



Current and future roles of enforcement authorities relevant for tackling undeclared work

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plenary thematic discussion**

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1.0 Introduction

The thematic day of the European Platform tackling undeclared work (henceforth “the Platform”) seventeenth plenary meeting aimed to enable Platform members and observers to share knowledge and deepen their understanding of the **current and future roles and competencies required of enforcement authorities and inspectors** to enhance their effectiveness in tackling changing work practices and influence behavioural change. The sessions engaged around 70 participants, including Platform members, observers, invited experts, and European Labour Authority (ELA) representatives. The objectives were to provide Platform members and observers with an opportunity to exchange practices, identify inspiring aspects that could be transferred to different settings, and consider new skill requirements.

Enforcement authorities, particularly labour inspectorates, vary in size, objectives, mandates, and responsibilities, and have modernised their practices to differing degrees in response to contemporary challenges. While it is sometimes suggested that the ultimate solution to enforcement challenges is increasing the number of labour inspectors and inspections, very often **the adequacy of labour inspection depends on various factors**. The experts at the discussions noted that greater attention needs to be paid to **improving the effectiveness** of labour inspectorates, labour inspectors, and labour inspections. The intention is to ensure that inspectorates are “working smarter”, modernising their practices, and working in innovative ways using new technologies.

Major challenges for enforcement authorities are the **recent significant changes in the nature of (undeclared) work**, as well as the impact of **external disruption factors**, such as the global pandemic, increased migration due to wars in Europe, the Middle East, and Africa, and **technological novelties**, such as platform work¹, crypto payments, etc.

Enforcement authorities and inspectors also face two broad types of **challenges**. The first set stems from macro-level **shifts in the labour market**, while the second arises from their **mandate and capacity** to address new and emerging forms of work.

Their competencies are being tested by **macro-level changes**, including the rise of subcontracting, the growing presence of labour intermediaries, such as **digital platforms** and **temporary work agencies**, and the increasingly blurred boundaries between dependent employment and self-employment. These developments have given rise to **new work relationships and arrangements**, such as the expansion of teleworking and remote work, as well as the prevalence of casual, temporary, and home-based work in specific contexts. These issues also become more complex when the impact of legal and illegal migration pathways is added to the landscape.

The mandate and capabilities of labour inspectors and inspectorates are further challenged by **the emergence of new forms of undeclared work**. Inspectors often lack the authority to enter private residences, which limits their oversight capacity. Additionally, they face restrictions like inspection moratoria, requirements for prior notification, and limits on the frequency, duration, and scope of inspections. These challenges are compounded by exemptions for certain enterprises, **limited resources**, and the assignment of additional responsibilities that detract from their core duties.²

¹ European Platform tackling undeclared work (19 and 20 May 2021), [Thematic review workshop: Undeclared work in the collaborative economy](#).

² ILO (2020), Committee of Experts on the Application of Conventions and Recommendations. [Labour Inspection Convention, 1947 \(No. 81\)](#). [Labour Inspection \(Agriculture\) Convention, 1969 \(No. 129\)](#). [General observation](#).



To effectively address undeclared work, there is a pressing need to **re-evaluate the role and competencies of labour inspectors and inspectorates**. This includes rethinking their limited mandates, such as the focus on undeclared self-employment, and identifying ways to strengthen their authority and capabilities to better adapt to the rapidly changing labour market.

The adoption of a holistic approach^{3,4} by enforcement authorities has significant implications for the future role of labour inspectorates, and the skillsets, expertise and competencies required by inspectorates and inspectors. Breaking down the definition of the holistic approach, there are three major components:

- ▶ **The strategic objective of transforming undeclared work into declared work.** Although inspections and audits are a core function in a deterrence approach that seeks to reduce undeclared work, when the objective of inspectorates is to transform undeclared work into declared work, a wider range of policy measures is required, which calls for new skills, capacities and expertise to create stimuli for behavioural change.
- ▶ **Developing a whole of government coordinated approach.** This component also requires new skills, capacities and expertise in partnership building and partnership management, to align policy and enforcement efforts across both strategy and multidisciplinary operations, in the fields of labour, tax and social security law, and to involve and cooperate with social partners and other stakeholders. Additionally, ensuring the legal framework for data sharing between different inspectorates is crucial to create a comprehensive compliance picture and address the need for enforcement against various offenses.
- ▶ **Implementing the full range of direct and indirect tools.** This aspect requires a much wider range of skills, expertise, capabilities and knowledge than was required when solely conducting inspections and pursuing deterrence policies. For enforcement authorities, this may mean the development of new functions if these do not already exist.

2.0 Enforcement authorities' approaches on staff recruitment

Many Member States, including France, Romania, Italy, and Spain, have significantly increased the number of labour inspectors to address growing challenges in combating undeclared work. Spain has also implemented a cohort-based training system to better equip new inspectors. However, recruitment and retention remain a persistent challenge due to low salaries, high workloads, career progression terms, and the demanding nature of the profession. Bulgaria has mitigated some pressure on inspectors by introducing assistant roles, but the sustainability of this approach is questioned. Another solution utilised by some countries is for enforcement authorities to hire third-country nationals (e.g. Ukrainians).

Gender balance in recruitment also emerged as an issue. Bulgaria, for instance, continues to observe a predominance of male inspectors, but is making efforts to foster a more inclusive workforce. In contrast, France has seen a significant shift in gender representation over the past two decades, with more women joining the inspectorate. All countries are committed to promoting a positive image of the profession and ensuring that recruitment is inclusive and appealing to a broader range of candidates.

³ European Labour Authority (2022), [Progress of national authorities towards a holistic approach. Study using a common assessment framework](#).

⁴ European Platform tackling undeclared work (2020), [Holistic approach to tackling undeclared work and developing national strategies](#).



