

Regional Socio-economic programmes and structures in the Western Balkans

LSEE Research Network on Social Cohesion in SEE – Launch Conference

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Support to IFI
Coordination
in the Western
Balkans and
Turkey

EU Funded Project



Implemented by



14/12/2011



Objective

- Outline activities of the Council of Europe Development Bank (CEB), the Regional Cooperation Council (RCC) and the European Training Foundation (ETF) in the socio-economic sector
- Present main regional socio-economic programmes and structures, with a reference to the Europe 2020



Background

- RCC's survey of regional initiatives, March 2011: 36 initiatives, 30 active
- Convergence with the Europe 2020 : Most of the regional initiatives already work **along** the priorities and guidelines of the Europe 2020 Strategy
- Clustering of regional socio-economic initiatives around the RCC and the OECD

CEB - the social development bank in Europe

- Unique position among IFIs: a multilateral development bank with an exclusively social mandate
- Mission is to finance *social projects*: investments in social infrastructure via repayable loans
- Recognition that the potential for economic growth and development depends to a large extent on previous investments in human capital
- Central, Eastern and South Eastern Europe (CEE) has been a priority region for the CEB since 1990s:
 - €11bn of loans for social projects in CEE countries over the past 20 years
 - **This amount includes over €3bn of loans invested in social projects in South Eastern Europe**

CEB's approach: 3 sectoral lines of action

- **Strengthening social integration**
 - Aid to refugees, migrants and displaced persons
 - Housing for low-income persons
 - Creation and preservation of viable jobs
 - Improvement living conditions in urban and rural areas
- **Managing the environment**
 - Natural or ecological disasters
 - Protection of the environment
 - Protection and rehabilitation of the historic and cultural heritage
- **Supporting public infrastructure with a social vocation**
 - Infrastructure of administrative and judicial public services
 - Health
 - Education and vocational training

CEB's approach to financing social projects

- Provides long-term loans at favourable interest rates to its member states, regional or local authorities, and public/private financial institutions
- CEB's *social projects* are investment projects:
 - investment in social infrastructure
 - job creation through providing credit access to SMEs for financing investment in productive equipment
- Higher added value in social terms through blending of loans and grants for technical assistance, interest and investments subsidies via CEB's trust accounts or mechanisms such as WBIF and NIF

CEB's response to the crisis

- In spite of the crisis, CEB increased its activity:
 - Reduced available *fiscal space* of public borrowers for social investments
- Approved loans between 2008 and 2011 reached close to €9bn overall, of which some 60% of total went to Central, Eastern and South Eastern European countries
- Particular focus of new lending on **energy efficiency in buildings, public social infrastructure and access to credit for SMEs**

European Training Foundation (ETF)

- The European Union Agency & Centre of Expertise in Human Capital Development
- Assisting EU neighbouring countries **in reforming education and training** systems through:
 - supporting the EU external policy and aid programmes
 - **policy advice/learning and capacity building** to the countries
 - information and analysis
- Three overarching themes:
 1. **VET**
 2. **Labour Market and Employability, and**
 3. **Enterprise skills/Education and Business cooperation**

European Training Foundation (ETF)

Policy reviews - ETF review of progress in VET in PCs:

- ETF project (2008-2011) on mapping inclusive education approaches in WBT-VET **for social inclusion and social cohesion**-how much we know/do not know
- ETF 2010-2011 Policy reviews: **ETF Torino Process and HRD Reviews for DG Employment**-Albania, Serbia and Montenegro (2010) and ongoing HRD reviews for DG Employment in Croatia, FYRoM, Turkey (2011)
- **Upcoming Torino Process Reviews 2012** - Chapter on **the role of VET for promoting and addressing social demands for education and training**
- HRD reviews for DG Employment: Chapter **on social inclusion with sub-chapters on social inclusion in education and in employment**

European Training Foundation (ETF)

The Torino Process

Purpose

- The build consensus on the possible ways forward in VET policy and system development . This includes: (i) determining the state of the art and vision for VET development in the country or (ii) after a certain period, an assessment of whether countries are achieving the results they want.

