

Draft Agenda for the Regional Conference

The Future of the Welfare State in the Western Balkans

Belgrade, June 6-8, 2018, Hotel Metropol¹

- Up to 200 participants from the Western Balkans and wider region, EU and beyond in dialogue
- Political representatives, administration, civil society, think tanks, academia, social and development partners
- 4 panel sessions with more than 25 panellists in total
- 13 smaller group sessions on specific welfare state topics featuring over 65 discussants
- 2 regional initiatives as a follow-up to the Conference

Social cohesion in the Western Balkan² economies is under constant threat. A weak social welfare state and the perilous economic situation over many years create an unstable environment that could jeopardize the sustainable development of Western Balkan societies. If safeguarding the minimum, basic standard is adopted as the central feature of the welfare state, it is almost impossible to assess whether Western Balkan countries nowadays have a welfare state at all, or whether they are attempting to build or reform it, or whether they had and lost it in an attempt at reform. There is a need to initiate a broad, evidence-based debate and dialogue on the future of the welfare state in the region.

Most challenges facing the mature welfare states are also present in the Western Balkans, such as demographic changes, and in particular population ageing, globalization, family transformation and changes in the labour market. Notable new challenges include inequality, especially global inequality among individuals, and migration, including refugees. The European Commission³ has been continuously stressing that “all enlargement countries face major structural economic and social challenges, with low efficiency of public administrations and high unemployment rates”.

The allocations for the social sector in the Western Balkans are below those in the EU (28) in both relative and, especially, absolute terms. Western Balkan economies (WB6) are already spending up to 25% of their GDP on social protection (in the EU 29%). A part of the social sector budget is “trapped” for political reasons and its structure is largely path dependent. Limited resources are available for significant challenges and reforms, which raises the question of effective and efficient spending of the resources to underpin smart, sustainable and inclusive growth in the region.

No national or regional issue can possibly be solved in isolation. No institution, organization or state can solve these issues on its own. Issues cannot be solved in isolated silos, or within the frame of one sector or agenda alone. Challenges need to be responded to at various levels, in an integrated way, and addressed in a global perspective, while paying attention to regional, national and local specificities.

Collaborative efforts and dialogue are needed on the strategic challenges and options for the welfare state. A group of Western Balkan think-tank organizations and researchers working on social policy issues have developed a Regional Platform to raise understanding among the research, advocacy, activist and policy-maker communities in the Western Balkans on the key issues of social policy and the future of the welfare state. The aim is to engage leading researchers and opinion makers from the political, business and civil society arenas to help shape a regional social welfare state agenda, thus contributing to improving the social dimension of European integration of the region.

We need to bring social policy challenges to the fore of development and enlargement policies. One of the key initiatives is the holding of an annual event to discuss the Future of the Welfare State in the Western Balkans. The initiative intends to create added value through influencing existing processes⁴ which promote a sustainable reform agenda in the Western Balkans. This event is being organized after the EU-Western Balkans summit, held on May 17, 2018 in Sofia, and will bring social cohesion and social policy challenges to the centre of attention.

The conference promotes dialogue as a tool for discussion, collaboration and influence. Through presentations, discussion, Q&A and participant polls, clear suggestions for ways forward should emerge, as a basis for a renewed social contract across the region.

Also, the Conference will prioritize two initiatives of the Network which have a more systematic character:

1. **An Initiative for Improved Governance of Social Sectors in the Western Balkans (GovSocSec_WB)**
2. **An Initiative for Future-Oriented Welfare State Policies (FutureWS_WB)**

¹ The official language of the conference in all panel and parallel sessions is English. Translation into Serbian/Bosnian/Montenegrin/Croatian language will be ensured for panel sessions.

² Albania, Bosnia and Herzegovina, Former Yugoslav Republic of Macedonia, Kosovo*, Montenegro, Serbia

* This designation is without prejudice to positions on status, and is in line with UNSCR 1244 and the ICJ Opinion on the Kosovo declaration of independence.

³ 2016 Communication on EU Enlargement Policy

⁴ Such as the EU negotiation process, Economic Governance process, Berlin Process, etc.

June 6, 2018: Informal Opening and Setting the Stage

18.00-20.00 Challenges of the Welfare State in the Western Balkans

An important role of the modern state is to participate in providing social protection to its citizens. State activities in the social sector – in the area of cash benefits, health care, education, housing and care services – are most commonly encompassed by the term *welfare state*. The objectives of the welfare state are multiple, including poverty and inequality reduction, consumption smoothing, and protection against risks such as unemployment, disability and sickness.

Most challenges facing the mature welfare states are also present in the Western Balkans, such as demographic changes, and in particular population ageing, globalization, family transformation and changes in the labour market. Notable new challenges include inequality, especially global inequality among individuals, and migration, including refugees.

However, challenges are even more pronounced for Western Balkan welfare states due to low level of economic development by European standards, shrinking and ageing population substantially driven by emigration and more pronounced social problems that under-capacitated welfare states have to face – primarily widespread poverty, substantial share of informal work and high unemployment.

Western Balkan economies (WB6) are already spending up to 25% of their GDP on social protection (29% in EU28). The allocations for the social sector are low, even very low in some countries, bringing into question the very concept of the welfare state. Moreover, a part of the social sector budget is usually “trapped” for political reasons and/or its structure is largely path dependent. The gap between the great needs and limited resources is additionally widened by public sector inefficiency and captured/clientelist states. Questions of the effective and efficient spending of these resources are crucial to underpin smart, sustainable and inclusive development in the region.

Unfavourable demographic situation and changes in family and employment patterns are among the challenges that are present currently but will continue to exist and intensify in the future. Family-welfare state balance will be affected by fewer traditional extended family units, the growing number and share of elderly households and rising number of single parents, combined with higher women's employment rates and changing gender roles.

Population ageing will continue to put high pressure on the pension system, health and long-term care. Labour force ageing will affect expenditures for unemployment and disability benefits, for retraining and further training. Emigration will contribute to further population ageing and faster dismantling of traditional multi-generational family patterns, imposing even higher pressure for the state involvement in social care provision. The changed world of work will initiate additional adjustments and innovative social protection solutions.

A particular future challenge lies in European integration, which brings many advantages, but also imposes specific priorities, additional competing expenditures and overly high citizen expectations of social protection. Finally, integration processes will contribute to accelerated emigration.

This session will discuss the challenges of and prospects for the welfare state in the Western Balkans in the global context, whilst addressing specific regional trends and challenges. This session will discuss what the welfare state should and should not do and also address the complex relationship between the welfare state, democracy and economic development. Finally, this session will look ahead, seeking to find answers to the questions *where we want to be, and where we are likely to be, in 20 years' time.*

Moderator: Žarko Šunderić, Director of the Centre for Social Policy, Belgrade and representative of the Network *The Future of the Welfare State in the Western Balkans*

Discussants:

1. Gordana Matković, Programme Director, Centre for Social Policy and Professor at the FEFA Faculty, Belgrade
2. Paul Stubbs, Senior Research Fellow, The Institute of Economics, Zagreb
3. Sebastian Sosa, Resident Representative for Serbia and for Macedonia, The International Monetary Fund
4. Christiane Westphal, Policy Officer, European Commission – DG Employment, Social Affairs and Inclusion
5. Ben Slay, Senior Advisor, UNDP Regional Hub for Europe and CIS, Istanbul
6. Luís-Felipe López-Calva, Co-Director, World Development Report 2017, The World Bank, Vienna (TBC)

20.00-22.00 Cocktail

June 7, 2018: Challenges of the Welfare States in the Western Balkans

9.00-9.30 Formal Opening

- Žarko Šunderić, Director of the Centre for Social Policy, Belgrade
- Zorana Mihajlović, Deputy Prime Minister, Government of the Republic of Serbia
- Mila Carovska, Minister, Ministry of Labour and Social Policy, Macedonia⁵
- Karla Hershey, UN Resident Coordinator and UNDP Resident Representative in Serbia
- Martin Dietz, Director, PERFORM Project of the Swiss Agency for Development and Cooperation

