



Ex post evaluation of the 2000-2006 ESF support to the Open Method of Coordination in Social Protection and Social Inclusion

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Annex 1

ESF and SPSI OMC literature review: main characteristics and preliminary elements of coherence and complementarity

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ESF AND SPSI OMC LITERATURE REVIEW: MAIN CHARACTERISTICS AND PRELIMINARY ELEMENTS OF COHERENCE AND COMPLEMENTARITY

The purpose of this chapter is to present an overview of the main literature on the Open Method of Coordination for Social Protection and Social Inclusion and the European Social Fund. The chapter is focused on the main characteristics of both the 2000-2006 European Social Fund and Open Method of Coordination in Social Protection and Social Inclusion. The main objectives of the review of this literature were firstly to derive preliminary indications on the coherence and complementarity of the two instruments at the level of objectives, interventions, indicators and stakeholders' involvement and, secondly, to identify the main issues on which to concentrate the next phases of the evaluation study.

As stated in the Inception Report¹, in this study,

coherence is defined as a measure of the correspondence and consistency (or 'goodness of fit'), between ESF and Social OMC objectives, interventions, indicators and stakeholders' involvement

complementarity is defined as a measure of reciprocity between the ESF and the social OMC, in terms of the degree to which each supports similar interventions, indicators and stakeholders' involvement².

The chapter is structured as follows:

- the first paragraph contains an historical overview of both ESF and SPSI OMC in order to highlight the key phases in their evolution and their inter-relations;
- the second paragraph offers an overview on the main characteristics of both ESF and OMC SPSI;
- the third paragraph looks at the general and specific objectives over time of both ESF and OMC SPSI;
- the fourth paragraph looks at the main interventions implemented over the period by ESF and OMC SPSI;
- the fifth paragraph looks at the main indicators of both ESF and OMC SPSI;
- the sixth paragraph gives an overview of the main literature findings on stakeholders' involvement.

¹ Inception Report, page 8.

² For example, vocational training for elderly workers is an example of ESF typology of intervention that is complementary to the 2^o OMC overarching Objective (Social Protection) because it can contribute to keep people working for more years and thus have an indirect effect on the sustainability of pension systems.

1. The European Social Fund and the Open Method of Coordination for Social Protection and Social Inclusion: an historical overview

The following table summarises the key phases in the evolution of ESF and SPSI OMC.

European Social Fund	Open Method of Coordination for Social Protection and Social Inclusion
Created in 1957 for facilitating the employment of workers and increasing their geographic and occupational mobility	1950-1989 no common European approach to tackle social inclusion and social protection policies
The main evolution steps of the ESF include:	1989 - the Council acknowledges in a resolution that combating social exclusion may be part of the social dimension of the internal market and the need of developing integration policies alongside economic development policies;
I° phase 1957-1971: creation of the ESF to facilitate the geographical and work mobility of workers and their professional requalification.	1990-2000 first steps for the creation of an European common vision on fighting social exclusion:
II° phase 1971-1983:	a) 1992/441/EEC and 1992/442/EEC resolutions represent the basis of a preliminary Community strategy for combating social exclusion
a) 1971: ESF brought about some relevant changes: a major selectivity of the interventions; introduction of article 4 that allowed the fund to intervene when policies decided at the EU level would have produced negative effects on the occupation of member states and article 5 that allowed the fund to sustain actions conducted at national level for combating structural unemployment in regions lacking behind in development, for favouring the formation of qualified workers and for sustaining the insertion in the economic activities of disabled, elderly, women and young people;	b) 1997 Amsterdam Treaty granted the European Community more powers in the social field; furthermore fighting social exclusion was proclaimed one of the Community objectives
b) 1977: ESF enlarged the target groups of the interventions financed by the fund. Therefore, the new target groups included migrant workers and their families, women without any qualification or with inadequate qualifications in search for a first job or after a period of absence from the labour market and young people in search for a first job. Furthermore, the reform allowed the use of the fund to combat unemployment in a larger way. Another innovation brought about by the '77 reform regarded the automatic allowance of aid for projects realized by member states as an integral part of national policies for employment and aimed at removing the causes of structural unemployment, of underemployment and overcoming the occupational differences at regional level as well as at offering high qualified training for workers.	c) 1999 – the Commission Communication <i>A concerted strategy for modernising social protection</i> settles a common Community vision of the social protection in Europe, grouped around: work pay and secure income; safe pensions and a sustainable pension system; promotion of social inclusion; high quality and sustainability of health care
III° phase 1983-1988	2000 – 2006
1983: greater use of ESF to sustain vocational training and policies for the promotion of occupation for young persons as well as the extension of the beneficiaries to include also actors that played an important role in the creation of jobs, such as small and medium enterprises, and other actors, such as vocational trainers, experts in counselling related to insertion on the labour market and business consultants	a) 2000 – launch of the Open Method of Coordination in Social Inclusion as one of the core elements of the Lisbon Strategy which had among others the purpose of combating social exclusion
IV° phase: the 1989-1993 first programming	Created in 2000 with the purpose of bringing together the different welfare systems of the EU Member States
1988: relevant changes of the fund such as: vocational training was considered to be one of the most important elements of the employment policies; the fund could finance innovative interventions, actions aimed at disseminating among member states knowledge regarding innovation of productive contexts and counselling for the return to the labour market of long term unemployed; introduction of the partnership principle, programming and reserve performance	b) 2001: launch of the Open Method of Coordination in Social Protection (Pensions)
V phase: the 1994-1999 programming	c) 2001: creation of the Laeken Indicators
1993: enlargement of the programming period to six years and introduction of the Single Programming Documents and Operational Programmes; the partnership is extended also to the economic and social actors of the Member States; major focus on monitoring and evaluation of interventions financed by the fund	d) 2003: revision of the Laeken indicators
VI phase: the 2000-2006 programming	e) 2004: launch of the Open Method of Coordination in Healthcare and Long Term Care
1999: the partnership principle is further strengthened by emphasizing the relevance of involving all national social actors in the design of the national objectives of the ESF; the objectives are reduced from five to three as well as Community Initiatives; establishment of EQUAL to combat discrimination on the labour market; the ESF is the main instrument to implement the European Employment Strategy and its objectives are revised accordingly.	f) 2006: creation of the Open Method of Coordination in Social Protection and Social Inclusion that brings together the former OMCs (OMC in social inclusion, OMC in pensions and OMC in healthcare and long term care) and revision of the Laeken indicators

As it can be noted from the table, employment policies have been addressed³ at the European level since the ESF was first created. Vocational training, with a key role in the implementation of employment and knowledge development policies, was introduced within ESF in 1983.

In contrast, there was no common vision on social inclusion and social protection policies until 2000 when the OMC in social inclusion was introduced. Later, in 2006 the OMC in pensions, the OMC in social inclusion and the OMC in healthcare and long-term care were brought together creating the OMC SPSI, strengthening the common vision in the social policies field.

The initial reasons behind the creation of the two instruments also differ. The ESF was created in 1957 due to the need to “compensate” for job losses, modernise to new kinds of productivity, and to make available resettlement support for those out of work, who were leaving their regions to look for opportunities elsewhere⁴. In contrast, the creation of the OMC SPSI in 2006 was based on the idea of identifying common EU objectives on social policies and for supporting the sharing of practices with a goal of reducing social inequalities across Member States.

ESF was first used to ease and support geographical mobility of workers and enhance their professional qualification⁵. Later on, it mitigated the effects of the restructuring of the coal and steel industries, and later still addressed high unemployment, and more specifically unemployment among young people and those without qualifications⁶.

The evolution of the European Social Fund took place in a context of:

- continuous enlargement of the European Union;
- the creation of the Community regional policy as “a crucial instrument for the identity of a European model of society and for the legitimacy and viability of the entire political process of integration”;
- the establishment of the single market⁷.

The ESF, created in 1957 with the purpose of sustaining workers’ mobility and their professional requalification, came to be, with the 1971 and 1977 revisions, a relevant instrument for combating unemployment in a wider sense. It began to be used for promoting vocational training and insertion in the labour market of certain disadvantaged groups such as disabled, women without qualifications or with inadequate ones who were in search of a first occupation

³ By shared management, we mean that implementation tasks of the programmes are delegated to Member States.

⁴ European Commission, *European Social Fund: 50 years of investing in people*, pages 9, 10, 2007, http://ec.europa.eu/employment_social/esf/docs/50th_anniversary_book_en.pdf.

⁵ Luisa Pavan Woolfe, *The European Social Fund*, Edizioni Seam, Roma pag. 15., 1998.

⁶ European Commission, *European Social Fund: investing in people*, 2007, page 1-3, http://ec.europa.eu/employment_social/esf/docs/esf_leaflet_en.pdf.

⁷ Gian Paolo Manzella, *Report Working Paper on the Turning Points of the EU Cohesion Policy*, page 9-11, January 2009, http://ec.europa.eu/regional_policy/policy/future/pdf/8_manzella_final-formatted.pdf.

or for workers returning from a period of absence from the labour market, elderly, young people in search of a first occupation, and migrant workers and their families⁸.

Furthermore, after the 1975 creation of the European Regional Development Fund, the ESF together with the ERDF and the European Agricultural Guidance and Guarantee Fund, created in 1958, came to form the structural funding that was used to support Community regional policy.

In the '80's, in the context of the European enlargement (Spain, Portugal and Greece), severe unemployment and in particular increasingly long term unemployment, and the need to help the least well off countries to face the challenges of the single market, the structural funds, including also the ESF, underwent deep changes. Therefore, in 1983 the ESF emphasized the central role of vocational training policies for combating unemployment. Consequently, the ESF intervention in financing training actions was further enlarged and concentrated more on young people and long term unemployed. Interventions financed by the fund were thus focused on training and professional guidance, labour market insertion, employment and integration of workers migrating from one member state to another, innovative actions and technical assistance measures. Furthermore, the beneficiary categories were enlarged to include actors such as small and medium enterprises, trainers, experts in professional guidance and those providing assistance with entry into the labour market, etc⁹.

