

# SEE 2020 Strategy

Workshop Inclusive Growth

"Social Agenda 2020"

30/01/2013

Regional Cooperation Council, Sarajevo

**– Protocol –**

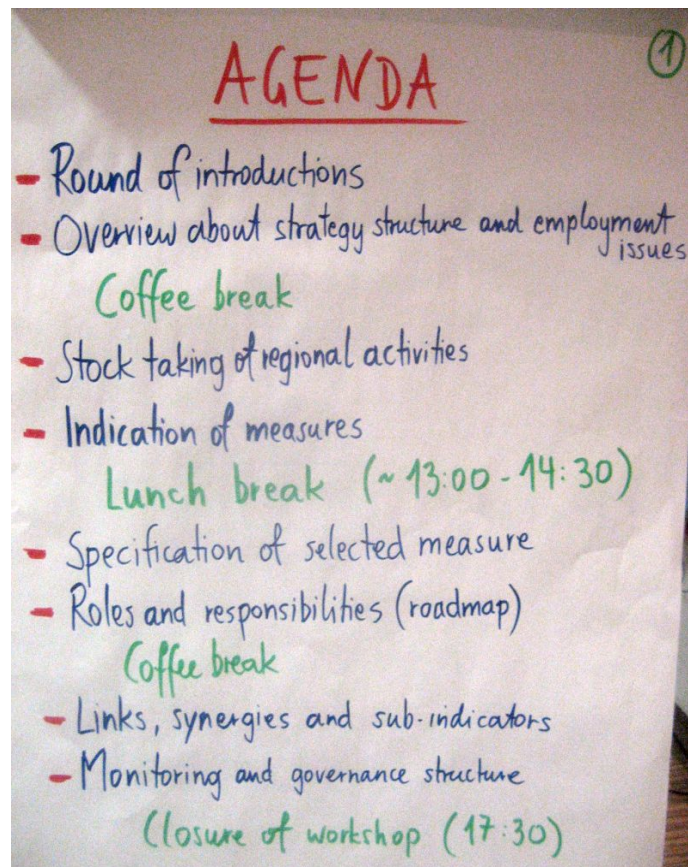


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## Agenda and list of participants

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### Facilitation

Mr. Herwig Langthaler (ÖAR Regionalberatung GmbH)

## 0. Background

Following the adoption of the SEE 2020 Vision and the endorsement of high-level regional headline targets for growth by the SEE region's Ministers of Economy, the Regional Cooperation Council (RCC) and its partners initiate the development of a regional SEE 2020 strategy, as the main regional framework for growth. The strategy is based on five pillars:

- (i) integrated growth,
- (ii) smart growth,
- (iii) sustainable growth,
- (v) inclusive growth, and
- (vi) good governance for growth.

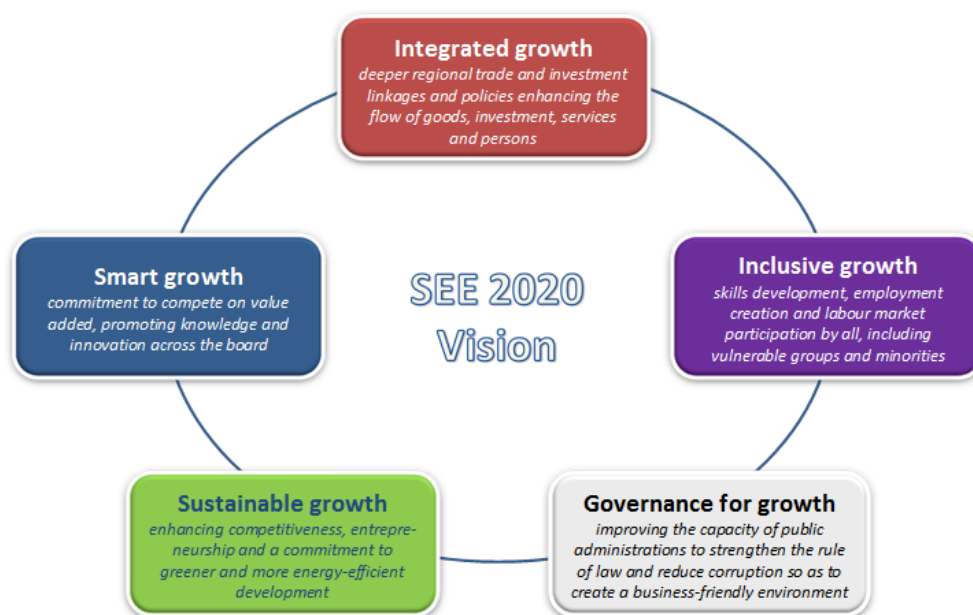
The process of associating various stakeholders with the pillars of SEE 2020 and the strategy implementation requires a de-centralized approach in strategy development. Bringing together the relevant contributors within each of the pillars is the first step envisioned in the strategy development process. The 1-day workshop on inclusive growth, in particular on employment and organized by the RCC, is aiming to raise awareness on the SEE 2020 strategy, to prioritize action, and to commit participants to the process and governance structures within this pillar of the strategy.

