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## **Implementing the ‘new open method of coordination’ in the field of social inclusion**

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### **Introduction [LEVEL 2]**

This article examines the implementation of the ‘new open method of coordination’ (OMC), taking the policy field ‘combating of poverty and social exclusion’ as a case study. With the establishment of a two-pronged strategy for the Nation Action Plans against poverty and social exclusion (NAPincl), the ‘process’ and the ‘programme’, the new OMC constitutes a form of governance which – especially in its hitherto largely overlooked programme part – provides the European Commission in particular with potential new ways of working. The ratification of the Treaty of Nice, with the amendment to Article 137 which formalises the programme part of the new OMC, opens up fresh opportunities to shape EU social policy by means of the new OMC. These will be discussed at the end of the article.

### **Establishment of the ‘new OMC’ [LEVEL 2]**

The ‘new OMC’ was explicitly identified at a special meeting of the European Council in Lisbon in spring 2000 as a *new* form of governance in the EU. It is expected to help the EU become ‘the most competitive and dynamic knowledge-based economy in the world, capable of sustainable economic growth with more and better jobs and greater social inclusion’ by 2010 (European Council 2000: 2). This new task confirmed the role of the OMC as a form of governance in respect of employment policy, where it had been practised in its previous form since 1997 (Foden and Magnusson 2003). The Member States’ governments decided on that same occasion in Lisbon to introduce the new OMC in the policy field of

social inclusion. The Stockholm European Council in March 2001 extended the new OMC still further to include the policy fields of education, healthcare, public pensions and care for the elderly (Hodson and Maher 2001: 726). Thanks to the establishment of the Lisbon strategy, social policy has joined employment and economic policies in the EU to form a triangle of measures. Admittedly it is not yet equilateral, but none of its three sides can any longer be ignored.

The aims of the new OMC are defined as spreading best practice and achieving greater convergence towards the main EU goals (European Council 2000: 9). The formulation of these aims sets out the two-fold configuration of the new OMC (see below) right from the start – albeit as yet still somewhat obscurely. In the field of social policy, the new OMC has in the first instance been introduced in respect of poverty and social exclusion, and is regarded as an experimental area for the new form of EU governance. The purpose of this article is to evaluate its implementation.

### **Dual structure of the new OMC [LEVEL 2]**

In the run-up to the summit in Nice, the Employment and Social Policy Council drew up common objectives in the ‘fight against poverty and social exclusion’ (Council 2000); these were adopted by the European Council in Nice. According to the document, ‘the open method of coordination’ will combine National Action Plans with a Community support programme’ (*ibid.*: 5). Subsequently, in response to a Commission proposal, the European Parliament and the Council adopted on 7 December 2001 a ‘programme of Community action to encourage cooperation between Member States to combat social exclusion’ (OJ 2002). Article 2 of the action programme gives a definition of the new OMC. It consists of two elements:

(1) National Action Plans to combat poverty and social exclusion (NAPincl); and

(2) the programme of Community action to encourage cooperation between Member States in order to combat social exclusion (the programme).

The first element of the new OMC, the establishment of NAPincl by the Member States and their evaluation (the NAPincl process), was initiated with the adoption of the above-mentioned 'common objectives' in December 2000 (Council 2000: 5). Its second element, the programme, runs from 1 January 2002 until 31 December 2006 (OJ 2002). Before describing and discussing the implementation of each element of the new OMC individually, the two principles which characterise the new OMC will be outlined.

### **Principles of the new OMC [LEVEL 3]**

The Lisbon European Council decided that its meeting each spring would be charged with the follow-up of the Lisbon strategy (European Council 2000: 2). It was furthermore decided at Lisbon that all policy-making levels in the EU would be involved in implementing the 'new OMC' regulatory instrument (*ibid.*: 10). Thus the new OMC is an instrument which, building on the principle of subsidiarity, is aimed at actively involving the EU institutions, official bodies at national, regional and local level, as well as the social partners, civil society and enterprises in a multi-layered system of European governance (European Commission 2000: 15ff.).

### **The NAPincl process [LEVEL 3]**

At its meeting in Nice in December 2000, the European Council called on the Member States to draw up NAPincl, setting out their national situation in this field of policy and their intended actions over the next two years to combat poverty and social exclusion. In deciding what measures to adopt, they were to take account of the common objectives and of the proposed outline structure for the NAPincl, which was devised by the Commission and accepted by the Social Protection Committee (SPC), which comprises two

representatives from each Member State and two from the Commission #1# (Ferrera *et al.* 2002: 234).

