



THE REGIONAL DIMENSION
IMPROVING SOCIAL POLICY IN SOUTH EASTERN
EUROPE

SUMMARY PROGRESS REPORT
MAY – NOVEMBER 2005



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 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. Demographic pressure on the labour market, combined with substantial redundancies expected in the future as public enterprises continue to restructure and reduce levels of surplus labour, are expected to aggravate the situation. 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, low paid, and lacking in health regulations and safety conditions. 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.

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. Most countries have formulated national action plans, which take on a strategic, and comprehensive approach towards the problem of unemployment, legalisation efforts of the informal economy are underway, and wide-ranging reforms of health systems are being pursued. Special attention has also been afforded to the issue of social dialogue, considering the deep social consequences of the restructuring process, and the need to ensure that efforts to promote labour market flexibility and labour mobility go hand in hand with labour protection and security. However, these developments are relatively recent, and 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. Future 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

Recognising that social cohesion is an essential contributing factor to lasting political and social stability, as well as economic development in the SEE countries, the Initiative for Social Cohesion (ISC) aims to better incorporate the social dimension in economic development and reconstruction efforts in the region. The overall objective of the ISC is to address social issues that affect the daily lives of citizens in the countries of South Eastern Europe, with attention also paid to the most vulnerable populations. The method is based on regional networking, and the main priority is to ensure capacity building and the strengthening of institutions. To date the ISC has worked in five main sectors, namely Social Dialogue, Employment, Social Protection, Health and Housing. The ISC serves as a platform where the governments and social partners of SEE on the one hand, and the donors, international organizations and the international financial institutions on the other, gather to discuss issues related to social policy development in the SEE countries. Together they agree on certain priorities, taking into consideration both national concerns as well as European and international commitments undertaken by the governments of the region. Actions are taken, both at the political level, but also by funding concrete projects, to address these priorities. Over the past year the ISC has increasingly focused its attention on employment policy and regional health issues.

The past achievements of the ISC and its continued efforts to meet future challenges in the social field in SEE would not have been possible without the continuous support of its key partners and donors: CoE, CEB, WHO, ILO, ETUC, IOE, EC, the governments of Belgium, Austria, Switzerland, Greece, France, Italy, Norway, Luxembourg, Slovenia and Hungary.

This report is by no means an exhaustive list of activities. It aims at highlighting the key events and achievements, as well as at pointing out the strategic challenges for the ISC.

III. HIGHLIGHTS OF ACHIEVEMENTS – MAY- NOVEMBER 2005

The Bucharest Employment Process

In line with the objective to ensure continued work on reviewing employment policies and on the preparation of the second Ministerial Conference on Employment in SEE, the Permanent High Level Committee on Employment (PHLC) met for the fourth time in Budapest, on 22-24 September. The members examined the recommendations stemming from the Country Reviews on Employment Policies for Serbia and Moldova (CREPS). They also discussed the findings of another round of peer-reviews: Romania reviewed the employment policy of Bosnia and Herzegovina; Croatia reviewed the Belgian National Employment Strategy, while Bulgaria and Albania jointly reviewed the employment policy of Montenegro. The implementation of the recommendations from the Albanian and Croatian CREPS, issued last year, was also presented and discussed. In the case of Albania and based on the recommendations to integrate the employment and vocational training strategy with the social, educational, tax, enterprises and regional policies, there will be a review of the medium term objectives of the National Strategy on Economic and Social Development and of the medium-term budget. In the case of Croatia, the Country Review of its Employment Policy will be



used by the European Commission as a basis for the Joint Assessment Process on employment, initiated in September this year.

As originally agreed at the first Ministerial Conference on Employment in SEE (Bucharest 2003), the Ministers in charge of employment met for the second time in Sofia on 21 October in order to review progress made and to further intensify their cooperation. They agreed that the work achieved in the field of employment policy since the launching of the Process has been remarkable both in volume and quality. Providing a platform for the exchange of good practice, the “Bucharest Process” has helped to foster closer contacts and improve mutual understanding between countries in the region, by making them partners on an equal footing and giving them the opportunity to share valuable experiences. In the Sofia Conclusions, the Ministers committed themselves to further improvement of their countries’ employment policies, as well as to taking on a more structured approach to occupational health and safety as a key factor for quality of employment. Increased involvement of the social partners through the institutional mechanisms for social dialogue will be another area for further cooperation.

The South East European Health Network

The activities in the health sector have been aimed at achieving political commitment by the SEE countries and international actors to long-term cooperation on health, further to the successful implementation of the Dubrovnik Pledge of 2001.

The Health Network met twice in the second semester: at the beginning of July and at the end of September. Discussions were focused on two key issues: increasing regional ownership and the preparation of the Second Health Ministers’ Forum. With regard to the first issue, the Network members devised a plan for gradual hand-over of responsibilities for regional cooperation to the SEE countries. The plan foresees increased participation of the SEE countries, financially and with human resources, over the period of the next two years. As for the Second Ministers’ Health Forum, a background paper on “Health and Economic Development in SEE” is currently under preparation.

Meanwhile, since mid-2005, all seven regional health project activities have been started. These projects focus on: blood safety and blood components, communicable diseases surveillance and response, emergency medical services, food safety and nutrition, social and health information systems, mental health and tobacco control have been started.

