills and R&D.

Concerning the State Reform, CCP recognises that a substantial positive evolution has taken place in digitalisation (e-government), but that has brought the disappearance of the human presence, of the possibility to speak with someone and to solve particular details in a more personalised context.

Reforms of public administration and the judicial system are highly due. There is still a significant fragmentation of public services that companies need to get in contact with, and, in case of issues, the average time to solve any kind of judicial process is very high.

CCP highlights that the 2019 Country Specific Recommendations were not fully implemented. In particular, there was no improvement in the insolvency process and in the functioning of administrative and fiscal courts, and no significant reduction of the fiscal burden. CCP recommended a series of reforms including the improvement of qualifications and of employability of young people, the revision of a set of fiscal instruments (guarantees, caducity and prescription), effective implementation of the SME Test and of the regulatory gate.

Taking in consideration the COVID-19 pandemic, CCP considers the 2020 Country Specific Recommendations adequate. Financial support to companies and their recapitalisation was adequately addressed as the most impacted sectors need to access instruments for their recovery (financial, administrative simplification...). CCP welcomes the recommendations on the state reform, the revision of the social security model and the need to design and implement specific policies addressing urban centres. CCP fully supports the only specific recommendation addressing SMEs, notably “Temporary measures, aimed at making possible the access of companies to financial liquidity – in particular, SMEs – should be implemented”. CCP welcomes the recommendations addressing the need to support employment and give priority to measures that aim to preserve work places. CCP stresses the need to support digital technologies use to ensure an equal access to quality education and vocational training and to reinforce the competitiveness of companies. CCP does not consider necessary to change the current Labour Code to deal with the current crisis.

2. Portuguese Recovery and Resilience Plan

Concerning the Portuguese Recovery and Resilience Plan, CCP highlighted the following main critical points:

- to include the sectors that have been most affected by the crisis – commerce and services (they were lacking in the first draft and insufficiently addressed in the second draft),
- the allocation of resources, by area of activity and intervention, does not sufficiently recognise the importance of business role in the economic and social context,
- to clarify how measures to support companies' finances and their recapitalisation will be implemented,
- to support and promote a territorial policy focusing on the important role of cities for the country's competitiveness,
- to improve the governance model,
- to define a national strategy to respond to the demographic challenge, along with a discussion on the social security system requiring news sources of financing.

Romania

Process

1. EU Semester process 2020 until the COVID crisis

The National Council of Small and Medium Private Enterprises in Romania (*Consiliul Național al Întreprinderilor Private Mici și Mijlocii din România* – CNIPMMR) is a recognised social partner and is represented in the Economic and Social Committee. The consultation of social partners in the framework of the European Semester takes place with a meeting organised by the government to present the National Reform Programme. This meeting is considered only as a formality and the timing is insufficient for a meaningful feedback.

The European Commission Representation in Romania organises an event for the presentation of the Country Report open to all stakeholders. Apart from this meeting, CNIPMMR is not invited to any other event or meetings with EC officials in the framework of the fact-finding mission.

2. European process towards the Recovery phase: the Romanian Recovery and Resilience Plan

General elections in Romania took place on 6 December 2020 and until the appointment of the new government, the process of drafting the Recovery and Resilience Plan was not initiated until February 2021. In February, the representatives of the Ministry of European Funds met with social partners and with all the stakeholders involved in the drafting the Plan. During these meetings, it was established how the social partners will be able to come up with proposals for the national Recovery and Resilience Plan, and the deadline was established until 25 February. The government presented the first draft of the Plan on 19 March. As of May 2021, public authorities involved in the process have not held any other debate. Social partners publicly expressed their dissatisfaction with the elaboration of the national Recovery and Resilience Plan and its content, especially on the issue of strengthening and developing bipartite and

tripartite social dialogues. However, no consultation on this issue was organised by the government.

Content

1. Persisting structural challenges addressed in the EU Semester cycles

According to CNIPMMR, the 2019 and 2020 Country Specific Recommendations do not adequately address much needed reforms to improve the business environment for SMEs, notably the flexibility of the labour market and the digitalisation of the public administration and companies. Moreover, CNIPMMR underlines the need to increase the accessibility of SMEs to financial resources, since they still experience difficulties to access credits.

The issue of capacity building of social partners is mentioned in the CSRs and CNIPMMR insists on the need to increase the financial resources of SME social partners and organisations.

