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THE THIRTY-NINTH MEETING OF THE CULTURAL, EDUCATIONAL AND
SOCIAL AFFAIRS COMMITTEE

REPORT*

“SOCIAL WELFARE REFORMS IN THE BSEC MEMBER STATES”

Rapporteur: Mrs. Lilia GRYGOROVICH, Member of the Committee, Ukraine

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I. INTRODUCTION

1. Social security and protection is a human right as well as a social and economic necessity. It is a powerful tool to ensure minimum living standards, combat causes and effects of poverty, and facilitate smooth income redistribution from working years to retirement. All successful societies and economies have employed development strategies where social security systems played an important role to alleviate poverty and provide economic security that helps people to cope with life's major risks or the need to quickly adapt to changing economic, political, demographic and societal circumstances.

2. Since the first years of its operation, the Parliamentary Assembly of BSEC has discussed several topics on social issues 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);
- The impact of globalization on the social policies in the BSEC Member States (106/2008);
- Migration in the BSEC Member States – social and cultural aspects (109/2009).

3. The Cultural, Educational and Social Affairs Committee decided to discuss “Social welfare reforms in the BSEC Member States” as the main agenda item of its 39th Meeting. The term social welfare is used here as synonymous to social security, which is defined by the International Labour Organisation as:

“all measures that provide benefits, whether in cash or in kind, to secure protection, inter alia, from i) a lack of work-related income (or insufficient income) caused by sickness, disability, maternity, employment injury, unemployment, old age, or death of a family member; ii) the lack of access or unaffordable access to health care; iii) insufficient family support, particularly for children and adult dependents; iv) general poverty and social exclusion”.

4. This Report focuses on the issue of social welfare reforms in the context of the global financial and economic crisis. Contributions to the Report were received from the national delegations of Greece, Romania, Serbia and Ukraine. Reference material was also obtained from the official websites of the UN, the EU and other relevant international organizations such as ILO, the Council of Europe, the World Bank, OECD etc.

II. SOCIAL SECURITY AND THE BSEC REGION

5. Social security was well developed in most BSEC Member States, protecting workers and vulnerable groups from a wide range of risks. After the transformation of the centrally-planned economies of the region into market economies, countries confronted the urgent need to establish their own national social security structures - to cope with a large increase of poverty and to respond to the new economic conditions and new needs of workers and their families. These efforts were constrained by the economic turmoil of transformation, which placed the systems under strong financial pressures – increased demands for benefits due to unemployment and early retirement, and decreased revenues due to financial difficulties of large enterprises. Social security benefits were eroded by inflation, and there was a reduction in spending in all countries. Pensions, the largest component of the social security systems, were heavily affected by these trends. Expenditures on unemployment benefits, which were still relatively new in most countries, were extremely modest.

6. Today many BSEC countries are further reviewing their social security schemes in order to make them more financially viable and sustainable in their present socio-economic environment. For example, reform of national pension schemes is a major issue across the region, with most countries trying to introduce individual accounts in the pay-as-you-go systems and some countries privatizing their pension systems fully or partially (Russia). Efforts to improve benefits are constrained by the existence of large sectors of informal employment, that are beyond the reach of social security collection agencies, as well as by widespread non-compliance with the contribution requirement in the region's formal economies. Responding to the shortage of pension revenues, many countries have already increased the retirement age. Armenia is the first country in CIS where same retirement age for men and women is planned to be introduced. Many countries are also developing and improving social assistance as a way of ensuring a minimum income for all. A number of other social security reforms have been introduced as well. For example, the three Caucasus countries are trying to extend health care coverage to informal sector and rural population by improving community-based health insurance schemes. Several countries are developing and expanding community based social services.

7. All over the BSEC region, the demographic, economic and societal environments, within which national social security systems are operating, are continuously changing – and these changes obviously pose challenges for societies and their social transfer systems.

