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ESDN Quarterly Report March 2008

The Governance of the Lisbon Process: National Reform Programmes, Structural Indicators and Sustainable Development Strategies

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In March 2000, the heads of states of the then 15 EU Member States agreed upon a ten-year development strategy, the so-called "Lisbon Strategy", with the strategic goal to make Europe "the most competitive and dynamic knowledge-based economy in the world, capable of sustainable economic growth with more and better jobs and greater social cohesion" (European Council, 2000, para 5). To achieve this goal, the so-called "Lisbon Process" was launched.

In the political discourse, the Lisbon Process and SD strategies are framed as two complementary policy-making processes that both attempt to integrate economic, social and environmental policies, although with different emphases. While previous ESDN Quarterly Reports as well as other parts of the ESDN website explore SD strategies in Europe in detail, this report addresses different aspects of the Lisbon Process. It describes the governance of the Lisbon Process as well as some basic characteristics of Lisbon National Reform Programs. Furthermore, it reviews the coherence of Lisbon indicators used across the EU. Finally, it draws some conclusions on similarities, differences and the relationship between Lisbon National Reform Programmes (NRPs) and SD strategies.

Overall, it seems that the coherence of Lisbon NRPs across the EU is not as strong as one might expect due to the prominence of OMC, and that the governance routines of Lisbon and SD strategies in the Member States do not resemble the complementarity rhetoric mentioned above, but run very much in parallel to each other.

Acknowledgements

We thank [Pascal Wolff](#) from Eurostat for commissioning the study on the "Analysis of national sets of indicators used in the National Reform Programmes and Sustainable Development Strategies", and for the opportunity to disseminate the findings of the study in parts of this report. We also thank [Helga Pülzl](#), [Anja Bauer](#) and [Ewald Rametsteiner](#) from BOKU University for conducting the study together with RIMAS, and [Elke Pirgmaier](#) for writing her Master Thesis on the link between Lisbon NRPs and SD strategies, which enriched in particular the conclusions of this report.

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The Lisbon Process and sustainable development in Europe

Europe is well known for combining economic and social policies since the 1950s, and, more recently, for integrating environmental policies into the existing socio-economic models. These policy integration efforts are at the heart of sustainable development (SD), a concept that seems to be more prominent in Europe than in most other industrialised regions of the world.

However, while Europe is often regarded as a champion in SD, the European socio-economic model and its regional variations are under pressure. Among the most significant pressures are, for example (Pierson, 1998; Tharakan, 2003; Sapir *et al.*, 2004; European Commission, 2005a, 2005b):

- Economic globalisation, global competition and concerns about European competitiveness;
- The rise of neo-liberal ideas and policies (such as deregulation and market self-regulation);
- Climate change and its potential negative economic, social and environmental consequences;
- Demographic changes, such as ageing societies and migration.

A widely shared consensus among European policy makers is that sustaining the European socio-economic model and its variations requires an adaptation to these global pressures, or put more bluntly, a modernisation of the European welfare states altogether (European Council, 2005, 2006a; European Commission, 2005a, 2005b, 2006c). What this implies in practice is, of course, subject to serious political controversies. Regarding economic policies, European integration has progressed considerably in recent years, in particular with respect to the European Single Market and the European Monetary Union. Regarding social policies, there is a trend towards replacing existing regulations with more flexible ways of integrating economic and social concerns, also known as “flexicurity”. Regarding environmental policy integration (EPI), policy attention has shifted from industrial pollution towards climate change and renewable energies (European Commission, 2006a, 2007a), and traditional regulatory instruments have been complemented with new environmental governance approaches, often relying on market and network modes of governance (see e.g. Jacob & Volkery, 2004; Schout & Jordan, 2007; Homeyer, 2006; Nilsson *et al.*, 2007).

When it comes to the modernisation of socio-economic models and the governance of SD in general, comprehensive strategic processes feature prominently at both the EU and Member State levels. However, it was not until 2000, that European Heads of State began to address the integrative challenges of SD within EU-wide governance processes. The most significant EU processes aiming at a modernisation of the European socio-economic models, which are at the same time the most significant strategic processes aiming at SD, are

- The (renewed) Lisbon Strategy for growth and jobs (European Council, 2005);
- SD Strategies at the EU (European Council, 2006b) and Member State levels.

How do these two processes relate to each other? As the [European Commission's sustainable development website](#) puts it, “The EU's Sustainable Development Strategy aims, in tandem with the [Lisbon Strategy for growth and jobs](#), for a more prosperous, cleaner and fairer Europe”. Lisbon and SD strategies are obviously framed as two major complementary SD policy-making processes that both attempt to integrate economic, social and environmental policies, although with different emphases. In this respect, the renewed EU SD Strategy (European Council, 2006b:6) specifies the focus of the two complementary processes as follows: “The SDS is primarily concerned with quality of life, intra- and inter-generational equity and coherence between all policy areas, including external aspects. It recognises the role of economic development in facilitating the transition to a more sustainable society. The Lisbon Strategy makes an essential contribution to the overarching objective of sustainable development focusing primarily on actions and measures aimed at increasing competitiveness and economic growth and enhancing job creation.” Regarding the relationship between them, the EU SD Strategy emphasises, “These two strategies recognise that economic, social and environmental objectives can reinforce each other and they should therefore advance together.” Similar political statements are common political rhetoric. The [2006 Spring Council Presidency Conclusions](#), for instance, state that “the Lisbon Strategy itself has to be seen in the wider context of the SD requirement” (European Council, 2006a, para 42).

While previous ESDN Quarterly Reports as well as other parts of the ESDN website explore SD strategies in Europe in detail, this report addresses different aspects of the Lisbon Process. It describes the governance of the Lisbon Process as well as some basic characteristics of Lisbon National Reform Programs. Furthermore, it reviews the coherence of Lisbon indicators used across the EU. Finally, it draws some conclusions on similarities, differences and the relationship between Lisbon National Reform Programmes (NRPs) and SD strategies.

The Lisbon Process at the EU level

In March 2000, the heads of states of the then 15 EU Member States agreed upon a ten-year development strategy, the so-called “Lisbon Strategy”, with the strategic goal to make Europe “the most competitive and dynamic knowledge-based economy in the world, capable of sustainable economic growth with more and better jobs and greater social cohesion” (European Council, 2000, para 5). To achieve this goal, the so-called “Lisbon Process” was launched. It aims at

- Preparing the transition to a competitive, dynamic and knowledge-based economy;
- Modernising the European social model by investigating in people and combating social exclusion; and
- Applying a more coherent and systematic approach to economic and social policies.

Faced with the global pressures mentioned above on the one hand, and different social models across Europe on the other, the limitations of the conventional and rather formal “Community Method”¹ were recognised.² Consequently, more flexible EU governance processes, also known as Open Method of Coordination (OMC), came into being. While many EU policy processes (including SD strategies) share OMC-like features, OMC is the

official governance approach of the Lisbon Strategy (Borrás & Jacobsson, 2004). The main elements of the OMC, as defined in the Presidency Conclusions, are

- Fixing guidelines and timetables,
- Establishing indicators as a means of comparing best practice,
- Translating the European guidelines into national policies and
- Periodic monitoring and peer review to support mutual learning (European Council, 2000:12).

Another key characteristic of OMC is that the actual implementation of the guidelines in national policies is left to the discretion of the Member States.

In 2004, the European Council invited the European Commission to establish a High Level Group, led by the former Dutch Prime Minister Wim Kok, to carry out a mid-term review of the Lisbon Strategy. The so-called “Kok Report” concluded that the EU and its Member States have failed to deliver, but that “the Lisbon strategy is even more urgent today” and therefore, “better implementation is needed now to make up for lost time” (Kok, 2004:6). It pointed out, “If we want [...] to sustain our model of social cohesion and environmental sustainability, we must focus much more strongly on Europe’s growth and employment performance – and therefore improve Europe’s competitiveness” (Kok, 2004:16). This conclusion, and the recommendation, “the Lisbon strategy is even more urgent today” and therefore, “better implementation is needed now to make up for lost time”, led the way to the renewal of the Lisbon Strategy at the European Council in March 2005.

