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Shaping the Trade Union Agenda on Employment and Labour Market Policies

Vallì Corbanese
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SUBREGIONAL
OFFICE FOR
CENTRAL
AND EASTERN
EUROPE

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Final report on the Subregional Trade Union Seminar
7–9 June 2007

Vallì Corbanese and
Gianni Rosas

International Labour Organization
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1. Introduction

The South-East European Ministerial Conference on Employment held in Bucharest on 30–31 October 2003 acknowledged the serious employment challenges faced by the Stability Pact countries. The Bucharest Declaration, which was adopted at this Conference, called for regional cooperation in addressing these challenges so as to improve employment policy making at national level as well as to foster regional cooperation on employment.

From 2004, the International Labour Office (ILO) and the Council of Europe have provided support in the review of national employment policies of the countries of South-East Europe and Moldova (the CREPs). This review contributes to the promotion of decent and productive employment for women and men in the Stability Pact countries. It consists of the assessment of national employment policy, as well as the performance of the Public Employment Services (PES), with particular focus on programmes and measures targeting vulnerable groups. Each review, undertaken with the participation of the Ministry of Labour and the social partners, results in a set of priority recommendations that are endorsed at a national tripartite seminar.

The CREPs are discussed at the annual meetings of the Permanent High-Level Committee (PHLC) and later on adopted by ILO's national tripartite constituents.¹ These reviews are complemented by a supranational monitoring system through which one country reviews the employment policy of another country. This *modus operandi* mirrors the supranational surveillance system of the Open Method of Coordination (OMC) on employment policy put in place by the 27 member States of the European Union. This approach is aimed at fostering exchange of know-how and stimulating better performance of employment policies at national and sub-regional levels.

A key finding of the reviews of employment policy is that employers' and workers' organizations are in most cases excluded from the policy development process. In the event they are called to participate, their role is confined to mere consultation.

The capacity building programme "*Shaping the Agenda of the Trade Unions on Employment and Labour Market Policies*" was designed to enable experts of trade unions of South-East Europe and Ukraine to influence the employment policy-making process at national and regional levels (see annex I for the detailed schedule of the programme). This programme is part of a series of capacity building workshops that the ILO is putting in place for strengthening national capacity to deliver on employment policy. Similar workshops are envisaged to be run later in 2007 for government institutions (Ministries responsible for employment and Public Employment Service).

¹ To date, the PHLC has approved the in-depth country reviews of the following countries: Albania, Croatia, Former Yugoslav Republic of Macedonia, Moldova, Montenegro and Serbia. The review of the employment policies of Bosnia and Herzegovina was carried out during June 2007. The last meeting of the PHLC will take place in October 2007. One of the main points to be discussed by the Committee will revolve around the future approach to regional cooperation on employment in SEE.

2. Programme objectives

The programme objectives were defined through the analysis of the training needs of participants conducted before the workshop. Each participant received a training needs analysis questionnaire prepared by the ILO. The first workshop activity on expectations and objectives of participants helped in refining the specific objectives of the workshop and in shaping its daily learning objectives (see annex II for the results of the processing of objectives and expectations).

Overall objective

By the end of the programme, participants will have grasped the main areas of employment policy and identified trade unions' action on employment policy.

The Programme had the following specific objectives:

1. Identify and prioritize main areas of employment and labour market policy;

The learning outcomes that were identified by the facilitators to achieve the first objective of the workshop revolved around the capacity of participants to have – by the end of the training day: i) reviewed the employment challenge in the countries of Eastern Europe, ii) analyzed and discussed areas of employment and labour market policies in their respective countries, and iii) discussed the labour market vulnerabilities of certain groups of workers.

2. Review employment policy-making process and main features of design, monitoring and evaluation of labour market policy;

The second objective of the workshop was achieved through four learning outcomes. By the end of the training day, participants were expected to have: i) reviewed the employment policy cycle, ii) identified the main features of design, monitoring and evaluation of labour market policies (LMPs), including the targeting of vulnerable groups, iii) acquired information on lessons learnt from the evaluation of LMPs; and iv) identified the key elements of trade unions' strategies on employment and LMPs.

3. Plan trade unions' action on employment and labour market policies at national and regional levels.

The last part of the programme was devoted to plan action at both national and regional levels. For this reason, the two learning outcomes centred on the capacity of participants to: i) identify the main strategic elements of their respective trade unions on employment and labour market policy, and ii) plan action to influence and improve employment and labour market policies in their respective countries and in the region.

3. Participants' profile

The workshop was designed for professional staff of the trade unions of Central and Eastern European countries and Ukraine (see annex X for the list of participants). A total of 16 experts of the trade unions of Albania, Croatia, FYR of Macedonia, Montenegro, Serbia, Ukraine and the UN Administrative Province of Kosovo participated to the workshop. Unfortunately, participants of the trade unions of Bosnia and Herzegovina and Moldova had to cancel their attendance the day before the workshop.

Prior to the implementation of the programme, participants were required to undertake a training needs analysis that constituted the basis for the design of the workshop as well as for the development of the training material to be used during the activity.

The profile of the trade unions' experts who participated at the workshop ranged from advisors on economic and social policies (eight participants), to experts in industrial relations (two participants), and organizational and legal affairs (six participants). Most participants had an economic or legal background and had prior experience in economic policies. However, many of them had never attended a training workshop on employment policy neither in their countries nor abroad. They said they have been often involved in conferences and/or seminars.

The "workshop" format of the programme was assessed as highly relevant with participants expressing their appreciation as well as their desire to have, in the future, more learning events of the same type.

