

## Una evaluación del método abierto de coordinación de las políticas de los Estados miembros de la Unión Europea

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### Resumen:

Este trabajo tiene su origen en una evaluación llevada a cabo por el autor y varios de sus colegas (desde Euréval y Rambøll Management) para la Comisión Europea, en el año 2007. La evaluación fue aplicada a la coordinación de políticas nacionales, en las áreas de crecimiento económico y empleo. La principal conclusión del informe (<[http://ec.europa.eu/economy\\_finance/](http://ec.europa.eu/economy_finance/)>) reside en que el método abierto de coordinación es efectivo al promover el aprendizaje mutuo, el amplio consenso entre las partes interesadas, el reforzamiento de la legitimidad de quienes promueven reformas y, finalmente, el impulso de reformas en las agendas políticas. El instrumento ha tenido un leve impacto incremental en la mayoría de estados miembros, algo que fue evaluado como un éxito al no esperarse nada más razonable de dicho mecanismo. La evaluación, sin embargo, muestra que el instrumento no funciona exactamente tal y como estaba previsto que lo hiciera.

### Palabras clave:

Evaluación europea, método de coordinación abierta

## An Evaluation of the Soft Coordination of the European Governments' Policies

### Abstract:

This paper derives from an evaluation carried out by the author and several of his colleagues (From Euréval and Rambøll Management) for the European Commission in 2007. The evaluation applied to the coordination of national policies in the areas of economic growth and employment. The main conclusion of the report (<[http://ec.europa.eu/economy\\_finance/](http://ec.europa.eu/economy_finance/)>) is that the soft coordination approach is effective in fostering mutual learning, enlarging consensus among stakeholders, reinforcing reform promoters' legitimacy, and finally pushing reforms upward on the political agendas. The instrument has had a small incremental impact in a majority of Member States, something which was assessed as a success since nothing more could reasonably be expected from such a soft mechanism. The evaluation however shows that the instrument does not work exactly as it was assumed to work.

**Key words:** European Evaluation, Open Method Coordination

Born from the experience gained in the areas of economic affairs and employment, the soft coordination of European national policies gained momentum in the 90's under the name of "Open Method of Coordination (OMC)" (Hodson & al., 2001). This approach relies on soft instruments such as consensus building, mutual learning, stakeholder involvement, and coordination of national reform agendas. Continued debates have questioned the role harder ingredients such as

“naming and shaming”, quantitative benchmarks, league tables, peer reviews, and recommendations pointing out the failures of some Member States.

In the 2005, EU leaders decided to improve the coordination arrangements and the coordination mechanism was reformed in order to clarify responsibilities, foster ownership in the Member States, and merge all joint policy objectives into a simplified “Integrated Guideline Package for Growth and Jobs”, hereafter IGP.

In 2007, the European Commission launched an evaluation of this reform, with a view to the broader picture of Member State coordination over the last ten years. This external evaluation was managed by the Commission and covered a range of coordination activities which were under its responsibility, at least in part. It had a formative purpose and was meant to suggest improvements in both the substance of the guidelines and the functioning of the coordination process.

The main conclusion of the report is that the soft coordination approach is effective in fostering mutual learning, enlarging consensus among stakeholders, reinforcing reform promoters’ legitimacy, and finally pushing reforms upward on the political agendas. However, the instrument has only a small incremental impact in a majority of Member States, something which was assessed as a success since nothing more could reasonably be expected from such a light mechanism. The evaluation however shows that the instrument does not work exactly as it was assumed to work (see 4.1).

This paper derives from the evaluation report<sup>1</sup>, which was written by the author and several of his colleagues<sup>2</sup>. The next pages describe the following points successively:

- The evaluation and the methodological approach applied in order to address cause-and-effect issues, i.e. “contribution analysis”;
- The soft coordination process and the underlying cause-and-effect assumptions;
- The main findings and conclusions.

## **1. THE EVALUATION**

### **1.1. Questioning the effectiveness of coordination**

The evaluation was launched two years after the 2005 reform, and one year before the coordination instrument had to be reviewed. In the terms of reference of the evaluation, the European Commission asked eight questions, of which two pertained to the effectiveness of soft coordination. This paper focuses on these two questions, i.e.

Has the soft coordination instrument helped to raise issues which would otherwise not have been addressed?.

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<sup>1</sup> Evaluation of the Integrated Guideline Package (IGP) for Growth and Jobs  
[http://ec.europa.eu/economy\\_finance/evaluation/pdf/final\\_report\\_ipg\\_en.pdf](http://ec.europa.eu/economy_finance/evaluation/pdf/final_report_ipg_en.pdf)

<sup>2</sup> From Euréval and Rambøll Management

Has the soft coordination instrument been helpful in furthering the reform agenda at national as well as Community level?

Answering the above questions requires that causes and effects be analysed in a context which is challenging for several reasons. First the coordination instrument is applied in a very flexible way through national reform agendas that differ from one another to a significant extent. Second, the instrument is applied in countries that range from large to small, federal to unitary, familiar with EU affairs to newcomers. Third, coordination cannot affect national politics through simple and linear cause-and effect mechanisms. On the contrary the intended effects take shape through multiple chains of effects, applying to a number of distinct stakeholders, most of them being involved in wide open systems. Fourth and finally, all causes and effects are intangible and it is almost impossible to rely on hard facts.

In such a context, it would have been impossible to apply any kind of counterfactual reasoning (what would have occurred in Member State politics in the absence of the soft EU coordination mechanism?). Even the concept of evidence becomes questionable.

## 1.2. Using contribution analysis

The evaluation team addressed the above challenges through an innovative method relying, *inter alia*, on “contribution analysis” and embedded case studies.

Contribution analysis (Mayne, 1999; Mayne, forthcoming) was introduced in 1999. Although it has been extensively discussed over the last decade, practical cases of implementation are still scarce in the literature. The approach proceeds through the following successive steps:

- Delineating the cause-and-effect question(s) and eliciting one or several chains of causal assumptions.
- Collecting primary data and gathering secondary information with an aim to cover all cause-and-effect chains in their whole length. Whether data are qualitative or quantitative is not an issue. On the contrary, it is of major importance to achieve a balance between facts and opinions confirming and falsifying the causal assumptions, and to assess the credibility of all pieces of information.
- Writing a draft text showing the analyst’s interpretation of the whole set of information (draft “contribution story”). This text follows the chains of causal assumptions in a step-by-step way. At every stage, the analyst assesses (1) whether the intended change or event occurred, and (2) which were the contributing factors and what was their respective role in explaining what did happen (or not happened).
- Submitting the draft reasoning to systematic criticism, and strengthening the information base and the analysis until a final robust contribution story is delivered.
- This approach is part of the family of “theory-based” evaluation methods. It innovates by making all successive assumptions assessed in a very systematic and marshalled way. One of its strength is that it is feasible in a wide range of settings, from simple to complex ones. It is worth reminding that contribution analysis does not require any counterfactual reasoning.