## 1. Welcome and introduction

Jelica Minić, deputy Secretary General of RCC is welcoming the participants and describing the importance of SEE 2020 for the region, through which expectations of citizens and EU partners will be addressed and a long term development vision be developed. The social agenda is important because it addresses social issues, labour market, poverty reduction, education and health - this workshop will in particular focus on employment. The first workshop of the process of strategy development were focusing on integrated growth respectively trade and investment. The labour markets are part of the investment climate, so there is a strong link with this pillar. Today's meeting is part of the overall process to establish regional platforms for the development of the SEE 2020 strategy - in close cooperation with EU and partners from international institutions.

## 2. Overview of SEE 2020 Strategy

Sanjin Arifagić (RCC) explains the overall purpose of the South East Europe 2020 strategy, in particular to develop a coherent regional strategy framework which shall strengthen the economic development of South East Europe as well as complement the already existing Europe 2020 strategy in order to channel EU assistance in the coming years. Furthermore he explains the structure of the strategy with its 5 pillars and the planned process leading to an approved strategy paper by the end of 2013 (PPT see annex).



The Ministries of Economy adopted the SEE vision in November 2010, 1 year later, in November 2011 they adopted the targets and cornerstones of the process for developing the strategy. RCC got the mandate from the countries of region and the European Commission to adjust Europe 2020 to regional needs. RCC therefore coordinates at regional level, aggregating inputs and developing monitoring reports. Since in the field of inclusion there is no regional platform existing this workshops's participants are constituting such a regional and intergovernmental structure. For example in integrated growth, the structures of CEFTA and SEEIC act as regional platforms for strategy development.

The overall strategy shall be connected with national action plans and strategies. Strategy implementation will require a comprehensive monitoring framework and governance structure to review progress properly. RCC will coordinate the work of regional structures associated with the relevant pillars and will report at SEECF once a year. Later on a high

level group shall be established which will monitor on an annual basis. SEE 2020 shall in the end provide a coherent framework for prioritizing actions and delivering a uniform vision for the region to go forward. Since bilateral donors are also interested in regional actions, i.e. the strategy can also be used for donor coordination. Since there are no regional enforcement mechanisms one of the key issues for consideration is proper governance.

### 3. Overview of Pillar 4 "Inclusive Growth"

Nand Shani (RCC) explains in more detail structure and contents of pillar 4, inclusive growth. He shows the connection of SEE 2020 to EU targets of EU 2020 and in particular the proposed three dimensions (employment, education, health) composing pillar 4. For each of the dimensions a dimension champion (coordinator) shall be appointed who will then coordinate the programming process of the respective dimension (PPT see annex).

| Pillars               | Inclusive growth   |           |        |
|-----------------------|--|-----------|--------|
| Pillar targets        | ix. Increase the overall employment rate by 12%<br>x. Add 300,000 highly educated people to the region's workforce |           |        |
| Pillar Dimensions     | Employment   | Education | Health |
| Dimension coordinator | WG on Social Agenda 2020   | SEECCEL   | SEEHN  |

