



## **Western Balkan Network tackling undeclared work**

# **EVALUATING THE INVOLVEMENT OF SOCIAL PARTNERS IN TACKLING UNDECLARED WORK IN THE WESTERN BALKANS**

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## Executive Summary

Although enforcement authorities play a key role in tackling undeclared work, social partners also have an interest in preventing undeclared work. Employer federations wish to tackle the unfair competition that results from other businesses operating in the undeclared economy and trade unions wish to protect declared workers and tackle unscrupulous employers who use undeclared employment.

The aim of this study is to evaluate the current involvement of social partners in tackling undeclared work in the Western Balkans. To achieve this, a survey was undertaken of social partners in the six Western Balkan economies to evaluate: (i) their objectives in relation to tackling undeclared work; (ii) the current level of social partner cooperation with government authorities and (iii) the current range of initiatives pursued by social partners to tackle the undeclared economy. This study reports the findings.

### Objectives of social partners when tackling undeclared work

- Both the International Labour Organization (ILO) and European Commission assert that the objective is to transform undeclared work into declared work. This means bringing businesses operating in the undeclared economy into the declared economy, not closing them down, and transforming the jobs of undeclared workers into declared jobs, rather than eradicating their jobs.
- **Just under a quarter (23%) of social partners responding had fully adopted the objective of transforming undeclared work into declared work**, 12% were pursuing initiatives based on this objective, a further 18% had taken the decision to implement this objective and 41% were discussing its adoption as an objective.
- Assessing whether transforming undeclared work into declared work is a target/Key Performance Indicator (KPIs), a quarter of social partners had made no progress on establishing this as a target/KPI, 50% were discussing adopting this as a target/KPI and the remaining 25% had taken the decision or were implementing this as a target/KPI.

### Social partner cooperation with government

- Social partners assert that they have some involvement in the body/bodies responsible for tackling undeclared work in Albania, Bosnia and Herzegovina, Kosovo\* and Montenegro, but trade unions in North Macedonia and Serbia assert that they have no involvement in these bodies.
- No social partners say there is full tripartite agreement and consultation on sector specific inspection targets, information exchange and awareness raising, and only one (in North Macedonia) that there is tripartite consultation on either sector specific inspection targets, information exchange or awareness raising. A few say there is regular engagement in joint actions (e.g., information and awareness raising). **Most social partners state that there is only irregular ad hoc involvement with the authorities.** A few assert there is no consultation.

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\* This designation is without prejudice to positions on status, and is in line with UNSCR 1244/1999 and the ICJ Opinion on the Kosovo declaration of independence.

- To improve cooperation with government authorities, social partners need to: (i) adopt “building partnerships with the authorities” as a strategic objective of their organization; (ii) identify the cooperation desired; (iii) build partnerships, and (iv) manage the resultant partnerships.
- Examining whether building cooperation with government authorities is a strategic objective of social partner organisations, this is not a strategic objective of trade unions in Albania, Bosnia and Herzegovina and Serbia. In Bosnia and Herzegovina, employer federations are discussing making this a strategic objective whilst in Kosovo\*, either discussion is taking place or initiatives being pursued to establish this strategic objective. This is similarly the case in Montenegro and North Macedonia, and in Serbia among one trade union and an employer federation.
- Once adopted as a strategic objective, then social partners need to **identify, build and manage** cooperation with the authorities. Starting with identifying the government authorities with whom relationships are sought in relation to tackling undeclared work, in Serbia, no progress has been made. **In Albania, Bosnia and Herzegovina, Kosovo\*, Montenegro and North Macedonia, most social partners are making progress towards identifying the government authorities with whom to establish partnerships.**
- On the task of building partnerships, **most social partners in Albania, Montenegro and Serbia have allocated staff to the task of building partnerships**, the problems in partnership building are being addressed and solutions pursued, whilst **in Bosnia and Herzegovina, Kosovo\* and North Macedonia, this is not the case.**
- However, **most social partners do not have transparent agreements with government authorities that are evaluated and the results shared.** Therefore, developing bilateral and multilateral agreements in relation to tackling undeclared work is required.

### **Social partner policy initiatives to tackle undeclared work**

Social partners currently adopt a range of initiatives to tackle the undeclared economy:

- 94% are raising awareness of situations of undeclared work and making calls for action [100% of trade unions and 83% of employer federations]
- 88% are raising awareness and changing behaviours by providing information, running campaigns, awards, dedicated websites, etc. (either at an economy, sector or company level) [100% of trade unions and 67% of employer federations].
- 88% are establishing relevant contacts through their networks of members [91% of trade unions and 83% of employer federations].
- 82% are providing policy and legal advice on procedural and legal changes needed [82% of trade unions and 83% of employer federations].
- 82% are taking part in consultations and working groups [82% of trade unions and 83% of employer federations].
- 76% are providing policy advice on where enforcement authorities should focus their efforts (e.g., particular sectors, occupations, types of informal work) [73% of trade unions and 83% of employer federations].

- 71% are performing research to identify the key reasons, manifestations, specifics and impact of undeclared work [73% of trade unions and 67% of employer federations].
- 71% are negotiating collective agreements which contain instruments to tackle undeclared work, including in supply or subcontracting chains [73% of trade unions and 67% of employer federations].
- 59% are supporting employers by protecting them from unfair informal or unregistered competitors [45% of trade unions and 83% of employer federations].
- 53% are referring cases of undeclared work to enforcement and judicial authorities [82% of trade unions and 0% of employer federations].
- 53% are supporting workers by protecting them when in undeclared work situations, and aiding transition into a declared work situation [82% of trade unions and 0% of employer federations].
- 53% are cooperating across borders in the fight against informal work [64% of trade unions and 33% of employer federations].
- 41% are providing technical support to enforcement authorities in developing information tools, data mining and risk assessment, building websites and social media platforms [45% of trade unions and 33% of employer federations].
- 35% are conducting workplace inspections [55% of trade unions and no employer federations].
- 29% are serving as access points to corporate databases [27% of trade unions and 33% of employer federations]

59% believe that they use a limited or very limited range of tools. Indeed, no social partners believe they do not need to improve the range of policy measures used. Therefore, it will be important in future to provide social partners in the Western Balkans with access to a range of policy measures that they might consider for adoption.

### **Next Steps**

To improve the involvement of social partners in tackling undeclared work, the Western Balkan Network Tackling Undeclared Work can take the following steps:

- Hold a seminar on social partner involvement in tackling undeclared work to explore: (i) cooperation between social partners and enforcement authorities; and (ii) the range of policy initiatives that social partners can undertake.
- Arising from the seminar, a Handbook can be produced of how cooperation can be developed with government authorities and good practices on the full range of policy initiatives that social partners can use.
- National seminars could be organised to bring together the tax administration, labour inspectorate and social partners in each economy to explore the feasibility and opportunities for greater cooperation in tackling undeclared work.

# 1. Introduction

Although enforcement authorities play a key role in tackling undeclared work, social partners also have an interest in doing so. Employer federations wish to prevent the unfair competition that results from other businesses operating in the undeclared economy and trade unions wish to protect workers in declared employment and tackle unscrupulous employers who use undeclared employment.

