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**ANALYSIS OF IMPLEMENTATION OF LISBON AND NRP TARGETS
SHOWS THE NEED FOR STRONGER POLITICAL COMMITMENT**

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In the Strategic report on the renewed Lisbon strategy for growth and jobs: launching the new cycle (2008-2010)¹ the Commission in the communication to the European Council indicates that by re-launching the Lisbon strategy in 2005, and refocusing it on growth and jobs, Europe has come a long way. In the Statistical Annex the results of annual progress are provided for member countries for the shortlist of 14 structural indicators.

More transparency in connecting targets and results is required

In such a summary strategic report there is not enough space to deal with a broader analysis of implementation over a greater number of indicators in several fields of concern. However, any good governance does not use setting of targets only to specify the vision and the desired direction but it uses the feedback from the implementation to adjust the future actions. In principle the position of the Commission is that in building a methodological framework for assessing progress with the implementation of the Growth and Jobs Strategy whenever possible the qualitative assessment will be accompanied by a quantification drawing on available quantification techniques.

In the Statistical Annex the country fiches provide the raw statistical data for such evaluation against two sets of targets mentioned: 2010 EU target and 2010 national targets, for total employment rate and for the share of gross domestic expenditure on R&D in GDP, respectively. Yet the graphs presented in terms of difference from the EU27 average do not provide a transparent measure of the evaluation of the degree of the implementation in the past that would bring a clear political message both to policy makers at the EU and the national levels as well as to the general public.

There are two issues involved: a more appropriate political focus, on the one hand, and a possible methodological improvement by applying a novel statistical measure that is intuitively understood by everybody, on the other. Firstly, in the re-launched Lisbon strategy Member States in their National Reform Programmes (NRP) specify their own national targets in line with their circumstances. This means that the more relevant comparison in the monitoring process is between the degree of implementation and their particular NRP targets, rather than comparing it with the EU27 average.

Secondly, much effort has been over years put into developing indicator systems and data coverage but not enough attention has been paid to find new innovative ways to utilise them

¹ Commission of the European Communities (2007), Communication of the Commission to the European Council, COM(2007) XXX final – PART I, Brussels, December 11

in the next phases: knowledge building and policy use. The S-time-distance² measure is a new quantification technique with clear interpretability that is now available to complement other techniques. Targets are usually expressed not only in terms of the indicator values but simultaneously also in time. Thus one can establish a line to target (like a train or bus timetable) and then compare the actual value in a given year with the line to target in two dimensions: 1. deviation in the absolute level or percentage at a given point in time, as well as 2. deviation in time of a given actual value from the envisaged time on the line to target. The time distance information seems to be at least as helpful in providing a proper perception of the progress in implementation or the lack of it as is the percentage difference.

Analysis of implementation of Lisbon targets for employment rate and R&D in GDP

EU is performing better but there is no place for complacency³. We shall track the timetable for implementation of the Lisbon strategy for the two targets specified in the Report. For each of them the line to target is calculated between the actual for 2000 and the target in 2010 under the assumption of a required constant rate of growth of the indicator in this period. First we explore the results for the EU targets.

