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REPORT ON ROUNDTABLE ON REGIONAL CO-OPERATION

AND SOCIO-ECONOMIC DEVELOPMENT IN SEE

Sarajevo, Bosnia and Herzegovina

15 May, 2008

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**I Objective of the Meeting**

The Stability Pact (SP) Working Table II (WTII) organized a *Roundtable on Socio-Economic Development in South East Europe* on 15 May 2008 in Sarajevo (BiH), as a part of the hand-over activities between the Stability Pact for South Eastern Europe and the Regional Cooperation Council. Irish Aid and the Swiss Agency financially supported the Roundtable for Development Co-operation. They have both supported the earlier efforts of the Stability Pact to develop closer links between its classic economic initiatives and its Initiative for Social Cohesion.

The objective of the roundtable meeting was to allow the various socio-economic initiatives to share information on their strategies and action plans, to identify issues of common concern and to agree on mechanisms to ensure future co-operation. The discussion provided an opportunity for the newly recruited RCC staff to gain an understanding of the different Working Table II initiatives and to explore the benefits of creating links between them.

**II Participants**

The event brought together some 30 participants, representatives of the various initiatives (Investment Compact, Trade Liberalisation, Business Advisory Council, Bucharest Employment Process, Social Dialogue and the SEE Health Network), international organizations (EC, OECD, ILO, Council of Europe,) and interested donors – Switzerland, Belgium and Ireland, who actively engaged in the discussion with the SP and RCC socio-economic experts on potential ways to improve and upgrade the future co-operation. The participants showed high level of interest, remarking that the Roundtable was very well timed given the recent launch of the RCC Secretariat and the increasing regional ownership of the individual initiatives.

**III Matters Discussed**

The Roundtable provided a forum for discussion on reinforcing the links between existing regional socio-economic initiatives, developing models for further co-ordination and co-operation mechanisms and served as an opportunity for introducing the newly recruited RCC staff to the various processes.

The meeting was opened by the newly appointed Deputy Secretary General of the RCC – Ms Jelica Minic, who noted the considerable economic progress made by the region but highlighted the need for further growth and in particular the need to promote the social aspects of the transition process.

In her introductory remarks, WTII Director Ms. O'Mahony summarized the social and economic development that has taken place in recent years, presented briefly the initiatives under the Working Table II and highlighted the achievements and positive outcomes of eight-years of fruitful cooperation in the socio-economic field in the South East Europe. She emphasised the role of the SP in identifying areas for co-operation, launching and supporting a range of tailored initiatives as well providing political trouble-shooting on the issues initiatives faced during that period. In line with the overall transfer of responsibility from the SP to the RCC, the various initiatives were also evolving and adapting their structures and activities to the changing circumstances in the region. In that context she invited the participants to actively engage in the roundtable discussions and contribute to designing future co-operation within the framework of the RCC.

The next session comprised presentations on the objectives, structure and planned activities for each of the initiatives. In their individual presentations, representatives of the SEE Health Network, the SEE Investment Compact, the Bucharest Employment Process, CEFTA, SEE Trade Union Forum and the Business Advisory Council highlighted some of the key challenges that need to be addressed and expressed the hope that the RCC would support the co-ordination of various activities and help them to avoid overlapping.

In the afternoon presentations by Mr Velimer Gavrilovic of the Serbian Ministry of Economic and Regional Development and Mr Vlado Dimovski, the former Minister of Labour of Slovenia paved the way for a discussion on cross-sectoral issues that have emerged in the region, proving that the economic and social questions are so closely interwoven that they must be addressed together. For example, to build stable and sustainable human capital and to address the issues of skill gaps and brain drain means that countries will have to avoid a one-dimension approach and will need to interlink several crucial dimensions including education planning, health and employment strategies together with streamlining of the investments in these areas to further advance the competitiveness of the overall economy.

There was considerable convergence on the following issues:

In the economic field:

- South East Europe is perceived as a good destination for investment thanks to a significantly improved business environment (infrastructure, transparency and stability)
- EU accession provides a powerful impetus for reform among all the countries in the region but more can be done to achieve far reaching policy reforms (e.g. address corruption at all levels, especially in public sector)
- The region needs better policy consistency, public governance (regulatory reform, competition) investment in knowledge, Greenfield investments, governments investment in infrastructure, FDI-SMEs linkages,
- Strong growths and reforms are evident but deep unhappiness as well (long term unemployment, serious implications of brain drain on future employment)

In the social development field:

- Further work on social policy development is a must if economic and societal reforms are to be sustainable;

- The EU accession agenda is the agreed way forward in this field as well;
- Further restructuring of the labour market, the social systems and health care systems is needed;
- Social dialogue mechanisms need to become institutionalized and functional, while social partners need to be able to negotiate on an equal footing in the social dialogue processes;
- Social partnership needs to be used more and more as a tool for solving various socio-economic issues;

The participants from the economic initiatives (CEFTA, Investment Compact) acknowledged the need for broadening the scope of their initiatives and expressed the interest to collaborate more with the “social” initiatives, identifying the priority regional issues related to human capital development, health, food safety, and the formulation and implementation of relevant programmes.

