Building a stronger EU Social Inclusion Process:

Analysis and recommendations of the EU Network of independent national experts on social inclusion

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Disclaimer: This report does not necessarily reflect the views of either the European Commission or the Member States

30 May 2008

On behalf of
European Commission
DG Employment, Social Affairs and Equal Opportunities

1. Context

This short report is produced in the context of the European Union (EU) Social Protection and Social Inclusion Process, also referred to as the Social Open Method of Coordination (OMC). The Social OMC covers three main strands (social inclusion, pensions and healthcare and long-term care), and also addresses "making work pay" issues.[1] Two important instruments which are used to support the social inclusion strand of the OMC are the Peer Reviews of good practices and the regular reports drafted by a Network of non-governmental experts. These reports are intended to support the Directorate-General for Employment, Social Affairs and Equal Opportunities of the European Commission in its task of assessing independently the implementation of the Social Inclusion Process.[2] The Network consists of independent experts from each of the 27 Member States as well as from Croatia, FYROM and Turkey.

This report summarises the main findings from an analysis undertaken by the Network of experts in the first part of 2008. The experts analysed the impact of the social inclusion strand of the Social OMC and, in particular, the awareness and perception of the OMC in the public and political discourse as well as the effectiveness of the OMC in tackling and preventing poverty and social exclusion. Drawing on both the national experts' analysis and the Network Core Team's assessment of the Social OMC, it also identifies 12 important actions that might be taken in order to achieve a substantial strengthening of the process. It is specifically intended to inform the ongoing efforts to strengthen the Social OMC, particularly in the light of the Commission's launch of the "Renewed Social Agenda" and the Commission's Communication on reinforcing the Social OMC (both planned for 2 July 2008).

2. Key findings

It is clear from the experts' analysis that awareness of the social inclusion strand of the Social OMC is limited to a narrow band of actors in most Member States. Best informed people are predominantly senior officials, decision-makers and politicians and those NGOs active in the process. However, the extent to which the EU process has permeated within these sectors, or from the national to sub-national level, varies quite widely from country to country. In most countries there is virtually no media or public awareness of the Social OMC and no political debate about the process. In only a small number of countries does there appear to be much interest within the academic community or significant social partner engagement.

Among those who are aware of the process, perceptions as to its effectiveness vary widely from across countries. However, overall it would seem that the process is only perceived as being really effective in a minority of Member States. Generally, officials, decision-makers and politicians involved in the process are more positive than NGOs. To some extent, this may be because of different ambitions and understanding of the role of the Social OMC. NGOs generally expect the process to be a key tool to assist Member States to develop more effective policies and procedures, which will result in making a decisive impact on the eradication of poverty and social exclusion. Amongst officials, policy makers and politicians in many - though not all - Member States, the ambition is different. They tend to view the process primarily as a useful means of promoting the exchange of learning and good practice between Member States; not as a key part of their policy tool kit.

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[1] For detailed information on the EU Social Protection and Social Inclusion Process and in particular on the social inclusion strand, see the European Commission's website:
http://ec.europa.eu/employment_social/social_inclusion/index_en.htm.

[2] For more information on the Commission's programme on "Peer Review in Social Protection and Social Inclusion and Assessment in Social Inclusion", including the list of independent experts, see:
http://www.peer-review-social-inclusion.net/.

As to the actual impact of the process on policies and procedures, there is a very significant variation across Member States. In only a small minority of countries, not more than a quarter according to the experts, can the process be said to have become an important part of the policy making process in relation to social inclusion issues and to be having a significant impact. The key determining factor in the countries where the process *is* having a significant impact is a high level of political importance and leadership in relation both to poverty and social exclusion generally and to making use of the Social OMC in particular. However, in most Member States it would appear that the process has a very low political priority and status and is considered to be mainly an administrative reporting exercise.

Although the direct and immediate impact of the Social OMC is generally seen as quite limited and confined to a few countries, in a significant group of countries it is perceived as indirectly and gradually impacting on policies or policy priorities. In particular, it has been important in promoting the circulation of ideas and in championing concepts such as the need for a multi-dimensional approach and framework for understanding poverty and social exclusion or the need to mobilise and involve all relevant actors and all levels of governance.