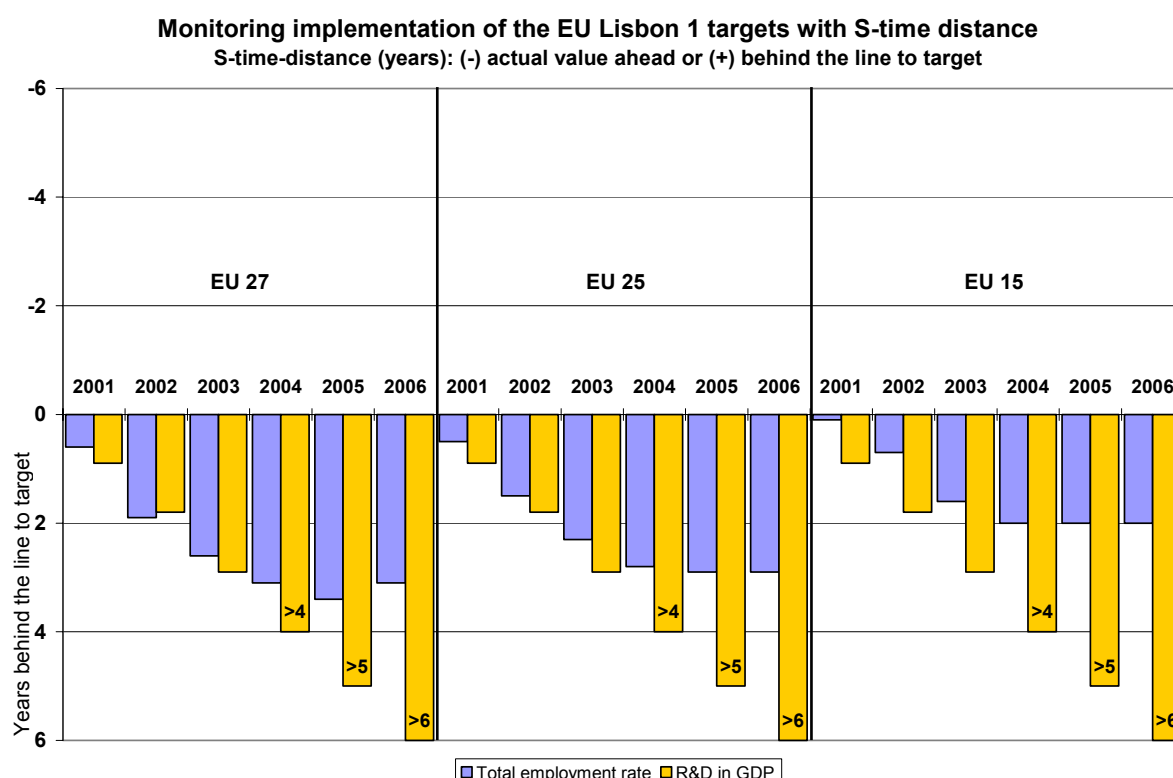
Table 1. Tracking the timetable to Lisbon

Monitoring implementation of the EU Lisbon 1 targets in the time dimension							
	S-time-distance (years)						
European Union	2000	2001	2002	2003	2004	2005	2006
Total employment rate							
EU (27 countries)	0	0.6	1.9	2.6	3.1	3.4	3.1
EU (25 countries)	0	0.5	1.5	2.3	2.8	2.9	2.9
EU (15 countries)	0	0.1	0.7	1.6	2.0	2.0	2.0
Share of R&D in GDP							
EU (27 countries)	0	0.9	1.8	2.9	> 4	> 5	> 6
EU (25 countries)	0	0.9	1.8	2.9	> 4	> 5	> 6
EU (15 countries)	0	0.9	1.8	2.9	> 4	> 5	> 6
S-time-distance (years) = - time lead (ahead of path to target), + time lag (behind the path to target)							

Obviously, notwithstanding the progress in employment in the last years the total employment rate EU15 is still 2 years, for EU25 and EU27 about 3 years behind the line to target. In other words, the actual values for 2006 were envisaged to be attained in 2004 and 2003, respectively. The good message is that the time lag behind the line to target did not increase further after 2004; in the next four years further acceleration might decrease the delay.

² S-time-distance measures the distance (proximity) in time between the points in time when the two series compared reach a specified level of the indicator X. The observed distance in time (the number of years, months, etc.) for given levels of the indicator is used as a temporal measure of disparity between the two series, in the same way that the observed difference (absolute or relative) at a given point in time is used as a static measure of disparity. For methodology see e.g. <http://www.gaptimer.eu/content/view/3/22/>

³ EUROCHAMBRES (2007), Progress within EU but global comparisons underline need for vigilance, Brussels, March, <http://www.sicenter.si/pub/2007/070305-TimeDistanceStudy2.pdf>



The situation with respect to the share of the R&D expenditures in GDP is much worse and totally unsatisfactory. S-time-distance indicates that the time delay is more than 6 years, the value in 2006 was even lower than the starting value in 2000. S-time-distance provides new information from existing data; it is expressed in time units and thus intuitively understood by policymakers, professionals, managers, media and the general public, facilitating their awareness of the situation and helping the determination to change it.