The overall impression is that the roundtable discussions were both timely and valuable and will assist respective initiatives and RCC staff in advancing the co-operation among them, favouring a multidimensional approach. The donors noted their continuing commitment to strongly engage with governments and business in the region and look forward to continued close cooperation ahead. They highlighted that they now expected the RCC and the initiatives to be pro-active and to approach them with proposals for projects/programmes.

#### **IV Conclusions and challenges**

Participants identified a number of areas where collaboration among them could make a significant contribution to the horizontal socio-economic issues in the region; they recognized that the knowledge and support of all players need to be harnessed to ensure maximum synergy and requested more similar opportunities to share experiences and to identify common concerns.

While the feeling of stronger regional ownership was widely recognized and countries as well as initiative partners saw this as a signal that the region had made substantial progress and could now take the lead, the need for further assistance and support from donors is still evident, especially in the areas where the poor physical infrastructure is an obstacle for greater foreign investments and where the vital long-term investments in social infrastructure need to be encouraged.

The Investment Compact, drawing on the merits of the Bucharest Employment Process, CEFTA, benefiting from food safety standards and recommendations from the SEE Health Network, were just some of the examples where participants identified considerable potential for initiative linkages. Also, they agreed that a strong role of the RCC in co-ordinating and encouraging links and possible partnerships among initiatives is welcomed and expressed their willingness to continue the co-operation based on the positive experience with the Stability Pact.

Better interaction with the business community was seen as vital to ensure better policies and to improve implementation of reforms. While the business community has a clear role in investment related issues, it was emphasised that it can play a very constructive role in social dialogue and social partnership. Strong links with BAC should be developed and maintained by all initiatives in recognition of their role as an intermediary between governments and the private sector.

The need for greater transparency and openness was once more emphasised as a key block in building good relationships, and participants invited each other to interlink their

websites, in that way improving communication on future activities and actions to the wider audience, including media, academia and civil society.

The participants expressed thanks to the Stability Pact for its role in creating and supporting the development of the various initiatives. They noted that this Roundtable had provided them with an opportunity to forge new relationship with the RCC and among them; to explore possibilities for shared vision, to build bridges and form alliances that will facilitate and upgrade their future actions.

The Stability Pact staff took the opportunity to pay tribute to the representatives of the different Working Table II initiatives and the donors for their hard work and dedication that has resulted in considerable progress in regional co-operation in the field of socio-economic development. They expressed their confidence that the RCC staff would provide substantial support to the various initiatives and that the political, technical and financial benefits inherent in all the initiatives would flow to the countries of South Eastern Europe.



**Next steps in regional cooperation on socio-economic development in South Eastern Europe**

**Sarajevo, 15 May 2008  
Hotel Saraj**

**Agenda**

- 09:00**      **Welcome Address**  
Jelica Minic, Deputy Secretary General, RCC
- 09:10**      **Overview of Co-operation to date in Working Table II Initiatives and Expectations for Roundtable**  
Mary O'Mahony, Director Working Table II, Stability Pact for SEE
- 09:30**      **Session 1 - Socio-Economic Development Initiatives**  
**Chair – Mary O'Mahony**
- Tour de Table to allow each initiative to briefly outline its objectives, structures, planned activities, key challenges (each presentation followed by a Q&A session focused on that initiative)
- SEE Health Network – **Snezana Cicievalieva**, Chair of the Executive Committee of the SEE Health Network
- 10:00**      SEE Investment Committee – **Anthony O'Sullivan**, Head of Investment Compact, OECD
- 10:30**      Bucharest Co-operation Process on Employment – **Huso Saric**, Director of the Labour and Employment Agency of Bosnia and Herzegovina
- 11:00**      **Coffee break**
- 11:30**      Trade Liberalization/CEFTA – **Krum Efremov**, Trade Working Group, and **Octavian Calmac**, Chair-in-Office CEFTA, Moldova
- 12:00**      Social Dialogue – Trade Union Co-operation in SEE – **Jasmin Redzepovic**, SEE Trade Union Forum Coordinator, ITUC PERC SEE Office - Sarajevo
- 12:30**      Business Advisory Council – **Maria Bozoudi**, Executive Secretary
- 13:00**      **LUNCH**

- 14:15**            **Session 2 – Challenges for Regional Socio-Economic Development Processes**  
**Chair – Snezana Cicevalieva**
- Presentation 1 – Economic development in South Eastern Europe and remaining challenges
- Velimir Gavrilovic, Assistant Minister in the Ministry of Economy and Regional Development, Serbia
- Presentation 2 – Social development in SEE and remaining challenges
- Vlado Dimovski, former Minister of Labour and Social Affairs of Slovenia
- Discussion
- 15:30**            **Coffee Break**
- 16:00**            **Session 3 – Co-operation and Co-ordination among Regional Socio-Economic Development Processes and the Role of the RCC**  
**Chair: Vlado Dimovski**
- Open Discussion
- 17:30**            **Conclusions and Recommendations**  
Jelica Minić, Deputy Secretary General, RCC
- 20:00**            **Dinner at restaurant “Park princeva”**