9.30-11.00 Panel Session: Social Minima and Captured Welfare States

This session focuses on the issue of **what may be the minimum allocation and balanced distribution of resources needed for a functional welfare state**. Through evidence from across the region, the session will explore the case for increased social expenditure in combination with a shift in priorities, in the context of a political economy of reform which addresses political priorities, the problem of capture, challenges of decentralization, institutional capacities and drivers of and limits to change. The emphasis is on two inter-related issues:

1. The need for a social protection floor as a nationally-defined set of social security guarantees so that all who reside in a country should have access, throughout the life cycle, to **basic income security, essential health care, and basic services** necessary for preventing or alleviating poverty, vulnerability and social exclusion. The [ILO's strategy on the extension of social protection](#) refers to social security for **children**; for those in **active age** who are unable to earn sufficient income in cases of sickness, unemployment, **disability**, and parenthood; and security for **older persons** who have exited, in whole or in part, from the labour market. Although little discussed in the Western Balkans, the development and implementation of social protection floors is a necessary corrective to the comparatively **low levels of social protection expenditure across the region**⁶. Allocating more resources to social sectors is a policy choice which should be argued for across the region as part of a **social investment** strategy. A crucial question here concerns the possibilities of the re-allocation of expenditures, including reducing **defence** spending, spending on **infrastructure**, and so on, to provide the fiscal space for increased allocations to the social sector.

2. The need for balanced social expenditures across sectors, grounded in an evidence-based understanding of **needs**, and able to **maximize well-being** across all groups in the population. Currently, social expenditures across the Western Balkans are **distorted** in a number of ways, including:

2.1 The “capture” of social welfare by powerful interest groups who have succeeded in developing a **“clientelistic”** relationship with dominant political forces, such that high levels of social spending for these **“insider”** groups co-exist with low levels of spending for **“outsider”** groups who manifest the same, or greater, needs. Across the region, and particularly in **Bosnia-Herzegovina, Kosovo and Croatia**, the amount and nature of **spending on war veterans** and their families is a major **asymmetry** within welfare states. Across the region, the **expansion of rights** for war veterans and their families, mostly through **passive cash benefits** or **prioritization** in the allocation of resources rather than services promoting **re-integration**, stands in contrast to the absence of measures to raise the **adequacy** and **coverage** of benefits for the **poorest** sections of the population. In addition, the **true costs** of such benefits, in the short-and the long-term, have not been calculated, and **clear impact** assessments of their efficacy are generally lacking. At the same time, **external actors’** advice to governments to cut such expenditures often have **limited effects**, provoking **protests** from well-organized **veterans’ associations**. A key question here is how to develop a **political economy of captured welfare states** in order to understand potential **drivers for**, and **impediments to, change**.

2.2 The continuous, and largely unplanned, increase of “locked in” and/or out-of-control spending in some sectors, which includes populist measures, such as birth grants (parental allowance) for the third or fourth child (in Macedonia, Montenegro and recently Serbia) with no income ceiling. The two expenditures are particularly prone to increases which are not always correlated with improved outcomes.

2.2.1 The first is pensions expenditure as a reflection of an **ageing population**. Now or in the near future, demographic ageing across the region, combined with the **changing nature of employment**, contributes to increasing expenditures without **improved adequacy** for those who retire. **Pension funds** have become **unsustainable**, accumulating significant **debts**. Pension **reforms** across the region, including the development of **private** pension funds and **later retirement ages**,

⁵ Referred to within the UN as *The former Yugoslav Republic of Macedonia*

⁶ *The concept of social protection floor is especially applicable for some (i.e. Kosovo, Albania), rather than all WB economies.*

have been slow to deliver the promised benefits. In parts of the region, the fact that pensioners have formed their own political parties, or have successfully **lobbied** for higher pensions, has also distorted social spending.

2.2.2 The second is **health expenditure** as a complex product of **population ageing**, **technological advances**, and increased **demand for costly procedures**. Health care in parts of the region is both **underfunded** and the balance of expenditure is overwhelmingly shifted towards increasingly expensive **tertiary care**, with much less being spent on **preventive care** and **primary health care**. The rise of a **private sector** in health care is compounding **health inequalities**. Even within national health services, which are nominally free at the point of use, **out-of-pocket payments** and **informal prioritizing** based on **personal connections** (*veze* or *štele*) **de facto discriminate** against the poor and vulnerable. **Underfunded systems** tend to have **worse** health care **outcomes**, whilst those systems where costs are increasing exponentially appear not to be reaping the benefits and there seems to be **no consensus** on the kind of **reforms** needed. At the same time, **low salaries**, **poor working conditions** and **decaying infrastructures** combine to lead to the **emigration** of larger numbers of **health professionals** every year. There are questions concerning **access** to health care for poor and vulnerable groups, and those living in **less developed regions**, including inaccessible rural areas, which have barely been addressed in the drive to **commodify** and **marketize** health care across the region.

2.3 Even within narrow categories of expenditure, there are imbalances across the region. These include: an overwhelming **focus on passive assistance at the expense of more active programmes** designed to rehabilitate and reintegrate marginalized and excluded groups (in addition, active labour market policies in the region are not always focused on marginalized and excluded groups, but are allocated to those that are more competitive on the labour market); **a focus on reintegration to (non-existent) employment rather than empowerment**; **an over-emphasis on cash assistance at the expense of services**, and, of course, at the expense of an integration of cash and care; and **a focus on institutional care at the expense of more flexible community-based services**.

Moderator: Paul Stubbs, Senior Research Fellow, The Institute of Economics, Zagreb

Discussants:

1. Isabel Ortiz, Director of Social Protection, International Labour Organization
2. Igor Guardiancich, Researcher, Sant'Anna School of Advanced Studies, Pisa, Italy
3. Nikolina Obradović, Assistant Professor, University of Mostar, Bosnia and Herzegovina
4. Agron Demi, Policy Analyst, Gap Institute, Pristina
5. Albana Fico, Director, Institute of Public Health, Albania
6. Dušan Tomšić, Advisor to the Minister of Labour and Social Policy, Macedonia

11.00-11.30 Break

11.30-13.00 Parallel Sessions: An Enabling Environment for Effective Welfare States

1. Social Traps and the Problem of Trust

It is almost impossible to implement reforms in societies dominated by negative expectations and distrust (Ariely, 2009). A certain level of generalized trust is a precondition for the welfare state and effective and efficient policy implementation. There are no institutions that would be able to function in an environment devoid of social trust. Institutions will work properly only if there is a minimum level of trust in society, and trust is, in turn, to a large extent the result of the existence of efficient institutions (Rothstein, 2005).

Trust is an inherent quality which each welfare state has to develop. Trust makes a difference among societies and their citizens and raises their levels of social capital. It is often named the most important ingredient or the *glue* that holds the society together (Berger-Schmitt, 2000).

Trust generates high social capital and "an economic and political environment that is conducive to economic growth" and can "reduce transaction costs and overcome market failures that arise because of uncertainty" (World Bank, 2013). Higher trust also reduces the frequency of crises and even "weakens the standard deviation of real GDP per capita growth rate" (Sangnier, 2010).

In contrast, citizens of the Western Balkan societies have low level of trust in their institutions and other people in societies, and the level of their income hardly has any influence on this phenomenon. Specifically, citizens' distrust in local authorities is particularly pronounced in Western Balkan countries. This is in sharp contrast with almost all EU Member

States, where people "have a greater level of trust in local authorities than they do in national institutions" (Eurofound, 2013, p. 9).

