

# IMPROVING SOCIAL PARTNER INVOLVEMENT IN TACKLING UNDECLARED WORK: A TOOLKIT



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## **Western Balkan Network tackling undeclared work**

# **IMPROVING SOCIAL PARTNER INVOLVEMENT IN TACKLING UNDECLARED WORK: A TOOLKIT**

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## Executive Summary

This toolkit firstly evaluates the current involvement of Western Balkan social partners in tackling undeclared work and secondly, provides inspiration for social partners by reporting numerous policy initiatives being used by social partners to tackle undeclared work across the Western Balkans, European Union and beyond.

### Current involvement of Western Balkan social partners in tackling undeclared work

A 2020 Regional Cooperation Council (RCC) survey of social partners examined how they viewed their level of involvement in the body/bodies tackling undeclared work. No social partners say there is full tripartite agreement and consultation on sector specific inspection targets, information exchange and awareness raising, and only one (in North Macedonia) that there is tripartite consultation on either sector specific inspection targets, information exchange or awareness raising. A few say there is regular engagement in joint actions (e.g., information and awareness raising). **Most social partners state that there is only irregular ad hoc involvement with the authorities.** A few social partners assert that there is no consultation.

To improve cooperation between enforcement authorities and social partners, there is a need for both enforcement authorities and social partners to: (i) adopt building such partnerships as a strategic objective of their organization; (ii) identify the forms of cooperation desired; (iii) develop cooperation, and (iv) manage the resultant partnerships.

The 2020 survey reveals that social partners in the Western Balkans are starting to adopt cooperation with state authorities as one of their strategic objectives. Many have also started to identify that they wish to develop relationships with enforcement authorities in order to tackle undeclared work. To develop cooperation with them, **most social partners in Albania, Montenegro and Serbia have allocated staff to the task of building partnerships**, the problems in partnership building are being addressed and solutions pursued. However, **this is not yet the case in Bosnia and Herzegovina, Kosovo\* and North Macedonia.** Neither do **most social partners have transparent agreements with state authorities that are evaluated and the results shared.**

Assessing the range of policy measures used by social partners to tackle undeclared work, 59% of social partners in the 2020 survey believe that they use a limited or very limited range of tools. Indeed, all social partners believe they need to improve the range of policy measures used.

Given this baseline assessment, this toolkit provides examples of good practices on firstly, social partner cooperation initiatives and secondly, policy initiatives that can be undertaken by social partners.

### Improving cooperation between stakeholders

To improve cooperation, social partners and enforcement authorities need to: adopt “building partnerships with other stakeholders” as a strategic objective of their organization; identify the cooperation desired; build partnerships and manage the resultant partnerships.

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\* This designation is without prejudice to positions on status, and is in line with UNSCR 1244/1999 and the ICJ Opinion on the Kosovo declaration of independence.

The first step, therefore, is for social partners and to ensure that “building partnerships with other stakeholders” becomes a strategic objective of their organization.

Once building partnerships is clearly defined as a strategic objective of their organisation, the second step is for enforcement authorities and social partners to identify and structure the partnerships desired. This requires organisations to:

- (i) identify the stakeholders with whom they wish to build partnerships;
- (ii) identify for each stakeholder their role and relevance for the various services of their organisation (e.g., referrals, exchange of information, detection, prevention, joint inspections), and
- (iii) the level of their organisation (economy, regional, local) at which each of these relationships is sought.

Having identified the relevant stakeholders and the relationship sought, the third step is to build these partnerships. This requires:

- (i) staff to be allocated to achieving the strategic objective of partnership building;
- (ii) the specific activities and contributions expected from these employees given the objective of partnership building need to be specified; and
- (iii) the challenges to partnership building at various levels identified and solutions sought.

The fourth and final step is to establish a process for managing these partnerships by:

- (i) developing transparent agreements with clearly defined responsibilities;
- (ii) systematically monitoring and evaluating the outcomes of the partnership arrangements, and
- (iii) sharing the monitoring/evaluation results with your partners.

Case studies are provided of cooperation initiatives between government authorities and social partners, between trade unions, and between trade unions and employer federations.

### **Social partner policy initiatives**

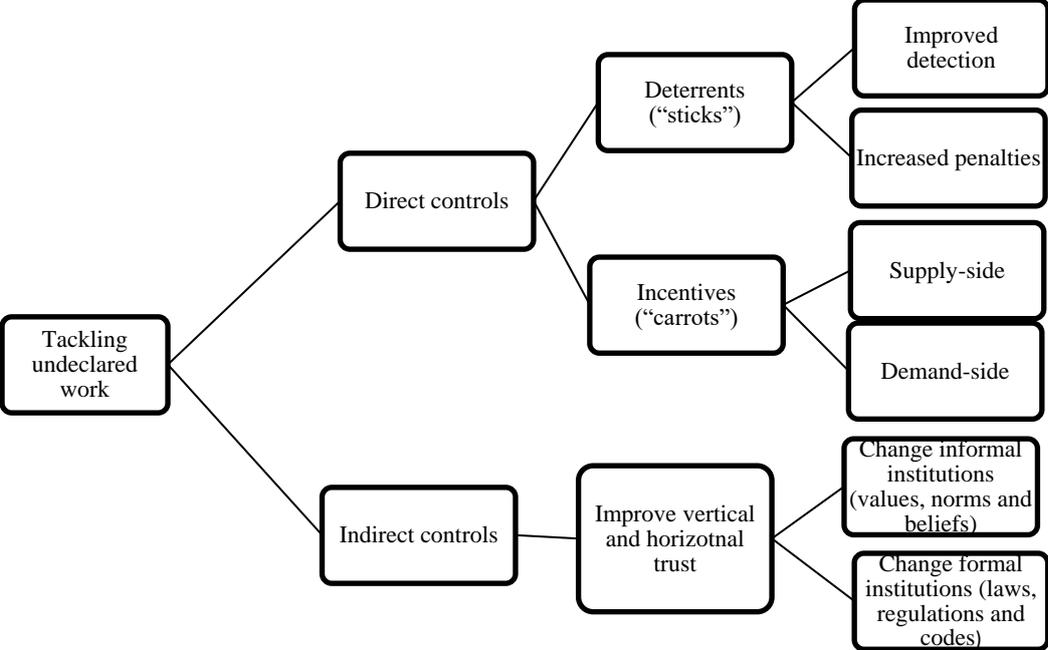
To provide inspiration regarding policy initiatives that can be undertaken by social partners, Figure 1 summarises the full range of direct and indirect tools available to social partners for tackling undeclared work.

On the one hand, there are direct tools that can be used to make the benefits of operating in the declared economy outweigh the costs of working in the undeclared economy. Firstly, there are deterrence measures to increase the costs of non-compliance (“sticks”) and secondly, incentive measures to make operating declared more beneficial and easier (“carrots”). On the other hand, there are indirect tools. These shift away from using “sticks” and “carrots”, and instead recognise that employers, workers and citizens are also social actors who engage in undeclared work when there is a lack of vertical trust in government and a lack of horizontal trust in each other. They therefore pursue education and awareness raising initiatives to promote the benefits of operating in the declared economy and costs of operating in the undeclared economy, to change the acceptability of engaging in undeclared work (see Williams, 2020a).

This toolkit reviews the full range of policy initiatives that can be undertaken by social partners. These initiatives can be pursued by social partners not only in cooperation with government authorities but also independently to protect legitimate businesses and workers and increasing the membership base by transforming undeclared work into declared work.

It is often assumed that sanctions can only be used by enforcement authorities. However, social partners can use **sanction** initiatives, such as:

- Non-compliance lists (“blacklists”);
- Excluding businesses that have been sanctioned from supply chains, and
- “Naming and shaming” lists.



**Figure 1.** Policy measures available to social partners for tackling undeclared work

Social partners can also take actions to increase the perceived and/or actual **likelihood of detection**, such as:

- Introducing Identity Cards (ID) in the workplace (e.g., Belgium, Iceland);
- Conducting inspections often jointly with inspectorates (e.g., Greece);
- Encouraging registration of workers prior to their first day at work;
- Using complaint reporting tools such as telephone hotlines (e.g., Belgium, Sweden);
- Certification of business, certifying payments of social contributions and taxes, and
- Supply chain responsibility/due diligence initiatives adopted by social partners (e.g., Belgium, Sweden).

Social partners could also pursue **supply-side measures** to stimulate suppliers of undeclared work to operate in the declared economy, including:

- Simplifying procedures and processes for complying to existing regulations (e.g., easier registration procedures; simplify forms; reduce duplication), such as the European Federation of Building and Woodworkers’ (EFBWW) app to provide workers with information on the existing regulations in the construction industry in each European country;
- The provision of tax and social security incentives to operate in the declared economy (e.g., Builders Social House in Romania where employers and trade unions provide

social security benefit payments over the winter months to declared construction workers);

- “Formalisation” advice to start-ups (e.g., StreetUK initiative in the UK);
- “Formalisation” support services to existing workers and businesses (e.g., Project UnionMigrantNet, a European network of contact points providing services to migrants, which has been established, managed and supported by trade union; the Cuore initiative in Italy);
- Provide free record-keeping software to businesses, fact sheets on record-keeping requirements and free advice/training on record-keeping;
- Access to free marketing (e.g., the “business walking routes” initiative in Athens pursued by an employer federation to provide legitimate businesses with free marketing).

Social partners could also use **demand-side measures** that encourage purchasers to buy goods and services from the declared economy, including in cooperation with government:

- Use of social labels to encourage socially responsible purchasing (e.g., “Just Tourism” initiative in hotel sector in Montenegro), and
- Appeals to purchasers to operate in the declared economy (e.g., in Italy where trade unions promoted the regularisation of undeclared labour in supplier businesses by appealing to the purchaser).

Finally, they can pursue **educational and awareness raising campaigns** either independently or in cooperation with government, including initiatives to:

- Inform suppliers of the risks and costs of undeclared work (e.g., an employers federation campaign in Latvia; a trade union campaign in agriculture in Italy; and the tripartite “Bad for you! Harmful for all!” campaign in Portugal);
- Inform suppliers of the benefits of declaring their work (e.g., a student competition organised by the Free Trade Union Confederation of Latvia, which included a prime time television quiz show for students);
- Inform users of the risks and costs of purchasing in the undeclared economy (e.g., “Get it in Writing!” campaign in Canada), or
- Inform users of the benefits of purchasing in the declared economy (e.g., “social label” campaigns, exemplified by the “JustTourism” initiative hotels whose employment practices and whose staff’s working conditions meet pre-determined criteria for decency and fairness are given a “seal of approval” by trade unions).

## Next Steps

To improve the involvement of social partners in tackling undeclared work, the Western Balkan Network Tackling Undeclared Work can take the following step:

- Economy-level seminars could be organised to bring together the tax administration, labour inspectorate and social partners in each economy to explore the feasibility and opportunities for greater cooperation in tackling undeclared work.

# **1. Introduction**

## **1.1 Why is it important to involve social partners in tackling undeclared work?**

Although enforcement authorities play a key role in tackling undeclared work, social partners also have an interest in tackling undeclared work. Employer federations wish to tackle the unfair competition that results from other businesses operating in the undeclared economy and trade unions wish to protect declared workers and tackle unscrupulous employers who use undeclared employment.

Given that enforcement authorities, employers' organisations and trade unions, all have a common interest in preventing undeclared work, it is important that they cooperate and work together in a coordinated manner.

## **1.2 What is the aim of the toolkit?**

The aim of this toolkit is two-fold. Firstly, it sets out the steps that need to be taken by social partners and enforcement authorities in the Western Balkans to initiate, develop and manage cooperation with each other and build effective partnerships, along with examples of good practices of collaboration in the Western Balkans, European Union and beyond that are potentially transferable to all Western Balkan economies. Secondly, the aim is to set out the full range of policy initiatives that social partners can pursue to tackle undeclared work either on their own or in collaboration with enforcement authorities. Again, interesting policy initiatives pursued by social partners across the Western Balkans, European Union and beyond will be highlighted that are potentially transferable to all Western Balkan economies.

## **1.3 Who is the toolkit for?**

The toolkit is primarily targeted at social partner organisations in the six Western Balkan economies to provide them with firstly, guidance on what steps they need to take to initiate, develop and manage partnerships with enforcement authorities (and other social partners), and examples of some good practices in this regard, and secondly, examples of the wide array of policy initiatives that they can pursue to tackle undeclared work either independently or in collaboration with enforcement authorities.

The toolkit is also targeted at enforcement authorities in the six Western Balkan economies to provide them with firstly, guidance on what steps they need to take to initiate, develop and manage partnerships with social partners and secondly, to highlight the wide array of policy initiatives that they might undertake in collaboration with social partners.

## **1.4 How is the toolkit structured?**

Section 2 reports the current involvement of social partners in tackling undeclared work in the Western Balkans, based on a survey of social partners undertaken in October 2020. This provides a baseline assessment. Section 3 then provides guidance on the steps social partners and enforcement authorities can take to initiate, develop and manage partnerships with each other, and examples of some good practices in this regard. Section 4 then reviews the multitude of policy initiatives that social partners can use to tackle the undeclared economy either independently or in cooperation with enforcement authorities. Section 5 then concludes by setting out the next steps to improve social partner involvement in tackling undeclared work in Western Balkan economies.