One of the first part of the works consisted of building up a logic model which displayed the main prevailing assumptions about causes and effects (see Section 2.4 and Figure 1). The final contribution story is summarised at the end of this paper (see Section 4.1 and Figure 2). The author's view is that the methodological approach applied in this challenging context made it possible to answer effectiveness questions in a clear-cut manner, even in the absence of hard facts and counterfactual reasoning.

### 1.3. Collecting primary data through case studies

This evaluation was based on a series of information sources which were gathered and or produced between July and September 2007:

- Documentary analysis (official documents, previous evaluations, expert papers);
- European Commission's databases;
- Exploratory interviews within the Commission, the European Parliament, and a few Member States;
- Fact sheets describing the arrangements put in place by the Member States in order to manage with the coordination process;
- Semi-structured interviews with policy-makers, experts and stakeholders reached through a snowball approach in 18 countries (70 interviews);
- Case studies covering four policy areas and thirteen Member States.

Among the above sources, case studies ended up being the most important ones in terms of suggesting / supporting the evaluation conclusions. They were organised in the form of "embedded case studies" in two levels, i.e. (1) policy areas and (2) Member States. At first four cases were selected in the form of four policy areas where joint reform commitments were made across Europe. Then, each main case was deepened through a series of four sub-cases, i.e. four Member States selected for their knowledgeably good or poor achievements in the concerned area. The evaluation team thus had sixteen opportunities to analyse the impact of the coordination instrument on policy-making. These analyses are called "country studies" hereafter. In a few instances, two policy areas were investigated in the same Member State, and this results in the fact that the sixteen sub-cases involved investigations in thirteen Member States only<sup>3</sup>.

Embedded case studies with two or more levels of analysis are a very powerful tool for collecting the kind of information which is needed in the context of a contribution analysis. If such case studies are properly designed, they may cover the cause-and-effect chains in their whole length, then providing rich enough material to be processed by the analyst.

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<sup>3</sup> The reasons why Spain was not covered are practical ones only. There is no indication that Spain would have done better or worse than other Member States in the soft coordination process.

Overall, it can be said that a method based on embedded case studies and contribution analysis enabled the evaluation team to answer a series of challenging evaluation questions, that usual approaches would have had difficulties to address in a conclusive and credible way.

## 2. THE SOFT COORDINATION PROCESS

The next pages describe successively:

- The origin and nature of the coordination instrument;
- The current coordination process;
- The logic of intended effects.

### 2.1. Origin and contents of the guidelines

The roots of the soft coordination instrument can be traced back at least to the publication of the “strategy of cooperation for growth and employment” in mid-1992, and the subsequent first issue of the Broad Economic Policy Guidelines in 1993 (BEPG). The Amsterdam Treaty of 1997 gave the Council competence to set out recommendations upon which Member States were required to act in the area of employment policies. In the same year, a special summit in Luxembourg developed the first set of Employment Guidelines (EG).

Over the following years the BEPG and the Employment Guidelines were subjected to separate coordination processes. Economic and employment policies were first combined in the “Lisbon Strategy<sup>4</sup>” in 2000, together with an environmental dimension. In 2004, a review<sup>5</sup> of the Lisbon strategy criticised the implementation of the coordination instrument in the following terms: “Member States do not take ownership of Lisbon [strategy] and the Commission is not prepared to name and blame those that fail”.

In the 2005 Spring European Council, EU leaders decided to renew the Lisbon strategy for the 2005-2008 period and to improve the coordination arrangements. The main changes were:

- New governance structure with clearer responsibilities;
- Increased focus on partnership and reduced reliance on indicators and league tables, in order to foster ownership in the Member States;
- Smaller set of guidelines (24 instead of about 100) and clustering of guidelines covering all policy areas into an “integrated package”;
- Single coordination process merging the previous ones, even if the legal bases remain distinct across policy areas.

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<sup>4</sup> European Council, Heads of State or Government, March 2000.

<sup>5</sup> Group of experts led by the former Dutch Prime Minister Wim Kok.

The Integrated Guideline Package consists of three clusters (macro- and micro-economic issues, and employment issues) of six to ten guidelines each. A guideline describes from one to five types of reforms that are suggested in a given policy area. Overall 68 types of reforms are described in a relatively broad manner (e.g. “reinforce pension, social insurance and healthcare systems to ensure that they are financially viable, socially adequate and accessible”). Each guideline is introduced by a short text justifying the reforms in terms of their contribution to growth and employment.

The sixth guideline is devoted to the Euro area and has a special status in that it does not recommend specific reforms but “presses forwards” the Euro area countries to implement the 23 other guidelines actively.

Most guidelines are expressed in terms of reforms, with the exception of guideline 17 which is expressed as a target, i.e. “to achieve an average employment rate of 70% by 2010”.

## 2.2. Coordination process

The coordination process is structured in three-year periods. The evaluation applied to the period which started with the adoption of the guidelines in June 2005. The first step was the formulation of the National Reform Programmes (NRPs) in October 2005. This process was mirrored at European level with the Community Lisbon Programme adopted in June 2006. The next steps followed through annual cycles.

Every year in October the Member States deliver their Implementation Reports which are discussed in a series of “multilateral surveillance” meetings. The Commission then prepares its annual progress report, and a series of draft recommendations and ‘points to watch’<sup>6</sup>. These recommendations are discussed with Member State representatives, either bilaterally or in Committee meetings. The report and the draft recommendations are then discussed by the Parliamentary Committees and submitted to the Council for endorsement in its spring meetings. Recommendations are often quoted and discussed in the media.

Member States have appointed “National Lisbon Coordinators” who have contacts at ministerial level at least three times a year. Most Member States have a committee / group exclusively dedicated to the soft coordination instrument. Such groups meet typically three times a year and sometimes more.

