

Introduction to Policy Elements of the European Union

1. THE LISBON STRATEGY

The 'Lisbon Strategy' (also referred to as the Lisbon Agenda) is a way of describing the more immediate priority objectives of the EU for the period 2000-2010. It is called the 'Lisbon Strategy' because it was agreed at the Lisbon Council in 2000 when the Heads of State and Government of the EU agreed the following vision: "*To make the EU the most competitive and dynamic knowledge based **economy** in the world capable of sustaining more and better **jobs** and with greater **social cohesion**". Progress in reaching this objective is reported to the EU Spring Council (March every year) which decides the key priorities for following up on the Lisbon Agenda. The Gothenburg Council in 2001 made **environmental** protection part of the 'Lisbon Strategy'.*

Following changes in most of the Governments who agreed the Lisbon Strategy, the election of a new European Parliament and the appointment of a new Commission in 2004, an evaluation of the Lisbon Strategy was launched. This evaluation was strongly influenced by the report of the 'Kok Group' which was appointed by the Council to prepare an input into the evaluation. This evaluation led to a revised Lisbon Strategy which was agreed at the Spring Council 2005. The revised Lisbon Strategy did not change the original intentions of the Lisbon strategy but it did decide that the future orientation of the strategy should focus on **Growth and Jobs**. In addition it decided on a new method of governance for the Lisbon Strategy, involving the adoption in June 2005 by the Council of [Integrated Guidelines for Growth and Jobs](#) (integrating the Broad Economic Policy Guidelines –divided between Macro and Micro Economic Guidelines- and the Employment Guidelines).

The new Integrated Guidelines become the basis for Member States to produce [National Reform Programmes](#), which were submitted to the Commission in October 2005 for the period 2005–2008. National Reform Programmes (NRP) are structured into macro, micro economic and employment chapters, each providing a presentation of the situation, an outline of initiatives and measures taken in response, and a description of budgetary resources involved, including structural and cohesion funds. The employment section replaces the previous National Action Plans for Employment which were developed under the Employment OMC.

These National Reform Programmes should contribute to the goal of social inclusion, through a process of **feeding in and feeding out** between the Lisbon strategy and the OMC (how Lisbon contributes to social inclusion and how the OMC on SPSI contributes to growth and jobs). The Commission encouraged the involvement of all relevant bodies in the preparation of these National Reform Programmes, they particularly mention public authorities at national, regional and local levels, social partners and 'where appropriate' civil society. Responding to the Commission, Member States have appointed national Lisbon Coordinators ('Mr/Ms Lisbon').

On the **25th January 2006**, the Commission published its [first Annual Progress Report](#) (APR). Part I evaluates the process followed in drawing up the reform programmes, and highlights a number of key initiatives, attaching a short list of good practice examples. It also includes a more detailed analysis of the macro/micro and employment aspects linked to the Integrated Guidelines. This section serves as the basis for the Joint Employment Report. Part II provides a detailed assessment of the National Reform Programmes, assessing strengths and weaknesses, but without going so far

as to make formal country specific recommendations.

2. OMC ON SOCIAL PROTECTION AND SOCIAL INCLUSION

At the **Lisbon** European Council of March 2000, Member States and the European Commission agreed to take steps to “*make a decisive impact on the eradication of poverty by 2010*” and fixed the Union's ten year strategic goal of sustained economic growth, more and better jobs and greater social cohesion. Fighting poverty and social exclusion is a key element in ensuring that the EU meets this commitment.

Member States since co-ordinate their policies for combating poverty and social exclusion on the basis of a process of policy exchanges and mutual learning known as the 'Open Method of Coordination' (OMC), which had already been used in the employment field. From 2001 to 2005 this method only focused on social inclusion and was developed around a set of four objectives on the fight against poverty (access to resources, rights, goods, services and employment, prevention of poverty, addressing situations of poverty and mobilising all actors including NGOs). Since 2006, three policy areas are jointly addressed through this process, now known as the streamlined “Open Method of Coordination on social protection and social inclusion”:

1. The fight against poverty and social exclusion
2. Adequate and sustainable pensions
3. Accessible, high quality and sustainable health and long-term care.

The Open Method of Coordination involves:

- Agreeing EU-level common objectives (these were revised in 2006 to reflect streamlining)
- Developing common indicators to measure progress towards these objectives and ensure comparability
- Developing National Reports on Strategies for Social Protection and Social Inclusion, which translate these objectives into policies at national level. The National Action Plans on social inclusion (NAP/incl) remain self-standing Plans and make up one of the sections within these reports
- Establishing a Community Action Programme, promoting policy cooperation, exchange of good practice and European level mobilisation. This programme will be replaced in 2007 by the PROGRESS Programme (see separate section)
- European reports (Joint Reports by the Council and the Commission) documenting the outcomes of the process and highlighting the key challenges ahead.