## 2. Current involvement of social partners in tackling undeclared work in the Western Balkans

To provide a baseline assessment of the current involvement of social partners in tackling undeclared work in the Western Balkans, a survey of social partners was undertaken in October/November 2020. This assessed: (i) their objectives in relation to tackling undeclared work; (ii) the current level of social partner cooperation with government authorities and (iii) the current range of initiatives pursued by social partners to tackle the undeclared economy (see Williams, 2021). This section summarises the findings.

### Objectives of social partners when tackling undeclared work

Both the International Labour Organization (ILO) and European Commission assert that the objective is to transform undeclared work into declared work. This means bringing businesses operating in the undeclared economy into the declared economy, not closing them down, and transforming the jobs of undeclared workers into declared jobs, rather than eradicating their jobs.

**Just under a quarter (23%) of social partners responding had fully adopted the objective of transforming undeclared work into declared work**, 12% were pursuing initiatives based on this objective, a further 18% had taken the decision to implement this objective and 41% were discussing its adoption as an objective.

Assessing whether transforming undeclared work into declared work is a target/Key Performance Indicator (KPIs), a quarter of social partners had made no progress on establishing this as a target/KPI, 50% were discussing adopting this as a target/KPI and the remaining 25% had taken the decision or were implementing this as a target/KPI.

### Social partner cooperation with government

Social partners assert that they have some involvement in the body/bodies responsible for tackling undeclared work in Albania, Bosnia and Herzegovina, Kosovo\* and Montenegro, but trade unions in North Macedonia and Serbia assert that they have no involvement in these bodies.

No social partners say there is full tripartite agreement and consultation on sector specific inspection targets, information exchange and awareness raising, and only one (in North Macedonia) that there is tripartite consultation on either sector specific inspection targets, information exchange or awareness raising. A few say there is regular engagement in joint actions (e.g., information and awareness raising). **Most social partners state that there is only irregular ad hoc involvement with the authorities.** A few assert there is no consultation.

To improve cooperation with government authorities, social partners need to: (i) adopt “building partnerships with the authorities” as a strategic objective of their organization; (ii) identify the cooperation desired; (iii) build partnerships, and (iv) manage the resultant partnerships.

Examining whether building cooperation with state authorities is a strategic objective of social partner organisations, this is not a strategic objective of trade unions in Albania, Bosnia and Herzegovina and Serbia. In Bosnia and Herzegovina, employer federations are discussing making this a strategic objective whilst in Kosovo\*, either discussion is taking place or initiatives being pursued to establish this strategic objective. This is similarly the case in Montenegro and North Macedonia and in Serbia among one trade union and an employer federation.

Once adopted as a strategic objective, then social partners need to **identify, build and manage** cooperation with the authorities. Starting with identifying the government authorities with whom relationships are sought in relation to tackling undeclared work, in RS, no progress has been made. **In Albania, Bosnia and Herzegovina, Kosovo\*, Montenegro and North Macedonia, most social partners are making progress towards identifying the state authorities with whom to establish partnerships.**

On the task of building partnerships, **most social partners in Albania, Montenegro and Serbia have allocated staff to the task of building partnerships**, the problems in partnership building are being addressed and solutions pursued, whilst **in Bosnia and Herzegovina, Kosovo\* and North Macedonia, this is not the case.**

However, **most social partners do not have transparent agreements with state authorities that are evaluated and the results shared.** Therefore, developing bilateral and multilateral agreements in relation to tackling undeclared work is required.

### **Social partner policy initiatives to tackle undeclared work**

Social partners in the Western Balkans currently adopt a range of initiatives to tackle the undeclared economy:

- 94% are raising awareness of situations of undeclared work and making calls for action [100% of trade unions and 83% of employer federations]
- 88% are raising awareness and changing behaviours by providing information, running campaigns, awards, dedicated websites, etc. (either at an economy, sector or company level) [100% of trade unions and 67% of employer federations].
- 88% are establishing relevant contacts through their networks of members [91% of trade unions and 83% of employer federations].
- 82% are providing policy and legal advice on procedural and legal changes needed [82% of trade unions and 83% of employer federations].
- 82% are taking part in consultations and working groups [82% of trade unions and 83% of employer federations].
- 76% are providing policy advice on where enforcement authorities should focus their efforts (e.g., particular sectors, occupations, types of informal work) [73% of trade unions and 83% of employer federations].
- 71% are performing research to identify the key reasons, manifestations, specifics and impact of undeclared work [73% of trade unions and 67% of employer federations].
- 71% are negotiating collective agreements which contain instruments to tackle undeclared work, including in supply or subcontracting chains [73% of trade unions and 67% of employer federations].
- 59% are supporting employers by protecting them from unfair informal or unregistered competitors [45% of trade unions and 83% of employer federations].
- 53% are referring cases of undeclared work to enforcement and judicial authorities [82% of trade unions and 0% of employer federations].

- 53% are supporting workers by protecting them when in undeclared work situations, and aiding transition into a declared work situation [82% of trade unions and 0% of employer federations].
- 53% are cooperating across borders in the fight against informal work [64% of trade unions and 33% of employer federations].
- 41% are providing technical support to enforcement authorities in developing information tools, data mining and risk assessment, building websites and social media platforms [45% of trade unions and 33% of employer federations].
- 35% are conducting workplace inspections [55% of trade unions and no employer federations].
- 29% are serving as access points to corporate databases [27% of trade unions and 33% of employer federations]

59% believe that they use a limited or very limited range of tools. Indeed, no social partners believe they do not need to improve the range of policy measures used. Therefore, it will be important in future to provide social partners in the Western Balkans with access to a range of policy measures that they might consider for adoption.

To improve the involvement of social partners in tackling undeclared work, attention now turns towards the practical steps that can be taken to initiate, develop and manage partnerships.

### **3. Improving cooperation between stakeholders**

Cooperation can occur when tackling undeclared work either between:

- Social partners and government authorities;
- Trade unions and employer federations;
- Trade unions with each other, or
- Employer federations with each other.

#### **3.1 Identifying, building and managing partnerships: a methodology**

To improve cooperation with other stakeholders, social partners and enforcement authorities need to:

- (i) adopt “building partnerships with other stakeholders” as a strategic objective of their organization;
- (ii) identify the cooperation desired;
- (iii) build partnerships, and
- (iv) manage the resultant partnerships.

The first step, therefore, is for social partners and to ensure that “building partnerships with other stakeholders” becomes a strategic objective of their organization. Unless this becomes a clearly defined strategic objective of their organization, then it is unlikely that resource will be allocated to achieving this objective and that evaluation will occur of whether it is being achieved.

Once building partnerships is clearly defined as a strategic objective of their organisation, the second step is for enforcement authorities and social partners to identify and structure the partnerships desired. This requires organisations to:

- (i) identify the stakeholders with whom they wish to build partnerships;
- (ii) identify for each stakeholder their role and relevance for the various services of their organisation (e.g., referrals, exchange of information, detection, prevention, joint inspections), and
- (iii) the level of their organisation (economy, regional, local) at which each of these relationships is sought.

Box 1 provides a practical guide to how an enforcement authority or social partner can identify and structure the partnerships desired.

**Box 1: A practical guide to help enforcement authorities and social partners identify and structure the partnerships required**

The first step required by any enforcement authority or social partner organisation is to identify its relevant partners in relation to tackling undeclared work (e.g., Ministries, other trade unions/employer federations) and to then structure/classify them into functional groups. For each relevant partner (government departments, trade unions, employer federations, agencies from other economies, etc.), they need to be clear about the type or the nature of the relationship wanted, whether the relationships with the partner will differ at different levels (economy, regional, local), and the relevance of the partner for achieving the strategic objectives of their organisation at each level.

**Key questions to ask to identify and structure the partnerships required:**

1. Which partners are important for your organisation to achieve its strategic objectives?
2. Are some partners more relevant than others?
3. Can you name these partners and categorise them into different groups?
4. Are different partners relevant to different functions of your organisation? And are different partners relevant at different levels of your organisation? If so, which ones to which aspects and which levels? (e.g., can you list various “bilateral and multilateral agreements” that currently exist and are required, including their focus and at what level?)
5. What should be the outputs of these partnerships (e.g., referrals, exchange of information, detection, prevention, joint inspections)?

Answering these questions will enable an enforcement authority or social partner organisation to identify and structure the partnerships required in relation to tackling undeclared work.

*Source:* derived from Lapeyre and Williams (2020)

Having identified the relevant government authorities and the relationship sought, the third step is to build these partnerships. This requires:

- (i) staff to be allocated to achieving the strategic objective of partnership building;
- (ii) the specific activities and contributions expected from these employees given the objective of partnership building need to be specified; and
- (iii) the challenges to partnership building at various levels identified and solutions sought.

Box 2 provides a practical guide to how enforcement authorities and social partners can build partnerships with other stakeholders.

### **Box 2: A practical guide to building partnerships**

Any organisation involved in tackling undeclared work needs to build partnerships with relevant stakeholders (e.g., Ministries, other social partners such as employer federations and employee representative organisations, sectoral partners; agencies from other economies). This can be a clearly defined objective of the organisation and carried out at all levels of the organisation with the aim of setting up partnership programmes and actions that ensure innovative collaborative policy implementation to achieve the targets of the organisation. In doing so, it is recognised that a prerequisite for partnerships is a mutual willingness to cooperate.

#### **Key questions to ask when building partnerships:**

1. For which staff is partnership building an objective and at what level of the organisation?
2. What specific activities and contributions are expected from employees who have the objective of building partnerships?
3. What needs to be done within the organisation to foster a climate of external partnership building, both at an international, economy, regional and local level?
4. Are there shared targets and Key Performance Indicators (KPIs) that you can establish with your partners (or are their targets and KPIs separate and different to your own)? If so, what are the commonalities? What are the differences?
5. What challenges are witnessed when building partnerships at various levels and on different initiatives (e.g., are there conflicting targets)? How can these challenges be overcome?

*Source:* derived from Lapeyre and Williams (2020)

The fourth and final step is to establish a process for managing these partnerships by:

- (iv) developing transparent agreements with clearly defined responsibilities;
- (v) systematically monitoring and evaluating the outcomes of the partnership arrangements, and
- (vi) sharing the monitoring/evaluation results with your partners.

Box 3 provides a practical guide to the management of partnerships.

### **Box 3: A practical guide to managing partnerships**

An enforcement authority or social partner organisation manages their partnerships by: (i) developing transparent agreements for each partner's responsibilities; (ii) systematically monitoring and evaluating the implementation and the results of these partnerships, and (iii) by sharing the monitoring/evaluation results with all partners.

#### **Key questions to ask when managing partnerships:**

1. Do you have transparent partnership agreements with clearly defined responsibilities?
2. Are they systematically monitored and if so, how?
3. Are the implementation and the results of the partnerships evaluated? If so, what evidence is there of the outcomes of such partnership arrangements?
4. Does your organisation share the monitoring/evaluation results with the partners?

*Source:* derived from Lapeyre and Williams (2020)

Given this methodology for identifying, developing and managing partnerships, attention now turns to examples of where partnerships have been established in the sphere of tackling undeclared work.

### 3.2 Cooperation between social partners and state authorities: case studies

The first set of case studies relate to examples of cooperation between government authorities and social partners. Box 4 provides a case study of cooperation between public authorities and sectoral level social partners in the construction sector in Belgium, Box 5 highlights a cooperation between a public authority and an employer federation, again in Belgium, and Box 6 documents a cooperation between social partners and public authorities in Norway to prevent work-related criminal activities in public procurement contracts in municipalities.

#### **Box 4. Social partner and government cooperation: fair competition plan in the construction sector, Belgium**

**Aim:** Public authorities and sectoral level social partners developed together “40 measures to combat social dumping and unfair competition” in the construction sector in Belgium.

**Description:** The Belgian government and social partners in the construction industry, jointly created a Fair Competition Plan in 2015 composed of 40 measures to tackle social dumping and unfair competition. Those of highest relevance to tackling undeclared work include:

- Mandatory recording of workers' attendance on construction sites;
- Social ID card issued to all Belgian construction workers, as a visual means of identification and check-in on construction sites;
- Additional data required for the posting declaration (the main document identifying the employer, which posts workers in another country) in order to better identify foreign employers;
- Limiting subcontracting of works to two levels in public contracts;
- Increased use of data mining techniques for more efficient risk assessment and controls;
- changes to legislation, in particular to combat bogus self-employment

Except for the costs of the *Construbadge*, a social ID card for Belgian construction workers (EUR 750 000), all costs are borne by the federal government.

**Evaluation:** Between 2015 and 2018, employment in the construction sector increased (by 6 100) and social dumping decreased.

