

**PARTNERSHIPS AND EMPLOYMENT IN THE RUSSIAN FEDERATION:
LESSONS FROM THE KRASNOKAMSK INITIATIVE**

Seminar organised by the Russian Ministry of Labour and Social Development and the OECD (LEED Programme) in co-operation with Irish local partnerships¹

Moscow, 25 February 2003

Venue of the seminar

Ministry of Labour and Social Development,
Slovyanskaya ploshad 4/1
Contact person:
Mr. Victor Stepanov
Tel.: (7095) 298 87 96

Rationale

Despite the rapid economic and social transitional changes experienced by the Russian Federation during the 1990s, the Russian labour market has evolved in ways that distinguish it from labour markets in the OECD area and in many other countries in transition. The declines in total employment were substantially below the steep declines in GDP – a phenomenon that was unparalleled in most other transition economies. The privatisation process coupled with a weak legal basis for contract enforcement, the lack of secure property rights and rent-seeking behaviour did not result in significant restructuring of large enterprises. The mass layoffs were the exception rather than the rule and unemployment was hidden by means of underemployment and low wages, unpaid administrative leave, accumulating wage arrears and “shadow” compensations (wages disguised under other forms of remuneration, informal cash or in-kind payments). Workers have developed adaptation mechanisms as moving into the informal sector, holding several occupations and self-employment. As suggested in a recently published research, such labour market changes can be described as “adjustment without restructuring”².

Although slow restructuring has prevented the growth of open unemployment during the initial stages of market reform, it may contribute to high unemployment in the years to come. Federal government is addressing this challenge by implementing reforms aimed at ensuring fair competition and equitable institutional conditions for business development in order to encourage the creation of sound jobs in economically viable enterprises. Labour market and social policies need to support the restructuring process, by fine-tuning the existing programmes for unemployment compensation and further developing and implementing active labour market policies.

In addition to federal programmes aimed at creating favourable framework conditions for entrepreneurship and job creation and alleviating administrative obstacles to the development of flexible labour markets, it is at regional and local level, closer to the problems and the individuals, that new tools are being experimented. In this context the OECD countries’ experience in local partnerships development may be considered as highly opportune for tackling the employment problems, levelling regional disparities and improving local governance in Russian regions.

¹ Area Development Management (ADM), Galway City Partnership, OAK Partnership

² Rostislav Kapeliouchnikov (2001) “Russia’s Labour Market: Adjustment Without Restructuring”, High School of Economics, Moscow

Historically partnerships have been set up some 20 years ago in specific areas facing severe problems associated with economic restructuring. Partnership was suggested as a way of maximising mobilisation, resources and impact, and has helped responses to crisis situations, such as plant closures and problems in deprived urban areas. Today, partnerships address a broader range of issues – economic development, employment, social cohesion and the quality of life. Through partnerships, agreements on long-term priorities involving a wide range of stakeholders may be used as a guide to deliver programmes and services consistent with local conditions and allocate resources in a way conducive to sustainable development. These partnerships facilitate consultation, co-operation and co-ordination. They are, in short, a tool to improve governance – the way society collectively solves its problems and meets its needs.

Among the members of the OECD, Ireland is one of the prominent pioneers in the development of partnerships. Through successive steps, in 1991 and 1994, the government launched a network of 38 partnerships aimed at improving social inclusion. This model has served as a model in several European countries and inspired the Territorial Employment Pacts set up by the European Union. Ireland repeated the experience in 2000, establishing development boards in all counties and cities of the country, tasked with the design of economic, social and cultural development strategies. Other countries provide good illustrations of effective partnership mechanisms, such as Denmark, with its County Labour Market Boards, and Sweden, with the Regional Growth Agreements. Both models seek to find solutions to complex local problems through a better co-ordination between labour market policies, economic development and social inclusion initiatives, a better adaptation of policies to local conditions and a better participation of civil society and business in the orientation of measures.

One of the first local partnerships in Russia, Krasnokamsk partnership, has been established in the Perm region - a typical example of an industrial region where the problems brought about by industrial restructuring are predominant in the labour market. The sectoral structure of industries and their dynamics influence directly the employment in different sectors and the flow of labour force across sectors. The objective of the partnership initiative, established in the framework of EU Tacis project and in co-operation with Irish partnerships, was to develop a modern model of alleviating the mismatch of labour supply and demand and addressing the social problems of disadvantaged groups by improving professional qualification and fostering SME development for people with low employability³.

This seminar will provide an opportunity to debate the progress and results of Krasnokamsk partnership initiative, analyse the major impediments to the achievement of its objectives and identify ways to spread this experience to other Russian regions and to learn from the Irish and wider OECD experience. Representatives of federal and regional authorities, partnership operators and national and international experts are invited to take part in the discussion and to exchange their views.

General information

Aims of the seminar

- To analyse the experience and draw lessons from the Krasnokamsk partnership initiative;
- To identify ways to spread this experience to other Russian regions;
- To discuss the possibilities of future co-operative work on partnership development between Ireland and Russia under the auspices of the LEED Programme.

³ For more information please see *Active Labour Market Policies in Russia: A European Union Approach*, EU Tacis project “Federal and Regional Labour Markets”.

Participants

30-35 participants from Russia, Ireland and other OECD Member countries including:

- Representatives of federal and regional government departments in various policy fields (e.g. labour and social affairs, entrepreneurship development);
- Partnership practitioners;
- International experts;
- Academics.

Languages

Russian and English.

