



STABILITY PACT INITIATIVE FOR SOCIAL COHESION

10TH REGIONAL MEETING

VIENNA, 5 DECEMBER 2005

Brief overview

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 (SEE) 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 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 cooperation.

Morning Session

Opening Remarks

The meeting was chaired by Ms. Miet Smet, Chair of the Initiative for Social Cohesion. Welcoming participants to the meeting, she thanked the Austrian Federal Ministry of Social Security, Generations and Consumer Affairs for generously hosting the meeting, and expressed gratitude to the Swiss Agency for Development and Cooperation for their continuous support to the ISC Secretariat. The agenda and objectives were then briefly presented, and the Chair expressed hope that the meeting would allow for a fruitful discussion and result in a common agreement on the future work of the ISC.

The meeting was then officially opened by an address by her Excellency, Ms. Ursula Haubner, Federal Minister of Social Security, Generations and Consumers Protection. Ms. Haubner, on the eve of the Austrian presidency of the EU, welcomed the participants to Vienna. Applauding the work of the Initiative for Social Cohesion, the Minister stated that through the concerted efforts of all involved, through concrete initiatives and an active co-operation among member states and international organizations, the ISC has demonstrated that it is possible to contribute substantially to the stabilization of the economic and political situation in the Balkans. Numerous projects within the scope of the Stability Pact show that progress in creating new structures in the Balkan countries can be accelerated, for example in the fields of social dialogue and social security, employment, health and education. Noting that the Stability Pact is of special importance to Austria, considering its geographical proximity and common roots with South Eastern Europe, the Federal Minister concluded her address by wishing the participants success in their meeting, and in their future work.



In his opening remarks, Dr. Erhard Busek, Special Co-ordinator of the Stability Pact for South East Europe, described how 2005 has been a turbulent and eventful year for the region with regard to its relations with the European Union. Although not without difficulties, the EU perspective for SEE is now very real, with the respective countries making considerable progress ranging from the beginning of accession talks for Croatia, a positive Avis by the European Commission on the membership application of the former Yugoslav Republic of Macedonia, and the other countries being at various stages regarding their Stabilisation and Association Agreements. While the situation of Moldova is of course a different one, the relations between the EU and Moldova have been significantly upgraded in recent months as well. On another positive note, Mr. Busek also commented on the considerable progress made by the region in terms of economic development, evidenced by increases in foreign direct investment, high growth rates and an overall improvement in the business climate.

These encouraging developments taken aside however, the Special Co-ordinator turned to the problems of unemployment, poverty, outdated health systems and inadequate health services, which remain rather severe in the region. Despite the fact that the countries of SEE have made considerable efforts to address these issues, and although awareness is growing of the need to integrate employment programmes, social policy and poverty reduction strategies into larger economic reform initiatives, much still remains to be done. Here, the 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. It is for this reason that the Initiative for Social Cohesion is of crucial importance, whose work is complementary to that of other initiatives of the within Working Table II, such as Trade and Investment, Energy and Infrastructure, and Private Sector Development.

A brief overview was then given of the Regional Ownership process that has been initiated within the Stability Pact at the Regional Meeting in Sofia this year. With the EU integration process becoming more and more of a reality in the region, the Stability Pact has launched a re-assessment of its role and activities, in order to adapt to the changing needs of the countries of South East Europe. A few months ago, encouraging discussions started with the countries of the region on their assessment of priorities for regional co-operation, and in this context the Special Co-ordinator stressed that the overall success of this exercise depends upon countries of South East European voicing their needs and ensuring that their input is taken into account. On a final note, Dr. Busek urged participants to use this tenth Regional ISC meeting as an opportunity to carefully reflect upon the immediate needs and challenges in the respective ISC sectors, and on the ways in which the SEE countries can assume greater leadership.