On the basis of the first NAPincl report, submitted by Member States in June 2001, the European Commission drew up a Draft Joint Report on Social Inclusion (European Commission 2001a). The SPC had a heated debate about the document. Once the sections concerning quality assessment of the NAPincl had been deleted, the text was adopted by the European Council in December 2001 as the Joint Report on Social Inclusion (Ferrera *et al.* 2002: 234). Part III of the Joint Report lays down statistical indicators in the field of poverty and social exclusion, which the Member States are expected to adopt in order to improve the evaluation of the EU-wide situation in specific policy areas #2#. The first round of the NAPincl process included an identification of good practice. No external evaluation was carried out. This first 'open' round of the NAPincl process collected Member States' interpretations of the multi-dimensional policy field of poverty and social exclusion, and identified measures regarded by Member States as important.

In December 2002 the Employment, Social Policy, Health and Consumer Protection Council adopted the 'common objectives for the second round of National Action Plans' (Council 2002). These required Member States to submit their second NAPincl reports by the end of July 2003. Once again the 15 NAPincl are to be summarised by the Commission in a Draft Joint Report. Following that, the Report will be discussed by the SPC and then approved by the European Council in spring 2004. The common objectives call on Member States to present an action plan for a two-year period, setting out targets for significantly reducing the number of people at risk of poverty and social exclusion by 2010, as well as developing indicators and monitoring mechanisms capable of measuring progress (Council 2002). The SPC has devised a blueprint to lend a common structure to the second round of the NAPincl process.

It is worth noting that both rounds of the NAPincl process can be described as bottom-up procedures. It is left to the Member States to determine in a decentralised manner the shape and focus of their policies in the field of poverty and social exclusion. In doing so, they are expected to encourage all relevant stakeholders to participate actively in the NAPincl process. The central role in the coordination process at supranational level is played by the SPC, on which representatives from Member States predominate. The only evaluation and classification of best practice so far has occurred through self-assessment by the Member States. Socio-political governance in the field of the NAPincl process can thus be categorised as vertically structured, representative and participatory.

### **The programme [LEVEL3]**

As is stated in the proposal for the **programme (?give actual name of act?/Programme?)**, it is designed on the basis of 'the second and third subparagraphs of Article 137(2) of the Treaty' (OJ 2002: L10/1). The legal act was adopted before the entry into force of the Treaty of Nice. The passages referred to above confer on the Council a role of leadership and coordination also in respect of the programme. It should nevertheless be pointed out that Article 5 of the programme clearly entrusts the Commission with responsibility for implementing the programme as well as for cooperating with the Member States. Under the programme part of the new OMC the Commission assumes the central position and is monitored and supported by a Programme Committee set up by itself (Article 8 of the programme). The Programme Committee comprises delegations from the Member States, each of which is entitled to a single vote. The rules of procedure of the Programme Committee are relatively rigid and favourable to the Commission. The Member States are granted little time for coordination. Opinions of the Committee may be adopted by a simple majority: an unusual procedure in EU social policy, which normally operates on the basis

of unanimity (European Commission 2001b). The first fault-lines between the Commission and the Member States can already be detected in the first, and so far only, publicly accessible Minutes of a Programme Committee meeting (European Commission 2002a).

A budget of €75m has been earmarked for the five-year duration of the programme, to be used in pursuit of the programme's objectives (Ferrera *et al.* 2002: 233) #3#. The Programme Committee adopted at its inaugural meeting the annual work programme #4# for 2002 produced by the Commission. It sets out three objectives, each of them accompanied by areas for action:

*Objective 1: improving the understanding of social exclusion and poverty with the help in particular of comparable indicators*

Action 1 supports the development of methodologies for indicators agreed in the Indicator Subgroup of the SPC and accorded priority status in the Joint Report. Support is also provided for the development and implementation of *Statistics on Income and Living Conditions (SILC)* in collaboration with Eurostat. Qualitative studies are to be promoted so as to supply policy answers to various questions raised in the Joint Report (European Commission 2002b: 2-4). In **my** opinion, Objective and Action 1 are primarily devoted to harmonising statistical data collection methods and to establishing a Community-wide perception of the issues.

*Objective 2: policy cooperation and exchange of information and best practices*

Action 2 focuses on promoting cross-border policy cooperation. As is the case for the promotion of research – although the idea here is to include a mix of statutory authorities and NGOs in addition to academic institutions – transnational exchanges of knowledge are to be financed through 64 collaborative projects. Transnational networks geared to the priorities identified in the Joint Report will be established (European Commission 2002c). National peer reviews

will assist the respective national players to rethink and reinforce their policies in the field of poverty and social exclusion. All studies carried out under Objective 2 serve to assess and monitor developments in this policy area and are designed to support reciprocal learning (European Commission 2002b: 4-8).

