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Social Policy Challenges and Strategic Priorities in the EU Candidate Countries

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ABSTRACT

The paper will examine social policy challenges of three EU candidate countries (Serbia, Montenegro and the former Yugoslav Republic of Macedonia²) and how they are addressed within current strategic documents. In doing so, the focus of analysis will be on challenges related to employment, social protection and social inclusion. According to Eurostat, the aforementioned EU candidate countries have a rather weak socio-economic profile, due to persistence of unemployment, poverty and social exclusion among vulnerable groups. The paper will analyze existing statistical data as well as qualitative research to assess the scope of these challenges as well as the profile of vulnerable groups. Parallel with this, the paper will map to what extent these realities are reflected in the strategic documents, namely, the Economic and Social Policy Reform Programmes and the National Economic Reform Programmes. By doing so, the paper does not aim just to single out challenges and priorities, but also to analyse the existence of critical approach and readiness for reform, the inclusion of integrated approach between different sectoral policies as well as political determination towards combating major social challenges.

Through a qualitative approach, the paper will undertake analysis of policy documents and statistical data, and will use comparative method to assess differences and similarities between the analyzed countries.

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² Henceforth Macedonia.

KEY WORDS: social policy challenges, strategic priorities, Economic and Social Policy Reform Programme, National Economic Reform Programme.

POVZETEK

Članek preučuje izzive socialne politike treh držav kandidatk za pristop k EU (Srbije, Črna gore in Makedonije) in kako se le-te obravnavajo v okviru trenutnih strateških dokumentov. Glavni poudarek analize je na izzivih, povezanih z zaposlovanjem, socialno varnostjo in vključenostjo v družbo. Po podatkih Eurostata imajo zgoraj omenjenega države kandidatke EU imajo dokaj šibke socio-ekonomskih značilnosti, zaradi brezposelnosti, revščine in socialne izključenosti ranljivih skupin. Članek za oceno obsega teh izzivov in ustvarjanja profila ranljivih skupin analizira tako obstoječe statistične podatke, kot tudi kvalitativne raziskave. Vzporedno s tem, bo članek ugotavlja, v kolikšni meri se trenutne razmere odražajo v strateških dokumentih, in sicer v Programu za reforme gospodarske in socialne politike ter v Nacionalnem programu gospodarskih reform. Članek ne izpostavlja le izzivov in prednostnih nalog, temveč z analizira že obstoječe kritične pristope in pripravljenost na reforme, vključenost integracijskega pristopa med različnimi sektorskimi politikami ter politično odločenost v boju proti velikim družbenim izzivom.

KLJUČNE BESEDE: izzivi socialne politike, strateške prednostne naloge, Program za reforme gospodarske in socialne politike, Nacionalni program gospodarskih reform.

INTRODUCTION

Social policy creation both at the national and supranational level has been increasingly constrained by set of challenges which marked the period since the global economic crisis in 2007. The “politics of the crisis” (Farnsworth and Irving, 2011, 276) has included variety of responses, from austerity to social investment, from conditionality to progressive universalism, from new multilateralism to global social movements. Western Balkan countries or the European Union (EU) candidate countries have also faced

number of challenges, albeit their scope and root differ compared to those in the EU. Parallel with the constitution of states, post-socialist transformation and globalisation (Babovic and Vukovic, 2015), the region, throughout the last 25 years has been troubled more profoundly with the problems of long-term unemployment and increasing poverty. And as rightly argued by Sotiropoulos, these trends happened in the “context of fragmented and uneven welfare regimes that do not approximate any of the available types of welfare capitalism” (2014, 250). The economic crisis has additionally exacerbated the weak socio-economic conditions. Policy responses to these challenges in the Western Balkans have generally followed the top-down approach, accompanied with declarative and ad-hoc style of social policy governance. The EU accession process seems, at a first glance, to have contributed towards greater prioritization of social policy challenges on the political agendas in these countries. However, the framing of new social policy approaches is also threatened by countries’ institutional and legal factors. Existing analyses point that “lack of coherence in social policies shows that a new institutional framework is needed in the Western Balkans” (Solidar, 2014, 1), and that “in the Balkans, legislation needs to be anticipatory rather than reactive and must be actually implemented” (Balfour and Stratulat, 2011, 5).

