

## SWEDEN

<b>Title of the policy or measure (in English)</b>	Measures against undeclared work and economic criminality in public procurement.
<b>Case study/good practice name</b>	The Nacka Project (Nackaprojektet) against undeclared work and economic criminality in public procurement.
<b>Country</b>	Sweden
<b>Sectors</b>	The municipal sector
<b>Target groups</b>	All contractors and sub-contractors contracted by Nacka municipality or by the municipal companies in the building and construction sector, and eventually also in other sectors. The staff at the municipality's department for procurement.
<b>Type of measure</b>	Prevention
<b>Short sentence summarising the measure</b>	<p>The Nacka project' meant that the municipality required the contractors who won a tender to comply with a regulatory system including 1) the so-called ID06-system* or a similar system for daily identity and attendance control of all individuals at the worksites, and to 2) once a month send the sealed ID06 records, as well as individual declarations of taxes and social fees paid for the individual workers at the worksite, to the Swedish Tax Agency for cross-control. The project presupposed organized cooperation with the Tax Agency, which also should make unannounced checks at the worksites. The municipality made unannounced controls as well.</p> <p>* The Swedish Construction Federation (Sveriges Byggindustrier) had introduced the ID06 system for identity and attendance control in 2006, when seven member associations immediately adopted the system. <a href="http://www.id06.se/userfiles/files/dokument/ID06%20eng.pdf">http://www.id06.se/userfiles/files/dokument/ID06%20eng.pdf</a></p>
<b>Background</b>	
Background context driving the implementation of the measure	<p>There was an increasing problem with undeclared work and economic criminality in the building and construction sector in Sweden. In the autumn of 2008, Nacka municipality arranged a conference on 'White Jobs'* in cooperation with the social partners. Among the invited guests at the Nacka conference was the Swedish Tax Agency, which recommended public purchasers to launch projects to combat undeclared work in public procurement.</p> <p>* Some years earlier, the Swedish Trade Union Confederation (LO) had launched a campaign called 'White Jobs'.</p>
When was the measure implemented? (including start date and end date/ongoing)	The Nacka Project started in April 2009 and ended in December 2010. However, the measures introduced still remain.
Names(s) of authorities/bodies/organizations involved	The Nacka Municipality; The Swedish Construction Federation (Sveriges Byggindustrier); The Swedish Building Workers' Union (Svenska Byggnadsarbetareförbundet); The Swedish Tax Agency (Skatteverket), the Swedish Economic Crime Authority (Ekobrottsmyndigheten. The Swedish National Council for Crime Prevention (Brottsförebyggande rådet, Brå) and the police authority were involved in the planning of the project as well.
Scope of the measure (a pilot project, nationwide, regional wide)	Pilot project; regional wide (the municipality)

Type of (policy) measure	
Key objectives of the measure	<p>The overall aim of the Nacka Project was to eliminate the possibilities to practice undeclared work and other forms of economic criminality in the building and construction sector (in the context of public procurement). Thus, the project aimed to remove distortions in competition and encourage and support fair competition and fair entrepreneurship. This also meant that the project forestalled economic losses for the municipality and its inhabitants.</p> <p>The project did not address the problem of false self-employment specifically, but the control measures implied in the project made it more difficult to practice this form of circumventing taxes and social security contributions as well.</p>
Specific measure	
Description of how the measure operates in practice	<p>The regulatory system can be described as a three-stage model consisting of strict requirements on:</p> <ul style="list-style-type: none"> <li>• Daily identity control and attendance control at the worksites in accordance with the 'ID06-system'. This meant that the contractor must guarantee that all individuals at the worksite were registered in a sealed attendance record, and wear an individual and visible bandage or identity card, which also showed in which company the worker was employed.</li> <li>• The contractors should once a month send the sealed attendance records to the Swedish Tax Agency, as well as a declaration of the payment of taxes and social security contributions for each worker at the worksite. The Tax Agency could thereby discover deviations between the two registers and identify workers for whom the contractor had not paid tax and social security contributions.</li> <li>• The Tax Agency and the municipality should carry out unannounced random checks at the worksites.</li> </ul> <p>If a contractor or sub-contractor used salaried workers for whom they did not pay preliminary income tax and pay-roll tax (social fees), the Tax Agency could discover undeclared work and disguised employment, and require the employers to pay the tax debts. Moreover, Nacka municipality could fine the company.</p>
Which groups are targeted by the measure?	<p>Contractors and sub-contractors; employers and workers. The staff at the department for procurement in Nacka Municipality. The municipality educated the civil servants who should handle these issues in accordance with the new routines. Representatives for the Swedish Tax Agency and other project partners assisted in this education as well.</p>
What resources and other relevant organisational aspects are involved?	
What are the source(s) of funding?	
Evaluation and outcome	
Has the measure achieved its objectives?	<p>The municipality evaluated the project in 2011. According to the civil servants at the department for purchasing, a majority of the contractors were positive to the project, and they appreciated that it had</p>

become easier to compete on equal terms. They also meant that the companies accepted the extra administrative work the new routines generated without objections. The purchasers considered that the contractors generally wanted to do things right.