On the one hand, the Conclusions of the European Council (2005, para 6) pointed out, “the Union must mobilise to a greater degree all appropriate national and Community resources [...] in the Strategy’s three dimensions (economic, social and environmental) so as better to tap into their synergies in a general context of sustainable development”. On the other hand, however, the President of the European Commission made it very clear that economic growth and “more and better jobs” will be at the focal point of the renewed Lisbon Strategy. This prioritisation is reflected in the 24 “Integrated Guidelines for Growth and Jobs”, the key objectives of the EU Lisbon Strategy that have been adopted by the European Council in June 2005 (European Council 2005, for details see Figure 1).

Figure 1: Integrated guidelines for growth and jobs (2005-08)
(Source: European Commission, 2005c)

<p>Macroeconomic guidelines</p> <ol style="list-style-type: none">1. To secure economic stability.2. To safeguard economic and fiscal sustainability.3. To promote a growth- and employment-oriented and efficient allocation of resources.4. To secure economic stability for sustainable growth.5. To ensure that wage developments contribute to macroeconomic stability and growth.6. To contribute to a dynamic and well-functioning EMU. <p>Microeconomic guidelines</p> <ol style="list-style-type: none">7. To increase and improve investment in R&D, in particular by private business.8. To facilitate all forms of innovation.9. To facilitate the spread and effective use of ICT and build a fully inclusive information society.10. To strengthen the competitive advantages of its industrial base.11. To encourage the sustainable use of resources and strengthen the synergies between environmental protection and growth.12. To extend and deepen the internal market.13. To ensure open and competitive markets inside and outside Europe and to reap the benefits of globalisation;14. To create a more competitive business environment and encourage private initiative through better regulation.15. To promote a more entrepreneurial culture and create a supportive environment for SMEs.16. To expand, improve and link up European infrastructure and complete priority cross-border projects. <p>Employment guidelines</p> <ol style="list-style-type: none">17. To implement employment policies aimed at achieving full employment, improving quality and productivity at work, and strengthening social and territorial cohesion.18. To promote a lifecycle approach to work.19. To ensure inclusive labour markets, enhance work attractiveness and make work pay for job-seekers, including disadvantaged people, and the inactive.20. To improve matching of labour market needs.21. To promote flexibility combined with employment security and reduce labour market segmentation, having due regard to the role of the social partners.22. To ensure employment-friendly labour cost developments and wage-setting mechanisms.23. To expand and improve investment in human capital.24. To adapt education and training systems in response to new competence requirements.
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While about two thirds of the guidelines set macroeconomic and microeconomic objectives (such as “secure economic stability” or “facilitate all forms of innovation”), about one third focus on employment (such as “expand and improve investment in human capital”), and one guideline

addresses “the sustainable use of resources and strengthen the synergies between environmental protection and growth” (listed under microeconomic guidelines). This focus on economic issues fuels tensions between the Lisbon Process and SD strategies to date.

In 2005, the OMC governance approach of the Lisbon Process was overhauled together with its objectives. The strategy is now based on a three-year cycle (2005-2008), and it requires Member States to

- Implement the integrated guidelines (see figure 1) through “National Reform Programmes”;
- Measure the progress made towards the 24 integrated guidelines with a short list of 14 and a long list of 127 structural indicators (for lists of the Structural Indicators, see the structural indicators database at <http://ec.europa.eu/eurostat/structuralindicators>); and
- Report annually to the Commission about the progress made.

Based on the annual national reports, the Commission assesses all NRPs, gives recommendations and reports to the European Council (see, for example, European Commission, 2006c). At the end of the three-year cycle, the EU Lisbon programme (including the integrated guidelines) as well as the NRPs in the Member States have to be renewed.

So far, the EU Member States have published two and the European Commission three annual progress reports (the first one reviewed NRPs). The progress reports of the European Commission were published in January 2006 (“Time to Move up a Gear”), in December 2006 (“A year of delivery”), and in December 2007 (“Keeping up the pace of change”) (for a comprehensive [documentation of all EU progress reports click here](#); for all [Member State progress reports, click here](#)).

Chapter notes

1 The Community Method refers to the interplay of the key political actors at the EU level, namely the European Council and other Council formations, the European Commission, the European Parliament and the European Court of Justice (Trubek & Mosher, 2003; Trubek & Trubek, 2005).

2 The limitations of the Community Method in welfare state politics is owed not only to the fact that different socio-economic models make a “one-size-fits-all-approach” difficult, but also that Member States don’t want to loose competencies to Brussels (see e.g. Scharpf, 2002).

National Reform Programs and Structural Indicators across Europe: An empirical analysis of European coherence

At the Member State level, the Lisbon Process materialises in the form of so-called National Reform Programmes (NRPs) (European Environmental Bureau, 2005). According to the European Commission (European Commission, 2006c:9), NRPs are “the main tools to implement the new Lisbon Strategy, to translate the integrated policy guidelines into reform owned by the Member States and which Member States are responsible for delivering”. Until October 2005, all Member States have submitted their first NRP, outlining the policies, priorities and measures foreseen for the macro- and micro-economic dimensions as well as for employment issues. Their renewal is scheduled for 2009.

In its first progress report from January 2006, the European Commission (2006c) provided a detailed assessment of the NRPs of all 25 Member States. Each NRP was assessed with regard to general aspects and the three policy areas (macroeconomic, micro-economic and employment policies). Additionally, statistical information is provided for the 14 structural indicators. The following five main conclusions have been drawn by the European Commission (2006c:13-14):

- NRPs vary considerably across Member States, for instance regarding the formulation of targets. While some Member States have tried to integrate EU and national priorities in a set of often quantitative and timed objectives, others are less comprehensive. Additionally, while some NRPs clearly describe the content and form of policy measures addressing the objectives, this information is often lacking in other NRPs.
- NRPs could be vital tools to develop coherent policies covering all three areas of the integrated guidelines (i.e. macro- and micro-economic as well as employment policies). However, not all Member States have achieved to establish coherent approaches.
- Only a few NRPs tackle the challenge of competition and removing obstacles to market access. In addition, some Member States have not set national targets for R&D investment and employment, although this was requested by the European Council.
- A number of Member States need to make sure that Community cohesion and rural development spending is targeted in support of the Lisbon Strategy. Likewise, the coordination between Lisbon NRPs and the preparations for the new Structural Funds period (2007-13) has to be improved.
- Finally, public ownership of the Lisbon goals is by and large disappointing. Therefore, more efforts towards information about and ownership of Lisbon should be envisaged.

In 2006, the European Council argued in its Presidency Conclusions (para. 15) that now, as all NRPs are in place, it would be essential to ensure their “effective, timely and comprehensive implementation, and if necessary, strengthening of measures agreed in the NRPs”.

The following parts of this section provide some empirical details about NRPs and the indicators used in the Lisbon context. Some of the following findings confirm the assessment of the European Commission summarised above, others (in particular those on indicators used) complement it.

Methodological issues

The following parts of the report are based on a study that was carried out between January and June 2007 by the [Institute of Forest, Environmental and Natural Resource Policy at the University of Natural Resources and Applied Life Sciences \(BOKU\)](#), together with [RIMAS \(the Research Institute for Managing Sustainability that operates the ESDN Office\)](#) at the [Vienna University of Economics and Business Administration](#). The study was commissioned by [Eurostat](#), the Statistical Office of the European Communities (Lot 2 of Eurostat's tender No 2006/S 148-159080 on the "Improvement of the quality of the quality of the Structural and Sustainable development indicators"). The complete study (Rametsteiner et al., 2007) can be [downloaded here](#).

