

Social Impact Assessment of Structural Measures in the Economic Reform Programme

Podgorica, 13 December 2016



Ivan Sekulović

Social Inclusion and Poverty Reduction Unit
Government of Serbia

Presentation outline

1. Social aspect of economic governance
2. Social impact assessment – theoretical concept and significance
3. Social impact assessment – ERP methodology

1. Social aspect of economic governance

- At the request of president Juncker, **first social impact assessment** of a stability programme was performed in 2015 (Greece)
- Social indicators introduced in the *Macroeconomic Imbalances Procedure*
- President Juncker, State of the Union, September 2016: "We have to work urgently on the European Pillar of Social Rights. And we will do so with energy and enthusiasm. **Europe is not social enough. We must change that.**"
- The preliminary outline of the European Pillar of Social Rights: **Access to the labour market, Fair working conditions, Adequate and sustainable social protection**

2. Social impact assessment – theoretical concept and significance

- **European Commission:** In times of crisis, recession and fiscal consolidation, social impact assessment of policies is important **more than ever**
- **World Bank** (*Polarization and Populism*, 2016): Rising social and political tensions, tendencies towards populism, structural increase in inequality of opportunities, **dissatisfaction of citizens** in particular due to lack of job security
- Different methodologies are applied:
 - **World Bank:** *Setting Standards for Sustainable Development, 2014*: environmental and social standards
 - **European Union:** *Guidance for assessing Social Impacts within the Commission Impact Assessment system, 2009*
- Social impact assessments are performed usually at the level of individual Member States, sometimes with clear focus (e.g. on poverty, in Ireland, inequality, in the UK)
- Social impact assessment boosts **evidence-based policy making**, enables high quality **public debates**, in particular through the involvement of social partners as excellent source of information about potential policy impacts.

3. Social impact assessment – ERP methodology

- ERP cycle 2016 – Serbia: SIPRU proposed the introduction of SIA on the basis of EC Guidance (the EC introduced SIA into ERP guidance 2016-2017)
- Assessment performed in 2015 through following steps:
 - **Step one:** line ministries through ERP focal points submitted their structural reforms' social impact assessments (Excel questionnaire and Word narrative on the basis of questionnaire)
 - **Step two:** SIPRU assessed the data and entered suggestions/corrections
 - **Step three:** ERP officially submitted to line ministries, the final version approved by the GoS
- Assessment reflected all the six areas of EC Guidance: (1) Employment and labour market, (2) Standards and rights related to job quality, (3) Social inclusion and protection of particular groups, (4) Equality of treatment and opportunities, non-discrimination, (5) Social protection, health, social security and educational systems (6) Public health and safety
- Assessment scale: positive, slightly positive, neutral, slightly negative and negative
- The assessment didn't have eliminatory character

3. Social impact assessment – ERP methodology

Employment and labour market – questions

- Does the option facilitate new job creation?
- Does it lead directly to job losses?
- Does it have specific negative consequences for particular professions, groups of workers, or self-employed persons?
- Does it affect particular age groups?
- Does it affect the demand for labour?
- Does it have an impact on the functioning of the labour market?

3. Social impact assessment – ERP methodology

Priority structural reform 3. *IMPROVE PHYSICAL INFRASTRUCTURE FOR BETTER CONNECTION WITH EU AND REGIONAL MARKETS*

Expected social impact:

- In the short term, motorway construction will have a positive social impact by raising the local population's employment in construction-related jobs. In the longer term, modern transport infrastructure ensures better geographical links, wider availability of goods and services and labour force mobility.

Priority structural reform 6. *RAISING THE COMPETITIVENESS OF THE PROCESSING INDUSTRY*

Expected social impact:

- This reform will lead to new jobs for highly educated human resources, but also layoffs of workers not meeting the requirements regarding qualifications and training for working under the new conditions (mostly older and less educated workers). The negative impact of the structural reform should be prevented by implementing the structural reform Improving the Effectiveness of Active Labour Market Policies with Special Emphasis on Youth, Redundant Workers and the Long-term Unemployed.

3. Social impact assessment – ERP methodology

Priority structural reform 8. REFORM OF PUBLIC ENTERPRISES

Expected social impact:

- The introduction of corporate governance in public enterprises and restructuring of the three large state-owned infrastructure enterprises will reduce employment, but also improve the performance of activities of general interest, thereby reducing irrational and unreasonable spending of taxpayers' money, in turn enabling additional support to the SME sector. In addition, gender equality in managerial positions will be improved.

Priority structural reform 13. ESTABLISHING THE NATIONAL QUALIFICATIONS FRAMEWORK AIMED AT INCREASING COMPETENCES

Expected social impact:

- The relevance and quality of the education system is upgraded through the development of the NQFS. By promoting the relevance (development of social partnership in education) and quality of education programmes, the education system will be able to better respond to the needs of the labour market and allow for higher labour force employability. The NQFS will ensure greater flexibility of the education system, opportunities for raising the education level of the overall population, as well as inclusion of various vulnerable groups in the education system and the labour force.

3. Social impact assessment – ERP methodology

Way forward

- Raising awareness of decision makers, civil servants, other stakeholders
 - Training on SIA – ESAP, World Bank?
 - Mutual learning events
 - Earlier involvement of social partners
 - Citizens' surveys
 - IFIs, EPSCO-ECOFIN, Parliament
- Thematic and methodological improvements
 - Coordination & synergy with ESRPs
 - Greater focus on gender equality
 - Improvement of negative impact assessment, impact quantification

Thank you!

Ivan Sekulović

ivan.sekulovic@gov.rs

www.socijalnoukljucivanje.gov.rs