High distrust in society results in a social trap, i.e. a situation in which individuals, groups or organizations are not able to cooperate if they are not certain or do not believe that almost all will cooperate, owing to which "non-cooperation may be rational" (Rothstein, 2005). High general distrust in a society has a direct impact on high distrust of government, and subsequently also on high level of tax evasion (Green, Preston, 2001). This mechanism has also been proved in experiments, according to which people find justification for their own immoral conduct much more easily when they are upset by something or somebody (Ariely, 2012).

When distrust appears in society, it spreads and becomes prevalent. In the long term, in societies with high distrust, everyone loses. A result of this situation is a vicious circle of failure and dissatisfaction or, as Bo Rothstein would put it, *social traps*, as public policies with inadequate funding are less effective and efficient in the provision of public services (OECD, 2011, p. 139). These broken societies cannot be healed with merely technical solutions.

From the policymaking aspect, this situation appears to be a dead end, since it is as difficult to establish efficient institutions in societies lacking in trust as to enhance trust in societies without effective institutions. This is a perfect mechanism that works in both directions and yields long-term results. It is a gradual and painstaking process in which "some institutional devices may increase social trust, which in its turn can make it possible to establish more efficient institutions, that will strengthen social trust" (Rothstein, 2005, p. 4).

Building trust is possible, but requires dedication of time and proof of existing cooperation. This session will try to answer if there is a way of escaping from social traps. How can we build a quality welfare state with good services for all? How can we build a society based on values of solidarity, cooperation and mutual care? Can laws actually be enforced? Can we increase trust through the right selection of policies and their proper implementation? How can discretionary entitlements be reduced? Can universal measures be promoted through laws and rules applying to all and enforced equitably?

Moderator: Jeton Mehmeti, Policy Analyst/Research Director, GAP Instituti, Prishtina

Discussants:

1. Tadas Leončikas, Senior Research Manager, Social Policies, Eurofound, Dublin
2. Srdjan Kujundžić, Employment and Social Affairs Platform Project Expert, Regional Cooperation Council, Sarajevo
3. Dardan Sejdiu, Member of Kosovo Parliament and former Deputy Mayor of Prishtina
4. Sonja Licht, President, Belgrade Fund for Political Excellence, Belgrade
5. Mirna Jusić, Researcher, Analitika, Sarajevo

2. Populism vs. Evidence: Improving Governance through Evidence-Based Policymaking

Evidence evidently matters for public policymaking. In recent decades, there has been an enormous increase in interest in the use of evidence for public policymaking and it represents an influential policy instrument at the border between the politics and policy dimensions of multilevel political systems.

The welfare state assumes that policymakers are equipped with valid, reliable, and timely information about all relevant indicators in order to be able to evaluate current policies and to create new ones that might improve the state of affairs in certain domains of social life. However, in a world flooded with information from a multitude of sources, collecting, managing, making sense of and communicating knowledge, or evidence, is highly challenging.

While good evidence and due process are fundamental to good public policy, they cannot assure it. Public policy is influenced by a variety of stakeholders, analysts and decision-makers who will tend to interpret evidence through a particular "lens" based on their own values, political and ideological perceptions and interests. Decision-makers often "cherry-pick" evidence that seems to support their existing positions rather than take a balanced view of the available evidence. In times of increasing populism and contestation of politics, reliable information plays a vital role for [well-informed policy-making based on evidence](#) rather than emotions and fake news.

Evidence shows that public policies developed without proper evidence are mostly ineffective and inefficient and are the example of bad governance and populism. Concerns about making better use of evidence in policymaking are closely linked to widespread pressures for improved effectiveness in service delivery and accountability in democratic countries. Commitment to funding and using evidence from evaluations is essential.

Although most practitioners claim to support the use of evidence relevant to their roles, their use of the best available evidence is patchy. [To identify when and how to contribute evidence](#), we need to understand the complicated environment in which policymaking takes place. Often, there is no "policy cycle" in which to inject scientific evidence at the point of

decision-making. Rather, the policy process is haphazard and often unpredictable. It is a complex system in which the same injection of evidence can have no effect, or a major effect. In practice, governments have to deal with information gaps and make decisions under conditions of uncertainty. In many areas of policymaking and programme development, there are serious uncertainties about “what works for whom” and under what conditions (Boaz et al. 2008).

It is important to use the right indicators for measuring welfare and well-being within a welfare state. Developing decision-making based on good evidence means that “what we measure affects what we do” and that decisions may be problematic if measurements are flawed (Stiglitz, Sen & Fitoussi, 2009, p. 7). What are the indicators needed to assess welfare state policies and inform policy choices for a quality welfare state? Should specific indicators (alongside [EU social indicators](#) and [SGD indicators](#)) be developed to better explain the state of welfare in the Western Balkans?

This session focuses on the links between the welfare state and data and tries to find answers to the following questions: Can current public expenditures for the welfare state policies in the Western Balkan economies, with the existing challenges, be focused on the policies which produce better results? How can we avoid situations where decision-makers “cherry-pick” evidence that seems to support their existing positions? How are decisions made in a system without data? Can the logic of science and the logic of politics be harmonized? What is the state of the play regarding the quality of data and access to data for the research community in the Western Balkans as a precondition for an evidence-based policymaking approach? Why are social impact assessments so poor?

Moderator: Nikica Mojsoska-Blaževski, Director of Doctoral School, University American College Skopje

Discussants:

1. Rudi Van Dam, Chair of the Indicators Subgroup of the Social Protection Committee (DG EMPL) and Coordinator Social Indicators within DG Strategy, International Affairs and Research of the Belgium Federal Public Service Social Security
2. Kori Udovički, Chairwoman, Centre for Advanced Economic Studies, Belgrade and former Deputy Prime Minister, Government of Serbia
3. Slavko Gaber, Associate Professor at the Faculty of Education, University of Ljubljana and former Minister of Education in Slovenia
4. Danko Brčerević, Chief Economist, Fiscal Council of the Republic of Serbia
5. George Bouma, Team Leader, Sustainable Development, UNDP Regional Hub for Europe and CIS Istanbul

3. Reforming Welfare States – Who’s in Charge?

The gap between the great needs and meagre resources for social purposes in the Western Balkans is additionally widened by the inefficient and “failed, weak, authoritarian, and captured/clientelist states” (Stubbs, 2005). According to the World Bank assessment, in Western Balkan countries, the public sector is large and inefficient, delivering public services that are too expensive (World Bank, 2015). Such challenges require clear and efficient process of policy development as well as dedicated and capacitated drivers in the seats. This session aims to answer the question of who are drivers of change and who are drivers of inertia.

Western Balkan public sector inefficiency and ineffectiveness reduce the chances of better utilization of resources, which is the key strategy for enhancing the welfare state under the circumstances of scarce funds, unsatisfactory social situation, poor service quality and numerous other challenges creating pressure to increase social sector expenditures.

Financing constraints, incomplete regulatory frameworks and standards in service delivery, as well as services that are both few in number and varying in quality are some of the crucial challenges. On the top, confusion over mandates, unclear roles and lack of thorough working protocols for the staff covering social protection services at all levels are exacerbated by political interference that causes capacity depletion and uncertain job tenure of technical staff.

The issue of limited resources to ensure good coverage and adequate social care, and lack of vision and leadership on welfare policies has caused a certain ad-hoc dependability on donor funding in establishing new services, overlapping of technical assistance and activities.

As governments face the challenges of the acceleration of European integration processes, the key question is how to organize welfare provision. In some EU countries, the state is the prime actor, while others delegate to specialist executive agencies or assign responsibility to social partners, such as employers’ organizations and trade unions. For some, the state should play a central role in income redistribution in order to sustain welfare budgets. For others, the capacity to deliver social welfare is a by-product of a less interventionist approach to economic governance. Inevitably, the particular political outlook then influences the methods by which a government seeks to deliver welfare policies.

