European Platform Undeclared Work

KEY RESULTS AND ACHIEVEMENTS OF THE EUROPEAN PLATFORM TACKLING UNDECLARED WORK

2017–2018

CONTENTS

1 What is the European Platform?

Decision (EU) 2016/344 established the European Platform to enhance cooperation in tackling undeclared work (hereafter the Platform). This is a compulsory report for the European Parliament and Council, the European Economic and Social Committee and the European Committee of the Regions, as required under Article 8.3c of the Decision. This report covers the Platform's operations and achievements during its initial years.
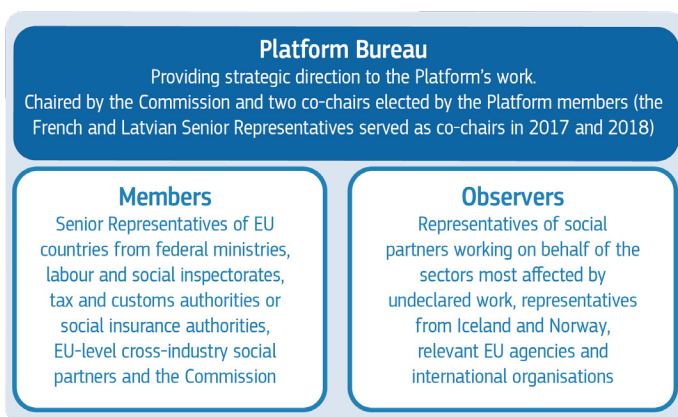
Launched in May 2016, the Platform has three main aims: to encourage closer co-operation between Member States; to improve the capacity of different relevant authorities and actors to tackle undeclared work; and to increase awareness of issues relating to undeclared work.

The Platform actively seeks to combat and prevent undesirable behaviours in the labour market, while fully respecting national competences and procedures. This report sets out how the Platform's aims have been achieved so far, and to what extent. While the Platform is still in its early stages, its motivating purpose is clear: to promote fair and well-functioning labour markets and welfare systems across Europe.

The Platform and its activities are funded with an annual budget of around EUR 1.5 million through the PROGRESS axis of the EU Employment and Social Innovation (EaSI) programme. Additional funding for cross-border cooperation projects was available under the European Commission's calls for proposals in the area of tackling undeclared work. The number of proposals submitted by Platform members and observers increased between 2017 and 2018.

The Platform is made up of members, observers and the Bureau, as shown in Figure 1.1. The Senior Representatives act as a single point of contact for their Member State, liaising with national stakeholders and disseminating learning outcomes from the Platform at national and regional levels. Attendance is voluntary and relies on strong cooperation between all of the different actors.
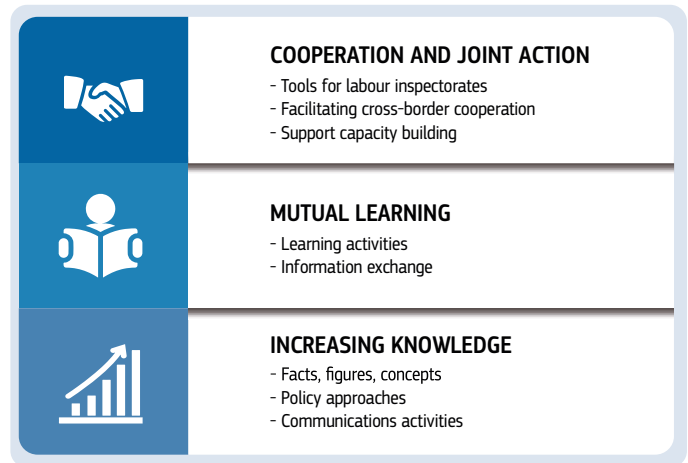
Figure 1.1   Structure of the Platform

Platform Bureau
Providing strategic direction to the Platform's work.
Chaired by the Commission and two co-chairs elected by the Platform members (the French and Latvian Senior Representatives served as co-chairs in 2017 and 2018)

Members
Senior Representatives of EU countries from federal ministries, labour and social inspectorates, tax and customs authorities or social insurance authorities, EU-level cross-industry social partners and the Commission

Observers
Representatives of social partners working on behalf of the sectors most affected by undeclared work, representatives from Iceland and Norway, relevant EU agencies and international organisations

1.1 Focus of the Platform's work

The Platform has a two-year work programme that shapes and drives its work. This is guided by three interlinked strategic priorities as shown in Figure 1.2. Both the first work programme (2017-2018) and the new work programme (2019-2020) are available on the Platform's web page[1].

Figure 1.2   The three strategic priorities of the Platform's work programme

COOPERATION AND JOINT ACTION
- Tools for labour inspectorates
- Facilitating cross-border cooperation
- Support capacity building

MUTUAL LEARNING
- Learning activities
- Information exchange

INCREASING KNOWLEDGE
- Facts, figures, concepts
- Policy approaches
- Communications activities

Each strategic priority and its activities are interlinked and reinforce one another. For example, studies carried out with the aim of increasing knowledge provide an evidence base of effective approaches to tackle undeclared work. As part of cooperation and joint action, seminars and workshops explore these topics and share different solutions and approaches. These are then used to develop practical toolkits, learning and resources, and examples of good practice. Mutual learning activities encourage staff to follow this up with information and staff visits.

The Platform's communication and dissemination activities support this work. They include a designated web page hosting a virtual library of resources and studies, a regular newsletter circulating the latest developments, and the use of multimedia to highlight the importance of tackling undeclared work. There is also a web page hosting national tools for reporting undeclared work[2].

The subsequent sections of this report present the main lessons learned from the activities that the Platform has undertaken so far.

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1   http://ec.europa.eu/social/udw.
2   http://ec.europa.eu/social/main.jsp?catId=1417&langId=en.

2   Different approaches in Member States

The Platform's members and observers recognise the high expectations placed on them to tackle undeclared work. The need for structural reforms has been addressed in several country-specific recommendations (CSRs) made by the Council. These recommendations are specific to the national context: there is no 'one-size-fits-all' approach.

2.1   Difficulty of defining undeclared work

A Platform study in 2017[3] confirmed that there is no single definition of undeclared work in the Member States. Member States have adopted a variety of different definitions that focus on non-compliance with either labour, tax and/or social security legislation or regulations. However, to facilitate understanding, the Platform uses a generic working definition:

> *Undeclared work involves any paid activities that are lawful as regards their nature but not declared to public authorities, taking into account differences in the regulatory systems of Member States.*

Another challenge that the Platform faces is measuring undeclared work accurately, as it is, by definition, 'hidden' and not declared to the authorities. A recent study sought to measure the scale using the Labour Input Method (LIM), which measures the discrepancies between reported labour inputs from a supply and demand perspective. The study found that, on average, undeclared work constitutes 16.4 % of the gross value added (GVA) in EU Member States[4].

