



## **INSTRUMENT FOR PRE-ACCESSION ASSISTANCE (IPA II) 2014-2020**

### **MULTI-COUNTRY**

### **EU support to the Employment and Social Affairs Platform 2 (ESAP 2)**

#### **Action summary**

The overall objective of the Employment and Social Affairs Platform (ESAP) is to continue assisting the Western Balkans in labour market, employment and social policy reforms, building on and carrying forward the results of the ESAP first phase (ESAP 1, 2016-2019) and responding to key regional challenges.

To this end, the action entails the establishment of a Western Balkans Network on Undeclared Work for implementing innovative measures tackling undeclared work, a peer-review process aimed at improving labour inspections, enhancing the Economic and Social Councils' capacities for tripartite and bipartite social dialogue, cooperation of Western Balkans Ministries of Labour and Social Affairs and Public Employment Services in developing, monitoring and evaluating labour market policies and measures, and support to Western Balkans policy makers for increased dialogue with the EU institutions.

The action is beneficial in supporting the European perspective of the Western Balkans, and in strengthening the social dimension as set out in the Western Balkans Strategy of February 2018. Action implementation will be ensured by the Regional Cooperation Council and the International Labour Organisation.

<b>Action Identification</b>			
<b>Action Programme Title</b>	IPA II Multi-country Action Programme 2019		
<b>Action Title</b>	EU support to the Employment and Social Affairs Platform 2 (ESAP 2)		
<b>Action ID</b>	IPA 2019/ NEAR>EMPL.06/MC/ESAP_2		
<b>Sector Information</b>			
<b>IPA II Sector</b>	9. Regional and territorial cooperation		
<b>DAC Sector</b>	16020 Employment policy and administrative arrangements		
<b>Budget</b>			
<b>Total cost</b>	EUR 5 051 000		
<b>EU contribution</b>	EUR 5 000 000		
<b>Budget line(s)</b>	22.020401- Multi-country programmes, regional integration and territorial cooperation		
<b>Management and Implementation</b>			
<b>Management mode</b>	Direct and indirect management		
<i>Direct management:</i> <b>European Commission</b>	Directorate-General for Employment, Social Affairs and Inclusion (co-delegated by Directorate-General for Neighbourhood and Enlargement Negotiations)		
<i>Indirect management:</i> <b>Entrusted entity</b>			
<b>Implementation responsibilities</b>	Directorate-General for Employment, Social Affairs and Inclusion (co-delegated by Directorate-General for Neighbourhood and Enlargement Negotiations)		
<b>Location</b>			
<b>Zone benefiting from the action</b>	Western Balkans (Albania, Bosnia and Herzegovina, Kosovo*, Montenegro, North Macedonia, Serbia)		
<b>Specific implementation area(s)</b>	N/A		
<b>Timeline</b>			
<b>Final date for contracting including the conclusion of delegation agreements</b>	At the latest by 31 December 2020		
<b>Indicative operational implementation periodFinal</b>	72 months from the adoption of the Financing Decision		
<b>Policy objectives / Markers (DAC form)</b>			
<b>General policy objective</b>	<b>Not</b>	<b>Significant</b>	<b>Main</b>

\* 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.

	<b>targeted</b>	<b>objective</b>	<b>objective</b>
Participation development/good governance	<input type="checkbox"/>	X	<input type="checkbox"/>
Aid to environment	X	<input type="checkbox"/>	<input type="checkbox"/>
Gender equality (including Women In Development)	<input type="checkbox"/>	X	<input type="checkbox"/>
Trade Development	X	<input type="checkbox"/>	<input type="checkbox"/>
Reproductive, Maternal, New born and child health	X	<input type="checkbox"/>	<input type="checkbox"/>
<b>RIO Convention markers</b>	<b>Not targeted</b>	<b>Significant objective</b>	<b>Main objective</b>
Biological diversity	X	<input type="checkbox"/>	<input type="checkbox"/>
Combat desertification	X	<input type="checkbox"/>	<input type="checkbox"/>
Climate change mitigation	X	<input type="checkbox"/>	<input type="checkbox"/>
Climate change adaptation	X	<input type="checkbox"/>	<input type="checkbox"/>

## 1. RATIONALE

### PROBLEM AND STAKEHOLDER ANALYSIS

In the Western Balkans, structural labour market and employment challenges persist despite some positive developments in recent years. Headline indicators point to low levels of employment accompanied by high unemployment and inactivity, significant gender employment gaps and over proportionate youth unemployment across the region, albeit to a different extent varying between the relevant IPA II beneficiaries. A lot more needs to be done to ensure that active labour market policies reach larger numbers of jobseekers and the inactive with efficient measures fostering labour market integration. The design and delivery of these policies requires better capacities at government level and the modernisation of public employment services, which has started in some IPA II beneficiaries.

#### *Gender Dimension*

*The situation of women in the Western Balkan labour markets poses major challenges. While unemployment rates are comparable (17.4% for males and 17.5% for females), the activity and employment rates point to major differences. Female activity rate in 2017 stood at just above half of the working age population at 51%, while male activity rate was a substantial 72%. Employment rate for males was 60%, while for females a meagre 42%. These averages hide substantial differences among Western Balkan economies. For example, female employment rate in Kosovo was 12.7% and in Bosnia and Herzegovina 32.5%. These gaps have remained broadly the same since 2012.*

*According to RCC's Balkan Barometer, when asked about their interests and attitudes, women are significantly more concerned about unemployment and economic situation, whereas men are significantly more concerned about crime and corruption. The Western Balkan citizens identify the following as the most pressing issues among different manifestations of gender inequality: violence against women (61%), facing prejudice because of preconceived ideas about the image and role of women and men (30%), women being paid less than men for the same work (25%) and women receiving lower pensions than men (25%).*

*Recent analytical research has also pointed to key obstacles to gender equality. A 2018 publication by the Friedrich Ebert Foundation emphasizes some of the main challenges to gender equality in the region such as feminised poverty, insecurity in the labour market, a growing share of unpaid care work, wide gender pay and pension gaps, uneven progress on tackling harassment and violence, ensuring access to health, sexual and reproductive rights, and paid maternal and family leave. A 2018 policy brief by the Civil Society Forum, mentions the lack of gender mainstreaming among the most pressing challenges that women in the region face.*

*While legislation in the Western Balkans is broadly compliant with international and EU standards on gender equality, additional efforts should be dedicated to properly implement existing laws, prioritise further women's rights as a way to achieve more democratic societies, and promote growth and social inclusion. Economies must increase government support, allocate adequate funding, implement measures to raise awareness on gender equality and establish a more extensive dialogue with local women's civil society organizations. Since EU integration remains an important driver of reform, gender should be mainstreamed in the enlargement policy and IPA programmes and gender equality should be an important reference in the progress reports and the political dialogues with the governments.*

*From the ESAP 2 perspective, women will be an important target group of all project activities and wherever available, all project monitoring and statistical data will be gender disaggregated, therefore ensuring that the project contributes to the further development of appropriate, evidence-based responses and policies on women employment.*

At the same time, IPA II beneficiaries have considerable deficits in ensuring decent work conditions at a level-playing field with EU standards. Informal employment stands at persistently high levels, leaving a considerable share of the workforce outside the coverage of labour rights and social protection. Social dialogue, which is a cornerstone of the European social model, is in a dire state in most of the Western Balkans. Tripartite dialogue between governments, employers and workers for consultations on policies affecting employment and the labour market is weak and often sidelined by governments giving other actors

a more influential role in shaping policies. Bipartite social dialogue between representative organisations of workers and employers at all levels (company, local, regional, sectoral, central, and European) is crucial for sustainable development, growth and employment creation, business performance and for creating a level-playing field for international competitiveness, job quality and good employment practices. In all Western Balkans it is underdeveloped, in particular in the emerging private sector. Another important labour market institution for ensuring decent work conditions are labour inspectorates, which need to be modernised in order to keep up with changing needs in the economies of the Western Balkans.