In addition to this structured coordination process, the Commission and/or the Committees of the Council organise ad hoc work groups, peer reviews, and mutual learning events<sup>7</sup>. In the area of employment, these activities are supported by the Mutual Learning Programme<sup>8</sup> which includes (1) bi-annual EU-wide thematic seminars on key challenges or policy priorities, (2) peer review meetings in individual Member States on specific policies and measures, and (3) follow-up and dissemination activities involving a broader group of national stakeholders.

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<sup>6</sup> In 2006 there were 50 recommendations (two per Member State on average) and 133 points to watch (five per Member State on average). Hereafter the term ‘recommendation’ will be used more broadly, including points to watch.

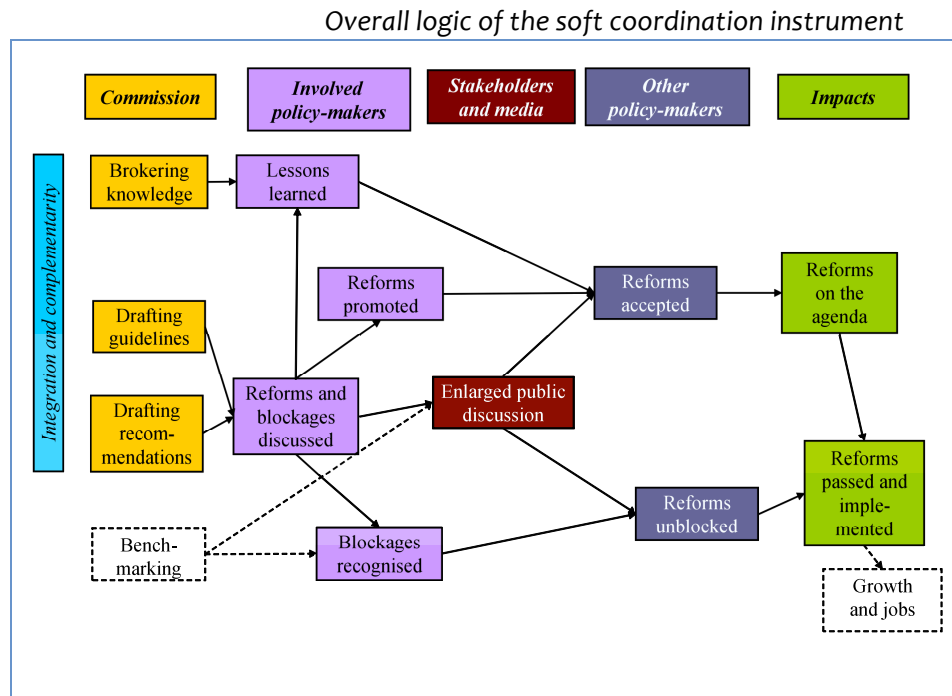
<sup>7</sup> Some Commission services also publish indicators and league tables, e.g. Innovation Trend chart (EC <http://trendchart.cordis.europa.eu/>), but these activities are not subject to this evaluation.

<sup>8</sup> Launched at the beginning of 2005 as a follow up of the former Peer Review Programme launched in 1999.

**2.3. Logic of the intended effects**

This section explains how the soft coordination instrument was assumed to achieve its intended effects. FIGURE N° 1 displays the set of logical assumptions which was identified by the evaluation team through its reading of the basic documents and its inception interviews. A dozen successive versions of this figure were drawn up by the evaluation team, until a satisfactory compromise was reached between: (a) a faithful account of the documents and inception interviews, (b) conceptual consistency, (c) simplicity. The assumptions are displayed in a logical order, which is not necessarily chronological.

FIGURE N° 1



Source: Evaluation team. Arrows represent cause-and-effect assumptions. Dotted boxes and dotted arrows were not retained in the causality analysis

The overarching objectives of the Lisbon strategy are to make Europe a more attractive place to invest and work, base growth on knowledge and innovation, and create more and better jobs. The rationale for a Community-level intervention was expressed in the Lisbon Strategy as follows: “European economies are interdependent. Prosperity in one Member State creates prosperity in others. Sluggishness in one Member State holds others back. Member States need therefore to regard their economic policies as a matter of common concern”.

The strategic objectives are to be achieved through a soft coordination instrument “largely because the alternatives are either politically or pragmatically unacceptable. The great advantage of the instrument is that it allows for making some common policy without either hard law or full transfer of competence to the supranational level, with all the complications they entail. The instrument also embodies sufficient flexibility to adapt quickly, unlike hard law, and to take sufficient account of national differences (Begg, 2006: 56).

The primary effects of the coordination instruments apply to the involved policy-makers, but the reform agenda and the passing of reforms are mainly under control of other policy-makers who are more involved in internal politics. “Involved policy-makers” are the EC officers in charge of the coordination system, the national Lisbon coordinators, and the representatives of the Member States involved in coordination activities.

Impacts on growth and jobs are displayed in dotted lines so as to acknowledge that these are not covered by the evaluation. The same applies to the Commission’s activities pertaining to indicators, league tables, and benchmarking. These activities are undertaken in some policy areas as a continuation of the previous “Open Method of Coordination”. They are no longer part of the logic of the soft coordination instrument as it was reformed in 2005.

Finally, integration and complementarity are understood as two cross-cutting principles which apply (or should apply) to the whole process. Integration is understood as the fact that a given reform covers the entirety of the issues at stake, including the negative incidence on those who are likely to lose out with the reform, thus minimising and/or sharing losses. Complementarity is understood as the fact that Member State and the Community reforms complement and reinforce one another, each level of government focusing on areas where it adds value.

### **3. MAIN FINDINGS AND CONCLUSIONS**

#### **3.1. The soft coordination instrument works**

##### **3.1.1. Soft coordination may be part of a larger policy mix**

The evaluation team roughly estimates that about 50% of the intended reforms are addressed by the soft coordination instrument alone, while others are addressed by stronger policy instruments in parallel, e.g. binding coordination (4%), expenditure programmes (26%), or hard regulation (20%).

Among the four case studies, two involve such a policy mix (see Box 1). The case of lifelong learning shows a very consistent strategy in which the soft coordination instrument is used for leveraging an increasing part of the European Social Fund allocations towards priority reforms. The case of regulated professions suggests that there may be a long term synergy between the current use of soft coordination and a future harder policy.



