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MINISTRY OF LABOUR, EMPLOYMENT,
VETERAN AND SOCIAL AFFAIRS



Country Report

EEPOW Posting of Workers in Eastern Europe
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Work Package 3: RESEARCH

COUNTRY Report for Serbia

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LIST OF ABBREVIATIONS

AATC – NGO Astra Anti Trafficking Centre

CATU – Confederation of Autonomous Trade Unions

CCIS – Chamber of Commerce and Industry of Serbia

CROSI – Central Register of Obligatory Social Insurance

DSHW – Directorate for Safety and Health at Work

HIF – Health Insurance Fund

LI – Labour Inspectorate

MI – Market Inspection

MOLEVSA – Ministry of Labour, Employment, Veterans and Social Affairs

NES – National Employment Service

PWD – Posting of Workers Directive

SAE – Serbian Association of Employers

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EXECUTIVE SUMMARY

- This Country Report on posting of workers in Serbia was conducted within the EU-funded project “Posting of workers in Eastern Europe” (EEPOW). It aims to evaluate the labour mobility policy, analyse capacities for implementation of the EU Posting of Workers Directive, identify mismatch that exists and present proposals to decision-makers how to address them.
- An overview of the labour market and trends in the context of the EU integration process is presented here. Furthermore, the social and economic situation was evaluated by illustration of demand and supply on the labour market and of labour migration. Also, the methodology and analytical framework used in conducting the research and collection of data are demonstrated.
- The most relevant section of the Country Report are the results of research that are evaluated through analysis of current legal, institutional, inter-agency cooperation, human resources, stakeholders’ involvement and governance capacities and needs for improvements. Access to the EU labour market for Serbian citizens and employment of EU nationals in Serbia are regulated by legislation that is generally being harmonized with the EU as regards equality in respect of rights, obligations and responsibilities arising from employment. Posting of Serbian workers is also regulated by bilateral agreements and best practices in posting exist with Germany. Services and mediation on employment of Serbian citizens abroad are provided by the national employment service and employment agencies. The employment service office is also responsible for issuing working permits to foreigners.
- The responsible authority for posting and employment abroad of Serbian citizens is the Ministry of Labour, Employment, Veterans and Social Affairs that coordinates activities with its inspectorates, other ministries and the national employment office and occasionally with stakeholders on issues related to working conditions abroad, especially health and safety, insurance etc.
- Regarding human capacities for posting, institutions are only partly staffed and lack of equipment, unsatisfying working conditions and low earnings are evident.
- Cooperation between institutions responsible for the movement of workers and employment is established and should be improved in forthcoming years. Partner institutions such as employers’ and workers’ organisations and NGOs are partly involved in Serbia’s negotiation process toward EU accession regarding free movement of workers, employment and social policy.
- Concerning public governance, it should be noticed that Serbia made progress as regards its political situation and legal framework.
- In the last section of the County Report recommendations to and proposals for decision-makers are made toward upgrading capacities for the implementation of the Posting of Workers Directive in full scope in the future.

1 INTRODUCTION

As a candidate country for membership in the EU, Serbia is in the process of harmonization of its national legislation and policies with the EU. The European Commission's recommendations on the labour market require a comprehensive, strategic approach that consists of an inclusive labour market and access to quality services (Social Empowering and Poverty Reduction Team, Government of the Republic of Serbia, 2017).

The subject of this Country Report for Serbia is the posting of workers to EU countries. Having in mind that Serbia has not yet transposed the Posting of Workers Directive (PWD), this country case study aims to provide an overview of the capacities and needs of the country, as well as proposals for decision-makers on capacity building for the implementation of the PWD in line with EU practice.

1.1 OVERVIEW OF THE COUNTRY CONTEXT

1.1.1 EU Integration

The Stabilization and Association Agreement (SAA) signed between Serbia and the EU entered into force in September 2013. SAA explicitly stipulates the obligation of harmonization of national legislation with the *Acquis Communautaire* within the agreed deadlines. Part V of SAA regulates the free movement of workers, right of establishment, provision of services, movement of capital, position of workers and members of their families, access to professional development, the position of companies and their business, the movement of key personnel and natural persons which provide services.

The European Council granted Serbia the status of Candidate Country for EU membership in 2012. Since the start of accession negotiations in January 2014, 12 out of 35 chapters have been opened and two of them were provisionally closed (Chapters 25 – science and research and 26 – education and culture). Free movement of workers is subject of Negotiation Chapter 2 and Employment and Social Policy is subject of Negotiation Chapter 19. The overall pace of the negotiation process will depend on Serbia's progress with regard to reforms.

1.1.2 National labour market

The main policy document for employment in Serbia is the National Employment Strategy 2011-2020, created in line with the objectives of the Europe 2020 Strategy, the "New Skills and Jobs Agenda" which aims to enable sustainability of the social model. Serbia is determined to have established an efficient, stable and sustainable trend of employment growth by the end of 2020, as well as to align its policy and labour market institutions with the EU (MOLEVSA, 2011). The Serbian Employment Policy Guidelines define the strategic directions and priorities of employment policy; the basic challenges on the labour market: demographic, educational and institutional challenges, labour migrations, regional differences and duality in the labour market (MOLEVSA 2018).

In Serbia, the total unemployment rate in 2017 was 13.5%, while the unemployment rate of the working population (15-65 years old) was 14.1%. The total number of employed persons in 2017 was 2,062,588 (Statistical Office of the Republic of Serbia, 2017).

1.1.3 Labour migration trends

The number of foreigners who have been granted a temporary working permit in 2017 was 7,405. The largest number of permits was issued to foreigners from China (1,575), the Russian Federation (779), Macedonia (505), Italy (424), Turkey (404) and Greece (334). The number of permanent working permits issued was 240.

The number of Serbian citizens that left the country in 2016 was 14,413 and they are indicated as newcomers in some of the EU countries. Compared to 2015 it means an increase by 543 persons (Commissariat for Refugees and Migration of the Republic of Serbia, 2017).

The main reasons for leaving Serbia are better living, working and employment conditions. Having in mind that Serbia is not an EU country, the requirements for long-term residence in the EU are still demanding. On the other hand, it can be noticed that a small number of those to whom a permanent working permit was provided has the intention to return to Serbia. Numerous Serbian citizens are seasonal workers in EU countries because of the high demand of the EU labour market, thus they are providing additional financial resources for living.

1.2 AIMS OF THE STUDY AND METHOD

1.2.1 Aim of study

The Serbian Country Report on posting of workers is one of the assignments to be delivered within the EU-funded project “Posting of workers in Eastern Europe (EEPOW)”. The aim of the report is to present an overview of the country’s capacities for PWD implementation and prevention of social dumping. Serbia as a pre-accession country with candidate status for EU membership is in the process of harmonization of its national legislation with the EU. The Country Report examines the current status of harmonization in the field of labour and employment as well as capacities for the free movement of workers as a precondition for a transparent implementation of the PWD in future and for the creation of the needed conditions for the posting of workers.