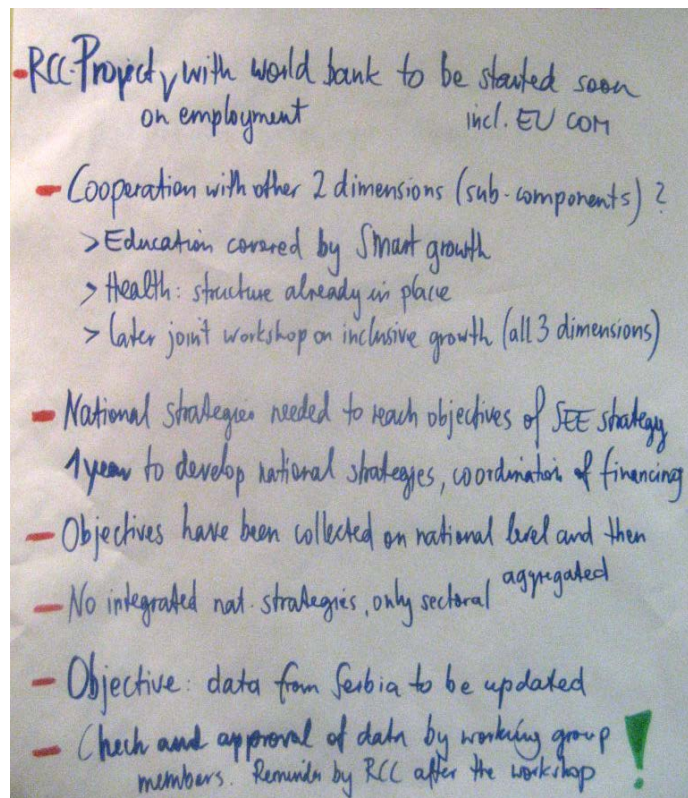
Nand Shani furthermore gives an overview about main features of labour market, employment and education in South East Europe - as basis for the discussion within this workshop:

- Participation rates and employment rates are similarly low across the region; there are high unemployment rates, especially youth, females, long term, low skilled and also high informality. The level of education also matters, youth with low educational attainment is more likely to be unemployed.
- Some common country priorities towards employment generation include: enabling business environment and human capital development (LifeLongLearning, higher, adult, vocational and non formal education, career guidance, matching skills for jobs, research and development, entrepreneurial education).

- Employment policies are especially targeting youth, long term unemployed, women, low qualified, minorities and disabled as well as less developed regions.
- It is important to strengthen capacities of labour market management and coordination with other stakeholders in the labour market (including more data and analysis).
- Additional issues are: informal economy and employment, social inclusion and poverty reduction (social entrepreneurship, social support measures for disadvantaged) as well as labour mobility.

RCC has already identified 3 components (dimensions) of inclusive growth, employment, education and health. Education is present in both smart and inclusive growth pillars. SEEHN is a strong structure that can provide input for the health dimension. Health also covers an education part of health related professionals and has the Banja Luka pledge and Europe Health 2020 to be based on. The following discussion points are related to the presentation of Nand Shani and the employment dimension in general:

- All targets are generated at national level and regional targets were developed by aggregating national targets.
- Donors have emphasized the focus on social development, e.g. WBIF has a social infrastructure section and SEECCEL has good experience in applying for WBIF.
- Countries don't have multi-sector integrated growth and development strategies, they only have sector strategies that are not linked with other sectors and are often not even implemented. Therefore this is a good moment to push countries to have national multi-sector strategies.



- At a later stage of strategy development there shall be a joint workshop of all three dimensions of pillar 4.
- RCC is going to start soon a world bank project on employment.



### 4. Check of targets of Pillar 4

The overall objective in the inclusive growth pillar is to increase the employment rate (15+) from 40.2 to 45.2%. The workshop participants agree on reviewing and revising if necessary the data used in the strategy so far. E.g. Serbia is using in its employment strategy 2011-2020 different figures. Within one week the representatives from the national ministries will provide RCC with the updated country data.

▷ Growth of overall employment rate in % for persons > 15 years :

|     | 2010 | 2020  |
|-----|------|-------|
| ALB | 47   | 53    |
| BiH | 33   | 33    |
| CRO | 47   | 55    |
| KOS | n/a  | n/a   |
| MKD | 39   | 42-45 |
| MNE | 40   | 60    |
| SER | 38   | 42    |

40,2 > 45,2

### 5. Stock-taking of regional activities

For the employment dimension of the 4<sup>th</sup> pillar current and planned activities are gathered as a first brain storming in order to gain an overview about the range of relevant activities. Additionally also such activities are gathered which at the moment lie on national level but have the potential to be lifted to regional level. The identified activities might facilitate the elaboration of measures under this dimension later on.



