Benchmarking Social Europe a Decade on:
Demystifying the OMC's Learning Tools ([1])

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Abstract

To the surprise of quite a few observers, the Social Affairs Ministers of the 27 Member States of the European Union re-launched the Social Protection and Social Inclusion Open Method of Coordination in June 2011. This chapter argues that the Social OMC's value-added as a benchmarking tool should be considered a key factor in explaining why Member States (rather than the European Commission) took the lead in getting "their" process back on tracks in the context of the Europe 2020 Strategy. More particularly, our take is that a broad coalition of Member States considers the OMC as an indispensable tool to counterbalance the one-sided focus on the cost of social protection as well as the narrowing down of social policy to policy against poverty and social exclusion in the EU's discourse in the initial stage of the Europe 2020 strategy. Such counterbalance could be provided by producing analyses (and political messages drawn from those) about how social protection and social inclusion can and should also be considered as a productive factor.

In this view, this chapter provides a detailed account of how benchmarking actually works within the "Social OMC", through each of the instruments of the OMC toolkit: the common objectives, key issues, indicators, expert and EU stakeholder networks, different types of peer reviews (including through OMC 'projects'), and finally the joint reports and their (not so) subtle 'recommendations' to Member States. The picture that emerges is set out against the contrasting conclusions in the literature about whether and how OMC benchmarking is 'delivering the goods' on the ground. Our conclusion is that the Social OMC's learning tools are not only more *dynamic* than is usually acknowledged, but they are also more *diversified*, have more *bite* and are more *open* than is usually assumed. In addition, to the evidence of increasing *hybridity* of EU instruments, these elements help us to explain why "soft governance" has indeed more impact "on the ground" than could be expected from a purely functional reading (the OMCs adequacy). Whether such an impact can be sustained crucially on how the OMC's benchmarking tools are being implemented under the Europe 2020 Strategy, which opens new windows of opportunity but also brings about important pitfalls for benchmarking social Europe.

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1. Other possible titles: "How 'Benchmarking Social Europe' really works: Inside the OMC's Learning Tools"; "More than Just Benchmarking: Inside the Social OMC's Learning Tools".
2. European Social Observatory www.ose.be
3. Belgian Federal Public Service (FPS) Social Security. This chapter reflects the views of the author and these are not necessarily those of the FPS.

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

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Introduction: puzzle, scope and limitations ([4])

Starting from the stark affirmation that the "Open Method of Coordination for Social Protection and Social Inclusion (Social OMC) has proved a flexible, successful and effective instrument" the Social Affairs ministers of the Members States of the EU decided, in June 2011, to "reinvigorate" it in the context of the Europe 2020 Strategy (Council of the EU, 2011). They did so by re-endorsing the political objectives of the Social OMC, while confirming its wide scope (covering not only social inclusion, but equally pensions, and health and long term care) as well as its basic infrastructure (reporting, indicators, etc.).

In view of the increasingly sceptical attitude of both scholars and politicians towards the OMC - it is often seen as a weak governance tool and its flaws supposedly contributed to the failure of the Lisbon Strategy - this relatively ambitious "re-launch" indeed came as a surprise to quite a few observers. This chapter tries to explain the reinvigoration of the OMC. It argues that while Member States recognise some of the evident flaws of the OMC process, after some initial hesitation and based on first experiences under the Europe 2020 Strategy, a majority of them decided they could not afford to lose it. To be more precise: a rather broad coalition of member States felt that in the absence of the Social OMC's contribution in terms of analysis and consensus framing capacity, the Social Affairs ministers in the EPSCO Council would be deprived of the necessary tools to counterbalance the one-sided focus on the cost of social protection in the EU's discourse throughout 2010 and 2011. The latter was indeed striking in the first policy documents that were produced under the new strategy - and notably the Commission's first Annual Growth Survey: it seemed as though pensions and health care were merely seen as cost factors and the reforms intended to 'balance the books' ([5]). As importantly, social policy was narrowed down to policy against poverty and social exclusion in the setup of the new strategy. In this light, we analyze exactly *which value-added* the Social OMC has been able to produce (especially as a "benchmarking" tool) so that Member States wanted to continue the process, faced as they were with a European Commission that – to put it mildly – was not insisting on continuing a strong Social OMC. By providing a rather detailed description of what OMC benchmarking looks like in practice, we also complement the literature on the topic, which in our view is often based on outdated and incomplete assumptions about the OMC's learning tools.

This chapter has some clear limitations. First, the focus is on a description of a range of benchmarking tools and the way a variety of EU and domestic actors are involved in them. For a more detailed discussion of some of these tools (e.g. indicator development), see for example Marlier et al. (2007) and Room (2005). Second, this chapter is largely focused on the EU-level;

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4. The authors wish to thank the participants of the Joint Roundtable of the Forum of Federations and the Productivity Commission on "Benchmarking in Federal Systems: Australian and International Experiences" held in Melbourne, 19-21 October 2010, for their perceptive suggestions. Special thanks go to Alan Fenna and Felix Knuepling for their constructively-critical comments and to Borja Arrue Astrain, Eva Zemandl and Cécile Barbier for their invaluable contribution to Section 1.1. The views in this chapter are the sole responsibility of the authors. Address for correspondence: vanhercke@ose.be.
5. The first Annual Growth Survey (AGS) does not mention health care at all, and refers to poverty once, in the introduction (description of the impact of the crisis). The focus on pensions in this first AGS is strictly limited to the reform agenda: Member States should increase the retirement age, reduce early retirement schemes as a priority, and support the development of complementary private savings; all this with a view to supporting one single goal: fiscal consolidation (CEC, 2010a: 6).

for further readings about the OMC's domestic operation, see PPMI (2011), Heidenreich and Zeitlin (2009) and Kröger (2009). Finally, we only consider one possible explanation for the OMC's recent re-launch: its capacity to counterbalance a one-sided Europe 2020 Strategy through its benchmarking potential. We thereby omit other possible explanations, including the interest of some actors to promote 'soft' governance with a view to avoiding more stringent EU involvement in social policy, which will need to be addressed in future research.

This chapter is organised as follows. Section one is merely meant to set the scene, especially for the readership that is less familiar with the EU. It briefly explains the institutional setup of the European Union and presents the EU's toolbox in social policy; it also describes the emergence as well as the general features of the Social OMC. Section two then goes on to describe how benchmarking actually works within the "Social OMC", through each of the instruments of the OMC toolkit: the common objectives, key issues, indicators, expert and EU stakeholder networks, different types of peer reviews, OMC 'projects', and finally the joint reports which include (not so) subtle Commission 'recommendations' to the Member States. The question whether, with what effects, and how (through which mechanisms) OMC benchmarking is 'delivering the goods' is touched upon in Section three. Section four highlights the opportunities and pitfalls as regards benchmarking Social Europe under the Europe 2020 Strategy. The final section wraps up and concludes.

1.   Setting the scene: from an Unidentified Political Object to the OMC

This section briefly describes the EU's main institutions, the division of competencies between the EU and its Member states and the tools the EU has at its disposal in the area of social policy. It thereby provides the context for a description of the emergence and further development of the Social OMC.

1.1   The institutional setup and the EU's 'rules of engagement'

The European Union was once described as an "Unidentified Political Object" by former European Commission president Jacques Delors ([6]). The fact is that it is a highly original political and economic space, different from any other historical experiences and existing federal systems. It is a supranational entity composed of now 27 independent Member States. The EU is often conflated with a federal state system, but two key factors distinguish it: its federal nature is constantly developing and its powers depend entirely on the Member States' willingness to concede sovereignty in policy areas more traditionally held by the nation-state. With each successive treaty, the European Union undergoes steady *communitarisation* ('supranationalisation'), increasing its competence and involvement in more policy areas. The European Union is, therefore, a fast changing institutional paradigm that poses a challenge in terms of thoroughly grasping and conceptualizing its nature and function.

Currently, there are two essential treaties constituting the primary legislation of the EU: (1) the Treaty on European Union (TEU), laying out the institutional architecture and the general principles of the Union; (2) and the extensive Treaty on the Functioning of the European Union

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6.   Jacques Delors coined this famous expression on 9th September 1985 in his inaugural speech to the Intergovernmental Conference of Luxembourg, which can be found in the Bulletin EC no. 9, 1985: 8.

(TFEU 2010), which specifies its competences and function. The combination of these treaties is more commonly referred to as the "Lisbon Treaty", which came into force in December 2009. Although it has reinforced its competences, the Union remains much weaker than the traditional federal states. It is "more than an international organisation or confederation of states, without having become a federal entity" (Börzel, 2003: 2).

1.1.1 Institutional framework: formal and informal 'rules of engagement'

The main institutions of the European Union, which to some extent reflect the division of powers that is common to modern democracies, are the European Commission, the European Parliament, the European Council, the Council of the European Union, and the European Court of Justice. As for the European Central Bank, it plays an essential role since it has the full control over the Euro monetary policy.

The **European Commission** is often referred to as the 'guardian of the treaties'. It is the main policymaking institution with the exclusive right of legislative initiative and stands for the observance of European law. It is, often times, the equivalent of the executive power, the symbol of the 'supranationalisation' of competences, and it also activates the legislative procedure and monitors implementation of EU legislation, with the power to bring Member States failing to comply with European law before the European Court of Justice. At the same time the European Commission plays a key stimulating role in the context of 'soft' European cooperation, such as the OMC.

The **European Parliament** (representing citizens) and the Council of the European Union (representing the Member States) are the co-legislative bodies. The former's powers have been significantly reinforced under successive treaties; now, its agreement is necessary for the adoption of most European legislation, while its role in EU coordination mechanisms (such as OMC) remains strictly limited.

Intergovernmental relations are formalised, first of all, in the context of the **European Council**, which consists of regular meetings between the heads of state or government that are chaired by the new "EU president"([7]); its purpose is to establish general orientations on the future of the European Union.

The **Council of the European Union** consists of different sectorial formations, which are composed of the relevant national ministers. Thus, the Ministers for Economy and Finance meet in the so-called ECOFIN Council formation, and their colleagues responsible for employment, social policy, health and consumer Affairs in the "EPSCO" formation. The discussions in the Council on some topics are typically prepared by EU committees, such as the Economic Policy Committee (which reports to the ECOFIN Council) or the Social Protection Committee (SPC, which supports discussions in the EPSCO Council)([8]). The Council of the European Union, as the

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7. The first full-time permanent president of the European Council (for a mandate of two and a half years) is former Belgian Prime Minister Herman Van Rompuy.
8. The Social Protection Committee (SPC) is a Treaty-based committee that supports the EPSCO Council of Ministers, next to the Employment Committee. It was set up in 2000 and is formally based on Article 160 TFEU. The SPC is composed of two officials from each Member State (mainly from the

co-legislative body representing the national governments, has its own voting system([9]). Although the extension of the qualitative majority system to most issues is intended to facilitate the adoption of legislation, in actual facts Member States try to adopt agreements without voting. This usual dynamic of consensual agreement between the Member States may have made the extension of quality majority voting less ambitious in terms of deepening the integration process.

Figure 1. Basic institutional setting of the European Union
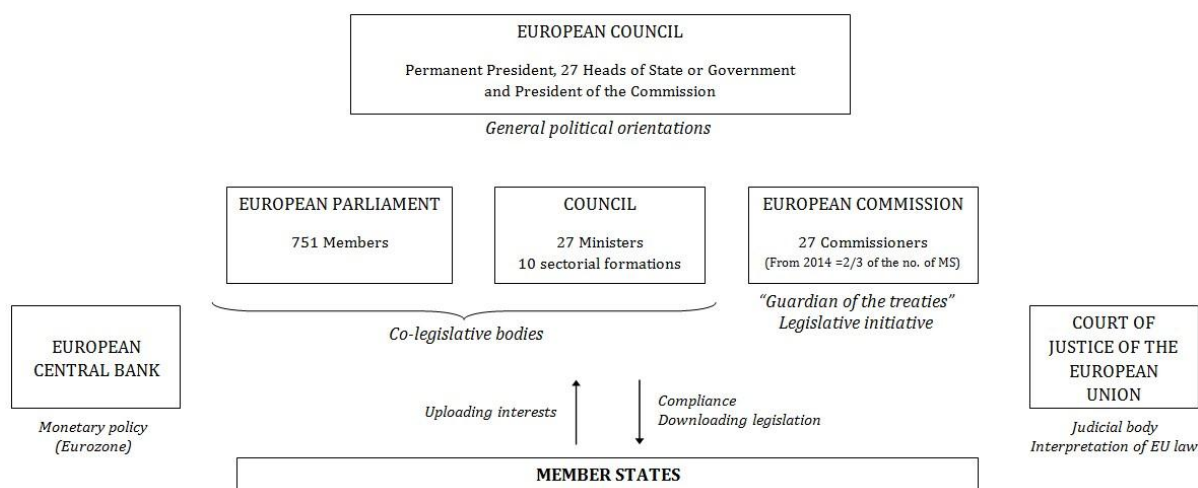
1.1.2 Subsidiarity and semi-sovereign welfare states

Due to the EU's specific status between a federal system and an international organization, the Member States retain their competence over many sensitive policies, such as military and defence, education and social welfare. They continue to manage all the policies which have not been expressly transferred to the European Union. It also has to be emphasized that while they are legally constrained in many areas by the European regulations, the Member States have the necessary financial and political instruments to implement their own policies independently. The Union relies on national support to legislate ([10]), even in the fields that are part of its 'exclusive competences' (Börzel, 2003: 3).

