

THE NEW REFORM AGENDA OF THE NEW EU MEMBER STATES

International Conference

19 October 2009 (Monday)

**Radisson Blu Grand Hotel, Alexander Hall, 2nd floor
Sofia, Bulgaria**

The year 2009 marks the 5th anniversary of the 5th enlargement of the EU, 20 years of the fall of the Berlin Wall and 1 year from the start of the global economic crisis. While the accession and Berlin Wall anniversaries provide basis for reflection and elicit important lessons, the global economic crisis effects inject a sense of urgency to look ahead. At this backdrop, the European Policies Initiative (EuPI) of the Open Society Institute – Sofia with the support of the World Bank, has decided to gather opinion leaders, experts and decision makers to help charter with their insights the reform agenda of the region.

The advent of the crisis has been serving as a “stress test” to determine the resilience not only of their economies, but the full spectrum of political, institutional and social changes.

The crisis provides a rare window of opportunity to act and reform, but little time to reflect and make decisions. The CEE countries have three overlapping tasks: they have to go on with the EU membership agenda; they have to manage successfully the crisis; and at the same time they have to enact reforms in order to emerge in a few years adapted to the post-crisis realities. Measures in finance and economy should be accompanied by structural reforms in the “human development” package as integral parts of the tool kit of the anti-crisis response. And the success of reforms would depend on addressing the deficits in the “politics and governance” package, which can make or break the proposed policy solutions.

Thus, the objective of the event is to seek solutions that draw from similar experience, but at the same time are tailored to national specifics and finally solutions that can be offered in wider EU context. Next to setting the policy agenda is to rank priorities of what is necessary vs what is politically and economically feasible. Finally the forum should seek to identify and involve the agents of change and reform minded constituencies.



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09:00 – 09:30 – Registration, welcoming coffee

09:30 Opening and Panel 1: Regional Solutions to Regional Problems?

The new member states have been severely affected by the global economic crisis and are often considered by the outside to be one of the weakest links in the world economy. But a more detailed look distinguishes between different levels of damage by the crisis and different levels of stability. And while some countries and institutions have called for coordinated regional responses and solution, others have tried to escape from lumping together with the more vulnerable ones, insisting that the solutions are at national level.

The panel should try to find answers to the following questions:

- Presenting the global developments in the economic crisis and recovery scenarios.
- The impact of the crisis' development and scenarios on the region of CEE - the New Members States of the EU.
- There are regional problems, but are the solutions regional or national specific?

Moderator: **Assya Kavrakova**, Program Director, European Policies and Civic Participation Program and EuPI, Open Society Institute - Sofia

Opening remarks:

Georgi Stoytchev, Executive Director, Open Society Institute – Sofia

Key note speakers:

Simeon Djankov, Vice Premier, Minister of Finance of the Republic of Bulgaria

Theodore Ahlers, Director of Strategy and Operations, Europe and Central Asia, World Bank

Panel: Regional Solutions to Regional Problems?

"Financial Crisis in Central and Southern Europe: The World Bank's Instruments and Policies"

Orsalia Kalantzopoulos, Senior Advisor Financial and Private Sector Development, World Bank

"CEE macro outlook: is Emerging Europe on the way to a healthy recovery?"

Gyula Toth, EEMEA Economist/Strategist, UniCredit Bank, Vienna

Kalin Hristov, elected Vice Governor of the Bulgarian National Bank

11:20 – 11:40 Coffee break

11:40 – 13:00 – Panel 2: Macro-economic issues

The economic and financial crisis is posing additional challenges to the NMS. There is a risk the catching-up tendency to be reversed in most of the countries due to the economic slowdown as most countries are now in recession. The crisis has exposed the vulnerability of the public finances and is challenging the sustainability of the economic development, diminishing some of the gains of the accession that have contributed to the economic convergence of the NMS with the old ones. The requirements for adopting the Euro provide for prudent macro economic policies thus contributing to the sustainability of public finances but the prospects for introducing the Euro in eight of the NMS of CEE are still unclear.

The new member states basically face two sets of questions: **first**, how they will go through the crisis – maintain stability and alleviate crisis effects in the economy, the social and political systems and **second**, how they are going to exit the crisis – as certainly the world will be different after the crisis they have to be ready and better adapted to the new realities?

The panel will also enter in further details on:

- Fiscal policy responses to the crisis and medium term fiscal frameworks.
- Preserving financial sector stability.
- Multilateral financial assistance packages – experience of other NMS (Romania, Hungary, Latvia).
- Strategies for accelerating euro adoption?

