



European Economic and Social Committee

SOC/156
Streamlining social protection
coordination

Brussels, 30 October 2003

OPINION

of the European Economic and Social Committee

on the

**Communication from the Commission to the Council, the European Parliament, the
European Economic and Social Committee and the Committee of the Regions
Strengthening the social dimension of the Lisbon strategy:
Streamlining open coordination in the field of social protection**

COM(2003) 261 final

On 28 May 2003, the Commission decided to consult the European Economic and Social Committee, under Article 262 of the Treaty establishing the European Community, on the

Communication from the Commission to the Council, the European Parliament, the European Economic and Social Committee and the Committee of the Regions on Strengthening the social dimension of the Lisbon strategy: Streamlining open coordination in the field of social protection
(COM(2003) 261 final).

The Section for Employment, Social Affairs and Citizenship, which was responsible for preparing the Committee's work on the subject, adopted its opinion on 6 October 2003. The rapporteur was **Mr Beirnaert**.

At its 403rd plenary session of 29 and 30 October 2003 (meeting of 30 October 2003), the European Economic and Social Committee adopted the following opinion by 62 votes in favour, two votes against and no abstentions.

1. Introduction

1.1 In its Spring Report of 2003, the Commission undertook to adopt a communication on "the streamlining of current disparate actions linked to social inclusion and pensions and, in time, cooperation in relation to healthcare and "making work pay" into a single Open Method of Coordination". Furthermore, the Brussels European Council asked the Commission in March of 2003 "to report on the advisability of simplifying and streamlining the various strands of work on social protection into a coherent framework within the Open Method of Coordination".

1.2 In March 2000, the Lisbon European Council outlined its vision of an integrated socio-economic strategy for Europe, bringing cooperation in the field of social protection into the picture alongside the coordination of economic policies within the framework of the Broad Economic Policy Guidelines (BEPGs) and of employment policies within the framework of the European Employment Strategy.

1.3 This cooperation is based on the application of the open method of coordination to two aspects of social protection: social inclusion and pensions. The essential elements of this method are common objectives, National Action Plans for social inclusion (NAPs/inclusion) with a two-year cycle, National Strategy Reports on pensions covering a period of three years and a joint report drawn up by the Commission and the Council to summarise and analyse all such NAPs/inclusion and National Strategy Reports on pensions.

1.4 Health and long-term care currently use a less advanced system of cooperation involving exchanges of information and knowledge. Three broad objectives have been identified in this area and the Member States have completed a questionnaire on the manner in which they include these objectives in their policies. A joint report by the Commission and the Council outlines the main conclusions drawn from the analysis of the Member States' answers.

1.5 The Social Protection Committee is currently conducting a study into the concept of "making work pay" in order to determine the exact contribution that could be made to this overall objective by social protection systems. The different aspects of this issue have been and will continue to be dealt with within the framework of the BEPGs and the Employment Guidelines.

2. **Content of the communication**

2.1 With a view to strengthening the social dimension of the Lisbon strategy, the Commission communication puts forward suggestions for the streamlining of policy coordination on social protection, followed by the synchronisation of the latter with the coordination process for economic and employment policies from 2006. A synchronised timetable has already been drawn up for both for the period 2003-2005.

2.2 The Commission suggests streamlining social protection coordination by means of a single set of common objectives organised into three pillars: social inclusion, pensions, and health and long-term care. These would replace the existing distinct sets of objectives and would be adopted by the Council in 2006 to coincide with the guidelines for economic and employment policies. In principle, they would then remain in place for a duration of three years. They would also include a limited number of cross-cutting issues, such as the notions of gender mainstreaming and making work pay.

2.3 Furthermore, the Member States will be expected to draw up a single report on social protection to replace both the NAPs/inclusion and the National Strategy Reports on pensions and which will cover a period of three years. In the intervening years, the Member States will submit reports outlining any measures taken thus far.

2.4 The national reports will be followed up at European level by a joint report on social protection issued by the Commission and the Council which will assess progress made towards the common objectives in the Member States.

