

Opinion of the European Economic and Social Committee on 'The open method of coordination and the social clause in the context of Europe 2020' (exploratory opinion)

(2011/C 44/04)

Rapporteur-General: **Mr OLSSON**

In a letter dated 28 April 2010, and under Article 304 of the Treaty on the Functioning of the European Union, Ms Laurette Onkelinx, Belgian Deputy Prime Minister and Minister for Social Affairs and Public Health, asked the European Economic and Social Committee, on behalf of the future Belgian presidency, to draw up an exploratory opinion on

The open method of coordination and the social clause in the context of Europe 2020.

On 25 May 2010 the Committee Bureau instructed the Section for Employment, Social Affairs and Citizenship to prepare the Committee's work on the subject.

Given the urgent nature of the work, the European Economic and Social Committee appointed Mr Jan Olsson as rapporteur-general at its 464th plenary session, held on 14 and 15 July 2010 (meeting of 15 July 2010), and adopted the following opinion by 61 votes in favour, no votes against and 2 abstentions.

1. Conclusions and recommendations

1.1 The EESC welcomes the Belgian Presidency's initiative to make use of the horizontal social clause and a reinforced Open Method of Coordination (OMC), as this highlights the fact that **social cohesion must keep pace with reinforced economic policy coordination** in order to achieve all of the targets contained in the Europe 2020 strategy.

1.2 **Real participation by organised civil society at all stages and levels** is essential to ensuring the effective use of the horizontal clause and the OMC. The EESC proposes that the Commission draw up an annual '**governance report**' on such participation. The EESC can assist in this task and also suggests that pilot projects for participation be funded under the PROGRESS programme. The Committee furthermore proposes a **Code of good practice for participatory governance** of the OMC.

1.3 The EESC underlines the strong need for a coordination process that incorporates the **interplay between all targets and all policies. This should be the overarching guideline** for implementing the social clause and the OMC. The Commission should spearhead this coordination, assisted by the Social Protection Committee and the Employment Committee. The two committees should open themselves up to representation from outside stakeholders.

1.4 **Implementation of the horizontal social clause** must be **efficient. Social impact assessments** should cover **all ten integrated guidelines** for employment and economic policies, be published and feed into the OMC process. The focus should be on the effects on employment, the number of people living in poverty and social risks.

1.5 The EESC **supports a reinforced OMC**, so that employment, social protection and social inclusion are not sidelined in the current crisis. The OMC **should go more local**, thereby also linking it to targeted actions carried out under the auspices of the European Social Fund. Peer reviews

based on mutual learning should lead to **national roadmaps for social cohesion**. Indicators should also focus on **qualitative welfare criteria**. The EESC supports the **European Platform against Poverty**, but thinks that the OMC and the horizontal clause can also contribute to the development of other flagship initiatives.

2. Background

2.1 The Belgian EU Presidency has asked the EESC to draw up an exploratory opinion on the following theme: How can European social cohesion be delivered through the Europe 2020 strategy and through reinforcing the open method of coordination, what practical role can the horizontal social clause play in the social dimension of European policies, and how would this be implemented?

2.2 The opinion will feed into a Belgian Presidency conference to be held on 14-15 September 2010 on 'EU coordination in the social field in the context of Europe 2020'.

2.3 In its Europe 2020 communication, the European Commission stresses the need to involve the social partners and representatives of civil society at all levels. It suggests that '*... the Economic and Social Committee as well as the Committee of Regions should also be more closely associated.*'

2.4 In order to achieve the Europe 2020 strategy, the European Council of 17 June agreed on five headline targets (the employment rate, R&D, greenhouse gases, education and social inclusion) and concluded that these are interrelated and mutually supportive. Foundations for a 'much stronger economic governance' were laid by giving priority to 'reinforcing economic policy coordination'. Efficient monitoring mechanisms are key factors for the successful implementation of the targets. The Council agreed on an aim to lift 20 million people out of the risk of poverty, whilst leaving the Member States free to set their national targets on at least one

of three indicators: at-risk-of poverty, material deprivation and jobless households.

2.5 Europe 2020 refers to a mix of EU-level and national measures to achieve 'smart, sustainable and inclusive growth'. Ten integrated guidelines for economic and employment policies support the five headline targets, Seven flagship initiatives are to be launched. Member States will set national targets and implementing arrangements that take account of national circumstances and will also draw up National Reform Programmes (NRP).

