



European Platform
tackling undeclared work



Tackling Undeclared Work Across Europe: Effective Solutions for Policymakers

EFFECTIVE SOLUTIONS FOR POLICYMAKERS:

TACKLING UNDECLARED WORK ACROSS EUROPE

Undeclared work involves ‘any paid activities that are lawful as regards their nature but not declared to public authorities, taking into account differences in the regulatory systems of the Member States.’

IMPACT OF UNDECLARED WORK

Undeclared work, through its various forms, impacts us all. Employers who actively participate in undeclared work put businesses, employees and public services at a disadvantage by:



Distorting competition which affects both the economy and trade



Leaving workers without necessary insurance, benefits and pensions



Evading taxes and social security contributions – which undermines the sustainability of public finances and puts essential services at risk

This document sets out examples of proven approaches and practices that Platform members and observers have used to tackle undeclared work in Europe. The aim is to inspire national policymakers with tried and tested approaches. It also provides sources of further information on how to put these concrete examples into action.



THE EUROPEAN PLATFORM TACKLING UNDECLARED WORK

The Platform was created in 2016 to enhance cooperation between European countries in their efforts to prevent undeclared work. This EU-level forum brings together relevant stakeholders including enforcement authorities such as labour inspectorates, tax and social security authorities, and social partners. The Platform has three main aims: to encourage closer co-operation between Member States; to improve the capacity of public bodies and other stakeholders to tackle undeclared work; and to raise awareness of issues relating to undeclared work. Platform members learn from each other and drive change at national level through their **work programme** of activities.

Further questions about terminology?



Platform members produced a glossary of commonly used terms when tackling undeclared work. This is intended to support a common understanding and includes terms such as ‘bogus self-employment’, ‘platform economy’ and ‘holistic approach’. You can find these on the Platform webpage [here](#). For the full report including source material, [see here](#). (Available in English).

¹ Definition developed by the Platform and can be found in the [glossary](#)

SUCCESSFUL APPROACHES TO PREVENTING AND TACKLING UNDECLARED WORK

Countries are affected differently by undeclared work. The Platform has produced factsheets summarising the characteristics of undeclared work across all 28 EU countries, and the institutions involved in addressing it.

For information about the scale of undeclared work across Europe see figure 1 and the related study [here](#).

Finding a solution to tackle undeclared work is complex. The Platform conducts studies and surveys, and harnesses the collective experiences and know-how of its members to put forward evidence-based solutions to tackle the issue.

There are four particularly effective approaches that the Platform has used to successfully tackle undeclared work:



Collaboration to ensure the main players act together



A risk-based approach to focus resources on the areas of greatest need

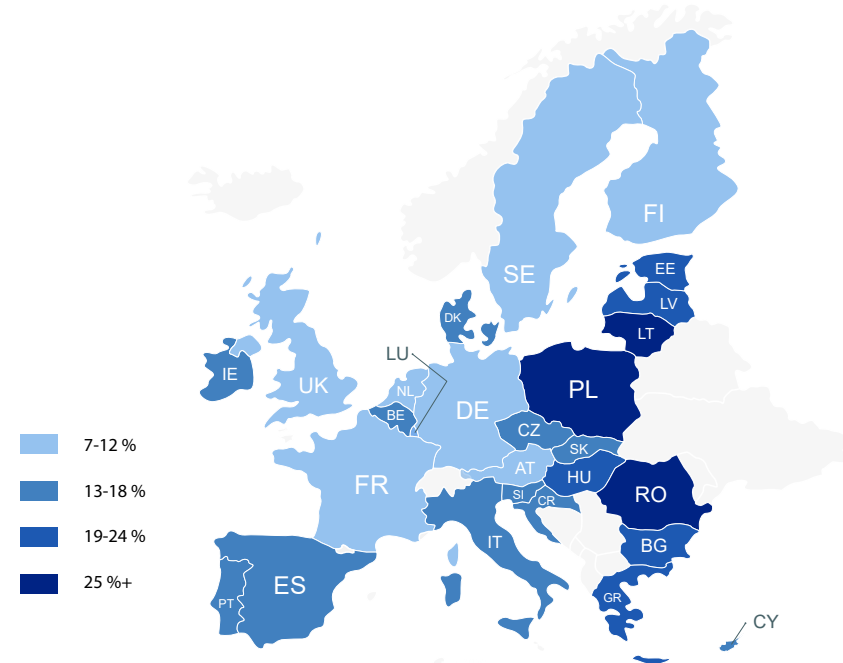


Prevention – stopping the problem arising in the first place



Taking a holistic approach using a range of measures in parallel

SCALE OF UNDECLARED WORK IN THE PRIVATE SECTOR AS A % OF TOTAL GROSS VALUE ADDED (LIM ESTIMATES FOR 2013)²



² Predrag Bejakovic, Davor Mikulic, Josip Franic and Abbi Kedir, Methodological notes on using the Labour Input Method (LIM) to estimate the scale of undeclared work in the EU, European Commission October 2017.

Note: estimates for Malta are not provided due to a lack of data sources

WORKING TOGETHER – COLLABORATION IS ESSENTIAL

Responsibility for tackling undeclared work usually lies with multiple ministries or departments. This can result in a silo mentality and a lack of any coordinated strategic approach. The extent to which Member States involve social partners is often limited to mutual exchange and consultation.

A cross-agency strategic approach is more effective as it:

- provides better access to data and information to tackle undeclared work
- helps develop mutual understanding and agreements in order to develop joint strategies and concrete actions together, both nationally and across borders
- provides new perspectives for social partners who can play a key role, and
- increases staff and organisational awareness of undeclared work, including the barriers and challenges involved and ways to address them.

Collaboration is key: Hear from Platform members and observers how collaboration is a powerful instrument in tackling undeclared work:

- [Working cross-border to tackle undeclared work](#)
- [Staff exchanges](#) – inspiring ideas from across the EU to tackle undeclared work
- [Mutual assistance projects](#) – sharing knowledge and expertise to combat undeclared work

TACKLING FRAUD IN FRANCE THROUGH IMPROVED INSTITUTIONAL COOPERATION

The government has strengthened its approach to tackling undeclared work with an inter-ministerial anti-fraud plan. This is implemented by the Operational Departmental Committees against fraud (CODAF). This approach brings together the key services that tackle social fraud, tax and customs fraud, and illegal work. The CODAF share data, experiences and training to identify and tackle more complex and large-scale fraud cases. Social partners also play a key role in this work.

The inter-agency collaboration resulted in the implementation of 18 835 joint actions and reports in 2016. And CODAF reports that in 2016 just over EUR 300 million of fraud had been detected (up from around EUR 219 million in 2013). These published figures do not specifically relate to fraud concerning undeclared work. For more information, [click here](#).

JOINT OPERATIONS TO TACKLE UDW IN NORWAY

A main driver for successful collaboration is developing the will to cooperate. Political support is crucial at both national and international level. In Norway, the government has developed a national strategy containing 25 priority areas. One of these is tackling undeclared work by promoting cross-agency and inter-organisational cooperation. As a result, the labour inspectorate, tax administration, tax collectors, police, welfare administration control department and key social partners have joined forces with common priorities for all agencies involved.

This has led to effective cooperation between agencies and a streamlined approach to measuring progress. For more information, [click here](#).

FOCUS EFFORTS AND RESOURCES

Some Platform members have developed risk assessment models. These enable inspectors and labour authorities to highlight the riskiest cases of undeclared work with impartiality. This approach is considered hugely beneficial as it:



Targets resources and provides a more cost-effective approach



Improves the success rates of inspections and



Provides policymakers with key data to support strategic decision-making

The results of a risk assessment can inform an authority's strategy and approach, which combine information and education, prevention and enforcement activities. In this way, risk assessment can help countries design their strategy for fighting undeclared work. The Platform has developed a practical toolkit on how to develop a risk-based approach. [Click here](#) for more information.

Using data more effectively is an essential part of risk assessment. It can increase the success rate of inspections and at the same time reduce unnecessary inspections and related costs. The Platform has created a practical step-by-step toolkit to support authorities when they are developing systems to examine data more effectively. See here for [more information](#).

SPAIN'S 'NUDGE' APPROACH

Authorities in Spain used this technique to help identify problematic cases. Their campaign targeted business which were flagged for potential violations regarding part-time employment and temporary contracts regulations. Authorities contacted the businesses with targeted letters to 'nudge' them towards compliance. This was a cost-effective way to encourage businesses to be compliant and prevent significant violations of Spanish labour law. For more information on this practice, [click here](#).

