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REPORT*

“The Impact of Globalization on the Social Policies of the BSEC Member States”

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I. INTRODUCTION

1. Globalisation is a multifaceted phenomenon encompassing a wide range of different processes associated with increased interconnectedness across national borders. It is one of the most discussed subjects over at least the last 20 years as it has triggered a process of far-reaching change that is affecting everyone. The Parliamentary Assembly of BSEC took up the issue for the first time in 2001, in the framework of its Eighteenth Plenary Session, where “Globalisation and the Black Sea Region’s challenges” was discussed at the general debate.

2. During the seven years that have passed since that first discussion, the Black Sea Member States have evolved at all levels and made significant progress towards mature partnership in the BSEC framework and integration in the global market. On the occasion of the 15th Anniversary Summit of BSEC, the Heads of State and Government reiterate their commitment to contribute to the attainment of UN Millennium Development Goals at national, regional and global levels and call upon the Council of Ministers of Foreign Affairs to examine possible steps for the achievement of these goals in the BSEC region.

3. Since the first years of its operation, the Parliamentary Assembly of BSEC has discussed several issues of social development and adopted relevant recommendations:

- Social guarantees during the transition period (14/1996);
- Rights and social protection of refugees and displaced persons (21/1997);
- The legal framework of the protection of migrant workers in the Black Sea countries and the relations between immigrant communities and the host country (51/2001);
- Women's participation in the political, economic, social and cultural life (61/2002);
- Social reintegration of jobless people (67/2002);
- The fight against poverty (74/2003);
- Improving social, economic and civil rights of people with disabilities (77/2004);
- Improvement of the quality of life in the BSEC Member States (100/2007);
- Social cohesion within the BSEC Member States: contribution to political stability (103/2008).

4. Different aspects of globalization have been discussed by the Assembly and the following recommendations have been adopted: 60/2002: “Globalization: challenges and prospects for the PABSEC Member States” and 93/2006: “The process of globalization and the potential threat to the cultural diversity”. The Cultural, Educational and Social Affairs Committee decided to discuss the social aspects of globalization in the region by choosing “The impact of globalization on the social policies in the BSEC Member States” as the main agenda item of its 31st Meeting.

5. Contributions to the Report were received from the national delegations of Armenia, Romania and Turkey. Reference material was also obtained from the official websites of EU institutions and relevant international organizations such as UNDP, ILO, the Council of Europe, the World Bank, OECD etc.

II. GLOBALIZATION AND REGIONAL COOPERATION

6. Globalization is one of the most controversial issues of our times, invoked in many different contexts and applied to a wide range of phenomena. It is variously blamed for social problems but also credited for development successes. A credible definition of globalisation encompasses the following aspects: “the growth in international flows of goods, services and capital; an increased propensity towards international migration; the spread of technologies and of the multinational companies that play a major role in diffusing them; and the intensification of communication exemplified by the expansion of Internet use”. Geographically more dispersed subcontracting, sourcing and division of labour in production processes are also associated with globalisation.

7. New technology, supported by more open policies, has created a world more interconnected than ever before. This spans not only growing interdependence in economic relations – trade, investment, finance and the organization of production globally – but also social and political interaction among organizations and individuals across the world. Healthcare, for example, has always been considered as one of the most tailor-made, isolated sectors of economy. But even in this tie-up, there is globalization arising. The transfer of functions of clinical recording and X-ray analysis to specialized organizations, the recruitment by rich countries of doctors and nurses from developing countries, the tendency of migration of patients in the opposite direction – from rich countries to the poor, known as «health tourism» are standing on the threshold of an unprecedented boom.

8. The potential for good is widely acknowledged. The growing interconnectivity among people across the world is raising the realization that we are all part of a global community. The global market economy has demonstrated great productive capacity. Wisely managed, it can deliver unprecedented material progress, generate more productive and better jobs for all, and contribute significantly to reducing world poverty.