The principle of 'subsidiarity', which establishes that the Union should not exercise any competence that is already satisfactorily fulfilled by the constituent units, has become one of the most important in the Union, and it "explicitly discourage[s] the expansion of the European Union into certain new areas" (Moravcsik, 2001: 172). This principle is complemented by the

principle of proportionality which seeks to set actions taken by the institutions of the Union within specified bounds (i.e. the involvement of the institutions must be limited to what is necessary to achieve the objectives of the Treaties).

Title X of the Treaty on the Functioning of the EU provides the legal framework for the European Union's competence in social policy, which is at the heart of the current chapter. Article 153 specifies the objectives which should be achieved in this area by the "cooperation between Member States [...] excluding any harmonisation of [their] laws and regulations". In fact, the European institutions may produce social legislation but only to adopt "minimum requirements for gradual implementation." Moreover, the unanimity of the Council is required in order to legislate over some of the issues set out in the article.

In spite of these constraints, the European Union has an increasing impact on the social policies of the Member States of the EU through a variety of instruments which we discuss in the next section. The result of such EU involvement is that Member States are at most semi-sovereign with regard to the development of their welfare systems (Leibfried and Pierson, 1995), and this finding has become even more evident in the course of 2011, when EU pressure on the national reform process increased considerably through strengthened fiscal surveillance under the Stability and Growth Pact as well the Euro Plus Pact (with its focus on sustainability of pensions, health care and social benefits). Since 2010 the European Financial Stability Facility (EFSF) and European Financial Stabilisation Mechanism (EFSM) provide assistance to a euro area Member State based on a stringent programme of economic and fiscal adjustment, the impact of which on social policies has been widely echoed in the press in the last few months.

1.1.3 The EU's toolbox in social policy

Broadly speaking, the European Union – together with the political and social actors which influence, guide and implement the European actions – currently has 4 instruments at its disposal to produce an action in the social field directed towards the member states: classic European law (directives and regulations), European social dialogue (both at the interprofessional and sectoral level), financial instruments (in particular the European Social Fund, ESF) and the Open Method of Coordination (Vanhercke et al., 2011). These instruments are different in nature, because of their distinct historical origins – some date from the beginning of the EU (classic European law and the ESF), other from the nineties of the past century (collective agreements and OMC). The also differ in their legal scope – some are binding (classical law and collective agreements), others are inciting (OMC and ESF); some are distributive (ESF) others regulatory (the other three). They also differ in terms of the actor-networks that are connected to them, both formally and factually.

As far as **EU legislation** in the field of social protection and social inclusion is concerned, the possibilities for the European Union to take action are severely constrained by institutional (see Section 1.1.2) and political hurdles. Member States and EU institutions have not been willing or able, on account of national interests, political sensitivities and the huge diversity of social protection and social inclusion systems ([11]), to issue legislation in these areas. The EU's legal

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

competencies in this domain therefore constitute an 'unfulfilled potential' (Reyniers et al., 2010). This said, the absence of "pure" EU social security or social inclusion legislation does not mean that there is no process of "positive integration" in these fields. Indeed, other dimensions of European integration have an indirect impact on social security and social inclusion policies, but these norms have other and prevailing objectives. One thinks first of rules of coordination of social security schemes, the object of which is to eliminate obstacles to the free movement of persons (EP and Council of the EU, 2004). As such, it does not constrain the views of the Member States on social protection policy like a measure of harmonisation would do, but it does prevent Members states from including or maintaining discriminatory schemes – in the meaning of free movement. Secondly, national rules of statutory social security - including any "social assistance provision intended to supplement or replace" social security schemes ([12]) - are also subjected to directives on gender equality. The main piece of legislation (Council of the EU, 1978) obliges the Member States to eliminate discrimination on the grounds of sex either directly or indirectly. Thirdly, if social security remains a strongly held competence of a national nature, its exercise remains limited by the respect of freedoms of circulation: this obligation has received a particular emphasis since principles of free movement have been applied to healthcare services in the case of patients receiving treatment outside their country of residence. Last but not least, one has to remember that even if community initiatives in the area of social protection and social inclusion in practice remain of a cooperative nature, they still may imply legally binding acts at a procedural level([13]).

Secondly, there is the **European social dialogue**. Following the Maastricht Treaty, the *European interprofessional social dialogue* takes place between representatives of European social partners (trade unions: ETUC; employers: BUSINESSEUROPE, UEAPME and CEEP). Over the years several framework agreements have been negotiated and transposed into directives, e.g. on parental leave and temporary work. Other "autonomous" framework agreements (e.g. telework) are meant to be implemented by the social partners following their own national procedures. The European *sectoral social dialogue* received a major boost in 1998 with the creation of so-called European sectoral social dialogue committees, of which there are now 40 which have between them produced more than 500 joint texts, including framework agreements[14].

Thirdly, Member States draw financial resources from the **EU's financial tools**. The main instruments are the European Regional Development Fund (ERDF), the Cohesion Fund and, especially relevant in the context of this chapter, the European Social Fund (ESF). Starting as a retroactive instrument used by Member States to finance their vocational training programmes in the 1950s and 1960s, the ESF evolved into a more pro-active instrument that supports a rather broad set of social (inclusion) and labour market policies. In the current EU governance setting, the ESF's principal objective is to provide financial support for actions taken within the

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12. Case 150/85, *Drake* [1986] ECR I-1995.
13. As early as in 1987, the European Court of Justice (Case 281, 283, 284, 285 et 287/85, Germany and others v. Commission, ECR, 3203) highlighted that where an article of the treaty confers a specific task on the Commission, this necessarily implies that the Commission must be able to dispose of the powers which are indispensable in order to carry out that task (if not the treaty provision would be wholly ineffective). Importantly, this includes the powers which are necessary in order to arrange the necessary consultations.
14. http://www.etui.org/Topics/Social-dialogue-collective-bargaining/Social-dialogue

framework of the European Employment Strategy([15]), so as to realize common objectives such as raising employment rates, preventing long-term unemployment, and stimulating equal opportunities and labour-market inclusion for specific social groups. While the impact of these financial instruments has been significant for the least developed regions and countries, their impact has also been noticeable in the most developed countries (Verschraegen et al., 2011). In spite of the formal focus on labour market and economic development, people involved in the ESF at the European Commission, the Member States and subnational actors created sufficient room for maneuver to implement a local 'under the radar' social inclusion policy (Ibid). Importantly, it should be noted that the ESF Regulation for the 2007–13 programming period also links the ESF to the OMC on Social Protection and Social Inclusion (EP and Council of the EU, 2006a).

The fourth and final EU instrument, **cooperation**, is an example of 'New governance', which involves 'a shift in emphasis away from command-and-control in favour of 'regulatory' approaches, which are less rigid, less prescriptive, less committed to uniform approaches, and less hierarchical in nature'. The idea of new (or experimental, or soft) governance 'places considerable emphasis upon the accommodation and promotion of diversity, on the importance of provisionality and reversibility […] and on the goal of policy learning' (de Búrca and Scott, 2006). EU cooperation is notably pursued through the 'Open Method of Coordination' (OMC), to which we turn in the next section.

1.2   OMC: Emergence, general features, variation and inflation

1.2.1 Defining the elephant

In March 2000 the Heads of State and Government set "a new strategic goal" for the Union: to become, within a decade, "the most competitive and dynamic knowledge-based economy in the world capable of sustainable economic growth with more and better jobs and greater social cohesion" (European Council, 2000: §5). The European Council meeting, which was held in Lisbon, envisaged implementing this strategy "by improving the existing processes, "introducing a new open method of coordination" (Ibid: §7).

What is this method, then? Since there is no legal definition of the OMC in the Treaty or other binding texts, reference needs to be made to the Presidency Conclusions of this Lisbon Summit. This text refers to the OMC as "the means of spreading best practice and achieving greater convergence towards the main EU goals". Still according to the same source, this involves: fixing *guidelines* (with specific timetables), establishing quantitative and qualitative *indicators* and *benchmarks* (against the best in the world), national and regional *targets* and periodic *monitoring*, evaluation and *peer review* organised as *mutual learning processes* (Ibid: §37). Based on these features one can summarise that open co-ordination "launched a mutual feedback process of planning, examination, comparison and adjustment of the social policies of Member States, and all of this on the basis of common objectives" (Vandenbroucke, 2001:2). Ultimately,

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

the purpose is that Member States learn from one another, and thereby *improve policies.* In other words: in terms of governance, the open method of co-ordination is a form of European "soft law": there is in principle no "hard" legislation involved, but rather "governance by persuasion" (Streeck, 1996: 80) or "governance by objectives".

Figure 2 highlights the different 'components of what an 'ideal' OMC looked like in the past decade. The arrows make clear that OMC is a cyclical process (typically 3 years) where mutually agreed Common Objectives (political priorities) are defined, after which peer review (discussion among equals) takes place between the Member States on the basis of national reports (called National Strategic Reports, National Action Plans, etc.). Soft 'recommendations' (issued by the Commission and the Council) and comparable and commonly agreed indicators (and sometimes quantified targets) enable to assess progress towards the Objectives.

Figure 2. OMC Cycle under the Lisbon Strategy (2000-2010)
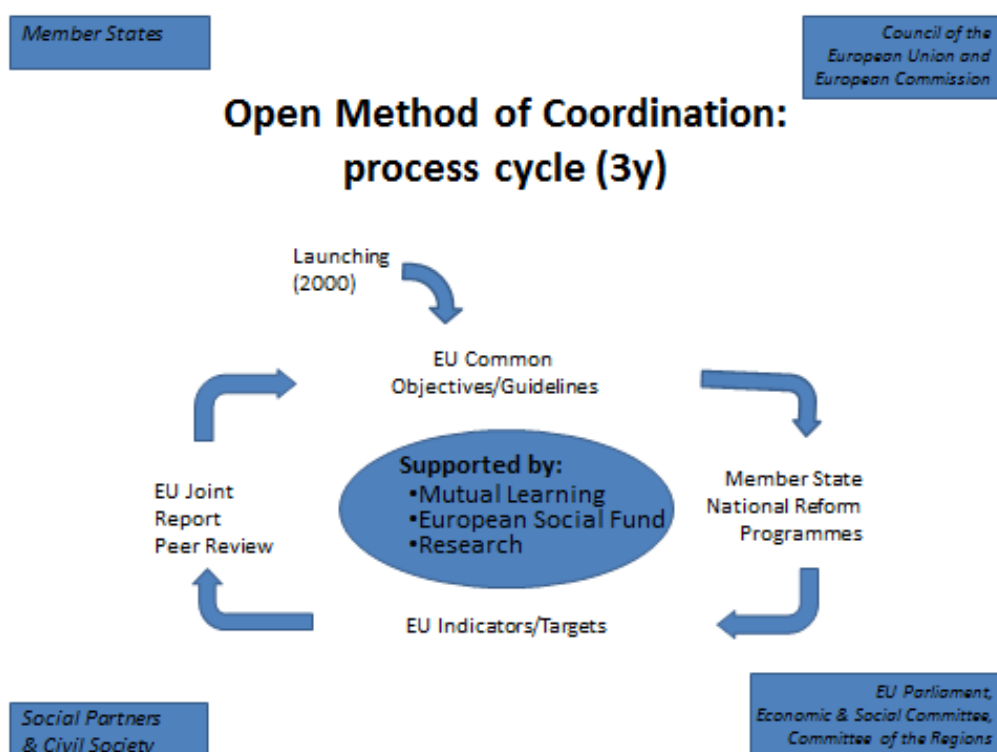
1.2.2 Before Lisbon: OMC avant la lettre

Conceptually, the OMC finds its roots in the Broad Economic Policy Guidelines which were introduced by the Treaty of Maastricht (1992) and which involved non-binding recommendations from the Council to Member States to monitor the consistency of national economic policies with those of the European Monetary Union. Furthermore, the 1997 European Council of Luxembourg brought the Treaty chapter on employment (introduced in Amsterdam) to life through what is now referred to as the "Luxembourg process" and which uses a similar set of instruments for policy co-ordination. Thus, a number of pre-existing European policy co-

ordination processes have retrospectively been interpreted as full or partial examples of OMC *avant la* lettre (i.e., before the Lisbon European Council labelled the policy instrument as such). Apart from the Broad Economic Policy Guidelines (BEPG) and the Luxembourg process, one could also mention the Cardiff Process for structural economic reforms, the Bologna Process for cooperation in European higher education, and the code of conduct against harmful tax competition (Zeitlin, 2005:20). Some have argued that policy processes such as that the OECD Economic Surveys[16], the Employment strategy undertaken by the Nordic Council[17] and the Article IV consultations by the International Monetary Fund (IMF)[18], all of which have been up and running for at least 2 decades, are OMC-types of cooperation between countries as well (Schäfer, 2004; Nedergaard, 2005). But this was just the beginning of the story.

