

A Stronger OMC, but not enough to make the difference! EAPN Response and Proposals for Reinforcing the OMC 16 September 2008

Introduction

On the 2nd July the Commission published the “renewed social agenda package”¹, which included the Commission’s Communication on Reinforcing the OMC². Whilst EAPN is positive about the good intentions of the Commission as expressed in the package, we are concerned about the overriding **lack of a convincing social and economic vision** and an explicit **political commitment to** tackle the growing problems of poverty and social exclusion in the EU. The economic situation is worsening daily; unemployment is increasing; rising fuel and food prices are driving more low income households into poverty, housing is increasingly out of reach of many groups, and many excluded people, particularly migrants and ethnic minorities, are experiencing growing discrimination and extreme poverty, and see no route out.

These challenges are undermining the fragile social cohesion of the EU. Only through a renewed emphasis on social rights, equal opportunities and the promotion of a “**decent life for all**”, through participative democracy, **will the EU realize its vision of being a positive force for all and a beacon of social progress**. This means a “**re-launching of the OMC**”: tougher, more visible and with more political commitment, to take up its place as the dynamic heart of a new social agenda³ and a post 2010 Lisbon strategy.

EAPN is consulting with its members on the overall renewed social agenda package and is responding separately. This EAPN response focuses specifically on the European Commission’s Communication on Reinforcing the OMC.

An improved OMC with clear, workable proposals

EAPN strongly welcomes the overall focus and specific proposals of the Communication, which have taken on board many of our concerns.⁴ The Communication reflects accurately the current reality of the OMC on social protection and social inclusion, in the context of the current weak Treaty basis for effective EU action on social inclusion. It identifies clearly the overriding policy drivers at EU level – particularly the revised Lisbon Strategy and the Internal Market.

¹ See EAPN Briefing: www.eapn.eu.

² Communication from the Commission “A renewed commitment to social Europe: Reinforcing the Open Method of Coordination for Social Protection and Social Inclusion (COM (2008) 418).

³ (This new social agenda should be focused on a democratically negotiated “social progress pact”. EAPN will further develop these proposals, together with the Social Platform, as a response to the Social Agenda Package in the autumn)

⁴ See EAPN Report – Strengthening the OMC www.eapn.eu.

On the basis of this appraisal, the Communication sets out several very welcome, realistic and workable proposals for strengthening the OMC. We would highlight particularly:

- The emphasis on the important role that the Open Method of Coordination on social protection and social inclusion has played in raising the visibility of poverty, and promoting governance.
- The recognition that the focus on growth and jobs in the revised Lisbon Strategy has not automatically ensured reduction in poverty and inequality.
- The commitment to “*progressively adopt some of the methods and approaches of the Lisbon Strategy*”, including:
 - Recognizing that European Targets on poverty and social exclusion, child poverty and working poverty would add a “*new dynamism*” to the strategy.
 - Proposing the adoption of “*Commission recommendations*” and the setting out of “*common principles*” to provide a basis for monitoring and Peer Review.
- The overall priority given to improving political commitment and visibility, better interaction within Lisbon, stronger tools and greater ownership including governance.⁵

But not tough enough to make the difference...

However, **this pragmatic vision** will not be enough to ensure that the OMC provides an effective framework to **combat poverty and social exclusion** and rises to **new challenges** facing the EU, including: -

- The widening gap between rich and poor, and the failure of redistribution mechanisms,
- Stable or increasing poverty rates across the EU,
- A growing number of children in poverty, and education systems where children’s life chances depend on income and social status,
- The worsening situation of the elderly, disabled and long-term sick, on stagnating pensions,
- The increased percentage of working poor and long-term unemployed,
- The lack of guarantees ensuring affordable access to quality public services for poor and disadvantaged people,
- Increasing food/energy prices and economic instability undermining real incomes,
- The re-emergence of extreme forms of poverty and social exclusion, such as homelessness
- The hardening of discriminatory practices and criminalization of migrants and some ethnic minority communities, particularly Roma
- The preference for meeting the demands of business rather than the needs of people.