3. EMPLOYMENT

In 1997 The Amsterdam Treaty, with a new chapter on Employment has been an important step: whilst employment

policies remain national competence, it clearly gives to the European Institutions a stronger role. Structural Funds are one of the main financial tools to deliver the strategy.

The components of the EES are

- a) Guidelines are proposed by the Commission and adopted by the Council
- b) On the basis of which Member States develop annual National Action Plans for Employment
- c) Recommendations to each MS regarding its employment policy are proposed by the Commission and adopted by the Council.
- d) Each year a Joint Employment Report is established by the Commission and the Council which assesses the national employment policies, it is forwarded to the Spring Council.
- e) A peer review process had been set up to support the assessment of the national best practices. National practices selected by the EMCO are reviewed by other countries and independent experts.
- f) Indicators are selected to assess progress made by Member States

The Employment Committee (EMCO) has been established, with advisory status to promote coordination between MS on employment and labour market policies (Article 130). It gathers two representatives for each MS.

An Employment Committee subgroup does a specific work on indicators. The EMCO ad hoc group gathers a restricted number of EMCO members and prepares the work of the full EMCO regarding some selected issue (for example the ad hoc group makes a review of the NAPs).

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From the revision of the Lisbon strategy in 2003, this EES has been integrated in the Lisbon strategy and is now the employment part of the Lisbon strategy.

Two main key themes are currently dominating the Employment Strategy:

→ Activation and Make Work Pay

→ Flexicurity.

Flexicurity is defined by the Commission as *‘a strategy to enhance, at the same time and deliberately, the flexibility of labour markets, work organisations and labour relation on the one hand, and security – employment security and social security – on the other. The key principles that underpin a flexicurity strategy are that flexibility and security should not be seen as opposites, but can be made mutually supportive.*

Even if the Commission defends a reasonably balanced approach, there are doubts re the capacity of Member States not to pick and choose in the flexicurity approach only the flexibility aspect and enhance deregulation of the labour market.

4. THE EU SUSTAINABLE DEVELOPMENT STRATEGY

The [EU's Sustainable Development Strategy](#) is defined as the overarching, long-term strategy for the EU, designed to bring about a high level of environmental protection, social equity and cohesion, economic prosperity and active promotion of sustainable development worldwide. The UN defines it as development that *“meets the needs of the present without compromising the ability of future generations to meet their own needs”*.

The first EU Sustainable Development Strategy (SDS) was adopted in 2001 at the Gothenburg Council meeting. Since then, the Lisbon Strategy has been introduced and

these two strategies are meant to be “mutually reinforcing, targeting complementary actions, using a range of instruments and producing their results in different time frames”. Since the beginning the sustainable development strategy has spoken about the fight against poverty and social exclusion.

The EU SDS has recently undergone a review. The most recent Commission communication (Dec 2005) focuses action on the key challenges of Climate Change and clean energy; Public Health threats; Social exclusion, Demography and Migration; Management of Natural Resources; Sustainable Transport and Global Poverty and Development.

5. STRUCTURAL FUNDS

The Structural Funds and the Cohesion Fund are intended to narrow the gaps in economic and social development among the regions and Member States of the European Union. Representing more than one third of EU’s budget, the Funds constitute substantial financial assistance that shapes the long-term development of the recipient countries and regions.

New challenges for 2007-2013 – For the period 2007-2013, cohesion policy will benefit from 35.7% of the total EU budget (347.41 billion euros), and its general framework has undergone major reforms to tackle challenges raised in particular by enlargement. Aiming at a more strategic approach, and a more decentralised management, the new Cohesion Policy has been concentrated on [three main objectives](#), each targeting specific types of [regions](#) and [Member States](#):

- convergence (81.54% of funds, mostly targeted at regions with a per capita GDP at less than 75 % of the Community average);
- regional competitiveness and employment (15.95%);
- European territorial cooperation (2.52%).

These objectives are to be met mostly through three funds: European Regional Development Fund ([ERDF](#)), the European Social Fund ([ESF](#)) and the [Cohesion Fund](#) (Member States whose GNI is lower than 90% of the EU average). New financial instruments have also been created to support innovative approaches and cooperation with the European Investment bank: [Jaspers, Jeremie and Jessica](#).

For the first time, strong coherence between cohesion policy, the Lisbon and Gothenburg strategy is also required: according to the “earmarking” process, at least 60% of the funds (in convergence regions, 75% for competitiveness regions) should be targeted towards [Lisbon related fields](#) supporting a “growth and jobs” approach.