*Sources:* <https://ec.europa.eu/social/BlobServlet?docId=22264&langId=en>

#### **Box 5. Social partner and government cooperation: Charter between the social inspection services and employers' representative organisations, Belgium**

**Aim:** To develop greater cooperation between the social inspection services and an employer federation by establishing a charter on preventing unfair competition and fighting social fraud.

**Description:** a charter between social inspection services and employers' organisations was

signed in 2018 that listed a set of common principles. Employers' organisations and social inspection services met several times in 2017 and 2018 to draft the Charter and publicised it by means of external as well as internal training sessions. The Charter is a preventative measure, which allows for better cooperation between employers' associations and inspection bodies, including in tackling undeclared work. The signatory parties commit to abide by the following principles:

- Transparency and open dialogue;
- Fair competition between the enterprises;
- Importance of entrepreneurship and social protection;
- Proportionality;
- Purpose;
- Legitimacy;
- Discretion and confidentiality;
- Mutual respect and understanding.

The intention is to promote employers' voluntary compliance to avoid costly court proceedings for both sides.

**Evaluation:** The Charter provides for annual follow-up meetings to evaluate the results and impact of the charter.

*Source:* <https://ec.europa.eu/social/BlobServlet?docId=22264&langId=en>

#### **Box 6. Social partner and government cooperation: 10 strategic steps for procurement in municipalities and counties, Norway**

**Aim:** To limit undeclared work in public procurement contracts issued by municipalities.

**Description:** To limit options for work-related crime in public procurement operations, notably in municipalities and counties, a platform to fight against illegal economy was established composed of: Confederation of Norwegian Enterprise (NHO); the Norwegian confederation of labour unions (LO); the confederation of vocational unions (YS); the confederation of unions for professionals (Unio); the Norwegian Association of local and regional authorities (KS), and Tax Norway. This platform developed guidelines to advise municipalities on how to: (i) identify risk areas in public procurement operations; (ii) set contractual requirements for subcontractors and (iii) follow-up on the implementation of the contracts.

The platform agreed guidelines/10 strategic steps for procurement in municipalities, including:

- how to choose risk areas (i.e. building/construction, cleaning and car wash as default areas);
- implementation of special contractual requirements, only in the risk areas;
- the contractual requirements include:
  - shorter chain of subcontractors;
  - 40 % of worked hours by workers with certified skills;
  - 7 % of worked hours by apprentices;
  - only known and upfront reported companies and work staff;
  - all payment by bank;
  - insight in subcontractors tax compliance (6 months).
- implementation of special audit routines following-up contracts, only in the risk areas.

**Evaluation:** 150 municipalities introduced the 10 strategic steps. This not only reduced work-related criminal activities but also raised public awareness about the topic, helping the procurement offices to promote declared work.

Source: <http://ec.europa.eu/social/BlobServlet?docId=18480&langId=hr>

There are also collective agreements to tackle undeclared work. Box 7 provides an innovative example of a social partner foundation established to ensure compliance with the collective labour agreement in the Netherlands targeting fraudulent temporary agency work.

### **Box 7. Foundation for compliance with the Collective Labour Agreement for Agency Workers (SNCU), Netherlands**

**Aim:** To support compliance and fight abuse of temporary agency work through a collective agreement.

**Description:** In the Netherlands, social partners in the temporary agency work sector set up a bipartite committee to support compliance with legislation and to fight fraudulent use of temporary agency work, namely [the Foundation for Compliance with the Collective Labour Agreement for Agency Workers \(SNCU\)](#). The SNCU operates nationally and applies to all stakeholders who fall under the scope of the sectoral Collective Labour Agreement for Agency Workers.

The SNCU raises awareness by disseminating information via traditional and online media, publications, a website and a telephone helpdesk. Monitoring occurs through inspections, which are usually triggered via the complaint reporting tool that is accessible to everyone. The SNCU can write to an employer with a request for data on wages and employment contracts, for example. Where the data are found to comply, the case is closed. Where they do not, a second inspection takes place, at the employer's place of business. The employer is asked to rectify any issue of non-compliance identified during the inspection and this is subsequently verified by the SNCU (this inspection is funded by the employer). If the employer fails to comply, the SNCU starts a judicial procedure that may result in the employer's liability for compensation claims and recovery payments.

The SNCU focuses its activities on the temporary work sector, which allows for highly targeted, effective and efficient inspections. About 90 % of preliminary investigations lead to an inspection. Most of these inspections find a deviation from the Collective Labour Agreement, which are usually rectified by the employer. Employers who do not cooperate are prosecuted. Following the launch of a new website and Facebook campaign in 2016, the SNCU saw an increase in the number of questions and complaints reported. In 2016, the SNCU carried out 350 inspections and answered 2 500 questions through its helpdesk. In 2017, it saw 30 completed verdicts against non-compliant employers and EUR 2.5 million in back payments to temporary agency workers.

**Evaluation:** The SNCU is an example of an effective bipartite social partner initiative targeting the temporary agency work sector. It has a holistic combination of tasks, including targeted inspections, awareness-raising and communication, and is funded jointly by employers and trade unions. The work of the SNCU has uncovered non-compliance and led to court verdicts and recovered wages for temporary agency workers.

Source: <https://ec.europa.eu/social/ajax/BlobServlet?docId=19449&langId=en>

### 3.3 Cooperation between trade unions: case studies

The second set of examples of cooperation relate to **cooperation between trade unions** when tackling undeclared work. Box 8 provides an example of how trade unions from Poland, Bulgaria and Belgium cooperate to protect workers from undeclared work situations, whilst Box 9 provides an example of cooperation between French and Bulgarian trade unions to protect agricultural workers from engaging in undeclared work.

#### **Box 8. Trade union cooperation: solidarity agreements of FGTB/ABVV (Belgium), with OPZZ Poland (2017) and CITUB Bulgaria (2018)**

**Aim:** To protect Polish and Bulgarian workers in Belgium from engaging in undeclared work by producing solidarity agreements between Polish, Bulgarian and Belgian trade unions to enable workers to receive information on their rights and the applicable working conditions.

**Description:** In 2017-2018 the Belgian trade union General Federation of Belgian Labour (FGTB/ABVV) signed solidarity agreements with the Polish All-Poland Alliance of Trade Unions (OPZZ) and the Bulgarian Confederation of Independent Trade Unions (CITUB) with the aim of developing cooperation and mutual assistance between trade unions in guaranteeing workers' protection regardless of their national trade union affiliation.

All three unions, signatories to the solidarity agreement, support each other's members in each other's country of operation by providing information, advice and legal consultation and assistance concerning employment or other labour-related issues

The services provided under the solidarity agreements act as prevention to undeclared work and can aid work regularisation. The following services are provided by the host union to the members if they do not entail any considerable extra costs, either in organisational, material or financial terms:

- Inclusion in collective and other agreements;
- Information (trade union press, documentation, info service);
- Consultation with regard to labour, social and employment matters;
- Legal consultation, legal protection and legal representation in all matters relating to labour and social law (e.g., occupational safety and health), as well as legal representation in employment cases if the conditions of the host country's national law are met.

**Evaluation:** The agreements have provided workers with a means of receiving services, advice and information that can solve individual and collective cases. The main findings so far are that in the case of collective problems regarding working conditions of members, meetings are organised to find a solution to the problem, facilitate exchange of best practices, or put together a collective dossier.

*Sources:* <https://ec.europa.eu/social/BlobServlet?docId=22264&langId=en>

#### **Box 9. Trade union cooperation: Franco-Bulgarian trade union partnership against illegal work in agriculture**

**Aim:** To tackle undeclared work by Bulgarian workers in the agricultural sector in France.

**Description:** The French Democratic Confederation of Labour (CFDT) and the Bulgarian trade union *Podkrepa*, joined forces to tackle undeclared work undertaken by Bulgarian

workers in the agriculture sector in France. They have initiated a multi-layered action, including lobbying Members of the European Parliament, launching an information campaign towards posted workers from Bulgaria, and filing a lawsuit against a temporary work agency from Bulgaria. The initiative was triggered when trying to address the fraudulent activities of a Bulgarian temporary work agency, against which there were complaints from posted workers. It eventually grew to a larger scale action between 2011 and 2016 (and up to the present-day) covering more posted workers from Bulgaria, operating in the agricultural sector in France. Activities included the following:

- Consultation between the French Democratic Confederation of Labour and the departmental services of the French Ministry of Labour to access information about Bulgarian employees (e.g. personal addresses in France).
- The creation of the Franco-Bulgarian partnership between the French Democratic Confederation of Labour and Bulgarian *Podkrepa* trade unions.
- Developing and distributing leaflets to Bulgarian employees in their native language concerning their rights in France.
- Legal action in France brought by the employees supported by the French Democratic Confederation of Labour against a Bulgarian temporary work agency that had posted them.
- Conducting awareness-raising actions on the rights of posted workers in Bulgaria and France

**Evaluation:** The immediate effect of the action was the sentencing of the temporary work agency for the exploitation of the posted workers. As a result, the licence for the company to carry out further posting activity was revoked. One specific form of undeclared work has been effectively stopped. The action also has some wider long-term positive effects, such as the formation of a working alliance between the two trade unions. It is likely that it would also have prevention effects on the work of similar agencies in the future. The lesson is that short-term deterrence measures, such as court sentences for undeclared work, be combined with long-term prevention measures, such as awareness-raising, policy and legislative action.

Source: <https://ec.europa.eu/social/BlobServlet?docId=22264&langId=en>

CFDT website - [https://fga.cfdt.fr/portail/agroalimentaire-recette\\_11468](https://fga.cfdt.fr/portail/agroalimentaire-recette_11468)

### 3.4 Cooperation between trade unions and employers: case studies

A third set of examples relate to cooperation between **trade unions and employers**. During 2019 and 2020, the EU-level social partners in the construction industry, namely FIEC and EFBWW have cooperated on a joint project, TUVIC (see Box 10).

#### **Box 10. Trade union and employer cooperation: Tackling undeclared work in the construction industry (TUVIC)**

**Aim:** In 2019, to ensure that the cooperation at EU-level had a concrete follow-up at national level, the European social partners of the construction industry introduced a European social partners' (EFBWW-FIEC) project entitled "Tackling undeclared work in the construction industry" (TUVIC).

**Description:** To ensure the highest possible effectiveness, the project activities were focused

on a limited number of countries (Belgium, France, Austria, Italy, Romania, Bulgaria, Spain). The objectives of the project are three-fold:

- Devising a European campaign on prevention/awareness of undeclared work in the construction industry, including providing appropriate promotion material to all EU national members (in their own language) on the prevention/awareness of undeclared work in the construction industry. This activity targeted all the EU member states.
- Fostering national initiatives by developing national toolkits and/or organising national tripartite undeclared work meetings for 7 countries. The basis for this are the existing EU tools and approaches to tackle undeclared work in the construction industry. A selection of existing EU tools and approaches to tackle undeclared work in the construction industry, compiled by the Platform, were put into a national toolkit in line with the choices and priorities of the national partners and the situation/reality of the specific country. These national toolkits were used as a benchmarking tool to facilitate national discussions. In order to stimulate concrete actions, the project facilitated the organisation of national tripartite undeclared work meetings in the targeted countries. The main actors were representatives of the national labour inspectorates, representatives of workers and businesses. These meetings generated a national discussion on concrete measures to tackle undeclared labour in the construction industry. The national toolkits were used as an instrument to facilitate the discussions.
- To ensure that the outcomes and results of the national activities are properly presented, discussed and communicated to the other EU national social partners of the construction industry, a European congress was held in September 2020.

**Evaluation:** each participating economy engaged in tripartite dialogue on future policy measures that could be adopted to tackle undeclared work in the construction industry. In all cases, each economy agreed to adopt at least one policy initiative to take forward (see Williams, 2020b).

