



# Progress of national authorities towards a holistic approach

**Study using a common  
assessment framework**

**May 2022**



European Platform  
tackling undeclared work



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# Executive summary

Tackling undeclared work is often less effective because there is a fragmented and uncoordinated approach across the multifarious government bodies responsible for tackling undeclared work and a limited involvement of social partners, as well as an incomplete range of policy measures used. To resolve this, a holistic integrated strategic approach has been proposed. This is where governments:

- ▶ Shift the objective from “reducing undeclared work” to “transforming undeclared work into declared work”;
- ▶ Develop a whole government coordinated approach and fully involve social partners, and
- ▶ Implement the full range of direct and indirect policy tools.

The aim of this study is to provide a baseline assessment of the progress of enforcement authorities in European countries towards adopting a holistic approach. To assess this, a questionnaire survey was sent to the 32 labour, tax and social security authorities participating in the European Platform tackling undeclared work (hereafter “the Platform”) in the 27 European Union member states plus Norway and Iceland (i.e., 28 labour authorities, 3 tax authorities and 1 social security authority). Responses were received from 23 labour authorities and 1 tax authority. This report evaluates the self-reported progress made.

## Transforming undeclared work into declared work as a strategic objective

- ▶ The survey reveals that 46% of authorities responding had fully adopted the strategic objective of transforming undeclared work into declared work, 8% were pursuing pilot initiatives, 17% had decided to implement this strategic objective and 29% were discussing its adoption.
- ▶ When this strategic objective is adopted by authorities, targets or key performance indicators (KPIs) shift from reducing undeclared work to moving businesses and jobs into the declared economy. Almost 96% of all authorities have made some progress on adopting these targets/KPIs, with discussion taking place in 38%, a decision taken to implement such targets/KPIs in 8%, 17% are pursuing a pilot initiative to implement these targets/KPIs and 33% have fully adopted these targets/KPIs.

## Developing a whole government coordinated approach

Developing a whole government coordinated approach is comprised of four sub-components:

- ▶ cross-government coordinated strategy;
- ▶ coordinating operations across government;
- ▶ cross-government coordination on data collection, sharing and analysis, and
- ▶ improving the involvement of social partners.

### Cross-government coordinated strategy

- ▶ The conventional approach towards undeclared work is that different government departments are responsible for different aspects (e.g., tax authorities for tax compliance, labour inspectorates for labour law violations and social insurance bodies for social security compliance). Often these authorities work in “silos”

with separate strategies and targets. The result is a fragmented and uncoordinated strategic approach towards undeclared work and no common and/or shared strategy, objectives, or targets. Hence, a more integrated strategic approach is required.

- ▶ A way of coordinating strategy in countries is to develop one overall body that is responsible for coordinating strategy towards undeclared work. Only 17% of the authorities surveyed reported that there is one single body responsible for the national strategy towards undeclared work. 79% report that different authorities are responsible for different aspects.
- ▶ Examining how targets are best described, 29% of authorities state that there is a common set of cross-government targets for tackling undeclared work, 38% state that some government departments have shared targets and 33% state that each government department/agency has its own targets.

### **Coordinating operations across government**

- ▶ Adopting joint or concerted operations as a strategic objective is being discussed in 17% of enforcement authorities responding, 12% are either pursuing a pilot initiative or have taken a decision to implement this as a strategic objective, and 67% have fully adopted joint or concerted operations as a strategic objective.
- ▶ 38% of authorities responding have fully adopted a target for the share of all operations which are joint or concerted, 8% are pursuing a pilot initiative, 25% are discussing it and 29% have made no progress.
- ▶ On whether cross-border cooperation is a clearly defined strategic objective of their authority, 4% have made no progress, 29% are discussing making cross-border cooperation a strategic objective, 21% have taken a decision to implement or are pursuing a pilot initiative, and 46% have fully adopted this strategic objective.
- ▶ Turning to whether a target has been set for the proportion of all operations which will be cross-border, 29% have made no progress in this regard, 42% are discussing setting targets, 12% have taken a decision to implement this or are pursuing a pilot initiative, and 17% have fully adopted the setting of targets for the proportion of all operations which will be cross-border.

### **Cross-government coordination on data collection, sharing and analysis**

- ▶ On **data sharing** with other government departments, 8% of authorities responding have limited access to data from other authorities and the remaining 88% has electronic access to some data from other authorities. Only 4% of authorities have full electronic access to all relevant data from other authorities' databases. Sharing data, therefore, could be significantly improved.
- ▶ On **data analysis**, no country reports having one central unit that holds the data and does the analysis for all authorities and none can directly analyse all relevant databases from all other authorities. 29% of authorities surveyed can only directly analyse their own databases, 50% receive data from other authorities that can be imported into their own databases and just 21% can directly analyse some relevant databases from other agencies. Data analysis, therefore, could be again significantly improved.

### **Improving the involvement of social partners**

- ▶ Any authority needs to build partnerships with social partners. This can be a clearly defined strategic objective of the authority. In 25% of authorities there is either discussion taking place on adopting partnership building as a strategic objective or a decision has been taken to implement this as a strategic objective. This is fully adopted as a strategic objective in 63% of authorities.



- ▶ In 13% of authorities, discussion is taking place on identifying the social partners and specifying the relationships sought, whilst this is fully adopted in 67% of authorities.
- ▶ Examining the level of involvement with social partners in their authority, all consult social partners to some degree. In 25% it is irregular ad hoc involvement and in 37% it is regular engagement in joint actions (e.g., information and awareness campaigns). Only 21% have tripartite agreements on either sector specific inspection targets, information exchange, and/or awareness raising, but only 17% of authorities have full tripartite agreements on all three aspects.
- ▶ In 21% of authorities, no progress has been made on allocating specific staff to the task of partnership building in their organisations, addressing the problems in partnership building and pursuing solutions. In 33% of authorities, discussion is taking place or a decision has been taken to implement this, and in only 46% of authorities is this fully adopted. An important next step for authorities, therefore, is to allocate responsibility to specific staff for partnership building.
- ▶ On whether there are transparent agreements, the outcomes of partnerships are evaluated, and the results shared, in 33% of authorities no progress has been made, in 38% discussion is taking place, a decision has been taken to implement this or a pilot initiative is being pursued, and in only 29% of authorities is this fully implemented. Therefore, there is considerable room for improvement on this issue by developing bilateral and multilateral agreements in relation to tackling undeclared work and evaluating the outcomes. These could be, for example, on education and awareness raising, sector-specific initiatives or even workplace inspections.

## Implementing the full range of direct and indirect policy tools

To transform undeclared work into declared work, direct controls that deter engagement in undeclared work by increasing the risks of detection and penalties (i.e., “sticks”) can be used as well as incentives to make declared work easier and more beneficial (i.e., “carrots”). However, undeclared work is not always purely a rational economic decision for employers and workers, so merely ensuring that the costs outweigh the benefits is insufficient. Undeclared work also results from formal institutional failings that lead to the non-alignment of the laws and regulations with what populations see as acceptable. There is therefore also a need to nurture commitment to operating in the declared economy through educational and awareness raising campaigns and modernising authorities to improve trust in government.

### Sanctions

- ▶ Most authorities use a range of penalties and fines, although there is slightly lower uptake of “naming and shaming” lists (17% of authorities use this), use of non-compliance lists (33% of authorities) and the exclusion of businesses from public procurement contracts that have been previously non-compliant (71% of authorities).
- ▶ 12% of authorities perceive themselves as offering a limited or very limited range of sanctions, 25% neither a limited nor a wide range, and 63% a wide or very wide range of sanctions.
- ▶ Most perceive there to be room for improvement on the range of sanctions used. Only 8% of authorities perceive there to be no room for improvement.

### Risk of detection

- ▶ Nearly all authorities conduct workplace inspections (96%) and inspections with other inspectorates (92%). Online/desk-based inspections (83%), the use of complaint reporting tools (e.g., telephone hotlines) (83%)

and announced inspections (79%) are also commonly used. Certification of business, certifying payments of social contributions and taxes (42%), supply chain responsibility (50%) and the coordination of data mining and sharing across government departments (54%) are less commonly used, and registration of workers prior to their first day at work is far from universal (75%). Neither is data mining to determine risky businesses for inspection (75%) universal, or the use of notification letters (63%), and mandatory ID in the workplace (63%).

- ▶ 21% of authorities perceive themselves as offering a limited range of detection measures, 33% neither a limited nor a wide range, and 46% a wide or very wide range of detection measures.
- ▶ Most authorities perceive there to be room for improvement on the range of detection measures used, with only 4% of authorities perceiving no room for improvement.

### **Improving the ease and benefits of declared work**

- ▶ Fewer authorities use supply-side measures to stimulate suppliers to operate declared and demand-side measures to encourage consumers to purchase declared goods and services. The most common supply-side measures are to simplify procedures for complying to existing regulations (e.g., easier registration procedures; simplify forms; reduce duplication) (83% of the authorities), initiatives to ease transition from unemployment into self-employment (67% of the authorities) and “formalisation” support services to existing businesses (63% of the authorities). The most common demand-side measure is targeted direct tax incentives (e.g., income tax reduction/subsidy). All other supply- and demand-side incentives are less commonly used.
- ▶ 8% of authorities responding perceive themselves as offering a limited range of incentives to operate in the declared economy, 75% neither a limited nor a wide range, and 17% a wide range of incentives. None of the authorities perceive a very wide range of policies being used by their authority.
- ▶ 67% of authorities perceive there to be room for improvement on the range of incentive measures used.

### **Indirect measures: fostering commitment to operate on a declared basis**

- ▶ The most common measures used are campaigns to inform suppliers of undeclared work of the risks and costs of working undeclared, public information on the work and achievements of the authorities (88% of the authorities) and measures to improve labour, tax and/or social security law knowledge (83% of the authorities). All other initiatives for fostering commitment to operate declared are less commonly used.
- ▶ 42% of authorities perceive themselves as offering a limited or very limited range of measures to foster commitment to operating on a declared basis, 42% neither a limited nor a wide range, and 16% a wide or very wide range of measures to foster commitment.
- ▶ 58% of enforcement authorities perceive there to be room for improvement on the range of measures used to foster commitment to operating on a declared basis.

## **Overall progress towards a holistic approach**

To assess the overall progress of authorities towards a holistic approach, the authorities provided weightings of the relative importance for each component and sub-component of the holistic approach. Using the mean weights that authorities overall assigned to each component and sub-component, the findings are:

- ▶ The overall score for all respondents regarding their progress towards a holistic approach is 57.6 out of 100. This clearly indicates that there is overall considerable room for improvement in terms of making progress towards the adoption of a holistic approach.
- ▶ Analysing the components on which authorities are more advanced in their progress towards a holistic approach, the finding is that they are overall more advanced on the component of transforming undeclared work to declared work (scoring 63.5%) and using full range of policy measures (scoring 63.2%) but have made less progress on developing a cross-government coordinated approach (scoring 46.2%). This clearly indicates that the Platform work programme in future could focus on activities to help develop a cross-government coordinated approach.
- ▶ Further breaking down each of the three main components into their sub-components, it reveals that in terms of transforming undeclared work in declared work, there is less overall progress in establishing KPIs related to transforming undeclared work into declared work. On developing a cross-government coordinated approach, less progress has been made on developing cross-government strategy (scoring 32.3%) and cross-government cooperation on data collection, sharing and analysis (scoring 34.9%). Finally, and on the range of policy measures used for tackling undeclared work, much less progress has been made on developing incentive measures compared with other policy tools.
- ▶ Examining regional differences based on the participating countries to the survey as detailed in Table 1, Southern Europe and Northern Europe have made more overall progress towards a holistic approach than Western Europe and East-Central Europe. Meanwhile, examining the components of the holistic approach, Southern Europe and Northern Europe have made more progress on achieving the strategic objective of transforming undeclared work into declared work than Western Europe and East-Central Europe. On developing a coordinated cross-government approach, Southern Europe and Western Europe have made more progress than Northern Europe and East-Central Europe. However, Southern Europe has made more progress on developing cross-government strategy and cross-government cooperation on data collection, sharing and analysis, Western Europe on developing coordinated operations, and Northern Europe on improving social partner involvement. Finally, on adopting the full range of policy measures, Northern Europe and Western Europe have made more progress than Southern Europe and East-Central Europe.

The concluding section makes recommendations for potential activities that could be covered in the future Platform work programme to enable progress towards a holistic approach to be made on those components which are relatively less advanced compared with others.

# 1.0 Introduction

The inaugural seminar held by the European Platform tackling undeclared work (hereafter “the Platform”) on 2 December 2016 was on developing a holistic approach towards undeclared work.<sup>1</sup> Decision 2016/344 of 9 March 2016 of the European Parliament and of the Council on *Establishing a European Platform to Enhance Cooperation in Tackling Undeclared Work* explicitly stated that “A wide range of policy approaches and measures to tackle undeclared work have been introduced across the Member States. [...] Tackling the complex problem of undeclared work still needs to be developed and requires a holistic approach”.

Since then, the holistic approach has acted as the conceptual framework underpinning the Platform’s approach towards tackling undeclared work. Indeed, understanding this approach has gradually developed and improved over the past five years as it has been variously applied to tackling undeclared work in specific sectors (e.g., construction, agriculture, road transport, HORECA) and types of undeclared work (e.g., envelope wages, bogus self-employment, collaborative platforms, letterbox companies).

The [Glossary of Terms of the European Platform tackling undeclared work](#) defines the holistic approach as:

*“Where national governments use a whole government approach to tackle undeclared work, by joining-up on the policy and enforcement level of both strategy and operations the fields of labour, tax and social security law, and involve and cooperate with social partners and other stakeholders. This approach involves using the full range of direct and indirect policy measures available to enhance the power of, and trust in, authorities respectively. The objective is to transform undeclared work into declared work in an effective manner.”*

Therefore, breaking this definition down, there are three major components of the holistic approach:

- 1) Shifting the objective from “reducing undeclared work” to “transforming undeclared work into declared work”.
- 2) Developing a whole government coordinated approach, comprised of four sub-components:
  - ▶ Cross-government joined-up strategy.
  - ▶ Joining-up operations across government agencies (including enforcement authorities).
  - ▶ Cross-government cooperation on data mining, matching and sharing.
  - ▶ Improving the involvement of social partners.
- 3) Implementing the full range of direct and indirect policy tools, comprised of five sub-components:
  - ▶ Implementing more effective sanctions.
  - ▶ Improving the risk of detection, including developing data collection, sharing and analysis.
  - ▶ Improving the ease and benefits of engaging in declared work.
  - ▶ Implementing education and awareness raising campaigns, and
  - ▶ Modernising enforcement authorities.

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<sup>1</sup> Williams, C.C. (2017a). [Developing a holistic approach for tackling undeclared work: a learning resource](#). European Platform tackling undeclared work.

Until now, despite the consensus across Platform members and observers that a holistic approach is the way forward, there has been no attempt to measure the progress of enforcement authorities, social partners, or countries towards a holistic approach. This needs to be measured so that authorities can provide a benchmark for constant improvement and development, and to identify where further improvements are required in their performance. It also establishes a common assessment framework and some basic common criteria which all authorities can use to assess their progress. The reason for conducting this study has been to enable authorities to undertake a baseline self-assessment of their progress towards a holistic approach.

A first step towards a common assessment framework was taken at the Platform plenary meeting on 25 October 2019, when the Platform decided to set up a working group on “Holistic approaches to tackling undeclared work and developing national strategies”. Its specific tasks were to: (1) continue the work on understanding how to develop a holistic approach and (2) produce a short report documenting Platform members’ experiences and challenges in developing holistic approaches including through practical tips and concrete examples.

At its first meeting, the working group proposed that the report should also include an annex incorporating a self-assessment questionnaire which would assist Platform members to identify their own challenges and appropriate next steps. This self-assessment questionnaire developed by the working group on a holistic approach is the common assessment framework used in this study to assess the progress of authorities towards a holistic approach.<sup>2</sup> The only major addition was the inclusion of a section asking respondents to weight the components and sub-components so that an overall score of progress towards a holistic approach could be calculated.<sup>3</sup>

The aim of this study is to assess the progress towards a holistic approach of the authorities associated with the European Platform tackling undeclared work. This assesses their progress on each of the components of the holistic approach definition, namely: shifting the objective from “reducing undeclared work” to “transforming undeclared work into declared work”; developing a whole government coordinated approach (comprised of the above four sub-components) and implementing the full range of direct and indirect policy tools (comprised of the above five sub-components).

To achieve this, an online survey has been conducted of all 32 labour, tax and social security authorities participating in the European Platform tackling undeclared work in the 27 European Union member states plus Norway and Iceland (i.e., 28 labour authorities<sup>4</sup>, 3 tax authorities and 1 social security authority). In most countries, solely the labour authority participates in the Platform since both the member and alternate member are from the labour authority (e.g., Bulgaria, Latvia, Portugal, Romania). In some countries, however, both the labour and the tax authority are represented on the Platform since one member is from the labour authority and the other member from the tax authority (i.e., Denmark, Estonia, Slovenia) and in one country the member and alternative member are from a labour authority and social security authority (i.e., Austria).<sup>5</sup> Table 1 summarises the responses received.

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<sup>2</sup> <https://www.ela.europa.eu/sites/default/files/2021-09/Holistic%20WG%20report.pdf>

<sup>3</sup> Until now, there have been no weights attached to each component (and sub-component) to provide an overall score of each authority’s progress. To derive these, the questionnaire included questions about the weighting of each component (and sub-component). Taking the mean score suggested by authorities responding for each component and sub-component, this has enabled an overall score of the progress of each authority towards a holistic approach to be calculated.

<sup>4</sup> Labour authorities are here classified as those organisations focusing upon labour law violations when addressing undeclared work. As such, labour authorities here include not only responses from labour inspectorates but also from broader Ministries (e.g., Ministry of Labour and Social Policy in Bulgaria, Ministry of Economic Affairs and Employment in Finland) who focus primarily upon labour law violations in relation to tackling undeclared work.

<sup>5</sup> There was little added value including enforcement authorities not directly participating in the Platform. This is because most of the questions on countries (e.g., whether there is a national strategy, the policy initiatives pursued) were answered in the responses of the authorities directly associated with the Platform.



**Table 1. Respondents to the 2022 self-assessment questionnaire**

Country	Labour Authority [LA]	Tax Authority [TA]	Social Insurance Authority [SA]
<b>Northern Europe</b>			
Denmark	✓	✓	
Finland	✓		
Iceland	✓		
Norway	✓		
Sweden	✓		
<b>Western Europe</b>			
Austria			
Belgium	✓		
France	✓		
Germany			
Ireland	✓		
Luxembourg			
Netherlands	✓		
<b>East-Central Europe</b>			
Bulgaria	✓		
Croatia	✓		
Czechia	✓		
Estonia			
Hungary	✓		
Latvia	✓		
Lithuania	✓		
Poland	✓		
Romania	✓		
Slovakia	✓		
Slovenia			
<b>Southern Europe</b>			
Cyprus	✓		
Greece	✓		
Italy	✓		
Malta			
Portugal	✓		
Spain	✓		



This report reviews the findings on the progress of authorities towards a holistic approach for tackling undeclared work by analysing their self-assessed progress on each component and sub-component of the holistic approach.

The next section reviews the findings on the self-assessed progress of the authorities participating in the Platform on implementing the strategic objective of transforming undeclared work into declared work. Before turning to the results however, a caveat is necessary. When analysing the countries' progress towards different components of the holistic approach by their level of undeclared work, a correlation will be observed. However, correlation does not necessarily imply causation (i.e., that some countries have a lower prevalence of undeclared work because they have adopted to a greater extent a specific organisational approach).

This is followed in section 3 by an evaluation of the progress towards the development of a whole-of-government coordinated approach, examining in turn coordinating strategy, operations, data collection, sharing and analysis, and improving social partner involvement.

Section 4 then introduces the full range of policy measures available, and the progress made in implementing the array of sanctions, tools for increasing the risk of detection, tools for improving the ease and benefits of engaging in declared work, education and awareness raising measures and the initiatives to modernise enforcement authorities.

Section 5 concludes by presenting the recommendations on the weighting that should be attached to each component and sub-component and then using these weightings to provide an overall score, along with some recommendations on what components and sub-components are less advanced and could be the focus of Platform activities in the future.

## 2.0 Transforming undeclared work into declared work as a strategic objective

### 2.1 Overview

This section examines whether the strategic objective of transforming undeclared work into declared work is commonly adopted by the authorities responding.

#### Key findings

- ▶ The survey reveals that 46% of authorities responding had fully adopted the strategic objective of transforming undeclared work into declared work, 8% were pursuing pilot initiatives, 17% had decided to implement this strategic objective and 29% were discussing its adoption.
- ▶ Transforming undeclared work into declared work is more common in countries where the share of undeclared work that is self-employment is above the EU average than in the countries where the share of undeclared work that is waged employment is above the EU average.
- ▶ When this strategic objective is adopted by authorities, targets or key performance indicators (KPIs) shift from reducing undeclared work to moving businesses and jobs into the declared economy. Almost 96% of all authorities have made some progress on adopting these targets/KPIs, with discussion taking place in 38%, a decision taken to implement such targets/KPIs in 8%, 17% are pursuing a pilot initiative to implement these targets/KPIs and 33% have fully adopted these targets/KPIs.

### 2.2 Adopting the strategic objective of transforming undeclared work into declared work

Traditionally, enforcement authorities adopted the strategic objective of reducing undeclared work. To pursue this, labour, tax, social insurance authorities often set targets such as:

- ▶ how many audits/inspections they would conduct,
- ▶ the proportion of all audits/inspections that would identify undeclared work, and
- ▶ the level of fines that would be generated.

However, the objective of the holistic approach adopted by the European Platform tackling undeclared work is to transform undeclared work into declared work. It is not to reduce undeclared work. Similarly, Recommendation 204 of the International Labour Organisation (ILO) clearly outlines that the objective is to formalise the informal economy (ILO, 2015). The result is that authorities and social partners have increasingly recognised that the objective is to:

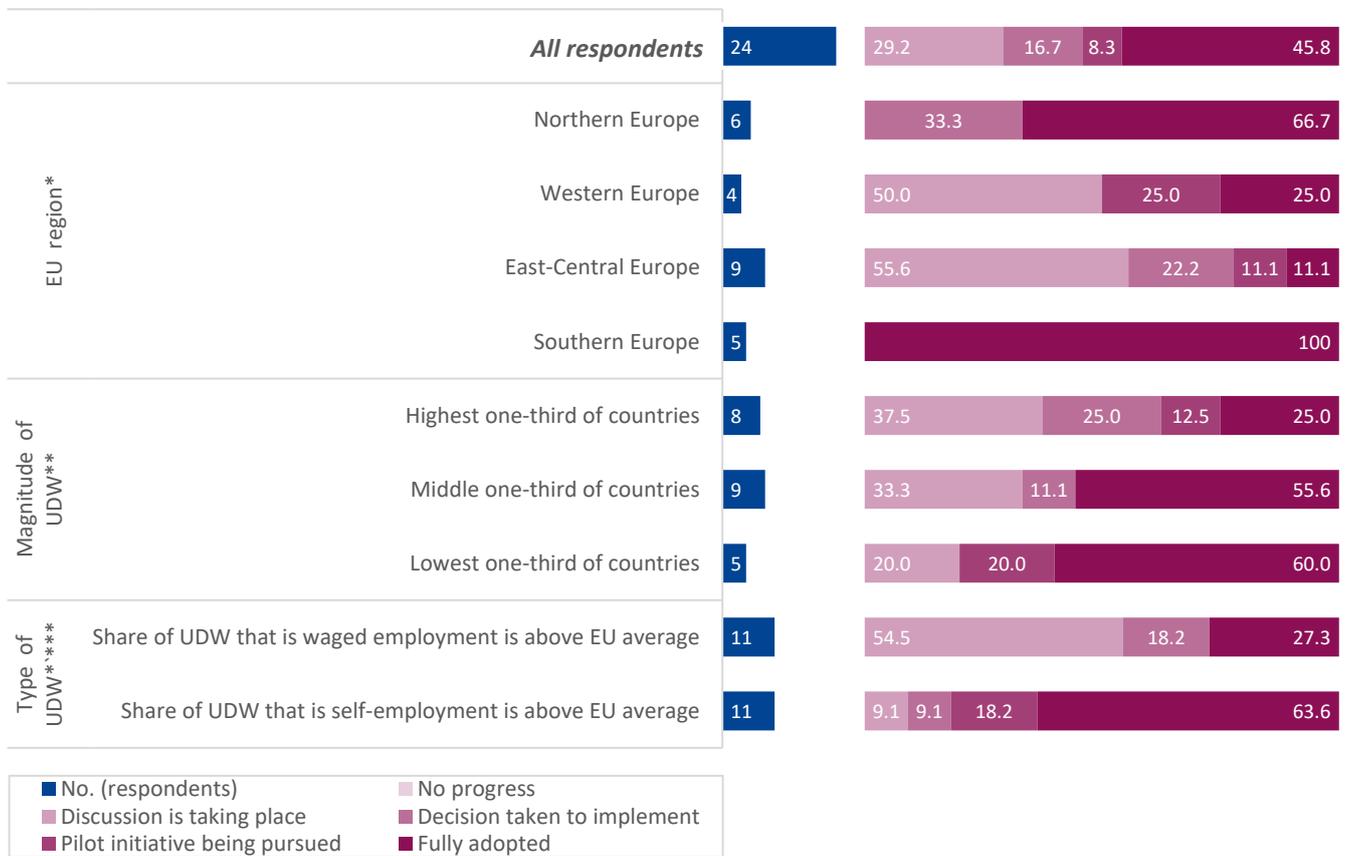
- ▶ transform the jobs of undeclared workers into declared jobs, rather than eradicate their jobs, and
- ▶ bring unregistered businesses and own-account workers operating in the undeclared economy into the declared economy, not close them down.