2.6 The horizontal 'social clause' (Article 9 of the Treaty on the Functioning of the European Union) was inserted into the Lisbon Treaty, and states that *'in defining and implementing its policies and activities, the Union shall take into account requirements linked to the promotion of a high level of employment, the guarantee of adequate social protection, the fight against social exclusion, and a high level of education, training and protection of human health'*.

2.7 This ties in with the other horizontal clauses in the Treaty (Articles 8, 10, 11 and 12 of the TFEU): gender equality, the environment and consumer protection, which were introduced with the Amsterdam Treaty, and anti-discrimination, which formed part of the Lisbon Treaty.

2.8 The open method of coordination (OMC) was defined as an instrument of the Lisbon Strategy in 2000. In short, the Council set objectives, which are followed up in national action plans and reform programmes, while progress is measured by benchmarking, indicators, peer reviews and the exchange of best practice. The OMC model has also a legal basis for certain policy areas in the Lisbon Treaty (TFEU Articles 149, 153, 156, 168, 173 and 181).

3. General comments

3.1 In order to recover from the present deep economic and social crisis, Europe is moving towards a reinforced coordination of economic policies. The EESC underlines that social progress must keep pace with economic reforms if all goals of the Europe 2020 strategy are to be achieved. There is, therefore, an imperative need to interlink the economic, social and environmental dimensions of the strategy. Integrated mutually-reinforcing policies will require all instruments to be harnessed, coordinated and strengthened.

3.2 Against this background, the EESC welcomes the fact that the Belgian Presidency is focusing on governance and social cohesion by highlighting the horizontal social clause

and a stronger OMC. This focus should be maintained in a long-term approach. The Committee strongly urges the Hungarian government to make this issue a priority during its coming Presidency.

3.3 The Committee also wants to underline, however, that the provisions of the Charter of Fundamental Rights should be considered when strengthening the instruments designed to achieve social progress.

3.4 The EESC has consistently emphasised that real participation by citizens and organised civil society at all stages and levels of the process is an indispensable part of governance. Consensus on economic and social reforms must be reached with the social partners and other relevant stakeholders, thereby increasing the chances of achieving the headline targets.

3.5 The EESC underlines that it is crucial to closely involve the social partners and representatives of civil society in setting the national targets and designing the NRPs as well as in strengthening the OMC and implementing the horizontal social clause. The views of organised civil society should also be taken into consideration when the Commission and the Council validate targets and assess progress.

3.6 The Europe 2020 strategy must be implemented at all territorial levels. A 'bottom-up' approach should interact with 'top-down' EU initiatives when shaping and implementing EU social policies. Therefore, organised civil society must build up real and efficient partnerships with regional and local parliaments/authorities to set regional targets and define appropriate policy measures. This ties in with the efficient implementation of the partnership principle that should guide the use and allocation of the EU structural funds in future, thereby exploiting synergies between the Europe 2020 strategy and the European Social Fund (ESF) ⁽¹⁾.

3.7 The EESC also favours the active involvement of national economic and social councils and similar organisations.

3.8 The EESC proposes that, in tandem with the annual progress report on NRP in the Member States, the European Commission should draw up a 'governance report' based on the participatory governance of the OMC and the horizontal social clause, on which the European Parliament, the EESC and the CoR should be consulted. The EESC could use its network of national ESCs and similar organisations to monitor the involvement of organised civil society. The EESC could even publish its own reports.

⁽¹⁾ ECO/258, *Efficient partnership in cohesion policy*, rapporteur: Mr Olsson.

3.9 There is a strong need for a coordination process that incorporates the mutual interactions between the headline targets, the integrated guidelines and the flagship initiatives. The Commission has a strategically important role of spearheading this 'coordination of coordination'. The integrated guidelines should be 'integrated' in the real sense of the word, meaning that all policies should be coherent and focused on all targets. Such integration should be the overarching guideline when introducing mechanisms for implementing the horizontal social clause and strengthening the OMC. In order to enhance the link between the two instruments the results of implementing the horizontal social clause should feed into the OMC process.

