



Evaluation Unit (EVAL)

Evaluation Title Page

- **Project Title:** **Strengthening Social Partnership in Western Balkans**
- **TC/SYMBOL:** **RER/06/09/IRL**
- **Type of Evaluation:** **final**
- **Country(ies):** **Albania, Bosnia and Herzegovina, Montenegro**
- **Project End:** **December 31, 2010**
- **Evaluation Manager:** **Ms. Maria Borsos**
- **Administrative Unit:** **DWT/CO-Budapest**
- **Technical Unit:** **DIALOGUE**

- **Evaluation Team:** **PLURICONSULT**
- **Date Evaluation Completed:** **November – December 2010**
- **Key Words:** **social partnership; social dialogue; transition from informal to formal economy**



INTERNATIONAL LABOUR OFFICE

Project Title:	Strengthening Social Partnership in Western Balkans
Project code:	RER/06/09/IRL
Financing Agencies:	Government of Ireland
Donor Contribution:	550,000 EUR
Project office:	ILO DWT/CO Budapest (formerly called Sub-Regional Office (SRO) Budapest)
Type of Evaluation:	Final Independent Evaluation
Geographical Coverage:	Albania Bosnia and Herzegovina (BiH) Montenegro
Composition of the Evaluation Team:	PLURICONSULT External evaluator
Preparation Date:	December 2010

Acknowledgements

The evaluator wishes to express her appreciation to officials of ILO's Office in Budapest who agreed to be interviewed for the evaluation.

Thanks also to the numerous ILO stakeholders in Albania, Bosnia and Herzegovina and Montenegro, representatives of the Government as well as the workers' and employers' organizations.

The draft report of the evaluation benefited from helpful and constructive suggestions. However, any errors or omissions are entirely the responsibility of the evaluator.

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Acronyms

APBiH	The Association of Employers of Bosnia and Herzegovina
BD	Brcko District of Bosnia and Herzegovina
BiH	Bosnia and Herzegovina
DWCP	Decent Work Country Programme
EC	European Commission
EO	Employers' Organization
ESC	Economic and Social Council
EU	European Union
FBiH	Federation of Bosnia and Herzegovina
FSNDSH	Trade Union Federation of Building, Wood and Public Services
ILO	International Labour Organization
IBEC	Irish Business and Employers Confederation
ICTU	Irish Confederation of Trade Unions
ITUC	International Trade Union Confederation
KSSH	Confederation of Trade Unions of Albania
MDG	Millennium Development Goals
MLSP	Ministry of Labour and Social Policy
MoE	Ministry of Economy
MEF	Montenegrin Employers Federation
MoU	Memorandum of Understanding
MOLSA	Ministry of Labour and Social Affairs
MoLSAEO	Ministry of Labour, Social Affairs and Equal Opportunities
NGOs	Non Governmental Organizations
OSH	Occupational Safety and Health
PAC	Project Advisory Committee
RS	Republika Srpska
SLI	State Labour Inspectorate
SP	Social Partners
SPPNSHPSH	Independent Trade Union of Construction Workers and Public Services of Albania
ToR	Terms of Reference
TU	Trade Union
UN	United Nations
UNDAF	United Nations Development Assistance Framework
UNDP	United Nations Development Programme
WB	Western Balkans

1. Executive Summary

Background & Context

The Decent Work Country Programmes (DWCPs) are the main tools for delivering ILO support to countries with the aim of promoting Decent Work as a key part of national development strategies and to organise the ILO's efforts at the service of tripartite constituents in a results-based framework. All the areas covered by the project are contained in the DWCPs and were selected based on a resource gap analysis of the DWCPs in Albania and BiH and by extrapolation of the findings of the analysis to Montenegro, which does not have a formal DWCP, but nevertheless has been confronting similar issues as its neighbours. The respective DWCPs have as a long term goal the reduction of the informal economy, as agreed upon and implemented by the government in consultation with social partners, which ultimately will contribute to the creation of a fair and sound environment for private enterprise development, thus promoting economic growth.

Although Albania, Bosnia and Herzegovina (BiH) and Montenegro have made considerable progress in their social, economic and political development, these countries count among the neediest for technical assistance in the field of social dialogue. As an instrument of good governance, social dialogue has not been functioning properly, whereas these countries are facing huge economic and social challenges such as high levels of unemployment, the spread of poverty and an expanding informal economy. In the three countries the issue of the informal economy is a problem of concern for the governments as well as the employers' and workers' organizations since according to the available estimates; it represents 30 – 50% of the economy.

In this regard, the objective of the project was refined at the inception phase, based on gap analysis and in consultations with the constituents, as follows:

More effective social dialogue mechanisms established to support enterprises and workers move from informality to become part of the formal economy.

Purpose, scope and clients of the evaluation

The evaluation was scheduled at the end of the project implementation period and was intended to address the project as a whole. The evaluation addressed issues of design, implementation performance and sustainability with attention to recommendations from the lessons learned. The purpose of the final evaluation was to:

- determine if the project achieved the stated immediate objectives and to which extent, explain any difficulties that were encountered and identify lessons learned,
- document lessons learned and good practices and
- develop recommendations for follow up.

The evaluation was designed to be independent of the ILO through the use of an external evaluator. The evaluation process was designed to be credible, valid, ethically sound, and to produce results and recommendations that would be useful to the ILO as well as to the

donor. The evaluation integrates a reflective process with a learning focus which, at the same time, pays attention to accountability.

The clients of the evaluation include the ILO Staff in DWT-CO Budapest and the HQ, representatives from the Ministries of Labour of the countries covered by the project, as well as the representatives of employers' and workers' organizations within those countries, and the donor.

Methodology of evaluation

Evaluation activities were conducted in November and December 2010. The evaluation combined a desk review of ILO and other relevant documents with interviews addressing project stakeholders from all three countries included in the project, as well as with ILO SRO Budapest staff. Also, the evaluator attended the Seminar on Tackling Undeclared Work through Social Partnerships in Istanbul, Turkey, 25 - 26 November 2010.

The evaluation was carried out in the context of the outcomes described in the Terms of Reference (ToR) and taking into account the expected results associated with the respective outcomes as described in the DWCP Work Plan for Albania and BiH. In the absence of a DWCP in Montenegro, the expected results described in the ToR were used as a baseline.

Main Findings

Through this project, the ILO made substantial contributions to the development of inter-institutional coordination mechanisms to implement measures to promote the transition from the informal to the formal economy in the targeted countries. Also, the project promoted a more business friendly legislative environment to encourage enterprises and workers to engage in the formal economy in the Western Balkans (WB). Through the project's focus on tripartite ownership of activities, social dialogue as a tool to deal with such broad societal issues was enhanced and the importance of continued social dialogue to address similar issues, highlighted. However, despite the positive gains achieved by the project, a large informal economy still exists in the WB countries. Further, although steps have been taken by the Government in each of the three countries, more focus is still needed on developing a more business-friendly legislative environment to support the reduction of informality.

Given the dimensions of the informal economy in the WB, the overall effect of the project aiming to reduce undeclared work in this area was understandably limited. It is rather unlikely that national tripartite constituents have the resources and ability to continue the information and awareness raising campaigns about the risks of undeclared work without outside assistance.

The ILO has a competitive advantage focusing on the policy level and aiming at better coordination mechanisms and understanding of the legislative environment, while other development agencies tend to be more oriented towards implementation of grass-roots projects. Also, the ILO has good sustainable relationships with its tripartite constituents.

The project delivered a remarkable quantity of outputs including several high-quality events, trainings and products (research reports, awareness campaign materials, trainings, knowledge products related to the informal economy and occupational health and safety risk assessments) as well as good media coverage. The project activities were successfully carried in accordance with the Action Plans, but there were delays in implementation due to the need to gather data and thus enable the tripartite constituents to actually develop appropriate country Action Plans. Although this approach gave much-welcomed flexibility, it meant that most of the activities were carried out in the last year and a half, which put strong pressure on the project team.

The project included an important awareness raising campaign in order to draw attention of the general public to the negative effects of undeclared work on society and to change public passive attitude towards this phenomenon.

The project did not provide for a single monitoring mechanism. Each component coordinator developed a separate monitoring system. For instance, the implementation progress of the tripartite component was tracked through the monthly reports of the national consultants whose contracts included certain performance indicators. The monitoring of the EO and TU components was done through the Work Plans and quarterly reports of the ILO Senior Specialists provided to their respective sectors. On-going consultations took place among the three senior specialists and an overall monitoring of the project was ensured within the general monitoring framework of the DWCPs. There was a mixture of qualitative and quantitative indicators in the DWCPs that were used as the basis for the monitoring of project activities. However, because the DWCPs have a wider application and the targets are thus more broad, it made the reporting and monitoring of the project more difficult.

The ILO project contributed to achieving Millennium Development Goals in each of the three countries, as well as supporting the EU agenda for the Stabilization and Accession Agreement with Western Balkan countries and the United Nations Development Assistance Framework (UNDAF). The ILO is well placed to ensure synergies with other projects with a similar focus and demonstrated this by its close collaboration with the Austrian Development Agency's project on strengthening social dialogue institutions in the WB, as well as with the ITUC's and the Building and Wood Workers International's sub-regional project on informality in the construction sector.

Lesson learned

Addressing issues like the implementation of the measures to promote transition from informal to formal economy is a major challenge for societies with non-functional labour markets, which lack proper and well-functioning mechanisms of social dialogue. This is a context generating difficulties in implementation of the projects, often difficult to overcome. Moreover, the project implementation timeframe overlapped with national elections in two of the three recipient countries. Many new laws were passed or amended following the procedures set forth in the Action Plans to combat undeclared work and without the involvement of the social partners. The project was designed based on the

assumption that it will not be able to quickly solve the problems, which need long-term incremental steps. The strategic approach was to promote the need of addressing undeclared work as a win-win situation, meaning that everyone wins if the problem of undeclared work is solved. Although the project strategy and assumptions were appropriate for achieving the planned immediate results and contributed to the current DWCP outcomes, they seemed too ambitious given the complexity of the constituencies and the difficult nature of the problem addressed.

Recommendations

1. *The ILO should continue to support activities designed to move enterprises and workers from the informal to the formal economy through social dialogue by more targeted interventions on specific problems already identified, such as law enforcement, and outreach to vulnerable groups more difficult to reach, such as those in domestic work, agriculture and self-employment.*
2. *There should also be an extension of the activities undertaken under the project to other sectors and, in the case of BiH and Albania, to wider geographical areas than those that could have been covered by this project. International exchanges of best practices should also be intensified.*
3. *The Governments and social partners in the three countries should be further assisted to continue using the deliverables of this project in order to consolidate the impact of the project. The ILO should continue to support national tripartite partners in order to make sure that the issue of undeclared work and informal employment remains on the agenda of the Social and Economic Councils.*
4. *The ILO should focus future work on (i) mainstreaming the topic of tackling undeclared work into the governments' agendas, as well as on (ii) monitoring the development of national policies/legislation and on (iii) increasing the capacity of the less developed institutions of social dialogue in order to strengthen tripartite mechanisms comprising equally developed partners.*
5. *By continuing to strengthen the capacity of constituents, the ILO should create opportunities to enable more active participation by the social partners in the ILO's results-based management of its projects.*
6. *The ILO should reduce the inception period of the project implementation where practicable and involve partners to a greater extent in the project monitoring, thus increasing the role they can play in the attainment of the results and ensuring sustainability of results.*
7. *If the project is to be replicated in other regions, awareness raising TV campaigns should be planned for the early stages of the project. This would give more impetus to the activities of the labor inspection and a wider recognition of the need for legislative reforms.*
8. *The ILO should design its project management system to allocate sufficient resources in order to make possible better monitoring and control of the overall project progress and results achieved. Readjustment of monitoring plans is recommended at the level of the interface between projects and DWCP implementation.*

9. *ILO staff at all levels should be trained to create and implement linkages between technical cooperation project outcomes and DWCP outcomes & indicators. The outcome of this capacity-building will be demonstrated by the identification of relevant qualitative and quantitative indicators for future projects, as well as for their monitoring and evaluation plans.*
10. *In order to increase the efficiency in the resource allocation and to increase the effectiveness of the projects, the ILO should continue to use its advantages of wide knowledge of other initiatives to coordinate its own efforts with other organizations involved in similar projects in the recipient countries.*

2. Background and project description

2.1 Project background

The ILO's Decent Work Agenda is achieved through the implementation of the ILO's four strategic objectives, with gender equality as a crosscutting objective: opportunities for work that is productive and delivers a fair income, security in the workplace and social protection for families, better prospects for personal development and social integration, freedom for people to express their concerns, organize and participate in the decisions that affect their lives. Social dialogue plays a key role in achieving the ILO's objective of promoting opportunities for women and men to obtain decent and productive work in conditions of freedom, equality, security and human dignity.

