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### **Informal workers organising and representation (In Central and Eastern Europe). Unpublished report**

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#### IE workers organizing in Central Eastern Europe

In this review I refer to the current ITUC experience gained across the CEE region implementing a broad range of programs in 2004-2010, and focusing on IE workers unionisation issue. That has also taken place in many countries of the region, often without national union centers support and initiatives.

Self-employed workers organizations existed also in Communist System. Usually they were obligatory organizations, which fulfilled the orders and distribution of social benefits and privileges function. This was not a trade union, but various associations, such as art societies-household workers, folk artists, creative arts workers' organizations. Partly they were similar, and fulfilled number of state trade union function. Creative workers social insurance covered by the state. No person could fall out of the common system.

#### Background

IE workers organizing in post-communist period may be divided into 3 stages/steps:

Step 1. Early semi-mandatory organizing at the beginning of political-economic reform.

First attempts to organize without an order from top in IE sector in CEE region, was already scheduled during the sunset of socialist system, as soon as was allowed small private business in services and commerce sphere, in order to eliminate the deficit of goods and services.

In most cases, political decision on small-scale private enterprise was taken by Communist Party governing bodies, rather than sequentially prepared legislation and reforms. Part of economic activity has become free and privately owned, but of labor relations and social security laws have been applied only to planned state economy.

From the beginning, hundreds of thousands got involved into small business (in USSR it was known as the cooperative movement permitted by Gorbatshev in 1987, translated into the current language of "closed stock company" boom). At the same time, they were left without social guarantees and benefits, which only the trade unions could provide. Therefore already in 1989 first so-called 'cooperative' trade unions established, often officially named 'small media enterprise TU' or 'individual entrepreneurs' trade unions. These organizations joined still existing state TU structures, paid the membership fee, which also included social insurance. So these first self-employed got into social security system and was able to use other TU provided privileges as trip packages to health sanatoriums and children's camps. Income from the private sector some 20 years ago was several times higher than in state enterprises. TU were joined not due to self-defense, but in order to receive from state their part of "pie". It must also be recognized at that time there was no tradition of an organized defense of their interests neither the private or state economy.

The unification was done not in accordance with professional signs, but by possession and size. Such unions united all: the employers, the employees and self-employed. Partially it that was what we seek now - formalization via unionisation, only with the Soviet specificity.

Trade unions lost the majority of managed assets and when the state took over a number of trade union functions, this type of trade union membership has become obsolete.

## Step 2. Protest organizing

The second wave of self-organization (namely self-organization because they organized themselves without any assistance) arises in the mid-eighties.

During 9th decade in Eastern Europe the original capital accumulation developed with its characteristic features: legal economic chaos, corruption, non-transparent privatization, criminal wars, the Russia's default and crisis. The authorities

attempt to provide at least elementary regulation of labor relations and taxation met with the spontaneous mass protests, sometimes grown into riots and pogroms. Another reason to organize was defense against criminals and corrupted government officials.

It also emerged at that time semi-criminal trade unions, as a number of "shadow world" actors have found ways to exploit TU legal status how to get around laws and evade taxes, to carry out various illegal activities, or even validate elementary ratchet in a form of TU fee.

In particular, this occurs among migrant workers in the so-called "migrant workers and national union", organized the work force trafficking and had the network of illegal labor supply to richer countries.

This period is also remarkable that the official trade unions stood away from the process, the leading role had civil radical organizations and players of the shadow world.

It started to unite not only into the union, but also various associations, societies, and etc. The unification started by the industry branches. New organizations founded according to economic activities forms (a patent, an individual entrepreneurs and etc.) and by national character. It should be noted a phenomenon of the region - organizations of refugees from military conflict zones, mostly involved in the informal economy.

Step 3: Intentional "civilized" organizing.

Organizing for "social dialogue" began in the mid-nineties in many countries when political economic situation has stabilized, regulations issued for various economic activities and sectors. IE work transformed from forced (how to survive) to stable, middle-income livelihood.

With stability and good income, which enables "quiet wealthy" living, there is the need to defend it. "Classic" TU whose membership critically decreased also turned to IE sector. Biggest potential was notably between the IE workers, who are often already organized it, just to accept into branch TU or national centers. On the other hand among IE workers came the understanding that no other organization but only TU can help protect jobs and social status. During this period occur first rudiments of social dialogue.

In my paper, I will talk about Step 3, which takes place also today.

General Picture

To trade unions in CEE region currently belong approx. 60 million people (including Central Asia and organizations outside the ITUC, approximately 80% of these organizations are members of the ITUC). By very rough estimates based on the most trade union sources, 70 million people are wholly or partially occupied in the informal sector. According to information received from ITUC organizations: to ITUC/PERC members belongs about 60 000 IE workers (without agriculture TU). Adding Central Asia, Moldova and non-affiliated organizations approximate we can talk about 200 000 IE workers organized into TU (without agriculture, adding which statistics would be more impressive).

About 80% of the 200 000 belongs to 3 sectors - markets and street operators, transport (including old car sellers and repair services), and household services. The rest belong to the light and food industries, construction as well as specific sphere-religious cult officials, athletes, and etc. The vast majority is working by status of self-employed or individual entrepreneurs. I want to emphasize that this is very approximate and rough calculation, but excluding any errors we still can judge what a tremendous job is waiting for trade unions, and what a huge membership potential is hiding in this sector.

