



**INITIATIVE FOR SOCIAL COHESION**

**DEVELOPMENT OF SOCIAL POLICY IN SOUTH EASTERN EUROPE**

**THE REGIONAL DIMENSION**

**FIRST SEMESTER 2005 REVIEW**

**AND**

**ACTION PLAN 2005**

**MAY 2005**

## **1. OVERVIEW**

The activities of the ISC in this first semester of 2005 were guided by the Action Plan 2005 approved at the 9<sup>th</sup> Regional ISC meeting held in February in Luxembourg.

During the first semester of 2005, beside several operational and technical meetings, two major events were held by the core group of the Initiative for Social Cohesion (ISC). Namely, the second ISC Advisory Group meeting held in February in Brussels and the 9<sup>th</sup> ISC Regional Meeting held also in February in Luxembourg.

The 2<sup>nd</sup> Advisory Group Meeting, in line with the Advisory Group mandate, discussed and co-ordinated the implementation of the ISC Action Plan 2005, trying to focus on specific strategies and bottlenecks. Additionally, it dealt with the preparation of the 9<sup>th</sup> Regional ISC Meeting which was held on 24-25 February in Luxembourg, hosted by the Government of Luxembourg - in conjunction with their EU Presidency - and the European Investment Bank (EIB).

At the 9<sup>th</sup> ISC Regional Meeting<sup>1</sup> the attendance was broad, with over fifty participants representing the South East European (SEE) countries, donors and international organisations. The main purpose of the gathering was to provide an update of the sectoral activities and to discuss future strategies. The introduction of the new element of thematic discussions on specific social policy issues was widely appreciated.

The representatives of the SEE social partners and Labour/Health Ministries requested the ISC to focus its attention and efforts on mobilizing technical and financial assistance for a new regional project on occupational health and safety. At a coordination meeting to take place in Geneva on 12 May, the WHO, ILO, ETUC and IOE will further discuss the shape and contents of such a project. Consultations on what the best approach is to occupational health and safety in SEE took place with DG Employment, Social Affairs and Equal Opportunities and venues for future cooperation were established.

### **High level events**

In this semester new regional projects were launched, especially in the health sector. The other sectors as well continued their result-oriented follow up. Numerous activities are ongoing for the preparation of two ministerial conferences in the field of employment (October 2005 in Sofia) and health (November 2005 in Skopje) and one high level inter-ministerial meeting on Tobacco Control (September 2005 in Sofia).

The second Ministerial Conference on Employment in the framework of the Bucharest process is planned to take place in mid 2005 in Bulgaria, funded by the Belgian

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<sup>1</sup> See full report in a separate document

Government, with the aim to take stock of the progress made in the reviews of the employment policies, as well as to plan future regional co-operation in this field.

The second Ministerial Forum on Health will take place on 25-26 November 2005 in Skopje, organised and co-funded by the WHO, the CoE and the CEB, to discuss the progress made so far, but even more importantly, to discuss how investments in health impact the economic development of the SEE countries. For this purpose, the participation of the Finance Ministers is also foreseen, while the CEB will prepare comprehensive background documentation on “Macroeconomics and Health in SEE”.

### **Structure**

With regard to the co-chairmanship, while Mrs. Miet Smet actively continues to lead the Initiative Mrs. Jela Bacovic, who held the co-chairmanship for the last three years, recently announced her resignation. The Stability Pact Management along with the ISC partners is now in the process of identifying a suitable replacement.

### **Political intervention**

During this first semester frequent contacts with the SEE countries by the ISC Co-chairmanship and discussions with national counterparts of the Initiative have been taking place. The ISC Chair visited Bosnia and Herzegovina in April 2005, where discussions about the role of the ISC and the contribution of Bosnia and Herzegovina in the ISC activities were held with the Minister of Civil Affairs and the Office of the High Representative.

