FACT SHEET 37
The Social Dimension of the Lisbon Strategy
March 2008

This fact sheet aims to explain the processes and strategies under the social dimension of the Lisbon Strategy with a view to enhancing the capacity of ENAR members to engage with this extremely complex but important area of European integration.

Introduction – the most famous quote in Europe

Approaching to the end of the period that Member States of the EU set to ‘make the EU the most competitive and dynamic knowledge based economy in the world capable of sustaining economic growth and with more and better jobs and greater social cohesion’ and ‘to make a decisive impact on the reduction of poverty and social exclusion’ by 2010, it is timely to dispel the elements of the process and assess the strategy in particular in light of the continuing challenge of achieving a significant reduction in the levels of poverty and social exclusion.

Bearing in mind the continuing extremely high levels of poverty and social exclusion in Europe in 2008, the following sections aim to explain the social dimension of the Lisbon Strategy in order to enhance the understanding of the opportunities and challenges it offers for promoting the social and economic inclusion of migrants and ethnic minorities – leaving the systematic assessment to the members of the network.

The development of the social dimension of the Lisbon Strategy

Poverty and social exclusion

In the 2007 Joint Report on Social Protection and Social Inclusion the European Commission refers to an average of 16% at-risk-of-poverty rate across the EU in 2004. This is a strikingly high number although the problem of poverty in the Union is far from new. The first European Action Programme to fight poverty was adopted thirty years ago. After contested results of the
programme^1 new options for EU social policy had been opened up under the presidency of Jacques Delors, which delivered institutional innovation and the introduction of the concept of social exclusion supported by scientific research on poverty.

Although the debate on the concept of social exclusion and the policy objective of social inclusion have not let to one generally acceptable and widely used definition (which proved to be even more difficult with the enlargement process which brought into the Union countries that previously had communist regimes and consequently are faced with distinctive societal problems), social exclusion is generally regarded as a broader concept.

The move from a sole focus on poverty to poverty and social exclusion reflects the fact that deprivation is a multi-dimensional concept and that although financial poverty is a major problem to tackle, consideration must be given to the elements that ‘social exclusion’ is able to capture: ‘the multi-dimensional nature of the mechanisms whereby individuals and groups are excluded from taking part in the social exchanges, from the component practices and rights of social integration’.^2

In addition to social exclusion, the term ‘at risk of poverty’ has also been introduced in the EU terminology following the recognition of the limitations of an income measure.

**The new strategic goal set at the 2000 Lisbon European Council**

A legal base for the fight against social exclusion was provided by the Treaty of Amsterdam (signed October 1997, entry into force May 1999).^3 Reasons behind incorporating a reference to social exclusion in the Amsterdam Treaty and the subsequent first steps towards cooperating at the EU level in the fields of social inclusion and social protection are argued to be the growing acknowledgement that Member States face common challenges and problems in the social sphere and that social protection systems need to be reformed and modernised.

Just three months before the Lisbon Summit, the December 1999 European Council meeting adopted four broad objectives in the social protection field proposed by the Commission: to make work pay and to provide a secure income, to combat poverty and social exclusion, to make pensions safe and pensions systems sustainable, and to ensure high quality and accessible

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^3 Title XI ‘Social policy, education, vocational training and youth’, Chapter 1 ‘Social Provisions’, Articles 136 and 137
health systems for all. The Council also welcomed the establishment of a high level group that subsequently became the EU Social Protection Committee.\(^4\)

According to commentators, the greatest contribution of the Lisbon Strategic goal has been on the one hand to make social policy a specific focus of attention for EU cooperation\(^5\) and to establish the novel concept of social exclusion as a key axis and as a template for EU social policy on the other.\(^6\) Indeed, putting social exclusion at the core of social policy had been unprecedented in Europe, as had been the acknowledgement that social progress does not naturally evolve from the economic progress generated by the Common Market, which the founding fathers and subsequent key figures of the Union had believed for decades.\(^7\) Arguably part of the reasoning behind the new strategic goal is that the social dimension is anticipated to make a substantial contribution to overall socio-economic policy.\(^8\) Indeed, policy developments confirmed the ‘positive interaction between economic, employment and social policies’.\(^9\)

In 2001 an environmental dimension has been added to the Lisbon Strategy complementing the original three pillars of more jobs, more competition and greater social cohesion with a sustainable development strand.\(^10\)

**Open Method of Coordination**

When introducing social policy as a core element of the new strategic goal for the EU, the Lisbon European Council also agreed on the form and organisational structure of Member States’ cooperation in this field. Taking account of the different circumstances, histories and social protection systems of Member States and building on policy coordination processes that already existed in the employment and economic policy, the European Council agreed that the social reform should be pursued through the **Open Method of Coordination (OMC)**.