Sources: <http://www.fiec.eu/en/fiec/projects/current-5460/tuwic.aspx>

<https://www.efbww.eu/eu-projects/running/nullam-erat-magna-eleifend-ut-metus-vel/2-a>

Williams, C.C. (2020b), *Tackling undeclared work in the construction industry: a policy report*, FIEC and EFBWW, Brussels. Available at: [https://www.academia.edu/42251649/Tackling\\_undeclared\\_work\\_in\\_the\\_construction\\_industry\\_policy\\_report](https://www.academia.edu/42251649/Tackling_undeclared_work_in_the_construction_industry_policy_report)

## 4. Social partner policy initiatives

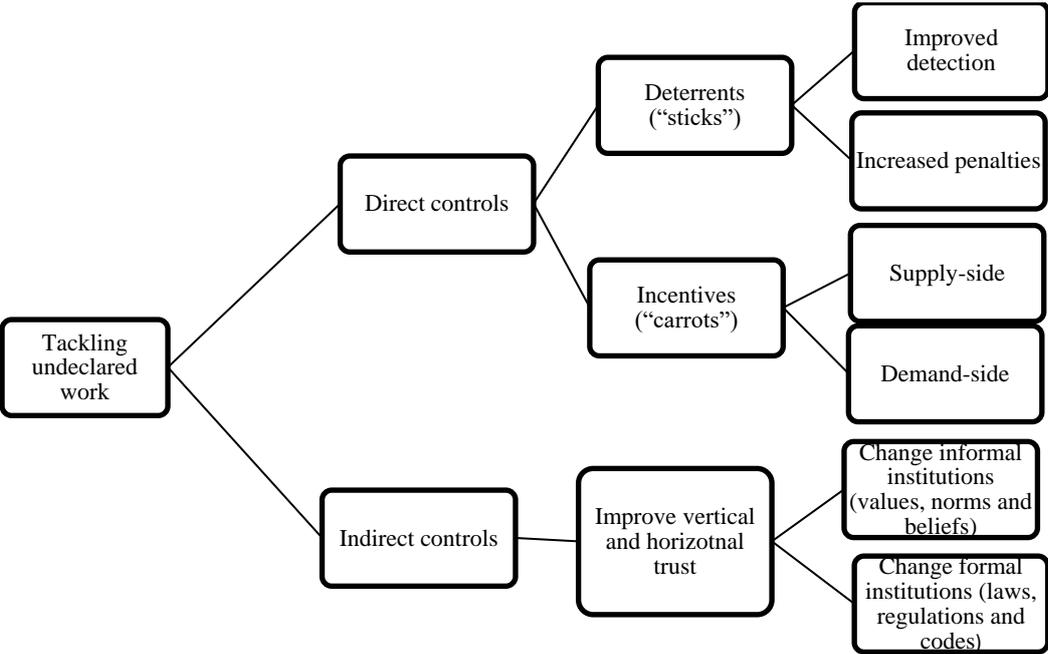
To provide inspiration for social partners in the Western Balkans regarding policy initiatives that can be undertaken either independently or in cooperation with enforcement authorities, this section provides examples of policy initiatives being pursued by social partners in the Western Balkans, European Union and beyond to tackle undeclared work.

### 4.1 Range of potential policy initiatives

Social partners can undertake a wide range of policy initiatives to tackle undeclared work. On the one hand, social partners can use direct tools to make the benefits of operating in the declared economy outweigh the costs of working in the undeclared economy. These include, firstly, deterrence measures to increase the costs of non-compliance (“sticks”) and secondly, incentive measures to make operating declared more beneficial and easier (“carrots”). On the

other hand, social partners can use indirect tools. These shift away from using “sticks” and “carrots”, and instead recognise that employers, workers and citizens are also social actors who engage in undeclared work when there is a lack of vertical trust in government and a lack of horizontal trust in each other. Social partners can therefore pursue education and awareness raising initiatives to promote the benefits of operating in the declared economy and costs of operating in the undeclared economy, to change the acceptability of engaging in undeclared work.

Figure 1 summarises the full range of direct and indirect tools available to social partners for tackling undeclared work.



**Figure 1.** Policy measures available to social partners for tackling undeclared work

A recent social partner initiative called **RAISE UP**<sup>1</sup> (grass-Root Actions, Innovative approaches and Stakeholder Engagement to tackle Undeclared work Propensity), explicitly recognises this need to use the full range of policy measures. This was coordinated by the FLAI CGIL (*Federazione Lavoratori dell’Agroindustria, Agro-Food Industry Workers Federation*) and sought to explore how social partners, acting in cooperation with governments, can use the full range of policy measures for tackling undeclared work in the agricultural sector. This initiative included Western Balkan social partners (see Box 11).

**Box 11. RAISE UP – grassroots actions, innovative approaches and stakeholder engagement to tackle undeclared work in agriculture**

<sup>1</sup> Co-funded through European Union Programme for Employment and Social Innovation (“EaSI” – Progress Axis) 2014-2020, call for proposals VP/2017/005, activities in the field of undeclared work”

**Aim:** RAISE UP is an EU-funded pilot project (2017-2020), promoted by the Federation of Farming Industry Workers/General Italian Labour Confederation (*FLAI CGIL: Federazione Lavoratori Agroindustria Confederazione Generale Italiana del Lavoro*), that adopts a holistic approach for tackling undeclared work in agriculture.

**Description:** Agriculture has traditionally been a sector with a high level of undeclared work because of its seasonal character and because workers can be hired on a daily basis. To show how a holistic policy approach is required to tackle undeclared work in agriculture, a consortium composed of trade unions, employers' organisations, inspectorates and research organisations engaged in strategic discussions to develop such an approach.

The initiative, coordinated by the FLAI CGIL, involves 12 organisations (five co-applicants, one affiliate and six associates) from five economies (Italy, Bulgaria, North Macedonia, Romania, and Serbia). The result was transnational actions such as joint outreach, education and awareness-raising campaigns, transnational cooperative actions, masterplans and roadmaps for future actions to implement a holistic approach, and an online learning platform.

The project was composed of three phases:

- The first phase focused on the exchange of experience on undeclared work in agriculture between the economies. It included the conducting of participatory action-driven research subsequently used for the development of evidence-based roadmaps for tackling undeclared work in each of the economies. The roadmaps and master plans for future action of the participating organisations were supplemented by five national workshops, three European-level workshops and an EU dissemination event.
- The second phase built on the exchange of experience and was oriented towards the study of new measures. This phase allowed for the identification of common actions, which can be implemented across all participating economies and at EU level.
- The third phase of the project applied the knowledge gained from the previous phases and implemented an awareness-raising campaign directed towards citizens/consumers of agricultural products. This phase also involved the development of an online learning platform, which includes a checklist on how to organise an outreach activity to tackle undeclared work, a booklet on good practices in tackling undeclared work, as well as national and regional case studies.

**Evaluation:** RAISE UP succeeded in achieving the following:

- drew attention to undeclared work in agriculture, in particular in Bulgaria and North Macedonia.
- developed two transnational joint actions tackling undeclared work among Bulgarian and Romanian workers in Italy.
- reached and informed more than 1 000 agriculture workers and increased the number of workers being referred to trade union services.
- reached more than 200 unionists, employers, representatives of institutions, journalists and bloggers, increasing awareness of the social impact of undeclared work and mutual trust among stakeholders.
- facilitated dialogue among institutions, between institutions and unions, and other relevant organisations.
- implemented an outreach campaign in Germany.

Source: <https://ec.europa.eu/social/BlobServlet?docId=22264&langId=en>

What range of policy initiatives can therefore be used by social partners to tackle undeclared work? Here, each set of policy measures are taken in turn and examples provided. The intention is to provide inspiration for social partners in the Western Balkans about what they can do to tackle undeclared work.

## 4.2 Deterrence initiatives

Many economies tackle undeclared work by increasing the costs of participation in undeclared work. The first way this is done is by improving the perceived and/or actual sanctions. This is usually seen as an initiative pursued by enforcement authorities. However, social partners can also use sanctions. This can involve:

- Using non-compliance lists (“blacklists”);
- Excluding businesses that have been sanctioned from supply chains, and
- Using “naming and shaming” lists.

Using non-compliance lists (“blacklists”) is a means of sanctioning those who supply undeclared work, and these may or may not be made public. Those on “non-compliance” lists can be sanctioned by excluding them from supply chains. This could be used by employer federations or trade unions. To avoid any potential litigation, these are best implemented in cooperation with enforcement authorities with clear reasons for inclusion on such a list, such as the business having been fined for specific named violations of labour law in the past three years.

“Naming and shaming” lists can be also used. Shaming can be of two types: shaming that stigmatises the offender and excludes them, or shaming followed by forgiveness and reintegration. Coricelli et al. (2014) show that when an offender is shamed but no attempt is made at reintegrating them, their non-compliance often increases, whilst it decreases if they are reintegrated. Until now however, the former has been used, such as when “blacklists” are used, but without re-integration measures. Again, both trade unions and employer federations could hypothetically use “naming and shaming” lists such as on a sectoral level.

In **Czechia**, for example, the Czech-Moravian Confederation of Trade Unions (CMKOS), together with the Czech Metalworkers’ Federation (OS KOVO), has tackled the issue of illegal temporary work agencies (TWAs) by introducing a non-compliance list (“blacklist”) of “pseudo” TWAs.

Besides using sanctions, social partners can also take actions to increase the costs of undeclared work by helping to increase the perceived and/or actual likelihood of detection. For social partners, this can involve:

- Using Identity Cards (ID) in the workplace;
- Joint inspections with inspectorates;
- Encouraging registration of workers prior to first day at work;
- Using complaint reporting tools (e.g. telephone hotlines);
- Certification of business, certifying payments of social contributions and taxes;
- Supply chain responsibility/due diligence initiatives

- Collective agreements.

In some economies, employer and employee representative organisations have taken the voluntary decision to introduce identity cards in the workplace to prevent undeclared work. An example of this is in the Nordic nations where such ID cards were introduced on a voluntary basis in the construction industry (see Cremers et al., 2017). Another example is a voluntary industry-led initiative by social partners to introduce social ID cards in Belgium (see Box 12).

### **Box 12. Social ID cards, Belgium**

**Aim:** to use ID cards on construction sites to prevent undeclared work

**Description:** Social ID cards are used to confirm whether people on a construction site are meant to be there or not. Therefore, they help to improve the detection of undeclared work. Many different enterprises send workers to a construction site and they do not necessarily know each other, thus ID cards help to overcome this. They can also be used for other purposes (e.g., training, safety certificates, to control driver licences, access, presence registration).

In Belgium, ID cards were introduced on a phased basis, following an initiative of the social partners, starting with a test phase on eight construction sites in 2013. Today, they are widely used on (large) construction sites but are not mandatory. The intention is to make the cards mandatory for all construction workers. The Belgian ID cards enable both visual (via a photo) and digital (through an electronic chip and RFID-antenna) identification of the workers. They are highly secured against counterfeiting.

The production process for the ID cards is fully automated. Data is collected from the social security network and the cards are produced at one central point (Constructiv).

**Evaluation:** It is widely agreed among social partners and enforcement authorities that this has prevented undeclared workers on construction sites.

In Iceland since 2010, the social partners have the authority to appoint inspectors to conduct inspections in relation to Workplace ID Cards. These social partner inspectors send the information on the Workplace ID Cards to the enforcement authorities, who then check whether the employer and/or the employees comply with all relevant regulations. This is an initiative potentially transferable to other economies (see Box 13).

### **Box 13. Social partner workplace inspections, Iceland**

**Aim:** To ensure that employers and their employees comply with the relevant legislation, regulations, and wage agreements, inspections are carried out by inspectors appointed by the social partners.

**Description:** All employers need to make certain that they and their employees get Workplace ID Cards before the first day of work, regardless of whether the employees are employed directly by the employer on the basis of an employment contract, work through a temporary-work agency, or are self-employed. The employees are obliged to carry their Workplace ID Cards at all times. These Workplace ID cards contain information about the employer's/company's name/designation as recorded in the Directorate of Internal Revenue's Register of Companies (or the name/designation of foreign company or employment agency

as registered at the Directorate of Labour), the name and the National ID of the employee, as well as his/her photo. This allows for quickly checking the status of each employee on any site of a company.

The Social Partners have been granted the authority to appoint inspectors to perform the inspections in relation to the Workplace ID Cards. During inspection visits, the employer and the employees are obliged to display their Workplace ID Cards, if requested. The self-employed are also obliged to do so. The Workplace ID Cards allow for two levels of control. At the first level, it guarantees that employers and employees who have such cards understand their duties to comply with labour regulations. At the second level, the inspectors send the information stated on Workplace ID Cards to the tax authorities, the Directorate of Labour, the Social Insurance Administration, chiefs of police and, when relevant, to the Directorate of Immigration and the National Registry, which then check the employer and/or the employees.

Inspectors are unauthorised to use their position to acquire information about operations other than what is necessary or may be necessary for the purpose of the inspection. They are also unauthorised to provide others with information obtained during the inspection about the operation, employees or other related parties, especially if there is reason to suppose that it concerns a company secret. While conducting their inspection, inspectors must show a card issued jointly by the social partners. Inspectors may seek the assistance of the police in performing an inspection when it is considered necessary.

**Evaluation:** This has been implemented in sectors identified and agreed by social partners as prone to undeclared work, such as building and construction, hotels and restaurants, retail sales in small non-specialised stores, manufacture and repair of motor vehicles, etc.

*Source:* Islandic Confederations of Labour <http://www.skirteini.is/english/>

Social partners can also conduct joint inspections with the enforcement authorities. Box 14 provides an example from Greece of joint inspections being conducted by the trade unions alongside the labour inspectorate.

#### **Box 14. Joint targeted inspections by the Greek Labour Inspectorate (SEPE) and the Athens Labour Union Organisation (EKA)**

**Aim:** In 2017 the Greek Labour Inspectorate (SEPE) and Athens Labour Union Organisation (EKA trade union) participated in a pilot project of targeted joint inspections to detect incidences of undeclared work in selected companies from a list drawn up by the inspectorate. The EKA provided information to the labour inspectorate which helped the Inspectorate to target their inspections.

