



EPHA Briefing for members

Subject	An introduction to the Open Method of Coordination (OMC)
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Background

The **Open Method of Coordination (OMC)** is becoming increasingly important as a new mode of governance in the European Union. It was formally introduced by the **Lisbon European Council of March 2000** although policy processes embodying several features of the OMC had already been in operation throughout the preceding decade, the best examples being the **Broad Economic Policy Guidelines** introduced by the Treaty of Maastricht (1992) and the **European Employment Strategy** inaugurated by the Treaty of Amsterdam (1997).

The Lisbon Council coined the term and extended the application of OMC to several other policy areas, most notably social protection but also education and training, enterprise policy, innovation policy and research as well as structural economic reform. Since the Göteborg European Council (2001) it has also been applied in the area of immigration and asylum – sectors not directly related to the Lisbon process.

The logic of OMC

The Open Method of Coordination is a **radically innovative approach** to EU governance based on **“soft law” mechanisms** and **mutual learning**. It has been devised as an instrument to share best practices and **increase policy convergence in areas which remain a primary responsibility of national governments** but are of concern to the EU as a whole, such as the long term unemployment, ageing population or the necessary reform of social protection systems.

In contrast to the traditional “Community method”, it **aims at coordination rather than**



harmonisation of national policies. It commits Member States to work together towards shared goals while respecting legitimate national diversity. It is also more intergovernmentalist and voluntaristic than the traditional EC methods.

Key differences between the OMC and the traditional “Community method”		
	OMC	Community method
Aim	Greater convergence of national policies towards common European objectives	Harmonisation of national policies
Instruments	“soft law” mechanisms: guidelines and indicators, benchmarking and sharing of best practices, multilateral surveillance	Legally binding legislation: directives, regulations, decisions
Enforcement	Compliance is voluntary. There are no sanctions Effectiveness results from multilateral surveillance, peer pressure, “naming and shaming”	Implementation of Community rules is monitored by the European Commission Infringement proceeding before the European Court of Justice in case of breach of Community law
Key players	Key role of Member States (Council + European Council) Reduced role of the Commission No formal role for the Parliament, ECJ, Committee of the Regions and Economic and Social Committee	Institutional triangle composed by the Commission, the Council and the Parliament Central role of the Commission in the initiation, formulation and implementation of EU policies
Intergovernmentalism versus supranationalism	More inter-governmental Decisions taken by consensus	More supranational Central role of the Commission (a supranational body) Qualified majority voting as a rule

Basic elements of the OMC

The OMC, as defined only by the Lisbon European Council, involves the following elements:

- **fixing guidelines** for the Union 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 practice;
- 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 organized as mutual learning processes**.¹

The above list provides an illustration of the most complete form of the method. It has to be noticed, however, that OMC processes vary considerably across policy areas. Thus, for example, the Commission and the Council may issue joint recommendation to the Member States on the implementation of the European Employment Strategy and the Broad Economic Policy Guidelines but not in other policy areas. Common statistical indicators or benchmarks have been established for economic policy, structural reforms, employment, social inclusion and education, but not yet for pensions.

OMC in the field of social protection

The Lisbon European Council set out a ten-year strategy to make the Union “**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**”. (For more details, see EPHA's briefing note on the Lisbon Strategy).

In June 2000, the Council decision² set up an advisory **Social Protection Committee** to “serve as a forum for co-operative exchange and to facilitate mutual learning between the Member States and the European Commission regarding the common challenges facing Member States in the modernisation of their social protection systems”. The Council decision listed four broad objectives for this exchange:

- “to make work pay and provide secure income,
- to make pension safe and pension system sustainable,
- to promote social inclusion, and
- to ensure high quality and sustainable healthcare”.

So far, the highest priority has been given to coordinating national policies in the field of

¹ Lisbon European Council conclusions, 2000, para. 37.

² 00/436/EC: Council Decision of 29 June 2000 setting up a Social Protection Committee, <http://europa.eu.int/infonet/library/n/2000436ce/en.htm>.

social inclusion and sustainability of pensions.

Social inclusion:

Decision to apply the OMC was taken by the Lisbon European Council (March 2000)

Key elements of OMC:

- **Common Objectives** on poverty and social exclusion (agreed at the Nice Summit in December 2000 and revised at the Employment, Social Policy, Health and Consumer Affairs Council in December 2002)
- **National Action Plans** against poverty and social exclusion (the first set of plans adopted in June 2001, the second – in July 2003)
- **Joint Reports on Social Inclusion** (Sept.- Dec. 2003) and regular monitoring, evaluation and peer review
- **Common Indicators** to provide a means of monitoring progress and comparing best practice
- **Community Action Programme** to encourage cooperation between Member States to combat social exclusion

More information on the social inclusion process is available at:

http://europa.eu.int/comm/employment_social/soc-prot/soc-incl/index_en.htm

Pensions:

Decision to apply the OMC taken by the Laeken European Council (December 2001)

Key elements of OMC:

- A set of 11 common objectives grouped under three broad headings: pension adequacy, financial sustainability and modernisation (indicators currently being discussed)
- **National Strategy Reports** (first round submitted by to the European Commission in September 2002, second round – due in July 2005)
- Periodic monitoring/evaluation => Joint Commission/Council Report on Pensions (Brussels European Council, March 2003)
- other documents dealing with the discussion of pensions within the Social Protection Committee.