In the framework of the economic governance process put in place with IPA beneficiaries, including since 2016 a pillar on labour market and employment and social policies, the Western Balkans have all started to design reforms for improving the employment situation in the region. Both the design of the reforms and the often slow pace of implementation indicate that governments and related institutions need a continued support in capacity-building. At the same time, the often similar challenges and past history of institutions provide ample room for providing support in a regional approach for fostering both IPA II beneficiaries' ownership of the reform process and the convergence among the Western Balkans based on and towards EU standards and policies. The most recent annual reports from the European Commission on the preparedness of the relevant IPA II beneficiaries in meeting the accession criteria indicate that in the area of social policies and employment ("Chapter 19), Western Balkans are at best moderately prepared. Key issues, such as informal employment and lack of social dialogue, are pointed out in the recommendations to the IPA II beneficiaries. The action will thus help the governments and stakeholders in the IPA II beneficiaries to develop more decisive action for closing these gaps. At the same time, it will also build capacities in the government for participation in the EU economic governance (European Semester) and in the open method of coordination in employment and social policies upon accession.

The social partners, whose participation in the process of employment and social reform is essential, are key stakeholders of the action and will be included as appropriate in all activities where relevant. ESAP 2 will give them the opportunity to strengthen their capacities both at Beneficiary level and through cooperation in the region, ultimately preparing social partners for their future participation in EU social dialogue after accession.

## **OUTLINE OF IPA II ASSISTANCE**

Building on the Western Balkan regional networks of Ministries of Labour and Social Affairs, Public Employment Services, Labour Inspectorates and Economic and Social Councils established under ESAP 1, the ESAP 2 will **establish a cross-institutional Western Balkans Network for Tackling Undeclared Work, continue to support the established Western Balkans networks of Labour Inspectorates, Economic and Social Councils, Ministries of Labour and Social Affairs and Public Employment Services.**

Each of the regional networks provides opportunities for regional cooperation, peer-learning and joint regional actions between the key beneficiaries aimed at improved employment and labour market policy outcomes, modernisation of labour market governing institutions, capacity building of the authorities of the IPA II beneficiaries and increased evidence base on employment and labour market trends in the Western Balkans.

Building on and carrying further the achievements of the ESAP 1 project, ESAP 2 will consist of five thematic components implemented through the five regional networks outlined above: (1) Informal Employment and Undeclared Work, (2) Labour Inspection, (3) Social Dialogue, (4) Employment Policies and Measures and (5) Western Balkans engagement on EU employment and social policies. The first component will be jointly implemented by the Regional Cooperation Council (RCC) and the International Labour Organisation (ILO), components 2 and 3 by ILO and 4 and 5 by RCC.

Under component (1) **Informal Employment and Undeclared Work** a regional, cross-institutional Western Balkans Network for Tackling Undeclared Work which will bring together the Ministries of Labour, Economy and Finance, as well as tax authorities, Labour inspectorates, Public Employment Services (PES), Economic and Social Affairs Councils will be established. Drawing on the EU experience of the European Platform on Tackling Undeclared Work and the proposal for the establishment of the European Labour Authority (ELA), the Western Balkans Network for Tackling Undeclared Work will aim to support the transformation from undeclared into declared work by building the capacity of relevant institutions to

introduce a holistic integrated strategic approach to undeclared work. Mirroring the activities of the European Platform on Tackling Undeclared Work, the Western Balkans Network for Tackling Undeclared Work will support the implementation of regional mutual assistance projects between several members of the platform, peer-visits, staff exchanges, comparative Western Balkans thematic reviews, trainings, workshops and seminar.

Building on the approach in ESAP 1, namely using a specific sector and issue as entry point to stimulate regional practices of labour inspection, ESAP II will use as entry point informal employment and undeclared work aiming at expanding the regional cooperation through a programme of peer review and exchange of labour inspectors mirroring the EU's Senior Labour Inspectors' Committee (SLIC). The peer-review of the participating Labour Inspectorates (LI) will be undertaken to increase the regional knowledge and the understanding of the different labour inspection systems and practices for preventing and combating undeclared work in the Western Balkans. Envisaged outcomes are increased capacities and outreach of Labour Inspectorates to prevent and combat undeclared work in cooperation with other relevant institutions.

To foster increased effectiveness of tripartite and bipartite social dialogue for improving social equity and citizens' working and living standards, ESAP 2 will include three strands of action: establish performance monitoring tools for Economic and Social Councils for improving their effective impact on policy-making; develop regional guidelines for the promotion of collective bargaining in selected economic sectors; develop regional policy and performance tools in the area of labour dispute resolution and industrial relations.

In order to strengthen institutional capacities of the Western Balkans Ministries of Labour and Social Affairs and Public Employment Services in developing, monitoring and evaluating labour market policies and measures, ESAP 2 will continue to support thematic regional peer-reviews which will focus on policies and measures aimed at (1) supporting the transition from economic inactivity to employment and (2) employment of youth, long term unemployed and vulnerable groups as areas of shared concern identified in the process of consultation with the governments conducted by the RCC, the Economic Reform Programmes and the targeted policy guidance provided to the Western Balkans.

Furthermore, in order to enhance evidence based policy making, ESAP II will support regional collection of existing and new data on public expenditure on labour market policy measures, beneficiaries and results in a harmonized, comparable manner based on EU methodologies. Therefore, ESAP II will continue to provide up-to-date regional comparable data sets on labour market trends in the region through the maintainance of the ESAP databasis and the production of annual regional analytical reports covering the Western Balkans.

In order to promote increased engagement of the Western Balkans with the EU and the Member States in the area of employment and social policies, ESAP II will put additional accent on the implementation of the reinforced social agenda for Western Balkans, supporting increased and active participation of the Western Balkans in relevant EU networks, technical and working groups, contribute to preparing the Western Balkans participation in the annual EU-WB Ministerial meetings on employment and social issues and supporting the alignment of the Western Balkans with European Union *acquis* in the field of employment and social affairs.

## **RELEVANCE WITH THE IPA II MULTI-COUNTRY STRATEGY PAPER AND OTHER KEY REFERENCES**

The revised *Multi-Country Indicative Strategy Paper 2014-2020*<sup>1</sup> indicates that the IPA II beneficiaries need to develop their human capital, reduce the size of the informal economy and increase the level of employment or self-employment in particular of women and persons belonging to minorities. Technical assistance and support is necessary to enable the governments to develop meaningful, comprehensive and sustainable policies for tackling the above challenges.

In February 2018, the European Commission presented its Communication for "*A credible enlargement perspective for and enhanced EU engagement with the Western Balkans*". One of the policy priority areas is the support to socio-economic development with a new reinforced social dimension for the Western Balkans. This will include an increased focus on employment and social reforms through greater monitoring of

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<sup>1</sup> C(2018) 3442, 31.05.2018.

relevant policies, including in the Economic and Reform Programmes (ERPs). In order to bring the programmes closer in line with the European Semester, the monitoring of the social situation and policies will include the principles of the European Pillar of Social Rights.

*Economic governance* has become a key aspect of the EU enlargement process over recent years, mirroring the EU's internal economic policy coordination and multilateral surveillance under the European Semester. Since 2015, all IPA beneficiaries prepare ERPs covering macroeconomic and fiscal frameworks as well as key structural reforms. Multilateral discussions between Member States and IPA II beneficiaries on the basis of the ERPs and the Commission's assessments prepare the beneficiaries for their future participation in the European Semester. The ERPs play a key role in improving economic policy planning and steering reforms to sustain macroeconomic stability, boost competitiveness and improve conditions for inclusive growth and job creation.

The successive alignment of IPA beneficiaries with the *EU acquis* in the area of social policy and employment (*Chapter 19*) is regularly monitored by the European Commission in the annual Beneficiary reports. The most recent reports from April 2018 indicate that the level of preparedness of IPA II beneficiaries is overall still limited.

The *Europe 2020* strategy aims at creating the conditions for a smart, sustainable and inclusive growth in the EU. Increase of the employment rates and the fight against poverty are important targets of Europe 2020 strategy. This is also needed in the IPA II beneficiaries. ESAP 2 will continue to put the emphasis on improving labour markets and employment in the Western Balkans, which is essential for improving the overall social situation in the region.

