



# Platform subgroup on evaluating social /labour ID cards as a tool for tackling undeclared work, including in subcontracting chains

**Output paper**

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# 1.0 Introduction

This Platform subgroup, held in Bratislava on 26 April 2023, brought together 50 participants from 21 countries, representing labour, social security and tax authorities, various ministries, and European and national social partners. European Labour Authority (ELA) representatives were also present. The overarching aim has been to evaluate the use of social/labour ID cards as a tool for tackling undeclared work, including in subcontracting chains. The objectives have been to learn from the experiences of countries that have implemented social/labour ID cards about the challenges involved, what works and what does not, and to identify good practices regarding the use of social/labour ID cards for tackling undeclared work. This paper reports the outputs of the Platform subgroup.

To do so, this report:

- ▶ Reviews the different characteristics of social/labour ID cards used in Platform members' countries;
- ▶ Documents the experiences and challenges faced in developing, implementing, and monitoring social/labour ID cards as a tool for tackling undeclared work, identifying what works and what does not;
- ▶ Collects examples of good practice, considering their transferability;
- ▶ Provides suggestions on the possible next steps.

The next section defines social/labour ID cards, introduces their purposes and their potential role in tackling undeclared work. Section 3 then compares the characteristics of social/labour ID cards in twelve European countries, Section 4 discusses how they can support the tackling of undeclared work whilst, Section 5 evaluates social/labour ID cards as tools for tackling undeclared work. Section 6 then evaluates the feasibility of interconnecting social/labour ID cards whilst section 7 draws some conclusions and discusses the next steps.

## 2.0 Social/labour ID cards

What is a social/labour ID card? What are their purposes? How can they facilitate the transformation of undeclared work into declared work? This section provides brief answers to these questions.

### 2.1 What is a social/labour ID card?

In a 2015 report on social identity cards in the construction sector across Europe, Briganti et al (2015: 1) define social identity cards as:



*“An individualized worker certification tool which contains visible and safely stored electronic data that aims to attest that specific social and/or other (e.g., professional qualifications, OSH training, social protection/security issues, ...) requirements have been met by the worker’s employer and/or the worker him/herself”.*

This is the working definition used by the Platform subgroup. Nevertheless, as was pointed out, even simpler definitions exist not stating the functions of the social/labour ID card or the information stored on them<sup>1</sup>. For

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<sup>1</sup> By “stored” is of course meant in this report information that is accessible via the social/labour ID card.



example, in Iceland, the 2010 legislative act on Workplace ID Cards and Workplace Inspection No. 42/2010 defines “workplace ID cards” as:



*“cards that an employer prepares with information about the employer and employee. If an employee from an employment agency is involved, the name of the employment agency shall be specified instead of the employers.”*

## 2.2 What are the purposes of a social/labour ID card?

Their key purpose is to enable an assessment of whether a worker in a workplace is registered and is legitimately there. In doing so, it prevents and deters undeclared work from taking place, improves the detection of undeclared workers and the efficiency of inspections. Social/labour ID cards can also be used for other purposes beyond checking which workers are in a workplace and whether they are legitimately there to aid the prevention and deterrence of undeclared work. These additional purposes include:

- ▶ To identify and record the working time of workers;
- ▶ To record and certify occupational safety and health (OSH) training;
- ▶ To record and certify accredited training and qualifications;
- ▶ To document work experience;
- ▶ To control access to workplaces.

Social/labour ID cards are used for all or some of these purposes and objectives in each country with a social/labour ID card scheme. Besides differing in terms of their purposes and objectives, social/labour ID cards also vary across European countries in terms of:

- ▶ Their characteristics:
  - ▷ Whether they are mandatory or optional;
  - ▷ The type of card (e.g., visual information, data chip, fraud resistant);
  - ▷ The issuer;
  - ▷ The information stored;
  - ▷ The legal basis;
  - ▷ The institutions with access to the data.
- ▶ The target group:
  - ▷ Construction workers and sites only, and the types of construction worker and site covered;
  - ▷ The other sectors covered or not.
- ▶ The actors responsible for implementing and operating them, and the changes over time in who is responsible:
  - ▷ Social partners, and/or



▷ Enforcement authority.

The characteristics of social/labour ID cards, along with experiences and challenges when developing, implementing, and monitoring social/labour ID cards as a tool for tackling undeclared work, are discussed below in Section 3, along with how any challenges can be overcome.

## 2.3 Social/labour ID cards as a policy tool for tackling undeclared work

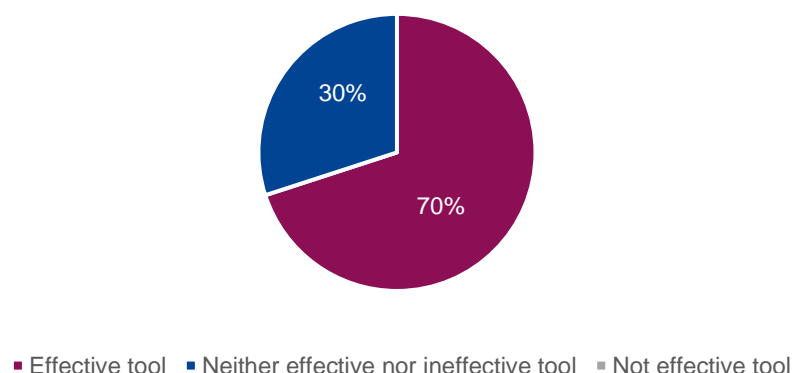
Social/labour ID cards are one policy tool in the toolbox of policy measures available for tackling undeclared work. They are commonly used for monitoring and verifying workers in workplaces (usually commercial construction sites), recording information about them, and preventing and detecting fraud and abuse, including undeclared work.

Importantly, social/labour ID cards are not a substitute for workplace inspections. Instead, social/labour ID cards can enable workplace inspections to be conducted more efficiently and effectively. However, for this to happen, social/labour ID cards must be “readable” by inspectors during a workplace inspection and connected to up-to-date databases so that the worker can be checked. As such, social/labour ID cards are a tool that uses information and communication technologies (ICTs) to tackle undeclared work and are part of the shift towards using digital tools to prevent and deter undeclared work.

The use of social/labour ID cards as a tool for tackling undeclared work is discussed in greater depth in Section 4.

Examining surveys conducted of the prevalence of social/labour ID cards in Europe, the first known analysis was conducted in 2010 as part of the feasibility study for a European Platform tackling undeclared work (henceforth referred to as “the Platform”). As Figure 1 displays, this found that two-thirds of European countries had some form of “workplace identity card” scheme and 70 % of the experts interviewed in 2010 viewed them as an effective tool, with the remaining 30 % viewing workplace identity cards as neither effective nor ineffective, and none viewing them as not effective (Dekker et al., 2010).

**Figure 1. Experts view on the use of workplace identity cards**



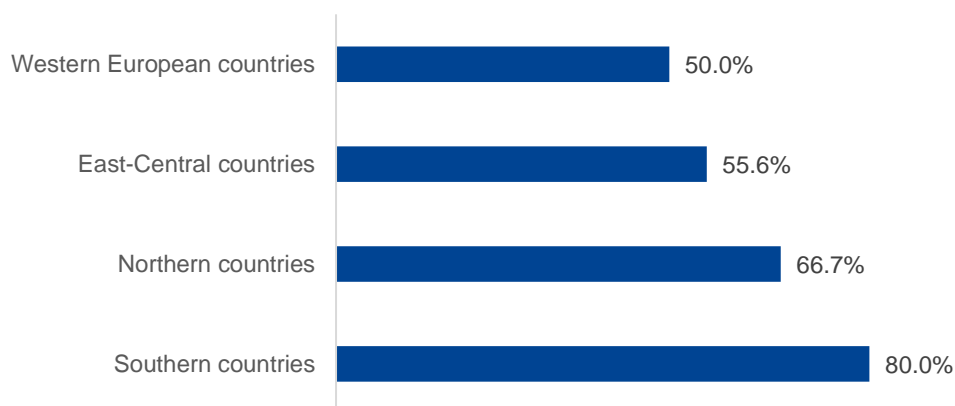
Source: Dekker, H., Oranje, E., Renooy, P., Rosing, F., & Williams, C.C. (2010), [Joining up the fight against undeclared work in the European Union](#), Brussels: DG Employment, Social Affairs and Equal Opportunities.



Meanwhile, a 2017 survey of national representatives on the Platform revealed that 48 % of the 23 European countries responding had “mandatory workplace ID cards”. However, this adoption of mandatory workplace ID cards was not evenly distributed geographically; 71 % of Western European countries responding asserted that they had such cards, 67 % of Nordic nations, but only 44 % of East-Central European countries and no Southern European countries (Williams and Puts, 2017).

In a more recent 2022 survey of 29 European countries by the Platform (Williams and Horodnic, 2022),<sup>2</sup> and as Figure 2 reveals, 62.5 % of responding countries stated that they had “mandatory ID in the workplace” (80.0 % of Southern, 66.7 % of Northern, 55.6 % of East-Central and 50.0 % of Western European countries).

**Figure 2. Responding countries that have mandatory ID in the workplace**



Source: Williams, C. C., & Horodnic, I. (2022). [Progress of national authorities towards a holistic approach: Study using a common assessment framework](#), European Labour Authority.

### 3.0 Comparing social/labour ID cards in European countries

Table 1 provides a summary comparison of the similarities and differences between a selection of national-level social/labour ID cards.<sup>3</sup> This is not an exhaustive list. A comprehensive mapping exercise of national social/labour ID cards in European countries will occur later in 2023 as part of a major project funded by the European

<sup>2</sup> Comparing the 2017 and 2022 surveys there are marked differences in the findings both within European regions (e.g., the proportion of Western European countries with mandatory ID in the workplace apparently declined from 71 % to 50 %) and comparing European regions (e.g., the proportion of Southern European countries with mandatory ID cards was the lowest of all European regions in 2017 but highest in 2022). There is no clear explanation for these differences in 2017 and 2022.

<sup>3</sup> The starting point of this table comparing social/labour ID card schemes in Europe has been a table in the following report, Williams, C.C. (2022) *Comparative study of the use of social identity cards in the construction sector in various European countries*. Project funded through EEA and Norway Grants 2014-2021 entitled “ID Cards for Decent Work in the Construction Industry”, PA05/2020/510946. This table has added the following schemes discussed at the Platform subgroup, namely Estonia, Greece, and Lithuania. A proposed Austrian scheme is also added in sec 5. To add these schemes, subgroup members were sent a copy of the table to complete and return following the subgroup meeting. Platform subgroup members were also asked at the subgroup meeting to provide any updates or amendments required to this table for their country.