A key reason for seeking to transform undeclared work into declared work is that two-thirds of all businesses globally start-up or operate partially or fully in the undeclared economy (Autio and Fu, 2015) and at least half of all enterprises globally operate unregistered (Acs et al., 2013). Transforming undeclared work into declared work therefore seeks to harness this entrepreneurship and enterprise culture by bringing it into the declared economy to facilitate economic development and growth (Williams, 2017b).

Figure 1 examines the self-reported progress of authorities in adopting this strategic objective of transforming undeclared work into declared work. This reveals that the adoption of this strategic objective is underway among all authorities responding in the European Union, Norway and Island. Almost half (46%) had fully adopted this strategic objective, 8% were pursuing pilot initiatives in this regard, 17% had decided to implement this strategic objective and 29% were discussing its adoption.

**Figure 1. Self-assessment on adopting the strategic objective of transforming undeclared work into declared work (% of respondents)**



\* Northern Europe (Denmark, Finland, Iceland, Norway, Sweden), Western Europe (Austria, Belgium, France, Germany, Ireland, Luxembourg, Netherlands); East-central Europe (Bulgaria, Croatia, Czechia, Estonia, Hungary, Latvia, Lithuania, Poland, Romania, Slovakia, Slovenia), Southern Europe (Cyprus, Greece, Italy, Malta, Portugal, Spain).

\*\* From 2013 Labour Input Method estimates (Williams et al., 2017). Highest one-third of countries (Poland, Lithuania, Romania, Latvia, Bulgaria, Hungary, Estonia, Croatia, Cyprus), Middle one-third (Slovenia, Slovakia, Italy, Greece, Belgium, Denmark, Finland, France, Spain), Lowest one-third (Austria, Ireland, Sweden, Czechia, Portugal, Luxembourg, Netherlands, Germany).

\*\*\* From 2013 Labour Input Method estimates (Williams et al., 2017). Share of all undeclared work that is self-employment is above EU average (Cyprus, Netherlands, Portugal, Denmark, Germany, Finland, Luxembourg, Ireland, France, Spain, Estonia, Latvia, Sweden). Share of all undeclared work that is waged employment is above EU average (Croatia, Greece, Romania, Czechia, Hungary, Austria, Slovakia, Lithuania, Slovenia, Belgium, Italy, Bulgaria, Poland). For Norway and Iceland, there is no estimate available and, therefore, they are omitted from the analysis by the magnitude and type of undeclared work.

Question: "Self-assessment on adopting the strategic objective of transforming undeclared work into declared work: Transforming undeclared work into declared work is a strategic objective in my enforcement authority."

Exploring the differences between regions, Figure 1 reveals that all authorities responding in Southern Europe and 67% in Northern Europe had fully adopted the objective of transforming undeclared work into declared work. Meanwhile, just 25% had fully adopted this strategic objective in Western Europe and 11% in East-Central Europe. This is a marked difference. However, 25% of authorities responding in Western Europe and 33% in East-Central Europe were pursuing pilot initiatives or had decided to implement this strategic objective.

Examining the differences according to the prevalence of undeclared work in the country, the finding is that 60% of the authorities responding in the one-third of countries with the lowest levels of undeclared work had fully adopted the objective of transforming undeclared work into declared work but just 25% in the one-third of countries with the highest levels of undeclared work. This reveals that countries with a lower prevalence of undeclared work had fully adopted this strategic objective to a greater extent than those with a higher prevalence of undeclared work. Of course, correlation does not imply causation (i.e., that these countries have a lower prevalence of undeclared work because they have adopted this strategic objective).

Similarly, when the countries are analysed according to whether the share of undeclared work that is waged employment is above the EU average, only 27% had fully adopted this strategic objective, 18% decided to implement this strategic objective and more than a half (55%) were discussing its adoption. Meanwhile, when the countries are analysed according to whether the share of undeclared work that is self-employment is above the EU average, the finding is that more than a half (64%) had fully adopted this strategic objective, 18% were pursuing pilot initiatives in this regard, 9% decided to implement this strategic objective and 9% were discussing its adoption. This therefore suggests that adopting the strategic objective of transforming undeclared work into declared work is more common in countries where the share of undeclared work that is self-employment is above the EU average than in the countries where the share of undeclared work that is waged employment is above the EU average.

## **2.3 Adopting targets/KPIs related to transforming undeclared work into declared work**

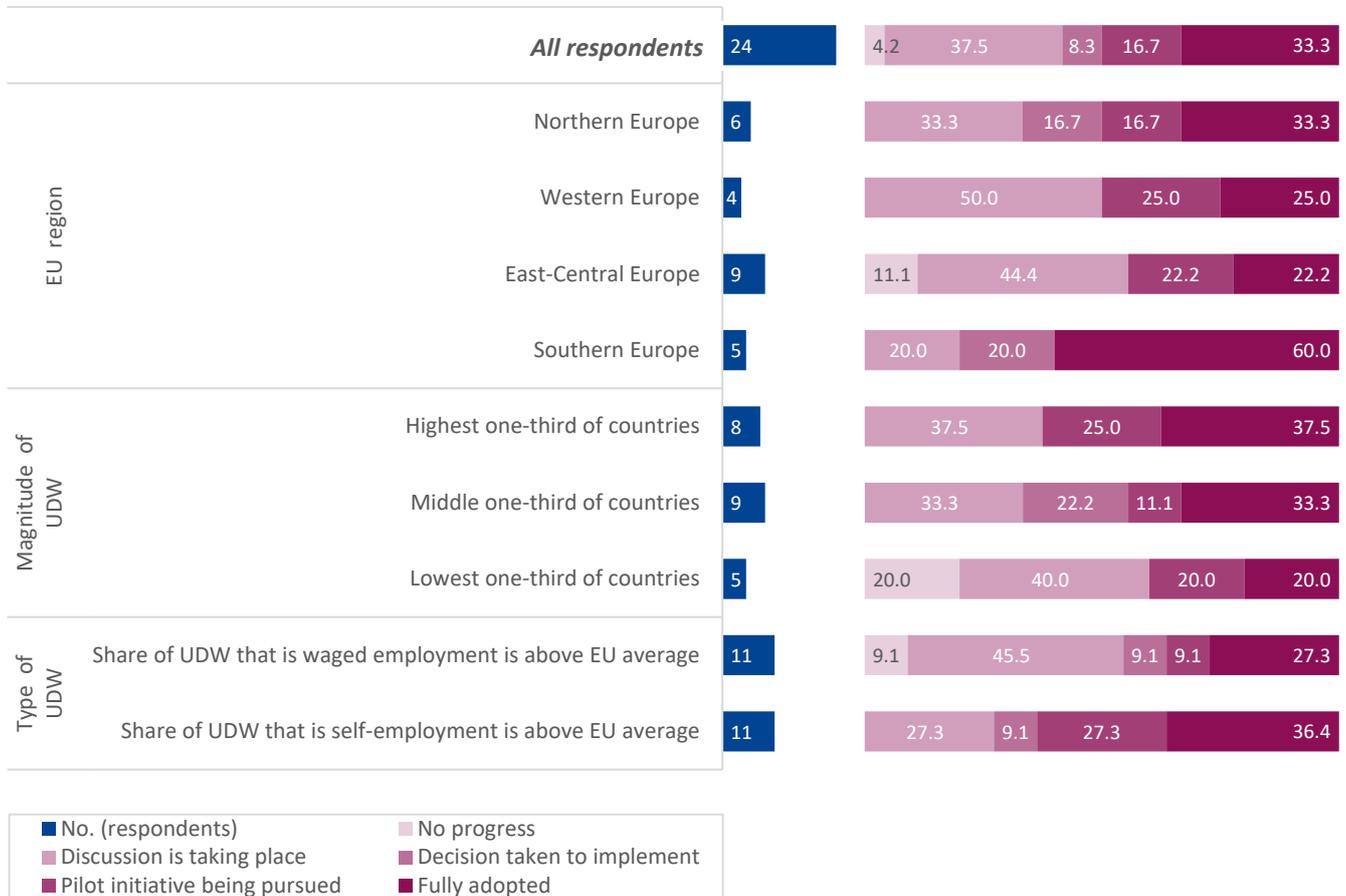
When transforming undeclared work into declared work is adopted as a strategic objective, different targets or key performance indicators (KPIs) emerge in relation to tackling undeclared work. For example, if the strategic objective of labour inspectorates is to transform undeclared work into declared work, a Key Performance Indicator (KPI) may be the number of labour relations that are formalised each year, rather than the number of cases of undeclared work detected and punished, or the amount in fines imposed or collected.

Figure 2 reports the progress of authorities in adopting such targets or key performance indicators (KPIs) related to transforming undeclared work into declared work. This reveals that the adoption of such targets/Key Performance Indicators (KPIs) is underway. Almost 96% of all responding authorities have made some progress, with discussion taking place in 38%, a decision taken to implement in 8% and 17% pursuing a pilot initiative to implement these targets/KPIs. 33% had fully adopted these targets/KPIs.

Examining the differences between regions, Figure 2 reveals that 60% of all authorities responding in Southern Europe had fully adopted such targets/KPIs but just 22% in East-Central Europe. Progress towards this goal is being made across all authorities, except in East-Central Europe where 11% of the authorities responding reported no progress in implementing targets/KPIs related to transforming undeclared work into declared work.



**Figure 2. My authority has targets/KPIs related to transforming undeclared work into declared work (e.g., number of labour relations that are formalised or some similar target) (% of respondents)**



Question: “Self-assessment on adopting the strategic objective of transforming undeclared work into declared work: My enforcement authority has targets/KPIs related to transforming undeclared work into declared work, such as the number of labour relations that are formalised (or some similar target).”

However, examining the differences according to the level of undeclared work, 38% of the authorities responding in the one-third of countries with the highest levels of undeclared work had fully adopted targets/KPIs but just 20% of those in the one-third of countries with the lowest levels of undeclared work.

Similarly, when countries are analysed according to whether the share of undeclared work that is waged employment is above the EU average, only 27% had fully adopted targets/KPIs, 9% were pursuing pilot initiatives, 9% decided to implement and 46% were discussing the adoption of targets/KPIs related to transforming undeclared work into declared work. No progress in implementing targets/KPIs is reported by 9% of authorities in the countries where the share of undeclared work that is waged employment is above the EU average. Meanwhile, when the countries are analysed according to whether the share of undeclared work that is self-employment is above the EU average, the finding is that 36% had fully adopted targets/KPIs and 27% were pursuing pilot initiatives in this regard. This therefore suggests that adopting targets/KPIs related to transforming undeclared work into declared work is more common in countries where the share of undeclared work that is self-employment is above the EU average than in the countries where the share of undeclared work that is waged employment is above the EU average.

Box 1 provides some good practice examples of authorities that have adopted the strategic objective of transforming undeclared work into declared work.



## Box 1. Examples of good practice on adopting the strategic objective of transforming undeclared work into declared work

- ▶ [Modernisation of Latvian State Labour Inspectorate](#)
- ▶ [Revised Strategy for Work-Related Crime, Norway](#)

# 3.0 Developing a cross-government coordinated approach

## 3.1 Overview

This section examines whether a cross-government coordinated approach is being adopted and social partners are being fully involved.

### Key findings

Developing a whole government coordinated approach is comprised of four sub-components:

- ▶ cross-government coordinated strategy,
- ▶ coordinating operations across government,
- ▶ cross-government coordination on data collection, sharing and analysis, and
- ▶ improving the involvement of social partners.

#### Cross-government coordinated strategy

- ▶ The conventional approach towards undeclared work is that different government departments are responsible for different aspects (e.g., tax authorities for tax compliance, labour inspectorates for labour law violations and social insurance bodies for social security compliance). Often these authorities work in “silos” with separate strategies and targets. The result is a fragmented and uncoordinated strategic approach towards undeclared work and no common and/or shared strategy, objectives, or targets. Hence, a more integrated strategic approach is required.
- ▶ A way of coordinating strategy in countries is to develop one overall body that is responsible for coordinating strategy towards undeclared work. Only 17% of the authorities surveyed reported that there is one single body responsible for the national strategy towards undeclared work. 79% report that different authorities are responsible for different aspects.
- ▶ Examining how targets are best described, 29% of authorities state that there is a common set of cross-government targets for tackling undeclared work, 38% state that some government departments have shared targets and 33% state that each government department/agency has its own targets.

#### Coordinating operations across government

- ▶ Adopting joint or concerted operations as a strategic objective is being discussed in 17% of enforcement authorities responding, 12% are either pursuing a pilot initiative or have taken a decision to implement this as a strategic objective, and 67% have fully adopted joint or concerted operations as a strategic objective.



- ▶ 38% of authorities responding have fully adopted a target for the share of all operations which are joint or concerted, 8% are pursuing a pilot initiative, 25% are discussing it and 29% have made no progress.
- ▶ On whether cross-border cooperation is a clearly defined strategic objective of their authority, 4% have made no progress, 29% are discussing making cross-border cooperation a strategic objective, 21% have taken a decision to implement or are pursuing a pilot initiative, and 46% have fully adopted this strategic objective.
- ▶ Turning to whether a target has been set for the proportion of all operations which will be cross-border, 29% have made no progress in this regard, 42% are discussing setting targets, 12% have taken a decision to implement this or are pursuing a pilot initiative, and 17% have fully adopted the setting of targets for the proportion of all operations which will be cross-border.

### Cross-government coordination on data collection, sharing and analysis

- ▶ On **data sharing** with other government departments, 8% of authorities responding have limited access to data from other authorities and the remaining 88% has electronic access to some data from other authorities. Only 4% of authorities have full electronic access to all relevant data from other authorities' databases. Sharing data, therefore, could be significantly improved.
- ▶ On **data analysis**, no country reports having one central unit that holds the data and does the analysis for all authorities and none can directly analyse all relevant databases from all other authorities. 29% of authorities surveyed can only directly analyse their own databases, 50% receive data from other authorities that can be imported into their own databases and just 21% can directly analyse some relevant databases from other agencies. Data analysis, therefore, could be again significantly improved.

### Improving the involvement of social partners

- ▶ Any authority needs to build partnerships with social partners. This can be a clearly defined strategic objective of the authority. In 25% of authorities there is either discussion taking place on adopting partnership building as a strategic objective or a decision has been taken to implement this as a strategic objective. This is fully adopted as a strategic objective in 63% of authorities.
- ▶ In 13% of authorities, discussion is taking place on identifying the social partners and specifying the relationships sought, whilst this is fully adopted in 67% of authorities.
- ▶ Examining the level of involvement with social partners in their authority, all consult social partners to some degree. In 25% it is irregular ad hoc involvement and in 37% it is regular engagement in joint actions (e.g., information and awareness campaigns). Only 21% have tripartite agreements on either sector specific inspection targets, information exchange, and/or awareness raising, but only 17% of authorities have full tripartite agreements on all three aspects.
- ▶ In 21% of authorities, no progress has been made on allocating specific staff to the task of partnership building in their organisations, addressing the problems in partnership building and pursuing solutions. In 33% of authorities, discussion is taking place or a decision has been taken to implement this, and in only 46% of authorities is this fully adopted. An important next step for authorities, therefore, is to allocate responsibility to specific staff for partnership building.
- ▶ On whether there are transparent agreements, the outcomes of partnerships are evaluated, and the results shared, in 33% of authorities no progress has been made, in 38% discussion is taking place, a decision has been taken to implement this or a pilot initiative is being pursued, and in only 29% of authorities is this fully implemented. Therefore, there is considerable room for improvement on this issue

by developing bilateral and multilateral agreements in relation to tackling undeclared work and evaluating the outcomes. These could be, for example, on education and awareness raising, sector-specific initiatives or even workplace inspections.

## 3.2 Developing a cross-government strategy

In many countries, different authorities are responsible for different aspects of undeclared work (e.g., tax authorities for tax compliance, labour inspectorates for labour law and social insurance bodies for social security compliance). Often these authorities have worked in “silos” with separate strategies and targets. The result is a fragmented and uncoordinated strategic approach towards undeclared work and no common and/or shared strategy, objectives, or targets. Hence, a more integrated strategic approach is required.

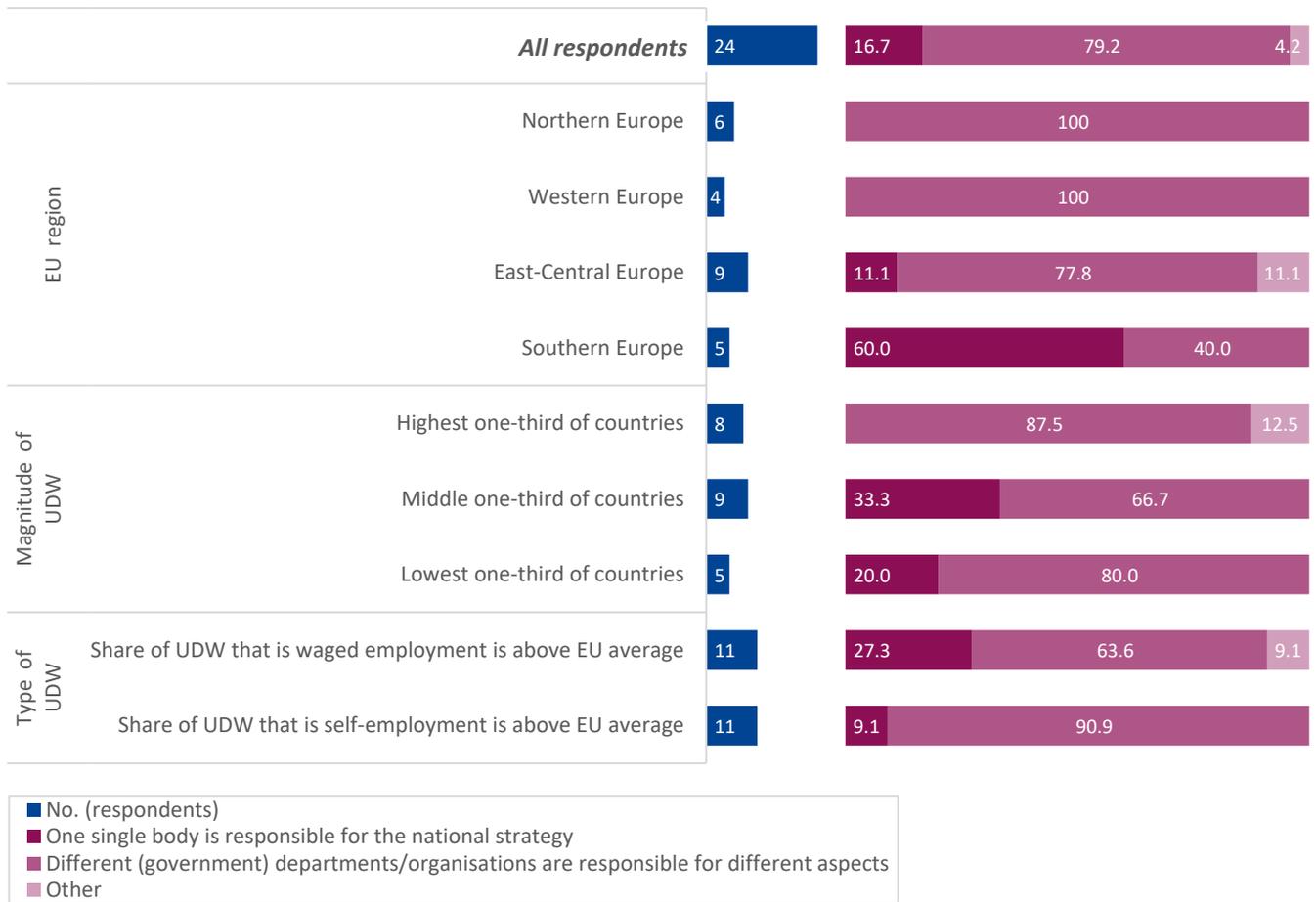
A way of coordinating strategy in countries is to develop one overall body responsible for coordinating strategy towards undeclared work. Figure 3 reports whether this has been implemented. This reveals that the dominant approach in many countries is that different government departments are responsible for different aspects (e.g., tax authorities for tax compliance, labour inspectorates for labour law and social insurance bodies for social security compliance). 79% self-report that different authorities are responsible for different aspects. Only 17% of the authorities responding reported that there is one single body responsible for the national strategy towards undeclared work.

There are differences between regions. Figure 3 reveals that among respondents in Northern and Western Europe it is always the case that different authorities are responsible for different aspects of undeclared work. Meanwhile, 11% of the authorities in East-Central Europe and 60% in Southern Europe report that in their country there is one single body responsible for the national strategy towards undeclared work.

Moving to the differences according to the level of undeclared work in countries, the finding is that in the middle one-third of countries, 33% of respondents report there is one single body responsible for the national strategy toward undeclared work, but only 20% in the lowest one-third of the countries and none in the highest one-third of countries.

When the countries are analysed according to whether the share of undeclared work that is waged employment is above the EU average, the finding is that 27% have one body responsible for the strategy. Meanwhile, when the countries are analysed according to whether the share of undeclared work that is self-employment is above the EU average, the finding is that only 9% have such a body. This therefore suggests that a coordinated national approach to tackle undeclared work is more common in countries where the share of undeclared work that is waged employment is above the EU average than in the countries where the share of undeclared work that is self-employment is above the EU average.

**Figure 3. How is the overall organisational framework towards the undeclared economy in your country best described? (% of respondents)**

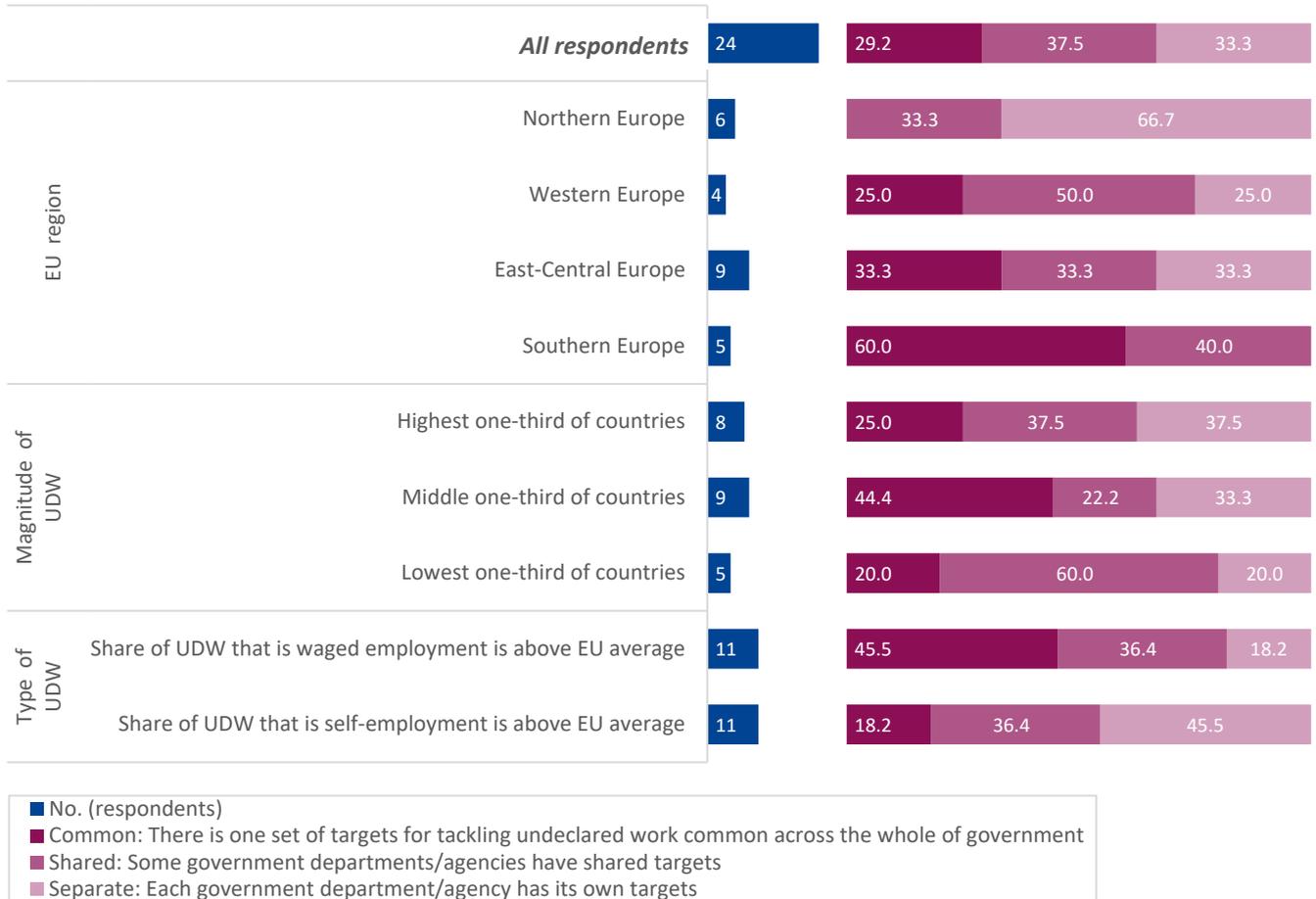


Question: “Self-assessment on joining-up strategy: How is the overall national organisational framework towards undeclared work in your country best described?”