**Description:** In 2017 the EKA was invited to participate in inspections, due to the contribution it could make in terms of its knowledge and hands-on experience with sectors and companies that were more likely to be involved in undeclared or under-declared work. The targeted joint inspections were the outcome of cooperation between the trade unions and the labour inspectorate which occurred for a few weeks in the summer of 2017.

Activities included the following:

- Two union representatives and two labour inspectors were involved in the joint inspections. Whilst the labour inspectors carried out the actual inspections, the union representatives were present;
- The Labour Inspectorate decided on which companies and/or workplaces the inspections

were to be carried out;

- The inspections focused on the Athens Metropolitan Area.

**Evaluation:** Joint inspections were considered successful. Information provided to the EKA by the primary and secondary level trade unions concerning workplace violations was in turn provided to the Inspectorate, improving the targeting of the joint inspections subsequently carried out. 5% of employees working in the inspected companies were found to be undeclared.

Although the practice was short-lived, the EKA continues to cooperate with the labour inspectorate and still participates in a number of joint inspections with labour inspectors.

Source: <https://ec.europa.eu/social/BlobServlet?docId=22205&langId=en>

To improve the detection of undeclared work, social partners can also introduce **complaint reporting tools** (e.g., a telephone hotline for reporting non-compliance with tax, social insurance or labour law). If used, then a prior agreement needs to be reached with enforcement authorities about how the information reported will be used by the enforcement authorities when it is passed onto them.

This is an effective mechanism because workers may be more willing to make complaints to social partners and NGOs. For instance, the Belgian Labour Inspectorate receives complaints by third-country nationals from the NGO, the FairWork Foundation, and the Federal Centre for Migration (Myria), particularly on the non-payment of wages to irregularly staying third-country nationals. The labour inspectorate has concluded a special agreement with FairWork, allowing it to handle these complaints of third-country nationals. Meanwhile, Box 15 provides another example from Sweden on the use of a complaint reporting tool by social partners.

#### **Box 15. Fair Play BYGG: Tackling undeclared work through assisting authorities with investigative measures in the construction sector, Sweden**

**Aim:** To improve the detection of undeclared work by developing a complaint reporting tool.

**Description:** Fair Play BYGG is an organisation set up in 2016 by two social partners, the trade union *Byggnads Stockholm-Gotland* and the employers' organisation *Stockholms Byggmästareförening* which have taken onboard the responsibility to investigate suspected instances of undeclared work and present them as cases to the authorities for further action. In this way the social partners actively engage with deterring undeclared work whilst not getting involved in the inspection process. The action is focused on the construction sector in the wider Stockholm region.

The work of Fair Play BYGG involves three stages:

- First, the organisation developed a website through which workers can anonymously report cases of undeclared work, tax evasion or abuses of workers by construction companies.
- Second, a team of experienced investigative journalists, inspectors and ex-military experts form a case on each anonymous report. They employ investigative techniques to further understand and substantiate the case.
- Third, if through their investigation they found irregularities, they report the case to the Swedish Work Environment Authority.

**Evaluation:** More than 90% of cases submitted to the Swedish Work Environment Authority on the basis of the anonymous reporting and the subsequent investigations have resulted in

uncovering and prosecuting of cases of undeclared work.

*Sources:*

Annual report for 2018: <https://www.byggnads.se/regioner/stockholm-gotland/aktuellt11/2019/pressmedelande/> (in Swedish)

Fair Play BYGG project website: [https://fairplaybygg.se/en/home\\_\\_14](https://fairplaybygg.se/en/home__14)

Byggnads (trade union for construction workers) Stockholm-Gotland website: <https://www.byggnads.se/Stockholm-Gotland/>

Stockholm Byggmästareförening website: <https://stockholmsbf.se/>

A further initiative social partners can take to improve detection of undeclared work is for employers to introduce a **voluntary supply chain responsibility initiative** to police their own supply chains for instances of undeclared work. In this voluntary employer-led initiative, firms in the supply chain could be requested to show those higher in the supply chain that they comply with tax and social security obligations through external auditors and/or refer to the absence of wage, tax and social insurance arrears, and to have no sanctions imposed in recent years. This might be conducted as a pilot initiative by 10-15 larger employers under the auspices of their Corporate Social Responsibility (CSR) strategies. It could be implemented in a wide range of sectors where undeclared work is prevalent, such as the construction and tourism sectors. Such an initiative would increase detection of undeclared work by involving social partners in its detection; reduce opportunities for undeclared work and provide a clear “demonstration effect” by large employers at the top of the supply chain that undeclared work practices are unacceptable.

Another type of self-regulation initiative is found in the construction sector in Sweden where social partners have sought a set of rules for businesses which have been incorporated into a national strategy for the construction sector (see Box 16).

### **Box 16. Fair Competition – towards an attractive, fair and safe construction industry, Sweden**

**Aim:** Self-regulation by social partners of the construction sector by developing a national-level strategy for fair competition.

**Description:** Undeclared work, wage dumping, bribery and sub-standard working conditions have become common in the Swedish construction sector. In response, the Swedish Construction Federation and the trade union Byggnads have initiated a national-level campaign to develop a strategy for fair competition in the sector. The project is national and covers the entire value chain of actors in the construction sector (contractors, employers, municipalities, public authorities, banks, insurance companies etc.). The work was initiated by the Swedish Construction Federation but is carried out in broad collaboration.

The social partners hope to provide an example and encourage other actors to undertake similar initiatives within their respective areas and to strengthen the internal market.

**Evaluation:** The strategy development has been based on 300 nation-wide workshops and discussion groups, with stakeholders in the sector. Based on the workshops, a national agenda has been developed with seven basic principles which relate to the prevention of undeclared work:

- Safe working environment.

- Decent working conditions.
- Right competence for the work.
- Respect and equal treatment.
- Proper order at all stages.
- Clear laws and regulations as well as follow-up and penalties in the event of a breach of laws and regulations.
- Agreements at all stages contain requirements for, and follow-up of the six foregoing rules.

The workshops have identified undeclared work as one of the primary obstacles to fair competition in the sector. The issue of undeclared work has resulted in the development of rules two, five and seven. In particular, rule number 2 states that no wage dumping and no undeclared work may occur. Rule number five states that no bribes, no conflicts of interest or undeclared work are allowed in construction projects.

The next step in the process of the development of the national strategy is a scheduled national conference in 2020 on which the strategy will go through final revision prior to publication. Once the strategy is complete, it will contain a thorough list of rules that stakeholders should follow in order for issues such as undeclared work not to occur in the sector. The subsequent role of the Swedish Construction Federation and the trade union Byggnads is to initiate the self-regulation and following of the standards by the stakeholders in the construction sector.

*Sources:*

The Swedish Construction Federation website:

<https://www.sverigesbyggindustrier.se/sundkonkurrens>

[https://www.sverigesbyggindustrier.se/english/our-vision-objectives-and-priorities\\_7692](https://www.sverigesbyggindustrier.se/english/our-vision-objectives-and-priorities_7692)

Swedish Building Workers' Union website: <https://www.byggnads.se/om-oss/om-oss/samverkan/schyssta-byggen-och-sund-konkurrens/>

<https://arbetet.se/2018/12/13/for-en-sund-byggmarknad-med-schyssta-spelregler/>

Fair Competition project's videos: [https://youtu.be/Cq\\_Cls1On2o](https://youtu.be/Cq_Cls1On2o)

<https://youtu.be/Zehss8XHuy8>

Another initiative that could be taken by social partners relates to the **development of tools and software to facilitate the more effective detection of undeclared work**. Social partners can support enforcement authorities by developing information tools, specialised software, data mining and risk assessment tools, build websites and social media platforms, etc. Employers' organisations can be particularly helpful in this respect, seeking in-kind contributions of expertise from members who have specialised knowledge of specific economic sectors and who are leaders in the IT/software domain.

### 4.3 Supply-side incentive initiatives

In recent years, it has been recognised that if undeclared work is to be transformed into declared work, policy measures need to not only deter undeclared work (using “sticks”) but also attract work into the declared economy by making it easy and beneficial (using “carrots”).

This can involve **supply-side measures** to stimulate suppliers of undeclared work to operate in the declared economy, including:

- Simplifying procedures for complying to existing regulations (e.g., easier registration procedures; simplify forms; reduce duplication);
- The provision of tax and social security incentives to operate in the declared economy;

- Society-wide amnesties;
- Individual-level amnesties for voluntarily disclosing undeclared work;
- “Formalisation” advice to start-ups;
- “Formalisation” support services to existing businesses;
- Targeted Value-Added-Tax (VAT) reductions;
- Provide free record-keeping software to businesses;
- Provide fact sheets on record-keeping requirements;
- Provide free advice/training on record-keeping;
- Gradual formalisation schemes;
- Initiatives to ease transition from unemployment into self-employment;
- Initiatives to ease transition from employment into self-employment, and
- Access to free marketing.

All these policy measures can be adopted by social partners to tackle undeclared work. Take, for example, the provision of tax and social security incentives to encourage declared work and prevent undeclared work. It might be assumed that this is a policy measure that only governments might pursue. However, Box 17 provides an example of how social partners have provided social security incentives to prevent undeclared work in Romania.

**Box 17. Providing social security incentives to encourage declared work: Builders’ Social House, Romania**

**Aim:** To introduce incentives to workers to operate in the declared rather than undeclared economy by providing them with social security during the off-season.

**Description:** The Builders’ Social House (*Casa Socială a Constructorilor*, CSC), established in 1998, is a privately run welfare organisation, to which the representative trade unions and employer organisations in the construction and building materials sector contribute in equal measure. It provides welfare payments during the cold season (1 November - 31 March), when the construction sector sleeps, to workers in registered declared employment and in doing so, provides an incentive for workers to be in the declared economy rather than working in the undeclared economy in the construction and building materials sector. Entitlement to welfare payments during these winter months is only available to declared employees, whose social security contributions due by both the employer and employee have been paid. Corporate contributors pay 1.5 percent of their turnover into the CSC scheme, and employees contribute 1 percent of their gross salary. Allowances represent an amount equal to 75% of the average gross salary for the last three months of the worker and can be granted for up to 90 calendar days.

**Evaluation:** From 1998 to 2015, more than 412,286 employees of the member companies benefited from social protection with a total amount of 296.55 million RON (c. €65 million).

*Source:* CSC - Casa Sociala a Constructorilor, Annual Report 2015,  
[https://www.casoc.ro/images/stories/rapoarte\\_firma/Raport\\_CSC\\_2015\\_mic.pdf](https://www.casoc.ro/images/stories/rapoarte_firma/Raport_CSC_2015_mic.pdf)  
<http://www.casoc.ro>

Another incentive is to provide businesses operating in the declared economy with free access to marketing for their business ventures. Box 18 provides an example of how an employer federation for small businesses provided such free marketing for declared businesses in Athens, Greece.

### **Box 18. Business Walking routes, Athens**

**Aim:** To provide businesses who operate in the declared economy, with no violations against them, access to free marketing for their businesses, so as to provide an incentive to operate on a declared basis.

**Description:** The Hellenic Confederation of Commerce and Entrepreneurship (ESEE), co-financed by Greek and EU funds, pursued the “**Business walking routes**” marketing initiative. This provides maps to tourists of six walking routes in the city centre of Athens, each themed for buying specific goods. These include:

- Let’s go for a gift walk (Plaka area);
- Let’s go for a books and music walk (Exarcheia area);
- Let’s go for a footwear and leather walk (Ermou street);
- Let’s go for a shopping walk (Kolonaki area);
- Let’s go for a tasty walk (Omonia Square area);
- Let’s go for a Pattision Street walk.

Businesses included on these leaflets thus receive free marketing for their business ventures. Only businesses are included on these pamphlets which are formally registered with no compliance issues outstanding (ILO, 2016).

**Evaluation:** This initiative of the employer federation provides an incentive for businesses to be formal by providing them with free marketing for their business. This could be replicated in many other economies, and across many different sectors. It provides an incentive for businesses to operate legitimately, using the “carrot” of free advertising and marketing.

A more modern approach might be to develop a **smartphone app for tourist**s, which could be developed by university students by having a competition for the best app with a small prize awarded. To implement this, a “compliance list” of compliant businesses is required from the enforcement authority.

Source: ILO (2016)

Social partners can also provide a “formalisation service” to help businesses make the transition to being wholly declared and legitimate businesses. Box 19 provides an example from the UK of such a service.

### **Box 19. Street (UK) formalisation service**

**Aim:** to help businesses make the transition from the undeclared to the declared economy.

**Description:** Street (UK), established in 2000, offers loans, advice and business support to self-employed people and micro-enterprises wishing to become fully legitimate businesses ([www.street-uk.com](http://www.street-uk.com)). Their approach is to monitor progression of clients in each of the following twelve areas:

- Moving from part-time to full-time work;
- Moving from home to business premises;
- Keeping basic level records;
- Keeping higher-level accounts;
- Purchasing public liability and employer liability insurance;
- Hiring employees on a PAYE basis;
- Using a bank account for their business transactions and/or opening a separate business

bank account;

- Obtaining the required licenses and permits to operate the business (e.g., health and safety inspection certificates, driver instructor license);
- Graduating off all non-work benefits;
- Graduating from majority cash revenues to majority invoiced revenues;
- Incurring formal business tax liability; and
- Becoming VAT registered.