Furthermore, the experts underscored the critical importance of continuous training to keep pace with evolving fraud tactics. France, in particular, highlighted the need to train young inspectors in specialised software to effectively manage and analyse the large volumes of data they collect.

The panel of experts also recognised the role of training in enhancing inspectors' ability to identify and combat undeclared work (UDW). Belgium, for example, emphasised the need to equip inspectors with expertise in complex social issues such as human trafficking and social dumping, ensuring that they are prepared to address these challenges effectively.

Box 1. Practical examples: improving recruitment and tackling budget constraints

- ▶ **Belgium:** Various social inspection services (including the Social Information and Investigation Service, Inspections of Labour Laws of the FPS Employment, Labour and Social Dialogue, the National Social Security Office, and the National Employment Office, the National Institute for Social Security for the Self-Employed, etc.) recruited 226 full-time employees or 20% of the total social security workforce as part of a major government investment to combat social dumping and human trafficking in 2022.⁵ The recruitment focused on candidates with advanced degrees and required significant budget allocation, though financial constraints remained a challenge.
- ▶ **Bulgaria:** The General Labour Inspectorate prioritises candidates with qualifications in law, economics, or engineering. The recruitment process also values analytical thinking and communication skills. However, the main challenges include budgetary constraints for training, and a gender imbalance, as there are fewer male inspectors. Additionally, the labour shortage increase the wages and attractiveness of other sectors, which negatively impacts the recruitment of inspectors.
- ▶ **France:** The focus has been on professionalising the inspector role, with 350 inspectors specialising in undeclared work. France plans to recruit 120 additional inspectors by 2027 to address the gap created by retirements and the increasing demand for inspections. The first recruitment campaigns were launched in June 2024, including advertisements in social media presenting what inspectors do in their daily work. Nevertheless, it faces challenges in attracting young people to the profession, prompting the launch of a social media campaign⁶ to raise awareness about the role of inspectors. One of the solutions identified by the Union for the Recovery of Social Security and Family Allowances was to offer retired police officers the opportunity to continue their career as inspectors after the age of 50. Training programs for new recruits are designed to equip them with specialised skills in handling data and detecting fraud. However, challenges remain, including branding issues that affect public perception of the inspectorate's role and effectiveness.

3.0 Existing organisational structures and roles

The structure and operations of enforcement authorities vary widely across Member States, with some labour inspectorates operating independently, while others function under ministries. Labour inspectors face operational challenges, such as the need to interview migrant workers, which has highlighted the importance of language

⁵ Social Information and Investigation Service (January 2023), [Action Plan. Fight against social fraud 2023-2024](#).

⁶ Since June 2024, France has launched the first campaigns aimed at clarifying the core responsibilities of an inspector, explaining what the role entails, and showcasing an inspector's daily tasks. To engage a younger audience, social media platforms such as Instagram, TikTok, Facebook, X, and others were leveraged to reach and inform them about the profession. Source: Presentation by the Union for the Recovery of Social Security and Family Allowances, France, at the Thematic day: Current and future roles of enforcement authorities relevant for tackling undeclared work, 20-21 November 2024, Bratislava.



skills. Victim identification and debriefing are particularly challenging, as these processes require translation support and access to interpreter services, sensitive handling, and adequate time. Inspectors also need to employ specialised interview techniques tailored to the needs of victims to ensure appropriate and compassionate engagement. These resources and skills are not uniformly available, creating barriers to effective inspections. **Performance targets, like fixed quotas for inspections, further exacerbate pressure on inspectors, often limiting their ability to focus on urgent cases or support broader enforcement campaigns.**

The mandates of inspectors vary across countries and often depend on their specific areas of focus. Some concentrate on health and safety regulations, while others address broader issues, such as tax compliance and labour law enforcement. Regardless of their focus, **inspectors require diverse competencies, including strong communication and negotiation skills, knowledge of labour laws, and risk assessment abilities.** They must be able to conduct unannounced inspections, follow up on cases, and adopt a targeted approach. Besides, supporting staff play a vital role in managing data analysis, case tracking, and administrative tasks, ensuring smoother operations.

To improve efficiency, there is a pressing need for enhanced IT skills among inspectors and the implementation of centralised data systems. Such systems could streamline the recording of data and work outputs, enabling more focused and effective enforcement efforts. Additionally, they can support data matching between inspectorates, provided there are legal frameworks in place to enable data exchange.

Inspection strategies also differ between countries, with some relying on regular, time-based inspections while others adopt risk-based approaches. **The latter has proven particularly effective, as it allows inspectors to prioritise high-risk areas, resulting in the identification of more cases of non-compliance.**

4.0 Future capacities and competencies required by enforcement authorities

4.1 Soft skills

Inspectors should possess a diverse range of skills and competencies to effectively tackle undeclared work. Beyond technical expertise, they need strong interpersonal and communication skills to build trust, negotiate, and resolve conflicts. **Soft skills such as empathy, active listening, and cultural sensitivity are crucial for effective engagement with businesses and individuals.** Asking the right, probing questions in interviews is essential for gathering useful insights.

Box 2. Techniques for handling sensitive topics

To effectively interview workers, victims, and potential offenders, inspectors often require specialised training. This includes techniques for handling sensitive topics, building rapport, and eliciting accurate information. In cases of labour exploitation and human trafficking, specific interview techniques are necessary to ensure the safety and well-being of victims.

External language services may be required to facilitate communication with individuals who do not speak the local language. A good practice presents the UK, where the Gangmasters and Labour Abuse Authority (GLAA) and other organisations have access to interpreters on a language-line (i.e. the inspector can dial an interpreter into a conversation). Additionally, creating specialised teams to handle complex cases can improve efficiency and effectiveness.



