

The Lisbon Strategy's governance mechanisms

Two instruments guide the co-ordination of the Member States' structural policies. Up to now, two different procedures have been used to adopt them.

- **The Broad Economic Policy Guidelines (BEPG)** are the main instrument¹ for co-ordinating the macro- and microeconomic policies of the EU and Member States.
- **The Employment Policy Guidelines (EPG)** are the main instrument for co-ordinating employment policies², following the European Council meeting in Luxembourg in 1997.

The European Council's relaunch of the Lisbon Strategy in March 2005 gave rise to the Integrated Guidelines (IG). This new document includes both the BEPG and the EPG, in the form of a summary containing **24 intermediate objectives** (see Appendix) valid for a three-year period. These objectives are designed to meet the Lisbon Strategy's principle goals or targets, including growth rates (3%) and overall employment rates (70%). The IG encompass the full range of macroeconomic, microeconomic and employment policies.

More generally, the relaunch of the Lisbon Strategy provided an opportunity to reopen discussions concerning multilateral surveillance of economic policies. A National Lisbon Co-ordinator was appointed by each Member State with the goal of improving internal co-ordination between the various ministries. In France, Christine Lagarde, as Minister for the Economy, Industry and Employment, occupies this role. The National Co-ordinators meet twice a year under the chairmanship of the European Commission (the next meeting will be held in Paris on 5 December 2008).

In addition, the EU decided to adopt a new set of tools specifically designed to improve its mode of governance.

- **The National Reform Programmes (NRPs)** are the means by which the ID are adapted to the situation in each country. Each Member State presents the structural reforms that it deems necessary for meeting the objectives set by the Lisbon Strategy. The initial set of NRPs were sent to the Commission and the Member States in October 2005. They are valid for a three-year period, and new NRPs are being drawn up this year.
- **NRP Implementation Reports** are drawn up in the two years following the drafting of the NRP. They present the measures that have been taken over the previous twelve months to implement the reforms listed in the NRP.
- **The Community Lisbon Programme (CLP)** defines Community-level actions to be taken to promote growth and jobs. The CLP specifically targets areas in which national policies are ineffective, particularly due to externalities or significant economies of scale. The CLP is established under the responsibility of the Commission for a period of three years. The Member States provide political support during the Spring European Council.

Each year, the spring meeting of the European Council is devoted to the implementation of both the national and European dimensions of the Lisbon Strategy. To do so, its work is based on a set of reports:

¹ Stipulated in Article 99 of the Treaty establishing the European Community.

² Stipulated in Article 128 of the Treaty establishing the European Community.

- **A main report:** the Commission assesses the implementation of the Lisbon Strategy and presents the results of the reforms from three points of view (macroeconomic, microeconomic and employment).
- **A new Community Lisbon Programme** is adopted in those years when a new cycle begins (2005 and 2008). In other years, it is the subject of an evaluation report.
- **An evaluation of NRP implementation.** The Commission analyses the progress made by each of the 27 Member States; this takes the form of a four- to five-page memorandum per country that includes an overall evaluation as well as an evaluation of each strategic area (macroeconomic policies, microeconomic policies and employment policies).
- **Recommendations:** a one-page summary that includes between zero and four recommendations (in the strict sense of the term) and "points to monitor".

Every January, the Commission and the Member States examine the full set of these reports and discuss the recommendations proposed for each Member State.

Lisbon Strategy acronyms

BEPG: Broad Economic Policy Guidelines

EPG: Employment Policy Guidelines

IG: Integrated Guidelines

OMC: Open Method of Co-ordination

NPR: National Reform Programmes

CLP: Community Lisbon Programme