Street (UK) attempts to ensure that in any 12-month period at least three steps are taken with each client, although the order in which they are taken is tailored to the specific business.

**Evaluation:** In its first three years of operation, Street UK distributed 259 loans, with the average loan amounting to about £2,300 (€3,085). Its advisory service provided assistance to well over 1,000 clients, most of whom are “one-person” businesses run by sole traders; many of these have been operating on a wholly or partially undeclared basis.

Source: <https://www.eurofound.europa.eu/data/tackling-undeclared-work-in-europe/database/street-uk-united-kingdom>

Another formalisation advice and support service is found in Naples, Italy. CUORE (*Centri Operativi per la Riqualificazione Economica*), or Operative Urban Centre for Economic Upgrading, started in 1999 with an agreement between the municipality of Naples and the University Federico II to research the local business environment. This revealed the prevalence of the undeclared economy. CUORE then developed into a network of neighbourhood service centres in low-income neighbourhoods, and their target group is small and micro-sized businesses in the undeclared economy with the potential for growth. Once the businesses are identified, CUORE centres offer information and advice to aid formalisation and develop custom-made regularisation for each individual business (Bàculo, 2006). Besides advice and support, additional incentives are provided. Business consortia have developed promotional aid for these businesses, training, trade fairs, patent protection for the originality of their labels, and aid with the internationalization of their markets. This provides additional incentives to help these entrepreneurs compete on grounds other than labour cost.

Another example of providing help and support, but this time to workers rather than businesses, is the Committee for irregular workers in Brussels (see Box 20).

#### **Box 20. Committee for irregular workers, Brussels**

**Aim:** The Christian Trade Union of Belgium (CSC) in Brussels provides a dedicated service and help desk to assist undeclared or undocumented migrant workers to access their rights at work, either through mediation with employers, social services and immigration or via legal aid and representation in litigation.

**Description:** There are circa 100 000 undeclared and undocumented workers in Belgium, concentrated in larger cities, especially Brussels. In 2008 a campaign was instigated by the Christian Trade Union of Belgium for the regularisation of undeclared workers, after several collective and publicised hunger strikes of undeclared workers. CSC Brussels resolved to help them regularise by establishing a help and service desk for these undeclared workers.

The CSC activities include:

- a help desk to provide services to undocumented workers, including help with access to social services and social protection, in alliance with other non-governmental

organisations such as OR.CA / Fair Work Belgium; and support of access to rights at work, through mediation or litigation;

- provision of training for undocumented workers on their rights at work in alliance with OR.CA / Fair Work Belgium.
- organisation of workers and collective representation of their interests in the trade union and in society.
- specific-interest representation of domestic workers (mostly women) in alliance with CSC Federation of Food and Services.
- representation of workers in social dialogue.

The help desk is now a regular activity of CSC, supported by CSC's own financial resources, and to a limited extent resources of the undocumented workers themselves (through their membership fees of EUR 4.2). However, it is mostly financed and supported through the structural solidarity of all 1.6 million workers affiliated to CSC. The future objective of CSC is to have dedicated CSC desks for the undocumented workers in all major cities in Belgium

**Evaluation:** As a result, around 500 undeclared or undocumented workers have registered with CSC Brussels. The key impact has been to defend precarious undocumented workers against exploitation, as well as to fight social dumping for other documented Belgian workers. The action has also given voice and representation to precarious and often invisible workers in social dialogue. In 2018, CSC implemented a total of 40 actions in defence of precarious groups

*Sources:* Christian Trade Union (CSC) website: <https://www.lacsc.be/page-daccueil>  
<https://ec.europa.eu/social/BlobServlet?docId=22264&langId=en>

An initiative to help workers operate in the declared economy is provided by the European Federation of Building and Woodworkers' (EFBWW) trade union, the EU-level trade union for the construction industry (see Box 21).

### **Box 21. Construction workers wages and rights in Europe App**

**Aim:** To provide information to construction workers on their rights in European countries, including the Western Balkans.

**Description:** this website (<https://www.constructionworkers.eu/en/>) of the European Federation of Building and Woodworkers' (EFBWW) provides concise information on wages their rights, such as minimum salary by work category, working conditions such as maximum working time, and the rights of construction workers in all European economies in all the European languages.

Construction workers can also find useful links such as contacts for trade union representatives ready to help and support them in case of need both in their country of origin or their host country to get direct support.

**Evaluation:** This app displays that social partners can initiate, develop and implement information tools to provide advice to workers to prevent undeclared work.

Source: <https://www.constructionworkers.eu/en/>

Another similar source of advice and support is the **Project UnionMigrantNet**, a European network of contact points providing services to migrants, which has been established, managed and supported by trade unions. The main aims are to: strengthen trade union activities aimed at enforcing the rights of migrants, regardless of their status; increase the visibility and accessibility of trade union services for the integration of migrants at work and in society; and encourage trade union membership amongst migrants. A web portal ([www.unionmigrantnet.eu](http://www.unionmigrantnet.eu)) enables contact points to liaise and exchange information.

A similar but more focused initiative is found in Germany that is tailored to providing support for seasonal migrant agricultural workers (see Box 22).

### **Box 22. Advisory centre for seasonal migrant workers in Germany**

**Aim:** To provide advice and support to seasonal migrant workers in Germany on their rights.

**Description:** The European Migrant Workers Union (EMWU), established in 2004 by IG BAU, administers several free advisory centers for workers from Eastern European countries in the regional states of Bavaria, Hessen and Rhineland-Palatine. These are financed through mainly public funds from the federal and regional states in Germany.

The staff consists of advisors with Bulgarian, Romanian, Polish and Hungarian language skills. The distributed leaflets are designed, printed and provided for free by the federal project “Fair Mobility” of the German Confederation of Trade Unions (*DGB: Deutsche Gewerkschaftsbund*).

The initiatives include:

- Free legal consultations via email, phone and in person for workers from Central and Eastern Europe in the workers’ own language.
- Extensive awareness-raising campaigns implemented in the construction, agricultural, and transportation sectors focused on minimum working conditions, preventing undeclared work and combatting letter-box companies.
- Face-to-face information campaigns on construction sites, production facilities, parking lots, agricultural fields.
- Distribution of leaflets in different languages containing relevant information and contact data.
- Enforcement of entitlements of workers by raising public and political pressure in close cooperation with trade unions, authorities and others and by making use of supply chain liability provisions.

**Evaluation:** The actions implemented under the different projects run by the European Migrant Workers Union achieved impact through empowering workers:

- Around 1,602 workers from Central and Eastern Europe benefited from consultations in Hesse.
- Information and prevention work reached around 900 people in Hesse.
- Workers are more aware of their rights, of how to enforce their legal entitlements and how to report cases of undeclared work.
- The actions have some deterrence effect on the employers as well. Some reacted by changing their conduct.
- The actions raised the awareness of the general public regarding the problems faced by migrant workers.

*Source:* European Migrant Workers Union website: [www.emwu.org](http://www.emwu.org)

The Fair Mobility project website: [www.faire-mobilitaet.de](http://www.faire-mobilitaet.de)  
<https://ec.europa.eu/social/BlobServlet?docId=22264&langId=en>

Similar initiatives have been developed in other economies. An example of providing advice and support provided to temporary agency workers is found in **Belgium**. In 2016, the Belgian trade union confederation (FGTB/ABVV) developed a [website to raise agency workers' awareness of their rights](#). Since October 2016, agency workers in Belgium have had the right to receive a contract before starting work. The contract can be signed on paper or via a computer or smartphone, using an identity card or password. The trade union website explains the legal situation to agency workers, along with providing advice on how to enforce their rights in practice. It also includes a YouTube tutorial (in French and Dutch) on how to use the online facility.

#### 4.4 Demand-side incentive initiatives

Besides supply-side incentives to encourage businesses and workers to operate in the declared economy and prevent undeclared work, there are also **demand-side measures** that encourage purchasers to buy goods and services from the declared economy. These include:

- Service vouchers;
- Targeted direct tax incentives (e.g., income tax reduction/subsidy);
- Targeted indirect taxes (e.g., VAT reductions), and
- Initiatives for customers to request receipts (e.g., lottery for receipts)
- Use of social labels to encourage socially responsible purchasing, and
- Appeals to purchasers to operate in the declared economy.

An example of a demand-side initiative is found in Italy where trade unions appealed to the purchaser when seeking to prevent undeclared work (see Box 23).

#### **Box 23. Trade union actions to tackle undeclared work in construction through the purchaser, Italy**

**Aim:** To promote the regularisation of undeclared labour in supplier businesses by trade unions appealing to the purchaser.

**Description:** Two construction projects, namely the restoration of the *Palazzo dei Congressi* building and building on *Via del Corso*, were tendered by the fashion house FENDI to the construction company DI Vincenzo Spa, who sub-contracted the assignment to the company EDIL RIM DEM BOM Srl, employing 40 workers of Nigerian nationality.

Following an inspection of the construction site, the Trade Union Fillea Cgil of Rome and Lazio region, assessed the following situation: 10 workers were illegally hired, and the remaining 30 were hired and remunerated for 20 hours work/month.

In response to the situation, the trade union first contacted the company Edil Rim Dem Bon Srl and later also the [company] Di Vincenzo to demand the regularization of the workers situation, without any result. Not satisfied with the inaction of the two companies, the trade union then contacted directly the buyer, FENDI, who immediately pledged its full readiness to act to restore legality at the two construction sites, and to compensate the previous unpaid months (approximately 14 months).

**Evaluation:** This action of the trade union had a positive impact on all 40 construction

workers of the EDIL RIM BON ERL by assuring the regularization of their contracts and 20 construction workers of the DI VIONCENZO SRL registered to the trade union.

*Source:* <https://ec.europa.eu/social/BlobServlet?docId=22264&langId=en>

Another demand-side measure is to appeal to end consumers to purchase goods and services on a declared basis and products which are not produced under poor working conditions. To achieve this, “**social labels**” can be used so that consumers know that workers’ rights have been respected.

An example is found in the mushroom growing sector in Belgium. Employers who sign up (i.e., they must sign a declaration each year) to respect Belgium’s social legislation and not to resort to systems involving posting abuses and bogus self-employment, and who agree to keep the number of permanent workers at 2011 levels, can use seasonal workers for up to 100 days per seasonal worker per year instead of the usual 65 days. The social partners have been responsible for drawing up the list of companies eligible to make use of this expanded regime. The Minister for Social Affairs approves the list of these “social label” companies (Williams, 2019). Another similar example in the mushroom sector is found in the Netherlands (see Box 24).

**Box 24. Fair produce-fair working conditions in the mushroom sector, Netherlands**

**Aim:** The foundation, Fair Produce, certifies companies that have demonstrated they adopt fair working conditions that meet the legal and extra requirements set up by social partners in the Dutch mushroom supply chain.

**Description:** Fair Produce stimulates good employment practices in the mushroom supply chain. Social partner, LTO Nederland, have taken their responsibilities seriously regarding producing “fair” mushrooms. They founded Fair Produce in 2011 after a period of labour abuse and bad working conditions in the mushroom supply chain.

With Fair Produce, the companies in the Dutch mushroom supply chain aim to produce mushrooms under fair working conditions, by paying wages according to the Dutch law and regulations, having access to good housing accommodation and working conditions.

The Fair Produce label meets stricter conditions than legally required. The monitoring focuses for example on labour conditions, if all working hours are paid, the maximum amounts withheld for housing accommodation, and - if temporary employment agencies are involved - the obligation that only NEN 4400 certified agencies are considered qualified. During the audit, employees are extensively interviewed, and if necessary, with the help of an interpreter. If the audits meet the required standards of Fair Produce, the company receives the Fair Produce label for a certain period of time.

**Evaluation:** With the help of the Fair Produce label, the working conditions in the Dutch mushroom supply chain have very much improved.

*Source:* <https://ec.europa.eu/social/BlobServlet?docId=20424&langId=en>

This use of “**social label**” initiatives whereby businesses and their products receive a social label if workers’ rights are respected is an increasingly popular initiative being pursued by social partners as well as NGOs.

Another labelling scheme developed by the NGO, Oxfam, is the **Supermarkets Scorecard** in the UK to support decent work. This encourages the largest supermarkets to pay attention to

their supply chains by raising awareness among consumers about working conditions in their supply chains. The intention is to encourage retailers to map their supply chain and perform a due diligence assessment of their direct suppliers, namely the processing companies. Many other similar initiatives exist in other economies (Ethical Trading Initiative Norway (IEH), Ethical Trading Initiative (ETI) and Danish Ethical Trading Initiative (DIEH), 2015). This due diligence assessment of their suppliers includes whether their suppliers have adopted measures to respect trade union and workers' rights, and the extent to which the supplier can provide product traceability to the farm level. Retailers would then assess conditions at farms and cooperatives (for more detail, see Williams and Horodnic, 2018). This enables consumers to challenge supermarkets and other retailers to be transparent about their supply chains and the origin of the food they sell, respect the rights of small-scale farmers and workers in their supply chains. The UN Guiding Principles on Business and Human Rights, moreover, state that a business has a responsibility to respect human rights and shall put into place measures that ensure that its activities and relationships do not have negative impacts on people's rights. **Supply chain due diligence** is therefore a method, or process, through which a business can assure stakeholders that it is not infringing upon the rights of others, which in this case include workers in the supply chain of food production.