The objectives of the study were to

1. List and compare objectives and indicators used in
 - The EU Lisbon strategy and NRPs
 - The EU SDS and NSDSs
2. Describe similarities and differences regarding objectives and indicators in both Lisbon and SD strategies at the EU and national levels.

As mentioned already in the [ESDN Quarterly Report December 2007](#), the analysis of objectives and indicators in Lisbon and SD strategies at the EU and national levels was implemented through three tasks:

- o Task 1: An analysis of national priorities and sets of indicators used in National Reform Programmes (NRPs are the Lisbon Strategy equivalent at the Member State level) of the EU-25 in comparison with priorities and indicators of the EU Lisbon Strategy;
- o Task 2: An analysis of national priorities and sets of indicators used in national SD Strategies (NSDSs) in comparison with priorities and indicators of the renewed EU SDS (this task covered the EU-25 as well as acceding, candidate and EEA countries and Switzerland);
- o Task 3: A comparative analysis of structural and sustainable development indicators used by Member States.

The empirical findings summarised here (and the following methodological remarks) focus on the analysis of objectives and indicators used in Lisbon National Reform Programmes (task 1). The analysis and comparison of SD objectives and indicators (task 2) is summarised in the [ESDN Quarterly Report December 2007](#).

A European comparison of indicators used in the Lisbon Process requires a common point of reference that helps to highlight similarities and differences across Member States. Here, the EU Structural Indicators (SI) (as listed in the EU Structural Indicators database <http://ec.europa.eu/eurostat/structuralindicators>, including the 4 new structural indicators added after the 2006 review as specified in [SEC\(2006\) 1673](#)) were used as the common point of reference. Similar to the approach described in the [ESDN Quarterly Report December 2007](#), objectives and indicators identified in NRPs and corresponding progress reports were entered into a database and categorized by using a hierarchical scheme. Additionally, the indicators (not the objectives) were linked to the EU Structural Indicators used in the context of the Lisbon Process.

The study covered a total of 25 EU Member States (the EU-25 prior to the accession of Bulgaria and Romania). All 25 countries had already elaborated an NRP as well as a first progress report. As an exception, Hungary and Sweden did not publish a progress report but a revised version of their NRP.

As in the [ESDN Quarterly Report December 2007](#), two limitations have to be kept in mind when interpreting the findings of the study. First, a number of countries (Belgium, France, Italy, Poland and Portugal) did not explicitly state a set of indicators in their NRPs. However, virtually all countries referred to several single indicators that could be derived from tables, graphs or the text. However, in order to make the results comparable, these 'implicit indicators' were, not included in the analysis. As regards the NRP progress reports, all of them included explicit lists of indicators that were in addition included in the study.

Second, a majority of the analysed NRPs lack a detailed description of the kind of revisions, monitoring methods and reporting cycles that are foreseen. This may be due to the fact that a common approach for all EU MS has been set up, known as the Open Method of Coordination (OMC, for details click here). The Lisbon OMC foresees that NRPs are developed for a period of three years and are accompanied by annual progress reports. The latter do not only report about progress achieved in the implementation of the NRP objectives but also revise goals and introduce new actions and measures. However, due to methodological considerations, we restricted the scope of the analysis to objectives and actions specified in the original NRP documents.

Type, focus and structure of Lisbon National Reform Programmes

This section characterises National Reform Programmes (NRPs) in terms of basic characteristics (types), their focus, structure and objectives. The one-year follow-up Communication of the European Commission (2006) to the Spring European Council entitled "A year of delivery" lines out that "in addition to the fact that Member States had different points of departure, there is considerable variation in the pace, intensity and commitment towards reforms across Member States." The analysed National Reform Programmes reflect this variation in terms of several features such as

- Structure and length
- Number and concreteness of the measures to be implemented in the national context
- Orientation towards the *integrated guidelines for growth and jobs* (European Commission, 2005c)
- Use of indicators (both explicit and implicit).

The first three points are discussed below; the use of indicators is discussed in the next sub-section.

Table 1 provides an overview of the hierarchy and total number of objectives stated in NRPs. While a majority of 15 NRPs show a hierarchical structure of main objectives broken down into sub-objectives and actions, the remaining 10 documents do not specify how the main objectives ought to be implemented. Instead, these so-called 'mixed' approaches specify sub-objectives and actions in separate chapters or parts of the NRPs

without reference to the main objectives outlined before. The number of objectives ranges from 78 (Malta) to 307 (Sweden), with an average of 185. However, the number of objectives may have changed since 2005 because many of the progress reports state additional objectives.

Regarding the importance of the integrated guidelines, Table 1 shows in detail that 32% of the countries (including Cyprus, Ireland and Luxembourg) prepared their NRPs by strictly following them (i.e. showing a strong orientation towards the integrated guidelines). About 28% of the EU-25 (including Austria, Estonia and Slovakia) formulated their NRP objectives with some reference to the *integrated guidelines* (medium orientation); and 24% (including Belgium, Italy and the UK) did not explicitly follow the guidelines but structured their NRPs according to the three main areas 'macroeconomic guidelines', 'microeconomic guidelines' and 'employment guidelines' (weak orientation). 16% of the countries (including Denmark and France) did not make explicit references to the guidelines.

Table 1: Structure, scope and coherence of European NRPs

Country	NRP structure	Number of objectives and actions/measures*	Orientation towards <i>Integrated guidelines (IGs)</i>
Austria	mixed; 7 strategic key areas; actions described in a separate section of the NRP	122 (7/22/93)	medium; actions formulated along IGs, linkage between the 7 key areas and IGs added in progress report
Belgium	mixed; 6 main objectives; further objectives and actions described in a separate part of the NRP	167 (19/51/97)	weak; NRP structured along the 3 main policy areas of the IGs**
Cyprus	mixed; 9 'key challenges' plus further 13 main objectives in separate chapters	277 /22/55/200)	strong; objectives clearly follow the IGs
Czech Republic	hierarchical; 8 main objectives	155 (8/46/101)	medium; NRP structured according to the main policy areas of the IGs**
Denmark	hierarchical; 6 main objectives	145 (6/26/113)	no reference to IGs
Estonia	clearly hierarchical; 9 main objectives	148 (9/26/113)	medium; linkage between objectives and IGs specified in the NRP annex
Finland	hierarchical; 3 main objectives	94 (3/12/79)	strong; objectives and sub-objectives structured along IGs
France	mixed; 4 main objectives plus 3 further objectives in separate chapters	25 (7/18/0)***	no reference to IGs
Germany	hierarchical; 6 main objectives	31 (6/25/0)***	medium; some of the objectives and actions refer to the IGs
Greece	mixed; 4 main objectives plus further 8 objectives specified in separate chapters	225 (12/34/179)	no reference to IGs
Hungary	mixed; 11 main objectives, actions/measures specified in separate chapters	40 (11/29/0)***	strong; sub-objectives clearly structured along IGs
Ireland	mixed; 12 main objectives, actions/measures specified in separate chapters	116 (12/23/81)	strong; sub-objectives structured along IGs
Italy	hierarchical; 5 main objectives	83 (5/11/67)	weak; 5 main objectives actually summarize IGs
Latvia	hierarchical; 5 main objectives	233 (5/61/167)	weak; 5 main objectives actually summarize IGs
Lithuania	hierarchical; 3 main objectives	284 (3/13/268)	strong; objectives and actions clearly structured along IGs
Luxembourg	hierarchical; 20 main objectives	268 (20/56/192)	strong; objectives and actions clearly structured along IGs
Malta	clearly hierarchical; 5 main objectives	78 (5/20/53)	no reference to IGs
The Netherlands	hierarchical; 19 main objectives	195 (19/55/121)	strong; objectives structured along IGs
Poland	clearly hierarchical; 6 main objectives	130 (6/42/82)	weak; objectives structured along the 3 main policy areas of the IGs**
Portugal	mixed; 7 main objectives, actions/measures specified in separate chapters	164 (7/31/126)	weak; objectives structured along the 3 main policy areas of the IGs**
Slovakia	hierarchical; 5 main objectives	125 (5/17/103)	medium; linkage between objectives and IGs specified in the NRP annex
Slovenia	hierarchical; 5 main objectives	265 (5/40/220)	medium; linkage between objectives and IGs specified in the NRP annex
Spain	mixed; 3 main objectives plus 7 'pillars' for which actions and measures are specified	301 (10/51/240)	medium; linkage between objectives and IGs specified in the NRP annex
Sweden	hierarchical; 21 main objectives	307 (21/67/219)	strong; NRP clearly structured along IGs
UK	mixed; 6 main objectives, actions/measures specified in separate chapters	187 (6/17/164)	weak; objectives structured along the 3 main policy areas of the IGs**

