



ISC STRATEGY – END OF 2007 AND BEYOND

“A challenging task for the medium/long term for national and international decision-makers is to ensure that the benefits of economic progress reach the population at large. In this sense, the most important challenge for the region is to promote sustained growth while encouraging equitable social development. There should not be a failure to co-ordinate economic and social development objectives.”¹

Social Cohesion within the SP

Upon its establishment in 1999, the initial goals of the Stability Pact as set out in the Sarajevo Document included “regional co-operation on democracy, respect for human rights, economic development and enhanced security”. Following reactions from the ILO, ETUC, IOE, CEB and several bilateral donors who identified the lack of consideration for the social dimension of development within the SP, the Initiative for Social Cohesion was included under the umbrella of Working Table II of the SP, which focuses on economic reconstruction, co-operation and development. Since the preparation of the first Action Plan of the Initiative for Social Cohesion presented at the Working Table II meeting in Tirana in May 2001, the ISC has been successful in ensuring that the economic and social dimension of development are being addressed in a complementary manner, through maintaining thematic networks and running over a dozen regional projects in the areas of employment, health, social dialogue, social protection and housing. In the past two years, the ISC has also succeeded in keeping social policy development high on the agenda of the economy-oriented Working Table II; one of its sectors, employment, was added to the SP core objective Trade and Investment at the end of 2004.

ISC within the Streamlining Process of the Stability Pact

Just as other SP initiatives, the ISC has to pass the baton to partners in the region. For this purpose, the ISC Secretariat organised a Strategy Development Workshop on 16 March in Brussels, which brought together relevant ISC partners and representatives from the regional networks in SEE with the objective to define a strategy for a transfer of ownership that will ensure sustainability of the various ISC activities in SEE. The Strategy outlined in this document is based on the outcome of the Strategy Development Workshop, the responses to the questionnaires that were sent to all partners prior to the workshop, and also draws on the knowledge and history accumulated in the ISC Secretariat.

Regional Co-operation on Socio-Economic Development in SEE and European Integration

Social policy development is crucial for European integration. A significant portion of the European *aquis communautaire* contains requirements related to social policy issues; and regional co-operation remains one of the preconditions for further EU integration. Given the complex and sensitive nature of social issues, a regional structure that builds and supports networks among countries and fosters linkages between the social and economic issues that confront the region continues to be very valuable.

The Future of Regional Co-operation in Social Policy Development

Looking at the current state of play in the various ISC sectors, it is clear that for a number of ISC issues the political commitment by the SEE Governments has been secured, work on the jointly defined priorities is ongoing and there are already visible results (e.g. the Bucharest Employment Process; the SEE Health Network; the social partners’ networks). Some have even taken a step further and institutionalised the co-operation in the region, as well as defining priorities and mechanisms for long-term cooperation (e.g. SEE Health Network). Considering the future evolution of the SP and the question of ensuring long-term sustainability of existing regional co-operation

¹ CEB – Social Challenges in South Eastern Europe, June 2005

processes in the field of social policy development, this paper makes proposals for two distinct time-frames: Short-Term Strategy for regional ownership till the end of 2007 and Long-Term strategy beyond 2007.

Short Term Strategy (until the end 2007): Support Regional Ownership

Within the two-year recommended transition period for the SP, it is essential that commitments already undertaken by the ISC in each sector are fulfilled.

Employment:

At the second Ministerial Meeting under the Bucharest Employment Process in October 2005, Ministers responsible for employment agreed on increased co-operation to complete the cycle of employment policy reviews in the remaining countries, and to implement recommendations in the countries where these reviews have already been completed.

The Ministerial Conclusions from Sofia call on the ISC, ILO and CoE to continue their support, particularly on improving social dialogue and health and safety standards at work. It was agreed to meet again in 2007 to evaluate the implementation of the above commitments.

In order to fully complete its role in the Bucharest Process, the general approach, namely providing a political framework for regional co-operation on employment policies, will be maintained until the end of 2007. In particular, the ISC will:

1. put special focus on involving the social partners in all stages of the preparation of the remaining Country Reviews on Employment Policy; another important aspect will be the facilitation of the peer-review visits and reports among the participating countries;
2. further support the development of proposals for action by the Permanent High Level Committee on Employment², ILO and CoE for proposals by the beneficiary countries on action in fields in need of reform, as pointed out in the recommendations of the Country Reviews on Employment Policy;
3. facilitate regional action to address the strengthening of occupational safety and health policy and implementation mechanisms through social dialogue, together with key stakeholders: ILO, ETUC, IOE, WHO and their regional networks.