1.2.2 Method: main research question, type of data

The Country Report follows a case study method approach of identifying existing, needed capacities and instruments for the implementation of the PWD in Serbia. Some of the research questions that were answered are: What is the existing legal framework for labour migration in general and on posting in particular? Which institutions are responsible for monitoring and controlling labour migration between Serbia and the EU? The core elements of the Country Report are the empirical data on the current capacities for implementation of the PWD. It includes empirical data collected through interviews conducted with experts from national institutions involved in labour mobility. The interviews were conducted with 11 institutions

(each institution delegated one expert). The questionnaire was formulated for four pre-accession countries participating in the project. It refers to the current status of institutional capacities, legal framework, inter-agency cooperation, human resources, stakeholders' engagement and public governance, the needs for improvements and how these needs should be addressed. The structure of the study is also based on a review of existing literature and documents, national legislation and media press releases including grey literature resources.

1.3 MAIN FINDINGS

Based on research conducted and evidence from practice received, the Country Report for Serbia shows that:

- Serbia has experience in labour mobility and mediation of employment abroad. A long-lasting cooperation has been established with Germany in posting and detachment of workers for temporary work abroad, and is very well developed. Another approach to posting of workers abroad is through bilateral agreements (with Germany, Belarus, Bosnia and Herzegovina, Slovakia and Slovenia). Mediators of employment abroad are private employment agencies and the National Employment Service. Serbia also signed numerous agreements on social and health insurance as important elements for employment abroad.
- Temporary employment abroad and protection of workers as well as access of foreigners to the Serbian labour market are regulated by legislation that is continuously improved. The legislative framework is partly harmonized with the EU in the field of labour mobility but more needs to be done in coordinating the social security system with EU Member States. Serbia is not a member of EURES – the European network of employment services and more should be done in that respect.
- Labour mobility and employment are under the authority of MOLEVSA, which coordinates the activities of the departments within the ministry and monitors the performance in job mediation and employment abroad. The office for posting of workers is not yet established but government institutions which control and monitor labour mobility including posting, exist.
- Inter-institutional cooperation is established between line ministries and institutions which are responsible for: labour mobility (MOLEVSA and LI), prevention and suspension of the grey economy (MI), coordination of activities on harmonization of legislation with the EU (Ministry for European Integrations), fight against trafficking of people (Ministry of Interior), NES and funds for social and health insurance, as well as safety at work.
- The human resources in the institutions are not sufficient. Public servants in most cases are dealing with other issues and do not only focus on labour mobility. Lack of equipment, the number of civil servants older than 45 years that increased markedly and deficiency of younger colleagues to take over the tasks, also prevent capacities to be improved easily.
- Stakeholders such as employers' and workers' organizations and NGOs are participating in the consultation process on labour mobility launched by line ministries. In most of the cases consultations are conducted during the final phases of legislation adoption by Government instead of being involved at the beginning of the process of

drafting legislation proposals. Regarding participation in the Negotiation Process towards EU accession, stakeholders are participating indirectly through the consultation mechanism established by NGOs dealing with EU integration. Only one stakeholder at national level, i.e. CCIS, is directly involved in the negotiation process.

- According to the World Bank Governance Index regarding Public Governments, during the last decade Serbia ranked in the middle of all countries in the world evaluated on government efficiency and voice and accountability indicators. Over the same period, on the “political stability and absence of violence” indicator, Serbia significantly improved its position. Visible improvement can be noticed on regulatory quality and rule of law indicators. As regards the “control of corruption” indicator, Serbia is on the same position as in the last decade (World Bank, 2018).

1.4 STRUCTURE OF THE COUNTRY REPORT

The Country Report is structured as follows: Section 2 provides an overview of the socio-economic context and the EU integration process in Serbia; Section 3 describes the methodology used for the data collection and analysis, and the challenges and limitations during fieldwork; Section 4 addresses the results of the research conducted according to the six aspects of the analytical framework; Section 5 presents conclusions through evaluation of results and findings; and Section 6 demonstrates the policy implications and provides proposals for the improvement of labour mobility and posting in Serbia.

2 COUNTRY CONTEXT

2.1 SOCIO-ECONOMIC OVERVIEW

2.1.1 Labour markets

According to information presented in an Annual Report of NES activities, which refers to indicators of the Labour Force Survey and Statistical Office data, the employment rate of the working population in Serbia in 2017 was 59.2%. Compared with 2016 it was 4% higher, while the unemployment rate was 13.5%, which means a decrease of 2.4%. The number of unemployed persons registered in December 2017 was 741,424, of whom 404,617 or 54.57% were women. Compared to the same period of the previous year, the number of people looking for a job decreased by 87,015 persons or 10.5%. The age structure of unemployed persons is unfavourable. The average age of an unemployed person is 41 years and 3 months and the number of unemployed older than 50 years is 192,497 or 31.1% of the total number of persons registered by NES. The number of young persons under 30 years is 22.4% (or 138,391 persons) and it has increased compared to the previous year by 32,854 persons, or 19.2%. In 2017, 391,667 persons were registered by NES as unemployed with a monthly average of 32,639 persons (decrease by 9.9% compared to the same period in the previous year). In 2017, jobs were provided to 268,497 registered persons by NES, the monthly average was 22,375 and compared to 2016, it has increased by 1.3%. At the same time, in 2017, 81,156 persons asked for assistance of NES in employment, which means an increase by 13% (National Employment Services, 2017).

2.1.2 Labour demand and supply

NES and private employment agencies as employment mediators announce the job vacancies. In 2018, there were 112 employment agencies registered by MOLEVSA.

The Infostud employment web portal analysis on job vacancies showed that in 2017, there were 30,671 job offers for which 199,231 applications were submitted. Most of the job offers published were for the following positions: trade and sales representatives, IT developers, administrative officers, drivers, warehouse keepers etc. The most attractive jobs were drivers, hairdressers, mechanical engineers, chiefs, mechanicals. For 58% of the job offers, a secondary level of education was foreseen (Infostud website, 2018).

When it comes to qualifications, the labour market in Serbia is still characterized as an unregulated system of qualifications. Despite recognized market needs and active labour market measures implemented by NES, problems still exist in practice (a high share of informally employed persons in total employment, still high unemployment, especially of young people). The most wanted occupations are not recognised in the education and employment system. The National Qualification Framework was recently regulated by law and its list of occupations is expected to be redefined accordingly. Engagement of employers in the definition of qualifications is still very weak. It is expected that, in the future, they will be more recognised as partners in the redefinition and creation of new qualifications needed on labour market (National Qualification Framework website, 2018). The problem that becomes more serious each year is labour migration in all categories of occupations from Serbia to EU countries.

Because of that, the domestic labour market is suffering a lack of vocationally educated workers. The reform of the education system is too slow and cannot answer the qualification needs on the labour market. Because of that, a dual education model is proposed by the Law on Dual Education as an instrument for work-based learning and will be in force from autumn 2019.