Until now, however, little is known about the involvement of social partners in tackling undeclared work in the six Western Balkan economies. The aim of this study is to begin to fill this gap in knowledge by evaluating the current involvement of social partners in tackling undeclared work in the Western Balkans.

To achieve this, a survey was undertaken of social partners in the six Western Balkan economies to evaluate (i) their objectives in relation to tackling undeclared work; (ii) the current level of social partner cooperation with government authorities and (iii) the current range of initiatives pursued by social partners to tackle the undeclared economy.

## 1.1 Rationale for this study

In the Western Balkans, similar to elsewhere, there has been a relatively fragmented and uncoordinated approach across the multifarious government institutions responsible for tackling undeclared work and a weak integration of social partners, as well as a limited range of policy measures used (Williams, 2020). The result has been the lack of a holistic integrated strategic approach, which is:

where governments use a whole government approach to tackle undeclared work, by joining-up on the policy and enforcement level of both strategy and operations the fields of labour, tax and social security law, **and involve and cooperate with social partners** and other stakeholders. This approach involves using the full range of *direct* and *indirect* policy measures available to enhance the power of, and trust in, authorities respectively.<sup>1</sup> The objective is to transform undeclared work into declared work in an effective manner.

Breaking down this approach into its parts, there are three major components:

- Shifting the objective from “reducing undeclared work” to “transforming undeclared work into declared work”;
- Developing a whole government coordinated approach, based on:
  - cross-government cooperation on strategy, operations and data, and
  - Improving social partner involvement.
- Implementing the full range of direct and indirect policy tools.

Importantly, this approach recognises the need for **cooperation with, and involvement of, social partners in tackling undeclared work**, as well as the use of the full range of policy measures available (see Eurofound, 2020; Lapeyre and Williams, 2020; Williams, 2020).

To understand the involvement of social partners in the Western Balkans in tackling undeclared work and how this might be improved, section 2 reports the results on the current adoption by social partners of the objective of transforming undeclared work into declared

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<sup>1</sup> Williams, C.C. (2016) *Developing a Holistic Approach for Tackling Undeclared Work: background paper*, European Commission, Brussels.

work, section 3 reports the current level of involvement of social partners with government in relation to tackling undeclared work whilst section 4 reports the current range of policy initiatives that social partners report are using to tackle the undeclared economy.

## 1.2 Survey of social partners in the Western Balkans

This study reports the results of a survey of social partners undertaken in October 2020 to assess: their adoption of the objective of transforming undeclared work into declared work; the current level of involvement of social partners with government in relation to tackling undeclared work, and current range of policy initiatives social partners use to tackle undeclared work. Table 1 reports the social partners from whom questionnaires were returned.

**Table 1.** Social partner survey respondents

<b>Economy</b>	<b>Trade Unions [TU]</b>	<b>Employer Federations [EF]</b>
Albania	TU1 Union of Independent Trade Unions of Albania TU2 Confederation of Trade Unions of Albania	
Bosnia & Herzegovina	TU1 Confederation of Trade Unions of Republika Srpska TU2 BiH Confederation of Independent Trade Unions	EF1 RS Union of Association of Employers EF2 FBiH Association of Employers
Kosovo* <sup>2</sup>	Union of Independent Trade Unions of Kosovo	Kosovo Chamber of Commerce
Montenegro	TU1 Union of Free Trade Unions of Montenegro (UFTUM) TU2 Confederation of Trade Unions of Montenegro	Employers' Federation of Montenegro
Republic of North Macedonia	TU1 Union of Independent and Autonomous Trade Unions (UNASM) TU2 Confederation of Free Trade Unions of North Macedonia- KSS	Organization of Employers of North Macedonia
Serbia	TU1 Confederation of Autonomous Trade Unions of Serbia TU2 Confederation of Autonomous Trade Unions (CATUS)	Association of Employers of Serbia

## 2 Objectives of social partners when tackling undeclared work

Conventionally, the strategic objective of enforcement authorities and social partners has been to reduce undeclared work. However, Recommendation 204 of the International Labour organisation (ILO) clearly outlines that the objective is to formalise the informal economy (ILO, 2015). It is not to reduce the informal economy. So too does the European Platform Tackling Undeclared Work assert that the objective is to transform undeclared work into

<sup>2</sup> \* This designation is without prejudice to positions on status, and is in line with UNSCR 1244 and the ICJ Opinion on the Kosovo declaration of independence

declared work, rather than reduce undeclared work (European Commission, 2016). The result is that enforcement authorities and social partners are increasingly recognising that the objective is to:

- (i) transform the jobs of undeclared workers into declared jobs, rather than eradicate their jobs, and
- (ii) bring unregistered businesses and enterprises operating in the undeclared economy into the declared economy, not close them down.

From a **trade union perspective**, there is no benefit to the workers if they lose their undeclared jobs. Instead, these workers would prefer their undeclared jobs to be transformed into declared jobs. This would benefit not only the workers whose jobs are converted from undeclared into declared jobs but also declared workers who no longer suffer unfair competition from undeclared workers, trade unions who potentially expand their membership base, and governments who receive greater tax and social insurance revenue and have greater control over working conditions.

Similarly, and from an **employer federation perspective**, it is little benefit to economies if unregistered businesses and enterprises operating in the undeclared economy are simply closed. Few entrepreneurs have an idea for a business venture one evening and start trading in a wholly legitimate businesses venture the next day. Instead, they often test-trade in the undeclared economy at the start of operations to test whether there is a market for their products or services (Williams and Martinez-Perez, 2014). This is reflected in the fact that two-thirds of all businesses globally start-up or operate partially or fully in the undeclared economy (Autio and Fu, 2015). To seek to close such entrepreneurial ventures would eradicate precisely the entrepreneurship and enterprise culture that economies wish to foster to facilitate economic development and growth (Williams, 2017). Therefore, the objective is not to stop these entrepreneurs from operating but to bring them into the declared economy to prevent the unfair competition that results from enterprises operating in the undeclared economy.

The outcome is that across many economies, social partners are recognising the need to shift away from reducing undeclared work and towards the objective of transforming undeclared work into declared work. Table 2 reports the progress among social partners in the Western Balkans in adopting this objective of transforming undeclared work into declared work.

**Table 2.** Self-assessment on adopting the strategic objective of transforming undeclared work into declared work

	Albania	Bosnia and Herzegovina	Kosovo*	Montenegro	North Macedonia	Serbia
No progress					TU1	
Discussion is taking place	TU2	EF2 TU2	EF	TU2	EF	EF
Decision taken to implement			TU	EF		TU2
Pilot initiatives being pursued	TU1	TU1				
Fully adopted		EF1		TU1	TU2	TU1

Note: EF = Employer Federation; TU = Trade Union

The adoption of this strategic objective is underway among nearly all social partners surveyed in the Western Balkans. Nearly a quarter (23%) had fully adopted this strategic objective, 12% were pursuing pilot initiatives in this regard, a further 18% had taken the decision to implement it and 41% were discussing its adoption.

