



Operationalising holistic approaches to tackling undeclared work

**Output paper from
plenary thematic
discussion**

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1.0 INTRODUCTION

The twelfth meeting in plenary of the European Platform tackling undeclared work (henceforth “the Platform”) was held in Bratislava on 23-24 March 2022 as a hybrid meeting both onsite as well as online. The first day of this meeting was a thematic day dedicated to the topic of operationalising holistic approaches to tackling undeclared work.

This thematic day took forward previous discussions and activity on this issue. The holistic approach was the topic of the Platform’s inaugural seminar held on 2 December 2016.¹ Since then, the Platform’s understanding of the holistic approach has become ever more refined and nuanced as it has been applied to tackling undeclared work in specific sectors (e.g., construction², agriculture³, road transport⁴, tourism⁵, HORECA⁶) and different types of undeclared work (e.g., envelope wages⁷, bogus self-employment⁸, collaborative platforms⁹, letterbox companies¹⁰). To further operationalise this holistic approach, in 2020, a subgroup of the Platform was established with the resultant report containing a self-assessment questionnaire to assess progress towards a holistic approach.¹¹ In January 2022, this self-assessment questionnaire was used to conduct a survey evaluating the degree to which a holistic approach towards undeclared work is being adopted by national authorities. The outcome was a study mapping the progress of national authorities towards a holistic approach using this common assessment framework. A draft of the study provided the background information for the thematic discussion day reported here.¹²

This output paper summarises the presentations and discussions at the thematic day.

The Glossary of Terms¹³ 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

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

² Cremers, J., Williams, C.C., Hawley-Woodall, J. and Nikolova, N. (2017), *Tackling undeclared work in the construction industry: a learning resource*, European Platform Tackling Undeclared Work.

Venturi, D. (2018), *Tools and approaches for tackling undeclared work in the construction industry*, European Platform Tackling Undeclared Work.

³ Williams, C.C. and Horodnic, I. A. (2018) [Tackling undeclared work in the agricultural sector](#), European Platform Tackling Undeclared Work,

Williams, C.C. (2019) [Tackling undeclared work in the agricultural sector: a learning resource](#), European Platform Tackling Undeclared Work,

⁴ Haidinger, B. (2018) [Tackling Undeclared Work in the Road Transport Industry](#), European Platform Tackling Undeclared Work.

⁵ Williams, C.C. and Horodnic, I.A. (2020) [Tackling undeclared work in the tourism sector](#), European Platform Tackling undeclared work.

⁶ Williams, C.C. (2021) [Tackling undeclared work in the HORECA sector: a learning resource](#), European Platform Tackling Undeclared Work.

⁷ Williams, C.C. and Horodnic, I. A. (2017) [Under-declaring work, falsely declaring work: under-declared employment in the European Union](#), European Platform Tackling Undeclared Work.

⁸ Heyes, J. and Hastings, T. (2017). [The Practices of Enforcement Bodies in Detecting and Preventing Bogus Self-Employment](#), European Platform Tackling Undeclared Work.

⁹ Williams, C.C., Llobera, M. and Horodnic, A.V. (2020). [Tackling undeclared work in the collaborative economy and bogus self-employment](#). Brussels: European Platform Tackling Undeclared Work.

¹⁰ Hastings, T. and Cremers, J. (2017) [Developing an Approach for Tackling Letterbox Companies](#), European Platform Tackling Undeclared Work

¹¹ Williams, C.C. (2020) [Holistic approach to tackling undeclared work and developing national strategies](#), European Platform Tackling Undeclared Work

¹² Williams, C.C. (2022) *Progress of national authorities towards a holistic approach: study using a common assessment framework* European Platform Tackling Undeclared Work

¹³ https://www.ela.europa.eu/sites/default/files/2021-09/Glossary%20v6-final_0.pdf

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, three major components of the holistic approach can be identified:

- 1) Pursuing the objective of “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 collection, sharing and analysis.
 - ▶ 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.
 - ▶ Improving the ease and benefits of engaging in declared work.
 - ▶ Implementing education and awareness raising campaigns, and
 - ▶ Modernising enforcement authorities.

To discuss the operationalisation of this holistic approach, each component was addressed in different sessions. Firstly, the session in plenary addressed the development of cross-government joined-up strategy to achieve the strategic objective of transforming undeclared work into declared work. To cover the remaining components, two parallel workshops were then held on joining-up national and cross-border operations (Workshop 1) and developing cross-government cooperation on data collection, sharing and analysis (Workshop 2), followed by two further parallel workshops on improving social partner involvement (Workshop 3) and beyond deterrence: adopting the full range of preventative measures (Workshop 4). Below, a summary is provided of the presentations, discussion, and key outcomes.

2.0 TOWARDS A CROSS-GOVERNMENT BODY AND STRATEGY TO TRANSFORM UNDECLARED WORK INTO DECLARED WORK

The holistic approach adopts the strategic objective of transforming undeclared work into declared work, which means transforming the jobs of undeclared workers into declared jobs, rather than eradicating their jobs, and bringing businesses and own-account workers operating in the undeclared economy into the declared economy, not closing them down. The 2022 survey¹⁴ evaluating progress towards a holistic approach reveals that 11 of the

¹⁴ Williams, C.C. (2022) *Progress of national authorities towards a holistic approach: study using a common assessment framework* European Platform Tackling Undeclared Work

24 of authorities responding (46%) had fully adopted the strategic objective of transforming undeclared work into declared work, with most others discussing this or pursuing pilot initiatives. However, only eight out of the 24 authorities responding (33%) had fully adopted targets/key performance indicators (KPIs) related to moving businesses and jobs into the declared economy, with the rest again either discussing such targets or pursuing pilot initiatives in this regard. Moreover, examining whether there is a shift beyond a fragmented and uncoordinated strategic approach towards undeclared work, only four authorities responding (17%) reported that there is one single body responsible for the national strategy towards undeclared work and only seven authorities (29%) state that there is a common set of cross-government targets for tackling undeclared work. In consequence, there remains room for progress on developing a cross-government body and/or cross-government strategy for transforming undeclared work into declared work. Therefore, this opening plenary session shared learning on how this had been achieved in a range of countries.

The opening session began with a presentation by **Romolo de Camillis** (Italy) on “A National Action Plan tackling undeclared work” in **Italy**. Italy’s Recovery and Resilience Plan includes a reform with the aim of reducing undeclared work in all its forms and sectors to improve the quality of work and workers’ conditions, and the adoption of a national plan tackling undeclared work. In February 2022, a technical Working Group was set up by the Minister of Labour and Social Policies to elaborate this three-year national plan. The Group consists of representatives of national and regional institutions responsible for labour and social protection, supported by experts in these areas. The National Plan is to be based on a multi-agency approach and implemented through the following priority actions: (i) introducing direct and indirect measures to transform undeclared into declared work; (ii) strengthening the inspection capacity of the National Labour Inspectorate; (iii) improving the production, collection and distribution of data on undeclared work; (iv) supporting the process of transformation of undeclared work into regular work, with deterrence measures and incentives for regular work; (v) promoting communication campaigns, information and awareness-raising activities; and (vi) strengthening the governance system to tackle undeclared work at the national and local levels. Before its final adoption, the national plan will be shared with the regions and the social partners. The intention is to fully implement all the measures included in the national plan by Q1 2024, increase by at least 20% the number of inspections compared with the 2019-20 period by Q2 2025, and reduce the incidence of undeclared work by at least 2 percentage points, depending on the targeted sector, by Q1 2026.

Nathalie Mortelé (Belgium) then gave a presentation on shifting strategy towards preventative measures in **Belgium**. The Strategic Plan 2022-2025 has set out the plan to tackle effectively social fraud and social dumping in Belgium through strategic, multidisciplinary, and integrated actions. Its overarching goal is “working together to build a society where honest and safe work pays off and social fraud has no place”. This plan, underpinned by a stakeholder survey and risk assessment, is a programmatic approach based on collaboration. It pursues a holistic approach by seeking to join-up the work of government institutions and using the full range of direct and indirect measures to prevent and tackle undeclared work and, by extension, other forms of social fraud.

