

”Bucharest Process”

Activity Report 2003-2005

submitted to the
2nd Conference
of Employment Ministers
of South Eastern Europe
Sofia, 21 October 2005

Introduction

At their meeting in Bucharest on 30-31 October 2003, chaired by Romania, the Ministers responsible for employment of Albania, Bosnia and Herzegovina, Bulgaria, Croatia, the FYR of Macedonia, Moldova, Montenegro, Romania, Serbia and the Head of the Economic Administration of UNMIK (Kosovo), discussed ways in which to tackle collectively the problems they faced in the employment sector, as a result of economic restructuring, related to the transition to market economies, insufficient levels of investment as well as the damaging effects of past conflicts in the region.

In their joint statement entitled the “Bucharest Declaration”, the Ministers mandated the Council of Europe and the International Labour Organization to implement their commitment to take action, within the framework of the Initiative for Social Cohesion of the Stability Pact for South Eastern Europe (hereinafter referred to as the ISC). Therein, the Ministers also agreed to meet in spring 2005 to assess the progress achieved. For information, the “Bucharest Declaration” appears in Appendix 1.

Following an invitation by the Government of the Republic of Bulgaria, Ministers will now meet again in Sofia on 21 October 2005 to assess achievements and decide about the future mandate. In compliance with EU terminology, the Ministers’ decisions will constitute the “Sofia Conclusions” to the “Bucharest Process”.

This report aims to inform Ministers about the way their mandate has been implemented, the activities undertaken and the progress achieved. The report concludes with an outlook on possible future directions of employment cooperation in South Eastern Europe.

Work accomplished

The Permanent High-Level Committee and its activities

As mentioned in the appendix to the “Bucharest Declaration”, a Permanent High-level Committee (hereinafter referred to as the PHLC) was set up to implement, direct, monitor and supervise the “Bucharest Process”.

The PHLC held four meetings during the interval between the Ministers’ conferences in Bucharest and Sofia. With no prior intention, the series of PHLC sessions so far brought about an alternating sequence of “political” and “technical” meetings, with the “political” ones (2nd and 4th) focusing on the policy reviews and the “technical” ones (1st and 3rd) setting the terms of work and developing the process further.

1st session, Brussels, 9 - 10 December 2003

Delegates from Albania, Bosnia and Herzegovina, Bulgaria, Croatia, the FYR of Macedonia, Moldova, Montenegro, Romania, Serbia, Belgium and Ireland attended the meeting. Apart from the organisations mandated in the “Bucharest Declaration”, representatives from the ETUC, the IOE, the Council of Europe Development Bank, the European Commission and the Stability Pact for South Eastern Europe also attended the meeting.

The main objective of this meeting was to define working methods for the work of the PHLC and approve its terms of reference.

Two working groups were set up, one under the guidance of the ILO to review national employment policies, and the other under the guidance of the Council of Europe to review the performance of employment services. However, during the first cycle of employment review work, it became apparent that this division was not useful, and consequently the two working groups merged into one review team.

The PHLC established a two-tier country review procedure: an in-depth analysis (Country Review of Employment Policy, hereinafter

referred to as CREP) for a maximum of two countries per year, and a peer review procedure (“mutual learning process” in EU terminology today) of the other national employment reports submitted. Albania and Croatia volunteered and were accepted for the first cycle of in-depth reviews in 2004.

Most importantly for the practical work to be done, the PHLC approved an “Outline for National Reports”, which lists 38 items to be reviewed, grouped under 7 headings.

At its first session the PHLC also defined short-term and long-term objectives for the mutual employment review process among countries in South Eastern Europe. It further established a first set of three performance indicators and stressed the importance of capacity building and technical assistance in support of the “Bucharest Process”.

2nd session, Strasbourg, 12 - 14 January 2005

The 2nd session had been originally scheduled to take place on 1-3 December 2004 in Sarajevo, but was postponed to January 2005 and transferred to Strasbourg at short notice. Delegates from Albania, Bosnia and Herzegovina, Bulgaria, Croatia, Moldova, Montenegro, Romania, Serbia and Belgium attended the meeting. Apart from the organisations mandated in the “Bucharest Declaration”, representatives from the European Commission, ETF, ETUC, the IOE, the Council of Europe Development Bank, the Stability Pact for South Eastern Europe and UNECE also attended the meeting.

The main objective of this session was to have an in-depth review (CREP) of the employment policy of Albania and Croatia. Based on the national employment reports of the two countries and the findings from the missions undertaken by the joint CREP team, the PHLC discussed both the reports as well as the recommendations attached to each chapter by the ILO and the Council of Europe.