Box 1 reports the next steps social partners assert that they are taking to implement this.

**Box 1. Self-assessed next steps: adopting the strategic objective of transforming undeclared work into declared work**

- Albania TU2:
  - Undertake campaigns and successfully complete them towards the formalization of the economy and the labour market. They should not be left incomplete.
  - Deeper engagement of trade unions in issues of employment and formalization of the economy, especially on topics of taxation and fiscal policy, productivity, education and vocational training.
- Bocina and Herzegovina EF1:
  - Continue the application of the Law on Incentives in the Economy; reduce the tax burden on labour to the level of 2008;
  - Reduce parafiscal burdens on business ("parafiscal guillotine");
  - Carry out positive actions with tax and inspection bodies (compliance lists); media exposure of negative examples (shame and blame);
  - Code of Employers (anti-corruption, informal economy, green technologies, etc.), etc.
- Bosnia and Herzegovina EF2:
  - Workload reduction initiative (contributions).
- Bosnia and Herzegovina TU1:
  - Independent project of my organisation (unregistered workers report to my organisation their personal undeclared work, specific names and specific business entities).
- Bosnia and Herzegovina TU2:
  - Actions of competent inspections regarding undeclared work; strengthen the work of the inspections, make it more visible, more transparent and more repressive;
  - Monthly exchange of information with the Inspectorate and the Tax Administration on implementation.
- Montenegro TU1:
  - Creating an environment in which there is decisive and real activity aimed at transforming undeclared work, not just declarative commitment. In fact, achieving the goal of making the fight against the informal economy an expression of commitment and the broadest consensus of all relevant subjects led by the government;
  - Designing concrete facilitations and incentives for the transition from the informal to the formal economy that will encourage both employers and employees to decide on transformation (incentive measures; tax system reform; new employment ...);
  - Pilot project establishing partner inspections that would consist of representatives of the competent inspections, unions and employers and analysis of the effects of their work, and
  - Promoting a culture of collective bargaining (stimulating employers who have concluded collective agreements with trade unions).
- Montenegro TU2:
  - Define a clear function of trade unions in the fight against undeclared work and form a strong link with the social partners so that the information flow on this issue goes smoothly, and so that the competent authorities are able to carry out adequate activities to transform undeclared work into declared work.

- North Macedonia TU1:
  - We fully accept the idea of the EU social partners that undeclared work needs to be declared and legalized.
- North Macedonia TU2:
  - In our economy, there is no stage at all where that transformation into a regular employment relationship will begin. The economy is in a severe economic crisis and the situation with the pandemic is a big burden. Those who had undeclared work (i.e. people in the grey economy) lost their jobs, which shows that the economy had no strategy before.
- North Macedonia EF:
  - By amendments to the laws and inspections conducted by inspection services.
- Serbia EF:
  - It is necessary to adopt a comprehensive strategy for effective annulment, i.e. converting undeclared work into declared work.
- Serbia TU1:
  - Take all actions in the domain of trade union activities.

When adopted as strategic objective by social partners, as can be seen, different goals emerge in relation to tackling undeclared work. The goal of trade unions becomes not to reduce the number of undeclared jobs but rather, becomes the number of labour relations that are legitimised each year. Meanwhile, the goal of employer federations becomes not the number of businesses operating in the undeclared economy closed but the number of businesses legitimised each year. Table 3 reports the progress of social partners in the Western Balkans in adopting these targets or key performance indicators (KPIs) in relation to tackling undeclared work.

This reveals that the adoption of these targets/Key Performance Indicators (KPIs) is underway. Although a quarter of all social partners in the Western Balkans had made no progress, discussion was taking place in 50% and the remaining 25% had taken a decision to implement or were implementing these targets/KPIs. However, none had fully adopted these targets/KPIs.

**Table 3.** My organisation has targets/KPIs related to transforming undeclared work into declared work, such as the number of labour relations that are formalised (or some similar target)

	Albania	Bosnia and Herzegovina	Kosovo*	Montenegro	North Macedonia	Serbia
No progress			TU	TU2 EF		TU1
Discussion is taking place	TU1	EF1 EF2	EF	TU1	TU1 TU2	EF
Decision taken to implement		TU2				TU2
Initiative being pursued	TU2	TU1				
Fully adopted						

Note: EF = Employer Federation; TU = Trade Union

Box 2 reports the next steps social partners assert that they are taking to implement this.

**Box 2. Self-assessed next steps: adopting transforming undeclared work into declared work as a KPI**

- Albania TU2:
  - Engage trade unions in issues related to economic policies, especially macroeconomic and growth policies.
  - Define realistic and decent salaries, including the definition of period increase of minimum wage.
  - Cooperation of trade unions with other law-enforcement agencies: Taxation, Social Security and Health Insurance, Labour Inspectorate, justice system.
  - Involvement of trade unions in the labour market and occupational health and safety, social protection at work, etc.
- Bosnia and Herzegovina EF1:
  - through the revision of the Strategy of RS Union of Association of Employers 2018-2022, it is necessary to revise the goals and clearly define the indicators for monitoring the success of advocacy activities on the issue of undeclared work;
  - It is necessary to find donors who are ready to support advocacy platforms and coalitions initiated by the RS Union of Association of Employers on the issue of undeclared work
- Montenegro TU1:
  - Adequate statistical indicators at the national level. Finding financial resources for conducting research (surveys) on a representative sample in order to obtain results related to the situation in the labour market, (most common forms of employment contracts; scope of undeclared work, trust in the institutions of the system in terms of providing protection, law enforcement, identifying the reasons for resorting to the informal economy, the most vulnerable businesses; causes and most common forms of undeclared work ...).
- Montenegro TU2:
  - Create a single database, which would be updated regularly.
- North Macedonia TU1:
  - In such difficult standards of living, a complete transformation into the formalisation of business.
- North Macedonia TU2:
  - With the proposals that the union submitted to the government, as measures to combat the grey economy, we indirectly proposed ways to reduce undeclared work, but unfortunately these proposals are in a drawer in the government.
- Serbia EF:
  - It is necessary to adopt effective mechanisms for converting undeclared work into declared work on a permanent basis.
- Serbia TU1:
  - These data are sometimes published by the Ministry of Labour, or the union monitors them through statistical data published by the Statistical Office of the Republic of Serbia.

### 3 Social partner cooperation with government

Different government departments are responsible for different aspects of undeclared work (e.g., tax authorities for tax compliance, labour inspectorates for labour law and social insurance bodies for social security compliance). In response, some governments have established one overall body responsible for coordinating strategy towards undeclared work and might fully involve social partners. The survey assessed whether social partners perceive one overall body to exist and their level of involvement in this body.