The welfare state and social sectors in general are sometimes left behind in the EU agenda. The EU *acquis* does not cover many aspects of the welfare state agenda, which sometimes discourages efforts for needed reforms in social policy. The European Commission puts in place different soft mechanisms which fill this obvious governance gap, such as Open Method

of Coordination or Economic Reform Programmes. But can these processes in fact improve economic governance in the Western Balkans?

Also, the SDGs provide a good and wide reform framework for the welfare state, but the weakness of the SDG framework is that it is not accompanied by significant financial resources and the process of nationalization of the SDGs progresses slowly.

International financial institutions, looking for reductions in public expenditure, sometimes advise cuts in the very programmes which are designed to reach the poor and vulnerable, whilst arguing that such programmes should be better tailored to reach the poorest of the poor. In a situation where there is little incentive to develop more responsive programmes, these distortions play out in an erosion of welfare regimes.

Since the EU integration process for the Western Balkan countries has been slow for years, the Berlin Process has been announced as the political process which aims to speed the process of reforms in the Western Balkans. Still, welfare state issues have not been on the agenda so far. Can this political process, without strong governance mechanisms, be better used for the promotion of the welfare state reforms?

Clearly, across the region, the **relative indifference of political parties to the issue of social welfare has been pronounced**, with periods of intense commitment to reforms that were rather short-lived, very much identified with particular personalities, and often undone by their successors in government.

Moderator: Gordana Velev, Director, ASB Serbia, Belgrade

Discussants:

1. Milica Uvalić, Professor of Economics at the University of Perugia, Italy
2. Florensa Haxhi, Programme Coordinator for Economic Regional Area, Prime Minister's Office, Albania
3. Jadranka Jelinčić, Director, Open Society Foundation, Belgrade
4. Lejla Lazović-Pita, Assistant Professor, School of Economics and Business, University of Sarajevo
5. Andreas Papadopoulos, Adviser to Director on Economic Governance, European Commission – DG for Neighbourhood and Enlargement Negotiations

4. Perception Matters: Myth Busters

This panel aims to challenge some of the myths related to the welfare state globally and specifically in the Western Balkan context. Evidence proves that social constructions often influence the policy design choices of decision-makers. This session will discuss some of the following questions: Is higher economic growth the panacea for welfare state problems? Is private sector a priori more efficient than the public sector? Has the pension fund collapsed and is the second pension pillar the solution? Can social cards improve social assistance systems without any other substantial reforms? Is one-stop-shop a solution for more effective service delivery?

Moderator: Mihajlo Babin, Vice Dean/Assistant Professor, FEFA Faculty, Belgrade

Discussants:

1. Mihailo Gajić, Programme Director, LIBEK – Libertarian Club, Belgrade
2. Velma Pijalović, Assistant Professor, School of Economics and Business, University of Sarajevo
3. Nikola Altiparmakov, Member of the Fiscal Council of the Republic of Serbia
4. Aleksandra Višnjić, Social Card Programme Manager, UNDP Montenegro
5. Elizabeta Kunovska, Project Manager, Ministry of Labour and Social Policy, Macedonia
6. Anette Scoppetta, Head of Work and Welfare/Deputy Director, The European Centre for Social Welfare Policy and Research, Vienna

13.00-14.30 Lunch

14.30-16.00 Parallel Sessions: Cross-cutting Challenges and Emerging Innovations

1. Demographic Changes and the Challenges of Migration

Demography and migration are important trends affecting the future of welfare states around the world. Usually, population ageing as a characteristic of more developed countries is combined with immigration, while emigration in less

developed countries is at least partly offset through high fertility rates. The Western Balkans are facing, to some extent, an unusual situation of low fertility rates combined with emigration of people.

As a result, the population of the Western Balkans is shrinking and ageing. Such a situation poses specific challenges for the design of the welfare state, where negative effects of demographic and migration trends on the welfare state reinforce each other. This panel aims to address these challenges by discussing and offering solutions for amendments to welfare policies that can respond to the new situation and needs.

The demographic situation is unfavourable in most Western Balkan economies. Countries of the WB are being faced with the consequences of the constantly changing population age structure, driven by low birth rates and increasing life expectancy, as well as of a diversification in lifestyles. The challenges faced by the welfare state owing to changes in family patterns are primarily reflected in the diminishing role of the family in the provision of protection, childcare and, in particular, long-term care.

Countries of the Western Balkans have a long tradition of negative migration rates. Close to 5 million people, or almost 25% of the current total population, have left the region (excluding Croatia) (World Bank, 2015). Migration also reduces the share of working-age population, particularly since it is predominantly emigration of young people. In the long run, high levels of emigration may have negative consequences for human capital formation, competitiveness, growth and economic convergence (World Bank, 2018).

The negative migration balance and emigration contribute to population ageing, given the selective nature of migration and the fact that emigrants are predominantly young and of working age. Emigration heightens the impact of population ageing on the welfare state. It also contributes to the faster dismantling of traditional multi-generational family patterns, influences the growth in the share of elderly households and generates increasing demand for care services, which are otherwise normally provided within the extended family (Matkovic, 2017). UN projections show that by 2050, population will decline in all WB countries and that the share of people aged over 80 will grow from the current level of around 2% to close to 10%, even in Albania and Macedonia (UNFPA, 2015).

On the other hand, Western Balkan economies are among the top remittance receivers in the world, when measured as a share of their GDP. In 2015, this share was particularly high in Kosovo (16.7%), but also ranged between 9% and 11% in Serbia, Albania, Montenegro, and Bosnia and Herzegovina. There is evidence that remittances reduce poverty and inequality and serve as an informal social protection mechanism, thus easing the need for state intervention (Shehaj and Oruč, 2014; Jovanović and Petreski, 2015). However, ineffective targeting of social benefits, which is a common feature in the Western Balkans, can crowd out these inflows of money from abroad (Oruč and Tabaković, 2015).

Demographic and migration challenges translate into welfare state challenges via multiple channels. First, the challenge of the shrinking working-age population will put pressure on the financing of the welfare states that is heavily reliant on labour taxation, and will require a reassessment of the role of social protection in providing benefits and services. Second, population ageing will put high pressure on the pension system and health care and increase the needs for long-term care. In addition to increased number of beneficiaries, the amount of contributions decreases as people tend to work less through late entry and earlier exit from the labour market.

This session aims to discuss how the welfare systems in the Western Balkans should be adjusting to the new situation and needs, which are caused by recent demographic and migration trends. With regard to demographic trends, we intend to discuss which mix of sources for financing the welfare state, under the pressure of declining share of contributors and increasing share of beneficiaries, can be feasible and sustainable. Finally, it is important to discuss how we can ensure that the increasing needs for some services, such as elderly care, are met, given the continuing budgetary constraints.

With regard to migration in particular, we are interested to see how welfare systems should respond to increased mobility by paying particular attention to the transformation of social protection policies towards migrants and their families so they can respond to specific vulnerabilities faced by this group. Moreover, we aim to discuss migrants' access to social protection in their home countries, as well as the role of migration and remittances as informal social protection mechanisms, thus trying to identify the specific role that formal welfare entitlements play in migrant social protection strategies. What is the role of migration in the welfare state? What losses and gains can migration bring? Can we look at migration as a development issue and under which circumstances? What is the role of remittances in the Western Balkans in strengthening the welfare state?