Social Dialogue:

Capacity building of the networks of SEE trade unions and employers' organisation in labour and social policies, as well as enhancing national expertise in labour law and labour relations, has been the main focus of the ISC in this sector so far. Through the ISC, the social partners from SEE have also been involved in discussions on many crucial economic reform issues, such as the SEE Energy Treaty, Enterprise Development and Employment Generation, the restructuring of the transport sector, etc.

Strengthening social dialogue in SEE will remain a goal of the work of the ISC in the coming period. However, the main role of the ISC will be to continue to provide a platform whereby the voice of the social partners can be heard clearly by other actors and in other processes of regional co-operation, especially those related to economic development. The work on capacity building will continue to be a primary task of ETUC, IOE and ILO. Regional ownership (by regional organisations) remains a challenge that will have to be addressed over a longer period of time.

As mentioned under the Employment section, the ISC will continue to specifically focus on and further promote the role of the social partners in upgrading employment policies, participating in peer-reviews and in occupational safety and health.

² The Permanent High Level Committee on Employment consists of the Heads of Employment Agencies and representatives of Ministries in charge of Employment from the SEE countries; it is regional network which manages the Bucharest Process.

Health:

The Skopje Pledge, signed at the Second Health Ministers' Forum on 15 November 2005 under the auspices of the ISC, commits the countries and territories of the region to continue to co-operate beyond 2005 through the SEE Health Network, as originally established under the Dubrovnik Pledge in 2001.

To achieve the ultimate goal of the Pledge, namely ensuring full ownership of the SEE Health Network, there is a need for further assistance from international stakeholders. The plan foresees increased participation of the SEE countries, financially and with human resources, over the next two years. However, Ministers called upon the COE and the WHO to provide strategic guidance in consolidating regional co-operation and in ensuring implementation of actions related to the thematic fields underlined under the Dubrovnik Pledge. The ISC continues to give guidance and support to the process - a regionally based health programme officer was appointed recently to the ISC Secretariat to assist in the transfer of full ownership to the countries of the region.

In order to maintain the pace of transfer of ownership in the transition period, as foreseen in the Skopje Pledge, the ISC will focus on the following:

1. Keep up the political momentum by providing the framework for regional co-operation on health until end of 2007;
2. Together with the current secretariat of the SEE Health Network, namely the CoE and WHO, devise a sustainable hub for the Network in the region and provide for the smooth phasing out of the current secretariat;
3. Ensure greater involvement of the European Commission and other relevant European actors.

Housing:

The SEE Housing Experts' Network, which operated under the auspices of the ISC, had the mandate, given by the Ministers in charge of housing, to look into the housing trends and policies in the region, compare them and exchange best practice. The final result of the work of this group was the publication of a CEB-supported study on "Trends and Progress in Housing Reforms in South Eastern Europe", with which the mandate of this Network was fulfilled in 2005.

At the same time, under Working Table II, the Housing and Urban Management Initiative (HUMI) has been working on informal settlements and urban development issues in SEE, incorporating certain aspects of the work done under the former Network and the findings and recommendations of the study. HUMI has also maintained the working relations with the relevant international organizations, IFIs and donors in the area of housing. The work has been further developed towards devising a regional capacity building programme for strengthening of human and institutional capacities and of the investment absorption capacity of the SEE countries.

With the official completion of the mandate of the SEE Housing Experts' Network and with HUMI firmly taking the lead in this sector, the housing issue has been fully transferred to HUMI.

Social Protection

The ILO and the CoE have been successfully implementing programmes related to social security reforms, more specifically on strengthening social protection and pension systems, as well as on co-ordination of social security schemes in the region. Both partner organizations have had a strong lead in these fields in terms of planning, managing and administering the programmes, while the ISC has served as a forum for exchange of experience, best practice and consultation among the concerned stakeholders. In the case of the CoE-implemented programme on co-ordination of social security schemes, the EC (CARDS) funded a follow-up phase, which is currently ongoing, with a Regional Project Office set up in Skopje. In the case of the ILO projects, the Regional ILO

Office in Budapest has been the primary umbrella for regional co-operation on reforms of social protection and pension systems. Therefore the transfer of responsibility to ILO and CoE for this domain has already been achieved.