Defining the most organized groups according to the sphere and status of economic activity –i.e. transport and market streets trade and household services- people tend to have high school and often higher university education, many former military personnel, economically active and business oriented part of society; and more recently also politically and socially active. We can state emergence of new social group in the society. It is difficult to define it by gender as it depends on the country and economic sector. If in Eastern Europe the most common markets traders are women this not necessary always applies to the South Caucasus or Central Asia.

By level of education and work skills 2 groups can be to distinguish. Those who are involved in IE after planned socialist system failure; loss of employment by occupation and those who got involved young without other job skills and education. During 20 years, in IE sector formed entire generations and dynasties. Those, who come to the market in 1990, at the age of 18, now are 36 years old. The first group can be called IE workers elite and intellectual engine. Most of them are with higher education, ex-military personnel, engineers, highly skilled military companies and research institutes technical staff. Many of them already are employers, or holds top places in the hierarchy of IE workers. They often develop the initiative of IE workers organizations and organized protests. They read and know the laws, and try to regain their lost social status. There are cases when they become members of Parliament or society players.

Group 2 cannot imagine that anything could be different, they do not believe any government (governments tends associate only with institution that wishes to take everything away or requires a bribe), and that they can make themselves. They don't try themselves to fight for better working conditions. When their interests become vulnerable, they become extremely aggressive and actively participate in all kinds of protest if someone organizes it. They form a new marginal social layer, this layer in many countries has sarcastic description – “bazaarist”. It is worth remembering that IE workers in CEE are economically active and business oriented part of the community, that able to take care of themselves, without hesitation and expecting nothing from the state, except one thing – not to disturb. Currently the transition is undergoing from economic activity to the civil-political that is experiencing some very unusual forms.

One can be stated that we have to abandon the IE workers stereotype of uneducated, downtrodden, less qualified person, who became a victim of fraud and circumstances. Also to abandon the traditional role of trade unions as the older brother. They do not require parental training and educating, but it is necessary jointly tackle the arisen problems. Also should be understood that a large majority of self-employed are fine with their existing status and they chose these activities voluntarily (in opposite the things to be said about the situation 20 years ago). Only the principle of equal partnership can attract IE sector to trade unions side.

IE workers unionisation motivation.

A) Self-defense and protest motivation. For the initial phase IE workers uniting into organizations are guided by protest motivation. Most of the organizations are founded at a time when the government or the owners trying to introduce new workplace regulations or increase taxes and fees. Together it is easier and safer to express frustration. Then comes the feeling of collectivism and safety. Only together they can protect the workplace from the pogrom (Kyrgyzstan), defend from criminals and corrupt officials, to prevent government agencies to close or demolish the pavilions, kiosks, change vehicles into new cars or into particular model.

If the protests are successful and gives results, then comes so-called consciousness of existence in trade union or association phase.

B) The economic motivation.

It is one of the major IE workers presence in union motives. Many IE workers calculate how much they pay of membership fees and what is their return. They get for return often more. Trade union members receive better trade places, routes, parking facilities, free of charge parking. Number of organizations has

contracts with wholesale shops, travel agencies, repair services, gas stations, etc., and gives discounts to their members. In most cases small passenger transport TU members receive substantial discounts at gas stations, and bazaar TU members get wholesale discounts. Patent and license issuing transparency is achieved through the union, they can purchase cash register on loan, public bid is announced for them to acquire. In collective agreements included an exemption from dues during the holiday, self-financing offices exists, unions can provide small loans, offset losses due to fire, theft or other accident occurrence. Number of instances where trade unions sign collective contracts for accident insurance to the member with private insurance companies, premiums much lower than to insure on an individual basis. An important aspect is that the TU fight against illegal dumping with unassociated traders, drivers, tailors, and etc., which provide worse service; trying to operate in circumvention of the established rules, for example to trade outside of bazaar area, tailor from cheaper cloth lower quality goods, illegally provide taxi services, etc.

To trade union persons belongs not because it is fighting for a higher salary, but because that creates conditions for higher income.

C) The need for formal social status. In most cases, these people are dropped out of formal citizens' lists. Referring to any authority they cannot provide anything but the passport or permit to engage in individual activities, if any. Employers often refuse to issue a certificate of employment reluctant to legalize workers, but often do not have the legal rights and unauthorized by the administration to do that. In Kyrgyzstan in sewing enterprise work on average 100-200 people, all with the individual activities patents – tailors, and director and managers. When no one has right or desire to issue a statement on person's workplace and income, trade unions are engaged to do this. Most of the clerical, office, and registry services are done by trade unions especially in NIS Countries where letterhead with seal has a great power. Many Embassies in Central Asia recognizes the trade union statement on the person's income, economic activities and work experience in order to issue the visa. Lithuanian Embassy to Georgia faced many cases of the statement, when applicants were asked about their workplaces was provided certificates of membership of trade unions. Personally, I had to explain to consular staff why is that, because the certificate from employer in Georgia in most of the cases may be presented only the budget-sector workers. This is an excellent example of a partial formalization through trade union. In NIS countries many public facilities recognize trade union issued certificates on economic activities, the workplace and income, i.e. in schools where students need to provide information on the parents workplaces. This motive is very important because it has a positive psychological dimension - return to full members of the public, proof of their status on paper.

