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**Inside the Social  
OMC's Learning Tools:  
How « Benchmarking  
Social Europe » really  
worked**



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## Abstract

The Social Open Method of Coordination has shown a great deal of elasticity (some would say instability) since it was formally launched in 2000. Through the different stages of its life thus far the actors driving the process have creatively adapted its setup and procedural routines to changing (political) circumstances, so that the OMC sustained at least some visibility at the highest political levels. The aim of this paper is to examine how one crucial component of the Social OMC, its benchmarking toolbox, has been developed and fundamentally revised throughout these different stages. It provides a detailed account of how benchmarking actually works within the "Social OMC", through each of the instruments of the OMC toolkit: the common objectives, key issues, indicators, expert and EU stakeholder networks, different types of peer reviews (including OMC 'projects'), and finally the joint reports with their (not always) subtle 'recommendations' to Member States. The picture that emerges is set out against the contrasting conclusions in the literature about whether and how OMC benchmarking is 'delivering the goods' on the ground.

Our conclusion is that the Social OMC's learning tools are not only more *dynamic* than is usually acknowledged, but they are also more *diversified*, have more *bite* and are more *open* to different actors than is usually assumed. In addition to the evidence of increasing *hybridity* of EU instruments, these elements help us to explain why "soft governance" has indeed had more impact "on the ground" than could be expected from a purely functional reading (the OMCs adequacy). This explains, at least in part, why in 2011, with the EU's discourse dominated by a one sided focus on social protection as a cost factor and social policy appeared to be narrowed down to policy against poverty and social exclusion, Member States agreed to continue and even reinvigorate the Social OMC in the context of the Europe 2020 strategy. By producing analyses and messages that focus on social protection and inclusion as a productive factor and as something with value in itself, it was hoped that the OMC could counterbalance the one sided focus prevailing at EU-level. Crucially, whether such an impact can be sustained depends on how the OMC's benchmarking tools are implemented under the Europe 2020 Strategy. At the time of writing, things are still moving in important ways: while it is too early to make a final judgement, it is clear that Europe 2020 will bring about important challenges for benchmarking social Europe while opening new windows of opportunity (including the development of a "Social Protection Performance Monitor").

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<b>List of Abbreviations</b>	
ASISP	Analytical Support on the Socio-Economic Impact of Social Protection Reforms
BEPG	Broad Economic Policy Guidelines
DG	Directorate General
EAPN	European Anti-Poverty Network
ECHP	European Community Household Panel
ECOFIN	Economic and Financial Affairs Council
EES	European Employment Strategy
EESC	European Economic and Social Committee
EFSF	European Financial Stability Facility
EFSM	European Financial Stabilisation Mechanism
EMCO	EU Employment Committee
EPAP	European Platform against Poverty and Social Exclusion
EPSCO	Employment, Social Policy, Health and Consumer Affairs Council
EU	European Union
EU-SILC	European Union Statistics on Income and Living Conditions
ESF	European Social Fund
FEANTSA	European Federation of National Organisations Working with the Homeless
GDP	Gross Domestic Product
IMF	International Monetary Fund
ISG	Indicator Sub-Group
JR SPSI	Joint Report on Social Protection and Social Inclusion
NGO	Non-Governmental Organisation
NRP	National Reform Programme
NSR	National Strategy Report on Social Protection and Social Inclusion
OECD	Organisation for Economic Co-operation and Development
OMC	Open Method of Coordination
OSE	European Social Observatory
PPMI	Public Policy and Management Institute
PROGRESS	Community Programme for Employment and Social Solidarity
R&D	Research and Development
SPC	EU Social Protection Committee
SPPM	Social Protection Performance Monitor
SPSI	Social Protection and Social Inclusion
TEU	Treaty on European Union
UK	United Kingdom

## Introduction: puzzle, scope and limitations <sup>(1)</sup>

The “Open Method of Coordination” (OMC) was formally coined by the Lisbon European Council in 2000 as a new (and at the initial stage rather *experimental*) regulatory instrument for the EU. It raised high hopes as a mechanism for coordinating (sensitive) domestic policies in a wide range of areas where the EU has limited or no formal competencies. In the social field, the open method “launched a mutual feedback process of planning, examination, comparison and adjustment of the social policies of Member States, and all of this on the basis of common objectives” (Vandenbroucke 2001:2). In other words: in terms of governance, the Open Method of Coordination is a “soft” tool: there is in principle no “hard” legislation (or sanctions) involved, but rather “governance by persuasion” (Streeck, 1996: 80) or “governance by objectives”.

Precisely this (in our view often misunderstood) “softness” of the process led to political and academic questions about its relevance and cost-effectiveness (Tholoniati, 2010). In spite of an increasingly sceptical attitude of scholars and politicians towards the OMC - it is often seen as a weak instrument and its flaws supposedly contributed to the failure of the Lisbon Strategy – the Social OMC has *matured*, adapting to changing circumstances. It has clearly shown a great deal of elasticity (some would say instability) since it was formally launched in 2000: through the different stages of its life so far – *experimentation, streamlining, maturity and reinvigoration* – the actors driving the process adapted, and at times reinvented its setup and procedural routines.

The aim of this paper is to examine how one key component of the Social OMC, its benchmarking toolbox, has been developed and fundamentally revised throughout the different stages. The paper describes the range of benchmarking tools, and the ways in which a variety of EU and domestic actors make use of them. By providing a description of what OMC benchmarking looks like in practice, we supply a corrective to much of the existing literature on the topic, which is too often based on out-dated and incomplete assumptions about the OMC’s learning tools. Also, by analysing the efficacy of the Social OMC as a “benchmarking” tool, we provide (one possible) explanation for the Member States’ decision to continue the process in 2011.

This paper is organised as follows. Section **one** is merely meant to set the scene. It gives a brief overview of the EU’s social policy instruments and describes the emergence as well as the general features of the Social OMC. Section **Two** then goes on to describe how benchmarking actually works within the “Social OMC”, through each of the instruments of the OMC toolkit: the common

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1. This paper expands on Vanhercke, B. and Lelie, P. (2012). The authors wish to thank Alan Fenna, Scott Greer and Ivan F. Dumka for their encouragements along the way, their constructively-critical comments and generous editorial suggestions. Thanks to OSE interns Francesca Sanna and Susanna Gürocak for their detailed feedback. Address for correspondence: [peter.lelie@minsoc.fed.be](mailto:peter.lelie@minsoc.fed.be)

objectives, key issues, indicators, expert and EU stakeholder networks, different types of peer reviews, OMC 'projects', and finally the joint reports which often, but not always include subtle Commission 'recommendations' to the Member States. The question of whether, how (through which mechanisms), and with what effects OMC benchmarking is 'delivering the goods' is addressed in Section **Three**. The **final** section wraps up and concludes.

## 1. Setting the scene: the EU's social policy instruments and the emergence of the Social OMC

The OMC is merely one of several instruments available to the EU in social policy. In order to put it in context, we begin with a brief description of the EU's toolbox in social policy and then proceed with a more in depth examination of the way in which the open method has come about and how it has developed over time in the area of social protection.

### 1.1 The EU's Toolbox in Social Policy

Broadly speaking, the European Union currently has four instruments at its disposal to produce an action in the social field: classic European law (directives and regulations), European social dialogue (both at the inter-professional and sectoral level), financial instruments (in particular the European Social Fund, ESF) and cooperation, including (in its strongest form) the Open Method of Coordination (Vanhercke *et al.*, 2011). These instruments are different in nature because of their distinct historical origins. Some date from the beginning of the EU (classic European law and the ESF), others from the 1990s (collective agreements and OMC). They also differ in their legal scope. Some are binding (classical law and collective agreements) while others work on the basis of inducements (OMC and ESF); some are distributive (ESF) while others are regulatory (the other three). They also differ in terms of the actor-networks that are connected to them, both formally and informally.

As far as **EU legislation** in the field of social protection and social inclusion is concerned, the possibilities for the European Union to take action are severely limited by institutional and political constraints. Member States and EU institutions have not been willing or able —on account of national interests, political sensitivities and the huge diversity of social protection and social inclusion systems <sup>(2)</sup> - to legislate in these areas. The EU's legal competencies in this domain

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2. There are major differences between the EU Member States in terms of economic development, social policymaking and the institutional setup of their political economy, while there is a high degree of cultural heterogeneity between them.

therefore constitute an unfulfilled potential (Reyniers et al., 2010). This said, the absence of “pure” EU social security or social inclusion legislation does not mean that there is no process of “positive integration” in these fields. Indeed, other dimensions of European integration have an indirect (and often unintended) impact on social security and social inclusion policies (for a more detailed account, see Reyniers et al., 2010).

One thinks first of rules of coordination of social security schemes, the object of which is to eliminate obstacles to the free movement of people (EP and Council of the EU, 2004). As such, it does not constrain Member States’ social protection policy as harmonisation would do, but it does prevent Member States from maintaining discriminatory schemes – in the interest of promoting free movement. Secondly, national rules on statutory social security—including any “social assistance provision intended to supplement or replace” social security schemes <sup>(3)</sup>— are also subject to directives on gender equality. The main piece of legislation (Council of the EU, 1978) obliges the Member States to eliminate discrimination on the grounds of sex either directly or indirectly. Thirdly, while social security remains a strongly held competence of the Member States, its exercise remains limited by the need to respect EU rules on freedom of movement. This obligation has been given special emphasis because the principles of free movement have been applied enthusiastically to health care services in the case of patients receiving treatment outside their country of residence. Last but not least, one has to remember that even if community initiatives in the area of social protection and social inclusion in practice remain of a cooperative nature, they still may imply legally binding acts at a procedural level: importantly, this includes the powers which are necessary in order to arrange necessary consultations. <sup>(4)</sup>.

Secondly, there is the **European social dialogue**. Following the Maastricht Treaty, the *European inter-professional social dialogue* takes place between representatives of European social partners (trade unions: ETUC; employers: BUSINESSEUROPE, UEAPME and CEEP). Over the years several framework agreements have been negotiated and transposed into directives, on parental leave and temporary work for example. Other “autonomous” framework agreements (*e.g.*, telework) are meant to be implemented by the social partners following their own national procedures. The European *sectoral social dialogue* received a major boost in 1998 with the creation of so-called European sectoral social dialogue committees, of which there are now 40 — which between them have produced more than 500 joint texts, including framework agreements <sup>(5)</sup>.

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3. Case 150/85, *Drake* (1986) ECR I-1995.

4. As early as in 1987, the European Court of Justice (Case 281, 283, 284, 285 et 287/85, Germany and others v. Commission, ECR, 3203) highlighted that where an article of the treaty confers a specific task on the Commission, this necessarily implies that the Commission must be able to exercise powers which are indispensable in order to carry out that task (if not the treaty provision would be wholly ineffective).

5. For example, the Framework Agreement on prevention from sharps injuries in the hospital sector (2009) which was implemented through an EU directive in 2010, <http://www.etui.org/Topics/Social-dialogue-collective-bargaining/Social-dialogue>

Thirdly, the EU also exercises influence over social policy through the use of its **financial tools**. The main instruments are the European Regional Development Fund (ERDF), the Cohesion Fund and, especially relevant in the context of this paper, the European Social Fund (ESF). Starting as a retroactive instrument used by Member States to finance their existing vocational training programmes in the 1950s and 1960s, the ESF evolved into a more pro-active instrument that supports a rather broad set of innovative social (inclusion) and labour market policies. Currently, the ESF's principal objective is to provide financial support for actions taken within the framework of the European Employment Strategy <sup>(6)</sup>, so as to realise common objectives such as raising employment rates, preventing long-term unemployment, and promoting equality of opportunity and labour-market inclusion for specific social groups. While the impact of these financial instruments has been significant for the least developed regions and countries, their impact has also been noticeable in the most developed countries (Verschraegen *et al.*, 2011).

In spite of its formal focus on labour market and economic development, people involved in the ESF at the European Commission, the Member States and subnational actors created sufficient room for manoeuvre to implement a local social inclusion policy (Ibid). Importantly, it should be noted that the ESF Regulation for the 2007–13 programming period also links the ESF to the OMC on Social Protection and Social Inclusion (EP and Council of the EU, 2006a).

The fourth and final EU instrument is **cooperation** between the Member States. In its most basic form it has, of course, been around for a long time, but over the years, based on the perceived need to work together around common social policy challenges, advanced forms of cooperation aimed at *coordination* and *convergence* of domestic policies have emerged, notably the Open Method of Coordination. The OMC is an example of 'New Governance', which involves 'a shift in emphasis away from command-and-control in favour of 'regulatory' approaches, which are less rigid, less prescriptive, less committed to uniform approaches, and less hierarchical in nature'. The idea of new (or experimental, or soft) governance places considerable emphasis upon the accommodation and promotion of diversity, on the importance of provisionality and reversibility ... and on the goal of policy learning" (de Búrca and Scott 2006). We examine the OMC in the next section.

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6. The ESF regulation of 1999 stipulates that the Fund should support policy measures of the Member States that are in line with the EES (EP and Council of the EU, 1999). Furthermore, the plans drawn up by the Member States are evaluated by the Commission 'in the light of consistency of the measures envisaged with the national plan for implementing the European employment strategy' (Council of the EU, 1999: Art. 15 §3).

## 1.2 OMC: Emergence, general features, variation and inflation

### 1.2.1 Defining the elephant in the room

In March 2000, in Lisbon, the EU's Heads of State and Government set "a new strategic goal" for the Union, namely to become, within a decade, "the most competitive and dynamic knowledge-based economy in the world capable of sustainable economic growth with more and better jobs and greater social cohesion" (European Council, 2000: §5). This strategy was to be implemented by improving the existing processes, "introducing a new Open Method of Coordination" (Ibid: §7).

What is this method, then? Since there is no legal definition of the OMC in the Treaty or other binding texts, reference needs to be made to the Presidency Conclusions of this Lisbon Summit. This text refers to the OMC as "the means of spreading best practice and achieving greater convergence towards the main EU goals". According to the same source, this involves: fixing *guidelines* (with specific timetables), establishing quantitative and qualitative *indicators* and *benchmarks* (against the best in the world), national and regional *targets* and periodic *monitoring, evaluation* and *peer review* organised as *mutual learning processes* (Ibid: §37). Ultimately, the expectation is that Member States learn from one another, and thereby *improve domestic policies*.