To achieve its overarching goal, there are seven strategic objectives: reduce social fraud and social dumping by enhancing European and international collaboration; ensuring the competitiveness of companies and thereby guaranteeing fair competition; creating an inclusive labour market that guarantees health and safety at work for all workers; strengthening the inspectorates to ensure greater capacity to act and greater effectiveness; simplifying administration (including digitalisation) and legislation, and improving information to increase transparency, prevent unintentional irregularities and combat social engineering; and increasing the risk of getting caught and improving the effectiveness of the sanctions. These will be achieved by translating the strategic plan into concrete operational objectives (i.e., an annual operation plan).

To prevent social fraud and achieve its objectives, all phases in the enforcement chain will be used, including prevention, detection, control, sanctioning and recovery. What is innovative in a Belgium context is the increased emphasis upon a preventative approach. The plan is committing to preventative measures and joint preventative

activities as an absolute added value in preventing social fraud. Communicating the results of social fraud prevention should also maximise the deterrent effect for committing social fraud. Clear and unambiguous external communication will therefore not only play a role in terms of information and dissuasion but may also contribute to social support and consent. The social partners and co-operating institutions (e.g., disbursing agencies, insurance funds) play a vital role in this regard.

Tomislav Markota (Croatia) continued with a presentation entitled “Towards a cross-government body and strategy to transform undeclared work into declared work in **Croatia**”. From 1 April 2019, there has been a new State Inspectorate bringing together 17 different inspectorates (e.g., the labour, construction, agriculture, market, sanitary, veterinary, forestry, hunting, and tourist inspectorates). The intention is not only to improve the coordination of inspections through planning and harmonising the activities of these inspectorates, to relieve economic entities of frequent, uneven, and uncoordinated inspections, but also to reduce repressive measures against employers and other supervised persons by introducing an advisory method of state inspections and a proactive approach to controlling business operations. This reflects the joined-up approach to operations of the holistic approach.

Indeed, there is also a joining-up of what was previously a fragmented approach with a National Program for the Suppression of Undeclared Work in the Republic of Croatia 2021-2024, and Action Plan for implementation of the National Program (setting out the responsible bodies, timing, targets, etc), adopted on 25 February 2021. This national program has four priorities: (i) strategic management and improvement of the work of institutions, composed of: establishing coordination and joint scope of inspection bodies, and modernising the management process, improving monitoring and evaluation of performance; (ii) distraction from undeclared work by normative solutions, composed of five measures: improving the legislative framework by introducing a definition of undeclared work and harmonizing the system of administrative and misdemeanour measures; arrange the actions of the competent authorities in determining undeclared work; introducing supervision of the competent labour inspection body over the application of collective agreements with extended application regarding the payment of the minimum wage; establishing a register of employers with undeclared work (a non-compliance list); introducing a system of mandatory electronic records of working time; (iii) encouraging declared work in the supply and demand of the labour market, composed of three measures: consolidating information on the possibilities of using state aid; expanding the reasons for excluding bidders in public procurement procedures and introducing responsibility for the payment of wages in the subcontracting chain among contractors involved in construction; establishing a "compliance list" of employers and ensure the availability of this information, and (iv) education and implementation of counselling of citizens and the business community, composed of four measures: educating citizens on the tax system and labour law; educating pupils and students about the advantages and importance of the declared work; providing advisory services to entrepreneurs related to formal business; and raising awareness of the business community about the benefits of declared work. This reflects the full range of direct and indirect measures available for tackling undeclared work.

Paivi Kantanen (Finland) then gave a presentation on the processes involved in developing the national coordinated cross-government strategy in **Finland**. The government resolution on a strategy and action plan for tackling the grey economy and economic crime for 2020-2023, was issued on 11 June 2020. The rationales were to: make a cross government programme; commit different actors to promote joint aims; address current problems in a coordinated manner; identify the key measures needed (legislation, exchange of information and data sharing, promote cooperation between authorities, development projects etc.); enhance impactful supervision; safeguard the continuity of the work; and recognises that the circumvention of the rules and laws, misuse, crimes etc. affect many authorities. Therefore, the recognition was that problems cannot be solved alone or working in silos. To coordinate the process, the Ministry of Interior took on this role in Finland, although who this could be depends on the national context. The process involved numerous Ministries (Interior, Justice, Economic Affairs and Employment, Social Affairs and Health, Information and Communication, Agriculture, Environment, Finance) and authorities (Tax, Police, Custom, Finnish Centre for Pensions, Regional State Authority, Prosecutors Office,

Competition and Consumer Authority, Finnish Patent and Registration Office, The Office of Bankruptcy Ombudsman, National Enforcement Authority Finland). A working group was established by the Ministry of Interior from mid-October 2019 – March 2020 to prepare the programme, with meetings each week up to 3 hours from January to March.

[The Strategy and the Action Plan](#) for tackling the grey economy and economic crime has four objectives: (i) to promote healthy competition between companies and a fair labour market; (ii) to prevent the grey economy and economic crime; (iii) to ensure the ability of authorities to combat the grey economy and economic crime, and (iv) to develop measures to combat the grey economy and economic crime and improve cooperation between authorities. The Strategy promotes a comprehensive, consistent, and effective approach (covering over 50 measures) focusing on prevention, more effective access to information and cooperation between authorities. The elements of the efforts to combat the grey economy are legislation, actions taken by the authorities, and the choices made by companies and private individuals. To attain the objectives of the strategy, different measures are needed: legislation that provides better support for the authorities must be developed; sufficient resources for the authorities' operational work must be secured and allocated appropriately; operating models based on a shared situation awareness must also be created for cooperation between multiple authorities, and legislation and the actions of authorities create a societal framework for preventing the grey economy and economic crime with the aim of hampering or preventing the activities of those who neglect their obligations or perpetrate offences. The government has reserved some €15 million in funding for the implementation of the action plan for the period 2020–2023. The funding will help ensure that the work of the authorities will be improved and that they can act in combating the grey economy, while enhancing their cooperation and the exchange of information. Each project which needs extra funding for implementation is mentioned in the action plan and the allocation of resources stated. According to the Action Plan, the main responsibility for action against the grey economy rests with the Ministry of Economic Affairs and Employment, whereas the Ministry of Finance, the Ministry of the Interior and the Ministry of Justice assume partial responsibility for it.

A steering group on combating the grey economy, led by Minister of Employment of the Ministry of Economic Affairs and Employment, is responsible for implementing and updating the strategy and monitoring the implementation of the action plan (political level). The executive group led by Ministry of Interior on combating the grey economy and economic crime, formed by representatives of ministries and authorities, report on the progress made with implementing the action plan to the steering group and if necessary, propose changes to the strategy or the action plan.

Both the Strategy and the Action Plan were prepared at the same time. The Action Plan sets out concrete actions and their goals, the responsible parties, a schedule for the actions and resource requirements, means for assessing their impacts and obligation to communicate when the project is finalised. Each ministry will be responsible for implementing individual projects within its area of expertise or the remit of its administrative branch. The involvement of social partners and other stakeholders is done by each responsible ministry or authority within their own projects.

One key project is to enhance the effectiveness of supervision and other activities of authorities through joint action, for example, by standardising operating models of cooperation between multiple authorities. Proper functioning of the processes is ensured by monitoring the authorities' resources allocated to combating the grey economy and economic crime. This involves: promoting action against undeclared work in a joint effort by the authorities at national and international level; implementing a joint resource-monitoring system of the authorities playing a key role in the combating of the grey economy and economic crime; and modelling the systematic nature of the supervisory work carried out as cooperation between multiple authorities at operational level and examining the legal provisions on the exchange of information and competence issues connected with this. To achieve this involves examining the legal provisions on information-sharing between the authorities so that a joint risk-based target-selection method can be developed. The outcomes will be: an operational model for cooperation and joint

inspections (i.e., better targeted joint inspections, region specific aspects and a more effective and uniform basis for supervisory work also within the labour authority/inspectorates); cooperation between multiple authorities by modelling plan templates for different sectors; identical operating practices applied in the cooperation between the authorities in different parts of Finland; a clarification of competence issues concerning individual authorities; authorities combining information in their possession, while joint inspections will help them to take a broader view of matters and enhance their capability to tackle shortcomings; and enhancement of information sharing and resource usage.