When an overarching body exists, then it might also be considered whether this body sets targets for transforming undeclared work into declared work that are common across government, whether it develops shared targets for some government agencies or whether each government department having separate targets is maintained. Figure 4 reports that there is one set of country-wide targets for tackling undeclared work common across the whole of government in only 29% of responding countries, but this is not the case in 71% of authorities.

Examining the regional differences, common targets for tackling undeclared work across the whole government are more common in Southern Europe (60%) and East-Central Europe (33%), less common in Western Europe (25%) and absent in Northern Europe. Indeed, 67% of the respondents in Northern Europe asserted that each government department/agency has its own targets followed by 33% of those in East-Central Europe and 25% of those in Western Europe.

**Figure 4. How are the targets for tackling undeclared work best described? (% of respondents)**



Question: “Self-assessment on joining-up strategy: How are the national targets for tackling undeclared work best described?”

Moving to the differences according to the level of undeclared work, the finding is that common targets are more prevalent in the middle one-third of countries (44% of the respondents) followed by the highest one-third of the countries (25% of the respondents) and lowest one-third of countries (20%).

When the countries are analysed according to whether the share of undeclared work that is waged employment is above the EU average, 46% of the responding authorities have one set of targets for tackling undeclared work common across the whole of government, but only 18% among those where the share of undeclared work that is self-employment is above the EU average. This suggest that targets for tackling undeclared work common across the whole of government are more common in countries where the share of undeclared work that is waged employment is above EU average than in those where the share of undeclared work that is self-employment is above EU average.

In sum, there remains room for progress across Europe on establishing a coordination body and moving away from separate targets for each authority and towards greater integration of the targets of authorities. Box 2 provides some good practice examples on developing a cross-government strategy.



## Box 2. Examples of good practice on developing a cross-government strategy

- ▶ [Shadow Economy Combatting Board, Latvia](#)
- ▶ [The Central Coordination Group \(CCG\), Lithuania](#)
- ▶ [National Strategy for Tackling the Grey Economy and Economic Crime for 2016-2020, Finland](#)
- ▶ [Government Resolution on a Strategy and Action Plan for tackling the Grey Economy and Economic Crime for 2020-2023, Finland](#)
- ▶ [Revised Strategy for Work-Related Crime, Norway](#)
- ▶ [IPA 2012 Twinning Project: Strengthening Policy and Capacities to Reduce Undeclared Work \(CRO MOONLIGHTING\), Croatia](#)
- ▶ [Road map for fighting undeclared work, Greece](#)

### 3.3 Coordinating operations

It is traditionally the case that different enforcement bodies conduct separate operations in an uncoordinated manner. A more business-friendly and potentially effective approach would be to engage in greater coordination, such as joint and concerted operations:

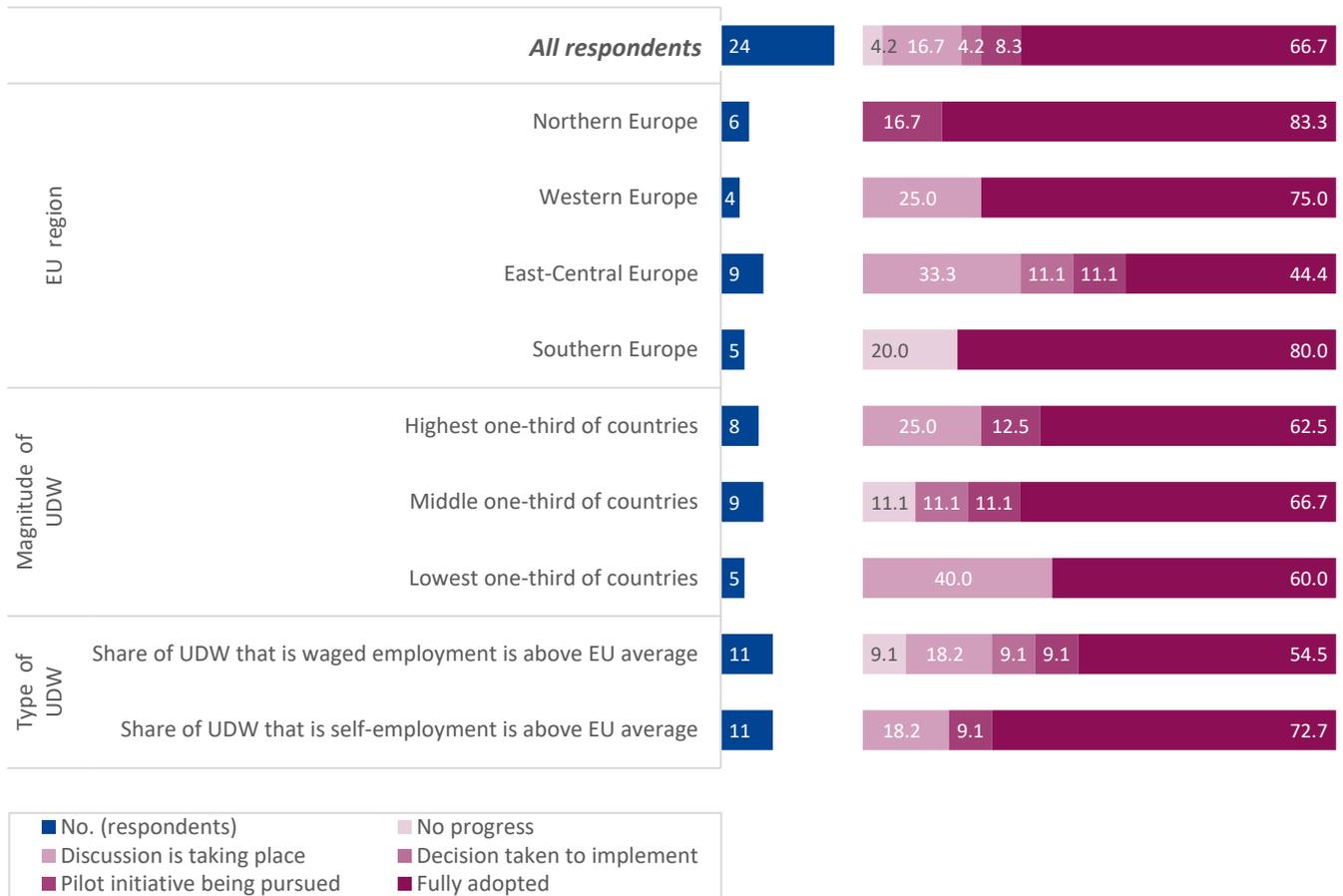
- ▶ Concerted operations are operations (e.g., inspections) undertaken by two or more competent authorities simultaneously and related to the same case, but perhaps in different locations.
- ▶ Joint operations are when an operation (e.g., a workplace inspection) is conducted concurrently by several enforcement authorities in the same workplace.

Rather than receive multiple visits from different arms of government (e.g., labour inspectors, health and safety inspectors, tax inspectors), greater coordination at the level of operations, such as joint and concerted inspections, or education and awareness raising campaigns, can be therefore perceived as a business-friendly approach that reduces the perceived burden of government regulation.

Figure 5 reports whether this is a strategic objective in authorities responding. Only 4% report no progress in implementing coordinated operations. 17% are discussing joined-up operations, 12% have taken a decision to implement or are pursuing a pilot initiative, and 67% have fully adopted joined-up operations.

There are differences between European regions. Figure 5 reveals that in Northern Europe all authorities responding have either pursued a pilot initiative (17%) or fully adopted joined-up operations (83%). Similarly, in Western Europe 75% of the authorities have fully adopted joint operations and 25% are discussing joined-up operations. Meanwhile, in East-Central Europe only 44% have fully adopted joined-up operations, 22% have taken a decision to implement or are pursuing a pilot initiative and 33% are discussing joined-up operations. In Southern Europe, the responses are polarised. While 80% of the authorities responding have fully adopted joint operations, the remaining 20% have made no progress in implementing coordinated operations.

**Figure 5. Joint operations with other organisations is a clearly defined strategic objective of my enforcement authority (% of respondents)**



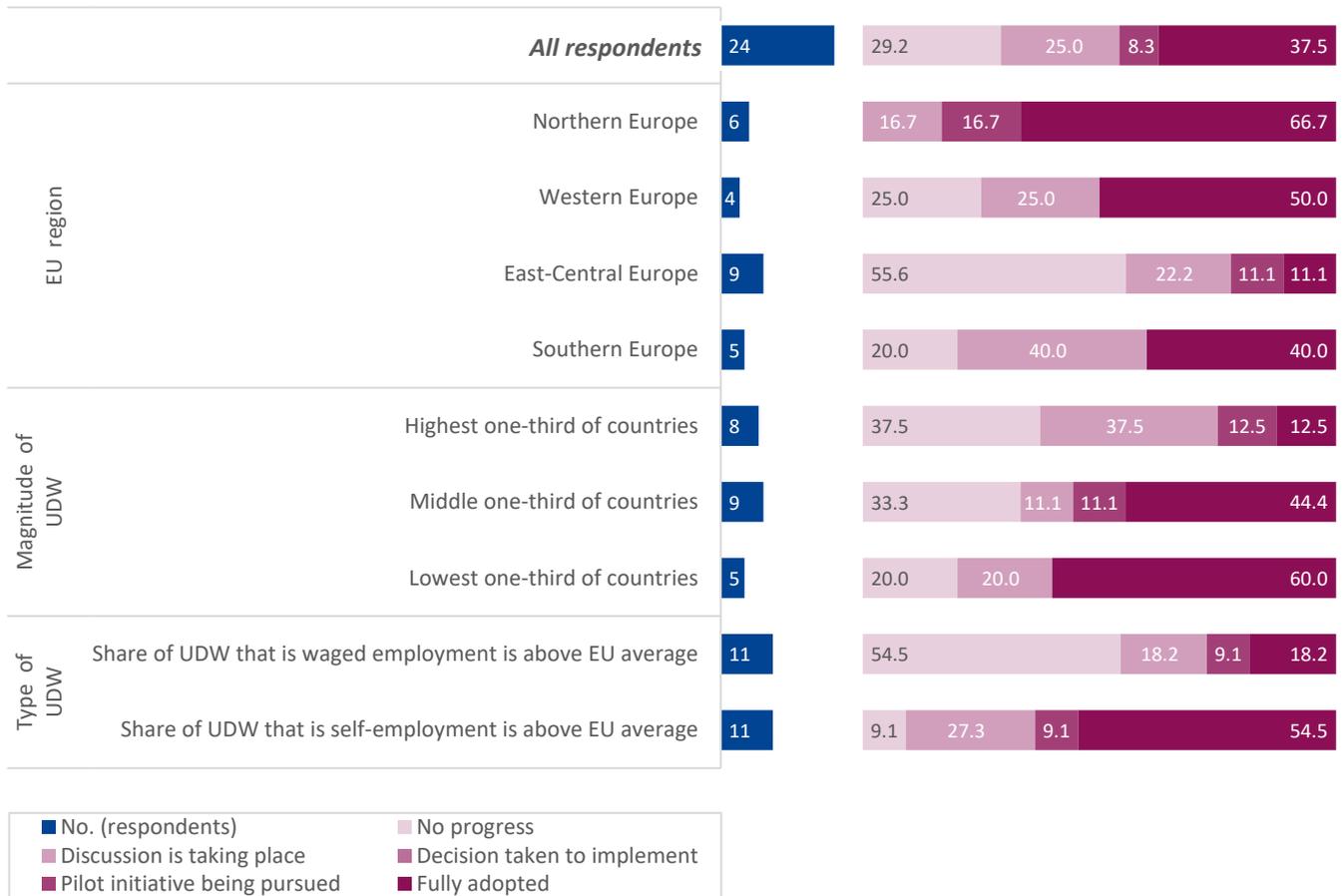
Question: “Self-assessment on joining-up operations: Joined-up operations with other national organisations is a clearly defined strategic objective of my enforcement authority.”

Examining the differences according to the level of undeclared work, 67% of the authorities responding in the middle one-third of countries had fully adopted joined-up operations and just 11% have made no progress in this direction. Meanwhile, no enforcement authority from the highest or the lowest one-third of the countries reported making no progress in implementing joined-up operations and 60% or more have fully adopted joined-up operations.

Similarly, when the countries are analysed according to whether the share of undeclared work that is waged employment is above the EU average, only 55% had fully adopted joint operations, 9% were pursuing pilot initiatives, 9% decided to implement and 18% were discussing the adoption of joint operations to tackle undeclared work. No progress in implementing joint operations is reported by 9% of authorities in these countries. Meanwhile, when the countries are analysed where the share of undeclared work that is self-employment is above the EU average, 73% had fully adopted joint operations, 9% were pursuing pilot initiatives in this regard and 18% are discussing the adoption of joined-up operations. This therefore suggests that adopting joint operations is more common in countries where the share of undeclared work that is self-employment is above the EU average than in the countries where the share of undeclared work that is waged employment is above the EU average.

An issue is that despite many countries pursuing joined-up operations, these joint operations remain a small minority of all inspections. To facilitate greater cooperation on operations, each enforcement authority could set a target of achieving a share of all its operations as joint or concerted operations. Figure 6 reports the results.

**Figure 6. A target has been set for the proportion of all operations which are joint or concerted operations with other national organisations (% of respondents)**



Question: “Self-assessment on joining-up operations: A target has been set for the proportion of all operations which are joint or concerted operations with other national organisations.”

This reveals that 71% authorities are making some progress on setting targets for the proportion of all operations which are joint or concerted operations with other national organisations. 25% are discussing setting targets, 8% are pursuing a pilot initiative and 38% have fully adopted the setting of targets.

There are also differences between European regions. Figure 6 reveals that 67% of authorities responding in Northern Europe and 50% in Western Europe had fully adopted targets for the proportion of all operations which are joint or concerted operations with other national organisations. Meanwhile, 40% had fully adopted this type of target in Southern Europe and only 11% in East-Central Europe. Moreover, 56% of authorities responding in East-Central Europe reported no progress in implementing such targets.

Examining the differences according to the level of undeclared work in countries, only 13% of the authorities responding in the highest one-third of countries had fully adopted targets for the proportion of all operations which are joint or concerted operations, while 44% of those in middle one-third of countries and 60% in the lowest one-third of countries had done so. This reveals that countries with a lower prevalence of undeclared work had fully adopted this strategic objective to a greater extent than those with higher prevalence of undeclared work. Again, however, correlation does not necessarily imply causation.

Similarly, when the countries are analysed according to whether the share of undeclared work that is waged employment is above the EU average, only 18% had fully adopted targets for the proportion of all operations which are joint or concerted operations, 9% had pursued pilot initiatives and 18% were discussing its adoption. More

than a half of the respondents from these countries declared no progress on setting targets for the proportion of all operations which are joint or concerted operations with other national organisations. Meanwhile, when the countries are analysed according to whether the share of undeclared work that is self-employment is above the EU average, 55% had fully adopted this strategic objective, 9% were pursuing pilot initiatives in this regard, and 27% were discussing its adoption. Only 9% of the respondents from these countries declared no progress in this regard. This therefore suggest that adopting targets for the proportion of all operations which are joint or concerted operations is more common in countries where the share of undeclared work that is self-employment is above the EU average than in the countries where the share of undeclared work that is waged employment is above the EU average.

Box 3 reports some examples of good practice on joining-up operations at the national level.

### Box 3. Examples of good practice on joining-up operations at the national level

- ▶ [Joint operation group between public agencies, Norway](#)
- ▶ [Specialised team of labour inspectors to combat undeclared work in the media sector in Portugal](#)
- ▶ [Multiagency initiative on tackling social dumping – the role of letterbox companies, Denmark](#)
- ▶ [Inter-agency inspections to tackle undeclared work, Czechia](#)
- ▶ [Joint control actions between the Ministry of Labour and the Ministry of Transport in the transport sector, France](#)

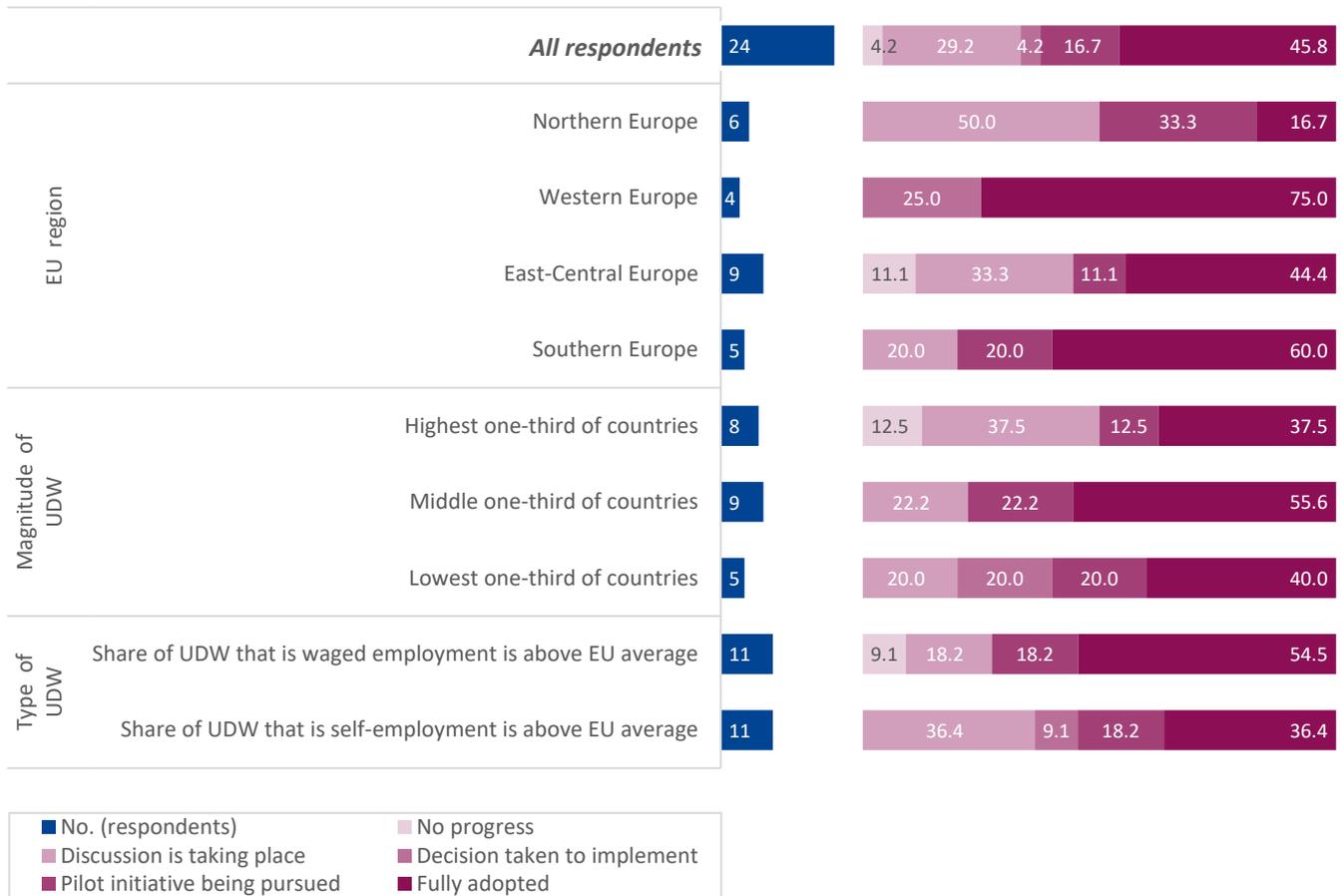
Turning to **cross-border operations**, which may include cross-border joint and concerted inspections, but also education and awareness raising campaigns, Figure 7 examines whether cross-border cooperation has been made a clearly defined strategic objective of the authorities responding. Unless this is done, then arguably it will not be prioritised as an activity by authorities.

This reveals that 4% have made no progress, 29% are discussing making cross-border cooperation a strategic objective, 21% have taken a decision to implement or are pursuing a pilot initiative and 46% have fully adopted this strategic objective.

There are differences between European regions. Figure 7 reveals that 75% of authorities responding in Western Europe and 60% in Southern Europe had fully adopted a strategic objective on cross-border cooperation. Meanwhile, 44% had fully adopted this strategic objective in East-Central Europe and just 17% in Northern Europe. Moreover, 11% of authorities responding in East-Central Europe reported no progress in implementing such a strategic objective on cross-border cooperation.

Examining the differences according to the level of undeclared work in countries, 56% of authorities responding in the middle one-third of countries had fully adopted a strategic objective on cross-border cooperation, but 40% of those in lowest one-third of countries and 38% in the highest one-third of countries. This reveals that those countries with a moderate prevalence of undeclared work had fully adopted this strategic objective to a greater extent than those with higher or lower prevalence of undeclared work.

**Figure 7. Cross-border cooperation is a clearly defined strategic objective of my enforcement authority (% of respondents)**

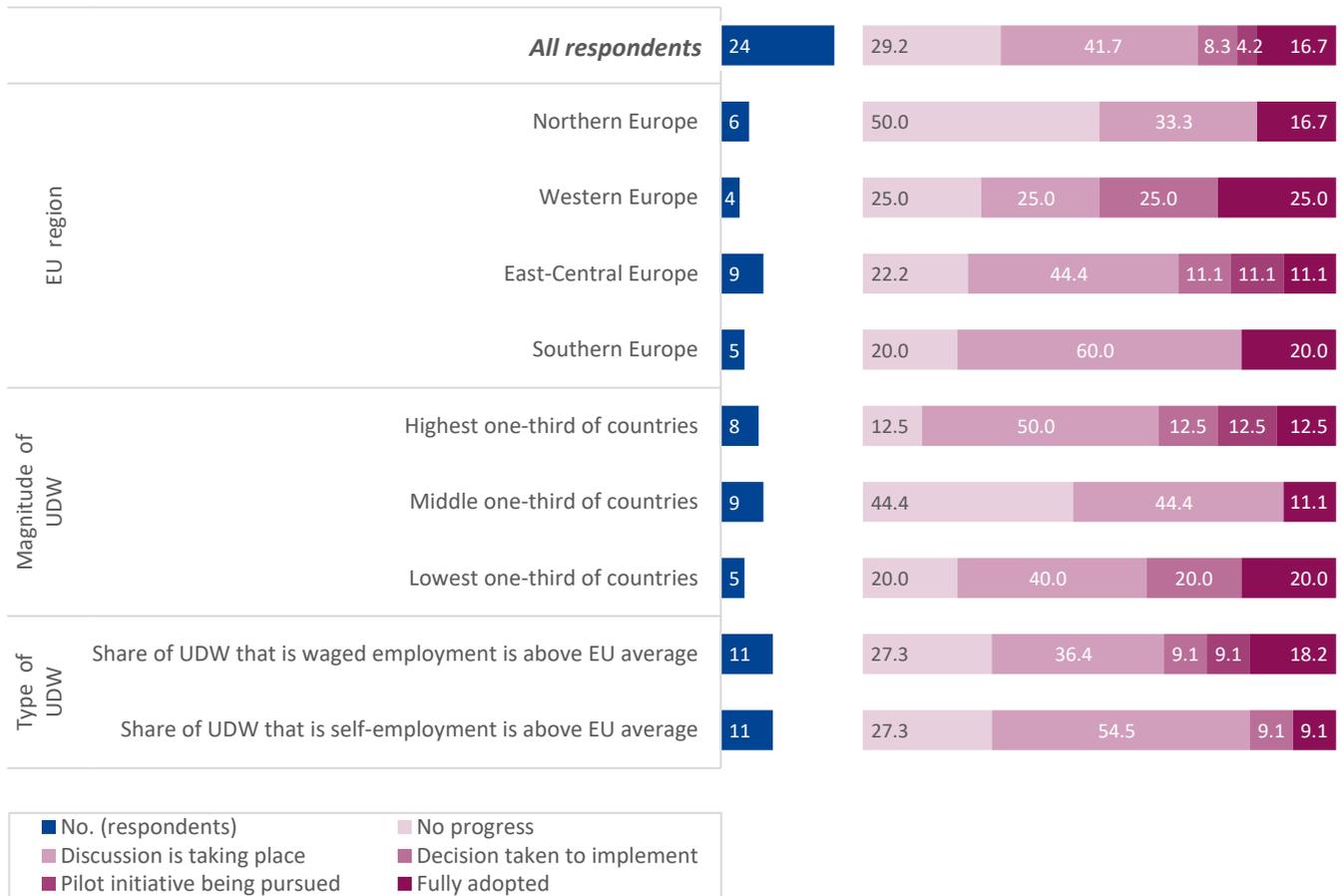


Question: “Self-assessment on joining-up operations: Cross-border co-operation is a clearly defined strategic objective of my enforcement authority.”