Structural funds, including the ESF, underwent further changes with the adoption of the 1987 Single Act, which introduced the principle of economic and social cohesion. According to this principle the European Union had to make efforts to reduce disparities between the development levels of the various regions of the Union. Therefore, the SEA provided a legal basis for an approach to regional policy characterized by the fact that the existing funds could be combined in multi-annual programmes, giving the Commission the power to elaborate rules and regulations for such development programmes¹⁰. Consequently, in 1988, the ESF was reformed to better assist the regions lagging behind¹¹. Interventions financed by the ESF mostly covered vocational training, incentives to employ people in stable jobs, guidance and counselling to support the entry of long-term unemployed into the labour market, innovative actions, and knowledge transfer between member states with regard to the innovation of the productive contexts. In addition, the *partnership principle*, the *programming concept* and the

⁸ Luisa Pavan Woolfe, *The European Social Fund*, Edizioni Seam, Roma, page 23, 1998

⁹ Luisa Pavan Woolf, *The European Social Fund*, Edizioni Seam, Roma, page 33, 1998.

¹⁰ Danish Technological Institute, *Thematic Evaluation of the Structural Funds' Contributions to the Lisbon Strategy*, February 2005, page 3, http://ec.europa.eu/regional_policy/sources/docgener/studies/pdf/lisbon2005.pdf.

¹¹ European Commission, *European Social Fund: 50 years of investing in people*, page 23, 2007, http://ec.europa.eu/employment_social/esf/docs/50th_anniversary_book_en.pdf.

*performance reserve*¹² were introduced in 1988. In 1989, structural funds almost doubled the resources provided for the 1989 -1992 period.

Structural changes in society during this period, leading to reduced labour market opportunities, coupled with a growing perception that economic growth would enhance citizens' lives,¹³, combined with the introduction of the economic and social cohesion principle to trigger the attention of the Community on social issues. This increased attention on social exclusion can also be traced to the Council resolution 89/C 277/01 which broadened the scope of definitions of social exclusion to encompass groups of individuals in rural and urban areas. The same resolution noted that combating social exclusion¹⁴ might be regarded as an important part of the social dimension of the internal market and stated the need for economic development policies to be accompanied by integration policies of a specific, systematic and coherent nature¹⁵. Furthermore, combating social exclusion came to be associated with promoting social integration policies and integration into the labour market policies. The concept of social integration was associated not only with income, but also with access to education, training, housing, community services and medical care. In addition, the Council underlined the necessity of involving local bodies as well as people affected by the implementation of social integration policies¹⁶.

While the ESF did not undergo major changes until 1997, this period brought about a major focus of the European Community on social issues. Therefore, the first steps for a strategy for combating social exclusion at European level were taken with the 92/441/EEC and 92/442/EEC Council Recommendations. These two resolutions represented a decisive step in the development of the principles and objectives that today characterise the OMC SPSI.

The 92/441/EEC recommendation focused on:

- a) emphasising that social exclusion processes and risks of poverty had become more pronounced, widespread and more diversified at the Community level;

¹² Luisa Pavan Woolf, *The European Social Fund*, Edizioni Seam, Roma page 45, 1998.

¹³ Ferrera M., Matsaganis M., Sacchi S, *Open Coordination against poverty: the new EU Social Inclusion Process*, Journal of European Social Policy, Vol 12, No. 3, 2002, page 4.

¹⁴ Social exclusion is a process whereby certain individuals are pushed to the edge of society and prevented from participating fully by virtue of their poverty, or lack of basic competencies and lifelong learning opportunities, or as a result of discrimination. This distances them from job, income and education opportunities as well as social and community networks and activities. They have little access to power and decision making bodies and thus often feeling powerless and unable to take control over the decisions that affect their day to day lives." (*Joint Report on Social Inclusion*, European Commission, 2004, page 10).

¹⁵ Ferrera M., Matsaganis M., Sacchi S, *Open Coordination against poverty: the new EU Social Inclusion Process*, Journal of European Social Policy, Vol 12, No. 3, 2002, page 4.

¹⁶ European Council, *Resolution of the Council and the ministries for social affairs meeting with the Council of 29 September 1989 on combating social exclusion*, Official Journal C277, 1989
<http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=CELEX:41989X1031:EN:HTML>

- b) highlighting the multidimensional nature of social exclusion in Europe and the fact that people with insufficient resources were unable to participate to the social and economic life of society;
- c) drawing attention to the fact that economic growth alone was not sufficient to guarantee social integration and therefore specific policies for reaching this objective were needed;
- d) asking Member States to recognize the basic right of a person to sufficient resources and social assistance to live in a manner more compatible with human dignity;
- e) asking the Commission to encourage and organize in liaison with the EU MS a systematic exchange of information and experiences and a continuous evaluation of the provisions adopted at national level¹⁷.

Furthermore, besides advancing common criteria concerning sufficient resources and social assistance in social protection systems, the Council also emphasized the need for a common strategy of Member States. Indeed, the Council Recommendation 92/442/EEC underlined that there were differences in the social security schemes of member states, despite the fact that they faced common problems, such as ageing, changing family situations, a persistently high level of unemployment and the spread of poverty. Therefore, the Recommendation focused on advancing the idea of a convergence strategy: "... such a strategy should have the aim of fixing common objectives able to guide Member States' policies in order to permit the co-existence of different national systems and to progress in harmony with one another towards the fundamental objectives of the Community"¹⁸. Furthermore, the Commission was asked to carry out regular consultations with the Member States on the development of social protection policy.

In 1997, the Commission Communication *Modernizing and improving social protection in the European Union* acknowledged that the problems faced by the European social systems were not due to globalization or international competition, but were indigenous and had to be overcome by modernizing and improving social protection systems¹⁹.

With the Amsterdam Treaty (1997), the EU was granted more powers in the social field. With Articles 136 and 137, the fight against social exclusion became one of the objectives of the EU, although the EU's role was confined to complementing the activities of the Member States ²⁰.

¹⁷ Ferrera M., Matsaganis M., Sacchi S, *Open Coordination against poverty: the new EU Social Inclusion Process*, Journal of European Social Policy, Vol 12, No. 3, 2002, page 4.

¹⁸ Ferrera M., Matsaganis M., Sacchi S, *Open Coordination against poverty: the new EU Social Inclusion Process*, Journal of European Social Policy, Vol 12, No. 3, 2002, page 4.

¹⁹ European Commission COM (1997) 102, *Commission Communication Modernizing and improving social protection in the European Union*, 1997, only available at <http://europa.eu/bulletin/en/9703/p103155.htm> (bibliographic notice at <http://eur-lex.europa.eu/Notice.do?val=318677:cs&lang=en&list=318677:cs,&pos=1&page=1&nbl=1&pgs=10&hwords=>).

²⁰ European Commission SEC (2008) 2169, Commission staff working document accompanying the Communication from the Commission to the European Parliament, the Council. The European Economic and Social Committee and the Committee of the Regions "A renewed commitment to social Europe: Reinforcing the Open Method of Coordination for

Nevertheless, article 137 mentioned that the Council might adopt measures to encourage cooperation between Member States through initiatives targeted at improving knowledge, developing exchanges of information and best practices, promoting innovative approaches and evaluating experiences in order to combat social exclusion. Furthermore, the Commission was requested to encourage cooperation between Member States and facilitate the coordination of their actions with regards to social policy (article 140)²¹.

These provisions were taken forward by the 1999 Commission Communication *A concerted strategy for modernising social protection* that promotes a common political vision of social protection in Europe grouped around four main objectives:

- to make work pay and provide secure income;
- to make pensions safe and the pension system sustainable;
- to promote social inclusion;
- to ensure high quality and sustainability of health care²².

In addition, the Commission Communication emphasised that the political vision in this field should be based on mechanisms for exchanging information and monitoring policy developments in order to give the process more visibility and political profile and called on political actors to seek the involvement of social partners, social security institutions and nongovernmental organisations²³.

1999 brought about a reform of the structural funds. Objectives were reduced from seven to three:

- Objective 1: support is offered for economic activities in less prosperous regions of the European Union by providing them with the basic infrastructure they lack and by adapting and raising the level of trained human resources and encouraging investments in business;
- Objective 2: support is offered to support the regeneration of all areas facing structural difficulties, whether these areas are industrial, rural, urban or dependent on fisheries;
- Objective 3: support is offered to help adapt and modernise policies and systems of education, training and employment. Objective 3 covers the entire population of the EU

Social Protection and Social Inclusion”, Impact Assessment, the 2nd of July 2008, page 7, http://ec.europa.eu/employment_social/spsi/docs/social_inclusion/2008/sec_2008_2169_en.pdf.

²¹ Ferrera M., Matsaganis M., Sacchi S, *Open Coordination against poverty: the new EU Social Inclusion Process*, Journal of European Social Policy, Vol 12, No. 3, 2002, page 4.

²² European Commission COM (1999)347, *Commission Communication A strategy for modernising social protection*, 14th of July 1999, http://ec.europa.eu/employment_social/social_protection/docs/com99-347_en.pdf.

²³ European Commission COM (1999)347, *Commission Communication A strategy for modernising social protection*, 14th of July 1999, http://ec.europa.eu/employment_social/social_protection/docs/com99-347_en.pdf.

outside the objective 1 areas. The four pillars of this objective are employability, entrepreneurship, adaptability and equal opportunities²⁴.

As for the ESF one of the main changes concerned its direct connection to the European Employment Strategy²⁵. The ESF became formally the main instrument for the implementation of the EES. This had an impact on its financial resources (increasing) and objectives.

In addition, Community Initiatives were reduced to four, including the EQUAL programme financed by the ESF (2000). EQUAL was meant to act as a laboratory for developing new approaches to combat discrimination and inequality in the labour market. It was also intended as a key tool for promoting an inclusive society, promoting labour market integration and supporting non-discriminatory societies²⁶.

It was also in the year 2000 that the Lisbon Strategy was launched, representing a turning point in the development of a social inclusion policy. With the launch of the Lisbon strategy the “Union has set itself a new strategic goal for the next decade: to become the most competitive and dynamic knowledge –based economy in the world capable of sustainable economic growth with more and better jobs and greater social cohesion. Achieving this goal requires an overall strategy aimed at: preparing the transition to a knowledge-based economy and society by better policies for the information society and R&D, as well as by stepping up the process of structural reform for competitiveness and innovation and by completing the internal market...and modernizing the European social model, by investing in people and combating social exclusion”²⁷. As the strategic goal included the purpose of creating greater social cohesion, the Council called for concerted EU level work to make a decisive impact on the eradication of poverty and on the future adequacy and sustainability of the pension systems. An OMC-based process was established in the social inclusion area to achieve these goals²⁸.

