



Research was carried out by a group of researchers
from the Institute of International Relations and
Political Science
led by dr. Vitalis Nakrošis

LITHUANIA'S PARTICIPATION IN THE EUROPEAN UNION OPEN METHOD OF CO- ORDINATION PROCESSES: IMPACT ASSESSMENT ON PUBLIC ADMINISTRATION AND PUBLIC POLICY

Summary

This research was funded by the Government Chancellery of the Lithuanian Republic under the impact research programme of Lithuania's integration into the European Union.

Provisions, opinions and recommendations of this research represent the point of view of the researchers and do not necessarily coincide with the position of the Lithuanian Government.

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Object, aims and methodology of the research

Open method of co-ordination (OMC) is a method of the European Union (EU) governance applied in the areas of EU public policy, where EU institutions have no exclusive or shared competences with the EU member states, but seek certain jointly agreed aims and priorities of the EU. OMC was named and defined for the first time in the conclusions of the Lisbon European Council as a new method for achieving strategic aims of the EU.

At present, OMC is applied in the areas of macroeconomic policy, employment, fiscal surveillance, enterprise policy, information society, research and development, sustainable development, poverty and social inclusion, pensions, health care, education and training, youth, immigration, other EU public policies. Many OMC processes were integrated into the revised Lisbon strategy in 2005.

This research aims at conducting an assessment of the OMC impact. There were analysed the impact of Lithuania's participation in the OMC processes at the EU level and their application at the national level on public policy and administration as well as provided recommendations concerning the improvement of OMC content and process at the national level.

The main aims of the research were to analyse the dynamics of OMC at the EU level and Lithuania's participation in these processes and assess the effectiveness of OMC's application in Lithuania in the areas of the revised Lisbon strategy and social inclusion strategy. In addition, it was sought to contribute to the publicity of OMC as a method of governance as well as EU Lisbon and social inclusion strategies.

The research applied a mixed quantitative-qualitative methodological approach with various methods. These methods include an analysis of primary and secondary sources of evidence (about 100 sources), a survey by electronic mail according the questionnaire (with 77 representatives participating), interviews with civil servants and other stakeholders (16 interviews with 20 individuals), two case studies concerning the application of the OMC in the areas of revised Lisbon strategy and social inclusion, etc.

Lithuania's participation in OMC processes at the EU level

The research shows that Lithuanian representatives primarily formally report Lithuania's progress at the EU level. Little influence has been made on the EU policy, except previous influence on the convergence criteria (concerning the introduction of Euro) and the common EU energy policy at present. Also, Lithuanian representatives affect recommendations of the EU institutions aimed at Lithuania, what can reduce their influence in Lithuania. However, the influence of the Lithuanian representatives in the OMC committees, working groups and other formations at the EU level is limited.

There are two main reasons why Lithuania is seeking lower-level aims and its influence is limited. First, Lithuania is a small member, whose political/negotiating power is limited in the EU decision-making process. Second, there is a limited progress of Lithuania under the Lisbon strategy and the shortage of national good practice.

OMC processes at the EU and national level share similar problems. The first problem is a high workload of the Lithuanian civil servants participating in the OMC processes at the EU level. Other problem is insufficient co-operation among Lithuanian state institutions. The research shows that main means of improving Lithuania's representation in the Lisbon strategy at the EU level could be better preparation at the national level (i.e. „homework“). Also, other means (better establishment

of coalitions with other EU member states, more active and broader participation of civil servants in the committees and working groups) were mentioned.

The following instruments of OMC are mostly taken into account at the national level: EU targets, indicators; EU common aims, guidelines; reports and recommendations of the EU Council and the European Commission. Least attention is paid to EU good practice, peer reviews, benchmarking of Lithuania, etc. It shows that during the OMC process its formal characteristics are transferred to the national level, while such less formal characteristics of OMC as EU good practice or benchmarking are taken into consideration to a little extent.