Commission and led by the European Federation of Building and Woodworkers (EFBWW) and the European Construction Industry Federation (FIEC) (for details, see Section 6). The reason that these sectoral social partners are leading this project is because many of the social/labour ID cards in use in European countries have been developed by construction sector social partners for use in the construction sector. Previous mapping exercises providing detailed analyses of many of the national social/labour ID cards in Europe are available in Briganti et al (2015) and Williams (2022).

All the national social/labour ID cards included in Table 1 have been implemented. Beyond those selected schemes in this table, there are additional schemes at various stages of design and implementation, including:

- ▶ The Austrian service card of the Construction Worker Holiday and Severance Pay Fund (*Bauarbeiter-Urlaubs- und Abfertigungskasse*, BUAK) (see Section 5);
- ▶ In Estonia, the Estonian Tax and Customs Board (ETC) is planning to implement a scheme in either 2023 or 2024 which has been agreed and will be mandatory.
- ▶ A social/labour ID card proposal in its early stages of design and implementation in Romania;
- ▶ Two schemes in the Netherlands, one developed by social partners and one developed by the Dutch labour inspectorate, and
- ▶ In Denmark, there is not a social/labour ID card system, but they have conducted a pilot project and are currently evaluating it.

Looking in more detail at the scheme in the Netherlands: after social partners conducting an in-depth exploration of the feasibility of a card between 2013 and 2015, followed by a period seeking cooperation with public authorities, in 2021, a pilot project of social ID cards was organised by the labour inspectorate, tax authority and some large construction companies on large construction sites (over EUR 500m). The companies set up a badge and data-system with worker data linked to a gate check-in system. The building sites were fenced, so that all workers were obliged to enter the building site through the gate. At the workplaces, the tax authorities had a permanent office to verify whether the gates and badges were properly used. Once a month, the tax authority compared the company data and tax data to identify any non-compliance (e.g., in social contributions). The labour inspectorate also received the data to organise targeted inspections. However, in early 2021, the tax authorities withdrew from the pilot. Moreover, the subgroup meeting heard how the labour inspectorate is no longer supportive of a general social/labour ID card scheme and is instead exploring “closed gate” systems as the way forward, which use a common “entry and exit card”, as a tool for supporting workplace inspections.

Dutch social partners agreed in their cba (2015) to develop and implement ‘BouwplaatsID’ (ConstructionID). After the cba agreement, social partners developed the card and it was ready to be implemented (2019). However, the Dutch Ministry did not want to make the cba agreement (dating from 2015) universally applicable, which was an important precondition to implement the card sectorally. The final decision to not give this part of the cba agreement the status of ‘universally applicable’ came in 2019. The only way forward was then to find a legal basis for the card.

Meanwhile, the Dutch Labour Inspectorate (without involvement of social partners) developed their own scheme, which cannot be compared to the scheme the social partners designed. The five major differences are as follows:

- ▶ The Dutch labour inspectorate is only competent to enforce the statutory minimum wage; cba agreements (including second pillar pension schemes) are completely left out of the scope of the labour inspectorate. The difference between the Dutch statutory minimum wage and the cba wage in the construction sector (including all benefits, **can add up to 25%**).



- ▶ The scheme of the Dutch labour inspectorate does not give the worker access to their own data. In the scheme that social partners developed this is one of the important objectives: the worker gives consent to use their data, has access to their data and owns their own data (also after leaving the project / sector). This will strengthen the (ALL) workers position enormously.
- ▶ The 'BouwplaatsID' was developed **to prevent** fraudulent situations to happen (by (automatically) checking data `before the worker has access to a construction site and therefor also **to release the administrative burden** of the supervisor who has to (legally) check all kinds of data of personnel that access the work site. None of these considerations are taken on board in the scheme of the labour inspectorate.
- ▶ The issuer of the card the sectoral social partners designed would be a third entity. They set up an independent organisation, which has been, due to the ongoing discussions, dissolved. In the current discussions with the Ministry, the social partners think of a separate entity with a legal mandate from the government.
- ▶ The BouwplaatsID first and most important objective is to have an overview of who is who on the worksite; who is working for who and what is the legal status of that person? Is he / she flexworker or self employed? Who is his / her employer or client etc. The data will give an overview of ALL workers, companies / self employed on a construction site at a particular moment. Information which is vital in enforcing cba agreements (and giving the worker a good position in such procedures).
  - ▷ Because workers move around from one worksite to another it is important that the worker can prove that they worked at a particular site and in the sector. The data needs to be connected to the actual worksite, which is what BouwplaatsID does.

In 2022, two resolutions were adopted (both with a large majority) in the Dutch parliament asking the Dutch Ministry to conduct thorough research into the possibilities and obstacles for a legal basis of the 'BouwplaatsID'. This is the current phase, with the follow up shortly after the 2023 summer holidays.

The limited competences that the Dutch labour inspectorate has, and the major responsibilities put on the plate of social partners (without giving them any of the tools and/or competences that labour inspectorate has), to enforce their cba causes big problems in the enforcement of our (Dutch) cba(s), even when they are declared universally applicable. And this led to the initiative of social partners to develop their own product, at that time with the full support of the government.

In addition, other existing national social/labour ID cards will doubtless be uncovered by the comprehensive EFBWW/FIEC mapping exercise about to commence, and there also exist various local-level and regional-level social/labour ID card schemes (e.g., in Copenhagen).

To compare the similarities and differences in the social/labour ID cards identified in Table 1, the rest of this section provides a review of the:

- ▶ Different purposes and objectives of social/labour ID cards;
- ▶ Different characteristics of social/labour ID cards;
- ▶ Different target groups and organisations involved;
- ▶ Variations in responsibilities and bearers of costs.



**Table 1. Selection of national social/labour ID cards in European countries**

	Belgium	Finland	France	Greece	Iceland	Italy	Lithuania	Luxembourg	Norway	Spain	Sweden
<b>Name</b>	ConstruBadge	Valtti	BTP	Digital labour card	Vinnustaðas kirteini	<i>Tessera di riconoscimento</i>	Transparent Worker Identification (QR) Code	Badge Social	HSE	TPC	ID06
<b>Year started</b>	2014	2014	2006	2022	2010	2006	2022	2013	2008	2007	2007
<b>Purposes</b>											
- Worker ID	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
- OSH	No	Yes	No	No	No	No	No	No	No	Yes	No
- Training	No	Yes	No	No	No	No	No	Yes	No	Yes	Yes
- Sector work experience	No	No	No	No	No	No	No	No	No	Yes	No
- Tackling undeclared work	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	No	Yes
<b>Participation</b>	Voluntary	Mandatory	Mandatory	Mandatory	Mandatory	Mandatory	Mandatory	Mandatory	Mandatory	Voluntary	Mandatory
<b>Card:</b>											
Visual Information	Yes	Yes	Yes	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Data chip/QR code	Yes	Yes	Yes	Yes	No	Yes	Yes	Yes	Yes	Yes	Yes
Fraud resistant	Yes	Yes	Yes	Yes	No	No	Yes	Yes	Yes	Yes	Yes
Issuance	Centralised	Decentralised	Decentralised	Decentralised	Decentralised	Decentralised	Centralised	Centralised	Centralised	Centralised	Both
<b>Legal basis</b>	Agreement of SP	Law	Law & Agreement of SP	Law	Law & Agreement of SP	Law & regional collective labour agreements	Law	Law	Law	Law & collective agreement	Law
<b>Responsible actors</b>	Social partners	Employer	Employer (BTP)	Public authority	Social Partners	Paritarian institution or employer	Public authority	Public authority	Public Authority	Paritarian institution	Social Partners
<b>Costs paid by</b>	Employer	Employer	Employer	Public authority	Employer	Paritarian institution or employer	Public Authority	Employer/posting company	Government	Paritarian institution	Employer
Applies to posted workers	Yes	Yes	Yes	No	Yes	Yes	Yes	Yes	Yes	No	Yes



### 3.1 Purposes and objectives of social/labour ID cards

Social/labour ID cards are developed for several purposes:

- ▶ Worker identification;
- ▶ Recording occupational and health training;
- ▶ Recording training/education;
- ▶ Recording sectoral work experience;
- ▶ Tackling undeclared work.

All the social/labour ID cards reviewed in Table 1 are used as a tool for worker identification and all (apart from the scheme in Spain) use them primarily as an identification tool during inspections for the purpose of detecting and preventing undeclared work. Increasingly, however, they are also used for a wider range of purposes.

On the one hand, they are a means of recording and storing additional key information. This includes recording training of both a professional and vocational nature, educational qualifications, and sectoral working experience. In Spain, for example, the *Tarjeta Profesional de la Construcción* (TPC) scheme informs employers whether workers have undertaken occupational health and safety (OSH) training and all other qualifications and training undertaken by workers, including their work experience, as well as their employment record in construction activities. For the workers, the TPC scheme is a way of recording their training and qualifications. Therefore, the TPC card is for training and skills recording and useful for risk prevention (e.g., regarding whether they have specific training) but is not useful for tackling undeclared work. Instead, in Spain, the identity card, not the TPC card, is used for tackling undeclared work by inspectors. It is similarly the case in Luxembourg that social/labour ID cards are used to record training. However, overall, ten of the 11 national social/labour ID cards in Table 1 do not record training and work experience.

On the other hand, they can be used as an electronic key to gain access to a construction site which has electronically controlled access and can also act as a “stamping machine” to not only ensure that people sign in and out, but also to record working hours spent on the construction site. Indeed, this has become ever more common as digital technologies on construction sites have become more popular. As cards have moved away from being simple paper-based identity cards with a picture of the worker, and the name of the worker and employer, and have become digital cards with a chip/QR code, this function of social/labour ID cards has become more commonplace. This means that social/labour ID cards can also become registration cards recording who is working on construction sites and their working hours on the construction site. For example, in Sweden, ID06 card is used to register entry and exit in the workplace's electronic personnel register. It also contains the social security number, name, photograph, organisation number, company name and country, and from education companies, information is collected about which training courses an individual has completed and their social security number.

Indeed, in the Netherlands, a current initiative in the labour inspectorate, as described above, is to develop an “entry and exit card” scheme for construction sites. The subgroup heard that the belief is that a “closed gate” access system is the way forward with a common card, and the Dutch labour inspectorate has been exploring closed gate systems as a tool for supporting workplace inspections.