1.2.3 After Lisbon: proliferation

The 2000 Lisbon Council Conclusions stipulated the introduction of the OMC "at all levels" (European Council, 2000: § 7), and explicitly referred to the use of the OMC with regard to social exclusion, information society/e-Europe (Ibid: § 8), innovation and research and development (Ibid: § 13). Furthermore, even though the term "OMC" was not explicitly used with regard to social protection (pensions more particularly), enterprise promotion, economic reform and education and training, the wording of the Lisbon Council Conclusions was such that they gave, *de facto*, authorisation to launch or strong political backup to continue open co-ordination in a host of policy areas ([19]). As a result, the OMC is now up and running in more than 10 policy areas. Furthermore Zeitlin (2005:20) points out that since the Lisbon European Council "OMC-type processes and approaches have also been proposed by the Commission and other European bodies as mechanisms for monitoring and supplementing EU legislative instruments and authority such as immigration and asylum [...], as well as in areas like youth policy where the Union has few if any legal powers". Other examples are environmental protection, disability, occupational health and safety, and fundamental rights. More or less serious proposals have been tabled to launch OMCs in fields such as organ transplantation, influenza, immigration, smoking, EU development policy, family policy and disability policy. Recently, leading economists proposed to use the EU's European Union's experience with the OMC to develop a new governance mechanism that would help to turn the G20 into a more effective global governance institution (Meyer et al., 2011).

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16. To ensure that OECD Member States follow the code of conduct for sound economic policies laid down in the OECD Convention, the OECD produces, every 12 to 18 months, an Economic Survey for each country (Schäfer, 2004: 5).
17. The Nordic cooperation in the employment field involves Iceland, Finland, Norway, Sweden, Denmark, Greenland, the Faroe Islands and the Aaland Islands (Nedergaard, 2005: 19).
18. The "Article IV Consultations" consist of an annual multilateral surveillance procedure, used with a view to "firm surveillance" of the exchange rates of the IMF members (Schäfer, 2004: 7).
19. With regard to social protection, reference was made to "strengthening cooperation between Member States by exchanging experiences and best practices", and a study on the future evolution of social protection, particularly pension systems, was requested (European Council, 2000: § 31). The European Council also referred to launching "a benchmarking exercise" with regard to enterprise promotion (especially SMEs, Ibid: §15); and to stepping up work on "structural performance indicators" on economic reform (Ibid: § 18). Finally, the Council meeting proposed 6 specific targets with regard to education and training and referred to "concrete future objectives" and "common concerns and priorities" in this policy area (Ibid: § 26-27).

This proliferation of soft law tools did not really come as a great surprise. In view of the enlargement of the EU in 2004, and further enlargements in preparation ([20]), very few EU initiatives are taken with a view to finding agreement on EU social legislation, and it seems highly improbable that legislation in the social sphere will increase substantially in the next few years. Therefore some predicted, at the turn of the century, that "policy co-ordination and benchmarking" would be "a typical mode in future EU policy-making, as an alternative to the formal reassignment of policy powers from national to EU level (Wallace and Wallace, 2001: 33). Indeed, for a number of politically sensitive areas (where no unanimity could be found on EU legislative initiatives), decision makers agreed that "doing nothing" at EU level is not an option either, if only because EU Member States are faced with a number of common challenges. Such is for example the case for social inclusion, pensions and health and long term care, where the OMC is providing a Europe-wide approach. The next section discusses how this approach has been developed in practice over the past decade.

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

For many authors 'policy learning' and 'benchmarking' are some of the core features, or even the *raison d'être*, of the European process. In this light it seems all the more striking that oftentimes students of the OMC remain rather vague about *what they are actually talking about*, when they make claims about the success or failure of 'benchmarking' in this context. This section wants to remedy that gap in our understanding by describing *how benchmarking is actually done* in the Open Method of Coordination on Social Protection and Social Inclusion (Social OMC), mainly illustrating the process with reference to the social inclusion strand([21]). The focus is essentially on the pre-2010 Social OMC. While the Social OMC is to continue under the Europe 2020 strategy, it is already clear that there will be important changes. We will briefly comment on these in Section 4.

We argue that the Member States and the European Commission engage in what Allan Fenna (this volume) calls « bottom-up collegial benchmarking ». They do so through the following six steps:

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

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20. For example towards the Balkan countries and Croatia more particularly.
21. In fact the Social OMC is embedded in a broader setting where several similar processes are ongoing that can be labeled as 'social' and that have close links with the Social OMC: these include the employment, anti-discrimination and gender equality processes. Social benchmarking also takes place in the context of the structural funds (e.g. the European Social Fund).

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

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

The starting point of benchmarking in the context of the Social OMC is the acceptance by the Member States of a set of "common objectives". These provide the mandate, and thereby define the framework for the exercise. In total four subsets of common objectives have been defined: there are so-called *overarching* objectives, and one set for each of the three strands of the Social OMC: social inclusion, pensions, and health and long term care (see Annex 1). Because the common objectives are meant to be fairly constant over time and had to be agreed unanimously (see Section 1.1.2) between governments from all Member States from across the political spectrum, they are quite general in nature.

The 'general' (others have called them vague) nature of the common objectives has been heavily criticised by some, while others (e.g. Greer and Vanhercke, 2010) have pointed to the fact that it is precisely because of this feature that they are the starting point for what can be dubbed a European 'consensus framing exercise'. A major value added of the objectives is that they structure the policy field in such a way that a balanced policy approach to the different strands is promoted (and has become widely accepted among EU and domestic policymakers alike): e.g. good health care presupposes *accessible*, *financially sustainable* health care systems which provide *high levels of quality*.

The objectives concern social protection and inclusion *outcomes* as well as the way in which social protection and inclusion policy is developed: principles of *good governance*.

2.2 Selecting key issues in a multidimensional policy domain

"Social protection and social inclusion policy" has been defined, from the onset, as a broad multidimensional policy domain. Therefore, many issues and policies are potentially relevant with a view to a benchmarking exercise. The first priority has therefore been to work on a consensus regarding the main challenges to be dealt with in an EU context. Thus, as far as social inclusion is concerned, Member States have singled out key issues such as: how to bring about the social inclusion of people on active age far from the labour market (active inclusion); how to tackle child poverty; and how to fight housing exclusion and homelessness. As far as pensions are concerned, one of the key issues is how to simultaneously ensure both adequacy and financial sustainability of pension systems in the long run. In the area of health there has been a focus on tackling health inequalities.

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

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

Once an agreement on common objectives and priority issues has been reached, the knowledge base needs to be developed. Any credible benchmarking in this context will need to build on a consensus with regard to the *definition* of the social protection and inclusion challenges and with a reliable description of how they present themselves across the European Union. This implies the development of indicators or quantification. There is indeed some truth in the saying that if at EU level a policy challenge cannot be quantified it does not exist. Or, as the Open Society Institute famously put it: "No Data, no Progress" (OSI, 2010). So, to the extent possible, challenges and policy outcomes need to be quantified, even if reducing and simplifying disparate information into numbers (commensuration) involves some clear risks and the social process behind it should be acknowledged (Espeland and Stevens, 1998). Hence, the development of commonly agreed indicators has always been at the heart of the Social OMC.

The commonly agreed indicators are the yardsticks for measuring policy challenges and policy success and failure. Without them the benchmarking exercise would be reduced to never ending discussions about concepts, reliability of data etc. The indicator set of the Social OMC has been developed by a dedicated working group: the Indicators Subgroup (ISG) of the Social Protection Committee (see section 1.1.1), in which all Member States and the Commission participate.

The Indicators Sub-Group proceeds on the basis of a set of methodological principles: these frame the quality criteria an indicator (and an indicator set) need to comply with (see Annex 2). In order to ensure international comparability, harmonized EU data sources such as EU-SILC ([22]) (previously ECHP) have been developed. Currently, the set of commonly agreed Social OMC indicators is already quite extensive but it is continually being further developed, as will be explained in Section 2.3.1. The structure of the set follows the structure of the common objectives. As a result, there are four subsets: one overarching set and one set for each strand of the Social OMC (CEC, 2009a; see the complete list in Annex 3). At the request of the European Commission the Herman Deleeck Centre for Social Policy has developed a Vade Mecum of the Social OMC indicator set ([23]). The Vade Mecum provides detailed information on the Social OMC context, the portfolio of indicators, the definition of the indicators, the common data sources used etc. Data are available on the Eurostat website ([24]) and on the website of DG Employment, Social Affairs and Inclusion ([25]), even if the latter has been widely criticized (including by the SPC, see Section 4.2.1) for being far from user friendly.

The commonly agreed indicators have at times been criticized in academic circles for not being sophisticated, innovative enough. This, however, somehow misses the point. The main value

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22. EU SILC refers to the European Union Statistics on Income and Living Conditions (EU-SILC). It is an instrument aiming at collecting timely and comparable cross-sectional and longitudinal multidimensional microdata on income, poverty, social exclusion and living conditions. See: http://epp.eurostat.ec.europa.eu/portal/page/portal/microdata/eu_silc

23. See: http://www.ua.ac.be/main.aspx?c=.VADEMECUM&n=79891; Proper linking from the DG EMPL website to this Vademecum would be appropriate.

24 http://epp.eurostat.ec.europa.eu/portal/page/portal/employment_social_policy_equality/omc_social_inclusion_and_social_protection

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

added of the set is that Member States *have reached a consensus* on them. This is not self-evident in view of the different ways in which social protection and inclusion challenges and policies present themselves across the EU. Debates with regard to indicator development in the ISG have been characterized by a peculiar mixture of technical arguments and underlying political motives: Robert Salais refers to the "politics of indicators in the context of the EES (Salais, 2006).

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

2.3.1 Developing common indicators: key trends

- An increasingly multidimensional set of indicators

In the framework of the Social OMC policy documents have often stressed the multidimensional nature of social protection and social inclusion. It has not been possible to immediately develop indicators covering all dimensions. The agreement on the original set of social inclusion indicators in 2001 (the Laeken indicators) was a major breakthrough but it necessarily had to focus on the 'low hanging fruit': indicators for which an agreement was within reach and for which harmonized data sources were available. As a result, initially, the social inclusion indicators set has been criticized for being too income and labour market focussed. For a long time, dimensions like education, literacy, health and housing were indeed underdeveloped or invisible. Progressively and not without problems the set has been expanded in these other areas.

Over the years it has increasingly become clear that international comparability is a big challenge ([26]). Agreeing on new indicators takes time and an important lead time is needed to develop new harmonised data sources.

- The impact of the accession of new Member States

The development of the indicators has been influenced by the progressive extension of EU Membership. The original set of social inclusion indicators was developed in the context of the EU15 (2001). In 2004 ten new Member States joined the EU and in 2007 two more countries joined. Needless to say that adding such a substantial number of countries characterized by varying levels of economic development and income inequality had an impact on the process. On a number of the indicators the EU average shifted markedly and some indicators and basic concepts had to be reconsidered (for further reading, see Atkinson and Marlier, 2010).

One evident example is the concept of poverty itself. In the original set of Laeken indicators the headline indicator for measuring poverty was the relative at-risk-of-poverty rate. Since some of the new Member States were characterized by low income inequality they were among the best performers measured using this indicator, while their general standard of living (and the

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

absolute level of the relative poverty threshold) was actually quite low. There was a lot of pressure to develop a more balanced picture of poverty that would show both its relative and absolute dimension. Consequently, in 2009 agreement was reached on a material deprivation indicator, which reflects the share of persons who have living conditions severely constrained by a lack of resources ([27]). The indicator is more absolute in the sense that the same list of items is used for all EU Member States. In the case of the at-risk-of poverty rate the poverty threshold is fixed with reference to the (varying) median income in each Member State.

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

- Development of input *and* output statistics

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

- The increased use of quantified objectives or targets

In order to increase political commitment and make the general objectives more concrete, the use of national targets has been promoted from the start of the Social OMC. After the Barcelona European Council in 2002 pressure on the Member States increased. In its "guidance notes" for National Strategy Reports on Social Protection and Social Inclusion (see below), the European Commission has stressed the importance of targets. Annexed to several of the guidance notes was a tool for developing targets. An increasing number of countries have effectively introduced such targets in their strategies.

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

EU targets have long existed in other Lisbon strategy areas like employment, innovation and education ([28]). At the start of the Social OMC the idea was to also produce EU level targets to drive the process but it has proved to be impossible to reach an agreement in this respect before 2010. We will briefly discuss the introduction of an EU level target on poverty and social exclusion in 2010 in section 4.