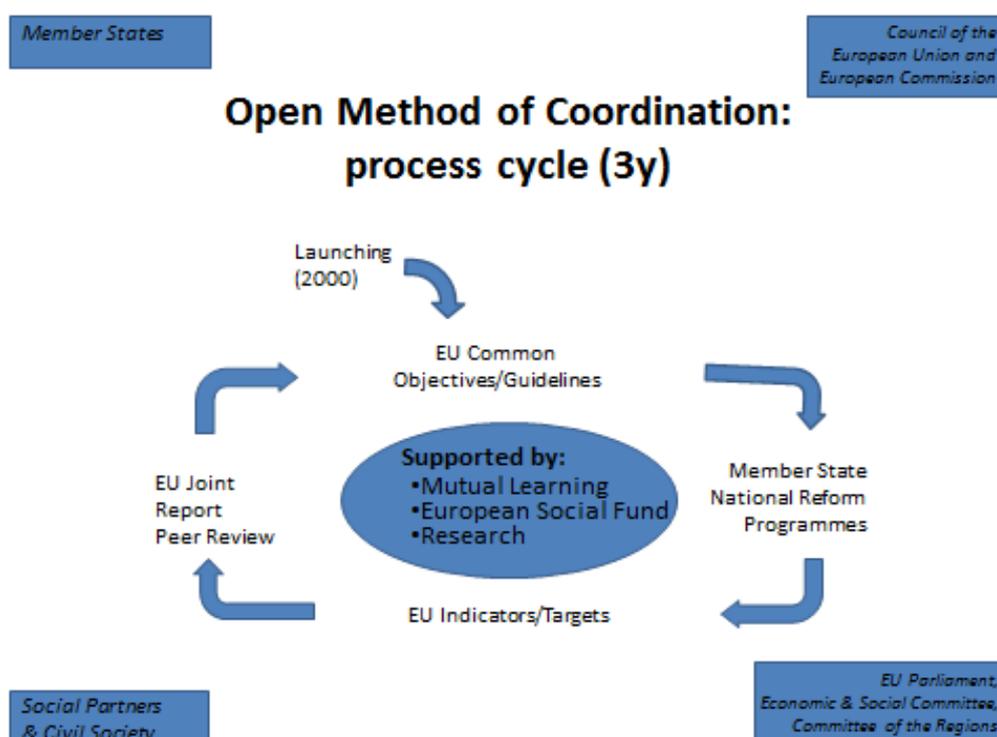
Figure 1 below highlights the different 'components of what an 'ideal' OMC looked like in the past decade. The arrows make clear that the OMC is a cyclical process (typically 3 years) where mutually agreed Common Objectives (political priorities) are defined, after which a peer review (discussion among equals) takes place between the Member States on the basis of national reports (called National Strategic Reports, National Reform Programmes, etc.). Soft 'recommendations' (issued by the Commission and the Council), as well as comparable and commonly agreed indicators (and sometimes quantified targets) enable governments and stakeholders to assess progress towards these Objectives.

Conceptually, the OMC finds its roots in the Broad Economic Policy Guidelines which were introduced by the Treaty of Maastricht (1992) and involved non-binding recommendations to monitor the congruence of national economic policies with those of the European Monetary Union. Furthermore, the 1997 European Council of Luxembourg brought the Treaty chapter on employment (introduced in the Treaty of Amsterdam) to life through what is now referred to as the "Luxembourg process", and which uses a similar set of instruments for policy co-ordination. Thus, a number of pre-existing European policy co-ordination processes have retrospectively been interpreted as full or partial examples of OMC *avant la lettre* (i.e., before the Lisbon European Council labelled the policy instrument as such). Alongside the Broad Economic Policy Guidelines (BEPG) and the Luxembourg process, the Cardiff Process for structural economic reforms, the

Bologna Process for cooperation in European higher education, and the code of conduct against harmful tax competition are particularly notable in this respect (Zeitlin, 2005:20).

Some have argued that policy processes such as that the OECD Economic Surveys <sup>(7)</sup>, the Employment Strategy undertaken by the Nordic Council <sup>(8)</sup> and the Article IV consultations by the International Monetary Fund (IMF) <sup>(9)</sup>, all of which have been up and running for at least 2 decades, are OMC-like types of cooperation between countries as well (Schäfer, 2004; Nedergaard, 2005).

**Figure 1: OMC Cycle under the Lisbon Strategy (2000-2010)**



Source: authors

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7. To ensure that OECD Member States follow the code of conduct for sound economic policies laid down in the OECD Convention, the OECD produces, every 12 to 18 months, an Economic Survey for each country (Schäfer, 2004: 5). See Groenendijk (2009) for a comparison between EU and OECD Benchmarking and Peer Review.
  8. The Nordic cooperation in the employment field involves Iceland, Finland, Norway, Sweden, Denmark, Greenland, the Faroe Islands and the Aaland Islands (Nedergaard, 2005: 19).
  9. The "Article IV Consultations" consist of an annual multilateral surveillance procedure, used with a view to "firm surveillance" of the exchange rates of the IMF members (Schäfer, 2004: 7).

### 1.2.2 After Lisbon: proliferation

The 2000 Lisbon Council Conclusions called for the introduction of the OMC “at all levels” (European Council, 2000: § 7) and explicitly referred to the use of the OMC with regard to social exclusion, information society and e-Europe (Ibid: § 8), as well as innovation and research and development (Ibid: § 13). Furthermore, even though the term “OMC” was *not* explicitly mentioned with regard to social protection (pensions), enterprise promotion, economic reform and education and training, the wording of the Lisbon Council Conclusions was such that they gave, *de facto* authorisation to launch or continue open co-ordination in a host of policy areas <sup>(10)</sup>. As a result, the OMC is now being used in more than 10 policy areas.

Furthermore Zeitlin (2005:20) points out that since the Lisbon European Council “OMC-type processes and approaches have also been proposed by the Commission and other European bodies as mechanisms for monitoring and supplementing EU legislative instruments and authority such as immigration and asylum ... as well as in areas like youth policy where the Union has few if any legal powers”. Other examples are environmental protection, disability, occupational health and safety, and fundamental rights. More or less serious proposals have been tabled to launch OMCs in fields such as organ transplantation, influenza control, immigration, smoking, EU development policy, family policy and disability policy. Recently, leading economists proposed to use the European Union's experience with the OMC to develop a new governance mechanism that would help to turn the G20 into a more effective global governance institution (Meyer *et al.*, 2011). Political scientists like Verdun and Wood (2013) consider the potential utility of the OMC in Canada as well.

This proliferation of soft law tools did not come as a great surprise. In view of the 2004 and 2007 EU enlargements, and with further enlargements ahead <sup>(11)</sup>, very few EU initiatives have been taken with a view to finding agreement on EU social legislation, and it seems highly unlikely that the amount of legislation in the social sphere will increase substantially in the next few years. Therefore some predicted, at the turn of the century, that “policy co-ordination and benchmarking [would be] a typical mode in future EU policy-making, as an alternative to the formal reassignment of policy powers from national to EU level” (Wallace and Wallace 2001: 33). Indeed, for a number

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10. With regard to social protection, reference was made to “strengthening cooperation between Member States by exchanging experiences and best practices”, and a study on the future evolution of social protection, particularly in pension systems, was requested (European Council, 2000: § 31). The European Council also referred to launching “a benchmarking exercise” with regard to enterprise promotion (especially SMEs, Ibid: §15); and to stepping up work on “structural performance indicators” on economic reform (Ibid: § 18). Finally, the Council meeting proposed 6 specific targets with regard to education and training and referred to “concrete future objectives” and “common concerns and priorities” in this policy area (Ibid: § 26-27).

11. For example to include the Balkan countries. Croatia is expected to join the EU in July 2013.

of politically sensitive areas (where no unanimity could be found on EU legislative initiatives), decision-makers agreed that “doing nothing” at EU level is not an option either, if only because EU Member States are faced with a number of common challenges. Such is, for example, the case for social inclusion, pensions and health and long term care, where the OMC is providing an EU-wide approach. The next section discusses how, the practice of this approach has developed over the past decade.

## 2. Benchmarking within the Social Open Method of Coordination (2000-2010): how did it really work?

For many authors ‘policy learning’ and ‘benchmarking’ are some of the core features, or even the *raison d’être*, of the European process. In this light it seems all the more striking that often times students of the OMC remain rather vague about *what they are actually talking about* when they make claims about the success or failure of ‘benchmarking’ in this context. This section fills that gap in our understanding by probing *how benchmarking is actually done* in the Open Method of Coordination on Social Protection and Social Inclusion (Social OMC), mainly illustrating the process with reference to the social inclusion strand<sup>(12)</sup>. The focus is essentially on the post 2005 and pre-2011 Social OMC. Before 2005, three separate social OMC’s co-existed: one on Social Inclusion (2000), one on Pensions (2002) and one on Health and Long Term Care (2004). In 2006 the Open Method of Coordination on Social Protection and Social Inclusion was established, regrouping and integrating the three processes. While the Social OMC is to continue under the Europe 2020 strategy and its European Platform against Poverty and Social Exclusion (CEC, 2010c), it is already clear that there will be important changes.

The Member States and the European Commission engage in what Alan Fenna (2012) calls *collegial benchmarking*: bottom-up, collegial-style monitoring carried out on the basis of intergovernmental agreement<sup>(13)</sup>.

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12. In fact the Social OMC is embedded in a broader setting where several similar processes are ongoing that can be labelled as ‘social’ and that have close links with the Social OMC: these include the employment, anti-discrimination and gender equality processes. Social benchmarking also takes place in the context of the structural funds (e.g. the European Social Fund).
  13. Fenna (2012) distinguishes between three intergovernmental benchmarking approaches: monitoring by independent agencies; top-down, performance monitoring by management; and collegial benchmarking.

They do so through the following six steps:

1. Agreeing on the framework (the mandate): the common objectives;
2. Selecting key issues in a multidimensional policy domain;
3. Building the knowledge base: defining the issues and developing common indicators for quantitative benchmarking;
4. Supporting the process through non-governmental expert and EU (civil society) stakeholder networks;
5. Engaging in the benchmarking process: (different types of) peer reviews and OMC 'projects';
6. Drawing conclusions: joint reports on social protection and social inclusion and Commission 'recommendations' (lessons learned).

We discuss these steps in turn and argue that all of them need to be considered together if one wants to understand the 'learning potential' and the impact of this process.

### ***2.1 Agreeing on the framework (the mandate): common objectives***

The starting point of benchmarking in the context of the Social OMC is the acceptance by the Member States of a set of "common objectives". These provide the mandate, and thereby define the framework for the exercise. In total, four subsets of common objectives have been defined: there are so-called *overarching* objectives, and one set for each of the three strands of the Social OMC: social inclusion, pensions and health and long term care (Council of the EU, 2006, see Annex 1). The objectives concern social protection and inclusion *outcomes* as well as the way in which social protection and inclusion policy is developed, i.e. principles of *good governance*.

Because the common objectives are meant to be fairly constant over time and had to be agreed unanimously (see Section 1.1.2) between governments of all Member States from across the political spectrum, they are deliberately imprecise in nature. This aspect has been heavily criticised by some, while others (*e.g.* Greer and Vanhercke 2010) have found that it is precisely because of the 'general' or 'vague' nature of these objectives that they can be the starting point for what can be dubbed a European 'consensus framing exercise'.

A major value-added of the objectives is that they structure the policy field in such a way that a balanced policy approach to the different strands is promoted and has become widely accepted

among EU and domestic policymakers alike. For example, good health care presupposes *accessible, financially sustainable* health care systems which provide *high levels of quality in care*.

## ***2.2 Selecting key issues in a multidimensional policy domain***

“Social protection and social inclusion policy” has been defined from the outset as a broad multidimensional policy domain. Thus, many issues and policies are potentially relevant as part of a benchmarking exercise. The first priority has therefore been to build consensus regarding the main challenges to be addressed at the EU level. As far as social inclusion is concerned, Member States have singled out several key issues, such as how to promote the social inclusion of people of active age far from the labour market (active inclusion); how to tackle child poverty; and how to fight housing exclusion and homelessness. As far as pensions are concerned, one of the key issues is how to ensure both the adequacy and the financial sustainability of pension systems in the long term. In the area of health care there has been a focus on tackling health inequalities.

As the awareness of the so-called implementation gap (the perceived lack of results under the Social OMC) grew, attempts have been made to focus the process on specific issues, especially in the area of social inclusion. Benchmarking will indeed be most effective if it is concentrated on a limited number of priority issues.

## ***2.3 Building the knowledge base: defining the issues and developing common indicators***

Once an agreement on common objectives and priority issues has been reached, the knowledge base needs to be developed. Any credible benchmarking in this context will need to build on a consensus with regard to the *definition* of the relevant social protection and inclusion challenges and have a reliable description of how they manifest themselves across the European Union. This requires the development of indicators or quantification. There is indeed some truth in the belief that if at EU level a policy challenge cannot be quantified it does not exist. Indeed, as the Open Society Institute famously put it: “No Data, no Progress” (OSI, 2010). So, to the extent possible, challenges and policy outcomes need to be quantified, even if reducing and simplifying disparate information into numbers (commensuration) involves some clear risks and the social process behind it should be acknowledged (Espeland and Stevens, 1998). Hence, the development of commonly agreed indicators has always been at the heart of the Social OMC. The commonly agreed indicators are the yardsticks for measuring policy challenges, as well as policy success and failure. Without them benchmarking would be reduced to never-ending discussions about concepts, reliability of data, etc. The indicator set used under the Social OMC has been developed

by a dedicated working group: the Indicators Subgroup (ISG) of the Social Protection Committee (see section 1.1.1), in which all Member States and the Commission participate.