#### 3.1 Cooperation between social partners and government

All Western Balkan economies have a body established for social dialogue. **Albania** has a National Labour Council which brings together employers' and employees' organisations. In **Bosnia and Herzegovina**, there is the tripartite Economic and Social Council, where social dialogue must take place prior to adopting new and changing existing laws on matters concerning economic and employment matters, including undeclared work. In **Kosovo\***, the main tripartite forum is the Socio-Economic Council, established in 2011, by Law No.04/L – 008, and is the national level tripartite body. The role of the Council is to conduct consultations and providing advice to competent bodies, in the area of labour and employment issues, social welfare and other issues related to economic policies in Kosovo\*. In **Montenegro**, tripartite dialogue is through the Social Council of Montenegro, composed of 11 representatives of the government, representatives of trade unions and of employers. The Social Council has a mandate to discuss all relevant questions that relate to undeclared economy. In the **Republic of North Macedonia**, the Socio-Economic Council established in 1996 consists of 12 members of which 4 are nominated by the Government, 4 by the representative organizations of employers and the remaining 4 by the representative trade unions. The Minister of Labour and Social Policy is a president. There have also been moves to strengthen social dialogue on a local level, with 15 local socio-economic councils established. In **Serbia**, there is the Social and Economic Council, established in August 2001, and composed of 18 members, 6 from government, six from employers and six from the trade unions.

Table 4 reports social partner views on the overall organisational framework towards the undeclared economy in each Western Balkan economy. This reveals that most social partners responding view different government departments as responsible for different aspects of the fight against undeclared work. Very few recognise that there might be one single body responsible for the strategy towards undeclared work in their Western Balkan economies.

**Table 4.** How is the overall organisational framework towards the undeclared economy in your economy best described?

	Albania	Bosnia and Herzegovina	Kosovo*	Montenegro	North Macedonia	Serbia
One single body is responsible for the strategy		TU2				
Different (government) departments/ organisations are responsible for different aspects	TU1 TU2	EF2 TU1	EF TU	EF TU1 TU2	TU1 TU2 EF	EF TU1 TU2
Other		EF1				

Note: EF = Employer Federation; TU = Trade Union

Meanwhile, Table 5 reports a self-assessment of their level of involvement in the body/bodies tackling undeclared work. In Albania, Bosnia and Herzegovina, Kosovo\* and Montenegro, social partners assert that they have some involvement in the body/bodies responsible, but in North Macedonia and Serbia the trade unions assert no involvement in these bodies. There is therefore some room for improving the perception of social partners that they are fully involved in governance related to tackling undeclared work.

**Table 5.** Social partner involvement in the body/ies tackling undeclared work

	Albania	Bosnia and Herzegovina	Kosovo*	Montenegro	North Macedonia	Serbia
No involvement in the body/bodies responsible					TU2	TU1 TU2
Some involvement in the body/bodies responsible	TU2	EF1 EF2 TU1 TU2	TU	EF TU1 TU2	TU1 EF	EF
Full involvement in the body/bodies responsible	TU1		EF			

Note: EF = Employer Federation; TU = Trade Union

Box 3 reports the next steps social partners believe is necessary to improve cooperation with government.

**Box 3. Self-assessed next steps: improving cooperation between government and social partners**

- Albania TU2:
  - Include social partners in the employment and social affairs platforms.
  - Create possibilities for access in justice.
  - Include trade unions in campaigns for formalization of economy and specifically formalization of the labour market
- Bosnia and Herzegovina EF1:
  - Reduction of labor taxation;
  - Growth of integrity of tax and inspection bodies;
  - Growth of awareness about the ownership of workers over the gross salary of workers;
  - Strengthening information and awareness of the importance of paying taxes and their purpose and transparency of spending public revenues;
  - Continue the application of the Law on Incentives in the Economy (goal, among other things, reduction of undeclared work or formalisation of business)...
- Bosnia and Herzegovina EF2:
  - Workload reduction that will automatically reduce undeclared work.
- Bosnia and Herzegovina TU1:
  - Full participation of trade unions in all bodies.
  - The Economic and Social Council of the Republika Srpska considers the quarterly reports of all bodies, adopts and proposes certain conclusions.
- Bosnia and Herzegovina TU2:
  - Strengthening inspection capacity.
- Montenegro TU1:

- Representative social partners participate in tripartite working groups and bodies, but the impacts on the effective suppression of the informal economy are poorly visible because there is not enough political will to really, not just declaratively, put a stop to a negative phenomenon such as the informal economy. Apart from sporadic activities, there is no continuity and strategic approach to combating this negative phenomenon.
- Montenegro TU2:
  - Intensified fight against the informal economy, stronger control of the competent institutions and sanctioning of undeclared work.
  - It is also necessary that the formed bodies, which include representatives of the social partners, intensify their work, and that their establishing is not just a dead letter on paper. Their activities must be public and transparent in order to more clearly perceive the progress related to the issue of combating undeclared work.
- North Macedonia TU1:
  - Only involved in propaganda/awareness raising.
- North Macedonia TU2:
  - The trade union as a social partner is not involved either in the analysis or in the preparation of the strategy as a relevant factor that can contribute a lot. At the moment, the largest union in the economy, KSS is not part of the Economic and Social Council, which as a body composed of social partners deals with all spheres of economic and social status of workers.
- Serbia EF:
  - Establishing a better economic environment by, on the one hand, establishing a legislative framework conducive to the relaxation of enterprises, and on the other hand, implementing a stronger control of undeclared workers and economic entities.
- Serbia TU1:
  - Not familiar with such a body.

Table 6 examines the social partners' views on their cooperation with enforcement authorities. No social partners state that there is full tripartite agreement and consultation on sector specific inspection targets, information exchange and awareness raising and only one social partner (in MK) that there is tripartite consultation on either sector specific inspection targets, information exchange or awareness raising. A few social partners state that there is regular engagement in joint actions (e.g., information and awareness raising) but the majority state that the level of cooperation is irregular ad hoc involvement with the authorities. A few social partners state that there is no consultation. Therefore, there is considerable room for improvement in cooperation between social partners and enforcement authorities.

**Table 6.** The nature of involvement with government authorities in my organisation is best described as:

	Albania	Bosnia and Herzegovina	Kosovo*	Montenegro	North Macedonia	Serbia
No consultation					TU2	TU1
Irregular ad hoc involvement	TU2	EF1 EF2 TU1 TU2		EF	EF	EF TU2

Regular engagement in joint actions (e.g., information and awareness campaigns)	TU1		EF TU	TU1 TU2		
Tri-partite agreement on EITHER: sector specific inspection targets, information exchange, OR awareness raising.					TU1	
Full tri-partite agreement and consultation on: sector specific inspection targets; information exchange, & awareness raising.						

Note: EF = Employer Federation; TU = Trade Union

Box 4 reports the next steps social partners believe is necessary to improve cooperation with the government authorities.