Moderator: Walter Wolf, Lecturer at the Johannes Kepler University Linz, Austria and former policy officer at DG Employment, Social Affairs and Inclusion

Discussants:

1. Marjan Petreski, Professor of Economics, University American College Skopje
2. Valerija Botrić, Senior Research Fellow, The Institute of Economics, Zagreb
3. Jadranka Kaluđerović, Director, Institute for Strategic Studies and Prognoses

4. Ilir Gedeshi, Director, Centre for Economic and Social Studies, Tirana
5. Steliana Nedera, Deputy Resident Representative, UNDP, Serbia

2. New Forms of Work as a Challenge to Comprehensive Social Protection

Labour markets and societies are evolving quickly, with new opportunities and new challenges arising from globalization, the digital revolution, changing work patterns and societal and demographic developments.

In Europe, the majority of workers hold permanent contracts. However, tectonic shifts are re-shaping the ways that work is performed. First, the very architecture of the corporation is changing profoundly, largely powered by the Internet and digital technologies. Second, the perceived volatility of the economic recovery and the continuous exposure of the private sector to disruptive innovation push businesses to offer short-term contracts to respond quickly if a crisis strikes. Thus, many more job seekers are forced into short-term contracts, part-time work or other forms of labour which they see as undesirable.

Self-employment in the EU constitutes 16.4 percent of the labour market, with wide variation across Member States. Agency workers, on-call workers, contract company workers, independent contractors, seasonal workers in agriculture, independent professionals or freelancers, as well as part-timers, [have been on the rise](#). Some studies show that the “growth of the freelance workforce is [three times faster](#) than the traditional workforce”. New and innovative labour practices appear in all sectors.

Known as the gig economy, it spreads and it characterizes the labour market by the prevalence of short-term contracts or freelance work, as opposed to permanent jobs. And – taking opposing partisan viewpoints – it is either a working environment that offers flexibility with regard to employment hours, or... a form of exploitation with very little workplace protection.

It is important to add that more people voluntarily check out of the traditional “9 to 5” job routine to pursue more independent and flexible work arrangements. Autonomy can be experienced as more empowering and satisfactory.

This rise in freelancing runs parallel to the growth of the *gig economy*, where digital technologies enable teams to be assembled around a given project – and often across borders – while platforms seamlessly connect buyers with sellers. Much of the latter takes place under the heading *collaborative economy*, which is offering opportunity not only to people seeking more flexibility, but also to those who have often had fewer chances of landing a permanent job.

Policymakers need to manoeuvre between these two trends: preserving the core of a social market economy, while being open to innovation and technology-driven change that impacts organizations and individuals alike. Governments need to find [more innovative ways](#) to offer life-long and personalized support for employment, skills and welfare, adapted to the needs of individuals.

This issue has been evolving and recently recognized through the social pillar of the EU as a topic which cannot be ignored, because of its growing trend. On the other hand, mini-jobs or marginal part-time jobs in most cases are not subject to income taxes if the total monthly earnings stay below a given threshold. Mini-jobs require no social insurance contributions from the employees. Most employees opt out of paying the standard payroll deduction for their pensions, increasing the risk of poverty in retirement.

This session aims to answer some of the key questions which relate to the **new forms of work and related challenges to comprehensive social protection**: How does the new labour market influence taxation of labour and wages, and how does it influence the prospects of the future welfare state? How does the new labour market influence social protection schemes, insurance and social protection systems? What are the possible answers which can ensure that the welfare state is not critically affected by these new trends? What is the future of the trade unions with the new forms of work?

Moderator: Branka Anđelković, Program Director, Public Policy Research Centre, Belgrade

Discussants:

1. Kenichi Hirose, Senior Specialist for Social Security, International Labour Organization, Budapest
2. Besa Luzha, Programme Coordinator, Friedrich Ebert Stiftung, Prishtina Office
3. Christine Mayrhuber, Researcher, Austrian Institute of Economic Research, Vienna
4. Aleksandra Vitorović, Program Officer, Nezavisnost Trade Union, Serbia
5. Žarko Ptiček, IT Lawyer, Belgrade

3. Social Mobility and Inequality

How much inequality can we live with is a bold question that arises in the Western Balkan countries. More importantly, for how long? The *Social Mobility and Inequality* panel will open the debate on two fronts. First, how do the social and

economic policies contribute to (in)equality in the Western Balkan economies? And second, how can we improve social mobility and intergenerational mobility, what type of policies and reforms are needed?

Economic growth and development constitute a prerequisite and potential for social development, as they can lead to job creation, enhancement of trust and acceleration of social mobility. Yet, experiences from many countries worldwide show that growth can often lead to increasing inequalities or disintegration of traditional support and solidarity networks, which calls for a new response on the part of the state if it aspires to build a cohesive society.

Internationally comparable results show important conclusions about unequal societies. First, unequal societies tend to redistribute more; second, lower-inequality countries, after redistribution, record faster and more durable growth (for a given level of redistribution); third, redistribution does not have a high negative impact on growth, except in cases of extremely high redistribution (IMF, 2014, p. 6). Rising inequality is "a warning bell to policymakers that social cohesion is at risk" (OECD, 2011, p. 94).

In the past ten years, the living standard in the Western Balkan countries increased by 32%, measured by GDP per capita. However, this living standard is hardly one-third of that of the EU. Economic growth in combination with job creation slightly decreased the poverty rate and inequality in the region. Despite such progress, inequality figures remain high.

High inequality poses a particularly high risk to social cohesion. Regardless of their ideological framework or organizational affiliation, researchers agree that inequality "weakens community life, reduces trust, and increases violence" (Wilkinson, Pickett, 2010, p. 45). Once they reach a certain level of wealth, societies that aspire to be cohesive should build a system that will reduce extreme inequality, thus deriving the most benefits from economic growth and development in the long run and avoiding negative effects of growth.

Low social mobility and high inequality influence social cohesion and security in the country. Underestimated citizens' expectations may lead to alienation and the creation of diverse groups through which citizens try to restore trust in their society. Groups that are socially excluded – both from material equality and equalities of power – "may then become a destabilizing force, undermining social cohesion and leading to increased conflict in society" (OECD, 2011, p. 187).

Studies on redistribution, inequality and growth globally suggest that it would be "a mistake to focus on growth and let inequality take care of itself, not only because inequality may be ethically undesirable but also because the resulting growth may be low and unsustainable" (IMF, 2014, p. 25). The question is: what are the right measures which states can use to promote social mobility and decrease extreme inequalities?

The state's role is to redistribute outcomes and opportunities in society and ensure the availability of certain resources and services to all. Through its measures, the state can reduce *inequality of outcomes* (such as income and asset inequality) and *inequality of opportunities* (access to education, health care, employment). The authors of the OECD study believe that inequality of outcomes can be reduced by introducing progressive taxes, negotiating minimum wages and encouraging people on the verge of poverty to participate more fully in society. On the other hand, inequality of opportunities can be reduced by "addressing education inequalities and gender discrimination and by providing a level playing field for marginalized groups like [rural inhabitants, ethnic and racial] minorities" (OECD, 2011, p. 117).

There is no single way of achieving this, there are several guidelines that we need to think about that can contribute toward goal achievement. Reducing inequalities in access to education is one of the essential approaches to improving educational achievements and social mobility. Some of the solutions could go in the direction of: higher social spending, spending on health, education and social safety nets, spending on labour rights and their implementation accompanied by improved institutional efficiency in policy implementation.

This session will discuss the levels of mobility and inequality in the Western Balkan economies, what type of solutions and measures we need for better living standards of the bottom quintile population and how to improve social mobility.