The *European Pillar of Social Rights* is the major political initiative of the European Commission for building a fair and more social Europe, proclaimed jointly by the European Commission, the European Parliament and the Council of the EU in November 2017 at the Gothenburg Social Summit for Fair Jobs and Growth. The Pillar lays down 20 principles and rights considered as essential for fair and well-functioning labour markets and welfare systems in 21st century Europe. The 20 principles are grouped in three areas: (1) equal opportunities and access to the labour market with principles and rights on education, training and life-long learning, gender equality, equal opportunities and active support to employment, (2) fair working conditions defined by secure and adaptable employment, wages, information about employment conditions and protection in case of dismissals, social dialogue and involvement of workers, work-life balance, healthy, safe and well-adapted work environment and data protection, and (3) social protection and inclusion covering childcare and support to children, social protection, unemployment benefits, minimum income, old age income and pensions, health care, inclusion of people with disabilities, long-term care, housing and assistance for the homeless, as well as access to essential services. The Pillar is of very concrete relevance for the Beneficiaries in their reform efforts for advancing the delivery of social rights.

## **LESSONS LEARNED AND LINK TO PREVIOUS FINANCIAL ASSISTANCE**

ESAP 1 has been funded through the Multi-country Programme IPA 2015 for the period 2016-2019 in order to assist the Western Balkans with the employment and social policy reforms in their pre-accession process. ESAP 1 focused on support to development and monitoring of employment policies through capacity building, peer-learning and bench-learning of Ministries of Labour and Social Affairs, PES, Labour Inspectorates and Economic and Social Councils. ESAP 1 established regional networks which enable structured dialogue on employment policies in the Western Balkans among the above mentioned stakeholders, produced comparative data on labour market outcomes, performance and outcomes of Active Labour Market Policies, analysis of active labour market measures and kicked-off EU modelled bench-learning processes between the Western Balkans PES with an aim of closer integration of WB PES into EU PES networks.

The key results of the ESAP 1 are the following:

- ESAP online platform with 4 Communities of Practice, 2 databases and chat fora established.

ILO

- A peer review of the structure, functioning of effectiveness of the Economic and Social Councils with a total of 45 recommendations of which the ESCs have selected 14 strategic recommendations for implementation.
- Memorandum of Cooperation signed, formalising the regional Network of Agencies for Peaceful Settlement of Labour Disputes.
- Regional Case database for dispute cases established.
- A total of 130 labour inspectors trained in design and implementation of labour inspection campaigns.
- 4 labour inspection campaigns implemented in the construction sector covering more than 1.500 enterprise visits.
- Central Eastern European Labour Legislation database updated.
- Two regional Tripartite Workshop on Employment Policy Design organised.
- Six bilateral workshops on policy dialogue processes implemented.
- More than 175 social partners and government officials trained in policy dialogue on employment policy design and implementation.

## RCC

- Exchange of good practices on key employment programmes and measures through the organization of 6 regional peer reviews with the participation of officials from the Ministries of Labour and Public Employment Services of the Western Balkans. The peer reviews resulted in improved understanding of current implementation modalities of these programmes across the region and recommendations on better design of employment programmes and measures related to youth employment, employment of persons with disabilities, self-employment, local employment partnerships, internships and on the job training.
- 6 comparative regional reports on employment programmes and measures related to youth employment, employment of persons with disabilities, self-employment, local employment partnerships, internships and on the job training.
- Implemented for the first time the EU model of benchlearning exercise among the 6 Western Balkan Public Employment Service which resulted in (1) a better and more profound understanding of each PES with regard to operational processes, performance management, achievements and main challenges accompanied by targeted recommendations for improvement of the main drivers of PES performance and (2) the identification of joint regional challenges which include evidence based design and implementation of employment measures based on strategic performance management, quality and resource management and the introduction of new and innovative tools.
- Based on the identified joint regional challenges, a roadmap for management by objectives and guidelines for the development of local employment plans for Beneficiaries PES offices have been prepared. Additionally, a regional EURES readiness analysis has been conducted in order to assess the current level of compatibility of Western Balkan PES offices with EURES requirements and provide recommendations for further improvements. . In June 2018, the directors of Western Balkan PES offices participated for the first time at the Board Meeting of the EU PES Network, to present their experience with benchlearning and establish closer cooperation modalities.
- A regional database on labour market indicators and Public Employment Service quantitative indicators developed and updated. As part of the benchlearning exercise, data were collected related to transition from unemployment into employment, number of people leaving the PES unemployment records, transition into employment within 6 and 12 months of unemployment, composition of the unemployment register (by individual characteristics and geographical distribution), inflow and outflow into PES registers and participants to active labour market programmes.
- Regional analytical reports were prepared as follows:



- Main features of active labour market measures in the Western Balkans (using the Eurostat methodology of labour market policy statistics)
  - Employment and social data sources in the Western Balkans
  - Labour markets in the Western Balkans, Performance, causes and policy options
- More than 15 instances of technical assistance deployed to assist relevant administrations with priority employment and labour market needs.

ESAP 2 aims to build on these achievements by focusing the mutual learning activities for Western Balkans labour market institutions on five areas: formalization of undeclared work, labour inspections, bipartite and tripartite social dialogue, employment policies and measures, and the social dimension in the EU accession process.

Upon the request of the Ministries of Labour from the Western Balkans and based on in-depth diagnostics of direct and indirect policy approaches and related institutional set-ups carried out in the final year of implementation of ESAP 1, ESAP 2 will support the establishment of a regional **Western Balkans Network for Tackling Undeclared Work** aimed at supporting regional cooperation and joint actions which will support the preparation, implementation and monitoring of roadmaps for *formalization of undeclared work*, mirroring the work of the EU working and technical groups, e.g. the European Platform against Undeclared Work.

Additionally, ESAP 2 will continue to support social dialogue in the region, with a view to improving the participation of Economic and Social Councils in economic, social and labour policy making, promote collective bargaining, and strengthen networking among agencies for peaceful settlement of labour disputes. It will also aim to improve knowledge and practices of labour inspectorates to prevent and combat undeclared work.

ESAP 2 brings additional focus on implementation of the reinforced social agenda for the Western Balkans announced in the European Commission Communication *A credible enlargement perspective for and enhanced EU engagement with the Western Balkans* by providing support to increased EU policy engagement in the Western Balkans in employment and social policies (participation of the Western Balkans in relevant EU networks, technical and working groups and annual EU-WB Ministerial meetings on employment and social issues).

### **ILO specific experience**

The ILO focused in ESAP 1 on supporting regional cooperation and institutional capacity building of tripartite economic and social councils, agencies for peaceful settlement of labour disputes, and labour inspectorates. The key achievements have been so far enhanced regional policy dialogue among ESCs in the Western Balkans, establishment of regional networks of state agencies for amicable settlement of labour disputes and of labour inspectorates, as well as the development of a regional comparative legal database on industrial relations and working conditions CEELex, as a regional policy tool. Online communities of practice of labour conciliators, labour experts and secretaries of ESCs have been created on the virtual ESAP.

The 2<sup>nd</sup> phase will build on the above mentioned results with the aim to consolidate them and to step up the regional cooperation among above mentioned labour market institutions through the establishment of a regular process for benchmarking their performance on selected employment and social policy issues, thus guiding the negotiations around chapter 19.

As a general trend across the region, an accelerated erosion and uncoordinated decentralisation of collective bargaining can be noticed, accompanied by a significant reduction of its traditional normative role complementary to the statutory law making. In many cases, this has been done at the expenses of solidarity oriented social policy goals, such as equity, inclusiveness or protection of vulnerable workers. Proposed Action under ESAP 2 will facilitate regional discussion over policy recommendations for promoting collective bargaining, which can be initiated by tripartite ESCs. Based on lessons learned in the previous Action, ESAP 2 will further assist the national tripartite actors to implement selected policy guidelines. Also, through regular updating of CEELex database on Industrial relations and Working Conditions, more accurate

data on number of collective agreements and collective bargaining coverage in the Western Balkans will be generated by the action.

The actions undertaken in ESAP 1 confirmed the ILO's previous experience regarding the existence of significant differences among relevant labour inspectorates in terms of legal and institutional set-up, capacities, and political importance within government structures. They also showed that a gradual approach of harmonizing legal and institutional frameworks in order to bring them closer to the EU has to be envisaged. ESAP 2 will build on a similar approach as in ESAP 1, namely using a specific sector and issue as entry point to stimulate regional practices of labour inspection. In ESAP 2 the entry point will be informal employment and undeclared work aiming at expanding the regional cooperation through a programme of peer review and exchange of labour inspectors mirroring the Senior Labour Inspectors' Committee for EU Member States.