When this is weighted by country size, undeclared work in the private sector is estimated to be 14.3 % of GVA in the EU. This figure is lower due to the influence of countries such as Germany, France and the UK, which have bigger labour forces and relatively lower levels of undeclared work.

> *Findings show that undeclared work is significantly higher in Member States with a lower GDP per capita.*

There are marked differences in the prevalence of undeclared work across Member States, ranging from 7 % to 27 % of GVA, as illustrated in Figure 2.1.

Figure 2.1   Scale of undeclared work in the private sector as a % of total GVA (LIM estimates for 2013)

Note: Estimates for Malta are not provided due to a lack of data sources for this Member State
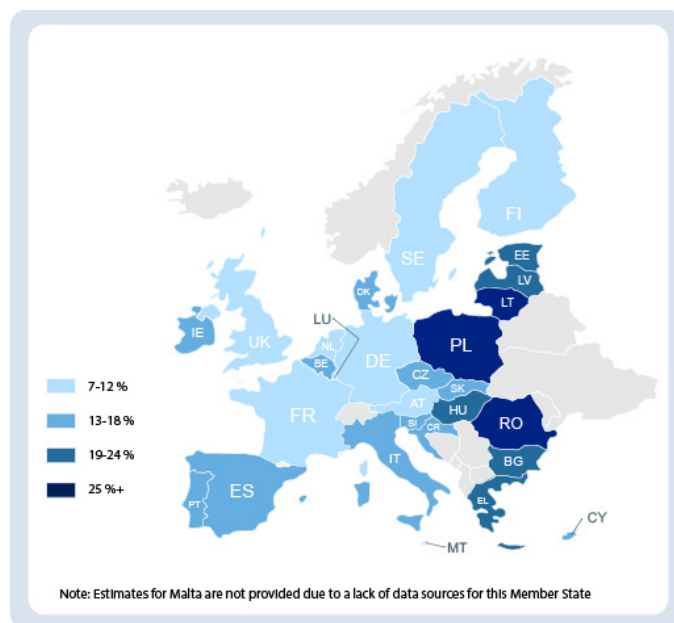
Source: Methodological notes on using the Labour Input Method (LIM) to estimate the scale of undeclared work in the EU[5]

2.2   Varying structure of undeclared work

The structure of undeclared work varies considerably across the EU, for example, whether it is conducted by waged employees, self-employed people or family workers. Member States in which the majority of undeclared work is conducted through self-employment include: Cyprus, Denmark, the Netherlands and Portugal. Countries where over 90 % of all undeclared work is conducted in the context of an employment relationship include: Poland, Bulgaria and Italy.

These different structures have significant implications for tackling undeclared work. Policy initiatives to help businesses start up legitimately, such as smoothing the transition from unemployment to self-employment, will be useful in countries where most undeclared work is conducted through self-employment (e.g. Denmark). In contrast, in countries where most undeclared work is conducted in the context of an employment relationship (e.g. Poland), policy initiatives to address unregistered or under-declared waged employment seem most relevant.

The difference in the scale of undeclared work also varies across Member States. Its varying nature and the different policy developments required have been recognised, and action has been taken by Member States. The Platform offers support to all Member States through its range of activities, irrespective of their individual starting point.

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3   ICF and Member States, *Member State factsheets and synthesis report*, European Platform tackling undeclared work, 2017.

4   Williams, C.C., Bejakovic, P., Mikulic, D., Franic, J., Kedir, A. and Horodnic, I.A., *An evaluation of the scale of undeclared work in the European Union and its structural determinants: estimates using the Labour Input Method*, European Commission, Brussels, 2017.

5   Predrag Bejakovic, Davor Mikulic, Josip Franic and Abbi Kedir, *Methodological notes on using the Labour Input Method (LIM) to estimate the scale of undeclared work in the EU*, European Commission October 2017.

2.3 Undeclared work and the European Semester

In the context of the European Semester, in recent years, the Council has put forward several country-specific recommendations (CSRs) on undeclared work and associated areas. In 2017, two countries, Bulgaria and Romania, received CSRs in relation to undeclared work. In 2018, CSRs were issued on undeclared work and the informal economy for Bulgaria and Italy, and on related areas for Latvia, Lithuania and the Netherlands. Details are provided in Table 2.1.

Table 2.1   CSRs for tackling undeclared work

Year	CSR: Countries and focus
2017 **Bulgaria**	Further improve tax collection and tax compliance, including through a comprehensive set of measures beyond 2017. Step up enforcement of measures to reduce the extent of the informal economy, particularly undeclared work.
Romania	Strengthen tax compliance and collection. Tackle undeclared work, including by ensuring the systematic use of integrated controls.
2018 **Bulgaria**	Improve tax collection and the efficiency of public spending, including by stepping up the enforcement of measures to reduce the extent of the informal economy.
Italy	Step up efforts to tackle the shadow economy, including by strengthening the compulsory use of e-payments through lower legal thresholds for cash payments.
Latvia	Reduce taxation for low-income earners by shifting it to other sources, particularly capital and property, and by improving tax compliance.
Lithuania	Improve tax compliance and broaden the tax base to sources less detrimental to growth.
Netherlands	Reduce the incentives to use temporary contracts and self-employed workers rather than employees, while promoting adequate social protection for the self-employed, and tackling bogus self-employment.

Source: EU CSRs, 2017 and 2018[6]

Romania, Latvia, Lithuania and Slovakia have been supported in their efforts to begin structural reforms by participating in Mutual Assistance Projects (MAPs). These give Platform members the opportunity to get advice on an area in which they need particular support. The recommendations given by the Platform's expert team helped Romania, Latvia and Lithuania to address their CSRs.

MAPs in Romania and Latvia

In 2016 and 2017, a Platform team of experienced labour inspectors from the Netherlands and Ireland, along with independent experts, visited Romania for three days. This supported the **Romanian Labour Inspectorate** (LI) to improve its effectiveness in tackling undeclared work. The LI completed a self-assessment questionnaire to provide information about the situation. The Platform team provided strategic and operational guidance and recommendations based on their meetings and the evidence collected.

The same team returned to the LI 10 months later and saw significant progress. Changes to the Labour Code have been made to clarify and widen the definition and scope of undeclared work that can be tackled by the LI. A new unit on undeclared work has been created to coordinate strategy and operations in the LI. Notification letters have been introduced to speed up the transition from undeclared work to declared work. A nationwide awareness-raising campaign on the benefits of declared work and the costs of undeclared work has also been launched, along with a more educational and preventative approach. Inspections have been joined up with other enforcement authorities in a more coordinated national approach. Evidence-based policy evaluation is now performed, along with pilot studies.