Notes:

* total number of objectives and actions; in brackets: top-level goals / high-level priorities / key issues & measures; see Table 2 for details about this classification

** The *Integrated guidelines for growth and jobs* are structured according to the three main policy areas 'Macroeconomic guidelines', 'Microeconomic guidelines' and 'Employment guidelines'

*** Due to the on-going elaboration of the document at the time of study, issues, actions and measures were not included in the analysis

Overall, it seems that the coherence of Lisbon objectives across the EU is not as strong as one might expect based on the fact that OMC features are stronger here than in the context of the EU SDS. However, if we look at the use of indicators in both the Lisbon and the SD strategy processes, the picture is somewhat different.

Indicators used in NRPs across Europe

In contrast to the usage of SDIs in national SD strategy processes (see [ESDN Quarterly Report December 2007](#)) where some countries did not adopt SDIs so far, all EU-25 Member States have adopted indicator sets to monitor progress towards the EU's Lisbon goals specified in their NRPs. Table 2 provides an overview of the usage of indicators in NRPs and corresponding progress reports (PR) from 2006.

Table 2: Usage of indicators in NRPs and progress reports

Country	Indicators in NRPs and/or PRs*	Number of indicators in NRPs / PRs**	Explicit reference to EU Structural Indicators
Austria	Indicators included in NRP; smaller set in PR	72 / 43	-
Belgium	No indicators in NRP; small set included in PR	0 / 20	-
Cyprus	Some indicators in NRP, longer list in PR	26 / 83	-
Czech Republic	Indicators included in NRP, revised set in PR	27 / 36	-
Denmark	Comprehensive sets of indicators included both in NRP and PR	119 / 129	-
Estonia	Comprehensive set of indicators included in NRP; smaller set in PR	101 / 72	-
Finland	Indicators included in NRP; smaller set in PR	51 / 36	-
France	No indicators in NRP; comparatively few included in PR	0 / 7	-
Germany	Some indicators included in NRP, revised set in PR	12 / 20	Short list of SIs included in NRP
Greece	Comparatively few indicators included both in NRP and PR	12 / 12	-
Hungary	Comprehensive set of indicators included in NRP	309 / N/A	-
Ireland	Indicators included in NRP; revised set in PR	20 / 29	-
Italy	No indicators in NRP, but included in PR	0 / 16	-
Latvia	Indicators included in NRP; revised set in PR	23 / 16	Short list of SIs included in NRP
Lithuania	Indicators included in NRP; smaller set in PR	71 / 26	Short list of SIs included in NRP
Luxembourg	Indicators included in NRP; more comprehensive set in PR	37 / 130	List of SIs (with data for Luxembourg) included in NRP
Malta	Comparatively few indicators included in NRP; more comprehensive set in PR	8 / 69	-
The Netherlands	Indicators included in NRP; comprehensive set in PR	77 / 121	Short list of SIs and EMCO*** indicators included in NRP
Poland	No indicators in NRP, but included in PR	0 / 32	-
Portugal	No indicators in NRP, comparatively few included in PR	0 / 12	-
Slovakia	Indicators included in NRP, revised set in PR	49 / 62	-
Slovenia	Indicators included in NRP; comprehensive set in PR	13 / 99	Short list of SIs included in NRP
Spain	Comprehensive set of indicators included in NRP, even more comprehensive set in PR	130 / 238	-
Sweden	Comprehensive set of indicators included in NRP	96 / N/A	Short list of SIs and EMCO*** indicators included in NRP
UK	Comparatively few indicators in both NRP and PR	3 / 8	-

Notes:

* Only the 2006 progress reports were included in the study. However, in the meantime the 2007 progress reports have been published by the Member States

** Numbers refer to the indicators used in the NRP and 2006 progress reports

*** EMCO indicators are used to monitor the Employment Guidelines (2005-2008) that are part of the *Integrated guidelines for growth and jobs* (for the current list of EMCO indicators, see http://ec.europa.eu/employment_social/employment_strategy/docindic_en.htm)

Table 2 shows that NRP indicator sets differ strongly with respect to their size. While some countries have a rather small set with about 10 indicators (such as Greece, France and the UK), others use comprehensive sets with more than 100 indicators (such as Denmark, Hungary and Spain). Virtually all countries have included a revised set of indicators in their 2006 progress reports. However, no common trend of decreasing or increasing indicator sets is observable. While a number of countries have increased the size of their set considerably (e.g. Luxembourg, Slovenia and Spain), others made efforts to include a smaller set in their 2006 progress reports (e.g. Austria, Finland and Lithuania). As regards the EU Structural Indicators, six countries (Germany, Latvia, Lithuania, the Netherlands, Slovenia and Sweden) included the short list of 14 indicators in their NRPs. Additionally, two countries (the Netherlands and Sweden) included the so-called EMCO indicators that are used to monitor the Employment Guidelines (2005-2008) that are part of the *Integrated guidelines for growth and jobs*. Only one country (Luxembourg) included a more comprehensive version of the EU Structural Indicators broken down to the national situation.