Implementation

Align the Torino Process with ongoing initiatives:

- National VET strategy design processes
- Baseline documents or progress reports using sector approach
- HRD reviews, Bruges reports, Employability fiches

<http://www.etf.europa.eu/web.nsf/pages/home>



Regional Cooperation Council (RCC)

- Officially launched at the meeting of the Ministers of Foreign Affairs of the South-East European Cooperation Process (SEECP) in Sofia, on 27 February 2008, as the successor of the Stability Pact for South Eastern Europe
- Promotes mutual cooperation and European and Euro Atlantic integration of South East Europe in order to inspire development in the region to the benefit of its people

Social Agenda for the Western Balkans 2020

- RCC acts as a platform for promoting the development of a **regional social agenda, as part of a broader Western Balkans 2020 vision**, in line with the EU 2020 inclusive growth priority, that would:
 1. **Identify policy priorities and determine policy targets** that could than be measured and achieved across the region;
 2. **Engage national, regional and international partners to explore important specific social development priorities;**
 3. Capitalize on **regional complementarities to affect the implementation of social policies at the national level;**
 4. Emphasize the importance of ensuring the sustainability, comprehensiveness, equity, efficiency, and effectiveness social policies.

Social Agenda for the Western Balkans 2020

Important topics:

- Active employment generation (including labour mobility)
- New skills for new jobs
- Social economy/social entrepreneurship/women entrepreneurship
- Social security and protection
- Preparation for good utilization of pre-accession funds and adoption of social *acquis*

<http://www.rcc.int/>



South East Europe Investment Committee (SEEIC)

Europe 2020: Smart growth - Innovation and Inclusive growth, Agenda for new Skills and Jobs

- Launched by South East European countries and Kosovo under UNSCR1244/99 in 2007 to enhance regional leadership for common strategies, this high-level co-ordination body supports the implementation of policies promoting foreign and domestic investment
- Previously managed by the OECD Investment Compact for South East Europe

SEE IC - Planned structure and processes



SEEIC - improved regional cooperation

- Transfer of the Steering Committee (SC) management to RCC at the Ministerial Conference on Investments in SEE, 24 November 2011
- Revised and re-focused mandate positions **SC as the first instrument for the implementation of Europe 2020 in the region:**
 - **Regional framework goals consistent** with the goals of EU 2020; and
 - Strengthened system of management to enable links between regional goals and national development priorities
- Process supported by the European Commission

Proposed deadlines

November 2011:

Adoption of mandate
and regional goals
during the Ministerial
Conference

The end of 2012:

Implementation of
monitoring process on
a voluntary basis

June 2012:

Introduction of
progress monitoring
indicators

RCC - Continued

In the socio-economic area, the RCC works closely with:

- The RCC Task Force Fostering and Building Human Capital (TF FBHC),
- Education Reform Initiative of South Eastern Europe (ERI SEE),
- The SEE Employment and Social Policy Network, and
- Regional School of Public Administration (ReSPA).



The RCC Task Force Fostering and Building Human Capital (TF FBHC)

Europe 2020: Smart growth – innovation and education

- Established in June 2008
- Promotes coherence and coordination **between education, research and science** by creating a platform for dialogue and cooperation of actors involved in these sectors
- Maximize the benefits of investment in **human capital development** through its contribution to sustainable economic and social development by **ensuring coherence with other actions promoted at regional and national level**

ERI - Education Reform Initiative of South East Europe

Europe 2020 – Smart growth - Education

- Based on a MoU signed by the Ministers of Education, Science and Research of South Eastern Europe;
- Institutional structure consists of a Governing Board, Consultative Body and Secretariat (Agency); and
- 3 countries initiated clusters in the area of VET (Romania), National Qualification Frameworks (Croatia) and Evidence Based Policy making (Serbia).

Member Countries (signatories to Memorandum of Understanding on the Role and Organization of ERI SEE, Brdo 2010)

-  Albania
-  Bosnia and Herzegovina
-  Croatia
-  Montenegro
-  Moldova
-  Macedonia
-  Serbia

Observer Countries

-  Kosovo (under UNSCR 1244)
-  Bulgaria
-  Romania

<http://www.erisee.org/>

The SEE Employment and Social Policy Network

Europe 2020: Inclusive Growth – Employment and Skills

- A permanent regional working-level cooperation mechanism for sharing, disseminating, and managing knowledge and good practices in the realm of employment policy
- The SEE Employment and Social Policy **Network is intended** to act as a permanent regional working-level cooperation mechanism for sharing, disseminating, and managing knowledge and good **practices in the realm of employment policy**
- It is to meet tri-annually, under the RCC Secretariat's auspices

Central European Free Trade Agreement 2006 (CEFTA)