### **RCC specific experience**

The successful implementation of ESAP 1 activities owes to the strong and continuous commitment of beneficiaries to active participation in regional cooperation activities. It remains clear however that, given the limited human resources and heavy workload in the Western Balkans institutions, it is important for regional activities to be well-designed, tailored to the needs of the Beneficiaires and complementary to government action and bilateral external assistance, while ensuring that a broader base of relevant officials participate in regional cooperation activities in line with the required expertise and experience in each activity.

Another important lesson from ESAP 1 is that regional capacity building and regional mutual-learning events appear to be most successful when followed up with additional support such as individual technical assistance on particular aspects of employment policies or measures. ESAP 2 aims to continue utilizing the technical assistance tool at bilateral level to ensure that beneficiary institutions are able to produce impact in the targeted Beneficiary based on the results of regional cooperation activities.

Finally, it is crucially important to ensure coordination with similar regional initiatives that target the same beneficiaries. More specifically, ESAP 2 will continue to engage with the World Bank's Jobs Gateway in South East Europe and the Inclusive Labour Market Solutions regional project, implemented by ILO and UNDP, in order to avoid overlapping action, through regular meetings and exchange of information. Increased cooperation will be sought with relevant EU agencies such as ETF, EUROFOUND and OSHA.

## 2. INTERVENTION LOGIC

### LOGICAL FRAMEWORK MATRIX

OVERALL OBJECTIVE	OBJECTIVELY VERIFIABLE INDICATORS (*)	SOURCES OF VERIFICATION	
To improve employment opportunities and working conditions of women and men in the Western Balkans	Employment rate, in particular of women and persons at risk of social exclusion Share of undeclared work	National statistics offices Administrative data from Public Employment Service National and ESAP reports/platform SEE Development Scoreboard ILO databases EC reports	
SPECIFIC OBJECTIVES	OBJECTIVELY VERIFIABLE INDICATORS (*)	SOURCES OF VERIFICATION	ASSUMPTIONS
<b>Component 1:</b> To improve policies for tackling undeclared work through enhanced cooperation and operationalization at central level of a holistic/strategic compliance approach to undeclared work	Number of policies, standards, regulations, novel incentive and curative measures that contribute to increased compliance in the realm of informal employment based on a holistic approach	ESAP regular assessment reports European Commission reports Beneficiaries' reports	Continued ownership and commitment by the Western Balkans economies to ensure constant improvement of public administration to make progress towards European values and principles.
<b>Component 2:</b> To increase outreach of Labour Inspectorates to prevent and combat undeclared work.	Number of cases of undeclared work reported by Labour Inspections Number of Labour Inspectorates adopting regional guidelines to outreach	ESAP regular assessment reports European Commission reports	Same as above

	and prevent undeclared work	Beneficiaries' reports	
<p><b>Component 3:</b> To increase effectiveness of tripartite and bipartite social dialogue in improving social equity and working and living standards of citizens</p>	<p>Number of quality recommendations issued by target ESCs and incorporated in economic, social and labour policies/laws</p> <p>Number of cases handled by the members of the regional Network of Agencies for peaceful settlement of labour disputes</p> <p>No of collective bargaining agreements</p>	<p>ESAP regular assessment reports</p> <p>European Commission reports</p> <p>Beneficiaries' reports</p>	Same as above
<p><b>Component 4:</b> To strengthened institutional capacities of Ministries of Labour and Social Affairs and PES in developing, monitoring and evaluating labour market policies and measures including measures outlined in Economic Reform Programmes</p>	<p>Number of policies or measures enhanced/implemented in the employment and social area as a result of the mutual learning activities.</p>	<p>ESAP regular assessment reports</p> <p>European Commission reports</p> <p>Beneficiaries' reports</p>	Same as above
<p><b>Component 5:</b> To increase engagement of the Western Balkans in EU employment and social policies</p>	<p>Number of events with joint EU-Western Balkans participation in the area of employment and labour markets.</p>	<p>ESAP regular assessment reports</p> <p>European Commission reports</p> <p>Beneficiaries' reports</p>	Same as above
<b>RESULTS</b>	<b>OBJECTIVELY VERIFIABLE INDICATORS (*)</b>	<b>SOURCES OF VERIFICATION</b>	<b>ASSUMPTIONS</b>
<p><b>Component 1: Informal employment and undeclared work</b></p> <p>R1. Western Balkans Network Tackling Undeclared Work established</p>	<p>I 1.1 Number of meetings of Regional Western Balkans Network Tackling</p>	<p>ESAP implementation and activity reports</p> <p>Analytical studies</p>	Same as above

<p>R2. A holistic approach to innovative policy development on undeclared work implemented through 6 mutual assistance projects</p> <p>R3. Improved evidence through testing different interventions combatting informality</p> <p>R4. Improved availability and quality of data on informal employment in the Western Balkans – ILO</p>	<p>Undeclared Work</p> <p>I 1.2 Number of analytical products developed by the Western Balkans Network on Undeclared Work</p> <p>I 2.1. Number of Mutual Assistance Projects on undeclared work</p> <p>I 2.2. Number of seminars based on a holistic approach to undeclared work</p> <p>I 2.3. Number of cross-country staff exchanges among institutions tackling undeclared work in the Western Balkans</p> <p>I 3.1. No of tracer studies or impact assessments</p> <p>I 3.2. Number of policy briefs published</p> <p>I 4.1. Number of statistical officers trained (sex disaggregated)</p> <p>I 4.2. Number of additional datasets collected and published in LFS or other statistical reports</p>	<p>European Commission reports</p> <p>Progress reports</p> <p>Monitoring reports</p> <p>Evaluation reports</p> <p>Annual Reports</p> <p>LFS and statistical reports</p>	
<p><b>Component 2: Labour Inspection</b></p> <p>R1 Peer review of labour inspectorates to improve knowledge of</p>	<p>I 1.1. Number of Beneficiary peer review reports</p> <p>I 1.2. Report on the peer review process</p>	<p>Progress reports</p> <p>Monitoring reports</p>	

<p>the different systems of the Western Balkans and practices implemented.</p> <p>R2 Regional guidelines to tackle undeclared work produced.</p>	<p>I 2.1: Common guidelines to tackle undeclared work validated</p>	<p>Evaluation reports</p> <p>Annual Reports</p> <p>LFS and statistical reports</p>	
<p><b>Component 3: Social Dialogue</b></p> <p>R1 Performance monitoring tools made available to ESCs</p> <p>R2 Regional policy guidelines <i>for</i> promotion of collective bargaining in selected sectors drafted</p> <p>R3 Regional policy and performance tools developed or updated in the area of labour disputes resolution and industrial relations</p>	<p>I 1.1. No. of tracking mechanisms</p> <p>I 1.2. No. of performance benchmarking reports</p> <p>I 2.1. No. of policy guidelines drafted and implemented</p> <p>I 3.1. No. of case management information systems</p> <p>I 3.2. No. of performance benchmarking reports</p>	<p>Progress reports</p> <p>Monitoring reports</p> <p>Evaluation reports</p> <p>Annual Reports</p> <p>LFS and statistical reports</p>	
<p><b>Component 4: Employment Policies and Measures</b></p> <p>R1. Regional peer reviews on priority employment policies or measures to exchange experience and promote mutual learning implemented</p> <p>R2. Regional labour market policies database and labour market reform database in the Western Balkans developed and harmonized with the EU</p> <p>R3. Annual analytical reports on labour market trends in the Western Balkans produced</p> <p>R4. Technical assistance on priority employment policies or measures implemented</p>	<p>I 1.1. Number of regional analyses and peer review events</p> <p>I 1.2. Number of follow up interventions at Beneficiary level as a results of recommendations coming from analysis/peer reviews</p> <p>I 2.1. Number of datasets classified based on EU methodologies</p> <p>I 3.1. Number of regional analytical papers on selected employment and labour market topics</p> <p>I 4.1. Number of technical assistance interventions implemented to support demand-driven Beneficiary specific needs</p>	<p>ESAP implementation and activity reports</p> <p>Analytical studies</p> <p>European Commission reports</p> <p>Reports of institutions and stakeholders that introduced new policies, standards and regulations.</p>	<p>Same as above</p>