2.1.3 Working conditions

The Survey on working conditions 2015 conducted in EU28 and EU candidate countries, compared the countries by various working indexes (which rank 0-100). For example, on the “physical environment condition” index Serbia is ranked on position 83, i.e. EU28 average; on the “work intensity” index Serbia ranked on position 35 which means 10 ranks lower than EU28 average; on the “social environmental” index (positive – social relationships and negative – harassment at the workplace), Serbia ranked on position 80, i.e. 5 ranks higher than EU28 average (Eurofound, 2017). Although the percentage of work-related injuries due to lack of personal protective equipment reported in 2017 was 5% and can be considered as relatively low, further improvements concerning the use of protective equipment are needed. One of the measures that can be taken are public awareness campaigns about the need to use personal protective equipment as a prevention measure, especially in sectors with high exposure to risks.

The Socio-Economic Council of the Republic of Serbia as a tripartite governmental body decides on the minimal wage. In 2017 it was 143 RSD/hour (1.21 EUR) without taxes and other charges, which means that an average net salary was 25,168 RSD/month (212,38 EUR) or a gross salary of 33,763 RSD (284,1 EUR). In 2019, an increase of the minimal wage by 0.10 EUR is foreseen and it will be 155 RSD/hour (1.31 EUR) (Socio-Economic Council website, 2018). A working week counts 40 hours. Employees have the right to adequate earnings, safety and health at work, health care, insurance, dignity and decent work conditions. On other hand, employers are constantly complaining that taxes and charges on salaries are unrealistically high and not corresponding to the economic power of employers on the market. The level of taxes and charges on salaries in Serbia is 63%. Employers are using this argument as an explanation for not increasing the minimal wage. It was announced by the Ministry of Finance that in 2019, the share of taxes and charges to be paid by the employer will be lowered, which will lead to a reduction of charges on salaries for employers by 0.75%.

On the other hand, media reports had indicated that poor working conditions exist, mainly in companies established by foreign investors. One of the reasons for this situation may be found in the fact that foreign investors are looking for cheap work in Serbia. Also, Serbia is promoted as a country with a qualified but cheap workforce. On the other hand, employees’ organizations, i.e. trade unions, are weak in Serbia. That prevents employees from even starting to fight for their rights. Besides that, the judicial system is still unreformed and cases on labour disputes last extremely long (Balkan Insight website, 2018). Measures to be taken could be improvement of education and organization of specialized trainings for judges.

2.1.4 Labour migration

Serbia is an emigration country similar to other Western Balkan countries. Migration has continued from 1990 to 2015, reaching 0.9 million emigrants from Serbia. The most popular emigration destinations for Serbians are Germany and Switzerland (World Bank, 2018).

Serbia does not have complete records of emigrated persons. For the purpose of preparation of a migration profile, as in other Western Balkan countries, Eurostat sources and data on the number of emigrants on annual level are used. Emigrants from Serbia tend to be young and of working-age. Women have an increasingly and children a relatively large share among emigrants. More high-educated than low-educated migrants left the region.

NES performs activities and projects on the recruitment of Serbian citizens on foreign employers' demand as well as for well-known employers. In 2016, for example, 516 persons were employed abroad (Germany and Slovenia).

Based on the Employment Agency reports, which are submitted on a six-month basis to MOLEVSA, in 2016 the number of Serbian citizens that were employed abroad by foreign employers was 5,057. Most of these employees were sent to work in Germany (2,062), the Russian Federation (418), Romania (220), etc.

Media reports indicated that the most desirable destination countries for work abroad are Germany, Austria and Switzerland but in the end, most of the workers find jobs in Slovakia, the Czech Republic and Russia. Although most of those that want to leave are unemployed, there are also persons who seek for a "supplement" to their salary or for a new job. During the summer season, the number of departures to work on seasonal jobs is constantly increasing, mostly in Croatia and Montenegro (Tanjug Newspapers Agency, 2018).

Posting of workers abroad is regulated by legislation, bilateral agreements and by detachment procedures with Germany. According to information provided by CCIS for the detachment year 2016/2017, the number of detached workers from Serbia was 2,156 and the percentage of quota utilisation was 77.8%. In the first 7 months of 2018, it was 2,391 detached workers and a percentage of quota utilisation of 86.32%.

Emigration to Serbia is presently mainly by people from China. Data on issued working permits provided by NES for 2014-2017, shows that the total number of issued permits was 21,397, out of which 3,398 were permits for employment. Also, the data analysis shows the continuation of this trend of increasing issuance of permits for employment in 2018.

2.2 EU INTEGRATION PROCESS

Serbia is a candidate country for EU membership and policy on the freedom of movement of workers is subject of Negotiation Chapter 2. In 2015, the European Commission concluded in its Screening Report on Negotiation Chapter 2 that Serbia is prepared for negotiations on this chapter and recommended opening of negotiations on this chapter. This Chapter is still not opened.

According to the European Commission Report 2018 for Serbia regarding Negotiation Chapter 2 – Freedom of Movement for Workers, it is stated that some progress was made and that Serbia should, in the coming years, continue enhancing cooperation with EU Member States on coordination of social security systems.

Regarding Negotiation Chapter 19 – Social Policy and Employment, Serbia is partly prepared for EU membership. Some progress was made in harmonisation of legislation with the *acquis*, mainly in the area of health and safety at work, and in the functioning of social dialogue. Active labour market policies have been consolidated with very limited coverage of the unemployed. Serbia should, in the coming period, increase financial and institutional resources for employment and social policies to more systematically target the young, women and long-term unemployed; improve the adequacy of the social benefit system to provide more effective support for population in need; and strengthen the bipartite and tripartite social dialogue at all levels. This Chapter is still not opened.

There has been no progress on preparations for joining EURES – the European Network of Employment Services.

In the Action Plan for Negotiation Chapter 24 – Justice, Freedom and Security and the sub-chapter Migration, two stages of harmonization of legislation in the field of legal and irregular migration are envisaged. At the first stage, harmonization with the *Acquis Communautaire* has been conducted. The legislation on employment of foreigners has been harmonized with directives regarding the right to family reunification, status of third-country nationals who are long-term residents, residence permits issued to third-country nationals who are victims of trafficking in human beings and the Community Code on Visas. Also, harmonization has been achieved to some extent with the EU Directive on minimum standards on sanctions and measures against employers of illegally resident third-country nationals (European Commission, 2018).

3 METHODOLOGY

3.1 DATA COLLECTION

The methodology used for the purpose of drafting the Country Report for Serbia on posting was identification of existing capacities on labour mobility and employment, needs for capacity-building and measures that can be taken for addressing them. The overall goal was to adequately prepare Serbia for implementation of the PWD in an efficient and transparent manner. The current status of Serbian capacities for labour mobility is evaluated through:

- Review of relevant literature
 - International and national literature (reports of institutions and initiatives, progress report on performed activities, publications, factsheets, legislation overviews, review of grey literature, media and newspapers press releases),
 - National and EU legislation with focus on the process of harmonization as a precondition for full membership in the EU.
- Collection of empirical data:
 - Interviews were conducted with, in total, 11 institutions: 4 national institutions responsible for monitoring and control of employment and labour migration (Ministry of Labour, Employment, Veterans and Social Affairs – Employment Department, Labour Inspectorate, Directorate for Health and Safety at Work, Ministry of Trade, Tourism and Telecommunications – Market Inspection), 3 representatives of national workers' and employers' organizations (Chamber of Commerce and Industry of Serbia, Serbian Association of Employers, Confederation of Autonomous Trade Unions), 1 health insurance institution (Health Insurance Fund), 2 labour market intermediaries (National Employment Service, Infostud), 1 Non-Governmental Organization with expertise on the intersection between EU integration process, employment and labour mobility at the national level (Astra Anti Trafficking Centre).