### **Cross-initiative and cross-table co-ordination**

With a view to enhancing convergence of Working Table II initiatives and the other ISC sectors the Initiative has identified several areas of potential co-operation, For instance, the contacts established between the social partners and the stakeholders of the energy community of SEE are contributing to reinforce the much needed dialogue with regard to the energy market restructuring process taking place in SEE. Their involvement will be essential for the successful design and implementation of reforms.

The members of the employment network and the social partners from the region have actively participated in the workshops organized under the umbrella theme of “Entrepreneurship and Employment”. These workshops are designed to complement and enhance existing WT II initiatives in areas such as the Investment Compact, the European Charter for Small Business and the Bucharest Employment Process. Another workshop on training and skills development for enhanced employability took place in Thessaloniki on 21-22 April, in cooperation with the European Training Foundation<sup>2</sup>;

The social partners have identified the urgent need to focus on issues of fighting corruption and the shadow economy. Use would be made of existing instruments and methods (such as social corporate responsibility, codes of ethics etc.) putting them in

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<sup>2</sup> See separate Working Table II document – Report and Conclusions of the Thessaloniki Workshop on Training for Employability

the region specific context. In this regard, the ISC facilitated their participation in the upcoming May Ministerial Conference on Curbing Corruption and Improving the Business Environment in SEE, scheduled for 11-12 May in Brussels.

Contacts have been established with the European Transport Workers' Federation; the involvement of the social partners will be needed for the success and full implementation of the MoU on the Core Transport Network in SEE. Social partners are to be associated as observers to the meetings of the Steering Committee established under the MoU.

## **THE SECTORAL ACTIVITIES**

### **Employment Policy**

**Objective:** Continuation of the follow-up activities to the Bucharest Employment Conference, namely in-depth analysis and assessment by the ILO and the Council of Europe of the employment policies of Serbia and Moldova, while continuing the peer-review of the national employment policies among the other countries.

**Activities:** The second meeting of the Permanent High Level Committee on Employment took place in Strasbourg, on 12-14 January 2005. At this meeting, the Country Reports on the Employment Policies of Albania and Croatia were presented by the ILO and CoE and discussed with representatives of the two countries. Furthermore, the peer-reviews of employment policies of the other countries were undertaken with a view to further developing bilateral and multilateral cooperation, exchanges and technical assistance (learning from each other, with Romania and Bulgaria sharing with the others their experience as candidates to the EU). More specifically, Bulgaria prepared and presented comments and recommendations on the employment policy of Moldova and Romania on Bosnia and Herzegovina.

On 7 April, the ILO organized a tri-partite national conference in Albania to discuss the outcomes of the Albanian Country Review of Employment Policy. The conference gathered all relevant institutions, such as the Employment Agency, the Ministries of Labour, Education and Economy, as well as the social partners, with a main objective to agree on steps for implementation of the recommendations by the ILO and CoE.

The third meeting of the PHLC took place on 14-15 April in Sarajevo, with two main objectives: to evaluate the methodology and overall process of cooperation and to start the preparations for the Sofia Employment Ministerial. The participants agreed that sound regional cooperation had been established in the field of employment policies in the last year and a half, paving the way for a successful second Ministerial Conference. The role of the social partners in the process was emphasized as very important, and it would be even more prominently highlighted in the conclusions of the Sofia Ministerial Conference. Parallel to the PHLC meeting, a regional meeting of trade unions, under the guidance of the Belgian Trade Unions, took place in Sarajevo. Its main objective was to devise a strategy for enhanced role of the trade unions in the conceptualization and implementation of employment policies, and more specifically, in the Bucharest Employment Process. Representatives of the PHLC and the trade unions informed each other on the proceedings of the two meetings.

The next meeting of the Permanent High-Level Committee is scheduled for 21-23 September 2005 in Budapest, where the ILO-CoE team will present its in-depth

analysis of the employment policies of Serbia and Moldova. The round of peer-reviews will also continue: Croatia will peer-review the employment policy of Belgium, Bulgaria and Albania will peer-review the Montenegrin employment policy, while Romania will peer-review the Albanian one.