<p><b>Component 5: Western Balkans Engagement in EU employment and social policies</b></p> <p>R1. Second cycle of the PES bench-learning exercise among Western Balkan Public Employment Services implemented</p> <p>R2. Policy engagement of the Western Balkans representatives in the EU PES Network meetings, as well as other EU networks, working and technical groups in the field of employment and social affairs enhanced</p> <p>R3. EU – Western Balkans policy dialogue enhanced through technical support to the high level meetings in the field of employment and social affairs</p> <p>R4. Peer learning to enhance Western Balkan alignment with the <i>EU acquis</i>, implementation of the European Social Pillar and preparation for the European Social Fund</p>	<p>I 1.1. Number of self-assessment reports</p> <p>I 1.2. Number of external assessment reports</p> <p>I 1.3. Quantitative PES indicators database</p> <p>I 1.4. Number of good practices identified and promoted</p> <p>I 2.1. Number of EU networks, technical and working group meetings where the Western Balkan representatives have participated</p> <p>I 3.1. Number of high level EU – Western Balkans events on employment and social affairs</p> <p>I 4.1 Number of peer learning events on the <i>EU acquis</i>, European Social Pillar and European Social Fund</p>	<p>Same as above</p>	
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## DESCRIPTION OF ACTIVITIES

### Component 1: Informal Employment and Undeclared Work

#### 1.1. Establishment of a Western Balkan Network Tackling Undeclared Work

Recognising the success of the European Platform Tackling Undeclared Work, and the proposal to establish a European Labour Authority (ELA), activities under ESAP 2 will aim **to establish a Western Balkans Network for Tackling Undeclared Work**, with the immediate objective of enhancing cooperation on tackling undeclared work, but with the longer term objective of expanding its remit in a similar manner to ELA.

- Development of a draft proposal for ‘Western Balkans Network Tackling Undeclared Work’.
- Consultation with the Western Balkans economies and social partners on proposal; request for the Western Balkans to select Members from Ministries of Labour and Social Affairs, Ministries of Economy and Finance, labour inspectorates, tax administrations, PES, social insurance bodies and others.
- Initial Plenary meeting to: (i) agree rules of procedure and (ii) adopt work programme of the Western Balkans Network Tackling Undeclared Work.
- Biannual regular network meetings, workshops and seminars.
- Demand based Western Balkan comparative thematic reviews, analyses and joint regional follow-up toolkits.
- Staff exchanges.

#### 1.2. Implementation of a holistic approach to innovative policy development on undeclared work through 6 mutual assistance projects

6 Mutual Assistance Projects will be implemented in the Western Balkan Ministries of Labour, Economy and Finance, tax authorities and labour inspectorates, and others serving three purposes:

- Based on strategy plans elaborated under ESAP I, as well as a mutual benchmarking exercise among the above mentioned institutions, specific national recommendations will be prioritized and selected that should be empirically tested in order to create evidence on what works
- Once new evidence is available it will be used to improve policy making which will also include a revision of strategy plans
- Additional technical support will be delivered to implement those selected recommendations that could not be selected for testing. (close cooperation with ILO foreseen for points 1 and 2)
- self-assessment reports by the enforcement authorities focusing on key information; strategic management; operational processes; evidence-based design & implementation of initiatives; management of partnerships, and allocation of resources.
- peer visits by senior officials from other enforcement authorities in the Western Balkans and EU, accompanied by experts familiar with implementing a holistic strategic integrated approach.
- synthesis reports providing operational guidance as well as broader recommendations.
- follow-up visits to assess the implementation of the guidance and recommendations.
- national seminars will be organized in order to enhance national-level cooperation to implement the whole government approach to Informal Employment and Undeclared Work.
- bilateral cross-country staff exchanges, including to the EU member states.
- 3 regional thematic review workshops and seminars as well as regional, comparative analysis and joint follow-up toolkits.
- establishment and annual meeting of a regional network of experts on Informal Employment and Undeclared Work.

#### 1.3 Improved evidence through testing different interventions combatting informality

- Provide technical assistance as necessary to the Western Balkans on prioritized recommendations of the relevant strategy plans.



- Implement meetings for selection of intervention packages to be tested – 1 intervention package per IPA II beneficiary.
- Establish a clear theory of change for the interventions to be tested: A clear intervention model will be established showing what the expected outputs, outcomes and impacts are to be expected based on realizing the intervention.
- Select affordable and most appropriate evaluation method. Preference will be given to before and after comparisons (as experimental or quasi experimental methodologies cannot be afforded under current budget envelope).
- Conduct a baseline survey before implementing the intervention.
- Support the implementation of four intervention packages.
- Conduct at least one follow up survey, followed by data analysis and production of reports for each intervention package tested.
- Dissemination of results, making use of the Western Balkans Network Tackling Undeclared Work and seeking synergies with the European Labour Arena.
- Support in the facilitation of policy dialogue on informal Employment and undeclared work, including through tripartite fora offered by the Economic and Social Councils.

#### **1.4 Improved availability and quality of data on informal employment in Western Balkans**

- Train and advise statistical offices and Ministries of Labour on collecting and processing additional data on informality.

### **Component 2 - Labour Inspection**

#### **2.1 Peer review of labour inspectorates to improve knowledge of the different systems of the Western Balkans and practices**

- Regional High Level workshop on the role of labour inspectorates in the fight against undeclared work.
- Preparation of the protocol and the questionnaire to implement the peer review.
- Regional training of peer reviewers.
- Implement peer review of all Labour Inspectorates to improve the knowledge on outreach and methodologies and effective techniques to reach out and prevent and combat undeclared work.
- Organise a high level regional workshop to share the results of the peer review and discuss regional priorities and actions.

#### **2.2 Regional guidelines to tackle undeclared work**

- Establishment of a steering committee, with experts from the Western Balkans and the technical support of the ILO, to draft common labour inspection guidelines to fight against undeclared work in the region.
- Organise regional technical meeting to share information on priority areas of work, discuss common action and adopt the regional guidelines to tackle undeclared work by the Western Balkans Labour Inspectorates.
- Support the integration and use of the guidelines at relevant IPA II beneficiary level to enhance detection of undeclared work and success of legal cases referenced by labour inspectorates.

### **Component 3– Social Dialogue**

#### **3.1 Performance monitoring tools made available to ESCs. Tracking mechanisms for following up ESC's recommendations established with the ESC's secretariat in Albania, Bosnia and Herzegovina, Montenegro, Serbia, Kosovo.**

- Regional tripartite preparatory workshop to introduce the concept and agree on its implementation The workshop will be followed by provision of technical assistance.

- Regional tripartite conference of the Western Balkan ESCs to agree on a common set of standardized key performance indicators and on the monitoring and online reporting mechanisms. ESCs from EU member states will be invited to participate.
- Regular online peer reporting mechanism established on ESAP 2.
- Technical support to the ESCs in the process of online peer reporting.
- Regional tripartite conference of Western Balkan ESCs to discuss and agree on a common set of standardized key indicators and mechanisms to monitor and evaluate policies and measures to tackle informal employment. Sister organizations from EU member states will be invited to participate.
- Monitoring and evaluation reports issued by ESCs on informal employment made available on ESAP 2.

### **3.2. Regional policy guidelines for promotion of collective bargaining in selected sectors drafted.**

- National tripartite preparatory workshops to discuss the state of play of collective bargaining and selection of sectors
- Regional tripartite conference of Western Balkan ESCs to discuss and agree on a common set of policy guidelines for promoting collective bargaining across the region, including a regional strategy. Relevant European social partners and ESCs will be invited to participate.
- Policy guidelines, and regional strategy made available on ESAP online.
- Customised technical support to ESCs and the social partners in implementation of policy guidelines.

