

THE HIDDEN ECONOMY IN THE WESTERN BALKANS IN A TIME OF CRISIS: FRIEND OR FOE

POLICY RECOMMENDATIONS



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Reducing the fallout of the war in Ukraine and the COVID-19 pandemic calls for an urgent strategic re-commitment between the EU and the WB countries that should not come at the expense of watering down EU conditionality in the area of governance and the rule of law.



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Achieving sustainability in reducing the high prevalence of informal practices would require both inspections and sanctions and prevention and treatment. Voluntary disclosure schemes need to be combined with follow-up regularisation schemes.



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The labour and tax authorities could expand their toolbox of policy measures by running awareness campaigns, establishing telephone hotline or web-based reporting mechanisms to report abuses, and publishing a list of businesses claiming short-term financial support and proportion of staff temporarily suspended.



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To improve cooperation between enforcement authorities and social partners, there is a need for both enforcement authorities and social partners to: (i) adopt building such partnerships as a strategic objective of their organisation; (ii) identify the forms of cooperation desired; (iii) develop cooperation, and (iv) manage the resultant partnerships.



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The countries should also be more pro-active in utilising the available funding opportunities for strengthening their business operations, infrastructure, education, labour and tax legislation and procedures, and the quality of governance.



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The countries, should take precautions and measures to ensure that the national and foreign funding do not fall into the hands of politically-connected persons or companies.



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The European Commission and the Council could also promote more in-depth reforms and decrease hidden economy levels through the provision of stronger messages, and more concrete and practical solutions.



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The [potential] candidate countries could further benefit from the legal and procedural know-how of the Member States in applying efficient measures.



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Read more in the Policy Brief The hidden economy in the Western Balkans in a time of crisis: friend or foe