The cooperation with the Tax Agency seemed also to have worked well, but the contractors called for easier information on how the regulations should be adapted to shorter assignments.

Regarding the costs for the contracted projects, the purchasers meant that they were about the same as before. Nor had the number of companies bidding for a contract decreased. It should be mentioned though that Nacka municipality carried out control of contractors also before the project started, and several contractors had already introduced the ID06-system as well.

The municipality's and the Tax Agency's unannounced checks at the worksites showed that nearly all of the contractors and sub-contractors handled their tax obligations properly. The Tax Agency's monthly cross-checks of the attendance records and of the employers' declarations of taxes and social security contributions for the individual workers made it easier to discover fraudulent actors at an early stage.

The Swedish Tax Agency, as well as the civil servants in Nacka municipality, meant that the manual work needed for the implementation of the project was time-consuming. Therefore, they emphasized the need for system support to facilitate process.

The main result of the project was that it became considerable easier to discover and stop unfair competition. The tax Agency's cross-checks of the attendance records and the contractors' tax declarations for the individual workers were essential in this context. Hence, the project also reinforced communication and cooperation between the municipality and the Tax Agency.

The project illustrated the importance of cooperation between different authorities and organizations in the struggle against undeclared work and economic criminality. It also illustrated the importance of strict regulations, and a control system, which both contractors and their sub-contractors had to stick to.

Another important component in the project was the main contractor's responsibility for the whole subcontracting chain.

Assessment method (including indicators used to measure its impact), and the outputs and outcomes achieved

The assessment methods consisted of a web-based survey, which was sent to 22 civil servants working with public procurement in Nacka municipality, and 90 contractors engaged during the project period. 12 civil servants and 35 contractors answered the survey. Thus, there was a relative low response rate of the survey. In addition to the survey, the evaluation also relied on oral information. Among other things, the project team made interviews with the Swedish Tax Agency.

What are lessons learnt and the key conditions for success?

The importance of a broad cooperation between municipalities, governmental authorities and the social partners in the struggle against undeclared work and other forms of economic criminality.

The importance of having an interdisciplinary approach to the complex problems of undeclared work and economic criminality.

The need for a law on monthly tax declarations of paid taxes and social security fees for each individual worker at a worksite, including the Agency's Tax Agency's control of these documents.

Level of transferability (e.g. other countries/groups/sectors)	Nacka Municipality extended the rules and routines for procurement elaborated in the project to other sectors as well. The policy of a broad cooperation between different authorities and the social partners, as well as the interdisciplinary approach, can in principle be used in other municipalities as well. The Nacka project provided a good example.
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Sources	Interview with Jan Landström, Nacka Municipality 08.02.2017. Booklet about the Nacka Project ( <i>Nacka kommun tar ställning mot svartjobb i byggsektorn</i> ). Nacka Municipality, 2009. Booklet about the evaluation of the Nacka Project ( <i>Nackaprojektet, en insats för att förhindra svartjobb i byggsektorn. Två år senare – hur 4ard et gått?</i> ) Nacka Municipality, 2011. Power-point presentation of Nacka Municipality's work against corruption and economic criminality (Jan Landström, 22 September 2015). <a href="http://skl.se/download/18.d600fc114fdb8c08aa4146/1444832231686/Nacka-Trygghetsdagen-22-sept-2015.pd">http://skl.se/download/18.d600fc114fdb8c08aa4146/1444832231686/Nacka-Trygghetsdagen-22-sept-2015.pd</a> Government Bill 2014/15:6. <i>Minskat svartarbete i byggbranschen</i> (Reducing undeclared work in the building and construction sector). <a href="http://www.regeringen.se/49bb12/contentassets/97139075468244dda8a20c23d4304eb9/minskat-svartarbete-i-byggbranschen-prop.-2014156">http://www.regeringen.se/49bb12/contentassets/97139075468244dda8a20c23d4304eb9/minskat-svartarbete-i-byggbranschen-prop.-2014156</a>
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