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CEMR's response to consultation on the evaluation and streamlining of the open method of coordination in fields of social inclusion and social protection

The European Commission is currently evaluating the Open Method of Coordination (OMC) in fields of social inclusion and pensions with a view to simplify and streamline its objectives and working methods. To this end, a consultation questionnaire was sent to Member States as well as to relevant stakeholders organised at pan-European level, including the Council of European Municipalities and Regions (CEMR).

The following constitutes CEMR's response to the consultation themes put forward in the aforementioned questionnaire. The comments made in this response refer mainly to the social inclusion dimension of the OMC ; however, when specifically mentioned, they also address the policy co-ordination process in the area of pensions.

Summary of key recommendations from CEMR for the streamlining of the OMC in Social Fields

1. The Integrated Guidelines in the economic and employment fields should be made more aligned and coherent with the OMC process in the social policy field;
2. The current social inclusion objectives, including the objective of mobilising all actors in the fight against social exclusion, should be mainstreamed in the new set of common objectives to be agreed for the streamlined OMC;
3. Within the new set of common objectives, an additional guideline should be set to ensure that the Member States establish a lasting and adequate dialogue with local and regional governments, on the local impact of current and future policies affected by the OMC. This dialogue should be formalised in accordance with their own internal structures and traditions and should also explore the ways to share the burden and responsibilities for implementing the objectives commonly agreed at EU level;
4. Regions and municipalities should be involved in a more structured way in the EU decision-making and monitoring processes of the OMC;
5. A widely publicised timetable should be defined at national level for the consultation of local and regional authorities and allow sufficient time for the process to develop;
6. The NAPs should include more extensive information on the actions devolved to the local and regional levels and the financial means attributed to these levels to attain the common EU objectives. This should be more closely monitored and assessed at European level, ultimately leading to the feeding of local experiences into European strategies;
7. The streamlining process should also lead to the adoption of new EU-wide local and regional indicators enabling decentralised governments to compare and improve their performance. This should be complemented with the development of Regional and Local Action Plans (RAPs/LAPs) on social inclusion based on regional and local targets;

8. Reporting requirements in the streamlined OMC context should be reduced and the visibility of the process should be increased through wider dissemination of the results and greater media coverage of the national and European implementation reports;
9. Funding available for trans-national cooperation projects, benchmarking exercises and other activities helping to increase awareness, to promote the exchange of experience and to ultimately strengthen the local partners' capacity to meet the common objectives should be substantially increased;
10. The EU should additionally support the creation of Internet-based networks dedicated to the exchange of information on the NAPs and on good implementation practices.
11. Finally, CEMR would welcome a comparative research on the financing and delivery procedures of health and social care services in the Member States.

1. The added value of the OMC

To what extent has the OMC helped to achieve progress in the national policy making process and at European level?

The CEMR welcomed decisions by European leaders meeting in Lisbon in March 2000 to make a decisive impact on the eradication of poverty by 2010 and to use the Open Method of Coordination (OMC) to implement this new European Strategy in the field of social inclusion. The subsequent decisions taken at EU level to further extend the OMC to the fields of pensions and healthcare have led to EU guidance, monitoring and evaluation on areas of direct responsibility for municipalities and regions.

Experience has shown that the OMC has significantly contributed to develop a shared understanding of the challenges of an inclusive society in the European Union. The existence of the process and the obligation to draw National Action Plans (NAPs) has helped to raise the political profile of social inclusion in Member States and to mainstream social inclusion concerns through the adoption of comprehensive strategies covering a wide range of policy fields. The multi-faceted approach to poverty has equally contributed to promoting coordination between different government departments and levels, as well as to paying more attention to encouraging participation of NGOs and the civil society.

Nevertheless, the CEMR considers that the contribution of the OMC to help achieve progress in national social policy reforms could be further enhanced. Indeed, experience has shown that the success of the OMC has been limited in many Member States in terms of its effective implementation, mainly due to **restricted ownership of the process by the level closest to people experiencing poverty, i.e local and regional authorities** which are at the forefront of the delivery of solutions to the problems of social exclusion.