In the NRP the targets have been specified by countries and the analysis of implementation is much more interesting also in political terms when it is made against the national targets. The targets in the NRP are in many cases lower than the EU targets for the two indicators analysed here. There are exceptions, e.g. for Sweden and Finland their NRP targets of 4 percent are higher than the EU target. For the R&D in GDP, for which practically all countries specified their NRP targets, it is possible to estimate the effect on the overall value for EU. If all NRP national targets would be attained the summary value for the EU in 2010 would come to around 2.6 percent as against the Lisbon 1 target of 3 percent.

Table 2 shows the results from monitoring the implementation of the NRP targets in the time dimension, i.e. showing whether the countries are ahead or behind the line to their national target. The conclusion is very different for employment rate than for R&D in GDP; though in both cases there are diminished overall values of the targets. Regrettably for about one third of the countries no NRP targets for total employment rate were reported in the Report, among them there were several large countries. The results available for 16 countries for employment rate show that in 2006 8 countries were ahead and 8 countries behind in reaching the envisaged values on their line to target. In the graphs percentage figures indicate the population share of the countries for a given bar.

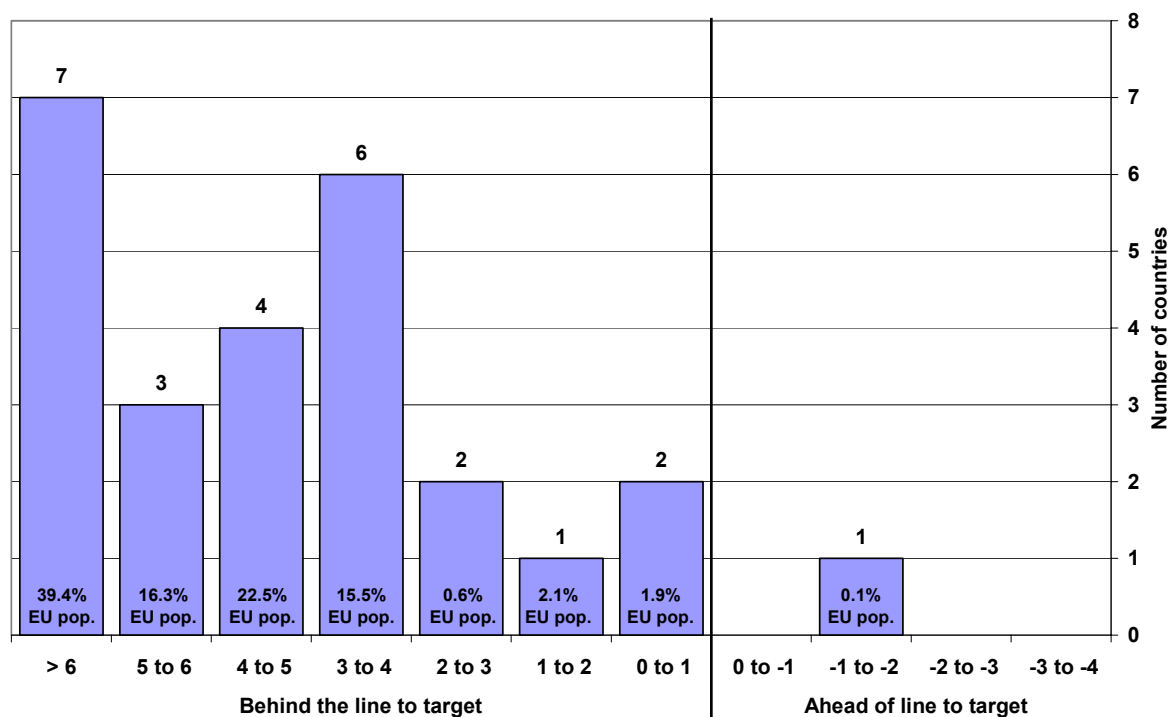
Table 2. Tracking the timetable to Lisbon 2 NRP targets