Most commonly labelled as a ‘soft tool’, core elements of the OMC include the agreement of Member States on a set of non-binding common objectives, reporting on a regular basis on national policy plans (National Action Plans/NAPs) setting out how to meet the common objectives, peer reviews and assessments by independent experts, evaluation by the European

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\(^4\) The Social Protection Committee consists of high level officials from the relevant ministries of each Member State and reports to the EPSCO Council of Ministers.


\(^6\) Ibid.


Commission, publishing joint Commission/Council reports, and ideally adjustments of national policies. Thus, since the Lisbon Summit, the fight against poverty and social exclusion is coordinated through the OMC.\textsuperscript{11} Common objectives in the fight against poverty and social exclusion were set for the first time at the December 2000 Nice European Council. These key social objectives of the EU (as outlined in Table 2 below) were subsequently transposed into social performance indicators by the Laeken Council in 2001.

The EU social processes that have been launched since the March 2000 Lisbon European Council are, in chronological order, the Social Inclusion Process, the Pensions Process and the Health Care and Long-Term Care Process.\textsuperscript{12} The Pension Process started with the adoption of common objectives at the 2001 Laeken Summit. Reflecting the different time frame and strategic aspect, there are no annual National Action Plans on pensions, rather Strategy Reports. In 2004 EU policy cooperation was launched on health and long-term care. Member States submitted their first reports in the form of Preliminary Policy Statements in 2005. Finally, Making Work Pay, as the fourth objective in the social field set in 1999 is also considered by the Social Protection Committee, but aspects of this area have been addressed in the context of the Broad Economic Policy Guidelines and the Employment Guidelines (see below).

**The relaunched Lisbon Strategy and the Social Agenda 2005 - 2010**

In 2005, the European Commission and Member States carried out a mid-term review of the Lisbon Strategy including a major assessment of the OMC in the fields of social inclusion and pensions.

The revised strategy did not change the initial intentions but it decided that the future orientation of the strategy should be on ‘Growth and Jobs’. The change in direction reflected a series of reviews, the most influential being that of the Kok Group and their Report ‘Facing the Challenge’.\textsuperscript{13} Strongly critical of the Strategy, the Kok Report highlighted the ‘lack of political action’ and as regards the social inclusion elements it particularly criticised the ‘too broad’ focus of the agenda which is ‘about everything and nothing’. The Report recommended the Lisbon Strategy to be relaunched by an exclusive focus on growth and jobs. The recommendations of the Report were taken up by the 2005 Spring Council, which however retained social inclusion as a priority objective, as did the following Spring Council in March 2006, which stated that:

\textsuperscript{11}The first National Action Plans on Social Inclusion, covering the period of 2001 – 2003, were submitted in 2001. The first Joint Inclusion Report was adopted by the Laeken European Council of December 2001.


‘For the European social model to be sustainable, Europe needs to step up its efforts to create more economic growth, a higher level of employment and productivity while strengthening social inclusion and social protection in line with the objectives provided for in the Social Agenda’.14

A new Social Agenda was also launched for the period of 2005-2010 for modernising Europe’s social model and thus complementing the Lisbon Strategy.15 The Social Agenda focuses on providing jobs and equal opportunities for all and on social inclusion, and ‘has a key role in promoting the social dimension of economic growth’:

‘A social Europe in the global economy: jobs and opportunities for all’, this is the motto of the second phase of the Social agenda covering the period up to 2010’.16

Drawing on the report of the High Level Group on ‘the future of social policy’17 and on the Kok Report, the Social Agenda 2005 – 2010 develops a two-pronged strategy: it emphasizes its role in strengthening citizens’ confidence on the one hand and it presents key measures under two major headings on the other - (1) employment and, linked to that, (2) equal opportunities and inclusion. Under employment, the agenda refers to the ‘revamped cycle of the European Employment Strategy’ (EES) under the Lisbon mid-term review and to greater synergies between policy instruments, such as the European Social Fund, which will provide support to the EES. In the area of equal opportunities and inclusion the following are highlighted as key elements of the Social Agenda for the period between 2005 and 2010: modernising social protection, the launch of the OMC in health and long-term care, a Community initiative on minimum income schemes and the integration of people excluded from the labour market, the designation of 2010 as the ‘European Year of combating exclusion and poverty’ and the designation of 2007 as the ‘European Year of Equal Opportunities’, the promotion of diversity and non-discrimination, the establishment of an European gender institute and finally the clarification of the role of social services of general interest.