- Social benefits poorly targeted
- In BiH youth programmes
- Look at skills in employment dimensions

| <b>Stock-taking of employment dimension</b>   |
|---|
| <b>Current activities</b>   |
| Western Balkans Investment framework: social infrastructure and social sector > analyses running  |
| Improving targeting of social benefits  |
| Cross-border cooperation: stock-taking and lessons learnt   |
| Regional association of employers and bilateral agreement of chambers of commerce   |
| SEE Trade Union Forum   |
| ETF "Frame" project with 4 components: 1) skills foresight, 2) institutional capacity, 3) monitoring methodology and 4) regional approaches (2011-2014). A list of monitoring indicators is currently being prepared until end of February.                       |
| Survey Training Needs Analysis in 8 countries to be published soon (EDEF)   |
| WB/EC/RCC project: will deal with employment and social development issues. Project has a regional component and DG Employment is also involved.  |
| Regional Centre of Public Employment Services in SEE to facilitate exchange of information, strengthen capacities etc   |
| ETF's Torino process assesses status and progress of vocational education and training  |
| Sectoral agreements (e.g. transport and health)   |
| EUROMED activities of European Commission   |
| Social partners meet at regional level  |
| SEE Center for Entrepreneurial Learning – helping countries with implementation of Small Business Act regarding entrepreneurial learning. Survey of SMEs on skills needs for competitiveness is currently being finalized.  |
| World Bank technical assistance project to build capacity for monitoring and evaluation indicators in specific sectors, including public administration reform and social development. At the end of the process, there should be a comparable set of indicators. |
| Active labour market programmes on youth (World Bank)   |
| RCC Social Agenda meetings – a regional forum composed of government representatives, social partners, researchers, regional and international organizations that discusses important social development topics   |
| ETF social inclusion networks in all pre-accession countries  |
| ETF project (1 activity on labour mobility)   |
| ETF country reports   |
| Adriatic Region Employers' Center   |
| ETF is also helping the development of national qualifications frameworks in pre-accession countries.   |
| London School of Economics European Institute Research Cohesion Network in SEE  |
| Sectors which have regulated professions should also have some type of agreement  |
| Migration, Asylum and Refugee Return Initiative   |
| RCC Women Entrepreneurship project  |
|   |
| <b>Planned activities</b>   |
| Danube and Adriatic/Ionian programme strategy working groups  |

|  |
|--|
| <b>Ongoing national activities with regional potential</b>   |
| Umbrella picture about the region on skills needed   |
| Active labour market measures on national level (comparison, analysis). Alignment of policies with future skills needs > link with integrated growth pillar.   |
| Define priority sectors as input for integrated growth   |
| National employment strategies   |
| Labour mobility in some areas. Focus on certain sectors/industries and link the prioritization of sectors with OECD and ETF's work to forecast skills until 2020. Use national development priorities as an input for the inclusive growth pillar. |
| WBIF looks at financing social infrastructure. Now looking at the social sector in the wider context. IFI coordination office produces regional analysis on social development.  |
| Looking at skills from a regional perspective implies that there are regional solutions for national problems, i.e. if there is a gap in one country, can a neighboring country cover that?  |
| Regional themes in which the World Bank is involved: social benefits are poorly targeted; active labor market programs for youth do not target those who need services most, but rather those with university degree.                              |

## 6. Measures for employment dimension (programming)

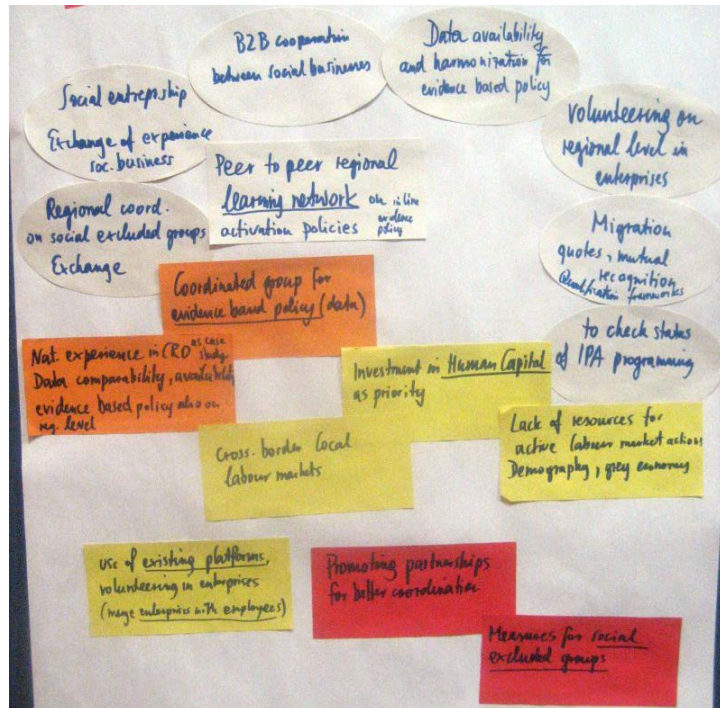
### 6.1. Indication of possible activities