#### **Box 4. Self-assessed next steps: improving the nature of cooperation with government authorities**

- Albania TU2:
  - Complete the legal framework for the trade union organization and functioning, collective bargaining/contracting and peaceful settlement of labour disputes.
  - Solve disagreements and political conflicts.
  - Involve trade unions in the structural changes and transformation of the economy, in monetary policies, gender equality, education and vocational training, policies of labour market etc.
- Bosnia and Herzegovina EF1:
  - Body has been formed at the RS Economic and Social Council.
  - There is no strategic approach and no significant political commitment.
  - Define a commitment platform for implementation.
  - Necessary to establish a coalition to fight against undeclared work.
  - Sign an agreement between the coalition of social partners and the civil sector.
  - Create a strategic advocacy plan to combat informal work.
  - On the basis of the strategic plan and the need for correction of regulations, create a strategy of communication with the public and an operational implementation plan, etc
- Bosnia and Herzegovina EF2:
  - Strengthening cooperation with inspection bodies and strengthening the institution of the Economic and Social Council.
- Bosnia and Herzegovina TU2:
  - Adoption of legal regulations with a greater role of trade unions.
- Montenegro TU1:
  - Since there is no permanent body dealing with the informal economy, then we can talk about ad hoc bodies and the ad hoc participation of our representatives. However, in the activities we carry out at the level of the Social Council and activities in the implementation of the goals prescribed by the Decent Work Programme for

Montenegro, our participation is implied. Here we once again mention the signed Protocol on Cooperation with the Directorate for Inspection Affairs (2017), which was signed on our initiative to try to ensure closer cooperation between social partners and inspection bodies to identify, suppress, sanction and prevent irregularities in the labour market.

- Montenegro TU2:
  - Intensification of cooperation of social partners and full implementation of the Action Plan for Suppression of the Informal Economy. There is a need for better exchange of experience and information and the definition of an adequate strategy with clear tasks to be implemented by the social partners.
- North Macedonia TU:
  - There is very little campaigning, especially in this period with the pandemic crisis.
- Serbia EF:
  - Participation varies, as they are different bodies. In order to achieve progress, it is necessary to be involved, where it does not exist, i.e. regular involvement and participation in all relevant actions and bodies.
- Serbia TU1:
  - The competent government institutions should initiate the establishment of working bodies that will include trade union representatives.
- Serbia TU2:
  - Changing attitudes towards unions.

### 3.2 Making cooperation with government authorities a strategic objective

Any representatives of management and labour (employers' organisations and trade unions) need to establish partnerships with government departments. This can be a clearly defined strategic objective of a social partner organisation. Table 7 reports a self-assessment of whether building partnerships is a strategic objective of the social partners in the Western Balkans.

This is not a strategic objective of trade unions in Albania, Bosnia and Herzegovina and Serbia. Until this is a strategic objective, then it is unlikely that significant progress can be made since resource will not be dedicated to achieving it. In Bosnia and Herzegovina, employer federations are discussing making this a strategic objective whilst in Kosovo\*, either discussion is taking place about this or initiatives are being pursued to establish this strategic objective. This is similarly the case in Montenegro and North Macedonia, and in Serbia among one trade union and an employer federation.

**Table 7.** Building partnerships with government authorities is a strategic objective of my organisation

	Albania	Bosnia and Herzegovina	Kosovo*	Montenegro	North Macedonia	Serbia
No progress	TU1 TU2	TU1 TU2				TU2
Discussion is taking place		EF1 EF2	EF	TU2	EF	
Decision taken to implement				EF	TU1	

Initiative being pursued			TU	TU1		EF TU1
Fully adopted					TU2	

Note: EF = Employer Federation; TU = Trade Union

Box 5 reports the next steps social partners believe is necessary to establish this as an objective.

### **Box 5. Self-assessed next steps: making cooperation with government authorities a strategic objective**

- Albania TU2:
  - Development of a productive and all-inclusive social dialogue.
  - Improve and consolidate collective bargaining/contracting.
  - Improve and upgrade information and communication technologies in line with contemporary standards.
  - Increase the capacities of trade unions at the local level and territories.
- Bosnia and Herzegovina EF1:
  - Body has been formed at the RS Economic and Social Council.
  - There is no strategic approach and no significant political commitment.
  - Define a commitment platform for implementation.
  - Necessary to establish a coalition to fight against undeclared work.
  - Sign an agreement between the coalition of social partners and the civil sector.
  - Create a strategic advocacy plan to combat informal work.
  - On the basis of the strategic plan and the need for correction of regulations, create a strategy of communication with the public and an operational implementation plan, etc
- Bosnia and Herzegovina EF2:
  - Strengthening social dialogue and respecting the initiatives and comments of my organisation.
- Bosnia and Herzegovina TU1:
  - Push for participation in all bodies through strengthening tripartite social dialogue.
- Bosnia and Herzegovina TU2:
  - Launch an initiative to combat undeclared work.
- Kosovo\* TU:
  - Signing of the Collective Agreement at the National Level.
- Montenegro TU1:
  - We initiated the signing of the Protocol on Cooperation with the Directorate for Inspection Affairs, and invited another representative trade union at the national level and a representative employers' association to sign the Protocol signed in 2017. The aim of the protocol is to establish and develop closer cooperation in order to protect the rights of participants in the labor market. It is necessary to additionally use this mechanism by all participants, not only its initiators, in order to fully meet the desired results.
  - Enable the participation of trade union representatives in inspections aimed at, in particular, the identification of undeclared work.
  - Bodies formed at the level of the government with the aim of combating the informal

economy must be permanent, not ad hoc bodies, with well-defined competencies and mandatory, regular, not sporadic meetings.

- Montenegro TU2:
  - Development of an Action Plan for the suppression of the grey economy.
- North Macedonia TU1:
  - The goal is certainly to build partnerships between other partners and with the government.
- North Macedonia TU2:
  - Cooperation with the government is one of the goals of the trade union which with all its capacity wants to contribute to dealing with such situations and we are ready to take a serious approach to solving problems.
  - In 2016, a memorandum of cooperation was signed with the Ministry of Labour and Social Policy, Labour Inspectorate, trade unions and employers' organisations with the aim of facilitating the discussion regarding the analysis, design, creation, implementation and monitoring of policies and measures to deal with undeclared work and grey economy in North Macedonia.
  - But in recent years we have witnessed that no progress has been made in terms of participation of the social partners in the implementation of government's strategy in tackling or reducing undeclared work. A national union such as KSS is not involved in any consultations that the government should have as the bearer of a strategy to combat the grey economy, nor in any joint activities other than those conducted by KSS independently.
- Serbia EF:
  - Adopt a common and comprehensive strategy for the annulment of undeclared work.
- Serbia TU2:
  - Influence and pressure on the executive power to genuinely accept unions as social partners.

### **3.3 Establishing cooperation with government authorities**

Once building partnerships with government authorities has been established as a strategic objective of the social partners in the Western Balkans, the first step required is to establish these partnerships with government authorities. This requires social partners to:

- (i) identify the government departments with whom it wishes to cooperate;
- (ii) identify for each government department their role and relevance for the various services of the social partner organisation (e.g., referrals, exchange of information, detection, prevention, joint inspections), and
- (iii) the level (economy, regional, local) at which these relationships of cooperation are sought.