The European Social Agenda approved by the Nice European Council Meeting on December 2000 strengthened the social aspects of the Lisbon strategy: “in the future modernising the

²⁴ Danish Technological Institute, *Thematic Evaluation of the Structural Funds’ Contributions to the Lisbon Strategy*, February 2005, page 40

http://ec.europa.eu/regional_policy/sources/docgener/studies/pdf/lisbon2005.pdf.

²⁵ The European Employment Strategy was implemented in 1997 and aims at strengthening the coordination of national employment policies. Its main objective is to involve Member States in a series of common objectives and targets, focused on four pillars, namely employability, entrepreneurship, adaptability and equal opportunities.

http://europa.eu/legislation_summaries/employment_and_social_policy/community_employment_policies/c11318_en.htm.

²⁶ Regione Lombardia, *The conclusion of EQUAL : setting out on the road to social inclusion*, 2009, page 5.

²⁷ Maria Joao Rodriguez (ed.) in collaboration with R. Boyer, M. Castells, G. Esping-Andersen, R. Lindley, B.Å. Lundvall, L. Soete, M. Telò and M. Tomlinson, *The New Knowledge Economy in Europe – a strategy for international competitiveness and social cohesion*, Cheltenham : Edward Elgar, UK and Northampton, MA, USA, 2002, page 18.

²⁸ “Social Inclusion is a process which ensures that those at risk of poverty and social exclusion gain the opportunities and resources necessary to participate fully in the economic, social and cultural life and to enjoy a standard of living and well-being that is considered normal in the society in which they live. It ensures that they have greater participation in the decision making which affects their lives and access to their fundamental rights.” (*Joint Report on Social Inclusion*, European Commission, 2004, page 10,

http://ec.europa.eu/employment_social/spsi/docs/social_inclusion/final_joint_inclusion_report_2003_en.pdf , drawn on the basis of COM 2003 (773)

European social model and investing in people will be crucial to retain the European social values of solidarity and justice while improving economic performance”²⁹.

The orientation towards social policy interpreted and implemented through soft tools expanded to other areas of social policy as well. In fact, some analysts, such as C. De la Porte and P. Pochet went so far as to define the social OMC as a possible new way of building a ‘ Social Europe’ ³⁰.

Consequently, the Stockholm Council meeting of 2001 declared the Open Method of Coordination a tool for addressing problems in the pension area as well. Therefore, with the Laeken Summit at the end of 2001 an OMC process in the pension area was launched. In addition, in 2004 the European Council agreed to adopt an OMC also in the healthcare and long-term care policy area³¹.

The 2008 Commission Communication “*Working together, working better: a new framework for the open coordination of social protection and inclusion policies in the European Union*” sets out the EU intention of creating a stronger social OMC with a heightened focus on policy implementation which would interact positively with the EU Strategy for Growth and Jobs³². , The earlier OMCs in the field of social inclusion, pensions and healthcare and long-term care were brought together under the name of the Open Method of Coordination for Social Protection and Social Inclusion.

(<http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=COM:2003:0773:FIN:EN:PDF>).

²⁹ European Commission COM (2000) 379, *Communication from the Commission to the Council, the European Parliament, the Economic and Social Committee and the Committee of the Regions*, Social Policy Agenda, page 6 <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=COM:2000:0379:FIN:EN:PDF>.

³⁰ C. de la Porte, P. Pochet, *Building Social Europe through the Open Method of Coordination*, PIE-Peter Lang, Saltsa, Brussels 2002.

³¹ European Commission, SEC (2008) 2169 *Commission staff working document accompanying the Communication from the Commission to the European Parliament, the Council. The European Economic and Social Committee and the Committee of the Regions “A renewed commitment to social Europe: Reinforcing the Open Method of Coordination for Social Protection and Social Inclusion”*, Impact Assessment, the 2nd of July 2008, page 7 http://ec.europa.eu/employment_social/spsi/docs/social_inclusion/2008/sec_2008_2169_en.pdf.

³² European Commission, SEC (2008) 2169 *Commission staff working document accompanying the Communication from the Commission to the European Parliament, the Council. The European Economic and Social Committee and the Committee of the Regions “A renewed commitment to social Europe: Reinforcing the Open Method of Coordination for Social Protection and Social Inclusion”*, Impact Assessment, of 2nd of July 2008, page 7, http://ec.europa.eu/employment_social/spsi/docs/social_inclusion/2008/sec_2008_2169_en.pdf.

2. General characteristics of the European Social Fund and OMC SPSI

ESF	OMC SPSI
Under the innovative actions strand, the ESF foresees knowledge and experiences exchanges. In addition, EQUAL initiative aims at enhancing transnational cooperation and participation in the dissemination and mainstreaming of good practices.	Aims at enhancing cross-national learning by comparing different approaches to shared problems.
Focused on labour and employment as well as training policies; the ESF focus evolved from passive labour market policy to active labour market policy.	Horizontal integration across policy areas.
Seeks the involvement of all relevant actors for programming.	Seeks the involvement of all actors relevant to the programming process.
Based on multi annual programming.	Based on multiannual programming.
Bottom-up process.	Combines top-down with bottom-up logic ³³ .
Within the actions foreseen, ESF includes exchanges of practices and knowledge transfers, the identification of specific indicators and monitoring system. Furthermore, EQUAL uses tools such as dissemination of best practices, benchmarking and knowledge exchanges.	Uses tools such as benchmarking, sharing of best practices, exchanges of information and experiences, common indicators for benchmarking and monitoring common objectives, and guidelines.

Enhancing learning processes

The ESF was not originally created with the explicit purpose of developing learning capacity. However, it has to be noted that in time it came to cover also initiatives aimed at exchanging knowledge and practices. With the creation of EQUAL, this aspect was further reinforced as one of its main characteristics is to enhance transnational cooperation and participation in the dissemination and mainstreaming of good practices. In contrast, the OMC since its inception included a goal aimed at enhancing learning processes. As Borrás and Jacobsson observe: “a form of non-binding steering, or soft –law governance, the OMC is oriented to modifying not just the outcomes of a policy, but also, and especially, the process. The focus is therefore on sharing policy experiences and practices and learning from them. The method aims at encouraging mutual correction and fostering incentives to learning and consensus-making”³⁴.

Some analysts consider the Open Method of Coordination to be “both a cognitive and a normative tool. It is a cognitive tool because it allows EU MS to learn from each other. The open

³³ Claudio Radaelli, *The Open Method of Coordination: a new governance architecture for the European Union?*, 2003, page 25, <http://www.sieps.se/en/publications/rapporteur/the-open-method-of-coordination-a-new-governance-architecture-for-the-european-union.html>.

³⁴ Susana Borrás, Kerstin Jacobsson, *The Open Method of Coordination and new governance patterns in the EU*, *Journal of European Public Policy*, 11:2, April 2004, page 189.

method of coordination is a normative tool because its common objectives embody substantive views on social justice”³⁵.

The cognitive dimension of policy learning is underlined also by Borrás: “the development of common discourses, the establishment of key concepts as well as policy principles and understandings of casual linkages have been instrumental in the development of the new policy coordination processes. Therefore, the cognitive frameworks provide a substructure underpinning the common political strategy and are an example of indirect policy learning”³⁶.

The contribution of the OMCSPSI to mutual learning is also underlined in the 2005 Joint Report on Social protection and Social inclusion. This provides clear evidence that member states have been learning from each other in the framework of the OMC.³⁷ Furthermore, the 2008 Commission Communication *A renewed commitment to social Europe: Reinforcing the Open Method of Coordination for Social Protection and Social Inclusion* underlines that in many member states mutual learning and policy exchange lie at the very hart of the OMC³⁸.

Systematic linking across policy areas

The European Social Fund because of its limited remit does not seek to develop linkages across policy areas, but it is mainly focused on employment and training policies.

In contrast, as shown in the above historical overview, the OMC SPSI enhances horizontal integration across policy areas. As noted by Jacobsson and Borrás, the method seeks to bridge policy areas in two ways, by linking national policies with each other and by linking functionally different policies at EU level³⁹. This interpretation is also noted by Zeitlin, who maintains that at the Member States level, the OMC has contributed to better horizontal coordination and cross-sectoral integration of interdependent policy areas, through the creation of new formal coordination bodies and inter-ministerial working groups⁴⁰. For instance, the 2009 Joint Report

³⁵ Claudio Radaelli, *The Open Method of Coordination: a new governance architecture for the European Union?*, Swedish Institute for European Policy Studies, 2003, page 28, <http://www.sieps.se/en/publications/rapporteur/the-open-method-of-coordination-a-new-governance-architecture-for-the-european-union.html>.

³⁶ Susana Borrás, Kerstin Jacobsson, *The Open Method of Coordination and new governance patterns in the EU*, Journal of European Public Policy, 11:2, April 2004, page 196.

³⁷ European Commission, COM (2005) 14, *Joint report on social protection and social inclusion*, 2005, page 9, http://ec.europa.eu/employment_social/spsi/docs/social_inclusion/jointreport_2005_en.pdf.

³⁸ European Commission, COM(2008) 418, *Final Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions - "A renewed commitment to social Europe: Reinforcing the Open Method of Coordination for Social Protection and Social Inclusion*, 2nd of July 2008, <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=COM:2008:0418:FIN:EN:PDF>.

³⁹ Susana Borrás, Kerstin Jacobsson, *The Open Method of Coordination and new governance patterns in the EU*, Journal of European Public Policy, 11:2, April 2004, page 189.

⁴⁰ Zeitlin, J., *Is the OMC an alternative to the Community Method?*, presentation at the University of Wisconsin – Madison 2009 http://eucenter.wisc.edu/OMC/Papers/JZ_Community_Method.pdf.

on Social Protection and Social Inclusion⁴¹ underlines that member states are implementing different kinds of structural arrangements such as coordination committees, networks of focal points, etc in order to coordinate policies in the framework of the OMCSPSI. Furthermore, the report emphasizes that in some countries integrated policy approaches can be identified. For example, the Estonian government sets out to exploit the synergies between the three OMCSPSI strands by adopting an integrated approach, ensuring coherence between the policy measures taken in different fields. Similarly, the Belgian federal government reported in the National Report on Social Protection and Social Inclusion an action framework based on five overall priorities that integrate different policy fields: a global employment strategy, policies to reduce fiscal pressure on labour, encouraging entrepreneurship, reinforcing the social protection system and reinforcing environmental policy and sustainable development⁴².