## 3.2 Characteristics of social/labour ID cards

Social/labour ID cards differ in terms of the following features:

- ▶ Whether it is mandatory or optional;
- ▶ Type of card used (e.g., simple card, chip card, mobile application);
- ▶ The issuer;
- ▶ The information collected/stored;
- ▶ The legal basis;
- ▶ Institutions/organisations with access to data, etc.

Here, each issue is considered in turn, including any discussed experiences and challenges faced in the past and at present in relation to each when developing, implementing, and monitoring social/labour ID cards as a tool for tackling undeclared work.

### 3.2.1 Mandatory/optional

Examining the selection of 11 selected social/labour cards in Table 1, as Figure 3 displays, they are mandatory in nine countries (Finland, France, Greece, Iceland, Italy, Lithuania, Luxembourg, Norway, and Sweden) and voluntary in two countries (Belgium and Spain). However, this snapshot does not reveal the trends over time within countries. Social/labour ID cards have often started as voluntary schemes organised by social partners, frequently on a small-scale, and have then moved over time towards becoming mandatory with wider coverage, often with a legal basis (e.g., Finland, Sweden). Nevertheless, countries often put limitations on the workplaces where they are mandatory. For example, home maintenance and repair sites are sometimes excluded (e.g., Finland) and on commercial building sites, social/labour ID cards can be not compulsory on some sites, such as low-value construction projects, and different groups of workers can be excluded on such sites (e.g., delivery drivers). A more recent trend, displayed by the schemes in Estonia, Greece and Lithuania, is that they are increasingly government-initiated mandatory schemes.

**Figure 3. Requirement regarding social/labour ID cards in European countries**



Source: Williams, C.C. (2022) *Comparative study of the use of social identity cards in the construction sector in various European countries*.



### 3.2.2 Type of card (e.g., visual information, data chip, fraud resistant)

In the selected schemes in Table 1, social/labour ID cards now have a data chip/QR (“quick response”) code and are meant to be fraud resistant. Again, this snapshot does not reveal the trends over time within countries. In the early years of social/labour ID cards, some were simple paper-based ID cards with the name and picture of the worker, and the name of the employer. However, across Europe, they have increasingly become digital cards with electronic RFID (radio frequency identification device) data transmission chips, or a QR code, which can be stored on a smartphone for presentation.<sup>4</sup> This use of RFID chips and QR codes potentially allows a wide range of information to be collected and stored on the ID card. Most cards also possess fraud-resistance systems (i.e., ID chips, holograms, watermarks).

This shift towards social/labour ID cards becoming digital cards, such as with electronic RFID data transmission chips and/or a QR code, enables them not only to be used as worker ID cards but also as registration cards recording who is working in a workplace and their working hours in the workplace, and a means of recording and checking worker training, qualifications and work experience.

In Lithuania from 1 April 2022, for example, a Transparent Worker Identification (QR) Code has been used for construction workers undertaking construction work on construction sites for both employees and the self-employed. It is mandatory for all workers to have this QR code. The QR code is generated by the social insurance system and the worker then keeps a pdf file with this QR code on their smartphone. This identifies the person, insurer, their employer, or states that they are self-employed. Anybody can verify the QR code at the social insurance board system. This QR code is used by the labour inspectors, tax inspectors and financial crime investigation service during inspections to verify the registration of the worker. In future, it is proposed that this will be upgraded to also include the working time of the person and perhaps be extended to all construction workers rather than solely those on construction sites. For example, it might be extended to include those undertaking home repairs, maintenance, and improvement work.

However, the subgroup heard how not all national social/labour ID card schemes have shifted fully towards digitalisation. For example, in Luxembourg the card is on paper with a QR code. In Iceland, meanwhile, there are no guidelines on the quality of the cards issued, and they are therefore often a simple laminated piece of paper and even sometimes on a piece of non-laminated paper. Moreover, and in relation to their fraudulent usage, there is no formal identification process underpinning the issue of the social/labour ID card, so no legal basis. The result is that sometimes a foreign worker will use the ID number of another person so that on the resultant ID card, the ID number of the person on the card does not match the worker named on the card. The subgroup heard that a legal basis for their issuance, and to check the details on the card, was required for them to be effective tools for tackling social fraud and undeclared work.

The tax authority in Finland had witnessed similar issues when the employee or employer on the social/labour ID card is not the correct one, akin to Iceland. The reason why the information about the worker and employer can be incorrect in Finland, despite it being verified by the public authorities before the card is issued, is because employer information is not public, so when foreign workers submit the information, they do not know at that time who is the employer. The public register of tax information has no information on the employer, so the posted worker data cannot connect the posted worker to an employer.

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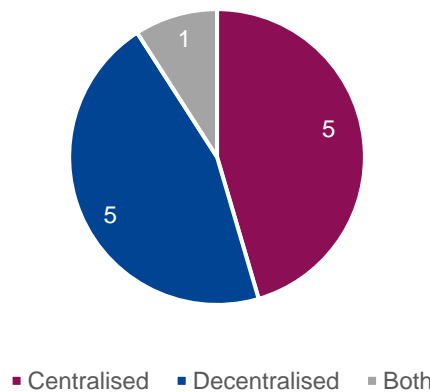
<sup>4</sup> While an RFID tag requires a special scanner to read and transmit the data to a computer, QR Codes can be scanned with any smartphone. QR Code scanning is always possible with a third-party app, and newer smartphone versions have even automated QR Code scanning with the camera (iOS and Android).



### 3.2.3 The issuer

As Figure 4 displays, in five of the 11 selected schemes in Table 1, the issue of social/labour ID cards is centralised (Belgium, Lithuania, Luxembourg, Norway, and Spain). In five it is decentralised (Finland, France, Greece, Iceland, and Italy) and in one both (Sweden). Again, however, this snapshot of a selection of schemes does not reveal trends over time. As social/labour ID cards have become mandatory and universal, there has been a shift towards centralisation as far as the issuer is concerned.

**Figure 4. Issuance status regarding social/labour ID cards in European countries**



Source: Williams, C.C. (2022) *Comparative study of the use of social identity cards in the construction sector in various European countries.*

Finnish social partner subgroup participants asserted that it was difficult for enforcement authorities to take the issuer role, not least because this was a difficult and complex information technology endeavour and enforcement authorities generally lack the IT capacities and skills in-house to make and issue such social/labour ID cards.

### 3.2.4 Information collected/stored

The information collected and stored on social/labour ID cards differs between countries. Many store minimal information and operate purely as worker ID cards, whilst others collect and store a more comprehensive range of information. The subgroup heard that the trend is towards a desire for social/labour ID cards to collect and store a wider range of information. This is to enable for example social/labour ID cards to move beyond being solely a worker ID card and towards a card that records who is working in a workplace and their working hours, and a means for recording and checking worker training, qualifications, and work experience.

In Belgium, for example, 28 different sets of data are stored, including their photograph and name, the name of their employer, employer and employee identification numbers, card number, barcode, and validity date; training received, safety certificates possessed, their career history in construction activities, personal data including whether they have a driver’s license and particular applications such as whether they have access to buildings and particular machines. In relation to general data protection regulation (GDPR), the consent from the employee was important in this regard.

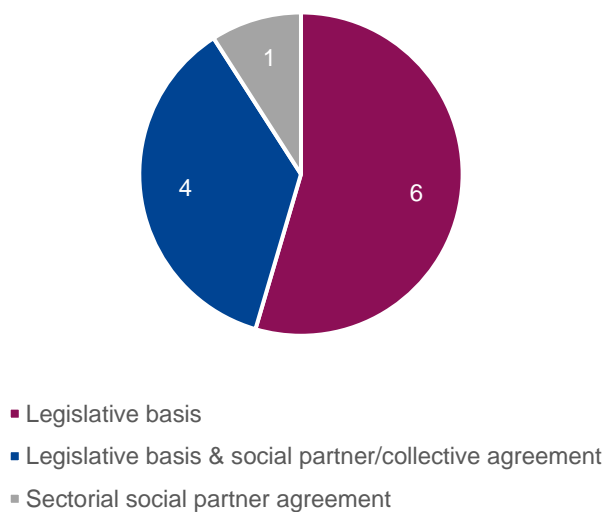
A challenge witnessed in Finland is that employer data is not public information, so is not released, although it would be useful to include. Nevertheless, the inclusion of the tax identification number (TIN) on the card had significantly bolstered the ability to use the cards to detect undeclared work, especially among foreign workers.



### 3.2.5 The legal basis

As Figure 5 reveals, in six of the schemes in Table 1, there is a legislative basis for social/labour ID cards (Finland, Greece, Lithuania, Luxembourg, Norway, and Sweden) whilst in another four countries there is both a legislative mandate and a social partner agreement and/or collective agreement (France, Iceland, Italy, Spain). In the remaining country, namely Belgium, the basis is a sectoral social partner agreement. Indeed, in Belgium, the fact that this is a sectoral collective agreement and not a general collective agreement has proven problematic in terms of the groups of workers included in the scheme, since some are excluded (e.g., electricians). Again, the trend over time is that as social/labour ID cards move from voluntary to mandatory schemes, there is a shift in the legal basis away from social partner agreements and collective agreements, and towards legislative initiatives.

**Figure 5. Legal basis for social/labour ID cards in European countries**



Source: Williams, C.C. (2022) *Comparative study of the use of social identity cards in the construction sector in various European countries.*

### 3.2.6 Institutions/organisations with access to the information on cards

Normally, it is inspectors of nominated enforcement authorities alone who can compare the data on social/labour ID cards with information held. Even when social partners act as inspectors of social/labour ID cards (e.g., Iceland), these social partner inspectors send the information stated on the cards to the labour inspectorate, tax authorities, social security authority, police and Directorate of Immigration when relevant, who then cross-check the data received on the employer and/or the employees with the wider registers.

The fact that workers can have access to the data stored on social/labour ID cards helps strengthen the position of workers, enabling them to identify if there are discrepancies that require resolution, thus enabling social/labour ID cards to operate as a preventative tool in relation to tackling undeclared work.

## 3.3 Target groups and organisations involved

Although the target group for social/labour ID cards are normally construction workers and construction sites, the types of construction worker and construction site included varies between countries. Some countries adopt wider definitions of which construction workers and construction sites are included than others. The tendency over time





has been for ever wider range of construction workers and sites to be included, as social/labour ID cards shift from being voluntary to mandatory initiatives.