Analysis in the following sections will try to assess to what extent the actual socio-economic challenges are taken on board within the current strategic documents in Serbia, Montenegro and Macedonia, and whether the policy documents prepared for the need of countries’ accession to the EU could provide a way towards more anticipatory, transparent and integrated social policy governance in the Western Balkan region. In doing so, the paper uses a qualitative approach, in order to examine the formulation of policy priorities in the early stages of setting the policy agenda. In addition, for the purposes of the comparative analysis, statistical data from the EU statistics on Income and Living Conditions (EU-SILC) is being used, as a harmonized methodology that provides insights into the scope of poverty and social exclusion.

SOCIAL PROFILE OF THE EU CANDIDATE COUNTRIES FROM THE WESTERN BALKANS

Vast number of studies and literature focusing on Western Balkans and their labor market performances (Bartlett, 2008; Gligorov et al., 2008; Stubbs, 2009; Bugajski, J. 2010; Thomas and Bojicic-Dzelilovic, 2015) have shown that the region is characterized with the jobless growth, long term unemployment, informal economy and remittances, as well as increasing international migration. These structural challenges, understood as transformation of economic, social and other aspects of the society that impede progress and equality for all, do not result only from the process of political and economic change in the region. It is also important to bear in mind the historical legacy of these countries, including a collective mind-set of publicly guaranteed employment, small wage gap between workers, managers and professionals as well as comprehensive system of social security and sick pay (Deacon, 2000). Such paternalist system, to a certain extent also played a role in capturing the job mobility, entrepreneurship and innovation for large number of individuals and workers.

Unemployment undoubtedly is the major challenge, which affects all countries in the region. Although a form of hidden unemployment existed as a precondition before 1990-ties in these countries, the issue of unemployment soared afterwards. Twenty-five years into the transition period, and the issue is still the most pressing and troubling economic and social problem. The effect of the economic crisis on the level of unemployment has not been even in the three countries, with Serbia experiencing much visible rise in the unemployment rates between 2008 and 2012.

Table 1 Unemployment rates (persons aged 15–74), 2008–13

(% of labour force)

	2008	2009	2010	2011	2012	2013
EU-28	7.0	8.9	9.6	9.6	10.4	10.8
Montenegro	16.8	19.1	19.7	19.7	19.7	19.5
Macedonia	33.8	32.2	32.0	31.4	31.0	29.0
Serbia	13.6	16.1	19.2	23.0	23.9	22.1

Source: Eurostat, Enlargement countries – Labor market statistics, October 2014.

The persistence of unemployment presents even greater challenge. Econometric analyses (Calvo, Coricelli, and Ottonello 2012; International Labour Organization, 2013) have showed that unemployment rate responses to changes in economic growth in these countries are small and statistically insignificant (International Monetary Fund, 2015). One quarter of the labor force in Macedonia and between 15% to 18% in Montenegro and Serbia are affected with long-term unemployment. The same category of people are also affected with poverty and social exclusion, as in many cases the spell of unemployment lasts 6 and more years.

Table 2 Long-term unemployment rates (persons aged 15–74) by sex, 2003–13

(% of labour force)

	Male							Female						
	2003	2008	2009	2010	2011	2012	2013	2003	2008	2009	2010	2011	2012	2013
EU-28	3.8	2.5	2.9	3.9	4.2	4.7	5.2	4.7	2.8	3.1	3.8	4.1	4.6	5.1
Montenegro	:	:	:	:	:	:	16.8	:	:	:	:	:	:	15.1
Macedonia	31.6	28.8	26.2	26.7	26.6	26.1	23.9	30.6	28.5	26.5	26.7	24.9	24.5	23.8
Serbia	11.5	8.3	9.5	12.5	16.4	:	15.7	18.3	11.4	11.7	14.2	17.7	:	18.2

Source: Eurostat, Enlargement countries – Labor market statistics, October 2014.