Moderator: Sabina Ymeri, Researcher, Economic and Social Analytics, Tirana

Discussants:

1. Slobodan Cvejić, Research Director, SeConS – Development Initiative Group, Belgrade
2. Blagica Petreski, Director, Finance Think, Skopje
3. Nermin Oruč, Director, Centre for Development Evaluation and Social Science Research, Sarajevo
4. Tanja Ranković, Education Specialist, UNICEF, Belgrade
5. Ben Slay, Senior Advisor, UNDP Regional Hub for Europe and CIS, Istanbul

4. Dilemmas and Contradictions of the Welfare State

Most challenges identified in more developed countries are also present in Western Balkan countries, mainly in an even more acute form as a result of funding shortage, prevalent social problems, weak capacities and overall inefficiency of the government and public sector. Reforms are hampered and challenges exacerbated also as a result of all-pervasive

clientelism, legacy of Bismarck's "socialist" welfare state and restrictive public finance policies, especially during and in the immediate aftermath of the global financial crisis.

This session will discuss some of the main questions when it comes to developing effective and efficient welfare state mechanisms and measures, as well as the advantages and weaknesses of several development dilemmas, with specific focus on the challenges deriving from the implementation capacities and funding constraints, such as: What kind of measures are more effective and appropriate for Western Balkan social problems and economies: means testing vs. universal measures? Should we aim for more cash benefits or services in our social protection systems? What level of decentralization is preferred (what should be fully devolved to lower levels of government, and what must remain within the national mandate)? How to lift/cancel ineffective measures which have already been introduced? What is the role of public-private partnerships in social welfare sectors?

Moderator: Anette Scoppetta, Head of Work and Welfare/Deputy Director, The European Centre for Social Welfare Policy and Research, Vienna

Discussants:

1. Maja Gerovska Mitev, Professor, Faculty of Philosophy, Skopje
2. Searching for replacement of Mirsad Žuga, Deputy Minister of Finance, Bosnia and Hercegovina
3. Božidar Dakić, Director, Republic of Serbia Institute for Social Welfare
4. Gordana Rajkov, Director, Centre for Independent Living, Belgrade
5. Maja Raičević, Executive Director, NGO Women's Rights Centre, Podgorica

16.30-19.00 Bilateral Meetings. Free Time

19.00-23.00 Dinner

June 8, 2018: Options for Welfare States in the Western Balkans

9.00-11.00 Panel Session: Options for the Welfare State: Medium- and Long-Term

This panel session will gather together vocal speakers and representatives of diverse institutions and organizations to discuss strategic and specific options for the welfare state in the Western Balkans, having in mind the challenges present.

Most Western Balkan economies have a low or very low gross domestic product, unfavourable social situation, high unemployment and inadequate education and health outcomes, as well as inefficient executive government and administration. High emigration, high share of long-term unemployment, as well as widespread grey economy are specific challenges. In the future, welfare states can also expect to be particularly affected by intensifying changes in household structure and acceleration of European integration.

The allocations for the social sector are low in absolute terms, with prospects of a certain growth if any economic development can be expected in the region as a whole. The existing and emerging challenges, as well as the possible increase of investment in the social sector under the assumption of growing budgets, create the need to review the different strategic choices and options to facilitate the enhancement of welfare states in the Western Balkans.

Some of the simplified, purely "theoretical" options and strategic directions for the Western Balkan welfare states enhancement include:

1. *Small welfare state focused on protecting the poor*

"Small balanced welfare states" entail relatively low social protection spending, with a substantial share of cash and in-kind benefits targeting the poorest population. For most Western Balkan countries, this choice is realistic given the current relatively low spending levels, but for some it raises politically difficult issues – decreasing or redesigning disabled war veteran benefits, containing pension expenditures, cutting entitlements awarded to mothers upon birth of children of higher birth order, etc. This strategic option would imply introduction of means test targeting for some benefits and structural reforms for others.

2. *Universal entitlements*

Due to the limitations imposed by the relatively low GDP level, indebtedness, already high deficit levels and relatively high social sector expenditures combined with substantial tax burden in some countries, this option, on the whole, may only be

considered as a possible long-term strategic choice. However, it is worth exploring if the introduction of certain universal entitlements is justifiable right away, such as shift to universal health care funded from the public budget, introduction of universal child allowances and/or free-of-charge social care services for children with the most severe disabilities, as well as for children living in substandard (Roma) settlements.

3. *Social investment welfare state*

The strategic choice to shift the focus toward social investment essentially implies prioritizing certain welfare state segments on the grounds of their importance for human development and economic growth: education and health care, childcare and early childhood development, employment services, active labour market policies, and rehabilitation and training programmes. Obviously, this option also entails many competing needs, requiring clear priorities within the “investment package”. Also, it is important to note that this direction may lead away from a redistributive welfare state, increasing the benefits for the middle class.

4. *Preventive welfare state*

This choice entails focusing on policies that prevent risks and alleviate the need for poverty reduction interventions, including a set of measures to facilitate a more even distribution of market income (“pre-distribution”) such as: setting a high minimum wage, strengthening social dialogue and trade unionism and imposing requirements on privately-owned companies to provide better and more generous pension and health care, childcare, etc. The relevance of the “pre-distribution” option for the Western Balkans raises numerous dilemmas including the fact that this type of preventive measures only provides protection to those employed in the formal economy.

5. *Improving efficiency*

Raising efficiency is an essential part of the response to the challenges faced by welfare states and should be seen not as an alternative, but rather as the key complementary strategy and a prerequisite for all the other options considered above. Efficiency gains may be analysed in the context of decentralization, change in the modality of education and health care funding, activation of cash benefit recipients, use of information technology, fight against corruption, cross-sectoral linkages, involvement of non-state service providers, etc.

Moderator: Paul Stubbs, Senior Research Fellow, The Institute of Economics, Zagreb

Discussants:

1. Gordana Matković, Programme Director, Centre for Social Policy and Professor at the FEFA Faculty, Belgrade
2. Mila Carovska, Minister, Ministry of Labour and Social Policy, Macedonia
3. Slavko Gaber, Associate Professor at the Faculty of Education, University of Ljubljana and former Minister of Education in Slovenia
4. Bas Bakker, Senior Regional Resident Representative, The International Monetary Fund Regional Office for Central, Eastern and South-Eastern Europe, Warsaw
5. Georg Fischer, Senior Research Associate at the Vienna Institute for International Economic Studies and former Director at DG Employment, European Commission
6. Ben Slay, Senior Advisor, UNDP Regional Hub for Europe and CIS, Istanbul
7. Christiane Westphal, Policy Officer, European Commission – DG Employment, Social Affairs and Inclusion

11.00-11.30 Break

11.30-13.00 Parallel Sessions: Governance and Equity – Policy Options

1. Early Childhood Development and Education

This session should cover and discuss topics with regard to experiences and practices of the countries in region in the field of providing system support to early development of children, with special attention paid to the role and importance of education, as the most important support system for child development.

There is a growing awareness globally that child development is not only a result of child and family characteristics and efforts, but also an important reflection of the social, cultural, political, and economic context. It is exactly what is expressed by the popular African proverb *It takes a whole village to raise a child*. Therefore, in a way, parents and a child might be enough for the success of one child, but the welfare state is needed for successful development of all children in a society.

Many studies show that the most effective and efficient public policy for overall development of society is early childhood

development (ECD) and education. Economists agree that investing in early childhood interventions is one of the most cost-effective ways to achieve more sustainable growth – for every investment in improving early childhood development, the returns can be on average 4 to 5 times the amount invested, and in some cases, much higher. As [James J. Heckman](#), Economist and Nobel Prize Laureate stresses: “Early interventions have much higher returns than other later interventions”. [UNICEF](#) has proven that remedial programmes in the adolescent and young adult years are much costlier in producing the same level of skills in adulthood.

[Lancet Journal presents evidence](#) which shows that the later we start to invest in ECD – the fewer outcomes in human capital we can expect, and more money is needed later for gains that could have been achieved earlier in life. To make early childhood programmes successful, smart, and sustainable, they need to be implemented as multi-sectoral intervention packages anchored in nurturing care.