The effectiveness of applying OMC at the national level: cases of the Lisbon strategy and social inclusion

Although the Lithuanian Lisbon programme was assessed by the European Commission as ambitious, this research shows that its level of ambitious is only medium (its most ambitious part is research and development). Also, several design problems are inherent in the Lisbon programme: it has many aims, objectives and measures, it lacks concrete deadlines, its internal coherence is insufficient. The Lithuanian programme is similar to a “framework” programme, which brings together objectives and measures from other strategic documents in the areas of the Lisbon strategy, rather than a new reform programme, which would enjoy a priority in the hierarchy of strategic documents.

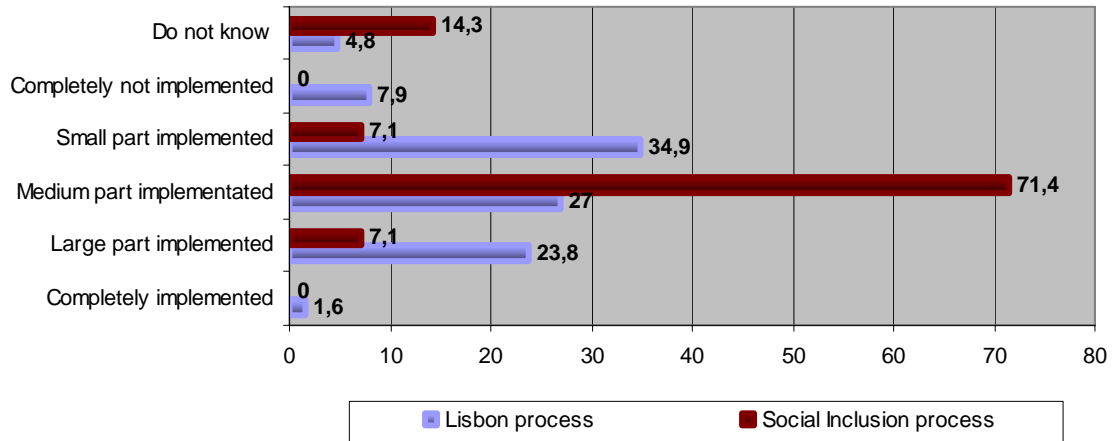
Strengths and weaknesses of the content of the Lithuanian Lisbon programme

Strengths	Weaknesses
Programme is ambitious in the area of research and development (including 2 % target for R&D). There are quantitative targets in the programme foreseen (especially in the field of employment). There are integrated macroeconomic, microeconomic and employment policy measures. „Framework“-type programme allows to co-ordinate objectives and measures from different strategic documents.	Less ambitious programme in the parts of macroeconomic and employment policy. There are a lot of ongoing measures foreseen, but there is a lack of substantial reformative measures. There is a lack of coherence between different parts of the programme and concrete deadlines for the measures. Insufficiently strong position of the programme in the hierarchy of strategic documents.

The national report about Lithuanian social security and social inclusion strategies for 2006-2008 also shares these problems. It has four relevant priorities and relatively many ongoing activities. Also, there is a lack of well-developed implementation and monitoring mechanism. It would be useful to take into consideration lessons of implementing the Lisbon programme during the design of its implementation and monitoring mechanism.

According to the survey, the implementation of the EU Lisbon and social inclusion strategies in Lithuania is moderate. Only 25,4 per cent of the Lisbon respondents and several times less respondents of social inclusion agree that decisions of these respective strategies have been fully or largely implemented.

How successfully have the OMC decisions been implemented (problems solved, goals achieved) in your field till currently? (% of all respondents)