Poverty and social exclusion present additional structural challenges in the analyzed three countries. While Macedonia and Serbia have adopted the relative poverty measurement, and use the EU-SILC³ methodology for poverty measurement, Montenegro uses absolute poverty measurement. Comparison between Macedonia and Serbia show that they have equally high poverty rates, much higher than the EU average. Notwithstanding the methodology issues of the EU-SILC approach, as well as countries' specifics related to unreported income and undeclared work, still it may be argued that EU-SILC data show extremely worrying rate of people experiencing ma-

³ To monitor progress towards the social inclusion target, the 'Employment, Social Policy, Health and Consumer Affairs' (EPSCO) EU Council of Ministers agreed on an 'at-risk-of poverty or social exclusion' indicator (AROPE). This indicator defines the share / number of people who are: 1) at risk-of poverty or 2) severely materially deprived or 3) living in households with very low work intensity. It is sourced from the EU Statistics on Income and Living conditions, EU-SILC. People at risk-of-poverty, are defined as those who have an equivalised disposable income below the risk-of-poverty threshold, set at 60 % of the national median equivalised disposable income (after social transfers).

terial deprivation in Serbia and Macedonia, and equally disturbing rate of people at risk of poverty and social exclusion.

Table 3 Indicators of poverty and social exclusion in EU 28, Macedonia and Serbia

% of population	EU 28 (2013)	Serbia (2014)	Macedonia (2013)
At risk of poverty rate	16.6	25.6	24.2
Severely materially deprived persons (lacking 3 or more items)	9.6	44.1	37.7
People aged 18-59 living in households with very low work intensity	10.8	15.2	17.6
At-risk-of-poverty rate or social exclusion (AROPE)	24.5	43.2	48.1

Source: Eurostat(2015), State Statistical Office Republic of Macedonia (2015) Statistical Office of the Republic of Serbia (2015).

Table 4 Absolute poverty rates in Montenegro, 2013

	Poverty rate (%)	Poverty gap (%)	Poverty severity (%)
2013	16.6	25.6	24.2

Source: Monstat 2014, Department for labour market, living conditions, social services and household consumption

Vulnerable groups affected with poverty and social exclusion are similar in Serbia and Macedonia, and to an extent in Montenegro. They include: children aged 0 to 17, unemployed, and households with three and more children. Interestingly, in recent years the risk of poverty rate among man in both Serbia and Macedonia is slightly higher than that of women. In Montenegro, social exclusion is concentrated among certain vulnerable groups of the pop-

ulation, especially among Roma, Ashkaelia and Egyptians (RAE) - 14.1%, among social welfare recipients - 11.9% and among long term unemployed - 10% (Institute for Strategic Studies and Prognoses, 2010).

Table 5 Vulnerable social groups at risk of poverty in n Macedonia, Serbia and Montenegro

Vulnerable categories at risk of poverty according to:	Macedonia (2013)	Serbia (2014)	Montenegro (2013)
Age	Children (0-17) 30.9%	Children (0-17) 29,6%	n.a.
Gender	Man, 24.6%	Man, 26.2%	n.a.
Households type	Households with two adults with three or more dependent children, 49.9%	Households with two adults with three or more dependent children, 35.2%	Households with two adults with three or more children age 0-6, 21.6
Labor market status	Unemployed, 43.7%	Unemployed, 47.1%	Unemployed (19.2)

Source: State Statistical Office Republic of Macedonia (2014); Statistical Office of the Republic of Serbia (2013); Montenegro Statistical Office (2014)