FIGURE N° 2

*BOX 1 –POLICY MIX IN TWO AREAS:  
LIFELONG LEARNING AND REGULATED PROFESSIONS*

The issue of **lifelong learning** has progressively unfolded since the White Paper on teaching and learning published in 1995. At the time, the issue of “adaptability” was also subject to lively discussion in the context of the European Social Fund (ESF). ESF is of course a strong policy instrument in comparison with the guidelines.

Over the last ten years, the issue of learning from pre-primary to adult age has become more popular and the two instruments (Lisbon and ESF) have progressively been combined. This is highlighted in this evaluation in the examples of Estonia which has been keen to learn from Ireland on how to use ESF support for promoting lifelong learning, and Greece which has recently targeted one third of its ESF allocation to lifelong learning.

The issue of **regulated professions** is addressed within the competition policy, which has been a Community-level competency since 1957 and within the Single Market strategy since 1993. The European influence on national competition policies has steadily increased over the last few years, through a series of Commission impulses (major DG COMP reports in 2004 and 2005, and communications on compatibility between Community competition rules and the rules governing the professions), European Parliament resolutions on various professions (health, law, accounting, etc.), and directives on the mutual recognition of professional qualifications and free circulation of services across Europe. Aside from the Directive service transposition, Member States are required to build effective and independent national competition authorities.

The regulatory power at Community level in this area is still uncertain, and there is no evidence that its development has been connected to the Lisbon process. The soft coordination instrument could be used for popularising an issue which is going to be addressed through some kind of hard regulation in the future. This assumption is however challenged by the fact that the reforms of regulated professions are among the least successful ones.

Source: Evaluation team

### 3.1.2. Shaping the reform agendas

In the framework of the evaluation team’s survey, about 80% of the respondents stated that “policy-makers are committed to supporting the use of the guidelines in their country”. Does this statement mean that Member States support the coordination process or is it just compliance rhetoric? There is probably some truth in the responses to the questionnaire since they are similar for involved policy-makers (those who attend meetings in Brussels) and by other stakeholders (who are assumed to be less inclined to using compliance rhetoric).

As shown in Table 1, a number of country studies confirm that the guidelines shape policy debates and the way reforms are prepared, even when their influence on the actual passing of reforms is limited. This table and the following ones summarises the findings of the sixteen “country studies” (sub-cases) carried out in the framework of the evaluation.

FIGURE N° 3

Table 1 – Reform agendas: testing the assumption<sup>9</sup>

Ageing	Better regulation	Regulated professions	Lifelong learning	Assumption confirmed
DE	UK	GR	DK	yes
OS	NL	IT	EE	rather yes
SL	DE	IE	NL	rather no
PT	PL	FR	GR	no
				?

Source: Evaluation team

For instance, in the case of lifelong learning, both Estonia and Greece designed their new strategies on the basis of the guidelines. In both countries, the term “lifelong learning” and the associated indicator became publicly visible at that time, and both are now part of the public debate (see Box 2).

FIGURE N° 4

BOX 2 - XHE ISSUE OF LIFELONG LEARNING IN ESTONIA AND GREECE

Estonia adopted the Adult Education Act in 1993 in order to establish the right to learn throughout a person's professional life, and to set the responsibilities of employers and the central and local governments in this respect. The issue reappeared on the political agenda in 2005 when the Estonian Strategy of Lifelong Learning was approved, together with a reform of the financing schemes that share training costs amongst employers, employees and the state. The European Social Fund has been identified as one of the key elements in successful implementation of the reform.

It is clear that the political debates have been shaped by the indicator used in the coordination process (% of adult working-age population having been involved in some learning activity over the last four weeks). Estonia is still far from the EU average, from the 12.5% 2010 target, and also from its own target of 10%.

The reform is also owing to an input from the Commission which, at an NRP preparation meeting in Tallin in 2005, outlined the need to increase lifelong learning. The meeting was attended by representatives of ministries, members of parliament, and representatives of the social partners. Among others, the Commission's comments were processed in a working group including several ministries (Social Affairs, Economy, and Finance), social partners and academic experts.

Estonia participated in the Education Committee work group on the Education and Training 2010 Programme, where it learned about the Irish practice of using Structural Funds to foster lifelong learning.

From the early nineties to 2003, Greece progressively developed its system of vocational education and training, with limited outcomes. It allocated around one third of its ESF funding in the 2000-2006 period to professional lifelong learning interventions. In 2005 the government passed a new law which was specifically meant to achieve an objective of 12.5% of working-age participation in lifelong learning by 2010.

The new Lisbon agenda was the background of this initiative and it gave support to the Government's policy initiatives in this field. However, due to the general elections in September 2007 and to the lack of a tradition of social partnership, no major initiative has been taken up to now.

Greek officials take an active part in the peer learning activities in the field of education and training 2010. The UK stands out as the country from which Greece is most keen to learn, not only because it is seen as one of the good performers in Europe, but also because many Greeks have studied in the UK and established lasting contacts with this country.

Source: Evaluation team

<sup>9</sup> The assumption under test was the following: through their involvement in the discussion on the guidelines and recommendations, the policy makers who participate in the process are incited to promote the reforms. Reforms are then widely accepted in a larger circle of policy-makers, pushed upwards on the agenda, and eventually passed and implemented (see section 2.3 and Figure 1)

The case of ageing is a success story in the shaping of policy debates. All around Europe, the issue is discussed with reference to the concepts and indicators developed since the late 1990s in the context of the soft coordination process, e.g. “incidence of ageing in % of Gross Domestic Product in 2050”, and “% of people over the age of 55 in paid employment”. References are systematically made in the media to this type of thinking, even if the guidelines and coordination process are never quoted.

Overall, the picture is that policy-makers tend to promote policy reforms in their country, not only because they agree with the guidelines and have a feeling of ownership, but principally because they think of the reforms through the vocabulary and mindsets associated with the guidelines.

### 3.1.3. Mutual learning

Table 2 summarises the findings of the 16 country studies and shows that mutual learning has occurred almost systematically, at least to a small extent.

FIGURE N° 5

Table 2 – Mutual learning: testing the assumption<sup>10</sup>

Ageing	Better regulation	Regulated professions	Lifelong learning	Assumption confirmed
DE	UK	GR	DK	yes
OS	NL	IT	EE	rather yes
SL	DE	IE	NL	rather no
PT	PL	FR	GR	no
				?