The process and model used to develop this strategy and action plan is now being applied to other government policies, such as the action plan against trafficking in human beings 2021-2023 that is also seeking to systematically develop multi-authority cooperation.

In sum, these presentations provided useful examples of countries where a coordinated approach is being adopted towards the development of strategy for transforming undeclared work into declared work.

3.0 WORKSHOP 1: JOINING-UP NATIONAL AND CROSS-BORDER OPERATIONS

Akin to the development of a coordinated approach towards the development of strategy, there has also been progress on joining-up operations. According to the 2022 survey, 16 of the 24 authorities responding (67%) have fully adopted joint or concerted operations as a strategic objective and 9 of the 24 (38%) responding have fully adopted a target for the share of all operations which are joint or concerted. However, there is less progress on joining-up operations at the cross-border level. Less than half (46%) of the 24 authorities responding have fully adopted the strategic objective of cross-border cooperation on operations and only 4 (17%) have fully adopted the setting of targets for the proportion of all operations which will be cross-border.

To share learning, the workshop opened with two presentations. In the first presentation, **Pal Lund (Norway)** presented reflections on joining-up operations both at a national and cross-border level. Three Norwegian examples were presented: national joint agencies cooperation; bilateral cooperation; and joint authorities' cooperation with Lithuania. The first example was of joint national authority cooperation in the work crime centres which commenced with a pilot study in Bergen in 2014, followed by two further centres in Oslo and Stavanger in 2015, two further ones in Trondheim and Kristiansand in 2016, two further in Tønsberg and Bodø in 2017 and a final one in Alta in 2022. The agencies involved are the labour inspectorate, police, tax authority, social welfare, and customs agencies. The lessons learned from establishing these work crime centres are that there is a need to: establish the fundamental principles governing the joint management model; develop shared responsibility for achieving objectives; identify their added value; ensure that the agencies share responsibility for making certain that their efforts are based on knowledge; adopt a uniform approach to organisation and structure in the joint centres; have a centre manager at each joint centre; establish requirements for participants' basic competence and specialist expertise; establish requirements relating to resource input and core staffing; and ensure equal cost sharing.

The second example presented of joining-up operations involved the bilateral cross-border cooperation agreements between the Norwegian Labour Inspection Authority and the labour inspectorates of Bulgaria, Estonia, Lithuania, Poland, Romania, and Latvia. The activities have involved: cross-border inspector cooperation, including an exchange programme; information activities (about rights and obligations), and sharing best practices. For four countries (Bulgaria, Estonia, Latvia, Romania), this has been funded by EEA/Norway Grants. A key lesson

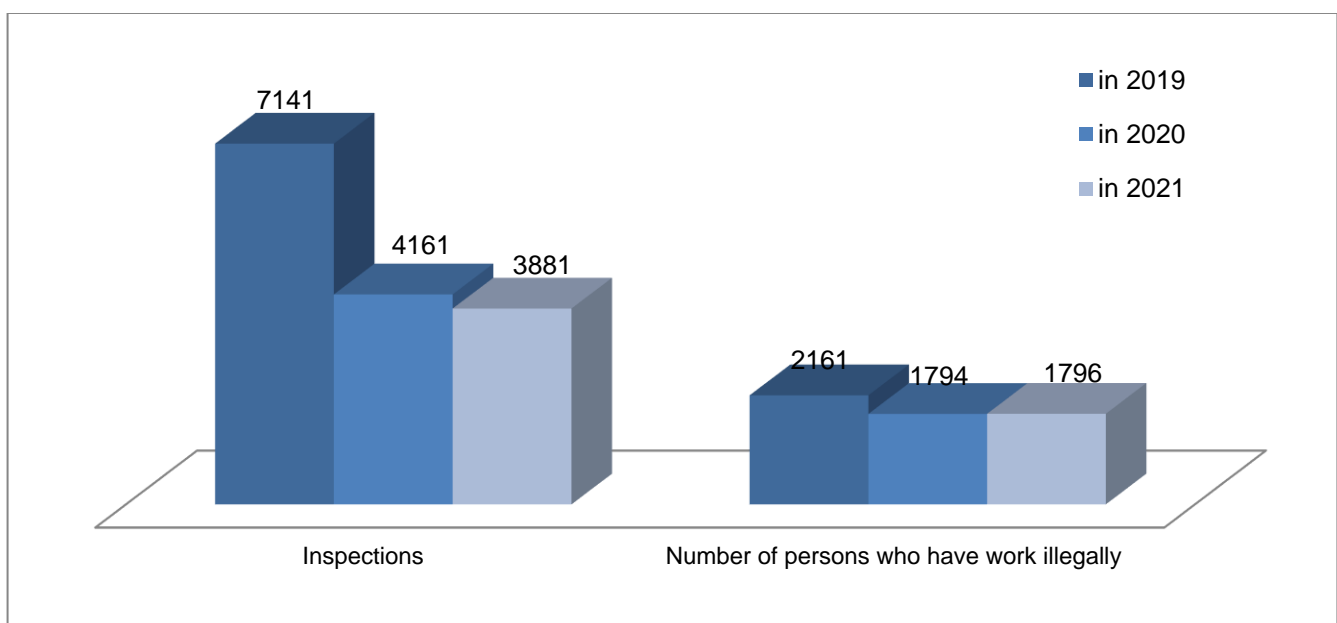
learned has been that there is a need for funding, clear agreements, commitment, to be pragmatic about what is achievable, and to possess a will to make the most of the possibilities.

The third example presented of joining-up operations involved the joint authorities' cooperation with Lithuania. This project has two main objectives: the transfer of strategic and organisational experiences from Norway to Lithuania; and the performance of practical cross border joint authorities' activities/inspections. The agencies involved are the labour inspectorates, tax/finance authorities, police/border-control, and social security institutions. This has been one of the activities under the EEA/Norway Grants funded project between Norway and Lithuania which has received €290,000 over three years.

This was followed by a presentation by **Gedminas Noreika** (Lithuania) on the Risk Analysis Centre (RAC) and Joint Operational Centres (JOC) in **Lithuania**, established on 01/03/2019. These involve the state tax inspectorate, financial crimes investigation service, police, customs, state border guard service, state labour inspectorate, and state food and veterinary service. On the one hand, the Risk Analysis Centre (RAC) involves producing risk analysis and plans and agrees joint activities arising out of the risk analysis, to ensure the most effective control actions and set goals.

On the other hand, the Joint Operational Centre (JOC) sets the rules of cooperation, executes the tasks set by the RAC, uses additional information (e.g., given by citizens) to plan and execute concrete actions against risky taxpayers; coordinates activities, and evaluates the results in accordance with set goals and criteria. Importantly, the JOC provides feedback to the RAC on control results, identified trends, and makes suggestions, to ensure continuous improvement in the risk analysis being conducted. The results of the RAC and JOC during 2019/2021 were that 3,173 joint inspections took place, with €620.5 thousand taxes recovered, 962 administrative offences identified, 200 illegal workers detected, 74 pre-trial investigations undertaken and €1.6 bn damage to state budget identified. As Figure 1 displays, the outcome has been that the cooperation between the RAC and JOC has helped maintain a similar level of detection of undeclared work despite the reduction in the number of inspections, exemplifying the cost effectiveness of this joined-up approach.

Figure 1. Number of inspections and detection of undeclared work in Lithuania, 2019-2021



These presentations were then followed by a discussion of four questions:

- ▶ What are the challenges faced in: (1) joining-up national operations and (2) pursuing cross-border operations?
- ▶ What tips do you have for achieving the (1) joining-up of national operations and (2) pursuing cross-border operations?

The lessons learned from the presentations and resultant discussion, as well as from previous Platform meetings on this topic, are as follows.