In 2017-2018, a MAP was organised to support the **Latvian State Labour Inspectorate** (LI). Platform members from Belgium, Estonia, Finland and the Netherlands formed the core team. The LI completed a self-assessment questionnaire to provide information about the situation. Based on the results of the three-day meeting, the self-assessment questionnaire and the evidence collected, the experts produced strategic and operational guidance and recommendations.

The same team returned to the LI 10 months later and saw significant progress. In response to the visit, the LI had rewritten its strategy on undeclared work, modernised its strategic objectives and adopted new key performance indicators. The net outcome has been a shift from a purely deterrence approach towards a more preventative approach, focused on transforming undeclared work into declared work. This new strategy is now being put into practice, with resources reallocated to support a wide range of new policy initiatives.

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6   Accessed here: https://ec.europa.eu/info/business-economy-euro/economic-and-fiscal-policy-coordination/eu-economic-governance-monitoring-prevention-correction/european-semester/european-semester-timeline/eu-country-specific-recommendations_en.

3 Common challenges that Member States face

Due to the complex nature of undeclared work, there is no one-size-fits-all solution. However, Platform members and observers recognise that they face many similar challenges and can find effective solutions by working together at national and cross-border level.

3.1 The need for a holistic policy approach

Undeclared work is a complex problem and, as set out in the Decision, needs to be tackled using a holistic approach. This requires national governments to take a cross-government approach to tackling undeclared work by joining up policy on labour, tax and social security law at strategic and operational levels. This involves cooperating with social partners and other key stakeholders, and using the full range of direct and indirect policy measures available to enhance the power of, and trust in, the authorities[7]. The aim of this approach is to transform undeclared work into declared work effectively.

> *Only 25% of Member States have a joined-up strategic approach to tackling undeclared work.*

In its 2017 annual survey, the Platform identified that in three quarters of Member States, responsibility for tackling undeclared work lies with more than one ministry or department. These include labour inspectorates, tax administrations and social security institutions, each with their own objectives. This has often resulted in departmental silos and a lack of a coordinated strategic approach[8]. The extent to which Member States involve social partners also ranges from no or limited involvement to tripartite models based on mutual exchange and consultation. Some countries have developed a cross-agency strategic approach to tackle undeclared work.

> *'Tackling' means preventing, deterring and combatting the issue. It is also about promoting the declaration of undeclared work.*

At the first seminar in 2016, on developing a holistic approach to tackling undeclared work, the Platform considered the relative importance of deterrent policy approaches as opposed to preventative measures. In most Member States, the 'deterrence' approach continues to be the dominant form of tackling undeclared work[9]. A few Member States adopt a more 'mixed' or holistic approach, which includes more preventative measures.

Joint operations groups tackling undeclared work in Norway and France

In **Norway**, the government has developed a national strategy to combat undeclared work, promoting cross-agency and inter-organisational cooperation. The Labour Inspection Authority, tax administration, tax collectors, police, welfare administration control department and key social partners have joined forces in a cross-agency action plan setting out common priorities for all agencies involved. So far, seven joint operation groups have been established in addition to other ongoing cooperation between the agencies.

Success factors include: high level political support; effective cross-agency cooperation and, in some cases, shared offices; effective information exchange; social partner involvement; and progress that is tracked and evaluated.

In **France**, the government has strengthened its holistic approach to tackling undeclared work with an inter-ministerial anti-fraud plan implemented by the Operational Departmental Committees Against Fraud (CODAF). This approach brings together the key services that tackle social fraud, tax and customs fraud, and illegal work. The CODAF share data, experiences and training to identify and tackle more complex and large-scale fraud cases. Social partners also play a key role in this work.

It was acknowledged that there are barriers to adopting a wider range of measures, notably a perception that deterrence measures are the most effective means of tackling undeclared work, despite the lack of evidence that this is the case. The result is that the predominant approach across Member States is one of deterrence, seeking to resolve non-compliance after it has occurred. Attempts to prevent the problem from arising in the first place and transform undeclared work into declared work are less common. The Platform has explored preventative approaches through the seminar and a subsequent study on preventative approaches[10], to assess how effective they are in tackling undeclared work. Study visits and staff exchanges between Member States have provided opportunities for mutual learning and to see the approaches in practice. The Platform is therefore developing a more evidence-based approach of what works and what does not, to demonstrate the benefits of adopting a more holistic approach to tackling undeclared work.

Stemming from the work done in this area, the Platform has developed a provisional informal consensus that a combination of deterrent and preventative approaches strengthens the power of, and trust in, the authorities, which ensures more compliant behaviour. The dominant policy approach among Member States of using direct controls to deter undeclared work by increasing the risks of detection and penalties (i.e. 'sticks') is being increasingly complemented by a wider range of measures, including preventative and 'curative' incentive measures (i.e. 'carrots'). For instance, in its 2018 platform satisfaction survey[11], the Platform identified that

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7   Williams, C.C., *Developing a holistic approach for tackling undeclared work: background paper*, European Commission, Brussels, 2016.
8   Williams, C.C., *Elements of a preventative approach towards undeclared work: an evaluation of service vouchers and awareness-raising campaigns*, European Commission, Brussels, 2018.
9   Williams, C.C. and Puts, E., *2017 Platform survey report: organisational characteristics of enforcement bodies, measures adopted to tackle undeclared work, and the use of databases and digital tools,* European Commission, Brussels, 2017.
10   http://ec.europa.eu/social/BlobServlet?docId=19526&langId=en.
11   Williams, C.C. and Puts, E., *2018 Platform survey report: obstacles to tackling undeclared work at the cross-border and national levels, bilateral and national agreements, and complaint reporting tools.*

some of these measures (such as campaigns and joined-up approaches) have been, or are being, introduced as a direct result of learning from best practice as part of the Platform's activities.