In the discussion that followed, representatives from the Council of Europe Development Bank, the European Investment Bank and the International Labour Organisation declared their support for the work done by the Initiative for Social Cohesion, and reiterated the importance of integrating social issues such as health, employment and social dialogue into the economic agenda. Considering the amount and magnitude of development projects existing in the region, regional ownership is of crucial importance, as is co-operation and collaboration between the international and financial institutions working in this field. On the topic of employment creation, the ISC was requested to reinforce its efforts to engage all relevant actors in dialogue and seek effective solutions to the problems of unemployment. The Labour and Employment



Agency of Bosnia and Herzegovina raised the need to tackle the urgent problem of illegal South East European workers in the EU, and to explore ways in which such work can be legalized. In response, Dr. Busek mentioned the importance of human capital development, and ensuring co-operation from European trade unions for initiatives such as issuing work contracts. Finally, the representative from the Council of Employers' Organisation of Albania mentioned that although the Stability Pact works intensively with Governments, contact with the social partners needs to be intensified, and more projects are needed that specifically focus on social partners.

In his address, Mr. Laurent Guye, Director of Working Table II, spoke about recent developments and the future of the Initiative for Social Cohesion, in particular the implications of the regional ownership debate on the work of the ISC. Referring to the Initiative's latest Progress Report, Mr. Guye spoke of the many achievements and positive developments that have taken place in the last year, mentioning for example ongoing and deepening co-operation under the Bucharest Employment Process, the achievement of political commitment and concrete progress in the field of health, and increased involvement of social partners in crucial discussions on economic and social reform in the region. As for the regional ownership process, discussions on handing over greater responsibility to, and soliciting increased participation and leadership from the ISC countries, are at different stages in the various ISC sectors. Most advanced in this respect is the health sector; in the others, the debate has been initiated more recently and strategies on how best to approach the matter are yet to be finalised.

The key challenge for the future of the ISC lies in the sustainability of efforts invested so far. The Director of WTII announced that in 2006, the ISC Secretariat will focus its efforts on embedding its regional networks in the areas of health, employment and labour more firmly into the local context, and will concentrate on developing a concrete strategy for regional ownership. In this regard, it was announced that the ISC Secretariat, in co-operation with the Swiss Agency for Development Co-operation, will organise a planning workshop with the key ISC stakeholders to develop a solid proposal on how to hand over regional ownership, to be presented at the next Regional Table meeting in May 2006.

Discussion on Current Social Policy Issues in SEE

The morning session was concluded with a discussion on the social challenges stemming from the reform process in South East Europe, introduced by two presentations outlining the perspective of the social partners. Mr. Grigor Gradev, advisor of the European Trade Union Confederation, gave a brief overview of the social situation in SEE. He stressed the fact that social reforms should not be regarded as a residual task stemming from economic reforms. To avoid complications and even political instability, the social problems that have arisen from the transition and restructuring process must be addressed in a timely fashion. Positive developments have occurred in the field of social dialogue, which has gradually become institutionalised. However, in general, social partners are rarely involved in the decision-making process, and in order to increase the efficiency of such dialogue, it is necessary to invest in the existing networks of trade unions and employers' organisations through capacity building and other forms of assistance.

Ms. Lidija Horvatic, of the Croatian Employers' Organisation, followed with a brief overview of employers' organisations and the role they play in social dialogue.



Due to a lack of resources, innovative ideas, or a mandate for collective bargaining, voluntary employers' organisations are often experiencing difficulties representing employers' interests. Social dialogue is still very weak in the region, voluntary organisations often face unfair competition from chambers of commerce, and constructive sectoral dialogue is prevented due to a lack of branch associations. Ms. Horvatic continued by outlining a number of proposals to strengthen the ability of employers' organisations to engage in constructive social dialogue, and ensure a balance between the interests of employers and workers; suggestions included building regional structures, for example a South East European Employers' Forum, strengthening partnerships with trade unions in the region, preparing for EU accession and encouraging East-West co-operation.