Addressing these socio-economic challenges has encompassed a number of policy approaches, and as indicated by Lendvai involved a “complex public policy choices, multiple socio-economic trajectories and unique institutional landscape” (2009, 24). Most recently these challenges are also supported by the new EU instruments, such as Economic and Social Policy Reform Programme as well as the National Economic Reform Programme. Prior to assessing their application in Serbia, Montenegro and Macedonia, it is important to remember that although the prospect of closer European integration can help support a broad reform agenda (Laderachi and Savastano, 2013), still the ”EU pres-

sure is not sufficient to transform informal institutions and behavioural practices” (Borzel, 2011, 13).

CHALLENGES AND POLICY APPROACHES IN THE EU CANDIDATE COUNTRIES FROM THE WESTERN BALKANS

Taking into consideration that Serbia, Montenegro and Macedonia belong to a group of countries in which strategic and anticipatory style of social policy creation has been quite rare in their socialist past, it is not surprising that identification and prioritization of social policy challenges is still not high on the political agendas. Hence, the requirements of the EU accession process have contributed in these countries to a more visible and continuous programming of social policy challenges as well as actions for their mitigation. The most recent EU instrument aimed towards the candidate countries is the Employment and Social Policy Reform Programme (European Commission, 2014). This instrument in a way presents a substitute for the previously Joint Inclusion Memorandum (European Commission, 2004) and Joint Assessment Papers (European Commission, 2003), similar exercises that were prepared and signed by EU members states who have entered after 2004.

Employment and Social Reform Programme (ESRP) is a key element in the European Commission’s approach to strengthening the employment and social dimension of the enlargement process and fostering reforms to ensure job rich and inclusive growth (European Commission, 2014, 3). ESRP consists of two parts. The first one maps the context and identifies main challenges in the areas of employment and social policy, while the second stipulates goals and measures to tackle the identified challenges. The context of the programme also includes associating Instrument for Pre-accession (IPA) funds with present policies and supporting the harmonization with European Union legislation in eligible areas. Within the scope of ESRP, four-year joint monitoring process is operated. Assessments are conducted depending on the negotiated indicators and the use of IPA funds for the defined priorities (Ministry of Labor and Social Security, 2013).

The three candidate countries from the Western Balkan have currently submitted the draft versions of their ESRPs, with Macedonia only submitting the first part of the Programme. Based on these draft Programmes, it may be observed that the three countries share/identify similar challenges related to employment, which include low employment and activity rates, high general and youth unemployment, as well as high degree of informal economy. A specific challenge in the labor market not shared by other two countries is identified in Montenegro, and concerns insufficient employment of domestic labor force. This challenge may signal either lack of adequate skilled workforce in the country, which is demanded from and substituted with foreign workers, or maybe a result of differences in costs (social contributions, etc.) between domestic and foreign labor.

While identification of labour market challenges is made more concrete in the ESRPs of the three countries, identification of social protection and social inclusion challenges seems more general, vague and to an extent incomplete, taking into consideration the social profile of these countries. In addition, while employment challenges refer to a concrete structural issues (unemployment, low activity, undeclared work), the social protection and social inclusion challenges refer more to the institutional and legal challenges in the system (adequacy of the financial social assistance, insufficiently developed system of social services, decentralisation etc.) . For some readers it may come as a surprise that none of the ESRPs identify poverty or social exclusion or material deprivation as a challenge in these countries. However, having in mind that these challenges are later operationalized through concrete steps, whose progress is later measured and assessed by the EU, than such descriptive and generic description of social challenges is expectable.

More detailed synopsis of identified challenges is given in the table below.