Moreover, the integration between different policy areas is also discernible at the EU level. Claudio Radaelli identifies linkages between employment and pension policies. In the case of the European and Employment Guidelines, the guidelines have been set jointly by the ECOFIN and the Social Affairs and Labour Council, while the pension policy represents an example of the integration of the logic of economic goals and that of social protection⁴³.

Multiannual programming

Both OMC SPSI and ESF are based on multiannual programming. In the case of the European Social Fund, the 1988 reform brought a change from project assistance to multi-annual programmes drawn up by the Member States (and reported to EU) in line with Community objectives and priorities approved by the Commission.

As for the SPSI OMC, although it is based on multi-annual programming, the National Strategic Reports (previously called National Action Plans) are reports to the EU rather than operational plans⁴⁴. Kroger suggests that as a result “there has been no political will at the level of member states to use the OMC as a domestic policy-making instrument. Rather, NAPs have started as and remained governmental reports, a sort of beauty contest, to the EU”⁴⁵, while De La Rosa

⁴¹ European Commission, SEC (2009) 141, *Joint report on Social Protection and Social Inclusion*, 13th of February 2009, page 24, http://ec.europa.eu/employment_social/spsi/docs/social_inclusion/2009/supporting_document_en.pdf.

⁴² European Commission, SEC (2009) 141, *Joint report on Social Protection and Social Inclusion*, 13th of February 2009, page 21, http://ec.europa.eu/employment_social/spsi/docs/social_inclusion/2009/supporting_document_en.pdf.

⁴³ Claudio Radaelli, *The Open Method of Coordination: a new governance architecture for the European Union?*, 2003, page 44-45 <http://www.sieps.se/en/publications/rapporter/the-open-method-of-coordination-a-new-governance-architecture-for-the-european-union.html>

⁴⁴ Jonathan Zeitlin, *The Open Method of Coordination and the Governance of the Lisbon Strategy*, presentation at the University of Wisconsin-Madison, EUSA conference, May 2007, page 19. http://eucenter.wisc.edu/OMC/Papers/JZ_Community_Method.pdf.

⁴⁵ Kroger S, The effectiveness of soft governance in the field of European anti-poverty policy: operationalization and empiric evidence, in *Journal of Comparative Policy Analysis*, 11, 2, page 197-211, 2009.

suggests that NAPs are legitimising reforms already made and are purely administrative exercise, without demonstrating genuine commitment⁴⁶.

As an illustration, the first cycle of NAPs (2001-2003) has tended to concentrate more on existing policy measures than on new strategies to combat poverty and social exclusion. In turn, there seems to be only a weak assessment of the financial implications of described measures for combating social exclusion and poverty⁴⁷. The second cycle of NAPS (2003-2005) is generally broader in scope, reflecting the multi-dimensional nature of poverty and exclusion, covering a wider range of political fields, and presenting measures for strengthening the member states' institutional arrangements for mainstreaming poverty and social inclusion in the national policy making. However, only some reports provide clear and coherent strategies for achieving the common goals in social inclusion (Netherlands, Sweden, Denmark, Finland and to some extent Austria, Germany, UK and Luxembourg), while others either describe a wide range of policy measures, without a clear link between strategic goals and common objectives (France, Belgium, Italy, Portugal), or policy goals are clearly set out, but without including a broad description of policy measures foreseen for achieving those goals (Greece, Spain)⁴⁸.

The NAPs submitted by new member states for the first time in 2005 show similar weaknesses in not providing sufficiently concrete and coherent strategies (including concrete policy measures, a time frame for their implementation and the financial implications) in the social inclusion field: "More specific and ambitious priorities, backed up by better targets, need to be set. The links with broader national economic and budgetary policies need to be strengthened. The great importance attributed in the NAPs/Incl to increasing access to employment needs to be supported by more concrete measures"⁴⁹.

The 2004-2006 NAPs/Incl follow the same pattern. Although some progress is shown in some fields, there seems to be no improvement of the overall situation: there is a clear gap between the Member States' commitment to implementing the agreed common objectives and the concrete national policy strategies designed for achieving these objectives. Therefore, the 2006 Joint Report calls on "a more strategic approach to the formulation of NAPs for inclusion to bring about more precise, systematic and transparent setting out of policies"⁵⁰. Furthermore, it urges Member States to focus more on mainstreaming social inclusion into the national policy making (including the budget setting) and on monitoring and evaluating the foreseen policy

⁴⁶ De La Rosa S., *The Open Method of Coordination in New Member States – the Perspectives for its Use as a Tool of Soft law*, *European Law Journal*, number 11, 2005, page 625-628.

⁴⁷ European Commission, *Joint Report on Social Inclusion*, 2002, page 28, http://ec.europa.eu/employment_social/spsi/docs/social_inclusion/2002_joint_report_en.pdf.

⁴⁸ European Commission, *Joint Report on Social Inclusion*, drawn up on the basis of COM (2003) 773, 2004, page 42, http://ec.europa.eu/employment_social/spsi/docs/social_inclusion/final_joint_inclusion_report_2003_en.pdf.

⁴⁹ European Commission, *Report on social inclusion 2005 : an analysis of the National Action Plans on social inclusion (2004-2006) submitted by the 10 new Member States*, drawn up on the basis of SEC (2005) 256, February 2005, page 5, http://ec.europa.eu/employment_social/spsi/docs/social_inclusion/sec256printed_en.pdf.

⁵⁰ Council of the European Union, *Joint Report on Social Protection and Social Inclusion*, 7294/06, 13th of March 2006, page 14, http://ec.europa.eu/employment_social/spsi/docs/social_inclusion/2006/cs2006_7294_en.pdf.

measures as in this field progress has been rather limited. It also recommends that Member States should create better links between social inclusion policies and the use of structural funds in this field, in particular of the European Social Fund⁵¹.

It is only with the 2006-2008 National Strategic Reports on Social Protection and Social Inclusion that a more strategic vision of designing policies in the social inclusion field with the aim of achieving the common objectives has been adopted. There seems to have been an evolution to a long term strategic vision linking concrete policy measures and financial resources to the common objectives to be achieved at national level. There is also a better coordination of the use of structural funds, in particular the European Social Fund, and the implementation of social inclusion and health-care policies.⁵² This tendency has been continued by the 2008-2010 Reports that exhibit a better use of the ESF in the social protection and social inclusion field.

Bottom –up principle

While the ESF is clearly based on a bottom-up principle, the open method of coordination seems to combine a bottom-up with a top –down logic⁵³. However, as the literature review shows, there is no clear consensus amongst experts about which of the two logics should be implemented. Some authors, for example Jacobsson, argue for a top-down approach, suggesting that member states should implement the guidelines set at the European level. Another school of thought (Trubek, Cohen, Sabel) emphasise the importance of a bottom-up approach. This suggests that broad guidelines should be set the European level, but concrete solutions for reaching the common objectives need to be contextualised to national conditions. As Claudio Radaelli shows, in practice, implementation strategies adopt a mix of top-down and bottom-up logics: “.... on the one hand, there is a reference to the EU goals and guidelines that Member States are supposed to meet – a reference that sounds as top-down dynamics. On the other, there is a reference to mutual learning processes and development of domestic policies at a pace that is not dictated by Brussels – something close to bottom-up dynamics”⁵⁴.

*Participatory approach*⁵⁵

⁵¹ Council of the European Union, *Joint Report on Social Protection and Social Inclusion*, , 7294/06, 13th of March 2006, page 9, http://ec.europa.eu/employment_social/spsi/docs/social_inclusion/2006/cs2006_7294_en.pdf.

⁵² Council of the European Union, *Joint report on Social Protection and Social Inclusion*, 6694/07, 23rd of February 2007, page 6-8, http://ec.europa.eu/employment_social/spsi/docs/social_inclusion/2007/joint_report_en.pdf.

⁵³ Claudio Radaelli, *The Open Method of Coordination: a new governance architecture for the European Union?*, 2003, page 25, <http://www.sieps.se/en/publications/rapporteur/the-open-method-of-coordination-a-new-governance-architecture-for-the-european-union.html>.

⁵⁴ Claudio Radaelli, *The Open Method of Coordination: a new governance architecture for the European Union?*, 2003, page 25, <http://www.sieps.se/en/publications/rapporteur/the-open-method-of-coordination-a-new-governance-architecture-for-the-european-union.html>.

⁵⁵ This aspect will be further analyzed in the sub-chapter 1.6 .

Both ESF and OMC are based on a participatory approach and seek to involve all relevant actors in the programming process. However, some differences persist in the actors involved and the quality of the involvement. The ESF involves not only the central levels of the state administration, but it is quite open towards the local levels, most often the regional one. Structural funds strategies (including ESF) are designed jointly by central actors, regional actors and civil society. In most Member States ESF programmes are managed by regional managing authorities. In contrast, while the open method of coordination is based on a participatory approach, it is much more centralized compared with the ESF and the involvement of regional actors is rather weak. Scholars argue that in most Member states the involvement of non-state and subnational actors was often confined to formal consultation and/or limited exercises, with limited opportunity to influence substantive policy direction or content. This view is reinforced in the SEC (2008) 2169 Impact Assessment accompanying the European Commission Communication COM (2008) 418 final *A renewed commitment to social Europe: Reinforcing the Open Method of Coordination for Social Protection and Social Inclusion* which highlights the need to increase the involvement of regional and local actors in the social OMC processes.⁵⁶ However, there are others scholars (see Zeitlin: 2005, 2009) who argue that the OMC has been able to mobilize the European civil society, in particular anti-poverty networks, better than any other EU policy tool⁵⁷.

Monitoring and evaluation

With regard to monitoring and evaluation, some differences persist in the “quality” of the evaluation methods and instruments used in the ESF and OMC respectively. In the ESF, indicators and targets are better defined. As Kroger observes: “Member States resisted it (the Commission) engaging in independent evaluation by means of the Joint Reports, refusing any kind of hierarchical ranking and benchmarking. Also, Member States resisted the ambition of the Commission to engage in increased target-setting”⁵⁸.

Similarly, in the ESF case mid-term evaluations have been used to negotiate the mid-term review of the operational programmes, whereas in the OMC case the EU reports have triggered changes at process level.