To enable the OMC and connected NAPs to deliver their full potential, a bottom-up approach to social inclusion issues is crucial. This in turn requires increased participation of local and regional authorities, which have a facilitating role and a responsibility for bringing social inclusion actors together. However, experience with the first rounds of the NAPs on social inclusion has revealed that, while central governments have stepped-up their efforts to consult with the local and regional levels, in most cases, **this consultation process has not been formalised and rarely allows genuine contributions from municipalities and regions to the design and delivery of national anti-poverty measures.**

It should also be noted that the OMC in the field of social inclusion has not always created incentives to move to more innovative reforms addressing concerns at the roots of poverty. It seems that, in many Member States, the NAPs are only a **complementary policy framework**

without a clearly defined process for supporting and reviewing their implementation. The NAPs then have the character of a report rather than of an action plan containing a strategic approach involving all departments and levels of government.

Finally, the results gathered to date have shown that **national reforms and policy initiatives in the fields of social inclusion and social protection rarely benefit from experience in other countries.** Reflection on the practices of other EU Member States is not spontaneously carried out in the process leading to the adoption of new policy measures. In this respect, it can be argued that the OMC has not reached its objective of spreading the best practices across Member States through benchmarking.

2. The Common objectives

Are the common objectives still in line with key policy priorities and do they still address the most important challenges as identified in the most recent Joint Reports?

CEMR considers that the four key objectives for combating poverty and social exclusion set by the Nice European Council and revised in December 2002 are still in line with the key challenges faced in the European Union. These objectives duly take account of the multidimensional character of poverty and social exclusion. They are moreover rightly formulated in a sufficiently broad manner so as to allow each Member State to put forward various dimensions corresponding to specific objectives according to its own practices and conditions prevailing at local level. CEMR therefore recommends that this flexible approach and the four current social inclusion objectives are preserved in the new set of objectives of the revised OMC.

CEMR believes that the problem does not lie in the relevance of the current common objectives, but rather in their effective implementation by the Member States. In this regard, CEMR would like to recall the fourth key objective set for the OMC in the field of social inclusion, which calls for the mainstreaming of the fight against exclusion into overall policy, in particular by mobilising the public authorities at national, regional and local level, according to their respective areas of competence. Moreover, it should be noted that other common objectives and key challenges identified at EU level such as preventing child poverty, promoting employment, tackling homelessness, improving access to housing and to education, preserving family solidarity, guaranteeing equal access to quality services and integrating ethnic minorities and migrants all constitute policy priorities delivered at local and regional level by municipalities and regions. However, as already stated above, the current policy processes in Member States do not entail adequate mechanisms for the proper involvement of local and regional governments in the policy planning process. To remedy this situation, CEMR recommends that the current fourth objective, relating to local and regional government involvement, be further strengthened by the addition of a **new guideline calling on Member States to formalise structures for consultation and coordination between national, regional and local action planning.** In the absence of such a formal framework, the OMC risks being limited to coordination between the European and Member States levels, with only limited linkage with the work of field actors whose responsibilities lie in the concerned areas.

Taking into account the results of the first NAPs in Member States which joined the EU in 2004, the CEMR would furthermore welcome an additional guideline addressing the need to **strengthen, where appropriate, the implementing capacity of decentralised governments.** Indeed, several national member associations of CEMR have reported that, in some countries, local and regional authorities lack the human and budgetary resources to enable their effective participation to the OMC. Capacity building in such countries is therefore

much needed, along adequate budgetary resources, since the effectiveness of social inclusion measures largely depends on the financial and human means dedicated to it.

3. Indicators and targets

*Have **indicators** fulfilled their role in monitoring the progress achieved towards the common objectives? Have **targets** proved to be both feasible and effective in driving forward more ambitious policy reform?*

CEMR agrees with the importance of having common indicators and targets to allow Member States and the European Commission to monitor the progress towards the common objectives. However, it became apparent from the first two rounds of the NAPs that not all Member States make use of the social inclusion indicators, instead preferring to use targets that are more related to policy efforts.