9. Furthermore, globalisation has promoted open societies and open economies and encouraged a freer exchange of goods, ideas and knowledge. In many parts of the world, innovation, creativity and entrepreneurship have flourished. Better communications have enhanced awareness of rights and enabled social movements to mobilise opinion and strengthen democratic accountability. As a result, a global conscience is beginning to emerge, sensitive to the inequities of poverty, gender discrimination, child labour, and environmental degradation, wherever these may occur.

10. However, it is these very problems that globalisation is also blamed for. Although many of the harms of the world today – poverty, the lack of decent work, the denial of human rights – existed long before the present phase of globalization, there has been growing exclusion and deprivation in certain regions of the world. As the current process of cross border interaction and interconnectivity gathers speed, there is increasing debate not only about inequalities between countries but also about inequalities within countries, and its effects on people, families and communities. For many, globalization has dislocated traditional livelihoods and local communities, and threatens environmental sustainability, cultural diversity and national identity.

11. The process of globalization has been generating unbalanced outcomes worldwide. Wealth is being created, but too many countries and people are not sharing its benefits. There is a growing divide between a formal global economy and the expansion of an informal local economy in most societies. The majority of the world's people, who live and work in the informal economy, continue to be excluded from directly participating in markets and globalization on a fair and equal basis. They enjoy none of the property and other rights, nor the capabilities and assets they need to enter into productive economic transactions.

12. On the positive side, a very important result of increasing globalisation is a greater awareness of how other countries are dealing with similar social problems, leading to the selective adoption of successful policies and practice. At the same time, regional integration and cooperation can promote a more equitable pattern of globalisation.

13. Better regional coordination of economic policies can help to dampen the spill-over effects of external shocks between neighbouring countries. Integration can enhance the negotiating power of smaller countries, acting together, which would otherwise have little voice at the international level. When countries pool resources and develop common platforms, they gain political weight vis-à-vis international institutions and multinational enterprises. It can also help build the capabilities needed to take advantage of global opportunities. Investment in skills, infrastructure, research, technology and support for innovation will often require a critical mass of effort more readily achieved at regional level. The development of new policy ideas can benefit from the exchange of experience and learning from those member states that have led the way in policy development and innovation.

14. The EU integration experience of the three BSEC Member States which are also EU members is indicative of the way these countries are being prepared to face global challenges. Especially as regards the subject of the present report, Bulgaria, Greece and Romania are developing their social policies in the framework of the Lisbon Strategy "aimed at making the European Union (EU) the most competitive economy in the world and achieving full employment by 2010". The social pillar of the latter is designed to modernise the European social model by investing in human resources and combating social exclusion. The Member States are expected to invest in education and training, and to conduct an active policy for employment, making it easier to move to a knowledge economy.

15. For BSEC, many of the deeper forms of integration which incorporate policies and institutions focusing on employment, labour standards, human rights, gender equality and other social goals still tend to be a secondary issue, well behind economic and political aims. However, the Member States are now ready more than ever before to support the process of regional cooperation in the field of social policies. Cooperation at regional level could envisage exchange of information and good practices, training programmes for experts, social partners and NGOs. Moreover, the success of these efforts will depend on the further enhancement of a good climate for investments, based on macro-economic stability, full cooperation with the social partners, a legal framework and standards for good governance, as well as development of the SMEs.

III. POLICY RESPONSES IN THE BSEC MEMBER STATES

16. Most of the BSEC Member States faced globalisation along with their transition from centrally planned to market economy. The transition was associated with declining output, increased inequality and widespread poverty. The impact of the economic shock during transition was exacerbated by entry into the global economy, especially in the cases of some of the previously more isolated economies. People became aware of the costs of change, particularly when there were no new social safety nets to replace the ones which had been discarded.

17. Engaging in informality was a way of adaptation to the changes in the structure of demand in the labour markets that continues beyond the initial years of transition. With no private income from employment and with the erosion of social security, people in the transition economies of BSEC resorted to informal, low-skilled, precarious activities to generate income. In some countries a large share of people is engaged in informal employment in addition to their formal job.

18. Increased flows of migration constitute another phenomenon generated by transition to open economy and intensified by globalization. BSEC region is particularly concerned with the multiple effects of migration since it is an area both of sending and receiving migrants. Issues like brain drain, social rights of migrants and illegal migration are constantly in the centre of discussion within PABSEC. At the same time, it is increasingly accepted that migration creates also opportunities for sending and receiving countries, since it can allow migrants to learn new skills and can facilitate cross-border trade and investment linkages.

19. It is important to underline that the social impact of globalization is not only limited to countries that have been marginalized from the process or less successful in their attempts to integrate into the global economy. Even in the relatively successful countries significant social costs are involved in the form of transitional adjustment costs, in some cases quite large. The demographic, economic and societal environments, within which national social security systems are operating, are rapidly changing – and these changes obviously pose challenges for societies and their social transfer systems.

20. In the recent years, the BSEC region enjoyed high economic growth against a background of an improving business environment and general macroeconomic stability. Real GDP growth for 2007 reached an estimated 6.7% and represented the sixth consecutive year of high growth of at least 5%. The BSEC region performance has outpaced that of neighbouring regions and appears as one of the highest in the overall global context. Building upon sustained economic growth, the BSEC Member states are now in a position to make more proactive social policies to tackle the negative effects of globalization.

21. In the framework of enhancement of the human resources development, the government of **Albania** adopted several strategies. The National Strategy on pre-university education for the period 2004-15, focuses on five main pillars: improved governance, improved quality of teaching and learning, improved financing of pre-

university education, capacity building and human resources development, and development of Vocational Education and Training (VET) in the context of overall pre-university education. The target set for secondary VET is to increase participation from 17% to 40% of overall enrolment. Finally, the proportion of GDP allocated for education is set to rise from 3.7% to 5%.

22. The Strategy of Employment and Vocational Training (SEVT) was adopted by the Albanian Government in January 2003 covering the period 2003–08 and envisages priority actions on employment promotion and vocational training system development. The main objective of the document was to assess the current situation and define concrete measures to be undertaken in order to improve labour market policies. It focuses on four main dimensions: the labour market and services provision, VET and Human Resources Development (HRD), entrepreneurship and job creation, and employment funding policies.

23. A new sector strategy named Sector Strategy on Employment 2007–13 (SSE) was drafted during the period 2006–07. The major focus of the strategy is placed on active labour market measures, as well as the implementation of the labour code. During 2007, the Government of the Republic of Albania, worked intensively to compile the document of the National Strategy for Development and Integration (NSDI) 2007-13, which consists of 24 sector strategies and eight cross-sector strategies, where also education, vocational education and training, employment policy and labour market, social policy, as well as migration policy, where one of the major issue is to fight the brain drain phenomenon through cooperation with international institutions to develop programmes that will attract students in order to utilise their skills in the country.

24. Various employment programmes are being implemented in **Armenia** in order to tackle unemployment and migration, the main social risk factors for population:

- Vocational training of unemployed and people with disabilities (advanced training, professional retraining, initial specialized training).
- Retraining of unemployed jobseekers with work experience, who get pension on favourable terms.
- Compensation of expenses to unemployed individuals related to a transfer to another job.
- Granting financial assistance to unemployed and disabled individuals for the state registration with a view to pursue entrepreneurial activities.
- Partial compensation paid to an employer for the salaries paid to the recruited representatives of the groups who are non-competitive at the labour market.
- Payment of unemployment benefits.
- Organization of paid public work projects.

25. Moreover, the state undertakes the poverty overcoming programmes, particularly through granting family benefits. To this end, the State Budget of the Republic of Armenia allocated 100 million USD in 2008, covering around 123.000 families. The measures taken to mitigate social risks include pension increase (as of 1 January 2008 pension increased by 60%) and minimum wage increase. As for the years to come, it is envisaged to reform the mechanisms of determining minimum wage.

26. The state renews the measures to provide equal opportunities to the disabled individuals. The Law “On social protection of disabled persons in the Republic of Armenia” and “On medical assistance and service of population”, as well as the Resolution of the Government of the Republic of Armenia No318 of 4 March 2004 “On state guarantees for providing free medical assistance and service” and other legal acts grant certain privileges to the disabled individuals. Moreover, given the existing difficulties at the labour market for the disabled individuals and the necessity for their social integration, the Law “On social protection of the population in the event of employment or unemployment” which entered into force on 1 January 2006, identify the disabled individuals as non-competitive on the labour market and grant them with additional guarantees. The annual state employment programmes imply a number of programmes designed for the disabled individuals.

27. In the field of social protection, the State has undertaken several programmes for establishing daily social centres and other social facilities. Social service for elderly is carried out in adult residential facilities, social protection centres and at home or day care centres for elderly. In Armenia there are 7 residential care facilities for elderly, 4 of which are administered by the Ministry of labour and social affairs of the Republic of Armenia, where at present 1100 pensioners are served.

28. In **Azerbaijan**, a number of measures have been introduced with a view to increasing employment and improving the effectiveness of the labour market. These include the creation of better conditions to promote entrepreneurship and self-employment, boost investment activity, strengthen social protection, legalise informal labour and improve institutional capacity. The government, in cooperation with the International Labour Organisation, has prepared the employment strategy of the Republic of Azerbaijan for the years 2006-2015. This includes a decent work programme promoting, in particular, equal opportunities for men and women. It also focuses on education and vocational training and development of small and medium-sized enterprises. In May 2007, the “Implementation of the employment strategy of the Republic of Azerbaijan for 2007-2010” was approved by presidential decree. The key objective for this strategy is a reduction of unemployment, an improvement of the labour market, social protection of unemployed and vulnerable individuals.

29. As regards social inclusion and protection, a number of measures have been introduced concerning the reform of the social security system. A mechanism of targeted social assistance has been applied since July 2006 in accordance with the law on targeted state social assistance. This mechanism mostly covers low-income families and the poor. As a result, over a quarter of million people were benefiting from social assistance.

30. The Regional Vocational Training Centre in Baku established within the joint project of the Ministry and United Nations Development Programme (UNDP) on 'Development of Social Protection System and implementation of the selected activities of the National Employment Strategy' will provide the job seekers and unemployed registered in the Employment Offices of MLSPP with vocational and skill training. The Centre contributes to the development of those skills which are in most demand of the labour market according to local businesses which will make use of the certified specialists of the

Centre in the future. The Ministry announced that the Centre would be able to train around 1000-1200 specialists a year.

31. The Government's employment policy for 2006-2015 is reflected in the National Employment Strategy approved in 2005. One of the priorities of the Strategy is development of the labour market, including improvement of education policy that would meet the requirements of the labour market. The National Employment Strategy recommends investment in human capital by using oil revenues, improvement of the capacity of technical and vocational training education, training of the people taking into account the economic needs and priorities of the country and stimulation of the development of small businesses and self-employment.

32. The key employment policy priorities of **Bulgaria** for 2008 are aimed at improving the integration of unemployed persons without education and qualification in the labour market by providing education and professional training thereof. In order to ensure greater labour force flexibility and adaptability to labour market requirements, options for funding the training in key skills (PC skills, command of foreign languages, etc.) are being regulated. The possibilities for professional training of employed persons through acquiring knowledge and skills corresponding to new job requirements are being expanded and employers are supported when including employees in continuous professional training. Actions are being taken to improve labour market flexibility, given its extremely dynamic development. The incentives for enhancement of the territorial and professional mobility of labour force are being expanded. The activities of temporary employment agencies that hire workers and offer them to various enterprises are being regulated.