The ILO and the EU have both focused attention on stability in the Western Balkans (WB) countries. The EU is working with the WB countries towards embracing the European Social Model which requires, inter alia, that social dialogue plays the role of a tool of good governance if they want one day to join the EU. The ILO is focusing on promoting the Decent Work Agenda, aiming to strengthen the capacity of government institutions and the social partners to improve the governance of the labour market and to support the government's implementation of measures to reduce the informal economy in consultation with the social partners.

Although Albania, Bosnia and Herzegovina (BiH) and Montenegro have made considerable progress in their social, economic and political development, these countries count among the neediest for technical assistance in the field of social dialogue. As an instrument of good governance, social dialogue does not function properly whereas these countries are facing huge economic and social challenges such as high levels of unemployment¹, the spread of poverty and an expanding informal economy. In the three countries the issue of the informal economy is a problem of concern for the governments as well as the employers' and workers' organizations since, according to the available estimates, it represents 30 – 50% of the economy. The countries need assistance to reverse this trend and to strengthen their social dialogue institutions, so that they can develop an effective system of consultation on national economic and social policies through tripartite consultative bodies.

The ILO submitted a proposal for a technical cooperation project on promoting social dialogue in Western Balkans countries – Albania, Bosnia and Herzegovina (BiH) and Montenegro - to the Irish government for funding in August 2006. In the one year period which elapsed between the date of submission of the project proposal and the receipt of Irish funds, another technical cooperation project on consolidating the foundations of social dialogue in all the countries of the Western Balkans including the targeted countries, started with the funding support of the Austrian Development Agency.

In light of this and in order not to overlap with other initiatives, the ILO Subregional Office in Budapest (ILO SRO Budapest) decided to carry out an inception phase of the project, during which tripartite constituents in the three countries were consulted on their current priorities and needs in the field of social dialogue.

In the three countries the issue of the informal economy appeared as a particularly important problem to be addressed through project activities. This problem had been for a long while of great concern to governments as well as employers' and workers' organizations. Although a variety of policy measures had been introduced particularly in Albania and Montenegro to curb undeclared work their impact remained very limited. According to estimates available at the time, undeclared work represented between 30% and 50% of the economy in each of the three countries. The social partners had previously only played a minor role in the policy making process and effective tripartite mechanisms to coordinate actions against the informal employment were lacking in all three countries.

In addition, while informal employment was a nation-wide concern in each of the countries, it had also had some sectoral specificity which called for sector-specific approaches. In none of the three countries targeted by the project was there a framework for sectoral social dialogue within which representatives of public authorities and social partners could interact and deal with this problem on a tripartite basis in accordance with the stipulations of ILO Recommendation 113².

2.2 Project aim and objectives

The ILO initially proposed a three-year technical cooperation project³ to assist tripartite constituents in Albania, BiH and Montenegro to tackle undeclared work through effective social dialogue and coordinated action.

The objective was formulated as follows:

More effective social dialogue mechanisms established to support enterprises and workers move from informality to become part of the formal economy.

The project objectives were implicit in and derived from the Decent Work Country Programmes in Albania and BiH, and from the Country Programme in Montenegro.

2.3 Project design and implementation arrangements

The activities planned under the project were incorporated into the ILO's programmes for promoting decent work known as Decent Work Country Programmes – DWCPs. The promotion of *Social dialogue* and *fighting informal economy* are key components of the DWCPs in specific countries of Central and Eastern Europe.

The Decent Work Country Programmes (DWCPs) are the main tools for delivering ILO support to countries with the aim of promoting Decent Work as a key part of national development strategies and to organise the ILO's efforts at the service of tripartite constituents in a result-based framework. All the areas covered by the project are identified from the DWCPs and have been selected based on a *resource gap analysis* of the DWCPs in Albania and BiH. The respective DWCPs have as a long term goal the reduction of the informal economy, as agreed upon and implemented by the government in consultation with social partners, which in the end will serve to create a fair and sound development environment for private economy, thus promoting economic growth.

² Consultation (Industrial and National Levels) Recommendation, 1960 (No. 113).

³ The project started 1 August 2007 and ended 31 December 2010.

To date, full DWCPs have been developed for Albania and BiH while in Montenegro the same principles and work components have been applied but not within the formal structure of a DWCP.

The project contributed to the outcomes set out similarly for each country as follows:

In *Albania* and *Bosnia and Herzegovina (BiH)* the DWCPs had two largely identical objectives set out in *Priority II – Measures to reduce the informal economy agreed upon and implemented by the government in consultation with the social partners* which the project focussed on:

- to set-up inter-institutional coordination mechanisms that include the social partners in order to implement measures to promote transition from the informal to the formal economy;
- to set-up measures for a more business friendly legal environment aiming to increase productivity and quality of work and to encourage enterprises and workers to engage in the formal economy.

As stated, although *Montenegro* does not have a formalised DWCP, the project objectives were, following consultation with the constituents, the same as those in the DWCP for Albania.

Considering that the informal economy is such a broad area, consultations were held with the constituents to determine how the project could be targeted to ensure realistically-achievable outcomes. A study was commissioned for each country on the causes and extent of undeclared work and the findings were discussed at a launching tripartite workshop in each country. During each event the expert presented his paper and a Project Advisory Committee was established. Work started after agreement on the focus and recommendations for activities had been made.

A tripartite group from Turkey took part in the launching conferences in Albania and BiH while in Montenegro a tripartite group from Ireland participated to share experience in how initiatives had been developed and delivered on a tripartite basis in each of those countries and the role of social dialogue in focusing the efforts.

At the same time as this project was being developed, the International Trade Union Confederation (ITUC) in conjunction with the International Wood Workers Union was implementing a similar project for Trade Unions in eight countries of the sub-region – including the three under the Irish project – in the construction sector. This influenced the decision over selection of the sector to focus on in both Albania and BiH so as to avoid duplication and not to diffuse focus.

Thus in order to increase efficiency of the project the project focused on the Construction sector with activities in three municipalities in Albania and in the Republika Srpska in Bosnia and Herzegovina. In Montenegro – due to its size, the whole informal economy was included. Representatives from the three tripartite groups all participated in the project at those levels.

The project was designed so as to combine promotion of the tripartite approach with separate efforts aimed at capacity building of workers' and employers' organizations.

The project was jointly managed by a team of Specialists from the ILO Decent Work Technical Support Team and Country Office for Central and Eastern Europe (DWT/CO-Budapest), formerly called Sub-Regional Office. Cristina Mihes, Senior Social Dialogue

and Labour Law Specialist managed the tripartite component, while Svetla Shekerdjieva, Senior Workers' Specialist and Anne Knowles, Senior Employers' Specialist managed the components targeting social partners.

The strategy of the tripartite component consisted in assisting the Government and the social partners represented in Coordinating Boards established within the existing national social dialogue frameworks to design and implement joint action plans to tackle undeclared work.

Tripartite Action Plans focused on three main directions: a) gap analysis and drafting of necessary legislative changes conducive to reducing informal employment; b) improving of law enforcement; c) raising awareness on negative effects of undeclared work.

In the case of Albania and Montenegro, a Memorandum of Understanding formalized tripartite alliances between the Labour Inspectorate and the social partners.

A consultant was engaged in each country (in two countries it was the same person who wrote the initial reports) to work with the tripartite Coordinating Board on an on-going basis and assist them in developing activities to support the joint action plans they had developed. The consultants directly reported to the Senior Social Dialogue and Labour Law Specialist.

The National Coordinators (NCs) in Albania and BiH assisted with the logistical arrangements and facilitated the relationship between the Coordinating Board and the national consultant.

The workers' component built very close synergies with the ongoing ITUC project in countries in the Western Balkans focusing on the construction sector and to support the work being done more broadly and to complement the work in that sector. The ITUC project focused on organising workers in the construction sector and also, to show the benefit of joining a Trade Union, undertaking OSH training.

The focus of the employers' organisations component was on promoting a more business-friendly legislative environment to encourage enterprises to move from the informal to the formal economy. These activities focused solely on the employers' organisations. In BiH the APBiH commissioned a survey at national level (ie across all two entities and Brcko District) to determine the most concerning barriers to employers, prioritising them and making submissions for legislative changes to Government based on them. In Albania, the focus was similar to that of trade unions - that is, to encourage employers to join the formal sector. Training was given in OSH hazard identification and risk assessment, so that employers knew what are their responsibilities and the EOs could be seen to be providing a valuable service to their members. In Montenegro, activities covered a range of topics which are set out more fully later in the report.

3. Evaluation approach

3.1 Evaluation purpose, scope and criteria

The evaluation was scheduled at the end of the project implementation period and is intended to address the project as a whole. As mentioned in the Terms of Reference of the evaluation (*Annex A*) more specifically, the evaluation addresses issues of design, implementation performance and sustainability with attention to recommendations from the lessons learned. The purpose of the final evaluation is to:

- determine if the project has achieved the stated immediate objectives and to which extent, explain which difficulties were encountered and identify lessons learned,
- document lessons learned and good practices and
- develop recommendations for follow up.

The evaluation examined the project and its components based on the following key evaluation criteria (see the ToR in *Annex A* for the detailed list of evaluation questions):

- a) Relevance of the project and strategic fit
- b) Efficiency
- c) Effectiveness
- d) Sustainability

3.2 Evaluation methodology

The evaluation was designed to be independent of the ILO through the use of an external evaluator. The evaluation process was designed to be credible, valid, ethically sound, and to produce results and recommendations that would be useful to the ILO as well as to the donor. The evaluation integrates a reflective process with a learning focus which, at the same time, pays attention to accountability.

Evaluation activities were conducted in November and December 2010. As outlined in the Terms of Reference, the evaluation combined a desk review of ILO and other relevant documents (*Annex B*) with interviews addressing project stakeholders from all three countries included in the project (22 people), as well as with six ILO SRO Budapest staff (*Annexes C, D and E*). Also, the evaluator attended the Seminar on Tackling Undeclared Work through Social Partnerships in Istanbul, Turkey, 25 - 26 November 2010.

For reasons of the accuracy of findings, the evaluation was carried out in view of the outcomes described in the ToR (*Annex A*) and taking into account the expected results associated to the respective outcomes as described in the DWCP Work Plan for Albania and BiH. In the absence of a DWCP in Montenegro, the expected results described in the ToR were used as a reference point for the assessment.

3.3 Limitations of the evaluation

While the different aspects of the project created a flexible implementation framework, it did result in some constraints for evaluation purposes. At the time the evaluation was carried monitoring data and reporting documents from the field level were incomplete as not enough time had elapsed since the project activities had ended. The emphasis on outputs over outcomes, also underscores limitations on evaluative potential.

4. Evaluation Findings

4.1 Relevance

4.1.1. Major results/accomplishments of the project

Major results of the project have been relevant to the local context and constituents' needs. The project built on the ILO's interventions during the period 2006-2007, which encompassed all four pillars of the decent work agenda: employment promotion, social dialogue, social protection and fundamental rights at work. Based on the achievements of the previous programs, the constituents and other major partners expressed their willingness and commitment to further cooperate with ILO, appreciating the readiness of ILO in adapting to the needs of its constituents.

In all three countries of the project, ILO commissioned research on the extent, causes and consequences of undeclared work in order to inform the activities developed in the frame of the project. The findings of the researchers also provide a relevant basis for further development of ILO/EU projects, as well as for developing legislation, government strategies and new objectives for the social partners in the domain of employment.