3.1.1 Field research

The field work of conducting semi-structured interviews was organized in the second half of June and during July and August 2018. Upon letters of MOLEVSA, stakeholders were invited to participate in the research. The invitation letters and questionnaire were provided in advance. The nominated experts were contacted in advance by telephone and email in order to determine the interview date. A brief explanation of the project and reasons for participation were provided to the experts. The interviewees were ensured anonymity on information provided. Also, some of the interviews were recorded upon the interviewee's permission and for others, notes were made.

3.2 ANALYTIC FRAMEWORK

The analytic Framework of the County Report consists of six policy domains:

- Legal frameworks analysis – examination of the current legislative status in Serbia on PWD;

- Institutional arrangement – identification of existing national authorities and state organisations responsible for monitoring and controlling labour mobility between Serbia and EU and third countries;
- Inter-agency cooperation – national authorities’ and state organisations’ cooperation on implementation of the legal framework for mobility of workers, monitoring and control of labour practices and cross-border mobility;
- Human resources – within the national authorities in charge of control of labour practices and cross-border mobility, education of staff on the posting of workers or on cross-border labour mobility;
- Stakeholders’ engagement – involvement of the national workers’ and employers’ organizations in the process of EU integration focussing on the chapters that cover employment and labour mobility in the EU labour market;
- Public governance – is presented according to the World Bank Governance Index and includes the evaluation of the process by which the government is selected and monitored; the capacity of the government to formulate and implement policies; and the impact of citizens and the state institutions that govern economics including social interactions between them.

3.3 CHALLENGES AND LIMITATIONS

The PWD is still not in force in Serbia and because of that there was need to examine the capacities for its implementation in the future. In order to be able to compare data and information between the four pre-accession countries participating in the project, a unique questionnaire was created in advance. Although questionnaire and invitation letters with a brief explanation of the project’s goal were submitted to nominated experts in advance, it was necessary for researchers who carried out the research to explain further why it was necessary and useful for the institutions to participate in the research. The reasons for that we can find in the fact that nominated experts were civil servants in operational positions. No institution has determined high-level officials to participate in the research. On the other hand, the answers to the questionnaire by high officials should provide the overview on existing and needed capacities for posting.

Field work was performed during the summer months, when most of the experts had scheduled their vacations. Due to that, receiving positive replies by institutions for participation in the research was time-consuming for MOLEVSA and the researchers. Most of the institutions nominated senior experts, i.e. civil servants, with long working experience and that was positive. Moreover, only few institutions did not react positively on the invitation to participate in the research. We can presume that they did not understand the reasons why discussion on PWD was launched or that they are not sufficiently informed on labour mobility and posting procedures.

4 RESULTS

4.1 LEGAL FRAMEWORK

4.1.1 Employment laws and regulations

General labour legislation in Serbia is harmonized with the EU as regards the free movement of workers, i.e. access to the labour market, employment of foreigners and equal treatment in employment.

Labour issues are governed by the Labour Law (“Official Gazette of the Republic of Serbia”, Nos. 24/05, 61/05, 54/09, 32/13, 75/14, 13/17 and 95/18 – other Law). The last amendments to the Labour Law introduced the obligation of employers to register at the CROSI obligatory social insurance before employees would start to work.

Health and Safety on Work is regulated by the Law on Health and Safety on Work (“Official Gazette of the Republic of Serbia”, Nos. 101/05, 91/15 and 113/17 – other Law). In 2017, MOLEVSA established the following working groups for drafting: the Law on Safety and Health at Work, which still performs its activities and the Strategy on Safety and Health at Work 2018-2022 with the Action Plan (the previous strategy was for the period 2013-2017); overview of statistics on injuries at work according to the European methodology (MOLEVSA, 2017).

Related to the coordination of social security systems, Serbia is in the process of negotiation of agreements with several EU states. Electronic exchange of social security data is available with most of the Western Balkan Countries. There is a need for additional improvement of cooperation between Serbian and EU Member States on social insurance. There has been no progress on the European Health Insurance Card implementation (European Commission, 2018).

The Law on Employment and Unemployment Insurance (“Official Gazette of the Republic of Serbia” Nos. 36/09, 88/10, 38/15, 113/17 – other Law and 113/17) regarding posting stipulates that the person shall have the right to unemployment benefits in case of a cancelled employment contract in accordance with the international agreement. The NES is responsible for the implementation of regulations in the field of unemployment insurance, i.e. for resolving the request for pursuance of the right to unemployment benefits.

4.1.2 Labour mobility laws and regulations

Posting of workers abroad

The Law on conditions for posting employees to temporary work abroad and their protection entered into force in 2016 (“Official Gazette of the Republic of Serbia”, No. 91/15). This law regulates the rights of employees, conditions, procedures and obligations of the employers, cooperation of public institutions and organizations that perform activities related to the protection of the rights of employees, and supervision of the implementation of this law. The abovementioned law applies to: a) implementation of investments and other works b) the provision of services (based on the contract of business cooperation) and c) workers’ vocational training and trainings in the framework of inter-company movement.

The amendments to the abovementioned Law were adopted in 2018 (Official Gazette of RS No. 91/2015, 50/2018). Submission of a report on posted workers to MOLEVSA is not any more an obligation of the employer. The notices about posted workers submitted by employers are registered by CROSI, which is the responsible institution for maintaining the register of obligatory social insurance of workers. CROSI regularly submits the reports to the MOLEVSA and collects data on posted workers, as well as on employers who refer them. Also, employers are obliged to request permission of the posting country when changing the insurance for posted workers. Based on the data from the register, the MOLEVSA can get an overview on posted workers (number, age and gender etc.). The administrative procedure within the ministry is reduced. On the other hand, monitoring of the posting process remains the responsibility of MOLEVSA.

Employment of foreigners in Serbia

The Law on Employment of foreigners was adopted in 2014 aiming to contribute to the creation of a favourable environment for foreign investments and employment of foreign staff. The types of employment permit for foreigners that can be issued are for: employment (students, seasonal employment), special cases of employment (referenced persons, movements within the company, independent consultants), self-employment. The Amendments to the abovementioned law were adopted in 2017 ("Official Gazette of the Republic of Serbia", Nos. 128/14 and 113/17), introducing a new type of working permits (workplace education and training), new conditions for the extension of the working permits and the possibility to transfer employees within the company. The additional amendments to the law were adopted in 2018 ("Official Gazette of the RS", Nos. 128/14, 113/17 and 50/2018) in order to further simplify procedures for issuing working permits. The deadline for the implementation of the labour market test before issuing a working permit, is reduced.

