

Summary of the report

Recalibrating the Open Method of Coordination: Towards Diverse and More Effective Usages

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The Open Method of Coordination (OMC) is the method of European Union (EU) policy-making that facilitates the voluntary coordination of national policies through a series of interconnected steps, including European-level definition of common goals, definition of national reform programmes implementing these goals, regular national reporting, and EU-level monitoring of national progress. It has a cyclical nature, as goals may be revised, and it is used in different policy areas, often in combination with classic EU legislation.

The OMC is part of an observable trend towards proceduralisation in EU politics. Proceduralisation refers to the situation where Member States, disagreeing on the substantive content and distribution of institutional competences, choose to establish a set of procedures that allow flexible forms of coordinated action. The Open Method of Coordination (OMC) is not the only case of a new procedure in the EU context – another case is regulatory impact assessment – but it is certainly one with major implications. This is because the OMC is at the core of the EU's strategy for competitiveness (the Europe 2020 agenda and previously the Lisbon Strategy), it is a centrepiece in the design of European economic governance, and it has now become a point of reference in setting constitutional boundaries around the competences between Member States and the EU.

The Open Method of Coordination has spawned a polarised debate among EU experts. Whereas enthusiastic supporters praise the positive effects on public policy and its democratic virtues, pessimistic observers adopt a

cynical assessment in terms of accountability, and point to its limited effects on public policy.

This report argues that, instead of across-the-board propositions, we need to assess the OMC by separating out different usages of the method. We need to understand and explain why the OMC works well here but not there, and most importantly, the specific conditions for the diversity of results and effects across different countries and policy areas.

With this purpose in mind, the report has three main goals:

1. To take stock of what we know and what we do not know about the OMC.
2. To spell out the scope conditions for the different usages.
3. To formulate a series of recommendations for the re-calibration of the method.

Based on an extensive literature review, this report analyses the evidence on four different effects: on national policy performance and change, on policy paradigms at EU level, on the transformation of EU law, and on European governance (networks and participation).

The evidence shows that the record is mixed. Most of the problems come from the incoherence between a certain usage of the method and the specific instruments and mechanisms used, which often contradict the thrust of the intended usage. The potential of the OMC for experimentation and innovation has been hindered by instruments based on targets, prescriptions, and attempts to monitor from the top. At the same time, its potential for

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convergence and coordination has been hampered by poor mechanisms to handle problems of defection.

Given these problems, we develop a conceptual framework to define when and how different usages of the OMC are most appropriate. We single out the following possible usages of the OMC, namely:

- policy convergence,
- learning,
- the OMC as ancillary method, and
- no use of the OMC at all.

We argue that the different usages should be defined by taking as the point of departure the nature of the policy problems that need to be solved. We identify two important dimensions in this regard, namely, the level of uncertainty around the policy problem (high or low uncertainty – if it is known what needs to be done or not); and the level of policy externalities (high or low – if there are potential gains from EU-level coordination). These two dimensions result in a matrix that indicates the scope conditions for the various usages of the OMC.

On the basis of the review of the evidence and of our conceptual framework, we make the following **recommendations**:

About the instrumentation of the OMC:

- 1) Tune the diversity of OMC usages to the nature of problems at hand, giving way to a more diversified and targeted usage according to the nature of the problems.
- 2) Recalibrate the OMC instruments for learning by institutionalising multilateral thematic OMC learning cycles, by advanced databases of national policy instruments, and by intelligent indicators.
- 3) Recalibrate the OMC for convergence with coherent

instrumentation, tighter national reporting, independent evaluations of national reports, and with co-existence of bilateral and multilateral monitoring procedures. New mechanisms must ensure that non-compliers are encouraged vigorously to adopt necessary reforms.

- 4) Address the need for administrative capacity-building at the national level as the OMC is very demanding in terms of administrative capacity.

About the OMC as an element in European economic governance:

- 5) Streamline diverse OMCs for economic policy coordination because they are only superficially related to each other.
- 6) Explore the use of the OMC in the Single Market, as national reform programmes could include an assessment of Single Market-related regulatory issues that have not been properly dealt with at the national level.
- 7) Develop OMC mechanisms to align other policy areas within Europe 2020, by means of the national reform programmes.

About the governance properties:

- 8) Increase the incentives for participation through mobilisation of networks of stakeholders, as this aspect continues to be deficient in most Member States.
- 9) Build capacity in national stakeholder organisations because this is missing in many EU Member States.
- 10) Raise awareness of what is at stake in Europe: The current economic problems speak volumes about the concrete meaning of the mutual European interest, yet political leaders recoil from commitments that would eradicate the apprehensions behind the crisis of the Euro.

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