What can the funds do to tackle poverty and exclusion? Although primarily known for their contribution to growth through support to physical infrastructures, structural funds have significantly contributed to tackle poverty and exclusion since the creation of the ESF in 1957 and ERDF later on. This was achieved by supporting a wide range of projects more or less directly employment-related, ranging from community support to formal, but also non formal education and training, support for access to services....

The process: where are we now? The [2007-2013 process](#) of adopting national and regional frameworks is marked by a strong degree of decentralisation. The Funds’ budget and the rules for its use ([regulations](#)) are decided by the Council

and the European Parliament on the basis of a proposal from the European Commission. These are completed by a more strategic document, the [Community Strategic Guidelines](#), in charge of ensuring coherence with the general objectives of the Union. On this basis, each Member State has to submit a National Strategic Reference Framework, outlining broad priorities, to be negotiated and validated by the European Commission within three months upon reception. At a later stage, Member States and regions are also required to send Operational Programmes presenting the priorities of the Member State (and/or regions) as well as the way in which it will lead its programming (different from ESF and ERDF, some 444 OPs are expected), to be agreed by the Autumn of 2007.

6. SERVICES OF GENERAL INTEREST /SOCIAL SERVICES

One of the main ambitions of the revised Lisbon Strategy is to complete the internal market in the area of Services, which provide 75% of EU jobs and 65% of GDP in the EU. This means enabling the Service Sector to operate across member state boundaries. However the Commission has recognized that many services are of important public or "general interest", and require specific safeguards. Following the public consultation launched by the Commission's [Green Paper on Services of general interest](#) (PDF) (May 2003), the [White paper on services of general interest](#) published in May 2004 proposed the need for a more systematic approach in the field of social and health services of general interest..

Dialogue with civil society was a crucial element in this process with a conference held on "[Social services of general interest in the EU - Assessing their specificities, potential and needs](#)" (PDF) , 28-29 June 2004.

In February 2004, the Commission published its [draft 'Services Directive'](#), aiming to liberalise the market in services in Europe. The directive could have huge implications for a huge range of services provided by NGOs such as social and health services in the EU. Whilst the current proposal excludes Services of General Interest from the Directive, Services of General Economic Interest have remained included, which affect many social and health services which have an economic nature.

The main demand from NGOs has been to press for the exclusion of social and health services from the Directive, asking that these should be covered by a specific framework directive which will deal with the specificity of the sector. The European Parliament has taken a strong position on the whole of the Services Directive, as a result of effective lobbying by the sector has agreed to exclude social and health services, as part of the consensus reached in its [first reading](#) on the 16th February 2006. On the 4th April the Commission published its [revised proposal](#), taking full account of the Parliament's consensus position. On the 24th April the Commission published its long-awaited [Communication on Social Services of General Interest](#). It goes some way towards giving a definition of the specificity of social services but delays any action, until a report is written at the end of 2007, analysing trends, case law and current developments.

7. MINIMUM INCOME/ACTIVE INCLUSION

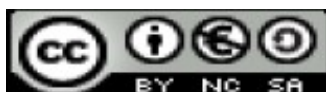
Minimum income is one of the cornerstones of social protection systems. On the 24th June 1992, the European Council agreed unanimously to lay down common criteria on “sufficient resources and social assistance in social protection systems” ([Recommendation 92/441/EEC](#)). Since then most Member States have introduced minimum income systems, but there are significant differences in how these schemes work and their impact on vulnerable people. In the Social Agenda published in February 2005, the Commission reiterated its commitment to publish a communication on the issue. This was finally published on the 8th February 2006, in the form of a [Consultation “On action at EU level to promote the active inclusion of the people furthest from the labour market”](#). The consultation was focussed around 3 questions related to the need for action at EU level and lasted 10 weeks. Its primary focus was on ensuring that minimum income schemes do not act as a disincentive to labour market insertion. It also set out a new comprehensive policy strategy for supporting those furthest from the labour market based on **3 pillars: social protection and minimum income, access to services and active labour market measures**.

8. EU CONSTITUTION / PLAN D

The European Commission launched in October 2005 laying the foundations for the profound debate about Europe’s future, faced with French and Dutch no votes on the European Constitution in the Spring of 2005. Heads of Government called for a “period of reflection” to enable a broad debate to take place in each Member State. Ultimately, Governments steer these national debates forward, but the Commission has a key role in facilitating the process. The Commission’s “Plan D” - Democracy, Dialogue and Debate - puts in place a framework, through national governments, for a 25 country debate on Europe’s future. The clear objective is to build a new political consensus about the right policies to equip Europe to meet the challenges of the 21st Century.

Ideally, a solution should be found on the Constitutional Treaty by the next European elections in 2009.

European anti poverty network



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