It should be noted that through the status acquisition the number of IE workers have made public political careers. There are some cases of their election to parliaments. Political parties eager to give them the high place on the list because they represent such a strong public group of self-employed. Some of the IE workers leaders got the state jobs, were included in the various committees and commissions, have become famous civil political figures.

D) Next stage follows from it – Social cultural motivation stage. These people are eager for collective events and leisure time forms; there is a demand for professional pride. This may be provided by trade unions - collective trips, excursion, less expensive vacation for trade union members. For these people are extremely important to have professional events, sporting competition, Christmas party organization, presents to the children, award letters for their active work, and in particular important that they can do it without state or administration assistance. In Moldova and Kyrgyzstan the trade unions have distributed social insurance benefits for workers recreation and health rehabilitation, therefore it is another important reason to belong to union.

There are number of instances when IE workers engaged in charity, support children's homes and collects funds for the victims of disasters or acts of war. Union membership serves also as civic education school.

E) The intentional civil solidarity motivation. Most of IE workers realized that their employment in IE sector, is not a short-term, occasional, transitional, but permanent and long-term, therefore normal regulated working conditions should be ensured. Employees rationally rather than emotionally understand collectivism advantage. This is the most important but still rare motivation among the increasing number of workers, it comes slowly together with increase of civil awareness. IE workers start to understand that they are an equal part of society, can influence public policy process. Only joined their activities, and only together workers can fight for their socio-economic rights. From spontaneous unification to solve short-term problems it is moving to deliberate permanent membership and the long-term constructive social dialogue.

IE workers organizing methods.

Organization creation and new members recruiting methods in most case are similar to formal workers methods, but it is essential to take into account the specifics: the salary motivation in this group does not work. Activities or working conditions should be emphasized. Often among the informal workers already exist informal leaders and some form of self-organizing. It is only necessary to transform it into trade union.

This social group is quite closed, alleged and untrustworthy of formal structure representatives, so person does that organizing the best way from their own circle.

The form of economic activity must be evaluated and avoid accepting into TU small employers because this way union identity could be lost. They need to associate in other forms than regular TU.

Organization needs to avoid contact and interaction with the criminalized elements, to act only in the legal framework, because this area's boundary between legal and illegal spheres is very thin.

Should be thought of flexible membership form for seasonal and part-time workers.

I would like to note that 70% IE workers organizations - current members of PERC were founded without aid from national centers or branches.

#### Structure and representation

It is impossible to speak of successful IE workers organizing without adoption of existing trade union structure for IE workers membership and without preparation of structural model of IE workers for primary branch organizations.

The basic problems of organizing of IE workers is well known and remains the same:

A) Legislative. The Labor Code or the Trade Union Law defines that member of TU may be employed person or having working relations. IE workers basically are self-employed or have no formal contract of employment. Sometimes such Labour code articles contradicts national Constitutions, which said that every citizen has the right to join trade unions.

In the absence of opportunity to change the laws, there is a need to help IE workers to unite in other than TU forms, like NGOs, professional associations and guilds. Then these organizations should be affiliated in some form into the national trade union centers. It could have associated, fraternal, observer status, cooperate within the partnership agreements, delegate some representation functions to national trade unions, especially in the tripartite councils. It may also help avoid recent problems of worker representation by trade unions in some countries. Some governments and employers' organizations require including in the Tripartite Council NGOs representatives, because as they say TU do not represent all employees, or represent only a fraction. Countries where PERC recently carried out its IE programs, IE workers on average consist of 40-50% of the employees. To increase TU weight as a representative of the employees IE



workers mandate is a necessity, but it can be done helping to organize them. It is often that national TU centers in tripartite bodies represent mainly the interests of budget sector workers.

B) Trade union statutes. Usually they follow the law that to establish primary organization, certain number of members is needed, the organization must be registered and then join the branch union. For IE sector is impossible where small businesses dominates and uncertain place of employment. In many countries there are no regional structures in confederations, only branch structures, which are also weak. Often when primary IE workers organization is founded, it is simply nowhere to join. There are cases when Market workers TU join radio electronic branch, since that is stronger and has regional structures. The last couple of years noticed significant progress of statutes adaptation toward IE and SME workers' needs. Branches and confederations introduced individual membership legislation, hidden membership, and direct membership in regional structures, established confederation regional units. Regarding individual direct membership to Confederation or regional structures so far more questions than answers, as these people can only receive legal aid services. Common practice when regional structure is established when certain required number of individual members is reached, like often is with the hairdressers.

Another problem is branch dependence. There is a sectoral competition, i.e. such as I have mentioned above when in perestroika times founded SMEs Trade unions trying to organize the bazaar employees, but also commerce trade union works with vendors. Similar situation in transport sector. Branches which are not established in accordance with professional principals but related the firm size (small media enterprises) or possession form (private employees) could theoretically claim organizing in a number of economic sectors. Abstract names are selected, such as Services TU. Theoretically it could include most economic sectors. This causes conflicts and unhealthy competition.

The best 3 existing ways of IE workers organizations belonging to traditional TU structure:

1. When primary organization joins the branch (most common). Later in branch union the sector or sub-sector is established from similar organizations.
2. When primary organization joins regional structure of the Confederation (LPS 'Solidarumas' Lithuania, KVPU Ukraine) or directly national TU center. This often occurs when centers, which operate on a regional basis, or with, low membership.