Europe 2020: Sustainable Growth – Competitiveness


- **Invigorating trade, integration and export led growth**
- Under the auspices of the Stability Pact of the South Eastern Europe, the Agreement on Amendment of and Accession to the Central European Free Trade Agreement (CEFTA 2006) was signed by the ministers responsible for trade in Bucharest on 19 December 2006

CEFTA Parties

- The CEFTA Parties have created a number of structures to manage and support the implementation of the Agreement
- Some of these such as the Joint Committee were established under the Agreement itself, others have been set-up more through Decisions of the Joint Committee and some function on a more ad hoc basis

CEFTA Parties

	Republic of Albania
	Bosnia and Herzegovina
	Republic of Croatia
	Republic of Macedonia
	Republic of Moldova
	Montenegro
	Republic of Serbia
	UNMIK/Kosovo



The main objectives of the CEFTA Agreement

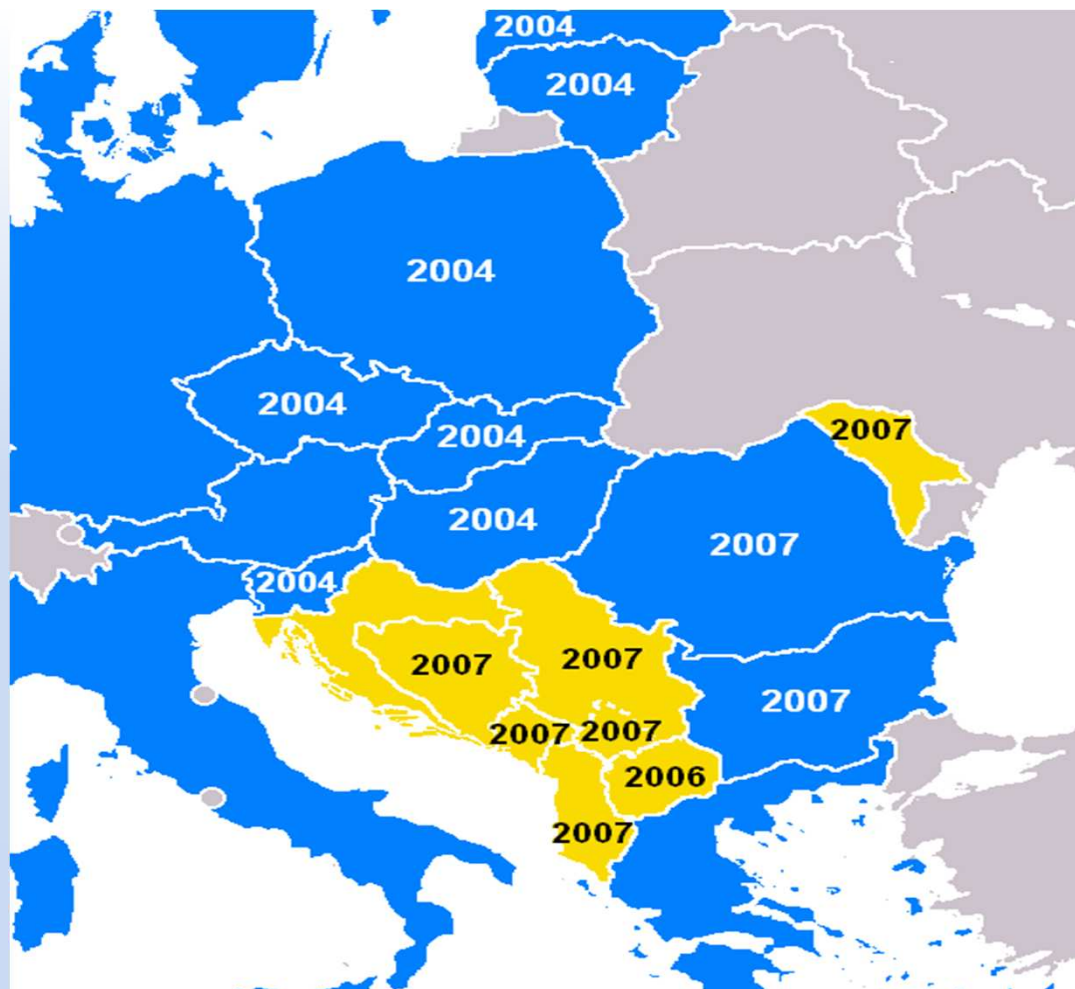
- Expand trade in goods and services and foster investment by means of fair stable and predictable rules
- Eliminate barriers to trade between the members
- Provide appropriate protection of intellectual property rights in accordance with international standards
- Harmonize provisions on modern trade policy issues such as competition rules and state aid