When the Social OMC has made an impact on policy making, the most frequently cited areas are encouraging a holistic and multi-dimensional approach to policy making and developing policies in relation to labour market insertion, active inclusion, tackling child poverty and social exclusion and addressing the intergenerational inheritance of disadvantage. In relation to institutional arrangements, the areas most frequently mentioned are that the process has encouraged: a more coordinated and mainstreamed approach to policy making; greater clarity in setting objectives and targets; improvements in data and analysis leading to more analytical and evidence-based policy making and improvements in monitoring and evaluation; more links between central and regional and local levels; and the mobilisation and involvement of actors, especially NGOs and people experiencing poverty and social exclusion.

The most frequent criticisms regarding the Social OMC are: its low political status and importance; its low visibility and the lack of public promotion of the process; the failure to integrate the process into national policy making procedures; its low status vis-à-vis the Lisbon agenda on growth and jobs and the lack of *feeding in* and *feeding out*; insufficiently rigorous monitoring, evaluation and reporting of Member States' performance; weak governance arrangements (such as limited mainstreaming of social inclusion objectives, weak horizontal and vertical coordination of policies, ineffective strategic planning, poor implementation and insufficient mobilisation and involvement of actors); and insufficient development and dissemination of exchange of learning and good practice.

Overall six positive things can be concluded from this analysis. The Social OMC is helping to keep poverty and social exclusion on the EU agenda (if not as strongly as many would wish) and to stress the importance of ensuring that economic, employment and social policies are made mutually reinforcing. The process has contributed to Member States developing a common understanding of concepts and to identifying and agreeing on key priorities. It is generating a considerable body of very useful learning about how best to tackle and prevent poverty and social exclusion. It has helped to make progress in improving data, defining commonly agreed indicators and developing a stronger analytical framework so as to better understand and assess the phenomena at stake as well as to monitor and report on progress. When Member States choose to make full use of the Social OMC, it proves that it can be a very helpful tool in strengthening national and sub-national efforts to promote social inclusion. Lastly, there are a range of very practical steps that could be taken to make the process much more effective in the immediate future and it is also becoming clearer what the other things are that need to be done to improve its political standing in the longer term. These will be addressed in the next section.

3. Suggestions for building a stronger EU Social Inclusion Process

Arising from the foregoing analysis of the extent of awareness, effectiveness and impact of the social inclusion strand of the Social Protection and Social Inclusion Process in Member States, it is possible to identify five key and closely interrelated areas where actions are needed if the Process is to be strengthened sufficiently to truly contribute to meeting the objective of making a decisive impact on the eradication of poverty and social exclusion:

- raising the political status and importance of the Social Protection and Social Inclusion Process;

- increasing awareness of the process at both EU and (sub-)national levels;

- making the process more rigorous, more challenging and more comparative;

- strengthening governance in relation to social inclusion issues; and

- enhancing the exchange of learning and good practices.

The analysis undertaken by the non-governmental experts contained a very rich range of possible actions under each of these areas. Some of these actions could be implemented immediately whereas others could only come into effect after 2010. Drawing on both the experts' analysis and our own assessment of the Social OMC, this section concentrates on what we consider to be the 12 most important actions (not ranked by their respective importance) that might be taken in the five areas in order to achieve a substantial strengthening of the process. It should be noted that some of our suggestions for building a stronger Social Inclusion Process are directed towards the EU level and some towards the national level. Some require action by the EU Council of Ministers, some by the EU Social Protection Committee and some by the European Commission. Many require joint action by all three and also the involvement of other key actors in the Social Inclusion Process such as national (and possibly sub-national) parliaments, regional and local authorities, social partners, NGOs and the academic community.

1. Institute a political dialogue involving Member States, the European Commission and other EU institutions which would lead to a revision of the Lisbon architecture post 2010 so as to ensure that the Social Cohesion objective is put at the core of the EU's post 2010 Strategy, at the same level as the EU objectives of Growth and Jobs, and that the timing of the different processes are synchronised. This could be achieved for instance through a set of commonly agreed overarching Sustainable Development objectives covering these three major objectives together with environmental objectives. Member States could then be required to report formally on the arrangements they have put in place to coordinate and synchronise the Social Protection and Social Inclusion Process and the other EU processes and to assess regularly the contribution that the four different strands are making to the achievement of each others' objectives (i.e. enhanced *feeding in* and *feeding out* between all four strands).