4. Methodology

The programme was conducted by using a participatory and practical approach allowing continuous interaction among participants themselves as well as with the facilitators. The workshop was delivered through a blend of presentations, group exercises, simulations and role-plays that involved all participants in a conducive learning environment and fostered the exchange ideas and information.

Particular attention was placed on exposing trade unionists to regional and international experiences on employment and labour market policies. In this regard, the facilitators identified a number of case studies, as well as national and regional practices, that were reverted to both in presentations and the learning material delivered to participants.

A flexible approach was used in the delivery of the workshop in order to constantly modify it according to participants' needs. The first session of the workshop focused on the expectations of participants. This session allowed the programme content to be further adjusted. The majority of participants expected the workshop to: i) inform them on the role of trade unions in the design, monitoring and evaluation of employment and labour market policies, ii) offer them an opportunity to exchange ideas, best practices, experiences and approaches on employment, and iii) develop a strategic approach for trade unions to employment and labour market policies.

Flexibility was also ensured through day-to-day validation of learning activities, as well as through continuous feedback both from facilitators and participants. The most recurrent feedback expressed by participants at the navigation meetings revolved around the need of allowing more time to the presentation and discussion of topics.

5. Programme structure and content

The three-day workshop was instrumental to build rapport among experts of the trade unions and to discuss employment policy priorities at national and regional levels. In addition, it gave the opportunity to participants to identify trade union strategies, to bargain on priorities and to influence employment policy making. Participants compared the impact that recommendations of the Country Reviews of Employment Policy (CREP) could have had on tackling the employment challenge in their respective country. They also discussed how to move to the next stage of the policy cycle, i.e. the implementation of priority recommendations. By the end of the workshop, participants had examined the trade-offs, the costs and benefits of the initiatives and prioritized trade unions' actions on employment policy.

The programme was organized around the following topics:

- Policies affecting employment and the labour market;
- Design, monitoring and evaluation of employment and labour market policies;
- Planning trade unions' action on employment and labour market policies.

5.1. Policies affecting employment and the labour market

The first part of the workshop provided a review of the main employment challenges in South-East Europe and Ukraine and offered an opportunity for trade unions' experts to discuss policies affecting employment and the labour market in their respective countries, as well as the labour market vulnerability of certain groups of workers.

By the end of the second part of the programme, participants had:

- Reviewed the employment challenges of the countries of Eastern Europe;
- Analyzed and discussed areas of employment and labour market policy in countries participating in the workshop;
- Identified main employment policy priorities of trade unions; and
- Discussed labour market vulnerability of certain groups of workers.

a) *Employment challenges in Eastern Europe*

The presentations and discussion of the first part of the programme revolved around the identification of the main employment challenges faced by countries of South-East Europe and Ukraine. They gave a comparative analysis of the employment situation in the above-mentioned countries and provided information on employment and unemployment trends, including precariousness and informal employment. Although data on the quality of employment and conditions of work was largely missing, information collected through the CREPs was discussed with participants. In particular, issues of labour market segregation and discrimination in employment and occupation on grounds of sex, age and other characteristics were analyzed in the presentation.

The correlation between employment policy and other economic and social policies was also discussed in the course of this session. In particular, these were the areas of economic policy that have a major impact on employment. The assumption that macroeconomic stability and market-oriented economic policies would lead to high employment failed to materialize in South-East Europe and Ukraine. When treating employment, many countries in the region were rather focused on specific programmes, many of which were narrow in scope and limited in time. Also, these interventions have been randomly prioritised. Employment performance in terms of quantity, quality and distribution amongst groups of workers were influenced by other economic and social policies.

The following steps were described as important for attaching national priority to employment policy:

- The first step revolves around the review and assessment of the impact of past and current macroeconomic policies on employment. This exercise could help evaluate overall employment creation and identify policy instruments that allow modifying or enhancing employment generation at country level;
- The second step reverts to findings and lessons learnt from this review and impact assessment in policy development, national strategies, targets and action plans that countries in the sub-region can adopt to promote employment. The European Employment Strategy is an example

of integrated employment policy approach centred on the overarching objectives of full employment, promotion of quality and productivity, and strengthened social cohesion and inclusion.

- Finally, to make sure that plans result in action and hence materialize according to pre-established targets of both efficiency and equity, tight monitoring and evaluation should underpin the overall implementation process.

Trade unions should take account of the above-mentioned steps and lobby for their involvement in the undertaking of each one of these steps.

b) Review of main employment policy areas

The main policy areas relevant to employment (economic and social policies, education and training, enterprise development, labour legislation and labour market policies) were reviewed and discussed by participants. Each country team² was asked to review the analysis of one employment policy area selected among those in the CREP and to identify problems it presents for the country, as well as the role of the trade unions in tackling these problems (see annex III for the list of policy areas reviewed by each team).³ A number of points were emphasized during the country presentations: the weak enforcement of employment protection legislation and the ineffectiveness of the labour inspectorate; the dichotomy between employers' and workers' organizations with regard to the concept of labour market flexibility; the very high share of workers engaged in the informal economy; a high percentage of jobs created by newly-established enterprises being informal and of atypical form; the lack of participation of trade unions in the design of labour market policies and programmes; the little investment in education and training and, consequently, the poor learning outcomes of young people; the inadequacy of minimum wages to lift workers from economic vulnerability and poverty; and the tendency of Eastern European countries to introduce policy "packages" of other countries which were not always relevant to national circumstances nor were cost-benefit assessed before these packages were introduced.

Some trade unionists wished they were more involved in the preparation of national reports on employment and in the CREP.⁴ Others highlighted the need of regional cooperation among trade unions. The importance of solidarity among trade unions from different countries was illustrated by the Croatian trade unionists: they provided support to the Slovenian trade unions when the government decided to introduce a flat rate income tax, similar to measures introduced in some Baltic States and in the Czech Republic. They joined the demonstrations of the Slovenian unions

² Due to the last minute withdrawal of the experts of the trade unions of Bosnia and Herzegovina the Croatian trade unionists were assigned to two country teams.

³ For the Ukrainian trade unionists, the facilitators prepared an excerpt of the Country Employment Policy Report of Ukraine that was done by the ILO in 1998.

⁴ The trade union Nezavisnost had sent its position on the CREP of Serbia, together with the training needs analysis questionnaire. Although its members agreed with most of the analysis and recommendations, they did not share some statements contained in the Review.

to express their solidarity, but also because they knew that their government was also considering such a decision.

To conclude these sessions, participants were given coloured cards indicating a series of 40 policy measures and were asked to identify the policy areas and the main policies these measures belonged to (annex IV gives details of this activity).

c) Trade unions' priorities on employment and labour market policies

In small groups participants discussed, negotiated and achieved consensus on three main employment policy priorities for their countries. Each group had to provide the rationale for the selection with a view to “selling” the priority to the government and to employers’ organizations. The plenary identified one overall goal and voted for three priorities. The goal centred on overcoming structural unemployment while the main priorities focused on bridging discrepancies in labour supply and demand, improving the effectiveness of employment and labour market policies at local level, and increasing educational attainment as well as link it to work experience and lifelong learning strategies (annex V provides a detail of the group activity “setting trade unions’ priorities on employment and labour market policies”).

d) Vulnerable workers

The discussion on labour market exclusion revolved around the concepts of economic vulnerability and poverty (financial deprivation measured in terms of income), its measurement and its appropriateness to capture multiple layers of disadvantage. The casual relation between joblessness and employment in the informal economy on the one hand and poverty on the other, was briefly discussed. A consistent finding in the region was that vulnerable people are often found among the long-term unemployed, people with low educational attainment, the inactive, the discouraged, and workers in the informal economy. Participants also added to categories mentioned as more at risk of labour market exclusion redundant and older workers, ethnic minorities, young people with low level of education and first time jobseekers, refugees and internally displaced persons (annex VI illustrates the assignment and the processing of the activity “identifying vulnerable workers”).

During the plenary, participants engaged in a discussion concerning the labour market disadvantage of women and young people. The need of taking measures to increase employment rates of women brought about a heated debate that continued during the lunch and coffee breaks of the second training day. With regard to the situation of young people in the labour market, participants highlighted the increasing exposure of young people to casual employment that, according to them, did not really lead to a career job in most cases. They said that atypical forms

of employment abounded and that temporary, time-bound employment was more the norm rather than the exception in their respective countries.

5.2. Design, monitoring and evaluation of employment and labour market policies

The second part of the workshop focused on the employment policy cycle and the main features of the design, monitoring and evaluation of labour market policies, including their focus on vulnerable groups. Most of the training was delivered through interactive presentations, followed by question and answer (Q&A) sessions. The list of PowerPoint presentations and handouts is attached to this report (annex VII). A group activity was dedicated to the identification of reasons for the trade unions' involvement in the design, monitoring and evaluation of employment and labour market policies.

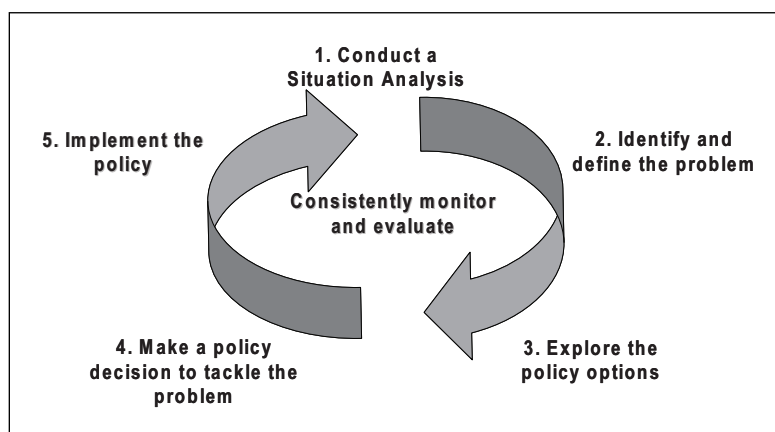
By the end of the second part of the programme, participants had:

- Reviewed the employment policy cycle;
- Reviewed the main features of the design, monitoring and evaluation of labour market policies, including targeting of vulnerable groups; and
- Acquired information on what works and what does not work (and for whom) with regard to labour market policies.

The discussion on the policy design revolved around various stages of the policy cycle (see figure 1). This overview was followed by an in-depth presentation and Q&A session on policy formulation and design, particularly with regard to the definition of employment policy priorities, the generation of policy options, the goal setting, and the formulation of priority objectives, targets, outcomes and indicators. Participants were also pointed to the most common pitfalls in policy formulation (programme approach, policy based on single measures, lack of targets and indicators and gaps in considering all possible policy options). The facilitators used some examples that were taken from the existing employment policies and strategies of the countries of South-East Europe.

In addition, most of the cases discussed were intentionally focused on the relative labour market disadvantage faced by women (extremely high inactivity and unemployment rates, but also labour market segregation and the wage gap) in most of the countries represented in the workshop. The participants expressed high appreciation for the analytical approach and the practical examples used by the facilitators to illustrate the policy-making process and the pitfalls in the employment policies of their country. Although some of them had taken part in meetings for the formulation of national employment policies, they were unaware of the policy-making underpinnings and techniques. Mastering policy-making techniques was seen as the first step for trade unions to gain a more incisive role in shaping national employment agendas.

Figure 1: The policy cycle



Participants were divided into three groups to discuss and agree upon the main reasons why trade unions should play a role in the design, monitoring and evaluation of employment and labour market policies. The most cited reasons were: the need of taking concerted decisions through negotiation among the main players in the labour market; the knowledge trade unions have of the labour market; and the importance of representing workers' rights and interests.

Another series of presentations and discussions during the plenary touched upon the main labour market policies. Participants showed a great deal of interest in unemployment benefits and early retirement policies (passive labour market policies) as well as active labour market policies. They concurred on the inadequacy of both level and coverage of income replacement during unemployment (often below the poverty threshold) and highlighted the need of keeping early retirement policies for certain occupations (e.g. mining, construction).

With regard to active labour market policies (ALMPs), participants emphasized their importance in promoting efficiency and equity in the labour market. However, they expressed concern about the effectiveness of these policies. They considered the ALMPs put in place in their countries as falling short of targeting (usually to the benefit of the "better off") and resources. None of them had ever participated in the design or evaluation of such policies.

A final presentation was dedicated to the effectiveness of ALMPs and to monitoring and evaluation techniques. A number of examples, drawn from the experience of participating countries, were presented to illustrate what governments do in terms of ALMPs. The main findings of impact evaluation carried out in the last twenty years in several countries were shared with the participants with a view to highlight the lessons learnt from implementation.

These evaluations showed that measures for the unemployed are more effective when they are: well targeted and tailored to individual needs; designed to respond to labour market requirements; linked with work experience; part of a comprehensive package of services and involve the social

partners. The “what” and “why” of evaluation, as well as the role trade unions need to play in these processes, was debated at length. Undoubtedly, policy design and impact evaluation were, according to participants, the areas in which trade unions were less involved.

5.3. Planning trade unions’ actions on employment and labour market policies

The ultimate objective of the last part of the programme was to identify the key elements of trade unions’ strategies on employment and labour market policies as well as to influence the government in the policy-making process. The training session was delivered through two (interlinked) role-play exercises, which were designed to bring together the various issues highlighted during the first two days and to get participants practising the concepts discussed during the workshop.

By the end of the last component of the workshop, participants had:

- Identified and discussed the key elements of trade unions’ strategies on employment and labour market policies;
- Pinpointed the main elements of trade unions’ action to implement the strategy at both national and regional levels.

In the first activity, participants were divided into four groups to play the role of trade unions, employers’ organizations, Ministry of Labour (chair) and Ministry of Economy and Finance in a meeting of the National Tripartite Commission that was convened to discuss the proposed employment strategy. Each group was given a script (see annex VIII) describing the socio-economic situation of the country “Neverland” and providing the basic information for the preparation of the role-play. Responses of the various stakeholders to the proposal put forward by the Ministry of Labour were discussed in the plenary session.

The processing of the role-play done by the facilitators highlighted the following issues discussed during a feedback session: i) disconnection between priority objectives and outcomes in the employment policy proposed by the Ministry of Labour and the fact that trade unions did not point to this weakness; ii) lack of proactive approach on the part of the trade unions to the proposal; and iii) need for trade unions to focus on employment promotion without losing sight of key areas for trade unions’ action (e.g. workers’ rights, wages and other conditions of work).

A second role-play was organized to discuss the trade unions response to the policy proposal made by the Ministry of Labour during the previous exercise. The participants from Ukraine played the role of the trade unions, those from Albania and the UN Kosovo played the employer’s organization, while the other participants played the role of the government of Neverland. The trade unions’ response to the intervention of the Ministry of Labour contained the following

elements: i) a call for a coherent and integrated approach to address simultaneously supply and demand of labour; ii) the development of outcomes that combined education, enterprise development and labour market policies instead of focusing only on macroeconomic stabilization, and iii) the proposal of a mix of active and passive labour market policies consisting of early intervention during unemployment (active policy) combined with the review of the unemployment insurance. All participants praised the commitment of the trade unionists of Ukraine. With the assistance of the ILO's Senior Specialist on Workers' Activities, they worked overnight to prepare the trade unions' response to the government.

The last session of the workshop was devoted to planning trade union action at national and regional levels. For this work, participants were grouped in country teams and developed the main features of trade unions' action plan on employment and labour market policy. These action plans are being finalized at country level.

With regard to regional cooperation, participants identified the following priority areas, for which capacity building of employment experts of trade unions was required:

- *Design, monitoring and evaluation of active labour market policies and their targeting of vulnerable groups;*
- *Strategies to address informal employment and to promote rights at work;*
- *Tripartism on the public employment service and labour inspectorate;*
- *The role of trade unions in promoting vocational education and training reforms, as well as lifelong learning strategies.*

6. Validation of the programme

At the end of the programme, participants were asked to provide a detailed assessment of the training and organizational aspects of the workshop. The overall programme was assessed as well structured (95 per cent of participants) and very relevant (90 per cent of participants). The quality of facilitation and the tailoring of the workshop to participants needs scored the highest in appreciation (98 per cent of attendants). The most recurrent suggestion for improvement concerned the improvement of the information dispatched before the workshop (30 per cent of participants). Annex IX provides a detail of the results of the final validation questionnaire.

7. Conclusions and lessons learnt

Despite the fact that employment is a rising concern in Eastern European countries and Ukraine, existing government policies still focus mainly on economic growth alone as the key driver to employment creation. There is a general perception that sustained investments in infrastructure, education and private sector development will automatically result in employment growth — which has not been the case to date.

During the workshop participants became increasingly aware of such a policy failure and started re-orienting their thinking towards ways to leverage on these government failures to achieve more equitable outcomes. Such a shift also brought to light other policy issues that would need to be addressed (e.g. the selection of the best policy mix within limited financial resources normally available at country level, a balanced combination of demand and supply measures, and the strengthening of coordination among the government and the social partners to avoid disjointed outcomes). Participants also got a clearer understanding of the limitations of an output- and activity-based approach to policy formulation.

Participants commented favourably on the training workshop content, methods and means used and particularly appreciated the time devoted to group work and plenary discussion, as it provided an opportunity to exchange experiences and lessons learnt. The format of the workshop in terms of participants' profile and number proved successful, despite encountered language difficulties. Most of the participants appreciated the induction they received through the workshop. However, the workshop was considered rather intensive for many participants. They suggested having in-depth thematic workshops on topics covered by the programme. They also proposed training a regional pool of trade unionists on employment and labour market policies. This pool could, in turn, replicate training at national level.

The following lessons can be drawn for the development of future activities:

- The discussions confirmed the complexity of employment and labour market policy development in terms of both content and process. The programme showed that technical knowledge is required to enable trade unions to effectively contribute to shaping national employment policies. The feedback from participants highlighted some outstanding issues in employment policy design at national level. Moreover, in countries lacking comprehensive development frameworks or in countries where the leverage of international financial organizations is high, the involvement of trade unions in the policy-making process may be further complicated by the existence of competing strategies and actors.
- Capacity building and knowledge sharing among experts of trade unions in the region were identified as crucial to enable their organizations to effectively participate and contribute to

the shaping of national employment and labour market agendas. The application of policy packages developed in other regions may prove to be ill-adapted to national circumstances.

- Globalization and cross-country competition often result in social dumping and in a reduced ability of trade unions to effectively bargain with the government and employers' organizations. Increasingly, trade unions' requests are countered by threats to shift investments to other countries. A coordinated response of, and solidarity among trade unions at regional level would avoid competition in the area of labour and social achievements, as well as workers' rights.
- The drafting of national trade unions' strategies on employment policy is a necessary, but insufficient condition for achieving equitable employment outcomes in Eastern European countries and Ukraine. Most trade unions need peer assistance, especially during the monitoring and evaluation phases, to promote policies that worked and discourage bad practices already experienced by other countries.

Annex I

Shaping the Agenda of Trade Unions on Employment and Labour Market Policies

ILO Subregional Office for Central and Eastern Europe
Employment and Workers' Activities Programmes

SINDCENTAR – Muo, Kotor – Montenegro, 7–9 June, 2007

Time	Thursday, 7 June 2007	Friday, 8 June 2007	Saturday, 9 June 2007
08.30–10.45	<p>9.00–9.30 Introduction and welcome address</p> <p>09.30–10.45 TNA, objectives and expected outcomes of training Individual activity</p>	<p>8.30–9.30 Employment and labour market policies: Policy design (continued) and group activity</p> <p>09.30–10.45 Setting TU's priorities on employment and labour market policies and group activity</p>	<p>8.30–9.30 Presentation: Influencing the government's agenda</p> <p>09.30–10.45 Action plan: Presentation of exercise and group work</p>
11.00–13.00	<p>11.00–11.45 Employment and labour market policies: Shaping the trade unions' agenda</p> <p>11.45–13.00 Individual and group activity Presentation of activity, group 1</p>	<p>11.00–11.30 Group activity (continued)</p> <p>11.30–12.45 Presentation and Q&A: Assessing effectiveness of labour market policies</p> <p>12.45–13.00 Developing a TU's strategy on labour market policies</p>	<p>11.00–12.00 Presentation of action plans</p> <p>12.00–12.30 Validation of training activity</p> <p>12.30–13.00 Closing ceremony</p>
13.00–14.00	Lunch	Lunch	Lunch
14.00–16.00	<p>14.00–14.20 Presentation of activity, group 2</p> <p>14.20–16.00 Overview of employment and labour market policies and Group activity</p>	<p>14.00–14.45 Developing a TU's strategy on labour market policies (continued)</p> <p>14.45–16.00 Group activity</p>	<p>15.00–17.00 Boat trip (optional)</p>
16.15–18.00	<p>16.15–17.40 Employment and labour market policies: Policy design</p> <p>17.40–18.15 Presentation of activity, group 3</p> <p>Assignment and navigation meeting</p>	<p>16.15–17.00 The role of TUs in monitoring and evaluation Questions and Answers</p> <p>17.30–18.00 Recap and navigation meeting</p> <p>19h00 Social event in Kotor</p>	

Annex II

Results of processing of objectives and expectations (Session I)

Participants were asked to review their learning objective and workshop expectations, which they indicated in the training needs analysis questionnaire, and to write them in coloured cards. The following objectives and expectations resulted from the processing of Session 1:

Objectives of the workshop

1. Identify and prioritize main areas of employment and labour market policy;
2. Review employment policy-making process and main features of design, monitoring and evaluation of labour market policy;
3. Plan trade unions' action on employment and labour market policies at national and regional levels.

Expectations of participants

Expectations of the majority of participants:

- To exchange experiences, lessons learnt and best practices (on TU action, on employment challenges, on measures to address challenges and recruitment practices)
- To get a better understanding on the design, monitoring and evaluation of LMPs
- To gauge how social partners can interact on and influence LMPs
- To develop a regional approach for TUs on LMPs
- To better understand the functioning of social dialogue on LMPs
- To explore how the ILO can help TUs to get involved

Other (related) expectations

- To increase employment of vulnerable groups, especially young people and redundant workers
- To learn how to assess the impact of LMPs
- To learn how to get organized at regional level and to prepare joint programmes
- Based on country experiences, formulate strategies to design LMPs
- To establish common TU strategy to approach government on LMPs

- To gather information on the employment challenges experienced by other countries in the Region
- How to develop an adequate data collection system
- To strengthen social dialogue on the design of employment and LMPs
- To discuss which direction TUs should take on employment and gender equality policies
- To define TU approaches for designing and implementing employment policies
- To learn how to develop TU strategies that have an impact on LMPs
- To learn more on employment and LMPs
- To review the employment policy decision-making process
- To analyze key features of design, monitoring and evaluation of LMPs
- To gather various experiences on employment-rich policies
- To learn how to evaluate the impact of policies and how to understand when planned policies differ from actual impact

Comments of participants during processing of expectations: TUs are seldom considered real partners in the formulation of economic and social policies.

Annex III

Handout Group activity 1: Shaping the Trade Union's agenda

The Reviews of Employment Policy and/or National Employment Reports highlight the main employment and labour market challenges your country is facing. Based on the country analysis of the policy area assigned to your group, please identify the main issues of this policy area in your country and describe the role of your trade union in addressing them. A member of your group will be asked to present the result of your work during a plenary session. You are kindly asked to deliver a copy of the write-up to be handed to the facilitators during the workshop.

Country and policy area assigned, order of presentation

1. Serbia:	Employment protection legislation and labour market
2. Ukraine:	Enterprise development
3. UN Kosovo:	Human resources development
4. Croatia 1:	Employment services
5. Croatia 2:	Active labour market policies
6. Montenegro:	Passive labour policies
7. Albania:	Income and wage policies
8. Macedonia:	Conditions of work (excluding wage policy) – Informal economy

Annex IV

Activity 2 (individual exercise): Employment and labour market policies

Coloured cards indicating the measures listed in column three were distributed among participants. They were asked to stick each card on the wall so that it would correspond to the policy area and main policy. Finally, the audience was asked to confirm/reject the choice by highlighting the reasons for or against it.

Main policy (1)	Policy Area (2)	Policy measure (3)
A) Economic and social policies	<ul style="list-style-type: none"> • Trade policy • Exchange rate policy • Monetary policy • Fiscal policy • Sectoral policies (e.g. agriculture, industrial policy, investment policy and infrastructure) • Social policies (e.g. health, housing) 	<ul style="list-style-type: none"> • Signature of free trade agreements with neighbouring countries • Devaluation of the national currency • Lowering the discount rate • Reducing Value Added Tax (VAT) on raw material • Establishment of an Agricultural Credit Fund • Legal framework for industrial parks • Measures to facilitate long-term housing mortgages • Public financed care for children younger than 6
B) Education and training	<ul style="list-style-type: none"> • Literacy and basic education • Higher education • Initial vocational education and training, including work experience • Workplace continuous learning 	<ul style="list-style-type: none"> • Change in basic education curriculum to include core employability skills • Reform the vocational education system to introduce apprenticeship • Establish linkages between education and the world of work • Ensure the transferability of education credits • Free-of-charge catch-up classes for workers with low educational attainment • Establish paid work permits to attend education and training courses
C) Enterprise development	<ul style="list-style-type: none"> • Enabling business environment • Micro-, small- and medium-size enterprise development, including cooperatives • Self-employment and youth entrepreneurship 	<ul style="list-style-type: none"> • Decrease fees for business registration and licensing • Establish the legal framework for business incubators • Set up a credit guarantee system • Design training courses for business start up

Main policy (1)	Policy Area (2)	Policy measure (3)
D) Labour legislation and labour market policies and programmes (LMPs)	Labour legislation	<ul style="list-style-type: none"> • Decrease the number of days to be used in the calculation of compensation for dismissal • Formulate regulation to increase the total amount of authorized weekly overtime • Regulation on part-time work • Establish paid time off work for breastfeeding • Decrease labour taxation on part-time work
	Wage policies	<ul style="list-style-type: none"> • Allow wage bargaining at enterprise level • Decrease the tax wedge on salaries • Abolish seniority incentives • Increase minimum wage
	Active LMPs	<ul style="list-style-type: none"> • Launch of community work programme for the long-term unemployed • Tax rebates to enterprises recruiting young workers • Introduce individual employment plans for women returning to the labour market among employment services • Waive social security contributions on salaries for one year in case of having recruited people with disabilities • Reduce tax for enterprises investing in training low-skilled workers
	Passive LMPs	<ul style="list-style-type: none"> • Increase retirement age for women workers • Cash benefits for households with an income less than 60% of the national median • Tightening eligibility criteria for disability benefits • Reduction of the unemployment benefit • Early retirement for workers in hazardous occupations • Establishment of a mandatory job search requirement for social assistance beneficiaries

Annex V

Group Activity 3 Setting Trade Unions' priorities on employment policy

Participants were divided into the following groups:

1. Bosnia, Kosovo, and Montenegro
2. Croatia, Macedonia, and Serbia
3. Albania and Ukraine

Each group discussed, negotiated and achieved consensus on 3 main employment challenges. The group provided the rationale for the selection, with a view to “sell” the priority to the government and to employers’ organizations.

The listing of challenges was reproduced on flipcharts and participants (in plenary) were asked to cast their vote on each of them. Employment policy priorities identified were:

1. Inadequacy of supply and demand of labour;
2. Need for improving the implementation of employment policy at local level;
3. Need for improving education and for linking it with work experience and lifelong learning.

Other priorities (in order of voting):

- Regional and rural unemployment;
- Education of specialists in labour market demand;
- Spreading information on the labour market among the general population and professional specialization;
- Informal economy;
- Strengthening labour market institutions.

Comments of facilitators

- Key issues mentioned, but policy measures not clarified;
- Build arguments to convince other interest groups about priorities.

Annex VI

Activity 4 (country exercise): Identifying vulnerable workers

Assignment and processing of country exercise

Participants were asked to identify the three most vulnerable groups of workers in their national labour markets and to discuss the reasons for their vulnerability. Each country appointed a rapporteur who was tasked with putting identified groups on coloured cards and explaining the reasons behind vulnerability to the plenary. All coloured cards were placed on flipcharts. The most vulnerable groups identified were the following:

- Long-term unemployed (more than 3 years), especially internal migrants (from rural to urban);
- Workers 45-55 years old, especially women;
- Redundant workers;
- Young workers, especially young women, orphans, low-educated workers, temporary workers and educated unemployed with no work experience;
- Roma workers;
- Low skilled workers;
- Agriculture workers, especially women and children;
- Persons with disabilities and their families;
- Refugees and IDPs.

Annex VII

List of handouts

Case studies/best practices

1. Employment problems and employment solutions;
2. Notions commonly associated with informality;
3. Selected national practices on employment and labour market policies;
4. Introduction to the labour market (excerpt from The Labour Market Handbook);
5. European Employment Strategy (one page summary).

PowerPoint presentations:

1. Employment challenges in Eastern Europe;
2. Policies affecting employment;
3. Decision-making employment policy cycle;
4. Employment policy design;
5. Groups at risk of labour market exclusion;
6. Assessing the effectiveness of labour market policies.

Annex VIII

Activity 5 (notes for facilitators and handouts): Developing a Trade Union's strategy – ROLE PLAY

Divide participants into 4 groups. Each group will receive instructions on the role to play. Each group will have 45 minutes to prepare the strategy for the National Tripartite Commission meeting on employment of Neverland (selection of priorities, rationale, type of policy and expected impact). The same group will appoint a chief negotiator and an adviser for the above-mentioned meeting. The groups will convey in plenary to discuss their respective position, according to the guidelines provided.

Handout Group 1 - Ministry of Labour (FYR of Macedonia, Montenegro and Serbia)

The Ministry of Labour and Social Assistance is planning to introduce large-scale active labour market programmes to address redundancies, long-term unemployment and youth employment. The Ministry of Labour is also designing with the Ministry of Finance a tax incentive to get enterprises to regularize informal workers. This will imply a loss of tax revenue estimated at US\$ 20 million.

Handout Group 2 - Employers' organisations (Albania and U.N. Kosovo)

Neverland Employers' organizations consider the labour protection legislation to be too strict. They are pushing for more flexible rules on working hours and overtime, the introduction of flexible employment contracts, especially for young people, the abolition of central collective bargaining and of the minimum wage.

Handout Group 3 – Trade Unions (Ukraine)

Minimum wages as well as unemployment and social assistance benefits are below the poverty line. Poor design and administration make them even more ineffective. The Trade Unions' agenda revolves around: i) increasing the minimum wage and the unemployment benefits; ii) reforming the labour administration system; iii) increasing workers' security and tenure, and iv) reducing informal employment. Furthermore, the contract for teachers and health workers is expiring shortly; the basic wage of these two categories of workers did not increase in the past three years and the purchasing power of salaries has been eroded by inflation. A major strike is being planned to push employers and the Government to renew the contractual conditions through collective bargaining.

Handout Group 4 - Financial institutions (Croatia)

The Government, during its negotiations for the State loan, has committed to reduce by 20 per cent the wage bill on the overall budget by the end of 2007. Further commitments revolve around: i) an acceleration of the privatization process; ii) a reduction of the budget deficit; iii) keeping wage increases in line with underlying productivity and iv) decrease inflation rate.

Socio-economic situation of Neverland

Neverland paid a heavy toll to transition. Industrial activity fell by 50 per cent during the 1990s and per capita GDP plummeted to the 1969 level. Since 2001 economic activity, measured by real GDP, grew at an annual rate of 7 per cent. Per capita GDP reached US\$ 1,500 in 2006. The main source of GDP growth has been the services sector, which experienced an annual increase of about 15 percent between 2001 and 2006. Trade, transportation and financial services contributed the most, with increases of approximately 20 per cent. Output growth was led by the expansion of domestic demand and exports as well as increasing foreign direct investments.

The current deficit and external debt remain high (9 per cent and 100 per cent of GDP respectively). Neverland experienced several inflation episodes since 2001. The appreciation of the national currency and a slowdown in rising international oil prices helped reduce the inflation rate to 10 per cent in 2006. The external sector remains one of the biggest challenges for Neverland.

The enterprise sector is dominated by micro-enterprises, mainly in services. Most firms are organized as sole proprietorships or partnerships employing less than ten workers, most of whom as informal workers. The extent of the informal economy is a reason for concern (33 per cent of GDP).

Public spending increased significantly. It reached 55 per cent of the GDP in 2006. Such increase was partly due to the timely payment of social transfers and to an increase in public wages and subsidies spending.