Source: Evaluation team

About 70% of the interviewees in the survey (mainly involved policy-makers - see 1.3) confirmed that there had been some mutual learning. Statements are relatively balanced between “teaching others” and “learning from others”. Learning seems to have been more important in social policy areas.

What participants learned are new concepts, interesting practices, and stories that can be quoted in order to make reforms more legitimate and acceptable to opinion-makers and citizens.

Interviewees explain that they learned mainly through committee meetings and contacts with national Lisbon coordinators. Some respondents learned from the material prepared for committee meetings). Interaction is quoted more frequently as a learning channel, e.g. “informal moments during peer review conferences are crucial for learning”.

<sup>10</sup> The assumption under test was the following: discussion of the draft guidelines and recommendations, plus Commission’s efforts to transfer knowledge entail that reforms are widely accepted by policy-makers, pushed upwards on the agenda, and eventually passed and implemented (see 2.3 and Figure 1),

Overall, it is clear that the soft coordination process contributes towards learning, first because the Commission conveys examples of good practices, and second because work groups initiate connections between teaching and learning States, i.e. between the forerunners and those Member States which are lagging behind. There are however multiple other learning channels, the main alternatives being the expert networks.

### 3.1.4. First conclusion: the soft coordination instrument works

The evaluation confirms the assumption that the soft coordination instrument is effective in shaping the reform agenda and fostering mutual learning. With a view to the information gathered and the above analysis, the instrument may be said to have had an incremental impact on the reform agendas in a majority of Member States<sup>11</sup>.

Is this impact to be considered as sufficient? Defining a success threshold is a difficult issue which was thoroughly discussed in the evaluation steering group. No benchmarks are readily available from the shelves because soft coordination instruments have not been extensively evaluated up to now. In line with the evaluation practice of the OECD (OECD, 2007), it was decided that the soft coordination system would be assessed positively if it achieved to speed up and improve reform processes in a majority of Member States, even marginally (see Box 3).

With reference to this threshold, the soft coordination instrument was assessed as working well enough.

FIGURE N° 6

#### BOX 3 – WHAT IS A SUCCESSFUL SOFT COORDINATION?

In the (scarce) evaluations of similar intergovernmental systems, the following success thresholds are applied: (1) one half or more of the Members rate a policy objective as being highly relevant, (2) two-thirds or more of the Members rate an output as being of high quality, (3) one half or more of the Members rate the instrument as having at least a medium contribution in terms of sustainable realignment of national policy.

This evaluation is mainly about inducing policy reforms. The evaluation team and the steering group have therefore agreed to consider as successful the fact that the IGP process has affected the reform agendas widely enough across Europe, the “one half” threshold being applied for assessing the breadth of such an influence.

Policy-making is the result of a complex array of national and international forces. In such a context, the depth of influence that may be exerted by a soft coordination instrument is inevitably limited. This evaluation has adopted the view that soft coordination may be considered as successful, even if it has had an incremental influence on the reform agenda (e.g. improving quality) rather than on inducing new reforms.

Speed is also an important dimension of the success since “time is of the essence for the credibility of the Lisbon Strategy” (Sapir, 2007). It must however be recognised that reforming a wide range of policies across Europe is a process which cannot be anything but long. For instance, the current unfolding of the flexicurity concept is a 10-year-old yet still not fully mature story. How can the medium-term perspective of the guidelines and its three-year cycle fit in with the long-term process of changing minds and institutions across countries? This evaluation has adopted the view that the success of the IGP is very much about accelerating the pace of on-going reforms.

Source: Evaluation team

<sup>11</sup> This assessment is not in line with that of I.Begg in European Parliament 2006 p.56: “Yet if it is to add value to what national policies would achieve in its absence, the OMC must also encompass ways of altering what Member States would do in any case, and it is by no means obvious that the Lisbon II framework achieves this”.

### 3.2. The instrument does not work as intended

At the beginning of this evaluation it was assumed that the soft policy instrument exert a pressure on governments and contributes, even marginally, towards unblocking policy reforms (see Figure 1). This section defines the term “pressure” (see Box 4) and shows that in this respect, the instrument did not work as it was assumed to do.

Another mechanism is also explained hereafter under the name of “framing policy issues”. This point was left hidden or implicit at the beginning of the evaluation although it plays an important role.

#### 3.2.1. Peer pressure

Pagani (2002: 5-6) lists three elements which can create pressure on governments: “(1) a mix of formal recommendations and informal dialogue by the peer countries; (2) public scrutiny, comparisons, and, in some cases, even ranking among countries”; and (3) the impact of all the above on domestic public opinion, national administrations and policy-makers”.

In this report, the first point is called peer pressure. The concept covers the structured dialogue among peer countries ending in recommendations. The pressure may be exerted on the involved policy-makers, during the coordination meetings, and then transferred to other policy-makers in the Country.

The second point is called public pressure. The concept covers public scrutiny, league tables, and the reference to recommendations in the public debates. In this case, governments are exposed to the pressure of their domestic public opinion. This second concept will be addressed in the next section.

Peer pressure is exerted on the policy-makers attending the coordination meetings, and then transferred to other policy-makers in their country.

Several reviewed studies tend to minimise the role of peer pressure, e.g.

- “Committees such as the Economic Policy Committee and the Employment Committee can play a role [of peer review], but discussions with Committee members ... suggest that they have only limited time to devote to National Reform Programmes (NRPs) and their follow-up. Moreover, the Commission’s bilateral contacts with Member States seem to have been quite productive. Overall, the impression gleaned is that peer review is fine in principle but hard to conduct in sufficient depth to be helpful” (European Parliament 2006 p.58).
- “The Open Method of Coordination appears to facilitate the development of collegiate cultures among Member States, the Commission, and sub- and trans- national actors. Such collegiate cultures involve information-sharing, problem-solving, common objectives, joint action, mutual commitments, and mutual accountability; using a combination of indicators, benchmarks, targets, national action plans, peer learning and peer review. ‘Naming and shaming or faming’, through benchmarking mechanisms, where currently practiced, has tended as much to reinforce game playing and oppositional grand standing, as it has to promote desirable behaviour” (quoted in European Commission 2005)

The interview survey provided several insights on how the Commission recommendations may lead to some form of peer pressure. About 60% of respondents recognised some influence of the recommendations, but it was difficult to draw a picture of how this influence occurs.