#### **4.5 Education and awareness raising initiatives**

There has been recognition that undeclared work is not always a purely rational economic decision that can be influenced by using “sticks” to increase the costs of undeclared work and “carrots” to improve the benefits of declared work. Non-compliance often results from a lack of trust in the state and/or a lack of understanding of the benefits of compliance (see Williams, 2017) and a lack of horizontal trust in others. Educational initiatives and awareness raising campaigns can therefore play a key role in tackling undeclared work.

Such educational initiatives and marketing campaigns can be organised independently by social partners (e.g., “Back in the Field” in Italy), jointly between social partners (e.g., “RAISE UP”) or in cooperation with enforcement authorities (e.g., “Bad for you! Harmful for all!” in Portugal). Indeed, it can be that social partners, rather than public authorities, are better positioned to educate workers and businesses and communicate important messages about the benefits of declared work and costs of undeclared work (Stefanov and Mineva, 2019). These initiatives can either:

- Inform suppliers of the risks and costs of undeclared work;
- Inform suppliers of the benefits of declaring their work;
- Inform users of the risks and costs of purchasing in the undeclared economy, or
- Inform users of the benefits of purchasing in the declared economy.

Each type of educational initiative and marketing campaign is here considered in turn.

#### **Informing suppliers of the risks and costs of undeclared work**

A first type of educational initiative and awareness raising campaign informs suppliers, who may be employers or workers, of the risks and costs of engaging in undeclared work. An example of such an awareness-raising campaign organised by a social partner is found in Latvia, where the employers' representative body organised a campaign against undeclared work based on highlighting the risks and costs of undeclared work (see Box 25).

**Box 25. Employers' campaign against undeclared work, Latvia**

**Aim:** To raise awareness about the costs of undeclared work and unfair competition.

**Description:** In 2011 the Latvian Employers' Confederation (*Latvijas Darba Devēju konfederācija, LDDK*) launched a national campaign "Against the shadow economy – for fair competition" with six components:

- an advertising campaign with the slogan "I spit on it" (*Man uzspļaut*);
- an online tool – a test for measuring an individual's "shadow";
- actions involving white envelopes;
- a discussion with business representatives on fair competition;
- analysis of the results of an online test and the elaboration of conclusions and proposals; and
- a discussion in the Latvian Parliament on combating the shadow economy in Latvia.

The campaign started with anonymous advertisements in the streets and on the main TV channels showing the words "I spit on it" in yellow letters on black tape crossing a white background. Then the white background was changed to three types of picture, showing a child, pregnant women, and grandparents. At the third stage, the advertisement was supplemented with the texts "Happy childhood?", "Young families?", and "Well provided old days?" respectively. The advert demonstrated the impact of the shadow economy on social provision.

On 10 October 2011, LDDK revealed its ownership of the advertisement and launched the campaign officially, as well as introducing an online tool – a test for measuring an individual's "shadow", on [www.manaena.lv](http://www.manaena.lv). Answering 11 questions in the test, individuals could discover the extent of their "shadow" behaviour in shops, markets and communication with service providers (taking or leaving receipts on purchases), in hospitals (extra payments to doctors), transport (extra payments to police officers), employment (working with or without an employment contract, undeclared income from work – "envelope wages") and their total impact on the amount of the shadow economy in Latvia. Participants were then advised how to reduce their own "shadow", namely to pay the official price for service, to require receipt in shops and other shopping places, to ensure that taxi-meters were working, to use only certified fuel in cars. Among these measures there was advice to ensure that employment contracts met the requirements of the labour law, for instance, and that the contract agrees the full salary, not only part of it.

On 17 November 2011, in the central square in Riga, LDDK offered passers-by white empty envelopes. With this action, LDDK stressed the fact that in surveys, 54.7% of Latvia's population said they would rather receive more money this way as undeclared pay ("in envelope") than pay taxes, and invited the population to use the envelopes for better purposes than paying and receiving undeclared salaries. For instance, envelopes might be used to congratulate Latvia on its birthday on 18 November.

From 26 October 2011 to 15 November 2011, LDDK also had a discussion phase on the shadow economy with business representatives from different sectors. In addition to the population oriented issues covered, business representatives added analysis of the shadow economy from the business perspective. Discussions were held on the following topics: "purchases without receipt", "envelope salaries", "working without employment contract", "public procurements" and "smuggling".

The results of the online tests, online comments and business discussion were summarised in LDDK proposals to the government and deputies of the Latvian Saeima (parliament).

On 16 December 2011 these results were discussed at a conference entitled "Fair

entrepreneurship against shadow economy. Management of human resources and role of tax policy in ensuring fair competition”. Joint action with Saeima was based on the “Protocol on fair entrepreneurship against the shadow economy – the role of tax policy in ensuring fair competition”, that was signed by the management of LDDK and Saeima’s speaker Solvita Ābolīņa on 21 December.

**Evaluation:** The campaign coincided with government’s efforts in implementing of the “Action plan for combating shadow economy and ensuring fair competition, 2010–2013”. However, it is difficult to distinguish the impact of this LDDK campaign, and each measure, on tackling undeclared work.

From its opening on 10 October 2011 until 7 November 2011, 12,657 individuals completed the test at [www.manaena.lv](http://www.manaena.lv).

The whole campaign attracted the population's attention and provided involvement. The “I spit on it” advertisement was widely discussed almost as soon as it appeared. Discussions covered issues such as the reasons for and consequences of evading tax, the quality of public services and the efficiency of state management. The low efficiency of public spending and low level of public services was often mentioned as a reason for tax evasion, but individuals’ own habits were also critically assessed.

In case the audience did not support the campaign, and in order to secure its reputation, the LDDK had developed a crisis communication plan for the campaign aimed at explaining the motivation to undertake it. Indeed, it proved difficult to agree on having a campaign internally in the LDDK; a large share of SMEs disagreed on the usefulness of the campaign because, for many, avoiding taxes seemed to be the only way to survive.

The results of the campaign were summarised into seven reasons for the shadow economy, four general strategic directions of activity in combating the shadow economy and six strategic proposals for immediate discussion and implementation.

*Source:* Karnite, R. (2013). *Employers campaign against the shadow economy*. Available at: <https://www.eurofound.europa.eu/data/tackling-undeclared-work-in-europe/database/employers%2592-campaign-against-the-shadow-economy-latvia>

Another campaign, this time organised by trade unions, that highlights the costs of undeclared work is found in Italy and is focused upon agricultural sector (see Box 26).

**Box 26. “Back in the Field” awareness-raising campaign against undeclared work in agriculture, Italy.**

**Aim:** “Back in the Field” is a national campaign of the Federation of Farming Industry Workers General Italian Labour Confederation (*FLAI CGIL: Federazione Lavoratori Agroindustria Confederazione Generale Italiana del Lavoro*) which for one week during the summer brings together trade unionists from all over Italy to fight against different forms of undeclared work and exploitation of workers in agriculture.

**Description:** The primary objective of the campaign is to meet the workers involved in sowing and harvesting in order to inform them directly about their rights in relation to their contracts and wages. Activists present workers with the new opportunities offered by Italian Law 199 of 2016 on *caporalato* (exploitation by illegal intermediaries or gangmasters). The campaign therefore involves actions in the fields, public squares and slums where workers are often recruited by *caporali* (gangmasters). The measure was launched in 2011 and is now

an annual event.

Every year for a week, “Labour Brigades” composed of employees and activists of the FLAI CGIL, patrol the countryside from early morning to meet large numbers of workers, bringing them water and straw hats or raincoats for shelter from wind and rain. The action, above all, is to enhance the workers’ awareness of their employment rights and thus protect them from entering or help them exit undeclared employment. Leaflets written in the workers’ own languages are also distributed.

**Evaluation:** The key effects on undeclared work from the implementation of the action have included:

- Reaching the workers most vulnerable and unprotected against undeclared work and exploitation.
- Increasing of legal assistance and union membership, which helps prevent undeclared work from re-appearing.
- Increasing awareness in the media and among the general public.
- Developing grassroots level proposals to amend the legislation or propose new measures to safeguard workers’ rights

*Sources:* FLAI CGIL website: <https://www.flai.it/>  
<https://ec.europa.eu/social/BlobServlet?docId=22264&langId=en>

When running awareness raising campaigns against undeclared work that highlight the costs of undeclared work, social partners can also cooperate with enforcement authorities. An example is found in Portugal where employer and employee representative organisations and enforcement authorities cooperated (see Box 27).

### **Box 27. “Bad for you! Harmful for all!”, Portugal**

**Aim:** Social partners and public authorities cooperated in a national campaign against undeclared work developed by the Authority for Working Conditions (ACT) in 2014-2015.

**Description:** Numerous national, regional and local employer associations and trade unions cooperated to raise awareness about the costs of undeclared work. The national campaign against undeclared work was launched on 15 July 2014 and ended on 7 April 2015. It had the following three main phases:

- Before July 2014:
  - Identification and engagement of the social and institutional partners;
  - Planning;
  - Identification of beneficiaries and sectors;
  - Goals definition;
  - Training of labour inspectors.
- Public launch of the campaign (15 July 2014).
- After 15 July 2014 until 7 April 2015:
  - Information and awareness-raising actions;
  - Development of instruments and key messages;
  - Guidelines for the inspection actions;
  - Inspection visits;
  - Proposals to improve the regulatory framework.

The involved social partners participated actively in all actions of the campaign. These included:

- Development of a campaign image.
- Flyer production in 5 languages: Portuguese, English, French, Russian and Romanian.
- Setting up a campaign website.
- Merchandising in national and local newspapers.

**Evaluation:** The outputs were

- 129 awareness-raising activities, which reached 6,607 participants (workers, employers and their representatives, students, teachers) organised at a national level.
- Involvement of 5,165 employers.
- Detected 9,073 undeclared workers. Out of these, 40% (3,244) resulted in voluntary regularisations. The campaign resulted in recovering workers' salaries amounting to EUR 20.8 million and social security revenues of EUR 4.7 million.

Source: <https://ec.europa.eu/social/BlobServlet?docId=18741&langId=en>

### Informing suppliers of the benefits of declaring their work

Besides informing suppliers (e.g., workers and employers) of the costs of undeclared work, campaigns can also inform suppliers of the benefits of operating in the declared economy. An interesting practice in this regard is a student competition organised by the Free Trade Union Confederation of Latvia, which sought to improve awareness of the benefits of operating in the declared economy (see Box 28).

#### Box 28. SMARTS student competition, Latvia

**Aim:** In 2011, the Free Trade Union Confederation of Latvia (*Latvijas Brīvo arodbiedrību savienība*, LBAS) launched a competition, “SMARTS – A game for those who are in education”, aimed at increasing students awareness about labour rights and safety at work issues, to help them acquire other skills useful to establishing a successful career (e.g., teamwork and self-presentation skills) and facilitate recognition of trade unions among young people.

**Description:** Started in 2011 and then extended into 2012, “SMARTS – A game for those who are in education” was funded by the European Social Fund within the project, “Practical application of normative acts of labour relations and safety at work in sectors and undertakings”. Students at grades 10-12 were invited to participate in the competition, organised in three rounds, with participants composed of a team representing a particular school. In the first round participants were invited to answer 45 online questions regarding labour rights, safety at work, social dialogue and the role of trade unions. Each category included 15 questions: six on employment legal issues, six on safety at work issues and three on social dialogue and trade union issues.

After the first round, the five best schools from the capital city Riga and one school from each of four regions – Vidzeme, Zemgale, Kurzeme and Latgale – were invited to participate in the second round, a regional semi-final competition. In the semi-final the teams were reduced to the 10 best students who had obtained the highest grades in round one. The regional semi-final competitions consisted of three parts – homework, a quiz and practical exercises for each team. All participants were provided with training in labour rights and safety at work issues; 90 minutes on average for each team.

The third round – a national final competition – was represented by one school from each of four regions and Riga. The final consisted of two parts, a quiz and practical exercises for

each team. The regional semi-finals and national final were recorded and broadcast on TV in six programmes on LTV1 – the main state owned TV channel, giving regional schools and students the opportunity to demonstrate their skills at national level. All winners of the competition received a Nokia 500 smartphone. The winning school received a portable projector, while the other four schools in the final received €213 for their library funds.

In parallel with the competition, both in 2011 and 2012, intensive advertising was conducted. Animation clips on labour rights issues were shown in cinema and on TV. LBAS organised the measure in cooperation with the Ministry of Education and Science, supported by the Ministry of Welfare, the VDI and, in 2012, also the employers federation, LDDK.