The Indicators Sub-Group proceeds on the basis of a set of methodological principles. These principles refer to quality criteria that an indicator (and an indicator set) needs to meet (see Annex 2). In order to ensure international comparability, harmonised EU data sources such as EU-SILC<sup>(14)</sup> (previously ECHP) have been developed. The structure of the set follows the structure of the common objectives. As a result, there are four subsets: one overarching set and one set for each strand of the Social OMC (CEC, 2009a; see the complete list in Annex 3). At the request of the European Commission, the Herman Deleeck Centre for Social Policy has developed a *Vade Mecum* of the Social OMC indicator set<sup>(15)</sup>. The *Vade Mecum* provides detailed information on the Social OMC context, the portfolio of indicators, the definition of the indicators, the common data sources used etc. Data are available on the Eurostat website<sup>(16)</sup> and on the website of DG Employment, Social Affairs and Inclusion<sup>(17)</sup>. The latter has been widely criticised (including by the SPC), see Section 4.2.1) for being insufficiently user friendly.

The commonly agreed indicators have at times been criticised in academic circles for not being sophisticated or innovative enough. This, however, misses the point. Indeed, the main value of the set of indicators is that Member States *have reached a consensus* on them. This is not self-evident considering the different ways in which social protection and inclusion challenges and policies present themselves across the EU. Debates with regard to indicator development in the ISG have been characterised by a peculiar mixture of technical arguments and underlying political motives: in a similar context (the European Employment Strategy), Robert Salais (2006) refers to the “politics of indicators”.

Over the years several developments have taken place that are of interest from the perspective of benchmarking which we discuss in turn before briefly describing how the indicators are used for quantitative benchmarking.

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14. EU SILC refers to the European Union Statistics on Income and Living Conditions (EU-SILC). It is an instrument aiming at collecting timely and comparable cross-sectional and longitudinal multidimensional microdata on income, poverty, social exclusion and living conditions, see:

[http://epp.eurostat.ec.europa.eu/portal/page/portal/microdata/eu\\_silc](http://epp.eurostat.ec.europa.eu/portal/page/portal/microdata/eu_silc)

15. See: <http://www.ua.ac.be/main.aspx?c=.VADEMECUM&n=79891>

16. See:

[http://epp.eurostat.ec.europa.eu/portal/page/portal/employment\\_social\\_policy\\_equality/omc\\_social\\_inclusion\\_and\\_social\\_protection](http://epp.eurostat.ec.europa.eu/portal/page/portal/employment_social_policy_equality/omc_social_inclusion_and_social_protection)

17. See related documents: <http://ec.europa.eu/social/main.jsp?catId=756&langId=en>

### 2.3.1 Developing common indicators: key trends

- An increasingly multidimensional set of indicators

In the framework of the Social OMC policy documents have often stressed the *multidimensional nature* of social protection and social inclusion. It has, however, not been possible to develop indicators covering all dimensions at once. The agreement on the original set of social inclusion indicators in 2001 (the Laeken indicators) was a major breakthrough, but it necessarily had to focus on the 'low-hanging fruit', i.e. indicators for which an agreement was within reach and for which harmonised data sources were available. As a result, initially, the social inclusion indicators set has been criticised for being too income and labour market focussed. For a long time, other important dimensions, such as education, literacy, health and housing were indeed underdeveloped or invisible. Progressively, and not without problems, the set has been expanded in these other areas. Over the years it has become increasingly clear that international comparability is a big challenge <sup>(18)</sup>. Agreeing on new indicators takes time and an important lead time is needed to develop new, harmonised data sources.

- The impact of the accession of new Member States

The development of the indicators has also been influenced by the *expansion of EU Membership*. The original set of social inclusion indicators was developed in the context of the EU15 (2001). In 2004 ten new Member States joined the EU and two more countries followed in 2007. Needless to say that adding such a substantial number of countries characterised by varying levels of economic development and income inequality had a significant impact on the process. On a number of the indicators the average scores of the new Member States were quite different from those of the old Member States and some indicators and basic concepts had to be reconsidered (for further reading, see Atkinson and Marlier, 2010).

One striking example is the concept of poverty itself. In the original set of Laeken indicators the headline indicator for measuring poverty was the relative at-risk-of-poverty rate. Since some of the new Member States were characterised by low income inequality they were among the best performers measured using this indicator, while their general standard of living (and the absolute level of the relative poverty threshold) was actually quite low. There was a lot of pressure to develop a more balanced picture of poverty that would show both its relative and absolute

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18. One example of the difficulty in producing internationally comparable indicators concerns subjective indicators. Undoubtedly there is an important subjective factor in health, for example, but it has been difficult to get an agreement on subjective indicators because it is argued that cultural differences across Member States lead to a biased comparison.

dimension. Consequently, in 2009 an agreement was reached on a material deprivation indicator, which reflects the share of persons who have living conditions severely constrained by a lack of resources <sup>(19)</sup>. The indicator is more absolute in the sense that the same list of items is used for all EU Member States. In the case of the at-risk-of poverty rate the poverty threshold is fixed with reference to the (varying) median income in each Member State.

Over the years an interesting discussion has also developed around the concept of reference groups. When people are considering their own standard of living, do they compare with the average standard of living in their own country (or even region), or do they refer to a broader geographic entity, neighbouring countries, or even the EU 15 or EU 27? In its standard reporting Eurostat offers the users of its statistics a wide choice of EU average values (EU15, EU27, EU10, Eurozone...).

- Development of input *and* output statistics

Originally, the set of social inclusion indicators was exclusively *outcome oriented* (Room, 2005). However, especially after the midterm review of the Lisbon Strategy in 2005 and the discussion about the implementation gap, the SPC's Indicators Sub-Group started working on input and output indicators so as to facilitate analysis of the links between policies and policy instruments and their outcomes (which policies produce which outcomes?). This development has also been prompted by indicator development in the non-social inclusion strands, where there is a more natural focus on policy instruments (*e.g.* pensions are policy tools). A "national indicators" label was developed in cases where a *common definition* has been developed, but where harmonised data sources are missing and/or where major institutional differences make cross-country comparability problematic.

- The increased use of quantified objectives or targets

In order to increase political commitment and make the general objectives more concrete, the use of *national targets (or quantified objectives)* has been promoted from the start of the Social OMC. After the Barcelona European Council in 2002, pressure on the Member States to put forward national targets increased. In its "guidance notes" for National Strategy Reports on Social Protection and Social Inclusion (see below), the European Commission has stressed the

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19. More precisely, the material deprivation rate is the share of the population living in households lacking at least 3 items among the following 9 items: The household could not afford: i) to face unexpected expenses, ii) one week annual holiday away from home, iii) to pay for arrears (mortgage or rent, utility bills or hire purchase installments), iv) a meal with meat, chicken, fish or vegetarian equivalent every second day, v) to keep home adequately warm, or could not afford (even if wanted to): vi) a washing machine, vii) a colour TV, viii) a telephone, ix) a personal car.

importance of targets. Annexed to several of the guidance notes was a tool for developing targets. An increasing number of countries have effectively introduced such targets. EU targets have long existed in such other Lisbon Strategy areas as employment, innovation, and education <sup>(20)</sup>. At the start of the Social OMC, the idea was to also produce EU level targets to drive the process but it has proved to be impossible to reach an agreement in this respect before 2010.

### **2.3.2 Indicators: genuine benchmarking in spite of sensitivities**

It is not so difficult to understand why Member States are particularly nervous about being ranked on common indicators, but in a way, being scored on a balanced, nuanced set of indicators like the Social OMC set, rather than on one single (eventually composite) indicator, increases their acceptability for the Member States. Although some Member States clearly are excellent performers on many indicators while others combine bad scores on many indicators, it helps that in a multidimensional approach rankings differ: many Member States counterbalance bad performance on one indicator with good performance on others. Also, scores change over time and Member States may move up or down the ranking.

The set of indicators is continually updated and these updates of the indicators are also provided to the Member States ahead of any reporting exercise, so that they can compare their own performance with that of other Member States. Guidelines for a new round of national reports insist that the starting point for a new domestic strategy should be the assessment of progress on targets and the assessment of the social situation (there are considerable variations between Member States as to the extent in which they take on such an evidence based approach).

In spite of the sensitivities amongst (and the pressure from) the Member States, the European Commission has tried to make the best of its role as an “independent arbiter” in the benchmarking exercise. Thus, since the start of the Social OMC, Member States have been ranked on the basis of commonly agreed indicators in the annual joint reports, as can be seen from Figure 2 below. These reports (which are discussed in Section 2.6) always contain an analysis of the indicators <sup>(21)</sup>, in which the most recent trends are described, Member States are compared on the different dimensions, and causal factors that could explain these trends are explored. In ‘full reporting’ years, the country fiches in Joint Reports (see further) also contain a statistical profile of each country based upon a selection of commonly agreed indicators. This statistical profile compares the Member States’ scores on some key indicators with the EU averages <sup>(22)</sup>. Benchmarking has also been a key feature of ad hoc reports produced by the Social Protection Committee, including

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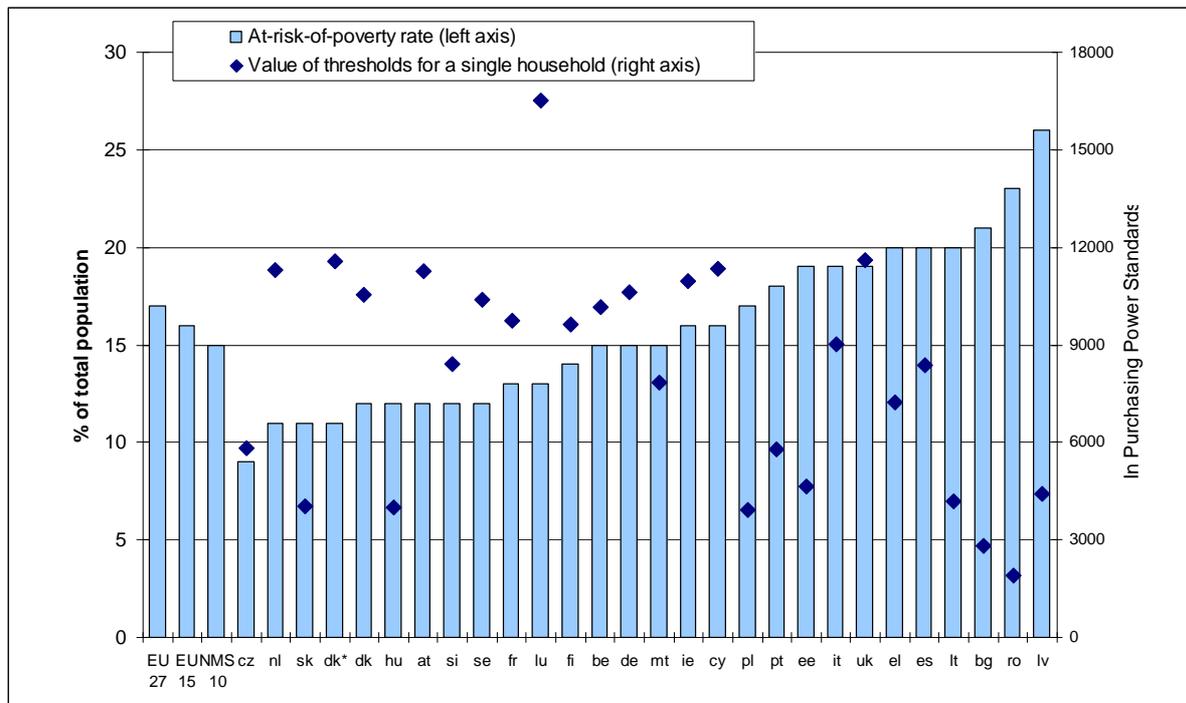
20. EU level targets have also been set in the context of public finance (stability and convergence programmes).

21. See the ‘Social situation in the EU27’ section in the Joint Report 2010 (CEC, 2010d).

22. See: <http://ec.europa.eu/social/main.jsp?catId=757&langId=en>

the successive 'Assessments of the social impact of the Crisis' (see for example SPC and CEC, 2010).

**Figure 2: Example of a graph showing ranking of Member States (at-risk-of-poverty-rate and value of the at-risk-of-poverty threshold) in the Joint Report on Social Protection and Social Inclusion 2010**



**Source:** CEC, 2010d (Supporting document p. 24), data EU-SILC 2008.

Important progress in the use of indicators has been made at the occasion of the thematic reporting years. A key development was the child poverty report that was produced by an SPC-ISG task force on child poverty (SPC 2008). It provided an example of how far the analysis (benchmarking exercise) could be pushed using the common indicators. The child poverty report contained an explanatory analysis in that it not only showed a ranking of Member States regarding child poverty *outcomes*, but it also examined their main *causal factors*. In Table 1 below, countries are assessed according to their relative performance in child poverty outcomes<sup>(23)</sup> and in its causal factors: joblessness, in-work poverty and ineffective social transfers. A six level scale is used, ranging from "+++" (countries with the best performance) to "---" (countries with the worst performance).

23. Child poverty outcomes are assessed using a score summarising the relative situation of children in a country with regard to: a) the poverty risk for the overall population in that country, b) the average child poverty risk for the EU as a whole, and c) the average intensity of poverty risk for children (poverty gap) at EU level.

Note that the foreword to the child poverty report, signed by the SPC Chairperson and the Commission Director-General for employment and social affairs, indicates that “indicators have not been used to name and shame but to group countries according to the common challenges they face”. The fact that the Director-General felt compelled to respond to concerns raised by the Member States about how the rankings would be used, clearly signals that ranking countries, although an integral part of the Social OMC, remains a sensitive issue.

**Table 1. Table showing Member States' performance regarding child poverty outcomes (at- risk-of-poverty) and main causal factors**

		Child poverty outcomes	Joblessness: children living in <u>jobless households</u>	In-work poverty: children living in households confronted with <u>in-work poverty</u>	Impact of <u>social transfers</u> (cash benefits excl. pensions) on child poverty
GROUP A	AT	++	+	+	++
	CY	+++	+	++	-
	DK	+++	+	+++	++
	FI	+++	++	+++	+++
	NL	+	+	+	+
	SE	+++	(++)	+++	+++
	SI	++	+++	++	++
GROUP B	BE	+	--	++	+
	CZ	-	--	+	+
	DE	++	--	+++	++
	EE	--	--	+	-
	FR	++	-	++	++
	IE	-	---	+	+
GROUP C	HU	-	---	--	++
	MT	-	--	---	--
	SK	-	---	-	-
	UK	+	---	-	+
GROUP D	EL	+	+++	-	---
	ES	--	+	---	---
	IT	--	++	---	--
	LT	---	+	---	--
	LU	+	+++	--	+
	LV	--	-	-	--
	PL	---	-	---	--
	PT	--	+	---	--
	BG	--	---	:	:
	RO	--	--	:	:

*Source:* SPC (2008), p.47.