Similarly, when the countries are analysed according to whether the share of undeclared work that is waged employment is above the EU average, 55% had fully adopted a strategic objective on cross-border cooperation, 18% pursued pilot initiatives and 18% were discussing its adoption. However, 9% of the respondents from these countries reported no progress in adopting a strategic objective on cross-border cooperation. Meanwhile, when the countries are analysed according to whether the share of undeclared work that is self-employment is above the EU average, only 36% had fully adopted this strategic objective, 18% were pursuing pilot initiatives in this regard, 9% decided to implement such an objective and 36% were discussing its adoption. This therefore suggest that adopting a strategic objective on cross-border cooperation is more common in countries where the share of undeclared work that is waged employment is above the EU average than in those where the share of undeclared work that is self-employment is above the EU average.

Turning to whether a target has been set for the proportion of all operations which will be cross-border, Figure 8 reveals that 29% had made no progress, 42% are discussing setting targets, 12% have taken a decision to implement this or are pursuing a pilot initiative and 17% have fully adopted the setting of targets for the proportion of all operations which will be cross-border.

**Figure 8. A target has been set for the proportion of all operations which will be cross-border (% of respondents)**



Question: “Self-assessment on joining-up operations: A target has been set for the proportion of operations which will be cross-border.”

There are differences between EU regions. Figure 8 reveals that 25% of authorities responding in Western Europe and 20% in Southern Europe had fully adopted targets for cross-border cooperation. Meanwhile, only 17% had fully adopted this type of target in Northern Europe and just 11% in East-Central Europe. Moreover, 50% of authorities responding in Northern Europe, 25% in Western Europe, 22% in East-Central Europe and 20% in Southern Europe reported no progress.

Examining the differences according to the level of undeclared work, only 11% of the authorities responding in the middle one-third of countries had fully adopted targets for cross-border cooperation, 20% in the lowest one-third of countries and 13% in the highest one-third of countries. This reveals that those countries with a higher or moderate prevalence of undeclared work had fully adopted this to a lesser extent than those with a lower prevalence of undeclared work.

When the countries are analysed according to whether the share of undeclared work that is waged employment is above the EU average, only 18% had fully adopted targets for cross-border cooperation, 9% pursued pilot initiatives, 9% decided to implement such targets and 36% were discussing its adoption. Meanwhile, when the countries are analysed according to whether the share of undeclared work that is self-employment is above the EU average, the finding is that only 9% had fully adopted this strategic objective, 9% took a decision to implement, and about 55% were discussing its adoption. For both categories, about 27% of the respondents declared no progress in regard with setting targets for cross-border cooperation. This therefore suggest that adopting targets for the cross-border cooperation is more common in countries where the share of undeclared work that is waged



employment is above the EU average than in the countries where the share of undeclared work that is self-employment is above the EU average.

Box 4 provides some good practices on cross-national cooperation on operations.

#### Box 4. Examples of good practice cross-national cooperation on operations

- ▶ [Administrative Cooperation Agreement between Belgium and France](#)
- ▶ [Bilateral Memoranda of Understanding on cooperation concerning the enforcement of social policy and social assistance regulations in cases of cross-border labour and services between the Netherlands and four other countries: the Czech Republic, Portugal, Romania and Slovakia](#)
- ▶ [\(Inter-\)national institutional cooperation for the investigation of letterbox companies, Belgium](#)
- ▶ [Cross-border co-operation between Belgian and Dutch enforcement authorities in the fight against fraudulent or illegally operating Temporary Work Agencies \(TWA\)](#)
- ▶ [Roadbook for joint inspections by Belgian and Dutch enforcement bodies tackling undeclared work](#)
- ▶ [Joint inspection of Spanish authorities and Romanian Labour Inspectorate of agricultural workers in the province of Albacete](#)
- ▶ [Bilateral Agreement of Cooperation of France and Bulgaria to tackle undeclared work](#)
- ▶ [Joint inspection of Spanish and Portuguese enforcement authorities to tackle undeclared work on fishing vessels and compliance with the Maritime Labour Convention](#)
- ▶ [Bilateral Cooperation Agreement between Norway and Lithuania to tackle undeclared work](#)
- ▶ [Coordinated cross-border activities between Poland and the Netherlands to prevent labour exploitation in the agriculture and transport sectors](#)

### 3.4 Cross-government cooperation on data collection, sharing and analysis

Besides coordinating strategy and operations across government, it is also becoming increasingly important to cooperate on data collection, sharing and analysis. These terms can be defined as follows:

- ▶ **Data collection:** the process of gathering data from internal and external sources (Williams, 2021).
- ▶ **Data sharing:** the process of making data available to other users (De Wispelaere and Pacolet, 2017). Sharing of data between enforcement authorities is important for tackling undeclared work. Legislative and technical constraints often prevent data sharing (Williams and Puts, 2017).
- ▶ **Data analysis:** the large-scale analysis of records or files collected or held for different purposes, with a view to identifying matters of interest (De Wispelaere and Pacolet, 2017). This process allows potential instances of undeclared work to be identified.

A first requirement is for all state authorities to establish electronic databases (e.g., case management records, employment registers, business registers) that have real-time up-to-date data collected in a cost-effective manner (e.g., making the employer responsible for updating and registering/deregistering an employee prior to the first day of work/on the last day of work).

The next step is to ensure that these databases are inter-operable with the databases of other state authorities and ministries so that data can be shared electronically, and to establish bilateral and multilateral agreements for the sharing of data. A final step is to consider the establishment of a central unit holding the combined databases of all authorities and providing the data analysis function for all authorities.

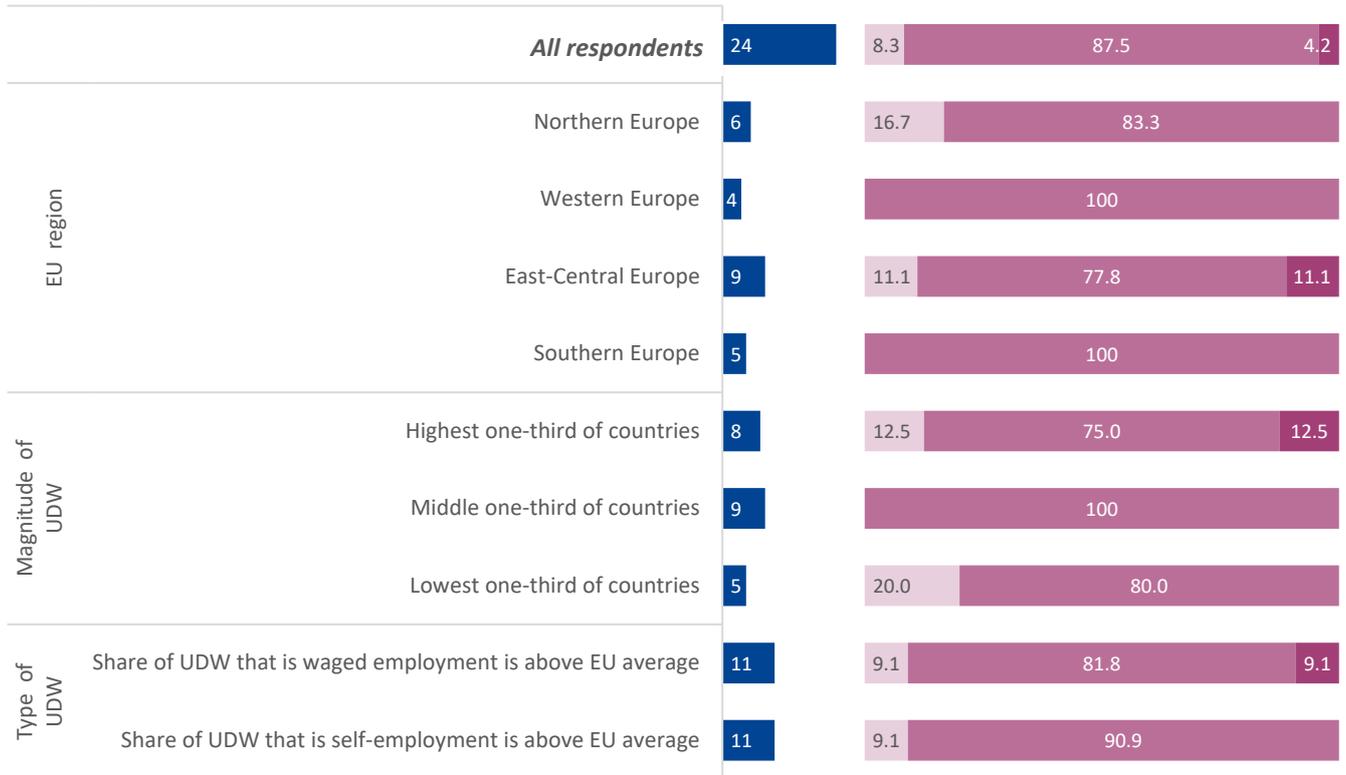
Figure 9 assesses progress on the issue of **data sharing** and therefore whether authorities have access to data from other authorities. 8% of authorities responding have limited access to data from other authorities. Meanwhile, 88% have electronic access to some data of other enforcement authorities but just 4% have full electronic access to all relevant data from other authorities' databases. Sharing data, therefore, could be significantly improved.

There are differences between geographical regions. In East-Central Europe, 11% of the authorities have full electronic access to all relevant data from other authorities' databases. However, in most cases, the authorities have electronic access to only some data of other authorities (100% in Western and Southern Europe, 83% in Northern Europe and 78% in East-Central Europe).

Examining the differences according to the level of undeclared work, authorities from the highest one-third of the countries cooperate better with other authorities on sharing data, 13% of them reporting that they have full electronic access to all relevant data from other authorities' databases. Yet, 20% of the authorities responding in the lowest one-third of countries and 13% in the highest one-third of countries have limited to no access to data from other authorities. This reveals that countries with a moderate prevalence of undeclared work have better access to data from other authorities than those with a higher or lower prevalence of undeclared work.

Similarly, when countries are analysed by whether the share of undeclared work that is waged employment is above the EU average, the finding is that 9% have full electronic access to all relevant data from other authorities' databases and 82% have electronic access to some data of other enforcement authorities. Meanwhile, when the countries are analysed according to whether the share of undeclared work that is self-employment is above the EU average, the finding is that none have full electronic access to all relevant data from other authorities' databases but most of them (91%) have electronic access to some data of other enforcement authorities. For both categories, 9% of the respondents declared having limited to no access to data from other enforcement authorities. This therefore suggest that cooperation for data sharing at national-level is higher where the share of undeclared work that is waged employment is above the EU average than in the countries where the share of undeclared work that is self-employment is above the EU average.

**Figure 9. Cooperation on national-level data sharing (% of respondents)**



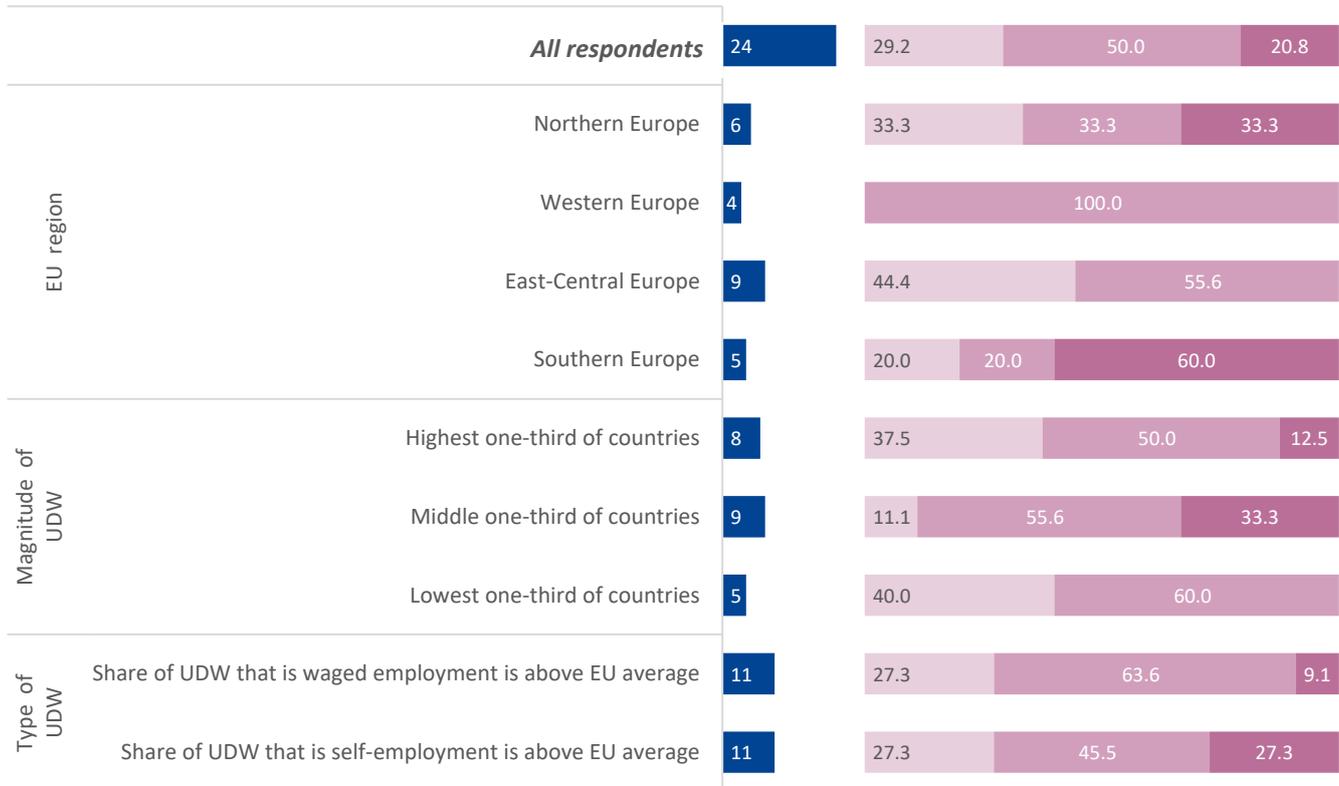
- No. (respondents)
- There is limited access to data from other enforcement authorities
- My enforcement authority receives printouts of data from other enforcement authorities
- My enforcement authority has electronic access to some of the data of other enforcement authorities
- My enforcement authority has full automatic access to all relevant data in other authority's databases
- One central unit holds the data which is available to all relevant enforcement authorities

Question: "Self-assessment: cooperation on data sharing and analysis: Cooperation on national-level data sharing."

On **data analysis**, Figure 10 shows that none responding report that they have one central unit that holds the data and does the analysis for all authorities. Similarly, none responding report that they can directly analyse all relevant databases from other authorities. Instead, about 21% of authorities can only directly analyse some relevant databases from other authorities, 50% receive data from other authorities that can be imported into their own databases and 29% can only directly analyse their own databases.

There are differences between European geographical regions. 60% of authorities responding in Southern Europe and 33% in Northern Europe can directly analyse some relevant databases from other authorities. All the authorities responding in Western Europe and 56% in East-Central Europe receives data from other authorities that can be imported into their own databases. Moreover, 44% of authorities responding in East-Central Europe, 33% in Northern Europe and 20% in Southern Europe can only directly analyse their own databases.

**Figure 10. Cooperation on data analysis (% of respondents)**



- No. (respondents)
- My enforcement authority can only directly analyse their own databases
- My enforcement authority receives data from other enforcement authorities it can import into its own databases
- My enforcement authority can directly analyse some relevant databases from other agencies
- My enforcement authority can directly analyse all relevant databases from other agencies and there is database interoperability
- One central unit holds the data and does the analysis for all enforcement authorities

Question: “Self-assessment: cooperation on data sharing and analysis: Cooperation on data analysis.”

However, examining the differences according to the level of undeclared work in countries, 33% of the authorities responding in the middle one-third of countries can directly analyse some relevant databases from other agencies, while only 13% in the highest one-third of countries and none in the lowest one-third of countries have similar access to data from other agencies. However, most authorities responding receive data from other authorities that can be imported into their own dataset (60% of those in the lowest one-third of the countries, 56% in the middle one-third of countries, 50% in the highest one-third of countries). This reveals that countries with a moderate prevalence of undeclared work cooperate more with other organisations on data analysis than those with a higher or lower prevalence of undeclared work.

When the countries are analysed according to whether the share of undeclared work that is waged employment is above the EU average, 9% can directly analyse some relevant databases from other authorities while 64% receive data from other authorities that can be imported into their own databases. Meanwhile, when the countries are analysed according to whether the share of undeclared work that is self-employment is above the EU average, 27% can directly analyse some relevant databases from other authorities while 46% receive data from other authorities that can be imported into their own databases. For both categories, 27% of the respondents reported that their authority can only directly analyse their own databases. This therefore suggest that cooperation on data analysis at national level is better where the share of undeclared work that is self-employment is above the EU average than in countries where the share of undeclared work that is waged employment is above the EU average.



Box 5 provides some examples of good practice on data collection, sharing and analysis.

### Box 5. Examples of good practice data collection, sharing and analysis

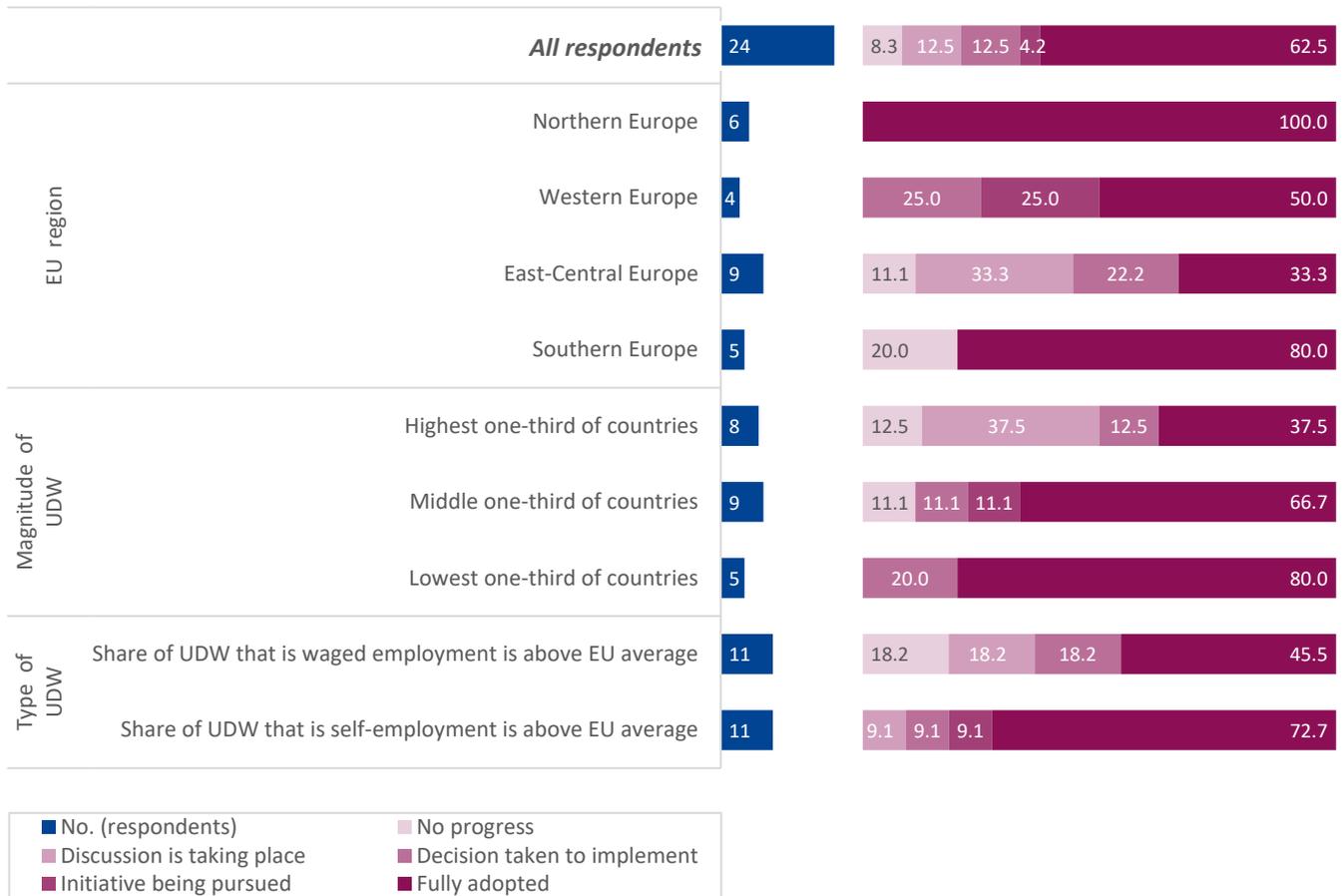
- ▶ [Grey Economy Information Unit \(GEIU\), Finland](#)
- ▶ [National Anti-Fraud Office, Spain](#)
- ▶ [Estonian Register of Employment](#)
- ▶ [REVISAL digital register of employees, Romania](#)
- ▶ [The Incomes Register, Finland](#)
- ▶ [Declaration of Works and Checkin@Work: monitoring the chain of sub\(contractors\) in the construction industry to prevent undeclared work, Belgium](#)
- ▶ [MiningWatch: using data analytics for targeted inspections of social security fraud, Belgium](#)
- ▶ [Intelligence and analysis methods, Norway](#)
- ▶ [Risk Analysis Tool of the Greek Labour Inspectorate](#)
- ▶ [Benelux cross-border cooperation in detecting and tackling social fraud and error – pilot project in the Construction sector](#)
- ▶ [Agreement for exchange of information and cooperation between the Portuguese Labour Inspectorate \(ACT\) and the Spanish Labour and Social Security Inspectorate](#)
- ▶ [Agreement on Cooperation between Estonia and Finland on Estonian posted workers in Finland](#)
- ▶ [North Portugal-Galicia cross-border partnership involves the exchange of information between labour inspectors concerning posted workers in Spain and Portugal](#)

## 3.5 Social partner involvement

Any authority needs to build partnerships with social partners, defined broadly as representatives of management and labour (employers' organisations and trade unions). This can be a clearly defined strategic objective of an authority.

Figure 11 reveals that in 25% of authorities responding, there is either discussion taking place on establishing partnership building as a strategic objective of their organisation or a decision has been taken to implement this as a strategic objective. In 4% of authorities an initiative has been pursued and just under two-thirds (63%) of authorities have fully adopted the building of partnerships with social partners as a strategic objective.

**Figure 11. Building partnerships with social partners is a strategic objective of my enforcement authority (% of respondents)**



Question: “Self-assessment on improving social partner involvement: Building partnerships with social partners is a strategic objective of my enforcement authority.”

There are differences between geographical regions. All authorities responding in Northern Europe and 80% in Southern Europe had fully adopted a strategic objective of building partnerships with social partners. Meanwhile, in East-Central Europe just 33% of the authorities have done so, and 11% of them reported no progress on this issue. Similarly, 20% of the authorities responding in Southern Europe had made no progress in adopting a strategic objective of building partnerships with social partners.

Examining the differences according to the level of undeclared work in countries, 80% of the authorities responding in the lowest one-third of countries had fully adopted a strategic objective on building partnerships with social partners, but 67% of those in the middle one-third of countries and 38% in the highest one-third of countries. This reveals that countries in the lowest one-third according to their level of undeclared work had fully adopted this strategic objective to a greater extent than those with a moderate or higher prevalence of undeclared work.

Similarly, when the countries are analysed according to whether the share of undeclared work that is waged employment is above the EU average, 46% had fully adopted a strategic objective on building partnerships with social partners, 18% decided on its implementation and further 18% were discussing its adoption. In addition, 18% of the respondents from these countries declared no progress in adopting a strategic objective on building partnerships with social partners. Meanwhile, when the countries are analysed according to whether the share of undeclared work that is self-employment is above the EU average, 73% had fully adopted this strategic objective, 9% were pursuing pilot initiatives in this regard, 9% decided to implement such an objective and 9% were discussing its adoption. This therefore suggests that adopting a strategic objective on building partnerships with

social partners is more common where the share of undeclared work that is self-employment is above the EU average than where the share of undeclared work that is waged employment is above the EU average.

Once this strategic objective is established to improve social partner involvement, the first step required by any authority is:

- ▶ to identify the social partners (e.g., trade unions, employer federations) and to then structure/classify them taking into account their sectoral representativeness;
- ▶ identify for each stakeholder their role and relevance for the various services of the authority at each level (e.g., referrals, exchange of information, detection, prevention, joint inspections), and
- ▶ the level (national, regional, local) at which each of these relationships is sought.