2. Romanian Recovery and Resilience Plan

The Romanian Recovery and Resilience Plan is structured on 6 pillars aimed at achieving reforms in public administration, in health, education, infrastructure, digitalisation and social inclusion. CNIPMMR put forward the following priorities for the development of SMEs linked to the reforms included in the draft Plan:

- creating a fund to stimulate business competitiveness with a focus on innovation and digitalisation by creating and scaling up digital innovation hubs and supporting the development of science and technology parks with applications in the digital field,
- creating a fund for the development of specialised human resources in the field of ICT at national level, including policies for maintaining and attracting highly qualified ICT staff to the public system,
- creating a fund to support robotics in administration and business - Robotic Process Automation (RPA) - and the promotion of Artificial Intelligence (AI),
- creating a fund for the introduction in formal and non-formal education of the digital professions of the future,
- creating a fund to increase the availability of electronic services to citizens, businesses, government, increase the availability of ICT infrastructure and implement physical infrastructure (power, cooling, civil works) necessary for the operation, development, modernisation of ICT infrastructure / services,
- reducing the administrative burden for companies,
- developing the digital application related to the single control register,
- simplifying the procedure for authorising the registration of representations of foreign companies in Romania,
- developing financial instruments by transferring 4% of the allocation to the national compartment of the InvestEU programme and by direct granting to the European Investment Bank Group (European Investment Bank and European Investment Fund). Attract potential

other international financial institutions to finance specific priority areas of the respective national Recovery and Resilience Plan, green transition (renewable energy, energy efficiency, etc.); digital transformation and refurbishment; technological support for large polluters; social entrepreneurship and social economy; solvency instrument; technopoles, industrial parks and technology parks; education and health,

- creating a financing scheme to support the listing costs of mature Romanian companies,
- creating grant schemes for the organisation and consolidation of agricultural associations, development of service warehouses and marketing activity for local products and brands and promotion of short supply chains,
- increasing social dialogue by operationalising the Economic and Social Council, strengthening the capacity of trade unions and employers' organisations and granting a scheme for capacity building of social partners.

On 25 February 2021, CNIPMMR submitted the following reform proposals to be included in the national Recovery and Resilience Plan:

- carrying out a reform regarding the establishment of the minimum wage. The objective of the reform is to create a permanent mechanism for establishing objectives and relevant criteria to establish a minimum wage at national level,
- redefining the sectors of activity which correspond to the economic and industrial realities of Romania. The measure will facilitate the initiation of negotiations at sectoral level, the parties being able to identify their social dialogue partners more easily,
- updating occupational standards: this activity presupposes the direct involvement of employers' and trade unions' organisations as well as of labour specialists in defining the new occupational standards to correspond as much as possible to the reality and to train the necessary staff to carry out economic activities,
- developing the institutional and management capacity of social partners in order to be accredited as private intermediary bodies. This requires the adequate training of social partners in the field of managing measures financed by European funds
- strengthening the social dialogue with the aim of negotiating bilateral collective agreements between social partners,
- supporting digital transformation of SMEs (so that SMEs can benefit from IT equipment, internet connection, website, electronic signature). This measure should benefit to at least 300 start-ups,
- creating a makerspace / robotics laboratory in each region.

Only a small part of the measures proposed by CNIPMMR were integrated in national Recovery and Resilience Plan. Moreover, the plan contains very few reforms aimed at improving social dialogue despite the specific CSR on received by Romania on this topic.

Slovenia

Process

1. EU Semester process 2020 until the COVID crisis

The Chamber of Craft and Small Business of Slovenia (*Obrtno-podjetniška zbornica Slovenije* – OZS) is a social partner and member of the Economic and Social Council, where the consultation on the National Reform Programme (NRP) takes place. OZS considers that social partners should be better involved prior to the presentation of the NRP in the Economic and Social Council. OZS recommends to organise more meetings with the different involved ministries to discuss in advance the content of the National Reform Programme.

Every year, social partners request the government to send relevant documents earlier in order to have more time to adequately prepare their contribution. According to OZS, social partners should be involved earlier to be able to improve the NRP when it is still a draft. OZS would appreciate a much stronger role in the design and implementation of relevant policies and reforms impacting SMEs.

OZS takes part in the different fact-finding missions organised by the European Commission. All employers' organisations have bilateral meetings with the Commission's officials. Contacts with the European Semester Officers are quite good and they reach out to OZS once or twice per year.