20. In the years 2000, the BSEC region enjoyed high economic growth against a background of an improving business environment and general macroeconomic stability. The BSEC region performance had outpaced that of neighbouring regions and appeared as one of the highest in the overall global context. However, the financial and economic crisis that broke out in late September 2008 and almost led to the collapse of financial markets worldwide has had a strong impact on the Black Sea region resulting in a sharp halt to growth. This has affected the already fragile social systems and their sustainability.

III. GLOBAL CRISIS AND POLICY RESPONSES IN THE BSEC MEMBER STATES

8. The crisis has brought along new social welfare challenges and priorities for the BSEC region. Existing social needs have been intensified and new needs have arisen while the social protection systems' resources (both human and financial) are being drastically reduced. The increasing unemployment, as well as the economic weakness of more and more parts of the population have resulted into increasing demand for social care services provision. For countries like Greece, novel phenomena have appeared, such as the emergence of a substantial number of people whose home is at risk, as well as homeless people, who, up to now were not part of the so-called vulnerable population groups; and also of people unable to access medical and hospital care system, either due to loss of their insurance coverage or for not fulfilling criteria for access to the welfare security and insurance.

9. Governments in a number of European countries have moved from fiscal stimulus to austerity and have reduced social spending, cut jobs and increased taxes, as rising public debt has generated political and financial stress. Such measures include pay cuts for public sector employees, tax increases, pension cuts and an increase in the age of retirement of public sector employees.

10. The policy responses in the BSEC Member States can be categorised as following: i) expanding existing schemes, both in terms of coverage and benefits; ii) introducing new schemes and/or rapid emergency responses and programmes to cushion the immediate effect of the crisis on people; and iii) adopting pro-cyclical austerity measures, mostly to balance the public budgets and/or fulfill the conditions of the WB, IMF or EU, for example.

11. In **Armenia**, with a view to increasing spending on livelihood support measures, in May 2009 the government reinstated spending (1.6 billion AMD) for high priority programs specifically targeting the poor in the areas of health, education, and agriculture. This included financing of hospital services for the vulnerable groups, treatment of cancer, tuberculosis, infection diseases, mental illness, and extension of services for farmers. There was also an expansion of non-contributory social schemes through the increase of beneficiaries receiving disability social pension and childcare benefits. The scope of out-of-work income support was also widened. Among other measures adopted to expand social protection was the integration of social contribution and personal income tax and increasing basic pensions. More precisely, Armenia has legislated and considered the following policy actions:

- Integration of social contribution and personal income tax and raising effective tax rate;
- Legislative action taken on increasing basic pensions by 20% in 2010.

12. In **Azerbaijan**, the State Programme on the development of the insurance and pension system in 2009-2015 was adopted by a Presidential Decree issued in December 2009, aiming at improving the system in accordance with EU standards. The Parliament approved amendments to the Law on pension in October 2009 including provisions on the raise of the pension age, the insurance pension period and the pension indexation. A survey conducted throughout the country over the reporting period to evaluate the

targeted social assistance mechanism showed that it was oriented at the poor and the poorest groups of the population: 86% of the beneficiaries who receive 90% of targeted social assistance represent the poorest 40% of the society. In September 2010 Azerbaijan took several measures to reduce poverty, including increasing allowances to Internally Displaced Persons and to other low income groups, and raising the minimum salary and basic pension of workers in certain public sector institutions. New rules on the pension system entered into force in July 2010, according to which the retirement age for men was to be raised to 63 years by 2012, and that of women from 57 to 60 years by 2016. The basic pension was increased as of September 2010.

13. In **Bulgaria**, key measures implemented in the field of social benefits aim to increase the scope of persons entitled to receive benefits and provide easier access to them. The scope of persons eligible for social assistance has been extended through the inclusion of additional target group – foreigners with long-term residence rights. Access to monthly social assistance and targeted heating benefits has been facilitated. The targeted heating assistance has fully compensated the increased cost of electricity. Since an important dimension of the priority to ensure adequate and sustainable social transfers is to provide material support and assistance to families with children, in 2011 over 80% of the children in Bulgaria have been supported by different types of family benefits. The social services system has expanded considerably in recent years due to the reforms aimed at deinstitutionalization and provision of more community based services and services in family environment. Such services include: day care centers, centers for social rehabilitation and integration, protected housing, transitional housing, Mother and Child Units, family type centers for accommodation, centers for social support, crisis centers, centers for work with children on the street, shelters, etc. Trends show a constant increase in the number of the community based social services, which is confirmed by data on social services in 2012. As of March 2012, there has been an increase in the number of social services provided in the community.

