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- the ongoing experience of the open method of coordination

Delegations will find attached a note from the Presidency on the ongoing experience of the open method of coordination.

PRESIDENCY NOTE

2000.06.13

**THE ON-GOING EXPERIENCE OF THE
OPEN METHOD OF COORDINATION**

INDEX

| | |
|---|---------|
| I. The definition of the method | Page 4 |
| II. General remarks | Page 6 |
| III. Methodological remarks | Page 7 |
| IV. The current experience in different policy fields | Page 8 |
| V. The coordination of policies | Page 10 |

PRESIDENCY NOTE

THE ON-GOING EXPERIENCE OF THE OPEN METHOD OF COORDINATION

The open method of coordination was a concept introduced by the Lisbon European Council of 23-24 March 2000 in order to better implement the long-term strategy for a competitive knowledge-based economy with more and better employment and social cohesion. This new comprehensive strategy has set ambitious goals for different policy fields facing structural change such as the information society, R&D, enterprises, economic reforms, education, employment and social inclusion. Such ambitious goals are consistent with the common economic and social aims established by the Treaties and require more effective and more efficient policy making with democratic legitimacy.

The open method of coordination aims to organise a learning process about how to cope with the common challenges of the global economy in a co-ordinated way while also respecting national diversity.

The implementation of this method is now under way and the purpose of this note is to take stock of this rich experience in order to support the adaptation of this method to each policy field.

I. THE DEFINITION OF THE METHOD

In the Document from the Presidency “Employment, Economic Reforms and Social Cohesion – towards a Europe based on innovation and knowledge”, 12 January 2000 (Ref. 5256/00), paragraph 6:

“Methods for achieving a European dimension”

The political construction of Europe is a unique experience. Its success has been dependent on the ability to combine coherence with respect for diversity and efficiency with democratic legitimacy. This entails using different political methods depending on policies and the various institutional processes. For good reasons, various methods have been worked out which are placed somewhere between pure integration and straightforward co-operation. Hence:

- *Monetary policy is a single policy within the Euro zone.*
- *National budgetary policies are co-ordinated at European level on the basis of strictly predefined criteria.*
- *Employment policies are co-ordinated at European level on the basis of guidelines and certain indicators, allowing some room for adjustment at national level.*

- *A process of co-operation is beginning with a view to the modernisation of social protection policies, with due regard for national differences.*

Policies aimed at building the single market, such as monetary policy or competition policy are, logically, based on a stricter method of coordination in relation to the principles to be observed. However, there are other policies which concentrate more on creating new skills and capacities for making use of this market and responding to structural changes. They involve learning more quickly and discovering appropriate solutions. Such policies have resulted in the formulation of a coordination method which is more open to national diversity, the best current example of which is the so-called "Luxembourg process" relating to employment policies.

It is a case of defining strategic guidelines at European level for coping with structural change and then organising a process whereby Member States emulate each other in applying them, stimulating the exchange of best practices, while taking account of national characteristics. Despite some difficulties, the results obtained have been stimulating and encouraging."

In Lisbon Summit conclusions, 23-24 March 2000, paragraph 37:

"Implementing a new open method of coordination

1. *Implementation of the strategic goal will be facilitated by applying a new open method of coordination as the means of spreading best practices and achieving greater convergence towards the main EU goals. This method, which is designed to help Member States to progressively developing their own policies, involves:*
 - *fixing guidelines for the Union combined with specific timetables for achieving the goals which they set in the short, medium and long terms;*
 - *establishing, where appropriate, quantitative and qualitative indicators and benchmarks against the best in the world and tailored to the needs of different Member States and sectors as a means of comparing best practices;*
 - *translating these European guidelines into national and regional policies by setting specific targets and adopting measures, taking into account national and regional differences;*
 - *periodic monitoring, evaluation and peer review organised as mutual learning processes.*
2. *A fully decentralised approach will be applied in line with the principle of subsidiarity in which the Union, the Member States, the regional and local levels, as well as the social partners and civil society, will be actively involved, using varied forms of partnership. A method of benchmarking best practices on managing change will be devised by the European Commission networking with different providers and users, namely the social partners, companies and NGOs."*

