



## **European Platform Undeclared Work**

### **Platform Seminar: Developing a Holistic Approach to Tackling Undeclared Work**

2 December 2016, Brussels, Belgium

The aim of this first Platform seminar was to enable participants to consider a holistic policy approach towards tackling the undeclared economy. Consequently the seminar focused on an approach which uses, in a strategic and coordinated manner, the full range of both the direct and indirect policy approaches and measures available to increase the power of, and trust in, authorities respectively. The seminar brought together Platform members from all 28 EU Member States (MS) and Norway (EEA) – including representatives of national ministries, labour inspectorates, social security authorities, and tax and customs authorities - as well as European-level social partners and international organisations.

#### **Key findings:**

- There was widespread support for a more holistic approach towards tackling undeclared work. Given the transversal nature of the problem and cross-cutting implications of undeclared work, including among others breaches of workers' rights, unfair competition, and reduced tax revenues, a joined-up integrated response is essential.
- Achieving a holistic approach to tackling UDW is nevertheless a challenge. A wide range of public sector stakeholders need to cooperate and work closely with social partners. Countries are rising to this challenge and new structures are being put in place to ensure greater cooperation and collaboration, which in turn leads to a more effective and efficient response to the problem of UDW. Examples of national action plans, national institutions and joint operations were presented at the seminar and more detail on these can be found in the Analytical Report from the event.
- It is widely accepted that governments should not aim to eradicate undeclared work, rather to move UDW into the declared work. The result is that the dominant policy approach across the MS of using direct controls to deter engagement 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'.
- How to most effectively combine and sequence these approaches and measures remains subject to debate and it is important to recognise that what works in one country may not work in another. There is an emerging evidence-based consensus, nevertheless, that the most effective approach is to concurrently improve both the power of authorities using direct measures i.e. enforced compliance, as well as trust in authorities using indirect measures i.e. voluntary cooperation. The slippery slope framework presented at the Seminar suggests that a combination of both greater trust in authorities and greater power of authorities ensures compliant behaviour.
- The interesting practices presented at the event ranged from a national action programme (Finland), to a national electronic register of employment (Estonia) and a new national labour inspectorate (Italy). Together with Norway and France, which presented examples of collaborative working, these interesting practices showed how holistic approaches can be achieved by stakeholders working together.

### KEY OUTCOMES

- It is important for Member States to develop a coordinated and integrated approach that uses both direct controls (deterrents and incentives) and indirect controls (that align citizens and businesses norms and beliefs with the laws and regulations) to concurrently improve both the power of authorities, i.e. enforced compliance, as well as trust in authorities, i.e. voluntary cooperation.
- There is a need for evaluation of policy measures to guide policymaking by identifying the most effective policy approaches and measures to tackle undeclared work. Until now, deterrence measures have been deemed the most effective. However, the evidence-base is weak. There is currently little ex-ante and ex-post evaluation of policy measures and even when evaluations exist, their effectiveness is often measured only from the perspective of one stakeholder, and considering how to assess the cross-national transferability of policy measures has been seldom addressed.
- There is not only a need for greater evidence on the effectiveness of individual policy measures, but also how they can be combined and sequenced. The consensus is that using both direct and indirect measures produce the most effective and efficient compliance system. It was confirmed that working in partnership with other government departments and cooperate with stakeholders such as social partners adds value to the delivery of measures. How to best combine and sequence these measures in different contexts, however, is open to debate. Although many authorities have started to develop approaches based on the belief that awareness raising and incentives should be used first, and deterrents only used as a last resort, this seminar started to rethink this approach and to reveal the effectiveness of concurrently enhancing both the power of authorities using direct measures, i.e. enforced compliance as well as trust in authorities using indirect measures, i.e. voluntary cooperation.

**Further information:** An Analytical Paper from the seminar, which discusses these issues in greater detail, will become available in early 2017.