Additionally, the ILO plans to organize a national tripartite conference in Croatia in May to discuss the reviews presented at the January meeting of the PHLC and the recommendations for improvement.

The ETF is pursuing a parallel exercise of assessment of labour market policies in the Western Balkan countries. The ISC has been instrumental in ensuring that these two processes will complement rather than duplicate themselves in 2005.

The second Ministerial Conference on Employment is foreseen for 21 October 2005, in Sofia.

### **Health Policy**

**Objective:** Achievement of a political statement on long term regional collaboration on health at the Second Health Ministers Forum in November 2005 under the auspices of the ISC, further to the successful implementation of the Dubrovnik pledge.

**Activities:** The Network has adopted its own statutes, developed a project management methodology and evaluation strategy, elaborated its advocacy and communication strategies and agreed on a priority setting approach.

The recent WHO Ministerial Conference on Mental Health in Helsinki (12-17 January 2005) offered a separate session to present the first tangible results of the Regional Project on Community Mental Health, one of the initiatives of the South Eastern Europe Health Network.

In the run-up to the Second Health Ministers' Forum, several activities are planned for: Comprehensive evaluation of the regional cooperation on health, from 2001 to date, amongst others, upgrading relations with media; two meetings of the SEE Health Network (June and November), with main focus on the preparation of the Second Health Ministers' Forum and the preparation and publication of a report on "Health and Economic Development in SEE" by the Council of Europe Development Bank (CEB).

What regards the implementation of the various regional projects, the following activities are being implemented: inauguration of pilot community mental health care centers in each of the SP beneficiary countries - the first two were opened in FYR of Macedonia and Bulgaria respectively on March and April 2005; the start of the first component of three projects on blood safety, information centers and tobacco control.

Specifically the first regional co-ordination meeting of the project on Tobacco Control was held in Zagreb on 30 March- 1 April 2005. This was the first meeting of the 4th Regional project implemented by the SEE Health Network within the ISC framework: *Public Health Capacity Building for Strengthening Tobacco Control in SEE*. For the current year the project is entirely financed by the Norwegian government, who

already announced its intention to continue the financing for the next year. The managerial approach and related procedures were established as well as the work plan for 2005.

The CEB-funded scholarship program for post-graduate studies in public health will soon be launched. An increase of the available funding is being pursued. The CEB will also give loans to Bosnia and Herzegovina, FYR of Macedonia and Albania for projects in the health sector. The Health Division of the CoE plans to organise a workshop on “New challenges for patients and citizens in health care” in Ljubljana, Slovenia, in the first half of 2005. In order to support the implementation of the Helsinki Mental Health Declaration for Europe and its action plan, the workshop will put emphasis on mental health issues.

The CoE Health Division is also organising a conference on palliative care in Belgrade, Serbia and Montenegro, later this year. Although formally not specifically related to the activities of the SEE Health Network, the conference shall be interesting for other countries in the region.

The health sector reiterated the financing gap amounting at 500.000 EURO needed to complete the 3rd and last component of the Regional Mental Health Project.

## **Housing**

**Objective:** Sustaining the work of the Housing Experts’ Network, in cooperation with SP Housing and Urban Management Initiative.

**Activities:** In 2004, the housing network started the preparation of regional report on “Trends and Progress in Housing Reforms in South East Europe”. This report is being prepared by the Council of Europe Development Bank in cooperation with the Council of Europe and the UN-Economic Commission for Europe. The report is expected to help streamline housing policies of the countries and put the data collection in line with the practice of the countries of the European Union.