CEFTA's current activities/projects

- **Liberalisation of trade in services for the period 2011 -2013:**
Project to support activities of the CEFTA Working Group on Services in the preparation and execution of negotiations on the liberalisation of services
- **Increasing competitiveness of the respective** economies and the region as a whole -promote the importance of trade liberalisation for international

<http://www.cefta2006.com/>





IFC Investment Climate Advisory- Regional Trade Logistics (EU Funded)

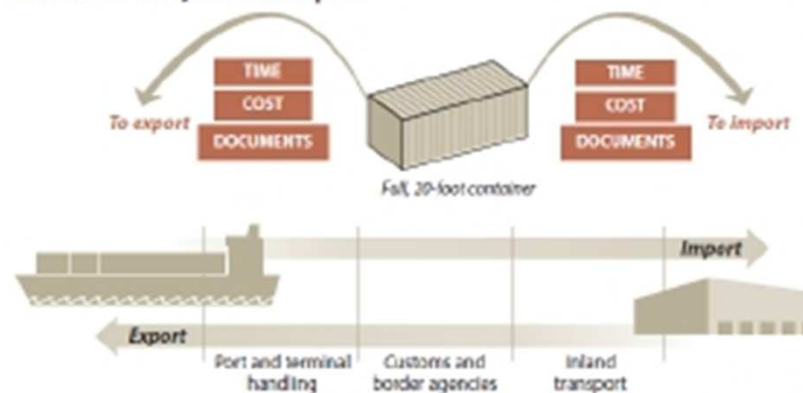
- Started in November 2011
- IFC assists the countries **in liberalizing trade in goods and further aligning rules on EU practices linked to the CEFTA regional trade agenda**
- IFC reduces cost to trade and the regulatory and administrative burden related to Inter and Intra regional trade that hinders investment
- Under the auspices of CEFTA

<https://www.wbginvestmentclimate.org/advisory-services/regulatory-simplification/trade-logistics/>

... But for Trading Across Borders, little changed

	2011 (rank)	2010 (rank)	2009 (rank)
Albania	75	66	77
BIH	71	63	55
Croatia	98	96	97
UNMIK/ Kosovo	130	132	-
Macedonia, FYR	66	62	64
Moldova	141	140	135
Montenegro	34	47	125
Serbia	74	69	62

How much time, how many documents and what cost to export and import across borders by ocean transport?



Source: Doing Business 2011.

Montenegro, Top 10 Improver for Trading Across Borders

✓ Montenegro's customs administration eliminated requirement to present a terminal handling receipt for export and import.

OECD SME Policy Index

Europe 2020: Sustainable growth

- The SME Policy Index is a benchmarking tool in countries in South East Europe (SEE) and Kosovo under UNSCR 1244/99 **that monitors and evaluates progress in implementing the main policy framework for small and medium-sized enterprise (SME) development** elaborated by the EU: the Small Business Act (SBA)
- SME Policy Index **provides an analytical assessment** of the implementation of policies in support of local SMEs in the Western Balkans, including innovative and high-growth SMEs

OECD SME Policy Index

Specific objectives (results):

- Developing an improved monitoring tool;
- Implementing the SME Policy Index assessment ;
- Conducting an enterprise survey to gauge the implementation status of specific policy measures;
- Holding a stakeholder plenary meeting in every beneficiary economy to discuss the assessment;
- Organising regional meetings to facilitate policy dialogue and peer learning;
- Developing a regional report; and
- Disseminating and presenting the regional report.

OECD SME Policy Index - dimensions

- Education and training for entrepreneurship;
- Cheaper and faster start-up;
- Better legislation and regulation;
- Successful e-business models and top class business support;
- Improving online access for tax filing and company registration;
- Getting more out of the Single Market;
- Taxation and financial matters;
- Developing stronger, more effective representation of small enterprises;
- Availability of skills; and
- Strengthening the technological capacity of small enterprises;

http://www.oecd.org/pages/0,3417,en_3542488537776794_1_1_1_1_1,00.html

EU funded - OECD Regional Competitiveness Initiative (RCI)

Europe 2020: Inclusive growth – employment and skills

- Aims to **strengthen the competitiveness** of the economies in the Western Balkans in the medium to long-term by raising productivity and output through increasing innovation among manufacturing and service-sector firms and improving the development of human capital
- Initial focus on human capital and **innovation**
- Proving to be an efficient forum for enhanced coordination with the Western Balkan countries in the area of human capital development and **research and innovation**

Regional Competitiveness Initiative (RCI)

What are the RCI's objectives?