The four case studies (and sixteen country studies) offer further opportunities to understand whether recommendations work at all (see Table 3). In most instances, peer pressure has played no role in the passing of reforms or has not contributed towards unblocking reforms. The case of better regulation in the Netherlands is an exception in the sense that the recommendations were used by policy-makers in order to overcome resistance in the public service. However, this kind of pressure is quite different from what was assumed to apply.

FIGURE N° 7

Table 3 – Peer pressure: testing the assumption<sup>12</sup>

Ageing	Better regulation	Regulated professions	Lifelong learning	Assumption confirmed
DE	UK	GR	DK	yes
OS	NL	IT	EE	rather yes
SL	DE	IE	NL	rather no
PT	PL	FR	GR	no
				?

Source: Evaluation team

### 3.2.2. Public pressure

Another kind of pressure may be exerted through public opinion if the reforms, their progress, and the recommendations are widely discussed in public arenas. Such an enlarged discussion may also be effective through increasing public awareness of the need for reforms, and ownership of those reforms. These assumptions are tested in the next paragraphs.

First, the evaluation shows that Member States have generally played the game of involving social partners, national parliaments, and regional authorities in the design and monitoring of their reform programmes. The recommendations are generally disseminated and commented on in the media. However, the overall visibility of the soft coordination instrument to the wider public remains very low.

The openness of the coordination process is recognised by the European Parliament which “welcomes the involvement of the parliaments and social partners”, but “regrets the still weak visibility” of the coordination process (European Parliament, 2007b). The lack of visibility is further commented on in a Parliamentary study in the following terms: “If the public at large is ignorant of the [Lisbon related strategies] (and the stark reality is that this is the case), then that same public is not likely to articulate demands on governments to do better” (European Parliament, 2007c: 32).

<sup>12</sup> The assumption under test was the following: discussion of the draft recommendations induces involved policy-makers to recognise that some reforms are blocked, and to develop efforts to unblock these. A large enough number of concerned policy-makers join in efforts to unblock the reforms, which are eventually unblocked, passed and implemented (see section 2.3 and Figure 1).

FIGURE N° 8

## BOX 4 - XHE AGEING ISSUE IN PORTUGAL AND SLOVENIA

The process of reforming the pension system in Portugal took a first step in 2000, with a law providing for a new financial model, a new reserve fund and a new pension scheme.

The year 2005 was a turning point: public expenditures were at their highest level, a new government was elected in March, the Stability and Growth Pact was revised, and the IGP was published. A committee composed of representatives of the Ministries of Finances and Labour was set up to assess the impact of the ageing population in a long-term perspective and to examine specific measures. Two major reforms were designed: the new National Employment Plan (2005) and the National Active Ageing Strategy (2006) including incentives for remaining in the labour market.

Portugal has been an active participant in the soft coordination mechanisms, and this is said to be “an element of pressure to raise the main problems, and to make efforts to overcome them”. The key factors explaining the reforms have however been the change of government, the fact that the social partners and public opinion were aware of the emergency state of the social system, and the Growth and Stability Pact.

In Slovenia the pension system was on the political agenda throughout the 1990s, and was eventually reformed in 1999 by the “Pension and Disability Insurance Act” which includes a series of bonuses and penalties aimed at encouraging late retirement. Simulation exercises however show that the 1999 reform is unsustainable in the medium and long term.

In late 2006 the Commission recommended that Slovenia launch a new reform including additional incentives to postpone retirement age. Such a reform was prepared, but then delayed and significantly downsized.

The reasons for this disappointing outcome are threefold: (1) public opinion is not concerned with long-term unsustainability, (2) there is a powerful ‘pensioner party’ in the governing coalition and, last but not least, (3) the inter-ministerial coordination did not work effectively in this instance. These factors slowed down the reform process despite the interviewees’ opinion that the IGP is “a useful tool ... that gives policy-makers an impetus to carry out reforms”, and that the pressure for reform is strongly reinforced by the more binding Stability and Growth Pact.

Source: Evaluation team

Does the fact that the coordination process is relatively open entail that reforms are facilitated and/or unblocked? The interview survey does not really help in clarifying this point. Only three interviewees in three different countries mention that enlarged ownership and public pressure have facilitated the reform process. For instance: “the IGP process is positive for our organisation because we can base our positions on the criticisms of the Commission and on the comparison with other countries”; “the recommendations are reviewed in the national press and subsequently they are used as an argument for or against the measures implemented by the government”.

Similarly, the four case studies and the sixteen country studies do not clearly indicate whether the assumptions are confirmed or not (see Table 4).

FIGURE N° 9

Table 4 – Enlarged ownership and public pressure: testing the assumption<sup>13</sup>

Ageing	Better regulation	Regulated professions	Lifelong learning	Assumption confirmed
DE	UK	GR	DK	yes
OS	NL	IT	EE	rather yes
SL	DE	IE	NL	rather no
PT	PL	FR	GR	no
				?

Source: Evaluation team

The analysis has therefore been deepened through a closer look at the most significant country studies. Overall, the analysis does not show any instance where the soft coordination instrument would have contributed to unblock a reform. The reason is that the exerted pressure is not of the same order of magnitude as the powerful factors which drive internal politics in the Member States.

This point cannot however be taken as a fully robust finding since the evaluation team did not equip itself with the investigation tools which would have allowed it to analyse in full depth the interactions of the recommendations and domestic politics.

Finally, it is understood that the recommendations do not really exert pressure on governments but rather reinforce the legitimacy of reform promoters, which makes a small difference in the array of forces driving domestic politics. When a political window opens for a reform, then this tiny force contributes towards accelerating the process, but it is not powerful enough to open a closed window.

This interpretation is congruent with all available evidence arising from second hand documents, interviews, and case studies.

### 3.2.3. Framing policy issues

Framing a policy issue implies that a wide (and often informal) consensus is reached on:

- The concepts through which the challenges and problems are identified and discussed;
- The targets and indicators through which objectives are fixed and comparisons made;
- The logic model<sup>14</sup> explaining why some solutions work or do not work;

<sup>13</sup> The assumption under test was the following: a large number of stakeholders and interest groups discuss the reform programmes and the recommendations. They develop converging efforts towards promoting the reforms, and unblocking these where necessary. These efforts are successful in convincing policy-makers and unblocking the reforms, which are eventually passed and implemented (see section 2.3 and Figure 1).