Challenges faced in joining-up national operations

- ▶ Lack of political commitment to join-up operations.
- ▶ Lack of evidence of the efficiency and effectiveness of joined-up operations compared with solo operations.
- ▶ Lack of a strategic objective on joining-up operations and associated targets/Key Performance Indicators.
- ▶ Differences in priorities/lack of common cross-cutting objectives lead to difficulties in setting coherent targets for joined-up operations.
- ▶ Lack of willingness to cooperate.
- ▶ Lack of a process on how to pursue joined-up working at the operational level, such as the availability of MoUs/formal agreements for joining-up operations.
- ▶ Barriers on data sharing can hinder joined-up operations.
- ▶ Lack of financial resources to support joined-up operations.
- ▶ Lack of availability of resources in some of the authorities involved.
- ▶ Creating a collective culture in the joint operation groups can be difficult.
- ▶ Deciding a system for allocating the successes across the partners can be difficult.
- ▶ Shifting from reactive to pro-active/strategic cooperation can be problematic.

Challenges faced in pursuing cross-border operations

- ▶ Political commitment is crucial.
- ▶ Instilling the strategic objective of undertaking cross-border joint operations into authorities and treating this as of equal importance to national-level (joint) operations, is a challenge.
- ▶ Need agreements and common goals.
- ▶ Lack of resources and funding.
- ▶ Differences in national legislation can function as a barrier to cooperation between countries.
- ▶ Labour inspectorates can have limited authority and capacity to tackle cross-border undeclared work since their powers are seen as bound to national jurisdictions.
- ▶ Legislation across Member States differs in terms of allowing labour inspectors from another Member State to participate in inspections. Differences also exist in extent to which evidence collected in another Member State can be used in home country.
- ▶ Demands on inspectors' skills, competencies and capacities are greater in cross-border operations (e.g., soft skills such as inter-cultural awareness; language skills and understanding of differences in law across countries).

- ▶ Legal barriers and the fragmentation of, and differences in, competencies of authorities, is a challenge.
- ▶ Sharing information is a challenge.
- ▶ Comparative information is often lacking on the applicable legal framework in each Member State, including minimum wage, social security contributions and health and safety conditions in various sectors (e.g., agriculture, personal and household services, transport, HORECA).
- ▶ Lack of manuals/procedures for cross-border joint operations, such as practical information for data sharing across Member States, including how to plan, execute and follow-up a concerted or joint inspection.
- ▶ There are capacity constraints to cross-border joint and concerted inspections, such as limited human and financial resources, inadequate skills and knowledge, insufficient IT, and databases.
- ▶ Need to establish a new cross-border collective culture.
- ▶ Those involved must be part of something new and to “let go” of their sense of only belonging to their home organisation.
- ▶ Moving from reacting and responding to being pro-active in relation to cross-border operations is difficult at present.

Tips for effectively joining-up national operations

- ▶ Seek political support.
- ▶ Show the benefits of joined-up operations to all parties involved (e.g., many violations cut across departments and enforcement agencies) and demonstrate the effectiveness of joined-up operations
- ▶ Set a strategic objective of conducting joined-up operations
- ▶ Set targets/Key Performance Indicators for joined-up operations (e.g., % of all inspections which will be joint inspections).
- ▶ Define the roles and competences of each enforcement authority.
- ▶ Ensure resources are in place to enable cooperation.
- ▶ Consider establishing a strategic board to organise joined-up operations.
- ▶ Sharing information is key and a joint definition of the criteria for assessing risky businesses is required.
- ▶ Have focal/contact points in each body at both the national and the local level.
- ▶ Establish a collective culture in joint operation groups/centres, and encourage the staff involved to feel that they belong to the joint group rather than their individual organisations. Relocating staff into these joint operation groups/centres helps achieve this, as do regular meetings.
- ▶ Recognise that time is required to understand the diverse cultures and different ways of looking at issues.
- ▶ Establish trust between the partners involved and understand what each stakeholder wants from the cooperation.
- ▶ Develop a roadmap for practical cooperation.
- ▶ Start by using pilot studies to develop cooperation such as with just two bodies on a specific issue to understand challenges and learn from this about developing cooperation.
- ▶ Use “hot topics” to prioritise the issues for joint operations.
- ▶ Consider developing a shared database.
- ▶ Identify the limits of joined-up operations.

- ▶ Invest in the exchange of people between the organisations involved.
- ▶ Learn from good practices elsewhere.
- ▶ Decide a system for allocating the successes to the various partners.
- ▶ Engage in continuous improvement by adopting a “test, learn and adapt” approach to enhancing the effectiveness of joint operations.
- ▶ Increase visibility and credibility by communicating the results of joined-up operations and be pro-active in developing media communications.
- ▶ Ensure that there is joint communication of the results.

Tips for pursuing cross-border operations

- ▶ Cross-border operational cooperation involves not just joint and concerted inspections (JCIs) but also education and awareness raising, and preventative activities. Examining and applying the lessons learned from the success of the cross-border operations conducted on awareness raising, such as #EU4FairWork, #Rights4AllSeasons and the road transport campaigns, to other cross-border operations, such as cross-border JCIs, may provide valuable tips on the ways forward.
- ▶ Inspectors could persuade policymakers of the importance of cross-border operations by showing the level of cross-border undeclared work and the lived practices related to labour conditions and human rights. Specific anecdotal examples are useful in this regard.
- ▶ Encourage a shift from viewing national-level operations as the “core business” of authorities to viewing cross-border operations as also being the core business of authorities.
- ▶ Establish a strategic objective in authorities of conducting cross-border operations and develop key performance indicators of the number of cross-border operations to be conducted in annual plans and strategies.
- ▶ Designate responsibility to specific staff for cross-border operations.
- ▶ Publicise the outcomes of cross-border operations and encourage those taking part to share their experiences with colleagues to encourage greater involvement.
- ▶ Staff recruitment strategies can consider the skills and competencies needed for specialisation in cross-border work, including recruitment of diverse staff with international experience and language ability (for example by offering language training or recruitment of bilingual staff).
- ▶ More exchange programmes for inspectors (for example, staff visits or joint cross-national training).
- ▶ Acknowledge that achieving effective cross-border cooperation is a lengthy process.
- ▶ Take “small steps” when developing cross-border joined-up operations, starting with a small bilateral very practical initiative (e.g., cooperation on providing information to seasonal workers; developing a guide on what information authorities have, what they can share and how one can receive this information) and build up to more complex cross-border joined-up operations.
- ▶ Evaluate the outcomes and publicise them.

4.0 WORKSHOP 2: DEVELOPING CROSS-GOVERNMENT COOPERATION ON DATA COLLECTION, SHARING AND ANALYSIS

Besides coordinating strategy and operations across government, the shift towards a data-driven approach towards enforcement means that it has become ever more important to cooperate on data collection, sharing and analysis. The 2022 survey reveals that only one of the 24 authorities (4%) has full electronic access to all relevant data from other authorities' databases, 21 (88%) have electronic access to *some* data from other authorities and two authorities responding (8%) have limited access to data from other authorities. It also reveals that no country reports having one central unit that holds the data and does the analysis for all authorities. Neither does any authority report that they can directly analyse all relevant databases from other authorities. Instead, 7 of the 24 authorities responding (29%) can only directly analyse their own databases, 12 (50%) receive some data from other authorities that can be imported into their own databases and 5 (21%) can directly analyse some relevant databases from other agencies. Both sharing data, and data analysis, therefore, could be significantly improved.

To share learning, the workshop opened with **Eleni Alogogianni** (Greece) presenting the reflections on this topic arising from the recent Peer Learning Dialogue involving five countries (Belgium, France, Greece, Latvia, Portugal) on cooperation on data sharing. The starting point was that data exchange is essential for tackling undeclared work at three levels: the micro-level (case-related) for carrying out inspections or investigations to solve individual cases, and involves limited data transfer of single files on persons or companies; the meso-level (technical, organisational) for increasing the efficiency of inspections and improving prevention (e.g. for sending of notification letters to potentially risk companies), and involves data transfer of whole data sets or the integration of different data-sets, and the macro-level (societal) for promotion and visibility of the impact at the first two levels, and does not involve an actual transfer of data but showcases the use and benefits of such transfer.

