



THE REGIONAL DIMENSION
IMPROVING SOCIAL POLICY IN SOUTH EASTERN
EUROPE

SUMMARY PROGRESS REPORT
NOVEMBER 2005 – MAY 2006



I. THE NEED FOR SOCIAL POLICY DEVELOPMENT IN SOUTH EASTERN EUROPE

Economic reform in South Eastern Europe (SEE) must be underpinned by adequate social policies if development is to be sustainable, equitable and contribute to overall stability and prosperity.

Although countries of SEE are currently experiencing higher economic growth rates, this process to date has failed to generate sufficient job opportunities, and unemployment rates continue to be high and persistent. In particular, problems related to long-term and hidden unemployment, substantial informal economies and outward migration of the labour force give cause for concern.

Due to the lack of employment opportunities in the formal sector, ineffective national employment services and failure of unemployment benefits to reach many individuals, people have increasingly been forced to seek partial or irregular work in the informal sector. This sector makes up a large proportion of the economy in SEE, and has become a significant employment creator. However, the type of work is often of poor quality, temporary, and low-paid. It is the vulnerable groups which make up the highest percentages in irregular or partial forms of employment, leaving them with less social protection, lower levels of security and more vulnerable to poverty. Also problematic are the occupational safety and health standards at many work places in SEE, particularly in new small private enterprises and the informal sector, which often fall far below EU levels.

Meanwhile, health trends in SEE are significantly below the EU average, and the proportion of national wealth devoted to health care is generally insufficient. Due to central planning of health policy in the past, combined with the deterioration of health infrastructures as a result of war and conflict, health care facilities are generally inappropriate and unable to meet the current needs of the countries of the Western Balkans.

The countries of SEE have made significant efforts to address the above-problems, and there is growing awareness of the need to integrate employment programmes, social policy and poverty reduction strategies into larger economic reform initiatives. However, significant challenges remain. Legislative and structural frameworks are yet to be completed, with resources often insufficient to carry through ambitious reforms. As in many other areas, a regional approach to certain policy areas ensures a more efficient and effective approach. Continued efforts are needed to ensure implementation and co-ordination of policies, strengthening of social partners and developing a regional approach.

II. THE ROLE OF THE STABILITY PACT'S INITIATIVE FOR SOCIAL COHESION

Since its inception, the ISC has allowed a wide range of international organisations, bilateral donors and SEE countries to work together toward the overall objective of "addressing the social issues that affect the daily lives of citizens of South Eastern



Europe through regional approaches in the field of health, social protection, employment policy and vocational training, social dialogue and housing”.

The ISC works on the basis of regional networking to ensure capacity building and the strengthening of relevant institutions. With its core aim of fostering linkages between the social and economic issues that confront the region, the Initiative also seeks to build on and complement other Stability Pact Initiatives that deal with economic issues related to trade, investment and infrastructure. Over the past year the ISC has increasingly focused its attention to issues related to employment policy and labour issues, social dialogue and regional health issues.

III. HIGHLIGHTS OF ACHIEVEMENTS – NOVEMBER- MAY 2006

Employment

The Bucharest Employment Process

Work under the Bucharest Employment Process has been ongoing, in line with commitments made at the second Ministerial Conference on Employment in October 2005 in Sofia to continue co-operation in the development, implementation and monitoring of national employment policies. In March, national tripartite seminars took place in Serbia and Moldova, where the respective Country Review on Employment Policies (CREPS) were presented to government officials and representatives of employers’ and workers’ organisations at a national level. In both cases, participants unanimously approved the reports. A joint CREP mission by the ILO, Council of Europe and the Belgian Federal Public Service Labour, Employment and Social Dialogue was recently completed in FYR Macedonia, and two other missions to Bosnia-Herzegovina and Montenegro are currently underway. Meanwhile, another round of peer reviews of employment policies and national action plans is being prepared, which will take place in the upcoming months at the initiative of the SEE countries involved.

Occupational Safety and Health

The Bucharest Process Sofia conclusions also call on countries to take on a more structured approach to occupational safety and health (OSH) as a key factor for quality of employment and as a prominent part of social dialogue. In particular, the Stability Pact and the ILO were called upon to address labour inspection and health and safety at work. The ISC members see the need to encourage social dialogue in OSH and assist ministries, institutions and social partners in developing their capacities in this area. Currently, there is a discussion with interested partners on a project proposal to support the countries of SEE in upgrading their national OSH policies and services, in line with EU standards and practices.

Social Dialogue

The networks of trade unions and employers have continued to focus primarily on the capacity building of their members. Within the employers’ network, partnerships between employers’ organisations of Romania and Moldova, and Croatia and Montenegro have proven to be successful information and experience-sharing tools, and three new alliances have meanwhile been signed. The network is also focusing on social dialogue at the sectoral level; the Bulgarian Industrial Association recently



organised a conference on the issue, and a programme on social dialogue with the support of the European Commission and sectoral industrial associations has been launched for the 5 candidate countries. Finally, national employers' organisations are being encouraged to focus on the specific needs of small and medium enterprises, in particular by establishing SME associations. In February, the Union of Employers of Montenegro launched an initiative to support SME development, and the issue will continue to be discussed with the support of the ILO Turin Centre.

