

EN

EN

EN



COMMISSION OF THE EUROPEAN COMMUNITIES

Brussels, 2.7.2008  
SEC(2008) 2170

**COMMISSION STAFF WORKING DOCUMENT**

*accompanying the*

**COMMUNICATION FROM THE COMMISSION TO THE EUROPEAN  
PARLIAMENT, THE COUNCIL, THE EUROPEAN ECONOMIC AND SOCIAL  
COMMITTEE AND THE COMMITTEE OF THE REGIONS**

**"A renewed commitment to social Europe: Reinforcing the Open Method of  
Coordination for Social Protection and Social Inclusion"**

**Summary of the Impact Assessment**

{COM(2008) 418 final}  
{SEC(2008) 2169}

The impact assessment relates to the Communication on 'A renewed commitment to social Europe: reinforcing the Open Method of Coordination for Social Protection and Social Inclusion'. This Communication, included as a priority initiative in the Commission Work Programme 2008, is now part of the package that will accompany the Renewed Social Agenda.

From 2000 the Open Method of Coordination (OMC) has successively been applied to social inclusion policy, to pension policy and to health and long-term care policy. In 2006 the three separate strands were streamlined into one integrated OMC for Social Protection and Social Inclusion (hereinafter "Social OMC").

This method of coordination comprises an agreement on EU common objectives, setting out high-level, shared goals to drive the entire process, the definition of a set of common indicators to enable monitoring of progress towards the common objectives, the preparation by Member States of national strategic report translating these agreed objectives into concrete policies, and the joint assessment of progress and of policy efforts by the European Commission and the Member States in the framework of the Social Protection Committee.

The overall assessment of the results of the Social OMC by the different actors involved in the process has been largely positive. The Social OMC has supported mutual learning, promoted wider involvement of stakeholders, increased awareness of the multi-dimensional nature of exclusion and poverty, given impulse to the modernisation of social protection systems, forged a shared approach to the common challenges and brought to the fore emerging common issues.

However, delivery on the common objectives has been too slow or insufficient. While it would be unrealistic to expect that an open coordination process, based on voluntary cooperation between Member States, could produce large-scale results in a limited period of time, there is a widespread consensus that the potential of the Social OMC remains largely unexploited, that a number of weaknesses should be corrected and that strategic reinforcement of the method would go some way towards improving delivery on the common objectives.

The analysis points to a lack of political commitment and visibility and a need for better horizontal policy coordination and mainstreaming of social protection and social inclusion concerns in all relevant policy areas. Furthermore, there is a need for a stronger analytical underpinning of policy and more involvement of regional and local actors in the Social OMC process. Civil society representatives should also play a bigger part and the mutual learning process should be enhanced.

The need for reinforcement of the Social OMC is supported by a number of institutional and policy developments. In addition to the Renewed Social Agenda, there is the prospect of the entry into force of the Lisbon Treaty (with its mainstreaming requirement), the approach of the European Year for combating poverty and social exclusion in 2010, and the upcoming Commission initiative on active inclusion.

In order to assess the merit of a strengthened Social OMC and to identify the most effective ways to achieve it, three policy options have been retained for in depth examination<sup>1</sup>.

The first option is described as the “status quo”. This takes into account the fact that the Social OMC is by nature an evolutionary process and that, even in the absence of major changes, it will continue to evolve through incremental changes and gradual improvements in working methods.

The second option is described as a “fundamental overhaul” of the process, whereby the scope of the Social OMC is widened and the process is remodelled to embrace all dimensions of EU social policies, to ensure effective mainstreaming and to become a sort of Social Lisbon’.

The third option is defined as “comprehensive and ambitious reinforcement within the present structure”. This option builds on the approach used so far in the Social OMC, of consensual and incremental progress, but is at the same time “strategic” and “forward-looking”, as it introduces a new dynamic into the system. It provides scope to explore new tools and working methods that would be tested and introduced in close cooperation with Member States, with a view to reinvigorating the process and optimising its implementation.

When comparing the alternative options one should distinguish between the procedural and the substantive impacts of the changes proposed.

The impact assessment is mainly concerned with procedural and governance aspects. It is assumed that more effective coordination and mutual learning will have a positive impact on the achievement of the common objectives: poverty reduction, more sustainable and adequate pension systems, equitable and effective health and long-term care systems. It is also assumed – in line with the spirit of the common social objectives – that better social protection and social inclusion will contribute to the Growth and Jobs Strategy and, more generally, to sustainable economic development. For example, active inclusion policies can not only reduce poverty but also increase labour supply. Pension reforms can not only help intergenerational equity but also raise activity rates and ensure public finance sustainability. Similarly, good healthcare systems not only promote individual well-being but also have positive effects on labour supply and on labour productivity.

However, it is clear that the Social OMC can only facilitate the achievement of those objectives, in a situation where the main responsibility for social inclusion and social protection policy remains with Member States. Therefore, the questions to be answered are: "Will the proposed measures help to make the Social OMC an adequate and viable mechanism of coordination between the national and European levels? Will they make it a more suitable tool with which the common social objectives can be pursued?"