Objective and Action 2 are devoted to actively supporting reciprocal learning in transnational processes, as well as to long-term evaluation and assessment of best practice. This strand should lead to the establishment of a Community-wide perception of, and approach to, the issues.

*Objective 3: participation of the various actors and support for networking at European level*

Action 3 provides core-funding for supranational networks involved in the fight against poverty and social exclusion. The Commission cooperates closely with these networks, which furnish it with advice as supranationally organised representatives of civil society. In addition, there is funding for European events organised by the presidency in office of the Union on related themes and for an Annual Round Table. The latter will bring together the European Parliament, the Council, the European Economic and Social Committee, the Committee of the Regions, the social partners and NGOs in order to discuss ways of supporting the EU social inclusion process (Work Programme 2002: 8-10).

Objective and Action 3 serve principally, in **my** opinion, to lend democratic legitimacy to the Commission's guiding role within the programme. This strand should lead to the design and establishment of comprehensive measures and regulations in the policy field of combating social exclusion.

To sum up, the Programme Committee is evidently granted only a subordinate role in shaping and implementing the programme for the

new OMC. Even the programme part of the new OMC disregards the principle that the Council has an explicit leadership and coordination' function. The Commission uses the programme part of the new OMC in order (a) to harmonise statistical data collection methods, (b) to foster a Community-wide understanding of issues in specific policy fields, (c) to steer transnational problem-solving in the direction of a Community-wide perception of the issues, and (d) to strengthen civil society bodies which are organised supranationally and active in this policy area. This supranational coordination and promotion of transnational cooperation involving all stakeholders at supranational, national, regional and local level in the policy field 'combating of social exclusion' within the new OMC is an innovation, as is the support for and deliberate inclusion of supranationally organised civil society. The programme of the new OMC can be categorised as a supranationally organised, funded and coordinated bottom-up procedure. Support is being given to horizontally structured, participatory governance in the EU.

### **Future prospects [LEVEL 2]**

The Treaty of Nice, which entered into force in October 2002, remodelled Article 137, the legal basis for the new OMC. First of all, the newly introduced fields – 'the combating of social exclusion' and 'the modernisation of social protection systems' – are, like the other fields, subject to qualified majority voting in the Council (Fischer 2001, 118ff.). Secondly, the activities of Member States to achieve the objectives of Article 136 – where reference is made to the combating of exclusion – are now supported and complemented at supranational level. The choice of poverty and social exclusion as a policy field for the introduction of the new OMC can be regarded as a masterly strategic move: it is multi-dimensional and cuts across all aspects of social protection. Article 136 may also be applied in the field of social protection, with a view to the combating of exclusion, and formalises the approximation of provisions laid down by law, regulation or administrative action.

EU social policy is therefore charged with a number of tasks pursuant to the Treaty of Nice: first, cooperation between the Member States aimed at encouraging policy coherence and convergence (Article 137); secondly, to complement Member States' policies (Article 137); and thirdly to bring about a harmonisation of legal and administrative regulations (Article 136). This three-fold strategy established by the Treaty of Nice creates a legal basis for the new OMC, as introduced and operated in the field of poverty and social exclusion. Currently the supranational players are taking their lead above all from the objectives set out in Article 137 when formulating their policies. The Commission's website already refers to Articles 136 and 137 as a Treaty basis for the new OMC. Consequently, further measures to coordinate and harmonise EU social policy by means of the new OMC would seem likely to follow.

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*Translation from the German by Janet Altman*

#1# The SPC is a newly created body which – like the Employment Committee – advises the Council and assists in the coordination of socio-political affairs. The SPC was formalised by the Treaty of Nice (Art. 144), replacing the High Level Working Party on Social Protection.

#2# An Indicator Subgroup has been set up under the auspices of the SPC. It operates by consensus in an effort to harmonise indicators, aided by the Commission, and its first results can be found in the Joint Report. On the scientific background see Atkinson *et al.* (2002).

#3# The EFTA countries, the associate countries in central and eastern Europe, and Cyprus, Malta and Turkey are free to participate in the programme, and their participation is considered desirable in the light of the forthcoming EU enlargement in 2004.

#4# It was established at the inaugural meeting of the Programme Committee that work programmes would run for two years and be presented in parallel with the Joint Report (European Commission 2002a).