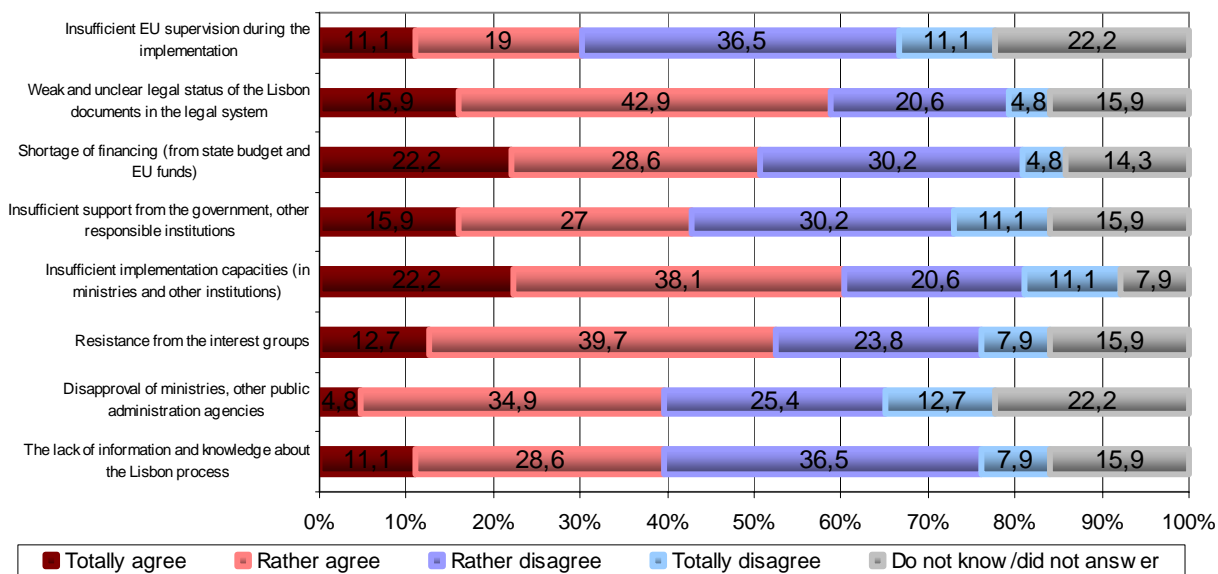
According to the expert-based assessment and the survey, the implementation of the Lisbon strategy varies depending on its areas. More ambitious measures of microeconomic policy (including research and development) are being implemented slower compared with measures of macroeconomic and employment policy, which are less ambitious (mostly measures of ongoing nature). It is unlikely that the ambitious target of 2 per cent expenditure for research and development from GDP until 2010 will be achieved. It is likely that the targets of the Lisbon programme in the labour market area will be met, but this is associated to a large extent with the influence of market economy.

The progress level of the National Lisbon strategy implementation programme (national reform programme) (until 11 October 2006)

Parts of the National Lisbon strategy implementation programme	Completely implemented till the last deadline	Partially implemented / being implemented	Not implemented till the last deadline	Lack of information
Macroeconomic policy	18,64%	72,88%	5,08%	3,40%
Microeconomic policy	7,70%	84,61%	6,84%	0,85%
Employment policy	3,26%	95,65%	0%	1,09%
Total (average in %)	9,87%	84,38%	3,97%	1,78%

The main problems of implementing the OMC processes at the national level – insufficient implementation capacities, weak and unclear legal status of the OMC documentation in the legal system (in particular in the area of employment and social inclusion), resistance from interest groups, shortage of financing (this problem is more important for partners).