As an outcome of group work and plenary discussion the list below of proposed activities has been indicated. These activities shall be the basis for further considerations about possible measures under the employment dimension:

- Evidence based policy-making in the area of activation policies. There should be a peer to peer regional learning network that will exchange national experiences and learn from EU states.
- All countries face demographic challenges, but there are differences among them and between regions within countries. Informal economy is high, not enough financial resources are budgeted for active labour market policies. Priority should be the promotion of investment in human capital, with clear link between education and work and higher social inclusion especially for vulnerable groups. Prioritization of funds should be based on social needs. It should made use of good practice of working together with social partners, in economic and social councils etc. Financial incentives

given to employers for employing youth are of great importance. There is a need to strengthen volunteering/apprenticeship for youth.

- Development of tailor made measures in active labour market policy for socially excluded people, both regionally and targeted in each country. Promotion of partnerships between universities, labour offices, chamber of commerce, social partners, job clubs, i.e. all stakeholders involved in the labour market.
- There is the need for coordination of evidence based policy. One problem is the availability and comparability of data. Some data exist, but is not public. Croatia has managed to coordinate different sectors in producing a strategy and to collect the evidence needed. Hereby coordination is key. In order to define the measures, one needs to consolidate the data. JIM/JAP process has helped to collect these data. Croatia is more advanced in this process, and has developed the methodology according to EU directives. Croatia has used JIM/JAP joint memoranda data as basis for programming of component 4 of IPA, human resources development.
- At regional level, a framework for volunteering in enterprises should be established as well as a regional fund to support that framework. This is one concrete way to start regional activities in the area of labor mobility.
- All countries have the same issues regarding vulnerable groups. Close regional coordination can therefore be beneficial, including sharing of good practices. An integrated service delivery system was piloted in Serbia (center for social work, national employment offices etc) in order to activate users of social benefits to enter labour market and employment. Also social entrepreneurship for employment creation should be strengthened, which is also a priority in the EU. People with disabilities are usually not employed as the law requires. Sharing experience with Roma integration might also be very valuable. In the area of vulnerable groups, the focus should lie on



strengthened cooperation among the three pillars of inclusive growth. Youth is also very vulnerable to unemployment, hence often being employed informally. People 50-65 years of age are often excluded from the market.

- Data availability and harmonization can be a basis for exchange and for evidence based policy making as well as monitoring.
- Social inclusion as a main target? Social sector representatives need to be connected with people in charge of IPA.
- Exchange of experience on social entrepreneurship/business and creation of business to business cooperation among social businesses. Linking also with the volunteering aspect and labor mobility. Social employment could be a component of these efforts. The exchange of experience need to be reflected in national planning and policy making.
- Seasonal labor mobility needs to be regulated. One precondition is mutual recognition of qualification frameworks and definition and setting of quotas.
- There are two types of measures: regional measures (labour mobility) and sharing experience from national measures. A regional skills gap analysis might facilitate skills building at regional level. Labour mobility will affect mostly people near the borders, so local labour markets need to also be looked into. Actions such as active labour market policy, attracting diaspora for entrepreneurship, monitoring and evaluation, evidence based policy making, tackling informality, social economy development can be shared through regional fora.
- There is the need to consider also how the EU accession will affect the labour markets. This should lead to planning workforce composition in advance.
- Exchange of experience is an instrument rather than a measure that will help meet the targets.

## 6.2. Clustering and structuring of possible measures

The discussion about the indicated activities mainly covers two questions:

- What can we do at regional level to complement national actions? and
- Which structure of measures can we agree on in order to build on next steps of programming?

and touches the following issues:

- Labour mobility: In order to focus, it is needed to identify sectors of greater benefit and to ensure recognition of diplomas and qualifications. A regional internship program can facilitate transition between education and work.
- Capacities of labor market systems shall be strengthened so that they can deliver its functions. Labour administration

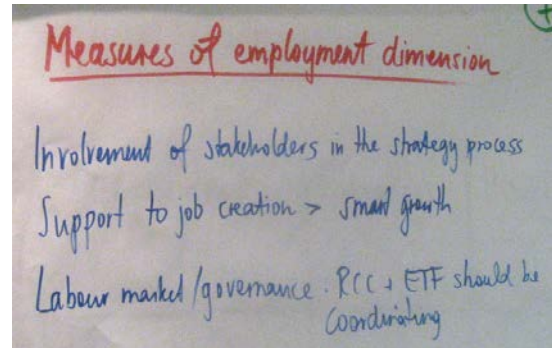


systems should also be strengthened through a regional approach. Peer review processes can be set up on employment policies and particular topics, as well as joint trainings.