### 3. Establishing own branch and joining national TU center.

Inside IE workers trade union structure.

Most often operate by regional union principle.

I present it with economic sectors examples:

Hairdressers most common join the city hairdresser's organization, because they rent workplace, where 2-3 hairdressers work, therefore is almost impossible to establish primary organization, same situation with jewelers. Construction workers also united most common by regional principles, but there are cases when they unite under General subcontractor flag, there are cases of uniting strict by professional principles - masons, joiners, etc.

If the markets (bazaars) are large, unit work within the trade rows - of shoes, knitwear, electrical goods, or according to forms of ownership - kiosk, container owners, according to the type of work – drink and snack vendors, loaders, haulers, security, and administration. If bazaar is small, all belong to one primary organization.

Transportation -Taxi drivers united under name of the company's, which organize work, by the parking place, form of ownership – which work with own vehicle or with rented one. Similarly unite minibus drivers, but the routes generally bind these. Long-distance drivers also unite by the warehouses and terminals where they take the goods, and by routes.

Light industry. Sewing sector split from the textile, weaving and spinning. Organizing by shops and regions. Also specialization occurs - leather, knitwear, wool sewing, cutters, tailors, button placers, because many shops perform only part of the work rather than the whole process. Membership fee is mostly decided by general meeting, not by percentage from earnings, but fixed. Committees approximately aware what are the incomes and decide fee amount. If a person joins directly branch or regional structure of the Confederation, most common he pays 1% of the minimum wage. The fee in most cases collected in cash and not every month, but once a half a year or once a year. Sometimes the fee collected every month by salary slip for a possibility to communicate with members and hear their requests. To branch or confederation are transferred 15% to 100% of fees depending on service provided. It is worth to mention Georgian commerce union experience, which made the decision to transfer membership fee to the central organization proportionally to membership numbers. The smaller primary organization, the more is transferred to the center. Organization is motivated to increase membership through the finances. Many

bigger organizations seek to have their paid employees - in most cases the secretary, clerk, bookkeeper, sometimes a lawyer.

Elected bodies are established seeking proportional representation as well, including route (drivers), bazaar vendors, loaders, and representatives from various city districts.

When an IE organization joins the branch, their representative joins branch committee, where incompatibilities occur, because the needs and interests of IE workers often differs from traditional members. For example, Transport unions unites most public transport enterprises, which are different from the taxi and minibus drivers; or Commerce TU majority are consumers cooperation organizations, which work differently from market traders TU, the same with light industry – big textile, weaving, spinning factory's TU different from the small sewing and shoe shop. In particular, big difference in construction industry where the majority of organizations are from building materials industries rather than construction places. Many branches still have to learn single economic sector, but different members by needs and interests harmonization art. The same await national TU centers, which will need to move from predominantly public sector representation to IE workers representation.

IE workers organizations structures are very diverse, often different from traditional structures, but any of them have the right to exist, because the sector is atypical.

There are cases that established branches are not joining national TU center, but trying to join GUFs.

These statements I want to illustrate with interesting national experiences:

## Kyrgyzstan

### Kyrgyzstan Commerce Union

The union currently unites 40,000 members from them 8000 are bazaar workers. For example in Dzalabad markets 100% trade union density. All major markets of the republic have established primary union organizations. This year they held round table on market worker license tax lifting, this event has been widely reflected in mass media and attracted a great deal of public resonance. Trade unions proposed to leave the same tax, but to make it more effective by avoiding the collection corruption. Because large part of the tax gets into the pockets of corrupt policemen and officials. Trade union presented estimated professional study, how much is possible to collect the tax if they all accrue to the state compare to an increase in the license price but remaining the existing corrupt system. New system is suspended and protested. Founded bilateral commission with the tax inspection. Agreed that without the approval of this commission any

tax changes related to market traders will be done. Markets trade union delegates included in the patent commissions. Out of 121 business activities covered by a patent left 71. It was also agreed that the social security tax will be collected not from the price of the patent (suggested 25%), but from the availability in quantity of the goods by weight and volume, which helps the small traders. Trade union agreed with bazaar owners not to raise counter lease fee in connection with the crisis and turnover loss. Market union members may buy from the central organization cheaper vocational vouchers; trade union members organize mass sport events.