### **3.3. Regional policy and performance tools developed or updated in the area of labour disputes resolution and industrial relations**

- Dispute management information systems are established in Albania, Bosnia and Herzegovina, Montenegro and Kosovo so as to be compatible with those already existing in North Macedonia and Serbia.
- A regional common set of standardized key performance indicators, as well as the reporting mechanism discussed and agreed in the inter-agency network.
- Regular online peer reporting mechanism established on ESAP online.
- Technical support to the Agencies for Peaceful Settlement of Labour Disputes in the process of online peer reporting.
- Bi-annual meetings of the regional Network of agencies for peaceful settlement of labour disputes organized to facilitate peer exchange of good practice and know-how, including how to handle disputes involving vulnerable workers. Practitioners from EU member states will be invited as resource persons.
- Annual update of comparative regional database on industrial relations, collective bargaining and working conditions CEELEX.
- Annual meetings of the regional network of labour experts organized to facilitate peer exchange of legal solutions to address decent work deficit in the Western Balkans. Labour experts from EU member states will be invited to share European practice.
- Policy briefs/working papers based on innovative solutions identified in CEELEX meetings available on ESAP online.

## **Component 4 Employment Policies and Measures**

### **4.1. Regional peer reviews on priority employment policies or measures to exchange experience and promote mutual learning**

These mutual learning activities will aim to promote exchange of experience and joint learning on key policies and programmes aimed at (1) supporting the transition from economic inactivity to employment and (2) employment of youth, long term unemployed and vulnerable groups as areas of shared concern identified in the process of consultation with the governments conducted by the RCC, the ERPs and the targeted policy guidance provided to the Western Balkans. The activities will draw on current EU and Western Balkan

experiences and promote capacity building and exchange of experience on programmes that tackle these issues.

- Analytical thematic reviews covering topics prioritized by the relevant stakeholders related to labour market activation and employment of youth, long term unemployed and vulnerable groups.
- Peer reviews workshops conducted.
- Regional seminars to discuss the results and findings of the peer review exercises.

#### **4.2. Regional Labour market policies database and labour market reform database in the Western Balkans harmonized with the EU**

ESAP 2 will support relevant administrations of Western Balkan PES offices to classify existing data and further collect new data on public expenditure on labour market policy measures, beneficiaries and results in a harmonized manner based on EU methodologies. The labour market policies database and the labour market reform database of the EU will serve as guiding practices. The quantitative data on expenditures and participants are to be complemented by a set of qualitative reports which describe the interventions, how they work, and the main target groups.

- Reports detailing the current practices of collecting and classifying administrative data related to labour market policies and reforms.
- Develop a proposal on the classification of labour market policies and reforms according to the EU methodologies.
- Regional training of key beneficiaries in charge of data collection and classification.
- Study visit to EU on the labour market policies and reforms databases.
- National support to harmonize the classification of labour market policy and reform databases with the EU.
- Regional seminar with Ministries of Labour and Public Employment Services on the development, update and continuous monitoring of the developed sets of data on labour market policies and reforms.

#### **4.3 Annual analytical reports on labour market trends in the Western Balkans**

- Produce regular annual comparative reports on labour market situation and trends in the Western Balkans.

#### **4.4. Technical assistance on priority employment policies or measures**

The assistance will be deployed upon the request of the beneficiary institution and will target an immediate need related to employment policy at Beneficiary level and programme design, implementation or monitoring, which is directly linked to the priority areas covered under ESAP 2.

### **Component 5: Western Balkans Engagement in EU employment and social policies**

#### **5.1. Second cycle of the PES bench-learning exercise among Western Balkans Public Employment Services**

The activities will support the implementation of the second cycle of the EU PES bench-learning exercise with the Western Balkans Public Employment Services: provide support to the continued implementation of 2017-2018 performance benchmarking outcomes and recommendations and sustaining the process of mutual learning opportunities among Western Balkan PES offices.

- A regional workshop will be organized to train 3 representatives from each PES, who will act as coordinating focal points for the benchlearning exercise.
- National workshops on PES benchlearning.
- Western Balkan PES self-assessment reports.
- Organize and coordinate PES external assessment visits.
- Prepare external assessment reports.

- Expand the list and collect annual quantitative indicators under the quantitative bench-learning assessment.
- Produce a regular annual regional report on Western Balkan PES performance.
- Identify good practices and promote mutual learning activities.

## **5.2. Policy engagement of the Western Balkans representatives in the EU PES Network meetings, as well as other EU networks, working and technical groups in the field of employment and social affairs**

The activities under this component will support the active participation of the Western Balkans representatives in the EU PES Network meetings, as well as other EU networks (except those for which participation of the Western Balkans is covered by other EU funding programmes), working and technical groups in the field of employment and social affairs:

- In close cooperation with relevant DG Employment and the Western Balkans identify EU working and technical groups of particular interest to the Western Balkans.
- Support regular or annual active participation of the Western Balkans in these groups.
- Support preparation of briefing notes, reports and analysis on the Western Balkans on thematic areas relevant to the selected working and technical working groups.

## **5.3 EU – Western Balkans policy dialogue enhanced through technical support to the high level meetings in the field of employment and social affairs**

The project will support the EU – WB high level meetings in the field of employment and social affairs: support DG Employment and DG NEAR in the preparation of the EU - Western Balkans high level meetings in the field of employment and social affairs by:

- Prepare briefing notes, reports and analyses on the Western Balkans on thematic areas as agreed and as input for the high level meetings.
- Support the Western Balkans participation at the EU – Western Balkans high level meetings.
- Provide secretarial and expert support as demanded.

## **5.4 Peer learning to enhance the Western Balkans alignment with the EU *acquis* in the relevant fields, support to the implementation of the European Pillar of Social Rights, and preparation for future use of the European Social Fund**

The action will support Western Balkan Ministries of Labour in their endeavours on the EU accession path.

- Create a network of EU Chapter 19 and Chapter 2 negotiators and negotiating teams in the Western Balkans and recent member states EU Chapter 19 and Chapter 2 negotiators and negotiating teams.
- Organize peer-learning activities on development and implementation of action plans for meeting the opening and closing criteria of Chapter 19, chapter 2, European Social Pillar and European Social Fund.
- 3 Regional workshops on translating the principles of the European Pillar of Social Rights into actions at Beneficiary level.
- 2 regional capacity building workshops on the principles and modalities of use of the European Social Fund.

## **RISKS**

Main risks to the successful implementation of the action include:

- Lack of prioritization and deep commitment to regional cooperation and implementation of agreed actions on the side of the Western Balkan beneficiary institutions.
- Lack of allocation of appropriate human and (when necessary) financial resources by the beneficiary institutions for the active participation and contribution in regional activities promoting the EU integration agenda and other mutual learning or cooperation activities.

- Inappropriate institutional representation at regional level initiatives, which could lead to both overburdened key individual stakeholders and prevent relevant bilateral input into regional cooperation activities.
- Inability of Western Balkan representatives to participate in EU networks and working groups.

The following mitigation measures will address the above mentioned risks:

- High level political engagement by the European Commission, the RCC and the ILO to raise awareness of the target Western Balkan institutions regarding the importance of ESAP activities for enhancing their employment and labour market policy making at Beneficiary level and for supporting the EU integration agenda.
- Direct and continuous communication with beneficiary institutions to ensure that regional cooperation activities reflect as much as possible priorities at Beneficiary level. At the same time, ensure timely information and continuous exchange with beneficiaries to ensure appropriate representation at regional activities as well as good preparation.
- Engage with representatives of different relevant EU networks and working groups through DG EMPL to explore modalities of participation for Western Balkans representatives.

### **CONDITIONS FOR IMPLEMENTATION**

The main condition for the timely and successful implementation of the action is the full commitment by the involved stakeholders to implement the concrete activities and policy reforms agreed on the regional level, especially commitment and managerial will and capacities to participate in peer reviews, engage in benchlearning and other regional activities.

Furthermore, there should be political will and financial resources for implementing the identified intervention packages testing effective policy measures.

With a view to ensuring regular updates and exchanges between the ESAP and the EU Delegations, the RCC and ILO will as a new measure under ESAP 2 initiate bi-annual briefing meetings with relevant staff from the EU Delegations in addition to the regular invitations to ESAP events. These meetings will facilitate coordination and synergies between the IPA Multi-country programme and the bilateral IPA programmes. The coordination approach of the ILO and the RCC will extend to IPA structures at Beneficiary level in cases where the relevant projects of the bilateral IPA programmes are implemented by authorities in the IPA II beneficiaries.