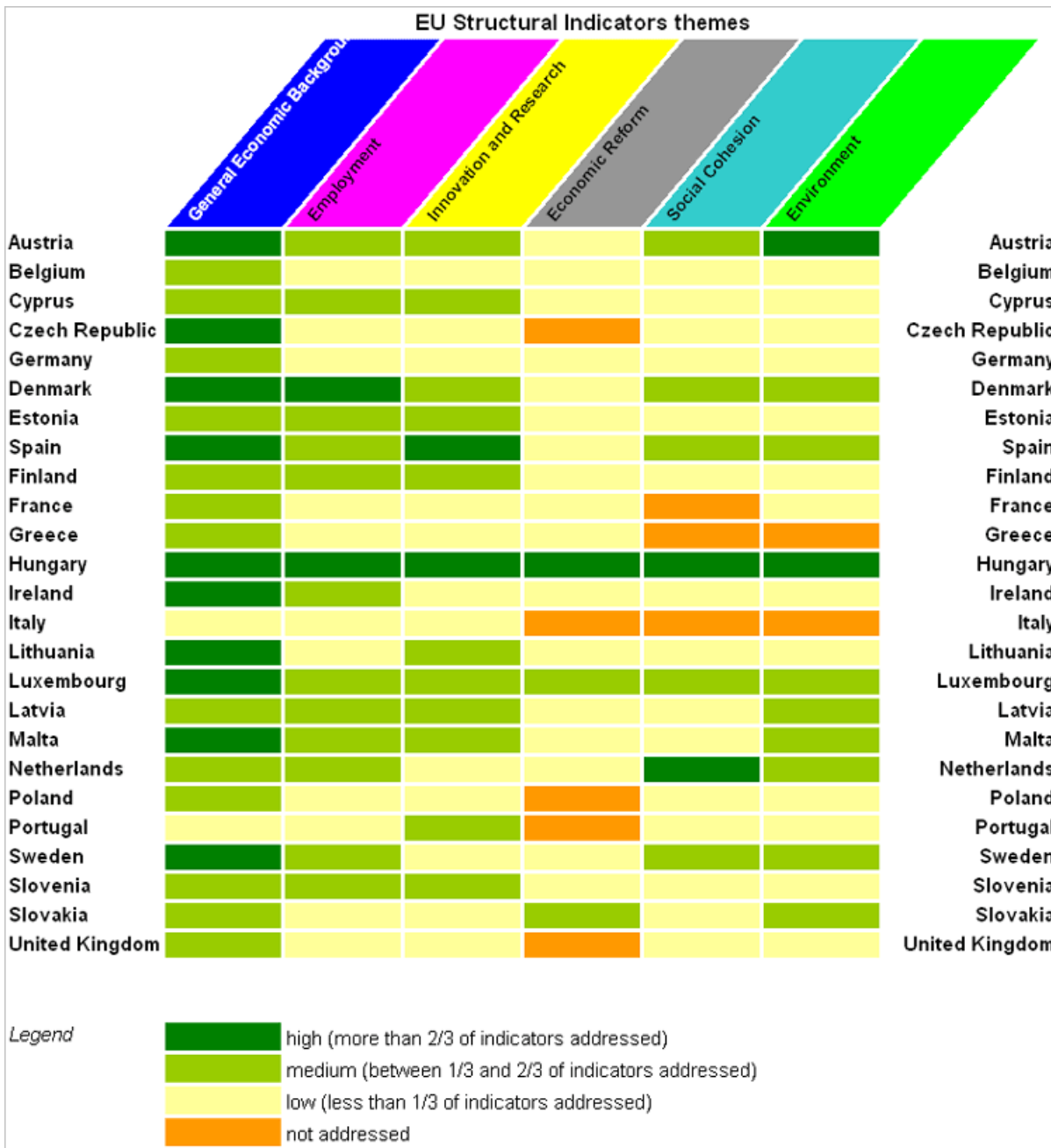
As for virtually all countries more than one indicator set was available (one derived from the NRP and another one derived from the corresponding progress report), the different sets have been compared and merged before the following steps of the analysis were undertaken (i.e. indicators that were identical in both sets were included only once).

Coherence in the use of Structural Indicators across Europe

This Section compares the NRP indicator sets used in the EU-25 with the EU Structural Indicators as listed in the [structural indicators database](#). While the comparison was conducted on the basis of individual indicators, the results presented here are shown for the aggregated level of EU Structural Indicator themes. When interpreting the results of this comparison, it is important to keep in mind that a low score does not necessarily mean that the particular theme is not addressed at all. It could also indicate that it is addressed differently than by the EU Structural Indicator set. Figure 2 shows the degree to which the NRP indicator sets of the EU-25 address the six EU Structural Indicator themes.

Figure 2: European coherence regarding NRP indicators compared to the EU Structural Indicators (SIs)

Note: The colour code used in Figure 2 indicates the degree to which a country's indicator set addresses the EU Structural Indicators themes. For instance, the Austrian indicator set addresses more than two-thirds of the indicators listed under the EU SI theme 'general economic background' (dark-green), but it addresses less than one-third of the indicators specified in the theme 'economic reform' (beige). Themes that are not addressed by national indicator sets are highlighted in orange.

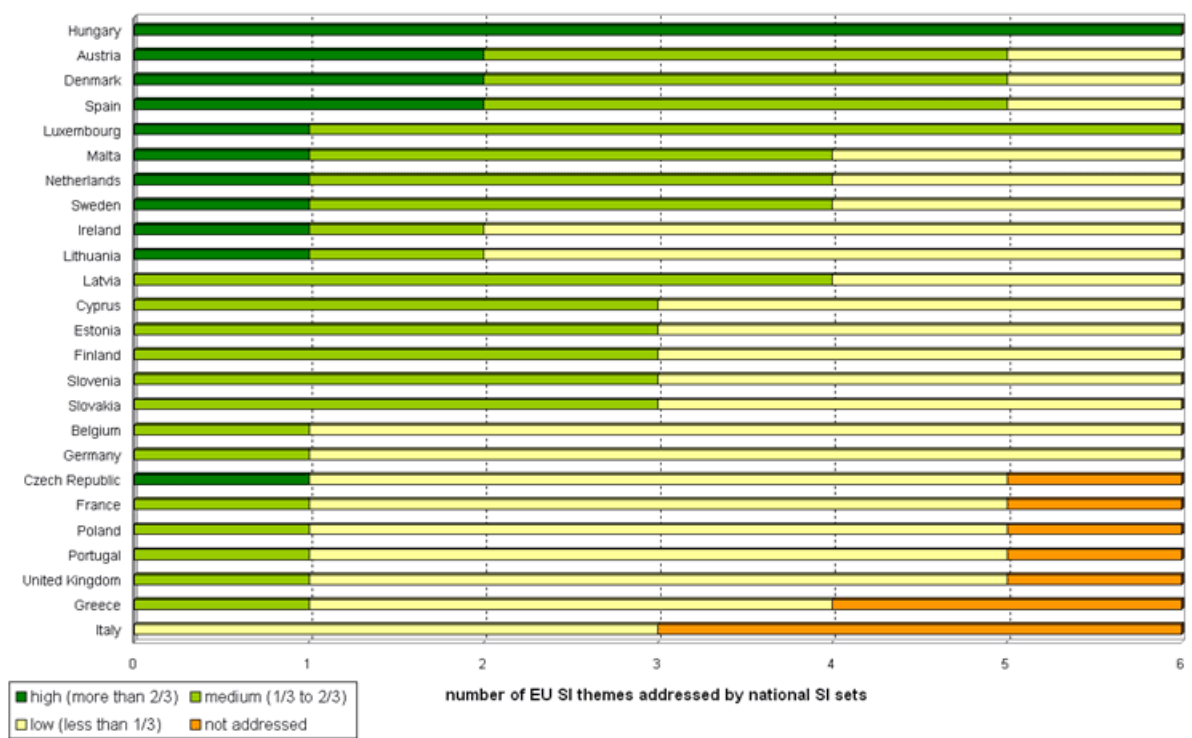


Obviously, the EU SI theme 'general economic background' is the one that is addressed by far most coherently. The most prominent indicators under this theme are, for example, *public balance*, *real GDP growth* and *GDP per capita*. 'Employment' and 'innovation and research' are other prominent themes in all national indicator sets analysed. Frequent indicators used for these themes are *total employment rate*, *employment rate of older workers* and *life-long learning* (theme 'employment') and *gross domestic expenditure on R&D*, *youth education attainment level* and *broadband penetration rate* (theme 'innovation and research'). In contrast, countries obviously use few or different indicators for the themes 'economic reform' (such as *comparative price levels*, *business investments* and *business demography*) and 'social cohesion' (such as *early school-leavers*, *long-term unemployment rate* and *at-risk-of-poverty rate after social transfers*). For the complete list of Structural Indicators and the assignment of individual indicators to the six themes, see <http://ec.europa.eu/eurostat/structuralindicators>.

Figure 3 summarises the findings shown in Figure 2 for the vertical country axis by using the same colour code. Notably, countries showing relatively high scores in addressing the EU SI themes (Austria, Denmark, Hungary, Luxembourg and Spain) all use a comprehensive indicator set. As the EU SI set consists of 132 indicators, it is no surprise that countries with rather small sets (in particular Greece, France and the UK) cannot address the EU SI themes comprehensively.