A "storytelling approach" could also be valuable in interviews, allowing individuals to recount their experiences in their own words. This approach encourages open communication by starting with broad, open-ended prompts and then asking the individual to elaborate on specific points, rather than relying on a more restrictive "Q&A" format typically suited for questioning offenders. Such techniques can help to build trust and encourage open communication. Belgium's use of actors to simulate real-world scenarios of people experiencing strong emotions during an inspection, provides a valuable training tool for inspectors.

4.2 Specialisation

Platform members agreed on the need for specialised teams focusing on emerging fraud types. For example, Belgium has specialised teams working on posting of workers, and trafficking of human beings. Specialisation is particularly important for addressing complex issues like platform work and temporary work agencies (TWAs). Staff with IT and analytical skills are needed to gather and analyse data from sources, such as exploitation websites, which require specific expertise.

4.3 Successful collaboration for tangible results

The growing risk of bogus (dependent) self-employment has already triggered a closer cooperation among different authorities and inspectors. There is, however, a need to shift even further from siloed work towards a collaborative, multi-authority approach. In the future, enforcement authorities should focus more meticulously on data sharing, joint analysis, and coordinated inspections.

4.4 Utilising IT and AI

Technology has revolutionised the fight against undeclared work, with IT and AI offering powerful tools to improve enforcement capabilities.⁷ AI-powered systems, such as risk assessment platforms and automated compliance tools, enable authorities to allocate resources more efficiently and identify high-risk cases with greater precision. These advancements mark a significant step forward in tackling undeclared work, by providing enforcement agencies with a more targeted and effective approach.

A key advantage of AI is its ability to differentiate between intentional and unintentional non-compliance, as well as between small and large businesses. Smaller businesses, in particular, may have limited access to internal or specialist advice on legislative changes and best practices, requiring more accessible external support to ensure compliance. Thus, AI could allow enforcement efforts to focus on deliberate violations or other types of businesses at risk, which could be addressed through stricter measures such as inspections and sanctions. Meanwhile, unintentional errors can be managed with supportive interventions, helping businesses correct mistakes and achieve compliance. By tailoring responses to the nature of non-compliance, authorities can enhance their impact while fostering a more cooperative environment for legitimate businesses.

⁷ European Platform tackling undeclared work (2017), [Data mining for more efficient enforcement. A practitioner toolkit](#).



Box 3. Good practice examples: use of technology and data-driven risk assessments

Estonia's tax behaviour databases offer a compelling example of technology's potential. By making compliance data publicly accessible, these databases⁸ encourage voluntary adherence to labour laws while equipping authorities with actionable insights. Such innovations highlight the dual benefits of enhancing transparency and improving enforcement efficiency.

Lithuania's automated risk-based inspection systems⁹ have demonstrated the potential of the new technologies. **Denmark's** highly automated risk assessment system¹⁰ significantly reduces the need for data scientists.

Similarly, **Spain's** use of anti-fraud notification letters¹¹, developed through data-driven risk assessments, has proven to be a cost-effective strategy for improving compliance rates. These practices highlight the importance of modernising both legal frameworks and data gathering approaches to reflect current labour realities.

The road transport sector poses unique challenges for enforcement authorities. Issues such as under-reported working hours, wage non-compliance, and exploitation in subcontracting chains are particularly prevalent. The **Dutch** use of handheld monitoring devices¹² provides a model for addressing these issues, enabling real-time tracking of drivers' activities.

The Norwegian Labour Inspection Authority recommends that that inspectors in Nordic countries are provided with a specialised training in AI and robotics.¹³ **Norway** has already taken the first steps towards that goal and started training inspectors to recognise AI-generated content. Further discussions are ongoing about how AI can support labour inspections.

Despite its potential, the integration of technology into enforcement processes is not without challenges. Uneven adoption rates across jurisdictions create disparities in enforcement capabilities, while concerns over data privacy and cybersecurity limit the scope of digital monitoring tools. These issues underscore the need for comprehensive regulatory frameworks that balance technological innovation with ethical considerations.

Moreover, AI could be used not only by labour inspectors for improving efficiency, but also by non-compliant businesses and workers for generating fraudulent job offers¹⁴ or falsifying payroll records, underreporting wages or hours worked to evade minimum wage laws or overtime pay requirements. Chatbots could be programmed to provide misleading or evasive answers to workers' inquiries about their rights, preventing them from seeking clarity or recourse.¹⁵ To mitigate such risks, the EU AI Act sets transparency rules for the content produced by generative AI, to address the risk of manipulation, deception and misinformation. The AI Act defines specific legal requirements for high-risk applications of AI, such as a CV-scanning tool that ranks job applicants.^{16,17}

To maximise the benefits and minimise the risks of technological advancements, enforcement authorities are advised to invest in interoperable tools and platforms that facilitate international collaboration. Pilot programs could

⁸ Estonian Tax and Customs Board (24 May 2023), [Public databases for conducting background research on business counterparties](#).

⁹ European Platform tackling undeclared work (October 2022), [Lithuania: Risk Assessment Centre \(RAC\) and Joint Operation Centres \(JOCs\)](#).

¹⁰ European Platform tackling undeclared work (June 2024), [Denmark: Registration and risk-scoring models](#).

¹¹ European Platform tackling undeclared work (September 2021), [Spain: Notification Letters to companies](#).

¹² European Platform tackling undeclared work (December 2023), [The Netherlands: Special instruments to tackle undeclared work in goods transport by light commercial vehicles \(LCVs\)](#).

¹³ Norwegian Labour Inspection Authority (November 2023), [Work today and in the future](#).

¹⁴ CNBC (7 July 2024), [Job scams surged 118% in 2023, aided by AI. Here's how to stop them](#).