When exchanging data, the PLD found that there are two distinct types of challenge:

- ▶ Political and legal challenges – involving: lack of political will/culture of exchange; lack of understanding of data protection regulations; missing operational processes; exchange with tax authorities seems to be more limited, although relevant; some countries, lack a detailed legal framework, and rely on informal cooperation; different systems and targets among authorities; new data sources call for new cooperation solutions (e.g. social media and online data scraping); national vs local level coordination; and the paradox of too much information and ability to use it.
- ▶ IT infrastructure and technical requirement challenges – involving: lack of access to each other's databases across authorities; lack of knowledge and sometimes hardware and software for remote access to databases; silo culture and lack of budget, training, human resources; different inspection authorities rely on different unique identifiers, which hampers proper data matching and data mining; the cost for contractors to implement interoperability is high; the amount of work needed to be invested in coordinating with other authorities on what to exchange and how is considerable over time; continuous emerging technical issues; and centralised systems do not automatically lead to more data matching capacities.

The conclusions from the 2021 Peer Learning Dialogue on data exchange were:

- ▶ Most PLD participants use data and data sharing on a national level on a case-by-case basis.
- ▶ They do not perform more advanced data operations, like data matching and data mining.

- ▶ Training on data handling and GDPR is key, as it provides the foundation for understanding the value of data and the legal constraints for its use; this way also a critical barrier to data sharing is overcome.
- ▶ There is a need to access national tax authorities' data across participating countries.
- ▶ A critical requirement for better data use and data sharing nationally is that policymakers understand the returns on investment and support legislative and practical steps to better usage of data.

The outcome of the PLD was the following suggestions for national authorities:

- ▶ Identify data needs and availability by reviewing and mapping existing data strategies or reports. Data audit can help establish state of play in data availability and data procedures.
- ▶ Meet other national authorities that have a vested interest in tackling undeclared work to discuss possible data sharing cooperation. This could be done by setting up multilateral working groups at national level on what kind of information labour inspectors need from other enforcement authorities and what kind of information they can share with them.
- ▶ Raise awareness and note return-on-investment to policy makers on better data gathering and data exchange opportunities. Think of practical examples showing the value of data sharing to spark interest among policy makers.
- ▶ Assess capacity needs/gaps for data sharing, and in what areas, and build a strategy on how to meet them.
- ▶ Focus on covering minimum data protection standards as guaranteed by GDPR.
- ▶ Think long term and work on a building political support and trust, legislative base, internal rules, capacity, training, and IT infrastructure for data gathering and data exchange.
- ▶ Identify peers and work with national authorities and with ELA to reduce existing capacity gaps.
- ▶ In terms of countries, which could offer the best examples of data sharing, participants mentioned Belgium, Finland, and Spain.

The PLD also made the following suggestions for ELA:

- ▶ The Platform could promote better understanding of data sharing benefits at an EU level.
- ▶ ELA could offer GDPR compliance training (including on how to make it effective on a national level and related issues of privacy), share good practices from different Member States and how these can be adapted.
- ▶ The best way for ELA to propose a train the trainers' module in GDPR is to focus on specific practical examples of data mining.
- ▶ ELA could raise awareness on data mining and data-matching and the benefits associated with them
- ▶ ELA could propose a model multilateral workshop with tax and migration (and/or other law enforcement) authorities, with the aim of bringing together authorities expected to benefit from data exchange both nationally and/or cross-border

This presentation was then followed by a discussion of four questions:

- ▶ What are the challenges authorities face on (1) data collection, (2) data sharing and (3) data analysis?
- ▶ What tips do authorities have for improving (1) data collection, (2) data sharing and (3) data analysis?

The lessons learned from the presentation and resultant discussion, as well as from previous Platform meetings on this topic, are as follows.

Challenges authorities face on data collection

- ▶ The resources not being available to develop these databases.
- ▶ The existence of a lack of technical skills to develop these databases.
- ▶ Appropriate legislation on personal data and privacy safeguards that enables access to such data for enforcement authorities, and
- ▶ The “political decision” to develop these databases.

Challenges authorities face on data sharing

- ▶ Lack of agreement on data sharing between authorities.
- ▶ Lack of willingness and ability to share data, which can be a result of a lack of dialogue between bodies, which leads to a lack of understanding and trust, and has a knock-on effect on political will and funding availability but can also be due to a lack of ability, as exemplified by the “tax secrecy” protocols of tax authorities about sharing classified information.
- ▶ Political commitment.
- ▶ Lack of interoperability and compatibility of databases such as due to the varying software used by different authorities involved, sometimes caused by private contractors employed to develop databases competing and being unwilling to develop compatible and interoperable systems.
- ▶ Lack of technical skills to use systems.
- ▶ Perceived lack of mutual interest.
- ▶ GDPR and data protection challenges.
- ▶ Overcoming GDPR-related challenges for data exchange between agencies, such as:
 - ▷ Regulation not being appropriate and requiring clarification.
 - ▷ Data protection acting as a barrier to data exchange (although clarity on the purpose of data exchange may alleviate that).

Challenges authorities face on data analysis

- ▶ Up-to-date data being available.
- ▶ The databases not being compatible/inter-operable.
- ▶ Lack of technical/analytical skills to analyse databases and produce appropriate intelligence.
- ▶ A well-functioning data analysis tool.
- ▶ Lack of resources available to fund analysis.

Tips for improving data collection

- ▶ Political decision is vital for securing resources.
- ▶ Demonstrate added value, such as displaying the greater effectiveness and efficiency of using data mining for inspections compared with inspections without data mining, showing the increased returns on investment (in terms of taxes and social contributions paid) as “proof of concept”.

Tips for improving data sharing

- ▶ Increase dialogue between agencies, which can lead to greater political will and funding.

- ▶ Develop bilateral agreements/MoUs on data sharing.
- ▶ Seek direct access to other databases.
- ▶ If lack of interoperability of databases is in part due to private contractors competing and displaying unwillingness to ensure compatibility, introduce this requirement of compatibility into future tender specifications.
- ▶ Improve dialogue with social partners to improve trust and increase data sharing with them as well as other authorities.

Tips for improving data analysis

- ▶ Up-to-date data is a necessity.
- ▶ Ensure databases are inter-operable/compatible.
- ▶ Technical staff needed to produce appropriate intelligence.
- ▶ An effective data analysis tool needs to be developed.
- ▶ Resources need to be available to fund analysis, which requires “proof of concept” in terms of the “returns on investment”.
- ▶ Such analyses to ensure that inspectors recognise the value added of using data.

As the workshop chair concluded, the key lessons are that:

- ▶ A strategy is required on developing data collection, data sharing and data analysis.
- ▶ It is useful to start with pilot projects (i.e., a small and manageable project) and with “proof of concept”, then move slowly forward.

5.0 WORKSHOP 3: IMPROVING SOCIAL PARTNER INVOLVEMENT

Recent Platform reports have highlighted the diverse array of initiatives being undertaken by social partners both alone, and in cooperation with enforcement authorities, to tackle undeclared work.¹⁵ The 2022 survey displays how national authorities recognise the important contributions made by social partners and evaluates the progress of national authorities in improving social partner involvement. In two-thirds (63%) of authorities, building partnerships

¹⁵ European Platform Tackling Undeclared Work (2017a) *Working group on success stories to the European Platform tackling undeclared work*. Available at https://www.ela.europa.eu/sites/default/files/2021-09/WG%20Success%20Stories_Final%20Report.pdf

European Platform Tackling Undeclared Work (2017b) *Success Stories in preventing and combatting undeclared work*, Available at: <https://www.ela.europa.eu/sites/default/files/2021-09/WG%20Success%20Stories%20final%20compilation.pdf>

Stefanov R., Mineva D., (2019a). *Practitioner toolkit: Information Tools and Approaches to Reach Out to Workers and Companies in the Fight against Undeclared Work*. Brussels: European Platform Undeclared Work. Available at: <https://www.ela.europa.eu/sites/default/files/2021-09/Toolkit%20Information%20Tools.pdf>

Stefanov R., Mineva D. and Terziev, P. (2019b) *Social partners and their key role in tackling undeclared work: 12 success stories*, Brussels: European Platform Undeclared Work Available at : https://www.ela.europa.eu/sites/default/files/2021-09/UDW%20Platform_Social%20Partners%20Stories.pdf