In the discussion that followed, the representative of the trade union of Montenegro (CTUM) stressed the importance of work being done under the umbrella of the Stability Pact to harmonise labour standards in the region. Stating that social dialogue should be seen as a solution to social problems, he reiterated the need to strengthen social partners, for example through retraining programmes and ensuring that donor projects targeting the unemployed are administered by tri-partite bodies. The representative of the European Commission then mentioned the importance which the Commission accords to social dialogue, as for example evidenced by the conference it recently organised on the topic in Skopje on 6 and 7 October. Considering the challenge ahead to build the capacities of social partners, the European Commission stressed the need to ensure collaboration between bodies such as the International Labour Organisation, the Stability Pact and the European Community. The morning session was then concluded by a final note by the Chair, on the need for adequate training of social partners to access financial resources at their disposal.

Afternoon Session

Presentation on Employment, Disability and Gender Mainstreaming

The afternoon session was opened by a presentation by Dr. Margareta Steiner, Deputy Head of the Federal Social Office of Austria, and Head of the Regional Bureau of the Federal Social Office of the Province of Styria. Dr Steiner spoke on employment, disability and gender mainstreaming efforts in Austria. She mentioned various projects that are being implemented by the Federal Social Office, including the 'Job Alliance' programme, which aims to fight unemployment among disabled persons through initiatives such as the Job Oscar competition, and programmes that seek the sustainable integration of young disadvantaged persons into the labour market. Dr. Steiner also discussed activities in the field of gender mainstreaming, including a project that is being planned on the integration of women with disabilities into the labour market. Further information on these and other programmes will be made available, as they can serve as useful examples and case studies for South Eastern Europe.

Sectoral Presentations

The second half of the meeting then focused on sectoral presentations on each ISC sector, namely employment, health, social dialogue, social protection and housing, on progress made in the second semester of 2005 and plans for 2006. Ms. Elka Dimitrova, of the Ministry of Labour and Social Policy, gave an overview of the second Conference of Employment Ministers of South Eastern Europe, which took place on 21



October 2005 in Sofia. Progress has been made in the implementation of the Bucharest Declaration, seen for example in the establishment of a work methodology, the completion of two full annual cycles of Country Review on Employment Policies, and two peer review cycles. At the Sofia Conference, Ministers reviewed the remarkable progress made so far under the Bucharest Employment Process, and pledged to further improve their countries' employment policies and policy coherence between financial and economic policies on the one hand, and employment, labour market and social policies on the other. It was also agreed to take on a more structured approach to occupational health and safety as a key factor for quality of employment, and ensure increased involvement of the social partners in the Bucharest Process. Other priorities agreed upon included implementation of the recommendations of the policy reviews, and promotion of the adaptability and employability on the labour market, with a special focus on vulnerable groups.

In the discussion that followed, various trade union representatives described their involvement in the design of national employment plans. In contrast to Albania for example, trade unions in Montenegro play no role in this process, whilst in the case of Macedonia, the 2006-2009 National Action Plan seeks to ensure the involvement of all social partners. It was generally agreed that social partners need to become more involved in national policy-making processes, and in this regard work done under the Bucharest Employment Process, for example through ongoing national tripartite seminars, is encouraging. The discussion also touched upon occupational health and safety, with Ms. Smet emphasizing the urgent need to focus on this topic and ensure the necessary funding. A project proposal on strengthening social dialogue in the field of occupational health and safety is currently being developed, which was presented at a meeting organized by TAIEX, in collaboration with the ETUC and the IOE in Brussels on 23 and 24 November. This project will require national reviews on the status of occupational health and safety in each SEE country, and it aims to ensure social dialogue in the field of health and safety in the workplace, prepare countries for the transposition of relevant EU Directives, and eventually develop occupational health services.

On the topic of health, Mr. Djordje Stojiljkovic from the Ministry of Health of Serbia gave a presentation on recent achievements in this sector. Especially considering that health is a neutral area that can act as a catalyst for regional co-operation, progress made in this area has been significant. After briefly describing the Dubrovnik Pledge of 2001, and the SEE Health Network that was set up in 2002, the presentation focused on activities and developments during the last year. These include an agreement reached at the European Conference on Mental Health in January 2005 on a new vision for the future of mental health services, to underpin the reform processes in SEE, the inauguration of ten new community health centres in the region, and the start of all seven regional health project activities since mid 2005. Ministers furthermore pledged deepened commitment in the field of health at the second Health Ministers Forum, held this year in November in Skopje, agreeing on a plan for the gradual hand-over of responsibilities for regional co-operation to the SEE countries. The 'Skopje Pledge' seeks to strengthen and reform health systems in SEE countries, to ensure higher quality and accessibility, and develop improved public health services.

In the discussion that ensued, regional ownership was mentioned, with health being the most advanced of the sectors in this process. Concrete steps and actions have been developed to consolidate the SEE Health Network Alliance at regional level, and handover will take place over a two-year transitional period, during which the WHO will



continue to provide support services as the secretariat for the SEE Health Network for the next two years. In this regard, it was mentioned that regional ownership should not only be seen in the light of funding, as the exchange of knowledge, capacity building and commitment are also crucial factors determining the success of this process.

Mr. Eric Oesclin, of the International Organisation for Employers then took the floor, mentioning various activities involving the IOE, including an ILO project on labour administration and social partners, funded by France and Italy, several joint projects with the European Trade Union Confederation, and the IOE network of experts in labour law. At the annual joint meeting of the networks of trade unions and employers, which was held in October 2005 in Cavtat, key topics of discussion included how to increase social partner participation in the Bucharest Employment Process, implementation of employment legislation, development of a project framework in the field of occupational health and safety, and vocational training. The next annual meeting will be held in Bucharest, in 2006, where discussions will focus on occupational health and safety, and labour law. In 2006, the IOE will continue its twinning activities, continue supporting employers' organizations, as well as concentrate on a new project in the framework of the IOE network on employment, funded by the Belgian government. As for regional ownership, IOE projects and activities are elaborated and implemented in direct co-operation with SEE employers' organisations, two networks already belong to the region, and priorities for the future include improving the capacity of employers' organisations to act as social partners and strengthening solidarity between SEE employers' organisations.

Representing the perspective of trade unions, Mr. Branislav Canak, of UGS Nezavisnost Trade Union of Serbia Montenegro, then gave a brief presentation, focusing on Serbia in particular. In general, trade unions are still weak, and resources are needed to ensure the necessary capacities and expertise to function independently. In many cases, trade unions are still concerned with the day to day challenges of establishing themselves, instead of essential issues concerning their members. In Serbia for example, the social and economic council has so far only met with all its members once, and only on the issue of pensions. Discussions at the national level are still often mainly focused on political issues, with the government thus far unable to fully involve trade unions in pressing issues related to them.

Also on the topic of social protection, the ILO gave a brief overview of activities organised within the project "Strengthening Social Dialogue and Enhancing National Expertise in Labour Law in South East Europe." A third meeting of the labour legislation network was held in July 2005, and at the national level, various forms of assistance were provided to social partners, for example in the preparation of various draft laws. Other activities related to strengthening the capacity of social partners were also organised: for trade unions, work focused on strengthening the bargaining power of trade unions on policies of national concern, as well as the publication of a book on trade union strategies towards decent work. As for employers' organisations, activities focused on three themes: developing the services of these organisations, capacity building, and the promotion of new employers' organisations. Regional ownership of the project is being enhanced through networks operating among trade unions and employers' organisations; in particular; the labour legislation network represents a good example of increased ownership.

The floor was then opened for comments, with the representative of the Kosovo BSPK trade union calling for greater efforts to involve Kosovo in projects directed at



strengthening trade unions. Recognising the need to improve leadership capacities of trade unions, Mr. Grigor Gradev referred to a recent workshop organised by ETUC on this topic, and stated the need to restructure and improve the ETUC Balkans Trade Union Forum. Mr. Gradev also mentioned efforts that have been made to include a Memorandum of Understanding to the South Eastern European Energy Community Treaty, recognising the social dimensions of the treaty and including employment-related issues.

Before moving on to the presentation on social protection sector, the floor was given to the donor representatives present at the meeting. Norway took the opportunity to urge for collaboration within the Stability Pact between the Initiative for Social Cohesion and sections of Working Table I dealing with education and gender issues. Although taking care not to overload the ISC agenda, it was agreed to explore possibilities for co-operation on inter-related issues within the Stability Pact. Switzerland stated that it will continue to fund the ISC until the end of 2006, after which avenues for enhanced regional ownership and national projects will be explored. Greece, which is a major donor in the field of health, stated that it is important that donor activities go beyond financial support. In relation to regional ownership, the ILO mentioned that it will be involved in country programming in the future, in close co-operation with its constituents.

Representing the social protection sector, the ILO then proceeded with an overview of “Strengthening Social Protection in South Eastern Europe”, a sub-regional project financed by France. Main accomplishments in 2005 included the completion of a social protection expenditure review, which will be presented at a tripartite seminar in March 2006, and a project on capacity building for disability leaders. The ILO is also currently analysing a questionnaire, designed for regional trade union and employer associations, the results and recommendations of which will be issued next year in a report. Finally, a handbook has been developed for social security board members, and various national activities and programmes also took place. Meanwhile, the ILO is actively seeking ways to increase regional ownership of the project. In the field of social security, training and capacity building have been included in the project’s research component, with the formation of teams of national experts who have received technical training and the opportunity to develop expertise. Although team members still require support in the running of social security projects, they will develop greater responsibilities in the future.

The meeting was concluded with a report on housing, by Ms. Michèle Meunier of the Council of Europe Development Bank. Ms. Meunier provided the participants with the results of various surveys on the topics such as priorities of regulatory reforms, progress in legal and institutional reforms and progress in developing a primary mortgage market and legal framework. An overview was also given of affordability constraints, distributional efficiency of housing and housing quality. The Council of Europe Development Bank has been very active in the housing sector in SEE, with ongoing projects in the region amounting to 400 million Euro, for Bosnia and Herzegovina, Bulgaria, Croatia, Romania, Serbia and Macedonia, and new projects are under preparation, under the Norwegian Trust Account, for Montenegro and Albania. A new initiative is also underway with the Stability Pact Housing and Urban Management Initiative and UN Habitat for capacity building and regional networking, co-financed by Switzerland, Luxembourg and Norway. Ms. Meunier concluded by urging SEE countries to develop their housing agendas in a way that is consistent with the new EU housing agenda, which focuses on urban renewal and social housing.



Conclusions

Apart from providing an opportunity for the representatives of the various sectors under the ISC to update and inform each other on recent and ongoing activities in their respective sectors, the 10th Regional Meeting in Vienna also allowed for a discussion on the current streamlining process of the Stability Pact's mandate, and in particular its impact on the Initiative for Social Cohesion. Recognising the need for a concrete strategy that will allow for transfer of ownership, the ISC Secretariat will launch a process of consultation, which will culminate in the organisation of a strategy development workshop with relevant ISC partners, to discuss the future of regional co-operation on social policy issues. In 2006, the ISC Secretariat will meanwhile continue supporting regional projects and work done under the various ISC sectors. Worth mentioning are for example efforts to enhance SEE parliamentary involvement in the ISC, and support for an envisaged regional project in the field of occupational health and safety. Although the timing and location of the 11th ISC Regional Meeting are currently still under discussion, further information will be conveyed to all ISC partners in due course.