2. With a view to achieving a better integration of the Social Inclusion (and Social Protection) Process into national and also, where relevant, into sub-national policy-making, reassess, together with Member States and all relevant stakeholders, the timing and structure of the Social OMC cycle. One possibility would be the extension (after 2010) of the current cycle of National Strategy Reports on Social Protection and Social Inclusion (NSRSPSIs) to four years. This would allow for more focus to be given to implementation in the intervening years. While Member States would be relieved of the burden of preparing a NSRSPSI every two years, they would in future have more time to prepare Strategy Reports which are fully integrated into national and sub-national policy making. In order not to lose momentum or visibility in intervening years, Member States could usefully prepare concise and focused implementation reports on an annual basis – as is currently already encouraged by the Commission - and the Commission could then closely monitor implementation progress.

3. Promote more high level political debates and discussions of EU social inclusion (and social protection) objectives and activities by ensuring that more attention is given to these issues during top-level EU meetings (European Council and EU Council of Ministers) and by encouraging Ministers as well as Heads of State and Governments in Member States to regularly refer to the EU Social Protection and Social Inclusion Process and to commit to holding regular debates in national (and possibly sub-national) parliaments at the time of adoption of the NSRSPSIs and of the subsequent annual implementation reports and also when responding to policy recommendations or "points to watch" (see 8 below) agreed between the Commission and the EU Social Protection Committee.

4. Develop a proactive communication strategy at EU, national and sub-national levels targeting the media, which would highlight Member States' progress in achieving their social inclusion objectives. The dissemination strategy should also involve all Member States establishing (sub-)national websites in the national language(s), with links to the Commission's "Europa" social protection and social inclusion website and to other relevant EU level websites. These websites would be dedicated to promoting and providing information on the EU cooperation in the field of social protection and social inclusion. They would include information on the country's NAPs/inclusion and on the regional and local social inclusion strategies, and highlight the variety of activities being supported as part of the process and the lessons learned from activities supported by PROGRESS. When possible and meaningful, they would draw attention to the actual impact of these activities on citizens' lives. An important element of the communication strategy at EU, national and sub-national levels should be to make poverty and social exclusion language/terminology simpler, stronger and more direct – less jargon and more geared to the layperson – and to ensure that this is also the case with the objectives and guidelines and when explaining key results to the public at large.

5. Make target setting a central and visible feature of the EU process by putting in place a system whereby the Commission and each Member State would enter a dialogue to agree appropriate national targets (and, when appropriate, sub-national targets) which would be based on robust analytical work and which would represent individual Member State's commitment to move towards the overall EU objective of making a decisive impact on the eradication of poverty and social exclusion. These targets would then be publicised and progress towards their achievement would be rigorously and regularly monitored and reported on. In the same spirit, it would be useful if a discussion between the Commission and Member States could be instituted with a view to agreeing ways of making the Union's social objectives more visible, measurable and tangible at EU level. This dialogue could *inter alia* involve a more rigorous and visible use of the commonly agreed EU indicators for social inclusion and the commitment of all Member States to set the goal of moving towards the performance of the three best Member States in a set of common indicators covering each relevant social policy domain.

6. Introduce a much more rigorous approach to monitoring and evaluation with an increased focus on results rather than procedures and more independent critical analysis of progress made in achieving objectives. Key elements would include: a) incorporating the common indicators more systematically into the Member States' national monitoring and analytical frameworks in order to improve mutual learning; b) boosting statistical and analytical capacity at EU, national and sub-national levels; c) developing social impact assessments in all the relevant policy domains and using specific Peer Reviews and trans-national exchange projects to encourage mutual learning in this complex area; and, finally, d) requiring all Member States to have formal arrangements for truly involving civil society organisations and independent experts in monitoring and assessing social inclusion policies on an ongoing basis.