⁵⁶ European Commission, SEC (2008) 2169 accompanying the European Commission COM (2008) 418 final *A renewed commitment to social Europe: Reinforcing the Open Method of Coordination for Social Protection and Social Inclusion*, 2nd of July 2008 page 4, http://ec.europa.eu/employment_social/spsi/docs/social_inclusion/2008/sec_2008_2169_en.pdf.

⁵⁷ Zeitlin J, “The open method of coordination and reform of national social and employment policies: influences, mechanisms, effects”, in M.Heidenreich, J. Zeitlin (eds.), *Changing European Employment and welfare regimes: the influence of the OMC on national reforms*, London, Routledge, 2009.

⁵⁸ Kroger S., The effectiveness of soft governance in the field of European anti-poverty policy: operationalization and empirical evidence, “Journal of Comparative Policy Analysis”, 11, 2, pp.197-211, 2009.

Tools

The ESF supports exchanges of experiences, intended to promote knowledge transfer and generation. Within the EQUAL framework, the ESF also finances dissemination activities in relation to best practice, benchmarking and knowledge exchange.

The same tools are used also within the framework of the open method of coordination for social protection and social inclusion. The OMC represents “a collection of mechanisms previously developed under the broad soft law tradition in EU, such as collective recommendations, review and monitoring, and benchmarking which also bear similarities with the OECD practices”⁵⁹. With the launch of the OMC, the principles of convergence, management by objectives, and an integrated approach were taken forward and the concepts of mutual learning, benchmarking, best practices and peer pressure to achieve objectives were reinforced at EU level⁶⁰. Borrás and Jacobsson (2004) underline the fact that the open method of coordination is designed to support mutual learning and to encourage mutual cooperation and exchange of knowledge and experiences. Furthermore, according to the two authors the method seeks to support mutual learning through peer review, and to foster consensus-building and learning through co-operation, instead of through penalties and sanctions⁶¹.

The literature review shows that over time, the OMC has had a positive role in the identification of common challenges and forging a common approach based on common objectives, as well as in fostering statistical harmonization and capacity building⁶². Furthermore, over time there seems to have been a growing exchange of good practices and learning between Member States. Zeitlin (2009) asserts that the OMC has brought about cognitive shifts, and changes in national policy thinking, by: a) exposing policy makers to new approaches, often inspired by other member states examples and pressing them to reconsider long-established but increasingly counterproductive policies (such as, for instance, early retirement); b) including into the national debates EU concepts and categories (such as for active inclusion, active ageing, sustainable social protection, etc). In addition, Zeitlin suggests that the method has brought about a cross- sectoral integration of interdependent policy areas⁶³. However, despite these positive achievements, there are scholars (Mabett, 2007; Radulova, 2007) who argue that there

⁵⁹ Susana Borrás, Kerstin Jacobsson, *The Open Method of Coordination and new governance patterns in the EU*, Journal of European Public Policy, 11:2, April 2004, page 188.

⁶⁰ Sabina Regent, *The Open Method of Coordination: a supranational form of governance?*, International Institute for Labour Studies, 2002, page 15, <http://www.ilo.org/public/english/bureau/inst/publications/discussion/dp13702.pdf>.

⁶¹ Susana Borrás, Kerstin Jacobsson, *The Open Method of Coordination and new governance patterns in the EU*, Journal of European Public Policy, 11:2, April 2004, page 189.

⁶² European Commission, SEC (2008) 2169 *Commission Staff Working Document accompanying the Com (2008) 418 final Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions: A renewed commitment to social Europe: reinforcing the Open Method of Coordination for Social Protection and Social Inclusion*, page 4, 2nd of July 2008 http://ec.europa.eu/employment_social/spsi/docs/social_inclusion/2008/sec_2008_2169_en.pdf.

is scant evidence to support the view that the OMC has served as a tool for changing mindsets in the social inclusion field. This is also acknowledged by the European Commission who in the 2008 European Commission Communication *Reinforcing the Open Method of Coordination for Social Protection and Social Inclusion* highlighted the need for enforcing the open method of coordination in the social protection and social inclusion field, with a focus on the setting of targets and indicators that can allow an improved benchmarking exercise and on strengthening the mutual learning process.

3. Objectives of the ESF and OMC SPSI: preliminary elements of coherence and complementarity

This paragraph focuses on coherence and complementarity of the ESF objectives and OMC SPSI in two different periods. In the case of the ESF, it compares the situation before and after the programme ‘mid-term review’. This took place in 2004 and focused on outcomes and impacts; targets achieved; the process and implementation of the ESF and areas for improvement. In the case of the OMC SPSI, it compares the period 2000 -2005 with the period 2006-2008. The 2000-2005 period corresponds to the creation of the OMC in Social Inclusion (2000), the OMC in Social Protection (2001) and the OMC in Healthcare and Long Term Care in 2004. In 2006, these three OMCs were integrated, leading to the creation of the single OMC SPSI. As for the ESF, the mid-term review triggers a major focus on social inclusion issues, in parallel with the further development of the European approach in this field. The 2004 mid-term evaluation of the ESF emphasized that ESF interventions had to focus more on social inclusion policies, on active employment policies, especially on those aimed at preventing long term unemployment, and on inactive people⁶⁴. As a consequence of the recommendations expressed in the mid-term evaluation of the ESF, numerous changes were made to regional/national OPs. For instance, in the UK case, the mid-term evaluation highlighted that there should have been an enhanced focus on people who were inactive or disadvantaged in the labour market. Consequently, after 2004, the Objective 3 programme was enhanced to emphasize the importance of targeting people who were inactive, as well as the long-term unemployed. Additional target groups were added, including disabled people, lone parents, old workers, people from ethnic minorities and people with no or low qualifications.

⁶³ J. Zeitlin, “The open method of coordination and reform of national social and employment policies: influences, mechanisms, effects”, in M. Heidenreich, J. Zeitlin (eds), *Changing European and welfare regimes: the influence of the OMC on national reforms*, London, Routledge, 2009.

⁶⁴ European Commission, *Information paper The mid term review, performance reserve and mid term evaluations of ESF interventions*, page 2, part of the collection of materials provided for to the coordinating team by the European Commission.

Overarching objectives⁶⁵

General objectives of the ESF	Overarching objectives of the OMC SPSI
One of the instruments designated to support the implementation of the European Employment Strategy, core part of the Lisbon strategy.	Core part of the Lisbon strategy.
<i>General objective:</i> • Together with the other structural funds, promoting the EU's objective of economic and social cohesion, where social cohesion refers to encouraging harmonious, balanced and sustainable development, creating employment and contributing towards environmental protection and the elimination of inequality between men and women.	<i>Overarching objectives:</i> • Promotion of social cohesion and equal opportunities for all. • Interacting closely with the Lisbon objectives on achieving greater economic growth and more and better jobs and with the EU's Sustainable Development Strategy. • Strengthen governance, transparency and the involvement of stakeholders in the design, implementation and monitoring of policy.

As the above table shows, coherence and complementarity, according to the definition given at the beginning of this chapter, between OMC SPSI and the ESF can be identified at the level of overarching/general objectives. Both are aimed at contributing directly, in the case of the OMC SPSI, and indirectly, in the case of the ESF, to the Lisbon strategy objective of making the EU the most competitive and dynamic knowledge-based economy in the world. With the creation of the Lisbon strategy the EU triggered a process that interconnects social protection and social inclusion policies (based on OMC SPSI) with those for employment and growth: “the interaction between the OMC and the revised Lisbon process should be a dual one – social protection and inclusion policies should support growth and employment objectives, and growth and employment objectives should support social objectives”⁶⁶.

Specific objectives

As described in the following table, the objectives identified when the OMC in Social Inclusion, was first launched capture the multi-dimensional nature of the social exclusion process. Objectives focus not only on employment policies (promoting stable and quality employment), but also address other dimensions affecting well-being such as ensuring access to decent and sanitary housing, suitable healthcare, social protection, education, justice, technology access, culture, sports and leisure as well as preventing life crises and promoting family solidarity⁶⁷.

⁶⁵ The overarching objectives will be addressed without referring to a time frame, as, although they were spelled out in the COM (2005) 0706 Commission Communication *Working together, working better: A new framework for the open coordination of social protection and inclusion policies in the European Union*, a careful lecture of the 2000 common objectives text shows that they were not different even though not spelled out in the present form. Also in the ESF case, the general objectives did not undergo any changes.

⁶⁶ Council of the European Union, *Joint Report on Social Protection and Social Inclusion*, 7294/06, 13th of March 2006, page 6, http://ec.europa.eu/employment_social/spsi/docs/social_inclusion/2006/cs2006_7294_en.pdf.

⁶⁷ For further details on specific objectives of the Social Inclusion OMC, see *Fight against poverty and social exclusion Definition of appropriate objectives*, Annex to the Annex Objectives in the fight against poverty and social exclusion, 30th of November 2000, http://ec.europa.eu/employment_social/spsi/docs/social_inclusion/approb_en.pdf.

This multi-dimensional understanding of social exclusion is consistent with theoretical models like the one developed by Atkinson and Davoudi, which argues that social exclusion occurs when one of the following institutional subsystems fail: democratic and legal systems that foster civic integration; labour markets that foster economic integration; social welfare systems that aid social integration; and family and community systems that enable interpersonal integration⁶⁸.

⁶⁸ Dirk-Jan Omtzigt, Report working paper *Survey on Social Inclusion: theory and policy*, January 2009, page 19-20, http://ec.europa.eu/regional_policy/policy/future/pdf/1_omtzig_final_formatted.pdf.