**The streamlined OMC**
The mid-term review of the Lisbon Strategy in 2005 resulted in revised objectives and new working arrangements for the OMC on social protection and social inclusion. The 2006 Spring Council decided that in the future there will be a single document on the two policy fields: *National Reports on Strategies for Social Protection and Social Inclusion*, one strand of which will be National Action Plans on Social Inclusion.

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15 Ibid.
16 Ibid.
The logic behind streamlining the social dimension of the Lisbon Strategy corresponds to the coordination strategies of the two other pillars of the Lisbon Agenda: the streamlining of the annual economic and employment strategies, which was already proposed by the Commission in 2002. The synchronisation of these two policy areas was meant to establish mutual reinforcing and feedback between the streamlined elements.\textsuperscript{18} Therefore the streamlining exercise of the social processes were expected (1) to rationalise EU cooperation in the field of social policy and streamline the components of the social processes (similar to the streamlining process of the economic and employment strategies), and (2) to synchronise the timetable of the ‘streamlined social processes’ with the ‘streamlined macro-economic and employment strategies’.\textsuperscript{19}

In 2005 the Council adopted a ‘new cycle of governance’ (starting in 2005 and to be renewed in 2008) bringing together the Employment Guidelines and the Broad Economic Policy Guidelines into a single coherent text: the \textit{Integrated Guidelines}. Building upon the Integrated Guidelines, Member States were to draft and submit their first \textit{National Reform Programmes for Growth and Jobs} covering a three-year period in 2005. Analysing progress and Member States’ performance, the first \textit{Annual Progress Report on Growth and Jobs} was presented by the Commission in January 2006. EU Heads of State and Governments review the process each year at the Spring Summit. Further elements of the process are the national coordinator in each Member State (‘Mr and Ms Lisbon’) and a Lisbon Community Programme setting out actions at the EU level to promote the processes.

The new Lisbon governance cycle is complemented by a streamlined OMC process. Separate reporting and monitoring processes will continue for the OMC on Social Protection and Social Inclusion: Member States draw up their national policies in the so-called \textit{National Reports on Strategies for Social Protection and Social Inclusion}. The first National Reports on Strategies for Social Protection and Social Inclusion were drafted on a two-yearly basis for 2006-2008, starting in September 2006. From 2008 onwards National Reports are to be drafted on a three yearly-cycle (e.g. for 2008-2011) to bring them in line with the revised Lisbon process on Growth and Jobs. In parallel, the Commission analyses Member States’ performance in the social field in the \textit{Annual Joint Report on Social Protection and Social Inclusion}, which is to include: a) a short main report summarising key issues and trends assessing progress in reaching the common streamlined objectives; b) a set of more detailed country reports covering individual Member States; and c) a supporting and more lengthy Commission document treating the issues in more depth.

Nonetheless, the information in the field of social inclusion and social protection relevant to the Lisbon Strategy goals of growth and jobs is to be reflected in the National Reform Programmes and also can be picked up by


the Commission’s Annual Progress Report on Growth and Jobs, for example, bringing more people into the labour market is an element that creates synergies between the employment and social inclusion strategies.\textsuperscript{20}

The parallel processes under the Lisbon Strategy are summarised in Table 1.

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<th>Integrated Guidelines:</th>
<th>EU Level</th>
<th>OMC on Social Inclusion and Social Protection</th>
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<td>Macro/Micro</td>
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<td>OMC on access to health and long term care</td>
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<td>National Reform Programmes for Growth and Jobs (reports to be provided by Member States to the EU at regular intervals)</td>
<td>National Level</td>
<td>National Reports on Strategies for Social Protection and Social Inclusion (reports to be provided by Member States to the EU at regular intervals)</td>
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**Common Objectives**

Looking at the common objectives, which ‘form the centrepiece of European coordination of social policy’ and are ‘a key part of the process of rolling out the agreed social policy vision of Lisbon’\textsuperscript{21}, it is argued that the revised social inclusion objectives while being more or less correspondent to the original ones, are at the same time more generalised without specifying the different vulnerable groups. A strengthened attention is given to ‘active social inclusion’ shifting the focus more on inclusion rather than on social exclusion.

\textsuperscript{20} Ibid.