2.5 Indicators will be jointly agreed and used to monitor progress made towards the common objectives.

2.6 The communication also outlines a timetable for the inclusion of the new Member States in the streamlined process.

3. **General comments**

3.1 **On the principle of open coordination in the field of social protection**

3.1.1 The Committee notes the inclusion of the principle of coordination of Member States' social policies in the first part of the draft European Constitution (Article 14(4)), reiterated in part III which states that in the social field this principle will take the form of "*initiatives aiming at the*

establishment of guidelines and indicators, the organisation of exchange of best practice, and the preparation of the necessary elements for periodic monitoring and evaluation" (Article 107, paragraph 2). Both texts form the basis for the so-called "open coordination method". But over and above the significance of this legal basis, it is equally important for it to be supported by a real political will to develop concrete coordination strategies. The Committee feels that this coordination is all the more necessary in view of the slowdown in economic growth.

3.1.2 In this respect, the Committee would call to mind how important it considers the open communication method to be for social protection, as can be seen from its opinions on indicators for social inclusion¹ and the suitability and feasibility of pension systems² and its appeal for an open coordination method for healthcare³.

3.1.3 The Committee notes that the Commission communication focuses on the streamlining and simplification of the various coordination processes in the field of social protection and not on the objectives, guidelines and indicators that form part of these processes.

3.1.4 The latter are to be developed in greater depth at a later stage in the social protection coordination process. Accordingly, the Commission work programme provides for the following before the launch of the new process in 2006:

- a Joint Social Inclusion Report to be submitted in the spring of 2004 subsequent to the NAPs/inclusion presented by the Member States in July 2003 for the period 2003-2005;
- a healthcare and long-term care communication to be presented in spring 2004;
- a report on making work pay to be submitted in spring 2004;
- a consolidated set of indicators together with new demographic and financial projections prior to the introduction or updating of the national strategy reports on pensions in 2005;
- an evaluation of all cooperation undertaken with respect to pensions, social inclusion and healthcare.

3.1.5 The Committee insists that it must be consulted on each of these key stages.

¹ OJ C 221, 17.9.2002 (Rapporteur: **Mrs Cassina**)

² OJ C 48, 21.2.2002 (Rapporteur: **Mrs Cassina**)

³ CESE 928/2003 of 17.7.2003 (Rapporteur: **Mr Bedossa**)

3.2 **On the Commission communication on streamlining open coordination in the field of social protection**

3.2.1 The Committee agrees with the aims of the communication, i.e. to streamline and simplify open coordination in the field of social protection. The Committee particularly welcomes the following positive aspects of this new approach:

- the reinforcement of the social dimension of the Lisbon strategy lending greater political weight to the goals of modernisation and general improvement of social protection;
- the extension of the Lisbon strategy on the basis of positive interaction between the economy, employment and social protection; this necessary synergy will bring benefits to all three sides of the triangle, i.e. sustainable economic growth, more and better quality jobs and greater social cohesion, with the latter constituting a fully-fledged strand of the process;
- the improved structure of the pillars social inclusion, pensions and healthcare achieved by streamlining and simplifying the related process;
- the progressive integration of the new Member States into the process of coordination of social protection.

3.2.2 The Committee welcomes the enthusiasm shown in the communication for an open approach. The communication stresses "the high degree of organisation of civil society in relation to social exclusion", and the need for "the involvement of a range of actors - the involvement of social partners and consultation with NGOs and representatives of sub-national branches of government". Governments and public authorities must also demonstrate a real desire to open up the processes involved and include both the social partners and all other organisations concerned so that they might make an effective contribution. The Committee is of course aware that the partners involved vary according to the case at hand.

3.2.3 However, despite this positive evaluation, the Committee has some reservations and concerns.

3.2.3.1 The Committee fears that the processes used at the moment will lose steam during the transition period prior to the launch of the new system in 2006 and may even peter out entirely or stagnate. This applies in particular to the process of social inclusion, but also to pensions (the aim being both adequate provision and a feasible retirement system) and healthcare, which has thus far been unsuccessful in adopting the open coordination method as underlined by the Committee in its opinion⁴.

⁴ idem

3.2.3.2 The Committee also fears that bringing the various processes together into one global mechanism to be introduced in 2006 will damage the specific nature of the individual pillars of social inclusion, pensions and healthcare. Each of these faces quite distinct challenges. For example, the goal of social inclusion not only raises the issues of minimum earnings and employment, but also accommodation, education, health, access to justice, etc. Similarly, the healthcare sector faces challenges specific to patients requiring long-term care, the elderly and people with a disability. Each of these areas involves a different set of players, in particular the social partners and relevant NGOs and other organisations, such as social economy organisations, patients' and care-providers' associations, etc. This concern is expounded in further detail below.