Moderator: Ivo Prokopiev, Chairman of the Confederation of the Employers and Industrialists in Bulgaria; Chairman and Chief Executive Director of Alfa Finance Holding Group and Economedia Publishing Group

Panel:

"Macroeconomic Challenges for New EU Member States: Romania as a Case in Point"

Tonny Lybek, IMF Resident Representative for Bulgaria and Romania

"Is the World Economy on Recovery Path? Potential Traps and Uncertainties"

Marek Dabrowski, Professor of Economics, President of CASE - Center for Social and Economic Research

"Fiscal Policy Challenges for Bulgaria"

Georgi Angelov, Senior Economist, Open Society Institute – Sofia

13:00 – 14:00 Lunch break at lobby of Alexander Hall

14:00 – 15:45 Panel 3: Investing in Human Capital

Reforms of health, education and social assistance in CEE remain incomplete. Those policy fields were not part of the pre-accession agenda and they have been relatively neglected in the pre-accession period with regard to completion of structural reforms, because efforts were concentrated on areas where accession conditionality existed. Expectations were that after accession, policy makers would concentrate on completing these reforms.

The panel aims at identifying the feasibility of completion of the reforms in those human development policy domains in the context of the world economic and financial crisis. Would the crisis drive the attention of policy makers again from the structural reforms in those areas, concentrating the efforts on searching short-term solutions of the pressing issues of the day or it will create the momentum to finally address the problems and if so – what would be the crucial factors (political consensus, reform agents etc.) and concrete steps on which the successful completion of reforms would be dependent.

The panel will focus on **the social safety nets, education, healthcare, and pension systems** and try to answer the questions:

- Troubleshooting the crisis to avoid social tensions: what is the minimum possible “social safety net” package?
- The costs of non-reforming these sectors – are they luxury, necessity or business as usual?
- Launching structural reforms in mid-crisis – political feasibility, budget constraints

Moderator: Latchezar Bogdanov, managing partner, Industry Watch Group – Bulgaria

Panel:

Key note speaker: Yordanka Fandakova, Minister of Education of the Republic of Bulgaria

Krassimir Popov, Deputy Minister of labor and social policy (tbc)

“Investing in Human Capital: Reform Challenges after Bulgaria’s Accession to the EU”

Boryana Gotcheva, Senior Social Protection Specialist, World Bank

Boyan Zahariev, Program Director, Governance and Public Policies Program, Open Society Institute - Sofia

15:45 – 16:00 Coffee break

16:00 – 17:30 Panel 4: Politics and governance in the crisis?

Democracy deficits still permeate and affect politics and governance in the new member states. The transition may not be over as it is often argued; evidence suggests that entry into the EU does not automatically put a “supreme quality certificate” on the political systems. High level corruption, shifts to populism or extreme nationalism, fragmentation of political parties, coupled with short-term political lives and low public legitimacy are preventing commitments to long-term and consistent reforms. This affects the policy spheres of crucial importance for the citizens - health, education, social protection - leaving those structural reforms largely incomplete. The poor level of public services closes a vicious circle by decreasing the already low level of citizens’ trust in the institutions of representative democracy.

The panel aims at addressing the issues of politics and governance deficiencies in order to decrease political systems’ vulnerability enhance political will and public support for reforms and attain a higher quality of democracy.

The panel will focus on the effect of the flaws of the politics in CEE have on governance, economy and society, asking three questions:

- Is a drift away from liberal democracy or liberal economic principles possible as a backlash from the crisis?
- What are the top three priorities in CEE democratic politics and good governance: eliciting the lessons from 20 years of transition in the current EU and crisis context?
- How to do it: building reform constituencies for reformist policies; what is necessary critical mass to tip the point in the right direction?

Moderator: David Kral, Director, EUROPEUM Institute for European Policy

Panel:

“Improving Governance and Public Administration: Frontier Areas of Reform”

Florian Fichtl, Country Manager, World Bank Sofia Office

"Non-economic Consequences of the Economic Crisis and the Challenge for CEE"

Ivan Krastev, Chairman of Board of the Centre for Liberal Strategies

"Central Europe's Post-Accession Blues"

Balint Molnar, Deputy Director, Freedom House – Europe

"Unfinished business -- Where will Momentum for Reform Come from in Central Europe"

Adam Jasser, Member of the Board, Director of Programmes,
demosEuropa

17:30 Conclusion: Wrapping up the conference

Elaborating on possible solutions of the common problems identified as well as determining the corresponding drivers of reform for the reform agenda completion in the context of the world economic and financial crisis.

Closing remarks: Georgi Stoytchev,

Executive Director of the Open Society Institute – Sofia

18:00 – Reception at Flanagan's (adjacent to Radisson Blu Grand Hotel)

The conference is organized with the support of the East East: Partnership Beyond Borders Program of the Open Society Institute - Sofia