Bishkek city Bereket bazaar TU Chairman Nurlan Daniyarov started the activities 8 years ago. He is a former military officer served in the Soviet Union, later in Kyrgyz army, 3 years sold goods in Russia, then returned to Kyrgyzstan. Struggling arbitrariness from the militia and crime structures, he started to organize people. The reason was to organize the fight against local market pickpocket gang, which was under the auspices of the militia. With his efforts 2 corrupt policemen shifts have been replaced. Bishkek militia government send to him 2 police officers with the assistance of them pickpocket gang was forced out from bazaar. After that he received threats, so he reached out to the FPK and the commerce trade union. They taken steps to protect the bazaar leader, and even removed the prosecutor who was trying to cope with Nurlan. Central commerce trade union helped to register organization and gave them full legal assistance. Trade unions authority grew especially when in conserving 2005.04.24 "Tulip Revolution" riots; it organized protection of markets from pogrom and against robbery. Bazaar owner during the watch shift through the day provided meals. Neighboring trading enterprises have been robbed while Bereket bazaar survived. Trade union in this case served as law enforcement organ function when it was unable to serve and protect. Trade union since 2005 has worked hard to market employees, that consisted of: cancellation of entry to the market fee, kick out chaotic illegal trade in front of bazaar. Agreement was reached with management regarding the bazaar 6 weekly working days instead of 7, rent is paid for 26 days rather than the whole month as before; trader exempt from tax on 5 days due to vacation; or leave sickness benefit is paid for 3 days by trade union, 3 days paid by bazaar administration; trade union introduced transparency in a lease tax system. Now, in connection with the crisis these achievements are threatened, but trade union continues bargaining. Administration is motivated, that the other markets are working 7 days a week and therefore this market lose profit; therefore national agreement in order to avoid dumping is needed. At the moment in the market are 2000 employees, 600 people from the union, but only 200 pay member fees. Membership increases when there are problems. Trade union also issues certificates on their economic activity, income and assets. These certificates are accepted even at the U.S. embassy.

Mavliuda Avazova footwear trade union organizations president represents the biggest Durdoj bazaar in Central Asia. In bazaar 25,000 people sells goods out of them 2000 are union members. She has actively involved in TU activity because she couldn't agree to terms in the bazaar. When she got involved in trade union

activity she realized a serious lack of knowledge, therefore she studied and finished legal course. She has prepared bazaar footwear sector labor and rental rules. From verbal agreement with the management transition was made to written agreements. Trade union also protects wholesalers (buyers) from the arbitrariness of the militia in particular from foreign countries. When they arrive they are receiving leaflets where to go on irregularities and corruption by law enforcement. Trade union negotiated discounts to its members, for example: 10% less rental kiosk fee to trade union members. Member fee is fixed, collected for the year. Trade union also issues a certificate of membership and the economic activities of the person. TU member book helps to defend them from the militia harassment. Trade unions agreed with the bazaar management regarding the counter rent reduction in connection with crisis. Trade union organized videotaping corrupt police officers and they were dismissed from work.

Alamedino bazaar, Vice-chairwoman Irina Nester. For the union is difficult to cooperate with owners. In bazaar employed 2000 workers. Trade union membership in a year decreased from 400 to 200 members. After lengthy negotiations succeeded in reduction of rental outlets from 1500 to some 1300. Trade union organizes trips to its members, mutual festivities that are very effective tool.

TokMok bazaar trade unions shop steward Dzanyl Toktanalieva. From 800 employees 440 belongs to the trade union. Trade union with municipal help achieved the introduction of one day-off in bazaar work. Trade union also issue certificates to members on membership, economic status, income and assets.

## Textile

In 2001 in Kyrgyzstan light industry were employed 20,700 persons and in 2008 already 200,000 workers. Another 15,000 persons sells light industrial products abroad. 80% of employees are working under the patents rather than hire contracts. When Moscow Cherkizovo Market was closed, exports to Russia dropped by 25%. Kyrgyzstan became 'Russia's sewing factory'. During the year 2008 45 primary organizations were established and attracted 1245 new members, 15 collective agreements were signed.

Work was made more difficult due to global informalisation. In many companies all staff are working under civil contract or self-employed patent: tailors, and drivers, and the directors, and management representatives (the owner pays for patents). There is no one responsible to negotiate or sign a collective agreement. Special attention is given to work in South Kyrgyzstan. Significantly trade unions contributed to the development of social partnership and the formation new trade union organizations helping in the fight against the periodic electrical disconnection at the enterprises. Conducting regional light industry mapping. The problem is worker passivity, not only unwilling to pay a membership fee but also voluntary 80% monthly social security payments (\$ 1). Preparing agreement with the Russian light industry trade unions. Similar agreements on worker protection signed between Russia and Kyrgyzstan construction workers trade unions.

## Georgia

Georgia Commerce Union Total unite 4500 members, 2500 are from markets.

Zaza Agladze, the chairperson of the self-employed and commerce trade union. His Union decided to set up the trade union because the traders had no social guarantees at all, after reading the Labour code they understood that they could defend themselves only via the trade union. The classical approach was not proper with these people, they started to prepare the social package, they prepared the privileged insurance agreements, discounts system in the shops, the most important was approaching people and direct collaboration, the collective agreement is prepared with the Rustavi market place Administration foreseeing the fix tax for the place for trade, 500 paying members, 3000 total workers. While preparing the collective agreement they asked all traders and they expressed the certain issues to be included into the collective agreement: not to pay tax on the trading place during the annual leave, some traders demanded to privatize the working places as they are paying the tax on the trading place since 1996. At the beginning the controllers were assisting the trade union but learning that the CBA is going to make order in the tax collection they started to sabotage, as it would introduce transparency in tax for the trading place collection. The membership fees are fixed - 3 laris per month, some are paying via banks and others in cash. The founding meeting was conducted in February; they joined the commerce trade union and became the GTUC members. Now the regional structure is being strengthening, some traders are suspicious about the trade unions as they think that it works for the administration. Now they are trying to organize all – the traders and security. The membership fees structure is interesting: firstly they collect fees centralized and if the organization has below 101 members then 30% of the collected fees goes to the local, if 300 members - 40% returns, if 500 members - 50% back, this system stimulates the consolidation of small organizations and their merges.