Improving **long-term competitiveness** by **increasing productivity and output** through **human capital development** and **innovation** in the domestic business sector.

Human capital development

- Address skills gaps by improving institutional structures and capacities.
- Provide analytical and policy management tools based on OECD and international best practice.
- Stimulate policy dialogue between private sector and government on HCD.

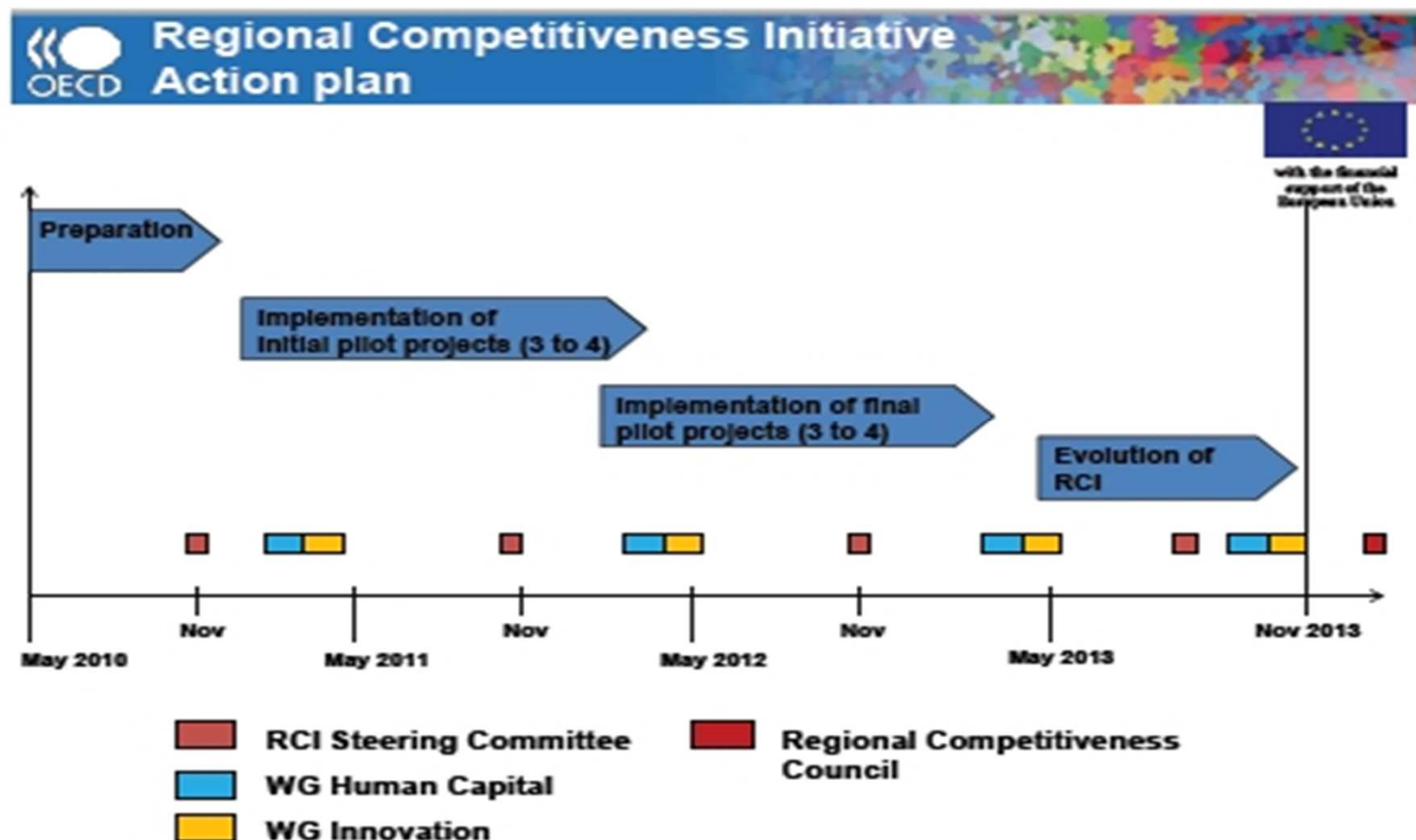
Innovation

- Promote policies to foster innovative capacities based on international best practice.
- Identify actions to improve absorption of new technologies by domestic firms.
- Enhance co-operation between government, research institutions and industry at national and regional level.