Stefanov, R. and Mineva, D. (2021a) *Successful approaches of cooperation between labour inspectorates and social partners: a learning resource*, European Labour Authority, Bratislava. https://www.ela.europa.eu/sites/default/files/2021-12/Learning-resource-paper_TRW_Social_Partners.2021_EN.pdf

Stefanov, R. and Mineva, D. (2021b) *Toolkit: Successful approaches of cooperation between labour inspectorates and social partners*, European Labour Authority, Bratislava

with social partners is a clearly defined strategic objective, with discussion taking place or there is progress towards its adoption in 7 of the 24 authorities (29%) and no progress in only 2 authorities (8%). Identifying the social partners with whom partnerships are wanted and specifying the relationships sought is fully adopted in two-thirds (67%) of authorities. However, only 11 of the 24 authorities (46%) have allocated specific staff to the task of partnership building in their authorities, addressed the problems in partnership building and sought solutions, and just seven of the 24 authorities (29%) have established transparent agreements, evaluated the outcomes of partnerships, and shared the results. Indeed, examining the level of involvement of social partners, in 6 of authorities (25%) it is irregular ad hoc involvement, and in 9 of the 24 (37%) it is regular engagement in joint actions (e.g., information and awareness campaigns). Only 5 of the 24 (21%) have tripartite agreements on either sector specific inspection targets, information exchange, and/or awareness raising, and just four of the 24 (17%) have full tripartite agreements on all three aspects.

Therefore, there is considerable scope for the improvement of cooperation between authorities and social partners. To share learning, the workshop opened with a presentation by **Fran Power** (Ireland) on the “Hidden Economy Monitoring Group in **Ireland**”. The Hidden Economy Monitoring Group (HEMG) is a non-statutory multi-agency group comprised of representatives from business groups, trade unions and state agencies who have a common commitment to tackle undeclared work. The state agencies include Revenue, the Department of Social Protection (DSP) and the Workplace Relations Commission (WRC). The HEMG provides a forum for participants who are committed to tackling undeclared work to meet and exchange views and insights as well as proposing new initiatives and ideas to tackle undeclared work. The provision of relevant information to state agencies ensures that they may make best use of their resources in reducing undeclared work. Successful outcomes are dependent on the relevant state agencies having in place: specific compliance initiatives (including inter-agency initiatives); powers to act on other proposals necessary to tackle undeclared work, and introducing legislation, when required.

Reporting is a key component of the commitment to tackle undeclared work. That is, reporting the knowledge that businesses and trade unions have of such activity and vital constituent intelligence required by the relevant state agencies to combat undeclared work. Concrete initiatives to tackle undeclared work undertaken by the HEMG include: regular engagement to discuss specific sectors or issues involving undeclared work; published studies on specific sectors or issues involving undeclared work; publicity campaigns to highlight non-compliant or evasive measures, and joint representations to government usually calling for legislative change.

The challenges faced when seeking to build cooperation with each other are: resourcing partnership building; trust; delivery of results; managing expectations; inability to share information with all partners; differing agendas and interpretations, and political oversight.

Good practices identified from the example of the HEMG in Ireland for building effective partnerships are: clearly defined terms of reference; regular engagement at management level; local engagement on smaller employer specific issues; information sharing to the extent that it is permitted; publicity and share the credit publicly.

This presentation was then followed by a discussion of four questions:

- ▶ What concrete initiatives to tackle undeclared work have been undertaken by (1) social partners and inspectorates in cooperation and (2) social partners alone.
- ▶ What are the major challenges faced by (1) social partners and (2) authorities when seeking to build cooperation with each other?
- ▶ What tips do social partners and authorities have for building effective partnerships?

The lessons learned from the presentation and resultant discussion, as well as from previous Platform meetings on this topic, are as follows.

Concrete initiatives to tackle undeclared work by social partners and inspectorates in cooperation and social partners alone.

A wide array of concrete initiatives being pursued by social partners and inspectorates in cooperation and by social partners alone were highlighted during the discussion. These include but are not limited to:

- ▶ Education and awareness raising initiatives both at EU, national and sectoral level. The recent ELA campaign on seasonal work was asserted by some participants to exemplify the benefits of cooperation between EU and national level social partners and authorities.
- ▶ Participation in consultations and working groups.
- ▶ Referring cases of undeclared work to authorities both at ELA, national and local levels.
- ▶ Negotiating collective agreements.
- ▶ Providing information and advice on where the efforts of authorities should be focused.
- ▶ Conducting workplace inspections.
- ▶ Developing social identity cards in many EU countries, led by social partners, especially in the construction industry. A future issue will be developing a European framework and interconnecting national systems.
- ▶ Introducing social conditionality in the Common Agricultural Policy (CAP).
- ▶ Developing complaint reporting mechanisms.

Challenges faced by social partners and authorities seeking to build cooperation with each other

- ▶ Lack of will to forge partnerships.
- ▶ Lack of strategic objective to build partnerships either in social partner bodies or authorities.
- ▶ No focal point for contact in either social partners or authorities and nobody given responsibility for developing this relationship.
- ▶ Lack of culture/tradition of social partners and inspectorates engaging with each other in some countries.
- ▶ Lack of understanding on both sides of the capabilities and competencies of each party to solve problems.
- ▶ Putting in place an environment to facilitate sharing of information.
- ▶ Low capacity of trade unions and employer organisations to engage in partnership building.
- ▶ Broader relationship between social partners and government can influence engagement with enforcement authorities.
- ▶ Different interests of social partners and authorities, and different opinions on tools required to resolve the issues.
- ▶ Lack of trust between the parties.
- ▶ Evaluation of outcomes of cooperation is difficult.

Tips for building effective partnerships between social partners and authorities

- ▶ Ensure that partnership building is established as a strategic objective in both social partner organisations and authorities and that there is a clear identification with whom partnership building is wanted.

- ▶ For each body, it is useful to identify the desired outputs and outcomes of these partnerships (e.g., referrals, exchange of information, detection, prevention, education, and awareness raising, joint inspections).
- ▶ When doing so, common ground and shared understanding can be found between the social partners and authorities, and then the partnership can move forward on tackling these issues. If feasible, these should be “hot topics” for all the partners involved. This will help build trust since there will be common objectives.
- ▶ For each body, defining the level at which collaboration occurs is necessary (national, regional, and/or local), and the importance of local level collaboration was iterated, and not just higher-level collaboration.
- ▶ To build these partnerships, it is useful to allocate the responsibility of partnership building to specific staff in each body. Besides time, resource support is required (e.g., to organise the meetings, produce materials).
- ▶ The specific activities and contributions expected from these employees’ assigned responsibility for partnership building should then be specified and if possible, built into their annual objectives and reviewed through the staff appraisal system.
- ▶ On the type of activities that may be pursued, it could be useful to start with easy to accomplish activities, such as providing information to workers and educational campaigns. Other activities might include ad hoc meetings at a sectoral level (e.g., in transport, construction, HORECA, agriculture), such as to identify risk indicators, or involving social partners as speakers in training events for inspectors, and inspectors at social partner events.
- ▶ Open and frank discussion should occur between the social partners and authorities of the challenges to partnership building and solutions sought.
- ▶ Transparent agreements should be developed with clearly defined responsibilities, and desired outputs and outcomes.
- ▶ There should be a systematic monitoring and evaluation of the outputs and outcomes of the partnership arrangements.
- ▶ The results of the evaluation/monitoring should be shared between the involved partners.
- ▶ Feedback mechanisms should be developed to enable reporting back on the reasons for the outcomes and outputs so that continuous improvement can occur.
- ▶ The easiest way to start partnership building is to commence with individual meetings on a specific topic.

The conclusion from the chair of the workshop was that the challenges involved in organising cooperation between social partners and authorities are very similar to the challenges involved in developing cooperation between authorities, namely developing such cooperation as a strategic objective, identifying the roles and responsibilities of each partner, allocating staff to this task, building trust, evaluating the collaboration, and developing performance indicators to do so.

6.0 WORKSHOP 4: BEYOND DETERRENCE: ADOPTING THE FULL RANGE OF PREVENTATIVE MEASURES

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 complemented by preventative approaches, including (i) incentives to make declared work easier and more beneficial (i.e., “carrots”), (ii) education and awareness raising campaigns to improve the acceptability of undeclared work and (iii) improvements in formal institutions to improve trust in government. The 2022 study reveals that across all types of policy measure, the least progress has been made on implementing incentives to make declared work easier and more beneficial. There is also a widespread view that improvements can be made across all types of policy measure available.