14. **Georgia** launched in 2009 a private health insurance to cover emergency care and some primary care services. State subsidies would cover two-thirds of insurance premiums in privately run health insurance firms. To mitigate poverty, the State has also extended its Medical Assistance Programme to an additional 200,000 individuals below the poverty line. As regards social assistance, the government continued to implement the 2009 Children Action Plan and in November 2010 approved an action plan for the Major Areas of Child Care System Reform for 2011-12. In June 2010, the system of means testing for targeted social assistance was revised and new criteria were adopted to define households whose socio-economic conditions are below the poverty line. The government also adopted rules on setting up a unified database of socially vulnerable families and on evaluation of their social-economic conditions and their registration. The State Programme of disabled, elderly people and homeless children rehabilitation was approved in February 2009. It provides several kinds of social services to persons with disabilities, elderly people and homeless children.

15. In **Greece**, even if social spending has increased by €746 million between 2010 and 2011 with 35% of this increase going to unemployment benefits, measures in order to tackle poverty are introduced in a perspective of decreasing social expenditure at middle term (Medium Term Fiscal Strategy 2012 –2015). This saving has been planned by mean

of a more just distribution of social expenditure up to 2015. As a result, what is at stake is the redistribution of social policy measures. During 2011, national social policy has had a double orientation: first, to limit the social impact of the economic crisis with targeted measures in the short run and secondly to reform the national social policy system so that it can be effective and sustainable in the long term. Efforts have also been made to facilitate a smoother and more progressive distribution of the consolidation burden among the population (progressive pension and wage cuts, more progressive income tax system) although the regressive nature of some of those (e.g. the increase in VAT) has inevitably a negative impact on poverty. The benefit policy has also changed. A new solidarity contribution has been introduced because of the increased expenditure for unemployment benefits (due to the rapidly increasing number of the recipients). Some benefits have become means-tested (e.g. the large family benefit), others have been reduced (e.g. family benefits for public sector employees) while for some other the prerequisites for eligibility have become stricter (e.g. the old age solidarity benefit). Additional on-going measures to limit the social consequences of the crisis especially for the most vulnerable include the following actions: employment programmes for the vulnerable social groups implemented by the Greek Manpower Organisation (OAED); local actions of social inclusion for vulnerable social groups (TOPEKO); provision of integrated local support and care services for poor families with children; medical care provision for the unemployed through prolonging the period of insurance coverage; ensuring the continuation of the successful programme “help at home”; establishment of an inter-ministerial working group to address the rapidly deteriorating homelessness problem.

16. In **Moldova**, the Government adopted in November 2009 a programme for stabilisation and recovery of the economy for the years 2009-2011, to improve the allocation of social assistance and prevent social exclusion of the most vulnerable groups. The number of beneficiaries of the new cash-benefits system of social assistance rose from January to June 2009 to reach more than 16.000 persons. The Government decision to introduce a 20% indexation coefficient for some pension categories entered into force in April 2009. The 2009-2013 governmental programme on “European integration: freedom, democracy, welfare” as well as the 2009-2011 programme for “stabilisation and recovery of the economy” attached particular importance to the unification of the pension system and the drafting of the relevant strategy. In 2010, targeted compensation schemes for heating costs for families receiving social assistance, low wage public sector workers and pensioners on low incomes were put in place. The minimum guaranteed income was increased in October 2010 by 40% for the first three months of 2011. The new targeted social assistance scheme continued to extend and, according to the ministry of Labour, Social Protection and Family, over two thirds of the eligible households benefited from at least one social allowance by the end of 2010. In March and November 2011 respectively, authorities introduced a heating allowance for vulnerable persons and strengthened the system of cash benefits in case of sick leave. A new National Social Inspectorate was set up in October. In June, legislation was adopted on pension reform with the aim of increasing the minimum duration of mandatory contributions and the retirement age for certain categories.