After the two CREP discussions, the PHLC examined the national employment reports submitted by Moldova (reviewed by Bulgaria) and by Bosnia and Herzegovina (reviewed by Romania). Due to late submission, the Serbian employment report could not be peer-reviewed, but was discussed in the plenary.

The PHLC also discussed the work programme for 2005 and welcomed the fact that Moldova and Serbia had volunteered for the CREP exercise. It also conducted a first evaluation debate on the second round of the “Bucharest Process” and its implementation. There was common agreement that the CREP process proved to be a very useful tool to contribute to convergence with the objectives of the European Employment Strategy.

3rd session, Sarajevo, 14 - 15 April 2005

Delegates from Albania, Bosnia and Herzegovina, Bulgaria, Croatia, Moldova, Montenegro, Romania, Serbia and Belgium attended the meeting. Apart from the organisations mandated in the “Bucharest Declaration”, representatives from the ETUC, the IOE, the Council of Europe Development Bank, and the Stability Pact for South Eastern Europe also attended the meeting.

Mr. Safet Halilovic, Minister of Civil Affairs of Bosnia and Herzegovina, and the Employment Agency of Bosnia and Herzegovina hosted the meeting.

The main purpose of this session was to evaluate in greater depth the review methodology already discussed in Strasbourg. The PHLC decided to focus more strongly on the implications of the review process for the national stakeholders, i.e. to strengthen the position of Ministers responsible for labour, employment and social affairs, and advise them how to place employment policies higher on the national agenda. This also implies taking a more critical look at the coherence of advice given to Governments by international organisations.

The PHLC also approved a proposal presented by Belgium to use comparable statistical indicators in South Eastern Europe, adaptable to the European Employment Strategy.

The PHLC also stressed that the social partners should be involved in the drafting of the national employment reports and the preparation of national tripartite seminars. In response to this, the representatives of the Belgian Federal Public Service for Employment, Labour and Social Dialogue and the ILO attended

the opening of a parallel regional trade union conference, which took place in Sarajevo at the same time. The chairperson of the ISC, who chaired parts of the PHLC meeting, delivered a closing address to the trade union meeting. Two representatives of the trade unions were invited to attend the PHLC session as guests.

Further to discussions held at the previous Strasbourg meeting, the PHLC agreed to attribute high importance to gender equality issues in reviewing national employment policies and welcomed the decision that the ILO will prepare a gender sub-project under the umbrella of the "Bucharest Process", which will be supported by the Belgian Federal Public Service for Employment, Labour and Social Dialogue. Delegates welcomed the presentation of a first gender equality checklist to be used for preparing the CREP of Serbia and Moldova.

A large part of the meeting was devoted to the planning of the 4th session of the PHLC and the 2nd Conference of Ministers. The Bulgarian delegation reiterated the invitation to hold the Ministerial Conference in Sofia in October 2005. An ad-hoc team drew up a preliminary draft of the "Sofia Conclusions".

4th session, Budapest, 22 - 24 September 2005

Delegates from Albania, Bosnia and Herzegovina, Bulgaria, Croatia, the FYR of Macedonia, Moldova, Montenegro, Romania, Serbia and Belgium attended the meeting. Apart from the organisations mandated in the "Bucharest Declaration", representatives from the ETUC, the IOE, the European Commission, the Council of Europe Development Bank and the ETF also attended the meeting.

The PHLC session started with the second cycle of in-depth labour market reviews and examined the CREP of Moldova and Serbia. Based on the national employment reports the two countries had submitted, as well as the findings from missions carried out by the joint CREP team, the PHLC discussed both the reports as well as the recommendations attached to each chapter by the ILO and the Council of Europe.

After the two CREP discussions, the PHLC examined the national employment reports submitted by Montenegro (reviewed by

Bulgaria and Albania) and Bosnia and Herzegovina (reviewed by Romania). Croatia reviewed the Belgian National Action Plan, as proposed by the Belgian Federal Public Service for Employment, Labour and Social Dialogue during the 3rd session of the PHLC. Furthermore, Albania and Croatia (CREP countries in 2004) gave a report on the implementation of the recommendations made on their national employment policy at the 2nd session of the PHLC.

PHLC members received a first presentation of the ILO gender equality project in the framework of the “Bucharest process” (entitled “Promoting equal opportunities for women and men in the Country Employment Reviews of Stability Pact countries”). This presentation was given by the new ILO project coordinator, Ms. Eva Fodor, who also provided an overview of the main findings concerning gender equality in the four CREP.

Following a suggestion made by Romania at the 3rd session of the PHLC, Mr. Glazer, former Director General of the Public Employment Service of Slovenia, presented a comparative analysis of existing coordination mechanisms for employment strategies in some EU and South East European countries, with particular reference to the involvement of other stakeholders, such as social partners, local authorities and NGOs.

