Joint Opinion of the Social Protection Committee and the Economic Policy Committee on the Commission Communication on “Working together, working better: proposals for a new framework for the open co-ordination of social protection and inclusion policies”\(^1\)

1. Background to the proposal under consideration

The Social Protection Committee (SPC) and the Economic Policy Committee (EPC) have considered the communication in the light of their respective Treaty mandates and joint responsibilities. The communication under consideration is aimed at underpinning the social dimension of the Lisbon strategy responding to successive mandates from the Council (see annex II). It builds on the Commission’s communication of May 2003 on “Strengthening the social dimension of the Lisbon strategy: Streamlining open coordination in the field of social protection”\(^2\).

The SPC and the EPC acknowledge that the re-launch of the Lisbon process has sharpened the context with which work on social protection and social inclusion must interact. The committees wish to stress the mutually reinforcing nature of sound economic and properly designed social policies. The EPSCO Council of 3 March 2005 reiterated that economic growth and more and better jobs are crucial conditions for strengthening the European Social Model, social cohesion and sustainable development, while modernising social protection is essential for growth and employment as well as for social cohesion. The Ecofin Council on 8 March 2005 affirmed that, if it is to achieve the targets set in Lisbon, Europe must focus more on growth and employment against a backdrop of sound macroeconomic management, while striving for social cohesion and environmental sustainability. The committees also recall that making a decisive impact on the eradication of poverty by the year 2010 is a fundamental objective of the Lisbon strategy\(^3\).

The 2005 Spring European Council further highlighted that Europe must renew the basis for its competitiveness, increase its growth potential and strengthen social cohesion. It also endorsed the 2005-2010 Social Agenda and its reinforcement of the European Social Model based on the quest for employment and social cohesion\(^4\). The Council considered that raising employment rates and extending working life, coupled with reform of social protection systems, provide the best way of maintaining the present level of social protection. The Council also stated that “Social inclusion policy should be pursued by the Union and by Member States, with its multifaceted approach, focusing on target groups such as children in poverty”\(^5\).

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4. The Council decision of 12 July 2005 on Guidelines for the employment policies of the Member States stated that “The strengthening of social cohesion also constitutes a key element for the success of the Lisbon Strategy. Conversely, as set out in the Social Agenda, the success of the European Employment Strategy will contribute to the achievement of greater social cohesion” (OJ L 205/21).
At the Informal Meeting of Employment and Social Affairs Ministers of January 2006 in Villach, the Ministers recognised the role of a streamlined social protection and inclusion process in supporting the Member States in modernising and further developing their national social protection systems. By improving the synergies between the different strands of work and by promoting co-operation and exchange of good practices and mutual learning, the streamlined open co-ordination will be better integrated with the revised Lisbon strategy both at national and European level, in order to ensure that economic, employment and social policies will have reciprocally beneficial effects and that social protection will be able to function effectively as a productive factor.

2. The response of the SPC and the EPC to the core elements of the Commission’s proposal

The SPC and the EPC welcome the proposal for a new framework for the open co-ordination of social protection and inclusion policies as an important contribution to the established objective of underpinning the social dimension of the Lisbon strategy while streamlining Member States' reporting obligations.

The SPC and the EPC recall that the underlying objective of the Open Method of Co-ordination in the field of social protection is to support Member States in their efforts to reform and modernise their systems on the basis of common agreed objectives, while respecting the competence and responsibility of the Member States for the organisation, design, financing and implementation of social protection policies, according to the principle of subsidiarity.

The committees agree that the added value of the OMC is the promotion of good policy-making for a high level of social protection and social cohesion and that the streamlined OMC will reinforce the revised Lisbon strategy. Both will contribute to bridging the implementation gap identified in the review of the Lisbon strategy. Social protection systems must be modernised so as to ensure that they are financially viable and provide incentives to the working age population to participate actively in the labour market, while at the same time fulfilling their goals in terms of access and adequacy.

It is essential that the new streamlined framework bring about simplification and a reduction in the reporting burden without either weakening or downgrading the OMC. Common objectives and a single report will allow the Member States to develop a more strategic approach to the challenges they face, but it will also be important that the specificities of each strand be respected, and that work under each strand be allowed to develop according to its own priorities and particular features. The focus on promoting better governance and greater involvement of stakeholders which can lead to better policy-making is especially welcomed.

The Committees also agree on the need for greater visibility for the OMC and welcome the proposal of taking advantage of the “light years” for bringing the lessons learned in the OMC to bear on the national debate. This should make it easier for European citizens to see that social protection, social cohesion, and social inclusion are priorities at EU level.
The committees welcome the fact that the current joint working arrangements between the SPC and the EPC will continue under the streamlined procedures. They agree that the long-term projections by the EPC on age-related public expenditures should continue to be used fully in the context of the OMC.

On the basis of what precedes, the SPC and the EPC support the establishment of common objectives according to the proposals in the communication in object. The committees propose that the objectives will be amended as set out in annex I. They agree that it is crucial to pay due regard to ensuring the consistency and mutual reinforcement between policies aimed at achieving the streamlined objectives for the OMC and existing processes (the Integrated Guidelines, the multilateral surveillance process, the Stability and Growth Pact etc.) in order to achieve the objectives in art 2 of the Treaty establishing the European Community.

