

IPA 2012 Twinning Project: Strengthening Policy and Capacities to Reduce Undeclared Work (CRO MOONLIGHTING), Croatia

Title of the policy or measure (in English)	IPA 2012 Twinning Project: Strengthening Policy and Capacities to Reduce Undeclared Work (CRO MOONLIGHTING)
• Country	Republic of Croatia
• Sectors	All
• What groups are targeted by the measure	<ul style="list-style-type: none"> • Employers (directly targeted) • All citizens (indirectly targeted) • Ministry of Labour and Pension System of the Republic of Croatia (directly targeted)
• Purpose of measure	Prevention
• Short sentence summarising the measure	The IPA Twinning Project was funded to help build up an effective system of policies, measures and control mechanisms to decrease the rate of undeclared work and increase labour contributions paid into the national budget. This project was implemented in partnership with Slovak and German Twinning partners who contributed their expertise (Ministry of Labour, Social Affairs and Family of the Slovak Republic, the Federal Ministry of Finance of the German Republic, and the Regional Development Agency of the Slovak Republic).
Background	
• Background context driving the implementation of the measure	As part of the Republic of Croatia's accession to the EU, the country committed to developing and testing policy measures to tackle undeclared work, and reduce the size of the grey economy ⁱ . There have previously been a number of attempts to tackle the issue of undeclared work and the grey economy in Croatia, but they have tended to be 'narrow deterrence approaches' which have not been successful in reducing the rate of undeclared employment ⁱⁱ , which at the time of accession was larger than the EU-27 average ⁱⁱⁱ . The IPA Twinning Project therefore primarily aimed to reduce the rate of undeclared work and increase social security contributions paid into the national budget, whilst also raising awareness for employers and the wider public about the negative consequences of undeclared work ^{iv} .
• When was the measure implemented? (including start date and end date/ongoing)	November 2016 – April 2018
• Names(s) of authorities/bodies/organisations involved	Ministry of Labour and Pension System of the Republic of Croatia in cooperation with the Slovak and German twinning partners (Ministry of Labour, Social Affairs and Family of the Slovak Republic, the Federal Ministry of Finance of the German Republic, and the Regional Development Agency of the Slovak Republic).
• Scope of the measure (a pilot project, nationwide, regional wide)	Nationwide
• Type of (policy) measure	Strategy
• Key objectives of the measure	General objectives:

	<p>- Decrease the rate of undeclared work in the Republic of Croatia and increase labour contributions paid into the national budget^v.</p> <p>Specific objectives:</p> <ul style="list-style-type: none"> - Develop a comprehensive targeted strategy and action plan against undeclared work involving a policy mix; - Improve the legal framework for prevention and suppression of undeclared work; and increase cooperation among institutions;^{vi} - Enhance social awareness of undeclared work and the grey economy by raising awareness of the overall implications of undeclared work on the principles of solidarity, fairness and social security rights.^{vii}
<p>Specific measure</p>	
<ul style="list-style-type: none"> • Description of how the measure operates in practice 	<p>The IPA Twinning Project encompassed five key components:</p> <ul style="list-style-type: none"> • Creation of a comprehensive targeted strategy (and action plan) against undeclared work involving a policy mix based on incentive and inspection approaches developed. This activity required an analysis of the scale of undeclared work in Croatia, the results of which are published online^{viii}. Following this, another piece of work was undertaken to outline preventative tools and actions for identifying and combating undeclared work^{ix}. • Production of recommendations for improving the existing legal framework to help prevent and suppress undeclared work. In order to prepare possible legislative amendments, this required an analysis of existing legal provisions in the field of labour relations and of where these are most often violated. • Enhanced cooperation among institutions responsible for prevention and suppression of undeclared work by creating recommendations for working together more effectively and improving the processes e.g. by appointing coordinators in relevant institutions. • Increased public awareness regarding overall implications of undeclared work and tax morality by creating a national awareness and social media campaign: Stop working in the dark – Stop unregistered work (Kampanja Stop radu na crno – stop neprijavljenom radu). This was informed by a baseline survey (March 2017) and its effectiveness was monitored in a follow-up survey (March 2018). More information about this activity is outlined here: ec.europa.eu/social/BlobServlet?docId=19989&langId=en • Improved administrative capacities, work methodology and control mechanisms of the Labour Inspectorate and other involved institutions by analysing existing procedures and visiting another Member State to identify best practices; application of a new methodology for working effectively based on EU best practices (and informed by Twinning partners); development of systems and solutions for risk-based assessments and improved data collection; and identifying and conducting appropriate training to strengthen capacity of institutions combating undeclared work.
<ul style="list-style-type: none"> • What resources and other relevant organisational aspects are involved? 	<ul style="list-style-type: none"> • The project was part of wider IPA twinning activities which benefited from EU funding to help provide support for the transposition, implementation and enforcement of EU legislation on labour rights and undeclared work. • The project benefitted from public sector expertise from its Twinning Partners, namely the Ministry of Labour, Social Affairs and Family of the