Table 2 summarises the original and revised objectives in the social inclusion field.

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<th>Table 2: ORIGINAL AND REVISED COMMON OBJECTIVES FOR THE EU SOCIAL EXCLUSION PROCESS</th>
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<td><strong>Original</strong></td>
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<td><strong>2000 Nice European Council</strong></td>
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<td>To facilitate participation in employment and access by all to resources, rights, goods and services</td>
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<td>To help the most vulnerable</td>
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<td>To mobilize all relevant bodies</td>
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<td>To prevent risks of exclusion</td>
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Note: These are the common objectives for the social inclusion stream. There are also three over-arching objectives for the streamlined process as a whole. They aim to promote social inclusion for all through adequate, accessible, financially sustainable, adaptable and efficient social protection systems and social inclusion policies; interact closely with the Lisbon objectives on achieving greater economic growth and better jobs and with the EU’s sustainable development strategy; strengthen governance, transparency and the involvement of stakeholders in the design, implementation and monitoring of policy.22

‘Feeding-in and feeding-out’

The timeline of reporting on national strategies corresponds to the so called ‘feeding-in and feeding-out’ exercise between the main strands of the overall Lisbon Strategy: The OMC in the social field should contribute to achieving the goals of growth and jobs of the refocused Lisbon Strategy, and, at the same time, policies to promote growth and jobs should contribute to

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promoting social cohesion and social inclusion, which remains a key objective of the re-focused Lisbon Strategy.  

‘The strengthening of social cohesion constitutes also a key element for 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.’

The National Reform Programmes for Growth and Jobs and the National Reports on Strategies for Social Protection and Social Inclusion are separate governance processes but they can and indeed are intended to be mutually reinforcing. Despite the formal separation of the strategies under the Growth and Jobs strand of the Lisbon Strategy and the Social Protection and Social Inclusion Processes, the importance of the coherence between these governance processes has been confirmed in successive policy developments. Effective interaction between the different policy processes has to be established, whereby there is a mutual feeding-in demands on reform policies and feeding-out of solutions.

In practice however, ‘feeding-in and feeding-out’ between policy areas proves to be more difficult. Based on a detailed analysis of the Reform Programmes and National Reports of the Member States the Synthesis Report Network of independent social inclusion experts identified the following key messages:

- there is an enormous diversity between Member States as to how feeding-in and feeding-out has happened: in some states the social dimension has been influential on the evolution of the National Reform Programmes (NRP) while in others there is limited evidence that social priorities have been translated into clearly articulated objectives in the NRP
- in many cases, there is a disturbing lack of common ground between the NRP and National Reports on Strategies for Social Protection and Social Inclusion, and even where they are integrated, it tends to be in selected areas only
- it needs to be stressed that the inclusion process and the EU Social Agenda have other objectives than just related to employment
- employment policies tend to focus only on labour supply (e.g. through activation measures) rather than on increasing the quality and extent of employment opportunities
- very few NRP refer explicitly to corporate social responsibility, let alone in relation to social inclusion of vulnerable groups, e.g. migrants and ethnic minorities
- there is a lack of attention to whether economic polices, especially those that target competitiveness, are contributing to increasing or

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decreasing income inequalities and to raising incomes of those at risk of poverty and social exclusion
- there is a lack of concern about the social inclusion dimension of policies targeting investment in human capital, education and training systems

Migrants and ethnic minorities in the relaunched Lisbon Strategy

The Synthesis Report on ‘Integrating Immigrants and Ethnic Minorities’\(^\text{26}\) states that ‘across the EU it is evident that the integration of immigrants and ethnic minorities is one of the major challenges confronting social policy’ and that increased immigration flows have marked political, social and economic effects across the Union.

Member States have very diverse experiences of and approaches to immigration and of dealing with ethnic minorities. Acknowledging that a common model that could be evenly applied across Member States would be unrealistic, the Synthesis Report suggests a number of directions for good policy. It recommends for example, that policies to promote integration have to look beyond employment and that for distinctive ethnic groups, such as the Roma, policy makers should seek to identify additional issues that apply specifically to target groups.