Figure 1 – Expected results of the project for Outcome 1 in Albania and BiH

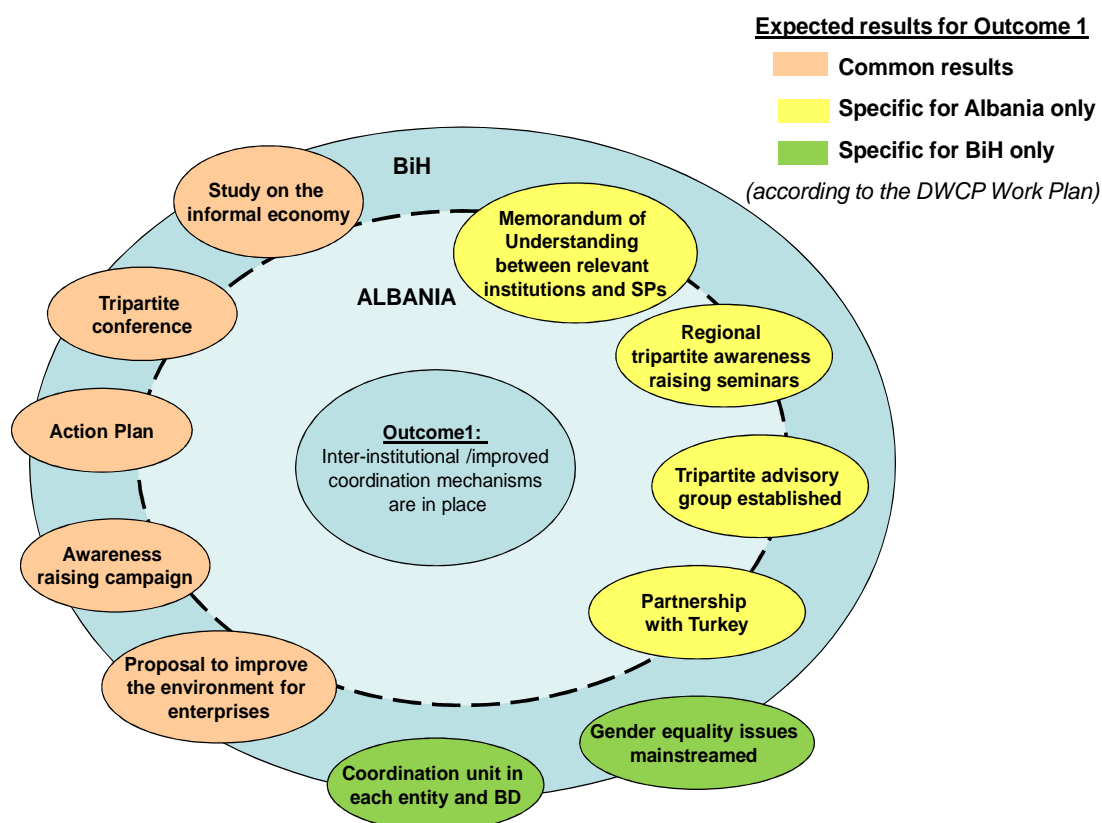
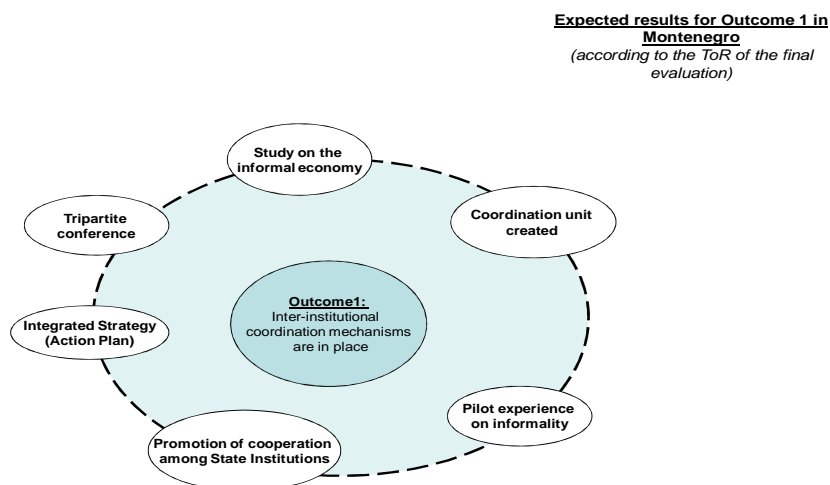


Figure 2 – Expected results of the project for Outcome 1 in Montenegro



As illustrated in *Figures 1 – 4*, the project supported the development and the implementation of an integrated strategy/action plan to address the problem of the informal economy endorsed by the governments and Social Partners (SPs), as part of tripartite working groups in each country. Awareness raising campaigns were carried out in all the three countries, involving the labor inspectorates and the SPs. Proposals to change the legislation in order to improve business environment and reduce the informal economy were submitted to the relevant Governments. Cooperation among the SPs and between the SPs and public institutions involved in the fight against undeclared work was enhanced.

A major result of the project is a contribution to developing/strengthening social dialogue. In all three countries the project brought improvements in the everyday practices of the trade unions, employers' organizations and labor inspectorates at the national and regional levels. Also, the project developed the ability of social partners to identify common goals in the field of combating informal labor and to act together towards the achievement of the respective goals.

Figure 3 – Expected results for Outcome 2 in Albania and BiH

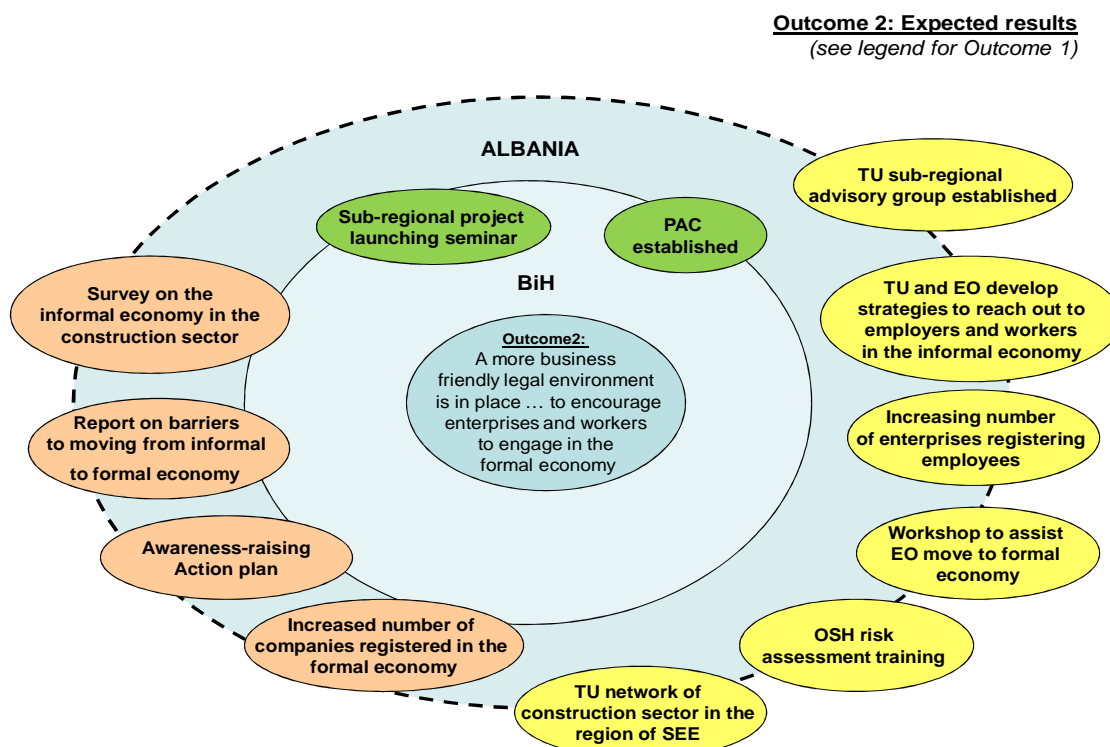
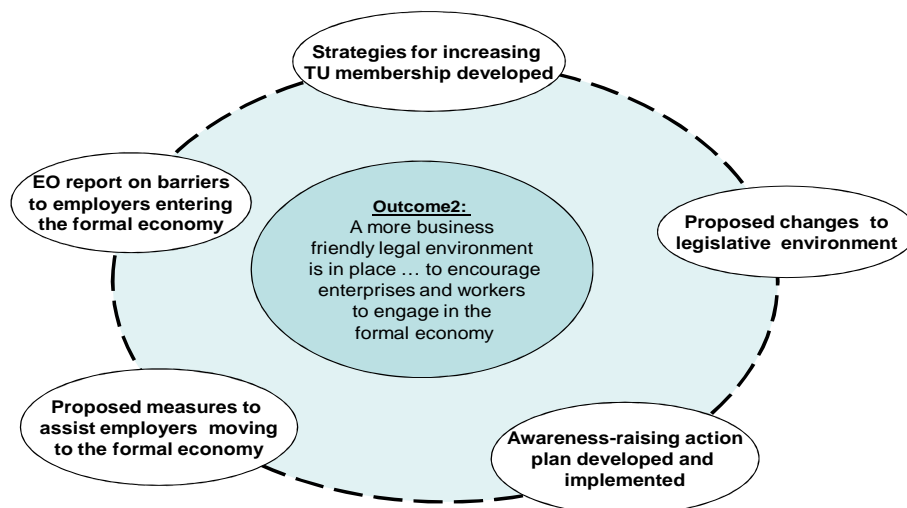


Figure 4 – Expected results for Outcome 2 in Montenegro

Expected results for Outcome 2 in Montenegro
(according to the ToR of the final evaluation)



4.1.2 Appropriate strategies

The strategies applied by the project were appropriate. Bringing together the tripartite constituencies is the added value of the ILO which differentiates its interventions from those of other development actors. According to the SPs in all three countries, the project interventions were relevant to the concrete situation of the labour market in each country and built capacity in the areas of decent work, improved business environment and enhanced labour relations.

According to the ILO experience, social dialogue and informal economy are among the most important issues for the development of the countries in transition. However, in most of the WB countries the foundations of social dialogue remain quite weak, though there are differences across the countries.

In Albania, the National Labour Council (NLC) was established in 1996 as a forum for tripartite consultations. The activity of this Council has not been adequate, the council's meetings have not been regular, tripartite social dialogue is limited and there is a lack of trust among the partners.

In Bosnia and Herzegovina there are Economic and Social Councils operating in both Entities and in the BD, as well as in certain Cantons of the Federation of BiH, but the institution for conducting *social dialogue at the state level is not yet fully functional*⁴. It is important to stress that for the time being both Entities' Economic and Social Councils have only an advisory role.

In Montenegro social dialogue at the national level is regulated by particular laws, among them the Law on Social Council (2007), the Labour Law (2008) and the Law on Trade Union Representation (2010). The Social Council was established in July 2008, but its influence has been limited.

Addressing issues like the implementation of the measures to promote transition from informal to formal economy is a major challenge for societies with non-functional labor markets, which lack proper and well-functioning mechanisms of social dialogue. This is a context generating difficulties in implementation of the projects, often difficult to overcome. The project implementation timeframe overlapped with national elections in two of the three recipient countries. Many new laws were passed or amended following the procedures set forth in the Action Plans to combat undeclared work and without the involvement of the social partners.

The project was designed based on the assumption that it will not be able to quickly solve the problems which need long-term incremental steps. The strategic approach was to promote the need of addressing undeclared work as a win-win situation, meaning that everyone wins if the problem of undeclared work is solved. Although the project strategy and assumptions were appropriate for achieving the planned results and contributed to the DWCP outcomes, they seemed too ambitious given the complexity of the constituencies and the difficult nature of the problem addressed.

4.1.3 Addressing the needs of the country

⁴ Zorica Kazic - *Annual Review 2010 on Labour Relations and Social Dialogue in South East Europe: Bosnia and Herzegovina*, Friedrich Ebert Stiftung (January 2011) and Gary Rynhart, *Mission report in Bosnia Herzegovina*, ILO SRO Budapest (May 2010)

As previously indicated, in all the three countries the Government and national constituents were consulted regarding the setting of the DWCPs priorities. In the national context, the DWCP priorities were aligned with the priorities of each country's National Development Strategy for the period of 2007/2008-2013 (sustainable development, employment, rule of law, EU integration and social inclusion strategies) and are perceived to be of relevance by tripartite constituents.

The level of unemployment, widespread phenomenon of the informal economy, high migration rates, lack of public institutions' capacity to enforce legislation indicate structural challenges to the labour market and, therefore, to decent work. These challenges are an expression of the lack of political will, weak legal and policy structures that aim at promoting and sustaining decent work, lack of social partners' capacity to agree upon common objectives and work together to put them in practice, but are also a result of the economic crises which touched all the sectors. The ILO project offered an opportunity to work on these challenges, the priority areas of cooperation offering the possibility to focus on the development of inter-institutional coordination mechanisms that include social partners and development of a more business friendly legal environment.

4.1.4 Constituents' support to the project objectives

The development of the DWCP and the development of the project, i.e. formulation of project objectives, were conducted in close cooperation with the ILO's constituents and with their endorsement. The Action Plans for addressing undeclared work have been adopted by tripartite constituents in the project countries. Overall, the implementation of the activities included in the Action Plans has been done jointly by the governments and social partners, which represents an evidence for tripartite commitment to the project objectives. Also, the tripartite strategies on combating undeclared work were endorsed by national tripartite bodies in the recipient countries and constitute the basis of future coordinated action against undeclared work and informal employment.