17. In **Romania**, most social assistance expenditures are used to finance social assistance benefits. People affected by poverty and vulnerable people could not be easily directed

towards the most suitable part of the system, the system costs could no longer be supported/sustained fully and were not properly directed towards the people who were affected by poverty. In order to render the social assistance system more efficient, the Ministry of Labour, Family and Social Protection has prepared a substantial Strategy to Modernize the Romanian social assistance system, that focuses on social assistance benefits managed by the said Ministry, identifies a set of problems and proposes a number of measures to address these problems over 2011-2013. The Strategy was approved by the Government in February 2011. The strategy focuses on a set of seven major social assistance benefits, according to the amount of expenses and/or to the number of beneficiaries: state child allowance, child raising benefit, low-income family allowance, heating benefits, social aid to ensure the guaranteed minimum income, monthly benefits and the personal complementary budget paid to disabled persons. One major step in reforming the social assistance system in Romania was adopting of the new framework Law on social assistance (Law No 292/2011 on social assistance). The law introduced a unitary approach of the social assistance system and its components, namely the social benefit and social service systems, in order to increase the share of services over the social benefits. The Law provides for: classification, granting criteria and the organization and administration of benefits and social services; regulation of contracting social services by private providers; regulation of the calculation and setting up the amount of social benefits based on a single indicator.

18. **Russia** increased in 2009 state benefits, such as benefits to citizens with children (monthly benefit for care of child under 18 months, benefit for care for disabled child, maternity benefit, child delivery allowance, maternal capital etc.), as well as the cost of the set of social services, taking into account the inflation forecast (13% instead of 8,5%). There has also been an increase of monthly cash compensation to special categories of people that formerly were beneficiaries of in-kind programs (disabled, participants of the Great Patriotic War and other wars etc.). The set of social services consists of 1) additional free of charge medical assistance (including free of charge drugs) and provision of free of charge medical treatment in sanatorium and 2) free of charge transportation on local trains and free of charge ticket for trip to sanatorium. The beneficiary of the set of social services can choose the method of receiving it (in-cash or in-kind). An expansion of housing support also took place, targeting low-income groups of population. Housing construction and housing provision programs included: housing benefits to young families, the veterans of the Great Patriotic war etc.; enabling families who possess a government maternity capital certificate to use such money to improve their housing conditions (payment of the principal and interest on credit and loans, including mortgage loans); rescheduling of mortgage loans for those who lost their jobs through a capitalization of the Agency for Housing Mortgage Lending in 2008; and providing tax benefits for individuals who purchase housing valued at between 1 and 2 million Rubles. Measures were also adopted to protect purchasing power of low wage earners, among which an 88% increase of the legal minimum wage, as of 1 January 2009; a lump sum payment of maternity benefits to low income families (from April 2009 to May 2010); a temporary increase of old-age pension, in the framework of the Program of Anti-Crisis Measures of the Russian Government (adopted in June 2009). In the framework of the same Program, there was a temporary increase of unemployment benefits (2009-2010) in order to avoid depreciation of benefit due to forecasted inflation. In the field of unemployment benefits, an increase of permanent nature was also

introduced, targeting workers giving up a job on their own initiative, in order to align their benefits to those allocated to workers who were dismissed due to enterprises closing or job cuts.

19. **Serbia** expanded its in-kind programs, i.e. by opening specialized food shops for the poor (March 2009). Measures were also adopted to protect purchasing power of low wage earners, such as an increase of the minimum wage from 1st July 2009 and an introduction of bonus for the employees in the public administration with a salary less than RSD 50,000. Finally, an overall increase of social spending as % of GDP resulted in a total spending of 18.8% in 2009, against 18.2% in 2008. The reform of the social care system of the Republic of Serbia has been under way for the past ten years. The results of the reform have been incorporated into the Social Welfare Law, which came into force on 12 April 2011. The Social Welfare Law envisages, among others, the regulation of issues pertaining to social care financial allowances, the function of institutions of social protection and the professions related to social protection. The Law also envisages the establishment of the Social Care Chamber, an independent, non-profitable organization of skilled professional personnel and professional associates working in social protection sector.