<sup>14</sup> A logic model is a set of cause-and-effect chains which connect a given type of reform to its intended outcome(s). The term has nothing to do with econometric modelling, an approach which aims at providing quantitative estimates of likely or actual outcomes, and which is increasingly used in the Lisbon-related analyses.



- The good practices.

For the purposes of practical policy-making, the issue associated with a given guideline needs to have been properly framed<sup>15</sup>. Reforms are facilitated considerably when the policy issue is framed in a consensual way.

The question of whether guidelines are operational enough could therefore be understood in the following way: “Are the individual guidelines associated with sufficiently developed frames?” It is clear that the answer would be: “not all”. It is also clear that the improvement of guidelines in this respect is not just a question of writing. On the contrary, this evaluation shows that it takes ten years or more for a policy issue to be framed in a way which is consensual and practical enough for policy-making.

The analysis of consensus-framing in the case studies shows that frames may originate from very different spheres (see Box 5. In the case of ageing, the process has taken place at Community level in the framework of the soft coordination process, i.e. in the Committees’ working groups mainly. In contrast, the framing of the better regulation issue has taken place in another sphere at European level, but not Community level.

FIGURE N° 10

*BOX 5– FRAMING THE POLICY ISSUES TO BE COORDINATED*

The four case studies involved interviews with a number of players in thirteen countries, and it was striking to repeatedly hear about ideas such as: “all parties believe in ...”, “... is a sort of paradigm”, “... is a shared vision which is never referred to”, “... is shaped through an international consensus”, “... helped formalising our reflection and work”, “... helped policy-makers think differently”.

In the case of ageing, the working group of the Economic Policy Committee started framing the concepts, methods and indicators which allowed Member States to assess their challenges. Then the German Presidency initiated another working group with a view to reaching consensus on solutions that work. The framing process started in 1999 and is now close to its finalisation.

In the case of better regulation, the problem was first framed by the Netherlands and Scandinavian countries. These forerunners introduced the concepts, methods and indicators through which the reform agenda is now discussed throughout Europe. The UK then made intensive efforts to review and further develop solutions that work. Everywhere, consensus was sought through a series of international networks. The framing process started in 2000, and it will take a few more years to develop its Community dimension. Moreover, the case study shows that there is not yet consensus on solutions that work.

The lifelong learning case is closer to that of ageing in the sense that the issue was first framed at Community level, mainly by the Commission, which developed the key indicator. The process started in 1995, but a number of interviewees consider that it is not close to its conclusion.

Source: Evaluation team

What needs to be considered now is the role of a third sphere, namely multilateral institutions such as the OECD, IMF, World Bank, ILO, etc. All four case studies show that these institutions have their own influence, sometimes through parallel soft coordination instruments. International research networks and knowledge communities offer another place for framing consensus which is visible in the case of better regulation (Box 6).

<sup>15</sup> The term “frame” is borrowed from Schön and Rein (1994). The authors state that framing is necessary to make a problematical situation intelligible. Frames typically convey a diagnosis and a solution in such a way as to make it seem obvious. “This sense of obviousness of what is wrong and what needs fixing is the hallmark of policy frames”.

FIGURE N° 11

## BOX 6 – XAYING TRIBUTE TO MULTILATERAL INSTITUTIONS

The issue of ageing was already subject to some kind of soft coordination under the auspices of the IMF in the early 1990s, i.e. almost ten years before it was addressed at Community level in 1999. Over the last eight years, the OECD has also run parallel and well-coordinated work on ageing, which obviously helped to frame the issue, although the Community-level process is understood to have made the strongest contribution.

Opening regulated professions to competition is an issue which has been addressed at OECD level as well as Community level. Whilst Community institutions apply a mix of hard and soft instruments, the OECD relies on soft coordination exclusively. OECD influence is visible in Ireland where a reform is said to have been induced by an OECD recommendation.

The issue of lifelong learning is being actively discussed at Community level, but Europe is not the only sphere where this issue is being framed. One of the strategic objectives of the OECD Directorate for Education is the promotion of lifelong learning and the improvement of its linkages with society and the economy. The International Labour Organisation is also active in this area.

The issue of better regulation has been framed by a group of forerunning European countries. It must however be added that the OECD paved the way by launching an analysis of the various regulatory regimes of its member countries at the beginning of the 1990s. "Recommendations for Improving the Quality of Government Regulation" were published in 1995, and constantly updated thereafter. SIGMA (Support for Improvement in Governance and Management), a joint initiative by the OECD and the EU, promoted better regulation in the new Member States as early as 1992. Finally, the World Bank's "Doing Business Project" deserves to be quoted because it shaped the concepts, indicators and rankings which are currently in use all over the world.

Source: Evaluation team

### 3.2.4. Second conclusion: the soft coordination instrument does not work as intended

As shown in the next figures, the instrument does not work exactly as it was assumed to work by those interviewed at the inception phase of the evaluation (Figure 1).

First, the analysis unveils a mechanism called the "framing of policy issues", which is seldom quoted by stakeholders and documents, but which plays a key role in the effectiveness of coordination. Framing a policy issue is however not simple since it takes typically ten years to frame a policy issue in a way which is widely accepted and practical enough for policy-making. In a majority of instances, this process involves several spheres of discussion and coordination, i.e. not only the Community and its Lisbon coordination process, but also multilateral institutions, academic communities of knowledge, or even in one instance an ad hoc group of European forerunning countries.

Second, the evaluation cast doubts about the effectiveness of "pressure" which are repeatedly quoted as a fundamental mechanism. It found that (1) peer pressure does not work, and that (2) public pressure does not seem to work, at least to the extent that it would contribute towards unblocking a reform. The reason is that the exerted force is not of the same order of magnitude as the powerful factors which drive internal politics in the Member States. The second finding related to public pressure is however not fully robust, due to a limitation in the evaluation method.

## 4. CONCLUSIONS

### 4.1. Light instrument, light effects

This section summarises sections 314 and 324 above<sup>16</sup> and concludes on the effectiveness of the instrument.

The evaluation confirms that soft coordination is effective in shaping the reform agenda and fostering mutual learning. With a view to the information gathered and the above analysis, the instrument may be said to have had an incremental impact on the reform agendas in a majority of Member States<sup>17</sup>. However, there are a number of other factors that make a stronger contribution to (1) mutual learning, and even more to (2) framing political agendas.