In Finland, for example, the obligation to carry a social/labour ID card applies to a wide range of workers including architects, security guards, the self-employed, and investors' representatives. It is compulsory even for those on a site for less than one hour. However, those temporarily delivering goods to a worksite do not need one. Worksites owned by individuals building a home for their own use are also exempted.

In Belgium meanwhile, the ConstruBadge was not applied to the self-employed on construction sites and other groups not covered by the sectoral collective agreement (e.g., electricians). This was because the card was the result of a specific sectoral collective agreement, not a general collective agreement or legislation. This limited the groups covered to those in the construction industry collective agreement.

One logical option to determine the target groups in terms of which workers and workplaces should be covered by social/labour ID cards is to assess the prevalence of non-compliant behaviour among different types of workers and workplaces. This could be assessed using case management records of inspections to identify among whom undeclared work was detected in the past and in what types of workplaces. Where high non-compliance is identified, then a rationale exists for making social/labour ID cards mandatory for these types of workers and workplaces.

Little consideration has been so far given in many countries to extending social/labour ID cards beyond construction workers and the construction sector, although there are exceptions (e.g., Greece, Iceland). This will be returned to in Section 4.2 below.

## 3.4 Responsibilities and costs

### 3.4.1 Responsibility for social/labour ID cards

As social/labour ID cards have shifted from voluntary to mandatory initiatives, there has been a shift away from social partners being solely responsible and towards the greater involvement of public authorities. Indeed, in Norway, the labour inspectorate has driven the introduction of social/labour ID cards, the Estonian Tax and Customs Board (ETCB) the agreed but not yet implemented scheme in Estonia, and the Labour Inspectorate in Greece. Thus, although social partners often tend to act as the catalyst for the introduction of social/labour ID cards, there has been a move towards greater cooperation with public authorities over time and even public authorities taking the lead role in some contemporary schemes.

### 3.4.2 Who pays the costs?

Although in many countries in Table 1, employers tend to remain ultimately responsible for the costs of introducing and supplying social/labour ID cards, there are some notable exceptions. For example, in Lithuania, Greece and Norway, it is the government that has taken on the costs of maintenance of social/labour ID cards' schemes.

In many countries, a paritarian organisation is created to operate the social/labour ID card scheme (e.g., Belgium, Italy, Spain, Sweden). In Belgium, the quarterly contributions that employers make to *fbz-fse Constructiv* cover the costs, whilst in Sweden since 1 October 2016, ID06 is operated as its own company, *ID06 AB*, with employers paying the costs of issuing the card. Indeed, a lesson appears to be that the creation of a paritarian organisation to operate a social/labour ID card scheme is useful in the early stages.



In summary, and as those chairing the subgroup session discussing the characteristics of social/labour ID cards concluded, firstly, it is important to recognise that the function of social/labour ID cards is not purely about identifying and tackling undeclared work, but also about OSH, training, skills, and so forth, and secondly, that a clear distinction needs to be made between mandatory and voluntary social/labour ID cards. When social/labour ID cards are voluntary, the conclusion was that those who are not interested in using them are also those more likely to engage in undeclared work practices.

## 4.0 Social/labour ID cards as a tool for tackling undeclared work

The aim of this section is to evaluate the outcomes and cost-effectiveness of social/labour ID cards as tools for preventing and deterring undeclared work. Here, the responses are reviewed on four main questions put to the subgroup:

- ▶ How, practically speaking, do social/labour ID cards support inspection on-site or risk assessments?
- ▶ In what sectors social/labour ID cards could work as an efficient tool for tackling undeclared work? (i.e. agriculture, HORECA, bank sectors, etc.)
- ▶ What kind of standards and processes need to be regulated for the effective use of social/labour ID cards?
- ▶ What components or features of social/labour ID cards are key in inspections and support tackling undeclared work, including in subcontracting chains?

A further set of questions were also asked regarding the data challenges faced when designing, developing and implementing social/labour ID cards to tackle undeclared work.

Here, the experiences and challenges of subgroup members in relation to each of these issues are reported.

### 4.1 How do social/labour ID cards support inspection on-site or risk assessments?

Social/labour ID cards were universally considered not to be a substitute for physical workplace inspections or risk assessments. Instead, they facilitate more efficient and effective physical workplace inspections since such cards enable the identity of workers to be more easily checked and verified. As such, they enable both random inspections as well as follow-up inspections to risk assessments to be effectively and efficiently conducted.

However, how in practical terms do social/labour ID cards support inspections on-site? Discussion in the subgroup revealed that during inspections, workers are asked to produce their social/labour ID card by the inspector. When they do so, then their identification and right to be on the construction site is checked. The overall view was that social/labour ID cards enable this to be done more efficiently and effectively than if social/labour ID cards did not exist.

For example, the subgroup was informed that in Belgium, although inspectors did not at first see the added value of the ConstruBadge since there were already identity cards which could be used, they now say that the ConstruBadge is helpful, especially on large construction sites. This is because the ConstruBadge can be used to check quickly and efficiently who is working there and should be there, in the first instance by using the colour of the ConstruBadge card, which varies by the year of issue, and they can then pinpoint those without the correct



colour for further discussion. In addition, they can cross-check the ConstruBadge with their identity card. Given that the ConstruBadge is not issued by the public authorities, there is currently a need to double check that the person on the ConstruBadge is the person stated by cross-checking this with their identity card.

More commonly, inspectors in many countries check workers' identification and right to be on the construction site with the real-time registers of employment, tax and so forth to verify their registration and status. When it is a labour inspector conducting the inspection, then this is done by the inspector examining the online employment register, such as via their tablet or smartphone, to check that the worker is registered as working on the site. Alternatively, if an inspector does not have direct access to the real-time employment register to verify this, then they could phone somebody in the labour inspectorate to check that the worker is registered. If the person inspecting the card is a social partner, as is sometimes the case in Iceland for instance, then the social partner inspector will send the information stated on the cards to the labour inspectorate, tax authorities, social security authority, police and Directorate of Immigration when relevant, who then cross-check the data on the employer and/or the employees with their registers to ensure that the worker is registered. The social partner inspectors do not themselves have direct access to the real-time registers required to verify the registration status of the worker.

In Lithuania, for example, the subgroup heard that inspectors view the social/labour ID card positively because they can conclude inspections more efficiently. They can scan the QR codes and find the data to verify the worker or not, and before they needed to do this manually. The new scheme had therefore decreased the time spent during inspections. One minor problem is that not all workers have a smartphone and only have a printed pdf file. If it is not in a good condition, then it can be difficult for inspectors to scan the code. However, all workers need to always have in either paper or e-format the QR code with them.

In Sweden, meanwhile, it is a legal requirement to have an electronic personnel log on most construction sites. This means that companies and people working need to register in the personnel register. ID06 makes it possible for companies and agencies to easily identify people in the workplace and connect each person to a company, in a secure way. ID06 validates companies and individuals via eID or a scanned ID document. Using ID06 cards, a clear employer relationship between a business and individual can be confirmed. When registering a new account with ID06, moreover, it is necessary to validate one's identity. Usually this is done digitally with eID, but the person can also scan their passport or national ID at one of scanning stations established to do so, which mitigates some of the problems voiced above in relation to the ConstruBadge in Belgium.

The subgroup also heard that in Finland, the social/labour ID card provides inspectors with valuable information about the employer and enables them to check whether the information on the card differs to what the main contractor has on their list. When this differs, it often uncovers hidden subcontracting chains. For example, if it says on the card that it is an employer, but they are in fact classified as self-employed, this can open what was referred to in the subgroup as a "pandora's box" of bogus self-employment (or what in Finland is being termed "light entrepreneurship"). Some employers for instance misuse the residence permit system: an employee's residence permit may be applied for when an employee arrives in Finland, and yet in practice the employee may be asked to operate on a self-employed person basis or as a "light entrepreneur" and their dependent employment relationship is either very short or does not materialise at all. For example, the State Regional Administrative Agencies' occupational safety and health authority alone have found over 400 "light entrepreneurs" during its 71 control visits in 2022. Even in dependent employment relationships, employers often do not comply with the minimum requirements in the case of foreign employees, with nearly 60 % of inspections by the occupational safety and health authority in 2022 in the construction sector revealing shortcomings, the most common of which



related to basic pay and various compensations.<sup>5</sup> As such, both company verification and worker verification is required for effective inspections to be conducted. There was also a view from Finnish participants in the subgroup that inspection was not solely the responsibility of inspection authorities. Their view was that it was also the social partners responsibility, and that cooperation was the most effective way forward as far as tackling undeclared work was concerned.

The consequence is that social/labour ID cards can be a useful first check of worker status when inspectors visit workplaces and that when inspectors have direct and immediate access to the real-time databases, they are more effective in detecting and preventing undeclared work than if inspectors do not have such access.

Subgroup members also raised another less direct way in which social/labour ID cards can support the risk assessment of the likelihood of undeclared work in workplaces. On larger construction sites which are fenced, and the social/labour ID card is used as a tool that is swiped to gain entry, to sign workers in and out, and/or to record working hours spent on the site, then this perhaps simplifies the preparation for inspections by labour inspectors and makes inspections relatively easier. When social/labour cards are used in this way, therefore, they support on-site inspections by reducing the risk that undeclared workers are operating on these construction sites and allow inspectors to focus their resources on other workplace sites where such an entry and exit system, and means of recording working time, is not in operation.

## 4.2 In what sectors social/labour ID cards could work as an efficient tool for tackling undeclared work?

Social/labour ID cards in most countries have been primarily developed for, and used in, the construction industry, and either created by construction industry sectoral social partners and if not, developed in close cooperation with construction industry sectoral social partners.

The reason that they are so popular in the construction industry is due to the unique characteristics of the construction industry. These include:

- ▶ The fact that worksites are always temporary;
- ▶ The long sub-contracting supply chains;
- ▶ The high level of work accidents compared with other sectors, and
- ▶ The higher prevalence of undeclared work relative to some other sectors.
- ▶ **The lack of data; social ID cards (can) help to collect better data on ALL workers on site and in the sector. Also the ones that are very likely to remain invisible because they often work very short term on a construction site and rules may not require official registration.**

These specific characteristics of the construction industry justify the need for the use of social/labour ID cards in this sector to enable those on a construction site to be verified.