- Skills: There should be a regional analysis of skills gaps and needs and considerations about what can be done on regional level to develop the needed skills (e.g. setting up of centres to provide such skills). There could be actions to ease transition from education to work and to connect with the sustainable growth indicator to increase the number of enterprises. Additionally entrepreneurial culture and learning as a key competence should be increased through SEECEL (such a measure could fit better under the education dimension or is an overlap between the dimensions employment and education).
- Data harmonization shall include monitoring and evaluation indicators and will strengthen evidence based policy making. This could be a horizontal measure.

The workshop participants are deepening the discussion and increasingly developing a common view on possible measures. In particular the following issues are taken into consideration:

- It's difficult to measure the impact of regional measures on the overall objective of employment creation.
- In order to use EU vocabulary, the measure 'skills' will be renamed into 'competencies'.
- Social inclusion principles need to be used. Social inclusion is important for each country, but what can we do to address it regionally? It should be a horizontal measure integrated in different measures and present in all operations. But there is no clear indicator. Social inclusion is rather a principle and there can be many activities that use this principle. Social inclusion generally means access to employment.
- Capacity building should also include social policy. Migration policy contributes to labour mobility, education and health. Capacity building needs to address topics that are relevant to everyone. Peer reviews and capacity building can help to identify concrete projects. The outcome of this learning process will be the identification of projects.
- Labour bureaus needs to reform themselves. They should actively provide advice. First the current situation should be analyzed and good practice be shared – through a peer review platform which shall be created. However it's not the primary job of employment services to create new jobs. They provide mentoring, support and training.
- There is a set of agreed measures: Peer review process learning platform, joint trainings, joint qualification frameworks, quotas, mutual recognition, regional internship program and data harmonization.
- The European Commission distinguishes three measures: a) governance structures, b) supporting job creation and c) restoring the dynamics of labour market (competence development, capacity building and labour mobility).
- EDIF provides venture capital and private equity to companies as one initiative of regional support for job creation.



- A public outreach of SEE 2020 will be done in all the countries in the second half of the year.
- A regional fund can support the regional internship programme. It's a bit cumbersome to set up a vehicle specifically that will distribute money to employers. Nevertheless the voice of employers should also be heard.
- EDIF could be included as one of the instruments under smart growth.
- Ambassadors could be nominated related to young entrepreneurs, competence development and labour mobility. This might also fall under the sustainable growth pillar since it affects enterprise creation.
- Strategies for job creation will require a lot of funds. This is expensive and most job creation requires focused national action.
- Regional projects like 'women entrepreneurship' can provide ideas on how to promote job creation through regional efforts.
- Capacity constraints both in the public and private sector could be addressed through a regional approach.
- Career guidance actions can also be done at the regional level under the skills measure.

### 6.3. Agreement on structure of measures in Pillar 4

The participants of the pillar 4 workshop finally agree on the following solution for content and structure of the employment dimension.

- There will be two measures under the employment dimension:
  - a) Labour market governance / policy development and
  - b) Labour mobility

and one under the education dimension

- c) skills.

- RCC will guide the employment dimension in particular concerning peer reviews and cooperation at regional level. ETF shall take the lead in training, also linked to the skills project. The World Bank is supporting by monitoring and evaluation indicators.