This holistic approach has also been embedded into each activity in the Platform's work programme. It is clear that the understanding of the effectiveness of these approaches must continue to be developed through evidenced-based research, evaluation and further coordination activities.
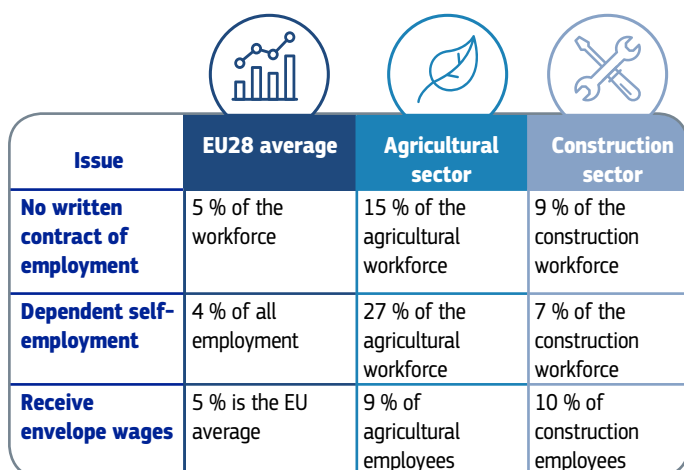
Spain's holistic approach

In Spain, a risk-assessment approach helps to identify problematic cases for inspections and prevention. A wide prevention campaign was undertaken with a large number of businesses. Firstly, letters were sent to 14 000 companies after the authorities identified risk factors for potential violations with regard to part-time employment. As a result, 15 % of the businesses contacted revised their declarations. Secondly, around 81 000 letters were sent to companies where risk factors were detected for possible violations of temporary contracts regulations. As a result, 57.8 % of the companies converted temporary contracts into open-ended ones.

3.2   Some sectors are more exposed than others

While the holistic policy approach seeks to address how undeclared work is tackled, the Platform also focuses on understanding what forms of undeclared work exist, and where they are prevalent. The Platform has focused on sectors highlighted as problematic, including agriculture, construction and transport, and its activities have included seminars and studies to explore the issues, and find different and effective ways to tackle undeclared work in these sectors. Figure 3.1 highlights some of the particular challenges in the agriculture and construction sectors.

Figure 3.1   Challenges faced in the agriculture and construction sectors

Issue	EU28 average	Agricultural sector	Construction sector
No written contract of employment	5 % of the workforce	15 % of the agricultural workforce	9 % of the construction workforce
Dependent self-employment	4 % of all employment	27 % of the agricultural workforce	7 % of the construction workforce
Receive envelope wages	5 % is the EU average	9 % of agricultural employees	10 % of construction employees

Source: European Working Conditions Survey (EWCS) 2015, analysis by Prof. Colin Williams

These sectors are well-known for having highly regulated working conditions at EU and national level. Despite this, enforcement can often be cumbersome and inefficient. This is partly the result of complex working arrangements, and the geographically disparate and sometimes dangerous nature of work in these sectors. This produces conditions that are conducive to undeclared work. The Platform's seminars really emphasised why it is essential to take a joined-up holistic approach to tackling undeclared work, particularly when dealing with these challenging sectors. They also provided good practice examples to support in developing those approaches.

3.3   The Platform's added value

In addition to the challenges faced at national level, part of the Platform's work is to develop a better understanding of the main obstacles to tackling cross-border undeclared work. In a 2018 survey of Platform members[12], authorities identified the main challenges as those set out in Table 3.1. The table outlines ways in which the Platform is addressing these challenges, and how it provides value through mutual learning efforts that go above and beyond what Member States could achieve on their own.

When challenges are overcome, there are many benefits to cross-border collaboration. This is the case in the joint Nordic project.

Joint Nordic undeclared work project

Measures to tackle undeclared work are mainly taken at a national level, but cross-border challenges require effective cross-border solutions. Supported by EU funding, Denmark, Finland, Iceland, Norway and Sweden have joined forces to cooperate closely in a joint Nordic undeclared work project. This focuses on joint inspections, sharing good practices (particularly in communications) and evaluating results.

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12 Williams, C.C. and Puts, E., *2018 Platform survey report: obstacles to tackling undeclared work at the cross-border and national levels, bilateral and national agreements, and complaint reporting tools.*