The preliminary draft report was discussed at the second network meeting, which took place in Strasbourg on 6 -7 December 2004. The report will review factors influencing the performance of the housing sector, including economic, social and political transition. It will assess housing policy reforms in South Eastern Europe, and in particular the formulation of housing policy, and the design of regulation and of fiscal and financial instruments. It will examine the situation of the existing housing stock and trends in new construction; in particular, it will help to assess housing distribution and quality, tenure structure, housing costs and affordability and investment in and provision of new housing. The report will also look into a few specific housing themes, such as housing management and maintenance, social housing and housing finance.

The final version of the report is expected in early May. It will be a subject of discussion at the next meeting of the Housing Experts’ Network, planned to take place immediately after the publication of the report.

## Social dialogue

**Objective:** Continuing support for the freedom of association, the independence and the institutional strengthening of Employers' Organisations and their capacity to engage into collective bargaining and further develop their services; continued strengthening of the capacities of the trade unions in the SEE region; support to the labour laws experts' network and to the establishment of labour courts.

**Activities:** The major donor and supporter of the activities of the networks of employers' associations and trade unions, the Swiss Agency for Development and Cooperation, pledged a longer-term commitment, encompassing the next 2-3 years, in its financial and technical assistance to the social dialogue sector. This will enable the networks to undertake the program of activities for 2005 they set out at their last joint meeting:

- Continuing the work on labour dispute resolution, in particular the establishment of labour courts in Bulgaria, in FYR of Macedonia and possibly in Bosnia-Herzegovina;
- Raising the political influence of the networks in the various SEE Governments, mainly through the organization of a major regional conference on "The Role of Law in Labour Relations" in the first half of 2005;
- Collecting information on the different instruments and policies in the fight against corruption– particularly on the transparency of public procurement and putting it into a publication, ready for distribution in the second half of 2005; further coordination with the Stability Pact Anti-Corruption Initiative continues - the social partners will take part in the upcoming May Ministerial Conference on Anti-Corruption in SEE;
- Social partners have also raised the issue of the shadow economy and will continue to discuss the possibilities to bring it into the framework of the formal economy;
- Dissemination of best practices through bilateral cooperation between employers' organizations:
  - Establishment of a twinning program between Macedonian and Croatian employers;
  - Establishment of a twinning program between Montenegrin and Croatian employers;
  - Further support to the established Romanian-Moldovan partnership between employers;
  - Help Kosovar employers to establish an employers' organization;
  - Political support to the employers' organizations in FYR of Macedonia and Bosnia-Herzegovina vis-à-vis the Chambers of Commerce;
- Participation in the design and implementation of the project on "Occupational Health and Safety";
- Ensuring the participation of social partners in the various EU and Stability Pact events on various topics covering the economic development of the region (e.g. energy and transport).

The following activities took place in the reporting period in the framework of the SEE Employers' Forum, under the guidance of the IOE:

- Participation of employers experts in meetings in Luxembourg, Romania, Bosnia-Herzegovina, France and Brussels;
- Preparation of a green paper on the labour code in Romania;
- 29 Nov - 3 Dec 05. Study visit of Montenegrin employers in Croatia
- 26/27 April 05: Expert mission of Czech employers to Sofia (Bulgaria) on EU accession;
- 4 May 05: Round table on the Romanian labour code (with the IOE, Swiss employers and ILO expertise)
- 5 May 05: Visit of regional employers' organizations in Romania.

The ILO Sub-Regional Office for CEE in Budapest, within the framework of the project *“Strengthening social dialogue and tripartism and enhancing the technical expertise in labour law in the countries of South Eastern Europe”* undertook and plans the following activities:

### **I. Regional activities**

- Training course on drafting labour legislation targeting the 8 recipient countries from South Eastern Europe (Turin, 6 – 10 December 2004) - the main objective of the training was to enhance the legal expertise of officials from the ministries of labour and representatives of workers’ and employers’ organisations from the participating countries who are involved in the drafting of labour legislation at national level;
- Organisation of the 3rd meeting of the Labour Legislation Network that will take place on 7-8 July 2005 in Bulgaria (venue still to be decided): the topic of the meeting is “Employment Law”;
- Survey of social partners on social dialogue and pension reforms in the framework of the Stability Pact project on social security.