In other words, the appraisal of the measures considered under the different options is more a qualitative evaluation of their potential effects on the Social OMC than of their consequences in terms of final policy outcomes. For this reason, a separate assessment of the overall social, economic and environmental impact of the options identified is not made. However, the

---

<sup>1</sup> Two policy options – complete abandonment of the Social OMC and full integration of the Social OMC in the Growth and Jobs Strategy - have been considered but have not been retained for in depth analysis. The reasons for this are explained in the impact assessment.

microeconomic aspects (administrative costs, resources implications) are duly taken into consideration in the impact analysis, while assessing the “feasibility” of the various options.

In the impact assessment the proposed measures are clustered on the basis of the four objectives of the Communication: increase the political commitment and visibility of the process, strengthen the positive interaction with other EU policies, reinforce the analytical underpinnings of the process and increase ownership in the Member States. They are then rated with reference to the magnitude of their impact on the problems addressed and to their feasibility. The concept of feasibility refers to political acceptance, availability of human and financial resources, administrative burden and the availability of basic tools. The analysis points to the following results:

As regards **option 1**: 'status quo':

Incremental changes made by implementing a number of previously agreed improvements are likely to have a positive but in general slow and limited impact on the problems identified. Moreover, the risk attached to this option is that the Social OMC falls victim to “process fatigue” and progressively loses credibility and the confidence of its actors and supporters. In any case, it seems highly unlikely that these limited improvements will be sufficient to give the Social OMC the strength and effectiveness that are needed to ensure better delivery on the common social objectives and to reinforce the social dimension of European integration.

Feasibility, on the other hand, seems high. In fact, most of these measures have already been accepted by the Commission and the Member States (see Joint Report 2008). The (limited) increase in the human and financial resources that is needed (increased monitoring, better dissemination of results, reinforcement of the analytical framework, etc.) can be accommodated through efficiency gains and higher reliance on external expertise. There is no obvious impact on administrative burdens for the Member States.

Concerning **option 2**: 'fundamental overhaul':

The measures envisaged under this option are likely to go a long way towards addressing the weaknesses identified and substantially reinforcing the process. In most cases, they are designed to ensure almost “ideal” working of the system by means of a combination of considerably tighter procedures and a massive investment in resources. There are, however, downside risks. First of all, the Social OMC works on the basis of consensus and the principle of subsidiarity. A considerable tightening of the procedures proposed by the Commission may be rejected by Member States and fail to produce the expected impact in terms of ownership. A radical reform of the method, only a few years after the restructuring and “streamlining”, may not be understood and may somewhat alienate the actors that have supported and helped design the Social OMC in its present configuration.

The feasibility of this policy option in the short to medium term seems rather low. As stated above, political acceptance by Member States is far from guaranteed. Although there is a strong recognition that Europe has a role to play in helping Member States tackle the important social challenges, MS are very attached to their prerogatives and powers in the social field, and would probably be reluctant to accept some (or most) of the measures envisaged under this scenario. At present, there are no treaty provisions on the basis of which individual recommendations could be issued. Moreover, this policy option presupposes a strong investment in human and financial resources. It will also lead to an increased

administrative burden on governments because of the additional reporting that will be required, the internal coordination effort and the requirements as far as participation of stakeholders is concerned.

As for **option 3**: 'comprehensive and ambitious reinforcement within the present structure':

Although remaining within the current structure, this option has the potential to make a significant impact on the objectives identified, thanks to a mix of consolidation of ongoing improvements and a gradual “phasing in” of innovative elements. The gradual definition of EU or national targets, whenever justified on the basis of the evolution of the common analytical framework, would certainly lead to increased political visibility of the process. As illustrated by the example of countries that have adopted them, quantified targets can raise the accountability of governments and help clarify priorities across all relevant policy areas and all levels of government, provided that they are based on a strong analytical underpinning. Reinforced analytical capacity and mutual learning would improve the quality of policy making in the social area. The development of a common analytical framework would help Member States identify the key challenges they face in common and allow them to learn from each other in the areas that concern them the most. It would also feed into other Community policies, and through this channel there would be more evidence-based policy making also in other areas. In this way, the positive interaction with other policies, including economic policy, would be strengthened.

Most of the measures envisaged under this policy option seem feasible. Again, interaction with other policies largely depends on factors that are outside the Social OMC. Although the most substantial changes will be “phased in” only gradually, some investments in human resources will be necessary. As for financial resources, those allocated under the PROGRESS programme should be broadly sufficient. In general, several of the measures proposed (targeting, increased monitoring etc...) will require political support and commitment from Member States. At national level, better coordination across policy areas (horizontal coordination and mainstreaming) and with different layers of government (vertical coordination) will also entail some additional administrative burden, which, however, should produce consistent “returns” in terms of efficiency and effectiveness.

The impact assessment concludes by highlighting the third option as the best choice. It is the option nearest to addressing the problems identified without excessively disrupting current ways of working in the Commission and the Member States. In fact, such an option should be implemented gradually, not only because of its resource implications, but also because of the need to properly discuss and “anchor” the envisaged improvements with Member States and with stakeholders.