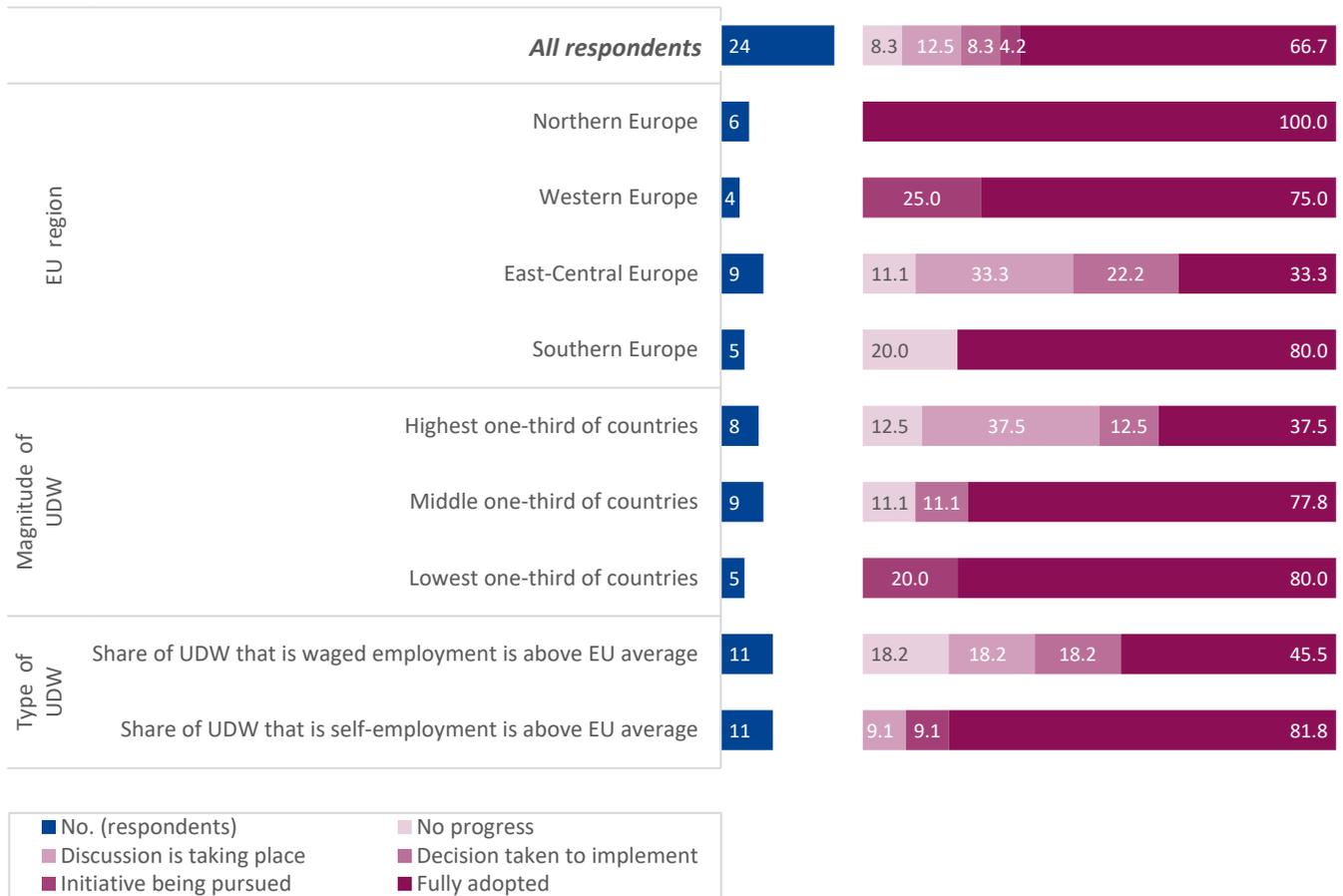
Figure 12 reveals that in 13% of authorities responding discussion is taking place on identifying the social partners and specifying the relationships sought, whilst in 67% of authorities this is fully adopted.

There are differences between European regions. All authorities responding in Northern Europe, 80% in Southern Europe and 75% in Western Europe had fully adopted a strategy for identifying the social partners and specifying the relationships sought. Meanwhile, in East-Central Europe just 33% of the authorities responding have such a strategy. In addition, 11% of the authorities responding in East-Central Europe and 20% in Southern Europe have made no progress in identifying the relationships sought with social partners.

Examining the differences according to the level of undeclared work, 80% of the authorities responding in the lowest one-third of countries had identified the social partners and specified the relationships sought with them, but 78% in the middle one-third of countries and 38% in the highest one-third of countries. In addition, 11% of the authorities in the middle one-third of countries and 13% in the highest one-third of countries had made no progress in identifying and building relationships with social partners. This reveals that countries in the lowest one-third according to their level of undeclared work have identified the social partners and relationships sought.

Similarly, when the countries are analysed according to whether the share of undeclared work that is waged employment is above the EU average, the finding is that only about 46% had fully adopted a strategy for identifying the social partners and specifying the relationships sought, 18% had decided on its implementation and 18% were discussing its adoption. In addition, 18% responding from these countries reported no progress in identifying and building relationships with social partners. Meanwhile, when the countries are analysed according to whether the share of undeclared work that is self-employment is above the EU average, 82% had fully adopted a strategy for identifying the social partners and building relationship with them, 9% were pursuing initiatives in this regard, and 9% were discussing its adoption. This therefore suggests that identifying social partners and the relationships sought is more common in countries where the share of undeclared work that is self-employment is above the EU average than in the countries where the share of undeclared work that is waged employment is above the EU average.

**Figure 12. The social partners have been identified and the relationships sought have been specified by my enforcement authority (% of respondents)**

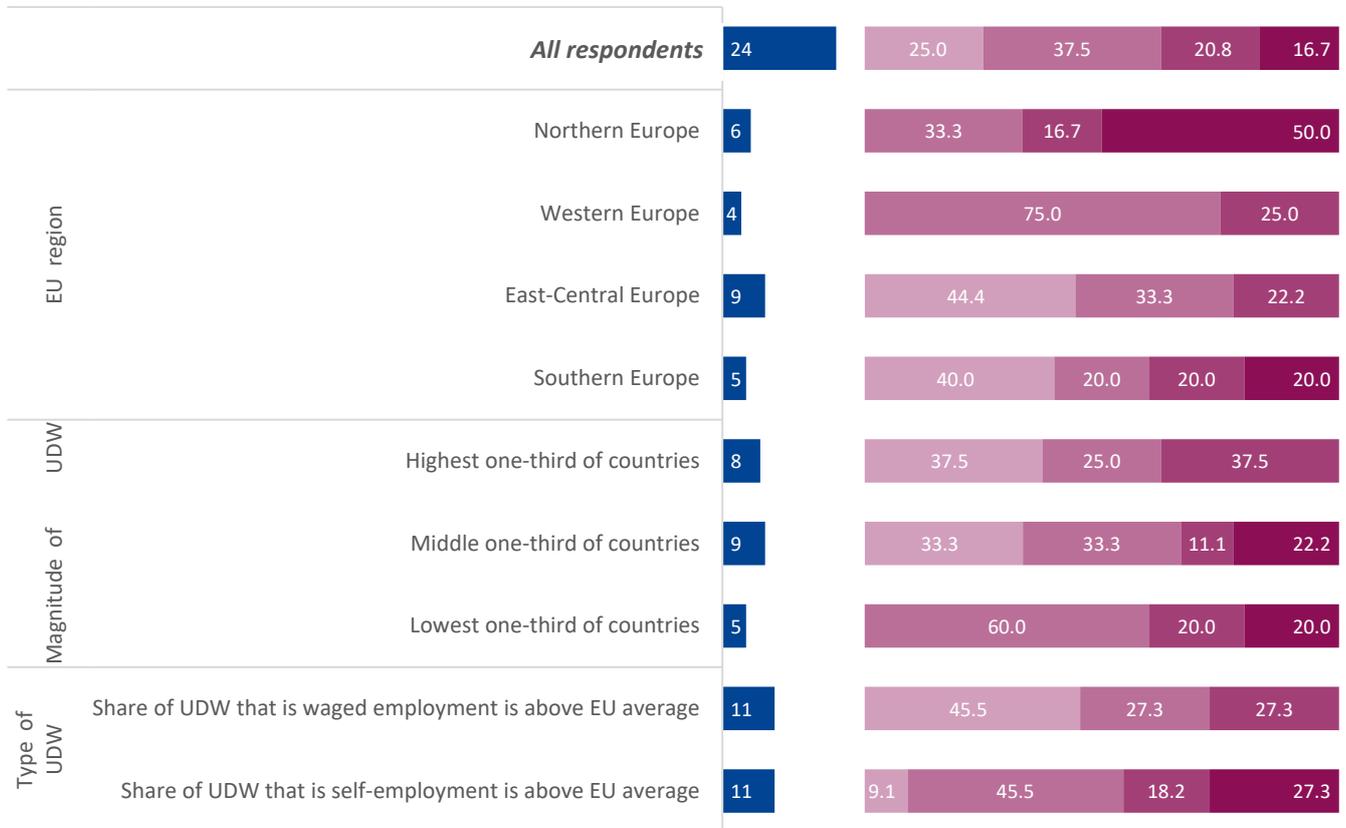


Question: “Self-assessment on improving social partner involvement: The social partners have been identified and the relationships sought have been specified by my enforcement authority.”

Examining how the level of involvement with social partners is best described, Figure 13 reveals that no respondents state that there is no consultation with social partners. Instead, 25% state irregular ad hoc consultation, 37% report regular engagement in joint actions (e.g., information and awareness campaigns), 21% tri-partite agreement on either sector specific inspection targets, information exchange, or awareness raising, and 17% full tri-partite agreement and consultation on sector specific inspection targets, information exchange, and awareness raising.

There are differences between geographical regions. 50% of authorities responding in Northern Europe and 20% in Southern Europe have full tri-partite agreement and consultation with social partners on sector specific inspection targets, information exchange, and awareness raising. Meanwhile, in East-Central Europe and Western Europe none of the authorities responding have full tri-partite agreement and consultation with social partners. Furthermore, 44% of the authorities responding in East-Central Europe and 40% in Southern Europe report irregular ad hoc involvement of social partners.

**Figure 13. The level of involvement with social partners in my enforcement authority is best described as (% of respondents)**



- No. (respondents)
- No consultation
- Irregular ad hoc involvement
- Regular engagement in joint actions (e.g., information and awareness campaigns)
- Tri-partite agreement on EITHER: sector specific inspection targets; information exchange, OR awareness raising
- Full tri-partite agreement and consultation on: sector specific inspection targets; information exchange, & awareness raising

Question: “Self-assessment on improving social partner involvement: The level of involvement with social partners in my enforcement authority is best described as:”

Examining the differences according to the level of undeclared work in countries, 22% of those in middle one-third of countries and 20% in the lowest one-third of countries have full tri-partite agreement and consultation with social partners on sector specific inspection targets, information exchange, and awareness raising. In contrast, 33% in the middle one-third of countries and 38% in the highest one-third of countries report irregular and ad hoc involvement. This reveals those in the lowest one-third of countries according to their level of undeclared work operate closer with social partners than those with a moderate or higher prevalence of undeclared work.

Similarly, when the authorities are analysed according to whether the share of undeclared work that is waged employment is above the EU average, none have full tri-partite agreement and consultation with social partners on sector specific inspection targets, information exchange, and awareness raising. Conversely, 46% of the authorities responding report irregular ad hoc involvement with social partners. Meanwhile, when the countries are analysed according to whether the share of undeclared work that is self-employment is above the EU average, 27% have full tri-partite agreement and consultation with social partners and 18% have tri-partite agreement on either sector specific inspection targets, information exchange, or awareness raising. This therefore suggests the level of involvement with social partners is higher in countries where the share of undeclared work that is self-

employment is above the EU average than in the countries where the share of undeclared work that is waged employment is above the EU average.

Having identified the relevant social partners and their roles, the second step is to build these partnerships with the social partners. This requires:

- ▶ staff to be allocated with the objective of partnership building at the various levels of the authority;
- ▶ the specific activities and contributions expected from these employees who have the objective of partnership building to be specified; and
- ▶ the challenges to partnership building at various levels addressed and solutions sought.

Figure 14 reveals that in 21% of responding authorities, no progress has been made on allocating specific staff to the task of partnership building in their organisations, the problems in partnership building have not been addressed and solutions have not been pursued. In 33% of authorities responding, discussion is taking place or a decision taken to implement this and in only 46% of authorities responding is this fully adopted. An important step for authorities, therefore, is to allocate specific staff with responsibility for partnership building.

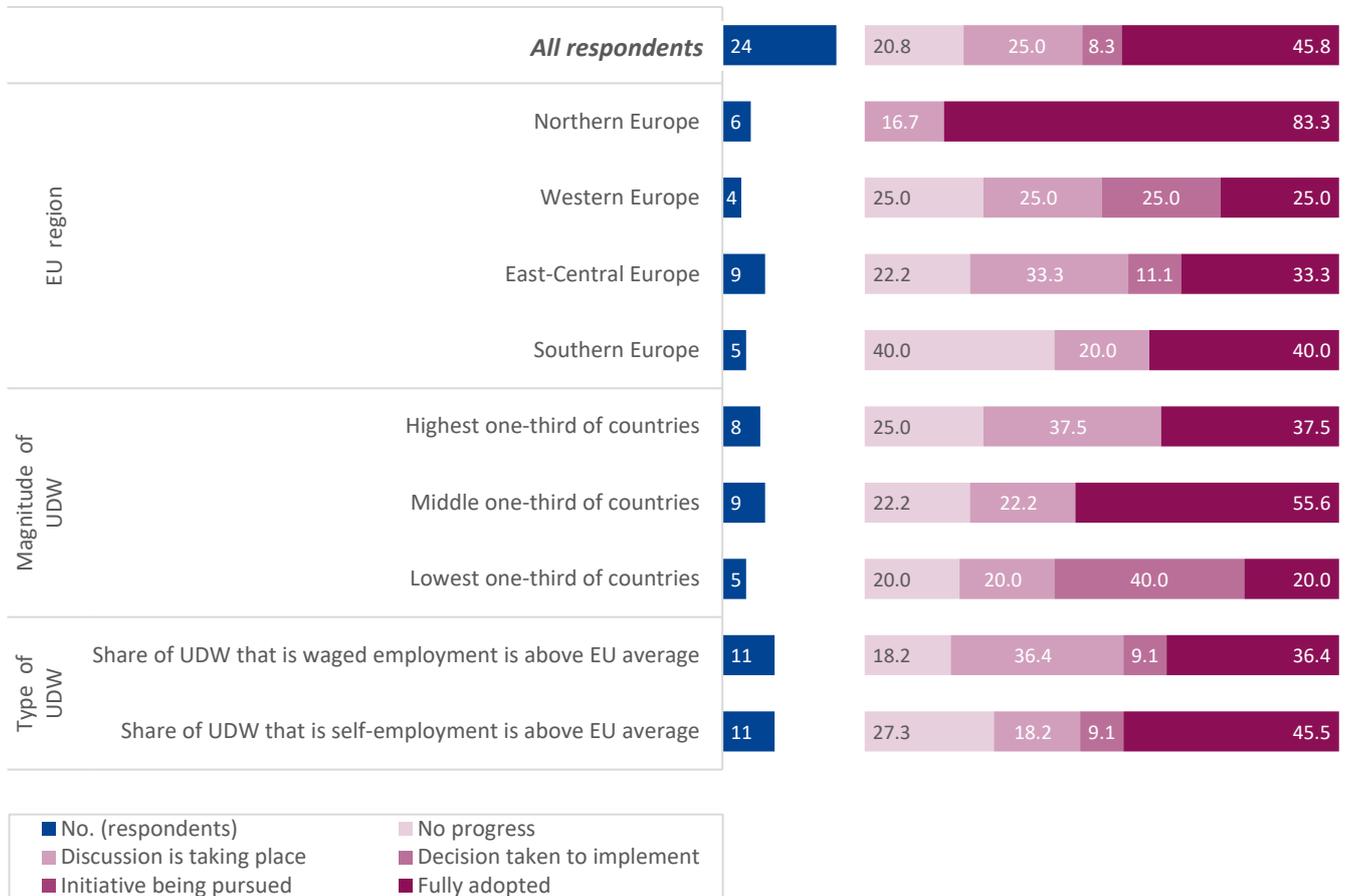
There are differences between European geographical regions. 83% of the authorities responding in Northern Europe and 40% in Southern Europe have fully adopted measures to allocate staff with the task of partnership building in their organisations, addressed the problems in partnership building and pursued solutions. However, 40% in Southern Europe, 25% in Western Europe and 22% in East-Central Europe reported that no progress has been made on allocating specific staff to the task of partnership building in their organisations, addressing the problems in partnership building and pursuing solutions.

Examining the differences according to the level of undeclared work in countries, the finding is that about 56% of the authorities responding in the middle one-third of countries allocated staff to building partnerships with social partners, while only about 38% in the highest one-third of countries and 20% in the lowest one-third of countries did so. This reveals that countries in the middle one-third according to their level of undeclared work allocated staff for partnership building, addressing the problems in partnership building and finding solutions to this issue to a greater extent than those in countries with highest or lowest undeclared work prevalence.

Similarly, when the countries are analysed according to whether the share of undeclared work that is waged employment is above the EU average, 36% fully adopted measures to allocate staff to the task of partnership building in their organisations, to address the problems in partnership building and pursue solutions, 9% decided its implementation and a further 36% were discussing its adoption. In addition, 18% of the respondents from these countries report no progress in relation to staff responsibility for fostering partnership building with social partners. Meanwhile, when the countries are analysed according to whether the share of undeclared work that is self-employment is above the EU average, 46% fully adopted measures to allocate staff with the task of partnership building in their organisations, addressing the problems in partnership building and pursuing solutions, 9% decided its implementation and a further 18% were discussing its adoption. This therefore suggests that allocating staff with the task of partnership building, addressing the problems in partnership building and pursuing solutions is implemented to a higher degree in countries where the share of undeclared work that is self-employment is above the EU average than in the countries where the share of undeclared work that is waged employment is above the EU average.



**Figure 14. Staff have been allocated to the task of partnership building in my enforcement authority, the problems in partnership building are being addressed and solutions pursued (% of respondents)**



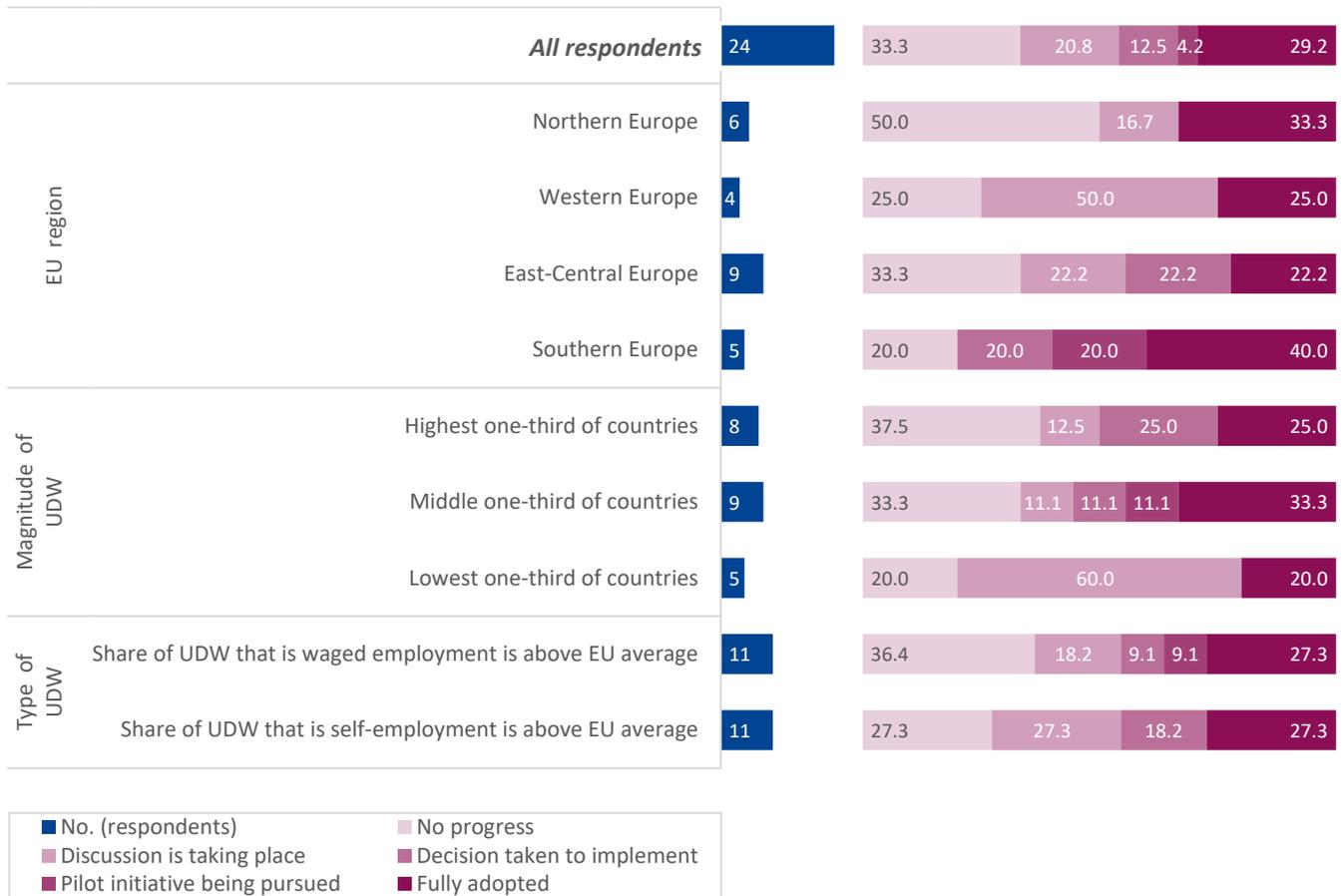
Question: “Self-assessment on improving social partner involvement: Staff have been allocated to the task of partnership building in my enforcement authority, the problems in partnership building are being addressed and solutions pursued.”

The third step is to manage these partnerships by:

- ▶ becoming involved with them at all relevant levels;
- ▶ developing transparent agreements with clearly defined responsibilities;
- ▶ systematically monitoring and evaluating the outcomes of the partnership arrangements, and
- ▶ sharing the monitoring/evaluation results with the government authorities.

Figure 15 reports a self-assessment of whether there are transparent agreements, the outcomes of partnerships are evaluated, and the results shared. This reveals that in 33% of authorities, no progress has been made, in about 38% discussion is taking place, a decision has been taken to implement this or a pilot initiative is being pursued, and in only 29% of authorities is this fully implemented.

**Figure 15. There are transparent agreements, the outcomes of partnerships are evaluated, and the results shared (% of respondents)**



Question: “Self-assessment on improving social partner involvement: There are transparent agreements, the outcomes of partnerships are evaluated, and the results shared.”

There are differences between EU geographical regions. 40% of enforcement authorities in Southern Europe and 33% in Northern Europe assessed that there are transparent agreements with the social partners, the outcomes of partnerships are evaluated, and the results shared. However, there is room for improvement considering that a high share of the authorities responding in all European regions have seen no progress in this regard (50% in Northern Europe, 33% in East-Central Europe, 25% in Western Europe and 20% in Southern Europe).

Similarly, examining the differences according to the level of undeclared work in countries, 38% of the authorities responding in the highest one-third of countries, 33% in the middle one-third countries and 20% in the lowest one-third of countries have seen no progress in implementing transparent agreements with social partners, evaluating the outcomes of partnerships, and sharing the results. This reveals how countries with the highest levels of undeclared work are less likely to develop agreements and share the results and outcomes with social partners than those with a moderate or low prevalence of undeclared work.

Meanwhile, when the countries are analysed according to whether the share of undeclared work that is waged employment is above the EU average or whether the share of undeclared work that is self-employment is above the EU average, 27% of the authorities responding assessed that there are transparent agreements with the social partners, the outcomes of partnerships are evaluated, and the results shared. However, authorities from countries where the share of undeclared work that is waged employment is above the EU average reported to a greater extent than those from countries where the share of undeclared work that is self-employment is above the EU

average (36% compared with 27%) that no progress has been achieved in implementing transparent agreements with the social partners, evaluating the outcomes of partnerships, and sharing the results.

Box 6 reports some good practices on involving social partners.