2.3.2 Indicators: genuine benchmarking in spite of sensitivities

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

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

In spite of the sensitivities amongst (and the pressure from) the Member States, the European Commission has tried to make the best of its role as "independent arbiter" in the benchmarking exercise. Thus, since the start of the Social OMC Member States have been ranked on the basis commonly agreed indicators in the annual joint reports, as can be seen from Figure 3 below. These reports (which are discussed in Section 2.6) always contain an analysis of the indicators ([29]). The most recent trends are described, Member States are compared on the different dimensions and causal factors that could explain trends are explored.

In 'full reporting' years the country fiches in Joint Reports (see further) also contain a statistical profile per country (selection of commonly agreed indicators). This statistical profile compares the Member States' scores on some key indicators with the EU averages ([30]). Benchmarking has also been a key feature of ad hoc reports produced by the Social Protection Committee, including the successive 'Assessments of the social impact of the Crisis' (see for example SPC and CEC, 2010).

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28. EU level targets have also been set in the context of public finance (stability and convergence programmes).
29. See the 'Social situation in the EU27' section in the most recent Joint Report 2010 (CEC, 2010e).
30. See: http://ec.europa.eu/social/main.jsp?catId=757&langId=en

Figure 3. Example of graph showing ranking of Member States (at-risk-of-poverty-rate) in the Joint Report on Social Protection and Social Inclusion
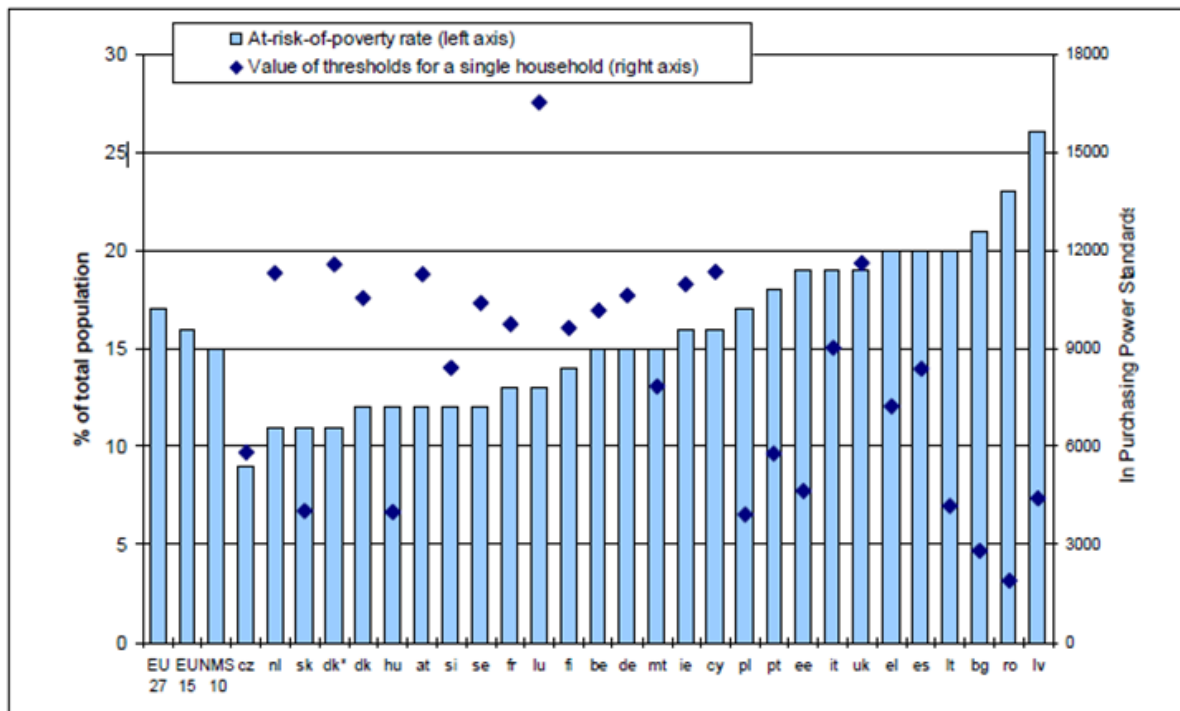
Source: CEC, 2010ᵉ (Supporting document p. 24).

Important progress in the use of indicators has been made at the occasion of the thematic reporting years. A key development was the child poverty report that was produced by the SPC-ISG task force on child poverty (SPC, 2008). It provided an example of how far the analysis (benchmarking exercise) could be pushed using the common indicators. The child poverty report contained an explanatory analysis in that it not only showed a ranking of Member States regarding poverty *outcomes*, but it also examined main *causal factors*. In Table 1 below countries are assessed according to their relative performance in child poverty outcomes ([31]): they are ranked into 6 levels, ranging from "+++" (countries with the best performance) to "---" (countries with the worst performance). Importantly, countries are equally assessed (columns 2-4 in Table 1), according to their relative performance (also using a 6 levels scale) with regard to the three main factors influencing child poverty risk, namely children living in jobless households, children living in households at risk of "in-work poverty" and the impact of social transfers on the risk of child poverty.

Note that the foreword to the child poverty report, signed by the SPC Chairperson and the Commission Director-general for employment and social affairs, indicates that 'Indicators have not been used to name and shame but to group countries according to the common challenges they face'. A clear sign that ranking of countries, although part and parcel of the Social OMC, remains a sensitive issue.

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

In case Member States take a firm stand on figures that are to be published in highly visible political documents, the Commission will occasionally be flexible and allow them to have a footnote with a table or graph indicating concerns about reliability of data or pointing to certain particularities crucial for interpreting the data for a Member States ([32]).

Table 1. Example of table showing ranking of Member States (at-risk-of-poverty) and main causal factors					
		Child poverty risk outcomes	Joblessness: children living in jobless households	In-work poverty: children living in households confronted with in-work poverty	Impact of social transfers (cash benefits excl. pensions) on child poverty
GROUP A	AT	++	+	+	++
	CY	+++	+	++	-
	DK	+++	+	+++	++
	FI	+++	++	+++	+++
	NL	+	+	+	+
	SE	+++	(++)	+++	+++
	SI	++	+++	++	++
GROUP B	BE	+	--	++	+
	CZ	-	--	+	+
	DE	++	--	+++	++
	EE	--	--	+	-
	FR	++	-	++	++
	IE	-	---	+	+
GROUP C	HU	-	---	--	++
	MT	-	--	---	--
	SK	-	---	-	-
	UK	+	---	-	+
GROUP D	EL	+	+++	-	---
	ES	--	+	---	---
	IT	--	++	---	--
	LT	---	+	---	--
	LU	+	+++	--	+
	LV	--	-	-	--
	PL	---	-	---	--
	PT	--	+	---	--
	BG	--	---	:	:
	RO	--	--	:	:

Source: SPC (2008), p.47

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

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

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32. By way of illustration, Denmark insists that the at-risk-of poverty rates should be calculated including imputed rent (income derived from home ownership). In the absence of imputed rent calculations for all Member States and in view if the lack of agreement on including imputed rent in standard at-risk-of-poverty calculations two series of results are published for Denmark: in Figure 3 above, Dk* refers to the figure including imputed rent..

2.4.1 Non-governmental expert networks

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

In order to assist the Commission in its policy assessment work, a growing number of thematic EU non-governmental expert networks has been put in place. The experts in these networks can be considered as the Commission's "eyes and ears" in the Member States. Members of the networks are to provide independent (i.e. non governmental) expertise. Specifically with regard to the Social OMC two such networks are of prime importance: the Network of Independent Experts on Social Inclusion ([33]) and the ASISP network that covers social protection issues (pensions, health and long term care) ([34]) but others are also relevant ([35]). Some of the analyses of these networks (especially assessments of Member States' reports) feed into the Commission's assessments while being kept confidential so as to increase the likelihood that the Commission will get a frank assessment. Other analyses are published. Although in some Networks Member States can comment on draft reports that will be published it is not up to them to take decisions about their contents.

The Commission sees the expert networks (which meet regularly) as partners, sets their agenda and regularly briefs them on new developments.

2.4.2 EU civil society stakeholder networks

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

It has also been considered important that stakeholders participate in the Social OMC process at EU level. In order to give stakeholders a voice core funding is being provided for EU stakeholder networks. These networks are supposed to bring together stakeholders at national level working on certain issues and to support and organize their engagement with the Social OMC process at national and EU level. They are expected to assess input provided by governments, and to participate in consultations and benchmarking activities. In 2010 the Commission was

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33. See: http://www.peer-review-social-inclusion.eu/network-of-independent-experts
34. ASISP refers to Analytical Support on the Socio-Economic Impact of Social Protection Reforms. See: http://www.socialprotection.eu/index.html
35. E.g. the employment experts network SYSDEM: http://www.eu-employment-observatory.net/en/about/abt03_01.htm two gender expert networks: the Network of experts on employment and gender equality issues and the Network of experts in gender equality, social inclusion, health and long-term care: http://ec.europa.eu/social/main.jsp?catId=748, the Academic Network of European Disability experts: http://www.disability-europe.net/?jsEnabled=1

funding twelve such networks ([36]) specifically under the social inclusion theme (see the list in Annex 4). These networks cover themes such as the social economy, homelessness, children in poverty, social services, financial inclusion, and local authorities ([37]).

Like the academic networks (see 2.4.1), the civil society networks are considered to be partners in the Social OMC process by the Commission, which regularly organizes meetings with them to exchange information. Note that some of these civil society networks have organized benchmarking exercises, and developed scorecards of their own, consulting their members on what governments are actually doing with regard to specific issues. Thus, the European Federation of National Organisations Working with the Homeless (FEANTSA) organized some ten "shadow" peer reviews ([44]) at service provider level through consultation of its members (see the "shadow" Peer Review on the Rough Sleepers strategy in the United Kingdom in Box 1 below) and Caritas Europa members scored civil society involvement in the 2006-2008 national social protection and inclusion strategy design process against a series of indicators (see Annex 5).

Box 1. FEANTSA's Shadow Peer Review on the UK Rough Sleepers Strategy
The EU-level PROGRESS Peer Review on the Rough Sleepers Strategy (London, May 2004) has inspired FEANTSA to carry out its own electronic "shadow peer review" (2004) alongside the official EU Peer Review. The methods used in the FEANTSA peer review were similar to the EU Peer Review, although it involved far more countries. The network circulated a summary of the Rough Sleepers Strategy and an e-mail questionnaire to its Members (nongovernmental organizations), which are generally important actors in implementing any homeless strategy and have extensive experience of working closely with rough sleepers. They were asked for feedback and evaluation of (1) the aims and results of the strategy; (2) the transferability of the strategy in their different national contexts. The main findings of the review were published ([38]).

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

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36. The Commission has three yearly strategic framework contracts with the networks. They are funded by the PROGRESS programme to varying degrees (principle of co-financing), which ranges between very modest proportion of total funding for large organisations such as CARITAS, and very significant means for networks such as EAPN or FEANTSA.
37. Other stakeholder networks are funded under other themes: e.g. anti-discrimination like European Network Against Racism and AGE Platform Europe (older persons). A number of the networks work together in the Social Platform of European Social NGOs http://www.socialplatform.org/
38. http://www.feantsa.org/files/social_inclusion/Peer%20Review/EN_PeerReview.pdf

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

Peer reviews of national policies are organized on the basis of input provided by the Member States. Two main types can be distinguished: peer reviews at the level of the Social Protection Committee ("SPC-peer reviews") and those organized in the context of the EU Programme for Employment and Social Solidarity (EP and of Council of the EU, 2006b), known as "PROGRESS Peer Reviews". Benchmarking is also at the heart of so-called OMC Projects. We discuss each of these in turn.

2.5.1 Peer Reviews at the level of the Social Protection Committee

These reviews are organized by the European Commission and the Social Protection Committee (typically) in Brussels. Normally each year at least one such peer review is organized. All Member States (SPC delegates) and the Commission participate, occasionally supported by some experts. Peer reviews at the SPC level are rather closed exercises in the sense that they are not open to other actors, like stakeholder networks. It is important to distinguish between two "waves" of peer reviews: on the one hand the (plenary) SPC peer reviews that were organized in the early years of the Social OMC and dealt with the full national social protection and inclusion strategies; on the other hand the more recent 'in depth' reviews (in working groups) on key topics. We discuss them below.

- Early SPC peer reviews on national social protection and inclusion strategies

Under the Social OMC, Member States drew up national Social Protection and Social Inclusion Strategies every third year (full reporting year). In their National Strategy Reports ([39]) (NSR's) the Member States set out how, given their particular circumstances and challenges, they intended to make progress in the direction of the common objectives. Strategies (reports) are prepared on the basis of a guidance note agreed between the Commission and the Social Protection Committee. The guidance contains a common blueprint so that comparison and mutual learning is facilitated. The early 'peer reviews (organized before EU enlargement in 2004) on national social protection and inclusion strategies, took place during plenary sessions (with all SPC delegations present, implying some 50 to 60 participants). They did not create a lot of enthusiasm by participants, to put it mildly. In fact, a lot of the criticism in the literature about 'OMC Peer Reviews' seems to refer to this particular early type of reviews, which tended to lead to endless and frankly tedious meetings where the full national social protection and inclusion strategies of all Member States are reviewed one after the other and with nearly no time for discussion.