Figure 3: Overview of how comprehensively countries cover the EU set of Structural Indicators (SIs)

Note: The colour code used in Figure 3 indicates the degree to which national NRP indicator sets refer to the indicators identified in the six EU Structural Indicator themes. For instance, the indicator set of Spain addresses all EU SI themes; two to a high (dark-green), three to a medium (light-green) and one to a low degree (beige). On the other hand, the Italian indicator set only addresses three of the six EU SI themes (to a low extent).

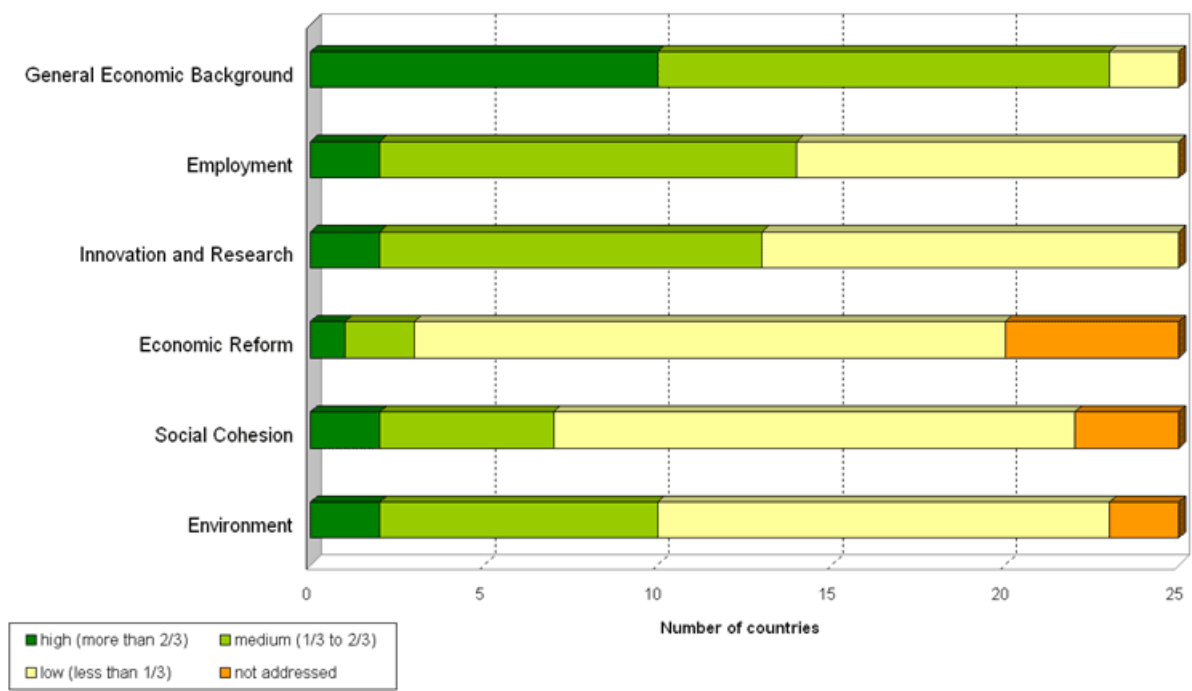


Notably, Hungary addresses all EU SI themes to a high degree. This is due to the fact that Hungary uses by far the largest indicator set consisting of 309 single indicators. Another country (Luxembourg) addresses all EU SI themes at least to a medium degree. Again, this result is not surprising as Luxembourg adopted a comprehensive set of 130 indicators in its NRP progress report (see Table 2). These two examples illustrate that the coherence of indicator sets depends also on the size of the indicator sets adopted by Member States.

Figure 4 summarises how the six SI themes are addressed by the EU-25. Again, it highlights the comparatively strong coherence among economic indicators listed in particular under the theme ‘general economic background’. On the other hand, we see a comparatively weak coherence as regards the themes ‘economic reform’ and ‘social cohesion’.

Figure 4: EU SI themes addressed by national indicator sets

Note: The colour code used in Figure 4 indicates the degree to which the EU SI themes are addressed by national indicator sets. The theme ‘social cohesion’, for instance, is addressed by two indicator sets to a high degree (dark-green), by five to a medium degree (light-green), by fifteen to a low degree (beige), and by three indicator sets not at all.



Comparison of Structural and SD Indicators

After reviewing how coherent Structural Indicators are used in the EU-25, this section draws a comparison with the findings on the use of SD indicators across Europe (documented in the *ESDN Quarterly Report December 2007*). This comparison is relevant because both processes are supposed to play a complementary role in SD policy making (for details, see the introduction).

When comparing Figure 3 above and Figure 6 from the last report on the use of SD indicators across Europe, it becomes obvious that the coherence between national and EU indicators is considerably higher in the context of the Lisbon process than for SD strategies. While, for example, several countries address one or even two of the EU SI themes to a high degree, for SDIs we find this level of coherence only for one country.

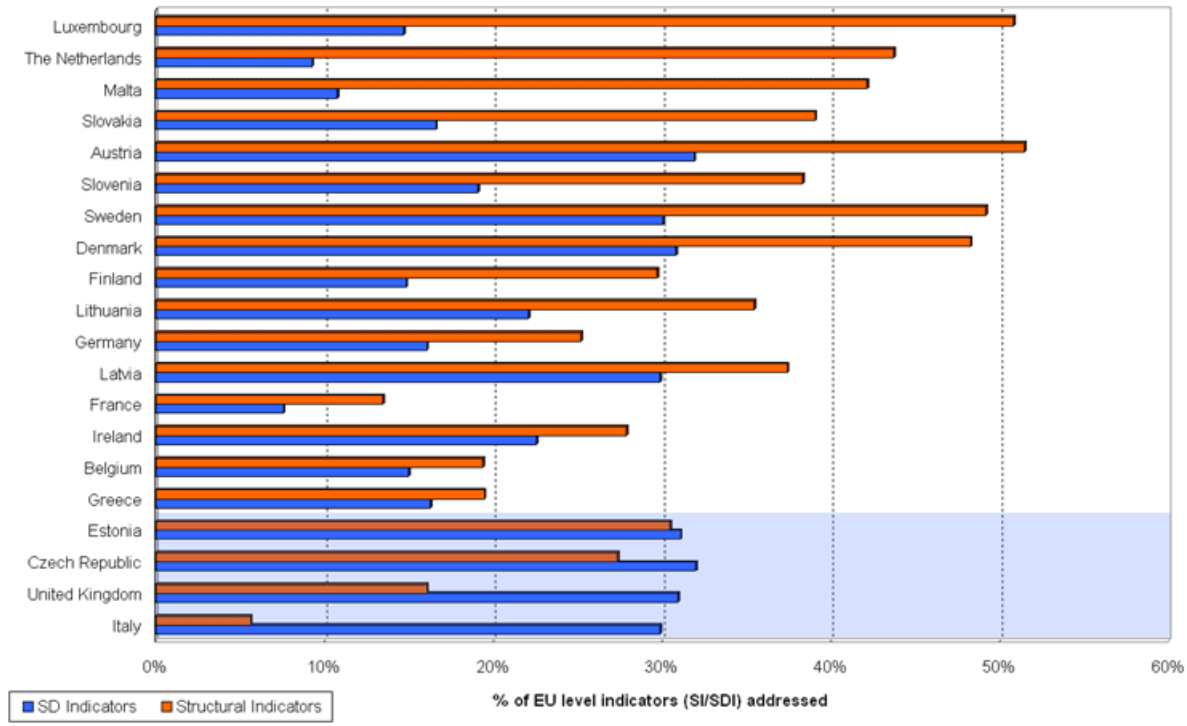
When comparing Figure 4 above and Figure 7 from the last report, both showing how coherently EU indicator themes are addressed by the EU Member States, we again see a higher degree of coherence for the Structural Indicators. Notably, the SI theme 'general economic background' and the EU SDI theme 'economic development', respectively, show the highest degree of coherence. This indicates that there are already well established and agreed sets of indicators covering the economic dimension of SD. On the other hand, the coherence for the SI themes 'economic reform' or 'social cohesion' on the one hand and the SDI themes 'good governance' as well as 'global partnership' on the other is comparatively low.