In case Member States take a firm stand on figures that are to be published in highly visible political documents, the Commission will occasionally be flexible and allow them to have a footnote

with a table or graph indicating concerns about reliability of data or pointing to certain particularities crucial for interpreting the data for a Member State <sup>(24)</sup>.

## ***2.4 Supporting the process through non-governmental expert and EU (civil society) stakeholder networks***

The key actors participating in the Social OMC are the Member States (through the Council and its preparatory Committees) and the European Commission. However, benchmarking in the framework of the Social OMC is also supported by the involvement of two additional types of actors which tend to be overlooked by the OMC's critics: independent, or rather non-governmental expert networks on the one hand, and civil society stakeholder networks on the other.

### **2.4.1 Non-governmental expert networks**

Benchmarking needs an independent arbiter that has sufficient expertise and authority. This authority is provided by the European Commission. Specifically with regard to the social policy area the Commission's DG Employment, Social Affairs and Inclusion has country desks that follow up developments in a specific Member State and thematic units that cover a specific issue across all Member States ('vertical' and 'horizontal' units). Other DG's of the European Commission are less frequently involved in the Social OMC.

In order to assist the Commission in its policy assessment work, a growing number of thematic EU non-governmental expert networks have been put in place. The experts in these networks can be considered as the Commission's "eyes and ears" in the Member States. Members of the networks are expected to provide independent (*i.e.* non-governmental) expertise. Specifically with regard to the Social OMC, two such networks are of prime importance: the Network of Independent Experts on Social Inclusion <sup>(25)</sup> and the ASISP network that covers social protection issues (pensions, health and long term care) <sup>(26)</sup>, but others are also relevant <sup>(27)</sup>. Some of the analyses of these

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24. By way of illustration, Denmark insists that the at-risk-of poverty rates should be calculated including imputed rent (income derived from home ownership). In the absence of imputed rent calculations for all Member States and in view of the lack of agreement on including imputed rent in standard at-risk-of-poverty calculations two series of results are published for Denmark: in Figure 2 above, dk\* refers to the figure including imputed rent.

25. See: <http://ec.europa.eu/social/main.jsp?catId=1025&langId=en>

26. ASISP refers to Analytical Support on the Socio-Economic Impact of Social Protection Reforms, see: <http://www.socialprotection.eu/index.html>

27. E.g. the employment experts network SYSDÉM, see: [http://www.eu-employment-observatory.net/en/about/abt03\\_01.htm](http://www.eu-employment-observatory.net/en/about/abt03_01.htm) two gender expert networks: the Network of experts on employment and gender equality issues and the Network of experts in gender equality, social inclusion, health and long-term care: <http://ec.europa.eu/social/main.jsp?catId=748>, the Academic Network of European Disability experts: <http://www.disability-europe.net/?jsEnabled=1>

networks (especially assessments of Member States' reports) feed into the Commission's assessments while being kept confidential so as to increase the likelihood that the Commission will get a frank assessment. Other analyses are published. Although in some networks Member States can comment on draft reports that will be published, it is not up to them to make decisions about their contents. The Commission sees the expert networks (which meet regularly) as partners, sets their agenda, and regularly briefs them on new developments.

#### 2.4.2 EU civil society stakeholder networks

It has often been stressed in the literature that the OMC actually works through the involvement of non-governmental domestic stakeholders. The common objectives have always requested that Member States involve relevant stakeholders at the national level throughout the policy cycle (see overarching objective (c) in Annex 1).

It has also been considered important that stakeholders participate in the Social OMC process at EU level. In order to give stakeholders a voice, core funding is being provided for EU stakeholder networks through the Programme for Employment and Social Solidarity - PROGRESS (EP and of Council of the EU, 2006b) <sup>(28)</sup>. These civil society networks are supposed to bring stakeholders together at national level working on certain issues and to support and organise their engagement with the Social OMC process at national and EU level. They are expected to assess input provided by governments, and to participate in consultations and benchmarking activities. In 2010 the Commission was funding twelve such networks <sup>(29)</sup> specifically under the social inclusion theme (see the list in Annex 4). These networks cover themes such as the social economy, homelessness, children in poverty, social services, financial inclusion, and social inclusion policy in local government <sup>(30)</sup>.

Like the expert networks (see 2.4.1 above), the civil society networks are considered as partners in the Social OMC process by the Commission, which regularly organises meetings with them to exchange information. The networks are typically caught between two fires: on the one hand the European Commission wants them to fully engage with the Social OMC process (and be representative for the larger civil society); on the other hand their grassroots (national member)

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28. The PROGRESS Programme (2007-13) is a financial instrument supporting the development and coordination of EU policy in the areas of employment, social inclusion and social protection, working conditions, anti-discrimination and gender equality.

29. The Commission has three yearly strategic framework contracts with the networks. They are funded by the PROGRESS programme to varying degrees (under the principle of co-financing), which ranges between a very modest proportion of total funding for large organisations such as CARITAS, and a very significant proportion for networks such as EAPN or FEANTSA.

30. Other stakeholder networks are funded under other themes: e.g. anti-discrimination like European Network Against Racism and AGE Platform Europe (older persons). A number of the networks work together in the Social Platform of European Social NGOs, see <http://www.socialplatform.org/>

organizations are increasingly prone to withdraw from a process which, in spite of the efforts they invest in it, is hardly delivering immediate and spectacular results on the ground.

Many of these civil society networks have organised benchmarking exercises and developed scorecards of their own, consulting their members on what governments are actually doing with regard to specific issues. For example, the European Federation of National Organisations Working with the Homeless (FEANTSA) organised some ten “shadow” peer reviews at service provider level through consultation of its members (see Box 1 below) <sup>(31)</sup>; Caritas Europa members scored civil society involvement in the 2006–08 national social protection and inclusion strategy design process against a series of indicators (Caritas Europa, 2007; see Annex 5); The European Anti-Poverty Network (EAPN) recently produced a scoreboard containing their members’ assessment of Member States’ National Reform Programmes 2011 <sup>(32)</sup>.

#### **Box 1. FEANTSA’s Shadow Peer Review on the UK Rough Sleepers Strategy**

The EU-level PROGRESS Peer Review on the Rough Sleepers Strategy (London, May 2004) inspired FEANTSA to carry out its own electronic “shadow peer review” (2004) alongside the official EU Peer Review. The network circulated a summary of the Rough Sleepers Strategy and an e-mail questionnaire to its Members (non-governmental organizations), which are generally important actors in implementing any homeless strategy and have extensive experience of working closely with rough sleepers. They were asked for feedback and evaluation of (1) the aims and results of the strategy; (2) the transferability of the strategy to their different national contexts. The main findings of the review were published <sup>(33)</sup>.

The role of the stakeholder networks is of key importance for the benchmarking exercise. Some of them are quite active in mobilising civil society as well as in lobbying the European Parliament (an institution otherwise only to a very limited extent reached by the OMC) and in linking up the EU process with other international (*e.g.* UN or OECD) related processes. The Commission has actively been promoting the development of a “Social OMC community”, bringing together all these actors regularly in the context of conferences and seminars, but also in the context of Peer Reviews, to which we turn in the next section.

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31. Note that peer reviews have been integrated in national (and sub-national) homelessness policy in some countries (Gosme, 2012).

32. See: <http://www.eapn.eu/images/stories/docs/NRPs/nrp-report-final-en.pdf>, p. 72-73.

33. See: [http://www.feantsa.org/files/social\\_inclusion/Peer%20Review/EN\\_PeerReview.pdf](http://www.feantsa.org/files/social_inclusion/Peer%20Review/EN_PeerReview.pdf)

## ***2.5 Engaging in the benchmarking process: peer reviews and OMC projects***

Peer reviews of national policies are organised on the basis of input provided by the Member States. Two main types can be distinguished: those organised at the level of the Social Protection Committee (“SPC Peer Reviews”) and those in the context of the PROGRESS Programme (“PROGRESS Peer Reviews”). Benchmarking is also at the heart of so-called OMC projects. We discuss each of these in turn.

### **2.5.1 Peer Reviews at the level of the Social Protection Committee**

These reviews are organised by the European Commission and the Social Protection Committee (typically) in Brussels on the basis of the reports that are regularly produced by the Member States in the framework of the Social OMC. Normally, after each reporting exercise an SPC peer review is organised. All Member States (SPC delegates) and the Commission participate, occasionally supported by some experts. Peer reviews at the SPC level are not open to other actors, such as stakeholder networks. It is important to distinguish between two “waves” of peer reviews: on the one hand the (plenary) SPC peer reviews that were organised in the early years of the Social OMC and dealt with the full National Social Inclusion Plans; on the other hand the more recent ‘in depth’ reviews (in working groups) on key topics. We discuss them below.

- Early SPC peer reviews on National Social Inclusion Plans

In the early years of the Social Inclusion OMC, Member States were required to draw up National Social Inclusion Plans (“NAPIncls” in the Euro-jargon) every second year (this is referred to as a ‘full reporting year’). In their plans <sup>(34)</sup> the Member States set out how, given their particular circumstances and challenges, they intend to make progress in the direction of the common objectives. The plans were prepared on the basis of a guidance note agreed between the Commission and the Social Protection Committee. The guidance contained a common blueprint so that comparison and mutual learning are facilitated.

These *early peer reviews* (organised before EU enlargement in 2004) on National Social Inclusion Plans, took place during plenary sessions (with all SPC delegations present, totalling some 50 to 60 participants). They did not generate a lot of enthusiasm on the part of participants, to put it mildly. In fact, a lot of the criticism in the literature about ‘OMC Peer Reviews’ seems to refer to this particular early type of review, which tended to lead to endless and frankly tedious meetings

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34. NSR’s are published on the Commission website, see: <http://ec.europa.eu/social/keyDocuments.jsp?type=3&policyArea=0&subCategory=0&country=0&year=0&advSearchKey=nsr+spsi&mode=advancedSubmit&langId=en>

where the full National Social Inclusion Plans of all Member States were presented one after the other with nearly no time for discussion.

- In-depth reviews of specific subjects or policies

*Since 2005/2006* the “streamlined” Social OMC has increasingly focused on key issues, allowing for more in-depth discussions. In the full reporting years (2006 and 2008), Member States have been asked to only present their policies with regard to a limited number of strategic policy priorities in their National Strategy Reports on Social Protection and Social Inclusion <sup>(35)</sup>. In between full reporting years reporting has been limited to one focus theme per strand (thematic years or light reporting years). For example, in the area of social inclusion there has been a thematic focus on child poverty (2007); on homelessness and housing exclusion (2009); and on the social impact of the financial and economic crisis (2010). There has also been a multi-annual focus on active inclusion (social inclusion of people of active age far from the labour market) over the years. In ‘thematic’ or ‘light’ reporting years the Commission and the SPC draw up a thematic questionnaire and the review is done on the basis of Member States’ replies to the questionnaire as analysed by the Commission. Unlike the NSR’s, the national replies to thematic questionnaires are normally not published on the internet.

As a result, in more recent years the SPC peer reviews have become more focused, with separate working groups for different themes (key topics), and have been labelled ‘in-depth reviews’. Some Member States introduce an issue while some others comment and ask questions. There is hardly any formal reporting, but the Commission ensures that the main results feed directly into the annual joint report (see Section 2.6). For an illustration of two such in depth SPC reviews, see Box 2 below.

It is important to note that while SPC peer reviews may be rather closed shops, this does not mean that the non-governmental expert networks and the EU stakeholder networks (see Section 2.4) are entirely absent from the benchmarking process. In fact, the non-governmental expert networks support the Commission in its assessment of the national strategies and Member States’ replies to thematic questionnaires. EU stakeholder networks such as EAPN, Feantsa or Caritas will produce their assessments of the national Social Protection and Social Inclusion Strategies soon after these have become available. In doing so, they attempt to influence the lessons drawn from the exercise (through the joint reports), focusing attention on their particular concerns.

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35. In the case of social inclusion, it is suggested that the NSR should cover at most four strategic priority policies. Member States are invited to include full strategies in an annex to their NSR. NSR’s are published on the Commission website, see:  
<http://ec.europa.eu/social/keyDocuments.jsp?type=3&policyArea=0&subCategory=0&country=0&year=0&advSearchKey=nsr+spsi&mode=advancedSubmit&langId=en>

Assessments are widely published and sent to the Commission, Member States, the European Parliament and a wide audience of Social OMC participants.

### **Box 2. In depth SPC reviews on child poverty and on the 2008-2010 NSR's**

On October 3<sup>rd</sup> 2007, an in depth SPC review on child poverty took place. Policies were assessed in six working groups with four or five countries presenting and four or five countries discussing in each group (i.e. 9/10 countries participated in each working group). The working groups focused on: family resources, access to services, access to education, children in impoverished neighbourhoods, protection of children at special risk and early prevention with a focus on pre-schooling. All discussants could comment or ask questions after each presentation.

In the autumn of 2008 an in-depth review of the 2008-2010 National Social Protection and Social Inclusion Strategies was organized. The health and long term care strategies were reviewed during a meeting in Paris on October 27<sup>th</sup>, while the social inclusion and pensions strategies were reviewed during a meeting in Brussels on November 13<sup>th</sup> and 14<sup>th</sup>.

Countries were invited to present in one strand and to act as a discussant for two countries in one (other) strand. There were 14 working groups: 2 on long term care strategies; 4 on health care strategies; 4 on social inclusion strategies and 4 on pension strategies. In each working group two countries presented while two countries acted as discussants (for both countries). Other countries were free to attend. They could join in the debate at the end of the session. The time schedule was as follows: presentation by country 1 (15 minutes); assessment and questions by discussant A (5 minutes); assessment and questions by discussant B (5 minutes); reply to questions by country 1 (5 minutes); comments from other countries, the Commission and the examined country (15 minutes). The same schedule was repeated for country 2 (same discussants as in the case of country 1). Feedback from rapporteurs and assessment of the overall (streamlined) strategic approach took place in a final plenary session on November 14<sup>th</sup>.