- In depth reviews of specific subjects or policies

Since 2005/2006 the Social OMC increasingly focused on key issues. In the full reporting years (2006 and 2008) Member States have been asked to only present their policies with regard to a

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

limited number of strategic policy priorities in their NSR's ([40]). In between full reporting years reporting has been limited to one focus theme per strand (thematic years or light reporting years). For example, in the area of social inclusion there has been a thematic focus on child poverty (2007), on homelessness and housing exclusion (2009) and on the social impact of the financial and economic crisis (2010). There has also been a multi-annual focus on active inclusion (social inclusion of people of active age far from the labor market) over the years. In thematic or light reporting years the Commission and the SPC draw up a thematic questionnaire and the review is done on the basis of Member States' replies to the questionnaire as analyzed by Commission. Unlike the NSR's replies to thematic questionnaires are normally not published on the internet.

Following suit, in more recent years the SPC peer reviews have become more focused with separate working groups on different themes (key topics) and have been baptised 'in depth reviews'. Some Member States introduce an issue while others comment and ask questions. There is hardly any formal reporting but the Commission makes sure main results feed directly into the annual joint report (see Section 2.6). For a detailed illustration of two such in depth SPC reviews, see Box 2.

Box 2. In depth SPC reviews on child poverty and on the 2008-2010 NSR's
On 3 October 2007 an in depth SPC review on **child poverty** took place. Policies were assessed in 6 working groups with four or five countries presenting and four or five countries discussing in each group (i.e. 9/10 countries participated in each working group). The working groups focused on: family resources, access to services, access to education, children in impoverished neighborhoods, protection of children at special risk and early prevention with a focus on pre-schooling. All discussants could comment or ask questions after each presentation.
In the autumn of 2008 an in depth review of the **2008-2010 National Social Protection and Social Inclusion Strategies** was organized. The health and long term care strategies were reviewed during a meeting in Paris on 27 October, while the social inclusion and pensions strategies were reviewed during a meeting in Brussels in 13-14 November.   Countries were invited to present in one strand and to act as a discussant for two countries in one (other) strand. There were 14 working groups: 2 on long term care strategies; 4 on health care strategies; 4 on social inclusion strategies and 4 on pension strategies. In each working group two countries presented while two countries acted as discussants (for both countries). Other countries were free to attend. They could join in the debate at the end of the session. The time schedule was as follows: presentation by country 1 (15 minutes); assessment and questions by discussant A (5 minutes); assessment and questions by discussant B (5 minutes); reply to questions by country 1 (5 minutes); comments from other countries, the Commission and the examined country (15 minutes). The same schedule was repeated for country 2 (same discussants as in the case of country 1). Feedback from rapporteurs and assessment of the overall (streamlined) strategic approach took place in a final plenary session on 14 November.

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40. In the case of social inclusion, it is suggested that the NSR should cover at most four strategic priority policies. Member States are invited to include full strategies in an annex to their NSR.

Note that while SPC peer reviews may be rather closed shops, this does not mean that the nongovernmental expert networks and the EU stakeholder networks (see Section 2.4) are entirely absent from the benchmarking process. In fact, the nongovernmental expert networks support the Commission in its assessment of the national strategies and Member States' replies to thematic questionnaires. EU stakeholder networks such as EAPN, Feantsa or Caritas will produce their assessments of the national Social Protection and Social Inclusion Strategies soon after these have become available. In doing so they attempt to influence the lessons drawn from the exercise (through the joint reports), focusing attention on their particular concerns. Assessments are widely published and sent to the Commission, Member States, the European Parliament and a wide audience of Social OMC participants.

2.5.2 *Peer Reviews organized through the PROGRESS Programme*

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

Two modalities of PROGRESS peer reviews can be distinguished:

- *Good practice peer reviews*: in this case a Member State suggests one of its policies has produced (exceptionally) good results and might possibly be transferred to other Member States. It invites other Member States, experts and stakeholders to an in depth assessment of the policy and its potential transferability across the EU.

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

As the 'way of doing things' for both modalities of the PROGRESS peer reviews is largely the same, we discuss them together. The seminars are organized with the support of an independent thematic expert who is recruited by the manager of the peer review and the European Commission for driving the process and for putting the issue in a comparative EU context. Some facilitators (chairing of sessions and reporting) are equally involved in the management of the exercise ([41]). In a typical peer review on average seven or eight peer countries and two EU stakeholder networks participate. Peer country delegations consist of two people: an official from a ministry or local authority and a non-governmental expert who is selected by the peer country. Stakeholder networks are normally represented by one person. They can be selected

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41. The actual management of the organization of the peer reviews is done by a contractor (currently ÖSB Consulting, previously INBAS).

from the social inclusion networks (see section 2.4) but other EU stakeholder representative organizations are also regularly invited (e.g. EU social partner organizations). The host country member of the relevant non-governmental expert network is as a rule invited to participate as she can provide the much needed critical input based on expert knowledge of the issues discussed and the host country.

For these peer reviews a specific methodology has been developed over the years. A standard peer review will take two days. Well before the seminar a discussion paper is prepared by the aforementioned thematic expert (describing the policy under review and putting it in international comparative perspective) ([42]). The paper will conclude with the key questions for discussion. Peer countries and stakeholder networks are invited to produce comment papers before the meeting so that all participants are in principle well informed before the meeting and the discussion can start at a higher level. The morning of the first day will be an ex cathedra introduction to the policy under review, followed by questions and answers. The afternoon will normally consist of a site visit (how is the policy implemented in practice) if relevant, or a more practical and interactive exchange between participants. The second day will be devoted to peer country and stakeholders contributions and to the drawing of lessons: discussion of pros and cons, room for improvement, transferability (if so, under what conditions?).

In order to facilitate a critical assessment the Commission insists that the host country should provide monitoring and evaluation data (this is sometimes a problem because many peer review are about pilot projects) and that local stakeholders (e.g. users of the services under review or people that are the subject of the policy) are present and can be questioned by participants. EU stakeholder networks will typically also ask their member in the host country to provide them with a critical analysis.

All in all usually between 30 and 40 people participate in a Progress peer review meeting. The limit on the number of participants aims at increasing the chances of an in depth discussion. Participation is by invitation only. In order to compensate for the closed setting a lot of effort goes into the reporting of the discussions. A very rich website is available that contains papers, short and synthesis report, and – quite exceptional in a European context - minutes of the meeting. Results of PROGRESS peer reviews impact less directly on the central messages that come out of the Social OMC than SPC peer reviews. But there has been an effort on the part of the Commission to increasingly disseminate lessons learned and to make sure they feed into the main process. For example: the website has been made more accessible, the programme's newsletter has had a facelift and the number of subscribers to the newsletter and website visitors has increased markedly. Lessons learned are more systematically taken up in the joint reports on Social Protection and Social Inclusion.

Table 2 summarizes the different features of the two types of peer review practiced under the Social OMC since 2006.

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

	"In depth" Reviews (SPC)	"PROGRESS Programme" Peer Reviews
Hosting and main responsibility for agenda setting	SPC (Especially Bureau and Secretariat)	One of the participating countries ("host country") ([43])
Venue	Brussels	In the host country
Frequency	Linked to the reporting cycle (full and thematic reporting): about one each year	About eight to ten seminars each year
Management of the meeting	SPC Secretariat and SPC Bureau	Peer review manager - organizer (external contractor: facilitators & note taker)
Participants		
European Commission	SPC secretariat and large Commission delegation	Commission thematic expert, country desk, officer responsible for the programme
Member States	- All EU Member States	- Limited selection of peer countries (usually 7 or 8, up to 10 participating countries)
Composition of Member State delegation	- SPC delegations	- For every peer country two representatives (one government + one non-governmental expert)
Stakeholders	- As a rule no participants external to the SPC, except (occasionally) some experts	- A representative of 2 European stakeholder networks; host country stakeholders; a nongovernmental network expert
Number of participants	Usually more than 60 people	Usually between 30 and 40 people
Format	- Plenary sessions to start and to end the in depth review - Working Groups	- Plenary sessions - In some cases: Working groups - Site visits
Reporting	No or minimal formal reporting.	Extensive reporting on website: all papers that were used as input, short and synthesis report, minutes of the meeting.
Follow up	Feeds directly into the JRSPSI through European Commission/SPC secretariat	Weaker / more indirect link to the JRSPSI (main Social OMC messages)

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

2.5.3 The best kept secret in Brussels: OMC "Projects"

Since the start of the Social OMC, each year the Commission has launched a call for proposals inviting project proposals on social protection and social inclusion issues. Calls have been launched on awareness raising, mutual learning projects, social experimentation (See annex 6). Through these projects the Commission is promoting some action, cooperation and exchanges 'in the field'. Projects are funded on a co-financing basis. They typically last between one and two

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

years. For most calls there is an explicit condition that projects be proposed by a partnership covering several Member States, and partnerships of different types of actors are encouraged: NGO's, ministries, universities, and local government. Except for the national awareness raising calls, in most cases the projects are actually benchmarking or peer review exercises where partners will document policies in different countries and organize seminars in each of the participating Member States. The results of the projects are typically put on project funded websites (see Box 3 for an illustration). They are not accessible from the European Commission's website, so dissemination is not as effective as it could be.

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

Box 3. Examples of OMC Projects: Standard Budgets and Setting Minimum Social Standards Across Europe
Developing an exchange network for European actors of micro-finance (transnational exchange project 2002) [44]**.** Partners in this project were Association pour le Droit à l'Initiative Economique (France), Evers & Jung - Research and Consulting in Financial Services (Germany) and the New Economics Foundation (United Kingdom). The goal of this six month project was the promotion of the mutual learning and the exchange of know-how, as well as the dissemination of good practices between the microcredit operators, in order to improve the microcredit impact quality and effectiveness in terms of action against social exclusion in Europe (action in favour of self-employment of people in need). This project led to the launch of the European Microfinance Network in April 2003 (21 members). This network later developed into a core funded EU stakeholder network which currently counts 93 member organizations in 21 European countries.
Standard Budgets: an Instrument to Prevent and Fight Over-indebtedness [45] (mutual learning on Social Protection and Social Inclusion project 2008-2009). Partners in the project were: Dachorganisation der Schuldnerberatungen (Austria); Nationaal Instituut voor Budgetvoorlichting (The Netherlands); Asociación de Usuarios de Bancos, Cajas y Seguros (Spain); Réseau Financement Alternatif (Belgium); e-marketing Association (Bulgaria) and the European Consumer Debt Network. The main aim of the project was to promote the construction and use of standard budgets [46] across Europe, and to compare different ways in which standard budgets are developed (methodologies). In November 2010 a Progress Peer review was organized in Belgium in order to further discuss and disseminate the results of the project[47]. The SPC's 2011 Report on the social dimension of the Europe 2020 Strategy - the successor of the JR SPSI under the Europe 2020 strategy - summarized the results of the Social

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44. http://www.european-microfinance.org/index2_en.php
45. See **EU Project "Standard Budgets"** website:
http://www.referencebudgets.eu/budgets/index.php?option=com_content&task=view&id=29&Itemid=42
46. Standard budgets are expenditure patterns for different types of households.
47. See http://www.peer-review-social-inclusion.eu/peer-reviews/2010/using-reference-budgets-for-drawing-up-the-requirements-of-a-minimum-income-scheme-and-assessing-adequacy

OMC activities in 2010; this included a text box on the results of the peer review on reference budgets (CEC, 2011: 23) ([48]).

2.6 Drawing conclusions in Joint Reports and 'subtle' Commission Recommendations (lessons learned)

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

The supporting document contains an analysis of the commonly agreed indicators (the social situation of the EU) or an in depth analysis of the key issue in thematic years on the basis of the commonly agreed indicators (presenting graphs which rank Member States – see section 2.3.2). Then there is the policy analysis part which presents a horizontal analysis (across Member States) of the major social protection and inclusion issues reviewing challenges and member states' policies. Finally there are country fiches which summarize the results of the vertical analysis per Member State. Although the EU treaty does not provide for individual country recommendations on social protection and social inclusion (in this respect there is a difference with the European Employment Strategy) the country fiches do identify country specific "challenges".

As can be seen in Box 4, the joint reports have on many occasions stressed the importance of strengthening the governance of social inclusion policies by *improving monitoring:* this was mentioned almost 60 times as a "challenge" to an individual Member State[49], and sometimes seems to be the European Commission's politically correct way of drawing attention to worrying developments and/or doubtful policy initiatives. Still in the field of governance, *improving stakeholder involvement* is referred to almost 20 times in the country fiches; the need to *improve the situation of the immigrants* and the (severely marginalized) *Roma* has been raised on many occasions; and so has the importance of tackling child poverty. Perhaps less known is that the issue of *regional disparities and inequalities* (within the Member States) are among the challenges for Member States that are addressed most often. In pensions, the *adequacy* issue shows up in quite a few "recommendations" while in *health accessibility* is the most prominent issue, followed by the *financial sustainability* issue (cost containment, efficiency); *quality*

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

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

receives considerably less attention(showed up in less than 10 key challenges for Member States) .