Although there is no announced race equality mainstreaming strategy in either the employment policy or the social inclusion policy field (as is the case for gender mainstreaming), ethnic inequalities have in practice slipped into the social policy agenda. Despite the fact that in the first set of Common Objectives there was no explicit reference to ethnic minorities, only to ‘vulnerable groups’ (see above in Table 2) the first Joint Report on Social Inclusion issued in 2002 stated that ‘ethnic minorities and immigrants’ were identified as groups experiencing social exclusion.\(^\text{27}\) Commentators\(^\text{28}\) and the Joint Report of 2002 as well as subsequent Commission policy documents stress however that the absence of comparable data makes the setting of common targets in the field of ethnic inequalities and immigrant integration problematic. Indeed, only one common indicator exists concerning immigrant integration and that relates to the employment gap of immigrants.

**Common Indicators**

The use of commonly agreed indicators to monitor progress towards commonly agreed objective is an essential component of the OMC policy coordination process. The broad methodological framework consists of a list

\(^{26}\) Ibid.
of primary and secondary indicators for an overarching portfolio and the three strands (Social Inclusion, Pension, Health and Long-Term Care).  

The Indicators Sub-Group of the Social Protection Committee, which plays a key role in developing common indicators, also highlighted the difficulties and technical problems in considering the complex question of the social inclusion of both migrants and ethnic minorities in their methodological document ‘Overview of third level indicators used in the NAP/inclusion relating to the social inclusion of ‘foreigners, immigrants and ethnic minorities’.  

Consequently migrants and ethnic minorities are kept separate. Concerning migrants, a primary indicator has been introduced as seen above, which is aimed at identifying the gap in employment rate between immigrants and non-immigrants, calculated on the basis of the Labour force Survey.

Concerning ethnic minorities, the Indicators Sub-Group, on the basis of their acknowledgement that ‘no single criteria can be used to adequately define ethnic minorities across countries for the purpose of data collection’, has agreed to cover ethnicity ‘at the third level in the form of existing social inclusion indicators broken down by ethnic groups, where national data is available’ using country-specific classifications. Thus in addition to the information relating to the employment gap between non-immigrants and immigrants, member states should provide a breakdown of all relevant common indicators, where possible applying the national breakdowns and complement this with third level indicators reflecting the specificities of their national situation.

**ENAR’s engagement with the Social Dimension of the Lisbon Strategy**

ENAR is engaging with the Social Inclusion Process mainly through the newly established Steering Group, which was set up in October 2007 to influence policy formation under the NAPS on Social Inclusion in order to ensure that it contributes to, and supports, the social inclusion of ethnic minorities and migrants and thus the fight against racism and discrimination in Europe.

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29 Primary indicators are a reduced set of lead indicators, which cover all essential dimensions of the defined objectives. Secondary indicators aim at supporting these lead indicators by providing a greater insight into the nature of the problem. For more information see: [http://ec.europa.eu/employment_social/spsi/common_indicators_en.htm](http://ec.europa.eu/employment_social/spsi/common_indicators_en.htm)


Key links and documents

European Commission pages on the Lisbon Strategy
://ec.europa.eu/growthandjobs/index_en.htm

Social Policy Agenda 2000 - 2005

Social Policy Agenda 2005-2010
://ec.europa.eu/employment_social/social_policy_agenda/social_pol_ag_en.html

OMC on Social Inclusion and Social Protection
://ec.europa.eu/employment_social/social_inclusion/index_en.htm

Common objectives of the OMC
://ec.europa.eu/employment_social/social_inclusion/objectives_en.htm

://ec.europa.eu/employment_social/social_inclusion/naps_en.htm


Past and present Independent Social Inclusion Expert Reports can be found at:
://ec.europa.eu/employment_social/social_inclusion/naps_rep_en.htm

Peer Review websites
://www.peer-review-social-inclusion.net/
and
://ec.europa.eu/employment_social/social_inclusion/peer_en.htm

National Reform Programmes for Growth and Employment
://ec.europa.eu/employment_social/employment_strategy/national_en.htm


Communication ‘Member States and Regions delivering the Lisbon strategy for growth and jobs through EU cohesion policy 2007-2013’

Proposal for a Community Lisbon Programme 2008 – 2010
ENAR – Fact Sheet 37 – March 2008

The European Anti Poverty Network response to the Annual Progress Report (January 2008)

ENAR Policy work and trainings/events on Social and Economic Inclusion
://www.enar-eu.org/Page.asp?docid=15890&langue=EN

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ENAR is a network of some 600 European NGOs working to combat racism in all EU Member States. Its establishment was a major outcome of the 1997 European Year against Racism. ENAR is determined to fight racism, xenophobia, anti-Semitism and Islamophobia, to promote equality of treatment between EU citizens and third country nationals, and to link local/regional/national initiatives with European initiatives.

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