	Slovak Republic, the Federal Ministry of Finance of the German Republic, and the Regional Development Agency of the Slovak Republic.
<ul style="list-style-type: none"> What are the source(s) of funding? 	This project was financed by the European Union under the IPA 2012 programme for Croatia ^x . The total value of the contract was EUR 950 000 (over 18 months starting from October 2016), with an additional EUR 50 000 in national co-financing.
Evaluation and outcome	
<ul style="list-style-type: none"> Has the measure achieved its objectives? 	It is difficult to measure whether (and to what extent) the IPA project led to a decrease in the rate of undeclared work in the Republic of Croatia, or an increase in labour contributions paid into the national budget. However, informal feedback suggests that the project has successfully met a number of specific objectives including improving the legal and policy framework; and enhancing public awareness of undeclared work.
<ul style="list-style-type: none"> Assessment method (including indicators used to measure its impact), and the outputs and outcomes achieved 	<ul style="list-style-type: none"> The impact of the public awareness campaign on informing and educating the target groups was evaluated in a survey that followed the campaign (March 2018); this showed that awareness of undeclared work had risen by 13 % (54 % to 67 %) among employers, though it remained relatively static for employees, the unemployed and for students (5.7 % to 5.0 %)^{xi, xii}. More information about the impact of the public awareness campaign and survey is outlined here: https://ec.europa.eu/social/BlobServlet?docId=19989&langId=en Outputs from activities under the first research task (creation of a comprehensive targeted strategy) included a published analysis of the current situation in relation to undeclared work in Croatia^{xiii}. In relation to the second research task, a legal framework concerning undeclared work was introduced in November 2016 in the Republic of Croatia^{xiv}. Best practices were exchanged among the partners involved in the Twinning Project during several meetings and discussions.
<ul style="list-style-type: none"> What are lessons learnt and the key conditions for success? 	Lessons learnt include the need for better planning of project activities and implementation of tasks as seen in the lack of sufficient time between the campaign and the follow-up survey being disseminated which meant it was only open for two weeks and only one questionnaire was used instead of two separate ones for employers and employees/unemployed people ^{xv} . With regard to key conditions for success, having a high degree of stakeholder collaboration and input from twinning partners is required.
<ul style="list-style-type: none"> Level of transferability (e.g. other countries/groups/sectors) 	<p>This project has a high level of transferability and can be adapted to meet the needs of other countries, groups or sectors. In particular, the information provided by the surveys and analysis can assist other interested Member States (especially EU candidate countries) or even particular sectors in determining ways to raise awareness of, and reduce, undeclared work within their own countries.</p> <p>For this practice to be successful in other countries, a clear programme of activities should be developed which incorporates rigorous analysis of the current situation in order to identify improvements that can be made and coordination with experts and other partners who can share best practice.</p>
Additional information	
<ul style="list-style-type: none"> Contacts 	Tomislav Markota, Head of Service for Surveillance of Employment (Ministry of Labour and Pension System) Email Address: tomislav.markota@mrms.hr Telephone: +38514698351
<ul style="list-style-type: none"> Useful sources and resources 	ec.europa.eu/social/BlobServlet?docId=19989&langId=en

- Metadata and key words for online search

Republic of Croatia; CRO Moonlighting; Twinning Project; IPA 2012; Germany; Slovakia; twinning partners; public sector expertise; changing attitudes; preventative tools; targeted strategy; policy mix; awareness raising campaign; preventative tools; legal framework

ⁱ Standard Twinning Project Fiche. EuropeAid/ 137-663/IH/ACT/HR. Available at <http://www.esteri.it/mae/resource/garegemellaggi/2015/11/hr-12-ib-so-01.pdf>

ⁱⁱ Williams, C.C, Bohne, C., Brunner, M., Denecke, J., Olle, M., Radvansky, M. and Stefanik, M. (2017) Preventative Policy Measures to Tackle Undeclared Work in Croatia. IPA 2012 Twinning Project HR 12 IB SO 01 Strengthening Policy and Capacities to Reduce Undeclared Work (CRO MOONLIGHTING). Available at SSRN: <https://ssrn.com/abstract=3003538>

ⁱⁱⁱ Standard Twinning Project Fiche, (2015), op cit.

^{iv} Ibid

^v Opening ceremony and presentation of the Twinning project “Strengthening Policy and Capacities to Reduce Undeclared Work. (2016). Press release available at: <http://www.safu.hr/en/news/opening-ceremony-and-presentation-of-the-twinning-project-strengthening-policy-and-capacities-to-reduce-undeclared-work>

^{vi} Standard Twinning Project Fiche, (2015), op cit.

^{vii} EU Twinning Project on Undeclared Work in Croatia, Quarterly Newsletter. (n.d.). Available at: <http://www.rrasenec-pezinok.sk/LinkClick.aspx?fileticket=WD1byHTtCPc%3D&tabid=70&mid=422&language=sk-SK>

^{viii} Williams, C.C., Radvansky, M. and Stefanik, M. (2017) The Extent and Nature of Undeclared Work in Croatia. IPA 2012 Twinning Project HR 12 IB SO 01 Strengthening Policy and Capacities to Reduce Undeclared Work (CRO MOONLIGHTING). Available at: <http://eprints.whiterose.ac.uk/119840/1/ACTIVITY%201.1%20FINAL%20REPORT%20EXTENT%20AND%20NATURE%20OF%20UNDECLARED%20WORK%20IN%20CROATIA.pdf>

^{ix} Williams, Bohne et al, (2017), op cit.

^x Standard Twinning Project Fiche, (2015), op cit.

^{xi} Results are compared to a baseline survey which took place in March 2017

^{xii} Stefanov, R. and Mineva, D. (2018). Information Tools and Approaches to Reach Out to Workers and Companies in the Fight against Undeclared Work. Learning Resource Paper, European Platform Undeclared Work

^{xiii} Williams, Bohne et al, (2017), op cit.

^{xiv} EU Twinning Project on Undeclared Work in Croatia, Quarterly Newsletter (n.d.), op cit.

^{xv} Stefanov, R. and Mineva, D. (2018), op cit.