Box 4. Occurence of key "challenges" for individual Member States in Joint Reports	
Monitoring	58
Regional disparities/inequalities	32
Immigrants	32
Housing	29
Adequate pensions/ pensions adequacy	28
Child (excluding child care)	22
Access to health care	20
Stakeholder	18
Roma	16

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

Even though the academic literature has classified these messages from the Commission as too general to have any real bite, Box 5 below illustrates that in some cases suggestions to the Member States can be rather far-reaching, and really represent "soft recommendations" which cover the three strands of the Social OMC. Note that in one case the European Commission was of the opinion that (for **Belgium)** a "better evaluation of housing policy is also *recommended*" (CEC, 2009b).

Because the joint report is a rather unwieldy document that summarizes lessons learned on many issues on an annual basis it is not very accessible for people looking for guidance on a specific issue. This may partly explain why it is in general only known to the OMC community. Therefore the Commission has proposed to summarize lessons learned on key issues (the results of the consensus framing exercise) in Commission recommendations ([50]). Through such Commission recommendation, results of the mutual learning exercise can be brought together and made visible. Since the recommendation is subsequently discussed by the other European institutions it makes it possible to involve EU institutions not normally involved in the Social OMC like the European Parliament. The follow up, monitoring of the impact of the recommendation can then be organized within the Social OMC. A Commission recommendation on active inclusion was published in October 2008 (CEC, 2008a). In December 2008 the EPSCO council endorsed the recommendation (Council of the EU, 2008), and in May 2009 the European Parliament endorsed it (EP, 2008)
A recommendation on child poverty is being prepared and political pressure is being organized to also have a recommendation on homelessness and housing exclusion.

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

So now, having described how benchmarking in the Social OMC works, we turn to the question of whether it has delivered the desired results.

Box 5. Examples of country specific challenges (subtle "recommendations") through the Joint Reports
Governance
• Austria: While the presented objectives are by themselves very important, they are in major parts not made more concrete by target setting and rolling out a financial perspective to underpin the process (CEC, 2004).
Social Inclusion
• **Spain** was advised that "Co-ordination and co-operation between the different administrative levels will be required to define a minimum standard of measures in order to tackle the inclusion issue in a more homogenous way throughout the national territory" (CEC, 2002).   • **Germany** was called upon "To ensure that the impact of the Hartz IV legislation as of 1.1.2005 does not lead more people into poverty. This implies on the one hand that the income situation of the most vulnerable should be secured, on the other hand, people with a capacity to work[...] should have access to adequate support to enter the labour market (CEC, 2005).
Pensions
• **Lithuania** was asked "To ensure wider coverage of the population by the statutory pension system and the availability of adequate minimum pensions and sufficiently high replacement rates from the modernized pension system (CEC, 2006).   • The **Czech Republic** was asked to "To ensure that reforms (e.g. privatization of funds) are properly thought through on the basis of past experience and the experience of other countries" (CEC, 2009b).
Health care
• **Luxembourg** was asked to limit "the overuse of antibiotics" and improve the use of generic medicines (with regard to quality and financial sustainability) (CEC, 2007; CEC, 2009b).   • **Cyprus** should "rapidly proceed with the introduction of the General Health System to guarantee effective universal care coverage, contain out of pocket payments incidence on vulnerable groups, whilst ensuring the long term sustainability of the new structure" (CEC, 2009b).

3.   Is social benchmarking delivering the goods?

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

This Section therefore provides a brief discussion of the results of the Social OMC with the aim of answering the question: *has the Social OMC delivered the goods*? In very general terms, this issue has been widely debated in the last decade in the OMC research community: once the initial praise for the OMC (both by politicians and scientists) started to wane, the process was subjected to scrutiny and found wanting in mainstream academic literature (Vanhercke, 2007). At first sight the reason for this seems rather straightforward. Indeed, viewed in terms of its institutional characteristics, the absence of a "shadow of hierarchy" (legislative and executive decisions) would suggest that this mode of governance simply *cannot* deliver the goods, i.e. deal effectively with the problems it is supposed to solve (Héritier and Lehmkuhl, 2008).

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

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

Building on a large review of the recent academic literature (Vanhercke, 2010) as well as a recent assessment of the three strands of the Social OMC coordinated by the Public Policy and Management Institute (PPMI, 2011), a rather mixed picture emerges of the theoretical capacity of the OMC toolbox to produce results at EU and national level (its adequacy). Due to the lack of transparency of the process, both the **public awareness** about and the **institutional visibility** of the process are weak overall, but there are also strong variations between countries and the OMC strands over time. This ('lack of openness') feature of the OMC architecture has important implications for the possibilities of "creative appropriation" (the use for their own purposes) by actors. The Social OMC's **objectives** contain rather general and thus ambiguous (sometimes conflicting) elements, while **country-specific messages** are often deemed "too subtle" even to be assessed by scholars; at the same time there is evidence that the very same messages as well as the Common Objectives **"bite" more** than is generally acknowledged. The **national reports** produced in the context of the OMC are often seen as administrative documents (rather than

planning devices), but here too important exceptions exist (i.e. triggering national responses, integration into domestic planning efforts). The adequacy of the linkages both *within* the Social OMC and with *other* policy areas at EU level is rather questionable: "**feeding in" and "feeding out"** do not work.

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

In sum, while the Social OMC's institutional setup should allow it to produce at least some results, some important flaws are also apparent from the discussion. The question now is whether the flaws imply that the Social OMC has by and large failed to deliver the goods "on the ground". The next section argues that to say so would be jumping to conclusions too fast.

3.2   Assessing the Impact of the Social OMC: Procedural and Substantive Effects "on the Ground"

The impact of the Social OMC on domestic and EU policies and politics has been operationalised in the academic literature along two lines: the *substantive* impact of the OMC, i.e. changes in policy thinking and individual Member States' policies; and *procedural* changes, i.e. the impact on the process of domestic policymaking (shifts in governance and policy-making arrangements) ([51]). There is broad agreement that the OMC has a considerable impact both on the Member States' and the EU's policies and politics. Substantive policy changes include enhancing **commitment** to the subject matter of the Social OMC (also for "sticky" institutions such as pensions systems), **agenda-setting** effects (new issues such as "child poverty" emerge) and **mirror effects** (self-reflection on national performance). Shifts in domestic governance include **horizontal and vertical integration** (through new or reinforced structures), **evidence-based** policymaking and increased **stakeholder involvement**, at least in some countries and policy areas.

The impact on EU level policies and politics includes enhanced **commitment** (e.g. reducing early retirement or increasing efforts in the fight against homelessness) and changing **actor**

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

constellations. At least in some countries, OMC concepts, indicators, targets and categories permeate domestic policymaking, while in some cases soft-law mechanisms develop into **legal instruments**. Having said this, there is far less agreement about the direction and scope of OMC impact. While many analyses point to beneficial effects, others point to **undesirable effects**, which for some include pushing for neoliberal solutions and policy tools, worsening welfare state performance and providing legitimacy for economic actors to exert further influence on social protection and social inclusion. Crucially, both the abovementioned review of the existing literature and the recent OMC assessment made it quite clear that impact varies a lot between Member States. This concurs with the more general conclusion by Vandenbroucke and Vlemincxk (2011) regarding the Lisbon Strategy: that "Open coordination did not prevent national and regional governments and social partners from buying in selective bits and pieces of the new paradigm, but not its *gestalt*".

3.3 A puzzling conclusion that begs further discussion

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

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

A second, and arguably the most important explanation for the discrepancy in the findings regarding the OMC's adequacy versus its impact, is the fact that the Social OMC is being used by domestic actors. Such "creative appropriation" involves the strategic use of EU concepts, objectives, guidelines, targets, indicators, performance comparisons and recommendations by national and sub-national actors as a resource for their own purposes and independent policy initiatives. It is increasingly accepted that this is the strongest mechanism of OMC influence on national social policies ([52]). For domestic actors it is not so important how "hard" or "soft" these instruments of the OMC toolbox are: as long as they can be used in a credible way, they are real in their effects.

A third explanation for the discrepancy between the adequacy and the impact of the Social OMC is that assessments of the former dimension do not sufficiently acknowledge "instrument hybridity", or the (necessary) interactions between the OMC and other EU instruments. Thus,

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

the European Social Fund (ESF) Regulation for the 2007-13 programming period explicitly refers to the OMC, which may provide important financial incentives that support the (social inclusion component of the) Social OMC. For Verschraegen *et al.* (2011) and De la Rosa (2007) it is clear that the relationship between the ESF and the OMC works both ways: if the ESF strengthens the OMC, the latter may (or at least should) influence cohesion policy (see also Jouen, 2011).

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

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

Even if we now have a better understanding of how social benchmarking actually worked in the EU during the past decade, the question remains what future there is left for the Social OMC in the revised European framework. We turn to that in the next section, and then move on to our conclusion.

4.   Europe 2020 Strategy: is there still room for Social Benchmarking?

This section briefly introduces the main features of the Europe 2020 Strategy (4.1), and discusses the key changes this entails for benchmarking within the Social OMC (4.2).

4.1   A new strategy for Europe until 2020: objectives and governance

4.1.1 Overall objectives of the new strategy: smart, sustainable and inclusive growth

In the words of the European Commission (CEC, 2010b), Europe 2020 is a Strategy 'to turn the EU into a smart, sustainable and inclusive economy delivering high levels of employment, productivity and social cohesion'. The March 2010 European Council (2010a) agreed to the European Commission's proposal to launch a new Strategy for jobs and growth. This new

Strategy is based on enhanced socio-economic policy coordination, and is organised into three priorities, which are expected to be mutually reinforcing:

- *smart growth*, i.e. 'strengthening knowledge and innovation as drivers of our future growth';
- *sustainable growth*, i.e. 'promoting a more resource efficient, greener and more competitive economy'; and
- *inclusive growth*, i.e. 'fostering a high-employment economy delivering social and territorial cohesion'. This priority is about 'empowering people through high levels of employment, investing in skills, fighting poverty and modernising labour markets, training and social protection systems […]'.

4.1.2 The governance of Europe 2020: general architecture

Europe 2020 has been organized around three (supposedly integrated) pillars.

- *Macroeconomic surveillance*, which aims at ensuring a stable macroeconomic environment conducive to growth and employment creation. In accordance with so-called "Integrated Guidelines" (see Section 4.1.3 below), it covers macroeconomic and structural policies to address macroeconomic imbalances, macro-financial vulnerabilities and competitiveness issues which have a macroeconomic dimension. This is the responsibility of the EU 'Economic and Financial Affairs' (ECOFIN) Council.
- *Thematic coordination*, focusing on structural reforms in the fields of innovation and R&D, resource-efficiency, business environment, employment, education and social inclusion (Integrated Guidelines 4-10). Thematic coordination combines EU priorities, EU headline targets (translated into national targets that underpin them) and EU flagship initiatives (see Section 4.1.3). It is conducted by the sectoral formations of the EU Council of Ministers. This includes, for social protection and inclusion matters, the EPSCO Council. In other words, this is where we find the Social OMC in the new architecture.
- *Fiscal surveillance under the Stability and Growth Pact*, which should contribute to strengthening fiscal consolidation and fostering sustainable public finances. It is expected to help to ensure the overall consistency of EU policy advice by identifying the fiscal constraints within which Member States' actions are to be developed.

4.1.3 Europe 2020: the EU and domestic level ([53])

- Five EU headline targets to be translated into national targets

The June 2010 European Council agreed to set 'five EU headline targets which will constitute shared objectives guiding the action of Member States and the Union' (European Council, 2010b). These targets include ([54]):

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53. This section draws on Frazer et al (2010) and Vanhercke (2011).
54. The other targets relate to research and development (R&D) and climate/energy.

- to raise to 75% the employment rate for women and men aged 20-64;
- to improve education levels, in particular by aiming to reduce school drop-out rates to less than 10% and by increasing the share of 30-34 years old having completed tertiary or equivalent education to at least 40%; note that the key issue of educational quality is not touched upon;
- to promote social inclusion, in particular through the reduction of poverty, by aiming to lift at least 20 million people out of the risk of poverty and exclusion. The target will consist in reducing the number of people in the EU (120 million) who are at risk of poverty and/or materially deprived and/or living in jobless households by one sixth.

In light of these interrelated targets, Member States have to set their national targets, taking account of their relative starting positions and national circumstances and according to their national decision-making procedures. They should also identify the main bottlenecks to growth and indicate, in their National Reform Programmes (NRPs), how they intend to tackle them. Member States submitted their first NRPs in April 2011. It is important to highlight that the European Council has stressed that 'all common policies, including the common agricultural policy and cohesion policy, will need to support the Strategy', and that 'progress towards the headline targets will be regularly reviewed (European Council, 2010b).