Table 6 Main challenges related to employment and social protection/inclusion in Serbia, Montenegro and Macedonia

	Serbia	Montenegro	Macedonia
Main challenges related to Employment	<ul style="list-style-type: none"> • expected high inflow of unemployed due to privatization and restructuring of public companies; • high level of wage taxation, labor law and other work environment disincentives, including insufficient support for creation of new jobs; • high level of undeclared work; • high rate of economic inactivity; • segmented labor market and structural unemployment; • regional differences in unemployment rate; • youth unemployment; • unemployment among Roma 	<ul style="list-style-type: none"> • low employment rate and high rate of economic inactivity among labor force; • regional differences in employment rate; • insufficient employing/employment of domestic labor force; • insufficient incentives for entrepreneurship • high level of undeclared work; • skilled youth unemployment. 	<ul style="list-style-type: none"> • low economic activity and employment rate and high unemployment rate; • high youth unemployment ; • informal economy; • further strengthening of public employment service; • further strengthening of social dialogue.
Main challenges related to social protection/inclusion	<ul style="list-style-type: none"> • increase of scope and adequacy of financial assistance for poor; • increase of family support; • continuation of deinstitutionalization; • development of community services; • segmentation of long term care, inconsistencies between financial transfers and services, lack of long term care; • service quality, control mechanisms and monitoring and evaluation; • connecting social work centres with other social service providers. 	<ul style="list-style-type: none"> • insufficiently developed system of social services at local level; • limited access for people with invalidity; • insufficient inclusion of vulnerable people on the labor market; • sustainability of the pension system. 	<ul style="list-style-type: none"> • social inclusion of Roma; • further decentralization of social protection services; • strengthening of deinstitutionalization; • further development of social services and pluralisation.

Source: Draft Employment and Social Reform Programme of Serbia, October 2014, Draft Employment and Social Reform Programme of Montenegro 2015-2020, June 2015; and Draft Employment and Social Reform Programme of Macedonia, June, 2015.

The second part of the ESRPs stipulate goals and measures according to which identified challenges will be tackled. In the field of employment, the Serbian government adopts an integrated approach towards labor market challenges. It combines not only economic measures, but also social policy measures as a solution for example for lower rates of activity and high unemployment (i.e. introduce financial support for employed as to combat informal work, and provide additional incentives for inactive and low-income workers). On the other hand, the Montenegrin government perceives measures to combat employment challenges mainly through attracting more investments, through increasing the entrepreneurship and self-employment programmes. This is similar to the current Macedonian approach in combating high unemployment merely through financial instruments. Although Macedonia has not submitted the second part of the ESRP, its approach can be analyzed through the current governmental measures, namely the project “Employing Macedonia” (Government of the Republic of Macedonia, 2015). The ambitious Governmental plan aims to boost employment in the country by incentivizing employers to open new jobs through exemptions for paying compulsory social insurance contributions. Not only that such approach is problematic due to exclusive reliance on tax/social contribution exemptions, which may jeopardise the solvency of social insurance funds and discriminate against employers who are regular tax/social contribution payers, but it is also inconsistent with other reforms undertaken, such as introduction of mandatory fully funded pension insurance and reduction of social contribution rates. Overall, as all three countries are characterized with jobless growth, the sole emphasis on economic paradigm in tackling big social challenges seems insufficient.

Tackling social protection and social inclusion challenges in the case of both Serbian and Montenegrin government is stipulated more through strengthening of current legislative and institutional capacities, although differences exist in specification of those measures (Serbian government providing more detailed and concrete measures, Montenegro stipulating more general goals and activities). Again, in the case of Macedonia,

if we analyze other social protection and social inclusion strategies and documents, we see lack of integrated and concrete measures aimed at the core social challenges (high poverty, high material deprivation, etc.). For example, current Annual Programme for Social and Child Protection (Ministry of Labor and Social Policy, 2015) or National Economic and Reform Programme (Government of Macedonia, 2014) stick to either exiting “passive” social transfers with negligible annual increases of social assistance or pensions, or do not provide concrete and transparent fiscal implication for the their ambitious active employment programmes.