Table 8 reports whether social partners have identified the government authorities with whom relationships are sought in relation to tackling undeclared work and the relationships sought have been identified. In RS, no progress has been made in this regard. In Albania, Bosnia and Herzegovina, Kosovo\*, Montenegro and North Macedonia, however, most social partners are making some progress towards identifying the government authorities with whom they wish to develop partnerships and the relationships sought.

**Table 8.** The government authorities have been identified and the relationships sought have been specified by my organisation

	Albania	Bosnia and Herzegovina	Kosovo*	Montenegro	North Macedonia	Serbia
No progress		EF1			TU2	EF TU1 TU2
Discussion is taking place	TU1 TU2	EF2 TU1	EF	TU2	EF	
Decision taken to implement				EF	TU1	
Initiative being pursued	TU2		TU	TU1		
Fully adopted						

Note: EF = Employer Federation; TU = Trade Union

Box 6 reports the next steps social partners believe is necessary to establish cooperation with government authorities.

**Box 6. Self-assessed next steps: establishing cooperation with government authorities**

- Albania TU2:
  - Engage trade unions in addressing the challenges of employment, with the aim of meeting the objectives of ILO and standards of EU.
  - Fulfil the aspirations and rights of employees for equal opportunities, for decent work, under free, equal, safe conditions that meet human dignity.
- Bosnia and Herzegovina TU1:
  - Strengthen capacities and promote the importance of the role of social partners in achieving the goal.
- Kosovo\* TU:
  - Signing of the Collective Agreement at the National Level.
- Montenegro TU1:
  - Defining a permanent body to combat the informal economy that will deal with all issues relevant to the formalisation of the informal economy, including campaigns, joint inspections, cooperation at the daily level, incentives for employees and employers for transition from the informal to the formal economy, review penal policy.
  - Building an efficient, independent, professional inspection with adequate personnel and other potential.
  - Establishment of special departments within the regular judicial instances that would deal exclusively with employment cases in order to make court proceedings more efficient.
- Montenegro TU2:
  - Update the activities of the Commission for the Suppression of the Grey Economy.
- North Macedonia TU1
  - Greater engagement of all relevant factors is needed, especially a bigger initiative

from the Government of Republic of North Macedonia.

- Serbia EF:
  - Insisting on adopting an effective strategy for the whole economy.
- Serbia TU1:
  - Cooperation should be established - but the entire year 2020 passed without dialogue at the level of working groups and bodies.
- Serbia TU2:
  - Influence and pressure on the executive power to genuinely accept unions as social partners.

### 3.4 Building cooperation with government authorities

Having identified the relevant government authorities and the relationships sought, the second step is to build these partnerships. This requires:

- (i) staff to be allocated with the objective of partnership building;
- (ii) the specific activities and contributions expected from these employees who have the objective of partnership building to be specified; and
- (iii) the challenges to partnership building at various levels addressed and solutions sought.

Table 9 reports a self-assessment of whether staff in Western Balkan social partner organisations have been allocated to the task of partnership building, whether the problems in partnership building are being addressed and solutions pursued. This reveals that most social partner organisations in Albania, Montenegro and Serbia have allocated staff to the task of partnership building in their organisation, the problems in partnership building are being addressed and solutions pursued, whilst in Bosnia and Herzegovina, Kosovo\* and North Macedonia, this is not the case.

**Table 9.** Staff have been allocated to the task of partnership building in my organisation, the problems in partnership building are being addressed and solutions pursued

	Albania	Bosnia and Herzegovina	Kosovo*	Montenegro	North Macedonia	Serbia
No progress		EF2			TU2	TU1
Discussion is taking place		EF1 TU1	EF	TU2	TU1 EF	
Decision taken to implement	TU2		TU	EF		TU2
Initiatives being pursued	TU1	TU2		TU1		EF
Fully adopted						

Note: EF = Employer Federation; TU = Trade Union

Box 7 reports the next steps social partners believe is necessary to build partnerships with government authorities.

#### Box 7. Self-assessed next steps: building partnerships with government authorities

- Albania TU2:
  - Legitimization of trade unions and increasing their public authority.
  - Increasing internal democracy and internal decentralization in the trade unions.

- Increasing funds of the trade union by making the trade union 100% based on membership fees.
- Increase awareness to become member of the trade union and improve the organizational management of the trade union.
- Bosnia and Herzegovina EF1:
  - Defining platform.
  - Creation of agreements.
  - Building a coalition.
  - Promotion.
  - Changing the awareness and behaviour.
- Bosnia and Herzegovina TU1:
  - The capacities of my organisation make every effort to implement the decisions made (decisions made unanimously by the bodies of my organisation) with the support of the other two social partners.
- Bosnia and Herzegovina TU2:
  - Collection of appropriate data and submission to the competent inspections.
- Montenegro TU1:
  - The employees of our organization in their work are daily focused on solving the problems faced by employees in the labor market in Montenegro.
  - Every day, the employees of our organisation are focused in their work on solving the problems faced by the employees in the labour market in Montenegro. In this regard, they are trying to find solutions primarily through dialogue with employees and institutions of the system. However, what they especially insist on, in continuity, is the appeal to improve the work of inspection bodies, primarily labour inspection and tax inspection, as key mechanisms in the fight against the informal economy, but also against all other anomalies in the labour market.
- North Macedonia TU1:
  - Greater involvement and education is needed to build partnerships.
- Serbia EF:
  - Intensifying the existing steps and involving even greater number of subjects.
- Serbia TU1:
  - The union has a professional service and employees who deal with issues of the informal economy. Due to Covid 19, there are no meetings, partnerships and seeking solutions in 2020. With the exception of Covid 19, there have been no joint actions in the past few years either.

### **3.5 Managing partnerships with government authorities**

The third step is to manage these partnerships by:

- (i) becoming involved with them at all relevant levels;
- (ii) developing transparent agreements with clearly defined responsibilities;
- (iii) systematically monitoring and evaluating the outcomes of the partnership arrangements, and
- (iv) sharing the monitoring/evaluation results with the government authorities.

Table 10 reports a self-assessment of whether there are transparent agreements, the outcomes of partnerships are evaluated, and the results shared. This reveals that most social partner organisations in all Western Balkan economies do not have transparent agreements that are evaluated, and the results shared. There is therefore considerable progress that can be made on this issue by developing bilateral and multilateral agreements in relation to tackling undeclared work. These could be, for example, on education and awareness raising, sector-specific initiatives or even workplace inspections.

**Table 10.** There are transparent agreements, the outcomes of partnerships are evaluated, and the results shared

	Albania	Bosnia and Herzegovina	Kosovo*	Montenegro	North Macedonia	Serbia
No progress	TU1 TU2			EF TU2	TU2 EF	TU1 TU2
Discussion is taking place		EF2 TU1 TU2	EF			EF
Decision taken to implement						EF
Initiative being pursued		EF1		TU1	TU1	
Fully adopted			TU			

Note: EF = Employer Federation; TU = Trade Union

Box 8 reports the next steps social partners believe is necessary to manage partnerships with government authorities.