- Seven flagship initiatives

To underpin these targets and 'catalyse progress under each priority theme', the Commission has suggested seven *flagship initiatives* which should encompass a wide range of actions at national, EU and international levels: 'Innovation Union', 'Youth on the move', 'A digital agenda for Europe', 'Resource efficient Europe', 'An industrial policy for the globalisation era', 'An agenda for new skills and jobs' and 'European platform against poverty' (EPAP). Unlike the other flagships announced by the Commission, no prior consideration was given to what the EPAP would be and how it would relate to existing EU coordination and cooperation in the social field. It was a top-down initiative without much apparent coherent thought and lacking any consultation with stakeholders (Frazer *et al.*, 2010).

- Ten Integrated Guidelines for employment and economic policies

Finally, ten *Integrated Guidelines* for implementing the Europe 2020 Strategy were adopted by the Council in October 2010 – six broad guidelines relating to the economic policies of the Member States and the EU, and four guidelines concerning the employment (and in fact also social) policies of the Member States (Annex 7). Their aim is to provide guidance to Member States on defining their NRPs and implementing reforms, in line with the Stability and Growth Pact.

- European semester

In terms of overall socioeconomic governance, it is important to mention that in September 2010 the Council agreed to change the way in which the EU's Stability and Growth Pact is implemented in order to allow a 'European semester' which was introduced in 2011. This change is expected to improve economic policy coordination and help strengthen budgetary discipline, macroeconomic stability and growth, in line with the Europe 2020 Strategy. The

European semester starts each year in March, when the European Council identifies the main economic challenges and gives strategic advice on policies, on the basis of a European Commission report entitled 'Annual Growth Survey'. Taking account of this advice, countries review their medium-term budgetary strategies during April of each year and at the same time draw up National reform Programmes (NRPs) setting out the action they will undertake in areas such as employment and social inclusion (with a view to making progress towards reaching the headline targets). In June and July, the European Council and the Council provide policy advice to countries before they finalise their budgets for the following year. The Commission's reports in the following year then assesses how well this advice has been implemented.

4.1.4 In sum: Europa 2020, Nothing New Under the Sun?

Whether the architecture of the Europe 2020 Strategy, in the end, represents 'nothing new under the sun' or a 'new start' for Europe is not entirely clear yet, partly because many of the details of the implementation are as yet unknown. At first sight, many of its features, including the recourse to 'soft law' mechanisms, look quite similar. This is why Bongardt and Torres (2010) conclude that in essence, the new Strategy does not entail substantive innovation in terms of instruments. It rather tries to strengthen supervision within the pre-existing framework.

In our view however the overhaul of the Lisbon Strategy is more radical than most observers had imagined it to be: not only has the number of Integrated Guidelines been drastically reduced (from 24 to 10); but the new Strategy also puts increased pressure on target-setting and is intended to address Country-specific recommendations to countries, in theory also in the area of social inclusion and combating poverty (based on Guideline 10). The question is of course what the European Commission would do if a (large) Member State were to fall short of the social targets: it remains to be seen whether even incontestably poor performance will lead to (yearly) Country-specific Recommendation in the area of poverty and social inclusion. Or even a policy warning: such warnings could be issued in case of an inadequate response. Importantly, the reporting of Europe 2020 and the Stability and Growth Pact evaluation will be done simultaneously, to bring the means and the aims together (while keeping the instruments and procedures separate and maintaining the integrity of the Pact).

In other words, there is a case to be made that Europe 2020 has toughened some of the Lisbon tools quite considerably. Whether this also applies to benchmarking the social dimension is discussed in the next section.

4.2 Benchmarking Social Europe under the new Strategy

4.2.1 A blueprint for a reinvigorated Social OMC: opportunities and uncertainties

As indicated in the introduction, the Social Affairs Ministers of the 27 Member States decided, on 17 June 2011, on a blueprint that outlines the main features of the future Social OMC. They did so by endorsing (in the EU jargon) an Opinion that was prepared by the Social Protection

Committee. The latter in turn drew on a "Background Paper" prepared by the SPC ad hoc group "on Reinvigorating the Social OMC in the context of the Europe 2020 Strategy" ([55]).

Importantly, the SPC's blueprint for the future Social OMC starts by reaffirming that the Social OMC will continue to work in a "holistic" way in that it will:

1. Cover the three strands of the Social OMC: inclusion, pensions *and* health care and long-term care;
2. Encompass adequacy, financial sustainability *and* modernisation of social protection systems;
3. Be an essential tool to support the Social Affairs ministers in monitoring and assessing the *entire* social dimension of the Europe 2020 Strategy, "especially, though not solely, the Integrated Guideline nr. 10".

In other words: Social Affairs Ministers seem to see the OMC as a way to reclaim some of the territory they lost through a narrow focus of the Europe 2020 Strategy on "Growth and Jobs". This seems to be confirmed by the affirmation that while "The Social OMC [...] contributes to the Europe 2020 governance cycle (European Semester)", it does so "while maintaining its specificity" (read: its independence).

What are the main features, **questions and pitfalls** of the blueprint for the Social OMC in the next decade? It seems that a wide consensus exists around the **Common Objectives** on Social Protection and Social Inclusion: the existing set is reconfirmed, and arguably strengthened through so-called "minor technical updating", which includes "taking full account of the relevant social provisions of the Lisbon Treaty". While it is at this stage not entirely clear how significant this is, the reference to the Lisbon Treaty may provide additional legitimacy to the European Commission to intensify its efforts as regards the social component of its impact assessments. So far, however, there are no signs that the European Commission has picked up on this[56].

Quite a bit of uncertainty remains as regards the "**national reporting**", which so far happened through the National Strategic Reports (and National Action Plans on Social Inclusion). Here, the Council considers that the policy coordination process carried out under the Social OMC requires "regular strategic reporting" covering policies and measures in the three strands of the Social OMC. With the argument that synergies should be ensured with the Europe 2020 policy cycle and national reporting requirements, the decision was taken that:

> "Every year at the same time as the NRPs, Member States will be invited to *succinctly inform* on progress achieved in specific fields and also to present, *whenever relevant*, updated plans taking account of the national policy cycle" (Council of the EU, 2011, §10), our emphasis).

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55. The "SPC *ad hoc* group on the Social OMC" was set up on 10 February 2011. It had a mandate to consider how best to ensure coherence between the objectives and the working methods of the existing Social OMC to the new context of the Europe 2020 Strategy (SPC, 2011: 11).
56. In the Communication on the Platform against Poverty and social exclusion the European Commission merely announces that "it will continue to refine and improve the quality of its impact assessment to ensure that attention is paid to the social dimension" (CEC 2010c:12). No specific new initiatives are mentioned in the important "List of key initiatives" which is annexed to the EPAP (CEC, 2010d).

The SPC can also decide on thematic focuses to be reflected in the reporting of Member States. The move to annual reporting (until now NSR's were presented every 3 years) gives rise to some hope that the NRPs will be underpinned by comprehensive national strategies on social protection and social inclusion, and that the key elements of these will be referenced in the NRPs, but much will depend on the actual implementation: the wording could lead to minimalistic interpretations of Member States' reporting obligations.

The future of the **Joint Reports** seems to be even less rosy: the Council agreed that "The thematic work of the SPC *could* also lead to joint reports of the Commission and of the Member States" (our italics). In other words: the pre-existing regular reports on Social Protection and Social Inclusion, adopted *jointly* by the Member States and the European Commission, have been abolished. Or, to be more precise: they have been replaced by occasional (thematic) joint reports on the one hand, and an "Annual Report of the SPC" on the other hand ([57]). The latter will be drawn up by the SPC in collaboration with DG Employment of the European Commission, but it will not be adopted by the European Commission as such. This Annual Report will become the new vehicle to monitor and assess the social dimension of Europe 2020 and transmit social policy messages from the EPSCO Council to the Spring European Council (and to the Commission when it prepares its Annual Growth Survey). It is clear that abolishing the regular Joint Reports raises concerns regarding a possible downgrading of the social assessment and a further reduction of its status, visibility and potential impact.

In line with the "holistic" approach to the continued OMC, the decision has been taken to continue working on **indicators** in all three strands, while ensuring consistency with the newly established Joint Assessment Framework (see box 6 below). Among the priorities for indicator development in the coming years recently identified by the SPC are: the monitoring of interactions between social, economic, employment, and environmental policies and addressing the situation of the most vulnerable groups (e.g. the Roma) (SPC, 2011: 8). Again, the actual implementation of this blueprint will have to clarify what is meant with the Council's open-ended commitments such as: "Member States and the Commission should continue to draw *selectively, as need be,* on the full set of commonly agreed indicators" (our emphasis) in the context of the new reporting mechanisms. Note that the SPC ad hoc group requests that "Member States should relate more systematically their national indicators with the commonly agreed ones so as to ease policy learning" and "Use the commonly agreed indicators for comparing national outcomes and then supplement the analysis by national indicators" (SPC, 2011: 8). Note that the ad hoc group is openly critical as regards the presentation of the common indicators on the DG EMPL web-site, which is deemed to be "not user-friendly, especially to a non-expert user" (SPC, 2011: 8).

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57. In fact some messages may be included in the Joint Employment Report (JER) that is treaty based and has not been abolished. This report is annexed to the Commission's Annual Growth Survey. SPC messages for the JER however are the subject of negotiation with the Employment Committee (EMCO). This committee tends to limit SPC messages in the JER to employment related messages only.

Box 6. The Joint Assessment Framework (JAF): a brief excursion
The JAF is an indicator-based assessment system, covering both general and specific policy areas under Integrated (Employment) Guidelines 7 to 10. It consists of two main elements: - The monitoring and assessment of structural reforms under the Employment guidelines through a quantitative and qualitative assessment methodology, leading to the identification of key employment challenges and potential risk areas. - The quantitative monitoring of progress towards the EU headline and related national targets in the light of the implementation of the integrated guidelines. The results produced by these two elements are to nourish an *employment performance monitor*: a clear, transparent and, concise and easy to communicate summary that can be used to identify at a glance the main challenges and that can periodically be submitted to the EPSCO Council. The SPC and EMCO are committed to use the JAF as an analytical tool that can underpin multi-lateral surveillance and evidence-based policy-making, and also support Member States in establishing their reform priorities, benefiting from mutual learning and identifying good practices. For more information on the JAF see the Commission website ([58]).

Peer reviews are reconfirmed by the Council and the SPC as essential feature of the Social OMC, but they should be more closely linked to policy reforms and the dissemination of outcomes should be improved. Yet again, a key questions prevails as regards the future of this tool, notably whether the innovative peer review formats that have already been discussed in the SPC - in order to answer some shortcomings in the current mutual learning exercise - will be taken up. These innovative formats include:

> "i) short-notice peer reviews (react quickly to new needs for learning); ii) OMC workshops allowing for a thematic pooling of knowledge coming from different tools (peer reviews, expert reports, etc.); iii) national (regional/local) follow up seminars to disseminate the results of the Peer Reviews (linking with a broad range of national stakeholders: people involved in implementation at regional and local level, etc…)" (SPC, 2011:7).

Note that the ad hoc group advanced some other proposal with a view to reinforcing the mutual learning process and improve its **visibility and accessibility** (also to OMC "outsiders"), e.g. by disseminating its outputs to those who did not take part in the peer reviews: "facilitating access to lessons learned whenever a Member State needs them (pull instead of push learning), and enabling to easily draw from a variety of (OMC) sources (peer reviews, reports from the Network of Independent experts, MISSOC etc.)", for which innovative ICT tools could be used to the full (SPC, 2011: 7).

While the SPC considers it important to improve the **involvement of stakeholders** such as social partners, NGOs, regional and local authorities as well as other relevant EU institutions, no specific proposals have been envisaged so far. Yet the SPC's ad hoc group did suggest to "Further report on stakeholder participation in the Social OMC so that […] progress in the direction of the

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58. See website:
    http://ec.europa.eu/social/main.jsp?langId=en&catId=89&newsId=972&furtherNews=yes

Social OMC objective of stakeholder participation can be charted and good practice highlighted; and a reference was made to the "voluntary guidelines" as regards good quality stakeholder participation that have been announced by the Commission in its communication on the Platform against Poverty and Social Exclusion (SPC, 2011:9). The ad hoc group also suggested to "Make the SPC website a key part of the strategy: ensure that important documents are available again on the site and are easier to find. The "Europe 2020" website and the old DG EMPL website could be sources of inspiration" (SPC, 2011:9).

In other words: the proof of the pudding will be in the eating, as can also be seen from Box 7 which summarizes the key features, questions and pitfalls of the "reinvigorated" Social OMC.

Box 7. Blueprint of the Social OMC under the Europe 2020 Strategy: key features, questions and pitfalls
1. **Common Objectives**: existing Objectives remain valid, but with "technical update" (coherence with Europe 2020 and especially social provision of Lisbon Treaty);
2. **National reporting**: succinct annual reporting on social protection and social inclusion (question: will key elements of comprehensive SPSI strategies be referenced in the NRPs? Risk: minimalistic interpretations of Member States' reporting obligations);
3. **Joint Reports**: only published on specific occasions (thematic reporting). Replaced by "Annual Report of the SPC" to transmit social policy messages to Spring European Council; partially also through Joint Employment Report (risk: downgrading of social assessment and further reduction of status, visibility and impact);
4. **Indicators**: continue work on indicators in all three strands, in consistency with JAF (risk: Member States "draw too selectively" on commonly agreed indicators in reporting);
5. **Peer Reviews**: reconfirmed as essential learning tools but should be more closely linked to policy reforms (question: will innovative seminar formats linked to peer reviews be implemented? How to improve visibility and accessibility?);
6. **Stakeholder involvement**: reconfirmed as important objective (questions: readiness to work on "voluntary guidelines" as regards good quality stakeholder participation? Risk: further deterioration of participation as consequence of lighter reporting).