OZS considers that the deadlines for the consultations both at national and European level are too short, and that more capacity building measures are needed to support social partners in their dialogue with the government.

2. European process towards the Recovery phase: the Slovenian Recovery and Resilience Plan

The process of consultation of social partners in the drafting process of the Slovenian Recovery and Resilience Plan has been unsatisfactory. The Slovenian government discussed two draft versions of the Plan with the European Commission, whilst not involving social partners at national level in the process of drafting. The Government justified this lack of consultation by stating that the Recovery and Resilience Plan is considered an internal document and therefore not publicly available.

In November 2020, social partners discussed this issue at the Economic and Social Council and requested to be actively involved in the process. The Council established the expert committee for the Recovery and Resilience Plan, – to whom the draft plan was briefly presented by some ministries during a virtual meeting in the first week of December 2020. In the first half of December, OZS sent its written proposals to the Ministry of Economy.

During a virtual meeting held in January 2021, the representatives of the Ministry of Social Affairs and Labour presented their chapter of the Recovery and Resilience Plan and the social partners could express, orally or in written, their positions. OZS put forward the need to increase digitalisation and to strengthen the capacity of social partners.

Between March and April 2021 a new round of virtual meetings took place with the representatives of the Ministry of Economy, the Ministry of Justice, the Ministry of Infrastructure, the Ministry for Public Administration, and the Ministry of Education who presented their chapters of the Recovery and Resilience Plan OZS sent its written proposals to the Ministry of Education regarding vocational education and training, including apprenticeship and how to best promote it.

On 23 April, the Recovery and Resilience Plan was discussed again during a meeting of the Economic and Social Council.

Content

1. Persisting structural challenges addressed in the EU Semester cycles

OZS considers that the 2019 and the 2020 Country Specific Recommendations are too general and that the 2020 CSRs focus on the short-term COVID crisis instead of addressing important reforms that would support the improvement of the economic and social situation of SMEs. According to OZS, Slovenia should address the labour law reform, tax reform, health reform and reduce administrative burdens for SMEs. Moreover, the 2020 CSRs do not insist enough on measures to provide liquidity and financial support to businesses and to reduce their administrative burdens.

OZS also suggests to tackle the challenges linked to demographic change in Slovenia which faces an ageing population. The pension system and long-term care services need to be addressed in the short term.

2. Slovenian Recovery and Resilience Plan

In December 2020, OZS submitted its proposals for reforms and investments focussing in particular on:

- strengthening the business ecosystem,
- introducing a scheme for second chance for companies (soft measures and financial instruments),
- introducing a scheme for the business transfer to the next generation (soft measures and financial instruments),
- introducing a support scheme for post COVID resilience, including an dedicated advisory centre for SMEs,

- digitalisation and modernisation of Chamber's support services to provide better comprehensive services for clients,
- creating a one-stop-shop digital platform for financial instruments & incentives easy accessible by SMEs,
- capacity building in the area of digitalisation and strengthening digital competences of social partners.

According to OZS, the main shortcomings during the drafting phase of the Slovenian Recovery and Resilience Plan are the lack of transparency of the process, of comprehensive and updated information and the fragmentation of the Plan due to different ministries involved in its drafting.

As of 16 April 2021, social partners have not received the latest official version of the Plan, which apparently has been negotiated between Slovenian authorities and the European Commission. The Plan will be submitted for final approval by the government prior to the official submission to the European Commission.

Based on the last presentation in March 2021 by the Ministry of Economy, the economic component of the Slovenian Plan will be focused on support for large businesses.

Spain

(contributions by CEPYME, ATA and PIMES Group - PIMEC)

Process

1. EU Semester process 2020 until the COVID crisis

The Spanish Confederation of Small and Medium Enterprises (*Confederación Española de la Pequeña y Mediana Empresa – CEPYME*) is a recognised social partner at national level and micro, small and medium enterprises in Catalonia (*Micro, petita i mitjana empresa de Catalunya – PIMEC*) is a recognised social partner at regional level. The Federation of Self-Employed Associations (*Federación Nacional de Asociaciones de Trabajadores Autónomos – ATA*) is not a recognised social partner, nevertheless it takes part in the Tripartite Social Dialogue when it comes to reforms directly related to self-employed. Generally ATA does not take part in the European Semester consultations.