33. By the end of 2009 the Ministry of Labour and Social Policy and the Ministry of Education and Science will be working jointly to set up a National System for Monitoring and Forecasting Demand of Labour with certain qualitative characteristics. Methods for studying, analyzing and identifying the training needs of employers and employees were drafted in 2006 under the PHARE programme. A national representative survey on the employers' demand of labour with certain qualifications was conducted. 2 019 companies with over 5 employees (small, medium-sized and large companies) were surveyed in the period February-April 2007. The results were used to update the List of Professions/Specialties, which the National Employment Agency uses for training of unemployed persons aimed at attaining new professional qualification. Thus, preventive measures are taken to react against the shortage of labour force with certain qualification.

34. In order to stimulate active labour market behaviour among the unemployed people subject to social assistance benefits, as of June 2006 bonuses have started to be paid to those unemployed, registered with the local employment offices, who have found a job without the intermediation of the National Employment Agency. Thus, since the launch of this measure, bonuses were paid to 220 persons in 2006, and to 236 persons in the first half of 2007.

35. **Georgia** has opted for total liberalisation of employment and labour relations in which the market is the single regulator. The labour market is marked by the predominance of self-employed among the working population, reaching approximately

two-thirds of the work force. There is a predominance of long-term unemployment. A state programme for professional preparation at work was adopted in 2006 to better address the mismatch between the job offer and workers' skills. Furthermore, firms which create new jobs are eligible for investment subsidies. As regards social inclusion and protection, since early 2006, the government has cancelled all unemployment benefits and replaced them by the measures of a unified social support programme for poor families.

36. A National Commission for Sustainable Development was established in 1996 with a view to preparing a national strategy for sustainable development, as required by the Georgian Economic Development and Poverty Reduction Strategy. At the same time, a new project supported by the World Bank will enhance policy reforms with the objectives to (a) fight corruption, (b) reduce the burden of the state on the economy, (c) move the energy sector towards higher efficiency and sustainability, (d) lay the basis for higher employment and rising standards of living, and (e) develop a fiscally-sustainable social safety net.

37. Promoting the adaptability of human resources and enterprises is a priority of the Ministry of Employment and Social Protection of **Greece** for the current programming period. In more detail, the relevant Priority Axis of the Operational Programme "Human Resources Development" 2007-2013, has a budget of about €539 million, and aims at strengthening the competitiveness of companies and, at the same time, improving the qualifications and skills of the labour force (employees, employers and self-employed) through the implementation of re-designed and upgraded programmes of vocational training and lifelong learning. These programmes will respond to the needs and trends of the labour market, with the active involvement and assistance of the social partners. In addition, the development of policies and services designed for foreseeing and managing economic change will be pursued. In this context actions will be implemented regarding the following issues:

- promotion and dissemination of innovative forms of work organization
- promotion of labour productivity and quality at work, including improvements in health and safety
- response to massive dismissals
- encouraging the active participation of older workers (active ageing)
- support of the transition between job positions, including geographical and professional mobility
- development and dissemination of Corporate Social Responsibility in Enterprises.

38. In the framework of supporting geographical and professional mobility, the Office of Employment and Manpower (OAED) is implementing a programme entitled "Business Decentralization", which encourages unemployed persons of the prefectures of Attica and Thessaloniki, to relocate to a different prefecture in order to set up their own business. The programme commenced in 2006 and provides increased incentives to 1,000 new Self-Employed, including higher subsidies (from € 9,000 to € 12,000).

39. In addition, programmes are implemented targeting enterprises which are affected by the consequences of globalisation (production restructuring) i.e. Programme for the

transfer of employees from the Thessaloniki Phosphate Fertiliser Industry to the Kavala Industry.

Geographical and professional mobility is also promoted through in-company and continuous vocational training programmes.