Employment mediation

Drafting of the Law on Temporary Employment Agencies is expected to be completed by the end of 2018. It is expected that the law will regulate employment for the purpose of temporary transfer to another employer, as well as the labour and legal status of the transferred employees, i.e. their rights and protection, and in particular the right to equal status with other employees regarding earnings and basic labour rights.

Based on legislation presented, it can be noticed that changes in legislation of labour mobility were introduced several times in the last few years. The frequent modifications imply that stakeholders, employees, employers and their organization are not adequately consulted or are not motivated to be engaged in the process. In that respect, it is necessary to improve the consultative process further by including the stakeholders in working groups for drafting and by asking them to submit proposals at an early stage of legislation creation.

4.1.3 Specific issues for migrant and/or posted workers and bilateral or multilateral agreements with the EU or EU Member States on labour mobility

Law on Employment of Foreigners

Regarding the Law on Employment of Foreigners, there is no provision that applies to employers who employ illegal migrants. However, the Labour Law contains general provisions

imposing penalties for illegal employment and prohibition of an employer's business activities for a certain period is another option. However, the criminal offence is not foreseen for employment of irregular migrants.

Posting of employees abroad under bilateral agreement, detachment of workers to Germany

Serbia as successor to Yugoslavia continues the implementation of an International Agreement signed with the Federal Republic of Germany (“Official Gazette of SFRY – International Agreements”, No. 11/89) on posting of Yugoslav workers on the basis of a contract for the execution of works. The contingent of workers is negotiated in advance between MOLEVSA and the Germany Bureau for Employment and is approved annually. In 2016, by Decision of the MOLEVSA, CCIS was appointed as institution responsible for the appropriate allocation of the assigned contingent of workers, management of records and control. Business operators from Serbia are eligible to apply and participate in the distribution of the determined contingent of workers and a registered office or business unit in the Republic of Germany is a precondition.

Temporary work of Serbian citizens abroad

The posting of workers is regulated by law and recent changes aim to better regulate and explain the procedure on legal posting. The worker must be employed for at least three months to be eligible for posting in another country.

Serbia has several bilateral agreements signed on temporary employment abroad (Belarus, Bosnia and Herzegovina, Slovakia and Slovenia). These agreements are a guarantee to Serbian citizens working abroad to have the right of equal payment and conditions at work such as the residents of those countries. Negotiations are in progress with Hungary, Qatar, Malta and the Russian Federation. Due to the fact that Slovakia demonstrated a high need for additional workforce, one of the most wanted destinations for Serbian workers is this country. Based on that fact, a Protocol between MOLEVSA and the line ministry in Slovakia on cooperation in employment was signed and certain results in prevention of informal work and protection of Serbian workers in Slovakia were accomplished.

Still, media reports have pointed out infringements of the posting procedure. Illegal working migration remains highly present. Illegal employers concluded contracts with workers at the border crossing or even when they arrive in the foreign country. They are actually "traffickers" because the authorities do not have information about workers sent abroad or information about the countries in which they were sent (Newspaper Dnevnik, 2018). Also, MOLEVSA revoked the employment license to a private agency due to irregularities of the job offers in Slovakia and an advertisement without presenting the wage calculation, working conditions etc. The agency was prohibited to perform employment activities for three years (Web portal Radnik, 2018).

In case of illegal employment abroad, very often workers are left without any protection. The GRETA Report for Serbia showed that Serbian workers were exploited during construction works performed in the Russian Federation. The workers were blackmailed under the threat of being reported to the Russian immigration authorities. A criminal proceeding is ongoing at the Higher Public Prosecutor's Office in Serbia. In another similar case involving Serbian workers in Moscow, the Higher Public Prosecutor's Office in Serbia decided that there was not sufficient evidence to initiate criminal proceedings for trafficking (Council of Europe, 2017).

Coordination of social security systems between Serbia and other European countries

This issue is regulated by bilateral agreements signed between Serbia and other countries on comprehensive international insurance that covers the entire area of social security (pension and disability insurance, health insurance, health care and maternity, insurance in the case of an injury at work and occupational diseases, unemployment insurance and child allowance, etc.) or incomplete social security that includes only specific segments of social security. The Republic of Serbia applies the Agreements on Social Security with numerous countries out of which 19 agreements were signed with countries of the European Union (Austria, Cyprus, Slovakia, Great Britain, Luxembourg, France, Hungary, Denmark, Bulgaria, Czech Republic, Italy, Germany, Sweden, Slovenia, Netherlands, Poland, Belgium, Romania and Croatia), as well as with Norway and Switzerland. Those bilateral agreements will be in force until Serbia's accession to the EU. Currently, Serbia is implementing the agreements on electronic exchange of data on pension and disability insurance with countries of former Yugoslavia.

Serbia is harmonizing the legislation with the EU according to the National Programme for adoption of the *Acquis Communautaire* (NPAA), i.e. a strategic national document that presents timelines for fulfilment of obligations on harmonisation. The revision of this document is sometimes used as reason for postponing the harmonisation of laws and by-laws with EU Directives and Regulations.

4.2 INSTITUTIONAL ARRANGEMENT

MOLEVSA is the responsible ministry for implementation of labour and employment policies, with separate units that perform the following tasks:

- Group for normative, study and analytical work (equal treatment of employment of foreigners in Serbia, protection of Serbian employees temporarily posted abroad, monitoring of implementation of strategies, legislation in the field of labour, participation in drafting international agreements on posting, etc.).
- Group for active employment policy (analysis of trends in the labour market, monitoring the effects of regulations in the field of employment and proposals for improvement, monitoring the effects of active employment policy measures and creation of new proposals etc.).
- Unit for normative, administrative and supervisory tasks (harmonization of legislation with the EU, monitoring the implementation of legislation of employment of foreigners, addressing administrative matters in the second instance in the procedure for issuing work permits to foreigners; improvement and monitoring of records in the field of employment, assessment of working ability and opportunities and issuing of work permits, etc).

According to the information received in an interview with a representative of MOLEVSA, the posting procedure has been simplified and ensures transparency of the process because of the data available in the CROSI database.

As an illustration, the number of temporarily posted workers before and after adoption of the Law is presented in Table 1. (National Assembly of Republic of Serbia, 2018).

Table 1. Temporarily posted workers before and after adoption of the Law

Year	No of Notices	No of employers	No of posted workers
Before adoption of the Law on Posting employees to temporary work abroad and their protection			
2015	304	83	607
After adoption of the Law on Posting employees to temporary work abroad and their protection			
2016	3,052	324	10,576
2017	4,049	371	13,916
01.01- 07.07.2018*	/	405	11,407

* Data for 2018 were presented by MOLEVSA on the EEPOW workshop held 26 September 2018 in Belgrade.

The **DSHW** is the authority within the MOLEVSA in charge for: harmonization of legislation with EU and ILO, collection and analysis of information on injuries at work, occupational diseases, work-related illnesses and situations affecting the health of employees, supervision of work of legal entities and entrepreneurs on health and safety at work and posting abroad in accordance with the domestic or foreign legislation (if it is more favourable for the employee). The importance of knowledge of bilateral agreements signed on workers' posting was underlined (MOLEVSA, 2017).