## **3. IMPLEMENTATION ARRANGEMENTS**

### **ROLES AND RESPONSIBILITIES**

This action will be implemented by RCC and ILO. The team will be composed of core RCC and ILO staff with extensive professional experience and knowledge.

The RCC is an inter-governmental, all-inclusive, regionally owned and led cooperation framework that engages its participants from South East Europe (SEE), members of the international community and donors on subjects which are important and of interest to the SEE, with a view to promoting and advancing comprehensive reforms, sustainable economic growth and the European and Euro-Atlantic integration of the region.

Over the past decade, the RCC has proven successful in building consensus and facilitating agreements on regional strategic goals, objectives and concrete actions through regional high-level processes. The RCC has coordinated the development and implementation of a regional competitiveness and growth strategy, the SEE 2020, which focuses on a set of interlinked development pillars that are central to socio-economic policies in

SEE and to the EU accession process. More recently, the RCC has also coordinated the development of the Multi-annual Action Plan for the Regional Economic Area, endorsed by the Western Balkans, which aims to enable unobstructed flow of goods, services, capital and highly skilled labour and make the region more attractive to investment and trade.

The RCC continues to work to reduce the obstacles to increased mobility, enhanced connectivity and improved competitiveness in SEE, while also contributing to better governance, improved functioning of the rule of law and enhanced security in the region. This particular organizational set-up brings forth the ability to approach regional cooperation priorities in a cross-sectoral and holistic approach.

In order to **transform undeclared work into declared work in the region**, a holistic and integrated strategic approach needs to be pursued, akin to the EU. This necessitates a whole of government approach by joining-up on the level of both strategy and operations different policy fields, which RCC is well placed to coordinate. Through ESAP 2, the RCC aims to implement mutual assistance projects among peer key institutions in the region, which consist of practical, hands-on and tailored learning activities, designed to support and transfer practices, provide advice and implementation support to actions for tackling undeclared work.

In order to promote regional cooperation and capacity building **on employment policies and measures**, the RCC will continue facilitating the processes established under ESAP 1 with mutual learning events on key priority employment policies and measures, complemented by regular analytical labour market reports while also supporting the harmonization of labour market policies and reform databases with the EU ones. Individual beneficiary institution will also be able to harness complementary bilateral technical assistance that will ensure increased impact of the project activities on the ground.

RCC will use its unique position to **support the engagement of Western Balkan representatives in EU employment and social policies**, through the continued implementation of the benchlearning exercise among PES offices, facilitating increased and active participation of the Western Balkans in relevant EU networks, technical and working groups, and advancing the alignment of the Western Balkans with European Union *acquis* in the field of employment and social affairs.

The International Labour Organisation (ILO) is a tripartite agency under the United Nations. Since 1919, the ILO brings together governments, employers and workers representatives of 187 member States to set labour standards, develop policies and devise programmes promoting decent work for all women and men.

The ILO ESAP action is managed by the ILO Decent Work Team/Country Office in Budapest which for the past 25 years has provided advisory services, capacity development and technical assistance to governments and to employers' and workers' organizations in the central and Eastern European countries. This expertise is provided in areas including rights at work, employment creation, social protection, social dialogue and gender equality in the framework of Decent Work Country Programmes.

ILO provides inhouse expertise in the implementation of the ILO ESAP 2 action and will engage its experienced technical specialists from both the Country Office in Budapest as well as from the ILO Head Quarter in Geneva. In order to engage the beneficiaries and promote ownership the ILO will establish the following coordination arrangements: network of ESC secretaries for coordination of implementation arrangements, regional peer review teams of labour inspectorates, steering committees for implementation of intervention packages on informal employment.

The activities and actions developed under the Western Balkans Network on Informal Employment and Undeclared Work will be jointly coordinated and facilitated by RCC and ILO, building on the strengths and comparative advantages of each partner. ILO will focus on improving capacities to produce more reliable data on the different dimensions of informality and to generate more evidence on what works and what does not work with regard to transition to formality in the region through implementation of intervention packages.

ILO is responsible for the implementation of Component 2 target at labour inspections which constitutes an important complementary strand to the joint Component of Informality. ILO will provide technical assistance and facilitate regional exchange of information, good practices, inspection methodologies and co-

operation between the various inspectorates in the region for improving the effectiveness and outreach of the labour inspectorates in the Western Balkans.

The ILO continues its long standing engagement in building capacities for social dialogue in the ESAP targeted Beneficiaries. Under ESAP 2 ILO will continue to provide assistance in strengthening the institutional frameworks and processes to build the capacity of tripartite actors to ensure effective social dialogue and tripartism. The ILO will promote social dialogue within the region and support mutual learning, knowledge sharing and exchange and in particular assist national tripartite actors to implement selected policy guidelines.

Furthermore, the ILO will facilitate regional discussions over policy recommendations for promoting collective bargaining, which can be initiated by tripartite ESCs. Implementation of core international labour standards (Right to Organize and Collective Bargaining Convention no. 98, Collective Bargaining Convention no. 154, Labour Relations (Public service) Convention no. 151, Labour Administration Convention no. 150) and of principles upheld by the European Social Pillar, as well as aligning practices at IPA II beneficiary level to European good ones will be sought.

Also, through regular updating of CEELex database on Industrial relations and Working Conditions, more accurate information on collective bargaining developments will be generated.

The ILO will provide technical support for reforming current institutions and processes through enhancing inter-agency policy dialogue and transfer of expertise, as well as through development of the regional case database and the establishment of a common set of performance criteria.

#### **IMPLEMENTATION METHOD(S) AND TYPE(S) OF FINANCING**

The action will be co-delegated to Directorate-General for Employment, Social Affairs and Inclusion for contracting and implementation.

Part of the action will implemented in indirect management with ILO. The EU contribution will amount to EUR 2 500 000. The indicative duration of the Contribution agreement will be 36 months.

Part of the action will implemented in direct management via a direct grant with RCC. The EU contribution will amount to EUR 2 500 000. The indicative duration of the grant contract will be 36 months.

## **4. PERFORMANCE MEASUREMENT**

### **METHODOLOGY FOR MONITORING (AND EVALUATION)**

The European Commission may carry out a mid-term, a final or an ex-post evaluation for this action or its components via independent consultants, through a joint mission or via an implementing partner. In case a mid-term or final evaluation is not foreseen, the European Commission may, during implementation, decide to undertake such an evaluation for duly justified reasons either on its own decision or on the initiative of the partner. The evaluations will be carried out as prescribed by the Directorate-General for Neighbourhood and Enlargement Negotiations Guidelines on linking planning/programming, monitoring and evaluation. In addition, the action might be subject to external monitoring in line with the European Commission rules and procedures.

The RCC shall perform effective and regular monitoring of the action and produce annual progress reports based on the objectives that will be part of annual action plans, covering action outputs and outcomes. This process will help identify potential immediate actions to improve programme performance further.

The implementation of the ILO ESAP activities will be subject to ILOs internal evaluation and quality assurance systems for technical assistance projects.

Agreed indicators will be an integral part of performance monitoring.