## **2.5.2 Peer Reviews organized through the PROGRESS Program**

Each year, between eight and ten peer reviews about specific issues relevant for social protection and social inclusion are organised in the Member States (host countries) in the context of PROGRESS. Although the Commission suggests some priority issues (linked to the SPC work programme) this does not constrain the Member States in the choice of topics. There is real ownership of the Programme by the Member States: they present themselves as candidate host countries, they can suggest any subject that is of interest to them, and the decision on which proposals are accepted is based on preferences for participation expressed by the SPC delegates (proposals that receive most support are accepted).

Two main types of PROGRESS peer reviews can be distinguished:

- *Good practice peer reviews*: in this case a Member State suggests one of its policies that has produced (exceptionally) good results and might possibly be transferred to other Member

States. It invites other Member States, experts and stakeholders to an in depth assessment of the policy and its potential transferability across the EU.

- *Policy problem or policy reform peer reviews*: in this case a Member State confronted with an ineffective policy and contemplating a policy reform invites other Member States, stakeholders and experts to study the problem and to suggest remedies, as well as examples of good practice. Academic scholars have characterized these reviews as 'learning ahead of failure' (Hemerijck and Visser 2001).

As the 'way of doing things' for both types of the PROGRESS peer reviews is largely the same, we discuss them together. The seminars are organised by a contractor that provides facilitators (chairing of sessions and reporting) and is responsible for the general management and the preparation of the seminar (<sup>36</sup>). An independent thematic expert is recruited for framing the issue in a comparative EU context and for supporting the process. In a typical peer review, on average seven or eight peer countries and two EU stakeholder networks participate. Peer country delegations consist of two people: an official from a ministry or local authority and a non-governmental expert who is selected by the peer country. Stakeholder networks are normally represented by one person. They can be selected from the social inclusion networks (see section 2.4), but other EU stakeholder representative organisations are also regularly invited (*e.g.*, EU social partner organisations). As a rule, the host country member of the relevant non-governmental expert network is invited to participate as this person can provide the much needed critical input based on expert knowledge of the issues discussed and of the host country.

For these peer reviews a specific methodology has been developed over the years. A standard peer review will take two days. Well before the seminar, a discussion paper is prepared by the aforementioned thematic expert (describing the policy under review and putting it in an international, comparative perspective) (<sup>37</sup>). The paper will conclude with the key questions for discussion. Peer countries and stakeholder networks are invited to produce comment papers before the meeting so that all participants are in principle well informed before the meeting and the discussion can start at a higher level. The morning of the first day will be an *ex cathedra* introduction to the policy under review, followed by questions and answers. The afternoon will normally consist of a site visit (how is the policy implemented in practice) if relevant, or a more practical and interactive exchange between participants. The second day will be devoted to peer country and stakeholders contributions and to the drawing of lessons: discussion of pros and cons, room for improvement, as well as whether and under what conditions a policy might be transferred.

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36. The current contractor is ÖSB consulting.

37. Often the host country also produces a host country paper.

In order to facilitate a critical assessment, the Commission insists that the host country should provide monitoring and evaluation data (this is sometimes a problem because many peer reviews are about pilot projects for which no evaluation data are available at the time of the peer review) and that local stakeholders (e.g. users of the services under review or people that are the subject of the policy) are present and can be questioned by participants. EU stakeholder networks will typically also ask their member in the host country to provide them with a critical analysis.

Between 30 and 40 people typically participate in a PROGRESS peer review meeting. The limit on the number of participants aims at increasing the chances of in-depth discussion. Participation is by invitation only. In order to compensate for the closed setting, a lot of effort goes into the reporting of the discussions. A very informative dedicated website was available that contained papers, short and synthesis report, and — quite exceptional in a European context — minutes of the meeting. In line with what appears to be the general Commission communication policy the website that used to be external to the Commission was recently integrated into DG Employment's website (<sup>38</sup>). Unfortunately as a result it has become more difficult to find documents of interest. Documents are no longer immediately visible but have to be retrieved from a document database that has to be searched using keywords. It seems that results from the early (pre 2008) peer review years have disappeared and that some documents (peer review agendas and minutes) are no longer available.

Results of PROGRESS peer reviews have a less direct impact on the central messages that come out of the Social OMC than SPC peer reviews. However, there has been an increasing effort on the part of the Commission to disseminate lessons learned and to make sure that those lessons feed into the main process. For example, the website has been made more accessible, the program's newsletter has had a facelift, and the number of subscribers to the newsletter and website visitors has increased markedly. Over the years lessons learned have more systematically been taken up in the joint reports on Social Protection and Social Inclusion.

Table 2 below summarizes the different features of the two types of peer review ("In-depth" and "PROGRESS Programme") practised under the Social OMC since 2006. The question of the value-added of such Peer Reviews is addressed in Section 3 below.

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38. <http://ec.europa.eu/social/main.jsp?catId=1024&langId=en>

**Table 2: Comparison of the two types of peer review practiced under the Social OMC (2006-2011)**

	<b>"In depth" Reviews (SPC)</b>	<b>"PROGRESS Programme" Peer Reviews</b>
<b>Hosting</b> and main responsibility for agenda setting	SPC (Especially Bureau and Secretariat)	One of the participating countries ("host country") <sup>(39)</sup>
<b>Venue</b>	Brussels	In the host country
<b>Frequency</b>	Linked to the reporting cycle (full and thematic reporting): about one each year	About eight to ten seminars each year
<b>Management</b> of the meeting	SPC Secretariat and SPC Bureau	Peer review manager - organizer (external contractor: facilitators and note taker)
<b>Participants</b>		
European Commission	SPC secretariat and large Commission delegation	Commission thematic expert, country desk, officer responsible for the programme
Member States	All EU Member States	Limited selection of peer countries (usually 7 or 8, up to 10 participating countries)
Composition of Member State delegation	SPC delegations	For every peer country two representatives (one government + one non-governmental expert)
Stakeholders	As a rule no participants external to the SPC, except (occasionally) some experts	A representative of 2 European stakeholder networks; host country stakeholders; a non-governmental network expert
Number of participants	Usually more than 60 people	Usually between 30 and 40 people
<b>Format</b>	- Plenary sessions to start and to end the in depth review - Working Groups	- Plenary sessions - Working groups (in some cases) - Site visits
<b>Reporting</b>	No or minimal formal reporting.	Extensive reporting on website: all papers that were used as input, short and synthesis report, minutes of the meeting.
<b>Follow up</b>	Feeds directly into the Joint Report through European Commission/SPC secretariat	Weaker / more indirect link to the Joint Report (main Social OMC messages)

39. The PROGRESS peer review programme is not only open to EU Member States but also to accession countries and other European countries not part of the EU that adhere to the programme.

### 2.5.3 The best kept secret in Brussels: OMC “Projects”

Since the start of the Social OMC, each year the Commission has invited project proposals on social protection and social inclusion issues. Calls have been launched on raising awareness, mutual learning, social experimentation (See Annex 6). Through these projects, the Commission is promoting some actions, cooperation and exchanges ‘in the field’. Projects are funded on a co-financing basis, and typically last between one and two years. For most calls there is an explicit condition that projects be proposed by a partnership covering several Member States, and partnerships of different types of actors are encouraged: NGO’s, ministries, universities, and local government. Except for the national awareness raising calls, in most cases the projects are actually benchmarking or peer review exercises where partners will document policies in different countries and organise seminars in each of the participating Member States. The results of the projects are typically displayed on project-funded websites (see Box 3 for an illustration). They are, however, not accessible from the European Commission’s website, so dissemination is not as effective as it could or should be.

The quality of the projects is certainly uneven: some have been more successful than others. Although it would require thorough analysis to trace the impact of the projects themselves, it is clear that results from the more successful projects have fed back into the central process through the participating actors: NGO’s, Member States etc. Two examples of projects that had a wider impact are briefly outlined in Box 3.

#### ***Box 3. Examples of OMC Projects: micro-finance exchange network and standard budgets***

**Developing an exchange network for European actors in micro-finance (transnational exchange project 2002)** <sup>(40)</sup>. Partners in this project were the Association pour le Droit à l'Initiative Economique (France), Evers & Jung - Research and Consulting in Financial Services (Germany) and the New Economics Foundation (United Kingdom). The goal of this six month project was the promotion of the mutual learning and the exchange of know-how, as well as the dissemination of good practices between the microcredit operators, in order to improve the microcredit impact quality and effectiveness in terms of action against social exclusion in Europe (action in favour of self-employment of people in need). This project led to the launch of the European Microfinance Network in April 2003 (21 members). The network later developed into a core-funded EU stakeholder network which currently counts 93 member organizations in 21 European countries.

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40. [http://www.european-microfinance.org/index2\\_en.php](http://www.european-microfinance.org/index2_en.php)

**Box 3 (continued). Examples of OMC Projects**

**Standard Budgets: an Instrument to Prevent and Fight Over-indebtedness** <sup>(41)</sup> (**mutual learning on Social Protection and Social Inclusion project 2008-2009**). Partners in the project were: Dachorganisation der Schuldnerberatungen (Austria); Nationaal Instituut voor Budgetvoorlichting (The Netherlands); Asociación de Usuarios de Bancos, Cajas y Seguros (Spain); Réseau Financement Alternatif (Belgium); e-marketing Association (Bulgaria) and the European Consumer Debt Network. The main aim of the project was to promote the construction and use of standard budgets <sup>(42)</sup> across Europe, and to compare different ways in which standard budgets are developed. In November 2010 a PROGRESS Peer review was organized in Belgium in order to further discuss and disseminate the results of the project <sup>(43)</sup>. The SPC's 2011 Report on the social dimension of the Europe 2020 Strategy - the successor of the JR SPSI under the Europe 2020 strategy - summarized the results of the Social OMC activities in 2010; this included a text box on the results of the peer review on reference budgets (CEC, 2011: 23) <sup>(44)</sup>.

## ***2.6 Drawing conclusions in Joint Reports on Social Protection and Social Inclusion and Commission Recommendations***

Joint reports bring together the lessons learned as a result of the mutual learning and benchmarking activities during the year. A draft of the report is prepared by the Commission at the end of the year, it is then discussed with Member States and EU stakeholder networks and the final version is approved by the Social Affairs Council at the start of the next year. A joint report consists of two parts: the actual joint report (where 'joint' means approved by both the European Commission and the Council), which is rather concise (typically about 10/15 pages), and the more elaborate supporting document which is published as a Commission Staff Working Document (although the subject of Commission – Member States discussions, the final responsibility lies with the Commission). The joint report contains "Key Messages" (merely a few pages) that are communicated by the Social Affairs Council to the Spring European Council, the annual meeting of EU heads of state and government that takes stock of the state of the EU.

The supporting document contains an analysis of the commonly agreed indicators (the social situation of the EU) or an in-depth analysis of the key issue in thematic years on the basis of the commonly agreed indicators (presenting graphs that rank Member States – see section 2.3.2). There is also a section concerned with policy analysis, which presents a horizontal analysis (across

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41. See EU Project "Standard Budgets" website: [http://www.referencebudgets.eu/budgets/index.php?option=com\\_content&task=view&id=29&Itemid=42](http://www.referencebudgets.eu/budgets/index.php?option=com_content&task=view&id=29&Itemid=42)

42. Standard budgets are expenditure patterns for different types of households.

43. See: <http://www.peer-review-social-inclusion.eu/peer-reviews/2010/using-reference-budgets-for-drawing-up-the-requirements-of-a-minimum-income-scheme-and-assessing-adequacy>

44. Box 2: Learning from Peer Reviews: Belgium using reference budgets to inform the requirements and adequacy of a minimum income system (CEC, 2011: 23).

Member States) of the major social protection and inclusion issues reviewing challenges and Member States' policies. Finally, there are country fiches, which summarise the results of the vertical analysis by Member State. Although the EU treaty does not provide for individual country recommendations on social protection and social inclusion (in this respect it is different from the the European Employment Strategy) the country fiches do identify country specific "challenges".

As can be seen in Box 4, the joint reports have on many occasions stressed the importance of strengthening the governance of social inclusion policies by improving monitoring: this was mentioned almost 60 times as a "challenge" to an individual Member State <sup>(45)</sup>. This sometimes seems to be the European Commission's politically correct way of drawing attention to worrying developments and/or doubtful policy initiatives. Still in the field of governance, improving stakeholder involvement is referred to almost 20 times in the country fiches; the need to improve the situation of the immigrants and the (severely marginalized) Roma has been raised on many occasions, as has the importance of tackling child poverty. Significant as well, but perhaps less known is that the issue of regional disparities and inequalities (within the Member States) is among the challenges for Member States that are addressed most often. In pensions, the adequacy issue shows up in quite a few "recommendations" while in health, accessibility is the most prominent issue, followed by financial sustainability (specifically cost containment and efficiency); quality receives considerably less attention (it showed up in less than 10 key challenges for Member States).

<b>Box 4. Occurrence of key "challenges" for individual Member States in Joint Reports 2002 - 2009</b>	
Monitoring	58
Regional disparities/inequalities	32
Immigrants	32
Housing	29
Pensions adequacy	28
Child (excluding child care)	22
Access to health care	20
Stakeholder involvement	18
Roma	16

**Source:** CEC (2002), CEC (2004); CEC (2005), CEC (2006), CEC (2007), CEC (2009b).

Even though the academic literature has classified these messages from the Commission as too general to have any real bite, Box 5 below illustrates that in some cases suggestions to the Member States can be rather far-reaching, and really represent "soft recommendations" which

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45. Numbers in this section are based on a simple count of the number of occurrences of specific terms (chosen as mere illustrations) in the "recommendation" section of the country profiles in the Joint reports on Social Inclusion 2002 and 2004, as well as the Joint reports on Social protection and social Inclusion 2005, 2006, 2007 and 2009.

cover the three strands of the Social OMC. Note that in one case the European Commission was of the opinion that (for **Belgium**) a “better evaluation of housing policy is also *recommended*” (CEC, 2009b).

Because the joint report is a rather unwieldy document that summarises lessons learned on many issues on an annual basis it is not very accessible for people looking for guidance on a specific issue. This may partly explain why it is in general only known to the OMC community. Therefore the Commission has proposed summarising lessons learned on key issues (the results of the consensus framing exercise) in Commission recommendations (CEC, 2008b: 5) <sup>(46)</sup>. Through such Commission recommendation, the results of the mutual learning exercise can be brought together and made more visible. Since the recommendation is subsequently discussed by the other European institutions this makes it possible to involve EU institutions not normally involved in the Social OMC, like the European Parliament.

The follow up, monitoring of the impact of the recommendation can then be organised within the Social OMC. With all of this in mind, a Commission recommendation on the active inclusion of people excluded from the labour market was published in October 2008 (CEC, 2008a). In December 2008 the EPSCO Council endorsed the recommendation (Council of the EU, 2008), and in May 2009 the European Parliament followed suit (EP, 2008). Similarly, a recommendation on child poverty is to be published at the start of 2013 and political pressure is mounting to also have a recommendation on homelessness and housing exclusion.

Having outlined how benchmarking in the Social OMC works, we turn to the question of whether it has delivered the desired results.

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46. This is what the Commission wrote in its July 2008 Communication on strengthening the Social OMC: “Discussions in the Social Protection Committee cover a wide range of subjects related to social protection and social inclusion. The subjects that are part of the OMC could be further consolidated by formalising convergence of views whenever it arises. The Commission will contribute to this by making, where appropriate, use of recommendations based on Article 211 of the Treaty, setting out common principles, providing a basis for monitoring and peer review. Political endorsement from the other Institutions will give strength and visibility to such common principles. The Commission intends to develop this approach gradually, building on the experience of the Recommendation on Active Inclusion which the Commission envisages presenting in October 2008 as a basis for Council Conclusions and a European Parliament Resolution”(CEC, 2008b, p. 5).

<b>Box 5. Examples of country specific challenges (subtle “recommendations”) through the Joint Reports</b>
<b>Governance</b>
<ul style="list-style-type: none"> <li>• Austria: While the presented objectives are by themselves very important, they are in major parts not made more concrete by target setting and rolling out a financial perspective to underpin the process (CEC, 2004).</li> </ul>
<b>Social Inclusion</b>
<ul style="list-style-type: none"> <li>• Spain was advised that “Co-ordination and co-operation between the different administrative levels will be required to define a minimum standard of measures in order to tackle the inclusion issue in a more homogenous way throughout the national territory” (CEC, 2002).</li> <li>• Germany was called upon “To ensure that the impact of the Hartz IV legislation as of 1.1.2005 does not lead more people into poverty. This implies on the one hand that the income situation of the most vulnerable should be secured, [and] on the other hand, that people with a capacity to work[...] should have access to adequate support to enter the labour market” (CEC, 2005).</li> </ul>
<b>Pensions</b>
<ul style="list-style-type: none"> <li>• Lithuania was asked “To ensure wider coverage of the population by the statutory pension system and the availability of adequate minimum pensions and sufficiently high replacement rates from the modernized pension system” (CEC, 2006).</li> <li>• The Czech Republic was asked to “To ensure that reforms (e.g. privatization of funds) are properly thought through on the basis of past experience and the experience of other countries” (CEC, 2009b).</li> </ul>
<b>Health care</b>
<ul style="list-style-type: none"> <li>• Luxembourg was asked to limit “the overuse of antibiotics” and to improve its use of generic medicines (with regard to quality and financial sustainability) (CEC, 2007; CEC, 2009b).</li> <li>• Cyprus should “rapidly proceed with the introduction of the General Health System to guarantee effective universal care coverage, contain out of pocket payments incidence on vulnerable groups, whilst ensuring the long term sustainability of the new structure” (CEC, 2009b).</li> </ul>

### 3. Is social benchmarking delivering the goods?

In the ongoing discussions on the Social OMC, one rather basic element has been missing from the debate (or has at least been obscured), namely an in-depth assessment of the extent to which this mode of governance has delivered concrete results. This is a legitimate concern at a time when EU and national policymakers are discussing the role and content of the Social OMC within the Europe 2020 Strategy (see Section 4).

This section therefore provides a brief discussion of the results of the Social OMC with the aim of answering the question: *has the Social OMC delivered the goods?* <sup>(47)</sup> In very general terms, this issue has been widely debated over the last decade within the OMC research community. Indeed, once the initial praise for the OMC (both by politicians and scientists) started to wane, the process

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47. This question is equally addressed in Vanhercke (2010), which presents a more in-depth assessment of the recent literature on the Social OMC.

was subjected to scrutiny and found wanting in the mainstream academic literature. At first sight, the reason for this seems rather straightforward. Indeed, viewed in terms of its institutional characteristics, the absence of a “shadow of hierarchy” (legislative and executive decisions) would suggest that this mode of governance simply *cannot* ‘deliver the goods’, i.e. deal effectively with the problems that it is supposed to solve (Héritier and Lehmkuhl, 2008). However, this section argues that through mechanisms such as leverage and benchmarking, this “weak” policy instrument does produce real effects.

At the same time, it is our contention that any credible assessment of the OMC should distinguish between two key dimensions. On the one hand, the *adequacy of the Social OMC* is defined as the extent to which the OMC’s architecture (i.e. its institutional setup) is *likely* to contribute to reaching its objectives at EU and national level. In other words, *adequacy* refers to the *theoretical* capacity of the OMC toolbox to produce results (can it work?). On the other hand, the *impact* of the Social OMC is defined as the extent to which the Social OMC has *actually* influenced policies and policy-making processes at EU and national level. In other words, *impact* refers to the effects of the Social OMC “on the ground”. Clearly distinguishing between these two dimensions is indeed important: at least some of the disagreement between OMC “optimists” and “pessimists” (Schludi, 2003) can, in our view, be attributed to the fact that they are looking at different aspects of the OMC. Quite often “theoretically enriched” studies assessing the OMC on the basis of its institutional architecture (adequacy) do not provide empirical evidence about whether or not these critical assessments are confirmed by the actual OMC practice.

### ***3.1 The Adequacy of the Social OMC’s Toolbox: Mixed Evidence (at best)***

Building on a large review of the existing literature <sup>(48)</sup> (Vanhercke 2010) as well as a recent assessment of the three strands of the Social OMC coordinated by the Public Policy and Management Institute (PPMI 2011), a rather mixed picture emerges of the theoretical capacity of the OMC toolbox to produce results at the EU and national levels (its adequacy). Due to the lack of transparency of the process, both the **public awareness** about and the **institutional visibility** of the process are found to be weak overall, but there are also significant variations between both countries and the individual OMC strands over time. This (‘lack of openness’) feature of the OMC architecture has important implications for the possibilities of “creative appropriation” (the use for their own purposes) by actors. The Social OMC’s **objectives** contain rather general, ambiguous, and sometimes conflicting elements, while **country-specific messages** are often deemed “too subtle” even to be assessed. At the same time there is evidence that the very same messages as

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48. For a recent review article on why and how (still) study the OMC, see de la Porte and Pochet (2012). And see Kröger (2009), which includes a brief overview of the existing OMC literature.

well as the Common Objectives **“bite” more** than is generally acknowledged. The **national reports** produced in the context of the OMC are often seen as administrative documents (rather than planning devices), but here too important exceptions exist (i.e. there is evidence that they have triggered national responses, and been integrated into domestic planning efforts). The adequacy of the linkages both *within* the Social OMC and with *other* policy areas at EU level is rather questionable: **“feeding in” and “feeding out”** do not work.

The adequacy of **common indicators** as tools for measuring progress towards the common objectives has equally been criticised by many authors, especially in the pensions and health care strands of the Social OMC. Nonetheless, some prudence is in order: some of the key developments in the EU’s statistical apparatus are simply ignored by a large part of the literature (see Section 2.3 below). There is considerable agreement that the adequacy of the health care and pensions strands of the Social OMC is severely constrained by the presence of other, **competing EU level processes**. At the same time, the adequacy of OMC tools available for mutual learning is a subject of intense debate in the literature, not least because the **wrong people would do the learning, for example in the context of peer reviews**; in this context, too, we should point to an important methodological problem: researchers are usually not very precise about the type of “peer reviews” they are assessing, and fail to take into account changes in the OMC toolbox. Finally, the discussion of the adequacy of the OMC operational framework at national level suggests that **OMC reports** are often in competition with (pre-existing) domestic processes.

In sum, while the Social OMC’s institutional setup should allow it to produce at least some results, some important flaws are also apparent. The question now is whether these flaws imply that the Social OMC has by and large failed to “deliver the goods” on the ground (i.e. whether it actually *does* work). The next section argues that to declare the Social OMC a failure would be premature.

### ***3.2 Assessing the Impact of the Social OMC: Procedural and Substantive Effects “on the Ground”***

The impact of the Social OMC on domestic and EU policies and politics has been operationalised along two lines: the substantive impact of the OMC, i.e. changes in policy thinking and individual Member States’ policies; and procedural changes, i.e. the impact on the process of domestic policymaking (in other words, shifts in governance and policy-making arrangements) <sup>(49)</sup>. There is broad agreement that the OMC has a considerable impact both on the Member States’ and the EU’s policies and politics. Substantive policy changes include enhancing commitment to the subject

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49. For a more in-depth discussion of the substantive and procedural changes of the OMC, see Zeitlin (2009a and 2005).

matter of the Social OMC (even for “sticky” institutions such as pensions systems), agenda-setting effects (bringing to light ‘new’ issues, such as “child poverty”) and mirror effects (self-reflection on national performance). These effects were particularly pronounced in the context of PROGRESS Peer Reviews (see box 6). Shifts in domestic governance include horizontal and vertical integration (through new or reinforced structures), evidence-based policymaking and increased stakeholder involvement, at least in some countries and policy areas.

#### **Box 6. About tutors and learners: assessing the PROGRESS Peer Reviews**

What is the real value-added of Peer Reviews? The first systematic assessment of PROGRESS Peer Reviews was carried out in 2011-2012 by the Public Policy and Management Institute (PPMI) and the European Social Observatory (OSE). It shows, first of all, that Member States have a *variety of motivations* to host a Peer Review. Indeed, while “window dressing” (showing off to European peers) is certainly one of them, other motivations include discussing internal (domestic) differences, uploading an issue to the EU agenda, initiating transnational work on a particular issue, and responding to EU pressure (OSE and PPMI, 2012a). The same study finds – unsurprisingly perhaps – that there is only limited evidence of any direct “impact” of any individual Peer Review meetings on host countries’ national practices. Nonetheless, it did find that PROGRESS Peer Reviews entailed important “mirror” (or disclosure) effects for host country officials and stakeholders alike. In fact, as a result of having explained one’s own practice to others, actors sometimes revised their opinion about these practices (which often resulted in the host country becoming a “learner” rather than a “tutor”). Peer Reviews challenge people’s beliefs in yet another way: by putting issues in the EU spotlight, they signal that Europe is “interested in what you are doing, but we are also watching over your shoulder” (Ibid).

Perhaps surprisingly, the joint PPMI- OSE study also found that genuine pressure can be exerted through a Peer Review: it feels ‘harder’ to participants than one would expect. Finally, it was found that Peer Reviews sometimes reinforce pre-established ideas, i.e. by giving the impression of being ‘on the right track’, Peer Reviews provide outside legitimation for the reviewed national, regional, or local programme. However, the lessons learned at PROGRESS Peer Reviews, often combined with discourses and knowledge from other sources, also moved certain (and often previously known) problems higher on the agenda. Crucially, in these cases the Peer Reviews were seen, and in fact engineered by the European Commission, to be a stepping stone in a longer process of building European consensus on a topic (and thereby influencing the European policy agenda). Sometimes, a Peer Review builds on earlier work done in the context of EU expert networks. It also provides legitimacy for funding subsequent EU studies, resulting in an EU seminar, a Commission Communication, ultimately followed by a new Peer Review on the same (or similar) topic, which then completes a virtuous circle (OSE and PPMI, 2012b).

The impact on EU-level policies and politics includes enhanced **commitment** (e.g. reducing early retirement or increasing efforts in the fight against homelessness) and changing **actor constellations**. At least in some countries, OMC concepts, indicators, targets and categories permeate domestic policymaking and in some cases soft-law mechanisms develop into **legal instruments**. That being said, there is far less agreement about the overall direction and scope of the OMC’s impact. While many analyses point to beneficial effects, others point to **undesirable effects**, which for some include pushing for neoliberal solutions and policy tools, worsening welfare state performance and providing legitimacy for economic actors to exert further influence

on social protection and social inclusion. Crucially, both abovementioned reviews of the existing literature and the recent OMC assessment have made it quite clear that the impact of the OMC varies substantially between Member States. This concurs with the more general conclusion by Vandebroucke and Vleminckx (2011) regarding the Lisbon Strategy, namely that “open coordination did not prevent national and regional governments and social partners from buying in selective bits and pieces of the new paradigm, but not its *gestalt*”.

### ***3.3 A puzzling conclusion that begs further discussion***

The rather mixed picture of the OMC’s theoretical capacity to have an effect (which we called *adequacy*) as described in Section 3.1 is largely in line with the more “sceptical” literature which, on several occasions, has dismissed the OMC because of its institutional weakness. At the same time, this picture jars with the findings of more optimistic assessments of the OMC “in action”, which are largely corroborated by the finding of Section 3.2, namely that the Social OMC is, at least to some extent, ‘delivering the goods’. This section is aimed at identifying certain factors that could help to bridge this puzzling gap in our understanding of the OMC’s adequacy and its impact.

A first, quite evident element in the explanation is that many of the studies focussing on the OMC’s *potential* effect (*adequacy*) simply omit to look at the *actual* impact of the OMC on the outcome of policies or politics. More specifically, few of these “theoretically enriched” studies (focussing on the instruments of the OMC) have looked at the extent to which the OMC has supported or complemented existing discourses on particular paths of national reform, which requires a more in-depth and diachronic analysis.

A second, and arguably the most important explanation for the discrepancy in the findings regarding the OMC’s adequacy versus its impact, is the fact that the Social OMC is being used by domestic actors. Such “creative appropriation” involves the strategic use of EU concepts, objectives, guidelines, targets, indicators, performance comparisons and recommendations by national and sub-national actors as a resource for their own purposes and independent policy initiatives. It is increasingly accepted that this is the strongest mechanism of OMC influence on national social policies<sup>(50)</sup>. For domestic actors it is not so important how “hard” or “soft” these instruments of the OMC toolbox are: as long as they can be used in a credible way, they are real in their effects.