The analysis unveils a mechanism called the “framing of policy issues”, which plays a key role in the effectiveness of coordination. In a majority of instances, this process involves several spheres of discussion and coordination, i.e. not only the European Union and its coordination process, but also multilateral institutions, academic communities of knowledge, or even in one instance an ad hoc group of European forerunning countries.

Finally, the evaluation cast doubts on the effectiveness of “pressure” mechanisms. It finds that (1) peer pressure does not work, and that (2) the effectiveness of public pressure is questionable, at least to the extent that it would contribute towards unblocking policy reforms. The reason is that the exerted force is not of the same order of magnitude as the powerful factors which drive internal politics in the Member States.

Overall, soft coordination is effective, but no more than what could be expected from such a light instrument, and not in the way it was expected to work.

The same conclusions are expressed in a graphical way in Figure 11. This Figure shows the evaluation team’s interpretation of what works and what does not work. In line with the step-by-step logic of contribution analysis, the findings follow the logical assumptions which were elicited at the beginning of the evaluation (see Figure 1).

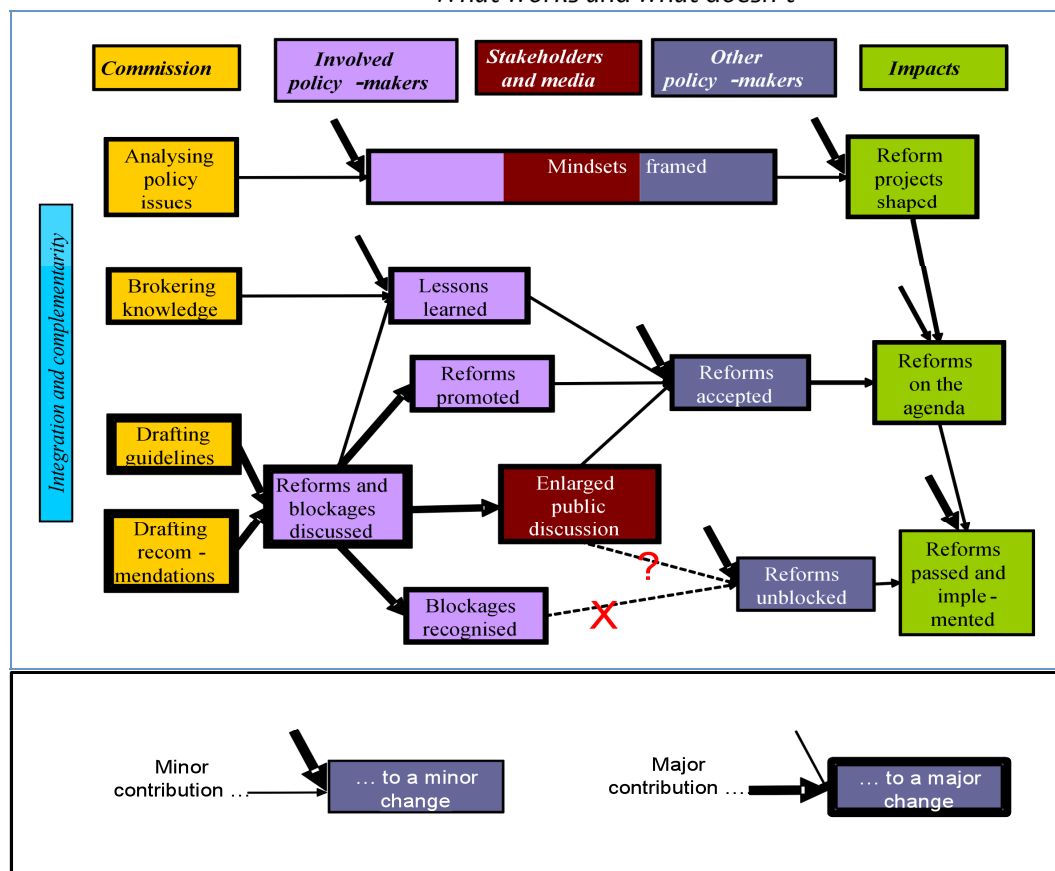
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<sup>16</sup> In the words of contribution analysis, this is the “contribution story”.

<sup>17</sup> This assessment is not in line with that of I.Begg in European Parliament 2006 p.56: “Yet if it is to add value to what national policies would achieve in its absence, the OMC must also encompass ways of altering what Member States would do in any case, and it is by no means obvious that the Lisbon II framework achieves this”.

FIGURE N° 12

What works and what doesn't



Source: Evaluation team's interpretation of the relative importance of contributing factors (thick and thin arrows) to observed changes and events. Two cause-and-effect assumptions (dotted arrows) are either falsified (X) or questioned (?)

#### 4.2. Democratic debate: a Pending question

Schäffer (2006) states that soft coordination “is first and foremost a means to foster compromises in the absence of substantial agreements. ... International organisations have repeatedly relied on soft law to overcome disagreements among their members. The IMF, the OECD and the EU introduced soft coordination at times of institutional crisis to prevent a breakdown of negotiations”.

This view is surprising if it is connected to a key lesson learnt from this evaluation, i.e. that a shared vision (frame) is a major channel through which soft coordination works.

There seems to be a contradiction in the fact that framing is the engine of a mechanism which is used in case of political disagreement. This contradiction may probably be resolved if it is rephrased as follows: if Member States need to address a policy issue in common, and if they cannot agree to do so within a formal regulatory framework, then soft coordination is an alternative. Soft coordination requires a shared vision of the policy issues at stake but this common view may remain informal to a large extent.

Considering that frames “typically convey a diagnosis and a solution in such a way as to make it seem obvious” (see footnote 15), it can be assumed that soft policy coordination is effective as long as it is protected from the political controversies.

This idea is also expressed in a Parliamentary document (European Parliament, 2006: 63) in the following terms: “it is undeniable that the Lisbon strategy is predicated on a particular vision of how the EU economy ought to evolve. One of the mysteries of Lisbon is that this vision tends to be largely uncontested, with little attempt to put forward alternative visions or condemnation”.

The functioning of soft coordination may become paradoxical in the light of the European Parliament’s claims requesting a closer involvement in the soft coordination process (European Parliament 2007b: 21). How far can soft coordination be subjected to a democratic scrutiny, given that political debates are meant to publicly challenge consensus, and that consensus is what makes soft coordination work?.

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