Whilst considering that all targets and indicators set at European level are relevant and useful to monitor and benchmark progresses achieved towards the common objectives, CEMR considers that the common (primary and secondary) indicators, which are focused on national figures, are not always adequate to capture the diversity of situations both between and among the Member States. Indicators at local level (level three indicators), in turn tend to better reflect the reality of poverty insofar as they highlight specificities in particular areas and thus the actual living conditions of people experiencing poverty. Used in conjunction with the common indicators, they enable more effective comparisons, by better helping to assess the extent to which national performances are affected by regional disparities. However, since such indicators are not harmonised, Member States tend not to use them in their national reports on social inclusion.

Consequently, CEMR would recommend that, in streamlining efforts of the OMC, **common indicators for the regional and local levels and for territorial issues be developed, in close cooperation with the national organisations representing municipalities and regions.** Such indicators could then be used in **Regional and Local Action Plans (RAPs/LAPs) on social inclusion.** CEMR considers that, in the context of a streamlined OMC in the social field, the development of regional and local benchmarking approaches would be best suited to attain the objectives of both fighting social exclusion and promoting quality and affordable health care. They would moreover increase the visibility of national performances while at the same time supporting the europeanisation of strategies deployed at local level. CEMR has already carried out local benchmarking exercises in the past and would be keen to help develop a common structure for regional and local action plans on social inclusion, in consultation with the European Commission.

As regards the other areas where it would be appropriate to develop additional commonly agreed indicators, CEMR would welcome further work in fields already identified at EU level for future action, i.e: **benefit dependency, social participation, housing and access to healthcare and essential public services.** However, **developing benchmarking mechanisms in these areas should be based as far as possible on readily available data** to avoid burdening municipalities and regions with totally new data collection tasks.

4. Mobilisation of all actors and co-operation at national level

Has the OMC on the national level been implemented effectively and in a way conducive to better coordination between different government departments and levels, and to greater mobilisation of stakeholders?

On these aspects, the information collected from national member associations of CEMR has led to the following observations:

- In many countries, the links between different government departments involved in the co-ordination of the fight against social exclusion needs to be further strengthened. In some other countries, limited availability of competent staff and adequate financial resources is perceived as a major obstacle to enabling the OMC to be used as a tool for the formulation of more ambitious social policy strategies. Capacity building is thus needed in order to allow a better understanding and/or implementation of the OMC at national level;
- The OMC and the NAP processes have certainly helped to foster wider participation of stakeholders active in the field of social inclusion. However, only few Member States have created formal structures ensuring consultation with all concerned actors;
- In reality, the quality of consultation very much differs from country to country. Although there have been improvements with the second generation of NAPs, existing consultation processes at national level rarely allow the regional and local level to have a pro-active influence in the shaping of national anti-poverty strategies. The NAPs themselves offer little information regarding the extent and depth of the consultation process. Their other weaknesses are that they rarely include examples of local government activity and are not linked to budget lines for their implementation at decentralised level;
- Finally, public awareness of the OMC and the EU social inclusion process is far from being satisfactory. In many countries, the link between European level activities and the development of national anti-poverty policies is not particularly clear. Many regional and local authorities do not feel engaged in the European social inclusion process. In some cases, the process is even totally unknown to them.

It appears evident **that the consultation of the regional and local level has not always been satisfactory**. This should be remedied insofar as increased involvement of local and regional authorities would raise awareness and add both political commitment and leadership to the OMC in social fields.

A key to improved policy design and delivery will be putting more effective arrangements for monitoring and evaluating policy impact. Accordingly, the streamlining of the OMC should provide an opportunity to formalise **national processes aimed at ensuring the participation of the regional and local levels** to all stages of the NAPs (drafting, implementation and evaluation). Regions and municipalities should also be involved in a more structured way in the EU level decision-making and monitoring processes of the OMC, e.g through representation within the Social Protection Committee or the creation of a new steering group.