Number of countries with a given value of S-time-distance		
	Total employment rate	R&D in GDP
Years ahead of the line to NRP target		
Between -4 and -3	1	
Between -3 and -2	2	
Between -2 and -1	4	1
Between -1 and 0	1	
Years behind of the line to NRP target		
Between 0 and 1	0	2
Between 1 and 2	2	1
Between 2 and 3	1	2
Between 3 and 4	1	6
Between 4 and 5	1	4
Between 5 and 6	1	3
More than 6 years	2	7
Total countries	16	26

S-time-distance (years) = - time lead (ahead of path to target), + time lag (behind the path to target)

Number of countries with a given value of S-time-distance (in years)

R&D in GDP, NRP, 2000-2006



S-time-distance (years) = - time lead (progress better than path to target),
+ time lag (progress worse than path to target)

For the indicator R&D in GDP from 26 countries only one was ahead, 25 countries were behind their NRP targets, 20 of them more than 3 years and about 10 of them more than 5 years. In other words, for countries totaling about 94 percent of the EU27 population the time delay was more than 3 years, for about 56 percent more than 5 years. These results present the situation in transparent terms with clear interpretability also to general public, which can as well facilitate understanding, commitment and broader participation in the Lisbon process.

Policy conclusions

1. EU is performing better but there is no place for complacency as for two strategic targets the implementation was still lacking by 2006. The delay in implementation is evaluated by S-time-distance measure showing the deviation in time of a given actual value from the envisaged time on the line to target; it deals with lead or lag against their own target. The lead or lag is expressed in time units which are intuitively understood by policymakers, professionals, managers, media and the general public, facilitating their subjective understanding of the situation.
2. For the EU target of 70 percent for total employment rate the delay is between 2-3 years. In political terms the more relevant comparison in the monitoring process is between the actual country performance and their particular NRP targets, rather than comparing it with the EU27 average. With respect to somewhat lower NRP targets in several countries about 8 countries were ahead and about 8 behind their line to target. It is unfortunate that for 11 countries their NRP targets for employment rate as one of the cornerstone of the Growth and Jobs strategy were not provided in the Report. It is suggested that they be invited to specify or re-specify them before the 2008 Spring European Council to confirm the overall political commitment to the process.
3. The EU Lisbon 1 target of 3 percent of R&D in GDP is deeply in arrears. The NRP targets if fully attained would bring the EU value to about 2.6 percent by 2010. However, even with respect to the lower NRP targets there is no improvement in implementation: 25 countries are lagging behind the line to their NRP targets, 20 of them more than 3 years and about 10 of them more than 5 years. This should echo a strong alarm that a much stronger commitment is needed on all levels to get away from the stagnation in this area of great importance for long-term sustainable development and for the position of the EU in the world.
4. Monitoring and evaluation of the degree of implementation of policy targets are indispensable phases of the policy circle. At the EU and at the national level good governance implies good communication with many stakeholders and S-time-distance is an excellent easily understood presentation and communication tool for policy use. It provides new insights from existing data and it can contribute to the proclaimed need for greater transparency and communication with the public. The web application monitoring tool⁴ is ready for immediate operational use relevant for the Lisbon process and beyond⁵.

⁴ Available on <http://www.gaptimer.eu/content/view/25/33/>

⁵ UN Statistical Division decided to put the software to calculate the S-time-distance measure for monitoring the implementation of the Millennium Development Goals on its official MDG web site to enable countries and other stakeholders to take advantage of this complementary statistical measure for policy debate at various levels.