Despite the higher number of new union members recruited over the last 10-11 months (around 1200 members permanently paying membership dues) the Trade Union of Commerce, Self-employed and Individual Entrepreneurs still has to overcome certain prejudices concerning the methods of organizing. It is also true that to protect the rights and motivate marketplace vendors to join a union turned out to be more complex that in the case of the transport workers. The big deal of complexity comes from the fact that the most of marketplace vendors do run their economic activities as individual entrepreneurs, thus sometimes themselves being a self-employed worker and an employer the same time. The national legislation is by no means favorable to formalize their work and provides them with neither the labour rights nor the rights to benefit of the social protection system that most of the employed workers do enjoy.

Meanwhile, the union is waiting for the President of Georgia to reply to its formal initiative submitted to the president's office in March 2009 concerning the

measures to alleviate tax burden for the market vendors and individual entrepreneurs and ease their access to the social protection schemes. One more issue raised in the initiative is to facilitate trade union work in informal sector with a view to bring greater transparency and certain level of formalization to the sector.

### Transport Union

The most successful was the Transport and Road Construction Workers Union the leadership of which acted in a very decisive and courageous way. Its work combined education and organizing, campaigning against the violations of the self-employed drivers' rights and cooperating with the municipal governments through exploiting the legislative provisions to sensitize the local decision-makers concerning the problems of the informal workers. More than 300 new truck and minibus drivers of Tbilisi and Rustavi (Qvemo Qartly Region of Georgia) have joined the union since the start of the implementation of the project (power-point presentation in English is attached). Protest campaign coupled with constructive cooperation with the local government have yielded good results particularly in Rustavi, the principal City of Qvemo Qartly region and Gardabani, second largest town in the same region. After the short warning strike action of the mostly self-employed minibus drivers of Rustavi city, the special Ad Hoc commission to register and solve the grievances of the drivers was set up by the joint decision of the City Council and the Mayor of the City. Later the Ad Hoc Commission was reformed in a permanent one with the representative of the Road Transport Workers' Trade Union in the commission. That format proved to be effective and remains viable up to date.

It is worth to mention here that these activities of the Transport Workers' Union had positive side effects too. Good media coverage of the activities involving minibus drivers and truck drivers motivated Tbilisi municipality transport workers to protest against the yellow/fake union to which they had been forcibly affiliated by the Tbilisi municipal government 4 years ago. The transport workers' union through press conferences and organizing warning strike action supported their protest. Tens of drivers withdrew from the fake union and joined the GTUC affiliate. In June 2009, by the common decision of the transport workers union and the Tbilisi municipal transport workers union the latter joined the transport workers union as one of its locals.

In Tbilisi alone there are 5000 taxi and 5000 minibuses. The quota for Tbilisi for minibuses is 2750 (others are illegal). There is no quota for taxis. In Tbilisi they have the trade union of the minibus drivers from June 2008 uniting 500 members. There is service provided to the trade union members with 30% discount, 20% discount for spare parts and 5% discount for petrol, they have the trade union member discount card. Chairperson of minibus drivers Irakli Mgeladze is young man ex-driver, in Zugdidi there is also trade union. They are cooperating with the self-employed trade union on the common discount system,

now they are negotiating the joint discounts with the pharmacies and the insurance company. Fees are 3 laris per month; they collected in cash and then bring to the bank. The whole collected sum goes to the branch and then it is distributed according to the needs. The Transport trade union is also trying to organize the security and 2 companies are organized.

In September Kutaisi city mayor (second town in Georgia) has signed an agreement with GTUC regarding Kutaisi city minibuses routes and permits regulation. This agreement has made big resonant in mass media and received unofficial approval in president's administration. Country's authorities try to delegate Georgian trade unions IE workers social insurance issue.

One of the GTUC success recipe organizing IE workers is that confederation participated actively in establishing the unions. Vice-chairman Gocha Aleksandria agitated himself bazaar traders and distributed leaflets, the chairman Irakli Petriashvili participated in initial meetings. IE workers organizations were united with traditional branches, infusing "fresh blood". Successful work examples and enthusiasm encouraged also other branches to get involved.

## Ukraine

The taxi drivers' trade union, which is member of KVPU, was set up in 2003 after the protests against the authority's plans to push the self-employed taxi drivers away from the market. About 700 people took part in the protest actions. In 2005 the Lvov small carriers' trade union joined the all-national taxi drivers' actions and roads blockage against the attempts of the authorities to introduce the strict regulations in the taxi sphere. In 2007 the minibuses drivers joined the taxi driver's trade union. At present the trade union started to organize also the construction auto transport and truck drivers in the central Ukraine. The Lvov drivers helped to organize the colleagues in Nikolayev, Donetsk and Dnepropetrovsk. They will try to create the NATIONAL small carriers' branch and to sign the sectoral collective agreement. At present the negotiations started with the Lvov municipality on collective agreement. One of the problems is that in several minibuses and taxi companies the employers started to set up the yellow unions. The KVPU trade unions act at 11 Lvov private transport companies out of 17. According to the chairperson 80% of the minibuses drivers work by the agreements but they foresee only the minimum wages, others are working by the patents or civil contracts, among the taxi drivers 80% work by the patent and they are the self-employed. Membership fees are fixed, the council decides the amount every year, and the fees are collected in cash according to the pay-sheets. Directly to the KVPU the membership fees are transferred not on regular basis and according to possibilities. The primary organizations are setup on the basis of the company to which taxi belongs or according to the taxi halts. The trade union members together with the employers decide upon the taxi fares and also they participate in the municipality-working group that is responsible for taxi business in Lvov. 70% of the taxi drivers in Lvov are working legally organizing the joint trade union



and municipality raids against the illegal. The trade union representatives are going to the accident places in case the trade union members are involved and they are taking care of the drivers' security at nights.