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50. Note that Baeten *et al.* (2010) describe Member States’ creative adaptation in the shadow of the CJEU’s case law on patient mobility. In other words: even though this is rarely acknowledged, this mechanism also applies to “hard law” contexts.

A third explanation for the discrepancy between the adequacy and the impact of the Social OMC is that assessments of the former dimension do not sufficiently acknowledge “instrument hybridity”, or the (necessary) interactions between the OMC and other EU instruments. Thus, the European Social Fund (ESF) Regulation for the 2007-13 programming period explicitly refers to the OMC, which may provide important financial incentives that support the (social inclusion component of the) Social OMC. For Verschraegen *et al.* (2011) and de la Rosa (2007) it is clear that the relationship between the ESF and the OMC works both ways: if the ESF strengthens the OMC, the latter may (or at least should) influence cohesion policy (see also Jouen, 2012).

The link between the OMC and the Community method has also received considerable attention. Hervey (2010) provocatively examines adjudication by the European Court of Justice ‘in the shadow of the informal settlement’ thereby inverting the abovementioned idea of ‘bargaining in the shadow of the law’. De la Rosa (2007) explains how the Social OMC ensures regular follow-up of certain non-discrimination Directives, while Vanhercke and Wegener (2012) describe the ‘soft pockets’ (different types of cooperation which are clearly inspired by the OMC) in the new Directive on patients’ rights (EP and Council of the EU, 2011) while they point to the ‘soft-to-hard-to-soft’ development of the Health Technology Assessment framework. Taken together, these examples point to the increasing hybridity of EU instruments, which in turn suggests a more nuanced discussion about ‘hard’ and ‘soft’ law in the EU. Again, this could help to explain why “soft governance” has more impact “on the ground” than could be expected from a purely functional reading.

The fourth and final explanation is more methodological and has been hinted at above. It seems that few of the studies dealing with the adequacy of the Social OMC, even the most recent ones, take into account the many changes in the OMC process, including completion of the portfolio of indicators (e.g. extension to pensions and health care), enhancement of mutual learning activities (e.g. thematic peer reviews), and the “streamlining” of the Social OMC in 2006 (including the introduction of overarching objectives). It goes without saying that researchers can only include the “state of the art” of the OMC toolbox in their analyses if information about these instruments is readily available, which is often not the case at the moment.

Now that we have a better understanding of how social benchmarking has actually worked in the EU during the past decade (the question of what remains of this process in the revised Europe 2020 framework lies outside the scope of the current paper <sup>(51)</sup>, the next section wraps things up.

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51. But see Daly (2012), Gosme (2012), Peña-Casas (2012) and Vanhercke (2011) for critical appraisals of the social dimension of the Europe 2020 strategy.

#### 4. Wrapping things up: benchmarking in the Social OMC demystified?

This paper began by outlining the political setting in which the OMC emerged and was further institutionalised. Specifically, in some politically sensitive areas where the unanimity rule prevented EU legislative initiatives, decision makers agreed that “doing nothing” at the EU level was not an option. As a result, the OMC emerged as a form of “governance by objectives” through which Member States wanted to learn from one another (and thereby improve their policies), while affirming that European integration equally had a visible social face. Since 2000, OMC-type processes and approaches have been proposed and applied by European institutions and stakeholders as mechanisms for coordinating domestic policies in a range of issue areas for which the EU has no formal competencies, but also for monitoring and supplementing EU legislative instruments.

To have any “real effect” in the absence of a “shadow of hierarchy” (Héritier and Lehmkuhl 2008), this “soft” coordination tool hardly seems *adequate*, at least in the view of the “sceptical” literature which by and large dismissed the OMC because of its institutional weakness. However, the more “optimistic” academic literature finds that at least the Social OMC (which is one of the more developed coordination processes) produces a significant *impact* on domestic and EU policies through mechanisms such as leverage and policy learning (see, for example, Vanhercke, 2010).

In an attempt to unravel these contradictory findings, we set off to examine the way in which benchmarking really works in the context of the Social OMC, as it was clear to us that students of the OMC are *often* rather vague about ‘*what they are actually talking about*’ when they discuss the success and (especially) the failure of ‘benchmarking’ in this context. By doing so, we found that in practice, the process of Social OMC benchmarking is quite different from is the way in which it is usually portrayed in the literature in at least five respects.

Firstly, it seems that the OMC’s learning tools are **more dynamic** than is usually acknowledged. Thus, we outlined how the Peer Review mechanism has been refined over time, from (early) peer reviews on comprehensive national social inclusion plans to (later) in-depth reviews of specific subjects or policies. We also examined how the set of indicators became increasingly multidimensional while covering more issue areas, highlighted the development of input and output statistics, and pointed to the increased use of quantified objectives or targets.

Second, the benchmarking tools are **more diversified** than is usually depicted, as we found when describing “SPC-peer reviews” versus “PROGRESS” Peer Reviews. For the latter, two modalities can be identified: good practice peer reviews and policy problem or policy reform peer reviews. The latter distinction is more than just a nuance: the policy reform peer reviews are by no means the “window dressing” exercises that are sometimes caricatured in the literature: discussions are often

quite critical towards the presented policy, also because “site visits” allow for a certain ‘reality check’.

Third, our in-depth discussion of social benchmarking in the Social OMC tool suggests that its tools have **more bite** than is usually assumed. The OMC may look “soft” but in some cases it feels quite “hard” to those who are touched by it. The same is true for the considerable pressure on Member States to start working with targets (even if this does not sit easily with their national culture). We presented a number of examples (e.g. child poverty) where Member States are ranked, not only as regards their outcomes, but also regarding the main causal factors of these outcomes. While country-specific messages are often deemed “too subtle” even to be assessed by scholars, we provided some illustrations of “challenges” for Member States identified through the JR SPSI, which in some cases are rather far-reaching, and actually represent “soft recommendations” which cover the three strands of the Social OMC. In other words, it is clear that “genuine” benchmarking is occurring under the Social OMC, in spite of sensitivities, and that the “hard politics of soft law” is by no means fiction.

Fourth, even though its public visibility is low and awareness of the OMC, even among some of the key stakeholders, remains limited (PPMI, 2011), it seems that the OMC benchmarking is **more open** (i.e. it involves a wider range of actors) than oftentimes assumed. In other words, the image of the Social OMC (especially but not only peer reviews) as involving a rather closed circle of non-accountable bureaucrats (Kröger, 2009: 13) is sometimes exaggerated. In fact, the OMC has been successful in involving some non-state actors, as a result of which the circle of “insiders” has expanded. Thus, the existence of supporting tools such as the non-governmental expert and EU (civil society) stakeholder networks, are rarely acknowledged. Moreover, through the exchanges with other networks members and their participation in drawing up EU comparative analyses (e.g. benchmarking exercises, and development of scorecards), the experts acquire cross country knowledge and become part of what could be called the “Social OMC community”. They can have an important impact on the quality of the benchmarking exercise. The same is true for the actors participating in the (well-hidden) OMC “projects” described here: over the years the projects have equally supported the development of the Social OMC community through the introduction of new partners to the process and by supporting the development of the EU civil society stakeholder networks. These stakeholders contribute to “capillary effects” of the Social OMC in that benchmarking as a governance tool is increasingly being promoted outside the formal OMC inner circle (mainly governments and Commission officials).

It will be clear from this section that these capillary effects are *by no means* automatic processes. Indeed, they are purposefully constructed by key actors in the process, e.g. through funding. The crux of the matter is this: it is not the “hardness” or the “softness” of the OMC that matters, but its capacity to stimulate policy learning and benchmarking (through a rather refined set of tools) and

especially creative appropriation and action by European, national and sub-national actors. Indeed, OMC benchmarking can only have an impact if it is being “picked up” by actors at the domestic level, who use it as leverage to (selectively) amplify national reform strategies.

Thus, social policymakers are now facing the key challenge of re-establishing a role for a wide range of actors within the heart of the Social OMC, henceforth incorporated into the new Europe 2020 framework (CEC, 2010b). If they succeed, these policymakers (and the larger OMC community) may very well reach their goal (in our understanding) by reinvigorating the Social OMC in June 2011. Specifically, this would entail counterbalancing the Europe 2020 Strategy's excessive focus on fiscal and economic considerations in the first so called “European Semester”, the narrowing down of social policy to policy against poverty and social exclusion and the one-sided focus on social protection as a cost factor in the setup of the new strategy.

The latter was indeed striking in the first policy documents that were produced under the new strategy. In the Commission's first Annual Growth Survey, for instance, it seemed as though pensions and health care were regarded merely as a burden on government budgets and reforms intended to ‘balance the books’ (CEC, 2010a: 6) <sup>(52)</sup> As a result, during the deliberations about the reinvigoration of the Social OMC (2011), Member States went beyond recognising some of the evident flaws of the OMC process. After some initial hesitation and based on first experiences under the Europe 2020 Strategy, a rather broad coalition of Member States (the Social Affairs Ministers and their delegates in the SPC) decided they could not afford to lose the analysis and consensus-framing capacity afforded them by the Social OMC's (Council of the EU, 2011).

While this “reinvigoration” of the Social OMC already led to a number of decisions being taken about the instrument's further development (including its priorities, reporting, and indicators), many important questions are still being considered at the time of writing, so it is too early to reach a final judgement.

On the positive side, it would seem that the increasingly strict economic and budgetary surveillance (incl. improved analysis and benchmarking) in the framework of the European Semester is starting to spill over into improved monitoring in social affairs. While some much needed clarifications can be expected from the Social Investment Package that has been

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52. The first Annual Growth Survey (AGS) does not mention health care at all, and refers to poverty once, in the introduction (description of the impact of the crisis). The focus on pensions in this first AGS is strictly limited to the reform agenda: Member States should increase the retirement age, reduce early retirement schemes as a priority, and support the development of complementary private savings; all this with a view to supporting one single goal: fiscal consolidation (CEC, 2010a: 6).

announced by Social Affairs Commissioner László Andor for February 2013<sup>(53)</sup>, the most promising development is the recent establishment of a Social Protection Performance Monitor (SPPM), a new tool intended to reinforce and support coordination of social policy and multilateral surveillance (ISG, 2012). The SPPM is supposed to enhance the Social Protection Committee's role in the European Semester and to support the EPSCO Council in bringing social issues to the attention of the European Council. A somewhat different, but similar performance monitor has been developed in the employment field (EMCO, 2012).

The monitor covers all strands of the Social OMC and is largely built on the Social OMC indicators set. It consists of three components:

1. A graph showing the evolution towards the new EU headline target on poverty and social exclusion (reducing the number of people at risk of poverty or social exclusion by at least 20 million by 2020) for the EU as a whole;
2. A dashboard of key indicators that will allow identifying both negative and positive trends to watch. Negative trends are to be the subject of thematic reviews;
3. Country profiles which will provide an in-depth overview of progress, or a lack thereof, on key social protection indicators and on national poverty and social exclusion targets. For each country, a table at the end of the country profile will summarize social challenges and particularly good social outcomes in the area of poverty and social exclusion, pensions, health and long term care and effectiveness and efficiency of social protection systems.

The first run of the SPPM will be at the heart of the SPC Annual Report – *The face of social Europe in 2012 and the way ahead* - that is currently being prepared and will be published at the start of 2013. The real test will be whether (strengthened) social OMC monitoring can at some point feed into the mainstream economic governance architecture. The latter would include monitoring of the impact of the far-reaching social and labour market reforms that are being imposed upon Member States<sup>(54)</sup> having signed a Memorandum of Understanding with the IMF, the EU and the ECB in exchange for a financial rescue umbrella through the European Financial Stability Facility (EFSF). Social protection (social insurance) and social inclusion systems should be considered both as a productive factor and as primary objectives of government policy in their own right. By pursuing this avenue, the EU would live up to its own commitment to deliver 'inclusive growth' and perhaps even provide Europeans with hope for some kind of "Social Europe".

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53. The European Parliament in its Resolution on the Social Investment "Pact" stressed that "the recently developed system for macroeconomic and budgetary surveillance in the EU must be supplemented by improved monitoring of employment and social policies" (EP, 2012: §15).

54. Three countries have signed Memorandums of Understanding: Greece (May 2010 and February 2012), Ireland (December 2010) and Portugal (May 2011).

## ANNEXES

### *Annex 1 Common objectives of the Open Method of Coordination on Social Protection and Social Inclusion (Council of the EU, 2006)*

**The overarching objectives of the OMC for social protection and social inclusion are to promote:**

1. social cohesion, equality between men and women and equal opportunities for all through adequate, accessible, financially sustainable, adaptable and efficient social protection systems and social inclusion policies;
2. effective and mutual interaction between the Lisbon objectives of greater economic growth, more and better jobs and greater social cohesion, and with the EU's Sustainable Development Strategy;
3. good governance, transparency and the involvement of stakeholders in the design, implementation and monitoring of policy.

**The following objectives apply to the different strands of work:**

*A decisive impact on the eradication of poverty and social exclusion by ensuring:*

4. access for all to the resources, rights and services needed for participation in society, preventing and addressing exclusion, and fighting all forms of discrimination leading to exclusion;
5. the active social inclusion of all, both by promoting participation in the labour market and by fighting poverty and exclusion;
6. that social inclusion policies are well-coordinated and involve all levels of government and relevant actors, including people experiencing poverty, that they are efficient and effective and mainstreamed into all relevant public policies, including economic, budgetary, education and training policies and structural fund (notably ESF) programmes.

*Adequate and sustainable pensions by ensuring:*

7. adequate retirement incomes for all and access to pensions which allow people to maintain, to a reasonable degree, their living standard after retirement, in the spirit of solidarity and fairness between and within generations;

8. the financial sustainability of public and private pension schemes, bearing in mind pressures on public finances and the ageing of populations, and in the context of the three-pronged strategy for tackling the budgetary implications of ageing, notably by: supporting longer working lives and active ageing; by balancing contributions and benefits in an appropriate and socially fair manner; and by promoting the affordability and the security of funded and private schemes;
9. that pension systems are transparent, well adapted to the needs and aspirations of women and men and the requirements of modern societies, demographic ageing and structural change; that people receive the information they need to plan their retirement and that reforms are conducted on the basis of the broadest possible consensus.