The OMC, is too often seen as too weak by governments and other actors, to invest adequately to make it work. To take its place as an **effective strategy to combat poverty and social exclusion**, the OMC has to be re-launched, made tougher and more visible, underpinned by an explicit political commitment. It must be the dynamic heart of the new social agenda and the post 2010 Lisbon Strategy.

⁵ This has been further supported by the new Employment Guidelines which refer to the need to better connect employment policies to the OMC on social protection and social inclusion

EAPN Proposals and Recommendations

- 1) *Make social progress a top EU political priority*
- 2) *Put a tougher OMC at the centre of a new strategic social and sustainable EU Architecture*
- 3) *Establish explicit Poverty and Social Exclusion targets now!*
- 4) *Deepen mutual learning on the urgent priority areas agreed at EU level*
- 5) *Visible, effective monitoring and recommendations*
- 6) *Get action plans developed and implemented at local/regional and national levels.*
- 7) *Support more effective participation in OMC process of people experiencing poverty and the organizations that support them.*
- 8) *Ensure EU funding is used to support social inclusion practice*

1) **Make social progress the priority**

The Communication on the OMC SPSI was overshadowed by the long list of measures quoted in the renewed social agenda package, many of which do not focus on strengthening social infrastructures as a way to address poverty and social exclusion.

Combatting poverty and social exclusion must continue to be the main aim of the social OMC and the heart of the social agenda: nothing else has worked and nothing else will show that the EU leader's care about people and social cohesion and are serious about eradicating poverty. A new initiative is needed which can respond to people's fears; such as the launching of a new **social progress pact**, involving all stakeholders and decision-makers. This pact must explicitly set out a clear ambition and a road map for achieving the eradication of poverty and social exclusion in a finite period.

Recommendations

1. Make a **Ministerial Declaration following the Round Table in Marseille** on the launching of a **Social Progress Pact** with ambition and a road map to eradicate poverty and social exclusion.
2. Highlight the **current challenges** of the worsening economic crisis, the implications for poverty and social exclusion, and the need for urgent action.
3. Make explicit the OMC's role in delivering this vision, referring to all the **objectives of the OMC** (2006) with explicit measures for implementation and a realistic budget.

2) **A new Strategic Architecture**

OMC at the heart of the Social Agenda

EAPN wants to see all EU policies properly coordinated to deliver on the eradication of poverty and social exclusion. But the OMC on Social Protection and Social Inclusion must continue to be seen as the key instrument, with the Commission as the driver and the Council (through the Social Protection Committee and the Employment Committee) and the Parliament playing a key role as ambassadors for the strategy.

Post 2010 vision

The proposals on an improved coordination for the OMC should include active steps to work towards a new strategic architecture for the Post Lisbon scenario, based on broad stakeholder debate. This should draw on proposals for a post 2010 vision based on 4 equal and coordinated pillars: Economic, Employment, Social and Environmental – which can deliver a social and sustainable strategy for post 2010.

Social impact assessment,

The Communication has a welcome focus on better mainstreaming the objectives of the OMC through social impact assessment. Social impact assessment needs to provide an effective mechanism to evaluate current and future threats to social rights, taking into account key discrimination factors. To be effective, the process and the outputs need to be based on explicit social values and principles and embedded in participative mechanisms. It also needs to be underpinned by strong social political priorities, to ensure that the findings are fully taken on board in the final decision-making process and follow-up.

Horizontal coordination and mainstreaming

More effective cross-cutting coordination is rightfully highlighted as essential. A new Commission interdepartmental working group on poverty and social exclusion should be established to target urgent areas of action across all policy fields– particularly the OMC, the Lisbon National Reform Programmes, Services and the internal market, Common Agricultural Policy (CAP) including food and energy prices, discrimination and cohesion policy. This group should develop broad stakeholder discussions involving all stakeholders, including the European Parliament and Council formations in order to develop and monitor a road map for urgent action involving all these relevant policy areas.