3. The response of the SPC and EPC to detailed aspects of the proposal

While emphasising the need for including, as far as possible, the results of work done under the OMC in the National Reform Programmes, the SPC and the EPC welcome the proposal for National Reports on strategies for social protection and social inclusion that will draw high-level and summary messages while addressing the specific challenges of each pillar. The SPC also welcomes the proposal to maintain National Action Plans for social inclusion within the framework of the synthetic and focused National Reports on strategies for social protection and social inclusion. A focus on child poverty and on breaking the intergenerational transmission of poverty should be developed in this context. If Member States so wish, they may draw on more detailed national plans or strategies for social inclusion in producing their national reports.

The committees welcome the fact that guidelines will clarify how Member States might best report in response to the streamlined objectives. These guidelines will make clear that Member States when reporting may choose to emphasise certain objectives or to combine the reporting on different objectives.

The SPC and the EPC note that for pensions the current role of setting out the strategy for the modernisation of the pension system to meet current and future challenges will continue. However, since Member States have presented comprehensive and forward-looking strategies for pensions in 2005, the first streamlined submission on pensions in 2006 should be very light in nature.

In the area of health and long-term care, where co-operation is more recent, the SPC welcomes the synthesis of the Preliminary Policy statements that were presented in 2005, as it offers a solid basis for further work\(^6\). The first plans for health and long-term care should identify issues on which mutual exchange and learning can take place.

\(^6\) Review of Preliminary National Policy Statements on Health Care and Long-Term Care, memorandum of the Social Protection Committee, 2005
A gender perspective should be mainstreamed in all three strands, and the needs of people with disabilities should be highlighted as appropriate. To assist in the preparation of the national reports, a roadmap should be prepared by the Commission and discussed with the SPC.

The identification of common challenges and an extensive exchange about possible approaches to solutions should provide an adequate framework for national reform efforts. In keeping with the March 2005 European Council conclusions, Member States are encouraged during the intervening years of the three-year cycle to include in their National Reform Programmes all developments in the fields of social protection, in particular for pensions and health, and inclusion that are covered under the Integrated Guidelines for growth and jobs. As for those aspects and developments that are not covered by the Integrated Guidelines, Member States should be free to document new policy initiatives or the progress made in implementing existing strategies, in order to facilitate the exchange of good practices and views on policy, and foster the process of mutual learning within the OMC and with the support of the PROGRESS line.

The Committees agree that the National Reports on Strategies for Social Protection and Social Inclusion will normally cover a forward-looking period of three years and that reports will be submitted in September in order to fit in with the new Lisbon timetable and facilitate the “feeding in” of relevant issues. However, the first submission in September 2006 will exceptionally cover a two-year period only, in order to allow full synchronisation with the three-year Lisbon cycle in 2008.

In this context, the SPC and the EPC welcome the aim to streamline the list of indicators in order to keep the list short and promote prioritisation and concentration of the efforts at reform, improving transparency and public perception of policy outcomes. At the same time, work to improve the indicators’ capacity to underpin and monitor the implementation of policies within each strand will continue. The use of existing sources should be optimised, with a focus on improving the quality of the indicators and integration with national sources. A focus should also be developed on how to sharpen the assessment of the interaction of social cohesion with employment and growth policies. In order to support and monitor the implementation of their national strategies, Member States are invited to set targets at national – or sub-national - level.
Annex I

The communication “Working together, working better: proposals for a new framework for the open co-ordination of social protection and inclusion policies” sets forward detailed proposals for the streamlining of the Open Method of Co-ordination (OMC) in the field of social protection and inclusion. The existing OMC’s in the fields of social inclusion and pensions, and the current process of co-operation in the field of health and long-term care, will be brought together under common objectives – in continuity with the Nice and Laeken objectives - and simplified reporting procedures.

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 II

Acting according to its responsibilities under article 144 of the Treaty establishing a European Community, which gives the Social Protection Committee (SPC) advisory status in order to promote co-operation on social protection policies between Member States and with the Commission;
The Economic Policy Committee (EPC) assists the Council and the Commission in the assessment of national pension strategies, with a focus on the economic and budgetary implications of pensions systems as part of the multilateral surveillance process (Article 99 of the Treaty);

The committees recognise that the communication under consideration responds to successive mandates from the Council, in particular:

The conclusions of the European Council of Lisbon in March 2000 which established the aim of creating greater social cohesion, including through the modernisation of social protection systems, as one of Europe’s overall strategic objectives and agreed that Member States should co-ordinate their strategies for combating poverty and social exclusion on the basis of an Open Method of Co-ordination (OMC);

The Council Decision of 29 June 2000 establishing a Social Protection Committee, later repealed, following the coming into force of the Treaty of Nice, by Council Decision of 4 October 20041, which gave the SPC additional tasks;

The European Council of Nice 2000 that launched a European strategy for social inclusion, with common agreed objectives and national action plans for inclusion covering a two-year period;

The request from the 2001 European Councils of Stockholm and Gothenburg to apply the OMC to the domain of pension policy on the basis of joint work to be undertaken by the SPC and the Economic Policy Committee;

The request from the European Council of Gothenburg of June 2001 to extend the work already begun on adequate and sustainable pensions to cover health and long-term care;

The European Council of Laeken of December 2001 which noted the Joint Report of the SPC and the EPC on objectives and working methods in the area of pensions and called on the Council to take a similar approach in the area of healthcare and care for the elderly;

The conclusions of the European Council of March 2003 that endorsed the mandate for streamlining and called for the application of the OMC to support Member States in the reform and development of health care and long-term care;

The conclusions of the European Council of March 2005 that called for the re-launch of the Lisbon strategy without delay and the re-focusing of priorities on growth and employment and restated that “Social inclusion policy should be pursued by the Union and by Member

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States, with its multifaceted approach, focusing on target groups such as children in poverty”.