In the field of improving tobacco control, a regional inter-ministerial Conference on Tobacco Control took place on 28-29 September in Sofia, with the participation of all SEE Health Ministers. In conclusion of the Conference, all SEE countries indicated their intention to ratify the WHO Framework Convention on Tobacco Control. Many of the SEE countries have tobacco production and industry, contributing at present significantly to the economy. They have indicated nevertheless the strong commitment to curb the smoking epidemic, which is even increasing in some of the countries.

After three years of the implementation of the Mental Health Project, ten community mental health care centres, equipped with trained staff, have been inaugurated in all SP beneficiary countries.



Social Dialogue

The networks of trade unions and employers have continued to focus primarily on the capacity building of their members, through topical workshops and study visits.

The twinning programmes for employers between Romania and Moldova, Albania and Kosovo, and Croatia and Montenegro continued through delegation visits, as well as exchange of experts and best practices. Technical support was provided for the creation of an Organisation of Employers in Kosovo.

During the past six months, trade union representatives have been actively participating in various events. A regional conference on "the Role of Law in the Emerging Systems of Labour Relations in SEE" was held by the representatives in Brussels on 14-16 June 2005, and they also participated in the workshop on the SEE Regional Energy Market, held in Skopje on 15-16 September, where a common position and a platform for a social pillar in the SEE Energy Community was adopted.

The network of government experts in labour law continues its work with a view to promoting regional cooperation between the ministries of labour in the areas of labour law and social dialogue. These experts have been receiving training on the drafting of labour legislation, taking into consideration international labour standards and European comparative practice in labour law, as well as the need to provide support to social partners in their bipartite negotiations in a way that still respects their autonomy.

In Cavtat, on 13-15 October, the networks of trade unions and employers held their annual joint meeting. One of the key topics for discussion was how to increase the social partners' participation in the Bucharest Employment Process in particular, and in the processes of design and implementation of employment legislation in general. Also discussed was the development of a project framework for future work in the area of occupational health and safety. Considering that both these issues are contained in the Sofia Conclusions of the second Ministerial Conference on Employment, which accords a significant role to the social partners, both the employers and trade unions agreed to make them their priorities for common action in 2006.

The South East European Housing Experts' Network

Further to the objective to consolidate and further improve the housing policies in SEE, the Network held another meeting in Strasbourg 20-22 June 2005. The draft report on "Trends and Progress on Housing Reforms in SEE" was presented and discussed, and Network members provided their input for the final version of the report, which is expected to be published shortly. With this, the official mandate of the Network, as given by the Ministers in charge of housing at the High-Level Housing Meeting in Paris was 2003, has been completed. Consideration will be given for further assistance from the Housing Network should an official request be submitted by the relevant international partner on behalf of the SEE countries.

IV. CHALLENGES AHEAD

One of the main considerations for the ISC has been how best to increase regional ownership of its activities. In the various sectors, the discussions on handing over greater responsibility to, and soliciting increased participation and leadership from the SEE countries, are at different stages.



In the health sector, the second Health Ministers' Forum, to be held in Skopje on 25-26 November, will agree on the future steps in this direction through a Memorandum of Understanding. Considerable preparations have been made by the members of the South East European Health Network in 2005. The results are contained in the "Issue Paper on Priorities for Regional Cooperation on Health and Economic Development", outlining concrete steps and actions for gradual hand-over of responsibility to the SEE countries over the next two years. This has also been fed into the objectives of the Forum, namely: to consolidate the SEE Health Network alliance at regional level by increasing cross-border opportunities for local partners to work together to improve health and strengthen neighbourly bonds; to support the ministries of health in assuming ownership of the regional health projects and to assist them in inspiring and empowering health professionals to ensure a sustainable long-term improvement in public health; and to demonstrate the economic potential of health as a way to increase productivity and decrease public expenditure on illness: (a healthy population works better, produces more and costs less). The specific feature of this Forum will be the participation of the Finance Ministers of SEE.

In the other sectors, such as employment/labour and social dialogue, the regional ownership debate has been initiated more recently and strategies on how best to approach the matter are yet to be finalized. The Sofia Conclusions, unanimously adopted by the Ministers of Labour and Employment on 21 October, provide an excellent framework for increased involvement of the Governments and social partners in the design, implementation and guidance of the regional cooperation process in the fields of employment policies and occupational health and safety.

The 10th Regional ISC meeting will take place in Vienna, on 5 December, at the invitation of the Austrian Ministry for Social Security, Generations and Consumers' Affairs. This event will not only provide the ISC stakeholders with the opportunity to discuss and agree on the strategy and plan of action for 2006, but also to agree on a specific approach to the question of "regionalization" of the ISC activities. While it is evident that the ISC beneficiaries need to assume a much stronger role in the regional cooperation on social policy development, it is also crucial that the donors and the international organizations support this process, financially and with expertise.

The key challenge for the future lies in the sustainability of the efforts invested so far. Sustainability can only be achieved with increased participation of the countries in the regional co-operation processes. In 2006, the ISC will focus its efforts on embedding its regional networks in the areas of health and employment and labour firmly into the local context, ensuring that actors from the region and the international community continue to give due attention to social development, in parallel to economic development.