KVPU also founded 2 bazaar trade unions in Lvov and Donetsk, which brings together about 5,000 members. VOST trade union in order to facilitate work and avoid structural problems of informal workers set up a separate informal workers branch, where everyone can join.

Next to FPU exist newly formed IT workers Trade Union, which is the first of its kind in the region TU.

## Moldova

Bisnesind (UNI) One of the first organizations in CEE, which started to unite self-employed, had established in 1989 and successful exists. Last year has established 2 organizations in Soroku and Unstany city markets (300 and 400 members accordingly). Quite problematic to collect the membership fee. Trade unions in markets were established after problems with the administration, the demonstrations followed. The membership fee is collected in cash, \$1 per month per member. Trade union unites 24000 members. Total 1192 organizations, from them 703 have less than 15 members, 300 have less than 50 members. This is related to the work specifics. Union keeps in touch with Transnistria relative trade union organizations, also organizes church servants

A few years ago in Chisinau minibus driver's union was founded, which unite 500 members. Due to trade union movement fragmentation it did not accede into any branch. When in 2007 two national trade union centers merged, it was unwilling to join the public transport union. A number of structural conflicts arise when national center leadership was trying to unite branches. Currently is almost unfunctional.

## Armenia

IE specifics in Armenia – used term of social network and family relations, the family in Armenia also consists of distant relatives and relatives of relatives. They are united into mutual informal economic activity. There is a high cooperation level between friends, neighbors and relatives. This was led also historically and geographically, the nation had to adapt and survive. Very common, those employers are looking for new recruits among relatives and acquaintances. 80% of the employers in order to obtain export or import permits used relationships. Unemployed are not looking for a job in employment services, just for unemployment benefits.

Social networks and informal economic relations is an integral part of Armenia culture and mentality. Dealing with this is a pointless job.

Commerce union since 2009 via using social families net has increased membership in the gas stations from 17 people to 68. Gas stations director is the chairwomen cousin. 25 jewelers joined from the "golden" bazaar, some of them also are Chairwomen relatives (from jewelers). They once worked in a state store and were trade union members.

Trade union lost the initiative, i.e. minibus drivers 3 times stopped work and went on strike: the authorities tried to change the numbers, to reduce routes and forbid to drive old cars. Their interests started to defend nationalist type party Dasnak, who agreed with the government to regulate the minibus driver work according to employees' suggestions. Taxi association also founded with help of Dasnak

HAMK purpose is to include in the forthcoming National's agreement articles on IE workers.

Government is trying to induce the order in tax collection system. Some non-traditional but effective measures are taken. For example, on the cash register is issued a special number that can participate in the money lottery, the results of which announced on TV, in direct broadcasting, lucky tickets are drawn by an independent panel composed of respected Armenia people. People massively require a receipt for goods and services in order to win prize. People collected a check for a given amount from the tax authority receives a small premium. If during 3-month course the amount of 500-euro receipts are collected, tax office issue a 10-euro prize. This campaign began on 1 January 2009 and has improved revenue for the State budget by 60 million euro.

## Azerbaijan

Most active Commercial TU. It unites 52,000 members of whom 6000 self-employed, 4 bazaars are organized with 500 members. In total last year it attracted over 660 members of the IE sector including from gold mines. First it consults with the bazaar owners and authorities for authorization to create the trade union. Even the permission is granted; it is difficult to set up organizations, because regional chairpersons are not eager or active to work with members from bazaars. Among major problems sectoral competition with SME Trade Union, which is also trying to organize markets traders, representing the interests of the small employer, but they need TU for social insurance funds distribution to cover members vacation packages. This union unites 42,000 members, from them 3000 are self-employed.

## Social dialogue

It usually starts with protest or dissatisfaction for any innovation to regulations or taxing activities. In the initial stage denial dominated, and rarely suggestions.

Often after spontaneous collective opposition the second phase consists of establishing or election of Steering Group to prepare and present requirements, so it becomes negotiating group. Often when Steering or bargaining group is established, initiators start to think of self-organization form, because something to agree or to sign formal organization is needed. Such a form in many cases is selected the trade union. And the final stage is signing of the contract. In these contracts the main difference from the "classical" concept of collective agreements is that they do not (or almost not) include the wage part and focus mainly on working conditions and environment, as well as duties and taxes, their collection regulations. Such agreements could be called a 'code of conduct " or gentlemen's agreements, because they are not very binding and if not fulfilled is not always possible to require responsibility.

Social dialogue in IE sector can be divided into several levels: the main is at the enterprise or workplace level; the regional and municipal, and rare national. At the enterprise or workplace level, dialogue is bilateral – with the owners; at the regional-municipal level dialogue is established between regional governments and trade unions, also tripartite social dialogue, including trade unions, owners associations, and the municipality. In some places signing function delegated to the national trade union centers. For example, GTUC Georgia Chairman signed collective agreement with Kutaisi Mayor regarding minibus drivers working conditions in Kutaisi.