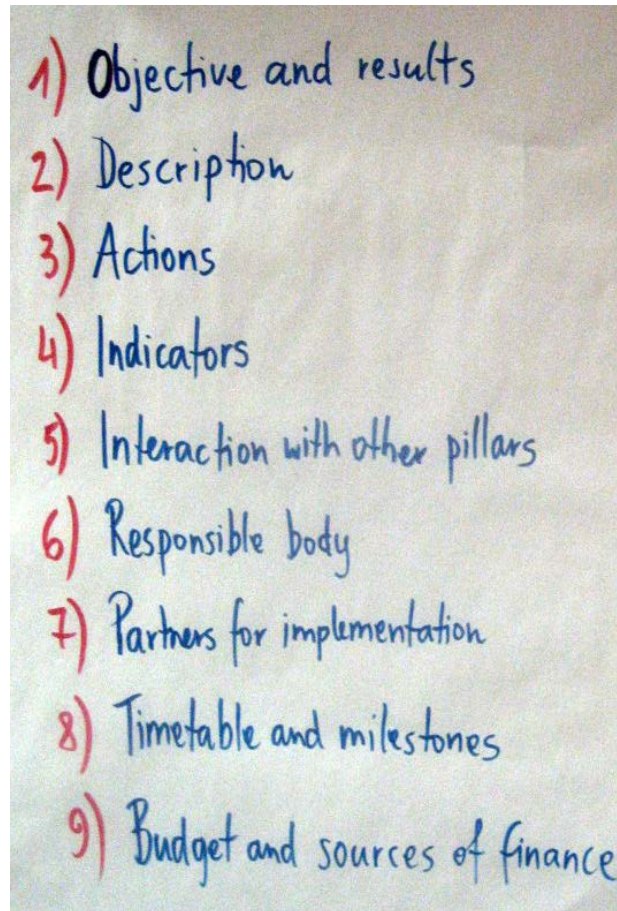
- RCC is responsible for coordinating the further development of the two employment measures. Contributions from all members of the working group will be integrated. SEECEL is also willing to participate and contribute to the process.

| Pillar 4: "Inclusive growth" ⑧ |   |  |   |
|--------------------------------|---|--|---|
| Dimensions                     | Employment  | Education  | Health  |
| Measures                       | Labour market governance / policy development   | Labour mobility  | Competence Development  |
| Activities                     | Peer review on employment policies, Strategic platforms, governance, joint trainings, data harmonization... | Qualification framework, Quotas, Regional intern programme, employer level | Analysis, transfer education to work, Entrepr. culture, innovation... |

| Pillar 4 "Inclusive Growth" |   |   |  |        |
|-----------------------------|---|---|--|--------|
| Dimensions                  | Employment  |   | Education  | Health |
| Measures                    | Labour market governance / policy development   | Labour mobility   | Competence development   |        |
| Indicated activities        | Peer review on employment policies, strategic platforms, governance, joint trainings, data harmonization... | Qualification framework, quotas, regional internship programme, employer level... | Analysis, transfer education to work, entrepreneurial culture, innovation... |        |

#### 6.4. General structure of measures

Concluding the discussion on measures the general structure of all measures under the SEE 2020 strategy is presented. This structure has been developed during the Kick-off workshop of Pillar 1 "Integrated Growth" and shall serve as blueprint for the programming of every measure of the strategy. This way overall consistency and coherence between the different parts of the strategy shall be ensured.

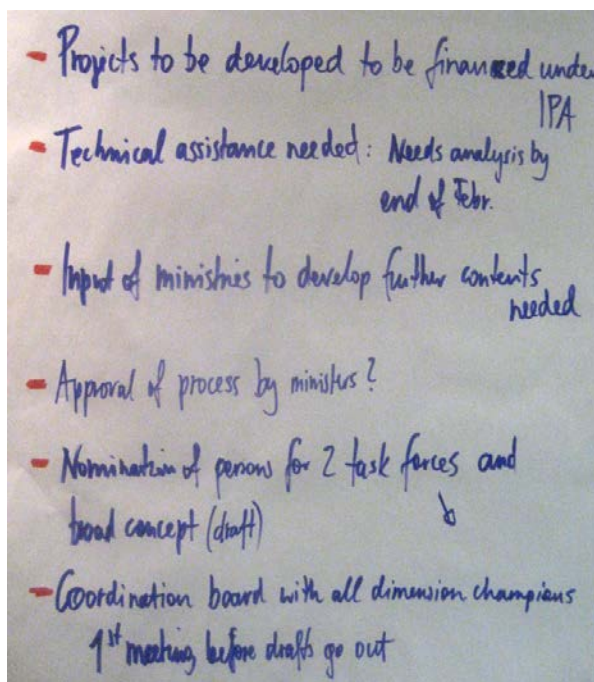


#### 7. Roles and responsibilities (roadmap)

For the next steps of further developing the two defined measures under the employment dimension the issues below are being discussed:

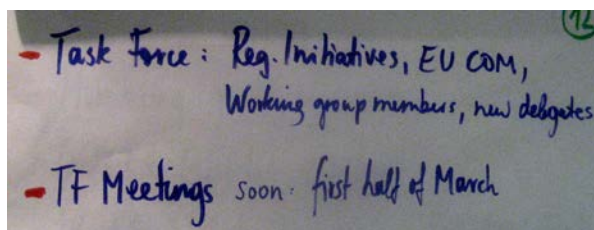
- Regional discussions are useful for raising issues back at home. Regional platforms can be used to develop projects to be supported by IPA funds and other donors. These projects can contribute to delivering better sector strategies.
- In terms of deadlines, June is the last date for the delivering the draft of the SEE 2020 strategy, with elaborated pillars, dimensions and measures. Mid May is therefore the deadline for delivering draft concepts of each measure. The full strategy shall be finalized in mid October. From June until October each dimension will be refined, consulted with stakeholders and outreach to a wider public.