The PHLC also made comments on the drafts of the “Sofia Conclusions” and the “Activity Report 2003-2005”.

Delegates were also informed that the 10th session of the ISC will take place on 5 December 2005 in Vienna, following an invitation by the Austrian Federal Ministry of Social Affairs, a founding member of the ISC, on behalf of the incoming Austrian presidency of the EU.

The forthcoming 5th session of the PHLC was tentatively scheduled for spring 2006. The FYR of Macedonia kindly offered to host this meeting.

National Tripartite Seminars

The national social partners are fully associated in the process of assessment of national employment policies, as stated in the appendix to the “Bucharest Declaration”. In view of this, as well as

the tripartite structure of the ILO, it was decided to present the CREP, once approved by the PHLC, to the respective government officials and representatives of employers' and workers' organisations at the national level during a tripartite seminar.

The first such national tripartite seminar linked to the "Bucharest Process" took place in Tirana on 8 April 2004, with 45 participants attending, most of them members of the National Employment Council, represented by the Minister of Labour and Social Affairs and several senior representatives of the social partners. A specific part of the discussion was devoted to gender policy issues. The participants unanimously approved the Albanian CREP.

As Croatia is starting its cooperation process for employment policy with the European Commission ("Joint Assessment Process - JAP), it was decided to use a seminar organised at the initiative of the European Commission and the Croatian authorities to launch the JAP to present the CREP results, in order to ensure an appropriate transition from the CREP to JAP. This seminar took place in Zagreb on 15 - 16 September 2005.

From 13 to 15 October 2005, members of the ETUC-IOE legal experts network met in Cavtat (Croatia) for a joint conference on the role and participation of social partners in the "Bucharest Process", with particular regard to the ministerial meeting in Sofia.

Other activities relating to the "Bucharest Process"

Following a request from the Bulgarian Ministry of Labour and Social Policy, three senior ILO experts trained 12 labour market and employment policy experts in concepts and techniques of peer-reviewing labour market and employment policies (26 October 2004).

Experts from Romania paid a visit to Bosnia and Herzegovina in the summer of 2005 to prepare the peer review at the 4th session of the PHLC.

Representatives of the ILO and the Council of Europe delivered an oral report on the achievements of the "Bucharest Process" to the 9th session of the ISC in Luxembourg (24 - 25 February 2005) and

will do so again during the 10th session of the ISC in Vienna (5 December 2005).

Following an invitation by the Belgian Federal Public Service for Employment, Labour and Social Dialogue, a delegation of Belgian trade union representatives attended the 2nd session of the PHLC in Strasbourg. Belgian trade unions support the “Bucharest Process” and encourage regional trade unions in South Eastern Europe to take part in that work.

During the 3rd session of the PHLC in Sarajevo, a regional trade union conference took place there at the same time. The delegates of the Belgian Federal Public Service for Employment, Labour and Social Dialogue and the ILO to the PHLC attended the opening of the trade unions meeting and presented the work done under the “Bucharest Process”. Similarly, the chairperson of the ISC, who chaired parts of the PHLC meeting, delivered a closing address to the regional trade union meeting. Two representatives of the trade unions were invited to attend the PHLC session as guests.

Following an invitation by the head of the Employment Agency of Bosnia and Herzegovina, the Directors General of the Public Employment Services of all former member states of the Federation of Yugoslavia and of Albania (all of them members of the PHLC) met for the first time in Sarajevo on 19 - 21 October 2004. They agreed to establish a standing conference and set up expert working groups as a platform to exchange best practice. The first such seminar on youth unemployment took place in Ptuj (Slovenia) on 22 - 24 February 2005 and will link its further activities with the ILO Youth Employment Network. The second meeting of the Directors General took place in Belgrade on 8 - 10 June 2005.

Funding

The “Bucharest Process” activities as listed above have been financed to a large extent from a generous and ongoing donation by the Federal Belgian Government, represented by the Belgian Federal Public Service for Employment, Labour and Social Dialogue, which channels these funds through the Council of Europe. The Belgian funding covers the costs of delegations from beneficiary countries to attend the meetings of the PHLC, but also

mission costs needed to carry out peer reviews. The Belgian contribution also provides for the costs of the CREP gender mainstreaming project and for the study on employment policy and social partnership, presented to the 4th session of the PHLC by Mr. Glazer. The international organisations mandated to implement the “Bucharest Process” bear their own staff mission costs. In addition, ILO is covering the costs of the national tripartite seminars. Hosts of meetings usually contribute benefits in kind by covering local preparatory and secretarial support costs, as well as by hosting receptions.

Lessons learned and future outlook

The “Bucharest Process” is a new process in South Eastern Europe, as it intends to raise employment policy to a higher level of political attention and establish a mutual learning process in a region still suffering from difficult political, economic and social transition. Some of these countries, moreover, have been hit by war and ethnic conflict only a few years ago, but all face similar challenges on their labour markets today.