ESF specific objectives ⁶⁹ Before the mid-term review (2000-2003)	OMC specific objectives 2000-2005	ESF specific objectives ⁷⁰ After the mid-term review (2004-2008)	OMC specific objectives ⁷¹ 2006-2008
- active labour market policies to prevent and combat unemployment, to prevent both women and men from moving into long term unemployment, to facilitate the reintegration of the long term unemployed into the labour market and to support the occupational integration of young people and of persons returning to the labour market after a period of absence - equal opportunities for all in accessing the labour market, with particular emphasis on those exposed to social exclusion - promotion of training, education and counselling as part of lifelong learning policies - promotion of a skilled, trained and adaptable workforce, innovation and adaptability in work organisations, enhancing and boosting human potential in research, and technology and developing entrepreneurship - access of women to and participation in the labour market - through EQUAL it also aims at promoting equal opportunities for all in connection to the labour market	<u>Social inclusion OMC (2000)</u> - Guaranteeing access for all to the basic resources, rights and social services needed for participation in society and promoting participation in the labour market; - fight extreme forms of exclusion and exclusion of the most marginalised people - involving in the policy process all relevant levels of government and relevant actors <u>Social protection OMC (2001)⁷²</u> - adequacy of pensions: - financial sustainability of the public and private pension system - modernization of the pension systems in response to the changing needs of individuals and society and transparency of the pension systems <u>Health care and long term care OMC (2004)⁷³</u> - universality, fairness and solidarity in access to care; - promotion of High quality care; - guarantee of the financial sustainability of the accessible, high quality care	No change occurred in ESF objectives after the mid-term review. However, in many countries the mid-term review underlined the necessity of addressing more some of the ESF objectives: lifelong learning and training for those at work; active employment policies, especially those preventing long-term unemployment; promoting equal opportunity for all policies, especially with a focus on policies aimed at preventing/reducing the gender pay gap⁷⁴.	<u>Social inclusion</u> - active inclusion of all by promoting participation on the labour market; - access for all to the basic resources, rights and services needed for participation in society - coordination of social inclusion policies and involvement of all levels of government and relevant actors - incorporate the fight against poverty and social exclusion into all relevant public policies, including economic and budgetary policies and the structural funds programmes (especially the ESF) <u>Social protection:</u> - adequate retirement incomes for all and access to pensions which allow people to maintain, to a reasonable degree, their living standard after retirement - transparency and suitability of the pensions systems to the needs of women and men and to the challenges of the modern societies, especially regarding demographic ageing and structural changes <u>Health care and long term care:</u> - access for all to adequate health and long term care - quality and suitability of the healthcare and long-term care to the needs and preferences of societies and individuals affordable and sustainable adequate and high quality healthcare and long term care.

⁶⁹ Regulation (EC) No 1784/1999 of the European Parliament and European Council of 12 July 2009 on the European Social Fund, http://www.esf.gov.uk/_docs/reg_1784_1999.pdf.

⁷⁰ European Commission, Information paper :The Mid Term Review, Performance Reserve and the Mid Term evaluation of ESF interventions, page 5-10, part of the collection of materials provided to the coordination team by the European Commission.

⁷¹ European Commission, COM (2005) 706 Communication from the Commission to the Council, the European Parliament, the European Economic and Social Committee and the Committee of the Regions: *Working together, working better: a new frame work for the open coordination of social protection and inclusion policies in the European Union*, 22nd of December 2005, page 5-6, <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=COM:2005:0706:FIN:EN:PDF>.

⁷² European Commission, Commission communication COM (2001) 362 final Supporting national strategies for safe and sustainable pensions through an integrated approach, 3rd of July 2001, <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=COM:2001:0362:FIN:EN:PDF>.

⁷³ European Commission, Commission Communication COM (2004) 304 Modernising social protection for the development of high quality, accessible and sustainable health care and long term care: support for the national strategies using the "open method of coordination", 20th of April 2004, <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=COM:2004:0304:FIN:EN:PDF>.

⁷⁴ European Commission, Information Paper : The Mid Term Review, Performance and Mid Term Evaluation of ESF Interventions, page 2, part of the collection of materials provided to the coordination team by the European Commission.

Indeed, coherence and complementarity between ESF and the 2000 Social Inclusion OMC can be observed at the level of the social inclusion strand: promotion of labour market and employment policies to ensure better and quality jobs, to prevent unemployment and specifically long-term unemployment, ensuring equal opportunities for all and especially for women and men.

Unemployment is centralised in both ESF and the social OMC as a primary cause of social exclusion: “social exclusion is underpinned by a discourse of social integration in which paid work is represented as the primary or sole legitimate means of integrating individuals of working age into society. The excluded are those who are workless or, in the case of young people, at risk of becoming so”⁷⁵. This position mirrors other institutional perspectives, like the World Bank approach developed in 2007 and based on Sen’s capability theory: “lack of financial capital is one of the sources of social exclusion, where financial capital refers to an individual’s financial assets or capacity to acquire financial capital through employment earnings”⁷⁶. This is also emphasized by the European Commission in the *2000-2005 Social Policy Agenda*: unemployment is the single most important reason for poverty, whereas a job the best safeguard against social exclusion”⁷⁷.

In the ESF, the centralisation of employment as the main driver to secure Social Inclusion OMC objectives is reinforced by linking employment to training and education. Education and training are seen as essential instruments for developing individual capacity. According to the World Bank approach, poor schooling leading to subsequent under-development of human capital, is one of the main causes of social exclusion.

Coherence and complementarity between ESF and the Social Inclusion OMC can also be identified in the European Employment Strategy, whose main financial instrument is the ESF, and the ESF 1999 regulation. The Employment guidelines focus on the integration of those furthest from the labour market by urging Member States to provide the social services needed to support the labour market inclusion of disadvantaged people, to contribute to territorial cohesion and the eradication of poverty, etc⁷⁸. Furthermore, the budget explicitly allocated to

⁷⁵ Dirk-Jan Omtzigt, Report working paper *Survey on Social Inclusion: theory and policy*, January 2009, page 21, http://ec.europa.eu/regional_policy/policy/future/pdf/1_omtzig_final_formatted.pdf.

⁷⁶ Dirk-Jan Omtzigt, Report working paper *Survey on Social Inclusion: theory and policy*, January 2009, page 10, http://ec.europa.eu/regional_policy/policy/future/pdf/1_omtzig_final_formatted.pdf.

⁷⁷ European Commission, COM (2000) 379 *Communication from the Commission to the Council, the European Parliament, the Economic and Social Committee and the Committee of the Regions: Social Policy Agenda*, 28th of June 2000, page 12, <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=COM:2000:0379:FIN:EN:PDF>.

⁷⁸ European Commission, COM(2006) 44, *Final Communication from the Commission to the Council, the European Parliament, The European Economic and Social Committee and the Committee of the Regions: Concerning a consultation on action at EU level to promote the active inclusion of the people furthest from the labour market*, 8th of February 2006, page 6, http://ec.europa.eu/employment_social/social_inclusion/docs/com_2006_0044_f_acte_en.pdf.

ESF especially for supporting social inclusion⁷⁹ was 9 billion euro out of 60 billion euro in the 2000-2006 period⁸⁰.

In addition, the 1999 ESF regulation states that the “Fund should support measures to prevent and combat unemployment and to develop human resources and social integration into the labour market in order to promote a high level of employment, equality between men and women, sustainable development and economic and social cohesion”⁸¹.

Coherence and complementarity between the ESF and Social Inclusion OMC objectives is underlined also in the 2005 *Thematic Evaluation of the Structural Funds’ Contributions to the Lisbon Strategy* (http://ec.europa.eu/regional_policy/sources/docgener/studies/pdf/lisbon2005.pdf): “the Structural Funds’ emphasis is on equal opportunities between men and women – in particular in connection with the Community Initiative EQUAL – on the elimination of discrimination on the labour market on grounds of gender, race, ethnic origin, disability or age”⁸².

As for coherence and complementarity between the ESF and the 2004 Healthcare and Long Term Care OMC objectives, the literature analysis emphasises that the ESF can be used to support training of the healthcare and long-term carers:” to ...promote human resources management that meets the challenges of demographic ageing in the healthcare and long-term care sector, in particular by anticipating or reducing shortages of certain categories of staff, thanks to sufficient investment in basic and continuing training and an improvement in the quality of jobs, including their health and safety at work aspects. The ESF contribution must be used to the full in this area”⁸³.

As for coherence and complementarity between the ESF and the 2006 OMC SPSI, the literature review highlights that coherence and complementarity can be identified mostly at the level of the social inclusion objective. Coherence and complementarity at this level has been reinforced on the one hand due to some major focus of certain ESF objectives on social inclusion issues after the 2004 mid-term review and on the other due to some changes that occurred at the level of social inclusion objectives foreseen within the OMC SPSI since 2006. Looking at both definitions of social inclusion objectives (former Social Inclusion OMC objectives and the 2006

⁷⁹ The amount of resources could probably increase if considering all the activities indirectly related to social inclusion classified under other headings.

⁸⁰ European Commission, COM (2006) 44, *Communication from the Commission to the Council, the European Parliament, the European Economic and Social Committee and the Committee of the Regions concerning a consultation on action at EU level to promote the active inclusion of the people furthest from the labour market*, 8th of February 2006, page 7, http://ec.europa.eu/employment_social/social_inclusion/docs/com_2006_0044_f_acte_en.pdf.

⁸¹ European Commission, Regulation (EC) No 1784/1999 of the European Parliament and of the Council of 12 July 1999 of the European Social Fund <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:1999:213:0005:0008:EN:PDF>.

⁸² As shown in the previous chapter, equal opportunities for all, equality between women and men and social cohesion is one of the objectives of the OMC for Social Protection and Social Inclusion.

⁸³ European Commission, COM (2004) 304, *Final Communication from the Commission to the Council, the European Parliament, The European Economic and Social Committee and the Committee of the Regions on Modernising social protection for the development of high-quality, accessible and sustainable health care and long-term care: support for the national strategies using the «open method of coordination»*, 20th of April 2004, page 8, <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=COM:2004:0304:FIN:EN:PDF>.

OMC SPSI objectives), there seems to have been a shift from prevention of social exclusion to the guarantee of active inclusion, with an emphasis on employment policies.

In addition, the 2006 new objectives of the social inclusion strand include a direct reference to the ESF as a means of sustaining the fight against social exclusion and poverty: “incorporate the fight against poverty and social exclusion into all relevant public policies, including economic and budgetary policies and the structural funds programmes (especially the ESF)”⁸⁴.

Moreover, *Information of the Mid-Term Review, Performance Reserve and Mid Term Evaluation of ESF Interventions*⁸⁵ underlines that some of the ESF objectives that have a relevant impact for promoting social inclusion were emphasized at the level of OPs following the changes brought about by the mid-term review: active employment policies, especially those preventing long-term unemployment; promoting equal opportunity for all policies, especially with a focus on policies aimed at preventing/reducing the gender pay gap. For instance, after the 2004 mid-term review, in Spain the ESF supported policies targeting social inclusion objectives, young people with difficulties and equal opportunities through reconciliation of work and family life and promotion of female employment, while in Austria the policy priorities, financed by the ESF, that focused on addressing adult and youth unemployment, were reinforced⁸⁶.