An issue raised at the subgroup was whether other sectors display similar characteristics that would make social/labour ID cards also relevant for them. Sectors that display similar characteristics to the construction sector,

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<sup>5</sup> <https://www.vero.fi/en/grey-economy-crime/prevention/preventionstatistics/>



and where social/labour ID cards could be additionally usefully used, were: (1) agriculture and (2) the HORECA sector.

In agriculture, for example, there are similarly many temporary and seasonal workers used, sometimes long sub-contracting chains and the use of gangmasters to employ labour, and a similar high prevalence of undeclared work.<sup>6</sup> Although their use as “entry and exit” cards would not be relevant in this sector, due to the open nature of agricultural holdings, many of their other functions would be relevant. But it is relevant to ‘pinpoint’ the worker to a certain place where he / she worked for a certain (short) period of time, especially when improving the workers’ position in discussions. Furthermore, it is essential to acknowledge the dynamic nature of labour mobility in the agricultural sector, where individuals often engage in mobility between different work settings.

In the HORECA sector, furthermore, there are again many temporary workers used in periods of peak demand and a high prevalence of undeclared work.<sup>7</sup> This again provides a rationale for their potential usage in this sector. Indeed, there are examples of where this is occurring. In Iceland, for example, they are already used in this sector. In the light of the mobility of individuals, which may expose them to increased vulnerability, the implementation of a Social ID card could serve as a valid means of verifying their ‘working history’

Indeed, it was reported at the subgroup that there are very few sectors in Iceland where the social/labour ID card is not required. Exceptions include fish-processing factories and large warehouses where heavy machinery is in use. Nevertheless, they are used in most sectors including restaurants, beverage serving premises, small retailers and so forth as named examples given at the subgroup.

Similarly in Sweden, since the ID06 social/labour ID card became the responsibility of an independent non-profit-making company in 2016, ID06 AB, the range of industries has extended beyond the original core of businesses in the construction industry. Owners of the ID06 AB company now include construction companies, builders, property owners, Sweden's Public Utility, installers' companies, machine contractors, sheet metal and vent companies, the glass industry association, security companies, transport companies and painting companies.

### **4.3 What kind of standards and processes need to be regulated for the effective use of social/labour ID cards?**

The subgroup briefly discussed the standards and processes that need to be regulated for the effective use of social/labour ID cards. Key standards required for the effective use of social/labour ID cards noted include many of those already discussed above in relation to the characteristics of the cards. It was considered that social/labour ID cards were more effective when they are mandatory rather than optional voluntary schemes.

It was also considered that a pre-requisite for the effective use of social/labour ID cards is that inspectors have immediate access when in the field to real-time registers to verify the status of workers in front of them. Without this, the effectiveness of social/labour ID cards is greatly reduced. Therefore, for social/labour ID cards to be effective, it is necessary that they can be electronically read and quickly compared with public authority databases to verify the worker.

They were also considered to be more effective when a fuller range of workers and workplaces are included where undeclared work is likely to be found. When the range of such workers and workplaces is narrower in terms of who is requested to carry social/labour ID cards, then such schemes will be less effective in detecting and preventing

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<sup>6</sup> <https://www.ela.europa.eu/sites/default/files/2021-09/Learning%20Resource%20-%20Agriculture%20Seminar-FINAL.pdf>

<sup>7</sup> [https://www.ela.europa.eu/sites/default/files/2021-12/Learning-resource-paper\\_SEM2\\_Horeca.2021\\_EN.pdf](https://www.ela.europa.eu/sites/default/files/2021-12/Learning-resource-paper_SEM2_Horeca.2021_EN.pdf)



undeclared work. An example was provided by Belgium. For the reasons discussed above in Section 3.3, namely that the ConstruBadge social/labour ID card was the result of a sectoral collective agreement, it is not applied to the self-employed, nor to some other trades (e.g., electricians), which has reduced its effectiveness in tackling undeclared work on construction sites.

Some subgroup members asserted that the greater is the amount of information stored on social/labour ID cards, the more effective they are in tackling undeclared work in general. In Finland, for example, adding the tax number of workers to social/labour ID cards greatly increased their effectiveness in detecting and preventing undeclared work since it allowed the registration and tax and social contribution payments of workers to be checked (see Section 4.4 below). Similarly, the use of social/labour cards as “stamping machines” to enter and leave workplaces, and record working time, were asserted to be useful tools in improving their effectiveness at detecting and preventing undeclared work, especially in terms of tackling under-declared employment. This applies not only to checking registration and working hours in the construction industry, but also the food and beverage sector, as exemplified in Belgium where workers in effect register themselves as working by swiping their ID cards to log on and off as users of the certified cash registers (European Platform tackling undeclared work, 2022).

It was furthermore variously raised by Belgium, Finland and Sweden during the subgroup meeting that the validity and verification of the data held on the social/labour ID card was important, with Finland for example arguing that passport verification for foreign workers was important. Indeed, Finnish members of the subgroup asserted that data is the key issue, not the card itself, and that such data should be accessible by everybody to inspect the cards. The greater the range of data available, such as competence data, then the more effective were social/labour ID cards considered to be, since for example the competencies could then also be checked.

#### **4.4 What components or features of social/labour ID cards are key in inspections and support tackling undeclared work, including in subcontracting chains?**

For social/labour cards to facilitate more efficient and effective physical workplace inspections, and check and verify the identity of workers, the key feature of social/labour ID cards required is that they must be “readable” by inspectors during a workplace inspection and connected to up-to-date databases so that the worker can be verified. In consequence, a social/labour ID card is only effective if there exist accessible real-time databases that inspectors can access in the field to verify the status of workers.

Other useful features of social/labour ID cards that support tackling undeclared work and effective inspections are that mandatory cards are more effective than optional cards. This is not least because those workplaces, employers, and workers least likely to use social/labour ID cards if they are optional will be generally those where undeclared work is most likely to occur. This was raised by Belgium for example.

It was also widely deemed to be useful by the subgroup members if the social/labour cards are smart cards, which for example can be used for entry and exit of workplaces, and to record working time, because this facilitates assessment of under-declared employment when cross-checked with employment registers.

To see the importance of such features, the example of the *Valtti-älykortti* social/labour ID card in Finland can be taken. This has become the standard card used in Finland to identify who are the workers and employers on sites. If a work permit is required, as is the case for foreign workers, the purpose is also to identify the nationality of the worker. The card therefore enables all workers and businesses to be identified on a worksite. The tax number was requested to be included on the card so that adherence with tax compliance occurred and income tax was paid to the tax authority. This is because there are variable agreements on tax with different countries and therefore



different foreign nationals differ in terms of their tax liabilities in Finland. The Finnish tax authority is notified monthly of the workers on a site and how much is paid to each business. This enables the tax authority to conduct crosschecks with the information given by the businesses. For foreign workers, a Finnish personal ID code as well as tax number must be obtained from the tax authority. If foreign workers have a temporary subcontract, then in Finland they can work if non-EU and non-EEA citizens without the need for a residence permit, if they possess residence as well as work permits in other countries. A worker can work if they do have a residence permit for three months during any six-month period. The personal ID code is issued by the tax authority and this needs to be acquired before they can start work and before they can get a card.

Prior to their tax number being put on the *Valtti-älykortti* card, the cards were not as effective. When a labour inspector found workers without a card during an inspection, there was no prosecution. **Once the tax number was included, the legislation has become more effective.** The tax authorities state that in the first 18 months (after September 2012) when it was introduced, **tax revenues increased** by circa €500 million. Wage payments, for instance, rose in January 2014 by 9 % compared with January 2013. In this same period, construction transactions had been declining.<sup>8</sup> This displays the effectiveness of the card. Introducing the card resulted in a decrease in undeclared work now that businesses have become aware of who is employed on their sites.

A further process deemed useful was that when social/labour ID cards are introduced, there should be an amnesty period for applying penalties at the start. For example, Lithuania had introduced a “tolerance” period of a few months at the start of the social/labour ID card scheme but since 1 April 2022, it has been mandatory. No sanctions were imposed for the first few months to allow for the transition to the use of the social/labour ID card.

## 4.5 What data challenges exist when designing, developing and implementing social/labour ID cards to tackle undeclared work?

The subgroup addressed the following questions on data challenges:

- ▶ What kind of national databases should be available or interoperable to ensure the effectiveness of social/labour ID cards?
- ▶ What minimum access to data stored in social/labour ID cards should be ideally available to inspectors for use during inspections?
- ▶ What kind of coordination of enforcement authorities is required for sharing databases or stored information in social/labour ID cards?
- ▶ What impediments hinder the utility of social/labour ID cards in terms of their diverse nature for tackling undeclared work (for instance, in terms of digitalisation / interconnectivity aspects)?

Many of the answers to these questions had been either already covered, or touched upon, above when answering the earlier questions.

On the first question of the national databases that should be available to ensure the effectiveness of social/labour ID cards, subgroup members stated that the prerequisite for efficient and effective onsite inspections to check the identity of workers is that up-to-date real-time registers detailing the employment status of workers need to be

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<sup>8</sup> <https://www.ela.europa.eu/sites/default/files/2021-09/FI%20-%20The%20Valtti-card%20service.pdf>



available to inspectors and to be “readable” during inspections, so that the worker can be verified. In consequence, a social/labour ID card is only effective when real-time registers detailing the employment status of a worker are accessible that inspectors can access in the field to verify the status of workers at the workplace.

On the second question of the minimum access to data stored in social/labour ID cards available to inspectors for use during inspections, it was stated at the subgroup by European-level social partners that within many countries, some want social/labour ID cards to store minimal information, and others the maximum amount of information possible.

However, what data needs to be available within these registers and accessible to inspectors depends on the functions of the social/labour ID card. If it is purely checking the identity of workers, then their employment status and employer is crucial. However, if the purpose is to identify OSH matters, their training, or sector work experience, or working hours, then additional data needs to be available. Data needs to be available in registers that identifies for example their certification or licencing to undertake certain functions (e.g., handle asbestos), their qualifications and training, their previous job experience in the sector, or their stated working hours, respectively.

Therefore, and in relation to evaluating social/labour ID cards as tools for tackling undeclared work, the minimum required information on the card will vary according to the type of undeclared work being checked. If the intention is to check for unregistered employment, then there is a need to check if the employment is registered in the database. If under-declared employment is being checked, then the inspector will need access to working time data and if bogus self-employment is being checked, then data will be needed on both the employment status of the worker and their employer. The minimum required data therefore varies according to the type of undeclared work being assessed.