More information on the EU pensions process is available at:

http://europa.eu.int/comm/employment_social/soc-prot/pensions/index_en.htm

Possible application of OMC to Health and Long-Term Care

According to the Treaty, **responsibility for the organisation and funding of health care and elderly care rests primarily with the Member States**. National care systems, while very different in design, delivery and funding, must nevertheless address increasingly similar challenges such as the demographic ageing, technological progress or patients' expectations. The “open method of coordination” might therefore be instrumental in bringing about a process of mutual learning and co-operative exchange between Member States.

It is noteworthy that the **EU Constitutional Treaty**, as agreed by the European Council in June 2004, **acknowledges the application of OMC to public health in all but name**. Article III-179 of the Treaty stipulates that “Member States shall, in liaison with the Commission, coordinate among themselves their policies and programmes”, in particular through “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”.

The steps taken so far:

The conclusions of the **Lisbon European Council (March 2000)** stressed that social protection systems needed to be reformed in order to be able to continue to provide good quality health services.

In June 2001, the Göteborg European Council, in its consideration of what is needed to meet the challenges of an ageing society, called for work on the development of EU-level policy orientations in the field of health care and care for the elderly.

The **Commission Communication of December 2001**³ proposed the following **three common long-term objectives for developing health care systems** throughout the EU:

- **Ensuring access to care** based on the principles of universal access, fairness and solidarity.
- Promoting **high-quality care**;
- Guaranteeing the **financial sustainability** of health care

Following the endorsement of these objectives by **Barcelona European Council (March 2002)**, a **questionnaire**⁴ was sent to all the Member States, which aimed to examine more thoroughly the questions of access, quality and financial sustainability of health care and care for the elderly. The

3 Commission Communication “The future of health care and care for the elderly: guaranteeing accessibility, quality and financial viability”, COM (2001) 723, 05/12/2001.

Available at: http://europa.eu.int/comm/employment_social/news/2002/jan/com2001_723_en.pdf

4 http://europa.eu.int/comm/employment_social/soc-prot/healthcare/questionnaire_en1.pdf

analysis of Member States' replies resulted in a **Joint Council/Commission report**⁵, which recommended that “a process of mutual learning and co-operative exchange between Member States” be continued on the basis of the three broad objectives.

In **March 2004**, the **European Parliament Resolution** called on the Commission to present a proposal allowing for the use of the “open method of coordination” in the field of health and long term care.

Relevant **communication was issued by the Commission in April 2004**⁶. Recommending to apply the “open method of coordination” to the development and modernisation of health care provision and funding, the Commission has emphasised that the OMC is a “flexible tool, respecting the diversity of the national situations and competences” and is therefore “particularly well adapted to the specific features of health care systems in all the branches of social protection”. Moreover, it “will offer an overall policy framework for the reforms, making them more transparent and highlighting the issues common to care systems”. Among potential advantages of applying the OMC to the field of health, the Commission has pointed to:

- **greater consistency with existing social protection processes** (pension reform, social inclusion), with which many areas of common interest exist.
- **closer coordination with other political processes**, including the European Employment Strategy, in particular with regard to the challenges of the ageing workforce in these sectors, and the broad economic policy guidelines. As a result, **the issues of health should be better reflected in the Lisbon Strategy**
- **involving the many actors in this sector**, particularly the social partners, the health care professions and patient representatives, whose role is becoming ever more important.

The proposed **timetable for introducing the OMC** to health care systems is the following:

- **2004: agreement on the joint objectives** + starting work to identify possible indicators for these objectives.
- **By 15 April 2005** (spring European Council): **Member States present “preliminary reports”** covering the challenges facing their healthcare systems, current reforms and medium-term policy.
- **2006:** Commission presents an initial series of **“development and reform strategies”** in health care and long-terms care for the period 2006-2009.

On 4 October 2004, the Commission's proposal was welcomed by the EU Health Council 4,

5 The joint report of the Commission and of the Council “Supporting national strategies for the future of health care and care for the elderly”, 10 /03/3003 http://europa.eu.int/comm/employment_social/soc-prot/healthcare/elderly_en.pdf

6 Commission Communication “Modernising social protection for the development of high-quality, accessible and sustainable health care and long-term care: support for the national strategies using the “open method of coordination”, COM(2004)304, 21/04/2004, http://europa.eu.int/eur-lex/en/com/cnc/2004/com2004_0304en01.pdf

thus endorsing the earlier opinion of Social Protection Committee. While supporting the approach outlined in the Commission's Communication, the SPC and the Council stress that **the OMC should be introduced in a progressive and flexible manner**, while placing a strong emphasis on added value. It should, furthermore, be subject to the following conditions:

- it should not impose an excessive administrative burden;
- health ministries should be directly involved in the OMC process;
- overlaps with the follow-up of the high level reflection on patient mobility should be avoided;
- coherence of views should be ensured within the single EU Council formation of ministers of health and social policy;
- the joint working with the Economic Policy Committee should continue.

In the **Parliament**, the responsibility for drafting a report on the Commission's Communication lies with the **Employment and Social Affairs Committee**. An opinion will also be submitted by the **Committee on the Environment, Public Health and Food Safety**.