Sector-specific policy reform

- Expedite development and implementation of reforms for sectors with comparative advantage.
- Actions at regional level will build ties with similar EU sector-specific working groups.

http://www.oecd.org/document/49/0,3343,en_2649_40340912_45868529_1_1_1_1,00.html





South-East European Centre for Entrepreneurial Learning (SEECEL)

Europe 2020: Inclusive growth – employment and skills

- Established in October 2008, seat in Zagreb
- SEECEL functions as an independent body under the national legislation of the host country
- It currently gathers all Western Balkans countries and Turkey (Moldova joining)
- The first institutional development from the EU SBA process

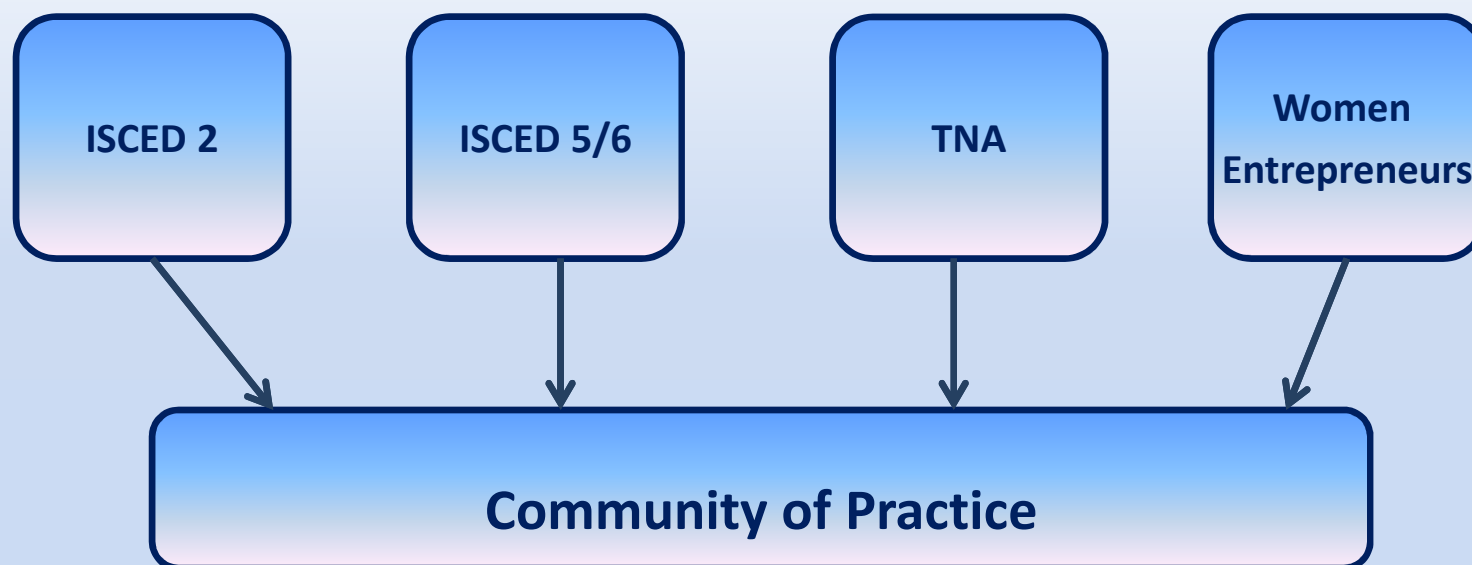
South-East European Centre for Entrepreneurial Learning (SEECEL)

- Its activities centre on a number of common areas identified through the 2008 assessment of each countries performance **on the human capital areas of the European Charter for Small Enterprise**

The Centre aims to address the following four areas:

- development of the **entrepreneurship key competence**;
- promotion of entrepreneurship at the third level education within non-business disciplines;
- **enterprise-driven training needs analysis**; and
- dissemination and promotion of good policy and good practice.