The **LI** is a second-instance complaints authority within MOLEVSA that has rights to review employers' general and individual acts, records, interrogate and take statements from responsible persons, examine business premises and facilities. Based on the information from CROSI, on registration and withdrawal of employees, the LI determines whether there are elements of violation of the posting procedure. Often, the procedure ends with a violation report and proposals for corrective measures. The interviewed expert from LI stipulated that the perception of employers on posting as a legal instrument is still weak.

NES as the national employment office is acting as a mediator in employment of Serbian citizens abroad on foreign employers' request. The terms of employment, rights and obligations of the employer must be defined in advance. NES is obliged to provide protection to Serbian citizens working abroad, which implies at least equal treatment in work and residence as compared to citizens of the state of employment. In the interview held with a NES expert, familiarity with the basic principles of free movement of workers and PWD was shown. It was underlined that mediation in employment is best regulated with Germany, especially in employment of craftsmen and medical workers. Within the NES, seven migration service centres were established. Their main task is to provide working migrants with information on the risks of irregular migration, procedures for obtaining working and residence permits, possibilities for employment and study abroad, access to health care and education abroad, etc. NES is the responsible institution for issuing working permits to foreigners and conducting market tests in advance. In Serbia, issuing of working permits is the responsibility of NES while the Ministry of Interior is issuing residence permits.

The main responsibilities of **HIF** are implementation of international agreements on social insurance, development of agreements on reimbursement of health care expenses, creation of bilingual forms for implementation of international agreements on social insurance, the calculation of health care costs, etc. In the case of posting of employees, social and health insurance is used according to the bilateral agreement signed or the procedure prescribed by the domestic Law. In the implementation of bilateral agreements, each country covers the costs of health insurance for its citizens, by invoices received quarterly or annually. Having in mind daily cooperation with line institutions in EU countries, especially Germany, in an interview

conducted with a representative of HIF understanding of PWD was shown. Also, it was underlined that Serbia signed the agreements on the European Social Insurance Card with 9 countries (Austria, Germany, Bulgaria, Croatia, Luxembourg, Hungary, Slovenia, Slovakia and Czech Republic). It was stipulated that although the calculation of costs of health insurance is now being processed electronically as a precondition for data exchange, more should be done on information dissemination and training of health institutions in submitting invoices on health insurance. Regarding employment of foreigners in Serbia, the representative of HIF is well informed on the procedures and receives the information from the relevant foreign institutions.

The competences of **MI** are related to the provision of services, the control of performance of business operations and entrepreneurs in employment as well as the suppression of informal work. The group for the prevention of the grey economy performs activities related to the suspension of illegal mediation in employment. In case of illegal firms advertising their activities with a view to mediation in employment, MI takes measures on forbidding advertising and business performance. Minor offence procedures are performed against illegal bodies and information on the procedure is submitted to the Ministry of the Interior and MOLEVSA. The interviewed expert from MI confirmed that strong cooperation in illegal job mediation between foreigners with entities in Serbia, is taking place. While MI is effectively implementing activities to suppress illegal work, the lack of prevention activities is evident. Also, an information campaign on negative consequences of illegal migration is still missing.

4.3 INTER-AGENCY COOPERATION

Posting of workers from Serbia

The institutions dealing with labour mobility and employment are receiving data on posting from CROSI. We have already noted that MOLEVSA cooperates with the CCIS; NES with MOLEVSA and private employment agencies; the HIF with the Institute for Compulsory Social Insurance; LI with DHS; MI with MOLEVSA, Misdemeanour Court and the Ministry of Internal Affairs. Cooperation with social partners, employers and workers' organizations and NGOs is on a case-by-case basis and not systematically organized. We can conclude that inter-institutional cooperation in the field of labour mobility exists but there is room and need for improvements.

Cooperation between the ministries on labour mobility is established on an operational level first of all, based on the exchange of information. Joint initiatives are performed when stipulated in legislation and there is no action plan. Cooperation with international partners is still on a low level and usually limited to an exchange of information without any mutual actions.

Employment of foreigners

Inter-institutional cooperation exists between MOLEVSA and line ministries for foreign affairs, interior affairs, finance, tax administration, the employment office and it is regulated by legislation. For the purpose of further harmonisation of legislation with the EU and introduction of a single permit (for residence and work) in the future, the Ministry of Interior had to upgrade its capacities and personnel of the NES will be transferred to the regional police directorates of the Ministry of Interior.

EU integration

MOLEVSA is the leading institution in the negotiation process of Serbia towards EU accession and coordinates activities of other ministries and institutions involved in the Negotiation Process on Chapters: 2 – mobility of workers and 19 – employment and social policies.

E-inspector

Some years ago, a web platform e-inspector was introduced for comprehensive and effective inspection supervision and in order to avoid overlapping and unnecessary duplication of activities of various inspectorates. Employers can conduct a self-check on the posting procedure and examine all steps to be taken. However, this platform should in particular contribute to an efficient exchange of information between the competent authorities, especially at operational level, and assist as a supporting tool for joint activities and performance that is still missing.

Even though the Inter-Agency Cooperation has been established, there is need for improvements.

4.4 HUMAN RESOURCES

Within **MOLEVSA** there is a Department for Labour and Employment with 19 employees out of which 5 persons are dealing with posting of workers. The Group for Administrative and Administrative-Supervisory Affairs includes 1 head position, 1 executive position for employment abroad and supervision of the work of employment agencies and 1 executive post for administrative affairs and supervision of NES work.

LI has a total of 25 separate departments and sections of the labour inspection in administrative districts, 2 labour inspection units in the City of Belgrade, as well as two departments at the headquarters of the LI. In 2017, there were 263 employees and 2 appointed persons (director and assistant director), of which 247 were labour inspectors, lawyers and engineers from different technical professions. The interviewed LI expert underlined the insufficient number of inspectors and that a significant number of them soon will retire. For example, in the Labour Inspection Unit in Belgrade where the foremost business activities are performed, there were 54 civil servants in 2017 and in the first half of 2018 this number even sank due to the retirement of employees.

In 2017, the total number of employees at **DSHW** was 7 persons including 1 civil servant as director, 5 civil servants (2 lawyers and 3 engineers) and 1 technical and administrative assistant.

HIF – a total of 32 branch offices in which 1-2 persons are dealing with posting, in addition to other tasks performed. Inspectors in the field are faced with a lack of work and safety equipment (working shoes and protective helmets, etc). This is particularly dangerous in the field visits of construction companies.

At the Directorate of the **NES**, within the Department for Normative-Legal Affairs, the activities on employment mediation abroad and employment of foreigners in Serbia are carried out by 4 employees. The NES has 34 branches in the territory of Serbia, in which the consultants, at least one, among other duties, are engaged in employment mediation. In the larger branches in Belgrade, Nis and Novi Sad those tasks are carried out by two persons in each.