Figure 5 compares the overall coherence between national and EU level indicator sets for both the SIs and SDIs, i.e. it summarizes Figure 3 above and Figure 6 from the last report by using percentage scores instead of colour codes. (Please note that, for the sake of clarity, Figure 5 includes only those countries with both SI and SDI sets. All other countries with one indicator set are displayed in Figure 6).

Figure 5 again shows that for a majority of the EU Member States the use of indicators in the context of the Lisbon Process is more coherent than for the use of SDIs. While six countries (Austria, Denmark, Luxembourg, Malta, the Netherlands and Sweden) address more than 40 percent of the EU Structural Indicators, the maximum degree of coherence between national and EU level SDIs is only around 30 percent. Only four countries (the Czech Republic, Estonia, Italy and the UK; highlighted in blue at the bottom of Figure 5) show a higher degree of coherence for SDIs than for SIs.

Figure 5: Comparison of overall coherence between national and EU level indicators

Note: The horizontal axis indicates the degree to which a country's indicator set addresses the indicators used in the EU sets. Luxembourg, for instance, addresses more than 50 percent of the EU Structural Indicators with its national SI set, and addresses about 15 percent of the EU SDI set with its national SDI set.



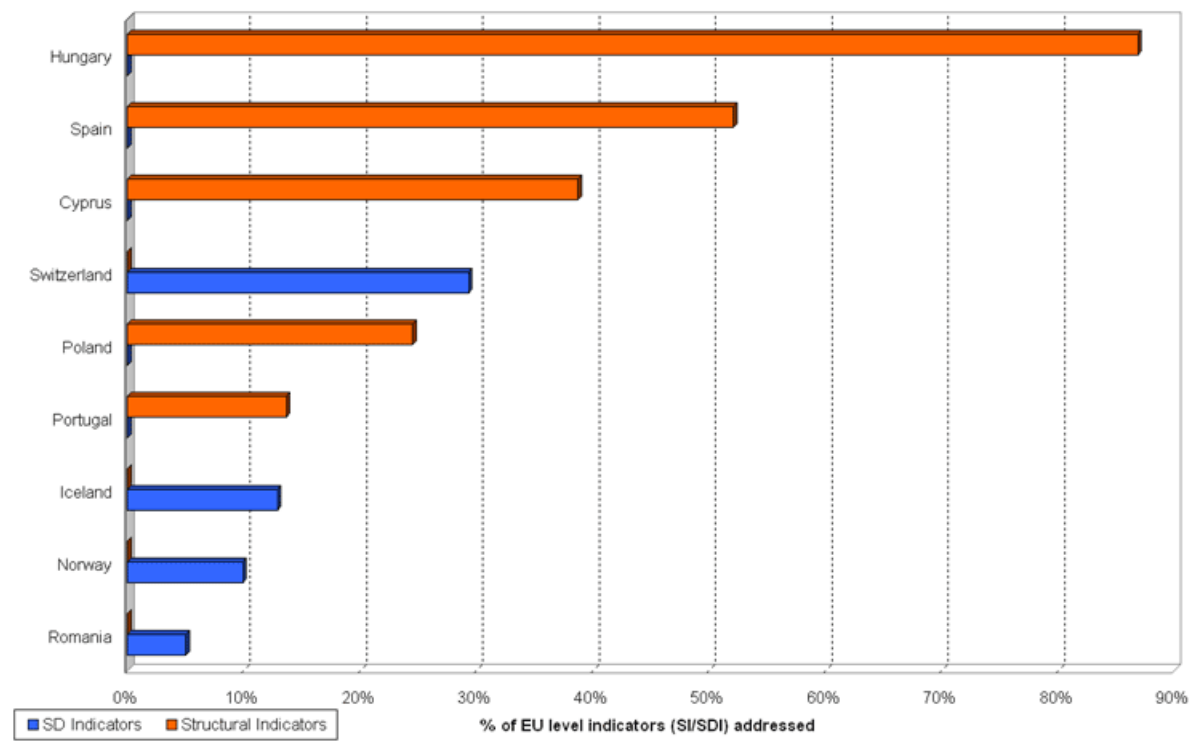
Notably, Austria, Denmark and Sweden have quite comprehensive sets of both Structural and SD Indicators that show a high degree of coherence with the respective EU indicator sets. Due to very small sets of both Structural and SD Indicators (7 and 12, respectively), France shows a comparatively low degree of coherence for both comparisons. Many other countries show an ambiguous picture that can be described as follows:

- o Countries with highly coherent SI sets but incoherent SDI sets: Luxembourg, Malta, the Netherlands, Slovakia and Slovenia;
- o Countries with highly coherent SDI sets but incoherent SI sets: Italy and the UK;
- o Countries with a comparatively low coherence for both SI and SDI sets: Belgium, France, Germany and Greece.

To complete the picture, Figure 6 depicts those countries that have adopted only one set of indicators (either SIs or SDIs).

Figure 6: Coherence score for countries with only one set of indicators (either SIs or SDIs)

Note: The horizontal axis indicates the degree to which a country's indicator set addresses the indicators used in the EU sets. Hungary, for instance, addresses more than 85 percent of the EU Structural Indicators with its national SI set, but has no established SDI set.



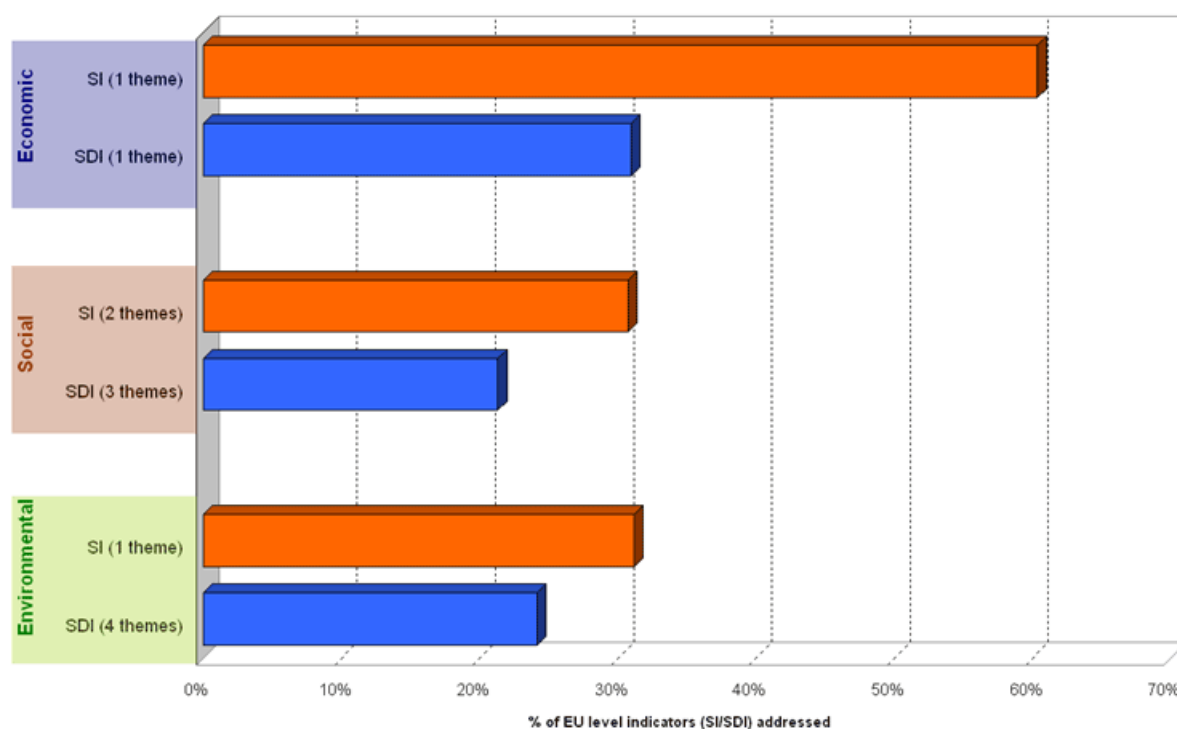
So far, we have explored the coherence of indicators for themes and countries. But what about the degree of coherence for the three dimensions of SD? Are, for example, economic indicators used more coherently across Europe than social or environmental ones? Figure 7 answers these questions graphically by summarising themes and indicators for the three dimensions of SD as follows:³

- **Economic:**
 - 1 SI theme: 'general economic background'
 - 1 SDI theme: 'economic development'
- **Social:**
 - 2 SI themes: 'employment' and 'social cohesion'
 - 3 SDI themes: 'poverty and social exclusion', 'ageing society' and 'public health'
- **Environmental:**
 - 1 SI theme: 'environment'
 - 4 SDI themes: 'climate change and clean energy', 'production and consumption patterns', 'management of natural resources' and 'transport'

Figure 7 clearly answers the questions asked above. On the one hand, it reaffirms that vertical integration of indicator sets is stronger for the Lisbon process than for SD strategies. Regarding the three dimensions of SD it shows that economic indicators are by far used most coherently, in particular in SI sets. Social and environmental indicators, on the other hand, show a much lesser degree of coherence: National SI sets on average address only about 30 percent of the EU SIs referring to the social and environmental dimensions. As regards the social and environmental dimension, however, it has to be noticed that this result is biased because these two dimensions consist of more SDIs than SIs. This means that more EU SDIs have to be addressed by countries to reach a similar degree of coherence as on the SI side. The environmental dimension, for instance, consists of one SI theme containing 20 indicators, whereas for the SD side it consists of four themes containing 74 indicators.

Figure 7: Coherence of Structural and SD Indicators regarding economic, social and environmental issues

Note: The horizontal axis indicates the degree to which the national indicator sets on average address the indicators used in the EU sets. For instance, 60 percent of the EU Structural Indicators referring to economic issues (i.e. belonging to the SI theme 'general economic background') are on average addressed by national SI sets. On the other hand, only 20 percent of the EU SD Indicators referring to social issues (i.e. belonging to the EU SDI themes 'poverty and social exclusion', 'ageing society' and 'public health') are addressed by national SDI sets.



Chapter notes

3 The SI themes 'innovation and research' and 'economic reform' as well as the SDI themes 'good governance' and 'global partnership' have been excluded in this comparison because they are hybrid themes that do not fit into one of the three dimensions of SD.

Conclusions on similarities, differences and linkages of Lisbon and SD strategies

As emphasised above, the Lisbon Process and SD strategies are often framed as complementary processes, both aiming at SD in Europe. This is the background against which we finally explore some similarities, difference and linkages between the two processes.

Similarities and differences

The most obvious similarities between the Lisbon and SD strategies touch on process issues related to OMC. While the Lisbon Process fully embodies OMC, the EU SD Strategy process embraces OMC-like features to an increasing degree (Berger & Steurer, 2007):

- The EU SD Strategy follows a five year cycle and will be renewed in 2011/2012;
- Member States are called upon to consider the objectives of the EU SD Strategy in their national SD Strategy processes;
- While all EU countries monitor NRPs with structural indicators, many (not all) of them monitor SD strategies with SD indicators.
- Member States report bi-annually on the progress made to the Secretariat General which coordinates the EU SD Strategy as well as the Lisbon Process;⁴
- Based on the national reports, the Secretariat General issues a bi-annual "Progress Report on the European Union Sustainable Development Strategy" (see European Commission, 2007b);
- Peer Reviews (i.e. the review of national SD Strategies by peers from other EU Member States) are fostered as a mutual learning tool (European Commission, 2006b).

However, since OMC stands for relatively open governance arrangements, it is no surprise that also some differences emerge beneath the mentioned similarities. Table 3 briefly summarises key similarities as well as differences between Lisbon and SD strategies, including the EU SD strategy process (for further details, see also Pirgmaier, 2008).

Table 3: Similarities and differences between the Lisbon Strategy and SD Strategies

	Lisbon strategies	SD strategies and the EU SDS
Main EU strategy	Relaunched Lisbon Strategy (2005)	Renewed EU SDS (2006)
National strategy documents	National Reform Programmes (NRP)	National Sustainable Development Strategies (NSDS)
Orientation	Aim to improve competitiveness in Europe in the medium term	Aim to achieve SD in Europe in the long term

Focus of horizontal integration	Focus on economic and employment trajectories and policies; no ambitious environmental objectives	Balances economic, social and environmental objectives (with an emphasis on the latter two)
Features of vertical integration	<ul style="list-style-type: none"> • Top-down genesis: EU Strategy was adopted first, National Reform Programmes (NRPs) in Member States followed • Group of Member State coordinators chaired by the Secretariat General • Ideal-type OMC from the beginning 	<ul style="list-style-type: none"> • Bottom-up genesis: most national SD Strategies preceded the renewed EU Strategy from 2006⁵ • Group of Member State coordinators chaired by the Secretariat General • Develops into OMC (progress reports, peer reviews etc.)
Responsible unit at European Commission	Secretariat General	
European Council discussion	March Council	December Council
National coordination	NRP Focal Points ("Mr or Mrs Lisbon"): high-level politicians	SDS Coordinators: public administrators
Responsible ministry at the national level (most often)	Ministry of Economic Affairs	Ministry of the Environment
Governance cycle	3 years	5 years
Reporting period	Annual	Bi-annual
Suggested length of national progress reports	Max. 40 pages (exceeded by all Member States, ranging from approx. 50 - 250 pages)	Max. 25 pages (exceeded by most Member States)

Lisbon NRPs and SD strategies

Because Lisbon and SD strategies are often framed as two processes that complement each other in the pursuit of SD, one would expect relatively close ties not only between the respective EU strategies, but in particular between NRPs and national SD strategies. However, as Elke Pirgmaier (2008) shows with three qualitative case studies on the UK, Sweden and Austria, everyday governance routines do not necessarily match with rhetoric.

In all three countries studied, the responsibility for Lisbon and SD strategies is assumed by different inter-ministerial bodies, and the ties between them are overall rather weak. In Austria and the UK, officials from the Environment Ministry are responsible for commenting on the NRP and progress reports, in particular on the Guideline 11 chapter regarding the sustainable use of natural resources and strengthening synergies between environmental protection and economic growth. Likewise, administrators responsible for the Lisbon process comment on drafts related to the SD strategy process of their country in similar ways. Close coordination of Lisbon and SD policies does not take place. Although Sweden has established at least stronger personal ties between the Lisbon and the SDS groups, Pirgmaier (2008) concludes, "All government officials across the three countries agree that both strategic processes co-exist side by side" instead of being intertwined.

One way of changing this obvious co-existence is to strengthen institutional ties between the two processes; another one would be to merge the two processes into a new coherent strategic effort. The second option has been discussed frequently (for instance when the EU SD strategy was renewed in 2005/2006), and it is likely that the discussion will be reassumed (at least in some Member States) whenever one of the two processes needs to be renewed. Let's follow how it continues.

Chapter notes

⁴ For the first national reports 2007, see http://ec.europa.eu/sustainable/news/index_en.htm#report_2007_en

⁵ The Gothenburg EU SD Strategy (i.e. the 14 paragraphs on SD in the Council Conclusions) was too sketchy to serve as a basis for SD Strategies in Member States.

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