II. GENERAL REMARKS

1. The purpose of the open method of coordination is not to define a general ranking of Member States in each policy but rather to organise a learning process at European level in order to stimulate exchange and the emulation of best practices and in order to help Member States improve their own national policies.
2. The open method of coordination uses benchmarking as a technique but it is more than benchmarking. It creates a European dimension by defining European guidelines and it encourages management by objectives by adapting these European guidelines to national diversity.
3. The open method of coordination is a concrete way of developing modern governance using the principle of subsidiarity.
4. The open method of coordination can foster convergence on common interest and on some agreed common priorities while respecting national and regional diversities. It is an inclusive method for deepening European construction.
5. The open method of coordination is to be combined with the other available methods depending on the problem to be addressed. These methods can range from integration and harmonisation, to co-operation. The open method of coordination itself takes an intermediate position in this range of different methods. It is an instrument to be added to a more general set of instruments.
6. The open method of coordination is called “open” for several reasons:
 - because European guidelines can be adapted to the national level;
 - because best practices should be assessed and adapted in their national context;
 - because there is a clear distinction between reference **indicators** to be adopted at European level and concrete **targets** to be set by each Member State for each indicator, taking into account their starting point. For example, the common indicators can be the ratio between investment in R&D and the GDP, or the women participation rate, but the target should be different for each Member State. It means that monitoring and evaluation should mainly focus on progressions or relative achievements;
 - because monitoring and evaluation should take the national context into account in a systemic approach;
 - last, but not least, because the development of this method in its different stages should be open to the participation of the various actors of civil society. Partnership is a tool of modern governance.

7. The European Commission can play a crucial role as a catalyst in the different stages of the open method of coordination namely by:
 - presenting proposals on European guidelines;
 - organising the exchange of best practices;
 - presenting proposals on indicators;
 - supporting monitoring and peer review.

8. The open method of coordination can also be an important tool to improve transparency and democratic participation.

III. METHODOLOGICAL REMARKS

1. The definition of European guidelines should take into account the available diagnosis and forecasting reports.
2. The identification of best practices, reference indicators and benchmarks should take into account reports on comparative analyses and the national context of policies.
3. The definition of indicators should be based on a clear typology (performance/policy/context) and should combine a bottom-up approach with a topdown approach. A bottom-up approach on detailed indicators can be developed by the committees and the formations of the Council concerning each policy field, building on proposals presented by the European Commission.

A topdown approach will focus on the small battery of structural indicators required by the preparation of the synthesis report to be presented by the Commission to the Spring European Council. This battery should be consistent with the strategic priorities set by the European Council.

4. The definition and implementation of the national policies, plans or initiatives should be based on the appropriate partnerships.
5. Monitoring and evaluation should be based on systemic approaches in the national context and should help to create a culture of strategic management and of learning with experience, involving all relevant partners.

IV. THE CURRENT EXPERIENCE IN DIFFERENT POLICY FIELDS

The main source of inspiration of the open method of coordination is that of the Luxembourg process regarding European employment strategy. Following the Lisbon Summit conclusions, this method is now being implemented in different policy fields, namely, the information society, R&D, enterprises, economic reforms, education and social inclusion. An empirical and flexible approach is being used in order to develop and to adapt this method to the specific features of each policy field.

1. Information society

- *“The Council and the Commission are invited to draw up a comprehensive eEurope Action Plan to be presented to the European Council in June this year, using an open method of coordination based on the benchmarking of national initiatives (...)”.* (in Lisbon Summit Conclusions, paragraph 8)
- In information society policy, eEurope Action Plan points out clear priorities, best practices, indicators and responsibilities at European and national level.
- *In eEurope 2002 An information society for all – Draft Action Plan prepared by the European Commission for the European Council in Feira 19-20 June 2000, 24.05.2000*

2. Enterprise policy

- *“The European Council considers that an open method of coordination should be applied in this area (...)”.* (in Lisbon Summit Conclusions, paragraph 15)
- In enterprise policy, a benchmarking exercise based on common indicators is being implemented involving national policies.
- *In Benchmarking Enterprise policy, European Commission, 25.02.2000.*