AGENDA

9:30 – 10.00 **Registration**

10:00 –10.30 **Welcome**

Maxim Topilin, Deputy Minister of Labour and Social Development, Russia

The OECD, the LEED Programme and partnerships

Sylvain Giguère, Deputy Head, Co-operative Action Programme on Local Economic and Employment Development (LEED), OECD

10:30 - 13:00 **Local partnerships for better governance: the OECD and Irish experience**

To better respond to a new set of concerns of the population and to promote sustainable development, governments today actively seek a broad partnership with civil society and the private sector. It is widely agreed that innovative solutions to the key challenges facing our societies can be found through an open public debate. Yet, it is at local and regional levels, closer to the problems and the individuals, that partnerships are most often formed to address issues of collective implications. Accordingly, partnerships are being established throughout OECD countries to tackle issues of economic development, employment, social cohesion and the quality of life. This session will explore the role that partnerships play in policy frameworks in OECD countries with a particular focus on how OECD experience in this field can be transferred and adapted to the context of market transition in Russia.

Chair:

Sylvain Giguère, Deputy Head, Co-operative Action Programme on Local Economic and Employment Development (LEED), OECD

10:30 - 11:15 **Enhancing local governance through partnerships: lessons from the OECD experience**

Jan Hendeliowitz, Vice-Chairman of the LEED Committee and Director of the Public Employment Service of the Storstrøm Region, Denmark

Per Nyström, Division for Labour Market Policy, Ministry of Industry, Employment and Communication, Sweden

Comments on how the OECD experience can be transferred and adapted to the Russian context

Yuri Gertsy, Head, Employment Department, Ministry of Labour and Social Development, Russia

11:15 - 11:30 **Coffee break**

11:30 - 12:15 The Irish model: national and local perspectives *Aiden Lloyd, Coordinator, Area Development Management (ADM), Ireland*

Patrick Leogue, Manager, OAK Partnership, Ireland

12:15 - 13:00 Comments on the Irish and OECD experience *Vladimir Lazarev, Director, Department for Settlement of Collective Labour Disputes and Development of Social Partnership, Ministry of Labour and Social Development, Russia*

Valery Popov, Director, Federal Employment Service, Government of Perm regional

Vladimir Vorkov, Head, Krasnokamsk Self-Government

General discussion

13:00 - 14:00 Lunch

14:00- 16:00 Partnerships and employment in Russia: experience and lessons from Krasnokamsk initiative

In Russia new tools are to be developed in order to meet the specific requirements of the transitional labour market situation. The Perm region is a typical example of an industrial region where the problems brought about by industrial restructuring are predominant in the labour market. The objective of the Krasnokamsk partnership initiative was to develop a modern model of alleviating the mismatch of labour supply and demand and addressing the social problems of disadvantaged groups by improving professional qualification and fostering SME development for people with low employability. Participants are invited to discuss and exchange views on the results of this initiative.

Chair: *Sylvain Giguère, Deputy Head, Co-operative Action Programme on Local Economic and Employment Development (LEED), OECD*

14:00 - 15:00 Krasnokamsk partnership experience *Natalia Dekailo, Director Krasnokamsk Partnership "Perspektiva"*

Declan Brasil, Manager of Galway City Partnership, Ireland

15:00 - 15:30 Comments:

On the potential of partnerships in improving employment and social inclusion *Irina Perelmuter, Senior Specialist, Employment Department, Ministry of Labour and Social Development, Russia*

On the potential of partnerships to *Nadejda Kallina, Head, Entrepreneurship*

	<i>foster SME development and job creation for the disadvantaged</i>	<i>Department, Ministry of Anti-monopoly and Entrepreneurship Support</i>
		<i>Victor Ermakov, President, Russian Agency for SME Support</i>
		<i>Federal Fund for Entrepreneurship Support</i>
15:30- 15:45	Coffee break	
15:45 - 16:30	Panel discussion: What needs to be improved in the Krasnokamsk model? Can it be replicated to other regions? How can Russia benefit from the Irish and other OECD experience?	<i>Nicola Scaramuzzo, Delegation of the European Commission in Moscow</i>
		<i>Liam Hynes, IBEC (national employer's body) representative on Galway City Partnership, Ireland</i>
		<i>Vyacheslav Ishin, State Duma Committee on Labour and Social Affairs</i>
		<i>Leonid Tretyak, Federal Employment Service of the Moscow region</i>
		<i>Eurasia Foundation representative</i>
		<i>Ministry of Labour and Social Development, Russia</i>
	General discussion	
16:30 –17:00	Perspective of future co-operative work on partnership development between Ireland and Russia under the auspices of the LEED Programme	<i>Ms. Ludmila Mikhailova, Deputy Head, Employment Department, Ministry of Labour and Social Development, Russia</i>
		<i>Aiden Lloyd, Co-ordinator, Area Development Management (ADM), Ireland</i>
		<i>Sylvain Giguère, Deputy Head of the LEED Programme, OECD</i>
17:00 - 17:30	Closing remarks	<i>Jan Hendeliowitz, Vice-Chairman of the LEED Committee and Director of the Public Employment Service of the Storstrøm Region, Denmark</i>
		<i>Maxim Topilin, Deputy Minister of Labour and Social Development, Russia</i>

For further information please contact:

Ms. Ekaterina Travkina
Consultant
Local Economic and Employment Development
(LEED) Programme
2, rue André-Pascal
75016 Paris
France

Tel: +33 (0)1 45 24 78 82
Fax: +33 (0)1 45 24 16 68
E-mail: ekaterina.travkina@oecd.org

Mr. Victor Stepanov
Department of International Relations
Ministry of Labour and Social Development,
1 Birjevaya square, Moscow, Russia

Tel.: (7095) 298 87 96
Fax.: (7095) 230 24 07
E-mail: Stepanov@ilo.org