¹⁵ Based on Labour Rights Law (12 October 2024), [Employment Rights are Human Rights](#).

¹⁶ European Commission (1 August 2024), [Artificial Intelligence – Questions and Answers](#).

¹⁷ EU Artificial Intelligence Act (2024), [Up-to-date developments and analyses of the EU AI Act](#).

demonstrate the efficacy of AI-driven solutions, while robust data protection measures could ensure compliance with privacy regulations.

Figure 1. Key insights on the future capacities and competencies required by enforcement authorities



Source: CSD and ICF.

5.0 Adapting to labour market changes. Communication strategies for behavioural transformation

5.1 Adapting to labour market changes

The main challenges that labour inspectors face in adapting to the changing labour market, besides budgetary constraints, include the need for appropriate legislative frameworks and joint commitment from national and cross-border parties. Overcoming these obstacles requires political will, effective communication, and the use of technology to reduce errors and costs. Additionally, **building trust is essential for overcoming resistance to change**. Enforcement authorities should adapt by understanding emerging labour market trends, planning ahead, and improving data access for better decision-making. They are also advised to expand their inspection capacities, including hiring multilingual staff to address cross-border challenges effectively.

Technological and organisational changes in inspection practices have resulted in digitalisation projects like the EU's DC4EU initiative, and the use of electronic IDs to verify worker status.

Box 4. The DC4EU initiative

The **DC4EU (Digital Credentials for the European Union, www.dc4eu.eu)** initiative is part of the EU's broader efforts to modernise and streamline the recognition and verification of credentials across Member States. It aims to create and pilot a European Digital Identity Wallet (EUDIW) which could be used in cross-sectoral and cross-border cases to verify identity, signature, educational credentials and social security. In particular, DC4EU focuses on enabling the digital verification of documents, such as the A1 certificates and the European Health Insurance Card (EHIC). This initiative allows inspectors and authorities to use digital tools (e.g. their mobile phones) to verify credentials quickly and securely, reducing the reliance on paper documents, minimising errors,



and enhancing cross-border cooperation. It also facilitates greater mobility within the EU labour market, ensuring that workers' rights and qualifications are recognised across borders with minimal red tape.

Another example of modernisation is the use of electronic ID cards to verify the situation of third-country nationals and their work permits. Additionally, accessing data from online platforms can help verify if workers are employed by specific companies. Good examples of this practice can be found in countries like the Netherlands, where they have a "knowledge bank" that serves as a handbook for inspectors.

While these innovations help streamline inspections, resistance from some inspectors who fear the complexity of new systems is a challenge. Succession planning is critical to address risks when key staff leave, with knowledge management systems like the Netherlands Labour Authority "knowledge bank" helping ensure continuity. Moreover, some countries are adapting recruitment strategies by offering more attractive job titles and ensuring workforce adaptability to new challenges.

5.2 Communication strategies for behavioural transformation

Preventative measures are critical in reducing the prevalence of undeclared work. Public awareness campaigns play a pivotal role in shifting attitudes and behaviours among workers and employers. Many examples illustrate the success of such initiatives, where targeted communication strategies significantly improve compliance rates.

By proactively educating businesses and individuals about labour laws and regulations, inspectors can reduce incidences of non-compliance. This can be achieved through various means, such as:

- ▶ **Outreach and awareness campaigns:** Organising seminars, workshops, and online information sessions to educate businesses and workers about their rights and obligations;
- ▶ **Targeted inspections:** Focusing on high-risk sectors and businesses to deter non-compliance;
- ▶ **Collaborative partnerships:** Working with social partners and other stakeholders to promote compliance and address systemic issues;
- ▶ **Advisory services:** Providing guidance and support to employers to help them comply with labour laws and regulations. Adding transparency to enforcement outcomes, along with the reasons behind them, could further enhance this approach. Such transparency serves to educate others about the likely consequences of non-compliance or illegal practices, promoting a greater understanding of the risks and encouraging lawful behaviour.

Platform members suggested evaluating the impact of campaigns beyond metrics such as "likes" and "clicks." The "nudging" approach was highlighted as a cost-effective tool for labour inspectors. Longer-term planning and preventative measures, such as discussing working hours with social partners, were also proposed.

Box 5. Good practice examples: prevention methods

Estonia's youth-focused media campaigns¹⁸ exemplify how tailored messaging can effectively reduce undeclared work among younger demographics. These initiatives utilise social media platforms and other digital tools to reach a wide audience, fostering an understanding of the risks and consequences of undeclared work.

¹⁸ European Platform tackling undeclared work (June 2020), [Estonia: 'Thank you for paying taxes' awareness raising campaign](#).



Greece has achieved notable success through its notification letter campaigns¹⁹, which encourage compliance through gentle reminders rather than punitive actions. These cost-effective strategies have proven impactful in improving adherence to labour regulations.

Similarly, **Latvia's** approach to consulting businesses first²⁰ – rather than immediately enforcing – helps build relationships and improve practices.

In **Norway**, targeted outreach programmes for multilingual drivers²¹ have improved compliance by raising awareness of labour rights and obligations. These initiatives demonstrate the importance of sector-specific strategies in addressing the nuances of undeclared work.

To build on these successes, it is recommended for governments to regularly update awareness campaigns to address emerging labour market trends and technological shifts. Social media platforms, mobile applications, and interactive tools could be leveraged to maximise outreach. Furthermore, enforcement agencies could incorporate mechanisms for measuring the effectiveness of these campaigns, using data-driven insights to refine messaging and delivery. Information materials on rights of workers and enforcement powers, as well as the outcomes of enforcement actions, could be made available in a range of languages.