3. Economic Reforms

- *“Key areas have already been identified by the Council to be reinforced in the Cardiff Process. The European Council accordingly invites the Council to step up work on structural performance indicators and to report by the end of 2000”.* (in Lisbon Summit Conclusions, paragraph 18)
- In Cardiff process, structural indicators are being identified in order to reinforce the defined priorities to underpin the national reports.
- *In Structural Performance Indicators (Current state of affairs and outline of work ahead – Note for the Attention of the Economic Policy Committee), European Commission, 23.05.2000.*

4. Education policy

- *“The European Council asks the Council (Education) to undertake a general reflection on the concrete future objectives of education systems, focusing on common concerns and priorities while respecting national diversity, with a view to contributing to the Luxembourg and Cardiff processes (...)”.* (in Lisbon Summit Conclusions, Par. 27)
- In education policy, besides some achievements on indicators, discussion is taking place in order to identify common priorities and best practices.
- *In eLearning – Designing tomorrow’s education*, Communication from the Commission, COM (2000) 318 final, 24.05.2000.

5. Research policy

- *“Encourage the development of an open method of coordination for benchmarking national research and development policies and identify, by June 2000, indicators for assessing performance in different fields (...)”.* (in Lisbon Summit Conclusions, paragraph 13, 3rd indent)
- In research policy, discussion is taking place about how to map R&D networks and improve coordination, and how to organise a benchmarking exercise based on common indicators.
- *In Revised Presidency Proposal for a Draft Council Resolution on establishing a European area of research and innovation*, Presidency of the European Union, 29.05.2000.

6. Social inclusion

- *“Policies for combating social exclusion should be based on an open method of coordination combining national action plans and a Commission initiative for co-operation in this field to be presented by June 2000”.* (in Lisbon Summit Conclusions, paragraph 32)
- In social inclusion, priorities, best practices and indicators are being identified in order to prepare national plans.
- *In Report of the High Level Group on Social Protection relating to the effort of cooperation for the modernisation and the enhancement of social protection*, High Level Group on Social Protection, 18.05.2000;

In Proposal for a European Parliament and Council Decision establishing a Community Action Plan to encourage co-operation between the Member States to fight social exclusion, European Commission, 08.05.2000.

V. THE COORDINATION OF POLICIES

A last issue must be addressed. How to co-ordinate the implementation of the open method of coordination in the different policy fields? According to the Lisbon Summit conclusions, paragraph 36:

“These improvements will be underpinned by the European Council taking on a pre-eminent guiding and co-ordinating role to ensure overall coherence and the effective monitoring of progress towards the new strategic goal. The European Council will accordingly hold a meeting every Spring devoted to economic and social questions. Work should consequently be organised both upstream and downstream from that meeting. The European Council invites the Commission to draw up an annual synthesis report on progress on the basis of structural indicators to be agreed relating to employment, innovation, economic reform and social cohesion”.

Hence, the European Council should regularly guide and monitor the outcomes achieved by the open method of coordination in its different fields. This requires two different capacities from the Members of the European Council:

- to define general orientations for the different policy fields in order to organise upstream and downstream the work of the different formations of the Council;
- to ensure their implementation at European and national level.

Besides that, broad economic guidelines are evolving to become an important tool of coordination of macro-economic policies, structural policies and employment policies.

“The existing Broad Economy Policy Guidelines and the Luxembourg, Cardiff and Cologne processes offer the necessary instruments, provided they are simplified and better co-ordinated, in particular through other Council formations contributing to the preparation by the ECOFIN Council of the Broad Economic Policy Guidelines. Moreover, the Broad Economic Policy Guidelines should focus increasingly on the medium- and long-term implications of structural policies and on reforms aimed at promoting economic growth potential, employment and social cohesion, as well as on the transition towards a knowledge-based economy. The Cardiff and Luxembourg processes will make it possible to deal with their respective subject matters in greater detail.” (in Lisbon Summit Conclusions, paragraph 35).