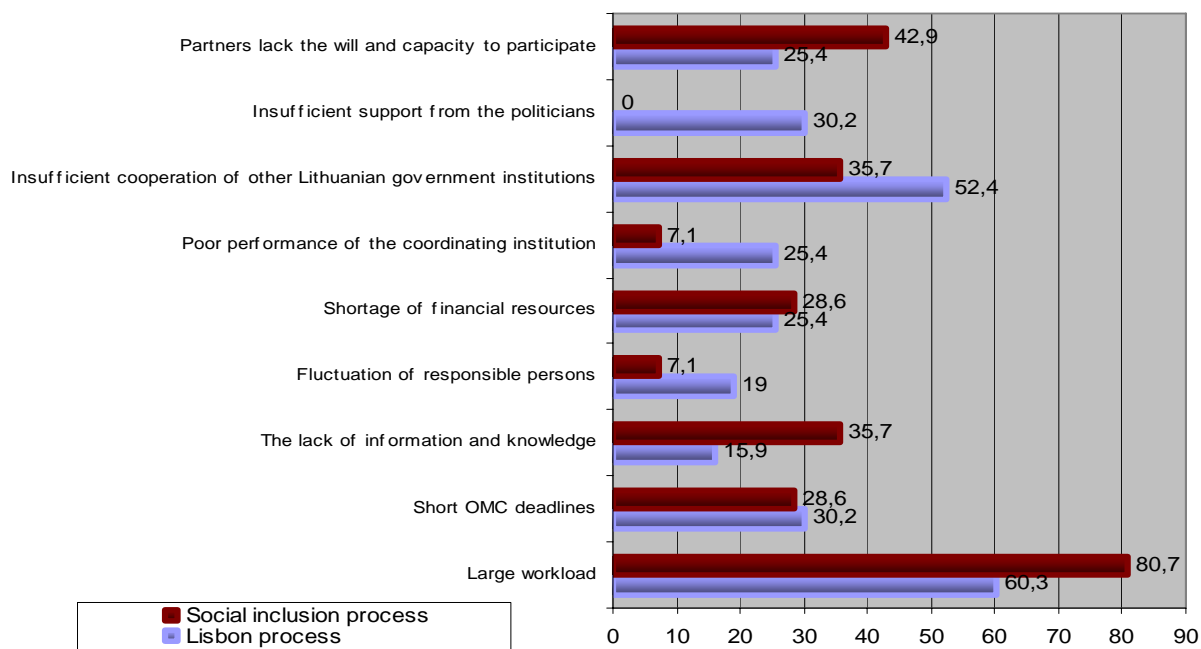
Why the decisions of the Lisbon process have not been or will not be implemented in your field? (per cent of all respondents)



The implementation of the revised Lisbon strategy in Lithuania brought the most significant results in the area of public administration set-up: new units, commissions, working groups emerged, etc. The administration of EU Lisbon and social inclusion strategies at the national level created additional workload. Also, neither the Lisbon programme nor the national report is the only and most significant strategic document. The shortage of political ownership and increased workload determine the process-orientated orientation. However, the mentioned OMC processes contributed to the application of strategic approach in Lithuania, but there is a lack of adequate implementation mechanisms in Lithuania.

According to the survey, the main problems of the OMC processes at the national level are the following: large workload, insufficient co-operation with other Lithuanian state institutions, insufficient political support, the lack of capacity and will to participate from the partners and short deadlines of OMC processes.

What problems were the most frequent for your institution while participating in the OMC process on the national level during last 2 years? (per cent of all respon



There is a lack of inter-institutional co-operation in implementing the EU Lisbon and social inclusion strategies in Lithuania (in particular in thematic areas of the Lisbon programme, e.g. research and innovation). The preparation of the Lisbon programme featured a broad and intensive partnership, a broad implementation and monitoring structure of the Lisbon programme was created. However, partnership has not been effective during the implementation of the Lisbon programme. Partnership remains insufficient in the areas of labour market and social inclusion.

Conclusions and recommendations

Conclusions

The research shows that the implementation of the Lisbon programme has not produced concrete public policy results until the middle of October, 2006. It is likely that the implementation of the current programme will not yield large effects or they will be achieved later than expected: the Lisbon programme is not very ambitious, its more ambitious initiatives (e.g. in the area of research and innovation) are being implemented slowly. The year of 2007 will be crucial for implementing the Lisbon programme. It is too early to assess the implementation of the national report about social security and social inclusion strategies: its implementation will depend on its implementation and monitoring mechanism.

Overall, the mechanisms of OMC influence are weak (in particular compared with the influence of the EU before accession) and their effectiveness is relatively small in Lithuania. Despite learning at the EU level, its results are poorly transferred to the national level. Also, peer pressure is small. The European Commission itself gave up its “naming and shaming” strategy. Lithuania seeks to influence recommendations of EU institutions, thus reducing the influence of peer pressure. It is sought in Lithuania to use the leverage effect, but co-operation with the European Commission is rather formal.