4.1.5 Responsiveness to the needs of the national constituents

The national constituents agree that informal employment is a serious problem which needs to be addressed and consider the ILO project as appropriate and relevant to tackle its negative impact. The constituents concluded that project implementation was flexible enough to support them and to adjust to each of the social partner's needs. Activities were planned in close consultations with tripartite constituents. They were aimed at upgrading the skills and capacities of tripartite actors in the field of social dialogue and helped them to address the major problems of the informal economy through social dialogue.

The constituents also noted that the project addressed the necessity to enhance social dialogue at the sectoral level in construction industry and to sensitize the government officials on the issue of informal employment and the measures required to address its consequences.

4.2 Efficiency

4.2.1 Flexibility in relation to the original project idea

The ILO technical cooperation proposal submitted to the Irish Government was focused on promoting social dialogue in three Western Balkans countries (Albania, BiH and

Montenegro). The original project idea was later on amended to focus specifically on tackling undeclared work and informal economy because of the changes on the ground documented by the ILO Sub-regional Office (SRO) Budapest. In the one year period from the submission of the proposal until its approval the ILO received financial support from the Austrian Government for a project aiming at strengthening social dialogue in five Western Balkans countries (including the three countries targeted by the Irish-funded project), plus Kosovo and Moldova. In addition, priorities and needs of tripartite constituents evolved as regards the technical assistance in the field of social dialogue. Consequently, the ILO SRO Budapest carried out an inception phase of the project, during which tripartite constituents in the three countries were consulted on their needs and priorities in order to address them in the project. The issue of the informal economy appeared of particular importance in the three countries, which is why it was proposed to focus project activities on tackling undeclared work and informal economy.

In view of the revised focus, the project has substantially contributed to the setting up of coordinated tripartite mechanisms for tackling undeclared work and informal employment in the three countries. It also raised awareness of the general public, and workers and employers, on the negative effects of undeclared work. The flexibility in terms of project focus allowed the ILO to address the needs of the beneficiaries in a more efficient manner.

4.2.2 Remarkable quantity of outputs

Given the very limited resources and the very difficult nature of the problem tackled, the project attained an outstanding quantity of outputs in all three recipient countries. The load of activities was considerably higher in the second half of the project.

Albania

In **Albania**, in 2008 a study on undeclared work and informal employment in the construction sector was conducted based on desk research and a survey of 200 respondents on undeclared work was undertaken in each of five regions - Shkodra, Tirana, Durres, Fieri and Vlora. Major findings of the study were published as a working paper “*Addressing the Problem of Undeclared Work in the Construction Sector through Social Partnership in Albania*” in September 2008. The working paper was published in 1000 copies in English and 1000 copies in Albanian and disseminated at project events, in universities, National Library, and among the Albanian population in Macedonia and Kosovo.

In 2009 a seminar was held in Durres, with an aim to present and validate the findings of the ILO study on the informal economy in the construction sector in Albania. A National Tripartite Conference on addressing informal labour in the construction sector was held and a tripartite delegation of experts from Turkey participated in the conference. The social partners and the government adopted a tripartite Action Plan to address the problem of the informal employment in the construction sector and a tripartite steering committee to monitor the implementation of the Action Plan was established.

The study on ‘Combating Undeclared Work through Social Partnership in Albania’ was published in 2010. The study identified the major barriers to formal employment as follows: difficulty to find regular jobs in the labour market, high extent of poverty among population, weak inspection/control by state authorities; dominance of seasonal work, which makes it “worthless” to declare work; legal/regulatory system failure to enforce

equal treatment for all; both employers and employees benefitting financially from non-declaration. The official data reveal that the informal employment has been reduced from 35 percent in 2007 to 21 percent by the end of 2009. The legal, fiscal, legislative measures and the awareness campaign of the ILO project have influenced these results.

In April 2010 a Memorandum of Understanding (MoU) was signed by State Labor Inspectorate, TU Federation of Construction and the Builders' Association of Albania (BAA). Following the signature of the MoU, a Tripartite Committee was established.

Three tripartite awareness-raising seminars entitled "*Informal Economy in the Construction Sector and the Contribution of the Social Dialogue and Tripartite Partnership*" were held in Vlora (February 2010), Shkodra and Korca (April 2010). Three regional action plans were adopted during the seminars.

The National Communication Strategy for expanding the information and awareness raising campaign on negative implications of undeclared work in the regions of Shkodra, Durres, Fieri and Vlora was drafted in April 2010. The awareness raising campaign integrated: 6000 leaflets (including the summary of the ILO programme in Albania, ILO Convention on undeclared work, Albanian legislation/ institutions charged to tackle undeclared work and social partners) printed (SLI, BAA, TUs), a poster published in 4000 copies, a press release highlighting the main findings and recommendations adopted by the tripartite conference, published in 12 Albanian newspapers, three talk shows on informal economy on regional TV channels (MoLSAEO, MoE, TUs, EOs), a TV spot aired on News 24 during the period October 20 to December 15, 2010 (30 national TV spots in total). The spot was also broadcasted by three regional TV channels: Vlora Focus TV, Lezha TV and Korca TV (150 regional spots). The SLI Green Phone Line (GNP) in Tirana, facilitating submission of employees' complaints against informal employment was established starting with October 20, 2010. In a month time, 120 complaints were received by phone or mail (through the home page of SLI: www.sli.org.al).

The quality of the awareness campaign was assessed by a survey study intended to assess and measure informal employment. 300 questionnaires were distributed in November 2010 in 5 regions. In each region 60 persons from the construction and agriculture sectors were interviewed. The survey study was prepared in December 2010.

A Workshop on Occupational Safety and Health (OSH) Hazard Identification and Risk Assessment for employers in the Agribusiness Sector was held in June both in Durres and in Tirana. As a result of the project's efforts, the Agribusiness Employers' Association (KASH) with 23 sectoral organizations as members, covering 10,000 enterprises in all 12 regions of Albania, became a new member of the National Labour Council in Albania.

In conjunction with the ITUC / BWI project, a Trade Union Project Advisory Group (PAG) was established and a trade union Action Plan targeting 16 companies from 4 districts (Tirana, Durres, Vlora and Shkodra) was adopted with the aim to: identify non-registered workers (using collective bargaining to ensure the registration of these workers) and recruit them as new members of the local unions; to strengthen the unions by increasing their membership, with a target to establish at least 10 new trade union organizations and organize more than 200 new members. Between August and December 2009 within the project framework six seminars on "Construction Trade Unions against Informal Employment in Albania" were organized with participants from the Albanian Construction Trade Unions, TU Federation of Construction and Wood Workers and Public Services, Independent TU of Construction Employees and Public Services held in

Tirana (2), Durrës (2), Shkodra, Vlora. Also, a training workshop on ‘Occupational Safety and Health (OSH) and Organizing in the Construction Sector: Work in the Informal Economy’ was organized with guest speakers from the Irish Congress of Trade Unions (ICTU) and Building and Wood Workers International (BWI).

The Seminar on ‘*Trade Union Organizing for Social Justice in the Construction Sector in Albania: Reduction of Informal Economy*’ was organized in August 2010. The seminar was attended by guest speakers from the Irish Congress of Trade Unions (ICTU) and Building and Wood Workers International (BWI).

The Albanian constituents had the opportunity to exchange knowledge and practices with their Turkish counterparts⁵ and tripartite delegations from the other countries covered by the project on the occasion of the International Seminar in Istanbul, 25-26 November 2010.

BiH

In **BiH** there were no activities reported in 2008. In this country the project started in 2009 with a study on undeclared work in the construction sector. The State and Entities’ Governments’ representatives and social partners validated the findings and recommendations of the study at the tripartite conference held in Banja Luka in April 2009. As a follow-up to the conference, a tripartite Coordination Board for combating undeclared work was established, consisting of two Entities’ sub-components and including the State level Government (the Ministry of Civil Affairs) representatives as observers. The participants in the conference identified also the following priority areas for joint work: amendments of the legislation that enables/facilitates undeclared work in the construction sector; public awareness and information campaign.

The objectives targeted by the Coordination Board in addressing undeclared work were included in a tripartite “*Strategy for Combating Undeclared Work in Construction Sector*”. The strategy provided a platform for action in the sector, including an analysis of undeclared work in the construction sector covering the two entities of BiH and Brčko District. Based on this strategy, an Action Plan for 2009-2010 was developed. The Action Plan contained a list of actions to be undertaken, a timeline and details of responsible agencies, institutions and persons, as well as an estimated budget for each activity.

In 2010 all the activities envisaged in the tripartite Action Plan were implemented by the Coordinating Board of Republika Srpska (RS). A gap analysis was conducted and a legislative proposal was drafted and endorsed by the Coordinating Board, which further on submitted this proposal to the Economic and Social Council. A Communication Strategy was drafted, including: design of the Board’s web site, printing of a brochure containing the main message on undeclared work for all social partners (20,000 copies), production of two multimedia presentations on harmful effects of undeclared work and broadcasting at the RTV of the Republika Srpska and Alternativna Televizija, production and publication of a banner on Kapital electronic media, several media interviews delivered by the members of the Board. Contracts were established with the media in the Republika Sprska in order to ensure publication of multimedia presentations on undeclared work and its consequences. A brochure on implications of undeclared work and importance of OSH at the work place was edited and distributed.

⁵ Delegations from BiH, Montenegro and Republic of Moldova, as well as the ILO SRO Budapest senior experts also attended the seminar.

The State level umbrella Employers' Organization - the Association of Employers of Bosnia and Herzegovina (APBiH) - developed a proposal to ensure a more business-friendly legislative environment, which would assist in reducing the scope of informal engagement throughout the country by proposing amendments to legislation in order to reduce barriers to doing business in formal economy. A survey of members was conducted to help them identify and rank the most costly barriers in terms of money and time (687 responses were received from 1,000 distributed survey questionnaires). Case studies of actual impact and proposals for specific changes to legislation were developed and formulated in a report. A publication - "*Survey on Business Environment*" - with an analysis of the results of the survey (21 pages) was printed in 1000 copies and launched at the national EOs Conference, held in May 2010 with 25 participants from different-size companies. The head of the trade unions, Government representatives from the Justice and Trade Ministries and representatives from the Republic of Srpska and the Brcko District participated in the event. An Action Plan aimed to support the removal of barriers encountered by entrepreneurs in BiH was developed.

The web sites of APBIH and UPBIH were developed in order to ensure a platform for expressing views, providing examples of barriers and receiving information on follow up. The Association of Employers of BiH organized, in December, in Sarajevo a press conference in order to introduce the new web domain to the public and to its members. The monthly newsletter called "*Business info magazine*," which is part of the web site, was presented during the event and disseminated initially to 600 addresses. The event was attended by 60 participants, representatives of companies, trade unions, international organizations, print and electronic media. A brochure to raise awareness on the role of APBiH in representing and supporting the formal sector was developed and distributed.

One regional workshop for the trade unions on the subject of informal economy and undeclared work took place on September 2009 in Banja Luka. Participants (20) from the Trade Union of Construction, Housing and Communal Services of Republika Srpska (GSKRS), Construction and Industry of Construction Materials Trade Union of BiH (SGIGMBiH) and Brcko District Trade Union of BiH (TUBDBiH) attended the workshop.

BWI, ITUC and ILO organized a preparatory seminar for setting up a work plan on tackling informal employment. The same stakeholders organized a Seminar "Undeclared work in construction sector in BiH and trade union response," which was facilitated by an Irish expert. GSKRS organized two seminars on Undeclared Work and Risk Assessment.

Two regional workshops for the trade unions on the subject of informal economy and undeclared work took place in May, in Bijeljina and Banja Luka. There were 20 participants attending each event from the Trade Union of Construction, Housing and Communal Services of Republika Srpska (GSKRS), Construction and Industry of Construction Materials Trade Union of BiH (SGIGMBiH), and the Brcko District Trade Union of BiH (TUBDBiH).

A 3-day Closing Regional Conference on Undeclared Work for Trade Unions in Construction Sector for Western Balkans countries was held in Sarajevo in June. The event was attended by 23 participants, including officials of construction branch TUs in the region (BiH, Serbia, Montenegro, Albania, Croatia and Slovenia).

A tripartite delegation from BiH attended the Regional Tripartite Conference on Informal Economy held in Istanbul, November 2010.

Montenegro

In **Montenegro** the project activities also started in 2009 with a study on Informal Economy and Undeclared Work in Montenegro. A Tripartite Conference “*Addressing the Problem of Undeclared Work through Social Dialogue in Montenegro*” (Podgorica, September 2009) was organized to discuss the findings, conclusions and recommendations of the study. Conclusions of the seminar were included in the final version of the study. Three Irish experts, representing tripartite organizations, introduced Irish Vocational Education and Training system. Tripartite participants agreed on an Action Plan for 2009-2010, which was submitted to the National Tripartite Social Council for endorsement.