The EU has confirmed these findings through its new policy (11th principle of the EU Pillar of Social Rights), which says that “children have the right to affordable early childhood education and care of good quality”. So, the key question for the social welfare state is how to ensure equal access to high quality ECD for every child.

However, the disparities between WB6 compared to the EU28 are especially pronounced in the sphere of early childhood development and participation in pre-school education in all countries on which data are available. Allocation for ECD programmes is low, the number of children participating in programmes is low, coordination is weak and efficiency is low. Moreover, disparities within WB6 countries are also much greater in the sector of early education than in other social sectors or other education levels (for example, children from families with lower socio-economic status have several times lower chances to attend any ECD programme than other children).

Somewhat paradoxically, as part of their population policies, a number of Western Balkan countries allocate relatively significant funds to encourage more births, while, at the same time, investing insufficient efforts in enhancing early childhood development programmes. It seems like the belief that children need nothing else to develop their capacities and competencies except time is still dominant not only among citizens, but among policymakers too.

Failure to recognize the importance of early childhood development and to distinguish between this function and the childcare function in most Western Balkan countries is certainly a theme of particular relevance to social investment. This session will focus on development of the ECD in the WB6, discussing the right models, implementation mechanisms and the level of funding.

Effective ECD programmes require cross-sectoral interventions at both the policy and implementation levels. It is, therefore, essential to ensure the prioritization and coordination of ECD promotion policies and mechanisms in the region’s development agenda. Mechanisms should be in place at the national and local levels to facilitate programme and service coordination, so that each child and family receive the necessary holistic developmental support. The existing policy and legal framework on ECD should be consolidated, amended and its implementation ensured through adequate funding provision.

Key topics for discussion: (a) What might be an alternative way for a country to support early childhood development besides investing in high-quality early education? (b) When there are limited capacities in early education, would it be more justifiable to give priority to children from families where both parents are employed? (c) If early childhood development is so important for the child, would it be better to leave only parents responsible for assuring the best interest of their children, instead of insisting on widening access to early education? (d) Since many parents share the belief that it is the best for the child to stay at home when there is someone to look after her or him, does it make sense to enhance early education capacities to make this service affordable to everyone? (e) How might the financing model of early education programmes support equal access for all children? (f) Would it be better for children to leave them free from any education before they start primary school?

Moderator: Lida Kita, Specialist in VET and Social Inclusion, European Training Foundation, Turin

Discussants:

1. Anamarija Viček, State Secretary, Ministry of Education, Serbia
2. Benjamin Perks, UNICEF Representative to Macedonia
3. Vesna Šućur Janjetović, Professor, Faculty of Political Sciences, University of Banja Luka
4. Nadir Redžepi, Executive Director, Roma Education Fund, Budapest
5. Rozalba Merdani, Head of the Policy and Education Strategies Sector, Ministry of Education, Sport and Youth, Albania

2. Activation and Integration Policies: Transitions into Work, Training and Retraining

The labour markets of Western Balkan countries are faced with major concerns: high unemployment, high inactivity in the labour market, low productivity, low levels of skills. This panel will focus on the future of labour markets and policies from

three aspects. First, the challenges of current systems in the face of the new business requirements. Second, the socioeconomic impact of inefficient activation and integration policies. Third, the skills, education and policies necessary to adapt to changes and challenges that will ensure more efficient labour market and better socioeconomic prosperity.

The labour markets of Western Balkan economies face high and persistent overall and particularly youth unemployment rates, low job creation and high skills mismatch. Compared to EU countries, this region is often ranked the highest by unemployment rate and the lowest by employment rate. Additionally, youth are in a difficult position to find a job after education. Transition into work is slow, especially for youth.

The adverse labour market situation in the Western Balkans is additionally burdened by the mismatch between education and the supply of jobs; knowledge and skills becoming outdated, especially when it comes to the long-term unemployed; employers' reluctance to invest in employee training; as well as the inadequate offer of adult education and life-long learning programmes. The level of employment, in itself, is not a fully adequate indicator from the perspective of quality of employment, due to the widespread informal economy in the Western Balkans. Also, the share of the long-term unemployed is especially high and activation policies might support certain population in developing skills and capacities and improving their employment prospects.

However, despite poor labour market outcomes, activation and integration policies are still insufficiently developed and, even when they do exist, they have limited effects on employment and labour market improvements. Except for low financing, the implementation of activation policies is constrained due to insufficient capacities of national public employment services. At the same time, the designed policies fail to pay attention to issues like skills mismatch and life-long learning.

Labour market policies comprise a range of financial and practical policy interventions that can help people when they face difficulties in the labour market. They aim to bring the unemployed and the inactive into employment and help people in low-quality or threatened jobs find better employment opportunities. Labour market policies are varied and include job searching mechanisms, training, start-up incentives and income support (unemployment benefits). A set of these policies are grouped together as "active measures" or activation policies and include training, employment incentives, supported employment, rehabilitation, and direct job creation.

The first out of 20 principles of the EU Pillar of Social Rights says that "everyone has the right to quality and inclusive education, training and life-long learning in order to maintain and acquire skills that enable them to participate fully in society and manage successfully transitions in the labour market". The fourth principle says that "everyone has the right to timely and tailor-made assistance to improve employment or self-employment prospects. This includes the right to receive support for job search, training and re-qualification. Everyone has the right to transfer social protection and training entitlements during professional transitions". VET and skills development have a prominent place in Chapter One and Chapter Two of The European Pillar of Social Rights in 20 principles.

This session will look into policy choices and the right activation measures in the Western Balkans. What is the future of activation and integration policies in the Western Balkan countries? Is there evidence on the minimum funding for the activation policies for WB countries? Are active labour market policies a sufficient tool for integration of unemployed people in the labour market, or do we need more radical reforms of the systems? How could we achieve faster school-to-work transition? What type of policies are needed to close the skills mismatch gap? What is the preferable allocation of spending across three types of interventions, having in mind challenges with the WB economies: "services" (e.g. job search assistance), active "measures" or activation policies (e.g. training) and "supports" (e.g. unemployment benefits)? This session should also clarify the roles of employment service and social welfare institutions.

Moderator: Blagica Petreski, Director, Finance Think, Skopje

Discussants:

1. Mihail Arandarenko, Professor at the University of Belgrade Faculty of Economics/FREN, Belgrade
2. Anastasia Fetsi, Head of Department, Operations Department, European Training Foundation, Turin
3. Vesna Džuteska Biševa, Employment Specialist and Project Manager of Promoting Inclusive Labour Markets in the Western Balkans, UNDP Regional Hub for Europe and CIS, Istanbul
4. Daniela Zampini, Senior Specialist for Employment, International Labour Organization, Budapest
5. Haris Huskić, Head of the Department of the Labor Market, Federal Employment Institute, Bosnia and Hercegovina (TBC)

3. Long-Term Care Policies

There is a growing need in the Western Balkans for long-term services and it is linked to population ageing and the change in the family structure. The challenges faced by the welfare state owing to changes in family patterns are primarily reflected in the diminishing role of the family in the provision of protection, childcare and, in particular, long-term care.

Long-term care (LTC) is defined as a range of services and support for people who are dependent on help with their daily living over a long period of time. This need is usually the result of disability caused by frailty and various health problems and therefore may affect people of all ages, says a report jointly prepared by the Social Protection Committee and the European Commission (2014). Although people of all ages can be dependent on long-term care, most of those who are in need of these services or assistance are people above the retirement age, while a significant increase of the need for LTC, as observed in EU countries, is recorded among people aged over 80.

As most of the European countries face population ageing, decreased birth rate, decreased number of children in families and changes in family structure and dynamics, the number of people in need of formal LTC and, consequently, the costs of long-term care are increasing. At the same time, the need for LTC affects the families of those in need, in many cases decreasing their economic performance, putting some families in a less favourable position, increasing the risk of poverty, having in mind the high cost of long-term care when provided by the private sector, or the costs of possible absence of the family care provider from the labour market.