20. In **Turkey**, the government adopted measures to reduce non-wage labour costs. As a result, companies were encouraged to recruit workers rather than cut jobs and there was a drop in informal employment. Measures included a general reduction of social security contributions; incentives to hire youth, women and long-term unemployed; the promotion of training, as well as significant tax reductions for enterprises investing in less developed regions. For example, in October 2008, employer social security contributions for disability, old age and death were reduced from 19.5% to 14.5% of gross wages. These cuts were offset by public transfers to social security institutions. Thanks to this measure, more than 61,000 jobs were created in 2009 and more than 63,000 in 2010. Also, employers who provided vocational training to their staff benefited from lower social security contributions, and employers who hired workers in the fields of technology, research and development were reimbursed half of their social security contributions for five years. For women and youth in particular, the government decided to cover the employer share of social security contributions during a five-year period for those recruited between May 2008 and May 2010. At the same time, special attention was paid to less-developed regions: measures of 2007 to create incentives for less-developed regions in all sectors and to no longer require a transfer of activities from more developed regions were extended in 2010. In this scheme, social security contributions for current and newly-recruited workers are covered by the state for an average of five years, while corporate tax is reduced from 20% to 5% for the same period. A total of 730,000 workers, representing 17% of total manufacturing employment in Turkey, were employed under these regional incentives in the first two months of 2011. Informal employment, defined as employment of workers not registered with any social security institution, declined from almost 53% of total employment in 2001 to less than 45% in 2010.

21. In **Ukraine**, the Cabinet of Ministers adopted in February 2009 an action plan to implement its poverty reduction strategy, taking into consideration that household income and real wages had declined as a consequence of the economic turmoil. In October 2009, the President signed a Law on subsistence minimum and minimum wage which aimed to

increase social standards by about 12% by the end of 2009 as compared to the provisions of the 2009 budget law and nearly 30% higher than envisaged in the September 2009 version of the draft budget 2010. The Law also foresaw an increase of 11% of the minimum monthly wage. The average pension was also increased during the same period. In 2010, Ukraine prepared amendments to laws on social protection and the rehabilitation of disabled people. The draft amendments promoted equal employment opportunities, the fight against discrimination and barrier-free access for the disabled. The government continued to support persons with difficult living conditions and who face difficulties competing on the labour market. The minimum salary rose slowly during 2010, reaching 922 UAH (or EUR 92) per month in December. Pensions were also further increased. The Ministry of Labour and Social Policy started discussing the concept for reforming and improving the delivery of social services. In June 2010, the Committee for Economic Reforms, operating under the President, endorsed a draft social protection reform programme. This aimed to give poor people better access to the social protection system and ensure that social assistance is targeted more effectively, since only 56.8 % of those living below the absolute poverty line were receiving social assistance and only 23 % of social transfers reached the poor. In the field of pension reforms, a Law on pension reform entered into force in October 2011. The Law increased from 5 to 15 years and from 25 to 35 years the minimum contribution requirements to qualify for a pension and to receive a full pension, respectively. Pension age for women and men state civil servants increased to 60 and 62 years respectively. As part of the overall administrative reform, specific services for disabled persons and veterans were established through Presidential decree in April 2011. The Ministry of Social Policy was given responsibility for the delivery of social allowances and services for youth and families. Finally, Social Service Centres are being reformed.

22. It is to be noted that the crisis could be utilised by the BSEC Member States as an opportunity to review the inadequacy of social protection systems and take long-term measures to improve them. Several countries are reporting problems such as: high costs of social services which have not resulted in tangible improvement of indicators measuring quality of life; high degree of fragmentation and complexity which is artificially raising the access costs to beneficiaries; higher expenses of administrating the system; errors and frauds; a higher level of dependency of people able to work. Problems have also resulted from the ad-hoc manner of expanding the social service systems, often without a coherent strategy, coordination and correlation between social service providers and other active measures, especially in a result-oriented basis.