6.0 Overcoming the challenges

6.1 Updates of the legal base

Labour laws in many jurisdictions have struggled to keep pace with the rapid changes in employment dynamics, such as the rise of platform work, digital labour platforms, and non-standard employment arrangements. These legal frameworks often lack the scope to regulate emerging labour markets effectively, leaving enforcement authorities constrained in their ability to ensure compliance. For example, gaps in regulating gig economy platforms mean workers often fall outside the purview of traditional labour protections. The fragmentation of legal frameworks between countries exacerbates these challenges. Disparities in cross-border regulations complicate joint inspections and data-sharing initiatives, limiting the potential for coordinated enforcement. Moreover, some enforcement agencies are hampered by restricted powers, such as limited access to employer records or insufficient authority to impose meaningful penalties.

To address these challenges, labour laws could undergo periodic reviews to ensure alignment with the evolving nature of work. Harmonising cross-border regulations could facilitate collaborative enforcement, while empowering labour inspectors with enhanced investigatory powers would strengthen their ability to tackle complex cases.

6.2 Strategic planning and workforce reallocation

Resources constraints remain one of the most significant barriers to effective enforcement. Many labour inspectorates operate with limited budgets, understaffed teams, and inadequate access to training resources. These limitations are further compounded by the unattractiveness of public sector roles, where low salaries and

¹⁹ European Platform tackling undeclared work (16 May 2019), [Preventative approaches for tackling undeclared work, focusing upon tax rebates and notification letters](#).

²⁰ European Platform tackling undeclared work (March 2023), [Factsheet on undeclared work – Latvia](#).

²¹ European Platform tackling undeclared work (December 2023), [Norway: Communicating with foreign drivers to prevent under-declared work in the road transport sector](#).



limited career progression fail to compete with private sector opportunities. This talent drain weakens enforcement agencies' capacity to address violations comprehensively.

Crises such as the COVID-19 pandemic and migration surges have also underscored the vulnerabilities of traditional enforcement systems. These events have disrupted labour markets, leading to an increase in undeclared work, and exposing gaps in enforcement mechanisms. However, they have also demonstrated the resilience and adaptability of some jurisdictions in addressing these challenges.

During the discussions, the experts frequently emphasised the need for governments to prioritise funding for enforcement authorities. Ireland's innovative approach to workforce reallocation during the COVID-19 pandemic illustrates how strategic planning can offset resource constraints. By reallocating inspectors to high-priority areas, the country maintained enforcement continuity even during the COVID-19 crisis. Norway's proactive approach to address the needs of migrant workers during periods of heightened geopolitical tension highlights the importance of targeted interventions.

6.3 National and cross-border collaboration

Collaboration at national level

Effective collaboration at the national level is critical for addressing undeclared work and ensuring enforcement efforts are both efficient and impactful. However, achieving seamless coordination between various authorities remains a significant challenge.

The expert from the Danish Tax Authority highlighted the complexities of aligning tax, labour, and social security authorities, as these public bodies often have different agendas, organisational cultures, and legal frameworks. While political support for collaboration exists, operational cooperation is frequently hindered by legal restrictions on data sharing and fragmented budgets. To address these barriers, it is crucial to develop a whole of government coordinated approach to identify common goals and establish strong communication channels between organisations.

Examples from different countries showcase both successes and ongoing obstacles. In Austria, a major structural reform in social security institutions reduced the number of institutions and regional offices, aiming to streamline operations. Nevertheless, some of the previous cooperation challenges persist within the restructured system, as departments within a single institution continue to face difficulties in working together effectively. This underscores the importance of delivering tangible results, as political stakeholders are more likely to support collaborative efforts when measurable outcomes are evident.

Spain provides a positive example of successful collaboration, where coordinated inspections have been facilitated through shared tools and collaborative planning. Similarly, countries like Cyprus, Sweden, and Lithuania demonstrate how authorities can cooperate across departments or agencies to improve enforcement. In Sweden, authorities operate within a shared framework while maintaining their independence, and the government has prioritised information sharing as a critical component of tackling both domestic and cross-border challenges. Cyprus, on the other hand, focuses on joint inspections, although effective transfer of knowledge and competencies across organisations remains a key challenge.

Despite these examples of progress, difficulties in accessing tax data and other crucial information continue to pose barriers.



Cross-border cooperation

Undeclared work frequently involves cross-border dynamics, necessitating coordinated efforts between national authorities. The complexity of such cases often stems from diverging enforcement priorities, language barriers, and the absence of standardised procedures. These challenges hinder the ability of enforcement agencies to respond effectively to violations spanning multiple jurisdictions. Joint inspections²² and data-sharing agreements²³ have emerged as effective strategies for overcoming these obstacles. Countries like Slovakia and Poland have successfully collaborated on investigations, demonstrating the benefits of such cooperation. Similarly, Estonia's inter-agency data-sharing initiatives have streamlined the resolution of cross-border cases, setting a benchmark for effective cooperation.

The Platform experts noted that cross-border cooperation between different countries has proven to be even more effective than cooperation between different authorities within the same country. Still, **enhancing cross-border collaboration requires the development of multilingual resources and unified reporting mechanisms**. Establishing task forces with representatives from multiple jurisdictions could facilitate coordinated responses to complex cases. By prioritising trust-building and mutual understanding, enforcement agencies could strengthen their collective capacity to address cross-border challenges.

6.4 Training programmes and mutual learning

The complexity of undeclared work demands an inspectorate workforce equipped with specialised skills. Enforcement authorities must be adept at navigating digital tools, interpreting legal frameworks, and engaging with diverse stakeholder groups. Tailored training programs, such as Ireland's adaptable upskilling initiatives, provide a valuable model for addressing these needs.

Training should not be limited to technical skills. Cultural sensitivity and effective communication are equally critical, particularly in cross-border and multicultural enforcement scenarios. Establishing knowledge-sharing platforms, where jurisdictions can exchange best practices and case studies, further enhances the collective capacity of enforcement bodies.

