

ILO activities 2001-2004

**Cooperation
in a changing environment**

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ILO activities 2001-2004

**Cooperation
in a changing environment**

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Acronyms and abbreviations

CEEP	European Centre of Enterprises with Public Participation and of Enterprises of General Economic Interest
CIS	Commonwealth of Independent States
COMECON	Council for Mutual Economic Assistance
EBRD	European Bank for Reconstruction and Development
ETUC	European Trade Union Confederation
EU	European Union
EUROSTAT	Statistical Office of the European Communities
FAO	Food and Agriculture Organization of the United Nations
GTZ	German Agency for Technical Cooperation
ICFTU	International Confederation of Free Trade Unions
ICLS	International Conference of Labour Statisticians
IMF	International Monetary Fund
IMO	International Maritime Organization
IOE	International Organization of Employers
IPEC	International Programme on the Elimination of Child Labour
ISCO	International Standard Classification of Occupations
ISEP	International Small Enterprise Programme
JIU	Joint Inspection Unit
MDT	Multidisciplinary advisory team
OECD	Organisation for Economic Co-operation and Development
OSCE	Organization for Security and Co-operation in Europe
PHARE	Programme of Community aid to Central and East European countries

PRSP	Poverty Reduction Strategy Paper
PSI	Public Services International
RBTC	Regular Budget for Technical Cooperation
SIYB	Start and Improve Your Business (programme)
STEP	Strategies and Tools against Social Exclusion and Poverty
TACIS	Technical Assistance to the Commonwealth of Independent States (EU)
TUAC	Trade Union Advisory Committee to the OECD
UNDCP	United Nations International Drug Control Programme
UNDP	United Nations Development Programme
UN/ECE	United Nations Economic Commission for Europe
UNEP	United Nations Environment Programme
UNESCO	United Nations Educational, Scientific and Cultural Organization
UNHCR	Office of the United Nations High Commissioner for Refugees
UNICE	Union of Industrial and Employers' Confederations of Europe
UNICEF	United Nations Children's Fund
UNMIK	United Nations Interim Administration Mission in Kosovo
UNOPS	United Nations Office for Project Services
WCL	World Confederation of Labour
WFP	World Food Programme
WHO	World Health Organization
WTO	World Trade Organization

1. Transformation and decent work in Europe, 2001-2004

Following the momentous changes that affected the countries of Europe in the 1990s, the period 2001-2004 continued to be characterized by transformation and adaptation throughout almost all the region: transformation not only in terms of previously planned economies continuing their adaptation to the market economy, but also adaptation throughout the region to the rapidly evolving global economy with its emphasis on liberalized markets and ever-higher levels of competition worldwide. There has also been transformation – or at least far-reaching adaptation – as many of the countries of Central and Eastern Europe, and not just the ten new EU Member States, have embarked upon the process of taking on board the core values of the European Social Model¹ in place of the tenets of the Washington Consensus.

The European Social Model, with its emphasis on employment, equality, social protection and social dialogue, offers clear parallels with the ILO's own encompassing concept of decent work, which has also played a role in determining the development framework of the countries in the region. Moreover, endorsement of the ILO Declaration on Fundamental Principles and Rights at Work has been followed up by a high number of ratifications of the fundamental Conventions and efforts at the national level to improve their implementation in practice.

But, the European Social Model is not a one-size-fits-all matrix. Reflecting the cultural diversity within the region, and facilitated by the open coordination approach,² individual EU Member States have adopted their own mix of policy orientations in endeavouring to meet the ambitious goal for the European Union, set at the Lisbon Summit in 2000, of becoming by 2010 the most competitive and dynamic knowledge-based economy in the world capable of sustainable economic growth with more and better jobs and greater social cohesion. Several of the policy approaches adopted have proven their worth and could provide inspiration for other countries. The report of the EU Employment Taskforce (*Jobs, Jobs, Jobs*) has for example

¹ According to the definition adopted by the Barcelona European Council in 2002: "The European Social Model is based on good economic performance, a high level of social protection and education and social dialogue."

² The open method of coordination (OMC) implies that EU Member States agree upon common objectives, which are then translated into national policy strategies, leading to concrete implementation measures. The latter are continuously monitored and evaluated.

drawn attention to the different approaches followed by Denmark and the Netherlands. The former may be characterized as “security through flexibility”, based on the idea that employment protection can be held at a low level if workers can depend on a generous system of unemployment benefits and effective training and placement measures to strengthen their situation on the labour market. The Dutch approach, which may be described as “flexibility through security”, starts from the assumption that workers are willing to work under flexible labour relations provided that they offer a reasonable level of security.

In a context of renewed growth but high levels of poverty in the CIS and Central Asian countries, the consolidation of peace but continued deficits in the fields of employment and social protection in many of the countries of south-eastern Europe and generally rather sluggish economic performance in the more industrialized economies in the region, each country has had to develop its own approach to securing the social dimension in a context of globalization and the promotion of decent work. The challenges involved relate to the need to combine the necessary levels of flexibility and renewable skills to be competitive on the global marketplace, while offering sufficient security (hence “flexicurity”) to provide an adequate level of labour force participation for women and men, employment and protection to an ageing population, equipping young jobseekers and unemployed persons with the capacities to find work in a labour market that requires rapidly changing skills and addressing the problems of an increasingly mobile international labour force. All of these issues, in addition to governance, are covered in greater depth in Volume II of this report.

1.1. Economic trends within the region

Although by 2000 the world economy seemed to have recovered from the negative effects of the financial crises in Asia in 1997 and the Russian Federation in 1998, and the economic situation looked better than at any time over the previous ten years, the countries of Europe and Central Asia have nevertheless had to cope with a variable economic and socio-economic situation.

In 2000, the economies of Europe and Central Asia were growing strongly at a rate of 4.4 per cent (see table 1) due to buoyant foreign trade and closer economic linkages within the region. In the European Union, there were strong gains in employment and a substantial decline in the unemployment rate. The surprisingly fast recovery of the Russian economy in 1999 had a favourable impact on the CIS region, where real GDP rose by 8.9 per cent in 2000. But economic growth in Europe and Central Asia peaked in the first half of 2000 and was followed by a deterioration in 2001 and unstable recovery in 2003 and 2004. The global economic slowdown started in the United States, where the deceleration in economic activity due to higher oil prices and the correction of the stock market bubble was aggravated by the terrorist attacks of 11 September 2001. The economic downturn quickly crossed the Atlantic, with the result that economic growth in Europe and Central Asia was halved in the following two years to 2.1 per cent in 2003.

However, the effects of the global economic downturn were very diverse. While Western Europe, and particularly the EU-15, were severely affected, Eastern Europe and the CIS remained fairly resilient. Real GDP growth in the EU-15 slowed from 3.6 per cent in 2000 to only 0.8 per cent in 2003. The three major economies of the euro area (Germany, France and

Table 1. GDP growth and projections (%)

Region	1995	2000	2001	2002	2003	2004*	2005*
European Union (EU-15)	2.5	3.6	1.8	1.1	0.9	2.0	2.4
New EU Member States (EU-10)	5.4	4.0	2.6	2.5	3.7	4.4	4.5
European Union (EU-25)	2.7	3.6	1.8	1.2	1.0	2.2	2.4
Western Europe (20)	2.4	3.6	1.8	1.1	0.8	2.0	2.4
South-eastern Europe (SEE-8)		5.9	-2.6	6.5	5.1	4.9	
CIS (12)	-5.7	8.9	6.2	5.3	7.7	7.2	6.0
Aggregate Europe and Central Asia (48)**		4.4	2.1	2.0	2.1	3.0	

* Forecasts.

** Equivalent to UNECE subregion: "Europe (East and West) and CIS" without San Marino and Israel.

Note: Sub-aggregates: Western Europe (20): EU-15 + Cyprus, Malta, Norway, Switzerland, Iceland; south-eastern Europe (SEE-8): Albania, Bosnia and Herzegovina, Bulgaria, Croatia, Romania, Serbia and Montenegro, The former Yugoslav Republic of Macedonia, Turkey.

Source: UNECE (2004b), all aggregate figures kindly provided by UNECE.

Italy) suffered particularly badly, with growth in Germany falling from 2.9 per cent in 2000 to 0.8 per cent in 2001 and finally -0.1 per cent in 2003 (annex, table 2). In the United Kingdom, the downturn was less severe and the recovery started earlier. Although there are clear signs of economic recovery in the EU, the ambitious goals of the EU-Lisbon strategy are currently looking increasingly difficult to attain. Among the non-EU Western European countries, Norway and Switzerland have also been affected by the economic slowdown.

Economic growth in the ten new Member States of the EU was fairly sustained during the period 2001-2003, and was higher than in the EU-15 over the same period. As accession to the EU is assumed to result in favourable growth dynamics, the economic forecasts for the new Member States are quite optimistic. Nevertheless, the new EU member countries in Central Europe (Hungary, Slovenia, Slovakia, Czech Republic and Poland) experienced a slowdown in growth, with real GDP growth dropping from 3.9 per cent in 2000 to 2.2 per cent in 2002. Growth in the subregion accelerated to 3.4 per cent in 2003 and is expected to strengthen to 4.4 per cent in 2004. In contrast, the three Baltic States (Lithuania, Latvia and Estonia) have constituted the fastest growing subregion in Eastern Europe over the past four years, with real GDP growth rising steadily from 5.6 per cent in 2000 to 7.6 per cent in 2003, and expected to remain buoyant at above 6 per cent in 2004 and 2005 (UNECE, 2004a).

Despite their fairly sustained economic growth, differences in real income between the new EU Members and the EU-15 remain considerable (see table 2). Some 92 per cent of the population in the new Member States live in regions where GDP per head is lower than 75 per cent of the EU-25 average. Even with higher growth rates in new EU Member States, some analysts foresee that several decades will be needed before incomes become equivalent throughout the EU-25.

Given the initial gap in development levels, and various hindrances to growth (even under a benign EU scenario yielding respectable long-term growth rates), we estimate that it would take the ten EU candidate countries almost six decades to catch up with average GDP per head in the EU (Economist Intelligence Unit, April 2004).

The economies of south-eastern Europe showed resilience in 2002 and 2003, with growth rates ranging between 5.1 and 6.4 per cent, and they are expected to remain at this level in 2004 and 2005. Due to strong domestic

Table 2. Real GDP per capita in US\$ (current prices, PPP)

Region	1990	1995	2000	2001	2002	2003
European Union (EU-15)	16 602.0	19 925.8	24 348.5	25 336.8	26 047.0	26 056.9
New EU Member States (EU-10)		8 372.3	10 974.0	11 494.9	12 014.3	
European Union (EU-25)		17 984.2	22 136.8	23 058.9	23 765.6	
Western Europe (20)	16 733.79	20 060.3	24 540.9	25 511.1	26 206.6	26 771.3
South-eastern Europe (SEE-8)			6 194.1	6 013.4	6 372.5	
CIS (12)	7 197.5	4 762.0	5 678.2	6 136.0	6 573.1	
Aggregate Europe and Central Asia (48)*			14 712.5	15 334.8	15 906.9	

* Equivalent to UNECE subregion: "Europe (East and West) and CIS" without San Marino and Israel.

Source: UNECE (2004b), all aggregate figures kindly provided by UNECE.

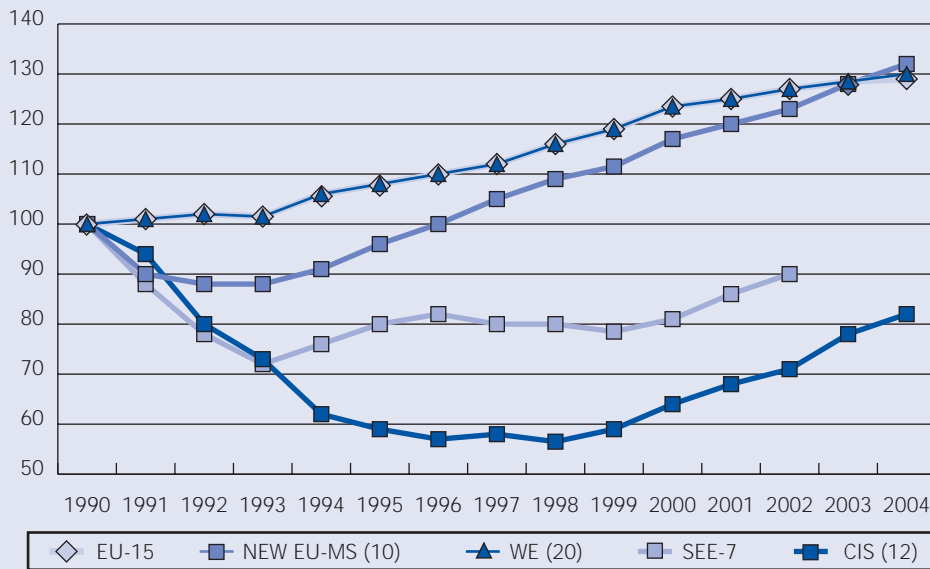
demand, economic growth in the EU candidate countries Romania and Bulgaria has been fairly buoyant for the past four years, while the Turkish economy has continued to stabilize. The blip in 2001 (see table 1), when the growth rate in the subregion was negative, was due to the strong economic downturn in Turkey. Turkey's GDP growth plunged from 7.4 per cent in 2000 to -7.4 per cent in 2001. But the recovery was particularly strong in the following years, leading to an overall output growth of 5.8 per cent in 2003. Growth in Turkey is projected to rise by 4.6 per cent in 2004 and 5 per cent in 2005 (Commission of the European Communities, 2004a).

With the exception of The former Yugoslav Republic of Macedonia, which had to recover from the inter-ethnic conflict of 2001, all the economies of the Western Balkans (Albania, Bosnia and Herzegovina, Croatia, The former Yugoslav Republic of Macedonia and Serbia and Montenegro) have also grown steadily over the past four years. Their economic performance in 2003 was generally favourable and growth is expected to strengthen further in 2004. However, this subregion remains very diverse in terms of economic output and prospects, levels of poverty and employment. Albania, Bosnia and Herzegovina, and Serbia and Montenegro are PRSP countries, and GDP per capita in the Western Balkans ranges from about US\$510 in Kosovo to US\$5,440 in Croatia (UNECE, 2004a), lagging well behind income levels in the EU-15, where average per capita GDP is US\$26,636.

All the CIS countries, for the first time since the break-up of the former USSR, have achieved constant economic growth over the past five years. The financial crises in 1998 had had far-reaching effects in the subregion. But, due to the Russian Federation's rapid recovery, the whole subregion enjoyed a period of economic stability at the beginning of the twenty-first century. Nevertheless, as some CIS countries, such as the Russian Federation, Kazakhstan and, to a lesser extent, Azerbaijan, have enormous wealth in natural resources, while others are predominantly rural economies, the subregion remains highly diverse in terms of economic output. The Russian Federation is still the driving force behind economic growth in the CIS, with the non-resource rich CIS countries in particular being highly dependent on Russian markets for their exports. Fostered by high oil and gas prices and robust domestic demand, Russian GDP grew by over 7 per cent in 2003, although growth is expected to slow to 4.9 per cent in 2004 and 4.5 per cent in 2005. Growth throughout the subregion is highly dependent on gas and oil production. Diversification and restructuring is therefore essential for long-term economic, political and social stability.

Despite the positive growth performance of the CIS subregion, the real value of GDP per capita remains significantly below its pre-transition level

Figure 1. Index of real GDP in Europe and Central Asia, 1990-2003
(1990 = 100)



Note: Sub-aggregates: Western Europe (20): EU-15 + Cyprus, Malta, Norway, Switzerland, Iceland; south-eastern Europe (SEE-7): Albania, Bosnia and Herzegovina, Bulgaria, Croatia, Romania, Serbia and Montenegro, The former Yugoslav Republic of Macedonia.

Source: UNECE (2004b), all aggregate figures kindly provided by UNECE.

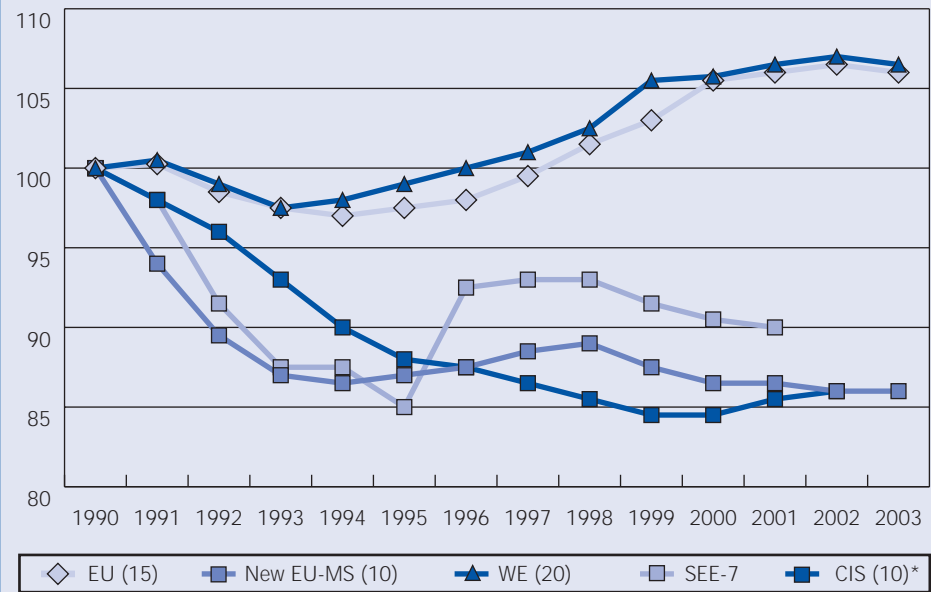
(see table 2 and figure 1), particularly in the Caucasian subregion (Armenia, Azerbaijan and Georgia), where the decline in output in the first half of the 1990s was much greater and GDP per capita is still nearly 50 per cent below its level of 1989. Furthermore, there is a sharp contrast in real income within the subregion, ranging from US\$1,356 in Tajikistan to US\$8,549 in the Russian Federation (UNECE, 2004a). In addition, all the CIS countries have seen a widening in internal income differentials, which has resulted in a significant increase in the numbers officially living in poverty. Azerbaijan, Georgia, Republic of Moldova and Tajikistan are currently PRSP countries.

1.2. Labour market developments

Despite the economic growth achieved in most countries over recent years, there has been little improvement in the labour market situation. Although employment levels have been more resilient in Western Europe, persistent unemployment remains a major problem throughout the region and the employment content of growth is a core issue. In particular, the drastic declines in employment rates in many of the countries of Central, South-East and Eastern Europe and Central Asia since 1989 have left a legacy of rising levels of poverty and social exclusion, with particularly adverse effects on the vulnerable groups of society, including women in general, youth, older workers and the disabled (see figure 2).

The limited demand for labour and persistent high unemployment, particularly in the former transition countries, have stimulated the further liberalization of employment protection legislation with a view to boosting job creation, recruitment and small business development. But, as employment liberalization measures are often not systematically discussed and agreed to

Figure 2. Index of total employment in Europe and Central Asia, 1990-2003 (1990 = 100)



* CIS (10), without Turkmenistan and Uzbekistan.

Note: For country groupings, see note to figure 1.

Source: UNECE (2003b, 2004b).

by the social partners, they lack a broad basis of popular support. Moreover, in many countries, the short duration of unemployment benefits and cuts in social transfers are pushing many jobless and inactive persons into the informal sector.

In Western Europe, the fact that the actual employment level has remained resilient, despite slowdown in job creation, may be attributed to the labour market changes in a number of countries since the second half of the 1990s. These changes include a higher level of female participation in the labour market, a rising level of educational attainment of the workforce, greater availability of new types of working contracts, more employment-friendly wage setting.

Nevertheless, unemployment has remained stubbornly high. After reaching a ten-year low of 7.4 per cent in 2001, the unemployment rate in the EU-15 rose to 8 per cent in 2003 (see table 3). According to current forecasts, unemployment is expected to continue its slight increase before beginning to fall towards the end of 2004.

Consequently, the EU will not reach the Stockholm intermediate employment target in 2005. With employment growth reaching a standstill in 2003 holding the employment rate at 64.3 per cent, the 67 per cent employment target for 2005 is now out of reach. The weak employment growth over the period 2002-2004 has put the full employment target for 2010 almost out of reach (Commission of the European Communities, 2004b).

Unemployment remains a severe problem for the majority of the new EU Member States. The last four years have been characterized by a decline in employment levels and persistently high unemployment rates, ranging between 13.6 and 14.8 per cent. In 2004-05, employment is expected to increase moderately as their economies pick up. Nevertheless, the unemployment rate is expected to decline very slowly from 14.3 per cent in 2003

Table 3. Unemployment/employment (%)

Region	Unemployment rate (%)							Total employment growth (%)			
	1995	2000	2001	2002	2003	2004*	2005*	2000	2001	2002	2003
European Union (EU-15)	10.1	7.8	7.4	7.7	8.0	8.1	7.9	2.0	1.3	0.5	0.2
New EU Member States (EU-10)	10.1	13.6	14.5	14.8	14.3	14.1	13.8	-1.4	-0.2	-0.9	
European Union (EU-25)		7.9	7.5	7.9	9.0	9.0	8.8	1.5	1.0	0.3	
Western Europe (22)	9.6	7.5	7.3	7.8	8.0			1.0	1.0	0.4	-0.1
South-eastern Europe (SEE-7)**	13.6	17.8	17.2	17.2				-0.7	-1.2	-4.1	
CIS (12)**	5.8	7.1	6.4	6.5	7.2						

* Estimates.

** Registered unemployment: as regular Labour Force Surveys (LFS) are not conducted in all SEE and CIS countries, aggregated figures for these subregions are based on registered unemployment data. The figures are not therefore fully comparable with those of the EU.

Note: Sub-aggregates: Western Europe: EU-15 + Cyprus, Malta, Norway, Switzerland, Israel, Iceland, Turkey; Baltic States: Estonia, Latvia, Lithuania; Central Europe: Czech Republic, Hungary, Poland, Slovakia, Slovenia; south-eastern Europe (SEE-7): Albania, Bosnia and Herzegovina, Bulgaria, Croatia, Romania, Serbia and Montenegro, The former Yugoslav Republic of Macedonia.

Source: European Commission (2004), Economic Forecast Spring 2004, Brussels; UNECE (2004), Economic Survey of Europe 1/2004, New York/Geneva.

to 13.8 per cent in 2005 (see table 3). Their labour markets are characterized by serious regional and educational mismatches, and broad disparities in unemployment rates have emerged within and between countries, characterized by labour shortages in developed areas, high levels of unemployment in other areas, and in many cases, the persistence of a large informal economy (see Volume II, Chapter 2, figure 7) and high levels of joblessness and forced inactivity among vulnerable categories of the population, including ethnic minorities.

Now that they are fully fledged Member States of the EU, the ten countries have started participating in the coordination of employment policies at the Community level, based on the new employment guidelines adopted in July 2003. These guidelines provide a clear basis for the required labour market reforms, based on three overarching objectives: full employment, in particular meeting the Lisbon and Stockholm employment targets; the promotion of quality and productivity at work; and the fostering of social cohesion and inclusive labour markets.

The labour market situation in south-eastern Europe remains difficult, with registered unemployment ranging from 15.8 per cent in Albania to 42.7 per cent in Bosnia and Herzegovina in 2002 (annex, table 4), with much unemployment being of a long-term nature. Despite clear signs of an improvement in some countries, notably Bulgaria and Romania, the high unemployment rates in Bosnia and Herzegovina, Serbia and Montenegro and The former Yugoslav Republic of Macedonia are not expected to fall in the near future. Many of the jobless are young first-time jobseekers who, even when they enter the labour market, are faced by a high rate of labour turnover and a high incidence of short-term employment. In these countries, there also tends to be a big difference between the rates of registered unemployment and those measured according to the ILO definition (the former, being closely related to incentives to register, normally exceeds the latter, as many of those who are officially jobless are actually active in the informal economy).

Following the break-up of the former Soviet Union, the decline in employment levels in the CIS countries was generally slow, despite considerable initial production losses (see figure 2). The reallocation of labour has since been relatively moderate and the level of registered unemployment generally low, ranging between 6.4 and 7.2 per cent over the past four years

(see table 3). However, throughout the region, survey-based unemployment rates tend to be much higher than those for registered unemployment, due to the limited unemployment benefits and poor re-employment assistance provided.³ For example, in the Russian Federation, the registered unemployment rate in 2002 was 1.8 per cent, compared to the survey-based rate of 8.6 per cent, while in Kazakhstan in 2001 it was 2.9 per cent, compared to the survey-based rate of 9.3 per cent (annex, table 4).

Some of the CIS countries have achieved growth based on strong export-leading sectors, such as oil and gas. However, their economies suffer from insufficient diversification, characterized by sharp differences between the export-oriented capital-intensive sectors and the rest of the economy, which is dominated by informal employment, principally in subsistence agriculture and services. One of the most vulnerable groups in the CIS, which suffers from very weak labour market attachment, consists of young workers – as is the case in many other countries in the region. This may be attributed to a variety of reasons, including the protection of incumbents and the lack of new job opportunities. At the same time, as rates of population growth have tended to stay at relatively low levels, the share of youth in the total population of these countries has remained high due to the low life expectancy, as has the dependency burden on the economically active population.

1.3. Major political developments

Two events during the period 2001-2004 have had a major impact on the political and socio-economic situation in Europe and Central Asia. On the one hand, the rise in terrorist attacks (particularly in Moscow and Madrid) in the aftermath of 11 September and the ethnic conflicts in certain areas in the region have marked a new threat to freedom and security. In contrast, the latest EU enlargement, on 1 May 2004, marked a further major step towards European integration and overcoming the divisions which have affected the European region since the Second World War. Enlargement in a context of globalization also corresponds to a desire to reshape the region, taking into account the latest global challenges.

The logic of choosing a regional route is that difficulties of integration are greater at the global level, and so it makes sense to take the regional step first. But at the same time globalization can act as a linkage between open regions and deliver resources to support regional goals (ILO, 2004c, page 74).

The enlargement process is instrumental in extending stability, peace and freedom and implies that all the Member States adhere to the same basic values. The enlargement on 1 May 2004 was the fifth since the establishment of the European Community 50 years ago. It was also the largest, and demonstrates the attraction of the model for young democracies, despite the deep-rooted transformation required in their societies and economies. With a combined population of over 450 million, the European Union now represents over 50 per cent of the population of Europe and Central Asia and its GDP is equivalent to around 75 per cent of that of the whole region. This will increase the political and economic weight of the EU in the region and the world. However, the new enlarged European Union has now become

³ Regular Labour Force Surveys (LFS) are conducted in the Russian Federation, Republic of Moldova and in Kazakhstan. Several rounds of LFS were conducted with ILO technical assistance in Georgia covering the period 1999-2001, while the first national LFS were carried out in Kyrgyzstan and Azerbaijan in 2002 and 2003, respectively.

much more diverse in cultural and socio-economic terms. Further success in the European integration process will therefore very much depend on the ability of the EU and its Member States to take into account this diversity when adapting its political system.

The ambitious objectives endorsed at the Lisbon Summit in 2000 bring together economic policy, employment policy and social inclusion in a mutually supportive manner. In terms of employment policy, the main specific objective is to raise the overall employment rate in the EU from an average of 61 per cent (in 2000) to 70 per cent in 2010, and to increase the proportion of women in employment from an average of 51 per cent (in 2000) to 60 per cent in 2010. The European Social Agenda is guided by the principle that social policy is a productive factor. The European Council Meeting in Nice in 2000 also launched a new open method of coordination on the subject of social exclusion, extending the procedure originally developed in the European Employment Strategy (EES), also known as the Luxembourg Process. In 2001, the European Council set intermediate targets for employment rates (67 per cent for overall employment by January 2005 and 57 per cent for female employment). The Council also set a specific target of increasing the average employment rate among women and men aged between 55 and 64 to 50 per cent by 2010. The progress made in achieving the goals of the European Social Agenda is reported each year, providing a good overview of results achieved.

In the context of the European Social Agenda, the first meeting of the Tripartite Social Summit for Growth and Employment took place on the eve of the European Council's Spring Summit in Brussels. This Social Summit should ensure greater involvement of the social partners in policy-making at the level of the EU. An Extraordinary Tripartite Social Summit was also held on 11 December 2003 on the report of the Employment Task Force, chaired by Wim Kok, which, as indicated above, focuses on the objective of full employment – the cornerstone of the Lisbon objectives and a long-term concern of the ILO.

Stable democracies and functioning market economies are now well established in Central and Eastern Europe. The efforts made by the governments and peoples of these countries have undoubtedly been helped by the prospect of EU membership, which implied a screening of the 31 chapters of the *acquis communautaire*, based on negotiations between each country and the EU, with the closure of the chapter depending on acceptance of the conditions negotiated. Postponements were granted for a number of issues, such as the free movement of workers and trade in services.

The accession process is well advanced in Bulgaria and Romania and it is expected that both countries will join the EU in 2007. Turkey is also preparing for membership, with the European Council due to take a decision on this issue in December 2004. Other Western Balkan countries were given the prospect of accession to the EU at the European Council in Thessalonica, and it was decided in June 2004 to open talks with Croatia, reflecting the progress made by this country in political and economic reform.

The latest enlargement has brought the European Union closer to south-eastern Europe. However, due to the conflicts of the 1990s, the development of functioning market economies in the countries of the Western Balkans will take longer than in Central European countries. Moreover, the eruption of violence in Kosovo in March 2004 confirms that much work remains to be done to bring peace and stability to the subregion. Although stability has essentially been restored, security improved and all the countries concerned have democratically elected governments, there are still shortcomings in the functioning of democratic institutions. The continuing

prevalence of organized crime and corruption in the countries of the sub-region, as repeatedly recalled by the ILO's constituents in the region, is delaying political reform, holding back economic development and bringing into question the rule of law.

The cornerstone of the long-term commitment of the EU to the countries of south-eastern Europe is the Stabilisation and Association Process, based on agreements through which the EU is offering to open up its markets and provide financial and political assistance in return for serious steps towards political and economic and social reform. The Stability Pact for south-eastern Europe (covering Albania, Bosnia and Herzegovina, Bulgaria, Croatia, The former Yugoslav Republic of Macedonia, Republic of Moldova, Romania and Serbia and Montenegro) is also playing an important role in promoting regional cooperation and support for the countries of the region in their path towards future European integration. It encourages the development of relationships between the countries concerned in a variety of fields. However, it has no resources of its own and relies on donors.

Some of the features observed in south-eastern Europe are even more valid in the CIS, which brings together in very loose manner the 12 descendant States of the former Soviet Union. Their democratic systems are often still weak, with decision-making still tending to be centralized and lacking a broad basis of dialogue and support and political repression still exercised in some countries. There is nevertheless a strong trend for further economic cooperation within the subregion, for example, through customs and trade agreements. The Eurasian Economic Community, established in 2001, includes the Russian Federation, Belarus, Kazakhstan, Tajikistan and Kyrgyzstan, with the Republic of Moldova and Ukraine as observers. In September 2003, Belarus, the Russian Federation, Ukraine and Kazakhstan signed an agreement on economic cooperation, the Single Economic Area (SEA). Other CIS countries are participating in other groups, such as GUUAM (Georgia, Ukraine, Uzbekistan, Azerbaijan and Republic of Moldova). In addition, four CIS countries have acceded to the WTO (Armenia, Georgia, Republic of Moldova and Kyrgyzstan), and the two with the highest growth (the Russian Federation and Kazakhstan) are actively negotiating their terms of accession to the WTO (annex, table 5).

The EU is pursuing a policy of strengthening economic and political cooperation with the CIS in order to avoid the development of new dividing lines in Europe. In its communication on a "Wider Europe", the European Commission developed a new framework for relations with neighbouring countries of Eastern and southern Europe, which do not currently have the perspective of EU membership (Commission of European Communities, 2003f).

2. ILO offices: Communication, partnership and donor trends

The ILO's structure in the European region serves a set of varied functions, including: contributing to international debates on topical issues relating to decent work; assisting constituents address the challenges arising out of the transition to a market economy and adaptation to a globalized economy, while protecting the social dimension; and maintaining constructive and productive relations with donors and international institutions in the region.

ILO field structure in Europe

To meet these complementary challenges, the ILO relies on a structure of offices and correspondents under the leadership of the Regional Office, based at ILO headquarters in Geneva. The Regional Office is composed of a staff of seven, including the Regional Director and a Deputy Director. The Regional Office takes the lead in defining programme priorities and activities, monitoring programme delivery, and providing support and coordination. The ILO's activities in Western European countries, including Cyprus, Malta, Israel and Turkey, are under direct responsibility of the Regional Office.

2.1. Central, Eastern and south-eastern Europe and Central Asia

The ILO Subregional Office for Central and Eastern Europe (SRO-Budapest) is based in Budapest and covers Albania, Bosnia and Herzegovina, Bulgaria, Croatia, Czech Republic, Estonia, Hungary, Latvia, Lithuania, The former Yugoslav Republic of Macedonia, Republic of Moldova, Poland, Romania, Serbia and Montenegro, Slovak Republic, Slovenia and Ukraine. It is also responsible for coordinating ILO activities in Kosovo. The ILO Subregional Office for Eastern Europe and Central Asia is based in Moscow (SRO-Moscow) and covers Armenia, Azerbaijan, Belarus, Georgia, Kazakhstan, Kyrgyzstan, Russian Federation, Tajikistan, Turkmenistan and Uzbekistan.

With the support of the technical department at headquarters, the sub-regional offices coordinate the implementation of the Decent Work Agenda

in the region based on the systematic approach set out in the ILO's programme and budget. This involves the provision of advisory services, the organization of meetings and capacity-building activities at both the sub-regional and national levels, and the management of technical cooperation projects within the framework of agreed workplans. These offices also fulfil many of the different functions assigned to the western European offices (see below). The challenge for the subregional offices is to ensure an integrated decent work approach in all the countries for which they are responsible through the preparation, implementation and evaluation of an outcome-oriented work programme which can be formulated with different levels of formality, based on the preferences of constituents, ranging from an ad hoc approach to an integrated workplan or a decent work country programme (DWCP).

Each subregional office is composed of a staff of around 30, including international specialists in various fields, programme officers, national professionals, young professionals, focal points and other local staff, sometimes supplemented by detached international civil servants, associate experts or other experts funded through specific programmes. Two Professional posts were added to the staff of SRO-Moscow in 2003.

Within the ILO, the system of national correspondents is unique to the European region and in some cases dates back many years. National correspondents function as the ILO's antennae and ensure through their presence that the Office is kept informed of national developments. They report to the respective subregional offices and play a very active role in the promotion of the ILO's main objectives and values and the execution of technical cooperation activities at the national level. For some time, there have been national correspondents in Belarus, Bosnia and Herzegovina, Bulgaria, Kazakhstan, Romania and Ukraine; two additional national correspondents were appointed in June 2002 in Albania and Azerbaijan. With Poland, Estonia and Slovakia joining the EU, it was decided to close the offices of the national correspondents in those countries in the summer of 2004 so that new ones could be opened in Stability Pact and CIS countries.

Finally, the Office in Ankara, covering Turkey, has some of the characteristics of Western European offices, as described below, combined with its advisory work and technical programmes. Activities falling under the responsibility of the Ankara, Budapest and Moscow Offices are reviewed in greater detail in Chapter 3.

The ILO's activities in the region are supplemented by those of the Turin Centre, through its Regional Programme for Europe (RPE), which implements regional, subregional and country-specific programmes in such areas as social and economic restructuring, post-crisis reconstruction, social exclusion, job-related immigration, human trafficking and the impact of globalization, as well as other activities in most of the ILO's main area of work. In line with ILO objectives, the Turin Centre's activities in the region are based on subregional and country-specific development objectives and a differentiated programming approach for the region, resulting in customized human resource development programmes for EU accession countries, post-conflict countries in the Balkan peninsula and CIS countries. The Centre's training activities are designed to review best practice and stimulate cross-fertilization among beneficiaries.

The Turin Centre devises tailor-made programmes on issues of primary importance to ILO constituents through face-to-face training, distance training, technical assistance and advisory services. During the period 2001-2004, the number of training activities and participants from Central and Eastern Europe and the CIS more than doubled, from 670 in 2000 to 1,891 in 2003.

2.2. Western Europe

In Western European countries, the ILO has offices in Brussels for the European Union and the Benelux countries and a network of offices in Berlin, Lisbon, London, Madrid, Paris and Rome. A new office was opened in Lisbon in early 2003 to forge closer links between the ILO and Portugal and Portuguese-speaking countries. The Bonn Office was moved to Berlin in July 2004 to be closer to the German constituents.

In addition to representing the ILO in the countries in question, these offices also maintain relations with a series of international and regional organizations, including the Council of Europe, the EU, OECD, EBRD; other United Nations agencies, such as FAO, UNESCO, WFP and IMO; the secretariats of international groupings of countries; the international and regional employers' and workers' organizations with headquarters in the respective countries; the *Organisation internationale de la Francophonie*; the Commonwealth; the Commonwealth of Portuguese-speaking countries; and the Secretariat for Ibero-American Cooperation; and a broad range of NGOs.

In view of the important and leading role played by Western European countries in many of the innovations that occur in the field of labour, and their long-standing interest in the ILO and its work, these offices play a significant role in maintaining partnership with constituents in the countries concerned. This enables the ILO to make its voice heard on issues that often shape policies and approaches to labour-related matters worldwide, while at the same time benefiting from a pool of expertise, support, cooperation and funding which makes an important contribution to the work of the ILO both within the region and at the global level.

The ILO offices in Western European countries generally have around four staff members, responsible, respectively, for representation, external relations, administrative and financial matters, communication with the media and other organizations and the internship programme. The offices are under the management of a director who, for a certain period, offers the Organization the experience he or she has acquired at the national level as a high-level trade unionist, employer representative, public official or politician. When the Lisbon Office was opened, it was agreed to adopt the same formula as for the Madrid Office, with the Governments of Spain and Portugal covering the operating expenses of the Offices, and the ILO being in charge of the salary and travel costs of the Director. Both the French and German Governments, as of 2002 and 2004, respectively, decided to provide the Paris and Berlin Offices with a yearly contribution to facilitate their activities and partly cover the cost of the premises. The host governments of the Ankara and Rome Offices provide the premises free of charge.

A new mission statement was adopted in 2001 for the Western European offices, which now fulfil three main functions: communication and visibility, representation and partnership, and donor support for technical cooperation. These functions are closely interrelated, as raising awareness of ILO issues induces policy-makers to understand that the Decent Work Agenda and ILO expertise are valid and meaningful means of addressing poverty to which they can contribute through additional voluntary support for ILO programmes.

2.2.1. Communication and visibility

The Western European offices, as well as those in Ankara, Budapest and Moscow, play an important role in the implementation of the ILO strategy, which has four main targets: the written, audio and television media;

other institutions and their press and communications services; the public at large; and potential clients of ILO publications. Communication with the media involves the continual and regular renewal of the network of correspondents in the written press and the maintenance of good press relations, including relations with the press services of parliaments, economic and social councils where they exist and the communication departments of ministries, employers' organizations, trade unions and their media. It also involves participation in the major congresses of employers' and workers' organizations, the systematic monitoring of major meetings covering fields within the ILO's competence and the participation of ILO experts in such meetings.

The main outlets for information for the general public from the offices throughout the region are their Internet sites, which also act as an effective gateway to the main ILO site. The offices publish a regular newsletter, mostly in electronic form. In addition, the awareness campaigns launched or to be launched by the Berlin, Paris, Madrid and Rome Offices, such as "Red card to child labour", in relation to football, and the yearly Global Reports under the follow-up to the ILO Declaration on Fundamental Principles and Rights at Work, have made it possible to communicate the ILO's image to the general public. For instance, the Rome Office launched a campaign in 2002, in cooperation with the municipality of Rome, which resulted in the ILO "Red Card" being put on all the buses running in Rome. The SCREAM initiative (Supporting Children's Rights through Education, the Arts and the Media) has also been launched in numerous Italian and Spanish schools. Similar initiatives are in preparation in other European cities. Other highly visible campaigns were organized in several European capitals in relation to the publication and follow-up of the report of the World Commission on the Social Dimension of Globalization (WCSDG).

The offices also continued to provide a comprehensive information service about the ILO and to enhance the distribution and marketing of ILO publications, thus improving income from their sale. Notable achievements of the London Office included the licensing of the Key Indicators of the Labour Market dataset to the national data centre, MIMAS, for its national database and the establishment of a contract with Coutts Information Services to provide a platform for the introduction of an e-book subscription service. The ILO is currently reviewing its publications policy, which should lead to a new system as of 2006.

2.2.2. Representation and partnerships

The representation and partnership activities of ILO offices in Europe include the holding of regular meetings with the ILO's direct counterparts and constituents, as well as with numerous other partners, such as ministries of the interior, justice, defence, education, economy and finance, transport and agriculture. When these partners have a better knowledge of the ILO and its activities, they are in a position to support the ILO's values and action and, where possible, defend them when fulfilling their own international responsibilities – and even to provide voluntary contributions in their own fields to the ILO's cooperation activities. Actors at decentralized levels (regions and municipal authorities) are increasingly part of the partnership strategy adopted by ILO offices. For example, the Madrid Office has established contacts with a number of the autonomous regions in Spain and the Rome Office has launched a new strategy for the development of non-traditional partnerships with Italian institutions which have not previously been involved in the ILO's activities. This has not only contributed to increasing the visibility of the ILO, but has already been successful in mobilizing considerable new financial resources for technical cooperation. For example, the

partnership established with *Italia Lavoro* has been instrumental in generating a significant increase in the Italian Government's voluntary contribution to the ILO for joint technical projects on crisis response and reconstruction. The Lisbon Office also concluded a partnership agreement in December 2003 with the Higher Institute of Social Sciences and Business Studies (ISCTE) of the University of Lisbon covering a number of areas, including development of cooperation with Portuguese-speaking African countries (PALOP).

High-level contacts with constituents throughout the region are maintained by the regional director and the directors of offices in the region. In this context, visits by the Director-General to countries (for example, Lithuania, Poland and the Russian Federation) are very important in improving the visibility of the ILO and support for its activities through his contacts with Heads of State or Government, the heads of employers' and workers' organizations, parliamentarians and members of economic and social councils. It was in this context that the Paris Office organized the unprecedented address by the Director-General in October 2003 to the French National Assembly Foreign Affairs Committee and the Cultural, Family and Social Affairs Committee which were meeting in joint assembly. Other important events at which the ILO has been able to influence views at a high level have included the series of *rencontres d'Annecy*, as well as the G8 Labour and Employment Ministers Conference in Stuttgart, Germany in December 2003, which echoed the ILO's call for a stronger social dimension of globalization.

The ILO's representation strategy also targets academic circles, with a view to increasing awareness of the ILO's values, analyses and activities among those who are likely to shape the future of society. The presentation to the Director-General in May 2003 of an honorary degree by the University of Paris I Panthéon Sorbonne, was an important event in promoting the ILO's relations with French academia.

The ILO's offices in Western Europe continued to develop partnerships with major international organizations. For example, the Paris Office acted as the main link with OECD in the debate on the compatibility between respect for fundamental labour rights and the liberalization of trade and development. The ILO's participation in the revision of the OECD Guidelines for Multinational Enterprises, the Director-General's hearing before the OECD Development Assistance Committee, the working day organized in May 2003 for the ILO directors from the European region and the heads of OECD departments, and the participation of the ILO Director-General in the meeting of Ministers of Labour in September 2003, have all actively contributed to the negotiation of an overall partnership agreement between the ILO and the OECD. The Brussels Office maintained close relations with the Council of Europe and followed and supported the work of the OSCE Parliamentary Assembly. The Office in Germany continued to participate in the work of several parliamentary commissions. At the end of 2003, the ILO launched a joint assistance programme with the Council of Europe, the Stability Pact for South-East Europe and the Belgian Government on employment policies and the performance of employment services. The London Office contributed to the Commonwealth experts' meetings on freedom of association and freedom of expression and on mechanisms to fight trafficking of women and children for commercial exploitation. The establishment in March 2001 of an *Association française pour l'OIT*, with the support of the Paris Office and the Economic and Social Council, is another means available to the ILO to reach out to a wider public.

The ILO is often invited to contribute to policy debates on key issues on the EU agenda. ILO representatives have participated in discussions on ILO-related topics in several European Parliament committees. In March

2004, a separate hearing was organized by the European Parliament's Committee on Development and Cooperation on the subject of the ILO's role in combating poverty through employment and the Decent Work Agenda. European Commission (EC) officials regularly attend and address important ILO meetings and the EC continues to participate actively in the ILO's standard-setting activities and their follow-up. Numerous EU policy documents contain references to the ILO's work and instruments, including the communication from the Commission of the European Communities to the Council, the European Parliament and the Economic and Social Council of July 2001: *Promoting core labour standards and improving social governance in the context of globalization*. The goal of promoting respect for core labour standards in relation to globalization and the liberalization of world trade remains a strong component of the EU's trade and development policies. The EC has also made a significant contribution to the work of the World Commission on the Social Dimension of Globalization and has recently adopted a communication on the social dimension of globalization.

2.2.3. *Enhancement of donor support for technical cooperation*

A third area in which the Western European offices play a very important role in the work of the ILO is in enhancing donor support for its programmes. At a time of continued constraints on regular budget contributions, multi-bilateral funding is becoming an increasingly important channel for donors to show their support for the ILO's principles and activities. In global terms, over 20 donor countries provide the ILO with funds through some 70 institutions. For projects in the European region, the United States ranked first in 2003, followed by France, Netherlands, Italy, Ireland, Flanders (Belgium), UNDP and the EU (see box 2.1). Germany ranked first in 2002 (see annex, table 8). Other countries in the region are also major donors to the ILO's work worldwide. Poland, Hungary and the Czech Republic have also recently provided financial support for ILO activities and expressed willingness to share experience with countries in the Balkans and the CIS. Hungary and Luxembourg are major contributors to the Seventh Regional Meeting. In addition, ministries of cooperation and foreign affairs often fund associate expert programmes, with associate experts working in the Budapest and Moscow Offices financed by France, Germany, Italy, Japan, Netherlands and Switzerland.

A process of consolidation of funding arrangements between the ILO and some of its major donors has been taking place in the form of the conclusion of multi-year framework agreements establishing an annual or multi-year fixed voluntary contribution to the ILO, with the funding distributed across a set of themes or operational objectives. In 2002 and 2003, such agreements were concluded with Ireland, Netherlands and United Kingdom, while France has concluded a series of framework agreements on its funding of ILO activities. The Social Cohesion Initiative of the Stability Pact also offers a geographical framework for donors to allocate funds.

However, there are indications that it may become more difficult to obtain additional funding from central authorities, although the picture varies widely from country to country. In the case of Italy, although the Government's policy is to reduce funds for multilateral cooperation, the ILO has been the only United Nations agency which has not reported any reduction in its funding – indeed it has reported an increase. Some offices have therefore taken the initiative of broadening the scope of cooperation to “non-traditional” government agencies and ministries and decentralized institutions. For example, the Offices in Brussels, Madrid, Paris and Rome have been working with regional and local authorities with a view to increasing fund-

Box 2.1

Strategic partnership between the EU and the ILO

The accession process has provided an important framework for cooperation between the EU and the ILO, which was reinforced through a formal exchange of letters in May 2001 between the ILO Director-General and the EU Commissioner for Employment and Social Affairs. Starting in 2002, it was agreed to hold annual high-level ILO/EC meetings; as a result, regular contacts, consultations and exchanges of experience between ILO officials and their EC counterparts have increased in volume.

At the second high-level meeting in July 2003, the EC and the ILO agreed to further expand and strengthen their cooperation, resulting in the signing in July 2004 by the Director-General of the ILO and the European Commissioners for Development and Humanitarian Aid and for Employment and Social Affairs, of an agreement on a strategic partnership in the field of development and humanitarian aid. The ILO has also acceded to the EC/UN Financial and Administrative Framework Agreement (FAFA), which greatly facilitates cooperation at the operational level by providing an agreed framework for the conclusion of funding arrangements for ILO operations and programmes. A number of preliminary areas have been identified in the context of the strategic partnership worldwide:

- the promotion of core labour standards, with special emphasis on education, child labour and trade-related policies;
- corporate social responsibility and core labour standards;
- support for social dialogue initiatives, taking into account the experience of social dialogue in French-speaking Africa;
- employment strategies in the context of poverty reduction;
- migration and development.

There has been a considerable increase in the number of EC-funded technical cooperation projects implemented by the ILO and the Turin Centre in a range of areas. A series of four joint brainstorming seminars was organized by the Turin Centre in Brussels to familiarize EC officials responsible for technical cooperation with ILO policies and programmes in its four strategic sectors.

ing. The Paris Office has identified new donors at the local level (the city and urban community of Nantes, the Loire Atlantic Department, the Pays de la Loire) and major public institutions (such as the French Development Agency and *Electricité de France*). The ILO Madrid Office has been a pioneer in seeking cooperation from the private sector, with half of the Youth Employment Network (YEN) project to be funded by a group of seven large Spanish companies and the other half by the Spanish Government. The regional structure has also started to mobilize funds in recipient countries through local representatives of donors.

A new phenomenon observed in relation to the Offices in Madrid and Rome is the implementation of some components of projects in the donor country itself. The significance accorded by Italy to the issue of corporate social responsibility was decisive in financing a Global Compact project in Italy with a view to increasing awareness of the principles of the United Nations Global Compact through activities in Italy and in developing countries, with the ILO as the executing agency.

The geographical and thematic interests of donors tend to vary greatly. While donors provide the necessary funding for the ILO to undertake important

activities in the region, the coherence and impact of these activities would still benefit from greater integration of donor support, including an enhanced role for the social partners. In this respect the Technical Cooperation Resource Allocation Mechanism (TC-RAM) is a tool that has recently been used by the Netherlands and the United Kingdom for CIS countries for the allocation of funds in line with the ILO's strategic budgeting framework. Donors and recipient countries could be made more aware of the advantages, in terms of the improved coordination and the integration of the support provided and the resources available through this mechanism. It is also with a view to improving impact and coherence that the ILO is increasingly using DWCPs as tools for assistance to constituents.

The contribution of its traditional sponsors to the activities of the Turin Centre, and in particular by the Italian Ministry of Foreign Affairs, is of the utmost importance and has remained stable during the period 2001-2004. The Centre has also succeeded in attracting new sponsors through the design and promotion of new long-term projects rather than single training activities. These include the EU and new donors such as the United States Agency for International Development (USAID), France and the Flemish and Walloon Governments of Belgium. The Governments of Bulgaria and the Russian Federation have also recently entrusted the Centre with institutional capacity-building and skills-upgrading projects for their staff.

3. *Activities of the ILO*

When implementing the Decent Work Agenda in Europe, the Office has endeavoured at all times to apply the strategic programming approach, which places emphasis on the delivery of products and services in partnership with constituents that are designed to help achieve the ILO's four strategic objectives relating to fundamental principles and rights at work, decent employment and income, social protection for all and tripartism and social dialogue – as well as cross-cutting issues such as gender equality and poverty alleviation. Furthermore, activities in the region respond to the specific needs identified by constituents at the Sixth European Regional Meeting and other subsequent tripartite meetings. They also take full account of the regional priorities identified for the Decent Work Agenda for 2004-05, namely: governance and the rule of law; economic sustainability and good governance; and regional cooperation.

The following description of the activities undertaken, which is not exhaustive, is based on a selection of areas in which collaboration between constituents, the ILO's regional structure, the technical departments at headquarters and the Turin Centre have made it possible to achieve progress at the national, subregional or regional levels. As decent work is an encompassing concept, bringing together the ILO's four strategic objectives, the description of the activities carried out is only loosely based on the Office's sectoral structure, as many subjects fall easily under several strategic objectives.

The ILO's activities in support of constituents in the region continued to make use of many of its traditional tools, ranging from policy advice and applied comparative research, through various forms of tripartite exchanges and discussions and capacity-building activities, to technical inputs in such fields as labour statistics, legislative reform and actuarial reviews of social protection schemes. Technical cooperation projects and programmes continued to be an essential means of expanding the Office's capacity to carry out activities of this nature; indeed, it has increasingly been found that the linking of research and technical cooperation is an effective means of gathering baseline data and creating a solid basis for the implementation of research findings.

Box 3.1**Trends in technical cooperation delivery**

The overall delivery rate for all ILO technical cooperation activities throughout the Office was 68.9 per cent in 2003. The delivery rate of 81.2 per cent for projects administered by SRO-Budapest and SRO-Moscow therefore compares well with the overall rate for the Office as a whole. Even with the greater share of technical cooperation allocations being managed from the field, projects in the region continue to be quite centralized. Employment-related activities, social protection and social dialogue continue to receive more substantial technical cooperation funding than standards-related activities, although this might change as a number of child labour projects in Central Asia and Turkey have recently been approved. One tendency that has been observed during the period 2001-2004, with the finalization of the accession process for ten countries, is the shift in attention from Central Europe to south-eastern Europe and the CIS countries.

3.1. Employment promotion

In response to the employment and labour market issues identified in Chapter 1, the ILO continued to be active at several levels, including interventions in policy debates on such fundamental issues as labour market institutions and their impact on the performance of the labour market (flexicurity), youth employment (the ILO's activities and projects in these areas are covered in Volume II) and conditions of employment in globalized industries.

Reviews of national employment policies

Advice and analysis at the policy level provides the overall framework for the ILO's assistance to constituents in the field of employment and labour. During the period 2001-2004, as the ten candidate countries accelerated their preparatory work for accession to the EU, their progress was evaluated on a regular basis by the European Commission. The ILO's cooperation with these countries in the field of employment policy therefore tended to be fairly closely focused on certain key concerns or particular areas with specific problems (such as Lodz in Poland – see below). In parallel, a greater volume of activities were undertaken in the other countries in the region, especially in south-eastern Europe and the CIS. Where possible, the ILO endeavoured to coordinate its policy advisory activities with major development initiatives carried out by other international partners.

In south-eastern Europe, in the context of the Social Cohesion Initiative, a Ministerial Conference on Employment, launched jointly by the ILO and the Council of Europe with support from Belgium, was held in Bucharest in October 2003. It acknowledged the serious employment challenges faced by the Stability Pact countries and called for regional cooperation to address them. The ILO's contribution to the Conference included a comprehensive report assessing the role of tripartite social dialogue in employment promotion in the countries concerned (Ghellab and Vylitova, 2003). As a result of the Conference, a Permanent High-level Committee was set up to supervise the process of carrying out reviews of national employment policies and employment services. These reviews will be similar to the Joint Assessment Papers prepared for EU accession countries under the guidance of the European Commission. The ILO and the Council

of Europe have been requested to provide strategic guidance and support in improving national employment policies in this context. The first two countries to embark upon such reviews were Albania and Croatia in 2004. The results of the reviews will be discussed by national tripartite conferences with a view to achieving agreement on the approaches to be adopted. Assistance was also provided to several other countries, including Azerbaijan, Kyrgyzstan and Kazakhstan, for the development and implementation of national employment strategies or programmes. In Kyrgyzstan, the ILO assisted in the development of a draft employment policy, which envisages the adoption of a National Employment Programme for 2006-2010.

Regional employment strategies

The ILO has also assisted in the development of several regional employment strategies. The first of these was launched in April 2001 in the Lodz region in Poland (see box 3.2). Based on the experience acquired in Lodz, a similar project has been initiated for the Voivodship of Warmia-Mazury in the north-east of Poland, one of the three poorest regions in the country, where the official unemployment rate is nearly 30 per cent. The development of the strategy is based on a report analysing the economic and labour market situation of the region, to be discussed by a tripartite conference as the centrepiece of a process designed to ensure that the strategy is based on broad and inclusive social partnerships.

Box 3.2

Local economic development in Lodz

A project to develop a regional employment strategy for the Lodz region in Poland has been carried out since 2001 to help overcome the high unemployment rate in an area that had a tradition of light industry, but was severely affected by privatization and structural changes in the 1990s. A series of studies and seminars were conducted to help constituents formulate an employment strategy – and they helped to strengthen social dialogue in the region. The second phase of the project supported the implementation of the employment strategy and focused on exploring the possibilities for promoting institutional and business cooperation in the textiles and clothing value chain with the Veneto region in Italy and the East Midlands in the United Kingdom.

A tripartite seminar held in Lodz in February 2004 assessed the progress in the implementation of the strategy. Initiating cooperation with the above regions is expected to lead to the creation of new jobs and the upgrading of existing jobs in the textile and clothing industry.

Labour market information

The capacity of countries in the region to produce labour statistics and labour market information has continued to improve, particularly in the new EU Member States, where the statistical systems have broadly reached EUROSTAT standard. A number of additional countries are now in a position to produce regular labour statistics, with annual data for all but one of the countries in the region now being disseminated in the *ILO Yearbook of Labour Statistics* and on the ILO web site.

The support provided to constituents for the development of capacities and systems in the field of labour statistics included advisory missions and the provision of advice directly to labour statisticians. A special programme of assistance for labour statistics was implemented in Kosovo. The ILO also

collaborated with UNECE in organizing regular statistical meetings in the region and has worked closely with EUROSTAT and the Conference of European Statisticians. In response to requests by countries for a reduction in their burden in supplying statistical data to international organizations, the ILO and EUROSTAT are examining the possibility of joint data collection on certain topics. In the context of the ILO's global Labour Market Indicators Library (LMIL) network, data from 1980 up to the present have been collected and used for the construction of indicators; particular attention has been paid to data disaggregated by gender. Experts have been identified in the statistical offices of the participating countries to provide time series for key labour market indicators that are of particular importance in their national context. These will be distributed in the form of flyers.

One relatively new aspect of the assistance provided to constituents in the field of labour statistics has been the emphasis placed on the development of data on decent work. A first stage in this respect is the expansion of regular labour force surveys and other data collection tools with a view to yielding a broader range of decent work statistical indicators. By the end of 2004, it is planned to have conducted fully fledged decent work modular surveys in Azerbaijan, the Republic of Moldova and Ukraine, while a modular questionnaire has been tested and a pilot survey conducted in Kazakhstan. The next stage is the preparation of decent work country profile reports as a basis for the development of DWCPs.

Skills development

Recognition has also been growing throughout the region of the importance of developing more relevant vocational training policies, programmes and institutions which are able to retrain the unemployed and prepare first-time jobseekers for the labour market. Emphasis has been placed on training systems that are equipped to raise the level of qualifications of the workforce to meet the demand for new skills and facilitate foreign direct investment. However, the vocational education and training systems in many countries in Central and Eastern Europe, south-eastern Europe and the CIS continue to face problems in the areas of: highly centralized decision-making; inequalities in access to training; the fall in the level of investment in education and training; the failure of schools to prepare young persons for the world of work; rigidities in the education system preventing greater mobility between education, training and work; difficulties in enhancing enterprise training for employees, particularly in small and medium-sized enterprises; and the absence of structures for the accreditation of non-formal and informal learning.

The assistance provided by the ILO at the policy level has included participation in seminars and workshops organized by other international organizations, including the OECD and the European Commission, and reviews of training policies and systems at the country level. The ILO has also provided technical inputs to the work of the European Commission for the development of Common European Principles for the Identification and Validation of Informal and Non-formal Learning, an issue which has recently attracted much interest in EU Member States.

Through an Italian-funded project, support has been provided for the establishment of a network of vocational training centres in Kosovo (see box 3.3). Another Italian-funded project for the redeployment of redundant public employees in Albania has provided the ILO, in collaboration with the Turin Centre, with the opportunity to help in the introduction of modules of employable skills in a number of training institutes in the country and to update the skills of trainers in these institutes. Assistance was provided for the adaptation of vocational training legislation and policy in Albania.

A review was also conducted of the training policy and system in Bulgaria, which highlighted the need to improve the responsiveness of training to labour market needs by developing a training strategy as an integral part of a broader economic and employment strategy based on local partnership.

Box 3.3

Youth employment and social inclusion in Kosovo

The main objective of the programme that the ILO has been implementing in Kosovo since 2001, with the support of the Italian Government, is to promote the employability of disadvantaged youth. Emphasis is placed on activities aimed at promoting social inclusion; breaking the cycle of discrimination; redressing gender inequalities; and increasing the employability of persons with disabilities, low-skilled workers and (former) detainees. The programme's strategy is based on an integrated approach to skills development for social inclusion, which includes vocational education and training, employment counselling and career guidance, and self-employment promotion. This approach is now embedded in the vocational training strategy adopted by the Ministry of Labour and Social Welfare in 2003.

A network has been established of seven regional vocational training centres which are now applying competency-based training approaches. Training programmes are available for over 20 priority occupational profiles and include core employability and technological skills, job search techniques and entrepreneurial skills. By mid-2004, over 2,300 jobseekers had been trained by the programme and 40,000 unemployed had received counselling and guidance.

In the assistance provided for the development of national capacities in Kazakhstan, emphasis has been placed on the adoption of an integrated approach known as Training for Rural Economic Empowerment (TREE), focusing on developing the capacities of national and local employment and training organizations and initiating working arrangements between the social partners and other support institutions, such as NGOs and private sector actors. TREE interventions are based on area-cum-target groups and combine direct and indirect measures, with emphasis on economic activities as an entry point for building the capacities of the institutions concerned. Based on the positive results achieved by a pilot project in two selected districts of the Karaganda region of Kazakhstan, it is expected that the TREE concept will be incorporated into the national employment programme and budget for 2005-2007.

A Swiss-funded project for the introduction of flexible vocational training programmes for the unemployed in Ukraine, which was first launched in 1997, has now entered its third phase (2003-2005). The project has been instrumental in improving vocational training nationwide through the development of new training curricula and materials and the strengthening of the capacities of national vocational training specialists. The approach introduced through the project has been promoted in the national employment programme and in numerous ministerial decrees on education and training policy.

The Turin Centre has given assistance to Bulgaria and Poland in the area of training methodology and technology. In Poland, in the framework of the EU Leonardo da Vinci Programme, support was provided for the establishment of a network of training institutions for the application of modular training. In the context of the EU Socrates Programme, the Turin

Centre organized activities for constituents in Bulgaria, including training methodology workshops held in Bulgaria and Greece in 2002 and 2003, to strengthen the capacity of the High Agricultural School to design modular training curricula based on distance learning using information and communication technologies. A subregional seminar was also organized in Budapest (2002), in collaboration with Education International, which discussed and adopted guidelines on the introduction of information and communication technologies in educational institutions.

Public employment services

One of the focuses of ILO assistance to the countries in the region has been the adaptation and improved efficiency of public employment services and their relationship with private employment agencies. In the EU accession countries, public employment services have received a considerable volume of assistance from EU Member States. Private employment agencies have also continued to proliferate in the region and several Central and Eastern European countries, including Albania, Czech Republic, Georgia, Hungary, Lithuania and the Republic of Moldova, have ratified the Private Employment Agencies Convention, 1997 (No. 181), with several others examining the possibility of doing so.

The ILO has provided advice and assistance in the drafting or revision of national legislation on employment services, both public and private, in Bosnia and Herzegovina, Georgia, Poland, Russian Federation, Ukraine and the Serb Republic. An ILO publication on the adaptation of public employment services to a changing labour market (Thuy, Hansen and Price, 2001) was translated into Polish, Russian, Turkish and Ukrainian and widely distributed in Central European and CIS countries. A number of tripartite seminars were held on the reform of public employment services and partnerships between public and private employment services. Moreover, the ILO is collaborating in the establishment of an international public employment services training institute for CIS countries.

In 2004, the Bulgarian Ministry of Labour and Social Policy entrusted the Turin Centre with the implementation of a two-and-a-half-year project to enhance its capacity through the improvement of its organizational structure in relation to its specialized agencies and training centres, the provision of training programmes and the development of training materials. The Turin Centre also strengthened the capacity of Ministries of Labour in Bulgaria, Czech Republic and Slovakia to use the European Social Fund for the implementation of EU-funded employment programmes and projects.

Vocational rehabilitation of the disabled

Awareness has been rising among the public in general, and policy-makers in particular, partly in response to the declaration of 2003 as the European Year of People with Disabilities, of the extent of disability and its impact in terms of limiting employment opportunities and as a burden on social protection systems. The responses to this situation include addressing the causes of disability, particularly in relation to work-related accidents, improving the coverage of social protection schemes and strengthening the vocational rehabilitation and reintegration measures adopted at the national level.

For the new EU Member States, the adjustment of their legislation, policies and programmes for persons with disabilities to those of the European Union involves a fundamental change of approach, from social welfare-based measures to the application of the principle of equality of opportunity and treatment. In support of the efforts made by these countries to change their policy direction, the ILO collaborated in the organization of a

number of conferences and meetings for policy-makers, constituents and representatives of persons with disabilities.

The ILO's support for the development of national policies and programmes for persons with disabilities included assistance in the elaboration of the National Programme of Vocational Rehabilitation for Persons with Limited Physical Abilities in Ukraine, where support was provided for the establishment of a network of vocational rehabilitation centres throughout the country. The development of a national network of rehabilitation centres is also the objective of a German-funded project in Bosnia and Herzegovina. In the Baltic States, as part of a project funded by the Government of Flanders, a survey has been carried out by organizations of persons with disabilities on the small-scale business activities of women with disabilities. The survey is intended as a basis for a second phase of the project focusing on the provision of basic business skills training and access to credit for women with disabilities.

In the context of a project funded by Austria covering Bulgaria, Romania and Serbia and Montenegro, assistance was provided for the formulation of draft legislation on the vocational integration of persons with disabilities and the establishment of a national qualification centre. Training is also being provided for rehabilitation experts in Bulgaria, together with advice for the establishment of vocational training and rehabilitation policies and structures. A pilot project is also being carried out in Romania on the labour market reintegration of persons with mental disabilities.

Promotion of SMEs, microfinance and cooperative development

In view of the acknowledged employment creation potential of small and medium-sized enterprises (SMEs), special emphasis has been placed in recent years, particularly in Western European countries, on the development of entrepreneurship and the introduction of small enterprise start-up schemes. In certain countries in Central and Eastern Europe, particularly those affected by the aftermath of civil war and economic crises, self-employment has often been the only means available to many people to generate income – frequently in the form of unregistered activities in the so-called informal economy. As the economic situation improves, these may be replaced by small enterprises. Nevertheless, the unfavourable business environment in certain countries, characterized by cumbersome regulations and difficulties in gaining access to finance, still constitutes a major barrier to the development of small businesses. In this context, microfinance institutions have in certain cases been able to fill a strategic gap in meeting the financing needs of the self-employed and of micro- and small enterprises. Microfinance as a sector has undergone substantial growth in the region in recent years, although the total number of clients served represents only an estimated market penetration level of 5 per cent of the potential demand.

With a view to overcoming the lack of knowledge of the scope and potential of microfinance, research continued to be carried out on the role, scope and limits of credit and other financial services as components of self-employment programmes within the scope of a French-funded project in Bulgaria, Romania and Serbia.

National cooperative movements are slowly recovering from the profound structural reforms that they have undergone in the countries of Central and Eastern Europe and the CIS. Most of these countries have now adopted cooperative laws that are fully consistent with international cooperative principles and ILO Recommendation No. 193. However, in the CIS countries, there is slow recognition that cooperatives are not collectives and that changes in national legislation are needed so that they can develop in accordance with international cooperative principles – as endorsed by the ILO.

Assistance continued to be provided by the ILO at a number of levels for the promotion of SMEs. At the policy level, advice was offered for the analysis of the legal framework and the development of laws and regulations that facilitate the development of SMEs. At the meso level, the focus was on capacity building for local economic development and the promotion of SMEs through business centres; and, at the micro level, activities included export promotion, entrepreneurship training and start-up support – often for targeted groups, such as women, youth, the disabled and ethnic minorities (including the Roma). In support of these activities, a training package is being developed in collaboration with the Turin Centre to assist policy-makers in the development of policies that are conducive to the creation of employment through SMEs.

One of the ILO's chief tools for the promotion of SMEs at the micro level is the Start and Improve Your Business (SIYB) package, which has been introduced in over 80 countries worldwide. SIYB consists of several components, including the recently developed Know About Business (KAB) training package targeted at youth. The demand for SIYB trainers and materials has remained high in the region and the materials prepared by the ILO have been used in entrepreneurship development initiatives undertaken by a series of other agencies, including UNDP, USAID, UNFPA and the Soros Foundation.

The introduction of SIYB has continued in several countries in the region. In Bosnia and Herzegovina, technical support continued to be provided until 2002 to the five business centres that had already been set up in Brcko, Banja Luka, Bihac, Livno and Mostar. In addition to the provision of management training using SIYB methodologies, these centres have been instrumental in establishing small business associations, creating a network of business centres and providing counselling for enterprises. In Kosovo, a mobile training unit was established in Pristina to train a network of trainers and organize entrepreneurship training for one year. Based on SIYB materials, the project developed the first management training materials in Albanian. The unit was hired by UNMIK to deliver further training and has since been converted into a local NGO. In Croatia, the ILO has assisted the Ministry of the Economy in the successful introduction of SIYB. The ILO has also promoted and managed a 5.6 million euro loan guarantee fund in Croatia, targeting SMEs and small family businesses, which has been instrumental in creating or retaining approximately 4,500 new jobs.

In the countries of Central Asia, SIYB and KAB have now become part of the national education curriculum in Kazakhstan. Based on the Kazakh experience, activities commenced in 2002 for the introduction of SIYB and KAB in Kyrgyzstan and Tajikistan. In Kyrgyzstan, SIYB has been recognized as one of the components of the Comprehensive Development Framework and the National Strategy for Poverty Alleviation, while the Tajik Government decided in 2003 that a large SME promotion programme would be launched with SIYB and KAB as important components. SIYB has also been introduced recently in Uzbekistan, in Belgorod and Nijni Novgorod in the Russian Federation, as well as in Armenia, Azerbaijan and Georgia, in the context of a project to improve the employability of young women and men and of marginalized groups.

In the field of cooperative development, the ILO and the International Cooperative Alliance (ICA) have jointly organized conferences on the application of Recommendation No. 193 for the CIS countries (St. Petersburg) and the ten EU accession countries (Budapest). A third workshop for southern European countries is planned for December 2004 in Ankara. Since the end of 2003, the ILO has also been collaborating with the Croatian Cooperative Federation to promote training courses for the managers of agricultural

cooperatives based on the ILO's MATCOM cooperative training materials. In response to the growing interest in cooperative development in the Western Balkans, training of trainer courses have been organized for Croatian and Serbian business trainers using MATCOM.

A number of the enterprise development and SME promotion programmes and projects carried out by the Turin Centre have been specifically focused on the promotion of women's entrepreneurship. A project in Romania, funded by Belgium, assisted in the strengthening of institutions promoting the creation of small enterprises by women, particularly in the area of rural tourism, and helped to establish a favourable legislative environment for microfinance institutions and entrepreneurship development. A project in Bosnia and Herzegovina, supported by Italy and AGFUND, also promoted self-employment for women.

Local economic development initiatives

The SIYB approach and microfinance are also important components of local economic development activities, particularly in Croatia, where the ILO is responsible for the local economic development component of a broader programme undertaken by the EU, UNDP and UNOPS. The ILO's contribution involves the provision of support in the most war-affected countries for the establishment and strengthening of local economic development agencies. These agencies assist municipal authorities in the planning of economic development, train business consultants in SIYB and help entrepreneurs and cooperatives to obtain loans from locally managed guarantee funds. With support from the Turin Centre, the work of the local economic development agencies in the country has been strengthened by the creation of DELNET, a distance learning programme, through which the agencies are helping in the development of such economic tools as business incubators and industrial parks.

As part of a project launched in Serbia and Montenegro in 2001, the Sandzak Economic Development Agency (SEDA) has been established and provides business development services, particularly in the wooden furniture and textile sectors, which are traditional strengths in the region. It has also focused on creating badly needed market access for the products of small enterprises in the region through the organization of trade fairs and the development of contacts with potential buyers in Western Europe. A similar project has been started recently in south-east Serbia, which is affected by tensions between ethnic Albanians and Serbs. This area is suffering from economic decline due to the consequences of the past conflict, resulting in the establishment of two new local economic development agencies. Assistance has been provided to these projects by an ILO expert on local economic development, who has been based in Zagreb since 2001. Important cross-border synergies and business linkages have been developed through the projects, thereby contributing to the consolidation of peace and social cohesion in the subregion.

A similar approach was recently adopted in a project in the Kakheti region of eastern Georgia. The project forms part of a recent United Kingdom-funded programme targeting (youth) unemployment and the informal sector in four countries of the former USSR, which will use SIYB materials to develop alternative strategies to support local economic development.

Socially responsible enterprise restructuring

In the field of large enterprise development, an important issue has been the need for socially responsible enterprise restructuring. A number of training seminars in this field were conducted in 2001-2003 for tripartite constituents from Central and Eastern European countries. The European

Commission also entrusted the Turin Centre with the organization of the International Conference on Socially Responsible Enterprise Restructuring for EU and accession countries. In addition, three high-level workshops for deputies of the Russian State Duma and Government officials were held in Moscow and Turin on enterprise restructuring, employment and small business promotion.

Migration

Throughout the 2001-2004 period the nature and directions of international migration for employment within the region have also evolved – with migrants for employment from the countries of Central and Eastern Europe and Central Asia increasingly being incorporated into the overall European migration picture. New directions in migration flows have developed as Italy, Greece, Spain and Portugal, traditionally countries of emigration, have become net immigration countries, while certain Eastern European countries, such as the Czech Republic, Hungary and the Russian Federation, have become countries of either transit or immigration. In several countries, such as Italy, Germany and Greece, population growth has only been positive on account of migration. Undocumented migration, human smuggling and the trafficking of migrant workers, including children and young women, have also been growing in significance and have become a pressing issue in the region (see Volume II).

In the context of an Irish-funded project, assistance was provided to Albania, the Republic of Moldova and Ukraine for the formulation of gender-balanced migration policy measures to reduce the trafficking of young women and the strengthening of capacities in the concerned ministries and among the social partners to identify the roles that they can play in combating trafficking. Workshops were organized in each country to raise awareness of the project and involve the constituents. A project, funded by the United Kingdom, was also carried out to investigate the migration of skilled labour from developing countries.

3.2. Fundamental principles and rights at work

Member States in the European region have a very good record of ratification of the ILO's eight fundamental Conventions. As a result of the numerous ratifications during the period 2001-2004, especially of Convention No. 182, a total of 42 European countries have now ratified all eight fundamental Conventions. However, this does not mean that there are no problems in practice in the implementation of these instruments, as shown by the various cases that are currently being considered by the ILO's supervisory bodies.

A corollary of the rising levels of poverty in transition economies has been the increased prevalence of child labour and trafficking of persons, while much remains to be done to overcome the deficit in gender inequality, as well as ethnic discrimination.

Child labour

Although the phenomenon of child labour is relatively limited in Europe in comparison with other regions, there are still estimates that some 2.5 million children work in the former transition countries. Many children from poor families in Eastern and Central Europe and the Central Asian countries became more vulnerable to child labour in the wake of the transi-

tion to market economies. There has been an increase in these countries of children working in the streets and in agriculture, particularly among marginalized groups, such as the Roma.

One particularly worrying aspect of the problem is the development of trafficking in children within the region. Despite the fact that the trafficking of women and girls for sexual exploitation has dominated media reporting of the issue, the trafficking of children, both boys and girls, for labour exploitation is also growing. Children are trafficked across borders, but also within countries, generally from rural to urban areas, or from small to large towns. They end up in situations of debt bondage, in exploitative working conditions and are exposed to violence and abuse. The countries most seriously affected include Albania, the Republic of Moldova, Romania and Ukraine, even though their governments are committed to eliminating child labour and have all ratified Conventions Nos. 138 and 182.

In response to these developments, the ILO's International Programme on the Elimination of Child Labour (IPEC) has developed a subregional approach to combating child labour. In addition to assistance to strengthen legislative provisions and institutional capacity, several subregional projects have been undertaken, including: a project to establish initial action on child labour in Central Asia; a project to combat the trafficking of children for labour and sexual exploitation in the Balkans and Ukraine; and two projects to combat the worst forms of child labour in the Stability Pact and CIS countries. In the CIS countries, where child labour has emerged as a major issue and there is strong commitment by constituents to address the problem urgently, the support provided will include: the formulation, promotion, enforcement and monitoring of relevant national legal frameworks; the collection and analysis of data on the worst forms of child labour and the development of child labour monitoring and reporting systems; the development and implementation of comprehensive policy and programme frameworks to address child labour issues; and direct pilot activities addressing children in the worst forms of child labour and their families.

Box 3.4

Child trafficking in Albania, Republic of Moldova, Romania and Ukraine

A three-year project funded by the United States and Germany has been launched to develop an environment in which it is possible to prevent and eliminate internal and cross-border trafficking in children for sexual and labour exploitation.

The project has three main components: advocacy, with a view to bringing legislation and procedures into line with international commitments and ensuring that national policies address the special needs of the child victims of trafficking; in selected high-risk areas, mechanisms to reduce the vulnerability of children to trafficking, based on the promotion of youth employment and the long-term reintegration of child victims of trafficking; and the establishment of a subregional information exchange network.

Through action at the subregional, national and local levels, the project is expected to provide services to 3,700 children and 80 adults and to indirectly benefit 50,000 people. Based on close cooperation with other structures and initiatives in the subregion, the project has a strong community base, offers a key role to young peer educators and will mobilize tripartite participation in the various interventions.

Another important level of ILO action on child labour is the assistance provided at the national level through country projects. Around 20 projects of varying scope and content are currently being carried out in the region. One component of these projects is the training of national statisticians. For example, in 2002, several staff members of the National Institute of Statistics of Romania received training and conducted a national child labour survey. Similar action has also been taken in Ukraine, where several research activities have been carried out in selected regions on child prostitution, paid illegal activities by children and under-age labour. The comprehensive country programme launched in Romania in 2000 has continued. Following intensive training for over 3,000 persons – including labour inspectors, local authorities, social workers and trade unionists – and an extensive awareness-raising campaign, a variety of activities have been carried out targeting street children, children working in agriculture and the trafficking of children. One focus of child labour activities in the Balkan countries in particular has been the vulnerability of Roma children.

More recently, as a follow-up to the ratification of Convention No. 182, IPEC has been developing time-bound programmes for the elimination of the worst forms of child labour, the first of which in the region is currently being implemented in Turkey. The development of the programme is based on over ten years of close cooperation between constituents in Turkey and IPEC, through which impressive progress has been made in combating child labour. Many of the action programmes launched within the framework of IPEC have been sustained, such as the centre for children working on the streets of Ankara. Similar centres set up with IPEC support for street children in other cities have also continued to operate. Similarly, a rehabilitation centre set up by the Turkish Confederation of Employers' Associations (TISK) with IPEC support for children working in the metal sector in Istanbul has continued to be maintained.

Forced labour

During the 1990s, there was increasing awareness that, despite the almost universal ratification of Conventions Nos. 29 and 105 (of the countries of the region, only Armenia has not ratified these Conventions), issues related to forced labour, and particularly the trafficking of persons, constituted a serious problem in the region. The majority of victims are women and children trafficked for commercial sexual exploitation. However, a significant number of victims, including men, are also trafficked for exploitation through forced labour. Some residual forms of state-imposed forced labour also persist, especially in the cotton industry in CIS countries, where students and women are reportedly forced to participate in the cotton harvest with little or no pay.

Based on the findings of research and the recommendations of workshops held in Albania, Republic of Moldova, Romania, Russian Federation, Turkey and Ukraine, as well as further workshops held in 2004 in major destination countries, including Germany and the United Kingdom, technical cooperation activities were developed focusing on: raising awareness of the problem of trafficking among ILO constituents and potential victims; the provision of advice on law and policy responses; capacity-building activities (in collaboration with the Turin Centre), for example for labour inspectors, trade unions, the police and other concerned actors; and measures to reintegrate the victims of human trafficking into the labour market with a view to their long-term rehabilitation.

In its country-based programmes against trafficking, the ILO has placed special emphasis on prevention and the active involvement of labour market actors. Prevention in this context includes the provision of decent

work for potential victims of trafficking in their countries of origin; the strengthening of administrative controls in such areas as the monitoring of private employment agencies; and the promotion of the establishment of safe channels of migration, for example by concluding bilateral migration agreements.

Promotion of non-discrimination

Gender discrimination is an area in which, despite the almost universal ratification of the relevant fundamental Conventions (the sole exception being Convention No. 111, which has not been ratified by Estonia), much still remains to be done to achieve their full application in practice, even in the most advanced societies. In the countries of Central and Eastern Europe, women still face greater difficulties than men in securing decent work with equal wages for work of equal value, in obtaining adequate social protection and in being able to participate in social dialogue. Unemployment often affects women more acutely than men and gender segregation in employment is still widespread, with women tending to be concentrated in low-paid occupations and sectors, including public sector employment.

In line with the ILO's policy of gender mainstreaming, which calls for the integration of a gender perspective in all activities, efforts have been made to include equality issues and the promotion of equal opportunities and treatment for women and men in the assistance provided to constituents in all areas. Hence, support has been provided to the countries in the region to help them: develop labour statistics disaggregated by sex; formulate and adopt legislation against discrimination; promote employment, training and entrepreneurship opportunities for women; and remove gender bias from social protection measures. Many of the activities to strengthen social dialogue and employers' and workers' organizations have also focused on gender issues.

Alongside these gender mainstreaming efforts, a number of specific gender-related activities have also been carried out. These include the holding of several seminars and meetings to assist in the development of the national gender strategy in the Russian Federation, national workshops on women's enterprise development through employers' organizations in Azerbaijan and Georgia, as well as workshops on women workers' rights and gender equality for trade unions in Belarus. A Finnish-funded project on more and better jobs for women was implemented in Estonia in 2002-03. The project helped prepare the ground for the adoption of the Gender Equality Act and produce a change in attitudes towards the employment of women, not just in the area concerned, but also throughout the country; it also paved the way for a system for the training of women in entrepreneurship development and marketing country that can be replicated elsewhere (see box 3.5). A tripartite workshop was held in Romania to present a modular package on gender, employment and poverty, which has been translated into Romanian and is being disseminated among national stakeholders working on issues related to employment, poverty eradication and gender equality. Several ILO publications were translated into national languages – *ABC of women workers' rights and gender equality*, and *Gender equality: A guide to collective bargaining* were translated into Russian, Ukrainian and Georgian.

Advice and assistance were provided for the formulation of equality legislation in a number of countries – including the Russian Federation, where the State Duma is considering draft legislation on equal opportunities for men and women. In Bulgaria, the technical assistance provided for the formulation of draft legislation on non-discrimination and the holding of a tripartite seminar on the promotion of a policy on non-discrimination in

Box 3.5**Improving market access for women entrepreneurs in Estonia**

A project on more and better jobs for women adopted an integrated approach to the promotion of rural tourism and handicrafts, based on the results of an economic opportunity identification exercise. This involved activities to strengthen women's groups involved in rural tourism, build the capacity of local tourism authorities and develop links with existing networks of related businesses. Web site development was used as a key marketing strategy, study tours were organized and training provided for the women entrepreneurs. This multi-pronged strategy proved effective in a context of a fledgling entrepreneurial culture, where the target beneficiaries come from marginalized groups.

The project activities gained the full support and participation of the local tourism authorities and local governments, with many of the training activities being co-financed by the county government. The women entrepreneurs found their participation in study tours to be enriching and informative concerning the expectations of tourists from Western European countries. The web sites developed are linked to the gateway for Valga County businesses and to the national tourism web site. There is ample scope for the replication of these strategies elsewhere in Estonia and in other transition countries seeking to promote tourism as a strategy for rural regeneration.

employment resulted in the adoption of the Law on Protection against Discrimination in September 2003. Furthermore, when the ILO has assisted in the drafting of the new Labour Code, such as in Albania, Bulgaria, Romania, Slovakia and Ukraine, it has always, in its comments, ensured that the fundamental rights of equality of opportunity and treatment were properly covered. As part of a project funded by Belgium and carried out in collaboration with the Turin Centre, labour law and labour relations experts from the Stability Pact countries were trained on ILO standards and European Community law relating to equal opportunities, including techniques for the drafting of legislation in this field.

Several interventions also focused on the promotion of social dialogue on equality issues. These included specific activities in Bulgaria to promote collective bargaining in the chemical sector, which predominantly employs women, and the organization of a conference in Hungary in December 2003, in collaboration with the Ministry of Employment and Social Security and the Office of the Minister for Equal Opportunities, on collective bargaining and gender equality, with special emphasis on family-friendly workplaces.

Among the disadvantaged groups in the labour market, the Roma have been among the main losers in the transition process. As a result of discrimination and their low educational levels, they experience extremely high rates of unemployment and poverty, although information on their precise situation remains sketchy. Activities dealing with the Roma issue were launched jointly with UNDP, including two technical cooperation projects to assess the labour market programmes targeted at the Roma population in the region. A report was published on the labour situation of Roma in Hungary (Csongor et al., 2003). A subregional project led to the preparation of a regional human development report on Roma in Central and Eastern Europe, which provides a comprehensive picture of the employment situation of Roma in Bulgaria, Czech Republic, Hungary, Slovakia and Romania (Ivanov, 2003).

Freedom of association

The situation within the region with regard to freedom of association is similar to that of equality and non-discrimination in terms of the almost universal ratification of Conventions Nos. 87 and 98 (only Armenia and Uzbekistan have not ratified Convention No. 87). Yet, despite the progress made in a short time in countries which have undergone the transition from a planned economy and a state-controlled union movement, there is still some way to go in a number of cases. For example, while some countries have recently adopted laws on employers' organizations, others still have a compulsory system of chambers of commerce, which carry out the functions of employers' organizations, thereby violating the principles of freedom of association. The ILO's supervisory bodies have continued to express concern in this respect with regard to Bosnia and Herzegovina, The former Yugoslav Republic of Macedonia and Serbia and Montenegro. Another issue that gives rise to concern in these countries is how newly created trade union organizations can coexist harmoniously alongside traditional unions. In this respect, the ILO continued to provide guidance on criteria for the representativeness of workers' organizations and collective bargaining models.

The supervisory bodies have also raised the issue of interference with the internal affairs of trade unions in a number of countries, including Belarus, where this matter is under investigation by an ILO Commission of Inquiry. The ILO has continued to support the development and enhance the capacity of democratic institutions in the region.

A number of advisory and technical assistance missions have been undertaken in the context of the cases pending before the ILO's supervisory bodies. For example, a mission to Ukraine advised the Government and the social partners on issues relating to the registration of trade unions, collective bargaining and representativeness. The Committee on Freedom of Association has since noted with interest and satisfaction the amendments to the Law on Trade Unions to simplify registration procedures. A mission to Romania in 2002 provided advice in the context of the process of legislative reform and the Committee of Experts has been able to note with interest a number of changes in the new Bill on Trade Unions intended to respond to the concerns raised. At the request of the Government of Bosnia and Herzegovina, technical assistance was provided on possible approaches to legislative reform that would respond to the concerns of the supervisory bodies. Several advisory missions were also undertaken to Serbia and Montenegro at the request of the Government to provide technical assistance on such issues as laws on trade unions and employers' organizations and the regulation of the right to strike.

Assistance continued to be provided to a number of countries (including Kyrgyzstan, The former Yugoslav Republic of Macedonia, Serbia and Montenegro, Tajikistan and Uzbekistan), in cooperation with the Turin Centre, to enable them to comply with their constitutional obligations to report on the implementation of ratified Conventions and to reply to the observations made by the supervisory bodies.

3.3. Social dialogue

In the countries of Central and Eastern Europe and the CIS, the 1990s witnessed major efforts to develop social dialogue institutions and labour legislation adapted to the conditions of the market economy. This has, in general, been followed during the period 2001-2004 by a further strengthening of the framework and building blocks of social dialogue, namely employers'

and workers' organizations and labour administrations, together with the continued adaptation of labour legislation to the conditions of liberalized trade and a globalized economy. While progress has not been even, these developments have in many cases facilitated the extension of social dialogue beyond the traditional sphere of labour and social affairs to cover challenges such as globalization and the ageing of the population. In the new EU countries, the establishment of a framework for informing and consulting employees has implied the creation of new forms of workers' representation at the enterprise level, including works councils and European works councils.

In most of the Stability Pact and CIS countries, the institutions of social dialogue do not yet function effectively and tripartite social dialogue remains too formal. Governments still take important economic and social policy decisions that directly affect workers and employers, such as privatization and pension reforms, either without consulting the social partners, or on the basis of very formal consultations. Although national tripartite consultation institutions have existed for some years, in many of the countries of south-eastern Europe, they meet irregularly, if at all, and often lack resources and essential institutional support. In some cases, the social partners suffer from excessive fragmentation, which can lead to inefficiency, and in a number of countries they continue to face legal and administrative obstacles to their organization and development which prevent them from representing their members effectively.

While collective bargaining at the sectoral level still prevails in most Western European countries, despite tendencies for decentralization, sectoral social dialogue is still absent, with certain exceptions, in many other countries in the region. In the countries of Central and Eastern Europe and the CIS, collective bargaining takes place predominantly at the company level, although even there its scope and coverage are often rather limited. There is therefore a general need in these countries to promote and develop autonomous social dialogue between the representatives of employers and trade unions.

Since the beginning of the transition process, the ILO has been instrumental in the development of social dialogue in most countries of Central and Eastern Europe and the CIS. During the period 2001-2004, it sought to further strengthen social dialogue throughout the region and to assist the new EU Member States in their preparations for accession, in close cooperation with the European Commission and the European Foundation for the Improvement of Living and Working Conditions. The ILO also cooperated with the European Foundation in assisting the new EU Member States and candidate countries in the formulation of action plans to strengthen national labour dispute settlement systems.

A series of tripartite conferences were organized for the accession countries in Prague (2001), Malta (2003) and Warsaw (2003); and for the CIS in Almaty (2002) and Bishkek (2003). These conferences dealt with various aspects of social dialogue as a tool for economic and labour reform. The Prague conference resulted in a publication on the weaknesses of sectoral social dialogue in the accession countries (Ghellab and Vaughan-Whitehead, 2003). A seminar on the promotion of social dialogue was held in the Czech Republic (2002), and a high-level tripartite conference in Budapest (2002), organized in collaboration with the Governments of Germany and Japan, examined the role of social dialogue in policy formulation relating to population ageing. The relevance of the Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy in the context of social dialogue was promoted at several of these meetings and the Declaration was translated into Azeri and Hungarian. In 2004, a comparative study of social dialogue and employment covering a series of countries in the region was

undertaken with a view to highlighting best practices in the involvement of the social partners in employment policy formulation.

Several of the technical cooperation projects carried out in the Stability Pact and CIS countries on fundamental principles and rights at work included components for strengthening social dialogue institutions and labour dispute settlement machinery. A project financed by France and Italy to promote social dialogue and enhance national expertise in labour law in the Stability Pact countries led to the endorsement of a series of priority actions by constituents for the improvement of social dialogue. The ILO has also been instrumental in promoting an exchange of experience between old and new EU Member States – including the Czech Republic, Hungary, Poland, Slovenia and south-eastern European countries – on strengthening the role of social dialogue in addressing the challenges of transition. Some of these countries, such as Czech Republic, have recently become donors to ILO activities in the Balkans. Another subregional activity for these countries was designed to strengthen the permanent secretariats of tripartite institutions for social dialogue by bringing together their managers and providing support at the national level. The Turin Centre organized a number of training activities for the promotion of social dialogue in the Baltic countries and the countries of south-eastern Europe. Support was also provided to assist in the ratification and implementation of the Tripartite Consultation (International Labour Standards) Convention, 1976 (No. 144), as a result of which Bosnia and Herzegovina, Serbia and Montenegro and The former Yugoslav Republic of Macedonia are considering the ratification of the Convention.

South-eastern European countries were also provided with advice and support for the development of a legal framework for labour dispute settlement machinery. For example, labour judges in Romania were trained in the use of the provisions of international labour law in their decisions relating to labour disputes, particularly in relation to Conventions Nos. 87 and 98. Serbia and Montenegro also received technical assistance in the field of labour dispute settlement, while training on conciliation and mediation techniques was conducted in Bulgaria. Finally, technical support was provided to The former Yugoslav Republic of Macedonia for the formulation of legislation on the right to strike.

Labour legislation

It is now becoming increasingly widely accepted in the region that an appropriate regulatory framework is essential for social and labour issues if globalization is to be both socially and economically sustainable in the long term. The process of accession to the European Union has in this, as in other areas, provided a powerful incentive for new trends in the reform of labour legislation in both the new EU Member States and candidate countries. At the same time, these countries have undertaken other reforms, such as the flexibilization of their labour legislation, with a view to accommodating the evolving realities of the globalized labour market and the requirements of competitiveness.

A parallel trend may be observed in many other countries in the region that are not involved in the process of accession to the EU, with the dual concerns of achieving greater respect for fundamental work-related rights, while at the same time adapting the regulatory framework to the evolving conditions of a global labour market. For example, practically all the CIS and many Balkan countries are now in the process of drafting new or amended labour codes, often supplemented by specific legislation dealing with freedom of association and industrial relations. However, the situation in these countries with regard to the enforcement of labour legislation is generally

less well advanced. The challenge is therefore to further strengthen the capacities of labour administrations, with particular reference to labour inspection and court systems.

Member States in the region continued to benefit from ILO assistance for the development and amendment of labour legislation – not only framework laws, such as labour codes, but also legislation on specific aspects of the labour market. A tripartite conference was held in Malta in February 2003 to address the role of tripartite social dialogue in handling labour law reform while ensuring a balance between flexibility and security.

In the EU accession countries, assistance included the provision of comments on a bill on works councils and the regulation of tripartite consultation mechanisms in Lithuania; the amendment of the Labour Code in Slovakia; and the legislation on temporary work agencies in Poland. In Hungary it focused on sectoral social dialogue, collective bargaining, gender, the right to information and consultation and the training of the social partners on the ILO's supervisory machinery. Other countries in the subregion which benefited from ILO support in the area of labour law reform included Albania, Bosnia and Herzegovina, Bulgaria, Georgia, Kazakhstan, Romania, Russian Federation, Serbia and Montenegro and Ukraine (see box 3.6). Of the Stability Pact countries, labour codes formulated with ILO assistance have been adopted since 2001 in Kosovo, Romania and Serbia, and existing labour legislation amended in Albania, Bulgaria and Montenegro.

Box 3.6

Development of labour legislation in Ukraine

In the context of a project funded by the United States for the promotion of the ILO Declaration, a process of dialogue was set in motion, starting in 2001, which has involved not only employers' and workers' organizations and the Ministry of Labour and Social Policy, but also specialists from the legal profession and academia, other sectors of the Government and Members of Parliament and representatives of many other stakeholders. This dialogue has focused on the development of labour legislation, and particularly the new draft Labour Code, which was approved by the National Council of Social Partnership and received its first reading in Parliament in 2003. The process of the formulation of the Labour Code received wide media coverage and the dissemination of information on the proposals being made was facilitated through the development of a dedicated web site.

All of the principles promoted by the Declaration have been covered by the project. Gender issues have been mainstreamed throughout the activities. However, the cornerstone of the project has been the development of the rights and institutions related to freedom of association. For many independent representative organizations, participation in the project was an important source of public recognition and helped in the emergence of civil society in Ukraine. Throughout the project, cooperation was maintained with the labour inspectorate and a programme of training seminars implemented for labour inspectors. It is acknowledged within the labour inspectorate that these activities have resulted in a change in outlook, with greater importance now being given to prevention and dialogue, in place of the more traditional approach based on control and punishment.

A number of tools have been developed in support of these activities. These include the labour law profiles prepared and constantly updated by the ILO International Observatory of Labour Law. These profiles, generally prepared by labour law scholars or practitioners in each country, are intended

to facilitate a general understanding of ways in which labour law works at the country level and to provide easy access to related information. Profiles are currently available online for Finland, Germany, Ireland, Israel, Italy, Russian Federation and Switzerland, and will shortly cover more European countries. Another practical tool, the Labour Legislation Guidelines, combines examples of current legislation on a series of important labour law topics with a view to showing the various approaches that have been adopted, backed up by explanations of the important points. These Guidelines are intended as support for all those involved in the process of drafting or amending labour legislation and are available online in English, French, Spanish and Russian and in a printed version in the local languages of Serbia and Montenegro and Bosnia and Herzegovina.

Employers' organizations

Progress continued to be made in the consolidation of employers' organizations in the countries of Central and Eastern Europe, south-eastern Europe and the CIS, and employers' organizations now exist in all the countries in these subregions. Following the adoption of appropriate laws allowing for their registration, new independent employers' organizations were set up in both entities of Bosnia and Herzegovina and in Montenegro. Specific laws on employers' organizations were also adopted in the Republic of Moldova, Romania and Ukraine. However, adequate provisions are still lacking in The former Yugoslav Republic of Macedonia, Serbia and Slovenia.

The major problems faced by employers' organizations relate to the slowness of the necessary improvements in legal provisions to allow their easy registration, clarify the respective roles of chambers of commerce and employers' organizations and ensure that collective bargaining is not considered to be compulsory. Another important issue in certain countries is the continued failure to allow the fiscal deductibility of membership fees for employers' organizations, as called for in the conclusions of the European Regional Meetings in 1995 and 2000. The difficulties experienced by employers' organizations in countries of Central and Eastern Europe in increasing their membership and playing a prominent role in social dialogue are also compounded by their lack of capacity to provide high-quality services for their members, the informality of the economy, the continued fragmentation of employers' organizations in some cases and the high level of corruption in certain countries.

Employers' organizations continued to receive a significant volume of support and guidance to help their future development. This took the form of the organization of meetings at the national or subregional levels – sometimes in collaboration with other social partners; the organization of training activities – often in cooperation with the Turin Centre; and the preparation and translation of publications. The subjects covered included strategic planning; the development of membership and services to members (OSH and vocational training); lobbying; media relations; and the role that can be played by employers' organizations in such areas as privatization, wage setting, occupational safety and health, the informal sector, child labour, migration, HIV/AIDS and the United Nations Global Compact. Assistance was provided to several countries for the adoption of provisions concerning the fiscal deductibility of membership fees for employers' organizations, including Bosnia and Herzegovina, Latvia, Montenegro and Romania. Provisions allowing for the limited deductibility of membership fees were also introduced in the Bulgaria, Czech Republic, Poland, Slovakia and Ukraine.

One important aspect of the assistance provided has been the promotion of networking, the exchange of experience and bilateral cooperation among employers' organizations in the region. One of the most significant

outcomes of a project funded by the Netherlands covering employers' organizations in south-eastern Europe was the establishment of the South-Eastern Europe Employers' Forum (SEEEF). This Forum provides employers' organizations in the Balkan region with the opportunity of exchanging information concerning the Balkan Stability Pact and representing the interests of employers in relation to international institutions, which play an important role in the reconstruction of the area. An informal network, the Applicant Countries' Employers' Organization Network (ACEON), was also set up to help employers' organizations in the countries concerned coordinate their preparation for the accession process. Emphasis was also placed on facilitating the exchange of experience and networking with more advanced employers' organizations, such as between employers' organizations in Azerbaijan and Turkey. Another example of facilitating the exchange of experience between employers' organizations with different levels of experience was the training course on strategic planning for employers organizations' held in Israel in collaboration with the Manufacturers' Association of Israel.

Box 3.7

Promotion of women's entrepreneurship through employers' organizations in Georgia and Azerbaijan

With a view to assisting employers' organizations in Azerbaijan and Georgia improve the services that they can offer their members, a project has been undertaken to assist in the development of strategies and actions to address the needs of women entrepreneurs. Based on a rapid assessment of the development of women's entrepreneurship in the two countries, including the legislative and cultural influences, two national workshops were held to identify best practices to support women entrepreneurs.

The national workshops have given rise to different approaches to supporting women's entrepreneurship and promoting gender equality within employers' organizations in the two countries. As a result of the project activities, the Association of Women Entrepreneurs was established in Georgia; the employers' organization in Azerbaijan is establishing a standing gender committee and an information centre. A final conference to exchange experience on best practices for the provision of stable and long-term support for women entrepreneurs was held in Baku (Azerbaijan) in 2004.

Workers' organizations

In most of the new EU Member States and candidate countries, trade unions have made efforts to consolidate their position in the established but still fragile institutional system. At the national level, they have been involved in drawing up employment policy proposals, participated in social security and pension reforms and addressed the needs of vulnerable groups. They have also developed programmes and policies to halt and reverse the trend towards the decline in their membership, although they still cover only a minority of the labour force and their presence is limited in the private sector – particularly in SMEs. Moreover, despite recent efforts, there has been no decisive shift towards collective bargaining at the sectoral level, which remains the weakest part of the industrial relations systems in many new EU Member States and candidate countries.

In other Central and Eastern European and CIS countries, trade unions are still striving for the establishment of a legal framework, institutions and mechanisms that give them a stronger basis for the representation of their

members' interests. Trade unions in Serbia and Montenegro, Slovakia and Ukraine have made strong efforts to influence labour law reforms to achieve greater respect for trade union and workers' rights. In other CIS countries, they complain of increasingly frequent violations of the most basic rights and freedoms of workers and trade unions. In June 2003, a formal complaint was made to the International Labour Conference by a number of Workers' delegates concerning the non-observance by Belarus of Conventions Nos. 87 and 98. The ILO Commission of Inquiry set up to investigate the complaint visited Minsk in April 2004 to review the situation.

At the end of the 1990s, and still today to a lesser extent, one of the priorities of trade unions in the CIS countries was to find a solution to the delays in the payment of wages: their main objective now, however, is to raise wage levels, and particularly that of the minimum wage. In the PRSP countries in particular, they are also seeking to develop their own policy proposals on such issues as the working conditions of women workers, the elimination of child labour, the activities of transnational companies and globalization.

As workers' organizations have continued to adapt to their new roles in market economies, the areas in which they have required assistance from the ILO have become increasingly diverse. The ILO has therefore sought to help trade unions develop integrated policy responses to the rapid social and economic transformations taking place in the region, in accordance with the concept of decent work. For example, assistance has been provided to workers' organizations in various countries, including Bulgaria and Croatia, on the flexicurity approach, to help them influence labour market policies on the basis of a balanced approach involving both security for workers and flexibility for employers. A rising volume of the assistance provided has been undertaken in partnership with the ILO's traditional partners in the region, including the International Confederation of Free Trade Unions (ICFTU), the World Confederation of Labour (WCL), the European Trade Union Confederation (ETUC) and the Trade Union Advisory Committee to the OECD.

One area in which workers' organizations have consistently requested support from the ILO is in the promotion of fundamental principles and rights at work. The assistance provided in this field included a German-funded project for trade unions in Bulgaria and Romania. One major achievement in Romania was the development of a civic education component for school curricula and its introduction in selected secondary schools (see box 3.8). A national campaign on fundamental principles and rights at work was launched in Bulgaria and conducted in close cooperation with the labour inspectorate and the media. Among other subjects, it drew attention to the violation of fundamental rights at work in SMEs in Bulgaria. The capacities of trade unions were also strengthened through other projects for the promotion of the Declaration. For example, a series of tripartite training seminars on labour law and fundamental principles and rights at work were held in Ukraine as part of the project funded by the United States which led up to the adoption of a new Labour Code (see above). Training was also provided to strengthen trade union education programmes in Serbia and Montenegro on international and core labour standards in the context of a project funded by Italy.

Throughout the assistance provided to trade unions, special efforts were made to promote women workers' rights, particularly in partnership with the ICFTU and the WCL. A number of activities were also undertaken to strengthen the capacities of trade unions in the CIS countries to take action to combat child labour, including the translation and publication of guidelines, training and information materials. In a joint ILO, ICFTU, Union

Box 3.8**Promoting workers' rights through schools in Romania**

As part of a German-funded project to promote the ILO Declaration, the trade unions in Romania have developed educational components for inclusion in secondary school curricula covering fundamental principles and rights at work, the role of the social partners and the meaning of social dialogue in a democratic society. This is a key element of a long-term strategy by Romanian trade unions to attract young people to the union movement through a better understanding of workers' rights and the values of solidarity.

The trade unions, in partnership with the Ministry of Education, Research and Youth, collaborated in a broad preparatory process for a new school curriculum on civic education. Five lessons have been already developed, piloted and included in the national curricula for the XIth grade. Two more lessons will be finalized and piloted for inclusion in the national curricula for the XIIth grade in 2005/06. An information campaign will also be organized through the preparation and distribution in schools of posters and information leaflets on trade union rights.

Network International (UNI) and International Union of Food, Agricultural, Hotel, Restaurant, Catering, Tobacco and Allied Workers' Associations (IUF) project, trade unions in Kyrgyzstan were provided with assistance to develop policies and action plans to combat the worst forms of child labour, with emphasis on child labour in agriculture – particularly tobacco cultivation – and in trade, especially local markets.

Protection of workers' rights in the event of the insolvency of the employer

With a view to addressing the problem of the non-timely payment of wages, which has been affecting millions of workers and their families, as well as national economies, support was provided to the Stability Pact countries and Ukraine to help identify and implement solutions. A subregional tripartite conference was held in Sofia in November 2001, with the participation of experts from the World Bank and EU countries. As a follow-up to the conference, the ILO cooperated with the European Commission in assisting Bulgaria and Romania to shape a legal framework and create wage guarantee funds in line with European and ILO standards. In Bulgaria a law establishing a guarantee fund was adopted in 2004 and preparatory legislative work is under way in Romania. Assistance has also been provided to Ukraine in the field of wage guarantee funds.

3.4. Social protection

A combination of trends is at present affecting the region. These include the ageing of the population in the majority of the countries in the region, the decreasing life expectancy in some CIS countries, the consolidation of the market economy in the countries of Central and Eastern Europe and the CIS and the harmonization of the relevant legislation and systems in the new EU Member States and candidate countries. The result of all this has been to focus attention on issues of social protection, which have accordingly moved higher up the political agenda. The reform of pension systems and other forms of social security, the improvement of occupational safety

and health conditions and measures to address the rise in HIV/AIDS infection, especially in Central and Eastern Europe and the CIS, have all become pressing concerns in the region over recent years.

The countries of Central and Eastern Europe and the CIS have experienced difficulties in coping with the challenges of low employment, the effective collection of social contributions and high expenditure as levels of unemployment and poverty have risen. They have therefore introduced many far-reaching reforms of their social security systems over recent years, which have generally sought to improve the financial balance of social security schemes by tightening eligibility for benefits and improving the collection of contributions. However, there is little evidence that the latter reforms have as yet produced the intended results.

As in the 1990s, pension reform has continued to occupy an important place in policy debates across the region. In this context, the early results of pension privatization measures have clearly shown that the difficulties associated with this reform strategy had been underestimated. Across Central and Eastern Europe and some countries in the CIS, the new private pension funds have invested heavily in public – as opposed to private – assets, which is at odds with the basic purpose of the reforms, namely the diversification of risks. Private administrative charges are also high, thereby eroding investment earnings and leading to negative real returns in some countries. Moreover, private pension markets are increasingly dominated by a few funds which, although allowing economies of scale, have decreased competition and increased the need for regulation. In most of the countries concerned, critical issues relating to the payment of benefits by the new private individual savings accounts remain unresolved, including the manner in which cost-of-living increases will be covered and whether private providers will be permitted to take the differential average life expectancies of men and women into account in computing benefits. The diversion of a portion of the revenues of pension schemes to new individual savings accounts is damaging the financial situation of public pension schemes. The funds diverted from public to private schemes, amounting to between 0.5 and 2.5 per cent of GDP over the coming decades, is resulting in increased borrowing by governments and cuts in benefit levels.

In the CIS countries, great difficulties were experienced in social security financing in the early 1990s, due to hyperinflation, the rise in unemployment and evasion of taxes and social security contributions – largely caused by the expansion of informal sector activities. Low and relatively flat amounts of social security benefits, which do not fully reflect the contributions paid, have reduced individual motivation to obtain social security coverage. The very high rates of employers' social security contributions are another major alienating factor. For example, comprehensive social security systems which include protection for the unemployed and maternity benefit – and not just old-age pensions and social assistance – are urgently needed to guarantee a minimum standard of living. Informal sector workers and illegal migrants are in a particularly precarious situation, the latter in large part due to the inflexible registration system which restricts the free movement of people between CIS countries. The establishment of common social security provisions protecting migrant workers in the CIS countries is therefore another important issue to be addressed in the subregion, for which social dialogue will be vital in achieving a broadly accepted solution.

In the field of social protection, the ILO's support for constituents included adding its weight and experience to general policy debates, as well as the provisions of practical support to constituents for the development of more efficient and effective social protection schemes. This took such forms as training for social security practitioners and the social partners, the

organization of occasions for social dialogue on social protection issues and reforms, actuarial and technical assistance and technical cooperation projects.

With a view to determining more precisely the situation with regard to socio-economic security in the countries of Central and Eastern Europe and the CIS and identifying the related needs and appropriate policy options, data collection exercises based on enterprise labour flexibility and security (ELFS) surveys were carried out in Azerbaijan, Republic of Moldova, Russian Federation and Ukraine. Micro-level surveys, in the form of surveys of the level of security of individuals, were also undertaken in Azerbaijan, Hungary, Russian Federation and Ukraine to assess the sense of economic and labour-related security experienced by households and the sources of insecurity. The findings of these surveys, which were discussed in a series of tripartite national conferences and received broad media attention, show that, despite certain positive signs, progress is being undermined by high rates of hidden unemployment and poverty; the continued widespread use of unpaid administrative leave (for example in Ukraine); the inadequacy of incomes for around three-quarters of the population; the very large numbers of people who cannot afford health care; and the widespread desire for the strengthening of people's rights and a guaranteed minimum income.

Several technical cooperation projects were undertaken to help the countries of Central and Eastern Europe and the CIS countries strengthen and adapt their social security systems, including training programmes organized by the Turin Centre in Albania, the Russian Federation and Kosovo. Two extensive projects were financed by France, one focusing on countries in Central Europe and another on the Stability Pact countries of south-eastern Europe. A third project funded by Italy was designed to strengthen the delivery of social services in Albania. The subregional projects included components for research and technical cooperation and promoted the exchange of information and experience within Europe.

In the context of the project for Central Europe, studies (Fultz, 2002a and 2003) compared experiences of pension reform with and without privatization; analysed disability pension reform in various countries (Fultz and Ruck, 2002); reviewed the gender dimensions of social security reform in relation to both pensions and family benefits (Fultz, Ruck and Steinhilber, 2003); and examined efforts made to use social security measures to combat poverty and social exclusion arising or persisting in the wake of the transition (Ferge, Tausz and Darvas, 2002). The main themes and findings of these studies were discussed at the Informal Meeting of Ministers of EU Accession Countries held in the context of the International Labour Conference in June 2003. The research component of the project covering south-eastern Europe has focused on improving the delivery of social services and the collection of contributions with a view to identifying and disseminating good practices and developing a training course. A review was also undertaken of the health-care reforms carried out in many Eastern European countries (Afford, 2003).

Technical assistance on social security reform issues included the provision of support to the Governments of the Czech Republic and Romania for the formulation of new legislation authorizing the establishment of occupational pension schemes and providing a framework for their regulation. Guidance was supplied to the Government of Bulgaria for the development of a new system of risk-related premiums for employment injury benefits. The Albanian Government was guided in its plans to ratify Convention No. 102 and the European Code of Social Security. Experience was also shared with the Governments of Albania and Lithuania in their consideration of the privatization of their pension schemes. A two-year technical cooperation project financed by France was commenced in 2004 to strengthen

Box 3.9**Health-care systems in Eastern Europe**

A review undertaken by the ILO of health-care services in the countries of Eastern Europe shows that, despite the continued dedication of many health-care personnel, the years of transition and cuts in public expenditure have taken their toll on state health services, creating a crisis in health care which has contributed to the fall in life expectancy in countries such as the Russian Federation and Ukraine. The impact of such diseases as HIV/AIDS and tuberculosis has been worsened by the condition of public health services. Health-care workers in many countries suffer from low pay, the need to work unpaid overtime and employment insecurity in view of the uncertainty as to future plans for the restructuring of the sector. Moreover, there is very little involvement of the social partners in the discussion of reform measures.

The findings of this review are set out in a publication by the ILO and Public Services International (PSI) entitled *Corrosive reform: Failing health systems in Eastern Europe*, which contains policy recommendations for the improvement of the situation (Afford, 2003).

institutional capacity in five countries (Bulgaria, Czech Republic, Hungary, Romania and Slovenia) to address social exclusion through coordinated labour market and social protection policies. In Hungary, the project will also cover the improvement of urban settlements for the Roma community. With a view to strengthening social dialogue on social protection reform and financing, training was provided to employers' and workers' organizations, including the holding of several tripartite subregional seminars and the organization of study visits by national delegations to examine systems in other countries.

The assistance provided to CIS countries for the improvement of social security schemes included the organization of tripartite pension seminars in the Russian Federation and Kazakhstan and a seminar on actuarial modelling in Belarus. A UNDP-financed project was carried out in Kazakhstan in 2003 to assess the Targeted Social Assistance (TSA) scheme which, in the absence of a comprehensive social security framework, is one of the most reliable social safety nets in the country. The main findings of the project were presented to a tripartite seminar chaired by the Minister of Labour, as a result of which the Government is currently working on a revision of TSA-related legislation. The methodological approach developed in this project is now being applied in a TC-RAM project in Kyrgyzstan financed by the United Kingdom.

The financing of social security

The advice and technical assistance provided to constituents on the financing of social security included support for the development of social budgeting and the application of other actuarial methods, as well as the establishment of databases and indicators through which the performance of social protection systems can be assessed. These activities were backed up by research into a number of related topics, including: the volume of migration needed by the ageing European Union to maintain its standard of living (Cichon et al., 2001); the challenges facing social security systems arising out of the enlargement of the EU and the opening of inner borders in Europe (Hagemeyer, 2002); inter-generational equity and the funding of social protection in Europe (Cichon et al., 2003); and the role of indicators in the process of the open method of coordination. In the field of social security

statistics, the new ILO Social Security Inquiry is being developed in collaboration with EUROSTAT and the questionnaire is being tested in a number of European countries. Past data from the ILO inquiry into the cost of social security were transformed into a database, in cooperation with the University of Mannheim, and are available online and on CD-ROM.

The projects carried out included the actuarial evaluation of the pension system and the development of a social budget simulation model for Luxembourg, a series of regular actuarial evaluations of the social security pension system in Cyprus, the costing of planned labour market policy measures in Bulgaria and technical support for the social budgeting project in the Russian Federation. Poland was the first European country in which the new methodological tool, the Social Protection Expenditure and Performance Reviews (SPERs), was tested. A second SPER was carried out in Slovakia and several others are planned in 2004 to assist policy-makers by examining and comparing the full range of social spending, the populations covered, methods of financing and administrative costs at the national level; this should provide an overview of the social protection situation as a basis for policy decisions.

A range of training and capacity-building activities were carried out, many of them in collaboration with the Turin Centre, with a view to further promoting the use of social budgeting at the national level as a comprehensive governance tool to help address demographic and economic changes, based on the creation of sound and coherent statistical bases and projection tools allowing short-, medium- and long-term projections of social protection and resource requirements (Cichon et al., 2001). These included a high-level tripartite meeting for EU accession countries, held in Cyprus in collaboration with the EC, and the joint ILO/University of Maastricht master's programme in social protection financing. A training module was also developed on the actuarial and statistical aspects of the European Code of Social Security and ILO Convention No. 102, which was used in subregional and national seminars organized in collaboration with the Council of Europe.

Occupational safety and health

After a period during which only sporadic progress seemed to have been made in improving the situation with regard to occupational safety and health (OSH), this important subject has moved higher up the political agenda, in part due to the adaptation required in the EU accession process. Awareness of the extremely high cost of work-related accidents and diseases appears to be rising steadily almost throughout the region, despite a certain residual pessimism as to whether the measures taken will really be given effect in practice.

The new EU Member States have taken significant steps to align their OSH legislation and institutions with those of the EU-15, many of them with ILO help and advice in a context of expanded ILO cooperation with European Union institutions. Moreover, many other countries have also reformed their legislation and institutions, with the help of the ILO, to respond to the demands of a market economy. Nevertheless, there is still a severe deficit with regard to implementation and, despite recent improvements, ILO estimates suggest that work-related fatalities occur almost three times more often in the new Member States (excluding Cyprus) than in the EU-15, and that the rate of absence due to work-related accidents and diseases is also approximately three times higher. The modernization of the labour inspection system in these countries has only been advancing slowly and the efforts made are often hampered by a lack of resources and adequate training.

The disintegration of the former USSR led to the breakdown of the overall OSH administration in CIS countries, both at the national and enterprise levels, the transfer of OSH responsibility from trade unions to the government, the termination of the social protection functions of enterprises, including compensation for occupational accidents and diseases, and subsequently to the legal reassignment of OSH responsibilities to the employer. Working conditions in the CIS countries remain a major concern, with ILO estimates placing the number of work-related accidents in these countries at around 600,000 every year, of which over 8,500 are fatal. Under-reporting of accidents is also huge, especially in SMEs and the informal sector.

Throughout the assistance provided by the ILO in this field, the guiding principle has been that decent work is safe work and that the ultimate means of improving occupational safety and health is through the installation of a safety culture, with emphasis on prevention. The ILO has also expanded its cooperation in the field of occupational safety and health with regional institutions, including the European Foundation for the Improvement of Living and Working Conditions and the European Agency for Safety and Health at Work, as well as cooperating in various projects which have proved to be an efficient means of promoting the complementarity of ILO and EU OSH principles.

Box 3.10

World Day for Safety and Health at Work

One of the initiatives taken by the ILO to raise awareness of the massive toll of work-related accidents and diseases throughout the world has been to declare 28 April, a day long associated by trade unions with the commemoration of victims of occupational accidents and diseases, as World Day for Safety and Health at Work. The ILO first commemorated the World Day in 2003.

In both 2003 and 2004, a variety of events were organized on 28 April on the theme of safety and health at work by a long list of countries in Europe and Central Asia. These ranged from tripartite discussions and meetings, to radio and television broadcasts, the launching of awareness campaigns and ILO publications, the laying of wreaths and, in certain cases, the observance of one minute's silence for victims.

As a basis for the development of a safety culture, the ILO continued to support the dissemination of OSH information, particularly through the establishment of occupational safety and health information and training centres. Several such centres have been established in the regions of the Russian Federation. Azerbaijan, Belarus, Georgia, Kazakhstan, Kyrgyzstan and Uzbekistan have their own national centres, while Tajikistan is in the process of establishing one. For Russian-speaking countries, the Virtual Academy of Safework is an important and widely used source of ILO and other OSH information. For some years, the ILO has been assisting in the translation and publication of up-to-date OSH information into Russian, and emphasis has also been placed on the translation of OSH materials into other Central and Eastern European languages.

Another of the focuses of ILO action has been to support the more widespread ratification of its OSH Conventions and the amendment and adoption of legislation, including the alignment of OSH provisions in the new Member States with EU Directives, which broadly reflect the provisions of the ILO's instruments in this field. Assistance has been provided to

Croatia, Kazakhstan, Kyrgyzstan, Lithuania, Russian Federation, Serbia and Kosovo for the formulation of OSH legislation. Advice has also been furnished on the OSH policy environment in general, particularly through the implementation since 2002 of a new ILO tool, namely national OSH profiles, which have been prepared by Azerbaijan, Georgia, Kazakhstan, Kyrgyzstan and Uzbekistan and are in the process of being formulated in Tajikistan. With a view to the development of national occupational safety and health strategies, Azerbaijan, Croatia, Serbia, Kazakhstan and Uzbekistan are developing their OSH concepts and an initiative has been launched in the Russian Federation to prepare a state programme of “Health for the working population of Russia, 2003-2015”.

Another important element in the development of a safety culture is the organization of training and capacity-building activities, often in collaboration with the Turin Centre, for OSH professionals and employers’ and workers’ organizations. In the CIS countries, including Kyrgyzstan, Russian Federation and Uzbekistan, support is being provided to local experts and organizations for the production of pilot and modular OSH training courses and packages through the training of trainers. A survey of OSH priorities and conditions was carried out in collaboration with trade unions in several Central and Eastern European countries, the findings of which were discussed in national and subregional seminars. In relation to employers’ organizations, emphasis was placed on endeavouring to upgrade and rationalize the proliferation of small OSH services, which are tending to undercut prices and are failing to provide relevant services to employers in many countries in Central and Eastern Europe. A pilot project was also carried out with the association of employers in Bulgaria to improve its OSH services, with a view to the application of the lessons learned by employers’ organizations elsewhere in the subregion.

Legislation on trade union or worker OSH representatives in Central and Eastern European countries commonly stipulates that OSH representatives should be instituted in workplaces with 50 or more employees – but it is estimated that only between 10 and 20 per cent of eligible workplaces actually have such representatives. The ILO has organized capacity-building activities for workers and employers in Bulgaria, Hungary, The former Yugoslav Republic of Macedonia, Republic of Moldova and Serbia to promote the establishment and improve the functioning of OSH committees. Such committees have become mandatory in Russian legislation and are emerging in other CIS countries as a result of ILO policy advice. However, the concept of practical social dialogue at the workplace is unfamiliar and the ILO, international trade unions and Finland have joined forces with Russian experts to cater for the need for information, training materials and the training of trainers.

Several sectoral safety and health initiatives have also been undertaken. One of these concerned the Trepça mining complex in Kosovo, which used to be the largest single employer in Kosovo; however, this complex has since been drastically reduced in size, largely because of the hazardous condition of the sites and plant and the lack of training of the workers. Through a project financed by the Italian social partners, a total of 1,750 workers were trained, together with 14 trainers, to continue promoting safety in the complex. In the context of the promotion of the Safety and Health in Agriculture Convention, 2001 (No. 184), which has been ratified by four countries, all of them in the European region (Finland, Kyrgyzstan, Republic of Moldova and Slovakia), assistance was provided for the establishment of a national programme on safety and health in agriculture in the Republic of Moldova and Kyrgyzstan. The implementation of a project by the Turin Centre, with the support of the Flemish community of Belgium, on OSH in the maritime

sector in the Russian Federation, focusing on the improvement of management systems, inspection and social dialogue, coincided with the ratification by the Russian Federation of Convention No. 152 on the safety and health of dockworkers.

The ILO also strengthened its monitoring and policy advisory activities in the field of working conditions through the preparation of national monographs and international databases on minimum wages, working time and maternity protection. The ILO's collaboration with the European Commission in this field included a project in the new EU Member States to identify changing patterns in the various areas of working conditions and their consequences on individual workers and their families and on social cohesion in general.

Labour inspection

The ILO's activities in the field of occupational safety and health and working conditions are closely related to the support that it provides for the strengthening of labour inspection services. Much of this support was designed to help in the adaptation and modernization of labour inspection to the requirements of a market economy by placing emphasis on prevention and the provision of advice, rather than punishment, and also to overcome the duality of responsibility which still persists in many countries, with the Ministry of Labour covering safety and employment aspects and health-related issues coming under the Ministry of Health, as well as the Soviet tradition of trade union inspectors.

One of the main activities in this respect was the organization in Cyprus in 2001 of a high-level tripartite seminar on the reform and modernization of labour inspection services, including the role of inspection services in relation to maternity protection and gender equality. As a follow-up to the seminar and activities undertaken in Romania, guidelines have been prepared for the training of labour inspectors in gender equality. With a view to strengthening the implementation of the OSH legislation adopted in Latvia, several activities were carried out in collaboration with the EU, including training activities for labour inspectors, assistance in the development of a new training programme for OSH experts and the holding in 2002 with the Latvian labour inspectorate of the Baltic Tripartite Conference on Modern Labour Inspection. Evaluation and advisory missions were undertaken to Bosnia and Herzegovina, Bulgaria, Croatia, Poland and Serbia to make recommendations on practical measures to improve labour inspection services. Advice, courses at the Turin Centre and other meetings and training activities also contributed to the establishment of fledgling labour administration systems in Albania, Kosovo, Republic of Moldova and Serbia. A significant level of practical support for the development of labour inspection systems was also provided to Serbia and Bulgaria. In the case of Serbia, this support, which included a large-scale training programme, assisted in the adoption of a national OSH policy. The experiences from the ILO project to modernize labour inspection in Bulgaria was shared with other Central and Eastern European and Central Asian countries in a seminar held in Bulgaria in 2003.

HIV/AIDS in the world of work

The difficulties faced by social protection systems and the consequences of the ageing of the population in many countries of the regions, including the smaller relative size of the labour force, are being compounded by the effects of the HIV/AIDS epidemic, which is spreading more rapidly in parts of Central Asia, Eastern Europe and the CIS than anywhere else in the world. The Russian Federation and Ukraine are at the forefront of the epidemic in the region. The epidemic mainly affects young people and its

sudden acceleration is due at least in part to the sudden opening of borders, the growth of organized crime and the weakening of social services during the transition process. There are indications of a shift in the epidemic from high-risk core transmitter groups (such as needle-sharing drug users and commercial sex workers) through bridge populations (their sex partners) into the general population. More people, mostly women, appear to be contracting HIV through sexual transmission and more pregnant women are testing positive for HIV.

The countries most affected already have a low rate of population growth, which is likely to be aggravated by the impact of the disease, and the consequences of the epidemic are likely to affect all aspects of society, from the labour market and health-care systems to economic growth prospects and social stability. Although the legislation in most CIS countries prohibits dismissal on the grounds of HIV infection, HIV/AIDS-related discrimination in the world of work is visible, with the requirement of an HIV test being widespread in various sectors for recruitment and job terminations due to disclosure of HIV status reportedly starting to occur. Nevertheless, there have been few cases of workers turning to trade unions or legal bodies in this connection.

The Moscow Office first addressed HIV/AIDS as a workplace issue in December 2001 through the holding of a high-level subregional tripartite seminar for the CIS countries. The ILO also promoted the inclusion of the world of work in the national AIDS agenda in the Russian Federation through the meetings of the Transatlantic Partners Against AIDS (TPAA). In the other CIS countries, the ILO worked to initiate high-level tripartite consultations on HIV/AIDS issues and participated in regional conferences and meetings to provide support for policy development and raise awareness concerning HIV/AIDS at the workplace. With a view to improving the information and education materials currently available in the subregion, a new page on HIV/AIDS on the Moscow Office's web site was launched in 2002 and a series of publications and leaflets have been prepared. A United States funded project on workplace education on HIV/AIDS has been commenced in the Moscow and Murmansk regions of the Russian Federation and awareness-raising activities have been conducted for the prevention of HIV/AIDS in Ukraine. The translation and publication of the ILO code of practice on HIV/AIDS and the world of work in national languages in the subregion will also enhance understanding of the ILO's approach to the issue and the importance of involving the social partners in the development and implementation of policies and measures.

4. *Challenges for the future*

Adopting a more forward-looking perspective, this final chapter briefly reviews a number of the challenges faced by constituents in the region. At a time when priority still tends to be given to economic expediency over longer-term human and social objectives, it is important for the ILO, in partnership with its constituents – and where possible in synergy with other regional policies and programmes, and particularly those of the EU – to ensure that the Decent Work Agenda is given greater weight and credence at the international and national levels so as to promote greater stability, sustainability and a more social dimension of globalization. This means that the ILO has to become yet more visible and make its voice heard more widely in important policy discussions; develop closer partnerships with institutions and decision-makers exercising influence from the global to the local levels; and achieve greater coherence in its activities in support of constituents. It will endeavour to do so at the regional and subregional levels, particularly by implementing coherent multi-sectoral programmes of activities within the framework of DWCPs, through which it will focus on channelling donor support in a more coordinated manner and with a more balanced coverage of the various aspects of decent work; it will also pursue its awareness-raising and communication activities for constituents and donors throughout the region.

In this context some themes, which are analysed more extensively in Volume II, are of an overarching nature and relate to the region as a whole:

- requirements of a fair globalization to spread more evenly the benefits of growth and ensure that the costs of change do not fall disproportionately on vulnerable groups;
- the need to improve governance in the fields of social protection and employment;
- the consequences of the ageing of the population for pension and employment policies;
- the need to raise public awareness of gender equality issues and to practise gender mainstreaming, particularly in the areas of pension reform, labour legislation and employment policy; and
- the increased importance of social dialogue and the involvement of the social partners to ensure that the policies and measures adopted take into account the real needs of the population and have the broad basis of support required to guarantee sustainability.

Other challenges are enumerated by major priority area, with some focusing on the subregional level.

4.1. *Employment*

A balanced approach needs to be developed to changes in the employment relationship, where possible based on the “flexicurity” approach, which combines flexibility in labour markets and adequate levels of security for workers, with a view to avoiding the polarization of the labour force and maintaining the required level of social cohesion. It is also necessary to develop synergies; integrate economic and social development; and promote labour market policies and economic development programmes with employment promotion at the regional and local levels. Advocacy and operationalization are needed for the ILO’s Global Employment Agenda in the development of national employment strategies and programmes.

A culture of lifelong learning will have to be promoted, based on greater cooperation between the various stakeholders concerned so that the effectiveness of training can be enhanced through the matching of training provision and skill needs. It will also need to be based on improved opportunities and counselling for those seeking to improve their skills and employment prospects. Training needs to be better targeted at groups that are especially at risk of underemployment and unemployment.

There is a need to establish national plans to promote the development of SMEs, improve conditions in the informal economy and promote gender-sensitive opportunities for youth employment, with emphasis on the quality aspects of jobs. In particular, these plans should improve the climate for the development of SMEs and microfinance initiatives through the adaptation of legislation and the removal of administrative obstacles.

Although equality between men and women is legally guaranteed, it is not efficiently implemented. This is reflected, *inter alia*, in lower wage rates for jobs of equal value, the feminization of certain employment sections, the low percentage of women in decision-making positions and the unequal treatment of women in privately managed mandatory pension schemes. Awareness should therefore be raised about the existence of old and new forms of discrimination against women. The capacity of governments and social partners should be strengthened to incorporate a gender equality perspective in all policy fields. A dual approach should be adopted, as suggested by the European Employment Strategy (EES) and the ILO’s gender policy, involving the implementation of gender mainstreaming alongside specific measures for defined target groups. Gender gaps in employment should be addressed through, for example, gender-sensitive labour counselling and other active labour market policies aimed at eliminating sex-stereotyped choices and occupational segregation. Policies should also be adopted to remove the barriers encountered by women when they try to move into higher and managerial positions.

The relatively poor employment performance in south-eastern Europe requires economic growth and foreign investment to address the issues of: low employment rates in general, particularly for males, youth and older persons; the rise in precarious forms of employment; high unemployment levels; the extremely high rates of long-term unemployment; broad regional disparities in unemployment rates; the high unemployment and inactivity rates of certain disadvantaged social groups; and the high incidence of informal employment and poverty.

The countries of the CIS are coming under increasingly intense pressure to continue the process of economic diversification and the socially responsible restructuring of enterprises in order to attract foreign direct investment, facilitate access to capital for job-creating enterprises, improve productivity and increase competitiveness. All this is likely to increase levels of unemployment and the numbers of people living in poverty, for whom retraining, employment creation and social protection policies and programmes are required.

4.2. *Social protection*

Social security reforms should be based on a solid tripartite consensus and the strengthening of social dialogue on the process of social security policy development.

The gender imbalances of pension schemes need to be corrected, and the very serious inequalities associated with privately managed individual savings accounts require much greater policy attention.

A number of countries will continue to need to reform their systems of targeted social assistance in view of the problems of long-term poverty and the importance of implementing active labour market policies.

Countries that have privatized their pension schemes are facing large transitional financing costs. Their magnitude and duration need to be assessed through actuarial analyses and social dialogue should be initiated on ways to cover these costs. There is a need for the regulation of private pension management fees and for measures to increase competition and transparency in private pension markets.

The governance and efficiency of social protection schemes in south-eastern European and CIS countries should be improved, particularly in relation to the collection of contributions, combined with new strategies for social protection measures to reach out to unprotected workers. Capacity-building activities for the social partners on issues relating to social security are required in these countries.

Awareness of occupational safety and health issues still needs to be improved, backed up by the training of workers so that they are better able to participate in health and safety management systems at the workplace. In addition, the promotion of occupational safety and health services for employers should help produce a basic change in attitudes towards a safety culture in which emphasis is placed on prevention. Existing compensation schemes should be modernized to bring them into line with modern approaches and to link them more closely with the improvement of occupational safety and health.

The provision of compensatory payments for performing hazardous work is against ILO and EU principles of preventing and controlling workplace hazards. To overcome this approach it will be necessary to review and reform legislation, but also to change profoundly deeply entrenched attitudes. Action is still required to improve working conditions, even against a background of the continued use of old and outdated equipment and technologies and the rise of the informal sector.

Efforts should be made to reconcile work and family life. Policies to raise employment rates and bring inactive persons into the labour market will be more successful when women and men are better able to combine professional duties with family life. In this context, sufficient and adequate

child and elderly care facilities should be provided, as well as more flexible working time and part-time arrangements. Incentives should be created for men to take over a greater share of family responsibilities.

The interrelationship between migration for employment, the informal economy, gender-related specificities and child labour needs to be analysed more fully and more widely recognized. Urgent action should be taken to bring to an end the exploitation of migrant workers and the trafficking in human beings. Factors relating to migration for employment, including the issue of remittance, should also be addressed in the review of the inter-regional social security framework in the CIS.

There should be further measures to raise awareness of the impact on the working population of the economic and social costs of HIV/AIDS.

4.3. Rights at work and social dialogue

The most basic rules and guarantees of freedom of association, as set out in Conventions Nos. 87 and 98, still need to be fully implemented in practice in a number of countries in the region.

Assistance should be provided to further legal and institutional reforms for the promotion of meaningful social dialogue. For instance, the role and the operation of national tripartite institutions for social dialogue need to be enhanced with the view to ensuring the effective and permanent participation of social partners in the process of framing social and labour legislation and formulating policies. Sectoral social dialogue should be enhanced, as should consultation processes of workers in enterprises and labour dispute settlement systems.

The continued reform of labour legislation, involving the social partners and taking into account ILO standards and successful practices in member States, has to be accompanied by the strengthening of law enforcement machinery. The adoption of new legislation and the establishment of wage guarantee funds will be required with a view to addressing the problem of the non-payment of wages in some countries in the region.

Even though the ratification rates of international labour standards are generally high in most countries in the region, with special reference to the ILO's fundamental Conventions, certain countries have not yet sufficiently developed compliance with the capacity for interaction with the ILO's supervisory machinery, and particularly the reporting procedures.

In certain countries, criteria for representativeness need to be elaborated for both employers' and workers' organizations.

The legal environment for employers' organizations still has to be improved by clarifying the respective roles of employers' organizations and chambers of commerce, ensuring that collective bargaining is voluntary and providing for the fiscal deductibility of contributions to employers' organizations. The priorities for employers' organizations include developing and rationalizing branch associations; improving services to members; and strengthening members' capacity to engage in debate and propose alternative approaches to labour market and pension reform, youth employment, the employment of older workers, occupational safety and health, and gender equality.

Continued assistance will be required to increase the membership and strengthen the representation of trade unions. To recruit new members, unions need to target workers in the emerging private enterprises, SMEs and the vast informal economy, as well as women and young workers.

Technical support is also vital to develop the expertise and skills of union representatives to engage in discussions on poverty reduction, employment promotion and training policies, social security reforms, occupational safety and health, migration, trafficking in persons and the role of transnational companies in globalization.

The social partners should make a stronger commitment to ensuring equal treatment between women and men in the labour market, and especially to reducing the gender pay gap and occupational segregation. An indispensable requirement in this respect is to strengthen the weak position of women in employers' and workers' organizations. A more gender-balanced representation in social dialogue institutions should be pursued, and more attention should be paid to addressing gender issues in their agendas.

Child labour is relatively limited in Europe in comparison with other regions. However, many children from poor families in Eastern and Central Europe and CIS countries have become more vulnerable to child labour as a result of the transition to market economies. The increase in these countries in the number of children working in the streets and in agriculture, particularly from marginalized groups such as the Roma, needs to be addressed.

Efforts to prevent trafficking in human beings and forced labour have to be strengthened in both countries of origin and of destination. The approaches adopted should include: fostering cooperation among law enforcement agencies and labour market institutions; increasing efforts to address demand factors and labour shortages in certain economic sectors; and mobilizing the social partners, in particular employers' organizations, to play a more significant role in national programmes to combat trafficking.



Statistical annex

Table 1. UNDP Human Development Index – Europe and Central Asia

HDI rank ECA	Country	World-ranking		Life expectancy at birth		Adult literacy rate	
		1998	2002	1998	2002	1998	2002
1	Norway	2	1	78.3	78.9	99.0	*
2	Sweden	6	2	78.7	80.0	99.0	*
3	Netherlands	8	5	78.0	78.3	99.0	*
4	Belgium	7	6	77.3	78.7	99.0	*
5	Iceland	5	7	79.1	79.7	99.0	*
6	Ireland	18	10	76.6	76.9	99.0	*
7	Switzerland	13	11	78.8	79.1	99.0	*
8	United Kingdom	10	12	77.3	78.1	99.0	*
9	Finland	11	13	77.0	77.9	99.0	*
10	Austria	16	14	77.1	78.5	99.0	*
11	Luxembourg	17	15	76.8	78.3	99.0	*
12	France	12	16	78.2	78.9	99.0	*
13	Denmark	15	17	75.7	76.6	99.0	*
14	Germany	14	19	77.3	78.2	99.0	*
15	Spain	21	20	78.1	79.2	97.7	97.7
16	Italy	19	21	78.3	78.7	98.3	98.5
17	Israel	23	22	77.9	79.1	95.7	95.3
18	Greece	25	24	78.2	78.2	96.9	97.3
19	Portugal	28	26	75.5	76.1	91.4	92.5
20	Slovenia	29	27	74.6	76.2	99.6	99.7
21	Cyprus		30		78.2	96.8	96.8
22	Malta	27	31	77.3	78.3	91.5	92.6
23	Czech Republic	32			75.3		
24	Estonia	46	36	69.0	71.6	99.0	99.8
25	Poland	44	37	72.7	73.8	99.7	99.7
26	Hungary		38	71.1	71.7	99.5	99.3
27	Lithuania	52	41	70.2	72.5	99.0	99.6
28	Slovakia	40	42	73.1	73.6	99.7	99.7
29	Croatia	49	48	72.8	74.1	98.0	98.1
30	Latvia	63	50	68.7	70.9	99.8	99.7
31	Bulgaria	60	56	71.3	70.9	98.2	98.6
32	Russian Federation	62	57	66.7	66.7	99.5	99.6
33	The former Yugoslav Republic of Macedonia		60		73.5		96.0
34	Belarus	57	62	68.1	69.9	99.5	99.7
35	Albania	94	65	72.9	73.6	83.5	98.7
36	Bosnia and Herzegovina		66		74.0		94.6
37	Romania	64	69	70.2	69.5	97.9	97.3
38	Ukraine	78	70	69.1	69.5	99.6	99.6
39	Kazakhstan	73	78	67.9	66.2	99.0	99.4
40	Armenia	93	82	70.7	72.3	98.2	99.4

Table 1. (cont.)

HDI rank ECA	Country	World-ranking		Life expectancy at birth		Adult literacy rate	
		1998	2002	1998	2002	1998	2002
41	Turkey		88		70.4		86.5
42	Turkmenistan	100	86	65.7	66.9	98.8	98.8
43	Azerbaijan	90	91	70.1	72.1	99.0	97.0
44	Georgia	70	97	72.9	73.5	99.0	100.0
45	Uzbekistan	106	107	67.8	69.5	88.0	99.3
46	Kyrgyzstan	98	110	68.0	68.4	97.0	97.0
47	Republic of Moldova	102	113	67.8	68.8	98.6	99.0
48	Tajikistan	110	116	67.5	69.6	99.0	99.5

* For purposes of calculating the HDI, a value of 99 per cent was applied.

Note: No figures are available for Serbia and Montenegro and San Marino.

Source: UNDP, *Human Development Report 2004* (New York).

Table 2. Real GDP growth per year (per cent change)

Country	2000	2001	2002	2003	2004*	2005*
Albania	7.7	6.5	4.7	6.0	6.0	
Armenia	5.9	9.6	12.9	13.0	7.0	
Austria	3.4	0.8	1.4	0.9	1.9	2.5
Azerbaijan	11.1	9.9	10.6	11.2	9.0	
Belarus	5.8	4.7	5.0	6.8	6.7	
Belgium	3.8	0.6	0.7	0.8	1.8	2.3
Bosnia and Herzegovina	5.4	4.5	3.7	3.2	4.0	
Bulgaria	5.4	4.1	4.8	4.8	5.3	
Croatia	2.9	4.4	4.6	4.7	5.0	
Cyprus	5.0	4.0	2.0	2.0	3.4	4.2
Czech Republic	3.3	3.1	2.0	2.2	2.6	3.3
Denmark	2.8	1.6	1.0	0.8	2.0	2.3
Estonia	7.3	6.5	6.0	4.4	5.6	5.1
Finland	5.1	1.1	2.3	1.5	2.5	2.7
France	3.8	2.1	1.2	0.1	1.7	2.3
Georgia	1.8	4.8	5.5	8.6	4.5	
Germany	2.9	0.8	0.2	-0.1	1.6	1.8
Greece	4.4	4.0	3.8	4.7	4.2	3.4
Hungary	5.2	3.8	3.5	2.9	3.2	3.4
Iceland	5.5	3.0	0			
Ireland	10.1	6.2	6.9	1.6	3.7	4.9
Israel	6.4	-0.9	-0.8	1.2		
Italy	3.1	1.8	0.4	0.3	1.5	1.9
Kazakhstan	9.8	13.2	9.9	9.1	7.0	
Kyrgyzstan	5.4	5.3	6.7	4.1		
Latvia	6.8	7.9	6.1	6.0	5.2	5.7
Lithuania	4.0	6.5	6.8	6.6	5.7	6.1
Luxembourg	9.1	1.2	1.3	1.2	1.9	2.8
Malta	6.4	-1.2	1.7	0.7	2.8	3.4
Netherlands	3.5	1.2	0.2	-0.9	0.6	2
Norway	2.8	1.9	1.0	1.0	2.1	2.7
Poland	4.0	1.0	1.4	3.3	4.2	4.8
Portugal	3.4	1.7	0.4	-0.8	1.0	2.0
Republic of Moldova	2.1	6.1	7.8	6.3	5.0	
Romania	2.1	5.7	4.9	4.8	5.5	
Russian Federation	10.0	5.1	4.7	7.3	5.5	
Serbia and Montenegro	6.4	5.5	3.8	1.0	3.4	
Slovakia	2.0	3.8	4.4	3.8	4.1	4.3
Slovenia	4.1	2.9	2.9	2.1	3.1	3.7
Spain	4.2	2.8	2.0	2.3	2.9	3.3
Sweden	4.3	0.9	1.9	1.4	2.2	2.6
Switzerland	3.7	1.0	0.2	-0.5		

Table 2. (cont.)

Country	2000	2001	2002	2003	2004*	2005*
Tajikistan	8.3	10.2	9.5	10.2	8.0	
The former Yugoslav Republic of Macedonia	4.5	-4.5	0.9	3.1	3.4	
Turkey	7.4	-7.5	7.8	5.1		
Turkmenistan**	18.6	20.7	19.8	17.0		
Ukraine	5.9	9.2	5.2	8.5	4.8	
United Kingdom	3.8	2.1	1.7	2.0	2.8	2.9
Uzbekistan	4.0	4.5	4.2	5.0	6.0	

* Forecasts.

** Figures for Turkmenistan should be treated with caution. In particular, the deflation procedures that are used to compute officially reported growth rates are not well documented and the reliability of these figures is questionable.

Note: No figures are available for San Marino.

Source: UNECE, *Economic Survey of Europe 1/2004* (New York/Geneva, 2004); Commission of the European Communities: *European economy – Economic forecasts*, Spring 2004 (Brussels, 2004).

Table 3. GDP per capita, PPP (current international US\$)

Country	1998	1999	2000	2001	2002
Albania	2 939	3 226	3 541	3 738	3 973
Armenia	2 000	2 152	2 338	2 598	2 957
Austria	24 676	26 121	27 727	28 150	28 611
Azerbaijan	1 943	2 129	2 573	2 824	3 115
Belarus	4 098	4 335	4 766	5 052	5 344
Belgium	23 153	24 307	26 021	26 412	26 695
Bosnia and Herzegovina	4 483	4 986	5 157	5 345	5 538
Bulgaria	5 304	5 528	6 168	6 625	6 909
Croatia	8 180	8 415	8 983	9 462	9 967
Cyprus	14 600	15 573	16 948	17 725	
Czech Republic	14 501	12 923	13 868	14 495	15 148
Denmark	25 957	26 975	28 962	29 386	29 975
Estonia	8 707	8 946	10 183	10 959	11 712
Finland	21 751	22 888	24 968	25 333	25 859
France	22 383	23 381	25 126	25 749	26 151
Georgia	1 680	1 757	1 934	2 053	2 190
Germany	23 360	24 282	25 807	26 146	26 324
Greece	14 297	15 188	16 446	17 406	18 184
Hungary	10 619	11 289	12 228	12 656	13 129
Iceland	25 015	26 158	28 553	29 715	29 614
Ireland	22 539	26 128	30 260	32 397	32 960
Israel	17 973	18 276	20 055		
Italy	22 415	23 167	24 701	25 181	25 570
Kazakhstan	3 513	3 813	4 565	5 225	5 769
Kyrgyzstan	1 349	1 427	1 546	1 598	1 572
Latvia	6 350	6 846	7 544	8 241	8 965
Lithuania	7 932	8 019	8 638	9 324	10 015
Luxembourg	42 193	46 941	55 443	56 022	56 546
Malta	15 121	15 486	17 835	16 817	
Netherlands	24 581	25 356	26 853	27 228	27 275
Norway	33 162	33 139	34 807	35 433	36 047
Poland	8 571	9 113	9 844	10 021	10 187
Portugal	15 075	15 891	17 115	17 595	17 808
Republic of Moldova	1 251	1 238	1 278	1 346	1 431
Romania	5 378	5 448	5 661	6 024	6 326
Russian Federation	5 918	6 533	7 260	7 653	7 926
Slovakia	10 255	10 694	11 345	11 781	12 426
Slovenia	14 156	15 139	16 486	17 137	17 748
Spain	17 487	18 516	19 801	20 279	20 697
Sweden	21 394	22 710	24 293	24 924	25 315
Switzerland	26 011	26 722	27 791	28 204	28 359
Tajikistan	666	707	795	850	916

Table 3. (cont.)

Country	1998	1999	2000	2001	2002
The former Yugoslav Republic of Macedonia	5 686	6 028	6 508	6 232	6 262
Turkey	5 816	5 642	6 189	5 790	6 176
Turkmenistan	2 484	2 906	3 481	4 104	4 622
Ukraine	3 547	3 674	4 071	4 459	4 714
United Kingdom	21 924	23 069	24 466	25 141	25 672
Uzbekistan	1 336	1 404	1 502	1 561	1 611

Note: No Figures are available for Serbia and Montenegro and San Marino.

Source: World Bank (2004), *WDI-World Development Indicators & Data Query* (Washington, DC).

Table 4. Unemployment rate 1995/2000-2003

Country	1995	2000	2001	2002	2003
Albania	12.9*	16.8*	16.4*	15.8*	15.2
Armenia	6.7*	11.7*	10.4*	9.4*	10.1*
Austria	3.4	3.6	3.6	4.0	4.3
Azerbaijan	0.8*	1.2*	1.3*	1.3*	1.4*
Belarus	2.9*	2.1*	2.3*	3.0*	3.1*
Belgium	9.3	7.0	6.6	6.9	12.3*
Bosnia and Herzegovina ¹	39.4*	39.9*	42.7*		
Bulgaria	15.7	16.3	19.4	17.6	13.7
Croatia	14.5*	16.1	15.8	14.8	14.3
Cyprus	2.6*	4.9	4.0	3.3	4.1
Czech Republic	4.0	8.8	8.1	7.3	4.1
Denmark	7.0	4.5	4.2	4.3	5.5
Estonia	9.7	13.6	12.6	10.3	10.0
Finland	15.5	9.8	9.1	9.0	9.0
France	11.6	10.0	8.8	8.9	9.7
Georgia	10.8	11.0	12.3	11.5	
Germany	8.1	7.8	7.8	8.6	10.3
Greece	9.1	11.1	10.2	9.6	
Hungary	10.2	6.4	5.7	5.8	5.3
Iceland	4.9	2.3	2.3	3.2	3.4*
Ireland	12.2	4.3	3.7	4.2	
Israel	6.9	8.8	9.4	10.3	10.7
Italy	11.4	10.5	9.5	9.0	8.7
Kazakhstan	2.1*	3.7*	10.4	9.3	
Kyrgyzstan	50.4*		12.5		
Latvia	18.9	14.4	13.1	12.0	10.7
Lithuania	17.1	16.4	17.4	13.8	12.4
Luxembourg	2.9	2.3	1.8	2.6	3.8*
Malta	3.7*	6.5	6.5	6.8	7.9
Netherlands	7.0	3.3	2.7	3.1	3.4*
Norway	4.9	3.4	3.4	3.9	4.5
Poland	13.3	16.1	18.2	19.9	19.6
Portugal	7.2	3.9	4.1	5.1	6.3
Republic of Moldova	1.0*	8.5	7.3	6.8	7.9
Romania	8.0	7.1	6.6	8.4	
Russian Federation	9.5	9.8	8.9	8.6	
Serbia and Montenegro	13.4	12.6	12.8	13.8	
Slovakia	13.1	18.8	19.3	18.6	17.5
Slovenia	7.4	7.2	5.9	5.9	6.6
Spain	22.7	13.9	10.5	11.4	11.3
Sweden	9.0	5.8	5.0	5.2	4.9
Switzerland	3.3	2.7	2.5	2.9	4.1

Table 4. (cont.)

Country	1995	2000	2001	2002	2003
Tajikistan ¹	2.0*	2.7*	2.3*	2.4*	
The former Yugoslav Republic of Macedonia	35.6*	53.7*	30.5	31.9	36.7
Turkey	7.5	6.6	8.5	10.6	
Turkmenistan	31.0*				
Ukraine	5.6	11.7	11.1	10.2	9.1
United Kingdom	8.6	5.5	4.8	5.1	4.8
Uzbekistan ¹	0.3*	0.4*	0.4*	0.4*	

¹ UNECE: *Economic Survey of Europe 1/2004* (New York/Geneva, 2004).

* Registered unemployment (instead of LFS data).

Source: ILO: KILM, third edition, ILO-Laborsta database (<http://laborsta.ilo.org>).

Table 5. Membership in international organizations or regional cooperation frameworks

Country	OSCE	Council of Europe	OECD	EU	WTO	CIS	Stability Pact beneficiaries	SEA	EAEC	GUUAM
Albania	X	X			X		X			
Armenia	X	X			X	X				
Austria	X	X	X	X	X					
Azerbaijan	X	X				X				X
Belarus	X					X			X	
Belgium	X	X	X	X	X					
Bosnia and Herzegovina	X	X					X			
Bulgaria	X	X			X		X			
Croatia	X	X			X		X			
Cyprus	X	X		X	X					
Czech Republic	X	X	X	X	X					
Denmark	X	X	X	X	X					
Estonia	X	X		X	X					
Finland	X	X	X	X	X					
France	X	X	X	X	X					
Georgia	X	X			X	X				X
Germany	X	X	X	X	X					
Greece	X	X	X	X	X					
Hungary	X	X	X	X	X					
Iceland	X	X	X		X					
Ireland	X	X	X	X	X					
Israel					X					
Italy	X	X	X	X	X					
Kazakhstan	X					X		X	X	
Kyrgyzstan	X				X	X			X	
Latvia	X	X		X	X					
Lithuania	X	X		X	X					
Luxembourg	X	X	X	X	X					
Malta	X	X		X	X					
Netherlands	X	X	X	X	X					
Norway	X	X	X		X					
Poland	X	X	X	X	X					
Portugal	X	X	X	X	X					
Republic of Moldova	X	X			X	X	X			X
Romania	X	X			X		X			
Russian Federation	X	X				X		X	X	
San Marino	X	X								
Serbia and Montenegro	X	X					X			
Slovakia	X	X	X	X	X					
Slovenia	X	X		X	X					

Table 5. (cont.)

Country	OSCE	Council of Europe	OECD	EU	WTO	CIS	Stability Pact beneficiaries	SEA	EAEC	GUUAM
Spain	x	x	x	x	x					
Sweden	x	x	x	x	x				x	
Switzerland	x	x	x		x					
Tajikistan	x					x				
The former Yugoslav Republic of Macedonia	x	x			x		x			
Turkey	x	x	x		x					
Turkmenistan	x					x				
Ukraine	x	x				x		x		x
United Kingdom	x	x	x	x	x					
Uzbekistan	x					x				x

Source: ILO compilation.

Table 6. ILO expenditure on technical cooperation programmes in Europe by source of funding, 1995-2003 (US\$'000)

Source of funding	1995	1996	1997	1998	1999*	2000	2001	2002	2003
UNDP	956	1 127	2 755	2 482	2 545	1 917	1 448	1 953	2 646
Trust funds and multi-bilateral	6 824	4 553	2 627	2 275	2 655	2 564	3 194	5 005	5 162
UNFPA					21				
ILO regular budget	1 033	392	1 422	482	1 631	727	1 306	632	985
Total	8 814	6 072	6 804	5 238	6 852	5 208	5 948	7 589	8 793
Annual growth rate %		-31.1	12.1	-23.0	30.8	-24.0	14.2	27.6	15.9
Percentage share of Europe in ILO global expenditure on technical cooperation	7.8	6.2	6.3	5.6	7.1	5.7	4.9	6.5	6.4

* Including additional estimated expenditure amounting to US\$0.293 million, incurred by UNDP and notified to the ILO after the closure of amounts for 1999 (broken down by source of funds).

Source: ILO compilation.

Table 7. ILO Expenditure on technical cooperation programmes in Europe by type of assistance, 1995-2003 (US\$'000)

Type	1995	1996	1997	1998	1999*	2000	2001	2002	2003
Experts	4 079	3 368	2 582	2 795	2 794	2 323	2 489	2 695	3 123
Training	3 265	1 684	1 815	1 190	1 763	1 139	1 675	1 736	1 955
Equipment and other	1 469	1 019	2 407	1 254	2 003	1 746	1 784	3 158	3 715
Total	8 814	6 072	6 804	5 238	6 852	5 208	5 948	7 589	8 793

* Total expenditure includes additional estimated expenditure amounting to US\$0.293 million, incurred by UNDP and notified to the ILO after the closure of accounts for 1999 (detail not available by type of assistance).

Source: ILO compilation.

Table 8. Approvals* for the multi-bilateral programme, 2000-2003 (including direct trust funds, excluding associate experts)

Donor	Approvals* (US\$)			
	2000	2001	2002	2003
Austria	0	0	0	150 000
Belgium	39 039	0	0	0
Belgium (Flanders)	0	0	327 021	557 588
Canada	0	0	0	86 840
Denmark	0	0	0	0
Direct trust funds	152 100	82 614	0	98 363
European Union	0	0	0	427 632
Finland	0	84 856	263 712	0
France	506 993	550 355	1 795 419	1 439 522
Germany	563 582	594 911	3 533 658	50 144
Ireland	0	0	0	662 295
Italy**	3 504 568	768 021	592 126	833 219
Luxembourg	140 000	92 547	0	0
Netherlands	0	0	598 000	1 071 071
Norway	89 787	0	99 469	0
Others	27 974	35 000	0	0
Portugal	0	36 556	0	0
Switzerland	0	217 991	40 564	227 510
United States	0	2 228 119	500 000	5 200 000
UNAIDS	0	0	0	59 000
UNDP	1 728 806	435 318	2 949 727	499 277
UNFIP	0	0	0	24 360
UNFPA	-3 915	50 000	0	0
UNHCR	20 329	0	0	0
UNMIK	0	46 481	0	0
Total approval for the European region	6 769 263	5 222 769	10 699 696	11 386 821
Total approval for donors all regions	134 667 000	154 572 000	176 414 000	150 826 000

* Funds that a donor agrees to provide to the ILO to be spent on technical cooperation activities over a given period of time, usually from one to five years. The whole amount is recorded as approved in the year in which the donor's agreement is communicated.

** These figures do not include Italy's contribution to the ILO Turin Centre.

Source: ILO compilation.

Table 9. Expenditure* for the multi-bilateral programme by donor, 2000-2003

Donor	Expenditure* (US\$)			
	2000	2001	2002	2003
Austria	0	0	0	73 658
Banks	107 221	78 689	12 419	3 188
Belgium	5 827	24 966	3 051	0
Belgium (Flanders)	0	0	0	334 463
Canada	0	0	0	1 835
Direct trust funds	103 837	88 777	0	6 284
Finland	183 756	123 351	217 125	89 197
France	38 130	320 557	372 855	192 322
Germany	589 515	767 718	913 793	1 087 570
Ireland	0	0	0	47 680
Italy	312 619	928 506	1 857 008	898 813
Japan	0	0	7 240	93 025
Luxembourg	341 338	196 716	187 194	15 694
Netherlands	581 361	226 834	168 876	270 301
Norway	58 675	22 405	26 382	63 096
Others	16 692	0	67 550	19 739
Portugal	0	0	0	22 684
Sweden	106 800	25 500	9 960	0
Switzerland	16 919	21 614	227 453	197 837
United States	92 281	367 811	929 486	1 113 216
UNAIDS	0	0	0	22 684
UNDAC	8 719	0	0	0
UNDP	1 917 330	1 447 951	1 952 754	2 646 012
UNFIP	0	0	0	13 394
Total expenditure for the European region	4 481 020	4 641 695	6 957 445	7 808 215
Total expenditure for the world	82 508 000	101 779 000	107 537 000	119 681 000

* The amount of funds that is actually spent in a given year.

Source: ILO compilation.

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