The three EU candidate countries also do not seem to take into consideration recent EU policy initiatives in the field of social protection and social inclusion. A word search into the three country’s ESRPs for social investment, social innovation or social experimentation returned only one result - developing social innovation in the context of employment, in the case of Montenegro.

STRATEGIC PRIORITIES OF THE EU CANDIDATE COUNTRIES FROM THE WESTERN BALKANS

Analysis of the National Economic Reform Programmes (NERPs), as most recently prepared documents by the EU candidate countries, can give an additional insight into the main strategic priorities and objectives of these countries. However, similarly as with other EU tools, there is a growing criticism of this instrument and political framework, to an extent that it represent “only a report rather than plan” (Drumaux and Joyce, 2015, 15), and that in most cases there is a lack of inclusion of social partners in their drafting (European Trade Union Confederation, 2014).

Analysis of the 2015-2017 NERPs of Serbia, Montenegro and Macedonia, confirm the general pattern previously identified in the ESRPs, where the economic paradigm as a main tool prevails even when social policy challenges are discussed. This is not an explicit issue for the EU candidate countries. In their assessment

of the EU economic governance, Leschke, Theodoropoulou and Watt indicate that “European Commission recommendations to member states suggest that all policy considerations with regard to tackling poverty and social exclusion are subjugated to fiscal consolidation and other goals (2015, 325). Similarly, when discussing the EU Member State responses to the economic crisis, Watt concluded that “crisis should have been used as an opportunity to introduce corrections to the previous growth model, of which rising inequality was a prominent feature (2009, 88).

The comparative analysis of the three NERPs indicate that main strategic priorities in Serbia, Montenegro and Macedonia include: removing obstacles to economic growth and development, long-term and sustainable economic growth, maintaining financial and macroeconomic stability, increasing the competitiveness of the economy, increasing employment and improving the living standards of the population. Structural reforms, of which social policies are part of, consist of identification of directions of reform in the areas of labor market, social care, pensions, education health and long-term care. It is in the analyses of these separate sectoral policies, that many inconsistencies with the social challenges and their planned mitigation within the ESRPs are found. For example, while Serbian ESRP envisages improved protection of elderly with lowest incomes, the NRP stipulates reducing the amount of pensions to contribute to a significant reduction in the share of pension expenditure as percentage of Gross Domestic Product. Similarly, the ESRP identifies possibility for introduction of financial subsidies for employees, while NERP stipulates “reduction of 10% of salaries among all public sector employees who receive more than 25,000 dinars (200 Euro), as well as rationalization of the number of employees” (Government of Serbia, NERP, 2015).

Montenegrin NERP acknowledges that their fiscal policy is the only one from the set of policies that may actively contribute to the achievement of economic and general social goals. Such an approach definitely speaks about lack of integrated approach between the economic, social, education and other sector policies in confronting the identified social chal-

lenges. This national document, prepared for the purposes of the country's EU integration also unluckily cites and uses the World Bank Doing Business Report to support governments' good reform trajectory, by indicating their improved positioning in this Report.

The case of Macedonian NERP, speaks of another aspect, when national strategic priorities are put aside as to achieve the short-term political goals. Namely, the Macedonian NERP strategically identifies that introduction of the legal obligation for payment of social contributions for persons engaged with contractual and author agreement will provide greater social protection for these persons, simultaneously, it acknowledges that by this, fiscal position of social funds will be improved. Despite this strategic objective to confront the social position of those in undeclared jobs, or with low incomes, the Government abolished this measure as of July 2015. The measure was previously adopted with change of five interconnected Laws in July 2014. Its abandonment was most probably a result of the announced new parliamentary elections in 2016, as the introduction of these measures were followed by large civil anti-governmental protests.

More concrete insight into the strategic priorities related to employment and social protection of the three countries is given in the table below.