The Ministry of Economy and Digital Transformation (*Ministerio de Asuntos Económicos y Transformación Digital*) meets with social partners (employers' associations – CEOE and CEPYME - and trade unions – UGT and CCOO) to discuss the contributions to the European Semester. The Government proposes a draft National Reform Programme with inputs and data, which is discussed and reviewed by social partners, who propose their own input. The Spanish Government only partly integrates the input from social partners in the final document, in particular issues that have been agreed by all social partners. In the past, an annex with the major points of disagreements between social partners was added to the NRP sent to the

European Commission. Unfortunately, this good practice is no longer implemented. CEPYME considers that social partners have insufficient time to provide their contribution.

CEPYME is not directly consulted by the European Commission in the framework of the European Semester and PIMEC has informal contacts with the European Semester Officer in Madrid since 2019.

2. European process towards the Recovery phase: the Spanish Recovery and Resilience Plan

On 7 October 2020, the Spanish government presented the National Recovery and Resilience Plan (*España puede – Spain can*). CEPYME was not consulted before the drafting of the plan, however, within the structures of social dialogue, CEPYME is defending the perspective of SMEs. On a regional perspective, PIMEC considers that the draft National Recovery and Resilience Plan lacked any reform proposals and it is unclear how regional plans will be included or considered in the final National Plan.

In January 2021, the Spanish Government submitted thirty proposals for reform, without including the much needed labour market and pension system reforms. On January 26, national social partners were called to a summit to discuss labour and pension reforms.

On April 30, the Spanish Government submitted its final National Recovery and Resilience Plan, containing 4 key objectives, 10 areas of action, 110 investment proposals and 102 reform proposals²⁹. The Plan itself mentions that five meetings were held with social partners between November 2020 and April 2021 to discuss the Plan actions and the reform programme.

Content

1. Persisting structural challenges addressed in the EU Semester cycles

CEPYME considers the 2019 and 2020 Country Specific Recommendations appropriate and highlights the areas that are more relevant for SMEs: on employment, the simplification of the hiring process and .on training, improving the matching between offer and demand are essential. Moreover, SMEs need to foster innovation and energy efficiency. CEPYME insists on the need to further implement the Law on Market Unity to enhance investment, productivity, economic growth and employment. In general, CEPYME highlights the need to improve the implementation of structural reforms such as addressing the unemployment rate, budgetary consolidation including pensions, and the low growth of the productivity. CEPYME also calls for specific measures to support SMEs scaling-up, to increase their competitiveness, improve the

²⁹ <https://www.lamoncloa.gob.es/presidente/actividades/Paginas/2020/espana-puede.aspx>

business environment and tackle structural changes such as digitalisation and environmental sustainability.

PIMEC adds that important measures in the CSRs are missing, to raise the share of public procurement for SMEs and tackle the issue of late payments. More attention should be paid to improving the business environment by implementing an enterprise tax system in favour of SMEs, liquidity, investment and retained earnings. Removing red tape and ensuring fair competition across all sectors, in particular in the energy sector, is highly necessary.

ATA underlines that the CSRs do not take sufficiently into consideration the specific challenges of the self-employed in Spain. These include digitalisation, insolvency and second chance, late payment from public and private sector, fighting black economy and undeclared work, improving self-employment social protection and finally the public sector reform. The public sector should be reformed to ensure agile administrative procedures, equal access and support for SME's, entrepreneurs and self-employed, better regulation and the reduction of administrative burdens and red tape.

2. Spanish Recovery and Resilience Plan

The Plan presented by the Spanish government in October is structured around ten areas. CEPYME sent specific comments on four areas of interest for SMEs:

Areas	CEPYME's Priorities/Projects
Modernisation and digitalisation of companies	<ul style="list-style-type: none"> • Boosting SMEs • Industrial Policy Spain 2030 Projects: <ul style="list-style-type: none"> • PymeDigital • Industrialisation of SMEs
Education and training	<ul style="list-style-type: none"> • Fostering digital skills for all people, in particular upskilling of adult workforce • Boosting VET and reform VET Law
New economy and employment policies	<ul style="list-style-type: none"> • Active policies for a more dynamic, resilient and inclusive labour market • Social dialogue to set up the Spanish Strategy to Activate Employment
Modernisation of the fiscal system	<ul style="list-style-type: none"> • Sustainability of the public system of pensions • Social dialogue for reforming the public system of pensions

In general, CEPYME recommended to avoid the adoption of policies and measures that are an obstacle to the recovery of companies (i.e. labour market reform) and could make it difficult for SMEs to survive. Direct grants to SMEs to improve their economic liquidity, to ensure their digital transformation and to support their green transition would be the most adapted measures to make them more resilient, and therefore boosting the recovery of the economy. CEPYME considers that the Spanish Recovery and Resilience Plan included the most general priorities for SMEs, however, the implementation phase of the priorities is key for the economic recovery of companies.