14 000 companies identified for potential violations regarding part-time employment

15 % of which revised declarations

81 000 companies identified for potential violations regarding temporary contracts regulations

57.8 % of which converted temporary contracts into open-ended ones

EFFECTIVE, TARGETED INSPECTIONS IN BELGIUM

Belgian enforcement authorities have improved the success rate of all their inspection checks from 35 % to 75-80 %. The data-mining tool 'Mining Watch' uses predictive modelling to define fraud risks in three different sectors: construction, cleaning, and the hotels and catering sector. The analytical tool helps inspectors to choose inspection targets. For more information [click here](#).

PREVENTION

Platform members are seeing the benefits of shifting away from only penalising undeclared work after it has occurred, and of moving towards preventing it from arising in the first place. The rationale for the change in approach is that penalising offenders only deals with the effects. Such measures do not deal with the causes of undeclared work. Nor do they facilitate the shift from the undeclared to the declared economy.

Platform members are using a range of different preventative approaches. These include:



Supply-side and demand-side incentives



Awareness-raising campaigns (aimed at employers, workers and the public), and



Reforming the institutions and authorities to support this.

Changing the focus towards positive actions rather than penalties is beginning to have a real impact on reducing the levels of undeclared work.

The Platform has developed a practical toolkit to support policymakers to develop information campaigns aimed at workers and companies.

[Click here](#) for more information.

IRELAND'S INFORMATION HOTLINE

The Workplace Relations Commission's Information and Customer Services Unit in Ireland operates a dedicated **infoline**. This provides impartial information to callers on employment rights, employment equality, equal status and related legislation. The aim is to provide both employers and employees with the information they need to be compliant. In 2017 it dealt with over 52 000 calls, of which 71% of calls were made by employees and 21% by employers. The highest number of calls related to employment permits, working hours, terms of employment and payment of wages and redundancies. Typical actions taken after using the infoline included discussing the issue in question with the employer or with trade union officials, or referring a complaint to the adjudication service.

LATVIA'S #FRAUDOFF! (#ATKRAPIES!) CAMPAIGN

The '#FraudOff!' campaign aims to promote public awareness of the shadow economy and fraud, and its negative consequences for individuals and the country. The campaign provides the public with information, research, contacts and ways to report fraud. The current phase of the campaign specifically targets young people and aims to create a zero tolerance for fraud in the working culture of 16-24-year olds.

Key messages include: always request a written employment contract with your new company; ensure your employer fulfils this contract and pays social tax contributions; and ensure you have a full health and safety briefing in your new workplace. For more information [click here](#).

A HOLISTIC APPROACH: USING A RANGE OF MEASURES IN PARALLEL

Tackling issues relating to undeclared work requires the problem to be addressed using a holistic approach. The holistic approach is both strategic and coordinated, and uses a combination of direct and indirect approaches to help transform undeclared work into declared work.

Direct approaches aim to reduce the costs and increase the benefits of operating on a declared basis – and increase the costs and reduce the benefits of operating undeclared. They include workplace inspections and peer-to-peer surveillance, such as [anonymous hotlines and reporting tools](#).

Indirect approaches consist of activities that align citizens and businesses attitudes and behaviour with laws and regulations. These include awareness-raising campaigns and educational initiatives.

There is consensus among Platform members that using both direct and indirect measures produce the most effective and efficient way to tackle undeclared work.

‘CLEANING UP’ SUBCONTRACTING CHAINS IN THE NETHERLANDS

In the Netherlands, a three-fold strategy of awareness-raising, prevention and collaboration has been adopted by the labour inspectorate to tackle exploitation in cleaning companies where workers were being paid low wages and working unpaid hours. Companies at the top of the supply chain (i.e. those hiring cleaning companies) are first targeted and subject to various requirements to ensure compliance. The Inspectorate communicates with businesses the advantages of hiring a declared cleaning company, alongside the penalties such as a fine for not being compliant. As a result, many companies are now aware of their responsibility to ensure they have hired a declared and ethical cleaning company and the Inspectorate has seen a shift in behaviour. For more information, [click here](#).