### Box 6. Examples of good practice on social partner involvement

- ▶ [Action Alliances against undeclared work and illegal employment between the Federal Ministry of Finance and the social partners, Germany](#)
- ▶ [Social Partners and their key role in tackling undeclared work: 12 success stories](#)
- ▶ [Joint targeted inspections by the Greek Labour Inspectorate \(SEPE\) and the Athens Labour Union Organisation \(EKA\), Greece](#)

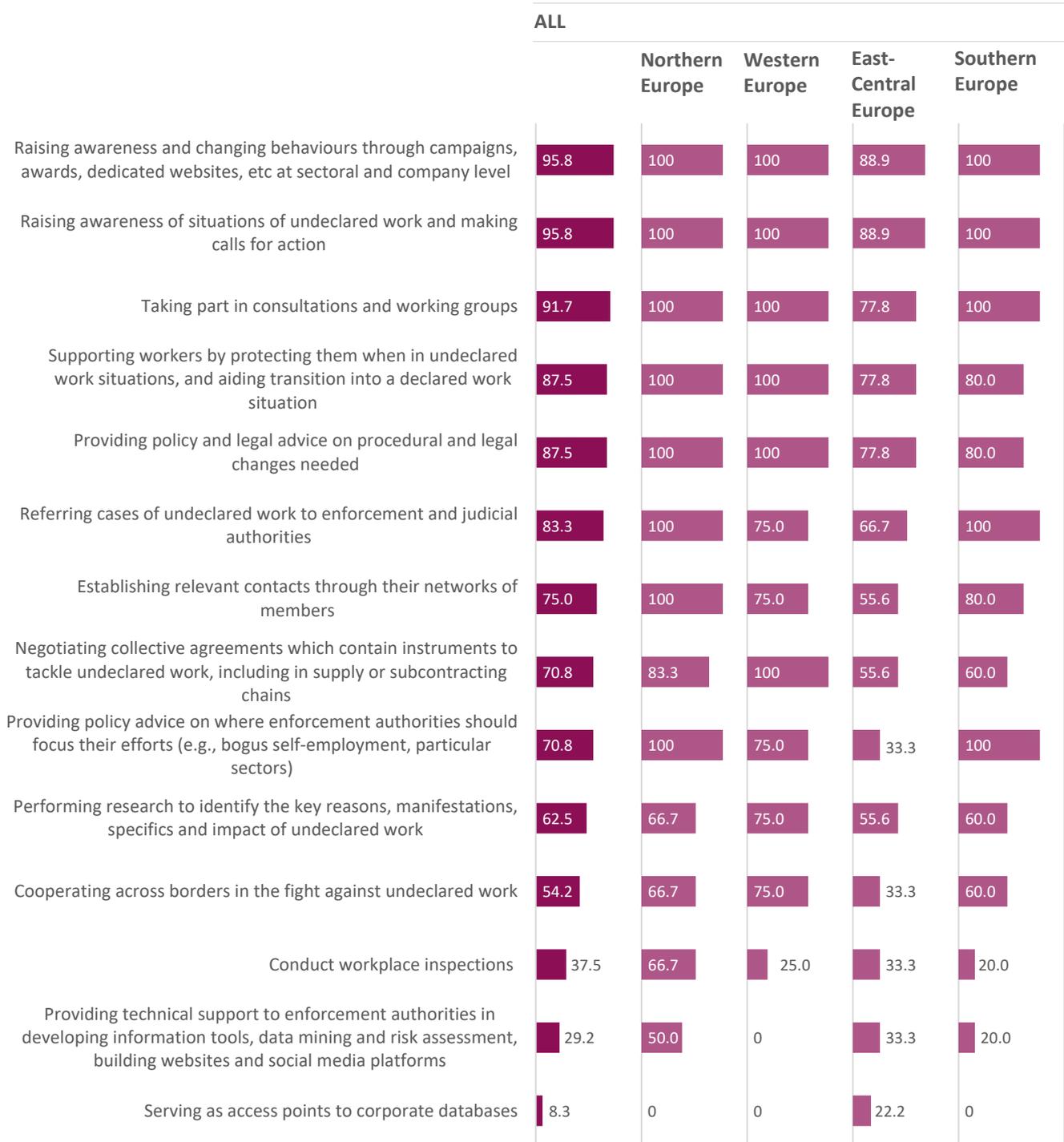
Besides improving cooperation with state authorities, social partners can adopt a diverse range of initiatives to tackle the undeclared economy. At the European level, an example is the role of social partners in driving new European legislation (e.g., the social dimension of the CAP). At the national level, Figure 16 reports the policy initiatives that social partners are reported by authorities to be undertaking to tackle undeclared work in their countries.

The policy initiatives reported most often by enforcement authorities to be pursued by social partners are: raising awareness of situations of undeclared work and making calls for action and raising awareness and changing behaviours through campaigns, awards, dedicated websites, etc at sectoral and company level (reported by 96% of the authorities), taking part in consultations and working groups (reported by 92% of the authorities) and supporting workers by protecting them when in undeclared work situations, and aiding transition into a declared work situation, and providing policy and legal advice on procedural and legal changes needed (reported by 88% of the authorities). Meanwhile, the policy initiatives reported by authorities to be less pursued by social partners are: serving as access points to corporate databases (reported by 8% of the authorities), providing technical support to enforcement authorities in developing information tools, data mining and risk assessment, building websites and social media platforms (reported by 29% of the authorities) and conducting workplace inspections (reported by 38% of the authorities). In the future, the Social Dialogue Communication of the European Commission will also promote policy initiatives by both cross-sectoral and sectoral European and national social partners, giving renewed supporting frames for social partners and labour inspectorates.

There are differences between geographical regions. Social partners in East-Central Europe are perceived by their authorities to be less involved in nearly all types of policy measures aimed at tackling undeclared work. However, only in East-Central Europe social partners are perceived as serving as access points to corporate databases (reported by 22% of the authorities).



**Figure 16. Policy initiatives reported by enforcement authorities to be pursued by social partners (24 respondents; % of respondents – “Yes”)**



Question: “Which of the following tools and measures are used by social partners (trade unions and employers organisations) in your Member State to tackle undeclared work?”

## 4.0 Policy approaches and measures

### 4.1 Overview

This section examines whether the full range of direct and indirect policy tools are used by countries to tackle undeclared work.

#### Key findings

To transform undeclared work into declared work, direct controls that deter engagement in undeclared work by increasing the risks of detection and penalties (i.e., “sticks”) can be used as well as incentives to make declared work easier and more beneficial (i.e., “carrots”). However, undeclared work is not always purely a rational economic decision for employers and workers, so merely ensuring that the costs outweigh the benefits is insufficient. Undeclared work also results from formal institutional failings that lead to the non-alignment of the laws and regulations with what populations see as acceptable. There is therefore also a need to nurture commitment to operating in the declared economy through educational and awareness raising campaigns and modernising authorities to improve trust in government.

#### Sanctions

- ▶ Most authorities use a range of penalties and fines, although there is slightly lower uptake of “naming and shaming” lists (17% of authorities use this), use of non-compliance lists (33% of authorities) and the exclusion of businesses from public procurement contracts that have been previously non-compliant (71% of authorities).
- ▶ 12% of authorities perceive themselves as offering a limited or very limited range of sanctions, 25% neither a limited nor a wide range, and 63% a wide or very wide range of sanctions.
- ▶ Most perceive there to be room for improvement on the range of sanctions used. Only 8% of authorities perceive there to be no room for improvement.

#### Risk of detection

- ▶ Nearly all authorities conduct workplace inspections (96%) and inspections with other inspectorates (92%). Online/desk-based inspections (83%), the use of complaint reporting tools (e.g., telephone hotlines) (83%) and announced inspections (79%) are also commonly used. Certification of business, certifying payments of social contributions and taxes (42%), supply chain responsibility (50%) and the coordination of data mining and sharing across government departments (54%) are less commonly used, and registration of workers prior to their first day at work is far from universal (75%). Neither is data mining to determine risky businesses for inspection (75%) universal, or the use of notification letters (63%), and mandatory ID in the workplace (63%).
- ▶ 21% of authorities perceive themselves as offering a limited range of detection measures, 33% neither a limited nor a wide range, and 46% a wide or very wide range of detection measures.
- ▶ Most authorities perceive there to be room for improvement on the range of detection measures used, with only 4% of authorities perceiving no room for improvement.

### Improving the ease and benefits of declared work

- ▶ Fewer authorities use supply-side measures to stimulate suppliers to operate declared and demand-side measures to encourage consumers to purchase declared goods and services. The most common supply-side measures are to simplify procedures for complying to existing regulations (e.g., easier registration procedures; simplify forms; reduce duplication) (83% of the authorities), initiatives to ease transition from unemployment into self-employment (67% of the authorities) and “formalisation” support services to existing businesses (63% of the authorities). The most common demand-side measure is targeted direct tax incentives (e.g., income tax reduction/subsidy). All other supply- and demand-side incentives are less commonly used.
- ▶ 8% of authorities responding perceive themselves as offering a limited range of incentives to operate in the declared economy, 75% neither a limited nor a wide range, and 17% a wide range of incentives. None of the authorities perceive a very wide range of policies being used by their authority.
- ▶ 67% of authorities perceive there to be room for improvement on the range of incentive measures used.

### Indirect measures: fostering commitment to operate on a declared basis

- ▶ The most common measures used are campaigns to inform suppliers of undeclared work of the risks and costs of working undeclared, and public information on the work and achievements of the authorities (88% of the authorities) and measures to improve labour, tax and/or social security law knowledge (83% of the authorities). All other initiatives for fostering commitment to operate declared are less commonly used.
- ▶ 42% of authorities perceive themselves as offering a limited or very limited range of measures to foster commitment to operating on a declared basis, 42% neither a limited nor a wide range, and 16% a wide or very wide range of measures to foster commitment.
- ▶ 58% of enforcement authorities perceive there to be room for improvement on the range of measures used to foster commitment to operating on a declared basis.

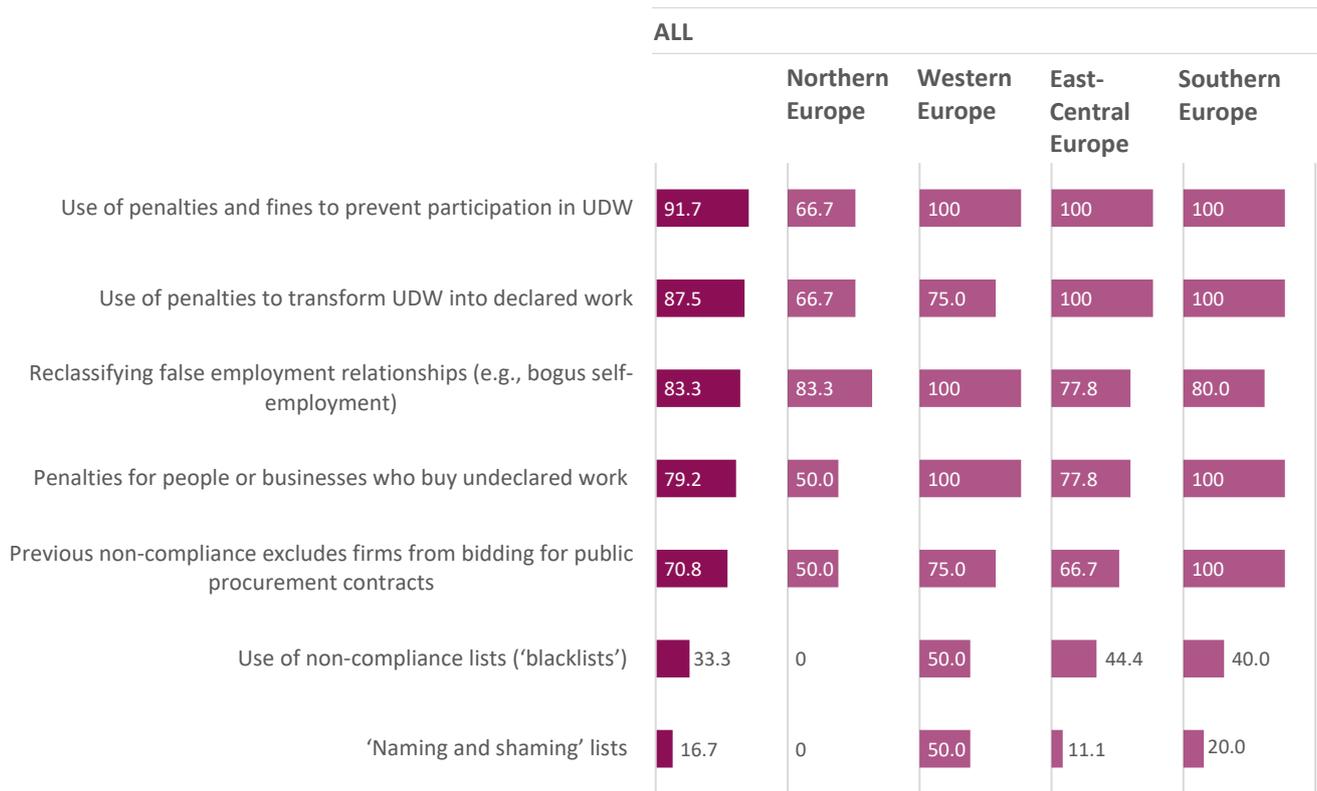
To transform undeclared work into declared work, direct controls that deter engagement in undeclared work by increasing the risks of detection and penalties (i.e., “sticks”) can be used as well as incentives to make declared work easier and more beneficial (i.e., “carrots”). However, undeclared work is not always purely a rational economic decision for employers and workers, so merely ensuring that the costs outweigh the benefits is insufficient. Undeclared work also results from formal institutional failings that lead to the non-alignment of the laws and regulations with what populations see as acceptable. There is therefore also a need to pursue educational and awareness raising campaigns. However, the acceptability of undeclared work is unlikely to change without improvements in the formal institutions. Here, the adoption each of these types of policy measure in countries are considered in turn.

## 4.2 Sanctions

Many countries tackle undeclared work by increasing the costs of participation in undeclared work. One way in which this is achieved is by improving the penalties for those caught with the objective of preventing participation in undeclared work and/or transforming undeclared work into declared work.

As Figure 17 displays, most authorities use a range of penalties and fines, although there is slightly lower uptake of “naming and shaming” lists (17% of responding authorities), use of non-compliance lists (33%) and the exclusion of businesses from public procurement contracts that have been previously non-compliant (71%).

**Figure 17. Range of sanctions used (24 respondents; % of respondents – “Yes”)**



Question: “Which of the following policy measures are available in your country for tackling undeclared work? (Deterrence measures)”

There are differences between geographical regions. Authorities responding in Northern Europe less commonly use the full range of sanctions than other geographical regions, and do not use at all non-compliance lists (“blacklists”) or “naming and shaming” lists. Meanwhile, authorities in Southern Europe, Western Europe and East-Central Europe use closer to the full range of sanctions than in Northern Europe.

Box 7 provide an example of a sanction good practice that incentivises the transformation of undeclared work into declared work.

### Box 7. Examples of good practice on sanctions

- ▶ [New framework for undeclared work fines, Greece](#)

## 4.3 Risks of detection

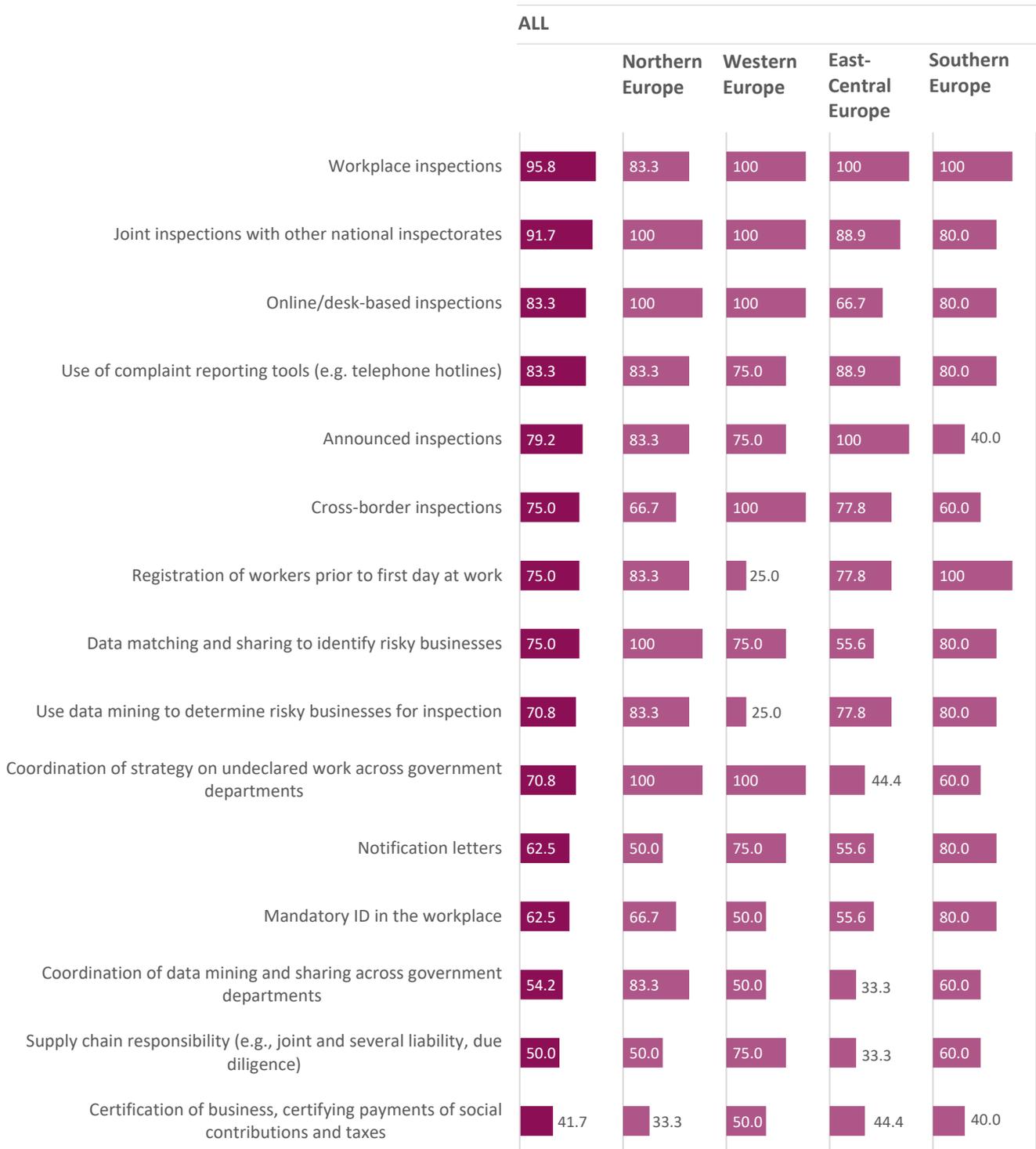
Many countries tackle undeclared work by increasing the costs of participation in undeclared work. Besides improving the perceived and/or actual sanctions, this is also achieved by increasing the actual and/or perceived risks of detection.

As Figure 18 reveals, nearly all authorities conduct workplace inspections (96%) and join-up their inspections with other inspectorates (92%). Online/desk-based inspections (83%), the use of complaint reporting tools (e.g., telephone hotlines) (83%) and announced inspections (79%) are also commonly used by enforcement authorities. Certification of business (certifying payments of social contributions and taxes; 42%), supply chain responsibility (50%) and the coordination of data mining and sharing across government departments (54%) are less commonly



used, and registration of workers prior to their first day at work is far from universal (75%). Neither is data mining to determine risky businesses for inspection (71%) universally used or notification letters (63%), nor mandatory ID in the workplace (63%).

**Figure 18. Range of detection measures used (24 respondents; % of respondents – “Yes”)**



Question: “Which of the following policy measures are available in your country for improving the perceived and/or actual risks of detection? (Measures to improve detection)”

There are differences between geographical regions. All authorities in Northern and Western Europe conduct joint inspections with other national inspectorates and online/desk-based inspections. Certification of business is less commonly used in Northern Europe (33%), while registration of workers prior to first day at work and the use data mining to determine risky businesses for inspection are less commonly used in Western Europe (25%). All authorities in East-Central Europe use workplace and announced inspections to improve the risk of detection, whilst less commonly used are supply chain responsibility and the coordination of data mining and sharing across government departments (33%). In addition to workplace inspections, all enforcement authorities in Southern Europe use the registration of workers prior to first day at work.

Box 8 provides some good practice examples on improving the probability of detection.

### Box 8. Examples of good practice on detection

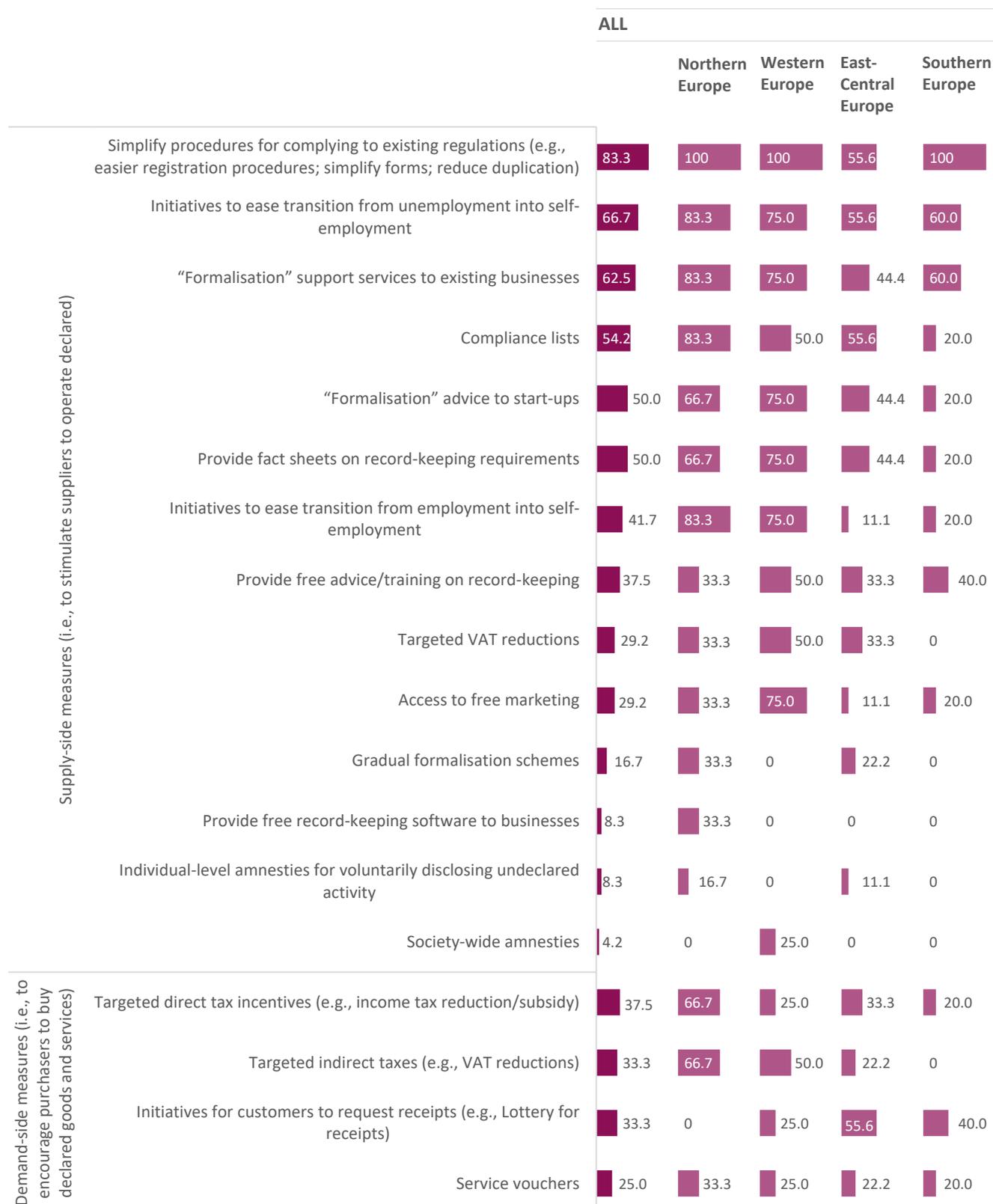
- ▶ [Operational Departmental Committees against Fraud \(CODAF\), France](#)
- ▶ [National Anti-Fraud Office, Spain](#)
- ▶ [Estonian Register of Employment](#)
- ▶ [REVISAL digital register of employees, Romania](#)
- ▶ [The Incomes Register, Finland](#)
- ▶ [Declaration of Works and Checkin@Work: monitoring the chain of sub\(contractors\) in the construction industry to prevent undeclared work, Belgium](#)
- ▶ [Joint and several liability in sub-contracting chains, Belgium](#)
- ▶ [Regulating subcontracting in the construction sector, Spain](#)
- ▶ [Monitoring contractor liability in the road transport sector, Finland](#)
- ▶ [The Road Traffic Control Information System – Assisting the detection of undeclared work, Greece](#)
- ▶ [Valtti- ID card Service, Finland](#)
- ▶ [Inspections of private households as places of employment: Ireland](#)

## 4.4 Ease and benefits of operating declared

In recent years, it has been recognised that besides increasing the actual and/or perceived costs of operating on an undeclared basis, the ease and benefits of operating on a declared basis can also be increased, to reduce the net benefits of engaging in undeclared work.

As Figure 19 reveals, fewer authorities use supply-side measures to stimulate suppliers to operate declared and demand-side measures to encourage consumers to purchase declared goods and services than those using deterrence measures. The most common supply-side measures used are to simplify procedures for complying to existing regulations (e.g., easier registration procedures; simplify forms; reduce duplication) (83% of the authorities responding), initiatives to ease transition from unemployment into self-employment (67% of the authorities) and “formalisation” support services to existing businesses (63%). The most common demand-side measure is targeted direct tax incentives (e.g., income tax reduction/subsidy). All other supply- and demand-side incentives are less commonly used.