Table 3.1   How the Platform addresses Member State challenges

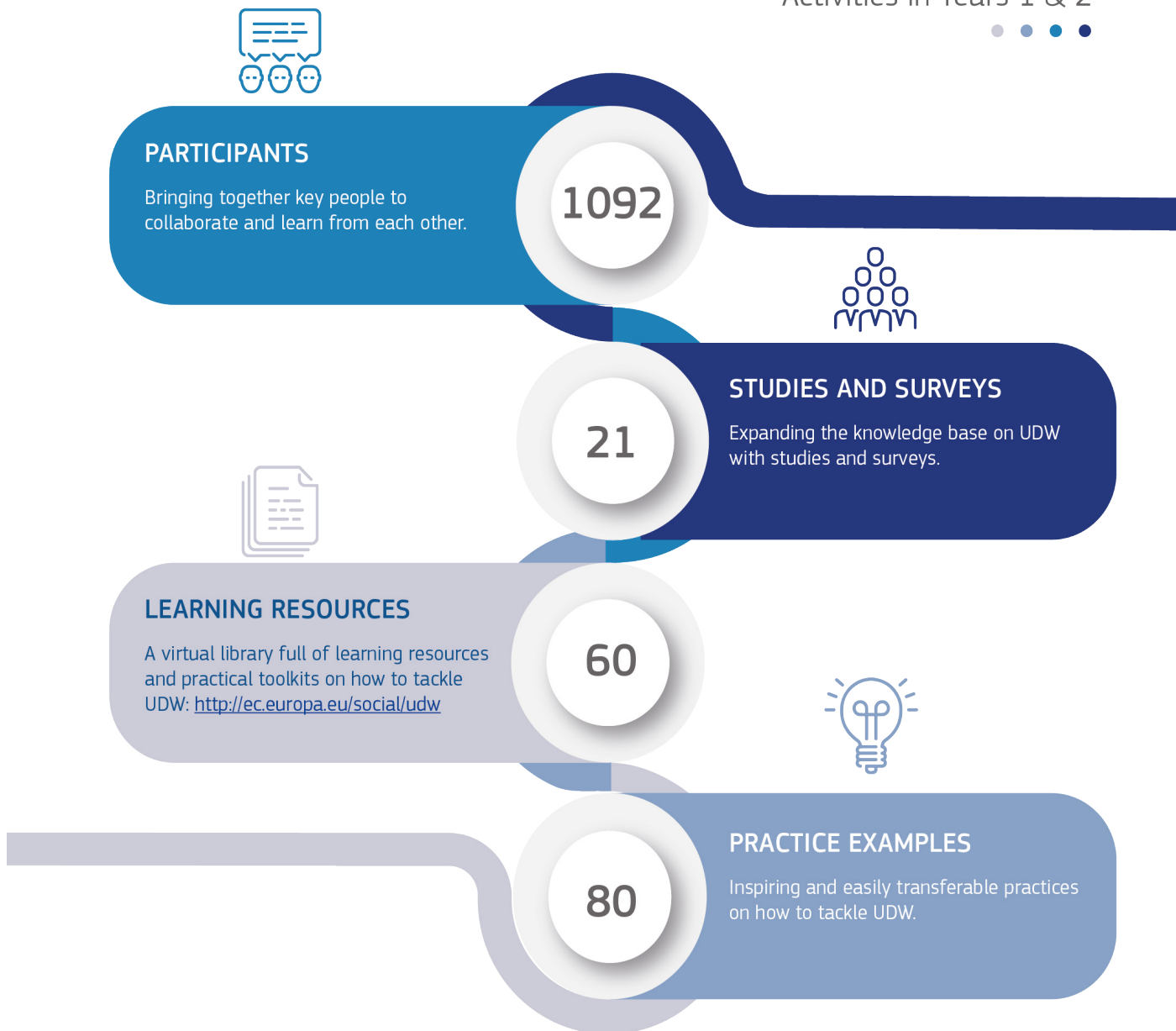| Challenges identified (most frequent)	The Platform's added value
Barriers to, or lack of, data sharing: ◊ Slow or insufficient cooperation between Member States ◊ Infrequent data sharing ◊ Lack of openness between Member States ◊ Lack of information on specific topics (e.g. wages abroad, tax payers abroad, social security data) ◊ Unclear which national body is responsible in a Member State ◊ Lack of interoperability between databases	◊ Practical, solution-focused thematic workshops on key topics, including risk assessments and data mining ◊ Good practice fiches setting out examples of tried and tested processes for tackling some of these challenges ◊ Working group on the Internal Market Information System (IMI) module on undeclared work, to improve the exchange of information between Member States
Legal framework/legislative issues: ◊ Data protection legislation prevents data sharing ◊ Limitations on national competence ◊ Application of the EU social security coordination regulation	◊ Seminars on key issues and potential solutions (including how to identify and tackle letterbox companies), and sectoral seminars on undeclared work in the transport and construction sectors ◊ Study on bogus self-employment and solutions to tackle the issue ◊ Practitioner toolkit and a thematic workshop on models and good practice for bilateral agreements and memoranda of understanding
Inadequate resources: ◊ Staff ◊ Funding ◊ Time devoted to tackling undeclared work ◊ Knowledge and experience of staff	◊ Very flexible staff visits that include training and capacity building ◊ Mutual Assistance Projects for strategic focus, resource allocation, staff competences and training ◊ Studies helping the Platform to refocus resources to have the greatest impact ◊ Good practice fiches providing inspiring methods, systems and processes for tackling undeclared work
Difficulties in detecting undeclared work: ◊ Problems establishing contact with foreign employers and employees ◊ Difficulties in checking where tax was paid ◊ Unable to find locations for inspection (e.g. when an incorrect address is provided)	◊ Platform meetings as a forum for exchanging information with colleagues from other Member States and organisations ◊ Staff visits to help establish contact and provide the opportunity to undertake joint inspections ◊ Study on new forms of tax evasion and preventative actions ◊ Specific web pages on reporting tools developed for each Member State
Language issues: ◊ Staff language skills ◊ Poor translations in Internal Market Information System (IMI)	◊ Working group on Internal Market Information System (IMI) is focusing on improvements ◊ Working group on concepts and shared understanding has produced a glossary of terms

Source: Annual Platform survey 2018; Platform work programme; ICF/University of Sheffield

4 Cooperation and learning

To meet its objectives of collaboration, capacity building and raising awareness, the Platform has delivered a wide range of activities. Figure 4.1 gives an overview of activities in the first two years. It is for members and observers to cascade this knowledge to a wider range of relevant actors and stakeholders, involving them in the Platform's cooperation and learning activities.

Figure 4.1   The wide range of Platform activities delivered in 2017-2018[13]

European Platform Tackling Undeclared Work
Activities in Years 1 & 2

PARTICIPANTS

Bringing together key people to collaborate and learn from each other.

1092

21

STUDIES AND SURVEYS

Expanding the knowledge base on UDW with studies and surveys.

LEARNING RESOURCES

A virtual library full of learning resources and practical toolkits on how to tackle UDW: http://ec.europa.eu/social/udw

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80

PRACTICE EXAMPLES

Inspiring and easily transferable practices on how to tackle UDW.

Source: Platform work programme, EaSI statistics and ICF records

4.1   Exchanging best practice and information

Mutual learning and a systematic exchange of information are core to the Platform's activities. When it comes to tackling undeclared work, the Platform focuses on learning from successful approaches that have been tried and tested in other EU countries. Of all the different Platform activities, these have had the most significant impact on improving how effectively undeclared work is tackled. Three different tools are central to this work: Platform seminars, thematic review workshops and working groups.

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13 212 participants at Plenary meetings; 224 participants at Platform seminars; 185 participants at thematic review workshops and follow-up visits; 130 participants at Mutual Assistance Projects and follow-up visits; 88 participants in working groups; 63 participants in staff exchange visits; 12 participants in the focus group and 178 participants at national seminars.

4.1.1 Seminars, workshops and working groups

Seminar and workshop topics are agreed in the work programme and focus on the most pressing issues in relation to tackling undeclared work. Four seminars have been held to date:

◊ Developing a holistic approach to tackling undeclared work (December 2016);

◊ Tools and approaches to deal with undeclared work in the construction sector (May 2017);

◊ How to identify and tackle fraudulent letterbox companies (November 2017);

◊ Tools and approaches to tackle undeclared work in the road transport sector (June 2018).

Thematic review workshops are structured around showcasing different practices designed to tackle a specific common problem. Follow-up visits 3-6 months later focus on a specific aspect of the theme and help to consolidate knowledge and practice. Four workshops have been held to date:

◊ National and bilateral agreements and memoranda of understanding to tackle undeclared work (April 2017);

◊ Data mining for more efficient enforcement (June 2017);

◊ Information tools and approaches to reach out to workers and companies (March 2018);

◊ Risk assessment for more efficient inspections (June 2018).

Workshop: Risk assessment for more efficient inspections (Madrid, June 2018)

Authorities need to effectively identify and target organisations that are engaged in, or likely to engage in, undeclared work. Results from the 2017 Platform survey revealed that there are underdeveloped risk-assessment measures for these organisations and businesses in many Member States. The criteria used to assess the level of risk and filter complaints, which should be followed-up with inspection visits, often lack rigour and are not grounded in a solid evidence base.

The workshop presented examples from Platform members of how tax and labour inspectorates could use risk assessments more effectively to develop targeted inspections (e.g. by sharing indicators, triggers and algorithms that support risk-assessment tools), as well as exploring alternative preventative activities. These key learning points have been developed into a good practice toolkit on risk assessment, with the support of experts and validation from Platform members. A follow-up visit to Belgium has also provided further learning opportunities.