SEECEL Strategic Pillars





SEEHN – South Eastern Europe Health Network

Europe 2020: Inclusive growth

- Founded in 2001 based on the Dubrovnik Pledge
- A political forum set up to coordinate, **implement and evaluate the commitments of the Pledge and its regional projects for developing health policy and services**
- Provide leadership and sustain project ownership by the countries in the region
- Supported by a Secretariat located in Skopje, and the members include Albania, Bosnia and Herzegovina, Bulgaria, Croatia, The Former Yugoslav Republic of Macedonia, Moldova, Montenegro, Romania and Serbia

Other relevant initiatives

Doing Business

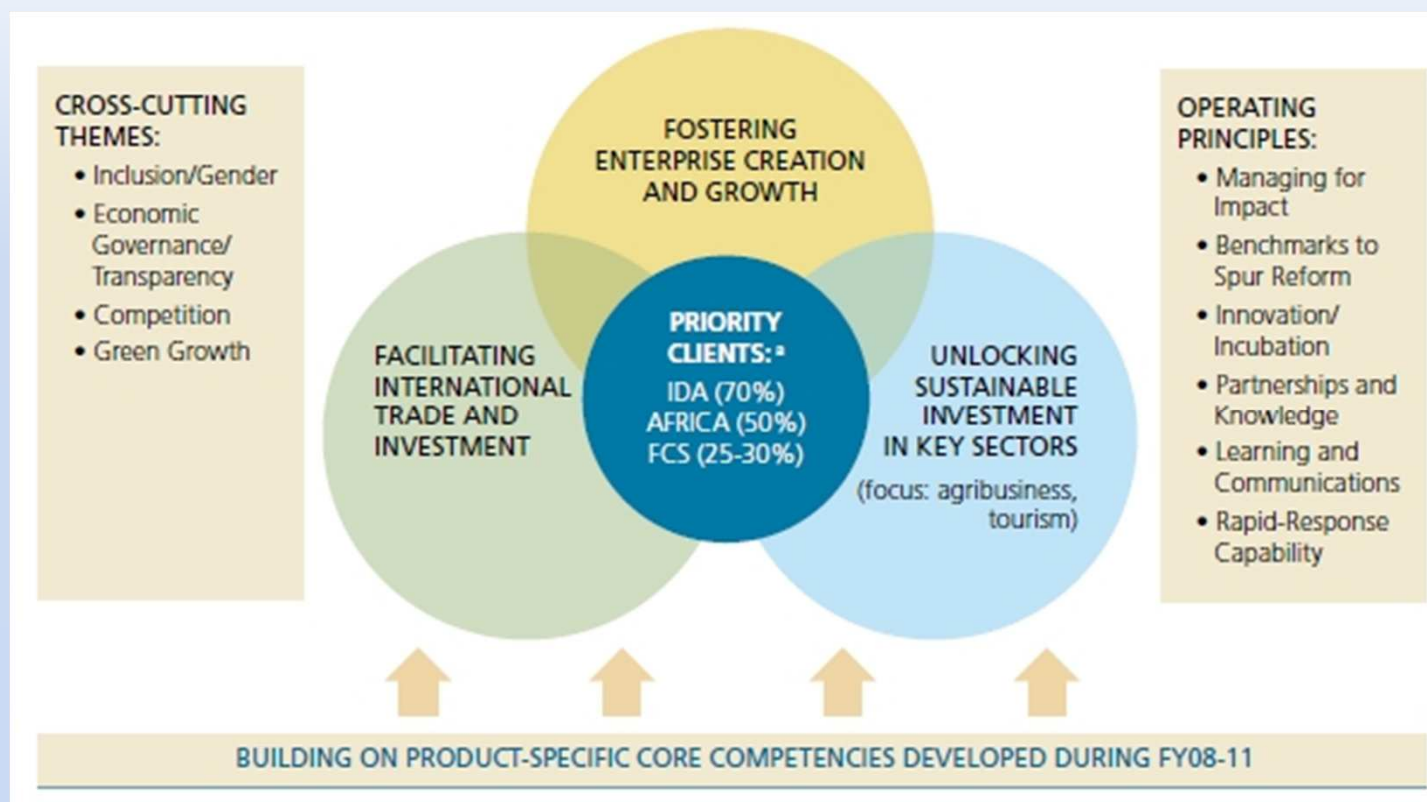
- Launched in 2002, looks at domestic small and medium-size companies and measures the regulations applying to them through their life cycle
- Provides objective measures of business regulations and their enforcement across 183 economies and selected cities at the subnational and regional level

Foreign Investment Advisory Service (FIAS)

- Established by IFC in 1985 to provide advice on foreign direct investment (FDI) to client countries
- The mission: **to facilitate reforms in developing countries to foster open, productive, and competitive markets and unlock sustainable private investments in sectors that contribute to growth and poverty reduction**
- FIAS' mission for the FY12–16 strategy period is to facilitate reforms in developing countries to foster open, productive, and competitive markets and **to unlock sustainable private investments in sectors that contribute to growth and poverty reduction**