40. In May 2007, the government of **Moldova** approved a national strategy on the policies for the period of 2007 – 2015. The strategy aims at improving the situation on the labour market, decreasing of unemployment, increasing the quality of labour productivity with a view of further social cohesion and integration. A unified information system of the labour market was also set up, and a study on employment in rural areas was conducted in September 2007. A decrease of unemployment is reported. Furthermore, the government prepared a draft law on security and health at service as a response to the high number of work accidents.

41. The issue of social dialogue is included in the national employment strategy, but a mechanism for consultations with social partners and non-governmental entities in view of assessing the current situation and identify key challenges and policy responses is still to be created. The defence of the interests of the workers is undertaken by the national confederation of Moldovan unions, a new structure created by the merge of the two main union federations of Moldova into a common body.

42. In the area of social protection, the government continued to increase allocations for social expenditures such as pensions and introduced minimal standards for care, education and socialisation of children from resident-type institutions. A law on social assistance, which would change the assistance system from being category-based to being income-based, was approved by the government, but still remains to be adopted by the Parliament.

43. The major challenge of today's **Romania** is the increasing labour deficit, a deficit with double perspective – quantitative and qualitative. The economic development requires additional sources of well trained labour force, adapted to the new skills' demands. The demographic changes, more acute in Western Europe, start also to influence the Romanian society, being doubled by a high external mobility of the Romanian workers.

44. For Romania, keeping a balance between flexibility and security on the labour market is not a novelty in the development of social policies. The reform of labour legislation and re-construction of the social security systems implied a difficult process to find this balance. These reforms allowed the agreement on the equal treatment principle for the protection of workers with so-called atypical contracts, while the social security systems provided strict eligibility criteria and interaction mechanisms that promote a friendly attitude of beneficiaries towards work. For example, Romania strengthened the conditionality to actively search a job for unemployment or social benefit recipients.

45. There are more and more signals that the increasing labour demand cannot be satisfied by the current pool of labour force. Paradoxically, Romania registers, at the same time, relatively low employment and unemployment rates, compared to EU average. In this context, a recent initiative of the Romanian Government is the adoption

of an action plan to stimulate the return of the Romanian citizens who work abroad. This plan is intended for a better information and awareness among the Romanian workers on the current employment opportunities in Romania. Until now, four information sessions coupled with Romanian jobs fairs have been organised in Italy (Rome, Turin) and Spain (Castellon), in Alcala de Henares, Spain.

46. In **Russia**, economy continues to grow at a rapid pace and high energy prices have generated the substantial revenues necessary to enable the government to implement much-needed socioeconomic reforms. Unemployment has continued to fall and investments in education and human resources in general are increasing. The major issues of national development are currently addressed through the four Priority National Projects launched in 2005 in the fields of housing, health, education and agriculture, with the further goal of improving the quality of life and boosting the human development. Further increase of pensions and aid for retirees and creation of thousands of jobs with high qualification requirements are planned, while there is a positive forecast on quick income increase. As a support to the periphery, regional governments of the Russian Federation have been entitled to increase the minimum salary on their territories.

47. The National Project on Education aims to give a new impetus to the educational system without losing the advantages of the Russian education and, at the same time, consolidating its innovativeness, updating and modernizing the education requirements in order to meet the demands of the labour market. The Project also envisages change of financing mechanisms of education institutions, directing the budget resources towards development programmes in schools, introducing new managerial mechanisms in education sphere in order to make the education system more transparent and responsive to the demands of the society. The new system of remuneration for the teachers is directed to stimulate the quality and result-oriented instruction. Furthermore, a maximum tax exemption is envisaged for expenses of companies and citizens in the sphere of education.

48. In the field of social dialogue, appropriate bipartite and tripartite committees of representatives of the parties with the necessary powers have been set up for the purpose of collective bargaining, drafting and conclusion of collective agreements, as well as organizing monitoring of their implementation, in accordance with the Russian Federation Labour Code at all levels of the social partnership. These committees operate at federal, regional, local, district and corporate (organization) level and contribute to the resolution of highly topical social and labour issues, and economic relations directly related to them.