**Box 8. Self-assessed next steps: managing partnerships with government authorities**

- Albania TU2:
  - Increase cooperation and social partnership, cooperation with civil society, open trade unions and make them stronger, more legitimate, more independent and more representative.
- Bosnia and Herzegovina TU1:
  - Only one agreement has been reached and it is being implemented slowly, without the energy of the other two social partners, mostly declaratively.
- Montenegro TU1:
  - Designed partnership evaluation procedure and obligation to monitor performance or results.
- North Macedonia TU1:
  - More transparency is needed with partners to get results.
- North Macedonia EF:
  - A cooperation agreement has been signed with the employers, unions, inspection, the Ministry of Labour and Social Affairs, but there is no cooperation. The institutions

either do not have enough information or do not share it. Joint documents we are working on are the strategies for reduction of the grey economy as well as the action plans, but the implementation of a major part of the activities of the social partners depends on finances, i.e. on the projects gained.

- Serbia EF:
  - There are differences, from sector to sector, and it is necessary to make agreements for all sectors and carry out their implementation.
- Serbia TU1:
  - None of the above - there are no agreements, results and evaluations of results - on cooperation between unions and relevant institutions.

#### 4 Social partner policy initiatives to tackle undeclared work

Besides improving cooperation with government authorities, social partner organisations can adopt a diverse range of initiatives to tackle the undeclared economy. Table 11 reports the policy initiatives that social partners in the Western Balkans report that they are using to tackle undeclared work.

**Table 11.** Policy initiatives used by social partners to tackle undeclared work

Policy measures	Albania	Bosnia and Herzegovina	Kosovo*	Montenegro	North Macedonia	Serbia
Raising awareness and changing behaviours by providing information, running campaigns, awards, dedicated websites, etc. (either at an economy, sector or company level)	TU1 TU2	EF2 TU1 TU2	TU	TU1 TU2 EF	TU1 TU2 EF	EF TU1 TU2
Referring cases of undeclared work to enforcement and judicial authorities	TU1 TU2	TU1 TU2	TU	TU1 TU2		TU1 TU2
Negotiating collective agreements which contain instruments to tackle undeclared work, including in supply or subcontracting chains	TU2	EF2 TU2	EF TU	TU1 EF	TU1 TU2	EF TU1 TU2
Supporting workers by protecting them when in undeclared work situations, and aiding transition into a declared work situation	TU2	TU1 TU2		TU1 TU2	TU1 TU2	TU1 TU2
Supporting employers by protecting them from unfair informal or unregistered competitors	TU1	EF1 EF2 TU1	EF	TU1 EF	TU1	EF TU1

Raising awareness of situations of undeclared work and making calls for action	TU1 TU2	EF1 EF2 TU1 TU2	TU	TU1 TU2 EF	TU1 TU 2 EF	EF TU1 TU2
Cooperating across borders in the fight against informal work	TU1	EF1 TU2	TU	EF	TU1 TU2	TU1 TU2
Performing research to identify the key reasons, manifestations, specifics and impact of undeclared work	TU1 TU2	EF1 EF2 TU1 TU2	TU	TU1 EF		EF TU1 TU2
Providing policy and legal advice on procedural and legal changes needed	TU1 TU2	EF1 EF2 TU1 TU2	TU	TU1 EF	TU2 EF	EF TU1 TU2
Providing policy advice on where enforcement authorities should focus their efforts (e.g., particular sectors, occupations, types of informal work)	TU1	EF1 EF2 TU1 TU2	EF TU	TU1	TU1 EF	EF TU1 TU2
Taking part in consultations and working groups		EF1 EF2 TU1 TU2	TU	TU1 TU2 EF	TU1 TU2 EF	EF TU1 TU2
Providing technical support to enforcement authorities in developing information tools, data mining and risk assessment, building websites and social media platforms.	TU2	EF1 TU2	EF	TU1		TU1 TU2
Establishing relevant contacts through your networks of members	TU1 TU2	EF1 EF2 TU1 TU2	EF TU	TU1 EF	TU1 TU2	EF TU1 TU2
Serving as access points to corporate databases	TU1	EF1	EF		TU1	TU2
Conducting workplace inspections		TU1 TU2	TU	TU1		TU1 TU2

Note: EF = Employer Federation; TU = Trade Union

Social partners currently adopt a range of initiatives to tackle the undeclared economy:

- 94% are raising awareness of situations of undeclared work and making calls for action [100% of trade unions and 83% of employer federations]
- 88% are raising awareness and changing behaviours by providing information, running campaigns, awards, dedicated websites, etc (either at an economy, sector or company level) [100% of trade unions and 67% of employer federations].

- 88% are establishing relevant contacts through their networks of members [91% of trade unions and 83% of employer federations].
- 82% are providing policy and legal advice on procedural and legal changes needed [82% of trade unions and 83% of employer federations].
- 82% are taking part in consultations and working groups [82% of trade unions and 83% of employer federations].
- 76% are providing policy advice on where enforcement authorities should focus their efforts (e.g., particular sectors, occupations, types of informal work) [73% of trade unions and 83% of employer federations].
- 71% are performing research to identify the key reasons, manifestations, specifics and impact of undeclared work [73% of trade unions and 67% of employer federations].
- 71% are negotiating collective agreements which contain instruments to tackle undeclared work, including in supply or subcontracting chains [73% of trade unions and 67% of employer federations].
- 59% are supporting employers by protecting them from unfair informal or unregistered competitors [45% of trade unions and 83% of employer federations].
- 53 % are referring cases of undeclared work to enforcement and judicial authorities [82% of trade unions and 0% of employer federations].
- 53% are supporting workers by protecting them when in undeclared work situations, and aiding transition into a declared work situation [82% of trade unions and 0% of employer federations].
- 53% are cooperating across borders in the fight against informal work [64% of trade unions and 33% of employer federations].
- 41% are providing technical support to enforcement authorities in developing information tools, data mining and risk assessment, building websites and social media platforms [45% of trade unions and 33% of employer federations].
- 35% are conducting workplace inspections [55% of trade unions and no employer federations].
- 29% are serving as access points to corporate databases [27% of trade unions and 33% of employer federations]

Given this range of policy initiatives being pursued, do social partners perceive themselves to be adopting a limited or wider range of policy initiatives to tackle undeclared work? Table 12 reveals that most social partners believe they are adopting a limited range of policy measures. Few believe that they are using a wider range of policy measures. Examining the self-assessment by social partners regarding range of tools and measures they use, 59% believe that they use a limited or very limited range of tools. Therefore, it is important in future to provide social partners in the Western Balkans with access to a range of policy measures that they might consider for adoption.

**Table 12. Self-assessment by social partners regarding range of tools and measures they use**

	Albania	Bosnia and	Kosovo*	Montenegro	North	Serbia
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		Herzegovina			Macedonia	
Very limited range					TU1	TU1
Limited range	TU2	EF1	EF TU	TU1 EF		EF TU2
Neither limited nor wide range	TU1	EF2		TU2	TU2	
Wide range		TU1 TU2			EF	
Very wide range						

Note: EF = Employer Federation; TU = Trade Union

Indeed, providing social partners in the Western Balkans with a range of good practice policy measures they might adopt is further reinforced when analysing whether they believe that the range of measures they use needs to be improved. As Table 13 reveals, no social partners believe that they do not need to improve the range of policy measures they use. Nearly all believe that the range of tools and measures used by their organisation could be improved.