PIMEC emphasised the following key components of the National Recovery and Resilience Plan and the deployment of recovery funds in Spain:

- the participation of SMEs must be safeguarded in all programmes and investments. PIMEC questions the role of “Strategic Recovery Projects” (PERTE) led by large companies in key areas (e. g. electric vehicle, health, AI, etc.) and calls for the involvement of SMEs as suppliers in all of them,
- SMEs should receive funding from NextGenerationEU in the form of grants and not loans, as they are already heavily indebted because of the Covid-19 pandemic,
- SMEs should be allowed to apply collectively for funds through consortia and sub-grant schemes. This is already foreseen in Royal Decree 36/2020 that rules on the management of recovery funds but has not been further elaborated so far,
- large enterprises should not receive NextGenerationEU resources if they do not comply with the payment term of 60 days with their suppliers and subcontractors, as set in the Law 15/2010 and the European Directive.

In terms of reforms, according to CEPYME it is urgent to reach an agreement on the pensions system. The modernisation of the Public Employment Service is also key, particularly its management software, support to unemployed and support services to improve people employability. It is absolutely necessary to create a unique and integrated Vocational Education and Training (VET) system, which should respond adequately to labour market and employers’ needs. The VET system should give social partners a leadership that has been snapped up in the last years, scenario that generated a system that does not work properly. Besides the improvement of the VET system, the National Recovery and Resilience Plan can help to increase the training offer available to upskill and reskill the workforce.

PIMEC mainly agrees with the proposals set forward on the labour and energy markets reforms, as well as on taxation, training and enterprise policy. The reform of subcontracting from a labour perspective may affect SMEs outsourced by larger enterprises, therefore it should be done in a way that does not impact SMEs. Likewise, the implementation of a progressive system on social security contributions for self-employed should only be done in a gradual way and always in consensus with leading organisations in the area. PIMEC regrets that the Spanish Recovery and Resilience Plan does not address the issue of late payments. The Spanish Parliament is currently analysing a draft law that should solve this very critical issue for SMEs.

Finally, SMEs should receive the necessary guidance and mentoring services, which would aid them to carry out, among others, the twin transition.

Conclusion and policy recommendations

The SMILES project facilitated the better understanding of the level of involvement of SME organisations and social partners in the European Semester process at national and European level. All partners of the project consider the European Semester process a unique opportunity to monitor and coordinate economic and social policies in the Member States. It also provides an important stimulus for the national governments to design and implement necessary structural reforms to improve the national economic and social performances as well as resilience.

Despite the increasing number of policies directly or indirectly impacting Crafts and SMEs in the European Semester, SME organisations do not play a central role to ensure that the business environment continues to thrive and will have a positive impact on their future development. As shown in the report, the consultation process is still lacking dedicated structures and overall effectiveness, even in countries where social dialogue is well functioning.

The lack of capacity of SME organisations at national level may partly explain the limited role they play including in institutionalised consultation. In the future, governments should fully recognise their role and establish a systematic and fruitful dialogue with them.

In order to address these gaps, the partners of the project put forward the following policy recommendations at European and national level:

Policy recommendations to the European Commission on how to improve the involvement and consultation of national SME organisations in the context of the European Semester

Process

- Systematically consult SME social partners and SME organisations;
- Encourage European Semester Officers to give a more prominent focus to SME organisations within a structured dialogue;
- Provide SME organisations at the beginning of the EU Semester cycle with a clear overview of the deadlines at each step of the process;
- Ensure a good monitoring of the meaningful involvement of SME organisations in the design and implementation of measures included in the National Recovery and Resilience Plans.

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- Take better into account the feedback provided by SME organisations and social partners in the EU Semester;
- Pay more attention to the impact of reforms on SMEs in National Country Reports and in the Country Specific Recommendations;

- Better integrate results of the “SME performance review” in the National Country Reports;
- Ensure that economic analyses focus more on competitiveness, attractiveness for investors and level playing field dimensions.