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

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

In the absence of a "shadow of hierarchy" (Héritier and Lehmkuhl, 2008), this "soft" coordination tool seems hardly *adequate* to have any "real" effect, at least this is the view of the "skeptical" literature which by and large dismissed the OMC because of its institutional weakness. And yet we found that the more "optimistic" literature finds that at least the Social OMC (which is one of the more developed coordination processes) produces a significant *impact* on domestic and EU policies, namely through mechanisms such as leverage and policy learning.

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

First, it seems that the OMC's learning tool are **more dynamic** than is usually acknowledged: thus, we described how the Peer Review mechanism was refined over the years, from (early) peer reviews on national social protection and inclusion strategies to (later) in depth reviews of specific subjects or policies. We also saw how the set of indicators became increasingly multidimensional while covering more issue areas, development of input and output statistics; and we pointed to the increased use of quantified objectives or targets.

Second, the benchmarking tools are **more diversified** than is usually depicted, as we found when describing "SPC-peer reviews" versus "PROGRESS" Peer Reviews, while for the latter two modalities can be identified: good practice peer reviews and policy problem or policy reform peer reviews. The latter distinction is more than just a nuance: the policy reform peer reviews are by no means the "window dressing" exercises that are sometimes caricatured in the literature: discussions are often quite critical towards the presented policy, also because "site visits" allow for a certain reality check.

Third, our in-depth description of social benchmarking in the Social OMC tool suggests that its tools have **more bite** than is usually assumed. OMC might look "soft" but in some cases it feels quite hard to those who are touched by it. The same is true for the considerable pressure on Member States to start working with targets (even if this does not sit easily with their national culture). We presented a number of examples (e.g. child poverty) where Member States are ranked, not only as regards their outcomes, but also regarding the main causal factors of these outcomes. While country-specific messages are often deemed "too subtle" even to be assessed by scholars, we provided some illustrations of "challenges" for Member States identified through the JR SPSI, which in some cases are rather far-reaching, and really represent "soft recommendations" which cover the three strands of the Social OMC. In other words, it is clear that "genuine" benchmarking is going in the Social OMC, in spite of sensitivities, and that the "hard politics of soft law" is not fiction.

Fourth, it seems that the OMC benchmarking is **more open** (involves a wider range of actors) than oftentimes assumed. In other words: the image of the Social OMC (especially but not only peer reviews) as involving a rather closed circle of non-accountable bureaucrats (Kröger, 2009: 13) is sometimes exaggerated. Thus, the existence of supporting tools such as the

nongovernmental expert and EU (civil society) stakeholder networks, are rarely acknowledged. And yet, through the exchanges with other networks members and their participation in drawing op EU comparative analyses (e.g. benchmarking exercises, and development of scorecards), the experts acquire cross country knowledge and become part of what could be called the "Social OMC community". They can have an important impact on the quality of the benchmarking exercise. The same is true for the actors participating in the described (yet well-hidden) OMC "projects": over the years the projects have equally supported the development of the Social OMC community, through the introduction of new partners to the process and by supporting the development of the EU civil society stakeholder networks. These stakeholders contribute to "capillary effects" of the Social OMC in that benchmarking as a governance tool is increasingly being promoted outside the formal OMC inner circle (mainly governments and Commission officials). It will be clear from this chapter that these capillary effects" are by no means automatic processes: they are purposefully constructed by key actors in the process, e.g. through funding.

Fifth and final, it is clear from the above that a nuanced discussion about **'hard' versus 'soft' law** in the EU is needed: some EU legislation is the result of 'soft' deliberation in the context 'non constraining' deliberations (see the example of the Patients' Rights Directive), while other pieces of legislation use OMC types of mechanisms so as to ensure implementation. Recent evidence about the European Court of Justice's actual (as opposed to theoretical) use of soft law mechanisms in its judgments as well as the integration of the Social OMC into the ESF Regulations present additional arguments to nuance views that oppose "hard" and "soft" governance.

Taken together, it seems that we can now revisit the puzzling evidence regarding the Social OMC's (theoretical) adequacy versus its (actual) impact. Our conclusion is that the Social OMC's learning tools are not only more *dynamic* than is usually acknowledged, but they are also more *diversified*, have more *bite* and are more *open* than is usually assumed. In addition, to the evidence of increasing *hybridity* of EU instruments, these elements help us to explain why "soft governance" has indeed more impact "on the ground" than could be expected from a purely functional reading. The crux of the matter is this: it is not the "hardness" or the "softness" of the OMC that matters, but its capacity to stimulate policy learning and benchmarking (through a rather refined set of tools) and especially creative appropriation and action by European, national and sub-national actors. Indeed, OMC benchmarking can only have an impact if it is being "picked up" by actors at the domestic level, who use it as leverage to (selectively) amplify national reform strategies.

Thus, social policymakers are now facing the key challenge of re-establishing a role for a wide range of actors within the heart of the Social OMC, including by implementing innovative peer review formats and dissemination practices, developing guidelines for the quality involvement of stakeholders. And exploring the possibility of introducing legally binding procedural requirements into soft law mechanisms, such as rights to transparency and participation in the Open Method of Coordination. If they succeed, these policymakers (and the larger OMC community) may very well reach the goal they wanted to achieve by reinvigorating the Social OMC in June 2011: to counterbalance the Europe 2020 Strategy's excessive focus on fiscal and economic considerations in the first so called "European Semester" and the narrowing down of social policy to policy against poverty and social exclusion in the set up of the new strategy (for

example in the European Commission's first Annual Growth Survey). One way to provide such counterweight would be to continue producing sound analysis and political messages about how broad 'social protection (social insurance) and social inclusion' strategies are to be considered as a productive factor.

By pursuing this avenue, the EU would live up to its own commitment to deliver 'inclusive growth' and perhaps even provide Europe's people with hope for an ever stronger Social Europe.

ANNEXES

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

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

- (a) social cohesion, equality between men and women and equal opportunities for all through adequate, accessible, financially sustainable, adaptable and efficient social protection systems and social inclusion policies;

- (b) effective and mutual interaction between the Lisbon objectives of greater economic growth, more and better jobs and greater social cohesion, and with the EU's Sustainable Development Strategy;

- (c) good governance, transparency and the involvement of stakeholders in the design, implementation and monitoring of policy.

The following objectives apply to the different strands of work:
A decisive impact on the eradication of poverty and social exclusion by ensuring:

- (d) access for all to the resources, rights and services needed for participation in society, preventing and addressing exclusion, and fighting all forms of discrimination leading to exclusion;

- (e) the active social inclusion of all, both by promoting participation in the labour market and by fighting poverty and exclusion;

- (f) that social inclusion policies are well-coordinated and involve all levels of government and relevant actors, including people experiencing poverty, that they are efficient and effective and mainstreamed into all relevant public policies, including economic, budgetary, education and training policies and structural fund (notably ESF) programmes.

Adequate and sustainable pensions by ensuring:

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

- (h) the financial sustainability of public and private pension schemes, bearing in mind pressures on public finances and the ageing of populations, and in the context of the three-pronged strategy for tackling the budgetary implications of ageing, notably by: supporting longer working lives and active ageing; by balancing contributions and benefits in an appropriate and socially fair manner; and by promoting the affordability and the security of funded and private schemes;

- (i) that pension systems are transparent, well adapted to the needs and aspirations of women and men and the requirements of modern societies, demographic ageing and structural change; that people receive the information they need to plan their retirement and that reforms are conducted on the basis of the broadest possible consensus.

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

- (j) access for all to adequate health and long-term care and that the need for care does not lead to poverty and financial dependency; and that inequities in access to care and in health outcomes are addressed;

- (k) quality in health and long-term care and by adapting care, including developing preventive care, to the changing needs and preferences of society and individuals, notably by developing quality standards reflecting best international practice and by strengthening the responsibility of health professionals and of patients and care recipients;

- (l) that adequate and high quality health and long-term care remains affordable and financially sustainable by promoting a rational use of resources, notably through appropriate incentives for users and providers, good governance and coordination between care systems and public and private institutions. Long-term sustainability and quality require the promotion of healthy and active life styles and good human resources for the care sector.

Annex 2   Guiding Principles for the Selection of Indicators and Statistics

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

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

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

Each portfolio would contain:

- Commonly agreed EU indicators contributing to a comparative assessment of Member States' progress towards the common objectives. These indicators might refer to social outcomes, intermediate social outcomes or outputs.

- Commonly agreed national indicators based on commonly agreed definitions and assumptions that provide key information to assess the progress of MS in relation to certain objectives, while not allowing for a direct cross country comparison, or not necessarily having a clear normative interpretation. These indicators are especially suited to measure the scale and nature of policy intervention. These indicators should be interpreted jointly with the relevant background information (exact definition, assumptions, representativeness).

- Context information: Each portfolio will have to be assessed in the light of key context information, and by referring to past, and where relevant, future trends. The list of context information proposed is indicative and leaves room to other background information that would be most relevant to better frame and understand the national context.

Source: CEC (2009a : 3-4)

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

1. Overarching portfolio

Main indicators

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

Context information

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

2. Social Inclusion

Primary indicators

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

Secondary indicators

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

Context information

1. S80/S20
2. Gini coefficient
3. Regional disparities – coefficient of variation of employment rates
4. Healthy life expectancy and life expectancy at birth and age 65
5. At-risk-of-poverty rate anchored at a fixed moment in time
6. At-risk-of-poverty rate before social transfers (other than pensions)
7. Jobless households by main household types
8. In work poverty risk, by full-time/part time
9. Making work pay indicators -Unemployment trap -Inactivity trap

-Low-wage trap
10. Net income of social assistance recipients as a % of the at-risk-of-poverty threshold
11. Self-reported limitations in daily activities
12. Housing deprivation by item
13. Share of housing costs in total disposable household income

3. Pensions

3.1 First common objective: adequacy of retirement incomes

Primary indicators

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

Secondary indicators

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

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

Primary indicators

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

Secondary indicators

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

Context information

1. Old age dependency ratio, current and projected
2. Evolution of of life expectancy at birth and at ages 60 and 65
3. Pension system dependency ratio

4. Contribution to public and private pension schemes

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

Primary indicators

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

Secondary indicators

1. Gender differences in the median relative income ratio

4. Health and Long term care

4.1 First common objective: accessibility of care

Primary indicators

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

Secondary indicators

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

4.2 Second common objective: ensuring quality of care

Primary indicators

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

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

4.3 Third common objective: financial sustainability of care

Primary indicators

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

Secondary indicators

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

Context information

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

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

Caritas Europa
http://www.caritas-europa.org/code/en/default.asp

European Confederation of Worker Cooperatives and Social and Participative Enterprises (CECOP) http://www.cecop.coop/

Confederation of Family Organisations in the European Union (COFACE-EU)
http://www.coface-eu.org/

European Anti-Poverty Network
http://www.eapn.eu

Eurochild
http://www.eurochild.org/

Eurocities
 http://www.eurocities.eu/main.php

European Federation for Diaconia (Eurodiaconia)
http://www.eurodiaconia.org/

European Federation for Street Children
http://www.efsc-eu.org/index.php

European Microfinance Network (EMN)
http://www.european-microfinance.org/index2_en.php

European Social Network http://www.esn-eu.org/

The European Federation of National Organisations Working with the Homeless (FEANTSA)
http://www.feantsa.org/code/en/hp.asp

Mental Health Europe http://www.mhe-sme.org/en.html

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

Table 1. Civil Society Participation Scoring by Countries

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

Source: CARITAS EUROPA (2007)

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

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

Annex 7 Ten integrated guidelines for Europe 2020

Macroeconomic surveillance	
Guideline 1	Ensuring the quality and sustainability of public finances
Guideline 2	Addressing macroeconomic imbalances
Guideline 3	Reducing imbalances in the Eurozone
Thematic coordination	
Guideline 4	Optimising support for R&D and innovation, strengthening the knowledge triangle and unleashing the potential of the digital economy
Guideline 5	Improving resource efficiency and reducing greenhouse gas emissions
Guideline 6	Improving the business and consumer environment, and modernising and developing the industrial base in order to ensure the full functioning of the internal market
Guideline 7	Increasing labour market participation of women and men, reducing structural unemployment and promoting job quality
Guideline 8	Developing a skilled workforce responding to labour market needs and promoting lifelong learning
Guideline 9	Improving the quality and performance of education and training systems at all levels and increasing participation in tertiary or equivalent education
Guideline 10	Promoting social inclusion and combating poverty

Source: Council of the European Union (2010a,b)

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