To share learning, the workshop opened with two presentations. In the first presentation, **Eleni Alogogianni** (Greece) discussed the penalties used in **Greece** to incentivise the transformation of undeclared work into declared work, providing an update evaluating the first few years. The new framework was introduced in August 2018 with Law 4554/2018 and amended in October 2019 with Law 4635/2019. A fine of €10,500 is due for each detected undeclared worker. At least one reinspection is due to be scheduled within the next year of the initial undeclared work detection. In cases of undeclared work re-detection within three years at the same employer, the fine is doubled the first time (€21,000) and tripled the following times (€31,500).

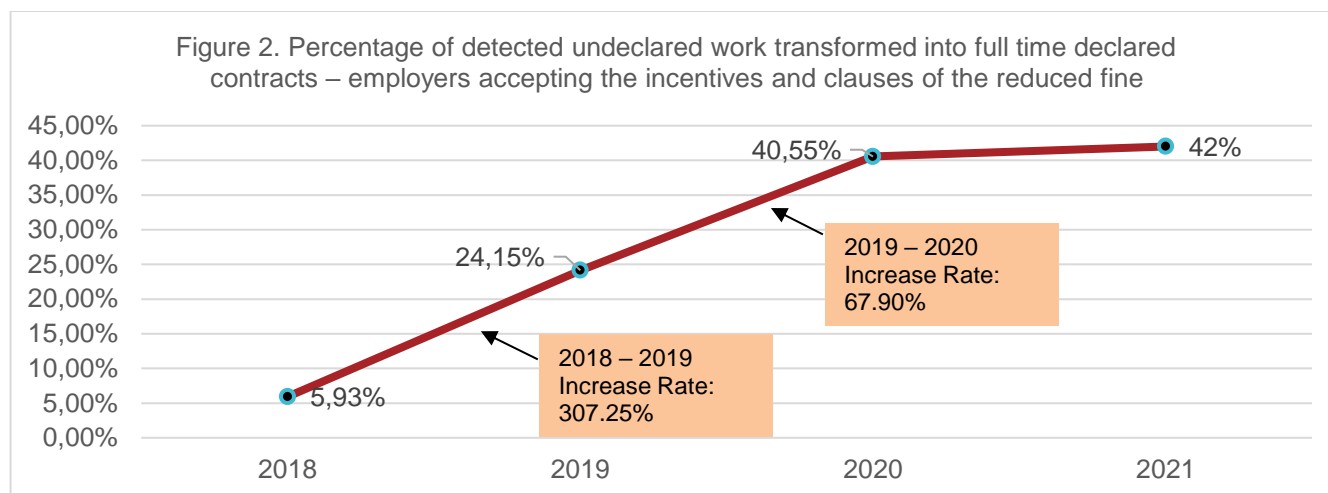
The innovative aspect of this penalty system is that it provides employers with an incentive to transform undeclared work into declared work. If the employer hires the undeclared employee(s) with a full-time contract of at least 1 year, within 10 days of the inspection date, the fine drops to €2,000. In cases of seasonal businesses, if the employer hires the undeclared employee(s) with a full-time contract of at least three months, the fine drops to €5,000. The employer is not allowed to reduce the total number of employees within the above-mentioned periods, nor convert any full-time contracts to part-time ones. In case employees resign or are fired, the employer must replace them with other employees within 15 days. Otherwise, the initial fine(s) shall be imposed. If undeclared work is re-detected within three years of the first detection, the employer misses the right to the provisions of the reduced fine.

This initiative was developed based on the “Action Plan for tackling undeclared work”, and the “Roadmap for tackling undeclared work” produced in 2016 by the tripartite cooperation of the ILO, the Greek Government, and the social partners, and funded by the European Union under the Structural Reform Support Service (SRSS).¹⁶ It is reliant on the information system, ERGANI, to set up a monitoring mechanism to check on an employer who accepts and makes use of the provisions of the reduced fine. Using this, an email is sent when a monitored employer breaks the clauses of the reduced fine to impose the full fine.

Evaluating the outcomes of this penalty system that provides an incentive for employers to transform undeclared jobs into declared jobs, Figure 2 reveals that prior to the new penalty system, just 5.93% of detected undeclared jobs were subsequently transformed into declared jobs. However, in 2019, 24.15% of detected undeclared jobs were subsequently transformed into declared jobs (a 307% increase), in 2020, 40.55% were transformed into declared jobs (a 67.9% growth on the previous year) and in 2021, 42% signalling that a steady state is being

¹⁶ ILO (2016a) [Diagnostic report on undeclared work in Greece](#), ILO, Geneva; ILO (2016b) [Roadmap for fighting undeclared work in Greece](#), ILO, Geneva.

reached. Overall, therefore, this policy measure has achieved its objective of transforming undeclared jobs detected into declared jobs compared with the previous penalty system that provided no incentive for employers to do this.



The major challenges in introducing this innovative penalty measure have been: defining the appropriate balance between deterrence and incentives; establishing a monitoring mechanism for tracking compliance; and adjusting labour inspection and planning practices to the new framework, such as regular re-inspections of businesses to check compliance.

The lessons learned from implementing this penalty system in Greece, that other countries could replicate who wish to develop policy measures to transform undeclared work into declared work, are that: implementation of information and awareness-raising campaigns is required about the new framework to companies and workers in cooperation with the social partners; close cooperation is needed of all involved organisations for a coherent approach towards tackling undeclared work and exchange of information and results; and implementation of an IT system/platform is required where all inspectors can have access and check for undeclared workers, insert inspection results and monitor employers continuing compliance.

This was then followed by a presentation by **Sven Zimmermann** (Germany) on marginal employment in **Germany**, namely the mini-jobs initiative. Mini-Job Central is a department of the Deutschen Rentenversicherung Knappschaft-Bahn-See (German Pension Insurance Knappschaft-Bahn-See) which is responsible for all marginal employments, so called mini-jobs, and supervises and administers around 7 million marginally employed at over 2 million employers. The tasks of Mini-Job Central are: social security reporting and contribution procedures; collection of lump sum taxes for all commercial and private mini-jobs; implementation of the household check procedure for mini-jobs in private households; and consultation and information for mini-jobbers and employers regarding questions of law to insurance, contributions and registration. Marginal employment can be performed both in the commercial sector (e.g., retail) as well as in private households ("household check procedure").

There are two types of mini job. On the one hand, "marginally remunerated employment" is where the wage or salary is regularly not more than €450 per month. If a mini-job ends during a calendar month and the person switches to a new mini-job at another employer, the wages or salaries are not added together for that calendar month, thus an exceeding of the €450 limit in this calendar month is not harmful. Exceeding the remuneration limit only occasionally and not foreseeably (e.g., when replacing an employee due to illness) does not harm the status of the mini job. A period of up to three months within a year is considered occasional. If the monthly remuneration limit is exceeded in more than three months in a year, it is no longer occasional and so assessed as non-marginal,

as is the case when the remuneration limit of €5,400 applicable in the annual period is exceeded. For €450 mini-jobs, due to compulsory insurance, the mini-jobber acquires full pension entitlements. However, the mini jobber can choose exemption from compulsory pension insurance. In the case of exemption, the mini jobber only acquires reduced pension entitlements. When multiple mini jobs are held and there is no main employment, this can be for a maximum of €450. With main employment, one mini-job maximum €450 is not harmful but further mini-jobs are subject to compulsory insurance.

On the other hand, “short-term employment” is where the employment is performed on no more than three months or 70 working days in a calendar year and not professionally exercised (i.e., either the employment is of secondary economic importance such as beside a main employment but without any relation to that profession, or the employment is not intended solely for the purpose of securing a living such as a pensioner). Marginal short-term employments are complete non-contributory in all social insurance branches. When the limit of 3 months or 70 working days within a calendar year is exceeded, compulsory insurance in all branches of social insurance comes into effect.