Policy recommendations to national governments on how to improve the involvement and consultation of SME organisations in the context of the European Semester and the implementation of the National Recovery and Resilience Plans

- Ensure a better involvement of SME social partners in the national/regional structures in charge of economic and social policy;
- Guarantee the proper involvement of SME organisations and social partners in the implementation of the National Recovery and Resilience Plans;
- Intensify the dialogue with European Semester Officers;
- Enhance the capacity-building of SME organisations and social partners to contribute to the design, implementation and better ownership of reforms.

Recommendations from SMEUnited members to national governments

Country	Recommendations
Austria	The government should set up a regular and substantial dialogue throughout the year with the social partners where necessary reforms could be discussed well before the drafting of the National Reform Programme as most reforms are already planned ahead. The government should involve social partners from the beginning to discuss the reforms included in the Austrian Recovery and Resilience Plan.
Belgium	The government should consult the Central Economic Council (CRB-CCE) and give enough time to provide feedback on the Country Specific Recommendations issued by the European Commission.
Bulgaria	The government should take better into account the point of view of SMEs organisations and fully implement policies that support SMEs.
Cyprus	The government should better structure the consultation of social partners all along the European Semester process and extend the consultation deadlines. The government should take better into account feedback put forward by social partners.
Finland	The government should give more time for the consultation and discuss the recommendations in detail with social partners and SME

organisations, both in the preparatory phase of the recommendations as well as when planning their implementation.

France	The consultation with social partners by the Ministries responsible for the various policies should take place before drafting the structure of the National Reform Programme, in order to give social partners the opportunity to include their major priorities in the national reforms. The overall process should be made more transparent to facilitate the genuine involvement of social partners.
Germany	The timing of the consultation at national level is insufficient. More extensive and better formal and informal consultations with SME organisations during the drafting process of the National Reform Programme should be in place.
Greece	The government should show more accountability on public spending towards SMEs with dedicated reports on the detailed funds' allocation. The government should better structure the social partners' consultation in the process of the European Semester and involve them in the implementation and monitoring of reforms included in the Greek Recovery and Resilience Plan.
Hungary	The government should take better into consideration the feedback provided by SMEs and micro-enterprises organisations. Consultations in the framework of the European Semester should involve all social partners and all sectors of the economy.
Italy	Economic and social partners need to be involved in the structures for monitoring the implementation of the National Recovery and Resilience Plan in the European Semester process. Enabling an in-depth dialogue with competent administrations for possible corrective actions is highly necessary.
Lithuania	The government should develop an appropriate consultation framework of social partners by establishing a schedule of consultations in the different phases of the European Semester and providing adequate deadlines to provide input.
Luxembourg	The government should take better into consideration the position of social partners and include their views in the National Reform Programme. The European Semester process should be better tailored to integrate all aspects of topics discussed in the European SME Strategy.

Malta	The government should consult in a more effective manner the Council for Economic and Social Development (MSCESD). The appointment of the Chairperson of the MSCESD should be more transparent to support the MSCESD to become more influential.
Netherlands	MKB-Nederland is satisfied with the current consultation. It should be avoided that the consultation becomes a formality and consequently be considered as a goal in itself.
Poland	The process of consultation should be better organised with the use of a wide range of different consultations such as organising more direct meetings with social partners at regional and local level.
Portugal	The government should better structure the consultation of social partners and better take into consideration their feedback in the European Semester process. Social partners should have access to meaningful documents in due time and be given enough time to provide quality input. Social partners should be directly consulted by the government on top of their participation in the Economic and Social Council where several types of organisations are represented.
Romania	Need to increase the capacity building of social partners and to establish a structured consultation process following the different stages of the European Semester. Social partners should have sufficient time to provide meaningful feedback.
Slovenia	The implementation and the monitoring of the Slovenian Recovery and Resilience Plan should involve social partners from the beginning. The government should ensure transparency and improve the coordination between different ministries involved in the implementation of the Plan.
Spain	There is a need to create a Spanish Commission responsible for the European Semester composed of recognised social partners, with a clear planning of consultations, topics and meetings. The government should consult SME social partners at all levels. The European Commission should consult SME organisations on the National Reform Programme adopted by the Spanish Government.