Working groups involving a self-selected subgroup of interested Platform members and observers have focused on developing knowledge. In order to identify bipartite or tripartite practices tackling undeclared work, a working group was set up to select success stories, which were published as a compendium. To address the challenge of data exchange, a working group examining the Internal Market Information System (IMI) recommended that a stand-alone IMI module on undeclared work be developed. All learning outputs from the activities are available on the Platform's web page.

4.2 Developing expertise and encouraging innovative approaches to effective cross-border cooperation

These Platform activities support members and observers to cooperate more effectively across borders and develop their own capacities and expertise. This is achieved through three key tools: Mutual Assistance Projects, staff visits and 'taking learning forward' seminars.

4.2.1 Mutual Assistance Projects

As already discussed, Mutual Assistance Projects give individual Platform members the opportunity to get specific advice on an area in which they need particular support. An approach involving self-reflection, practical peer support and the development of an action plan is helping to bring about significant change in tackling undeclared work.

4.2.2 Staff visits and joint activities

Most staff visits have been the result of other Platform activities, particularly seminars or workshops. Feedback from participants shows that they have developed a greater understanding of specific policy initiatives, taking into consideration the transferability of initiatives to the visiting Member State. The visits have covered a range of policy areas and benefited visitors and hosts alike. To date, 19 staff visits have been organised in 10 hosting countries, involving 40 visitors from 14 visiting countries.

Staff visit: Bulgaria-UK

Two Bulgarian labour inspectors travelled to the UK for a job shadowing opportunity with the Gangmasters and Labour Abuse Authority (GLAA). The activity involved tackling the exploitation of workers from Bulgaria in the UK, and breaches of both UK and Bulgarian labour law. The GLAA will follow up on the activity by considering how to improve its standard operating procedures for investigating a company from another EU Member State operating in the UK.

This staff visit highlighted the benefits of closer cooperation, confirming that joint work with other EU countries can speed up an investigation and make it more effective.

4.2.3 National and 'taking learning forward' seminars

Although there is an important cross-border element to undeclared work, the Platform's action to improve national competences is critical. Five national seminars were held in 2016-2017 to help individual Member States pursue a more coordinated and joined-up approach to tackling undeclared work. The seminars brought together national authorities and bodies, social partners and other key stakeholders to discuss a collective vision and common activities to tackle the issue.

The Platform also runs an annual seminar focused on taking learning forward and sharing the results of the work. It is an important opportunity for members and observers to reflect on how they can best cascade results within their own organisations and to their stakeholders, ensuring the Platform's work has a wider impact.

4.3 Contributing to a horizontal understanding of issues associated with undeclared work

Improving the evidence base at EU and national level helps Member States to tackle undeclared work more efficiently and effectively, as well as facilitating mutual learning, cooperation and joint action. The Platform is achieving this through two primary activities:

◊ Bringing together existing knowledge to create a 'virtual library';

◊ Generating new, policy-relevant, practice-focused knowledge on undeclared work.

4.3.1 Virtual library

Prior to the Platform, there was limited information that was readily available on the extent and nature of undeclared work in Member States, and the policy approaches taken to address them. One of the Platform's first activities was to bring this information together in a country factsheet to give an overview of all Member States. Along with annual updates, these help provide a baseline for each country and provide access to new information on emerging issues.

Eighty examples of national policy practices, along with success stories from social partners, have been collated and published to enable other countries to learn from what has been successful in changing behaviour related to undeclared work. Some Platform members pointed out that wider dissemination and uptake of learning results is often hampered as the Platform's documents are only available in English.

4.3.2 Producing new knowledge

Besides compiling existing knowledge, the Platform and undeclared work experts are producing new knowledge on specific types of undeclared work. These include studies on bogus self-employment, envelope wages and the collaborative/sharing economy, along with sector-based studies on construction and agriculture. Other sources of new knowledge include a review and evaluation of preventative approaches (focusing on service vouchers and awareness-raising campaigns) and a study identifying new forms of tax and social-security evasion and how they are being tackled.

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14 Williams C.C. University of Sheffield, *Elements of a preventative approach towards undeclared work: an evaluation of service vouchers and awareness raising campaigns*, European Commission, May 2018.

5 Internal assessment of the Platform

Members and observers are surveyed annually to gauge their satisfaction and views on the Platform's performance. This section presents the key findings from the 2018 survey and a comparison to the 2017 survey, where relevant. Of the 31 respondents to the 2018 survey, 18 were senior representatives, 8 were alternate representatives, 3 were social partners and 2 were observers.

5.1 Progress towards achieving the Platform's objectives

Over three quarters of respondents to the 2018 survey (77 %) felt that 'good' or 'very good' overall progress has been made towards achieving the Platform's objectives and mission since it began operating. In 2017, this was fewer than half (45 %), which indicates that the Platform is improving and maturing in delivering its mission and objectives.

Figure 5.1   Overall progress: comparison of 2017 and 2018 survey results
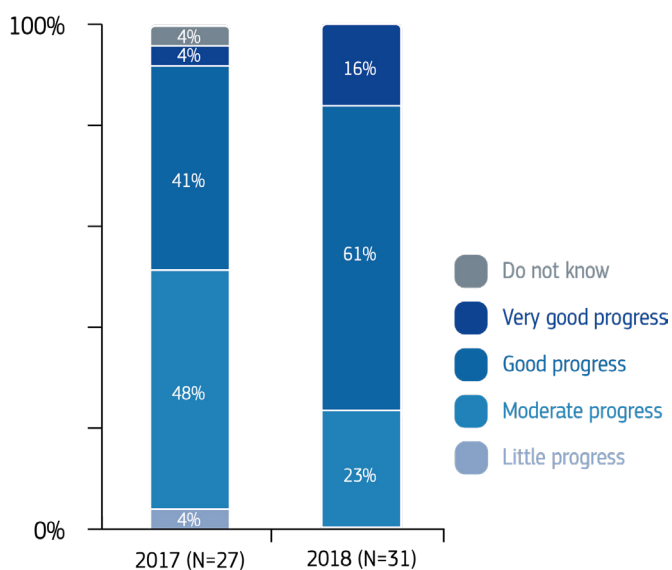
Source: 2018 Platform satisfaction survey, analysis by ICF

Respondents also rated the Platform as having made better progress in 2018 towards achievement of each of its objectives than in the previous year.

◊ Enhancing cooperation: 71 % stated that 'good' or 'very good' progress has been made (57 % in 2017).

◊ Improving capacity of relevant authorities: 48 % compared with 32 % in 2017;

◊ Increasing public awareness: 48 % compared with 29 % in 2017.

