Decentralised cluster seminar on capacity building, focused on candidate countries

State of play of the national social dialogues, examples from Albania, North Macedonia, Montenegro and Serbia

Jovan Protic, ILO
National Coordinator for Serbia
Our experiences in the region

What does the evidence tell us?

What can you get in the next 15 Min?

Theory of change
Theory of Change (as often applied)

We promote social dialogue

THEN A MIRACLE OCCURS!

‘Fuzzy’ logic
Hard to measure

More and better jobs
Theory of Change (refined)

**OUTPUTS**
- Higher technical capacity of social partners
- Higher representativity

**OUTCOMES**
- Improved negotiation power of social partners
- Improved regulatory framework
- More consensus/less industrial conflicts
- Adoption of innovations

**IMPACT**
- Reduced cost of doing business
- Higher productivity
- Sharing the gains
- More and better jobs

*Assumption:*
- Political Will to have social dialogue
- Potential benefits of SD are higher than the cost
What does the evidence tell us?

<table>
<thead>
<tr>
<th>Level of Social Dialogue</th>
<th>Findings</th>
</tr>
</thead>
<tbody>
<tr>
<td>Company Level</td>
<td>Higher productivity</td>
</tr>
<tr>
<td></td>
<td>Business growth</td>
</tr>
<tr>
<td></td>
<td>Lower staff turnover</td>
</tr>
<tr>
<td>National or Sector level</td>
<td>Higher productivity</td>
</tr>
<tr>
<td></td>
<td>Wage moderation</td>
</tr>
<tr>
<td></td>
<td>Pay equity</td>
</tr>
</tbody>
</table>

Source: ILO 2017
The context

A challenging environment:

- Recurrent political instability
- Deficit of effective social dialogue
- Low profile of social dialogue institutions
- Culture of social dialogue and compromise still at an early stage
- Low participation of the social partners in the labour market governance
Albania

- The National Labour Council (NLC) recomposed in March 2018 under the Chair of the Minister of Finance and Economy
- NLC Secretariat re-established but remains understaffed
- NLC deals with an increasing number of topics (minimum wage, employment promotion and VET laws, representativeness criteria)
- Issues:
  - inconsistent attendance by ministerial representatives
  - low meeting frequency,
  - heterogeneous composition of NLC,
  - lack of consensus of the social partners on representativeness criteria, and
  - no systematic follow up
North Macedonia

- All line ministries obliged since April 2019 to send their draft legislative and policy initiatives to the ESC prior to Government approval
- Serious technical capacity challenge for the ESC secretariat and its standing committees
- Collaboration with the academia, research institutes and non-representative trade unions and employers’ organizations enhanced
- Labour law reform going well
- Issues:
  - Lack of dedicated budget for the ESC,
  - limited technical capacity of its secretariat and specialized standing committees,
  - low presence of senior governmental representatives,
  - very limited outreach to the general public are among the remaining challenges.
Montenegro

- The number of representatives of each party reduced to maximum eight by the Law on the Social Council in 2018.
- Representation of other line ministries, in particular economic ministries, increased and a rotating presidency introduced.
- A tripartite consensus on the minimum wage and labour taxation reached in the Council.
- Labour code revision about to be completed in October 2019.
- Issues:
  - Social partners expect more engagement from other line ministries,
  - The law on the state budget ought to be discussed by the Council,
  - Council expenditure requires better monitoring.
Serbia

- ESC of Serbia budget increased for the last consecutive years
- Regular participation of the Minister of Finance, among other ministers, in the ESC meetings.
- Out of 87 laws adopted in 2018, only 27 were discussed in the ESC. In 2019, the ESC’s opinion was sought on 52 draft laws.
- New labour legislation progressing very slowly (Law on ESC, Law on Strike, Law on Social Entrepreneurship, etc.), whereas new Labour Law is planned for 2021
- Issues:
  - Long-standing question of representativeness burdens the collective bargaining and affects the relevance of the ESC;
  - Limited analytical/technical capacities of the social partner organizations
  - Slow pace of labour legislation reform
Effects of Labour Law reforms in CEE

- Collective bargaining decentralized to company level
- Thresholds for representativity increased
- Social dialogue institutions neglected

Leading to a further marginalization of social partners
Social Dialogue and Economic Performance
What matters for business - A review

Damir Grimshaw
Aristea Koukiadaki
Isabel Tavora