ISC until the End of 2007

Based on the above description of the role of the ISC within Working Table II in general, and within its sub sectors in particular, the following can be concluded for the Initiative as a whole:

1. Until the end of 2007, the ISC will focus its efforts primarily on two key issues
 - a. **Employment and Labour, including social dialogue and occupational health and safety;**
 - b. **Health.**

Social protection and housing will be dealt with by the relevant international organizations and HUMI respectively;

2. The ISC will continue to serve as a **platform for broader discussion, exchange and consultation on social policy issues among its stakeholders** and will continue to advocate the importance of maintaining a close link between economic and social development in SEE. In this sense, the activities under the WT II umbrella theme “Enterprise Development and Employment Generation” will continue to be one of the tools to achieve this.

Combining these two aspects of the streamlined ISC, the forthcoming period will also serve as a preparation for and input to the long-term outlook and priorities for regional co-operation in SEE. The re-arrangement and slimming down of the number of sectors on the one hand, and the preservation of the advocacy and facilitation roles on the other, are done in order to ensure that results are not lost in the long run and that social development remains continuously on the agenda of national governments and the international community.

Long-Term Strategy – beyond 2007: Keeping Social Cohesion on the Agenda for Regional Co-operation

While the streamlining process of the various SP Initiatives and Task Forces during 2006 and 2007 is a clear-cut process already underway, the longer-term perspective for regional co-operation and priorities and mechanisms for it is still a matter of discussion among the interested stakeholders.

Therefore, the future of the ISC beyond 2007 as outlined below is based on the recommendations of the Senior Review Group and the list of priorities set for future regional co-operation as well as on the reflections of the partners involved in the ISC.

Looking beyond 2007, having an umbrella for regional co-operation in the field of social policy development remains crucial; not as a separate entity, but rather as an integral part of an overall structure. It is also very important to feed in the results already achieved and further foster them, by incorporating them in the priorities for regional co-operation beyond 2007. It is therefore proposed by the key ISC partners:

1. to **mainstream the topics of employment and labour** (including occupational health and safety and social dialogue) in the priority on “Economic Development”, and expand the priority to “Economic and Social Development”.
2. to **include health** in the priority ‘Building Human Capital’ as human capital is crucial to pursuing the objective of sustainable economic growth, with high level of health care and continued access to lifelong education as its key ingredients.
3. to ensure that a **number of principles are taken into account** in the future structure that will follow the pact (see *Annex*)

Proposal for an integration of social dimension in long term priority areas for regional cooperation

- **Overall Goal:** *(to be integrated into the Overall Goals of the streamlined successor of the Stability Pact):*

To underpin further economic reforms in SEE with appropriate social policies, in order to contribute to sustainable development, overall stability and prosperity.

- **Mission Statement** *(to be integrated into the Mission Statement of the streamlined successor of the Stability Pact)*
 1. *to draw the attention of decision makers to challenges in the social sphere in order to ensure access to social rights, creating inclusive and participatory societies ;*
 2. *to promote the strengthening of the interdependency between social challenges and sustainable economic development and*
 3. *to offer a platform for regional co-operation, to promote successful application of policies, good practices and investments in the social fields consistent with national, European Union and international standards, opening the way for integration of SEE into European and international structures.*
- **Guiding Principles:** *(to be integrated into the Strategic Planning of the streamlined successor of the Stability Pact)*
 1. *Maintenance of constant dialogue with the governments and social partners of SEE - full participation of the national authorities and social partners throughout the process of social policy reforms is of particular importance, as is their political endorsement and ownership;*
 2. *Building on best European and international practices, with special focus on experience and practices of other transition countries;*
 3. *Expertise, through the competence of its partners, which have experience in the Region where they retain an organisational structure, which can be mobilised on a needs basis;*
 4. *Ensuring a sustainable framework for long term investments that foster social cohesion.*
- **Approach:**
 1. *Observing social consequences and risks of the uneven EU integration perspectives in SEE;*
 2. *Attracting attention to social aspects and combating the constant risks to push aside the social dimension;*
 3. *Dealing with European and international standards in Employment and Health;*
 4. *Offering a platform for discussion about open and diverging issues among SEE Governments - EU- IFIs and Donors;*
- **Structures:**
 1. *Loose co-ordination structures;*
 2. *Transforming thematic networks into integrated parts of regional multipurpose structures.*
- **Activities:**
 1. *Direct funding of projects by donors;*
 2. *Specific ongoing network activities.*