

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

**CONFERENCE ON “ENTREPRENEURSHIP AND EMPLOYMENT”  
BUCHAREST, 26-27 MAY 2004.**

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**INTRODUCTION**

The plenary meeting of Working Table II in Tirana on 4 December, 2003, concluded that South Eastern Europe (SEE) has made tremendous progress in terms of political stability, democratisation, reconstruction of infrastructure and in boosting economic growth. However, SEE cannot afford to squander the window of economic opportunity that is currently available to the region. It is vital that these processes continue and are further strengthened. While there has been economic growth, countries are plagued by high rates of unemployment, emigration and brain drain. All of these can give rise to social instability and exacerbate existing tensions.

Among the many factors contributing to sustainable employment, the entrepreneurial spirit and the development of SMEs play a key role. SEE is not yet exploiting this potential to its full capacity.

We return again and again to the need to improve the business climate throughout the region. This is necessary not only to attract much needed and headline grabbing foreign direct investment but also to ensure the growth of a dynamic culture of entrepreneurship and development of small and medium sized enterprises (SMEs) that are the backbone of every strong economy.

However a good business climate will only be sustainable if it is underpinned by appropriate social policies that provide the necessary support framework for individuals, for companies and for governments and that evolve with the changing environment.

The Stability Pact provides support to the SEE countries on all these issues through a variety of instruments - for example our Investment Compact initiative led by the OECD, the Business Advisory Council, the private sector development facilities managed by the EBRD and the Initiative for Social Cohesion – in particular its employment network.

Each of these initiatives brings together the SEE officials responsible for that particular area and relevant international experts such as officials from the International Financial Institutions (IFIs), the European Commission, the Council of Europe, the ILO and other relevant multilateral and bilateral organisations. These members pool their knowledge and experience in order to develop a strategy tailored for SEE.

The Stability Pact seeks to set tangible goals for each initiative and to monitor progress on a regular basis. This is important as it is crucial that “statements of political willingness” such as the Bucharest Declaration on Employment of October 2003 or the Ministerial Declaration on Investment of July 2003 are translated into concrete, measurable activities.

The Tirana meeting also urged a convergence between WT II’s traditional economic development activities and its Initiative for Social Cohesion as a way of supporting sustainable economic development underpinned by strong social policies.

### **BACKGROUND TO CONFERENCE**

One of the first examples of improved co-operation and co-ordination was the organisation of a conference on Entrepreneurship and Employment in Bucharest on 26 and 27 May. The conference was organised by the Stability Pact in co-operation with the OECD (both Investment Compact and the LEED programmes) under the joint auspices of the Irish EU Presidency and the Romanian SEECF Chairmanship-in-office.

This conference should not be seen as a separate or new initiative but rather it was designed to complement and enhance existing WT II initiatives in these areas such as the Investment Compact, the European Charter for Small Business and the Bucharest Employment Process.

Firstly it brought together the different networks and experts and provided them with an opportunity to exchange views, brief each other on their activities and develop further their knowledge.

It also allowed participants to examine experience from established EU member states, from new EU member states still in the transition process as well as experience in SEE. This sharing of information outside of traditional networks is important

### **DRAFT CHAIRMAN’S CONCLUSIONS**

The conference, which was opened by the Romanian Minister of Labour, Social Solidarity and Family, Elena Dumitru, encouraged a further use and a greater convergence of the Stability Pact instruments already available to promote these objectives, such as the OECD led Investment Compact, the European Charter for Small Enterprises, the private sector development programmes led by the EBRD and other International Financial Institutions, as well as the Council of Europe/ILO led review of employment policies and of the performance of employment services of the SEE countries further to the Employment Ministerial Conference of end October 2003 in Bucharest.

The four workshops produced specific recommendations which can be summarised as follows:

1. Education and training should be more geared to employability and entrepreneurship: this requires among others, a more systematic analysis of the skills in demand in SEE now and the future, as well as improved delivery mechanisms and teacher training. It would be worthwhile to analyse successful donor supported pilot projects in education and training for entrepreneurship and to examine how lessons learnt could be “mainstreamed” within the formal curriculum.
2. One of the most important factors for improving the business climate appears to be the scope, nature and quality of the dialogue between policy makers and the business community. Business associations should be the true voice of the business community and involve a strong representation of SMEs.
3. As shown by the successful model developed by the EBRD, a package of instruments, combining access to credit and technical assistance, is necessary to stimulate and sustain private sector development, in particular SMEs. The provision of technical assistance, subsidised by donors, is essential in the start-up phase and can be phased out relatively quickly.
4. A more comprehensive, horizontal approach is needed to address the problems created in a region by massive de-industrialisation. Successful restructuring requires, among other things, early stakeholder involvement, transparency, leadership and co-ordination as well as an important role for social partners. The development of a template of practical measures may help. These could be co-ordinated by regional development agencies. Successful regional development experiences such as that of the Timisoara/Arad region in western Romania are encouraging as they show the role of SMEs in promoting an entrepreneurship culture and in reducing unemployment.

While calling for enhanced political commitment to support existing SP initiatives, the conference also encouraged more communication, convergence and cross-fertilisation among the initiatives in particular among officials involved in investment promotion and those involved in employment policies.

Possible follow-up events that would bring these officials together could include:

- o A workshop on successful experiences in SEE in training to enhance employability and entrepreneurship, under the leadership of the European Training Foundation.
- o A workshop on the design of financial and technical assistance packages in support of SMEs, under the leadership of the EBRD.
- o A workshop on success case experiences in regional development, under the leadership of the OECD (Investment Compact and LEED).