- The definition of needs of Technical Assistance to finalize the first draft of the employment dimension (and of other dimensions) between now and May shall be completed by end of February. External experts will then be hired to provide their expertise.
- As agreed at the beginning of the workshop updated data for the pillar objective is to be delivered one week after this workshop.
- MARRI has produced a paper on labour mobility, ETF will support all processes.
- In terms of governance, RCC will seek nominees from ministries



(additionally to the current group members) to work on each specific measure in

another two regional meetings until June. The next meeting could be attended by the current members of the group, plus one expert for the actual area of discussion. RCC will also suggest possible dates for the



meetings of this taskforce and start preparing materials in order to structure the discussion. The taskforce will definitely meet at the end of October, the Ministerial conference could then adopt the outcome of the work. Then next taskforce meeting is suggested to be organized in the first half of March. RCC will send out the proposal.

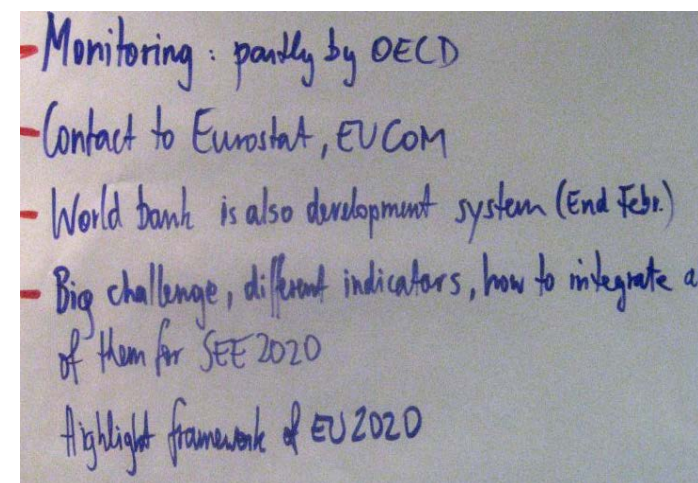
- RCC will establish a coordination board where all dimensions of the 5 pillars will be represented by their respective dimension champions. The first meeting could take place once the first draft is completed.



| Measure                                       | Resp. | 01/2013                        | 02/2013                 | 03/2013            | 04/2013 | 05/2013                 | 06/2013              | 07/2013   | 08/2013 | 09/2013 | 10/2013                      | 11/2013 | 12/2013 |
|---|-------|--------------------------------|-------------------------|--------------------|---------|-------------------------|----------------------|---|---------|---------|------------------------------|---------|---------|
| Labour mobility                               | RCC   | Collection of data (in 1 week) |                         | Task Force meeting |         | Draft Concept (mid May) |                      | Consultations, outreach, refining... (June - Oct) |         |         |                              |         |         |
| Labour market governance / policy development | RCC   | Collection of data (in 1 week) |                         | Task Force meeting |         | Draft Concept (mid May) |                      | Consultations, outreach, refining... (June - Oct) |         |         |                              |         |         |
| SEE Strategy 2020                             | RCC   |                                | TA definition (end Feb) |                    |         |                         | Draft Concept (June) |   |         |         | Strategy finalized (mid Oct) |         |         |

## 8. Monitoring

- OECD will develop the monitoring for the overall regional strategy. Appropriate indicators will be identified in the next two months, also supported through the outcome of the working groups.
- RCC is contacting the EU Commission and Eurostat who is working with national statistical offices.
- The World Bank is developing indicators for measuring public administration performance (till end of February).
- There will be capacity needed at national administrations to monitor on a permanent basis. Indicators for measuring IPA performance will also be available. ETF highlights the framework of Europe 2020. RCC will finally try to integrate all different systems available into an appropriate regional monitoring system.



## **9. Annexes**

### **9.1. Presentation Arifagić**

### **9.2. Presentation Shani**