### **II. National activities**

#### Albania

Assistance was provided to the National Labour Council (NLC) to strengthen its mode of operation (October-November 2004). ILO SRO received technical support from the Irish Labour Relations Commission. A tripartite delegation from NLC visited Ireland and was exposed to a high profile practice of social dialogue.

#### Bosnia and Herzegovina

Two technical seminars were organized on the issue of enforcement of the legislation on non-discrimination in employment and occupation: one seminar in the Republika Srpska, Banja Luka, 22 March and the second in Sarajevo, 23 March 2005. The seminars targeted labour inspectors, labour judges and ombudspersons. Two Belgian and one ILO experts made presentations during the seminars and shared their experience on European and International standards on non-discrimination in employment and occupation.

The ILO sponsored two meetings of economic and social council in BH on the problem of non-payment of wages. The first meeting took place in Banja Luka (Republika Srpska) on 19 April and the second one in Sarajevo (Federation of BiH)

on 20 April 2005. Experts from Geneva and Budapest provided technical guidance on how to address the problem of wage arrears in the light of ILO and EU standards and European practices of wage guarantee funds.

### Bulgaria

- A project on the promotion of collective bargaining in the Chemical sector was launched in July 2004 in cooperation with the Swiss Agency for Development Cooperation. The aim of this project is to assist the social partners to conclude an innovative collective agreement with a strong focus on gender equality. A bipartite working group is currently working on a draft agreement that will be presented to the leaders of employers' associations and trade unions once it is completed;
- A feasibility study on the creation of specialized labour courts will be carried in autumn 2005 and its findings discussed in a tripartite seminar and then submitted to government for further action.

### Serbia

- Technical advice was provided on labour law reform (summer 2004);
- Capacity building in the field of International Labour Standards (March 2005): government officials and social partners have been familiarized with ILO standards and procedures including fundamental conventions;
- Assistance will be provided in the field of conciliation and mediation (May-June 2005);
- Assistance will be provided to enforce the newly adopted labour law (Autumn 2005).

### Montenegro

Assistance is being provided (May-June 2005) to:

- review the law on economic and social council;
- set up an agency for conciliation and mediation.

The sector needs further impetus. It also needs additional funding. For this purpose, a series of consultations meetings have been held with the relevant organizations/partners/donors, which addressed in more detail the complexities of social dialogue, as well as defined what more could be achieved through regional cooperation in this field.

### **Social Protection**

**Objective:** Strengthening the coordination of social security policies, assisting the introduction of EU and CoE standards, with special attention to cross-border exchange of benefits and the restructuring of the social security and pension systems in the SEE countries.

**Activities:** The Council of Europe has started the implementation of a three-year programme in South Eastern Europe to support social policies and institutions and to promote social security coordination in the region. It is a co-financed EC CARDS/CoE project. DG III Social Cohesion assumed its management.

The programme is a spin-off of a previous project (co-financed by the Italian Government and the CoE). This project will contribute to the creation of a network of social security professionals and sustain the activities of regional cooperation in the field of social security coordination and social policy development. The CARDS programme aims at strengthening the legislative framework and the institutions concerned with social policies, improve co-ordination of social security systems for migrating people and build capacities in the public administrations with respect to social policy issues. This Regional project is one of the major achievements with regard to regional ownership, whereby the SEE partners are fully involved in the design and implementation of social policy.

The regional office of the project, hosting the project implementation team and serving as a central point for regional dialogue on social policy, was established in Skopje in January 2005 and the project team is currently in discussions with national authorities for the creation of liaison offices in all the countries of the region. The first meeting of the project Steering Committee took place on 17 March. The Steering Committee members, representing the SEE countries involved in the project, agreed on the mandate of the Committee and on the activity plan for 2005. The activity plan includes, among others, a summer school for the local project officers of the Program, civil servants in social institutions and social partners with the overall purpose of enhancing regional coordination and creating networks of social security actors.