The most common form of social dialogue at the national level is more sectoral kind, including sector related Ministry, and employer association if such exists. For example, Kyrgyzstan textile union, the Association of Light Industry and the Ministry of Economy; many examples exists when taxi TU, taxi associations of undertakings agreed with the Transport Department over the taxi meters or permission to use public transport lines. Small business associations and markets TU agree with the tax office and the Ministry of Economic on patent fees, and regulation.

The cases are often when agreements at the national level takes place only between the workers and the Ministry responsible for authorizing permits and regulatory activities. In Lithuania hairdressers and beauticians TU with the Ministry of Health agreed to workplace requirements and procedures for issuing the licenses, similar example exist with pharmacists union. In such cases unions also performs employer's organization functions in the negotiations.

Most of the existing and active agreements are the municipal level. Many of them are in transport sector (regulate the number and distribution of routes, taxi parking areas) or at the workplace level - agreements with the bazaar owners or administration. In bazaars agreements included distribution of market counters and fees; administrations must provide - toilets, parking, water, etc. In some cases in agreements social work sphere is touched: 1 day off per week, the fee exemption during the annual holiday, preserving counter (trading place) during the maternity leave, and etc.

The last years more often cases when IE workers needs are included in the sectoral branch agreements. Most of the times they signed with the ministries department but not the employers. It is natural because sectoral agreements in the region are very weak and employer organizations have low membership.

There are more examples when IE workers needs are represented in national tripartite dialogue. For example, Lithuania signed national consent for crisis period, which foresees that during the agreement period taxes for individual activity will not be raised (it is one of self-employed requirements which was represented by national trade unions centers).

Only with national tripartite dialogue and consensus possible to deal with another relevant issue - IE workers social insurance matter. Both Georgia and Azerbaijan tries to solve it this way.

Another feature of the social dialogue in IE sector that Labor and Social Affairs Ministries are away from it, and the state most often represents the Economy and Finance Ministries. Large employers' organizations concerned only when discussing the prohibitions and penalties in informal business sector.

Another trend is that social partners often include into tripartite agenda and the agreements clauses affecting the prohibitions, penalties, combat with shadow economy and illegal labour action plans without consent or consultations with IE unions and workers, who can actually provide helpful advice how to introduce such measures without negatively affecting ordinary people. For them such activities, particularly in times of crisis often are the only way to survive.

Social dialogue and partnership in this sector only just at the beginning, lots of chaos, and lots of colors. It is not always clear where are the workers and where the small entrepreneur's interests. Dominant economic benefit and profit rather than social and labor sphere motives. It is impossible to fit it into classical forms and negotiations of collective agreements and not always appropriate.

Evaluating more than 5 years ITUC/PERC work in this field I would like to present following recommendations:

1. It is impossible to rely only on research academic work in this sphere. By preliminary data, with the EU, the ILO and other international institutions support more than 90 researches, analysis and other scientific surveys were made in IE sector in CEE. It is important to avoid schemes and templates.
2. In many countries informal work consist more than a half of the labor market, so proportional attention and resources are needed.
3. Organizing and representing IE workers necessary flexibility and creativity. Traditional approaches here often do not work.
4. IE workers organizing and representation via Trade Unions is a long and complex work that is not to be limited to projects and target programs. It is necessary to consider all aspects - migrant, seasonal work, and ethnic cultural specificity. In some countries, wrong and harmful opinion is formed that such project is designed from the above.
5. After evaluation of current experience is necessary to prepare targeted sectoral IE workers organizing methodologies and organizers training system.
6. IE workers organizations regional network formalization with national TU centers and GUFs support.
7. NGOs and Trade Unions working in this field and ongoing projects database. IE has become very popular topic, wide range of programs carried out which overlap with each other and are uncoordinated.
8. It is necessary to abandon the illusion that the state will reglament and make order in this sector, that the trade unions must monitor and prepare raids together with the Labor Inspectorate. With prohibitions or repression in this sector impossible to reach positive results.
9. The issue of informal workers needs should be included into the agenda of tripartite and bipartite social dialogue, better on the initiative of trade unions after consultations with IE workers organizations
10. To stimulate IE employees to unite in their specific organizations that would be trade union partners and allies, if not possible unite them directly to the unions.
11. IE workers organizes independently from the traditional TU, so trade unions need to adapt their structures to IE workers needs and membership, rather than vice versa.
12. To continue raising awareness among TU members on the issue. Necessary to have certainty with whom to work: with informal, self-employed, atypical labour forms, but not with criminals, shadow, and illegal structures.
13. In global financial-economic crisis conditions the informal work becoming the way of survival, many governments indirectly tolerate it to avoid social

explosions. IE became shock absorber of the crisis consequences. The next 3-4 years informal labour only will grow.

14. Into PERC IE sector activities are necessary to include New EU Members States, Russia, Central Asia countries.

15. For many self-employed membership in the union is a measure to make their economic activities more effective and secure. It would be appropriate to help them create cooperatives and get involved into cooperative movement and organize credit unions to help IE workers unions refuse non-TU functions.