IV. INTERNATIONAL FRAMEWORK AND EXPERIENCE

Global level

23. Social security and protection as a basic human right is enshrined in major international instruments such as: The Universal Declaration of Human Rights (1948); The International Covenant on Economic, Social and Cultural Rights (1966); The Declaration of Philadelphia (1944) and Conclusions concerning social security (adopted by the International Labour Conference, 89th session, 2001).

International Labour Organisation

24. ILO Standards on Social Security are comprised of:

- *The Social Security (Minimum Standards) Convention*, 1952 (No. 102).
It is the flagship of all ILO social security Conventions which establishes minimum standards for all nine branches of social security. These branches are: medical care; sickness benefit; unemployment benefit; old-age benefit; employment injury benefit; family benefit; maternity benefit; invalidity benefit; and survivors' benefit.

While Convention No. 102 covers all branches, it requires that only three of these branches be ratified by Member states, which allows for the step-by-step extension of social security coverage by ratifying countries. The minimum objectives of the Convention relate, for all the nine branches, to the percentage of the population protected by social security schemes, the level of the minimum benefit to be secured to protected persons, as well as to the conditions for entitlement and period of entitlement to benefits. Convention No. 102 does not prescribe how to reach these objectives but leaves certain flexibility to the member state.

Among the BSEC Member States, Convention No.102 has been ratified by Albania, Bulgaria, Greece, Romania, Serbia and Turkey.

25. Drawn up on the model of Convention No. 102, several other conventions offer a higher level of protection, both in terms of the population covered and of the level of benefits:

- The Equality of Treatment (Social Security) Convention, 1962 (No. 118);
- The Employment Injury Benefits Convention, 1964 (No. 121) and the Employment Injury Benefits Recommendation, 1964 (No. 121);
- The Invalidity, Old-Age and Survivors' Benefits Convention, 1967 (No. 128) and the Invalidity, Old-Age and Survivors' Benefits Recommendation, 1967 (No. 131);
- The Medical Care and Sickness Benefits Convention, 1969 (No. 130) and the Medical Care and Sickness Benefits Recommendation, 1969 (No. 134);
- The Maintenance of Social Security Rights Convention, 1982 (No. 157) and the Maintenance of Social Security Rights Recommendation, 1983 (No. 167);
- The Employment Promotion and Protection against Unemployment Convention, 1988 (No. 168) and the Employment Promotion and Protection against Unemployment Recommendation, 1988 (No. 176); and
- The Maternity Protection Convention, 2000, (No. 183) and the Maternity Protection Recommendation, 2000 (No. 191).

26. The "*Global Jobs Pact*" is a global policy instrument addressing the social and employment impact of the international financial and economic crisis. It was unanimously adopted in June 2009 by the International Labour Conference, with the participation of government, employers' and workers' delegates from the ILO's member States. The Pact promotes a productive recovery centered on investments, employment

and social protection. Its fundamental objective is to provide an internationally agreed basis for policy-making designed to reduce the time lag between economic recovery and a recovery with decent work opportunities. Guided by the Decent Work Agenda and commitments made by the ILO constituents in the 2008 Declaration on Social Justice for a Fair Globalization, the Pact recalls that respecting fundamental principles and rights at work, strengthening social protection, promoting gender equality and encouraging voice, participation and social dialogue are critical to recovery and development.

Regional level

Council of Europe

27. The *European Social Charter*, ratified by all BSEC Member States, is a Council of Europe treaty which guarantees social and economic human rights, including the right to social security, social welfare and social services. It was adopted in 1961 and revised in 1996. The European Committee of Social Rights rules on the conformity of the situation in States with the European Social Charter, the 1988 Additional Protocol and the Revised European Social Charter.