7. Build on the experience of the thematic year on child poverty and well-being to further develop thematic work around agreed core issues and ensure regular follow up as a way of increasing visibility and impact of the overall Social OMC process. This can help to both deepen the diagnosis of the causes of poverty and social exclusion in the different Member States and to develop more transnational comparisons on the outcomes of policies. It will also help to ensure that the process combines both a broad approach to poverty and social exclusion with a focused and in-depth (thematic) approach. Such an enhanced approach, based on robust analytical work, could benefit from an increased involvement of the scientific community, from closer links with the programmes of the European Commission Directorate-General for Research and Development and from promoting independent comparative analysis of Member States' performances. Enhanced use of the common indicators together with the necessary contextual information would also significantly contribute to the identification of explanations of possible differences in Member States' performances (*contextualised benchmarking*), to an improved analysis in individual NAPs/inclusion, to stronger monitoring and comparison of Member States' progress towards the common objectives, to ensuring a multi-dimensional approach by Member States and to the setting of evidence-based quantified objectives (targets).

8. When monitoring each Member State's progress on an annual basis, the Commission and the Social Protection Committee (SPC), as the bodies in charge of implementing the Social OMC, should, as necessary, make clear recommendations or "points to watch" to each Member State on actions it needs to take if it is to achieve the agreed national targets (see 3 above). These would then be endorsed by the Council.

9. Drawing on the good practices across Member States, the Commission together with the SPC should prepare a guidance note on mainstreaming social inclusion objectives in all relevant national and sub-national policy making and should highlight the key role of social impact assessments in the actual implementation of mainstreaming. The guidance note should also focus on mainstreaming social inclusion objectives in the budgetary processes and in the allocation of EU Structural Funds. The note should emphasise the need to complement the mainstreaming of social inclusion objectives across all relevant policy domains with effective *horizontal joined-up government*, i.e. effective horizontal coordination across policy areas within and among the various policy levels involved, so as to ensure that policies are truly integrated and mutually reinforcing. Member States should then report regularly on the arrangements they have put in place to address those various issues and the Commission should monitor and report on Member States' performance in this regard.

10. Building on emerging good practices across Member States, the Commission in conjunction with the SPC should draft a guidance note on preparing effective regional and local action plans on poverty and social exclusion and on how to ensure synergies between national and sub-national plans including, in particular, in the setting of targets. Member States should report regularly on their progress in this *vertical joined-up government and* the Commission should monitor and report on Member States' performance in this area.

11. Drawing on existing good practices across the EU, the Commission together with the SPC should agree minimum standards for Member States on the effective involvement of stakeholders in all phases of the preparation, implementation, evaluation and monitoring of social inclusion policies in general and of the Social Inclusion Process in particular. This should cover issues such as the range of actors to be involved, the importance of allowing sufficient time for consultations, the types of institutional arrangements to establish as well as the importance of accountability and of giving timely feed-back on the outcomes and actual follow-up of consultations. In the light of these minimum standards, Member States should then be invited to report regularly on the arrangements and resources they have put in place to ensure the effective involvement of stakeholders and, in particular, on the way this participation

has actually impacted on policy making. The Commission should regularly monitor and report on progress in this area.

12. Enhance exchange and learning as an integral element in the EU Social Inclusion Process by resourcing an increased range of opportunities for exchange and learning under the 2007- 2013 *Community Programme for Employment and Social Solidarity (PROGRESS)*[3], with a particular emphasis on the importance of broadening the range of actors involved, especially key stakeholders from regional and local levels, and on the need for more systematic and widespread dissemination of results. In particular, hold more frequent and critical Peer Reviews, only select for Peer Reviews policies for which proper monitoring of outcomes is available, increase the visibility of Peer Reviews, and ensure more effective reporting as well as widespread publication and promotion of results.

In conclusion we want to stress the interdependence of these suggestions re the way forward. They are intended to be mutually reinforcing and many can contribute to making progress in several of the five key areas identified above. However, ahead of everything we would emphasise that if progress is not made in raising the political importance, status and visibility of the Social OMC then we believe that many of the other proposed improvements to the process will either not happen or will have only a limited impact – it could be like rearranging the deck chairs on the Titanic.

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[3] For more information on PROGRESS, see: http://ec.europa.eu/employment_social/progress/index_en.htm.