The subgroup determined that the effectiveness of social/labour ID cards at tackling undeclared work depends not only on the design features of the social/labour ID card but also the adequacy of these wider databases that inspectors use to verify the information on the card. For example, if the databases are not updated in real-time, then the verification of workers using such databases is more problematic.<sup>9</sup> Similarly, if not all information is available at the time a worker applies for a social/labour ID card, such as the employer of foreign workers, or there is no cross-checking by the public authorities of whether the details are correct, then again the potential for falsification can occur.

As such, merely replicating the design features of an effective social/labour ID card in one country in another country may not necessarily result in the same level of effectiveness in the new country. It depends on whether up-to-date databases exist that are accessible by inspectors either immediately prior to, or during, physical workplace inspections, and the inter-operability of the data on social/labour ID cards with these broader registers.

Indeed, examining social/labour ID cards across Europe, Briganti et al (2015) note that:

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<sup>9</sup> So too are advanced warnings of inspections problematic in terms of inspectors detecting undeclared work. It is common in some countries to find that when there are announced inspections, then it is possible to see an increase in registration of workers and working hours on employment registers in advance of the announced inspection taking place and ID cards being checked. However, this is not problematic in terms of tackling undeclared work since the announced inspections are therefore facilitating an increase in compliance and transformation of undeclared work into declared work prior to the inspection taking place.





“Since all schemes have been (or are being) developed following the specific needs linked to specific national contexts, they all have different features and respond to national priorities, according to the national situations.”

Turning to the coordination of enforcement authorities required for sharing databases or stored information in social/labour ID cards, the subgroup considered that although potentially problematic when checking social/labour ID cards (e.g., labour inspectors not having access to information on whether social contributions or taxes were being paid by the worker), in practice, this potential problem could be mitigated. The most common way in which this potential problem was mitigated was that when there was considered to be an issue in this regard, the information was conveyed for example by the labour inspector (either during the inspection or as a follow-up to the inspection) to the relevant other enforcement authority that this worker was working at this time so that the other enforcement authority could assess whether there were compliance problems.

The issues in Finland and Iceland with receiving full information on the worker and employer, and knowing that it is correct, have been discussed already in Section 3.2.2 above. The result is that sometimes foreign workers use a false ID in Iceland whilst in Finland there is no way of knowing at the time a foreign worker applies for a social/labour ID card who is the employer of the posted worker. In Estonia, however, the subgroup heard that the ETCB has all the data required on the employer of any posted worker, and that this challenge will be overcome in their agreed but not yet operational scheme, in that it is not possible to falsify the data. If such falsification occurs, then a “red flag” will occur if anybody attempts this and there is a risk assessment tool to detect such “red flags”. In Spain, meanwhile, and akin to Finland, the information on the employer is not on the social/labour ID card, so inspectors ask the worker, and then verify this. This is done by consulting the Social Security Database register of companies, which is available for inspectors in Spain. However, any declared worker can request excerpts from the social security system in relation to themselves (i.e. for which companies they have been working for and during which periods). A problem does arise if EU mobile workers working in Spain do not have an ID card, and it was voiced by the Spanish subgroup member that an EU-wide common ID card would solve some of the problems that arise.

In Belgium, similarly, there is the issue of the validity of the information held on the social/labour ID card because the card is not issued by government. However, it was believed that the ConstruBadge provided a useful first check for inspectors, but if they want to go deeper into individual cases, then the inspectors need to use their own databases to do so. If the social/labour ID card was issued by the public authorities, however, then the data held on the card could be linked with all the relevant government databases. Moreover, at the subgroup, the Belgium member asked if ESPASS was in existence, what is the added value of the social/labour ID card for inspectors? For social partners, it was asserted that there is added value and an analogy drawn with hospitals where it can be quickly identified from the colour of uniforms who is a doctor, nurse and so forth, but from the perspective of an inspector, what is the added value of such a card, or is the fact that it enables quick check of which workers should be interviewed more (based on looking at the colour of their card) the only added value?

In Estonia, the ETCB will connect the database on social/labour ID cards with their other databases to verify if everything is correct. If the social/labour ID card is used as an entry and exit card, they will also know the working hours of workers and can then cross-check this with other registers and identify any discrepancies occurring and thus instances of non-compliance. In terms of risk assessment, they will also use dynamic benchmarking to identify “outliers” since they have data on the value of contracts and will analyse where the costs are below average, and follow-up with investigations in these instances.



On putting businesses who fail to use social/labour ID cards on “non-compliance” lists, as a punishment and penalty for their non-usage, the subgroup believed that this was not effective. This was iterated by both Estonia and Finland, with Finland describing it as an archaic system and Estonia stating that it is ineffective because a company name can be changed overnight, and a new company formed. Therefore, “non-compliance” lists were deemed wholly ineffective as an instrument and penalty used for those not complying on social/labour ID cards.

The final question above on the issues hindering the utility of social/labour ID cards in terms of their diverse nature for tackling undeclared work, such as in terms of digitalisation/interconnectivity aspects, was addressed in the session on interconnecting social/labour cards, in Section 6 below. However, there is one important issue on data issues hindering the utility of social/labour ID cards that will be addressed here. The correlation between the employer company information and the social ID card is imperative. In practice, this means that the more and up-to-date information there is about the employer company, the more effective is the tackling of undeclared work. In Finland, a system has been implemented where data is collected about domestic and foreign companies with regards to if they have paid their local and home country taxes and social security payments, etc. The point is that there is a high correlation between bad governance/corporate fraud and issues with undeclared work/social dumping. Therefore, **a prerequisite for social/labour ID cards being effective is up-to-date company information.**

## 5.0 Evaluating social/labour ID cards as tools for tackling undeclared work

At the subgroup, presentations were made on two national social/labour card schemes. Box 1 reports the Finnish social ID card, including the supporting legal framework, cooperation between social partners and the concrete impact of the card on combating undeclared work. Box 2 reports on the digital labour card introduced in Greece.

### Box 1. The Finnish social ID card

#### Underlying legal framework

- ▶ In Finland, the ID badge was introduced in 2006 and the tax number added to the ID card in 2012. The Occupational Safety and Health Act, Section 52a§ requires that each person working on the construction site must wear an ID badge while working at the site. The badge must include: a photo of the worker/self-employed; the name of the worker/self-employed; the employer of the worker (namely the company paying the worker’s salary) or the official name of the legal entity of self-employed, and their tax identification number (TIN) which is registered in a public tax number register. The obligatory use of the tax number is intended to ensure that all the workers in construction in Finland pay taxes for their work to Finnish fiscal authorities or are at least known to the Finnish tax administration.

The inspectors enforce the use of ID badges and tax numbers at construction sites. The main contractor, builder and all the companies operating at the construction site have joint liability to make sure that the workers have pictorial identification with tax numbers while working at the site. The main contractor has a general obligation related to all workers and self-employed. The builder has especially an obligation to require the main contractor to take care of this obligation while making a contract with the main contractor. The subcontractor has this obligation only related to their own workers.



It is mandatory both for Finnish and foreign workers to wear this badge on construction sites. A posted worker before they start work must get from the tax administration a Finnish Social Security Number and a Taxpayer Identification Number (TIN). The main contractor must report to tax authorities monthly all workers in building sites (since 1.7.2014). Each subscriber in the construction branch having a subcontractor must report monthly the payments paid to the subcontractor (also since 1.7.2014).

▶ Impact on tackling undeclared work

▶ Identification

- ▷ Clear employer and employee relationship => less undeclared work through clearer employment relations;
- ▷ All workers must have a tax number identification which is visible on card => less undeclared work through an additional control mechanism;
- ▷ Multi-stage identification process brings trust => 3 step process reduces fraud possibilities;
  - Tax number application;
  - Social ID card application for identity verification;
  - Site verification process (automated, induction process and audits).

▶ Enforcement

- ▷ Empowering of buyer and main contractor control procedures => More extensive and effective on-site control;
- ▷ Data available for all admitted parties => better targeting of efforts by authorities and other parties;
- ▷ Enabling of third party control services => Effective non-authority control measures give incentives to do things right;
- ▷ Social ID data provides automatic support for many regulations => less bureaucracy means more incentive to tackle undeclared work.

▶ Empowerment

- ▷ Basis for constant improvement via steering group => more effective solving of upcoming problems jointly through steering committees;
- ▷ Possibilities to cooperate in the industry to tackle fraud together => more concrete framework for co-operation between stakeholders;

▶ Value for different stakeholders

▶ Authorities

- ▷ Committing fraud is more difficult;
- ▷ Easier to target and perform audits;



- ▷ Trustworthy data for analytics purposes and publications.
- ▶ Social partners: Employers
  - ▷ Tools for combating undeclared work;
  - ▷ Easier for members to do things right;
  - ▷ Improves the image of key actors and the industry.
- ▶ Social partners: Workers
  - ▷ Members get better work conditions and social security;
  - ▷ More effective intervention in problem cases by the union;
  - ▷ Same rules for foreign and local workforce;
  - ▷ Better co-operation possibilities with authorities.
- ▶ Solution providers
  - ▷ Key data from one interface to own solution;
  - ▷ High quality of data;
  - ▷ More diverse offering.
- ▶ Main contractors
  - ▷ Ability to trust data quality and integrity;
  - ▷ More effective processes at the site;
  - ▷ Resources allocated to exception management of undeclared work.
- ▶ Subcontractors
  - ▷ Less bureaucracy;
  - ▷ Efficient access to sites;
  - ▷ Level playing field in competition.
- ▶ Co-operation between Social Partners

From a trade union perspective, it was deemed beneficial for their members. Four practical issues were raised: (1) the need for a collective agreement that they can access reports and data because they need it in their role, and they could then look in detail themselves; (2) the card is not connected to accounting for working time. In the case of disputes over working time, this would be useful, (3) despite the existence of cards, the situation on construction sites remains often chaotic and it is not clear by whom the worker is employed, and there is the issue of bogus self-employment. Collective agreements do not apply to the self-employed, so there is an issue of bogus self-employment or what others in Finland now refer to as “light entrepreneurship” (4) a person can have several cards with the same TIN when they work for several employers. Indeed, a particular issue is third country nationals who are without work permits but have a card and a TIN, but do not have the right to work in



Finland. Company says to the system what collective agreement they are applying and what types of employers. There are a few hundred who invoice for work but are unsure if they are employed by a company or are bogus self-employed. This needs resolving.