28. Furthermore, the Council of Europe has defined common European social security standards through international standard-setting conventions, namely the *European Code of Social Security*, its *Protocol* and the *European Code of Social Security (revised)*. These legal instruments provide orientation in the reform process going on in many countries of the Council of Europe by setting standards in the social security field on the basis of minimum harmonisation of the level of social security. These standard-setting instruments set out the underlying principles of what is referred to as the European social security model. Among the BSEC Member States, Georgia, Greece and Turkey are parties to the abovementioned conventions.

European Union

29. Through the open method of coordination on social protection and social inclusion, the EU provides a framework for national strategy development, as well as for coordinating policies between EU countries on issues relating to poverty and social exclusion, health care and long-term care as well as pensions. On the basis of the Commission Communication "Working together, working better: A new framework for the open coordination of social protection and inclusion policies in the European Union", the European Council adopted in March 2006 a new framework for the social protection and social inclusion process. The existing open methods of coordination in the fields of social inclusion and pensions, and the current process of co-operation in the field of health and long-term care, are brought together under common objectives and simplified reporting procedures.

30. Social services including social security; employment and training services; social housing; child care; long-term care; and social assistance services are a means of meeting basic EU objectives such as social, economic and territorial cohesion, high employment,

social inclusion and economic growth. The EU encourages cooperation and the exchange of good practice between EU countries to improve the quality of social services, and provides financial support for their development and modernization (e.g. from the European Social Fund).

31. The *European Platform against poverty and social exclusion* sets out actions to reach the EU target of reducing poverty and social exclusion by at least 20 million by 2020. Launched in 2010, the platform is one of the flagship initiatives of the *Europe 2020 strategy for smart, sustainable and inclusive growth*. The actions set by the platform include:

- Improved access to work, social security, essential services (healthcare, housing, etc.) and education
- Better use of EU funds to support social inclusion and combat discrimination
- Social innovation to find smart solutions in post-crisis Europe, especially in terms of more effective and efficient social support
- New partnerships between the public and the private sector

32. Of relevance to Armenia, Azerbaijan, Georgia, Moldova and Ukraine, the *European Neighbourhood Policy (ENP)*, through its social dimension, covers in particular socioeconomic development, employment, social policy and structural reforms. In this context, the EU encourages partner governments' efforts aiming at reducing poverty, creating employment, promoting core labour standards and social dialogue, reducing regional disparities, improving working conditions, enhancing the effectiveness of social assistance and reforming social welfare systems. Progress made in the ENP framework is reflected in the relevant country reports.

IV. CONCLUDING REMARKS

33. Social protection measures act as cushions for individuals and families against economic shocks and other life contingencies, and enhance their capacity to manage and overcome the challenges that affect their well-being. These measures are therefore essential to reducing vulnerability, preventing the deterioration of living conditions and facilitating livelihood regeneration. During economic crises, social protection systems perform an important role as social and economic stabilizers and help prevent deterioration of human and social capital. While the impact of social protection programmes varies according to their design and level of implementation, evidence from across the world, including from high-income countries, shows their potential to reduce poverty and inequality and stimulate economic growth.

34. In the recent years, BSEC Member States have embarked upon large-scale social welfare reforms either by developing and extending existing schemes or by introducing new ones. As it has been shown above, numerous measures have been taken by all countries in order to face urgent social needs created by the economic crisis. During this process, long-standing problems affecting the adequacy of social protection systems came to light, creating thus an opportunity to proceed to deeper, long-term reforms of the social protection systems.

35. In the BSEC framework, many of the deeper forms of integration which incorporate policies and institutions focusing on social goals such as employment, labour standards, human rights, gender equality and social protection still tend to be a secondary issue, well behind economic and political aims. However, the current economic and social circumstances call for intensive efforts, among which regional cooperation in the field of social policies could be of great value. Cooperation at regional level could envisage exchange of information and good practices, training programmes for experts, social partners and NGOs. Moreover, constant interaction on social issues in the BSEC framework could be a means of deepening the existing cooperation and of contributing to building confidence among the peoples of the 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.