The economic growth for the period 2001-2006 reduced the overall poverty rate from 30 per cent to 25 per cent. In 2006, consumption inequality, measured by the Gini coefficient, was still high (30 per cent). The population groups more likely to be poor were the rural population, the poorly educated, the unemployed, workers in the informal economy, elderly persons, children 7-14 years old and members of large households.

Output growth did not revert into employment creation. Overall employment dropped by almost 3 per cent; unemployment reached 22 per cent, labour force participation declined steadily over the period and wages rose more than productivity. Over 80 per cent of the unemployed have been looking for a job for more than one year. Unemployment is widespread among women, young people and ethnic minorities. Young, highly educated men are increasingly emigrating from Neverland to find better employment opportunities. The

privatization process, still on-going, has caused substantial labour dismissals. Minimum wages are still at their 2001 level, which is below the poverty line.

The social protection system comprises of social assistance benefits, unemployment benefits, a basic pension system and disability pension. Expenditure for social transfers equals 27 percent of the total budget. Compared to the regional average, public spending on health, social protection and education is very low (approximately 4 per cent of GDP for each policy). Social assistance and unemployment benefit delivery is very limited. The amount of benefits granted is below poverty line; coverage is narrow (only 10 per cent of all unemployed received unemployment benefits). Moreover, the effectiveness of public social services is compromised by low quality and poor delivery.

Neverland is negotiating with international financial institutions a large loan to further restructure the economy and complete the transition phase.

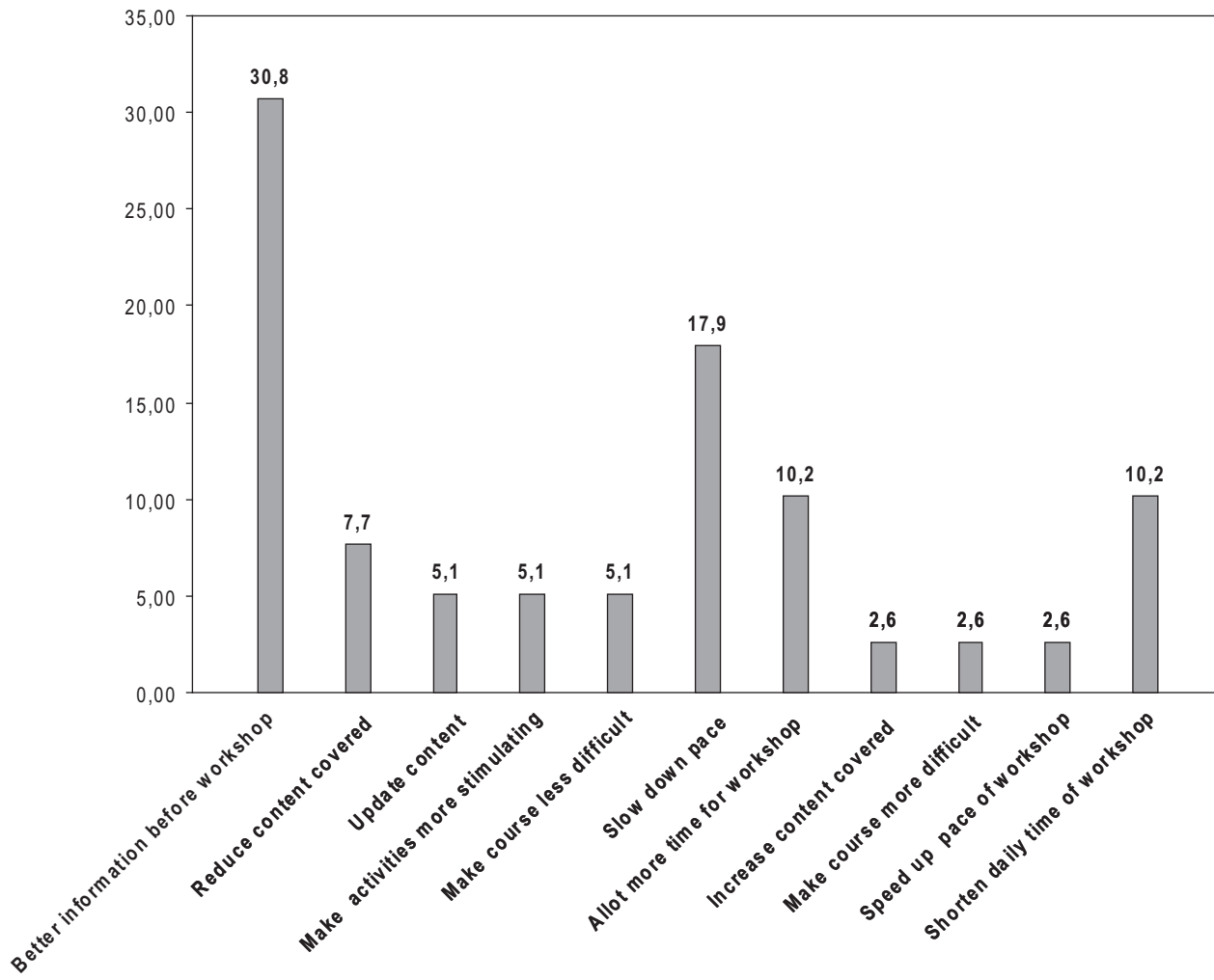
Annex IX

Validation of workshop



Shaping the agenda of trade unions on employment and labour market policies:

How would you improve the workshop?



Annex X

List of participants

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Annex XI

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