4. Specific comments

4.1 The Committee insists that the **common objectives** must be more clearly defined. The proposal made by the Commission to replace the existing distinct sets of objectives in the fields of social inclusion, pensions and healthcare and long-term care with a set of common overall objectives raises a number of questions and leads to confusion. It is not evident in what way these objectives are "common". Is this because they apply to all three pillars? The Committee is concerned that any objectives that are common to the pillars of social inclusion, pensions and healthcare all at once will necessarily be very general in nature and that this would be out of sync with the specific nature of the problems at hand. Accordingly, the Committee feels that specific objectives relating to each individual pillar must be added to the common objectives. Otherwise, the entire process would be weakened. The Committee would like this issue to be dealt with as a priority and would ask the Commission to provide firm guarantees in this respect. The Committee further insists that the new objectives must not damage any progress already made, above all in terms of social inclusion, and demands that the continuity of work already undertaken must be maintained. Lastly, the Committee calls to mind its desire for objectives to be set by the Member States at national level in addition to the European objectives.

4.2 The Committee shares the Commission's view that it is necessary to consider a limited number of **cross-cutting issues**. However, should specific objectives be added to the common objectives, as advocated by the Committee, a large number of further, horizontal issues could render the process more complex, contrary to the desired simplification and streamlining.

4.2.1 The Committee welcomes the inclusion of the particularly important notion of gender mainstreaming in the cross-cutting issues. The Committee asks that concrete projects relevant to gender mainstreaming be clearly identified within each individual field and that details concerning the implementation of these projects be included in the annual national reports and closely followed up at European level.

4.2.2 The principle "to make work pay and provide secure income" is one of the four broad objectives of the modernisation and improvement of social protection cited by the Commission in its

communication of 1999⁵. As this topic is also dealt with as part of the BEPGs and the Employment Guidelines, coordination of activities is, in the Committee's view, in any case necessary given the importance of this issue.

4.3 The Committee agrees that by requesting that the Member States submit a **single report** on social protection, the synergy between the activities undertaken in each pillar could be enhanced and any overlapping prevented. However, the Committee is also aware of the risks inherent in a minimalist approach in terms of taking account of the specific problems related to each issue. It will be difficult to achieve the same depth of content in a report covering all three topics as in separate reports for each. Hence it is essential that the single report should correctly follow up any undertakings made in the NAPs/inclusion and the strategy reports on pensions and thus maintain the momentum.

4.4 As the Member States are to draw up annual reports focussing on progress made in attaining the common objectives, the Committee approves of the **three-year cycle** chosen for the national programming reports. The annual national reports will be necessary to ensure that any progress made is correctly followed up at European level and to assist the Commission and the Council in drawing up their annual **Joint Social Protection Report**, which is therefore a key instrument in the new process.

4.5. As the communication stresses, the greatest challenge for the new process will be to monitor progress made in all of the areas concerned in a both transparent and effective manner. It is essential that a set of **indicators** be developed. The Committee understands the Commission's concern to ensure that the overall number of indicators remains concise, but stresses that it will only be possible to assess the extent to which objectives and guidelines have been met if the indicators used are sufficiently valid and detailed. The Committee calls to mind its earlier comments in this respect⁶ and its request to be consulted on new proposals.

4.5.1. The Committee is satisfied that the new process will lead to greater visibility of **EU-level social statistics** in that it will require more reliable, comparable and up-to-date data.

5. Conclusions

The Committee notes the inclusion in the draft European constitution of the principle of coordination of the social policies of the Member States, but feels it to be equally important for this principle to be based on a real political will to draw up concrete strategies.

⁵ Communication from the Commission on **A concerted strategy for modernising social protection** COM(99)347

⁶ OJ C 221, 17.9.2002 (Rapporteur: **Mrs Cassina**)

The Committee finds it particularly positive that the communication aims to reinforce the social dimension of the Lisbon strategy, lending greater political weight to the goals of modernisation and improvement of social protection.

The Committee feels that particular attention must be paid to ensuring that by bringing the different processes together into one global mechanism the specific nature of the individual fields of social inclusion, pensions and healthcare does not become lost. Each of these sectors faces distinct challenges, involves a different set of players and calls for specific objectives.

It is essential that the single report should correctly follow up any undertakings made in the NAPs/inclusion and the strategy reports on pensions and thus maintain the momentum.

Brussels, 30 October 2003

The President
of the
European Economic and Social Committee

The Secretary-General
of the
European Economic and Social Committee

Roger Briesch

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