**Figure 19. Incentives currently used to prevent participation in undeclared work (24 respondents; % of respondents – “Yes”)**



Question: “Which of the following incentives are currently used in your country to prevent participation in undeclared work? (Supply-side measures; Demand-side measures)”

There are differences between European regions. The largest array of demand-side preventative measures is used in Northern Europe and East-Central Europe, whilst the narrowest array of such measures is used by authorities in Southern Europe. Turning to specific supply-side incentive measures, in Northern Europe, Western Europe and Southern Europe all the authorities responding use measures to simplify procedures for complying to existing regulations (e.g., easier registration procedures; simplify forms; reduce duplication), but just 56% in East-Central Europe. Similarly, targeted VAT reductions are used in all regions except Southern Europe. Other measures are used in only one region, such as society-wide amnesties (Western Europe) or providing free record-keeping software to businesses (Northern Europe). Moving to the specific demand-side preventative measures, authorities in Northern Europe do not use initiatives to encourage customers to request receipts (e.g., receipt lotteries), while authorities responding in Southern Europe do not use targeted indirect taxes (e.g., VAT reductions).

Box 9 provides some good practice examples of supply- and demand-side incentive measures to help transform undeclared work into declared work.

## Box 9. Examples of good practice on incentives

### Supply-side incentives

- ▶ [Mini-jobs, Germany](#)
- ▶ [Employment Contract for Short-term Seasonal Agricultural Work in Bulgaria](#)
- ▶ [Simplified employment act, Hungary](#)
- ▶ [“Warned to Choose” notification letters initiative, Lithuania](#)
- ▶ [Cherry letters, Lithuania](#)
- ▶ [Notification Letters to companies, Spain](#)
- ▶ [Certified Cash Registers initiative, Slovenia](#)
- ▶ [Quality seal in the light transportation sector, Austria](#)
- ▶ [Quality Agricultural Work Network, Italy](#)
- ▶ [Tax Percentage Calculator & Gross Income Calculator \(Veroprocenttilaskuri & Bruttopalkkalaskuri\), Finland](#)
- ▶ [Online Self-Inspection Tools for Employers and Employees, the Netherlands](#)
- ▶ [Employee sharing /joint employment in agriculture, Finland](#)

### Demand-side incentives

- ▶ [Receipts Lottery, Romania](#)
- ▶ [Household Service Vouchers \(Dienstleistungsscheck\), Austria](#)
- ▶ [Service vouchers \(Titres services\), Belgium](#)
- ▶ [Universal Service Employment Voucher \(Chèque emploi service universel - CESU\), France](#)

- ▶ [Enterprise vouchers in seasonal agriculture \(Vrijednosni kuponi za sezonski rad u poljoprivredi\), Croatia](#)
- ▶ [Boligjob Plan: using tax-rebates to promote the declaration of work, Denmark](#)
- ▶ [Tax relief for domestic service work \(ROT and RUT\), Sweden](#)

## 4.5 Indirect measures: fostering commitment to operate declared

It has been recognised that many businesses, employers, workers and purchasers act on a declared basis even when the cost/benefit ratio suggests that they should be operating on an undeclared basis. The reason this occurs is because these populations believe that they should operate on a declared basis. Recognising this, measures have been taken that seek to try to ensure that the norms, values and beliefs of purchasers, workers, employers and businesses (“civic morale”) align with the laws and regulations (“state morale”).

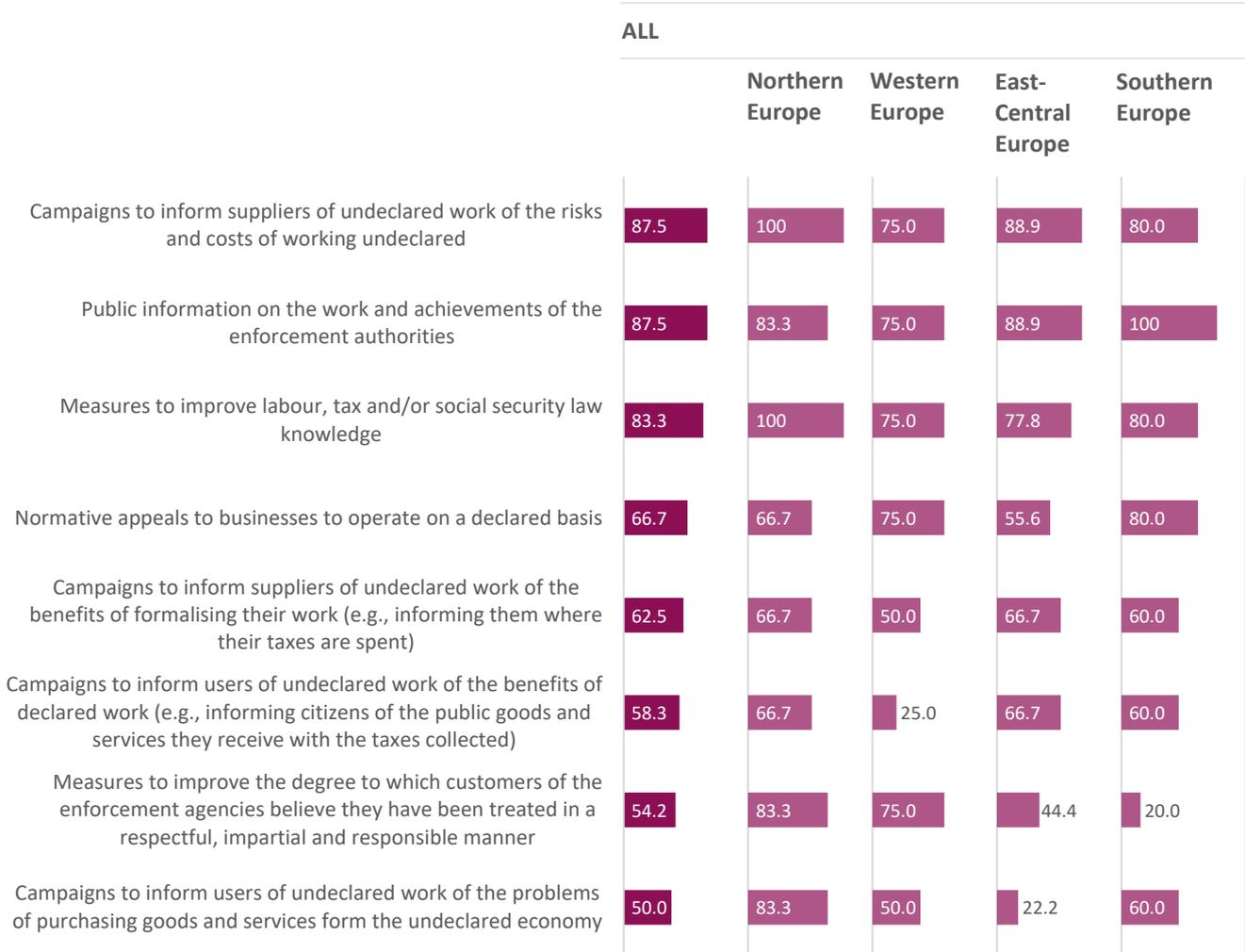
As Figure 20 reveals, many authorities use campaigns to inform suppliers or customers of either the benefits of declared work or costs of undeclared work. They also use measures to improve the degree to which customers of the authorities believe they have been treated in a respectful, impartial and responsible manner, to improve labour, tax and/or social security law knowledge and provide information on the work and achievements of the authorities.

The most common measures used are campaigns to inform suppliers of undeclared work of the risks and costs of working undeclared, and public information on the work and achievements of the enforcement authorities (about 88% of the authorities responding) and measures to improve labour, tax and/or social security law knowledge (83%). All other initiatives for fostering commitment to operate declared are less commonly used.

There are differences between geographical regions. While all the measures aimed fostering commitment to operate declared are used by at least two-thirds of the authorities responding (over 67%) in Northern Europe, some measures are used to a lesser extent by the authorities in other EU regions. For example, campaigns to inform users of undeclared work of the benefits of declared work (e.g., informing citizens of the public goods and services they receive with the taxes collected) are used by only 25% of the authorities responding in Western Europe, campaigns to inform users of undeclared work of the problems of purchasing goods and services from the undeclared economy by only 22% of the authorities responding in East-Central Europe, and measures to improve the degree to which customers of the enforcement authorities believe they have been treated in a respectful, impartial and responsible manner by only 20% of the authorities responding in Southern Europe.



**Figure 20. Fostering commitment to operate declared (24 respondents; % of respondents – “Yes”)**



Question: “Which of the following initiatives are pursued in your country to promote a culture of commitment to operating in the declared economy? (Fostering commitment to declared work)”

Box 10 provides some good practice examples of policy measures to foster commitment to operating on a declared basis.

### Box 10. Examples of good practice on fostering commitment to operate declared

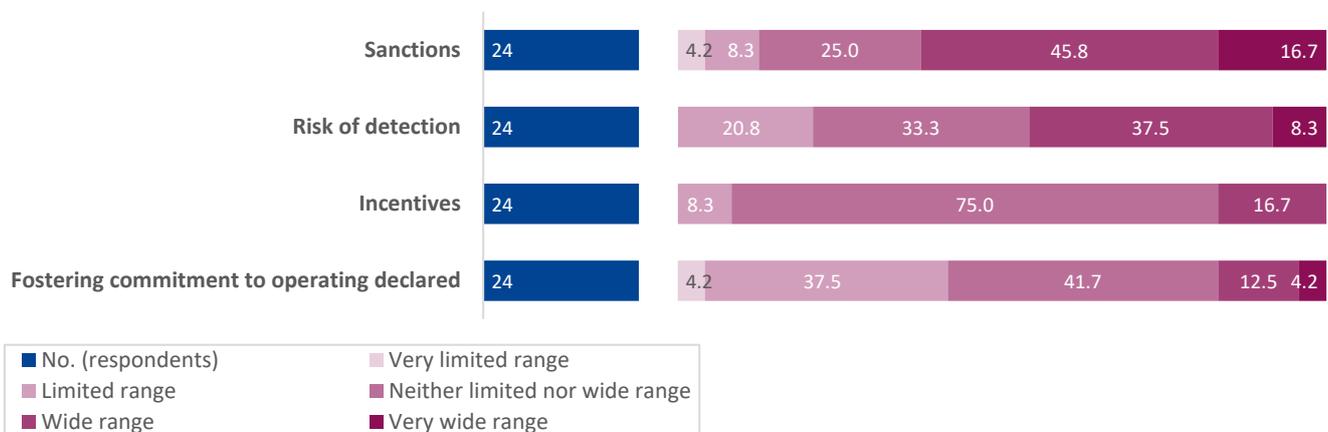
- ▶ [“Infoline” – operated by the Information and Customer Services Unit \(ICS\) at the Workplace Relations Commission \(WRC\), Ireland](#)
- ▶ [Awareness campaign about bogus self-employment, Ireland](#)
- ▶ [Assistance on the Spot – providing support to companies to avoid violations of labour legislation with respect to bogus self-employment, Czechia](#)
- ▶ [National Contactcentre of the Federal Labour Inspection of the Belgian Federal Public Service Employment, Labour and Social Dialogue, Belgium](#)
- ▶ [“UDW – It’s bad for you, harmful for all” campaign, Portugal](#)



- ▶ [Student@work Campaign, Belgium](#)
- ▶ [National Awareness Raising Campaign: Grey Economy-Black Future \(Harmaa talous - musta tulevaisuus -viestintäkampanja\), Finland](#)
- ▶ [National Awareness Campaign “Stop undeclared work – Stop Moonlighting” \(Kampanja Stop radu na crno – stop neprijavljenom radu\), Croatia](#)
- ▶ [“I spit on it” awareness raising campaign \(Man uzspļaut\), Latvia](#)
- ▶ [#Fraudoff! \(#Atkrabies!\), Latvia](#)
- ▶ [Information campaign to raise awareness of labour law among workers and employers, Hungary](#)
- ▶ [Consultation with the State Labour Inspectorate via Facebook Messenger, Lithuania](#)
- ▶ [“Chain Approach” – raising awareness in the cleaning sector, Netherlands](#)
- ▶ [National Awareness Raising Campaign – Before you undertake work, Poland](#)
- ▶ [Awareness raising campaign on undeclared and unhealthy work, Sweden](#)
- ▶ [Virtual Reality Films, Sweden](#)

Figure 21 reveals that 12% of authorities responding perceive themselves as offering a limited or very limited range of sanctions, 25% neither a limited nor a wide range, and 63% a wide or very wide range of sanctions. On detection, 21% of authorities responding perceive themselves as offering a limited range of detection measures, 33% neither a limited nor a wide range, and 46% a wide or very wide range of detection measures. In terms of incentives to operate in the declared economy, 8% of authorities responding perceive themselves as offering a limited range of incentives, 75% neither a limited nor a wide range, and 17% a wide range of incentives. Finally, 42% of authorities perceive themselves as offering a limited or very limited range of measures to foster commitment to operating on a declared basis, 42% neither a limited nor a wide range, and 16% a wide or very wide range of measures to foster commitment to operating on a declared basis.

**Figure 21. Self-assessment of whether use a narrow or wide range of various policy measures (% of respondents)**



Question: “Self-assessment regarding use of sanctions / measures to improve the actual and/or perceived risk of detection / incentives / measures to foster commitment to operating on a declared basis.”



Figure 22 reveals that most authorities responding perceive there to be room for improvement on the range of sanctions used, with only 8% of authorities not perceiving there to be room for improvement. Most authorities perceive there to be room for improvement on the range of detection measures used, with only 4% of authorities not perceiving there to be room for improvement. Moreover, 67% of enforcement authorities perceive there to be room for improvement on the range of incentive measures used and 58% perceive there to be room for improvement on the range of measures used to foster commitment to operating on a declared basis. As such, nearly two thirds perceive there to be room for improvement on all policy measures to tackle undeclared work.

**Figure 22. Do you believe that the use of various policy measures could be improved? (% of respondents)**



Question: “Views on sanction measures: Do you believe that the use of sanction measures / detection measures / incentives to operate in the declared economy / measures to foster commitment to operating on a declared basis could be improved?”

## 5.0 Conclusions and next steps

### Overall assessment of progress towards a holistic approach

To calculate an overall score for the progress of authorities towards a holistic approach, the survey asked the authorities responding to assign weights to the various components of the holistic approach in terms of their relative importance. Firstly, they were asked to assign weights to the relative importance of the three main components of the holistic approach, namely adopting the strategic objective of transforming undeclared work into declared work, developing a coordinated cross-government approach, and adopting the full range of policy measures. Secondly, they were asked to assign weights to the relative importance of the four sub-components of the coordinated cross-government component, namely developing cross-government strategy, developing coordinated operations, cross-government cooperation on data collection, sharing and analysis, and improving social partner involvement. Third and finally, they were asked to assign weights to the relative importance of the five different types of policy measure for tackling undeclared work, namely sanctions, detection, incentives, awareness raising and modernising enforcement authorities.

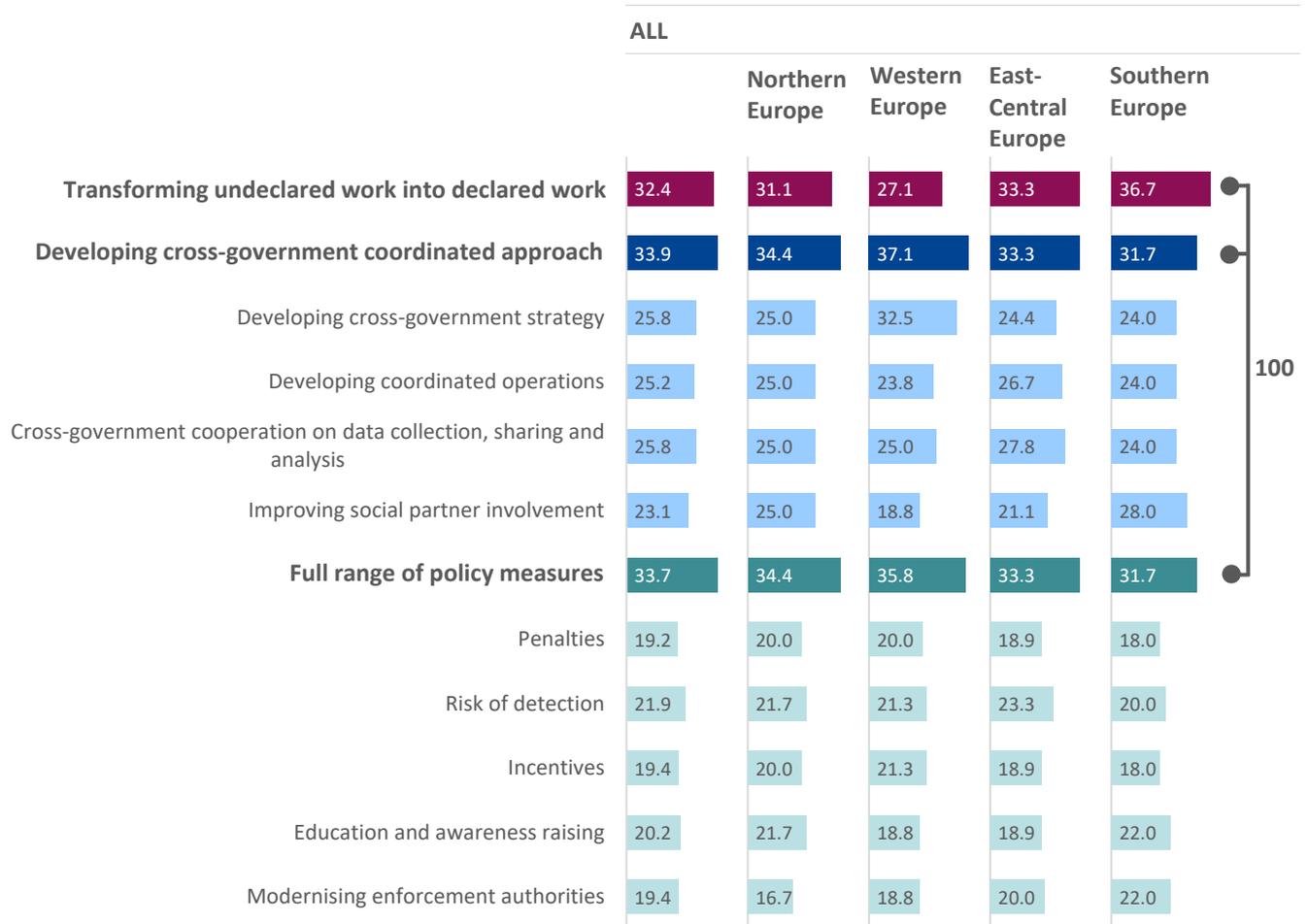
Figure 23 reports the mean weightings that responding authorities assigned to each component and sub-component. Starting with the three main components of the holistic approach, the highest importance was attributed to developing a coordinated cross-government approach (33.9%), followed by adopting the full range of policy measures (33.7%), and adopting the strategic objective of transforming undeclared work into declared work (32.4%). However, the differences are rather small, nearly akin to an equal distribution between the three components.

This is similarly the case when assessing the mean weighting assigned to the sub-components. Starting with the four sub-components of the coordinated cross-government component, the highest importance is attributed to developing cross-government strategy, and cross-government cooperation on data collection, sharing and analysis (each 25.8%), followed by cross-government cooperation on operations (25.2%) and the lowest importance to improving social partner involvement (23.1%).

Moving to the relative importance of the five different types of policy measure for tackling undeclared work, authorities responding place the improvement of the risk of detection as most important (21.9%) followed by education and awareness raising (20.2%). The lowest importance was attributed to improving penalty systems (19.2%). However, and similar to the main components, the differences in weighting of the sub-components are rather small, nearly akin to an equal distribution. Indeed, most authorities responding weighted the main components of the holistic approach and their sub-components equal weights.

Figure 23 reports the mean weightings given by the authorities responding to each component and sub-component. This is here used to calculate the overall score of authorities in terms of their progress towards achieving a holistic approach. Below, we also use a majoritarian view (that an equal weight should be applied to each main component and sub-component) to see if there are differences in the scores when this alternative weighting of the main components and sub-components is applied.

**Figure 23. Weighting given to the different components of the holistic approach: mean weighting given by authorities responding**



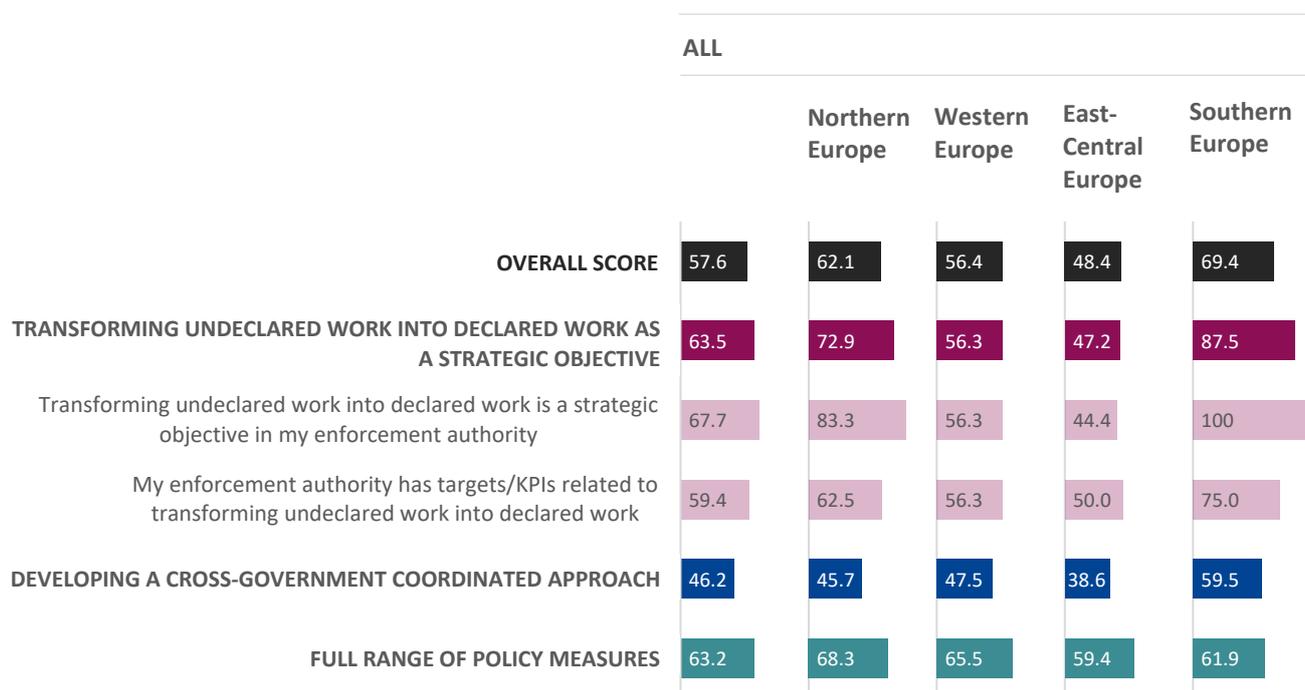
Question: “What weighting should be given to the three major sub-components of the holistic approach / four sub-components of the coordinated whole government component / five sub-components of the range of policy tools used?”

Table A1 in the Appendix provides further detail on the methodology used to calculate the score for each sub-component of the holistic approach. Based on the mean weightings, a **score has been calculated for each authority** responding as an assessment of their individual progress as an authority towards a holistic approach. This provides a baseline assessment against which the future progress of an individual authority towards a holistic approach can be evaluated.

Below, however, only the scores achieved for respondents as a whole and for each European region are reported (rather than for individual authorities) on their progress towards a holistic approach (both overall and on the major sub-components). As Figure 24 reveals, **the overall score for all respondents regarding their progress towards a holistic approach is 57.6 out of 100**. This clearly indicates that there is overall considerable room for improvement in terms of making progress towards the adoption of a holistic approach.

Analysing the components on which authorities are more advanced in their progress towards a holistic approach, the finding is that they are overall more advanced on the component of transforming undeclared work to declared work (scoring 63.5%) and using full range of policy measures (scoring 63.2%) but have made **less progress on developing a cross-government coordinated approach** (scoring 46.2%). This clearly indicates that the Platform work programme in future could focus on activities to help develop a cross-government coordinated approach.

**Figure 24. Self-assessment scores of progress towards a holistic approach (based on mean weightings given by authorities; all scores out of 100) – Transforming undeclared work into declared work as a strategic objective**



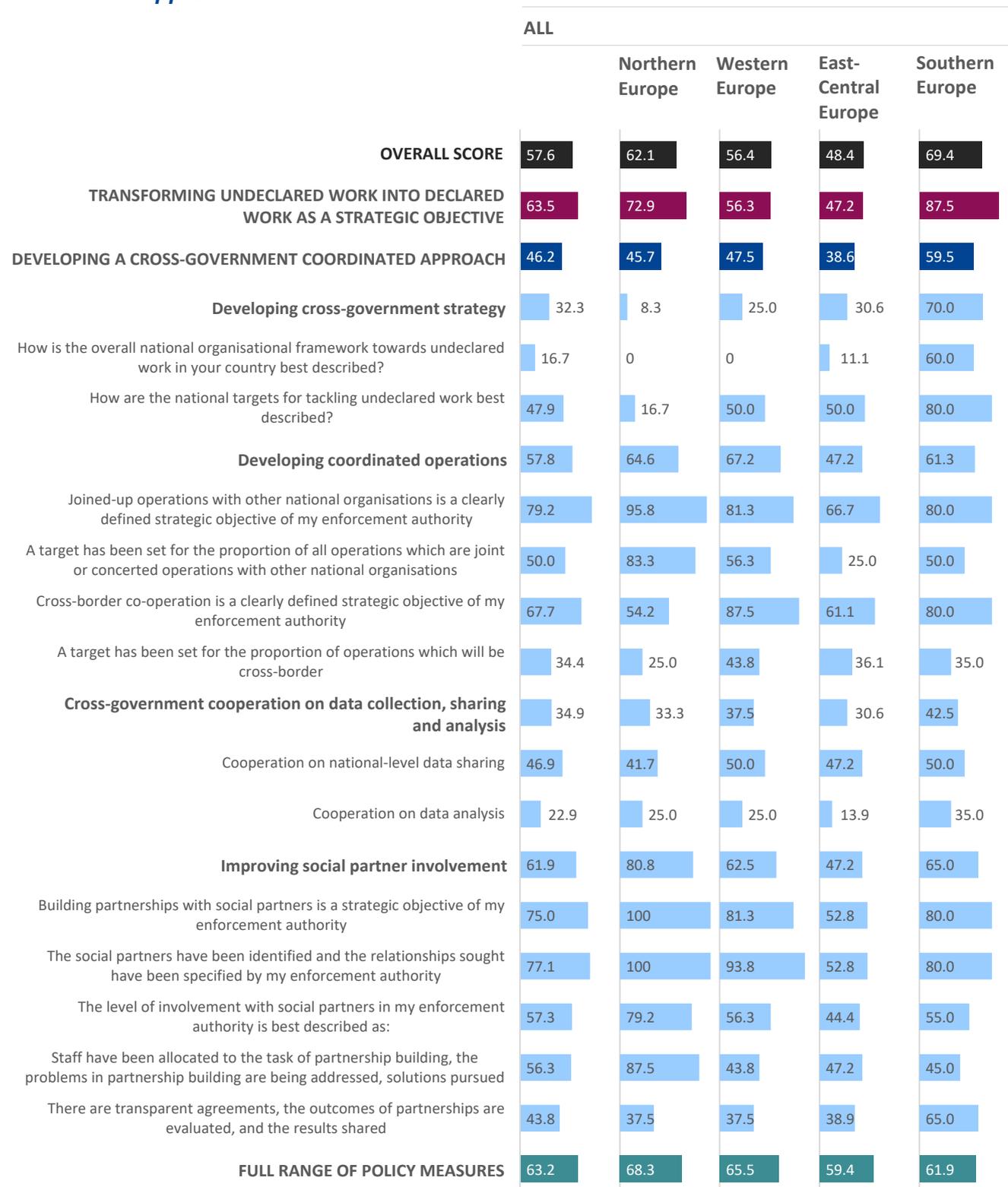
When the scores on each of the three main components are broken down into their sub-components, on the first component of transforming undeclared work into declared work, there is **less progress on establishing KPIs related to transforming undeclared work into declared work** (score of 59.4%) than in establishing a strategic objective of transforming undeclared work into declared work (67.7%), as Figure 24 displays.

On cross-government coordination, the results in Figure 25 reveal **less progress on developing cross-government strategy (scoring 32.3%) and cross-government cooperation on data collection, sharing and analysis (scoring 34.9%)** compared with cross-government operations (57.8%) and social partner involvement (61.9%).

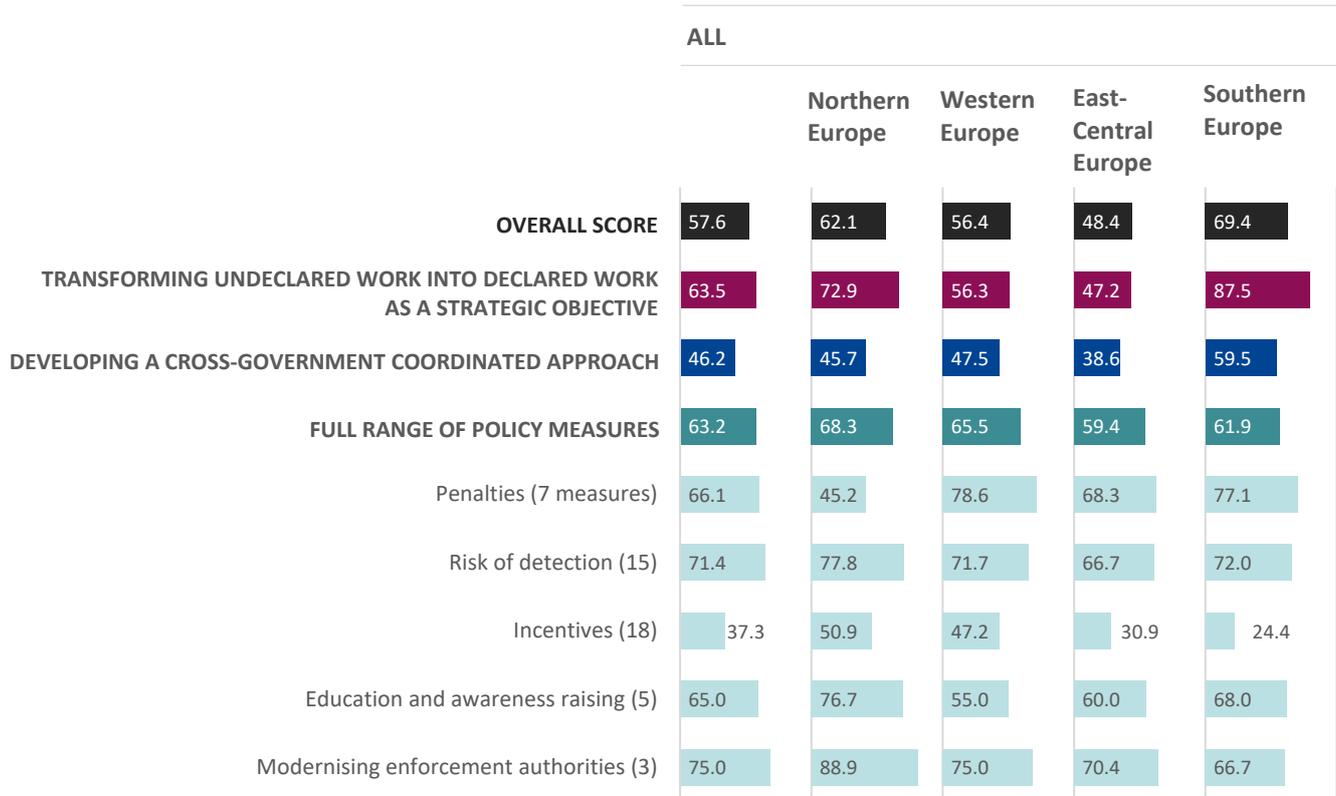
Finally, across the range of policy measures used for tackling undeclared work, **incentive measures are much less used** than the other types of policy measures as Figure 26 displays.

Examining the regional differences, Southern Europe (69.4%) and Northern Europe (62.1%) have made more overall progress towards a holistic approach than Western Europe (56.4%) and East-Central Europe (48.4%). Similarly, breaking down the analysis by each of the three major sub-components, Southern Europe and Northern Europe have made more progress on achieving the strategic objective of transforming undeclared work into declared work than Western Europe and East-Central Europe. Notably, Southern Europe has made more progress on setting a strategic objective on the transformation of undeclared work into declared work, with all the authorities responding having implemented such an objective. However, on developing a coordinated cross-government approach, Southern Europe and Western Europe have made more progress than Northern Europe and East-Central Europe. Southern Europe has made more progress on developing cross-government strategy and cross-government cooperation on data collection, sharing and analysis, Western Europe on developing coordinated operations, and Northern Europe on improving social partner involvement. Finally, on adopting the full range of policy measures, Northern Europe and Western Europe have made more progress than Southern Europe and East-Central Europe. Notably, Northern Europe has made more progress on using all types of policies, except penalties.

**Figure 25. Self-assessment scores of progress towards a holistic approach (based on mean weightings given by authorities; all scores out of 100) – Developing a cross-government coordinated approach**



**Figure 26. Self-assessment scores of progress towards a holistic approach (based on mean weightings given by authorities; all scores out of 100) – Full range of policy measures**

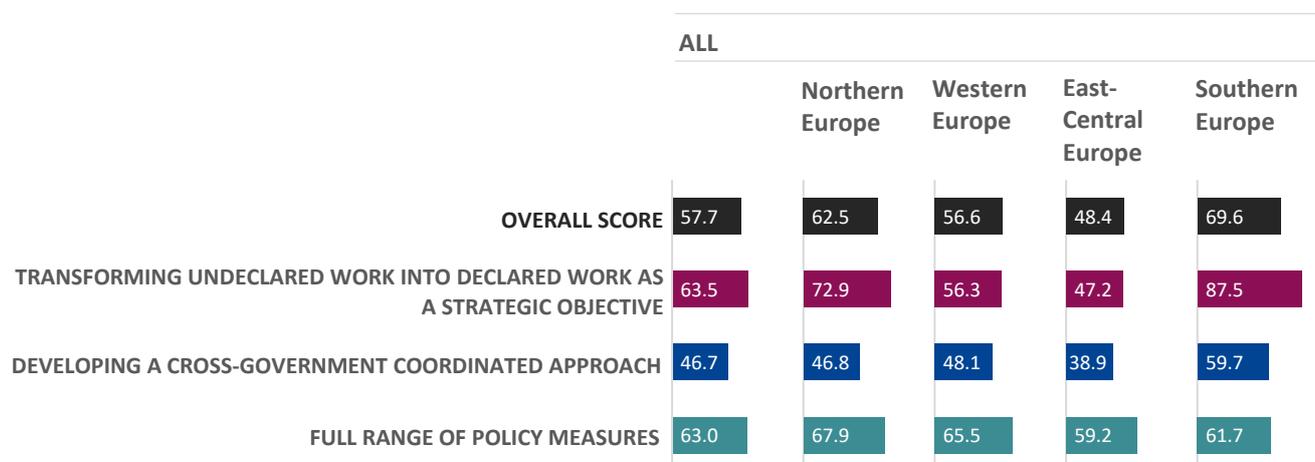


A visual representation, by region, of the overall score on the three main sub-components of the holistic approach is available in the Appendix (Figures 1A-4A).

Figure 27 provides scores using the alternative majoritarian weighting system (rather than the mean weighting), namely equal weight for the three main components of the holistic approach, that is, adopting the strategic objective of transforming undeclared work into declared work, developing a coordinated cross-government approach, and adopting the full range of policy measures (33.33% each). Similarly, equal weights were given to the four sub-components of the coordinated cross-government component, namely developing cross-government strategy, developing coordinated operations, cross-government cooperation on data collection, sharing and analysis, and improving social partner involvement (25% each). Finally, equal weights were given to the five different types of policy measure for tackling undeclared work, namely sanctions, detection, incentives, awareness raising and modernising enforcement authorities (20% each).

As Figure 27 displays, using this alternative majoritarian weighting of the components, there are few if any differences to the scores calculated using the mean weights attributed by the enforcement authorities responding to the survey. For example, the overall score for all respondents regarding their progress towards a holistic approach is 57.7 out of 100 (compared with 57.6 out of 100 using the mean weights). Similar patterns are found as above on all the components and sub-components.

**Figure 27. Self-assessment scores on progress towards a holistic approach (majoritarian view – equal weights; all scores out of 100)**



This self-assessment by authorities has provided a baseline assessment of their progress on each component of the holistic approach and identified the components where there is less progress and improvements can be made. This enables **potential activities in the future Platform work programme** to be identified. Analysing the results, the following recommendations can be made.

## Transforming undeclared work into declared work as a strategic objective: next steps

- ▶ Some 46% of enforcement authorities have fully adopted the strategic objective of transforming undeclared work into declared work and 33% have fully adopted targets or key performance indicators (KPIs) in relation to moving businesses and jobs into the declared economy.
- ▶ To encourage mutual learning on this, the 2022 Platform work programme includes a study on developing KPIs in enforcement authorities which will highlight using case studies how KPIs can be developed to achieve a holistic approach.
- ▶ Following this, the future Platform work programme could include mutual learning activities (e.g., a peer learning dialogue, seminar) for authorities to share learning on developing such KPIs, the challenges faced and tips for overcoming these challenges so that further progress can be made across a wider range of authorities.
- ▶ This could be followed by individual authorities requesting more tailored support via a Mutual Assistance Project (MAP), where those who have already adopted such a strategic objective and KPIs support those seeking to move in this direction by helping them develop tailored strategic objectives and KPIs relevant to their individual context.

## Developing a whole government coordinated approach: next steps

### Cross-government coordinated strategy

- ▶ Only 17% of the authorities surveyed reported that there is one single body responsible for the national strategy towards undeclared work. 79% report that different authorities are responsible for different aspects.
- ▶ 29% state that there is a common set of targets for tackling undeclared work common across government, 38% state that some government departments have shared targets and 33% state that each government department/agency has its own targets.

- ▶ An activity in the future Platform work programme could be on “developing cross-government coordinated strategy” (e.g., a peer learning dialogue, subgroup, seminar) to share learning on how this has been achieved, the challenges faced and tips for overcoming these challenges.

### Coordinating operations across government

- ▶ 67% of authorities have fully adopted the strategic objective of using joint or concerted operations and 38% have a target for the share of all operations which are joint or concerted.
- ▶ Only 46% of authorities have adopted the strategic objective of conducting cross-border operations and just 17% have a target for conducting a certain percentage of their operations as cross-border operations.
- ▶ The Platform could develop and disseminate good practice fiches to share learning and develop the capacities of enforcement authorities to coordinate operations both at a national and cross-border level.

### Cross-government coordination on data collection, sharing and analysis

- ▶ Data sharing is poorly developed, as is the ability to import and analyse data from other authorities. This requires significant improvement.
- ▶ An array of Platform activities (e.g., staff exchanges, peer learning dialogue, seminar, thematic review workshop, study, good practice fiches) in the future Platform work programme could be used to support enforcement authorities in improving their performance on (i) data collection, (ii) data sharing and (iii) data analysis. Potential topics might include: improving data collection to detect cross-border undeclared work; developing the technical and human resources in enforcement authorities to enhance data collection, sharing and analysis; developing bilateral agreements and Memoranda of Understanding (MoUs) on data sharing and data analysis; and exploring data analytical techniques to tackle undeclared work.

### Improving the involvement of social partners

- ▶ 63% of authorities have fully adopted partnership building as a strategic objective in their authority. However, just 21% have tripartite agreements on either sector specific inspection targets, information exchange, and/or awareness raising, and only 17% have full tripartite agreements on all three. In 21% of authorities, no progress has been made on allocating specific staff to the task of partnership building, addressing the problems in partnership building pursuing solutions. Moreover, in 33% of authorities, no progress has been made in developing transparent agreements, evaluating the outcomes of partnerships, and sharing the results.
- ▶ A first step, therefore, could be for the Platform to develop a new activity, perhaps termed “**national-level seminars**”, where social partners and enforcement authorities meet to establish next steps on how they will cooperate to tackle undeclared work in their country. These seminars could define the type and nature of the relationship to be pursued at each level of the enforcement authority (national, regional, local), the various activities they will undertake together at each level and the desired outputs (e.g., referrals, exchange of information, detection, prevention, joint inspections, education campaigns). One outcome could be the development of bilateral and multilateral agreements.<sup>6</sup> These would be transparent agreements with clearly defined responsibilities and would be evaluated with the results shared with all partners.

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<sup>6</sup> A potential model for these “national seminars” is found in the EU-funded “Tackling undeclared work in the construction industry” (TUWIC) project by EFBWW and FIEC. This brought together construction employer federations, trade unions and enforcement authorities at national seminars in seven countries (Austria, Belgium, Bulgaria, France, Italy, Romania and Spain) to make decision on what future cooperation could occur. See: [https://www.fiec.eu/download\\_file/719/396](https://www.fiec.eu/download_file/719/396)

## Implementing the full range of direct and indirect tools: next steps

- ▶ 12% of authorities perceive themselves as offering a limited or very limited range of sanctions, and most perceive there to be room for improvement on the range of sanctions used, with only 8% not perceiving there to be room for improvement.
- ▶ 21% of authorities perceive themselves as offering a limited range of detection measures and most perceive there to be room for improvement on the range of detection measures used.
- ▶ 8% of authorities responding perceive themselves as offering a limited range of incentives to operate in the declared economy, and all perceive there to be room for improvement on the range of incentive measures used.
- ▶ 41% of authorities perceive themselves as offering a limited range of measures to foster commitment to operating on a declared basis, and most perceive there to be room for improvement on the range of measures used to foster commitment to operating on a declared basis.
- ▶ In rank order, there is a need to develop the capacities of authorities to use:
  - ▷ 1st: education and awareness raising campaigns in particular, and voluntary compliance more generally, and
  - ▷ 2nd: measures to make operating in the declared economy easier and more beneficial.
- ▶ To develop education and awareness raising capacities, a Platform event (e.g., seminar, thematic review workshop, subgroup) could evaluate the lessons learned from the #EU4FairWork and #Rights4AllSeasons campaigns examining the challenges involved in education and awareness raising and providing tips on how these can be overcome. There is also perhaps a need to discuss how to bolster the technical and human resources in enforcement authorities dedicated to marketing and relatedly, how to measure the impacts of campaigns.
- ▶ To improve the ability of enforcement authorities to develop measures to make operating in the declared economy easier and beneficial, capacity building and mutual learning workshops could be organised (e.g., seminars, thematic review workshops, subgroups) on:
  - ▷ Demand-side incentive measures to persuade purchasers not to use the undeclared economy (e.g., supply chain pressure on buyers; education campaigns; social label initiatives), and
  - ▷ Supply-side incentive measures to make declared work easier and more beneficial (examining measures such as individual-level voluntary disclosure schemes and gradual formalisation schemes).

In sum, this report has evaluated the progress made towards a holistic approach based on the qualitative self-assessment by the authorities. This has highlighted the progress made by authorities and countries on the different components of the holistic approach and enabled the identification of the components and sub-components where progress has been slower. If this study results in mutual learning activities to develop the capacities of authorities to make progress on these components where progress is slower, then it will have achieved its intention.

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# Appendix

**Table A1. Methodology used to calculate score for each sub-component of the holistic approach**

Component	Weighting scheme					Weight
<b>Transforming undeclared work into declared work</b>						
Transforming undeclared work into declared work is a strategic objective in my enforcement authority	No progress (0.0)	Discussion is taking place (0.25)	Decision taken to implement (0.5)	Pilot initiative being pursued (0.75)	Fully adopted (1.0)	50%
My enforcement authority has targets/KPIs related to transforming undeclared work into declared work	No progress (0.0)	Discussion is taking place (0.25)	Decision taken to implement (0.5)	Pilot initiative being pursued (0.75)	Fully adopted (1.0)	50%
<b>Developing cross-government coordinated approach</b>						
<i>Developing cross-government strategy</i>						
How is the overall national organisational framework towards undeclared work in your country best described?	Different (government) departments/ organisations are responsible for different aspects (0.0)	One single body is responsible for the national strategy (1.0)				50%
How are the national targets for tackling undeclared work best described?	Separate: Each government department/a agency has its own targets (0.0)	Shared: Some government departments/ agencies have shared targets (0.5)	Common: There is one set of national targets for tackling undeclared work that is common across the whole of government (1.0)			50%
<i>Developing coordinated operations</i>						
Joined-up operations with other national organisations is a clearly defined strategic objective of my enforcement authority	No progress (0.0)	Discussion is taking place (0.25)	Decision taken to implement (0.5)	Pilot initiative being pursued (0.75)	Fully adopted (1.0)	25%



Component	Weighting scheme					Weight
A target has been set for the proportion of all operations which are joint or concerted operations with other national organisations	No progress (0.0)	Discussion is taking place (0.25)	Decision taken to implement (0.5)	Pilot initiative being pursued (0.75)	Fully adopted (1.0)	25%
Cross-border co-operation is a clearly defined strategic objective of my enforcement authority	No progress (0.0)	Discussion is taking place (0.25)	Decision taken to implement (0.5)	Pilot initiative being pursued (0.75)	Fully adopted (1.0)	25%
A target has been set for the proportion of operations which will be cross-border	No progress (0.0)	Discussion is taking place (0.25)	Decision taken to implement (0.5)	Pilot initiative being pursued (0.75)	Fully adopted (1.0)	25%
<i>Cross-government cooperation on data collection, sharing and analysis</i>						
Cooperation on national-level data sharing	There is limited access to data from other enforcement authorities (0.0)	My enforcement authority receives printouts of data from other enforcement authorities (0.25)	My enforcement authority has electronic access to some of the data of other enforcement authorities (0.5)	My enforcement authority has full automatic access to all relevant data in other authority's databases (0.75)	One central unit holds the data which is available to all relevant enforcement authorities (1.0)	50%
Cooperation on data analysis	My enforcement authority can only directly analyse their own databases (0.0)	My enforcement authority receives data from other enforcement authorities it can import into its own databases (0.25)	My enforcement authority can directly analyse some relevant databases from some other agencies (0.5)	My enforcement authority can directly analyse all relevant databases from other agencies and there is database interoperability (0.75)	One central unit holds the data and does the analysis for all enforcement authorities (1.0)	50%
<i>Improving social partner involvement</i>						
Building partnerships with social partners is a strategic objective of my enforcement authority	No progress (0.0)	Discussion is taking place (0.25)	Decision taken to implement (0.5)	Initiative being pursued (0.75)	Fully adopted (1.0)	20%
The social partners have been identified and the relationships sought have been	No progress (0.0)	Discussion is taking place (0.25)	Decision taken to implement (0.5)	Initiative being pursued (0.75)	Fully adopted (1.0)	20%

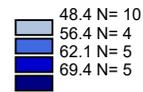


Component	Weighting scheme					Weight
specified by my enforcement authority						
The level of involvement with social partners in my enforcement authority is best described as:	No consultation (0.0)	Irregular ad hoc involvement (0.25)	Regular engagement in joint actions (e.g., information and awareness campaigns) (0.5)	Tri-partite agreement on EITHER: sector specific inspection targets; information exchange, OR awareness raising (0.75)	Full tri-partite agreement and consultation on: sector specific inspection targets; information exchange, & awareness raising (1.0)	20%
Staff have been allocated to the task of partnership building in my enforcement authority, the problems in partnership building are being addressed and solutions pursued	No progress (0.0)	Discussion is taking place (0.25)	Decision taken to implement (0.5)	Initiative being pursued (0.75)	Fully adopted (1.0)	20%
There are transparent agreements, the outcomes of partnerships are evaluated, and the results shared	No progress (0.0)	Discussion is taking place (0.25)	Decision taken to implement (0.5)	Initiative being pursued (0.75)	Fully adopted (1.0)	20%
<b>Full range of policy measures</b>						
Penalties (7 measures)	0.142 for each policy measure adopted					
Risk of detection (15)	0.066 for each policy measure adopted					
Incentives (18)	0.055 for each policy measure adopted					
Education and awareness raising (5)	0.2 for each policy measure adopted					
Modernising enforcement authorities (3)	0.33 for each policy measure adopted					

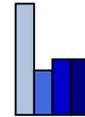
Note: The 0-1 scores have been converted to 0-100 for ease of reading and understanding.



**OVERALL SCORE**



Heights of the rectangles of the bar chart are proportional to the number of countries



**Figure 1A.**

**Self-assessment of authorities on their progress towards a holistic approach (based on mean weighting of each component given by authorities responding): by region**

**OVERALL SCORE**

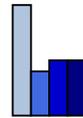
Notes: Made with Philcarto



**Transforming undeclared work into declared work**

- 47.2 N= 10
- 56.3 N= 4
- 72.9 N= 5
- 87.5 N= 5

Heights of the rectangles of the bar chart are proportional to the count of s;



**Figure 2A.**

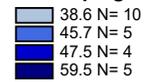
**Self-assessment of authorities on their progress towards a holistic approach (based on mean weighting of each component given by authorities responding): by region**

***Transforming undeclared work into declared work***

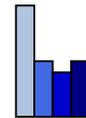
Notes: Made with Philcarto



**Developing cross-government coordinated approach**



Heights of the rectangles of the bar chart are proportional to the count of spatial



**Figure 3A.**

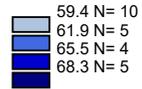
**Self-assessment of authorities on their progress towards a holistic approach (based on mean weighting of each component given by authorities responding): by region**

***Developing cross-government coordinated approach***

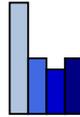
Notes: Made with Philcarto



**Full range of policy measures**



Heights of the rectangles of the bar chart are proportional to the number of countries



**Figure 4A.**

**Self-assessment of authorities on their progress towards a holistic approach (based on mean weighting of each component given by authorities responding): by region**

***Full range of policy measures***

Notes: Made with Philcarto