### Summary

- ▶ Legal framework must be compatible not contradictory;
- ▶ Active co-operation between key parties is a must and social parties play a key role;
  - ▷ Impossible that a system is created solely by legislators and authorities;
  - ▷ All stakeholders can make checkpoints, i.e. only control by authorities is not sufficient.
- ▶ Both technical and stakeholder ecosystems are needed;
- ▶ Ensuring that data is trustworthy is key otherwise openings for fraud are created;
- ▶ Card issuer must be neutral, or an open accreditation system must be created;
- ▶ “Impacts are positive to all stakeholders except parties committing fraud!”

## Box 2. The Hellenic policy paradigm of the digital card

### Legislative basis of the Digital Card

In Greece, article 74 of Law 4808/2021 established that all companies are required to have and operate an electronic system for measuring the working time of their employees directly connected and interoperable, in real-time, with the Information System ERGANI II. In other words, the Hellenic Labour Inspectorate (Labour Inspectorate-Independent Authority) receives the information digitally and in real time.

The measurement of working time is carried out using a digital work card. The details of the Digital Labour Card are cross-referenced with the details written in the Analytical Periodic Declaration (A.P.D.) submitted by the company to the Social Security Services (EFKA).

### Towards a digital organisation of working time -The road so far

On the 1st of July 2022, the digital card was applied to banks and supermarkets with more than 250 employees.

In October-November 2022, there was the mandatory registration of the digital organisation of working time applied to all these employers.

The second phase of the implementation of the digital card started on 16.2.2023 with the inclusion of insurance and security companies, and public sector businesses. There is therefore a limited range of industries at present, but it is being rolled out over time.

The registration of real working time can be done in two ways: (i) with the systems of timekeeping employers have been using all along and (ii) with the application Ergani Card Scanner that can interconnect with ERGANI. The transmission of the data is taking place in real-time. All the information of the digital card is immediately available to employers in a digital calendar format.



The registration of working time requires only 4 steps:

- ▶ The employer is connected to the system using EFKA;
- ▶ The employee chooses arrival or departure;
- ▶ The employee scans their QR Code to the application Ergani Card Scanner;
- ▶ The arrival or departure of the employee is being registered.

All the information on working time: is being digitally entered into the ERGANI II system and is available to employees through the myErgani mobile app, as well as through the myErgani web portal (<https://myErgani.gov.gr>). Employees are also able to sign in and out of work by using the mobile app.

Two safeguards exist: (i) the assumption of duties by the employees will be automatically transmitted to ERGANI II and (ii) labour Inspectors know before visiting a workplace which workers should be present.

### Sanctions

Infringements of the company's digital card obligations can be divided into general and individual:

- ▶ General infringements in relation to the digital employment card are classified by law as 'very serious infringements'. These include:
  - ▷ Non-compliance of the employer to have and operate a digital system for measuring working time, in real-time, or to operate a digital system provided by the Ministry of Labour and Social Affairs, directly connected and interoperable with the ERGANI II System, for all its employees with a contract or dependent employment relationship under private law who are physically present in the enterprise, including loaned personnel.
  - ▷ Breach of the employer's obligation to notify immediately, by any appropriate means, the relevant Labour Inspectorate of an event of force majeure or of an objective inability not attributable to the employer's fault, which prevents the operation of the system for measuring employees' working time or the transmission of data from that system to the ERGANI II.
- ▶ Fines for individual infringements are calculated separately for each employee affected by the infringements, which include:
  - ▷ Failure to activate an employee's digital work card. (EUR 10 500 for each employee concerned)
  - ▷ Failure to correctly submit, or even failing to submit, the details of an employee's digital work card for the actual beginning or actual ending of work. (EUR 3 000 for each employee concerned)
  - ▷ Failure to submit a Declaration of a "Working Time Organisation" of a part-time employee in the event of a change in the organisation of working time before the implementation of the change and in any case before the employee assumes his duties. (EUR 2 000 for each employee concerned).

The subgroup was also informed about the situation in Austria, where the social partners have developed the BaulD card to check if the worker is registered and paying the social contributions and to check who is non-compliant. However, it is a voluntary, not mandatory, scheme. The card is therefore a worker identification card which also seeks to tackle undeclared work. However, it is not currently intended to hold information on



occupational safety and health qualifications, training, or sector work experience. The card itself will have visual information, a data chip and be fraud resistant. It will be valid for five years and subject to a once-only cost of EUR 45.

The card is administered by BauID GmbH which also advises and supports the participating companies. After the verification of the application by BauID GmbH, the card is issued by a third-party service provider. BauID GmbH is a wholly owned subsidiary of the Austrian Holiday and Severance Pay Fund BUAK (Bauarbeiter- Urlaubs- und Abfertigungskasse), a paritarian institution and statutory body under public law charged with the administration of state tasks in self-government.

Until now, and like many other policy tools used to tackle undeclared work, there has been little post-hoc evaluation of the outcomes of using social/labour ID cards on preventing undeclared work. However, this lack of evaluation of their impact is not limited to social/labour ID cards. It is common across most policy tools used to tackle undeclared work.

Arising from this recognition, a suggestion for any future social/labour ID card schemes developed might be that the initiating organisation should perhaps build into any proposal for such a scheme a means of evaluating its effectiveness. So too should existing schemes seek to evaluate their effectiveness in tackling undeclared work. Unless this is done, then it will not be possible to evaluate whether social/labour ID cards are effective in preventing undeclared work. Neither will it be possible to know what type of social/labour ID card scheme works in preventing undeclared work and what type of social/labour ID card scheme does not.

Indeed, a pilot scheme being undertaken in Denmark is currently being evaluated and so too is there an intention to evaluate the new scheme being implemented in Estonia. The plan of the Estonian Tax and Customs Board (ETCB) is that after the social/labour ID card is issued, probably in October 2023, its effectiveness will be evaluated, and any modifications required will be made.

However, evaluating the impact of social/labour ID cards on deterring and preventing undeclared work is not simple. In theory, an evaluation of the prevalence of undeclared work could be conducted prior to the introduction of social/labour ID cards and an evaluation conducted after their introduction. If this ex-ante and post-hoc evaluation of the prevalence of undeclared work was undertaken in two sectors – one in which social/labour ID cards were introduced and one in which they were not introduced - then this would evaluate their impacts on undeclared work. The presumably greater decrease in undeclared work in the sector where social/labour cards were introduced could be taken as a measure of their impact on undeclared work.

What data could be used to evaluate this impact? It cannot be only data from inspections (although this such data is useful to identify workers and their link to a company, to control overtime, etc). This is because following the introduction of social/labour ID cards, the detection of undeclared work during inspections could increase, or alternatively, it could decrease the amount of undeclared work detected during inspections because the social/labour ID card prevents undeclared work from taking place. In addition, if the level of detection during inspections was compared with another sector which had not introduced social/labour ID cards, then if the level of detection during inspections increased in the sector with ID cards, this could be stated to be due to social/labour ID cards but also, any decrease could be also asserted to be due to the preventative effect of social/labour ID cards. As such, case management data on the outcomes of inspections cannot be used.

Instead, a representative survey of businesses and/or workers in each sector is required to evaluate the participation of businesses and/or workers in undeclared work and/or their perceptions of the level of participation in undeclared work. This survey needs to be conducted both prior to, and then repeated after, the introduction of social/labour ID cards.



## 6.0 Evaluating the feasibility of interconnecting social/labour ID cards

To open the subgroup discussion on the feasibility of interconnecting social/labour ID cards, a presentation was given on the outcomes of a European Commission conference on digitalisation in social security coordination and labour mobility held on 1 March 2023 (see Box 3).

### Box 3. Digitalisation in social security coordination and labour mobility: outcomes of the 1 March conference and next steps

The **Electronic Exchange of Social Security Information (EESSI)** information technology system connects electronically around 3 500 social security institutions across Europe, allowing for faster and secure exchanges of information, as required by EU social security coordination rules. The benefits of EESSI are:

- ▶ Faster and secure information exchange;
- ▶ Quicker and more efficient handling of social security coordination cases;
- ▶ Facilitating the implementation of social security coordination rules;
- ▶ More accurate exchange and secure handling of data.

All 32 countries (27 EU Member States + IS, LI, NO, CH and UK) are connected to the system. 13 countries are fully in production (with all Business Use Cases). Since 2019, more than 42 million messages have been exchanged and 14 million cases handled. Family benefits and legislation applicable sectors have been deployed by all countries. Full implementation is expected by end of 2024.

The **European Social Security Pass (ESSPASS)** seeks to facilitate cross border mobility through the digitalisation of the verification of mobile citizens' social security coverage and entitlements. It is seeking to provide an EU-wide, standardised, citizen-centric digital solution for the cross- border verification of social security entitlements and digitalising procedures related to the Portable Documents and the European Health Insurance Card (EHIC).

#### Why is a pilot needed?

- ▶ Prove technical feasibility;
- ▶ Early identify legal and organisational constraints;
- ▶ Assess costs, benefits and risks;
- ▶ Verify and gain countries' true commitment;
- ▶ Build ownership.

#### State of play

- ▶ First phase of project was launched with INPS and focused on PDA1;





- ▶ Consortia of Member States continue piloting PDA1 and EHIC with the financial support of the Digital Europe programme (starting on April 2023) – [DC4EU](#) & [Vector](#).

### **High level conference and working party on digitalisation in social security coordination and labour mobility – March 2023**

- ▶ Digitalisation in this area touches the functioning of the Single Market – free movement;
- ▶ Progress made, but EU and national actions require scaling up;
- ▶ High-level commitment of Member States is required;
- ▶ Piloting is crucial to:
  - ▷ confirm feasibility;
  - ▷ assess cost/benefit of different technical solutions;
  - ▷ build ownership.
- ▶ Synergies and complementarities between initiatives should be further clarified and coordinated;
- ▶ Long-term vision, concrete actions and clear milestones are needed;
- ▶ Solutions should be driven by political and business requirements, developed jointly by policymakers and IT specialists;
- ▶ Further convergence between labour and social security domains is required by stakeholders;

### **Next steps**

- ▶ 2023 Commission Work Programme: Initiative on digitalisation in social security to support free movement and labour mobility;
- ▶ ‘ESSPASS’ consortia;
- ▶ Implementation Single Digital Gateway Regulation by end 2023;
- ▶ EU digital identity (EUDI) wallets;
- ▶ eDeclaration posting;
- ▶ Social/labour ID cards project by EU Social partners in the construction sector.