NEXT STEPS AND RESOURCES

The Platform offers a wide range of expertise and resources to help tackle undeclared work. We recommend exploring the [virtual library](#), which contains information generated by the work of the Platform. This includes the latest studies, best practice examples, toolkits and learnings from events dealing with tackling undeclared work.

To find out about the Platform’s key results and achievements, [click here](#). And to have the latest news and developments delivered directly to your inbox, sign up for the Platform’s newsletter [here](#).

CONTACT INFORMATION

[Platform’s web pages](#)

For a list of current Platform members and observers [click here](#).

LINKS:

PLATFORM'S WEB PAGES:

<https://ec.europa.eu/social/undeclared-work-platform>

FACTSHEETS PER COUNTRY:

<https://ec.europa.eu/social/main.jsp?catId=1322&langId=en>

INFORMATION ABOUT THE SCALE OF UNDECLARED WORK ACROSS EUROPE:

<https://ec.europa.eu/social/main.jsp?catId=1322&langId=en>

WORK PROGRAMME OF PLATFORM ACTIVITIES:

<https://ec.europa.eu/social/BlobServlet?docId=16358&langId=en>

GLOSSARY (VERSION ONLINE):

<https://ec.europa.eu/social/main.jsp?catId=1323&langId=en>

FULL VERSION:

<https://ec.europa.eu/social/BlobServlet?docId=20304&langId=en>

VIRTUAL LIBRARY

https://ec.europa.eu/social/main.jsp?catId=1299&intPageId=4875&langId=en#empl_content_title

PLATFORM'S KEY RESULTS AND ACHIEVEMENTS

<https://ec.europa.eu/social/BlobServlet?docId=20456&langId=en>

SIGN-UP PAGE FOR PLATFORM'S NEWSLETTER:

<https://ec.europa.eu/social/main.jsp?catId=1299&intPageId=4874&langId=en>

LIST OF PLATFORM'S MEMBERS AND OBSERVERS:

<http://ec.europa.eu/social/BlobServlet?docId=16411&langId=en>

ANONYMOUS HOTLINES AND REPORTING TOOLS:

<https://ec.europa.eu/social/main.jsp?catId=1417&langId=en>

COMMUNICATING EFFECTIVELY: A GUIDE TO DISSEMINATING KNOWLEDGE FROM THE EUROPEAN PLATFORM TACKLING UNDECLARED WORK:

<https://ec.europa.eu/social/BlobServlet?docId=20861&langId=en>

VIDEOS:

WORKING CROSS-BORDER TO TACKLE UNDECLARED WORK:

<https://audiovisual.ec.europa.eu/en/video/I-164226>

STAFF EXCHANGES - INSPIRING IDEAS FROM ACROSS THE EU TO TACKLE UNDECLARED WORK:

<https://audiovisual.ec.europa.eu/en/video/I-164229>

MUTUAL ASSISTANCE PROJECTS - SHARING KNOWLEDGE AND EXPERTISE TO COMBAT UNDECLARED WORK:

<https://audiovisual.ec.europa.eu/en/video/I-164227>

EXAMPLES:

TACKLING FRAUD IN FRANCE THROUGH IMPROVED INSTITUTIONAL COOPERATION:

<https://ec.europa.eu/social/main.jsp?catId=1299&intPageId=4875&langId=en>

JOINT OPERATIONS TO TACKLE UDW IN NORWAY:

<https://ec.europa.eu/social/BlobServlet?docId=17229&langId=en>

SPAIN'S NUDGE APPROACH:

<HTTPS://EC.EUROPA.EU/SOCIAL/BLOBSERVLET?DOCID=20241&LANGID=EN>

EFFECTIVE, TARGETED INSPECTIONS IN BELGIUM:

<https://ec.europa.eu/social/BlobServlet?docId=20241&langId=en>

IRELAND'S INFORMATION HOTLINE:

<https://ec.europa.eu/social/BlobServlet?docId=18372&langId=en>

LAYTVIA'S #FRAUDOFF CAMPAIGN:

<https://ec.europa.eu/social/BlobServlet?docId=20449&langId=en>

'CLEANING UP' SUBCONTRACTING CHAINS IN THE NETHERLANDS:

<https://ec.europa.eu/social/BlobServlet?docId=21456&langId=en>