*Accessible, high-quality and sustainable health care and long-term care by ensuring:*

10. access for all to adequate health and long-term care and that the need for care does not lead to poverty and financial dependency; and that inequities in access to care and in health outcomes are addressed;
11. quality in health and long-term care and by adapting care, including developing preventive care, to the changing needs and preferences of society and individuals, notably by developing quality standards reflecting best international practice and by strengthening the responsibility of health professionals and of patients and care recipients;
12. that adequate and high quality health and long-term care remains affordable and financially sustainable by promoting a rational use of resources, notably through appropriate incentives for users and providers, good governance and coordination between care systems and public and private institutions. Long-term sustainability and quality require the promotion of healthy and active life styles and good human resources for the care sector.

## ***Annex 2      Guiding Principles for the Selection of Indicators and Statistics*** <sup>(55)</sup>

Each of the four indicators portfolios (i.e. the portfolio of overarching indicators and each of the three strand indicators portfolios) should aim at providing a comprehensive and efficient tool for the monitoring of the common objectives: (1) it should be comprehensive and cover all key dimensions of the common objectives; (2) it should be balanced across the different dimensions; (3) it should enable a synthetic and transparent assessment of a country's situation in relation to the common objectives.

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55. This annex is drawn from CEC (2009a: 3-4).

The selection of individual indicators should, in principle, be guided by the following minimum set of methodological criteria: (1) An indicator should capture the essence of the problem and have a clear and accepted normative interpretation; (2) An indicator should be robust and statistically validated; (3) An indicator should provide a sufficient level of cross countries comparability, as far as practicable with the use of internationally applied definitions and data collection standards; (4) An indicator should be built on available underlying data, and be timely and susceptible to revision; (5) An indicator should be responsive to policy interventions but not subject to manipulation.

Past experience in the development of indicators by the ISG has however shown that specific key information might be essential to capture one of the key dimensions of a commonly agreed policy objective (portfolio criteria 1), while not fulfilling all criteria for the selection of indicators (e.g. comparability, normative value). In order to overcome this difficulty, the ISG has agreed to flag the indicators and statistics included in the different overarching and strand lists according to how they should be used. The following three categories (EU, National, and Context) aim at warning the user of the specific purpose and limitations of each indicator in the list.

Each portfolio would contain:

- **Commonly agreed EU indicators** contributing to a comparative assessment of Member States' progress towards the common objectives. These indicators might refer to social outcomes, intermediate social outcomes or outputs.
- **Commonly agreed national indicators** based on commonly agreed definitions and assumptions that provide key information to assess the progress of MS in relation to certain objectives, while not allowing for a direct cross country comparison, or not necessarily having a clear normative interpretation. These indicators are especially suited to measure the scale and nature of policy intervention. They should be interpreted jointly with the relevant background information (exact definition, assumptions, representativeness).
- **Context information:** Each portfolio will have to be assessed in the light of key context information, and by referring to past, and where relevant, future trends. The list of context information proposed is indicative and leaves room to other background information that would be most relevant to better frame and understand the national context.

**Annex 3** *List of the commonly agreed indicators and statistics of the Social OMC (September 2009 update) (CEC, 2009a)*

**1. Overarching portfolio**

**Main indicators**

1a. At-risk-of poverty rate
1a. + At-risk-of-poverty threshold
1b. Relative median poverty risk gap
2. S80/S20
3. Healthy life expectancy
4. Early school leavers
5. People living in jobless households
6. Projected total public social expenditure
7a. Median relative income of elderly people
7b. Aggregate replacement ratio
8. Self-reported unmet need for medical care
8. + Care utilisation
9. At-risk-of-poverty rate anchored at a fixed moment in time
10. Employment rate of older workers
11. In-work poverty risk
12. Activity rate
13. Regional disparities – coefficient of variation of employment rates
14. Total health expenditure per capita

**Context information**

1. GDP growth
2. Employment rate, by sex
2. Unemployment rate, by sex
2. Long-term unemployment rate, by sex and key age groups
3. Life expectancy at birth and at age 65
4. Old age dependency ratio, current and projected
5. Distribution of population by household types, including collective households
6. Public debt, current and projected, % of GDP
7. Social protection expenditure, current, by function, gross and net
8. Jobless households by main household types
9. Making work pay indicators:
- Unemployment trap
- Inactivity trap
- Low-wage trap
10. Net income of social assistance recipients as a % of the at-risk-of-poverty threshold
11. At-risk-of-poverty rate before social transfers (other than pensions)
12. Change in projected theoretical replacement ratio
12. + Change in projected public pension expenditure

## 2. Social Inclusion

### *Primary indicators*

1. At-risk-of poverty rate 1+ At-risk-of-poverty threshold
2. Persistent at-risk-of-poverty rate
3. Relative median poverty risk gap
4. Long-term unemployment rate
5. People living in jobless households
6. Early school leavers
7. Employment gap of immigrants
8. Material deprivation rate
9. Housing indicators (currently included as secondary indicators and context information in the social inclusion portfolio)
10. Self-reported unmet need for medical care 10. + Care utilisation
11. Child well-being (under development)

### *Secondary indicators*

1. At-risk-of-poverty rate 1a. At-risk-of-poverty rate by household type 1b. At-risk-of-poverty rate by work intensity of the household 1c. At-risk-of-poverty rate by most frequent activity status 1d. At-risk-of-poverty rate by accommodation tenure status 1e. Dispersion around the at-risk-of-poverty threshold
2. Persons with low educational attainment
3. Low reading literacy performance of pupils
4. Depth of material deprivation
5. Housing costs
6. Overcrowding

### *Context information*

1. S80/S20
2. Gini coefficient
3. Regional disparities – coefficient of variation of employment rates
4. Healthy life expectancy and life expectancy at birth and age 65
5. At-risk-of-poverty rate anchored at a fixed moment in time
6. At-risk-of-poverty rate before social transfers (other than pensions)
7. Jobless households by main household types
8. In work poverty risk, by full-time/part time
9. Making work pay indicators : Unemployment trap - Inactivity trap - Low-wage trap
10. Net income of social assistance recipients as a % of the at-risk-of-poverty threshold
11. Self-reported limitations in daily activities
12. Housing deprivation by item
13. Share of housing costs in total disposable household income

### 3. Pensions

#### 3.1 First common objective: adequacy of retirement incomes

##### Primary indicators

1. At-risk-of-poverty rate of older people
2. Median relative income of elderly people
3. Aggregate replacement ratio
4. Change in projected theoretical replacement ratio + change in projected public pension expenditure

##### Secondary indicators

1. At-risk-of-poverty rate of older people
2. Median relative income of elderly people
3. Aggregate replacement ratio
4. S80/S20
5. Relative median poverty risk gap
6. At-risk-of-poverty rate of pensioners
7. At-risk-of-poverty rate by accommodation tenure status
8. Dispersion around the at-risk-of-poverty threshold

#### 3.2 Second common objective: financial sustainability of public and private pension schemes

##### Primary indicators

1. Total current pension expenditure (% GDP)
2. Employment rate of older workers
3. Effective labour market exit age
4. Projections of pension expenditure, public and total (% GDP)

##### Secondary indicators

1. Social protection expenditure, current, by function, gross and net
2. Decomposition of the projected increase in public pension expenditure

##### Context information

1. Old age dependency ratio, current and projected
2. Evolution of life expectancy at birth and at ages 60 and 65
3. Pension system dependency ratio
4. Contribution to public and private pension schemes

**3.3 Third common objective: modernisation: transparency of pension systems, adaptation to the needs and aspirations of women and men and the requirements of modern societies, demographic ageing and structural change.**

**Primary indicators**

1. Gender differences in the at-risk-of-poverty rate
2. Gender differences in the median relative income ratio
3. Gender differences in the aggregate replacement ratio

**Secondary indicators**

1. Gender differences in the median relative income ratio
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**4. Health and Long term care**

**4.1 First common objective: accessibility of care**

**Primary indicators**

1. Self-reported unmet need for medical care + Care utilisation
2. Self-reported unmet need for dental care + Dental care utilisation
3. The proportion of the population covered by health insurance
4a. Life expectancy
4b. Life expectancy by socio-economic status
5a. Healthy life expectancy
5b. Healthy life expectancy by socio-economic status

**Secondary indicators**

1. Self-perceived limitations in daily activities
2. Self-perceived general health
3a. Infant mortality
3b. Infant mortality by socio-economic status

**4.2 Second common objective: ensuring quality of care**

**Primary indicators**

1. Vaccination coverage in children
2. Cervical cancer screening
3. Cervical cancer survival rate
4. Colorectal cancer survival rate
5. Satisfaction with health care services

**Secondary indicators**

1. Breast cancer screening
2. Breast cancer survival rate
3. Perinatal mortality

### ***4.3 Third common objective: financial sustainability of care***

#### ***Primary indicators***

1. Total health expenditure per capita
2. Total health care expenditure as % of GDP
3. Total long-term care expenditure as % of GDP
4. Projections of public expenditure on health care as % of GDP
5. Projections of public expenditure on long-term care as % of GDP
6. Hospital inpatient discharges
7. Hospital day-cases
8. Obesity

#### ***Secondary indicators***

1. Sales of generics
2. Acute care bed occupancy rates
3. Hospital average length of stay
4. Regular smokers
5. Alcohol consumption

#### ***Context information***

1. Practising physicians per 100.000 inhabitants
2. Nurses and midwives per 100.000 inhabitants
3. Public and private expenditure as % of total health expenditure
4. Total expenditure on main types of activities or functions of care

***Annex 4 Social inclusion civil society stakeholder networks core funded under PROGRESS in 2010 (PROGRESS, 2011)***

Caritas Europa

<http://www.caritas-europa.org/code/en/default.asp>

European Confederation of Worker Cooperatives and Social and Participative Enterprises (CECOP)

<http://www.cecop.coop/>

Confederation of Family Organisations in the European Union (COFACE-EU)

<http://www.coface-eu.org/en/>

European Anti-Poverty Network

[www.eapn.eu/en](http://www.eapn.eu/en)

Eurochild

<http://www.eurochild.org/>

Eurocities

<http://www.eurocities.eu/main.php>

European Federation for Diaconia (Eurodiaconia)

<http://www.eurodiaconia.org/>

European Federation for Street Children

<http://www.efsc-eu.org/index.php>

European Microfinance Network (EMN)

[http://www.european-microfinance.org/index2\\_en.php](http://www.european-microfinance.org/index2_en.php)

European Social Network

<http://www.esn-eu.org/home/index.html>

The European Federation of National Organisations Working with the Homeless (FEANTSA)

<http://www.feantsa.org/code/en/hp.asp>

Mental Health Europe

<http://www.mhe-sme.org/en.html>

**Annex 5 Caritas Europa scoreboard on civil society involvement in the preparation of the social OMC's National Strategic Reports**

**Caritas Europa - Civil Society Participation Scoring by Countries**

	LV	IE	SI	RO	BG	EE	UK	IT	MT	SK	LU	DE	BE	Average score by indicator
<b>The extent of civil society involvement:</b>														
Breadth of representation: to what extent the country's third sector was represented in the process	3	8	4	3	2	5	9	3	7	5	6	8	7	5.4
The extent to which Caritas organization was involved	N/A	9	7	4	2	9	1	8	8	2	9	8	6	6.1
The extent to which people with direct experience of poverty were involved	6	8	3	1	2	2	9	1	5	1	9	7	7	4.7
Breadth of impact: the number of NAP priorities NGOs were given the opportunity / invited to influence	6	9	8	3	2	7	9	8	6	5	1	5	6	5.8
The extent to which NGOs could suggest new NAP priorities	N/A	9	3	5	2	4	9	7	7	5	9	5	5	5.8
<b>Process efficiency / effectiveness:</b>														
Effectiveness of information dissemination / active invitation of all sector organizations to take part in the NAP process	5	8	7	4	1	7	9	6	7	4	9	4	6	5.9
Time given to react / develop suggestions	3	7	4	4	1	3	9	3	5	4	3	6	4	4.3
Sufficiency of the working group meetings (in terms of number, length, frequency, etc...)	3	6	2	4	1	7	9	3	6	3	5	4	4	4.4
Quality of the meetings – did they represent a two-way dialogue?	5	5	3	5	1	5	9	5	7	5	4	5	7	5.1
Use of other methods of communication with NGO's in the NAP development process (e-mail, telephone, website)	5	4	8	5	1	7	8	4	6	5	8	4	5	5.4
<b>Outcomes of participation:</b>														
The number of suggestions submitted by NGOs	N/A	Many	N/A	>20		30	>10	N/A	N/A	77 (total)	9		6	
The number of suggestions adopted	N/A	Few	N/A	<10		10	>2	2	N/A	52 (total)			7	
Availability of feedback on the NGOs suggestions (whether in oral or written form)	N/A	3	5	3	1	5	8	2	6	5	9		5	4.7
<b>Average score by country</b>	<b>4.5</b>	<b>6.9</b>	<b>4.9</b>	<b>3.7</b>	<b>1.5</b>	<b>5.5</b>	<b>8.1</b>	<b>4.5</b>	<b>6.4</b>	<b>4.0</b>	<b>6.5</b>	<b>5.6</b>	<b>5.6</b>	

Source: CARITAS EUROPA (2007).

## **Annex 6 Social inclusion projects (calls for proposals) in the context of the Social OMC**

<b>Year</b>	<b>Subject of the call</b>	<b>Number of projects approved</b>
2002	Transnational Exchange Programme Phase 1	64
2003	Transnational Exchange Programme Phase 2	31
2004	National Awareness Raising Actions	14
2005	Evaluation of the impact of inclusion policies under the OMC	9
2006	National Awareness Raising Actions	19
2007	Mutual learning on Social protection and Social Inclusion	13
2008	Promotion Of Debates On Social Inclusion, Reinforcement of the Open Method Of Coordination On Social Protection And Social Inclusion	19
2009	Transnational Actions on Social Experimentation	11
2010	Social Experimentations	17

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