Progress towards achieving each of the Platform's objectives is covered in Annex 1.

5.2 Impact of Platform activities on organisations

◊ **Greater knowledge and understanding:** Nearly all respondents (97 %) stated that, as a direct result of Platform activities, their organisation has developed greater knowledge and a better understanding of undeclared work, and a wider awareness of the barriers and challenges involved and ways to address them.

◊ **More joined-up working leading to strategic developments:** At national level, over half of respondents (57 %) have improved communications with stakeholders and nearly half (48 %) have involved social partners to a greater extent. For instance, Finland has established a National Coordinating Network between relevant ministries and authorities. It distributes learning from the Platform with the message: 'through this network, we all try to promote and enhance learning and activities to tackle undeclared work.' It has also inspired Finland to plan to make changes to their operational processes and strategic objectives.

◊ **Increased coordination between countries:** Nearly all respondents (97 %) stated that as a result of Platform activities they have developed a wider network and more contacts to support their organisation in the future. Platform activities such as staff visits have contributed to increased coordination between Member States: 83 % of respondents have contacted another Platform country since 2017. Two respondents mentioned creating new bilateral agreements with another Platform member or observer, with one highlighting that Norway's agreements (with five countries) were a result of the Platform's toolkit and workshop on national and bilateral agreements, and memoranda of understanding. Several respondents also indicated that they are conducting additional follow-up activities or joint actions not funded through the Platform.

◊ **Changes to working processes:** Half of respondents from eastern, central, and southern European countries indicated that, since the Platform started, they have changed or plan to change their performance management. In Nordic and Western European countries, there was an increased use of pilot studies and improved evidence-based evaluation of policy initiatives.

5.3 Impact of Platform activities on policy approaches

Nearly all respondents (90 %) reported that to 'some extent' or 'a great extent' their organisation has an enhanced interest in, and commitment to, tackling undeclared work as a result of Platform activities. This compares with only 38 % of respondents who indicated an interest or commitment in 2017. Although direct deterrence measures are still the predominant choice for Platform members (especially penalties and fines for employers, inspections, and data mining/sharing measures to improve detection), Platform members are increasingly using indirect and other measures as a result of their participation in Platform activities. This has led to a clearer understanding of how to tackle undeclared work.

Wider effect of Mutual Assistance Projects (MAPs)

Platform members participating in MAPs described how this mutual learning method has helped them to improve their fight against undeclared work. The representatives from Romania and Latvia (MAP recipients) stated that it was a fundamental factor in introducing new policy measures or adjusting existing ones, with Latvia noting: `We had a Mutual Assistance Project, which gave us the boost we needed to change our strategy, implementing new key performance indicators and helping to start better cooperation with the State Revenue Service.'

In terms of future improvements to the Platform's activities, the lower scores on progress towards achieving its mission and some of its objectives indicate that additional work needs to be done to develop tools and innovative approaches to put policy into practice. Platform members proposed that there could be a greater focus on activities with strong mutual learning outcomes, such as staff visits, sharing good practice and training. Some Platform members and observers also suggested increased involvement with social partners in the context of sector-based approaches. Finally, wider suggestions pointed towards building a greater sense of ownership of the Platform among all those involved, which could include tailoring the complexity and focus of activities to support specific national or regional needs.

6 Conclusions and outlook

The Platform operates on the basis of voluntary collaboration and seeks to empower and support Member States to develop methods and approaches to tackling undeclared work that suit their national and cross-border context. A political commitment to national and cross-border information sharing, and cooperation across government departments and at operational level with various authorities, are a prerequisite for tackling undeclared work at EU and national level. Through its plenary meetings and work programme, the Platform has been a catalyst for cooperation between Member States in tackling undeclared work. Member States have taken advantage of the different events and staff visits to build their own capacities and expertise to tackle undeclared work, both nationally and at cross-border level. The Platform requires an open-minded attitude in promoting learning and increasing the knowledge base in order to step up actions on the issue.

The various studies have provided an evidence base to help develop knowledge and expertise, and feed into national strategies. The challenge is still ensuring that this learning is cascaded widely and that lessons are put into practice across all relevant authorities, with social partners fully engaged. Some countries have already established their own national teams and units to coordinate this inter-agency work.

Important foundations are in place to support Member States in their awareness-raising activities. The studies have provided compelling evidence on the importance and impact of preventative work; the March 2018 plenary meeting discussed communications activities; and practical guidance has been developed on information tools for employers and employees. Some Member States are using the learning to design and run public-awareness campaigns.

The Platform has made good progress in its first two years and there are clear indicators to show it is meeting its overall objectives and mission. However, it is still early days and the large, diverse network of partners needs time to develop, mature and build up trust.

The new European Labour Authority (ELA)[15] is expected to start work soon to ensure that EU rules on labour mobility are enforced in a fair, simple and effective way. This will provide an important focus to support cooperation between EU countries in the cross-border enforcement of relevant EU law, including tackling undeclared work.

The Platform's new 2019-2020 work programme reflects the launch of the ELA with a greater focus on cross-border collaboration, particularly in relation to joint inspections, sanctions, risk assessments, and enhanced capacity building and cooperation activities.

There will be a continuing focus on holistic approaches to undeclared work. The new work programme deepens important aspects of the previous programme, building on work to tackle bogus self-employment and fraudulent letterbox companies. Four sectors that are heavily affected by undeclared work have been identified for specific action: agriculture; aviation; tourism; and the hotel, restaurant and catering sector.

One of the biggest challenges faced by national authorities is how to improve cross-border data sharing and develop tools for inspectors. The Platform's working group on the Internal Market Information System (IMI) will continue its work on improving cross-border data sharing.

Staff visits and joint training activities are resulting in concrete operational outcomes. The intention is to develop these further and experiment with other formats to improve operational outcomes.

The good practices of different Platform members demonstrate the important role of social partners in the fight against undeclared work. Further efforts are needed to capitalise on their expertise and enable them to be fully engaged in future Platform activities.

Through a working group, the work programme will focus on increasing the Platform's visibility and exploring the options for an awareness-raising campaign on the importance of tackling undeclared work.

Ultimately, the Platform's members and observers shape the work programme. It is designed to meet the particular needs of the different actors working tirelessly to tackle undeclared work across Europe.

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15 http://ec.europa.eu/social/main.jsp?catId=1414&langId=en..