Therefore, the OMC results (or their shortage) in terms of process and content depend more on the influence of national factors. The area of research and development saw higher political attention in 2006, but the social inclusion process is less politically owned. Supporting institutions are not sufficiently strong in Lithuania in the Lisbon and social inclusion processes, especially in analytical terms. Also, the problem of administrative capacity is more pronounced in the area of research and development compared with the area of active labour market policies. Finally, although the participation of partners was useful, interest groups had a negative effect on the implementation of Lisbon decisions (concerning higher education reform and territorial labour market mobility).

The more successful implementation of EU strategies in Lithuania according to the OMC requires stronger political support for reforms (including a more active role of the Government Chancellery), stronger capacities of supporting institutions (in particular in analytical terms), better co-ordination in thematic areas and a more effective partnership.

Recommendations

1. Revise the national Lisbon strategy implementation programme, identifying the most important reform measures.

Two alternative forms of designing the Lithuanian Lisbon programme could be proposed.

Alternatives of designing the Lisbon programme

	“Framework”-type Lisbon programme (status quo)	National competitiveness (reform) programme (alternative)
Features	The programme covers many ongoing measures in the field of Lisbon strategy for 2005-2008 (for instance, 250 measures) The programme is targeted primarily towards Brussels’ demands: the programme and its report are submitted to EU institutions after its approval in the Government and the Parliament (the EU affairs committee).	Programme that highlights the most essential reform measures in the field of the Lisbon strategy (around 25 such measures). Programme is targeted primarily at internal reform demands: the programme and its report is discussed in the Government and the Parliament and then submitted to the EU institutions.

2. Co-ordinate the Lisbon programme implementation progress report with reporting to the Parliament under the Competitiveness report. Consider the possibility to report the implementation of the National report about Lithuanian social security and social inclusion strategies to the Government and the Parliament.
3. Design the implementation and monitoring plan for the National report about Lithuanian social security and social inclusion strategies. Improve the content and implementation of the National report about Lithuanian social security and social inclusion strategies, taking into consideration the assessment of the 2004-2006 national action plan and monitoring information.
4. Improve the administration of the EU Lisbon and social inclusion strategies, improving inter-institutional co-operation, strengthening analytical capacities of responsible units.

Two alternative forms of managing the Lithuanian Lisbon programme could be proposed.

Alternative forms of managing the Lisbon programme

	„Bottom-up“ management (status quo)	„Top-down“ management (alternative)
Features	The Lisbon programme is prepared and updated according to proposals from various stakeholders concerning main challenges of competitiveness and necessary reform measures, which are later co-ordinated and integrated into the programme. State secretaries of four ministries are responsible for respective parts of the programme	The Lisbon programme is prepared and updated according to a proposal of one analytical unit concerning main challenges of competitiveness and necessary reform measures, which is later co-ordinated with various stakeholders The Lisbon programme is prepared according to reform measures proposed in the Government programme and other documents

5. Better link financing of the national Lisbon strategy implementation programme and the national report about Lithuanian social security and social inclusion strategies with the use of the 2007-2013 EU structural assistance. Improve financing the implementation of EU Lisbon and social inclusion strategies from the state budget by using horizontal programmes and allocating investments on the basis of programmes.
6. Apply innovations in the Lisbon and social inclusion OMC processes at the national level: monitor and evaluate main reform measures against indicators, better use the EU best practice, introduce risk management of reforms, apply a horizontal approach of financing from the state budget.
7. Increase the intensity and effectiveness of partnership with social and economic partners, continue and enhance the publicity and information about the EU Lisbon and social inclusion strategies.
8. Better link the OMC processes at the EU and their application at the national level, further improve Lithuania's participation in the OMC processes at the EU level.
9. Use the EU best practice at the national level more effectively and carry out additional actions of bilateral and multilateral partnership in necessary areas.
10. Improve co-operation with the European Commission in the OMC processes, in particular at the national level.