Foreign Investment Advisory Service (FIAS)

The main elements of the FIAS Strategy for the FY 12-16 Operational Cycle



<http://www.ifc.org/fias>



EBRD Transition Report

- In recent years the EBRD's Office of the Chief Economist has developed a new methodology for assessing progress in transition at the sectoral level
- **This involves examining 16 sectors in four categories** – covering the corporate, energy, infrastructure and financial areas – in each country and, based on a wealth of data and other information, evaluating the size of the remaining transition “gaps”, or challenges



EBRD Transition Report

- The report goes on to explore in detail why **households** in some countries suffered much more than in others, and why the transition region as a whole suffered more severe consumption adjustments than western Europe - with important new findings about **the role of social safety nets and foreign currency borrowing**

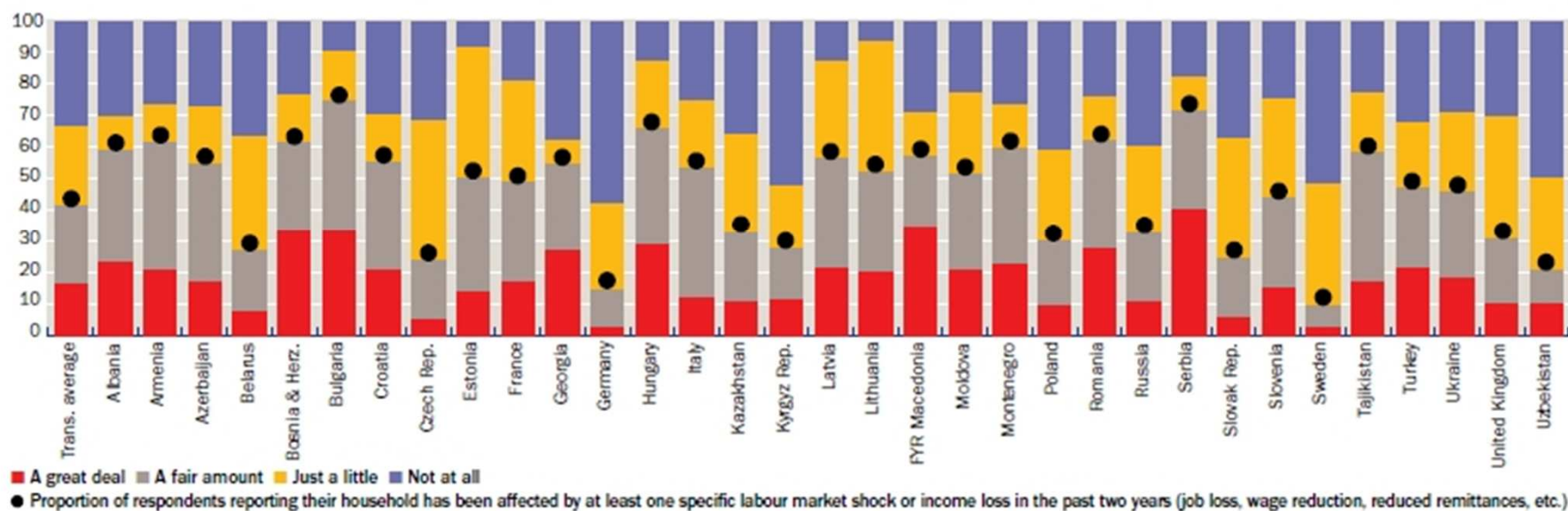


EBRD Life in Transition

- It explains differences in the evolution of satisfaction with life across countries, as satisfaction increased in many south-eastern European countries compared to 2006 levels
- In terms of individual comparisons – **within countries and after taking into account such factors as consumption, relative income, employment, health status, education etc**

http://www.ebrd.com/downloads/research/surveys/LiTS2e_web.pdf

Subjective impact of the crisis, by country





Conclusions

- **Europe 2020** complements accession process and provides framework for consistent policies and sustainable growth
- Western Balkan countries have been asked to adapt Europe 2020 targets to guide their reform efforts
- Regional initiatives and structures in the socio-economic sector can support regional efforts to utilise Europe 2020 in particular to identify appropriate targets & to provide guidance on policies & strategies to achieve these
- LSEE Research Network on Social Cohesion in the SEE can play a valuable role

www.wbif.eu

Thank you for your
attention!