The work done in the field of employment policy since the process was launched is remarkable both in volume and quality. First of all, the “Bucharest Process” provides a platform for the exchange of good practice. This mutual learning process certainly helps to strengthen close contacts and improve mutual understanding between countries in the region, by making them partners on an equal footing with the opportunity to share their valuable experience.

The Country Reviews of Employment Policy

It proved to be efficient to review only two countries in-depth each year. To cover more countries would probably have gone beyond the capacity of the ILO and the Council of Europe, as the preparation of a CREP usually requires two joint missions per country and time-consuming coordination and editing of the draft report, in addition to the final submission for approval to the national Governments and social partners.

As the CREP is a flexible and dynamic exercise, it already produced a number of useful and important spin-offs, such as:

- the development of a specific CREP gender mainstreaming project;
- the development of comparable statistical indicators for South Eastern Europe, adaptable to the European Employment Strategy;
- in some countries, a closer involvement of social partners to the employment policy formulation and monitoring process.

With regard to the 2006 cycle of CREP reviews (Bosnia and Herzegovina, the FYR of Macedonia and Montenegro being in the “pipeline”), the PHLC considers that the scheme should be applied to the reports in the same way as in the two previous cycles. If necessary, the terms of reference could be revised after the Sofia Ministerial Conference during the 5th session of the PHLC. However, if further important employment-related areas such as occupational safety and health and migration issues were integrated into the CREP, the exercise would become more complex, with less focus on employment policy and less comparable to the previous cycles.

The peer review experience

The peer-reviewing of employment and labour market policies of other countries brought a new aspect of competence and quality into the work of the national experts involved. By studying the certainly familiar area of politics in another country, they learned to look at their own daily practice through the others’ eyes. There has been much commitment by those who undertook the peer reviews. Reviewers asked for technical visits to be carried out to the reviewed country, which was generously supported by the Belgian Federal Public Service for Employment, Labour and Social Dialogue.

Further aspects of employment policy cooperation in South Eastern Europe

The European Commission's DG Enlargement has asked the European Training Foundation (hereinafter referred to as the ETF) to undertake Labour Market Reviews in the Western Balkan countries. The Reviews aim to identify labour market challenges and areas for future work in the fields of employment, and human resource development, as an input to programming for EU assistance to the region. ETF has already completed the Labour Market Reviews in the FYR of Macedonia, Montenegro and Serbia and will carry out the Reviews in Albania and Bosnia and Herzegovina by the end of 2005. The implementing institutions of the "Bucharest process", the ILO and the Council of Europe, have been in close contact with ETF during the last 2 years and coordinated their actions for the mutual benefit of our work. The implementing institutions and ETF hope to continue this cooperation in the future.

Similarly, the ILO has established high-level communication with the UNDP (which was represented at the Bucharest Ministerial Conference in 2003) to consider closer contacts and mutual information about activities.

For the next cycle of work, account should be taken of the request by ETUC that the social partners should be involved at an earlier stage in the discussion of the draft CREP in their respective countries.

Conclusions

As laid down in the “Bucharest Declaration”, the employment ministers of eight South Eastern European countries entrusted the ILO and the Council of Europe with the following tasks:

- To review national employment policies
- To provide capacity-building in order to improve the quality of service delivery in employment services

The first two cycles of CREP reviews and peer reviews demonstrate that the approach chosen by the Council of Europe and the ILO to implement the Bucharest mandate has been effective. Whereas the review work itself provides already a substantial part of capacity-building, specific activities such as additional projects, training seminars and exchange of experts provided added value. The process aims to mobilise political resources in South Eastern Europe, in order to upgrade and improve employment and social standards as well as the quality of policy making.

The most important and encouraging development is, however, that the countries participating in the “Bucharest Process” have started to take ownership of the process and are no longer merely recipients of foreign advice. The commitment of Bulgaria and Romania, as forthcoming new members of the EU who became strongly involved in and supported the “Bucharest Process”, demonstrates the usefulness and appropriateness of this process for EU candidate countries. It prepares for membership in a network of partners.

The joint JAP-CREP seminar in Zagreb in September 2005, as well as the cooperation with the ETF in the context of the “Bucharest Process”, are good examples of the need and the usefulness to link and to combine several employment policy-related initiatives being conducted in South Eastern Europe. Each one has its own objectives and its own merit, such as the “Bucharest Process”, the EU enlargement process, the CARDS (Community Assistance for Reconstruction, Development and Stabilisation) Program of the European Commission, the Stability Pact for South Eastern Europe, for example, and the beneficiaries will profit from the synergies and optimal coherence of such initiatives.