**Evaluation:** In 2011, 42 classes from 30 schools (circa 1,000 students) participated in the first round of the competition. In 2012, 77 classes from 47 general education schools (circa 2,000 students) participated. In sum, 119 classes in 77 general education schools, and 3,000 students in total, participated in the competition.

After the first year of implementation the president of LBAS Pēteris Krīgers mentioned that participants in the competition had become aware about their rights and obligations at work. He was convinced that participants were prepared to ensure fair relations with future employers. On 13 March 2012, when the 2012 competition was finished, Krīgers stressed that participants had demonstrated perfect knowledge of labour law and almost perfect knowledge on safety at work issues. The competition had been a good long-term investment for future employees. Also schools had recognised that the competition had been useful for young people. The increasing number of participants evidenced a growing interest.

The first lesson is that such a competition would be better if it was ongoing. During the first year, a lot of effort was spent developing the resources and launching the competition. In the second year, when it gained traction, more schools participated. The second lesson is that effective study materials are useful. The third lesson concerns interactivity and how the students involved enjoyed informing their contemporaries and being involved in active ways, such as in disseminating the videos.

*Source:* Karnite, R. (2013) SMARTS student competition, Latvia. Available at: <https://www.eurofound.europa.eu/data/tackling-undeclared-work-in-europe/database/smarts-student-competition-latvia>

### **Informing users of the risks and costs of purchasing in the undeclared economy**

Rather than target suppliers of undeclared work, education and awareness raising campaigns can also target the purchasers of undeclared products and services. When targeting purchasers, one approach is to highlight the risks and costs of purchasing undeclared products and services. An example of such an approach is the “Get it in Writing!” campaign in Canada (see Box 29).

#### **Box 29. “Get it in Writing!” campaign, Canada**

**Aim:** To inform the purchasers of users of undeclared labour in the home repair and maintenance sphere of the risks involved in purchasing in the undeclared economy.

**Description:** This “Get it in Writing” campaign was developed in partnership between the tax administration (Canadian Revenue Service) and the Canadian Home Builders’ Association. The campaign focuses on the importance of getting a written contract for renovation projects, so the consumer has control over the cost and other aspects of the work and is protected from serious risks, including liability and injury, of having work done

undeclared. The key message of the campaign is “The underground economy hurts everyone” and for consumers that “the underground economy is risky business” and that one should “deal with businesses that play by the rules”.

There have been successive waves of this “Get it in Writing!” national consumer awareness campaign carried out by the Canadian Home Builders Association (CHBA) in partnership with the Canada Revenue Agency. The campaign first operated through the period 2003 to 2005. And was then extended. The second “Get it in Writing!” campaign was launched in March 2015 and ends in 2018, and the Canadian Revenue Agency has provided C\$745,000.

For some years, therefore, the Get it in Writing! campaign has provided homeowners with sound information on how to avoid risks when hiring a contractor for their home projects. With the support of Canada Mortgage and Housing Corporation (CMHC), the Get it in Writing! campaign hosts information on their website, [www.hiringacontractor.com](http://www.hiringacontractor.com). The site offers a wealth of advice to help consumers do it right, with downloadable worksheets and information from both the CHBA and CMHC.

The key message is “Don’t accept offers for cash deals without a receipt. Paying under the table is no deal – it can leave you with no warranty, no recourse for poor workmanship and no liability insurance if an injury takes place on your property.”

**Evaluation:** There has been no known evaluation of this awareness raising campaign focused on informing users of the risks and costs of using undeclared labour in the realm of home repair and renovation.

*Source:* <https://ec.europa.eu/social/BlobServlet?docId=19526&langId=en>

### **Informing users of the benefits of purchasing declared products and services**

When education and awareness raising campaigns target the purchasers of undeclared products and services, another approach is to highlight the benefits of purchasing undeclared products and services.

This can promote the benefits for the workers involved, such as the “social label” campaigns discussed above. An example is the use of social labelling in the tourism industry to help tourists make appropriate choices when purchasing goods and services (see Box 30). The idea of this “social labelling” scheme is to identify and promote hotels that respect workers’ rights for purchasers, differentiating them from those that do not. Under the system, hotels whose employment practices and whose staff’s working conditions meet pre-determined criteria for decency and fairness are given a “seal of approval” by trade unions.

#### **Box 30. The “Just Tourism” social labelling initiative, EFFAT**

**Aim:** To introduce social labelling of hotels to help tourists make appropriate choices when selecting a hotel that they respect workers’ rights.

**Description:** EFFAT-IUF have launched the website [Just Tourism](http://JustTourism) to help tourists make appropriate choices when selecting a hotel that they respect workers’ rights. For example, in Slovenia, there is the [fairhotels.si](http://fairhotels.si) campaign, an initiative of the trade union which represents hotel workers. Fair Hotels are defined as hotels that treat their staff fairly which are covered by collective agreements. The objective is to support and promote quality employment in the hotel industry in Slovenia by encouraging consumers to choose Fair Hotels for leisure, meetings and conference. In Croatia, meanwhile, there is [www.fairhotels.com.hr](http://www.fairhotels.com.hr), an

initiative by the Union of Tourism and Catering of Croatia (STUH). This provides an online list of hotels in Croatia where collective agreements have been negotiated and worker rights are respected. The union is seeking to promote a quality of tourism in which worker rights are embedded and to involve a maximum number of hotels.

**Evaluation:** No evaluation has yet been conducted. Such an initiative is transferable to West Balkan economies where trade unions responsible for the tourism sector could adopt such an initiative in collaboration with hotels.

Source: <http://www.justtourism.org/>

Box 31 provides useful advice from EU-OSHA on how organise education and awareness raising campaigns in the field of safety and health at work, but which are easily applied to marketing campaigns on the benefits of declared work and costs of undeclared work.

### **Box 31. Planning an awareness raising campaign: a step-by-step guide**

1. **Deciding objectives.** Before you develop the specific message of your campaign, and the necessary supporting arguments, you need to have a clear goal in mind. [Read more](#)
2. **Choosing a title.** To have a chance at making an impact on the people you want to reach, your title should be as short and simple as possible and relevant to your target audience. [Read more](#)
3. **Selecting the audience.** Knowing your target audience and age range will determine your campaign and the tools needed. [Read more](#)
4. **Timing.** Timing is a key factor in any campaign, both in terms of when to launch the campaign and the campaign duration. [Read more](#)
5. **Geographic area.** Choose which sectors, population groups, occupations or geographic area will be included. [Read more](#)
6. **Message.** Think carefully about the main campaign message and what you are trying to communicate through your campaign. [Read more](#)
7. **Branding your campaign.** A catchy slogan, a striking logo and campaign branding can be used to grab your audience's attention. [Read more](#)
8. **Reaching your audiences.** Most campaigns involve several media, from press releases and magazine articles to posters and direct mail shots. [Read more](#)
9. **Define** your expected results. Communication is most effective when it is related to something practical and tangible.

Source: <http://toolkit.osha.europa.eu/how-to-run-a-campaign/plan-your-campaign/>

Box 32, meanwhile, provides a summary of good practices when designing awareness raising campaigns.

### **Box 32. Key features of good practice in designing awareness raising campaigns:**

- Begin with the end in mind
  - Set clear goals on what you want to achieve
  - What do you want people to understand or do as a result of the campaign?
- Plan

- Have a clear strategy
- With SMART objectives to measure success
- Get key stakeholders on board
- Take a holistic approach, combining and sequencing the campaign with other policy measures
- Agree timing, budgets, roles, etc.
- **Select and understand your audience(s)**
  - Demographics, age, gender
  - Population, employers, employees, migrant workers
  - Geographic area, sectors
- **Collaboration works**
  - From a single lead to 80 partners
  - Wide range of stakeholders can be valuable multipliers
  - Think who is best to deliver the message?
- **Grab attention with key message**
  - Clear/simple
  - Focus on positive messages
  - Creative – personal stories work
  - Have a call to action
  - Multilingual
- **Branding your campaign**
  - Grab your audience’s attention
  - Use a logo, memorable branding
- **Reaching your audience**
  - Use few core channels which are audience-appropriate
  - Regular flow of activities, create highlights
  - On-going evaluation to keep on track
- **Sustainability**
  - Quick wins or longer term behavioural change?
  - Take a wider perspective e.g. with training for inspectors
  - Continuous reinforcing of messages key
  - Funding an issue so one-off campaigns a feature

**Indicators of effectiveness**

- **Outputs - indicators measuring actions and tactics:**
  - Meetings, events, participants, people trained
  - Publications, news articles, number ads
  - Social media statistics, views, shares, likes
  - Number of complaints from employees rise
  - Inspections, fines, voluntary regularisations
  - Funds recovered
  - Awards
- **Outcomes – final results of the campaign:**
  - Improved unacceptability of undeclared work among the target group, which is a proxy for changes in behaviour
  - Improved understanding of benefits of declared work

- How to measure?
  - Surveys and independent evaluations
  - Existing employer surveys could be used with additional questions

One recent campaign to which attention is drawn is the EU-wide **#EU4FairWork** which can be accessed via this hashtag on Twitter, LinkedIn and Facebook. This was participated in by both social partners and enforcement authorities throughout the Europe Union. Using this hashtag, many examples can be found of messages that could be replicated by Western Balkan social partners in relation to their own economies.

## 5 Next Steps

This toolkit is intended to provide on the one hand, a methodology for how enforcement authorities and social partners can initiate, develop and manage partnerships with other stakeholders involved in the fight against undeclared work and on the other hand, inspiration for social partners of the wide range of policy initiatives that can be used by them to tackle undeclared work.

To take this forward, the next step is for social partner organisations and enforcement authorities to:

- Use the checklist for the initiation, development and management of partnerships to make progress on the task of developing effective partnerships in their economies to tackle undeclared work, and

The Western Balkan Network Tackling Undeclared Work could usefully:

- Organise national seminars to bring together the wide range of stakeholders involved in the fight against undeclared work in each Western Balkan economy (i.e., the enforcement authorities, trade unions, and employer federations) to provide a forum for them to openly discuss how they might work together and to identify some next steps that can be taken on specific tasks and issues.

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## **List of Abbreviations**

**ACT** – Portugese Authority for Working Conditions

**AL** – Albania

**BA** – Bosnia & Herzegovina

**BCM** – Business Confederation of Macedonia

**BSPK** – Union of Independent Trade Unions of Kosovo\*

**CATUS** – Confederation of Autonomous Trade Unions of Serbia

**CFDT** – French Democratic Confederation of Labour

**CHBA** – Canadian Home Builders Association

**CITUB** – Bulgarian Confederation of Independent Trade Unions

**CMHC** – Canada Mortgage and Housing Corporation

**CMKOS** – Czech-Moravian Confederation of Trade Unions

**CSC** – Builders' Social House Romania

**CSC** – Christian Trade Union of Belgium

**CUORE** – Italian Operative Urban Centre for Economic Upgrading

**DGB** – German Confederation of Trade Unions

**DIEH** – Danish Ethical Trading Initiative

**EF** – Employer Federation

**EFBWW** – European Federation of Building and Woodworkers' (EFBWW)

**EFFAT** – European Federation of Trade Unions in the Food, Agriculture and Tourism

**EKE – Athens Labour Union Organisation**

**EMWU** – European Migrant Workers Union

**ESEE** – Hellenic Confederation of Commerce and Entrepreneurship

**ETI** – Ethical Trading Initiative

**ETUC** – European Trade Union Confederation

**EU** – European Union

**EU-OSHA** – European Agency for Safety and Health at Work

**FGTB/ABVV** – Belgian trade union confederation

**FIEC** – European Construction Industry Federation

**FLAI CGIL** – Federation of Farming Industry Workers/General Italian Labour Confederation

**FTUM** – Federation of Trade Unions of Macedonia

**ID** – Identity Card

**IEH** – Ethical Trading Initiative Norway

**ILO** – International Labour Organisation  
**ITUC** – International Trade Union Confederation  
**KPIs** – Key Performance Indicators  
**KS** – Norwegian Association of local and regional authorities  
**LBAS** – Free Trade Union Confederation of Latvia  
**LDDK** – Latvian Employers’ Confederation  
**LO** – Norwegian confederation of labour unions  
**ME** – Montenegro  
**MK** – Republic of North Macedonia [MK]  
**NGO** – Non-Governmental Organisation  
**NHO** – Confederation of Norwegian Enterprise  
**NLC** – National Labour Council  
**OEM** – Organization of Employers of Macedonia  
**OPZZ** – Polish All-Poland Alliance of Trade Unions  
**OS KOVO** – Czech Metalworkers’ Federation  
**PAYE** – pay-as-you-earn  
**RAISE UP** – grass-Root Actions, Innovative approaches and Stakeholder Engagement to tackle Undeclared work Propensity  
**RS** – Serbia  
**SAE** – Serbian Association of Employers  
**SEC** – Socio-Economic Council  
**SEPE** – **Greek Labour Inspectorate (SEPE)**  
**SNCU** – Foundation for Compliance with the Collective Labour Agreement for Agency Workers  
**SSCG** – