



**SPECIAL CO-ORDINATOR OF THE
STABILITY PACT
FOR SOUTH EASTERN EUROPE**

WORKING TABLE II - ECONOMIC
RECONSTRUCTION, DEVELOPMENT AND CO-
OPERATION

INITIATIVE FOR SOCIAL COHESION

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DEVELOPMENT OF SOCIAL POLICY IN SOUTH EASTERN EUROPE

THE REGIONAL DIMENSION

SECOND SEMESTER 2004 REVIEW

AND

PROVISIONAL ACTION PLAN 2005

NOVEMBER 2004

1. OVERVIEW and STRUCTURE

Following the conclusions of the May Regional ISC Meeting and based on the need to further strengthen the ISC Governance, the first ISC Advisory Group meeting was held in the beginning of September. The Advisory Group, which is an intermediary, operational and informal body composed of the ISC sector leaders or persons designated by them, representatives of the Region and selected donors has in fact formalised the existing working relations of the sectors leaders and the ISC Management team and Secretariat. It has primarily steering and co-ordination roles. It will also contribute to the identification of sectoral priorities and to the mobilization of financial and technical assistance. It will ensure the representation of the SP Management and of the ISC at important events. Finally the political role of the Group is to be emphasised as it will provide recommendations to the ISC Co-Chairs, the WT II and SP management for political interventions. The regional meetings of the constituent members of the ISC will remain the main policy-creating and decision-making vehicle, presided by the Co-chairs of the Initiative.

2. REVIEW OF ACTIVITIES THE SECOND SEMESTER OF 2004

General

The activities of the ISC in this second semester of 2004 were guided by the Action Plan 2004 approved at the 8th Regional ISC meeting held in May in Paris and endorsed at the following WTII and Regional meeting of the Stability Pact, both held in Portoroz in June 2004.

There was in this second semester an increase in the financing of new regional projects, especially in the health sector and a result-oriented follow up, across the five sectors, of the achievables presented in the previous ISC Action Plan 2004, as detailed below in the section concerning the sectoral activities.

Beside the further progress in revising national policies in the various sectors and the continued implementation of the various regional projects launched within the ISC framework, preparation for three ministerial conferences in the field of health, housing and employment has begun.

Below follows a review of activities sector-by-sector:

Employment policy

Objectives for 2004:

1. Follow-up to Bucharest Employment Conference with peer-review of the national employment policies and in-depth analysis and assessment by the ILO and

the Council of Europe of Albania and Croatia while Bulgaria and Romania will continue to be subject to an assessment by the European Commission of the consistency of their employment policy with objectives and guidelines of the European Employment Policy.

Result achieved: Six such reports have already been made available, containing the most up-to-date information on their national employment policies and strategies and of the national labour market institutions, as well as the main challenges. The Joint Assessment Papers for Bulgaria and Romania in 2004 will also be used in the process. The reports will be discussed in the second meeting of the Permanent High Level Committee on Employment in Sarajevo, this December. The ILO and the CoE are before the end of the year to give recommendations/comments for the Albanian and Croatian report. Two other countries will be chosen for the ILO/CoE review for next year. The other countries perform a peer-review among themselves, and Bulgaria will receive a special training on the peer-review methodology in November from the ILO in order to be able to take a lead in the process.

2. Strengthening the links between support for entrepreneurship and SME development and improved employment policies.

Result achieved: The cross-cutting theme of “Entrepreneurship and Employment” was launched by Working Table II with a Conference in Bucharest in May, bringing together our employment network and the social partners’ networks with the actors from the economic initiatives of Working Table II, such as the Investment Compact. A follow-up Workshop took place in November in Skopje, in co-operation with the OECD, discussing the issue of regional economic development, and again bringing together the various stakeholders to discuss best practices and to agree on a set of concrete measures for addressing the challenge of economic development at the regional level, particularly in regions affected by serious de-industrialization.

3. Identify a process of co-operation in the field of vocational training with other ad hoc institutions such as ETF, the EU member States public administrations and the academic milieu.

Result achieved: The preparation of the second follow-up workshop on the theme of “Entrepreneurship and Employment”, linked to the issues of training, vocational education and skills development for improved employability and entrepreneurship is underway. The workshop is planned to take place in March next year, co-organised with the European Training Foundation.

Health

Objectives for 2004:

1. Advocacy of the endeavours and achievements of the sector, particularly in preparation of the second Ministerial Forum taking place in November 2005.

Results achieved: The SEE Health Network has elaborated an advocacy strategy in order to promote its results and increase visibility. A tailor-made PR-training for the members of the Health Network was delivered at their 9th meeting in Chisinau on 8-

10 November. An elaborate work plan setting out all necessary steps for the preparation of the second Ministerial Forum, expected to take place in second half of 2005, was discussed and agreed upon by the Network members and the organizers of the Forum.

2. Implementation of legislative reform in selected fields of public health.

Results achieved: During the semi-annual meeting of the SEE Health Network held in the second half of June this year, the Network reviewed progress of the projects in the health field. National Action Plans for Food and Nutrition were finalised in all SEE countries, and are already endorsed in Macedonia and Albania by the government. The other Governments are expected to endorse them by the end of 2004. National Food Safety Strategies have been finalised in Bulgaria and Romania while Croatia is well advanced, the others are still in the process of development and are expected to complete them by mid-2005.

3. Establish an operational pilot Community Mental Health Service (CMHS) in the eight beneficiary countries of the Stability Pact and develop harmonised curricula for education and post-graduate training of mental health professionals in the SEE region during the next 18 months.

Results achieved: While the establishment of the Community Mental Health Service has been delayed to March of next year, funds to provide a training course on public health for two representatives of each of the eight countries beneficiaries of the SP have been secured.

4. To mobilise new resources from multilateral or bilateral donors to finance new regional health projects.

Results achieved: The health sector has indeed been able to attract two new donors, Belgium and Norway, to fund the projects on Emergency Health Care Services and Tobacco Control. Having secured funds for the Blood Safety project too, all seven projects proposed in the Dubrovnik Ministerial Declaration are operational.

Housing

Objectives for 2004:

1. The sharing of experiences in the field of housing policy reform *and* the elaboration of the UNECE “Trends and Progress in Housing in South Eastern Europe”, with contributions from all SEE countries, providing a regional overview of current situation, needs and recommendations for action in the field of housing

Results achieved: The Network of Housing Experts is planning to meet in Strasbourg in December, where they will discuss the first draft of the UNECE report on “Trends and Progress in Housing in South East Europe”. This study will be complemented by gaps analysis and feasibility study for the establishment of a primary housing finance institution in the Western Balkans, financed by IFC.

2. Close co-operation with MARRI in order to ensure a coherent and comprehensive SP approach towards, amongst others, the regularisation and upgrading of informal settlements, for the benefit of the overall population, especially the most vulnerable.

Results achieved: The Ministerial “Conference on Regularisation and Upgrading of Informal Settlements & Improvements of Urban Management Capacity in SEE was held in October 2004. The Conference launched a process addressing the more technical, operational issues stemming from the housing policies, such as regularisation of informal settlement and prospectively, maintenance of housing stock, urban planning et. An inter-governmental “Declaration on the Implementation of National Policy Frameworks and Programmes regarding Informal Settlements” was signed as well as a regional agreement on the creation of a regional capacity building instrument to strengthen national and municipal policy and programme development and implementation capacity in the area of urban management was reached. The outcomes of this Conference will be discussed at the meeting of the Housing Experts’ Network before the end of 2005.

Social dialogue

Objectives for 2004:

1. 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.
2. Continued strengthening of the capacities of the trade unions in the SEE region, including support to the labour laws experts’ network and the establishment of labour courts.

At the third annual joint ETUC/IOE meeting, which took place in Sofia at the end of September, the regional networks of trade unions and employers took stock of progress made in 2004, outlining the following *key results*: increased support for the introduction of mechanisms for labour dispute settlement, a publication of comparative analysis of the treatment of the issue in selected Western European countries and in South East Europe; twinning programs for cooperation among employers’ organizations, such as the Romanian and Moldovan ones; the work of the Labour Law Experts’ Network, which is already advising the various SEE Governments on drafting or amending labour-related laws; the continuous exchange of experience and best practice and strengthening of the cooperation among trade unionists and employers within the platform offered by the regional networks.

The establishment of labour courts in the SEE countries deserves special attention. The Bulgarian social partners and the Ministries of Labour and Justice set up a joint working group within the Ministry of Labour to develop a strategy and make legislative changes in order to be able to establish specialised labour courts in Bulgaria in mid-2005. This process will be used as a model to pursue the same goal in Macedonia, with a joint meeting of Macedonian trade unions, employers and the Ministry of Labour that took place in October 2004.

3. The publication of a Directory on Arbitration, Conciliation and Labour Courts by ETUC foreseen for June 2004 will be another achievable as well as the annual regional joint meeting of Trade Unions and Employers Organisations scheduled for September 2004.

Results achieved: The Directory on Arbitration, Conciliation and Labour Courts was presented at the joint ETUC/IOE meeting at the end of September in Sofia. It will be translated into the languages of SEE for easier reference in the course of 2005.

4. Strengthening social dialogue and tripartism enhancing technical expertise in labour law and non-discrimination and promotion of equal opportunities through social dialogue.

Results achieved: The formulation of work plans on “Strengthening social dialogue” in each labour administration in the SP beneficiary countries are under way and their finalisation can be foreseen for early 2005. Regular meetings of the labour legislation network took place within the reporting period.

Social protection

Objectives for 2004:

1. Strengthening the co-ordination of social security policies in the region. The achievables for 2004 were to include the finalisation of the European Institute for Social Security report on the co-ordination needs, the finalisation of the CARDS grant agreement, establishment and making operational of the co-financed EC-CoE project: Regional Co-ordination Centre on Social Policy issues.

Results achieved: The Regional Centre for Co-ordination of Social Policy Issues is to be opened in Skopje before the end of this year. A first meeting with the representatives of the region to agree on the operational aspects of the Centre took place in October in Tirana. Co-ordination is in progress with the Regional MARRI Centre, also to be opened in Skopje, on issues such as access to social rights.

2. Restructure the social security and pension systems in SEE.

Results achieved: Significant progress has been made with the publishing and dissemination of a report on improving collection of pension contributions. Gender equality in pension reform was promoted in several training sessions. National training was delivered on good practices in social services in several SEE countries. Social Protection Expenditure Reviews were organized and carried out in each SEE country. Further work has been done to support the development of risk related premiums for employment injury benefits.

3. Preliminary ACTION PLAN for 2005

GENERAL: POLITICAL IMPETUS AND CO-ORDINATION

Ministerial meetings

- The second Ministerial Conference on Employment is planned to take place in late June in Bulgaria, funded by the Belgian 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 in November 2005, 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”.

Political intervention

More frequent visits to the SEE countries by ISC Co-Chairs and discussions with national counterparts of the Initiative are also foreseen in 2005 following on visits in Bulgaria, FYROM and BiH. Experience has shown that the Initiative has gained immensely from such “reality checks”. It has also been an opportunity for increasing the visibility of the Initiative. Furthermore, visits are envisaged whenever there is a need to break a deadlock in the development of the Initiative.

Cross-table co-ordination

The ISC has identified several areas of potential co-operation in the context of the efforts to enhance the convergence of Working Table II initiatives and the other ISC sectors.

- The social partners, as the overarching factor for the successful implementation of sound reforms in SEE, have identified various entry points to strengthen co-operation across WT II and the other ISC sectors:
- The participation of the social partners along with civil society and parliamentarians in a conference on “Establishing the Energy Community in SEE” organised by the Romanian Chairmanship-in-Office of the SEECF, under the auspices of the Stability Pact for SEE, financed by the European Commission has marked the increased involvement of social partners in the restructuring of the energy market in SEE.
- 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

- The social partners have identified the urgent need to focus issues of fighting corruption and shadow economy. Use would be made of existing instruments and methods (such as social corporate responsibility, codes of ethics etc.) putting them in the region specific context. Co-ordination will take place with the Anti-Corruption Initiative.
- Consolidating the newly established Regional Centre for Co-ordination of Social Policy in Skopje that is intended to support co-operation on the reform and viability of the social sector and improve institutional capacity.
- Apart from the two follow-up workshops on employment and entrepreneurship, the participation and input of the employment network in the Graz Conference on Education is foreseen for January 2005.
- It was widely confirmed the need for other WT II Initiatives, such as Trade, Investment Compact, to highlight the impact of their activities on the employment situation in SEE. As the development of the social sector is highly dependent and inter-related to economic development, mainly in the above mentioned areas.
- Contacts have been established with the European Transport Workers' Federation; the involvement of the social partners will be needed for the success of the MoU on the Core Transport Network in SEE.

THE SECTORAL ACTIVITIES

Employment Policy

The peer-reviews of the national employment policies and in-depth analysis and assessment by the ILO and the CoE of another two countries will continue in the first half of 2005. Additionally, the ILO plans to organize national tripartite conferences in Albania and Croatia to discuss the reviews of their employment policies and the recommendations for improvement.

The ETF is pursuing a parallel exercise of assessment of labour market policies in the Western Balkans. 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 the second half of June next year.

A second follow-up to the "Entrepreneurship and Employment" conference is planned for March 2005, in cooperation with the ETF. At this workshop on training for employability and entrepreneurship, the focus will be on the need to reform formal and vocational education to better respond to the needs of the labour market. Skills development and on-the-job training will be two other issues to look at in view of introducing best practices in the SEE countries.

Health

A key objective will be to achieve 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. At that meeting specific attention will be given to a report on Macroeconomics and Health in SEE. An evaluation report on progress since the Dubrovnik pledge will be presented at the meeting. Attention will also be given to upgrading relations with media and raising awareness on the occasion of this high-level event. Further objectives will be the inauguration of several community centres for mental health in the first quarter of 2005. The CEB will fund one-year post-graduate studies in public health for two students per SEE country, in a Public Health School to be chosen until the end of the year.

The finalization of Food Safety Strategies and the preparation of legislation for Food and Nutrition Services and Surveillance and Control of Communicable Diseases will be another objective for next year.

Housing

The main objective will be to sustain the work of the Housing Expert Network. A first meeting of the Network in 2005 is planned for April-May. The Network will be publishing best practices in devising and implementing national housing policies in its report on "Trends and progress in Housing in South Eastern Europe.

Social dialogue

The major donor and supporter of the activities of the Networks employers' associations and trade unions, the Swiss Agency for Development and Cooperation, pledged a longer-term commitment, encompassing the next 2-3 years, in their financial and technical assistance to the social dialogue sector. This will enable the networks to work on the achievement of several objectives they set at their recent joint meeting: continuing the work on labour dispute resolution, in particular the establishment of labour courts; 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 2005; collecting information on the already available instruments and policies in the fight against corruption and shadow economy (e.g. corporate social responsibility, Codes of Ethics, etc) and putting it into a publication; 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). All these and other objectives are to be supported by the Initiative for Social Cohesion, which will continue to work on mobilizing additional resources, establishing links and convergence with other social policy issues, such as social security, health and safety at work, but also with the economic themes of Working Table II and other Stability Pact Initiatives, such as Education and Fight against Corruption.

Social Protection

The newly established Regional Centre for Co-ordination of Social Policy in Skopje will *inter alia* streamline and consolidate processes of coordination of national plans for strategic reforms in order to gradually align them to the European standards (EU and CoE), in particular with respect to the modernisation, adequacy and visibility of the social protection systems. The ISC will continue to ensure the smooth functioning of the Social Security Experts' Network, with special attention to the involvement of Bulgaria, Romania and Moldova.

Several other objectives are set for next year under the broad theme of strengthening the social security governance and restructuring selected benefits and pension systems in SEE: study on the disability pension reform and a seminar discussing outcomes; exchanges within the region in the area of social services (Moldova, Romania, pension reform (Albania, Serbia), gender dimensions of pension reform (Macedonia, Croatia), collection of contributions (countries to be identified), sickness benefits (Albania), and occupational pensions (Romania). Experts within and outside the region with skill and knowledge will provide consultancies. Research on pension reform and social dialogue and a seminar discussing outcomes of the study are also planned for 2005.

Annexes:

1. Table of funding with a list of ongoing projects
2. List of planned meetings

TABLES OF FUNDING:

Table 1: Status of funding as of December 2003

Sectors	Grants (EURO)	Loans (EURO)	Pledge (EURO)	Financial Institutions/Donors
Health	3.740 M	8.8 M	1.42 M	CEB, CoE, France, Germany, Greece, Hungary, Italy, Slovenia, Sweden, WHO, Switzerland
Housing Policy	128.000	204 M		CEB, CoE, Switzerland
Labour Market Policy	115.000	25 M		Belgium, CEB, CoE, Romania
Social Dialogue	1.255 M			France, Italy, Switzerland
Social Protection	1.205 M		2 M	CoE, EC, France, Italy
General Administrative Support to the Initiative	908.000		300.000	CoE, Switzerland, WHO
Total	7.351 M	237.8 M	3.72 M	

Status of Funding 2004/2005

Sector	Regional Project	Funding 2004 (EURO)	Total per sector (EURO)
Health	<ul style="list-style-type: none"> ◆ Development of Community Mental Health Services ◆ Trauma and Reconciliation ◆ Strengthening of Institutional capacity and inter-sectoral collaboration for Access to Safe Food Products ◆ Strengthening of Control and Surveillance of Communicable Diseases ◆ Renovation and Modernisation of a School of Public Health and design curricula on public health ◆ Information Systems for Community Mental Health Services ◆ Building up public health capacities for efficient tobacco control in SEE ◆ Increasing regional self sufficient of safer blood and blood products ◆ Scholarship programme for public health training in co-operation with WHO 	<p>Greece 600.000 Italy 300.000 Belgium 150.000 WHO 150.000 Switzerland 100.000 Slovenia 50.000 Hungary 7.000</p> <p>Greece 150.000 WHO 50.000</p> <p>Greece 150.000 France 200.000 WHO 60.000</p> <p>Greece 150.000 OSI 15.000 WHO 15.000 NOR 200.000</p> <p>Switzerland 100.000 WHO 40.000 CoE 30.000 CEB 100.000</p>	2 617 000
Housing Policy	<ul style="list-style-type: none"> ◆ Strengthening of the Housing Policy Network ◆ Study on progress in reforms in the housing sectors 	<p>CoE 15.000</p> <p>CEB 25.000</p>	40 000
Social Dialogue	<ul style="list-style-type: none"> ◆ Developing social dialogue systems by enhancing the role of social partners and governments in SEE ◆ Strengthening social dialogue and tripartism and enhancing technical expertise in labour law in the countries of South Eastern Europe ◆ Promoting a sound policy of non-discrimination in employment and occupation 	<p>Switzerland 150.000</p> <p>Belgium 75.000</p>	225 000

Social Protection	<ul style="list-style-type: none"> ◆ Promoting the Co-ordination of National Security Schemes ◆ Strengthening of Social Protection and Pension Systems ◆ Regional Coordination Centre on Social Policy Issues 	EC 2 M CoE 200.000	2 200 000
Employment	<ul style="list-style-type: none"> ◆ Cooperation on employment policies and reforming labour market institutions ◆ Labour Market Intelligence in the Western Balkans 	CoE 35.000 Belgium 334.000 Italy 150.000	519 000
General Administrative Support to the Initiative	<ul style="list-style-type: none"> ◆ ISC Regional Meeting ◆ ISC Secretariat 	Norway 5.000 Switzerland 438.000	443 000
Total			6 044 000

List of meetings – Annex 2

Venue -Date	Meeting	Organisers
Brussels 1-2 September 2004	ISC Advisory Group	ISC Secretariat
28 September – 1 October	Ministerial Conference on Informal Settlements in SEE	SP
Sofia 30 September – 1 October 2004	Meeting of Labour Law Experts	IOE
Sofia 2 October 2004	Joint ETUC/IOE Meeting	ETUC/IOE
Bucharest 11-12 October 2004	Towards an Energy Community of SEE – Conference for Parliamentarians, Social Partners and NGOs	SEECRP/Romanian Government/EC
Bucharest 11-12 October 2004	1 st SEE Regional Workshop on Governance principles for the Blood Transfusion Services	WHO/ CoE/Romanian Government
Albania 20 – 23 October 2004	3 rd Social Security Network Meeting	CoE/ILO
Skopje 18 -19 October 2004	Operational Task Force – SEE Health Network meeting	WHO/CoE
Belgrade 27-31 October 2004	9 th SEE Regional Workshop on community Mental Health Services	RPO/Sarajevo, Serbian Government, WHO EURO
Skopje 8-9 November 2004	Regional Aspects of Enterprise Development and Employment Generation in SEE	SP/OECD/Macedonian Government
Chisinau 8 – 10 November 2004	9 th Meeting of the SEE Health Network	WHO/CoE/Moldovan Government
Skopje 18-19 November 2004	SP Working Tables and Regional Table Meetings	SP/Macedonian Government
Sarajevo 1 -3 December 2004	Permanent High-Level Committee on Employment	CoE/ILO/BiH Gov
Strasbourg 6-7 December 2004	5 th Housing Experts' Meeting	CoE
Helsinki January 2005	European Conference on Mental Health	WHO
April 2005	3 rd Permanent High Level Committee on Employment	CoE/ILO
April 2005	6 th Housing Experts' Meeting	CoE
May 2005	10 th Meeting of the SEE Health Network	WHO/CoE

June 2005	Second Ministerial Conference on Employment	CoE/ILO
Bucharest, September 2005	Final pre-conference consummation of SEE Ministers of Health	WHO, Romanian Government
November 2005	Second Ministerial Conference on Health	WHO-CoE-CEB
November 2005	11 th Meeting of the SEE Health Network	WHO/CoE/..... Government
2005	Second Ministerial Conference on Employment	(To be determined)