3.10 The EESC therefore strongly supports the proposals put forward on 21 May 2010 in the contribution of the Social Protection Committee (SPC) to the new European strategy⁽²⁾. The SPC wants the horizontal social clause to be inserted into the preamble of the economic policy guidelines. It goes on to say that a thematic assessment and reporting of progress relating to its social dimension is a necessary feature of the integrated vision of Europe 2020.

3.11 The EESC values the work carried out by the SPC and the Employment Committee (EMCO) and considers that their role should be enhanced when the instruments designed to achieve the social dimension are strengthened. The EESC suggests that it is not only governments that should be represented on the Committees but also the social partners and other relevant civil society organisations. The EESC proposes that the Committees hold meetings on a more regular basis, with representatives of these stakeholders from both the European and Member State levels. The government representatives on the SPC and EMCO also have a responsibility to both organise and take part in consultations with the social partners and other relevant civil society stakeholders in their home countries.

3.12 The EESC supports the Commission's proposal to develop communication tools for involving citizens, workers, businesses and their representative organisations. The Commission's initiative to take stock of social realities can serve as one model and could be organised on a more permanent basis, also reaching the local level. However, social partners and civil society organisations must themselves be proactive in terms of how the horizontal social clause and the OMC can be used. Therefore, the EESC suggests pilot projects to this effect funded under the PROGRESS programme.

4. Specific comments on the horizontal social clause

4.1 The effects of the horizontal clauses concerning the environment, gender equality and consumer protection, estab-

lished more than 10 years ago in the Treaty, are primarily informal.

4.2 The EESC underlines that social impact assessments are an essential part of monitoring the Europe 2020 strategy. They should provide effective mechanisms for evaluating social risks and should be published and open to public discussion. The EESC wishes to emphasise that the effects on employment and the number of people living at risk of poverty in particular should be assessed.

4.3 The Commission should take responsibility, assisted by the SPC and the EMCO. European social partners and other major stakeholders should be actively involved. Their views should be published in tandem (appended to) with the assessments. In this context, it should be noted that the Commission has already established mechanisms for social impact assessments through the Integrated Impact Assessment, but their visibility and use are not very well developed.

4.4 In the EESC's view, it must be ensured that economic policy and budgetary consolidation lead to higher employment, fewer people living in poverty and improved social rights. Therefore, social assessments should in particular cover all ten integrated guidelines for employment and economic policies. But also other measures undertaken to achieve the five headline targets should be evaluated if need be.

4.5 Social impact assessments should also be made at national and regional level.

4.6 An initial report should be ready by December 2010 in order to feed into the first annual review of Europe 2020.

5. Specific comments on the OMC

5.1 The EESC has often been critical of the OMC for not having delivered the expected results. It is ineffective and invisible at the national level. It does not sufficiently involve the social partners and other civil society organisations.

5.2 On the other hand, improvements have been noted, particularly in the field of social inclusion, and the EESC has, in several opinions, been a staunch supporter of introducing the OMC into new policy fields (for instance health, youth policy, demographic challenges and immigration and asylum).

5.3 The EESC is strongly of the view that in the current crisis the OMC should be strengthened, to ensure that social protection and social inclusion policies are not sidelined.

⁽²⁾ Council 9964/10.

5.4 The EESC gives its full support to setting up the 'European Platform against Poverty', making it an instrument that will boost the commitment of businesses, workers and the general public to reduce social exclusion through practical measures. The Platform and the OMC will mutually benefit each other. However, the EESC considers that the OMC can also help develop other flagship initiatives, particularly if supported by the social impact assessments of the horizontal clause.

5.5 The EESC has suggested that the OMC should be strengthened by establishing binding targets at the Member State level in order to achieve the Europe 2020 strategy. This view is highlighted in several EESC opinions, such as most recent opinion on the employment guidelines⁽³⁾, which calls for much more ambitious and measurable targets on employment, education and social inclusion, supported by better policy coordination. The EESC also strongly supports the demand made at its Biennial Conference in Florence, for the Europe 2020 strategy to include specific indicators to measure the impact of early education on reducing social exclusion in later life.

5.6 The EESC does, however, underline that when there is freedom for Member States to choose the most appropriate indicators (see above point 2.4), the OMC should follow up by benchmarking all the relevant indicators. A Member State should not be able to avoid core EU objectives. In the EESC's view, the number of people at risk of poverty, measured by the relative income indicator⁽⁴⁾, is relevant to each Member State. Moreover, it is important that national targets be set on the basis of genuine participatory dialogue with the stakeholders.