Marginal employment (mini job) in private households is when the marginal employment is offered by a private household (employer can only be a natural person, not a legal entity) and the activities are otherwise usually performed by family members. To register mini jobs in private households, there is a household check which is kept as simple as possible, and one form is required to register and deregister the employed person. The employer and the employee are obliged to conclude an employment contract. For this, default specimen employment contracts are provided.

For mini-jobs in enterprises, the employer is obliged to register the employee at the Mini-Job Central within a period of 6 weeks after beginning of employment, although there is an exception in certain industries (e.g., in construction, catering or accommodation industries) where immediate notification is required. The usage of electronic reporting procedure is required by law and registration, notifications and contribution statements shall only be transmitted by means of data transfer using approved system-tested programs. As of January 2022, the notifications must also contain the following tax data: tax identification number of the employer; tax identification number of the employee, and the method of taxation (e.g., 2% lump sum tax for marginal employment).

These presentations were then followed by a discussion of four questions:

- ▶ What are the major challenges in implementing preventative initiatives to improve the ease and benefits of engaging in declared work?
- ▶ What tips can those who have been more successful offer to others who have been less successful in doing so?

The lessons learned from the presentations and resultant discussion, as well as from previous Platform meetings on this topic, are as follows.

Challenges in implementing preventative initiatives to improve the ease and benefits of engaging in declared work

- ▶ Lack of legal competency in inspectorates to pursue many of the incentive measures that make it easier and more beneficial to engage in declared work.
- ▶ Lack of political will to implement these measures.
- ▶ Defining the appropriate balance between deterrence and incentives for compliance.
- ▶ Lack of understanding of the benefits of pursuing such measures by employers, workers, etc.
- ▶ Lack of understanding of full impacts of pursuing such measures and also for different employers and workers.

- ▶ Challenge to raise awareness about the changes in the law and informing employers, intermediaries (accountants), etc.
- ▶ Internal resistance to introduce these measures – view that employers made their decision to engage in undeclared work and role of enforcement authority is to detect it. Also new measures and tracking their impact is viewed as additional work for some.
- ▶ Adaptability of employers to new regulations and attempts to evade the new regulations (need for regular reviews and adaptations is required).
- ▶ Lack of availability of evaluations of the effectiveness of these measures in other Member States to provide evidence for their implementation in one's own Member State.
- ▶ Lack of financial resources to develop such initiatives.

Tips on implementing preventative initiatives to improve the ease and benefits of engaging in declared work

- ▶ Implement using pilot studies in specific sectors or localities to evaluate the effectiveness of such initiatives to show their ability to transform undeclared work into declared work and provide “proof of concept”.
- ▶ Use the results of these pilot studies to seek greater resource for the wider implementation of these preventative measures.
- ▶ Use staff exchanges to learn from other Member States about the effectiveness of such initiatives.
- ▶ Use “hot topics” to promote the development of these preventative measures.
- ▶ Appoint staff with competencies and skills in a preventative approach (e.g., marketing and communication skills, using social media, advisory skills).

7.0 KEY LEARNING OUTCOMES: PRACTICAL RECOMMENDATIONS

This concluding section provides key learning outcomes and practical recommendations arising from the thematic discussion on operationalising holistic approaches to tackling undeclared work. To structure this, each component of the holistic approach is addressed in turn.

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

- ▶ According to the 2022 survey on a holistic approach¹⁷, 11 of the 24 authorities responding (46%) have fully adopted the strategic objective of transforming undeclared work into declared work and eight of the 24 (33%) have fully adopted targets or key performance indicators (KPIs) in relation to moving businesses and jobs into the declared economy.

¹⁷ Williams, C.C. (2022) *Progress of national authorities towards a holistic approach: study using a common assessment framework* European Platform tackling undeclared work, European Labour Authority, Bratislava.

- ▶ To enable further mutual learning and capacity building, 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 Platform work programme could include mutual learning activities (e.g., a peer learning dialogue) for authorities to share learning on developing KPIs 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 this 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

- ▶ According to the 2022 survey on a holistic approach, only four of the 24 authorities responding (17%) reported that there is one single body responsible for the national strategy towards undeclared work. Moreover, only seven of the 24 (29%) state that there is a common set of targets for tackling undeclared work common across government, nine of the 24 (38%) state that some government departments have shared targets and eight of the 24 (33%) state that each government department/agency has its own targets. The thematic discussion day highlighted that there is now a significant shift taking place in this direction in many Member States (e.g., Croatia, Finland, Italy).
- ▶ Given the relative under-emphasis on this component of the holistic approach in past Platform work programmes (compared with the other components), an activity in the future (e.g., a peer learning dialogue or sub-group) could be on “developing cross-government coordinated strategy” to further share learning on how this has been achieved, the challenges faced and tips for overcoming these challenges.

Coordinating operations across government

- ▶ According to the 2022 survey on a holistic approach, two-thirds (67%) of authorities have fully adopted the strategic objective of using national joint or concerted operations and nine of the 24 (38%) have a target for the share of all national operations which are joint or concerted. However, only 11 of the 24 authorities (46%) have adopted the strategic objective of conducting cross-border operations and just four of the 24 (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, especially at the cross-border level, and consider other support that could facilitate such cooperation. Enforcement authorities, meanwhile, could more widely adopt the strategic objective of conducting cross-border operations and set a target for conducting a certain percentage of their operations as cross-border operations.
- ▶ Given that the #EU4FairWork, #Rights4AllSeasons and road transport campaigns exemplify successful coordination of cross-border joint operations, a Platform event (e.g., subgroup, peer learning dialogue) could evaluate the lessons learned in terms of the challenges involved and how they have been overcome. Applying the lessons learned to other cross-border operations, such as cross-border joint and concerted inspections (JCI), could provide valuable tips on the ways forward.

Cross-government coordination on data collection, sharing and analysis

- ▶ The proposals for the 2023 work programme include a study on e-services and a seminar on digital solutions, whilst the 2024-25 work programme includes a seminar/workshop on improving data sharing and data analysis. Future Platform activities (e.g., staff exchanges, good practice fiches) could be used to complement these and support enforcement authorities in improving their performance on (i) data collection, (ii) data sharing and (iii) data analysis.

Improving the involvement of social partners

- ▶ According to the 2022 survey on a holistic approach, 15 of the 24 authorities (63%) have fully adopted partnership building as a strategic objective in their authority. However, just five of the 24 (21%) have tripartite agreements on either sector specific inspection targets, information exchange, and/or awareness raising, and only four of the 24 (17%) have full tripartite agreements on all three. In five of the 24 authorities (21%), 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 one-third of authorities (33%), no progress has been made in developing transparent agreements, evaluating the outcomes of partnerships, and sharing the results.
- ▶ To progress onwards from previous platform outputs¹⁸, one potential way forward for Member States seeking further improvement in cooperation could be to instigate “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. These would be transparent agreements with clearly defined responsibilities and would be evaluated with the results shared with all partners.

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

- ▶ To improve the ability of enforcement authorities to develop incentive measures to make operating in the declared economy easier and beneficial, a study is included in the 2023 work programme on demand-side policy responses and a study on evaluating the range and effectiveness of incentives to regularise undeclared work in the 2024-25 work programme. If deemed appropriate, these could be followed-up with capacity building and mutual learning activities (e.g., a seminar, workshop, subgroup, good practice fiches) on: (i) demand-side incentive measures to persuade purchasers not to use the undeclared economy (e.g., supply chain pressure on buyers; social label initiatives), and (ii) innovative supply-side incentive measures to make declared work easier and more beneficial.

Finally, besides the multiple tips in this report on how national authorities can make progress on each component of the holistic approach, a key **learning outcome for national authorities**, synthesising the discussion across the workshops, is that making progress on nearly every component of the holistic approach involves a similar process, namely seeking political support for the development of the component, establishing a strategic objective related to the component and targets/key performance indicators, allocating staff with responsibility for implementing the component and adequately resourcing it, managing the effective implementation of the component, and evaluating and sharing the outcomes.

¹⁸ For example, Stefanov, R. and Mineva, D. (2021) [Toolkit on successful approaches of cooperation between labour inspectorates and social partners](#), European Platform tackling undeclared work

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