Under the network of trade unions, work in the last period has focused on implementation of agreed action plans under the project "Trade Union Legal Experts Network in SEE." The Network has expanded with the participation of a number of experts from the youth network in the region, several provisional working groups on issues such as employment and the shadow economy were created by various trade unions in the region, and an interactive website has been set up. On the issue of the right to strike, Bulgaria has been used as a pilot case to test the use of the collective complaint procedure, resulting in a draft proposal in Parliament to adjust strike laws and allow strikes for a number of sectors. Finally, a major achievement in this period has been the Memorandum on Social Issues to accompany the Energy Community Treaty, specifying the key EU Directives that the countries will have to implement along with the treaty. Anticipating that the forthcoming transport policy for the region will raise similar issues, the European Trade Union Confederation in collaboration with the European Transport Federation, organised a joint workshop in May in Zagreb. Here it was concluded that awareness raising and collaboration between trade unions was key, and lobbying efforts both in Brussels and at the national level have been envisaged.

The South East European Health Network

On 25-26 November 2005 the Second Health Ministers' forum took place under the auspices of the ISC, resulting in the Skopje Pledge. This pledge commits countries and territories of the region to continued co-operation beyond 2005 through the SEE Health Network, as originally established under the Dubrovnik Pledge in 2001. It seeks to strengthen and reform health systems in SEE countries, ensure higher quality and accessibility, and develop improved public health services. With the ultimate goal of ensuring full ownership of the Network, Health Ministers agreed on a plan for the gradual hand-over of responsibilities to the SEE countries, which foresees increased participation of the SEE countries over the next two years. To achieve this goal however, there is a need for further assistance from international stakeholders. 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 outlined under the Dubrovnik Pledge. The ISC continues to give guidance and support to the process - a regionally based health programme officer (from Albania) was appointed in March to the ISC Secretariat to assist in the transfer of full ownership to the countries of the region.

Meanwhile, work has been ongoing under the various regional health projects. The end of March saw a regional meeting on the completion of the first component of the Tobacco Project, and in April multi-sectoral training on tobacco control commenced. Albania, Bulgaria, Romania and Serbia/Montenegro have already ratified the WHO Framework Convention on Tobacco Control, with others soon to follow. Preparations are being made for the inception phase of the neonatal and maternal health project, with financial and technical support from Norway. New contributions have been



secured for several of the health projects. In particular, Belgium has agreed to continue supporting the Food and Nutrition Project and the Communicable Disease Project, whilst Switzerland has decided to support the third component of the Mental Health Project.

ISC – 10th Regional Meeting

The 10th Regional Meeting of the Initiative for Social Cohesion (ISC) took place in Vienna, on 5 December 2005, at the invitation of the Austrian Federal Ministry of Social Security, Generations and Consumer Affairs. The main objectives of the meeting were to examine the current challenges and needs in the social fields in the South East European countries, to review progress made in the various ISC sectors and to jointly discuss ways to ensure increased regional ownership in the field of social policy development. Participants included representatives of SEE Ministries of Labour and Social Policy, Health, Employment Agencies, trade unions and employers' organizations, as well as the relevant international organizations, international financial institutions and bilateral donors. The meeting also allowed for a discussion on the current streamlining process of the Stability Pact's mandate and its impact on the ISC. In his address to the ISC Regional Meeting, the SP Special Co-ordinator emphasised the need for SEE countries to actively campaign for the importance of social issues, whilst also noting that the Stability Pact and the donor community in general, must take into consideration in their work the social consequences of the economic restructuring process. The Regional Meeting reaffirmed the importance of ISC's work on social policy development in SEE and agreed to look further into ways of handing over responsibility to the beneficiary countries in leading and managing the process of regional co-operation.

ISC Strategy for transfer of ownership and the future of regional cooperation on social policy development in SEE¹

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, bringing together relevant ISC partners and representatives from the regional networks in SEE to define a strategy for a transfer of ownership that will ensure sustainability of the various ISC activities in SEE. The ISC Strategy looks at two timeframes: short-term (until end of 2007) and long term (beyond 2007). The short-term strategy seeks to streamline the five sectors down to three, with responsibility increasingly being handed over to various relevant actors in those sectors. In the long-term, the aim is to maintain regional co-operation on social policy development in the period beyond 2007, when the set-up of a streamlined successor of the SP is envisaged.

IV. CHALLENGES AHEAD

Regional co-operation in SEE on social policy development remains vital both for intra-regional and European integration. It has improved significantly over the past five years, but much still remains to be done. A significant portion of the European *acquis communautaire* contains requirements related to social policy issues (e.g. employment, social dialogue, occupational health and safety, public health etc), which the SEE countries need to adopt in the forthcoming period. If we take the current state of play in

¹ See ISC Strategy for more information



the various ISC sectors and their outlook for the near future, the general conclusion can be made that the political commitment by the SEE Governments has been secured, work on the jointly defined priorities is ongoing and there are certain visible results (e.g. the Bucharest Process; the SEE Health Network; the social partners' networks). Some have even taken a step further and institutionalised the cooperation, as well as defined priorities and mechanisms for long-term co-operation (e.g. the SEE Health Network). Considering:

- the commitments already undertaken by the ISC, most notably under the Sofia Conclusions of the 2nd Ministerial Conference on Employment Co-operation (Sofia, 2005) and the Skopje Pledge on regional co-operation in health (Skopje, 2005);
- the current streamlining process within the SP and
- the importance attributed by the ISC stakeholders to continued regional co-operation on social policy issues,

the question of sustainability and consolidation of the results and of the cooperation process is timely. The key challenges are the readiness and willingness of the SEE countries to assume greater ownership and leadership in this exercise, as well as availability of adequate support by the international community.

In this sense, the main focus in the forthcoming period will be placed on the implementation of the proposed ISC Strategy. To achieve the Strategy objectives, a detailed work plan and budget will be elaborated after the SP meetings in Belgrade. Securing of adequate political, technical and financial support will also be of paramount importance.