Recommendations

1. Put the **OMC at the heart of the new Social Agenda**, with the Commission as the main driver and the Council – (through the SPC and EMCO) as ambassadors, together with the National and European Parliaments.
2. Propose a full stakeholder debate on the **new post Lisbon Architecture** that will restore the balance to equal pillars of a revised social and sustainable strategy (economic, employment, social and environmental) linked to a **Social Progress Pact**.
3. Ensure that **social impact assessment procedure** is based on explicit social values and principles and backed by political priority to effectively identifies risks to social rights, **through participative mechanisms**.
4. Reinforce the **horizontal coordination and mainstreaming** of the social dimension through a High Profile **Commission interdepartmental working group** on poverty and social exclusion responsible for drawing up a road map for action in all policy fields, and to promote wide-ranging stakeholder debate both outside and within the EU decision-making bodies.

3) **Set explicit poverty and social exclusion targets now!**

The Communication rightly points out the effective use being made of specific quantifiable targets by the revised Lisbon strategy of “jobs and growth” in the macro, micro and employment objectives and proposes a process to establish similar targets for the OMC on social protection and social inclusion.

But in the **worsening economic situation**, the current proposal is **too timid** to protect the weakest from a disproportionate share of the burden and social dumping by the rich to the poor. Europe’s Social Ministers are only too aware of the current challenges. We trust that they will wish to be seen to be taking the lead (as voiced recently by the French Social Ministry in the informal EPSCO meeting in Chantilly) and set **specific EU targets now to eradicate poverty by 2020** – on an equal basis to the other Lisbon targets. National targets should then be set and monitored yearly through the National Action Plans on Inclusion and the Strategic Reports on Social Protection and Social Inclusion.

Recommendations:

1. Reduction in **at-risk of poverty levels** to 14% by 2010 and 10% by 2013, and eradication by 2020.
2. **Child poverty** reduction to 15% by 2010, 10% by 2013 and eradication by 2020.
3. **Working poverty** reduction to 15% by 2010, 4% by 2013 and eradication by 2020.
4. Similar targets for **elderly and disabled** people.
5. End **street homelessness** by 2015 as called for by the European Parliament.⁶
6. Establish a **benchmark for social public investment** in **Minimum Income** systems (as is done now for Research and Development). Ensure the **adequacy of levels for Minimum Income** for a dignified life: at least at the risk of poverty level with a commitment to develop accurate adequacy levels through participative mechanisms in the follow up of the active inclusion strategy working through the OMC.
7. Member states to **set their own national targets** on this basis.
8. The commitment to the **gradual introduction of recommendations**, starting with those on Active Inclusion should imply a stricter benchmarking and monitoring to ensure progress is really made in reaching the agreed targets.
9. **Monitoring** to take place through the National Reform Programmes as well as through the National Strategic Reports on social protection and social inclusion.

⁶ *Written declaration 111 adopted April 2008*

4) Deepening mutual learning in the urgent priority areas agreed on at EU level

The Communication refers to the need to strengthen the social OMC with “*Better ownership through peer reviews, mutual learning and involvement of all relevant actors*”. Mutual learning is a key element in the OMC, aiming to coordinate and deepen exchanges on social inclusion policies. The mutual learning component of the OMC is about bringing together national and local experts including NGOs and people in poverty, to exchange practical information on policy gaps and develop and implement policy in specific areas of the multi-dimensional poverty strategies outlined in the national reports. Mutual learning can therefore take place and allow for policy/political progress even if the wider political context (i.e. Lisbon) is not entirely favorable. It can therefore be a crucial tool to build consensus among the 27 countries of the EU. However, its success depends upon both strengthening the involvement of key actors and ensuring better dissemination and mainstreaming of results and findings into national and EU policy.