Table 7: Strategic priorities identified in sectoral policies of employment and social protection with the National Economic Reform Programmes of Serbia, Montenegro and Macedonia

NERP			
	Labor Market	Social Protection/Welfare/Inclusion	Pensions
Serbia	<p>New flexible forms of work, establishing the legal basis for the work through temporary employment agencies (leasing of the workforce).</p> <p>Introduction of new measures of active employment policy.</p> <p>Encourage employment in the less developed regions with the development of regional and local employment policies</p> <p>Improving the quality of human capital.</p> <p>Development of institutional capacity and reduction of duality in the labor market.</p>	<p>Better target the beneficiaries from these areas and to reallocate financial benefits more efficiently for the users of welfare.</p> <p>Deinstitutionalization process</p> <p>Improving the availability, scope and quality of social care services through establishment or development of these services in local communities;</p> <p>Licensing of professional workers and the social services providers;</p> <p>Strengthening inspection services at national level and the development of control and regulatory mechanisms, monitoring and evaluation.</p>	<p>Continued reform of the right to insurance service at an accelerated rate (the so-called accelerated pension plan)</p>

Montenegro	<p>Aligning the education system with the labour market requirements, in order to overcome the knowledge and skills supply and demand gap;</p> <p>2. Strengthening of active labour market policies; and</p> <p>3. Increasing the labour market flexibility.</p>	<p>Decentralization process should continue, primarily in the fields of education, primary healthcare, social and child welfare</p>	<p>Ensuring the sustainability of the first pillar of the pension system.</p> <p>Finding a new pension system model.</p>
Macedonia	<p>Reduction of unemployment and improvement of the conditions on the labour market,</p> <p>Preparation of new Employment strategy in line with the SEE 2020 Strategy</p> <p>Increasing the budget for active employment policies</p> <p>Self employment projects</p> <p>Social inclusion of persons in an unfavorable position on the labor market.</p> <p>Implementation of the legal framework for social entrepreneurship</p> <p>Fight against undeclared work</p>	<p>Greater social protection stemming from the legal obligation for payment of social contributions for persons engaged with contractual and author agreements. Simultaneously the fiscal position of social funds will be improved.</p>	<p>Total and timely payment of increased pensions and social benefits, for the purpose of ensuring the well being of the beneficiaries of these rights.</p>

Source: Government of R. Serbia (2015) National Economic Reform Programme for 2015-2017; Government of Montenegro (2015) Montenegro Economic Reform Programme 2015-2017; Government of R. Macedonia (2015) National Economic Reform Programme 2015.

Set of strategic priorities are also provided in the Employment and Social Reform Programs. From the table below it can be seen that priorities identified in this document are similar to the priorities identified in the NERPs, with slight modifications and additions.

Table 8: Priorities in the Employment and Social Reform Programmes in the area of labor market and social protection in Serbia, Montenegro and Macedonia

ESPR			
	Labor Market	Social Protection/ Welfare/Inclusion	Pensions
Serbia	Amortization of un-employment growth resulting from privatization of public companies	Better targeting of beneficiaries and reallocation of financial benefits more efficiently for the users of welfare.	Continued reform of the right to insurance service at an accelerated rate (the so-called accelerated pension plan)
	Improvement of business environment	Deinstitutionalization process	
	Reduction of inactivity rate	Improving the availability, scope and quality of social care services through establishment or development of these services in local communities;	
	Reduction of the labor market dualisation	Licensing of professional workers and the social services providers;	
	Improvement of youth position on the labor market	Strengthening inspection services at national level and the development of control and regulatory mechanisms, monitoring and evaluation.	
	Improvement of Roma access to labor market		
	Increase the role of employment policy		