49. In **Serbia**, the National Employment Strategy for the period 2005 to 2010 has been adopted, along the European Employment Guidelines, and encompasses two important priorities: (i) support to foreign direct investment and domestic savings aimed at the maintenance and creation of employment, and (ii) reduction of differences between regional labour markets. Its implementation began with the adoption of the National Employment Action Plan (NEAP) for the period 2006-2008, which is based on the following priorities (i) reducing unemployment and increasing labour market competitiveness, (ii) broadening the scope and types of the Active Labour Market Measures (ALMM), (iii) addressing the issue of redundant workers, (iv) improving social

dialogue and the effectiveness of socio-economic and local employment councils, and (v) decentralisation and modernisation of the work of the National Employment Services. A concrete measure taken by the government to stimulate employment is the fiscal and financial support to start-up enterprises (tax cuts from 50% to 62% and the launch of start-up loans up to €30,000); as a result, the Vojvodina Development Fund has so far approved more than 200 start-up loans to SMEs. Aiming at a more integrated approach, the government moved the Employment Department from the Ministry of Labour to the Ministry of Economy and Regional Development, therefore giving priority to resolving unemployment through links to sound economic development.

50. In recent years the issue of unemployment becomes widespread in **Turkey** and this situation brings social risks like rising poverty and income inequality as well as decreasing of social integration. The issue of unemployment, being one of the main priorities for the government, is being eliminated by increasing the capacity of job creation of Turkey. In this regard, measures are taken to improve the institutional capacity of the Turkish Employment Agency, which implements mainly active labour market policies and conducts services of unemployment insurance. Moreover, the resources being devoted to those areas are increased in recent years with the objective of the development of active labour market policies, which cover public employment services, job creation and training of labour force, and aim at creating employment, particularly for disadvantaged groups, and improving their qualifications and incomes, in line with the demands of labour market and the increase in the effectiveness of services provided in the context of active labour market policies.

51. In January 2007, the government endorsed the state programme of economic and social development for **Ukraine** for 2007 which envisages a number of priorities concerning social insurance and the pension system. The adoption of a new modern labour code is widely discussed with the social partners, while Ukraine benefits from an ILO project to train labour inspectors. In the field of social protection, a project on modernizing the social assistance system and enabling better targeting of cash benefits is being carried out with the support of the World Bank and will be completed by the end of 2008. Since the project loan became effective in April 2006, the Ukrainian social assistance system has enhanced its effectiveness through better targeting of the benefits. In 2006 43.3 percent the three poorest deciles of the population received social assistance which is slightly above the baseline of 2005. The welfare offices, on average, became more efficient in serving clients, a result of the reduction in the application processing time. This has also resulted in a 10 percent increase in the number of benefits processed per month by welfare office employees. The driving force behind this progress has been a new “one-stop-shop” service model introduced in 245 out of 754 local welfare offices. As regards pensions, Ukraine is facing the problem of demographic ageing and is working towards postponing the retirement age.

IV. INTERNATIONAL FRAMEWORK

United Nations

52. Globalization and interdependence has been included on the agenda of the Economic and Finance (Second) Committee of the General Assembly of the United Nations since 1999, following a High-Level Dialogue held on 17 and 18 September 1998 on the social

and economic impact of globalization and interdependence and the policy implications. The General Assembly debates and in particular the special events of the General Assembly Second Committee “have provided a forum for exchange of views among Member States and have helped to forge a global consensus on actions which need to be taken at the global, regional and national level to turn globalization into a positive force for development that benefits all”.

53. The International Forum for Social Development is an initiative of the Department of Economic and Social Affairs of the United Nations Secretariat. Financed by voluntary contributions and placed under the umbrella of technical cooperation, it brings together participants from governments, international and national organizations and the civil society for an informal dialogue on global issues of development and social progress.