**Table 13. “Do you believe that the range of tools and measures used by your organisation could be improved?”**

	Albania	Bosnia and Herzegovina	Kosovo*	Montenegro	North Macedonia	Serbia
Not at all						
Not really						
Undecided				EF		
Somewhat	TU1 TU2	EF2 TU2	EF TU	TU2	TU1 TU2	EF TU1
Very much		EF1 TU1		TU1	EF	TU2

Note: EF = Employer Federation; TU = Trade Union

Box 9 reports the next steps social partners believe is necessary to improve the range of policy measures that they use.

#### **Box 9. Self-assessed next steps: improving the range of policy measures used**

- Albania TU2:
  - By organising strong and consolidated trade unions, legitimate and having public authority, both economically and politically independent.
  - By cooperating with other trade unions at the level of union or confederation.
  - By being active in the development of social dialogue and enriching it with civil dialogue.
  - By converting tripartite dialogue into tripartite plus, as the most efficient and contemporary form of an open social dialogue with trade unions and civil society groups, which are active in the world of work and the labour market.
- Bosnia and Herzegovina EF1
  - Revision of the Strategy of RS Union of Association of Employers.
  - Development of strategic documents, operational planning and advocacy actions.
  - Providing financial support for the implementation of advocacy activities, building platforms and coalitions, changing regulations and citizens' awareness.
  - Flexibility of employment through the introduction of other forms of work and

digitalisation of the tax system (e.g. experience of Croatia, you can buy a sticker with a certain number of days of paid taxes and contributions, Serbia - purchase of contributions via mobile phone, etc.).

- Bosnia and Herzegovina TU1
  - Better relations with employers, their acceptance of trade unions as an equal partner.
  - Adoption and signing of collective agreements in sectors.
  - Improve and strengthen the work of the Economic and Social Council.
  - Strengthen and improve the work of the permanent working bodies of the Economic and Social Council.
- Montenegro TU1:
  - Improving the work and capacities of inspection bodies and indiscriminate application of the law by inspection and other bodies.
  - Improving statistics at the national level.
- North Macedonia TU1:
  - It can be improved, of course, but very little attention is paid.
- North Macedonia TU2:
  - If there is sincere cooperation between the social partners, and there could be of course- But for now, due to the lack of interest of all parties in social dialogue on topics that do not include undeclared work, we can not make any progress.
- Serbia EF:
  - Improvement can be achieved in cooperation with the social partners through synchronised action.
- Serbia TU1:
  - Through project activities.

## 5 Conclusions and Next Steps

This study has reported the current involvement of Western Balkan social partners in tackling undeclared work and how this might be improved. To achieve this, a survey has been undertaken of social partners in the six Western Balkan economies to evaluate: (i) their objectives; (ii) the current level of social partner cooperation with government authorities and (iii) the current range of initiatives pursued by social partners to tackle the undeclared economy.

The objective of transforming undeclared work into declared work is coming to the fore among social partners in the Western Balkans. The 2020 Western Balkans social partner survey reveals that **a quarter (23%) of social partners had fully adopted the objective of transforming undeclared work into declared work**, 12% were pursuing initiatives, a further 18% had taken the decision to implement this objective and 41% were discussing its adoption as an objective.

Examining their level of involvement in the body/bodies tackling undeclared work, no social partners say there is full tripartite agreement and consultation on sector specific inspection targets, information exchange and awareness raising, and only one (in MK) that there is tripartite consultation on either sector specific inspection targets, information exchange or awareness raising. A few say there is regular engagement in joint actions (e.g., information

and awareness raising). **Most social partners state that there is only irregular ad hoc involvement with the authorities.** A few social partners assert that there is no consultation.

To improve cooperation with government authorities, social partners need to: (i) adopt “building partnerships with the authorities” as a strategic objective of their organization; (ii) identify the cooperation desired; (iii) build partnerships, and (iv) manage the resultant partnerships.

Building cooperation with government authorities is not a strategic objective of trade unions in Albania, Bosnia and Herzegovina and Serbia. In Bosnia and Herzegovina, employer federations are discussing making this a strategic objective whilst in Kosovo\*, either discussion is taking place or initiatives being pursued to establish this strategic objective. This is similarly the case in Montenegro and North Macedonia, and in Serbia among one trade union and an employer federation. Establishing partnership building as a strategic objective in social partner organisations is therefore required.

Once adopted as a strategic objective, then social partners need to **identify, build and manage** cooperation with the authorities. Starting with identifying the government authorities with whom relationships are sought in relation to tackling undeclared work, in RS, no progress has been made. **In Albania, Bosnia and Herzegovina, Kosovo\*, Montenegro and North Macedonia, most social partners are making progress towards identifying the government authorities with whom to establish partnerships.**

On the task of building partnerships, **most social partners in Albania, Montenegro and Serbia have allocated staff to the task of building partnerships**, the problems in partnership building are being addressed and solutions pursued, whilst **in Bosnia, Kosovo\* and North Macedonia, this is not the case.**

However, **most social partners do not have transparent agreements with government authorities that are evaluated and the results shared.** Therefore, developing bilateral and multilateral agreements in relation to tackling undeclared work is required. Therefore, it is important for social partners in the Western Balkans to be provided with best practice examples of a range of policy measures that they might consider for adoption.

Turning to the range of policy measures used by social partners to tackle undeclared work, 59% of social partners believe that they use a limited or very limited range of tools. Indeed, no social partners believe they do not need to improve the range of policy measures used.

In sum, this study reveals that Western Balkan social partners perceive themselves to have a relatively low level of involvement with government in tackling undeclared work and they want to pursue a wider range of policy initiatives than they do at present.

## **Recommendations**

To improve the involvement of social partners in tackling undeclared work, the Western Balkan Network Tackling Undeclared Work should take the following steps:

- A seminar should be held on social partner involvement in tackling undeclared work. This seminar can focus upon: (i) improving cooperation between social partners and enforcement authorities; and (ii) the range of policy initiatives that social partners can undertake. It would provide Network members and social partners with an opportunity to exchange good practices, identify aspects that could be transferred to different settings and explore how difficult challenges can be overcome.

- Arising from the seminar, a Toolkit can be produced of how cooperation can be developed with government authorities and examples of good practice policy initiatives across the full range of policy measures that social partners can use.
- National seminars could be organised to bring together the tax administration, labour inspectorate and social partners in each economy to explore the feasibility and opportunities for greater cooperation in tackling undeclared work. The outcome would be an agreed action plan for improving cooperation in tackling undeclared work.

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## **List of Abbreviations**

**EF** – Employer Federation

**EU** – European Union

**ILO** – International Labour Organisation

**KPIs** – Key Performance Indicators

**TU** – Trade Union

**XK** – Kosovo\*