Several other activities, implemented by the ILO, are set for 2005 under the broad theme of strengthening the social security governance and restructuring selected social benefits and pension systems in SEE. In particular, in Sofia on 8-12 November 2004 a week long training session was provided on Good Practices in Social Service Delivery for Children and Adults with Disabilities. Five regional examples of successful innovations in social services were presented, from Romania, the Czech Republic, Hungary, and France. The participants included Ministry officials, local government officials, and NGOs. In December 2004 a Publication of *Good Practices in Social Services Delivery in South Eastern Europe* was issued, a training manual on social services delivery, which includes step-by-step materials for a one week training course and national reports on social services in each of the Stability Pact countries. At present, in Chisinau a translation into three languages of the report on the training conference, *Strengthening Social Services for Persons with Disabilities*, held with the Ministry of Labour and Social Protection in September 2004, is being prepared. In Chisinau, 22-28 May 2005 an expert consultancy will be conducted to assist in implementing a new law creating the position of social worker in the mayoralities.

With regard to improving collection of pension contributions, in December 2004 a Publication of *Collection of Pension Contributions: Trends, Issues, and Problems in Central and Eastern Europe* was issued. It includes studies of recent efforts to improve collections in five countries, chosen for their differing problems and approaches (Hungary, Poland, Croatia, Romania, and Slovenia), as well as recommendations for strengthening collections in the regional context. In Mostar, Bosnia, 25-27 April 2005 a Tripartite Training Workshop on Social Dialogue and Pension Reform, Focus on Contribution Collection, was organized with the ILO Turin

Centre. Regional tripartism in pension reform will be examined in the Slovak Republic, Romania, and Montenegro. The seminar will also make use of the publication described above, with presentations of the national studies by their authors for Slovenia, Croatia, and Romania. A tripartite national seminar to be cosponsored with the National House of Social Insurance, focusing on recent regional experience with capitalized savings schemes and measures to improve the collection of contributions is planned for Chisinau, September 22-23 2005.

In December 2004 National Social Protection Expenditure and Performance Reviews were completed in each Stability Pact country. These examine each branch of social security, focusing on coverage, benefit levels, financing, and administrative costs. At the moment, data are being cross-checked, and a comparative regional report is being drafted. The target date for publication is June 2005.

In the area of strengthening social dialogue on pension reform, several activities took place:

- Belgrade, November 2004 – with the Serbian Labour Ministry, the ILO sponsored a tripartite conference to examine the development of voluntary supplemental pensions in the two CEE countries with the largest coverage, the Czech Republic and Slovenia.
- Budapest, December 2004 - Tripartite regional conference “Recent Developments in Pension Restructuring in Central and Eastern Europe” attended by tripartite delegations from the SE Europe accession countries, Romania, Bulgaria, and Croatia.
- January 2005 – present – Planning and organization of a regional survey of the social partners on their involvement in pension reform. A survey has been developed and national consultants have been recruited to administer it in all the countries. A one-day training workshop will be held on the survey questionnaire in Budapest (4 May 2005).

In the area of improving the protection of migrant workers through bilateral social security agreements, the following activities took or will take place:

- Tirana, November 2004 – Report issued on expert training consultancy on the development of bilateral agreements, organized for the Albanian Social Insurance Institute.
- Chisinau, planned for June 2005 – Expert training consultancy on the development of bilateral agreements, organized for the National House of Social Insurance.

In November 2004 a report was issued to the Albanian Social Insurance Institute on measures to strengthen the administration of short-term benefits, based on the findings of an expert consultancy.

Annexes:

1. Table of funding with a list of ongoing projects

## 2. List of planned meetings