In December 2009 two seminars on “*Labor code, general collective agreement, and key labor and employment issues*” were held in Podgorica and Becici/ Budva.

The Action Plan on tackling undeclared work was adopted by the Social Council of Montenegro in February 2010. In March 2010 the Social Council established a Tripartite Coordination Working Group for the implementation of the Action Plan. A Memorandum of Cooperation between the Labor Inspection, The Montenegro Employers Federation (MEF), Confederation of Trade Unions of Montenegro and Union of Free Trade Unions of Montenegro was signed in May 2010, to promote joint efforts of all partners and tripartite co-operation in implementation of informative and educational campaigns on combating undeclared work.

Three brochures on legal obligations of employers from the standpoint of respect for the Labor Law, the rights of workers from the standpoint of the Labor Law and on problems in fighting undeclared work in Montenegro were printed in 500 copies each with further 500 copies being reprinted at the request of the National Employment Office.

Two tripartite workshops (roundtables) on the new draft Law on Labour Inspection and on the new draft of Labour Law were organized in Budva (September 2010) and Becici (October 2010). The roundtables aimed to analyze the possibility of amending relevant labour legislation. There were 37 participants, representatives of the Ministry of Labour, Labour inspectors, Inspectors on Health and Safety at work, representatives of MEF and representatives of two Trade Union Confederations attending the roundtable.

Three regional workshops on Addressing the Problem of Undeclared Work through Social Dialogue in Montenegro were organized in collaboration with the Social Council in October 2010. The workshops gathered participants from trade unions, local employment offices, local labor inspectors and private companies.

The project supported the establishment of a “green line” by the Labour Inspection service operating since mid September 2010.

The Montenegrin Employers Federation developed and published four guides. Also, seminars and round tables were organised with participants from various sectors and from companies of different sizes across the country. These activities resulted in the following achievements with a positive impact on the reduction of informal employment:

- Guide for Employers on the new law on Employment of Non-Residents in Montenegro and the Law on Foreigners to focus on special position of migrant workers, with accompanying seminars.
- Guide for Employers “Labor Code: A Guide to understanding and implementation, Frequent Questions and Answers,” presented at two Seminars on “Labor Code, General Collective Agreement, and Key Labor and Employment Issues.”
- Guide for Employers on New Tax Procedures in Montenegro, presented at three seminars.
- Guide for Employers “Meeting Labor Inspections in Montenegro” covering Labor Inspection and Occupational Health and Safety Inspection, Market Inspections, Spatial Planning, Urbanism Inspection, Construction Inspection, Tourism Inspection, Money Laundering Inspection, Phyto-sanitary Inspection, Sanitary Inspection, Agriculture Inspection, Environment Inspection.
- Round Table “Formal/Informal Business Environment in Montenegro”, attended by the Ministry of Labour, the Deputy Minister of Economy, the Deputy Minister of Labour and the Labor Inspectorate chief coordinator. The participants agreed on 12 points as proposed key changes in the Labour Code.

An awareness campaign was also developed by MEF including a video clip for national and private television broadcasts supporting the campaign to move from informal to formal economy (November – December 2010). The TV company co-financed the production of the spot, which, in the end, was 45 seconds of duration (by 15 seconds longer than originally planned 30 seconds) and acted, instead of animated. Posters and billboards were also developed to support the campaign.

In October 2010 a seminar introducing the ILO/ITUC/BWI policies in combating undeclared work was held. A Project Advisory Group was established and a TU’s action plan was adopted. Also, training on “OSH in the Construction Sector: Work in the Informal Economy” was organized in October. The training was attended by 18 participants from the branch unions of Montenegro.

A small scale study on the “Present situation of the Construction Sector of Montenegro” was launched in construction sector, to document the unions’ strategy in combating undeclared work.

A campaign was launched in 37 legal entities from 3 regions (Bar -3 entities, Budva - 5, Herceg Novi - 7, Podgorica - 10, Niksic - 5, Bijelo Polje - 4, Pljevlja - 3), with an aim to identify non-registered workers and unionize them (the target was to organize more than 300 new members and establish at least 10 new grassroots organizations).

A sub-regional meeting on networking among construction trade unions (including from Albania) was held in Becici, in December of 2010. It was agreed that a Committee would be set up for drafting a Protocol on Cooperation on Migrant Workers Rights Protection in Western Balkans during the spring of 2011. Participants of the TU meeting in Montenegro confirmed that an agreement on migrant workers among the Trade Unions in the region is important and that it would help in pushing Governments to start taking this issue more seriously. However, for technical reasons it was agreed that the first step in defining cooperation should be to sign a Protocol on Cooperation, as the signing of

agreements would require approval of the Unions decision making bodies. The Protocol will give a good basis for signing bilateral cooperation agreements.

The ILO and BWI organized a round table of the Construction Trade Union of Montenegro on fighting against informal economy and a round table on Evaluation of Activities and Effects of Work against Informal Employment. BWI also organized a seminar on “Significance of Health and Safety at the work place”. The seminar was facilitated by an Irish expert. TUCICMM organized three one-day-seminars on “Fighting the Informal Economy”.

At the end of both projects an *“Agreement of Understanding on organization and promotion of rights of migrant workers in construction trade unions, civil engineering, industry of construction materials and roads maintenance in the Western Balkans”* was drafted and concluded (March 2011). The Agreement was signed by FSND SH/Albania, SPPNSHPSH/Albania, SGIMBIH/ BiH, SGH/ Croatia, SGIP/ FYROM, SGIGMCG/ Montenegro, SDGD/ Slovenia, ATURMW/ Serbia, SGIGMS/ Serbia, GS G. I.G.M, PP.D i P.P./ Serbia.

A tripartite delegation from Montenegro attended the Regional Tripartite Conference on Informal Economy held in Istanbul, November 2010.

4.2.3 Strategic allocation of the resources

In terms of budget allocation, the tripartite component was allocated 50 per cent of the total project budget, while the workers’ and employers’ components respectively received 25 per cent each. In terms of allocation per country, each country submitted proposals based on the reality on the ground and on the responsiveness of the constituents. However, a spending balance was kept among the beneficiary countries with more or less equal amounts going to each.

4.2.4 Delays in delivering project activities

The implementation of the activities was delayed, because there were no credible data on undeclared work in the three project countries. Therefore a study had to be carried out first in order to inform the strategy of the intervention. Until the end of 2008 major difficulties were encountered in identifying a local consultant to be accepted by both the governments and the social partners of the two Entities of BiH to carry out the study in the construction sector. Furthermore, after several attempts made in Montenegro, the negotiations with an independent consultant were finalized only in December 2008 and the national study on undeclared work was commissioned at that time.

In addition, the late start of the project’s actual implementation was also caused by the fact that the new Social Dialogue Specialist in the ILO SRO Budapest office took up her assignment only in November 2008.

After the start of the project implementation there were other delays caused either by the elections in two of the project countries (Albania and Montenegro) which temporary left the project without partners in the respective governments, or by the internal tensions or changes affecting in some cases workers’ or employers’ organisations.

4.2.5 Cost-effective activities

Strictly from the point of view of the project budget, the activities were cost-effective. But this aspect cannot be judged without adding the ILO’s staff costs, which were not

quantified. Furthermore, the allocation of the budget per generic activities makes any measurement of this aspect even more difficult.

4.2.6 Adequate support of the key players to the project

The project was managed by the ILO SRO Budapest based on a management-by-objectives model, which means the project was split in three components per type of constituent (TUs, EOs, and the tripartite component). The components of the project were implemented and managed independently, by country and by type of constituents, in complex circumstances. There were three outcome coordinators for this project nominated from the ILO SRO Budapest - the Senior Specialists on Social Dialogue, TUs and EOs. For the tripartite component, an expert was hired in each country to ensure specific activities, such as seminars, research, trainings. The project did not provide for a position of project manager, neither at the country level nor in ILO SRO Budapest. The NCs reported on the DWCP outcomes, but they have not had a formal responsibility assigned by the project.

4.2.7 Project governance in the countries

The project engaged the tripartite constituents in all the countries. Tripartite strategies on combating undeclared work were endorsed by the national tripartite project advisory bodies with the role of coordinating actions against undeclared work and informal employment.

In *Albania* the Tripartite Steering Committee for the ILO project gathered six members from TUs, EOs and government institutions (2 representatives from each of the constituents) and held six meetings during the life of the project.

A Board to Combat Undeclared work in the Construction Sector was created in *Republika Srpska* (RS), under the auspices of the Economic and Social Council of the RS. The Board includes representatives of the Ministry of Labour and Veterans' Affairs, Ministry of Construction, Labour Inspection, and Confederation of the Trade Unions and Union of Employers Association of the RS. The Board adopted the Strategy to Combat Undeclared Work in the Construction Sector, the Action Plan and the Communication Strategy. The Board has contributed to the adoption of new regulations and amendments to existing regulations against undeclared work. In the next period, the Board is planning to focus on activities related to amending the Labour Law, as a key regulation, which aim is to reduce undeclared work in all industries.

In *Montenegro* a tripartite Coordinating Working Group was established under the National Tripartite Social Council which endorsed the Action Plan 2009-2010 against undeclared work. The Labour Inspectorate, Ministry of Labour, Montenegrin Employers' Federation, Confederation of Trade Unions of Montenegro, and Union of Free Trade Unions of Montenegro were all represented in the Coordinating body.

4.3 Effectiveness

4.3.1 Substantial achievement of objectives and reaching out to the beneficiaries

In all three recipient countries the activities planned in the project were incorporated into the overall ILO programme for promoting decent work (Decent Work Country Programmes – DWCPs). Strengthening social dialogue and fighting the informal economy are the key components of these DWCPs. To ensure a more targeted focus in Albania and BiH the project concentrated mainly on the construction sector and provided assistance to the tripartite constituents to achieve a broad variety of results.

Albania

In *Albania* the project reached the expected results and was flexible enough to address the needs of the social partners or to find solutions and adapt to the context environment. Thus, two workshops on Occupational Safety and Health (OSH) - Hazard Identification and Risk Assessment, which were initially planned for the construction sector employers in April 2010, had to be canceled because of the disruption caused by the Icelandic volcano eruption. Although they were rescheduled for June, the impact of the crisis on the construction sector forced the project to re-focus its activities and the workshops were organized in the Agribusiness Sector. Joint inspection visits involving State Labor Inspectorate (SLI) and TU Construction Federation were planned at enterprise level in three regions. This activity could not be carried out because no legal grounds were established at the time of the project implementation. However, the possibility to organize joint inspections is currently included in the new Law 10273/2010 on “Occupational Safety and Health”.

There were also several problems encountered in the project implementation which made it more difficult to achieve the objectives and reach the beneficiaries. The gaps in law enforcement caused limited achievements in actual tackling of undeclared work. Negative campaigns against TUs, mainly in the private sector, created difficulties in reaching the employees in this sector. The economic crisis created difficulties in collecting fees from the members, either because of their incapacity to pay, or because of the reduction of the membership of the unions. Conflicts among TUs in the same sector had a negative influence on the effectiveness of social dialogue. As presented in *Table 6*, in spite of all these problems most of the expected results planned for Albania were achieved.

Table 6 – Status of achievement of the expected results in Albania (A= achieved, P.a. = partially achieved, N.a. = not achieved)

Expected results	A	P.a.	N.a.	Comments
Outcome 1 Inter-institutional coordination mechanisms are in place, that include the social partners, to implement measures to promote moving from the informal to the formal economy. (ALB126)	√			
Study on the informal economy carried	√			
A tripartite conference held	√			
Action plan adopted in a tripartite forum and submitted to relevant public authorities for approval	√			
Awareness raising campaign carried	√			

The Government tables a proposal to improve the environment for enterprises	√			
MoU between relevant institutions and SPs concluded	√			
Regional tripartite awareness raising seminars held	√			
Tripartite advisory group established	√			
Partnership with Turkey established		√		Tripartite delegations from Turkey and Albania visited each other and shared experience.
Outcome 3 A more business friendly legal environment is in place and measures aimed to increase productivity and quality of work to encourage enterprises and workers to engage in the formal economy. (ALB128)		√		
Survey on the informal economy in the construction sector	√			
Report on barriers to moving from informal to formal economy	√			
Awareness-raising Action Plan (Project work plan)	√			
Increased number of companies registered in the formal economy			√	Lacking data
TU network of construction sector in the region of SEE	√			
OSH risk assessment training	√			
Workshop to assist EO move to formal economy	√			
Increasing number of enterprises registering employees		√		200 employees were declared as a result of the project activities - information not supported by other evidence.
TU and EO develop strategies to reach out to employers and workers in the informal economy			√	Lacking data
TU sub-regional advisory group established	√			

BiH

In ***BiH*** there were several contextual problems which reduced the effectiveness of the project implementation. As stated by the social partners, the current legislation is “encouraging” undeclared work because of high taxation and other costs to formal businesses. The Government is lacking development strategies, which is discouraging the economic activities. Social dialogue is fragile for reasons of representativity, especially at the level of EOs. As presented in *Table 7*, in spite of these problems most of the expected results planned for ***BiH*** were achieved in the target Entity of Republika Srpska.