Investing in training and capacity building is essential for strengthening enforcement operations. Governments should consider establishing dedicated training centres offering certification programs for labour inspectors. Cross-agency and cross-border exchanges can foster collaboration and mutual learning, ensuring enforcement practices remain dynamic and responsive to emerging challenges.

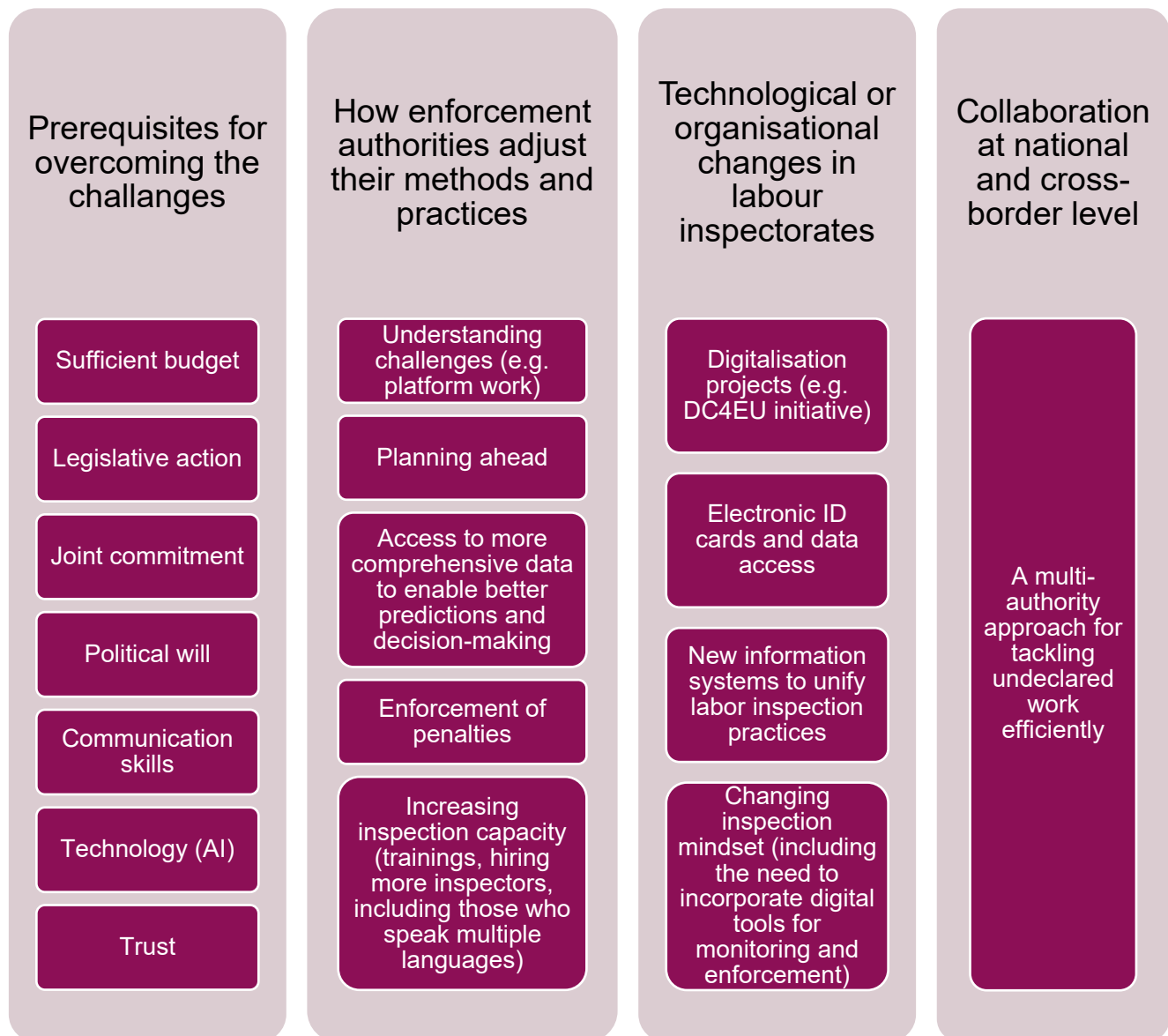
²² European Labour Authority (2020), [Guidelines for concerted and joint inspections](#).

²³ European Platform tackling undeclared work (2017), [National and Bilateral Agreements and Memoranda of Understanding to Tackle Undeclared Work](#).



Figure 2 below summarises the prerequisites and methods for overcoming the challenges, identified by the experts during the workshop discussions.

Figure 2. Prerequisites and methods for overcoming the challenges



Source: CSD and ICF.



7.0 Analysis and risk assessment – ELA, ILO and social partners' perspectives

7.1 The role of ELA

The mandate of the ELA²⁴ encompasses a range of analytical activities, including activities in areas such as labour market imbalances, sector-specific challenges, and recurring issues. It also involves conducting focused, in-depth analyses and studies to investigate specific matters. ELA also supports the development of risk assessment procedures in Member States.

In 2023 and 2024, ELA organised a series of trainings and workshops²⁵ centred on the practical application of machine learning models in risk assessments for labour inspections. A significant focus was on addressing bias in these models, as biased algorithms can lead to underperformance, skewed decision-making, and potential discrimination. The series began with a training session in May 2023 to introduce fundamental concepts and relevant legal regulations, followed by a workshop with presentations in June 2023. Practical workshops held in January and June 2024 explored specific use cases.