Recommendations

1. Develop a **more strategic approach to mutual learning** under the OMC so that it impacts more directly on policy change in the different member states and at EU level.
2. Work **more closely with EU-funded European networks** as potential drivers and facilitators of transnational mutual learning with the aim of building European resource/knowledge centres on specific priority themes and of reaching out to a much wider variety of stakeholders.
3. Link these activities to a **network of Local and Regional Observatories**, which can support direct exchange on social innovation and impact.
4. **Broaden stakeholder involvement** in mutual learning activities, including people in poverty by developing a wider stakeholder discussion forum in the line of the thematic review model used by the Employment Strategy, linked to the more targetted peer review models.
5. Establish **short-term transnational taskforces** on specific themes, involving representatives from member states and other stakeholders actively involved in the development and delivery of social inclusion policy to develop common proposals/ guidelines/tools and instruments.
6. To develop **consensual European policy frameworks** on specific priority themes in order to support the transfer and impact of transnational mutual learning onto policy.

5) Visible, effective monitoring and follow up.

The Communication highlights the need to “*enhance its capacity to assess and monitor progress.*” The proposals involving the European Parliament and the Social Situation report are therefore welcome. However, the measures proposed are still more akin to reporting existing policy rather than using the OMC to develop dynamic planning and effective monitoring and evaluation procedures, involving all stakeholders and leading to effective follow up and policy impact.

Annual Scoreboards

The Lisbon strategy’s effectiveness is partly due to its rigorous annual reporting and monitoring cycle. The OMC must be on an equal footing of yearly monitoring, if it is to be treated as an equal partner. EAPN proposes a short-form annual scoreboard evaluation as a pragmatic tool for delivering an assertive social agenda based on a credible OMC that gives national stakeholders a reason to be actively engaged.

Recommendations

The report rightly highlights the interest in adapting these mechanisms from the revised Lisbon Strategy to the OMC. A strong precedent is also being set by the **Active Inclusion** in the use of Commission Recommendations with a consensualized approach to follow-up and the implementation of the agreed Active Inclusion Principles through the OMC. The progress made on the implementation of the Active Inclusion Principles will be a key indicator of the ability of the OMC to deliver impact on key policy priorities.

Link to National and EU Parliaments

Greater visibility, wider debate and ownership implies a stronger link to **National Parliaments and the European Parliament**. These must be engaged in assessing the effectiveness and gaps in social inclusion strategies at EU and national level, rather than as a purely reporting procedure.

Recommendations

1. Develop an **annual scoreboard** which can give visibility to progress on targets and key objectives.
2. **Strengthen Commission Recommendations and monitoring**, linked to an effective national process.
3. **Embed a regular National Parliamentary debate** on the value-added of the EU to the National Strategy on poverty eradication and social inclusion.
4. **Link National and EU Parliamentary debates**, to ensure effective debate on progress on social inclusion strategies.

6. Dynamic Action Plans delivered at regional and local levels

The Communication rightly highlights the need to improve the involvement of stakeholders at all stages of the implementation cycle (policy design, delivery, monitoring and evaluation). In some Member States, significant progress has already been made. But social inclusion policy is delivered and experienced at local level and in many member states decisions increasingly made through decentralized regional governments. Much greater emphasis must be made to engage stakeholders at these levels, and to drive the action planning process through a bottom up focus. This means clarifying the link between EU, national, regional and local strategies against poverty and social exclusion and establishing a formalized, properly resourced preparation process and output. Indicators need to be developed which can monitor the extent and effectiveness of this process, which should be analysed separately in the Joint Report.

Recommendations

- 1) Underline the need to **involve all relevant national, regional and local actors**
- 2) Actively promote the development of **local and regional social inclusion action plans** and establish a clear model structure for the articulation between the national, regional and local levels
- 3) Ensure that the structure is **formalized, and properly resourced, and visible**
- 4) Develop **indicators** to monitor the effectiveness of the involvement of all actors and the articulation of local, regional and national levels.

7. A truly “Open” OMC: effective participation of People experiencing Poverty and NGOs

Whilst “*progress has been made on involving civil society*”, it must be recognized that such progress is currently **under threat** because of the perceived lack of impact of the OMC, the decisions to reduce the regularity of the assessments, and the low priority given to effective engagement with civil society and people experiencing poverty. Social NGO’s must be recognized as key stakeholders and “social actors”, who play a crucial role in promoting awareness, raising visibility, supporting the engagement of people in poverty in the policy process as well as innovative and responsive social service providers. EAPN urges the Commission and SPC to give a **new priority** to actively and effectively engaging civil society and people experiencing poverty, and putting this at the heart of a reinforced OMC. Effective participation must be seen not just as better governance and a way of gaining more credibility, but an **essential instrument for more effective policy-making**.