MI is organized in 25 separate Departments and Units in Administrative Regions, 2 Units in the City of Belgrade and 2 Units at the Inspectorate Headquarters. Unfavourable working conditions, lack of equipment, insufficient staff, especially inspectors, are the most challenging issues at the moment. But the most urgent concerns are low earnings of civil servants, especially inspectors, keeping in mind their working conditions and the risks taking by them during field work (preventing illegal activities).

The lack of inspectors has a negative impact on the compliance control. More damage will be done in the future if suspension of employment of civil servants continues. Also, low earnings can have negative effects both on the quality of work and the motivation of civil servants and it can be seen as a potential risk for corruption. Overall, an insufficient number of staff in institutions responsible for labour mobility can be noticed and this issue should be addressed by higher officials as a high priority.

Education needs

It was emphasised by all representatives of institutions with whom interviews were conducted that there is a strong need for education and training as well as for an exchange of experience with other countries in the area of labour mobility. Especially the need for learning foreign languages is stipulated, with the aim of achieving an effective and efficient cooperation with institutions abroad and information exchange (trainings on inter-sector cooperation, electronic system of health insurance, exchange of data on employment mediation, prevention of and fight against illegal work, etc.). Besides that, the specialization of personnel on free movement of workers and posting is essential for further development of this instrument. Additional trainings and information exchange are necessary in the process of Serbia's EU accession, harmonization of legislation and reform of employment policies. Stakeholders believe that they should take part in education and training on labour mobility so that communication and cooperation with authorities can be improved.

4.5 STAKEHOLDER ENGAGEMENT

Involvement in the process of EU integration

CCIS is the national institution that advocates and represents the interests of its members, i.e. business operators. Experts from CCIS confirmed that they were requesting the improvement of the Law on Employment of Foreigners. Also, they participated in drafting the Law on Employment by Employment Agencies and submitted comments and suggestions of its members to the line Ministry. Fruitful cooperation with MOLEVSA is established regarding the implementation of public power entrusted to CCIS on arrangement of the maximum number of employees (contingent) from Serbia to be detached to Germany. The CCIS participates in the negotiation process of Serbia towards EU accession. Besides other 'economy' chapters, CCIS has representatives in negotiation Chapters 2 and 19. This is a channel for the voice of the economy to be heard in the process of harmonization of legislation. During the interview conducted an understanding of labour policies and free movement of workers was shown. Regarding further improvement of labour, employment policies and harmonization of legislation, the good practices of timely involvement of CCIS members and CCIS staff is crucial for effective implementation and should be continued.

In an interview conducted with an expert from **CATU** it was emphasised that there are two ongoing projects related to posting which are implemented in cooperation between **MOLEVSA**, the employers' organization, trade unions and chambers. A basic knowledge of posting procedures was stipulated and relevant legislation applied. They are participating in consultations on the EU integration process as regards Negotiation Chapters 2 – free movement of workers and 19 – employment and social policy. Regarding employment of foreigners in Serbia, **CATU** is a member of the Migration Committee of the international trade union organization and this channel is used for exchanging the information on labour mobility and migrations with trade unions from other countries. Those established channels for exchange of information should also be used by the authorities, when necessary.

SAE is an institution that provides assistance to those employers willing to post employees that request interpretation of regulation procedures. Also, it was involved in changing legislation on posting of workers, mainly through its participation in the work of the Social and Economic Council as a tripartite dialogue body. **SAE** is the only representative of employers on the Council. It was stressed by the interviewed expert that cooperation with stakeholders has been improved, due to the fact that the work of Social and Economic Council has been enhanced. Comprehensive cooperation is established with **MOLEVSA**, although with other line ministries, it needs to be improved. The establishment of **CROSI** as a central base of employment data has yet to show effects.

System of collective bargaining and social dialogue and the role and involvement of the stakeholders

In the opinion of trade unions, the biggest problems for employers legally posting employees abroad are unfair competition and incorrect employers. Collective bargaining is implemented by construction trade unions that have a collective agreement for posting workers for work abroad. Also, detachment is not fully understood by employers. The problem occurs with companies in sectors that do not have established trade unions and where workers are not formally involved in consultation on posting.

Infostud is a web portal and provider of mediation services on employment and advertisement of job offers. Needs for qualified workforce from Serbia for positions abroad are presented on request of employers or employment agencies, as well as advertisements from foreign companies and agencies for hiring workers for performance in Serbia. A smaller number of employers that announced job vacancies at the **Infostud** website provide feedback on completion of the recruitment process. **Infostud** is part of a network of web portals for employment which is used as an instrument for exchanging information and cooperation. On the basis of established cooperation with **NES**, it has provided trainings for unemployed persons registered by **NES** and participated in employment fairs and this practice should continue.

The **NGO AATC** is providing psychological, medical, legal and other assistance to subjects of trafficking that will in the long term contribute to their recovery and reintegration process. Workers can be informed on conditions of safe departure and working abroad. The most acknowledgment about posting of workers that **AATC** receives, stems from potential workers addressing them. In an interview, an expert showed familiarity with **PWD** and the process of harmonization of legislation with EU. Also, they are well informed on arrangements how workers can be posted abroad. Regarding the responsibilities of Serbian authorities as regards posting of workers, they give adequate recognition, especially of the activities of the **LI**. Cooperation with line ministries and their inspectorates is evaluated as correct, i.e. they receive

feedback after supervision of the employment agency's work has been completed but there is room for improvement.

The involvement of stakeholders in the creation of employment and mobility policies needs to be improved. Joint activities of institutions and stakeholders are missing as a tool for promotion and rising visibility on procedures and practice in posting of workers.

4.6 PUBLIC GOVERNANCE

For the purpose of Public Governance analysis, six domains were examined for Serbia according to the World Bank Governance Index 2018. The evaluated years were 2007 and 2017. The complete Table with the scores for Serbia on Public Governance is presented in Table 2.¹

Voice and Accountability is defined as the extent to which a country's citizens are able to participate in selecting their governments, as well as freedom of expression, freedom of association and free media. On this indicator Serbia weakened its position (from a rank of 57 in 2007 to position 50 in 2017).

Political Stability and Absence of Violence/Terrorism is defined as the likelihood that the government will be destabilized or overthrown by unconstitutional or violent means, including politically-motivated violence and terrorism. By this indicator, Serbia ranked on position 26 in 2007 and on position 50 in 2016. It may be concluded that the position of Serbia on this indicator has significantly improved.

Government Effectiveness is defined as the quality of public services, the quality of the civil service and the degree of its independence from political pressures, the quality of policy formulation and implementation, and the credibility of the government's commitment to such policies. On this indicator, Serbia ranked on position 47 in 2007 and on position 61 in 2017 meaning that its position improved.

Regulatory Quality is defined as ability of the government to formulate and implement sound policies and regulations that permit and promote private sector development. By this indicator Serbia ranked on position 42 in 2007 and on position 55 in 2017. We can conclude that Serbia achieved a notable improvement.

Rule of Law is defined as extent to which representatives have confidence in and abide by the rules of society, and in particular the quality of contract enforcement, property rights, the police, and the courts, as well as the likelihood of crime and violence. On this indicator Serbia ranked on position 39 in 2007 and on position 48 in 2017. Serbia made a notable improvement.