In the context of coordinated joint inspections, ELA highlighted cases requiring extensive analytical preparatory work, with a particular focus on those using data from posting declarations. These cases often shared common characteristics, including the involvement of letterbox entities, intermediaries such as temporary work agencies, and actors who appeared to function as strawmen. ELA pays special attention to identifying red flags that may indicate the presence of letterbox companies among labour market intermediaries.

Regarding trafficking in human beings (THB) for labour exploitation, ELA collaborates with the European Union Agency for Law Enforcement Cooperation (Europol), the European Union Agency for Law Enforcement Training (CEPOL), and the European Union Agency for Fundamental Rights (FRA). In this area, ELA develops data collection templates for all 27 Member States' labour inspectorates, compiles the information gathered, and conducts comprehensive analyses to produce a unified analysis.

7.2 The ILO perspective

Freedom of association and social dialogue should be guaranteed for all workers, including those in the informal economy, though the challenge lies in implementing this effectively. ILO standards generally apply to all workers, including those in the informal economy. Article 7 of Labour Administration Convention No.150²⁶ states that the system of labour administration, when required by national conditions, must be extended to groups not traditionally included in such systems (e.g. workers in the informal economy), by gradual stages where necessary. The extension of labour administration activities to workers in the informal economy and workers employed under non-standard forms of employment, including digital platform workers, is necessary if labour administration is to be more viable, meaningful and credible²⁷.

²⁴ European Labour Authority (2024), [Activities](#).

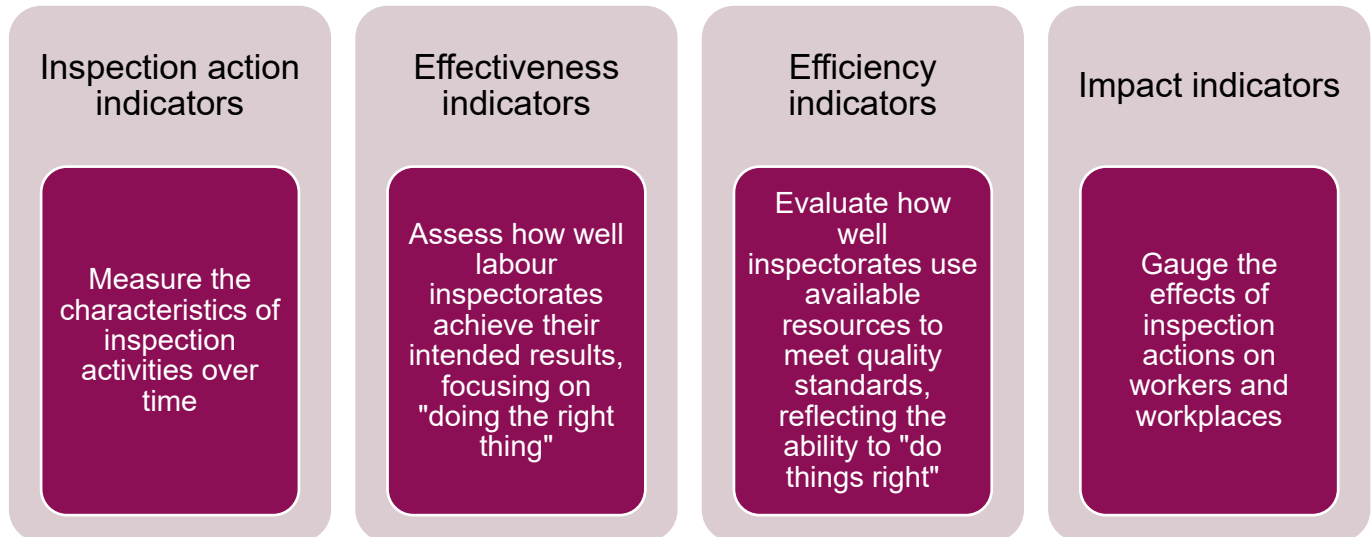
²⁵ European Labour Authority (2023-2024), [Training and capacity building](#).

²⁶ ILO (1978), [C150 - Labour Administration Convention \(No. 150\)](#).

²⁷ ILO (2024) Labour Administration in a Changing World of Work. Geneva: ILO
https://labordoc.ilo.org/discovery/delivery/41ILO_INST:41ILO_V2/12123996210002676

The ILO published in 2022 its study on labour inspection indicators²⁸, providing guidelines, good practices, and country comparisons on the key indicators that play a fundamental role in inspection campaigns, including those intended to address undeclared work or helping to formalise the informal economy.

Figure 3. Key indicators in inspection campaigns



Source: ILO (2022), [Study of the Impact of Labour Inspection actions on compliance with labour legislation](#) and ILO presentation at the Plenary meeting, 20 November 2024.

A General Survey on labour administration systems carried out by the International Labour Organization (ILO), published in April 2024, also highlights the growing challenges faced by labour inspectorates in keeping pace with the expanding and increasingly complex labour market²⁹. The ILO Committee of Experts on the Application of Conventions and Recommendations, recalls in that study that the importance of labour inspection in ensuring social peace and good governance of labour matters and contributing to economic and social progress. Noting that labour inspection systems continue to face numerous challenges which are common to labour administrations as a whole, the Committee urges all governments to ensure that adequate human and financial resources and material means are allocated to labour inspectorates even in times of crisis.

According to paragraph 4.1.8 of the ILO Guidelines on General Principles of labour inspection, the determination of the concrete number of inspectors needed by each inspectorate will be determined by criteria specific to the national context, including: the number and nature of the functions assigned to the inspection system; the number, nature, size and situation of the workplaces liable to inspection; the number of workers; the number and complexity of legal provisions to be enforced; the material and financial resources available to the inspectorate; and the practical conditions under which visits of inspection must be carried out in order to be effective. A ratio exclusively based on the number of labour inspectors per thousands of workers does not take into consideration all the elements identified by Article 10 of Convention No. 81 and should not be used as a benchmark.³⁰

In July 2018, the UN's Committee of Experts on Public Administration (CEPA), under the Economic and Social Council (ECOSOC), adopted eleven principles for effective governance aimed at sustainable development³¹. These principles are grouped into the pillars of effectiveness, accountability, and inclusiveness. Based on these

²⁸ ILO (2022), [Study of the Impact of Labour Inspection actions on compliance with labour legislation](#).