In addition, the *Evaluation of the ESF contribution to employment, inclusion and education & training policies through the support to systems and structures* underlines that, under the 1999 regulation, the goals of objective 3 were enlarged compared to the previous regulation to include “actions aimed to combat unemployment, promote social inclusion and equal opportunities for men and women, strengthen employability through lifelong education and training systems....”⁸⁷.

As for coherence and complementarity between ESF and the social protection objectives of the OMC SPSI, some forms of indirect coherence and complementarity can be identified in the literature review, mainly relating lifelong training approaches within an active ageing strategy⁸⁸. For example, the *Midterm review, performance review and midterm evaluation of ESF interventions* emphasises the focus of ESF projects in this field on life-long learning and older workers. In Sweden, for example, after the 2004 mid-term review a major focus was placed on life-long learning and development of human resources for the working life, and in

⁸⁴ European Commission, Common objectives, http://ec.europa.eu/employment_social/spsi/docs/social_inclusion/2006/objectives_en.pdf.

⁸⁵ Part of the collection of materials provided to the coordination team by the European Commission.

⁸⁶ European Commission, Information: The mid term review, performance reserve and the mid term evaluation of ESF interventions, page 17, part of the collection of materials provided to the coordination team by the European Commission.

⁸⁷ IDEC, Evaluation of the ESF contribution to employment, inclusion and education & training policies through the support to systems and structures, 2006, page 37, http://ec.europa.eu/social/main.jsp?catId=701&langId=en&internal_pagesId=616&moreDocuments=yes&tableName=INTERNAL_PAGES.

⁸⁸ For further details on this, see chapter 3.

Luxembourg, after the mid-term review, the focus switched to older workers and increasing their employability⁸⁹.

Summing up, evidence from the literature review shows that the ESF is likely to have supported OMC objectives (the social inclusion strand) primarily in the following ways:

- promoting equal opportunities for all in accessing the labour market, with a particular focus on categories at risk of social exclusion ;

In this regard the 2004 report *Ex post evaluation 1994-1999 of the ESF operations under objectives 1, 3 and 4 and the Community Initiatives Employment and Adapt* underlines that ESF has enabled the strengthening of the interventions targeted at those with disabilities. The Disabled were identified as a relevant target for measures that were aimed at promoting equal opportunities for all in accessing the labour market especially in countries such as Portugal, Spain, Greece and Austria⁹⁰. Furthermore, the 2008 *Synthesis report Feeding in and feeding out: the extent of synergies between growth and jobs policies and social inclusion policies across Europe* highlights examples of social measures that are the result of the EU structural funds support, for example in the case of Greece where the 2000-2006 operation programme “Employment and vocational training” (financed mostly by the ESF) foresaw measures enabling members of disadvantaged groups to participate on the labour market⁹¹. Another example is the Czech Republic, where the integration of disadvantaged groups into the labour market has improved slightly due to the “somewhat increasing scope of active labour market policies attributable to projects financed under the European Social Fund”⁹².

- improving women’s access to and participation in the labour market, including their career development, their access to new job opportunities and to starting up of businesses, and reducing the vertical and horizontal segregation on the basis of gender in the labour market;

This aspect was already highlighted for the programming period 1994-1999. The 2004 report *Ex post evaluation 1994-1999 of the ESF operations under objectives 1, 3 and 4 and the*

⁸⁹ European Commission, *Information paper Midterm review, performance review and midterm evaluation of ESF interventions*, page 17-18, part of the collection of materials provided for to the coordination team by the European Commission

⁹⁰ European Commission, *The ex post evaluation 1994-1999 of the ESF operations under objectives 1, 3 and 4 and the Community Initiatives Employment and Adapt*, 2004, <http://www.funduszestrukturalne.gov.pl/English/Evaluation/Evaluation+documents/>.

⁹¹ Hugh Frazer, Eric Marlier, *Synthesis report Feeding in and feeding out: the extent of synergies between growth and jobs policies and social inclusion policies across Europe*, 2008, page 17, http://ec.europa.eu/employment_social/spsi/docs/social_inclusion/experts_reports/synthesis2_2007_en.pdf.

⁹² Hugh Frazer, Eric Marlier, *Synthesis report Feeding in and feeding out: the extent of synergies between growth and jobs policies and social inclusion policies across Europe*, 2008, page 25, http://ec.europa.eu/employment_social/spsi/docs/social_inclusion/experts_reports/synthesis2_2007_en.pdf.

Community Initiatives Employment and Adapt further suggests that the ESF interventions have resulted in some improvements in women's position in the labour market⁹³.

- promoting active ageing through lifelong learning policies addressed to special target groups such as disadvantaged people.

This aspect was relevant also in the previous programming period (1994-1999). For instance, the 2004 report *Ex post evaluation 1994-1999 of the ESF operations under objectives 1, 3 and 4 and the Community Initiatives Employment and Adapt* mentions that a number of programmes offering training in linguistic, social or cultural competences targeting disadvantaged groups have been financed by ESF under the policy field lifelong learning⁹⁴.

4. ESF and OMC SPSI types of interventions: preliminary elements of coherence and complementarity

The literature review did not reveal sufficient material to enable an assessment of coherence and complementarity of the ESF and OMC SPSI in terms of specific types of interventions. This issue is covered in detail through the analysis in the third chapter of this Report.

⁹³ European Commission, The ex post evaluation 1994-1999 of the ESF operations under objectives 1, 3 and 4 and the Community Initiatives Employment and Adapt, 2004, page 34,
<http://www.funduszeStrukturalne.gov.pl/English/Evaluation/Evaluation+documents/>.

⁹⁴ European Commission, The ex post evaluation 1994-1999 of the ESF operations under objectives 1, 3 and 4 and the Community Initiatives Employment and Adapt, 2004, page 21,
<http://www.funduszeStrukturalne.gov.pl/English/Evaluation/Evaluation+documents/>.

ESF types of interventions ⁹⁵ Before the mid-term review	OMC types of interventions 2000-2005	ESF types of interventions ⁹⁶ after the mid-term review	OMC SPSI types of interventions 2006
Assistance to persons specifically referred to • Education and vocational training • Apprenticeships , pre-training, in particular the provision and upgrading of basic skills; • Rehabilitation in employment • Measures to promote employability of the labour market (Pathways to labour market integration); • Guidance, counselling and continuing training • Employment aids and aids for self employment • Post-graduate training and training of managers and technicians at research establishments and enterprises • Development of new sources of employment, including the social economy (third system) Assistance to structures and systems particularly referred to: • Development and improvement of training, education and skills, including the training of teachers, trainers and staff, and improving the access of workers to training and qualifications • Modernisation and improved efficiency of employment services • Development of links between the worlds of work and education, training, and research establishments • Development of systems for anticipating changes in employment and in qualification needs Accompanying measures particularly referred to: • Assistance in the provision of services to beneficiaries, including the provision of care services and facilities for dependants; • Measures addressing the socio-economic development to facilitate the pathways to labour market integration	Social Inclusion (2000)⁹⁷ Some examples of specific macro types of interventions are identified for the first objective (facilitate participation in employment and access by all to resources, rights, goods and services): • pathways towards employment and mobilising training policies for the most vulnerable groups in society • measures to promote the reconciliation of work and family life, including the issue of child and dependent care • human resources management, organisation of work and life-long learning actions to improve employability • accompanying measures which allow people at risk of exclusion access to education, justice and other public and private services, such as culture, leisure and sports Social protection (2001): types of interventions are defined at the member states level	In some countries more focus was put on certain ESF interventions in social inclusion after the mid-term review. This is, for instance, the case of the Dutch objective 3 programmes, where the mid-term review underlined the necessity of putting more focus on pathways to labour market integration through interventions to combat early school leaving and activation of jobseekers and disabled⁹⁸.	Interventions are decided at member states level and focus on pension reform and quality of healthcare systems

⁹⁵ Regulation (EC) No 1784/1999 of the European Parliament and European Council of 12 July 2009 on the European Social Fund, <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:1999:213:0005:0008:EN:PDF>.

⁹⁶ European Commission, *The Mid Term Review, Performance Reserve and the Mid Term evaluation of ESF interventions Information Paper*, page 5-10. part of the collection of materials provided to the coordination team by the European Commission.

- Awareness-raising, information and publicity

Healthcare and long term care (2004):
types of interventions are defined at the
member states level

⁹⁷ European Council, Annex to Annex 2 Objectives in the fight against poverty and social exclusion, 30th of November 2000, page 10-11, http://ec.europa.eu/employment_social/social_inclusion/docs/approb_en.pdf.

⁹⁸ European Commission, *The Mid Term Review, Performance Reserve and the Mid Term evaluation of ESF interventions Information Paper*, page 16, part of the collection of materials provided to the coordination team by the European Commission.

5. ESF and OMC SPSI indicators: preliminary elements of coherence and complementarity

Literature on social exclusion/social inclusion indicators shows a polarisation between perspectives that focus on processes and mechanisms (Yepez)⁹⁹ and perspectives that focus on outcomes and impacts (Branes (2005), Burchardt, le Grand and Piachaud (2000), etc.

To support standardisation in the field, the European Commission put together in 2001 a set of indicators known as the Laeken Indicators. The Laeken indicators represent a set of 18 indicators organized in two levels: a set of primary indicators – consisting of 10 indicators covering the broad fields of the main elements of social exclusion – and a set of 8 secondary indicators aimed at providing more depth and granularity. With the first revision of the Laeken indicators in 2003, Member States were encouraged to add national indicators to highlight specificities in particular areas, and to help interpret primary and secondary indicators.

Once the Social Inclusion OMC, Social Protection OMC, and Healthcare and Long-term care OMC had been integrated into a single SPSI OMC, common pension and healthcare indicators were added as well as overarching indicators for social outcomes and the nature and scale of social policy interventions.

OMC SPSI indicators do not limit themselves to financial poverty and income, but cover some additional important dimensions of social inclusion such, education, health and pensions in order to capture the multi-dimensional concept of social inclusion. This is in line with what many scholars¹⁰⁰ argue: that income indicators are not sufficient in isolation to address social inclusion. It is a complex phenomena related not only to income but also to other dimensions of individuals' well-being such as health, education, housing, labour skills, labour conditions, standard of living, legal and physical security, self-respect, role in decision making of family, community, society, etc.