To enable local and regional levels to play an effective role in the drafting phase of the NAPs, the European Commission should furthermore ask Member States to **set a well publicised timetable for consultation targeted at all key stakeholders**. Indeed, a problem common to all Member States in relation to the OMC in field of social inclusion is that, as is the case for the NAPs on employment, the timetable set for the preparation of the national action plans does not leave enough time to central governments to consult with the decentralised levels. The CEMR would furthermore suggest that the dissemination of national and European reports on the implementation of anti-poverty strategies be substantially increased to help raise public awareness. In this regard, **greater involvement of the media** could help to increase knowledge of the process and also play a role in fostering the peer pressure effect sought by the OMC. The communication and information in relation to the process should equally aim at making more explicit the relationship of national, regional and local anti-poverty

strategies to wider pan-European objectives. This could be in turn achieved by **increasing the number of national events targeted at regional and local authorities**, bringing EU and key domestic partners together to explain the OMC process and its meaning for regional and local government.

5. Working methods at European level

Have the working methods developed at European level to promote mutual learning and discuss results of the OMC been the most appropriate and effectively managed?

The various actions supported under the Community Action Programme to fight social exclusion (such as peer reviews, trans-national action projects, awareness raising projects, EU networks of NGOs and local/regional authorities, studies and statistical data bases) have certainly facilitated the OMC process by improving the knowledge on poverty issues, helping to identify successful practices and encouraging key partners to engage in cross-border cooperation to find common solutions to similar problems. These actions are important also insofar as they concern the willingness of the EU to promote and finance actions based on the participation of the relevant bodies and actors involved in the delivery of solutions to problems linked to poverty and exclusion.

On the other hand, the national seminars that were organised in each of the Member States in view of drafting the NAPs have tended to be more of a mechanism for raising awareness about the European social inclusion process than an efficient tool to help relevant government departments to draft their plans. The lack of publicity around the OMC process itself has in some cases led central governments not to allocate the necessary administrative support to the NAP process.

On the EU Presidency Round Tables on Poverty and Social Inclusion, we have the impression that these have to date tended to focus excessively on country specific issues and projects, thereby rendering it difficult to translate examples from other countries into the domestic agenda. Therefore, the future Round Table conferences should pay greater attention to giving examples of practices across the EU so as to enable more effective comparison and mutual understanding of particular national and/or regional and local situations.

In order to further improve the cooperation and exchange of experiences on social policy issues, CEMR would recommend that **EU funding available for the type of actions currently financed under the Community Action Programme for Social Inclusion be increased to allow for more projects and actions to be supported**. The Commission should also be more actively involved in **helping to coordinate the various experiences of the NAPs at a regional and local level**, by supporting a greater amount of peer review events targeted at municipalities and regions and the creation of local partnerships mobilising all field actors. Furthermore, CEMR would also recommend giving support to the development of **Internet-based networks dedicated to the exchange of information on NAPs and good implementation practices**. Finally, to assist the extension of the OMC to the health and long-term care areas, the CEMR would welcome a comparative research on the financing and delivery procedures of health and social care services in the Member States.

6. The links between the OMC and other processes

How do you assess the interaction between the OMC in the social protection/inclusion field and other processes, such as the European Employment Strategy (EES) or the coordination of economic policies in the framework of the Broad Economic Policy Guidelines?

The OMC in the field of social inclusion has formalised the policy triangle approach adopted in Lisbon in 2000, which promotes the co-ordination of macroeconomic, employment and social protection policies in an integrated way, in recognition of the fact that they are mutually supportive and mutually reinforcing.

The experience with the European Employment Strategy has already resulted in a shift of focus, from labour market incentives targeted at the private sector to more specific policies aimed at activating skills and providing high quality services to the most vulnerable groups. **CEMR believes that this mainstreaming of the social inclusion objectives across all EU policies could be further developed**, in line with the multi-dimensional approach to poverty promoted by the European social inclusion strategy. Indeed, taking social inclusion into account in the design and implementation of EU policies in the other areas is essential for ensuring that they are supportive of national efforts to fight poverty and social exclusion.