Table 7 – Status of achievement of the expected results in BiH

Expected results	A.	P.a.	N.a.	Comments
Outcome 2.1 Improved coordination mechanisms are in place at Entity and the BD levels and including the social partners, to implement measures to promote transition from the informal to the formal economy (BIH 126)		√		
Study on the informal economy carried	√			
A tripartite conference held	√			
Action plan adopted in a tripartite forum and submitted to relevant public authorities for approval	√			
Awareness raising campaign carried	√			
The Government tables a proposal to improve the environment for enterprises		√		
Coordination unit in each entity and BD in place		√		
Gender equality issues mainstreamed			√	Lacking data
Outcome 2.2 A more business friendly legal environment is in place and measures aimed to increase productivity and quality of work to encourage enterprises and workers to engage in the formal economy (BIH 127)				The outcome refers to WOs and EOs exclusively
Survey on barriers moving from the informal economy	√			
Report on barriers to moving from informal to formal economy	√			
Awareness-raising Action Plan adopted	√			
Increased number of companies registered in the formal economy			√	Lacking data
Sub-regional project launching seminar held		√		
Project Advisory Committee (PAC) established		√		

Montenegro

As indicated in *Table 8* in **Montenegro** the project reached most of the expected results. The project stakeholders appreciated the flexibility in implementation, which is not possible in other projects (for example the EU-funded ones). By having a significant role in deciding on the project activities and topics, the stakeholders earned an important ownership of the project. The project provided the first opportunity to carry on tripartite activities in Montenegro, and TUs worked together for the first time.

Table 8 – Status of achievement of the expected results in Montenegro

Expected results	A.	P.a.	N.a.	Comments
Outcome 2.1 Inter-institutional coordination mechanisms are in place, including the social partners, to implement measures to promote moving from the		√		

informal to the formal economy (MNE126)				
Study on the informal economy carried	√			
Tripartite conference held	√			
Integrated Strategy (Action Plan) adopted	√			
Promotion of cooperation among State Institutions (labour administration including labour inspection, tax authority and social security bodies in charge of collection of contributions)		√		MoU is signed between Labour Inspection, Labour Ministry and social partners.
Tripartite coordination unit created	√			
Green phone line to report undeclared work cases established by the labour Inspectorate				There were no additional results foreseen in the project
Proposal on legislative changes conducive to curb undeclared work		√		Two Tripartite Roundtables on new draft Law on Labour Inspection and on the new draft Labour Law were organized to present the proposed changes; members of the Coordinating group participated in discussions
Outcome 2.2 A more business friendly legal environment is in place and measures aimed to increase productivity and quality of work to encourage enterprises and workers to engage in the formal economy (MNE127)	√			
Two (2) training seminars for TUs on "Organising in informal economy" held	√			
EO participation in development of survey of informal economy	√			
Survey of practical barriers to employers moving to formal economy.	√			
Workshop to identify measures to assist potential EO members move from the informal economy held	√			
Action plan for awareness raising and assisting moves to formal economy developed	√			
Strategies for increasing TU membership developed.			√	Lacking data
Workshop report identifies measures to assist employers.			√	Lacking data
Awareness-raising action plan developed and implemented.	√			
Submissions to Government developed and presented proposing changes to legislative environment.	√			Round Table "Formal/Informal Business Environment in Montenegro", attended by the minister of labor, the deputy minister of economy, the deputy minister of labor and the labor inspectorate chief coordinator. Participants agreed on 12 points as key changes in the field of Labor Code.

4.3.2 Cross sectoral coordination with other ILO projects

There was a mutual consolidation between another ILO project and the one under evaluation towards better addressing the social partners' needs in the field of undeclared work.

The project was supplemented in all three countries by another ILO project financed by the Austrian Development Agency aimed at strengthening social dialogue in WB countries and Moldova⁶. Both projects are aimed at improving the overall governance system in the WB countries and supporting them in their efforts to the EU accession.

A mention has already been made of the very close relationship between the Trade Union activities under this project and the similar project carried out by the ITUC / BWI for a wider range of countries.

The ILO Declaration on Social Justice for a Fair Globalization constitutes a compass for the promotion of fair globalization based on Decent Work, as well as a practical tool to accelerate progress in the implementation of the Decent Work Agenda at the country level. In this regard, BWI, ITUC and ILO organized in 2010 a Seminar on Trade Union Organizing for Social Justice in the Construction Sector in Albania - *Reduction of Informal Economy*. The seminar aimed to reaffirm the need for promoting employment by (i) creating a sustainable institutional and economic environment, (ii) developing and enhancing measures of social protection – social security and labor protection, (iii) promoting social dialogue and tripartite collaboration and (iv) respecting, promoting and realizing the fundamental principles and rights at work in Albania.

4.4. Sustainability

4.4.1 National partners willing and committed to continue with the project

Strengthening tripartite participation in the ILO's DWCP development was the first step in order to ensure sustainability. The project was endorsed by national tripartite bodies in the recipient countries and constitutes the basis of coordinated action against undeclared work and informal employment.

All social partners in the Western Balkans agree that the informal economy has a societal impact: informal businesses create a context in which formalized businesses are tempted away from complying with employment law; informal employment is not fulfilling the ILO standards of decent work; tax avoidance and benefit fraud results in a loss of state revenue; it fuels unfair competition and weakens the sustainability of the pension system. Even if sometimes the tripartite constituents seem to have conflicting interests, the trade unions, employers' organizations and labor inspection involved in this project agreed to work together to combat this phenomenon and seemed willing and committed to continue their activities in this respect.

A source of limitations in the project sustainability comes from the fact that the project activities covered only a limited number of industry sectors (construction and, in the case of Albania, also the agribusiness sector) or only a limited geographic area (although it was foreseen that awareness campaigns will have national coverage, in Bosnia and Herzegovina it involved only Republika Srpska). Informal employment is a phenomenon

⁶ *Strengthening the legal and institutional foundations of social dialogue in Western Balkans countries and Moldova*

that affects all sectors of the economy and, in the WB countries, is widely tolerated by many segments of the society. Without the consensus of all social actors on the need to combat this phenomenon, it is unlikely that results can be stable on the long term.

4.4.2 Sustainable project components or results

The project forged partnerships with representative social partners, which are part of the Economic and Social Councils at national or entity (e.g., Republica Srpska-BiH) level. It strengthened country/entity-level tripartite forums which have developed the capability, knowledge and skills of partners to work together to influence decision-making process for further improvement of the legislation against informal economy and improvement of business environment. Technical support from the ILO enhanced the prospects for addressing these issues or similar ones through social dialogue and ensured greater ownership by the national stakeholders.

The effectiveness of the project in providing capacity building assistance particularly correlated to developing or improving laws, improving knowledge on specific issues and increasing institutional capacity (provided expertise and training to the constituents) contributed to strengthening capabilities of the social partners to continue the work started by the project and strengthened tripartite collaboration in the fight against informal economy.

The project promoted collaboration across countries in the Western Balkans and with social partners in Ireland, Turkey and Republic of Moldova, which encouraged exchange of experience and learning across the region. However, given the complexity and extent of the issue, the results of the international exchanges have not yet been disseminated to a critical mass of partners in each country.

The project provided the social partners with high quality products (i.e., the regional study *A comparative overview of informal employment in Albania, Bosnia and Herzegovina, Moldova and Montenegro*, studies on undeclared work in construction and economy-wide in Montenegro, research methodologies, guides and brochures, action plans, training materials), which are available to be replicated at much lower costs and are accessible for other sectors / regions. The awareness raising materials are available on the Internet, through the offices of Labor Inspection and the social partners. Labor Inspectorates in Albania and Montenegro agreed to take over the green phone lines, as an effective instrument to fight informal economy. The social partners developed know-how and capacity to offer information, legal advice on the labour code, labour inspection, health and safety issues, and new services to their members, which brought them new members and more bargaining power.

Nonetheless, the project achievements are likely to be more sustainable where the Government and the social partners have the willingness, a clear understanding and could make proper use of the support the ILO provided.

4.4.3 Developing an enabling legal and institutional environment

The project encouraged tripartite alliances through the setting up of Tripartite Coordinating Boards and conclusion of Memoranda of Understanding (MoU) among Labor Inspectorates, trade union federations and EOs in the construction sector (Albania) or national social partners' organizations (Montenegro).

Tripartite Coordinating Boards contributed to the preparation of amendments to legislation that was identified as a barrier to the formalization of informal employment. In

Albania the project contributed to the improvement of legal frameworks on occupational health and safety. In *Republika Srpska* the project facilitated legislation review in domains related to tackling undeclared work such as unemployment insurance, labour inspection, social or disability insurance. In *Montenegro*, members of the Coordinating Board participated in the process of amending the Labour Code and Labour Inspection law.

The Employers' Organizations in the three countries used the opportunities provided by the project to focus on identifying barriers and excessive costs that applied to formalized businesses. They recognized that such barriers and costs not only resulted in on-going informality but also put at risk the viability of many enterprises in the formal sector. Raising awareness of these issues of concern to the employers and developing submissions to the Governments for legislative changes was given strong impetus by this project – particularly in BiH and Montenegro.

In terms of raising the awareness of the public and changing attitudes towards informal employment, the media coverage of the project, particularly the wide audience of the spots submitted to national and local television, the number of posters, leaflets and other publications distributed, good participation of the stakeholders in the events and the fact that all elements of the campaign are still available online and on the web pages of the labor inspection and the social partners, are solid pre-requisites of a sustainable project.

4.4.4 Consolidating the project achievements

In all three countries it is likely that the project will have a *snowball effect* in the sense of either disseminating the activities at the regional and local levels, or replicating the project intervention model⁷ to other economy sectors (services, tourism, trade etc.). However, the constituents in all project countries consider that ILO support has not reached the critical mass in order to phase out. In order to look for a long term impact, the project should be continued with more focus on law enforcement and a more integrated intervention for labor administration, including the social partners.

The governmental institutions in the recipient countries clearly articulated the project to their national priorities. They appreciated the ILO's technical support for the development of national / entity policy and legislative frameworks, as well as the support for increasing their capacity to tackle the informal economy.

Employers Organizations in all three countries are interested to continue with the work started in the project – particularly as regards the on-going initiatives to ensure that the legislative environment is the best possible for sustainable enterprises in the formal sector. They seem to be interested to include this approach in the future DWCPs. TUs are also interested to consolidate the achievements of the project. In *BiH (Republika Srpska)* there is a high interest for the continuation of the project by the dissemination of the information on the negative effects of undeclared work among the informal workers and by providing assistance with a view to employment protection. In *Montenegro* TUs are making efforts to attract new members from among part-time workers (informally employed) by raising their awareness of the Labor Code provisions, which is expected to further contribute to decreasing the informal employment.

⁷ (i) Establish the board, (ii) discuss the problems in the board, (iii) decide on a strategy and (iv) propose an action plan for implementation of the strategy.

5. Conclusions and recommendations

1. Through this project, the ILO made substantial contributions to the development of inter-institutional coordination mechanisms to implement measures to promote transition from informal to formal economy in the targeted countries. Also, the project promoted a more business friendly legislative environment to encourage enterprises and workers to engage in the formal economy in the Western Balkans (WB). Through the project's focus on tripartite ownership of the activities, social dialogue as a tool to deal with such broad societal issues was enhanced and the importance of continued social dialogue to address similar issues was highlighted. However, despite the positive gains achieved by the project, large informal economy still exists in the WB countries. Further on, although steps have been taken by the Government in each of the three countries, more focus is still needed on developing a more business-friendly legislative environment to support the reduction of informality. *The ILO should continue to support activities designed to move enterprises and workers from the informal to the formal economy through social dialogue by more targeted intervention on specific problems already identified, such as law enforcement, and access to vulnerable groups more difficult to reach, such as those in domestic work, agriculture and self-employment. There should also be an extension of the activities undertaken under the project to other sectors and, in the case of BiH and Albania, to wider geographical areas than those which could have been covered by this project. International exchanges of best practices should also be intensified.*

2. Given the dimensions of the informal economy in the WB, the overall effect of the project aiming to reduce undeclared work in this area was understandably limited. It is rather unlikely that national tripartite constituents have the resources and ability to continue the information and awareness raising campaigns about the risks of undeclared work without outside assistance. *The Governments and social partners in the three countries should be further assisted to continue using the deliverables of this project in order to consolidate the impact of the project. The ILO should continue to support national tripartite partners in order to make sure that the issue of undeclared work and informal employment remains on the agenda of the Social and Economic Councils.*

3. The ILO has a competitive advantage focusing on the policy level and aiming at better coordination mechanisms and understanding the legislative environment, while other development agencies tend to be more oriented towards implementation of grass-roots projects. Also, the ILO has good sustainable relationships with its tripartite constituents. *The ILO should therefore focus future work on (i) mainstreaming the topic of tackling undeclared work in the governments' agendas, as well as on (ii) monitoring the development of national policies/legislation and on (iii) increasing the capacity of the less developed institutions of social dialogue in order to improve tripartite mechanisms comprising equally developed partners. By continuing to strengthen the capacity of constituents, the ILO should create opportunities to enable more active participation by the social partners in the ILO's results-based management of its projects.*

4. The project delivered a remarkable quantity of outputs including several high-quality events, trainings and products (research reports, awareness campaign materials, trainings, knowledge products related to the informal economy and occupational health and safety risk assessments) as well as good media coverage. The project activities were successfully carried in accordance with the Action Plans, but there were delays in implementation due to the need to gather data and thus enable the tripartite constituents to actually develop appropriate country Action Plans. Although this approach gave much-

welcomed flexibility, it meant that most of the activities were carried out in the last year and a half, which put strong pressure on the project team. *The ILO should reduce the inception period of the project implementation where practicable and involve partners more in the project monitoring, thus increasing the role they can play in the attainment and sustainability of results.*

5. The project included an important awareness raising campaign in order to draw the attention of the general public to the negative effects of undeclared work on society and to change the public's passive attitude towards this phenomenon. In this regards, it is important not only what kind of activities are undertaken, but also how (and when) they are delivered. *If the project is to be replicated in other regions, the TV campaigns should be planned for the early stages of the project. This would give more impetus to the activities of the labor inspection and a wider recognition of the need for legislative reforms.*

6. The project did not provide for a single monitoring mechanism. Each component coordinator developed a separate monitoring system. For instance, the implementation progress of the tripartite component was tracked through the monthly reports of the national consultants whose contracts included certain performance indicators. The monitoring of the EO and TU components was done through the Work Plans and quarterly reports of the ILO senior specialists provided to their respective sectors. On-going consultations took place among the three senior specialists and an overall monitoring of the project was ensured within the general monitoring framework of the DWCPs. *The ILO should design its project management system to allocate sufficient resources in order to make possible better monitoring and control of the overall project progress and results achieved.*

7. Readjustment of monitoring plans is recommended at the level of the interface between projects and DWCP implementation. There is a mixture of qualitative and quantitative indicators in the DWCPs that were used as the basis for the project activity monitoring. However, because the DWCPs have a wider application and the targets are thus more broad, this makes the reporting and the monitoring of the project more difficult. *The ILO staff at all levels should be trained to create and implement linkages between technical cooperation project outcomes and DWCP indicators. The outcome of this capacity-building will be demonstrated by the identification of relevant qualitative and quantitative indicators for future projects, as well as for their monitoring and evaluation plans.*

8. The ILO project contributed to achieving Millennium Development Goals in each of the three countries as well as supporting the EU agenda for the Stabilization and Accession Agreement with Western Balkan countries and the United Nations Development Assistance Framework (UNDAF). The ILO is well placed to ensure synergies among its projects, as well as with other international organizations' projects with a similar focus and demonstrated this by its close collaboration with the ITUC's and the Building and Wood Workers International's sub-regional project on informality in the construction sector. *In order to increase the efficiency in the resource allocation and to increase the effectiveness of the projects, the ILO should continue to use its superior position of wide knowledge of other initiatives to coordinate its own efforts with other organizations involved in similar projects in the recipient countries.*

ANNEX A

Terms of Reference for Final Evaluation

ILO Project “Strengthening Social Partnership in Western Balkans” (RER/06/09/IRL)

I. INTRODUCTION AND RATIONALE OF EVALUATION

At the end of the implementation of the project “**Strengthening Social Partnership in Western Balkans**” (1 August 2007 – 31 December 2010), financed by the Government of Ireland, the ILO is conducting an independent final evaluation of the project in accordance with the ILO policy in the field of technical cooperation⁸.

II. PROJECT BACKGROUND AND DESCRIPTION

Project summary

The ILO has proposed a 2-year technical cooperation project to assist the WB countries to strengthen social dialogue. It has been proposed to focus the project activities:

- on three countries, namely **Albania, BiH and Montenegro**,
- on tackling undeclared work and informal employment in the three recipient countries.

The activities planned under the project are incorporated into the overall ILO programme for promoting decent work (Decent Work Country Programmes – DWCPs). Social dialogue and fighting informal economy are key components of these DWCPs.

The Decent Work Country Programmes (DWCPs) are the main tools for delivering ILO support to countries with the aim to promote Decent Work as a key part of national development strategies and organise the ILO’s efforts at the service of tripartite constituents in a result-based framework. All the areas covered by the project are identified from the DWCP s and have been selected based on a resource gap analysis of the DWCPs in Albania and Bosnia and Herzegovina. The respective DWCPs have as a long term goal the reduction of the informal economy, as agreed upon and implemented by the government in consultation with social partners, which in the end will serve to create a fair and sound development environment for private economy, thus promoting economic growth.

⁸ GB 294/PFA/8/4 and IGDS No. 75, Version 1.

Although a formal DWCP has not been signed and developed for Montenegro priorities and outcomes have been developed along the same lines and in consultation and agreement with constituents.

The project specifically contributed to the following DWCP outcomes.

In Albania:

Under priority II:

II. Support the government's implementation of measures to reduce the informal economy.

Outcome 1: Inter-institutional coordination mechanisms are in place, that include the social partners, to implement measures to promote moving from the informal to the formal economy. (ALB126):

The ILO will assist tripartite constituents to develop an action plan to address the problem of the informal economy, focusing on the construction sector, through provision of training to build their capacity on the different approaches to address the problems of the informal economy, creation of a tripartite forum in the construction sector for combating the informal economy and launching of a media campaign to raise awareness about the extent of this problem, its social and economic consequences and the need to address it in a comprehensive way. This is a new work area that the ILO is addressing with an integrated approach. The informality in the construction branch will be the theme of the National Labour Conference, one of the most important tripartite activities of the year organized by the ILO in collaboration with the Government and Social Partners.

Outcome Indicators:

A diagnosis on the extent, causes and consequences of the informal economy in the construction sector is conducted through the preparation of a new study by a national expert and involving tripartite constituents.

A tripartite working group is established and makes proposals for a sectoral action plan to address the problem of the informal economy.

The action plan is adopted in a tripartite forum and submitted to relevant public authorities for approval.

The action plan starts to be implemented.

Outcome 3: A more business friendly legal environment is in place and measures aimed to increase productivity and quality of work to encourage enterprises and workers to engage in the formal economy. (ALB128)

As part of its work on the informal economy, the survey to be undertaken in the construction sector will identify practical barriers to employers moving to the formal economy.

Capacity building of employers' organizations will be related to identifying measures to assist potential EO members to move from the informal to the formal economy.

Capacity building of trade unions will focus on organizing in the informal economy.

Outcome Indicators:

The capacity of the social partners to engage in discussions and policy development to combat the informal economy will be enhanced.

Action plan for awareness raising and assisting moves to the formal economy developed by the Employers Organizations.

Strategies for increasing TU membership amongst those in the informal economy developed.

In Bosnia and Herzegovina:

Transforming of informal employment into the formal is a high priority of the government. There is a need for enhanced coordination among institutions and the development of an integrated strategy to fight the problem.

Outcome 2.1: Improved coordination mechanisms are in place at Entity and the BD levels and including the social partners, to implement measures to promote transition from the informal to the formal economy (BIH 126)

The ILO will provide technical assistance to the Constituents at the Entity and BD levels to address the problem of the informal economy and promote cooperation among different institutions involved in the fight against undeclared work

Outcome Indicators:

- An integrated strategy is defined and started to be implemented to address the problem of the informal economy based on full cooperation between the government and social partners.
- Gender equality issues are mainstreamed in the defined strategy.

Outcome 2.2: A more business friendly legal environment is in place and measures aimed to increase productivity and quality of work to encourage enterprises and workers to engage in the formal economy (BIH 127)

Social partners will receive assistance to be able to address and actively contribute to reducing the informal economy.

Outcome Indicators:

- Strategies for increasing TU membership developed.
- EO report on analyzed survey results, including barriers to employers entering the formal economy, produced.
- Workshop report identifies measures to assist employers moving to the formal economy.
- Awareness-raising action plan developed and implemented by employers.
- Submissions to Government developed and presented proposing changes to legislative environment.

In Montenegro:

Under priority II. Measures to reduce the informal economy agreed upon and implemented by the government in consultation with the social partners

Outcome 2.1 Inter-institutional coordination mechanisms are in place, including the social partners, to implement measures to promote moving from the informal to the formal economy. (MNE126)

A technical assistance is provided to tripartite constituents to address the problem of the informal economy, as follows:

- Preparation of a study on the problem of informal economy;
- Organisation of a tripartite workshops to discuss the findings of the study and to approve a strategy to address the problem of informality;
- Conduct of a pilot experience on addressing informality based on tripartite cooperation in a selected sector;
- Promotion of cooperation among the different State institutions involved in the fight against undeclared work, namely: labour administration including labour inspection, tax authority and social security bodies in charge of collection of contributions.

Outcome indicators:

- A coordination unit is created, with the participation of social partners, to coordinate the actions of all government institutions on the issue of addressing the informal economy;
- An integrated strategy is defined and started to be implemented to address the problem of informal economy based on full cooperation between the government and social partners.

Outcome 2.2. A more business friendly legal environment is in place and measures aimed to increase productivity and quality of work to encourage enterprises and workers to engage in the formal economy (MNE127)

Two (2) training seminars for TUs organized on "Organizing in informal economy".

EO participation in development of survey of informal economy.

Survey of practical barriers to employers moving to formal economy.

Workshop to identify measures to assist potential EO members move from the informal economy.

Action plan for awareness raising and assisting moves to formal economy developed.

Outcome indicators:

Strategies for increasing TU membership developed.

Workshop report identifies measures to assist employers.

Awareness-raising action plan developed and implemented.

Submissions to Government developed and presented proposing changes to legislative environment.

This project started 1 August 2007 and will end 31 December 2010.

III. PURPOSE

The purpose of the final evaluation is to:

- a) Determine if the projects have achieved the stated immediate objectives and to which extent, explain which difficulties were encountered and identify lessons learned;
- b) Document lessons learned and good practices;
- c) Develop recommendations for follow up;

IV. SCOPE AND EVALUATION CRITERIA

The evaluation will be carried out as a final external evaluation at the occasion of termination of the above mentioned project. It will take place from November 2010 to December 2010.

The evaluation will, for each project and component, examine the following key evaluation criteria and will be address the following questions:

1. Relevance of the project and strategic fit:
 - *What have been the major results/accomplishments of the projects?*
 - *Were the project strategies, objectives and assumptions appropriate for achieving planned results?*
 - *Were the activities appropriately adapted to the needs of the country?*
 - *Did the government, / employers / unions understand the project's objectives and approach? How have they supported these objectives over the life of the project?*
 - *Have the projects been appropriately responsive to the needs of the national constituents?*

4. Efficiency
 - *To what extent have planned project activities/outputs been implemented, in relation to the original project idea and to subsequent work/action plans?*
 - *Have the quantity and quality of the outputs produced so far been satisfactory? What obstacles were encountered in project implementation?*
 - *Have resources (funds, human resources, time, expertise etc) been allocated strategically to achieve outcomes?*
 - *Have project funds and activities been delivered in a timely manner?*
 - *Have resources been used efficiently? Have activities supporting the strategy been cost effective?*
 - *Has the project received adequate administrative, technical and- if needed- political support from the ILO office in the field, technical specialists in the field and the responsible technical unit at headquarters?*
 - *Has the project received adequate political, technical and administrative support from their national partners?*
 - *Has project governance been facilitating good results and efficient delivery? Is/was there a clear understanding of roles and responsibilities by all parties involved?*

5. Effectiveness
 - *To what extent has the project achieved its immediate objectives and reached the beneficiaries and target group?*
 - *Has the project made strategic use of coordination and collaboration with other ILO projects? Was there cross sectoral collaboration with other ILO units/sectors in order to achieve project results, following the approach of the*

ILO Declaration of Social Justice? Please assess and describe its nature and extent.

6. Sustainability

- *Are national partners willing and committed to continue with the project?*
- *What project components or results appear likely to be sustained after the project and how?*
- *Has the project successfully built or strengthened an enabling environment (laws, policies, people's attitude)*
- *Should there be a continuation of the projects to consolidate project achievements?*

V. METHODOLOGY

The external evaluator will make use of the sources of information exhibited below, namely the review of selected documents (1.1) and the conduct of interviews (1.2). The evaluation will be carried out in several stages (see below, under chapter “development” (2.)).

1. Sources of evaluation

1.1 Document review:

The evaluator will review the documents which are listed in **Annex II**.

1.2 Individual interviews:

Individual interviews will be conducted with the following:

- a. ILO Staff in DWT-CO Budapest
- b. Representatives from the Ministries of Labour of the countries covered by the project, as well as the representatives of employers' and workers' organizations within those countries where appropriate.

2. Development

Stage I – Desk work

In a first stage, the evaluator will study the documents (see list attached) which the ILO will provide to him.

According to the evaluation objectives and upon study of the documents, he will design a more elaborated evaluation strategy including interview questions and protocols, which he will share with the ILO evaluation manager for comments and feedback.

A teleconference or other forms of consultation will take place in November 2010. This would be the occasion to detail organizational arrangements and to adjust the evaluation questions and methodology, if the case may be. This would also be the opportunity to discuss in more detail roles of the ILO and the evaluator during the evaluation process and deliverables (see below). The evaluator could seek by then the occasion to obtain further information on the project, going beyond the documents submitted, according to the needs of the evaluator.

Stage II- Individual interviews

The external evaluator will interview representatives from the Ministries of Labour as well as social partners' representatives from Albania, Bosnia and Herzegovina and Montenegro. In addition, the evaluator will interview the national coordinators (NCs) and ILO experts involved in the project, should they attend the workshop in Istanbul in November 2010.

To the extent national officers and field experts would not be available during the workshop, the external evaluator would conduct interviews on a remote basis (Skype, phone conference).

Completing the different evaluation stages, the evaluator would be continuously supported by ILO officials, for instance by those who attend the different workshops, facilitating or arranging meetings with representatives ad hoc etc.

VI. DELIVERABLES

1. Final evaluation report

The evaluator will prepare one evaluation report and final conclusions. The draft should be submitted to the evaluation manager.

A consolidated version of the evaluation report, integrating the four parts and including final conclusions, would be submitted to the evaluation manager by mid of January 2011.

The final evaluation report will follow the format below (page lengths by section illustrative only) and be no more than 40 single spaced pages in length, excluding the annexes:

1. Title page
2. Table of Contents
3. Executive Summary
4. Acronyms
5. Background and Project Description
6. Purpose of Evaluation
7. Evaluation Methodology used
8. Presentation of findings answering the evaluation questions
9. Findings, Conclusions, and Recommendations

This section's content should be organized around the Evaluation criteria and questions, and include the findings, conclusions and recommendations for each of the subject areas to be evaluated.

The report should include the following annexes:

- Detailed list with documents
- List of Workshops, Meetings and Interviews, including meeting agendas
- Any other relevant documents

2. Intermediate oral reports

After the completion of each stage the evaluator will get in touch with the evaluation manager and report on the outcome. This would be also the occasion to adjust the evaluation methodology if the case may be.

3. Summary of the evaluation report

Upon finalization of the overall evaluation report, the evaluator will be responsible for writing a brief evaluation summary which will be posted on the ILO's website. This report should be prepared following the guidelines included in **Annex III** and submitted to the evaluation manager. The summary would be likewise submitted, together with the final consolidated version of the evaluation report, to the evaluation manager, by mid of January 2011.

VII. MANAGEMENT ARRANGEMENTS AND TIMEFRAME

1. Roles:

ILO, through its competent office, is responsible for the arrangement of the meetings within the different stages and field visits, as well as the provision of the necessary documentation. The ILO DWT/CO – Budapest technical specialists and National Coordinators in Albania and Bosnia and Herzegovina will provide inputs, project background materials, studies, analytical papers, reports, etc.

The evaluation focal point will continuously give inputs such as reviewing the evaluation questions and interview protocols, commenting on the parts of the evaluation report and, in a general manner, assist in the implementation of the evaluation.

During the evaluations, the evaluator will report to the evaluation manager (and the ILO responsible officer). The external evaluator will give feed back to the evaluation focal point as to if there is need for the adjustment of the evaluation process and extent of information received, and report on the outcome of the stage completed.

The evaluator will communicate the parts of the draft evaluation report to the evaluation focal point who would circulate them within the ILO for comments.

2. Timeframe

The duration of this contract is from 15 November until 31 December 2010.

3. Tasks

Preparatory analysis, research and preparation of evaluation process

Field missions

Evaluation Report.

ANNEX B

List of documents studied

1. Project Agreement and Project Budget
2. Progress Reports (2008, 2009)
3. Final reports on activities (Albania, BiH, Montenegro)
4. Memorandums of Understanding related to the Project
5. DWCP for Albania and BiH
6. DWCP Working Plan for Albania and BiH
7. DWCP Monitoring Plan for Albania and BiH
8. ILO Comparative Study of Informal Employment in Albania, Bosnia and Herzegovina, Moldova and Montenegro (2010)
9. Employers' activities reports
10. Project Excolls
11. ILO Project collaborators reports
12. Minella Mano - *Annual Review 2010 on Labour Relations and Social Dialogue in South East Europe: Albania*, Friedrich Ebert Stiftung (January 2011)
13. Zorica Kazic - *Annual Review 2010 on Labour Relations and Social Dialogue in South East Europe: Bosnia and Herzegovina*, Friedrich Ebert Stiftung (January 2011)
14. Vesna Simovic - *Annual Review 2010 on Labour Relations and Social Dialogue in South East Europe: Montenegro*, Friedrich Ebert Stiftung (January 2011)
15. Gery Rynhart, *Mission report in Bosnia Herzegovina*, ILO SRO Budapest (May 2010)
16. ILO - *Bringing Focus to ILO Country-level Contributions: A Guidebook for Developing and Implementing Decent Work Country Programmes* (2008)
17. European Commission - *Strengthening labour market and employment, and support to labour inspection services and Regional Labour Offices in Albania*, EuropeAid/125432/C/SER/AL

ANNEX C

List of project stakeholders interviewed

In Istanbul, 25-26 November 2010

ALBANIA

Government:

1/ **Mr. Niko Shtrepi**
Director of Labour Inspection

2/ **Mr. Shkelqim Tarelli**
Labour Inspection

Employers' Organisation:

3/ **Mr. Robert Pavaci**
Executive Director of KASH

4/ **Mr. Ilir Hebovija**
SHNSH

Trade Union:

5/ **Ms. Blerina Hasani**
KSSH

6/ **Mr. Aleksander Dodani**
KSSH

7/ **Mr. Jonuz Xhetani**
Confederation of Independent Trade Unions of Albania (BSPSH)

8/ **Mr. Sherif Bulku**
President
Confederation of Independent Trade Unions of Albania (BSPSH)

9/ **Mr. Alfred Topi**
ILO National coordinator Albania

10/ **Mr. Qemal Baliu** – ILO consultant, Albania

Bosnia and Herzegovina

Government

11/ **Mr. Damir Dizdarevic**
Assistant Minister
Ministry of Civil Affairs of Bosnia and Herzegovina

12/ **Ms. Džana Kadribegović**
Assistant Minister
Ministry of Labour and Social Policy
Federation of Bosnia and Herzegovina

13/ **Mr. Rajko Kličević**
Head of Employment Unit
Ministry of Labour, and War Invalids Welfare of the Republika Srpska
Banja Luka

Employers' Organisation:

14/ **Mr. Alija Bakšić**
Director APBiH

15/ **Mr Ranko Milić**
President
Union of Employers' Associations of the Republika Srpska (UUPRS)

Trade Union:

16/ **Mr. Šaban Kadirić**
President
Independent Trade Union of Building and Construction Materials Industry in Bosnia & Herzegovina (SGIGMBIH)

17/ **Mr. Igor Ratković**
Trade Union of Construction, Housing and Communal Services of Republika Srpska (SGSKRS)

18/ **Ms. Lejla Tanovic**
ILO National coordinator BiH

Montenegro

Government:

19/ **Ms. Natasa Vukasinovic**
Secretary
Social Council

Employers' Organisation:

20/ **Mr. Vladimir Curovic**
Secretary General
Montenegro Employers' Federation

21/ **Ms Suzana Radulovic**
Montenegro Employers' Federation

Trade Union:

22/ **Mr. Zoran Masoničić**

Secretary General of Confederation of Trade Unions of Montenegro CTUM

In Bucharest, 14 December 2010

23/ Ms. Cristina Mihes

Sr. Specialist Social Dialogue and International Labour Standards

ILO SRO Office, Budapest, 16-17 December 2010

ILO staff:

24/ Mr. Mark Levin

Director ILO SRO Budapest

25/ Maria Borsos

Regional Programme Officer/ Evaluation manager

26/ Ms. Anne Knowles

Sr. Specialist Employers' Activities

27/ Ms. Svetla Shekerdijeva

Sr. Specialist Workers' Activities

28/ Ms. Krisztina Homolya

Programme Assistant

ANNEX D

Interview Guideline

- *What would be the ideal intervention model in transforming UW in RE (regular employment)?*
 - *What is the history of the project? Were there any changes from the initial design? Did they prove to be relevant?*
2. Relevance of the project and strategic fit:
- *What have been the major results/accomplishments of the projects?*
 - *What were the main assumptions of the project, overall and in each country?*
 - *Were the project strategies, objectives and assumptions appropriate for achieving planned results?*
 - *Were the activities appropriately adapted to the needs of the country?*
 - *Did the government, / employers / unions understand the project's objectives and approach? How have they supported these objectives over the life of the project?*
 - *Have the projects been appropriately responsive to the needs of the national constituents?*
2. Efficiency
- *To what extent have planned project activities/outputs been implemented, in relation to the original project idea and to subsequent work/action plans?*
 - *Have the quantity and quality of the outputs produced so far been satisfactory? What obstacles were encountered in project implementation?*
 - *Have resources (funds, human resources, time, expertise etc) been allocated strategically to achieve outcomes? What was the allocation per country? How was this decided?*
 - *Have project funds and activities been delivered in a timely manner?*
 - *Have resources been used efficiently? Have activities supporting the strategy been cost effective?*
 - *Has the project received adequate administrative, technical and- if needed- political support from the ILO office in the field, technical specialists in the field and the responsible technical unit at headquarters?*
 - *What the project management structure? Was it appropriate for this project? Could it have been designed different?*
 - *What would you do different in the project implementation?*

- *Has the project received adequate political, technical and administrative support from their national partners?*
- *Has project governance been facilitating good results and efficient delivery? Is/was there a clear understanding of roles and responsibilities by all parties involved?*

3. Effectiveness

- *To what extent has the project achieved its immediate objectives and reached the beneficiaries and target group?*
- *Were there any unexpected results?*
- *Has the project made strategic use of coordination and collaboration with other ILO projects? Was there cross sectoral collaboration with other ILO units/sectors in order to achieve project results, following the approach of the ILO Declaration of Social Justice? Please assess and describe its nature and extent.*

4. Sustainability

- *Are national partners willing and committed to continue with the project?*
- *What project components or results appear likely to be sustained after the project and how?*
- *Has the project successfully built or strengthened an enabling environment (laws, policies, people's attitude)*
- *Should there be a continuation of the projects to consolidate project achievements?*

ANNEX E

**EVALUATION OF THE IRISH PROJECT
'STRENGTHENING SOCIAL PARTNERSHIP IN WESTERN BALKANS'
MISSION AGENDA**

ILO SRO Budapest, December 16 – 17, 2010

Thursday, December 16

09.00 - 09.15	Kick-off meeting with Mr. Mark Levin, SRO Director
09.15 – 11.15	Working meeting with Ms. Maria Borsos, Regional Program Officer / Evaluation Manager
11.15 – 12.30	Desk work
12.30 – 13.30	Lunch
13.30 – 14.30	Desk work
14.30 – 16.30	Interview with Ms. Anne Knowles, Senior Specialist Employers' Activities
16.30 – 18.30	Desk work

Friday, December 17

09.00 – 10.00	Working meeting Ms. Maria Borsos, Regional Program Officer / Evaluation Manager
10.00 – 12.00	Interview with Ms. Svetla Shekerdijeva, Senior Specialist Workers' Activities
12.00 – 12.30	Administrative activities
12.30 – 14.00	Lunch
14.00 – 15.30	Desk work
15.30 – 16.30	Interview with Mr. Mark Levin, SRO Director
16.30 – 16.45	Closing the mission
16.45	Transfer to the airport