²⁹ ILO (2024) Labour Administration in a Changing World of Work. Geneva: ILO
https://labordoc.ilo.org/discovery/delivery/41ILO_INST:41ILO_V2/12123996210002676

³⁰

https://www.ilo.org/sites/default/files/wcmsp5/groups/public/%40ed_dialogue/%40lab_admin/documents/genericdocument/wcms_844153.pdf

³¹ [Principles of effective governance for sustainable development | Public Institutions \(un.org\)](#)



principles the ILO will publish soon a study on Indicators and Methods for Measuring Effective Governance in the Field of Labour Administration. Its main purpose is to suggest a set of measures that will enable national actors to evaluate the effectiveness of national labour administration systems and consider ways in which the capacity and agility of labour administration, including relevant public bodies and social dialogue involving governments, employer organisations and trade unions, might be strengthened.

7.3 The view of the social partners

Countries with a higher proportion of informal workers often face challenges in allocating sufficient resources to their labour administrations, as exemplified by the Italian case presented in the meeting. The Italian trade union representative referred to inspection coverage and irregularity rates in Italy's labour sector and revealed that the National Labour Authority employs 2345 civil inspectors³² which constitutes one onsite inspector per 10618 workers³³. In 2023 they carried out around 111 281 inspections³⁴, covering only 2,5% of the companies in the country³⁵. Out of these 111 281 inspections, 4 351 focused on the agriculture sector, which employs 1 296 000 workers in 187 000 companies³⁶. Still, only 2,3% of these agriculture companies were checked³⁷.

Addressing the complexities of the modern labour market requires a multifaceted approach. Cooperation with social partners is a key component of this strategy, enabling stakeholders to better identify trends, improve communication, and leverage employer expertise.

During the discussions, social partners emphasised the value of combining legal and practical knowledge of labour market institutions, including labour law, social security, and taxation. Both employers and public bodies once again concurred that a data-driven approach is essential to effectively combat undeclared work. This involves integrating multiple databases for simultaneous analysis and employing sectoral strategies to identify specific cases. Such an approach is advised to be grounded in objective evidence rather than populist rhetoric.

8.0 Key learning outcomes and practical suggestions

The findings from discussions reveal a clear need for dynamic and forward-looking enforcement strategies. Undeclared work continues to evolve, driven by globalisation, technological advancements, and shifting labour market dynamics. Addressing these challenges requires a comprehensive approach that integrates legislative reform, operational enhancements, and international cooperation.

The **path forward** demands a **holistic approach**^{38,39} that prioritises innovation, collaboration, and adaptability. Enforcement authorities should remain agile, leveraging emerging technologies and fostering partnerships to

³² Figure 2 345 refers to personnel directly involved in labour inspections (3222 "civil inspectors" hired directly by INL, 877 are deployed in the technical units), according to the INL 2023 Annual Report <https://www.ispettorato.gov.it/files/2024/04/RapportoAnnuale2023.pdf>

³³ The rough estimate is calculated by dividing the total number of employees in Italy (roughly 24.9 million, according to data from ISTAT) by the number of INL inspectors engaged in labour inspections.

³⁴ The figure is taken by INL 2023 Annual Report <https://www.ispettorato.gov.it/files/2024/04/RapportoAnnuale2023.pdf> and refers to the number of labour inspections carried out by INL, INPS, CC and INAIL, mentioned at page 3.

³⁵ The rough estimate is calculated through dividing the number of total inspections (from INL 2023 Annual Report) by the number of active companies with more than one employee, based on data from ISTAT.

³⁶ The rough estimates are calculated by Osservatorio Placido Rizzotto on ISTAT and INL data in the 6th "Agromafie e Caporalato" Report (2022): <https://www.fondazionerizzotto.it/wp-content/uploads/2023/01/slides-conferenza-stampa.pdf>

³⁷ The rough estimate is calculated through dividing the number of inspections in the agriculture sector (from INL 2023 Annual Report) by the number of active companies with more than one employee in the agriculture sector, based on data from ISTAT.

³⁸ European Labour Authority (2022), [Progress of national authorities towards a holistic approach. Study using a common assessment framework](#).

³⁹ European Platform tackling undeclared work (2020), [Holistic approach to tackling undeclared work and developing national strategies](#).



address the multifaceted challenges of undeclared work. By implementing the recommendations outlined in this report, jurisdictions could create a more equitable and transparent labour market.

The following **suggestions** summarise the actionable steps proposed:

1. **Modernise legislative frameworks:** Periodically update labour laws to reflect emerging employment patterns and harmonise regulations across borders to facilitate collaboration.
2. **Enhance workforce capacities:** Invest in training and capacity-building programs to equip labour inspectors with the skills needed for modern enforcement challenges (including IT skills and interview techniques).
3. **Leverage technology:** Adopt interoperable digital tools, such as AI-driven risk assessment systems and handheld monitoring devices, to improve efficiency and accuracy.
4. **Strengthen cross-border cooperation:** Establish task forces and develop multilingual resources to address the complexities of cross-border undeclared work.
5. **Promote preventative measures:** Expand awareness campaigns using innovative communication strategies to educate workers and employers about the risks and consequences of undeclared work.
6. **Prepare for crises:** Develop adaptive response frameworks to ensure enforcement continuity during disruptions.



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