5.7 The EESC believes that there should be better incentives for Member States to pursue their commitments, for instance through a clear link to allocations under the ESF. This approach will be strengthened if the ESF's operational programmes focus even more on social inclusion, supported by an efficient partnership with the social partners and civil society organisations.

5.8 The OMC should 'go more local', establishing local and regional action plans in conjunction with local authorities and organisations, thereby reflecting the participatory bottom-up approach and the coordination of partners and policies, also with support from the structural funds. Decentralising the method in this way will raise the profile of policy integration, which is so badly needed.

⁽³⁾ See EESC opinion of 27.5.2010 on Employment policy guidelines, rapporteur-general: Mr Greif, CESE 763/2010.

⁽⁴⁾ Where the poverty line is defined as an income below 60 per cent of the median income.

5.9 The EESC is strongly of the view that there should be benchmarking of participatory governance of the OMC - particularly the participation of organised civil society - based on indicators, peer reviews, mutual learning and the exchange of good practice. The EESC proposes that such benchmarking be drawn up as a Code of good practice by the Commission and the SPC, in collaboration with the major European stakeholders. It could be based on the following criteria⁽⁵⁾.

- structure of dialogue
 - all relevant stakeholders should take part
 - kind of dialogue – genuine participation should be encouraged - not only information and consultation
 - involvement of regional/local level through participatory action plans etc.
 - participation of national ESCs
- timely involvement of stakeholders at all stages of the policy cycle
- the documented result of the dialogue
- establishment of national/regional targets
- establishment and follow-up of indicators
- participation of stakeholders in peer reviews, mutual learning and identification of best practice
- participation by the stakeholders in practical measures to promote employment and social inclusion.

5.10 A clear link should be established between proposals based on 'common principles' and the OMC. Common principles are recommendations given to Member States and have for instance been used in EU policies for thematic strategies on flexicurity, active inclusion and active ageing.

5.11 The outcome of the OMC should eventually lead to proposals for the use of other instruments, such as 'enhanced cooperation' between Member States, use of the Community Method and others.

⁽⁵⁾ See also for instance 'EU Policy Coordination Beyond 2010: Towards a New Governance Structure' by Jonathan Zeitlin.

5.12 The EESC underlines that indicators should go beyond economic performance, by also identifying societal well-being indicators as proposed by the Stiglitz Commission ⁽⁶⁾. The EESC has previously identified quantitative and qualitative social policy indicators, for instance, on gender equality, youth employment, the 'working poor', people with disabilities, quality jobs, poverty among children and young people, income distribution, minimum wage/minimum income systems, and access to health and social services. A practicable 'quality-of life' indicator covering six different spheres has also been suggested ⁽⁷⁾. Qualitative indicators that measure accessibility and quality in relation to people's expectations, user involvement and user-friendliness have also been proposed.

5.13 While indicators must be established at the European, national and regional levels, the EESC underlines that stakeholders should be invited to take part in formulating and evaluating them.

5.14 The EESC believes that it is important for the Member States to report on progress towards each target using comparable but revisable European indicators, both for

creating a league table as suggested in the Kok report ⁽⁸⁾ and for being used as a diagnostic tool for improvement and self-correction by national and local players.

5.15 Efficient systems for mutual learning and transferring best practice and exploiting non-legislative measures must involve decision-makers at all levels. Since the social partners and other relevant civil society stakeholders possess unique knowledge and extensive experience of social and employment policies, they must be involved in identifying and evaluating the possibilities for transferring best practice, especially innovative measures.

5.16 Peer reviews of Member States should be strengthened by involving the social partners and other relevant stakeholders. The reviews based on mutual learning and best practice should lead to public recommendations to Member States, proposing a roadmap for social cohesion.

Brussels, 15 July 2010.

*The President
of the European Economic and Social Committee*
Mario SEPI

⁽⁶⁾ Commission on the Measurement of Economic Performance and Social Progress.

⁽⁷⁾ See EESC opinion of 22.10.2008 on *Beyond GDP - measurements for sustainable development*, rapporteur: Mr Siecker, (OJ C 100 of 30.4.2009, pp. 53-59.

⁽⁸⁾ 'Facing the Challenge – The Lisbon Strategy for Growth and Employment', report from the High-Level group chaired by Wim Kok, November 2004.