Montenegro	<p>Increase of activity and employment rate</p> <p>Reduction of regional differences in employment and unemployment</p> <p>Increased employment of domestic labor force</p> <p>Support to entrepreneurship</p> <p>Tackling undeclared work</p> <p>Reduction of (skilled) youth unemployment</p>	<p>Development of local social services</p> <p>Increased access to public institutions for handicapped persons</p> <p>Inclusion of socially vulnerable population to the labor market</p>	<p>Adequate and financial sustainable pensions</p>
Macedonia	<p>N.A. (Submitted only 1st part on challenges in July 2015. 2nd part on priorities and actions will be finalized by end of 2015)</p>	<p>N.A. (Submitted only 1st part on challenges in July 2015. 2nd part on priorities and actions will be finalized by end of 2015)</p>	<p>N.A. (Submitted only 1st part on challenges in July 2015. 2nd part on priorities and actions will be finalized by end of 2015)</p>

Source: Draft Employment and Social Reform Programme of Serbia, October 2014, Draft Employment and Social Reform Programme of Montenegro 2015-2020, June 2015; and Draft Employment and Social Reform Programme of Macedonia, June, 2015.

Overall, it may be said that the three countries are more inclined to envisage and implement reforms and introduce new approaches related to the labor market. The same cannot be said for the social protection even less so for the social inclusion policies, as there are no indications of introduction of new approaches or policies, (i.e. active inclusion, social investment, social experimentation, social innovation, etc.) but rather advancing or continuation of existing social protection/inclusion trajectories (deinstitutionalization, decentralization etc.).

CONCLUSION

The analysis in this paper did not aimed just to single out challenges and priorities, but also to assess the existence of critical attempt and readiness for reform, the inclusion of integrated approach as well as political determination towards combating major social challenges.

Notwithstanding the fact that the analysed strategic documents are not enough to assess the overall policy approach towards identified socio-economic challenges, still they offer a sufficient indication of the ideas, principles and goals behind current employment, social protection and social inclusion policies in the three countries. Recent strategic frameworks in Serbia, Montenegro and Macedonia show that the EU accession process has contributed towards prioritization of social policy challenges and measures on the political agenda in these countries. However, Employment and Social Reform Programme as well as the National Economic Reform Programs in Serbia, Montenegro and Macedonia show a rather pessimistic outlook. In all three countries, we see lack of emphasis on poverty and social exclusion (among particular social groups) as significant challenges, that will be tackled in a comprehensive manner. Challenges have been carefully identified as to avoid greater political commitment related to their management. Identified measures and priorities in the three countries also indicate inclination toward a more known and already used economic solutions, without accompanying tools aiming to improve the quality and adequacy of existing social protection schemes. While in theory, as well as in the practise of more developed European countries it may be justifiable to expect the trade-off between economic growth and social spending, in the analyzed countries it seems problematic to solely focus on economic growth and fiscal policies as solutions for unemployment, poverty and social exclusion. Therefore, distributive policies as well as integrated social services should be equally represented on the policy agenda in these countries parallel and with same intensity (but better targeting) as policies aiming at improved economic growth. These countries cannot afford to wait for the economic growth to boost and postpone so-

cial and distributive spending. What is more, reduced social inequalities may also act beneficial upon economic growth in these socio-economic contexts.

In addition, in Montenegro and Macedonia there is still lack of transparent, accessible and harmonized data on government spending related to social protection, which prohibits more systematic analysis of the effectiveness of social transfers and implementation of social investment perspectives in these countries. Currently, there are no initiatives, which indicate improvements in this relation (i.e. no initiation of the European System of integrated Social Protection Statistics (ESSPROS) related to social transfers in Macedonia and Montenegro, or EU-SILC in Montenegro etc.).

Overall, within social policy agenda, what prevails in these countries is a non-coherent, non-integrated approach among separate social policies, as well as among social and economic policy. While the political commitment toward combating major socio-economic challenges might have been put more straightforward, the use of already known policy solutions speaks about lack of innovative, country-specific and tailor-made social measures. Such policy approach does not provide much optimism that long-term unemployment, poverty and social exclusion will significantly decrease in the near future. Hence, the inclination towards more anticipatory, transparent and integrated social policy governance in the Western Balkan region is still difficult to trace and probably even harder to implement.

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