The discussion of national social/labour ID cards therefore needs to be seen in this broader context. The use of the social/labour ID card is an initiative that is continuously evolving across Europe. Indeed, recently, to further enhance mobile worker rights and tackle social fraud on a cross-border level by companies, a call for action was issued for cross-border digital tools to be developed and for enhanced coordination at both the national as well as European level (see EFBWW et al., 2021).<sup>10</sup>

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<sup>10</sup> [https://www.etf-europe.org/wp-content/uploads/2021/05/Digital-tools\\_final\\_GB\\_04\\_05\\_2021-002-1.pdf](https://www.etf-europe.org/wp-content/uploads/2021/05/Digital-tools_final_GB_04_05_2021-002-1.pdf)



This has most recently been manifested in a call by EFBWW and FIEC to evaluate the feasibility of interconnecting national social/labour ID cards. Indeed, over the next 24 months, this will be further explored by EFBWW and FIEC with the subsequent intention of piloting the greater interconnectivity of two or more national social/labour ID cards (see Box 4).

#### Box 4. The EFBWW/FIEC feasibility project on social/labour ID cards

With EU financial support, a new two-year project by EFBWW and FIEC, starting in 2023, is composed of three stages.

**Stage 1 will map existing social/labour ID card systems**, examining their similarities and differences in terms of their scope and characteristics, functionality, added value, as well as their challenges (e.g., costs, digital obstacles, legal framework), and what can be learned from them.

**Stage 2 will then conduct a feasibility study on the interconnectivity of social/labour ID cards.** This will explore what can be done to have interconnectivity between national social/labour ID cards, examining:

- ▶ Any gaps in EU regulation to achieve this and the connection in future between ESPASS and national social/labour ID cards;
- ▶ The resources required for future support in relation to such schemes (e.g., how to facilitate new schemes);
- ▶ The structures that need to be developed, including:
  - ▷ The governance model at EU level;
  - ▷ Legal issues (such as rights and obligations vis-à-vis access to data, including GDPR issues);
  - ▷ Financial issues.

The **third stage** will be a **pilot phase to interconnect systems**. This pilot phase comes after the main study.

The mapping phase will be conducted in a short time and most of the time in the project will be spent on the feasibility study on interconnecting national social/labour ID cards.

A first issue raised at the subgroup was that clarification would be required on what is meant by interconnecting national social/labour ID cards. From a user perspective, this could variously mean for example:

- ▶ That a Belgian construction worker employed on a 2024 Olympics construction site in Paris will simply be able to show their Belgian ConstruBadge to a French labour inspector who will be able to then see the required details about them.
- ▶ That if a Belgian construction worker has a ConstruBadge for use in Belgium, they can automatically apply for a BTP card in France, and the data from the ConstruBadge can be automatically transferred and uploaded onto the BTP card (based on the “once only” principle for submitting data to authorities).
- ▶ Or something else could be meant by interconnecting national social/labour ID cards. If so, what?

Clarification on this issue is a necessary first step. Stakeholders can then know that they all have a common view of what is meant by “interconnecting” national social/labour ID cards.



A second issue raised at the subgroup were the rationales for (i) enforcement authorities and (ii) social partners seeking to interconnect national social/labour ID cards, and whether there were any rationales for not pursuing this.

For FIEC, the intention is that this could help employers wanting to work across countries, making it easier and reducing the administrative burden and decreasing the costs. If a business operates in ten countries, do you have to pay in ten different systems? They would like systems to be able to communicate with each other and will work on this during the project to explore its feasibility.

For EFBWW, meanwhile, this is required to improve the cross-border enforcement of worker rights, fight exploitation and fraud, improve prior risk assessments and tackle undeclared work, protect the rights of mobile workers such as in regard to pension and social insurance rights, including third country nationals, improve the efficiency and effectiveness of inspections, and to enable to workers to check themselves if they are covered by social security, health insurance, etc.

For enforcement authorities, the rationales were briefly discussed and included improving the efficiency and effectiveness of inspections.

Turning to a third issue of the kind of challenges the cross-border dimension creates for the effective use of social/labour ID cards, potential topics identified for exploration by the FIEC/EFBWW project included:

- ▶ Legal issues that arise when seeking to interconnect national social/labour ID cards and how these can be overcome;
- ▶ Financial and resource issues that arise from interconnecting national social/labour ID cards how these can be overcome;
- ▶ The types of governance model that could be used to interconnect national social/labour ID cards.

A fourth issue mentioned for exploration in the FIEC/EFBWW project is whether any of the differences between national social/labour ID cards identified in Section 2 need to be aligned if there is to be greater interconnectivity. For example, should the core content be identical in all cards if they are to be interconnected.

A fifth and final issue briefly discussed is what data should be accessible cross-border to ensure that social/labour ID cards are useful in a cross-border context. Which data would be relevant specifically for tackling undeclared work.

During the meeting it was raised that a possible contradiction could be perceived between the funding of this EFBWW/FIEC project and the current infringement proceedings in process against Belgium and France in terms of their social/labour ID cards potentially infringing the freedom to provide services. The subgroup meeting noted that there is a need to find the balance between the open market and improving controls. As such, there was no need to provide additional requirement for workers from other countries. Indeed, and due to this, one of the explicit aims of the FIEC/EFBWW project will be to see how social/labour ID cards can be developed in ways that are compatible with the EU single market legal provisions.

A further issue raised was whether labour authorities will have access to ESSPASS data. The response was that they will have the possibility to verify PDA1, but no direct access into a database in another Member State is foreseen.



## 7.0 Conclusions and next steps

### 7.1 Conclusions

The following conclusions can be drawn about social/labour ID cards as a tool for tackling undeclared work, including in subcontracting chains:

- ▶ Regarding the characteristics of social/labour ID cards, the findings are:
  - ▷ It is important to recognise that the function of social/labour ID cards is not purely about identifying and tackling undeclared work, but also:
    - to record and certify occupational safety and health (OSH) training;
    - to record and certify accredited training and qualifications;
    - to document work experience;
    - to control access to workplaces;
    - to determine who is working for who (what company) in what capacity (task / job) and what is the legal status of the worker (flex, self employed, posted etc.);
    - to prevent fraudulent situations to happen and that only workers that are allowed to work at the worksite have access to that worksite;
    - to strengthen the workers' position (they need to have access to their data).
  - ▷ Social/labour ID cards are more effective at tackling undeclared work when they are mandatory. When they are voluntary, those not using them are more likely to be those engaging in undeclared work practices.
  - ▷ The shift towards the digitalisation of social/labour ID cards (e.g., with electronic RFID data transmission chips and/or a QR code) enables them not only to be used as worker ID cards but also as registration cards recording who is working in a workplace and their working hours, and a means of accessing workplaces, recording and checking worker training, qualifications, and work experience.
  - ▷ There appears to be an emerging trend towards social partner supported but government-implemented mandatory social/labour ID cards (with recent initiatives for example in Estonia, Greece, and Lithuania) whereas previously they were largely social partner initiatives.
- ▶ Evaluating social/labour ID cards as a tool for tackling undeclared work, the findings are:
  - ▷ Social/labour ID cards are not a substitute for physical workplace inspections but facilitate more efficient and effective physical workplace inspections since such cards enable the identity of workers to be more easily checked and verified, and the identification of the employer.
  - ▷ They are a useful first check of worker status when inspectors visit workplaces and when inspectors have direct immediate access to real-time databases, they are more effective in detecting and preventing undeclared work than if inspectors do not have such access.



- ▷ When social/labour ID cards also function as entry and exit cards into workplaces, this can reduce the necessity for regular workplace inspections by reducing the risk that undeclared workers are operating in these workplaces and allows inspectors to focus their resources on other workplace sites where such an entry and exit system, and means of recording working time, is not in operation (prevention).
- ▷ Social/labour ID cards in most countries have been primarily developed for, and used in, the construction industry, and are useful in this sector because: worksites are often / always temporary; there can be long sub-contracting supply chains; work accidents are high compared with other sectors, and there is a higher prevalence of undeclared work relative to some other sectors. Sectors that display similar characteristics to the construction sector, and where social/labour ID cards could be additionally usefully used, include the agricultural and HORECA sectors. In view of the prevalent mobility of workers across various worksites, it becomes imperative to establish a means of effectively 'connecting' the worker to a specific worksite.
- ▷ The minimum required information on the card will vary according to the type of undeclared work being checked. If checking for unregistered employment, then working time does not to be recorded but does if under-declared employment is being checked, and if bogus self-employment is being checked, employer status and employer information is required.
- ▶ Examining the feasibility of interconnecting national social/labour ID cards:
  - ▷ A first issue is to clarify what is meant by “interconnecting” national social/labour ID cards from a user perspective.
  - ▷ A second issue is the challenges that a cross-border dimension creates for the effective use of social/labour ID cards, including:
    - Legal issues that arise when seeking to interconnect national social/labour ID cards and how these can be overcome;
    - Financial and resource issues that arise from interconnecting national social/labour ID cards how these can be overcome;
    - The types of governance model that could be used to interconnect national social/labour ID cards.
  - ▷ A third issue is whether any of the differences between national social/labour ID cards need to be aligned if there is to be greater interconnectivity.
  - ▷ A fourth and final issue relates to what data should be accessible cross-border to ensure that social/labour ID cards are useful specifically for tackling undeclared work.
  - ▷ The subgroup would welcome the opportunity to hear the EFBWW and FIEC findings on these issues at future Platform meetings.

## 7.2 Next steps

The following next steps of the Platform’s subgroup on evaluating social/labour ID cards as a tool for tackling undeclared work, including in subcontracting chains, were proposed:

- ▶ Subgroup members interested in a follow-up practical workshop and/or onsite visit could organise an ELA staff exchange/study visit to see how a particular social/labour ID card scheme operates in practice;



- ▶ Those interested in exchanging learning bilaterally about their social/labour ID cards could apply for an ELA staff exchange/study visit;
- ▶ Those interested in developing a social/labour ID card could apply for a Mutual Assistance Project (MAP) to bring peers to their country from countries with established social/labour ID card schemes and knowledge of social/labour ID cards, to share learning and provide helpful advice on developing such a scheme;
- ▶ EFBWW and FIEC could report on the progress being made with their project, and any possibilities for Platform member involvement, at future Plenary meetings under the standing agenda item, “Updates by Platform members and observers on new developments in their institutions and organisations”.



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