CEMR is however concerned by recent developments, which have shifted the focus of the Lisbon Strategy further toward economic growth and jobs. CEMR would like to recall that the **European social inclusion strategy is an overarching process based on horizontal objectives that are cross-cutting to other sectoral OMC processes**. In line with this, EU level objectives such as promoting economic growth, increasing employment rates and attaining long-term pensions sustainability should not be considered as ends in themselves but as tools to restore social citizenship. In consequence, CEMR recommends that **the Integrated Guidelines in the economic and employment fields be made more aligned and coherent with the OMC process in the social inclusion field, and not the other way around**.

7. Suggestions for the future development of the OMC in a streamlined context

What suggestions would you make for the future development of the OMC in the field of social protection and social inclusion, with respect to the nature of the objectives within the new streamlined process, the extent to which the three strands of work should be integrated and the use of indicators? Have you any comments or suggestions regarding how health and long-term care can be addressed in the future streamlined process?

As regards the simplification of the OMC, the CEMR already welcomed the unified reporting structure applied for the first time with the 2005 Joint Report on Social Protection and Social Inclusion, insofar as it allowed to reduce the level of reporting requirements.

Mainstreaming the social inclusion objectives

The further streamlining of the OMC will mean that social protection/social inclusion reports for the European Council and subsequent publications will in the future cover pensions reform, health and long-term care and, possibly, making work pay, as well as social inclusion. This should allow for a more developed and general approach that addresses a number of separate -but related- policy areas in the social field. The streamlined OMC process should further facilitate the exchange of knowledge, experience and best practices between the Member States across the key social policy fields. However, in order to make it effective, **it is crucial that the streamlined OMC has a central focus on the overarching objective of combating social exclusion**.

As mentioned above, CEMR considers that the revision of all social protection and social inclusion processes in 2006 should be used to further develop the mutually reinforcing aspects of the three different policy sectors social inclusion, pensions, health and long term care - and define common objectives along the lines of these interactions. This should be done while respecting to a certain extent the specificity of each strand, e.g to take account of

the reality that different actors are involved in these policy fields. At the same time, **a clear focus on social inclusion must be maintained and reflected in the new set of common objectives**. The streamlined OMC process in the social policy fields should thus not lead to its subordination to the employment and economic objectives set by the Integrated Guidelines, but should instead **help reinforce the social dimension of the Lisbon Strategy**.

Extending the OMC to the health and long-term care sectors

The CEMR welcomes the projected extension of the OMC to the health and long-term care sectors, which should lead to closer interaction between EU bodies and municipalities and regions that organise and provide many of the services concerned.

It is however important that the streamlined process of the OMC takes account of the complexity of health care systems by adequately capturing their specific objectives. The extension of the OMC to this field of activity should also **respect the internal structures and competences of local and regional authorities when applying common objectives and evaluation mechanisms to the different Member States**.

Finally, extending the OMC to the field of health and long-term care should further strengthen the democratic nature of the process. **It is important that local and regional authorities are very present in all stages of the OMC in the social policy fields**, and CEMR and its member associations are willing to take an active role in this process.

Embedding the OMC in regional and local government

CEMR considers that the streamlining of the OMC should also provide an opportunity to improve delivery, by developing new ways to involve more closely local and regional governments in the process.

At this point linking the discussion on the revision of the OMC to the debate on EU Governance, CEMR would like to point out that the Commission itself recognised, in its White Paper on Governance, that **central governments are currently making too little use of local and regional expertise in preparing their EU policy stances**. As stated above, better co-ordination and interaction between the national, regional and local levels would however strengthen the monitoring and reporting of the OMC in the future. At the same time, greater involvement of the decentralised governments in policies co-ordinated at European level would create greater awareness amongst citizens and hence increase the legitimacy of European strategies and actions. The recommendations put forward by CEMR in the present document aim at attaining these objectives, by embedding the OMC in regional and local government.