International Labour Organisation

54. The World Commission on the Social Dimension of Globalization was established by the ILO's Governing Body in February 2002. This endeavour was in response to the fact that there did not appear to be a space within the multilateral system that would cover adequately and comprehensively the social dimension of the various aspects of globalization. Yet it was urgent that the multilateral system began responding to the needs of people as they try to cope with the unprecedented changes that globalization has brought to their lives, their families, and the societies in which they live. The vision put forward by the Commission is to bring into being a system of global governance that is genuinely supportive of and conducive to national development strategies ("there can be no successful globalization without a successful localization"), where powerful actors are held accountable, and where efforts to achieve coherence between economic and social objectives would place the needs and aspirations of ordinary people at the centre of rules and policies.

European Union

55. The *European Social Fund (ESF)* helps individual workers and the businesses that employ them to improve their ability to adapt to the changes globalisation is bringing. It supports training, career and individual guidance that encourages people to actively manage their careers, outplacement and worker mobility schemes. It also improves access to training, in particular for low-skilled and older workers, and helps identify future occupational and skills requirements.

56. The *European Globalisation adjustment Fund (EGF)* was set up in early 2007 to fund measures to keep people in employment. The fund was established to underwrite half of the cost of looking for a job, training and entrepreneurial support. The other half is supposed to come from EU members. It was set up “to provide additional support for workers made redundant as a result of major structural changes in world trade patterns”. It was specifically designed for cases where there are over 1,000 redundancies in one company.

57. As part of the Black Sea Synergy Initiative, the *European Training Foundation* is carrying out an employment review aiming at offering policy advice and relevant information for evidence-based policy by proposing both the methodology for research and the analysis, as well as developing local capacity for labour market research.

The project, which was launched at a kick-off event in May 2008, will address the challenges faced by the Black Sea region countries, and highlighted in several ENP Action Plans: decreasing activity rates and high unemployment levels, informal economy, low-quality and low-paid jobs, skills mismatch, migration.

Organisation for Economic Cooperation and Development

58. The OECD is “a unique forum where the governments of 30 democracies work together to address the economic, social and environmental challenges of globalization”. As a response to the growing interest and the attention focused on the Black Sea and Caspian Sea area as never before, the *BSEC-CA Economic Outlook (BSECAO)* was launched by OECD last June. Its objective is to promote the systematic monitoring and evaluation of economic performance and underlying policies in the Black Sea and Central Asia regions, in order to facilitate evidence-based policy dialogue amongst the countries of these regions, as well as to facilitate dialogue and exchange of good practices between them and the members of the OECD.

V. CONCLUDING REMARKS

59. Globalisation bares both challenges and opportunities for the BSEC Member States. The recent economic growth of the BSEC region allows for and requires more than ever before the strengthening of the significant human capital of the region. Investing in this immense resource, BSEC Member States will be able to raise their competitiveness in the global economy, while ensuring the well-being of their people.

60. The potential gains that the BSEC region may reap from globalisation will depend on success in undertaking adequate competitive, regulatory and social reforms. A central policy challenge is to achieve economic flexibility with better social protection. In this context, social policy has a vital role to play, particularly in endowing people with capabilities, with a premium on active policies that intervene early rather than passive, reactive policies. The core of a social policy response is in the following main policy domains: education and training, immigration policy, labour market reforms and the reshaping of social protection.

61. In this direction, dynamic labour policies, promotion of the social dialogue, increase of social protection and modernization of education and vocational training are indispensable steps to be taken. In order to facilitate the desirable outcomes of relevant policies, institutional arrangements should be given utmost attention.

62. Finally, it should be stressed that constant interaction on social issues in the BSEC framework is a means of deepening the existing cooperation and of contributing to building confidence among the peoples of our region. An increased feeling of belonging through sharing concerns and experience on sensitive social issues would help smoothen the tensions and enhance the common interests of the BSEC Member States.