The key principle 18 of the EU Pillar of Social Rights says that "everyone has the right to affordable long-term care services of good quality, in particular home-care and community-based services".

Long-term care policies will have to be significantly developed in the Western Balkan countries in the years to come. This will compel countries to commit additional resources to long-term care policies and to find the right model for policy implementation.

This session will deal with the key questions related to the development of long-term care services in the region. It will look into dilemmas: whether it is better to invest in financial support to the elderly or in care support for long-term care, how to resolve the issues of collaboration between sectors, institutions and family, finance and governance between health and social sectors in the long-term care policies, etc.

Moderator: Brankica Janković, Commissioner for Protection of Equality, Republic of Serbia

Discussants:

1. Valentina Prevolnik Rupel, Senior Researcher, Institute for Economic Research, Ljubljana
2. Goran Kušević, General Director, Directorate for Social Protection and Child Protection, Ministry of Social Welfare, Montenegro
3. Katarina Stanić, Researcher, Centre for Social Policy, Belgrade
4. Marijana Bađun, Researcher, Institute for Public Finances, Zagreb
5. Kai Leichsenring, Executive Director, The European Centre for Social Welfare Policy and Research, Vienna

4. Strengthening Women's Participation and Empowerment

The key challenge for gender equality in the Western Balkans is women's access to economic opportunities. This session tries to find the answers to the questions what keeps many women out of economic participation and how to remove the barriers for female participation in economies and societies, thus opening potential for growth and development perspectives in many fields.

Women are less likely to be economically active, particularly at young ages. When they are, they experience higher rates of unemployment across the region. Women are less likely than men to be self-employed, firm owners, and firm managers. Among those who work, women earn less than men with similar qualifications. Gender inequality in the labour market leads to untapped talent and potential that limits economic growth prospects. GDP could be 20% higher, on average, if women were to participate in the labour market at the same levels as men do (World Bank, 2018).

Structural characteristics reveal that the labour market situation is even worse than suggested by the overall figures in the Balkans, without disaggregation. Women's economic inactivity is significantly lower in comparison with men, and in some economies (like Kosovo), women are practically absent from the labour market (women's activity rate in Kosovo is only 18.1%, while low women's activity rates are characteristic of Bosnia and Herzegovina as well, at 42.9%).

The need for greater respect and opportunities for women is becoming an ever more prominent feature of the public discourse. Evidence proves that raising women's labour force participation to men's level can significantly boost GDP (for example, by as much as 9% in Japan and 27% in India). In addition, the IMF research has uncovered that tackling gender inequality can reduce income inequality, which, in turn, can drive more sustainable growth.

Some of the barriers holding women back are universal, too. Astonishingly, almost 90% of countries have one or more gender-based legal restrictions. Besides legal obstacles, there are barriers related to combining work and family life, education, access to finance, and pressures from society.

Countries have developed successful schemes helping women stay active in the workplace through affordable childcare and parental leave schemes, which have made it possible for both mothers and fathers to work. These schemes are costly, but the governments provide them because of the enormous benefits to society.

The second principle within the EU Pillar of Social Rights says that "equality of treatment and opportunities between women and men must be ensured and fostered in all areas, including regarding participation in the labour market, terms and conditions of employment and career progression". This issue is also related to the ninth principle of work-life balance, which says that "parents and people with caring responsibilities have the right to suitable leave, flexible working arrangements and access to care services. Women and men shall have equal access to special leaves of absence in order to fulfil their caring responsibilities and be encouraged to use them in a balanced way".

The situation in the Western Balkans is far worse than in the OECD countries. At the same time, potentials for growth and improvement of the quality of life are even bigger.

Although a rise in women's economic activity and employment generally has a positive impact on economic development and reduces the pressure on social expenditures, these changes impose additional demands on the welfare state and shift the focus from the family to the state, especially in the sphere of child and elderly care, and necessitate higher expenditures on work-parenthood reconciliation.

Moderator: Marjan Petreski, Professor of Economics, University American College Skopje

Discussants:

1. Venera Demukaj, Lecturer, American University of Kosovo
2. Iris Luarasi, Head of Council Line for Women and Girls, Member of GREVIO Committee, Professor at the University of Tirana
3. Milana Lazić, Project Manager – Assistance to EU Pre-Accession Countries, European Institute for Gender Equality, Vilnius
4. Sanja Nikolin, Activist, Women's Platform for the Development of Serbia
5. Fiona McCluney, UN Resident Coordinator and UNDP Resident Representative for Montenegro

5. Social Innovations and New Ideas

Weak welfare states, globally and in the Western Balkans, have opened the space for new concepts which might add new discourse to the fulfilment of different social needs and resolving numerous challenges. Social innovation has garnered particular attention from policymakers, academics, practitioners, and the general public. It is now considered an important tool to identify and respond to social challenges when the market and the public sector have failed to do so. Social innovation is needed because conventional approaches have not solved a variety of social challenges.

Innovation can help address various social challenges – social exclusion, poverty, substantial levels of inequalities, as well as health and demographic challenges, **and can take many forms**. It can address social exclusion by reducing unemployment and providing employment opportunities for disadvantaged groups. Social innovations can take many forms – from products and services, to institutions, initiatives and ways of doing things. Public policy can support social innovation by using a number of policy levers to stimulate supply and demand for it and creating an environment where social innovations can thrive.

In the last decade, there have been a number of such initiatives. In this session, we will discuss the potential contribution of the following concepts to the future of the welfare state: social entrepreneurship, social impact bonds (also known as *pay-for-success bonds*), universal basic income. Also, through comparative analysis, this session will try to answer the questions: What makes social innovation processes and practices successful? Do these concepts additionally impair the already weak welfare state, or do they improve the welfare state of the 21st century? What are the pros and cons of each of these and can they be effectively and efficiently implemented in the Western Balkans? Finally, can innovation become a systemic solution?

Moderator: Jelena Milovanović, Deputy Manager, Social Inclusion and Poverty Reduction Unit, Government of Serbia

Discussants:

1. Neven Marinović, Director of Smart Kolektiv and President of EUCLID Network
2. Mika Pyykkö, SITRA, Finland
3. Tadej Slapnik, State Secretary in the Office of the Prime Minister of the Republic of Slovenia
4. Enkeleida Tahiraj, Visiting Senior Fellow, London School of Economics
5. Josef Hochgerner, External Senior Strategic Advisor, Centre for Social Innovation, Vienna

13.00-13.30 Break

13.30-14.30 Concluding Panel Session: Summing-up and Moving Forward

This closing session will summarize the key messages and the follow-up initiatives of the conference.

Moderator: Žarko Šunderić, Director, Centre for Social Policy, Belgrade

Speakers:

1. Goran Svilanović, Secretary General, Regional Cooperation Council
2. Representative of the Government in the Region (TBC)
3. Andreas Papadopoulos, Adviser to Director on Economic Governance, European Commission – DG for Neighbourhood and Enlargement Negotiations
4. Milenko Savanović, Minister, Ministry of Labour, War Veterans and Disabled Persons' Protection, Republic of Srpska, Bosnia and Herzegovina
5. Isabel Ortiz, Director of Social Protection, International Labour Organization
6. Steliana Nedera, Deputy Resident Representative at UNDP, Serbia
7. Nermin Oruč, Representative of the *Regional Network: The Future of the Welfare State* and Director, Centre for Development Evaluation and Social Science Research, Sarajevo

14.30 Lunch and Departure

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Attendance at the Future of the Welfare State in the Western Balkans conference is strictly by invitation only. Non-registered persons will not be allowed into the event.

Should you require more information, please contact us by email at danijela.pesic@csp.org.rs or by phone on +381 11 3230189.