ESF indicators differ from the OMC SPSI indicators mainly because they are more directly tied to specific interventions, whereas OMC SPSI indicators tend to be tied to broad policy objectives.

Coherence and complementarity between ESF and OMC SPSI indicators is therefore somewhat harder to assess and will be further explored in the next evaluation steps¹⁰¹.

⁹⁹ Dirk-Jan Omtzigt, Report working paper *Survey on Social Inclusion: theory and policy*, January 2009, page 8, http://ec.europa.eu/regional_policy/policy/future/pdf/1_omtzig_final_formatted.pdf.

¹⁰⁰ see Atkinson, A.B., Cantillon, B., Marlier, E. and Nolan, B. 2002 *Social Indicators. The EU and Social Inclusion*, New York, Oxford University Press and 2005 taking forward the EU, *Social Inclusion Process Report*, Independent Report Commissioned by the Luxembourg, Presidency of the Council of the European Union.

¹⁰¹ The complementarity could be seen especially with regard to context indicators (usually national/regional socio economic indicators that may resemble, in some way, OMC indicators) mainly used during the ex ante evaluation phase to assess problems and the relevance of interventions and during the interim and final evaluation to identify progress/development.

Social Inclusion OMC Indicators (Laeken indicators) 2001 ¹⁰²	ESF indicators ¹⁰³ 2000-2006	OMC SPSP ¹⁰⁴ Indicators ¹⁰⁵ 2006
Primary indicators - low income rate after transfers with breakdowns by age, gender, most frequent activity status, household type, tenure status - low income threshold - distribution of income - persistence of low income - relative median low income gap - regional cohesion - long term unemployment rate - persons living in jobless households - early school leavers not in education or training - life expectancy at birth - self defined health status by income level - Secondary indicators - dispersion around the low income threshold - low income rate before transfers - low income rate anchored at a moment in time - Gini coefficient - Persistence of low income (below 50% of median income) - long term unemployment	Output Result Impact Indicators can be <i>core indicators</i> (used to make comparisons between similar programmes and measures); <i>performance indicators</i> that address effectiveness (a comparison of actual and planned outputs as well as some results), quality of management and financial implementation; and/or <i>regional/sectoral indicators</i>	Overarching indicators - At risk of poverty rate (+ illustrative threshold); relative median poverty risk gap; S80/S20 (income inequalities); healthy life expectancy years; early school leavers; people living in jobless households; projected total public social expenditure; median relative income of elderly people; aggregate replacement ratio; unmet need for care; at risk of poverty rate anchored at a fixed moment in time (2005); employment rate of workers; in-work poverty risk; activity rate; regional disparities –coefficient of variation of employment rates Social Inclusion Primary indicators: - At risk of poverty (+ illustrative threshold); persistent at-risk of poverty rate; relative median poverty risk gap; long term unemployment rate; population living in jobless households; early school leavers not in education or training; employment gap of immigrants; unmet need for care by income quintile; child well-being Secondary indicators: - At risk of poverty rate; poverty risk by household type, by work intensity of households, by the most frequent activity status, by accommodation tenure status; dispersion around the at risk of poverty threshold; persons with low educational attainment; low reading literacy performance of pupils; Pensions Primary indicators: - At risk of poverty of older people; median relative income of elderly people; aggregate replacement ratio; change in theoretical replacement ratio for base case 2004-2050 accompanied with information on type of pension scheme and changes in projected public pension expenditure, total current pension expenditure; employment rate; effective labour market exit age; projections of pension expenditure, public and total 2004-2050; gender differences in the risk of poverty; gender differences in the relative income of older people; gender differences in aggregate replacement ratio; Secondary indicators: - At risk of poverty rate for older people; median relative income of elderly people (+60); aggregate replacement ratio (including other social benefits); income inequality; risk of poverty gap of elderly people; risk of poverty of pensioners; incidence of risk of elderly people by the housing tenure status; risk of poverty calculated at 50% and 70% of the median national equivalised income for elderly; total social protection expenditure; decomposition of the projected increase in public pension expenditure; gender differences in the relative income of older people

¹⁰² Social Protection Committee, *Report on Indicators in the field of poverty and social exclusion*, October 2001, page 6-8, http://ec.europa.eu/employment_social/spsi/docs/social_protection_committee/laeken_list.pdf.

¹⁰³ European Commission, working paper 3, *The New Programming Period 2000-2006: methodological working paper Indicators for monitoring and evaluation: an indicative methodology*; page 19, 45, http://ec.europa.eu/regional_policy/sources/docoffic/working/doc/indic_en.pdf.

¹⁰⁴ Indicators described here are accompanied by context indicators.

¹⁰⁵ European Commission, D (2006), *Portfolio of overarching indicators and streamlined social inclusion, pensions and health portfolios*, 7th of June 2006, page 7-50, http://ec.europa.eu/employment_social/social_inclusion/docs/2006/indicators_en.pdf.

- very long term unemployment rate
- persons with low educational attainment

Healthcare and long term care

Primary indicators:

- Self reported unmet need for medical care; self reported unmet need for dental care; infant mortality; life expectancy; healthy life expectancy; the proportion of the population covered by health insurance; prevention measures: vaccination; total health expenditure per capita; total health expenditure as a % of GDP; public/private expenditure; total expenditure on main types of care

Secondary indicators

- Self-perceived limitations in daily activities

6. ESF and OMC SPSI stakeholders' involvement: preliminary elements of coherence and complementarity

In principle, both OMC SPSI and ESF share a commitment to a participatory approach.

In the ESF case, the partnership principle was introduced with the 1988 structural funds reform. The reform envisaged that all the actions funded by the EU structural funds, including the European Social Fund, must be planned by the Commission and Member States together with the regional and local authorities in charge of structural funds or other relevant regional and local authorities, the economic and social partners and other relevant bodies within this framework. With the 1999 ESF regulation, the partnership principle was further strengthened during the 2000-2006 programming period. As for the OMC, the European Lisbon Council's conclusions emphasized that a "full decentralised approach will be applied in line with the principle of subsidiarity in which the Union, the Member States, the regional and local levels, as well as the social partners and civil society will be actively involved, using variable forms of partnership"¹⁰⁶. This approach was further strengthened with the 2005 OMC SPSI.

The participatory approach of the OMC reinforces both symbolic and practical elements of the social inclusion agenda. On the one hand, the engagement of local actors sends a signal that the principles of equality and democracy that are embedded in the Social OMC are being implemented in practice, since grass roots stakeholders are represented as well as policy-makers and political elites. In turn, decentralisation of interventions strengthens and supports the OMC logic that local actors "act as an integrator of segmented policies. Therefore their potential relies on their capacity as promoters of third system activities and on their contribution to achieving the overarching EU goal, in particular as regards social exclusion and equal opportunities"¹⁰⁷.

Some analysts stress that the power-sharing aspect of the OMC supports more effective and creative solutions to addressing exclusion, since it brings together a broader spread of actors, perspectives and knowledge. According to Zeitlin, the OMC stands to benefit through harnessing local knowledge and local experimentation¹⁰⁸.

The partnership perspective also reinforces EU policy on promoting wider forms of governance, for example the proposals in the 2001 *White Paper on European Governance*, for "reforms of

¹⁰⁶ Lisbon summit conclusions, point 38.

¹⁰⁷ Sabina Regent, *The Open Method of Coordination: a supranational form of governance?*, International Institute for Labour Studies, 2002, page 17, <http://www.ilo.org/public/english/bureau/inst/publications/discussion/dp13702.pdf>.

¹⁰⁸ Claudio Radaelli, *The Open Method of Coordination: a new governance architecture for the European Union?*, Swedish Institute for European Policy Studies, 2003, page 25, <http://www.sieps.se/en/publications/rapporteur/the-open-method-of-coordination-a-new-governance-architecture-for-the-european-union.html>.

the means, rules, processes and behaviour that affect the way in which the powers are exercised at European level”¹⁰⁹.

When looking at the contribution of ESF to strengthening the participatory approach of the OMC SPSI, one can notice that in some cases, the implementation of ESF projects has allowed the creation of broad partnerships, involving also categories of persons at risk of exclusion. For instance, in Greece experts point out that the programmes are enabling members of vulnerable groups to participate in job creation programmes for the unemployed, financed under the OP “Employment and Vocational Training”¹¹⁰.

¹⁰⁹ European Commission, COM (2001) 428, *Final European Governance a White Paper*, page 12, 25th of July 2001, http://eur-lex.europa.eu/LexUriServ/site/en/com/2001/com2001_0428en01.pdf.

¹¹⁰ Hugh Frazer, Eric Marlier, Synthesis report *Feeding in and feeding out: the extent of synergies between growth and jobs policies and social inclusion policies across Europe*, 2008, page 17, http://ec.europa.eu/employment_social/spsi/docs/social_inclusion/experts_reports/synthesis2_2007_en.pdf.

ESF before the mid-term review Stakeholders' involvement period	OMC 2000-2005 Stakeholders' involvement	ESF after the mid term-review Stakeholders' involvement period	OMC 2006-2008 ¹¹¹ Stakeholders' involvement
Partnership principle: all actions funded by the EU structural funds, including the European Social Fund, must be planned by the Commission and Member States together with the regional and local authorities in charge of structural funds or other relevant regional and local authorities, the economic and social partners and other relevant bodies within this framework. The partnership principle is also relevant both in the implementation and evaluation phase	<i>OMC in Social Inclusion:</i> • Mobilisation of all relevant bodies is envisaged <i>OMC in Social Protection</i> • The principle of clear information is envisaged <i>OMC in Healthcare and Long Term care</i> • Promotion of governance through effective coordination between the players involved	Partnership principle was strengthened trying to involve more civil society and final beneficiaries.	OMC SPSI should redouble focus the focus on promoting good governance, transparency and stakeholders' involvement by: • <i>For social inclusion:</i> promoting participation in decision-making, ensuring policy coordination between branches and levels of government • <i>For pensions:</i> making pension systems understandable, giving people the information they need to prepare for retirement and ensuring that reforms are conducted on the basis of the broadest possible consensus • <i>For healthcare and long term care:</i> establishing good coordination between the different elements of the system and giving good information to citizens

¹¹¹ http://europa.eu/legislation_summaries/employment_and_social_policy/social_protection/c10140_en.htm.