Stronger priority has also to be given to capitalizing on **the mutual learning which has taken place on participation and better governance** already in the OMC, with a much stricter evaluation of member states’ delivery on the Guidance note in relation to good governance. The OMC should confirm and monitor benchmarks for better governance based on known good practice, promoting an SPC peer review exchange on new methodologies and their impact. This should not be limited to the exchange of a few national experts but involve grass-roots social actors. New indicators should be developed

monitoring the extent and effectiveness of participation activities, to be analysed as a specific area in the Joint Report.

Recommendations

1. **Give a new priority** to active engagement of people experiencing poverty and NGO actors, at the heart of the reinforced OMC, at **at all stages** of the policy cycle.
2. **Ensure that civil society's role and the involvement of people experiencing poverty** is seen as a crucial opportunity – to ensure good policy development which meets real needs, at the same time reinforcing the credibility of the EU.
3. Implement a **stricter evaluation of member state's delivery on the Guidance Note** on good governance.
4. **Develop specific guidelines, principals and benchmarks on "good governance and participation"**, drawing on case studies, peer review, best practice etc and evaluate progress through the National Strategic reporting cycle and Joint Report.
5. Promote **broader and more effective mutual exchange** in the SPC and amongst Government and other stakeholders on new methodologies, indicators and results
6. Establish a new **on-going structured dialogue** between social NGOs and the SPC, as a model to be followed by other EU governance structures involving the Council, including the EMCO, EPC..

8. Ensuring EU financial support actively promotes social inclusion

Although an initial reference is made in the Communication to the role of the EU financial instruments (including the European Social Fund (ESF), this area is finally absent from the Communication. This is particularly worrying in the light of the focus on "**supporting social innovation and experimentation**". Where is the financial support for grass-roots socially innovative projects to come from? This is of particular concern in the light of the new priorities of Structural Funds, which appear to be reducing their impact on social inclusion due to a narrow interpretation of "*Lisbon growth and jobs objectives*."

Only 12.4% of ESF expenditure is earmarked for social inclusion within the overall Lisbon earmarking of 349 billion Euros. Even this funding appears to be reduced to a narrow vision focused on getting specific target groups back into work, rather than combating poverty and social exclusion. It is vital that Structural Funds are mobilized to support all the pillars of the OMC, and particularly the active inclusion strategy – supporting **integrated** approaches to **adequate income, access to quality services as well as access to work** for specific groups who are furthest from the labour market. The ending of EQUAL is also a source of great concern, with the failure to capitalize on EQUAL learning and active stakeholder process for exchange on social innovation. A more coherent approach must be proposed which coordinates action between all EU financial instruments, including Structural Funds, the post EQUAL

follow up and the development of a new community Poverty programme which will use EU funds to pilot social innovation at the grass-roots and re-engage poor communities in combatting poverty and social exclusion.

Recommendations

1. Develop an **integrated strategy** involving inter-departmental cooperation and active stakeholder involvement, **ensuring that EU financial instruments deliver on poverty and social exclusion** (to include Structural Funds, Post Equal follow up and development of a **new community poverty and social inclusion programme** to pilot grass-roots, social innovation projects.
2. Ensure that **Structural Funds** are instrumental in meeting the objectives of OMC and particularly the Active Inclusion principles including “*positive activation*”, capacity building for social NGO’s, social economy, inclusive entrepreneurship and developing better community services.
3. Develop mechanisms to ensure **effective coordination on the delivery of social inclusion** through Structural Funds at regional, national and EU level including templates for guidelines, indicators and benchmarks.
4. Ensure that the Joint Report and Annual Progress Report, make **specific reference** to delivery on social inclusion objectives, through the use of Structural Funds.
5. Strengthen the **links and coherence** between ESF transnational work and the OMC.

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