Annex 1: How the Platform has addressed the provisions of Decision (EU) 2016/344

Article 6: Activities	
In executing its mission the Platform shall, in particular, carry out the following activities:	
(a) improving the knowledge of undeclared work, also with regard to causes and regional differences, by means of shared definitions and common concepts, evidence-based measurement tools and promotion of comparative analysis and relevant methodological instruments for data collection, building on the work of other actors, including the Employment Committee (EMCO) and the Social Protection Committee (SPC);	◊ Working group on concepts and shared understanding ◊ Working group to elaborate a draft work programme 2019-2020 ◊ Member State factsheets and synthesis report ◊ Study: New developments and trends in undeclared work within the sharing/collaborative economy ◊ Study: Factsheets on existing tools to address undeclared work ◊ Platform survey: Organisational characteristics of enforcement bodies, measures adopted to tackle undeclared work, and the use of databases and digital tools ◊ Platform survey: Obstacles to tackling undeclared work at cross-border and national levels, bilateral and national agreements, and complaint reporting tools ◊ Working group to provide advice on the creation of the European Labour Authority ◊ Four newsletters ◊ Four plenary Platform meetings
(b) improving the knowledge and mutual understanding of different systems and practices to tackle undeclared work, including the cross-border aspects thereof;	Platform seminars on: ◊ Developing a holistic approach to tackling undeclared work (December 2016) ◊ Tools and approaches to deal with undeclared work in the construction sector (May 2017) ◊ How to identify and tackle fraudulent letterbox companies (November 2017) ◊ Tools and approaches to tackle undeclared work in the road transport sector (June 2018) Thematic review workshops on: ◊ National and bilateral agreements and memoranda of understanding to tackle undeclared work (April 2017 in the Netherlands, June 2017 in Belgium) ◊ Data mining for more efficient enforcement (June 2017 in Finland and September 2017 in Belgium) ◊ Information tools and approaches to reach out to workers and companies (March 2018 in Sweden and June 2018 in Lithuania) ◊ Risk assessment for more efficient inspections (June 2018 in Spain and September 2018 in Belgium)
(c) developing analyses of the effectiveness of different policy measures to tackle undeclared work, including preventive measures and penalties;	Studies: ◊ *Practices of enforcement bodies in detecting and preventing bogus self-employment* ◊ *Elements of a preventative approach towards undeclared work: an evaluation of service vouchers and awareness-raising campaigns* ◊ *New developments and trends in undeclared work within the sharing/collaborative economy* ◊ *Evasion of taxes and social security contributions* ◊ *Under-declared employment/envelope wages*

(c) continued;	◊ *Tackling undeclared work in the agricultural sector* ◊ *Factsheets on existing tools to tackle undeclared work* ◊ *Letterbox companies survey report*
(d) establishing tools for efficient sharing of information and experiences, for instance a knowledge bank of different practices and measures taken, including bilateral or multilateral agreements applied in the Member States to tackle undeclared work;	◊ The Platform's virtual library ◊ 80 practice fiches ◊ Working group: success stories ◊ Compendium of 18 success stories Practitioner toolkits: ◊ *Data mining for more efficient enforcement* ◊ *Tools and approaches for tackling undeclared work in the construction sector* ◊ *Drafting, implementing, reviewing and improving bilateral agreements and memoranda of understanding to tackle undeclared work* ◊ *Information tools and approaches to reach out to workers and companies in the fight against undeclared work* ◊ *Risk assessments for more efficient inspections as means to tackle undeclared work* ◊ *A guide to disseminating knowledge and learnings from the Platform's activities to tackle undeclared work in EU countries* Dissemination seminars on: ◊ Taking learning forward ◊ Communicating effectively
(e) developing tools, such as guidelines for enforcement, handbooks of good practices and shared principles of inspections to tackle undeclared work and evaluating experiences of such tools;	Not yet addressed.
(f) facilitating and supporting different forms of cooperation between Member States by increasing their capacity to tackle cross-border aspects of undeclared work by promoting and facilitating innovative approaches, such as the exchange of staff, use of databases in accordance with applicable national data protection law, and joint activities, and evaluating experiences of such cooperation undertaken by participating Member States;	19 bilateral cross-border exchanges of staff and joint activities (40 participants).
(g) examining the feasibility of a system of rapid information exchange and improving data sharing in compliance with the Union data protection rules, including exploring possibilities to use the Internal Market Information System (IMI) established by Regulation (EU) No 1024/2012 of the European Parliament and of the Council and the Electronic Exchange of Social Security Information (EESSI);	Working group: Extension of Internal Market Information System to include undeclared work.
(h) exchanging national authorities' experiences in applying Union law that is relevant to tackling undeclared work;	Cross-cutting through all Platform activities.

(i) developing and, where appropriate, improving training capacity for relevant authorities and developing a framework for carrying out joint training;	Not yet addressed.
(j) organising peer reviews to follow progress in tackling undeclared work in Member States choosing to participate in such reviews;	Mutual Assistance Projects and follow-up visits: ◊ Romanian Labour Inspectorate ◊ Latvian State Labour Inspectorate ◊ Lithuanian State Labour Inspectorate ◊ National Labour Inspectorate of the Slovak Republic
(k) exchanging experiences and developing best practices with regard to cooperation between the relevant authorities of Member States and, where relevant, third countries, in order to increase the efficiency of such cooperation in tackling problems relating to undeclared work involving those countries;	Cross-cutting through all Platform activities.
(l) increasing awareness of the problem of undeclared work by carrying out common activities such as European campaigns and coordinating regional or Union-wide strategies, including sectoral approaches;	◊ Web presence and virtual library ◊ Support in communications and awareness raising ◊ Video and social media
(m) exchanging experiences with regard to counselling and information provided to workers affected by practices of undeclared work.	Cross-cutting through all Platform activities.

Article 9: Cooperation

The Platform shall cooperate effectively and shall avoid duplication of work with other relevant expert groups and committees at Union level whose work has a link with undeclared work, in particular, the Senior Labour Inspectors Committee, the Expert Committee on Posting of Workers, the Administrative Commission for Social Security Coordination, the Public Employment Services Network, EMCO, SPC and the Working Group on Administrative Cooperation in the field of Direct Taxation. The Platform shall invite the representatives of those groups and committees to attend its meetings as observers where appropriate. In the interest of more efficient working and enhanced impact, joint meetings may also be organised;	The Platform has cooperated at Union level with relevant expert groups and committees whose activity is linked to the issue of undeclared work. A regular information exchange mechanism has been established with the Senior Labour Inspectors Committee. A survey and seminar on letterbox companies has been carried out with the Expert Committee on Posting of Workers and the chair of the EMCO has discussed, with the Platform plenary, ways of cooperating more effectively.
The Platform shall establish appropriate cooperation with Eurofound and EU-OSHA.	Eurofound and EU-OSHA have been involved in all Platform activities and have actively contributed within their area of expertise.