Control of Corruption is defined as extent to which public power is exercised for private gain, including both petty and grand forms of corruption, as well as 'capture' of the state by elites and private interests. On this indicator Serbia ranked on almost the same position both in 2007 and 2017, i.e. position 44 and 43 respectively. We can conclude that no progress has been made on this indicator (World Bank, 2018).

¹ Estimates of governance are measured on a scale of -2.5 to +2.5 with higher values corresponding to better governance. The percentile rank provides an indication of the rank of the country among all countries in the world (0 corresponds to the lowest rank and 100 to the highest).

Table 2. Worldwide Governance Indicators

Indicator	Year	Governance score (-2.5 to +2.5)	Percentile Rank (0 to 100)
Voice and Accountability	2007	0.31	56.7
	2017	0.12	49.7
Political Stability and Absence of Violence	2007	-0.59	26.1
	2017	0.10	50.0
Government Effectiveness	2007	-0.23	47.1
	2017	0.19	60.6
Regulatory Quality	2007	-0.34	41.7
	2017	0.01	55.3
Rule of Law	2007	-0.47	39.2
	2017	-0.19	48.1
Control of Corruption	2007	-0.35	43.7
	2017	-0.37	43.3

5 SYNTHESIS AND CONCLUSIONS

Research and desk work on Serbia's status quo regarding labour mobility, employment and posting of workers illustrate that Serbia maintained the tradition of Yugoslavia of posting of workers for temporary work abroad. Existing practices are improving and most developed with Germany in light of a bilateral agreement regulating temporary detachment of workers from Serbia. Besides that, bilateral projects between Serbia and Germany on employment and workers's mobility are used as another channel for the legal entrance of Serbian workers into the German market, especially for occupations requiring vocational education for which high demand exists. Employment mediation services delivered by state offices and private employment agencies are a method that is also used for the purpose of legal entrance into labour markets of other countries.

Institutions responsible for labour mobility exist and implement activities according to national legislation regulating performance in the field of working mobility and employment, insurance, market surveillance, etc. PWD is on the level of consultations between authorities. Under Serbia's negotiation process with the EU, MOLEVSA chairs and coordinates the activities of other ministries within negotiating groups for Chapters 2 – Freedom of movement for workers and 19 – employment and social policy.

Regarding the legal framework, Serbia is permanently improving its legislation and simplifying the procedures on temporary posting abroad and employment of foreigners in Serbia. In the context of Serbia's negotiation process with the EU and obligation for harmonization of national legislation with the EU, Serbia still has obligations to implement.

Free movement of workers, employment and social issues are complex policies in whose implementation a significant number of institutions are involved. For that purpose, adequate human resources are needed but at the moment, they only partly exist. Responsibilities of current staff include other duties besides labour mobility. The age structure within the workforce of civil servants is poor, due to a temporary restriction in employment of public servants, which has been in force for more than 4 years. Besides that, the earnings of public servants are still low keeping in mind the complexity of their performance. There is a lack of working equipment. Education of experts is segmented, usually covers only fragments of mobility, and is performed occasionally mainly in coordination with other institutions. Additional language skills are also needed.

Partner institutions are partly involved in the harmonization of the legislation process and improvement of policies. The social dialogue is still purely following the creation of public policies.

Inter-institutional cooperation is established and performed on an operational level in the areas of supervision and mediation in employment and suspension of informal work. The leading institution responsible for labour mobility, employment and social policy on executional level is MOLEVSA.

Generally, as regards public governance the position of Serbia has significantly improved regarding political stability and, notably, regulatory framework improvement.

6 POLICY IMPLICATIONS AND RECOMMENDATIONS

Efforts made in drafting the Country Report for Serbia, especially on collection of empirical data and review of practices in use regarding posting of workers, directed us to the following recommendations for policy improvements:

6.1 LEGAL FRAMEWORK

Having in mind positive trends on legislation improvements and simplification of procedures for labour mobility and posting of workers, Serbia should continue with framework enhancement in order to monitor and evaluate the process to be conducted efficiently. Additionally, harmonization with EU legislation should be continued. The MOLEVSA as line ministry for labour mobility should better anticipate priorities and deadlines for further harmonization of legislation and involve relevant stakeholders in order to avoid possible problems in implementation. Those priorities should be presented in the National Programme for the adoption of the Acquis Communautaire for the next period. Enhancement of cooperation on legislative and technical conditions for social security cooperation with EU Member States should be improved.

6.2 INSTITUTIONAL ARRANGEMENT

Institutions for labour mobility and employment have been established and their responsibilities are clearly defined. Institutional capacity needs to be improved and further strengthened by avoiding the segregation of duties within institutions. This would contribute to control the work of intermediaries in employment, responding promptly to changes in labour mobility and introducing them into the legal flows of entities that illegally offer services in employment. Information should be disseminated, and trainings provided for health institutions on submitting invoices on health insurance.

6.3 INTER-AGENCY COOPERATION

Inter-institutional cooperation of decision-makers at operational level should be improved. Segregation of duties should be overcome, by improving cooperation between institutions and performance of joint activities. The existing structure for exchange of information and cooperation (e-inspectors, networks, etc.) should be used in a more effective manner. The prevention measures on the suppression of illegal work and the information campaign on the negative consequences of illegal migration should be conducted by joint actions of decision-makers and stakeholders.

6.4 HUMAN RESOURCES

Capacities in human capital are limited for dealing with complex issues such as labour mobility. There is a strong need for employment of additional staff and improvement of working conditions (earnings, equipment, space, trainings etc.). Lack of equipment and an unfavourable age structure should also be overcome. Further, specialization of staff for dealing with labour

mobility should be improved keeping in mind other duties presently performed by staff. There is a durable need for additional training and education at all levels, meaning decision-makers, stakeholders, employers and employees. Education and sharing the best practice with other countries can contribute to specialization of staff and better understanding of practice in existing labour mobility. Positive models already in use in posting of workers should be implemented in cases where improvements are needed. There is a need for additional language skills and this issue should be addressed in cooperation with foreign partners and the Human Resource Management Office of the Republic of Serbia. Increase of financial and institutional resources for employment and social policy implementation should be foreseen.

6.5 STAKEHOLDER ENGAGEMENT

Involvement of stakeholders in creation of employment and mobility policies should be improved. They should be timely informed and participate in legislation drafting at early stages. Joint activities of institutions and stakeholders should be more frequently used as a tool for promotion and raising visibilities of procedures and practice in posting of workers. The models of cooperation and the stakeholders' networks that exist especially within EU countries, should be recognized and used by institutions in Serbia for an effective exchange of information on labour mobility. Public campaigns on the purpose of social dialogue and the advantages of collective bargaining should be performed jointly by decision-makers and stakeholders.

6.6 PUBLIC GOVERNANCE

On an operational level, the exchange of information and joint activities between Serbian authorities and decision-makers in EU countries in which workers are posted, should be improved and this question could be launched during bilateral and multilateral meetings of decision-makers.

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