## INDICATOR MEASUREMENT

Indicator	Baseline (value + year)	Target 2020	Final Target (year)	Source of information
Employment rate (20-64)	58.9 (in 2017)	60.1	N/A, target does not go beyond 2020	National statistics offices Administrative data from Public Employment Service National and ESAP reports European Commission reports
Youth employment rate (15-24) (sex disaggregated)	18.7 (in 2017) 23.7 (male) 13.1 (female)	Tbd	Tbd	
Female employment rate	42.4 (in 2017)			
Number of reforms implementing meaningful, comprehensive and sustainable policies for tackling main employment challenges in the region	0	Tbd	Tbd	
<b>Component 1: Informal Employment and Undeclared Work</b>				
Number of policies, standards, regulations, novel incentive and curative measures that contribute to increased compliance in the realm of informal employment based on a holistic approach	0	6	12	Monitoring and reporting by ESAP References in European Commission reports, reports at IPA II beneficiary level
Number of analytical products developed by the Western Balkans Network on Undeclared Work	0	2	6	
Number of Mutual Assistance Projects on Undeclared Work	0	1	6	
Number of tracer studies or impact assessments	0 + 2019	2	4	Tracer studies/impact assessments
Number of policy briefs	0 + 2019	2	4	Policy briefs
Number of statistical officers trained	0	75	150	Training reports

Number of additional data collected and published in LFS or other statistical reports	Tbd in Inception Phase	20%	40%	
<b>Component 2: Labour Inspection</b>				
Number of cases of undeclared work reported by Labour Inspections	tbd	10% increase	20% increase	Reports
Number of Labour Inspectorates adopting regional guidelines to outreach and prevent undeclared work	0	3	7	Reports
Number of IPA II beneficiary peer reviews received	0	3	6	
Report on the peer review process	0	1	0	
Common guidelines to tackle undeclared work validated	0	At least 30%	At least 70%	
<b>Component 3: Social Dialogue</b>				
Number of quality recommendations issued by target ESCs and incorporated in economic, social and labour policies/laws	10	25% increase	50% increase	ESC reports
Number of cases handled by the members of the regional Network of Agencies for peaceful settlement of labour disputes	3000/year	5% increase	10% increase	Reports
Number of collective agreements	tbd	5% increase	10% increase	
Number of tracking mechanisms	1	3	7	Reports
Number of performance benchmarking reports	0	3	7	Reports
Number of policy guidelines drafted and implemented.	0	At least 30%	At least 70%	Reports
Number of case management information systems	2	4	7	Reports
Number of performance benchmarking reports.	0	4	7	Reports
<b>Component 4: Employment Policies and Measures</b>				
Number of policies or measures	0	3	6	Monitoring and reporting by ESAP

enhanced/implemented in the employment and social area as a result of the mutual learning activities of ESAP 2 action.				References in Commission reports, reports at IPA II beneficiary level
Number of follow up interventions at Beneficiary level as a results of recommendations coming from analysis/peer reviews				Monitoring and reporting by ESAP Reports at IPA II beneficiary level
Number of datasets classified based on EU methodologies.	0	1	2	Monitoring and reporting by ESAP
Number of regional analytical papers on selected employment and labour market topics	0	3	6	Monitoring and reporting by ESAP
Number and size of technical assistance requested and implemented to support demand-driven Beneficiary specific needs	0	6	18	Monitoring and reporting by ESAP
<b>Component 5: Western Balkans engagement in EU employment and social policies</b>				
Number of PES benchlearning self-assessment reports	0	0	6	Monitoring and reporting by ESAP
Number of PES benchlearning external assessment reports	0	0	6	Monitoring and reporting by ESAP
Quantitative PES indicators database	1	1	1	Monitoring and reporting by ESAP
Number of good practices identified and promoted based on the results of the benchlearning exercise	0	0	6	Monitoring and reporting by ESAP Reports at IPA II beneficiary level
Further indicators to be developed.				

## **5. CROSS-CUTTING ISSUES**

### **GENDER MAINSTREAMING**

This action will strive to promote gender equality, as an important horizontal issue. All over the region, considerable gender gaps remain in the labour market, which should be addressed through employment and social reforms as a horizontal issue.

The action will ensure that gender mainstreaming is a central element of processes of performance benchmarking of selected economic and social policies. The manner and extent to which economic and social reforms address the specific needs of women and men will be among the suggested performance indicators. Gender related aspects would figure high in policy guidelines for promoting collective bargaining.

### **EQUAL OPPORTUNITIES**

Equal participation of women and men will be sought in the implementation of all the activities of the action. The RCC and the ILO are equal opportunity institutions which agree not to discriminate against in any contract they may conclude with any person because of his/her race, colour, religion, national origin, sexual orientation, disability, or age.

### **MINORITIES AND VULNERABLE GROUPS**

The action will positively promote equality of opportunities and combat discrimination. Vulnerable workers, such as young, old, informal, migrant will be at centre of action. Adoption of innovative policies to address the deficit of decent work for these categories will be pursued.

### **ENGAGEMENT WITH CIVIL SOCIETY (AND IF RELEVANT OTHER NON-STATE STAKEHOLDERS)**

The main non-governmental stakeholders targeted in this action are the national employers' and workers' organisations. Relevant civil society organisations as well as business organisations will be involved as appropriate, as well as non-government academic experts.

### **ENVIRONMENT AND CLIMATE CHANGE (AND IF RELEVANT DISASTER RESILIENCE)**

By their nature, the majority of activities envisaged under this action do not imply direct and major impact to environmental issues, but will however be implemented in a manner which is environmentally friendly.

On a policy level however, job creation and social inclusion are linked with the quality of the environment. Environment policies can contribute to employment objectives and vice versa, in line with the concept of sustainable development. These potential win-win solutions will be sought and promoted whenever possible. Importance of the environment policy will be reflected through the Platform.

The aim of the action is to support the government to continue with the employment and labour market reforms and regional cooperation.

Climate action relevant budget allocation: EUR 0 million
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## **6. SUSTAINABILITY**

The aim of the action is to support the governments to continue with the employment and labour market reforms and regional cooperation. Furthermore, the RCC – being the regional organisation of the Western Balkans - will act as an institutional platform that will promote the initiated processes beyond the implementation period of the action.

The beneficiary institutions (Ministries of Labour, Economic and Social Councils, Agencies for Peaceful Settlement of Labour Disputes, Labour Inspectorates, Statistics Offices, Social Partners) have been consulted in the design of the action. They will be actively involved in the implementation and monitoring of the action, in order to ensure a high level of ownership.

The action will provide technical assistance through existing institutions using transparent approaches implemented by local experts.

The ILO local network of National Coordinators based in each of the beneficiaries will ensure coordination of activities and act as permanent link with the beneficiaries in order to channel their needs. Furthermore the National Coordinators will ensure the overall coordination and synergies with related bilateral EU funded projects and projects funded by international donors.

The action aims to create sound participatory practices of tripartite and tripartite-plus social dialogue over economic matters of general interest which is expected to continue beyond the project.

Through capacity building and up-skilling, the action will equip the beneficiaries with skills, tools, mechanisms and practices, which will outlive the action.

The ESAP online platform will support the institutional memory of the implemented activities. All technical reports, analyses, recommendations, training material etc. will be made available on the platform. Furthermore the Community of practices will create the possibility to engage in alternative learning sessions based on exchanges of experience and learning from peers.

An exit strategy will be included in the action, so as to make sure the taking over and maintenance of action results and the ESAP online platform will be secured by relevant stakeholders.

## **7. COMMUNICATION AND VISIBILITY**

Communication and visibility will be given high importance during the implementation of the action. The implementation of communication activities will be the joint responsibility of the beneficiaries, and shall be funded from the amounts allocated to the action.

All necessary measures will be taken to publicise the fact that the action has received funding from the EU in line with the EU communication and visibility requirements in force. All stakeholders and implementing partners shall ensure the visibility of EU financial assistance provided through IPA II throughout all phases of the programme cycle.

Visibility and communication actions shall demonstrate how the intervention contributes to the agreed programme objectives and the accession process, as well as the benefits of the action for the general public. Actions shall be aimed at strengthening general public awareness and support of interventions financed and the objectives pursued. The actions shall aim at highlighting to the relevant target audiences the added value and impact of the EU's interventions and will promote transparency and accountability on the use of funds.

The RCC and ILO, in cooperation with the European Commission, will develop a joint consolidated communication and visibility plan for the action based on an agreed communication narrative and master messages customised for the different target audiences (stakeholders, civil society, general public, etc.).

The action will produce a number of outputs that are integrated parts of the communication and visibility activities. An important tool in the implementation of the strategy will be the ESAP virtual platform, [www.esap.online](http://www.esap.online), on which reports, policy briefs, analyses, review etc. will be made available to the public. Furthermore the platform will also facilitate virtual training, community of practices, sharing platforms etc. relating the components of the action.

Visibility and communication aspects shall be complementary to the activities implemented by the Directorate-General for Neighbourhood and Enlargement Negotiations and the EU Delegations in the field. The European Commission and the EU Delegations should be fully informed of the planning and implementation of the specific visibility and communication activities.

Effectiveness of communication activities will be measured inter alia through public surveys in the IPA II beneficiaries on awareness about the action and its objectives, as well as the fact that it is funded by the EU.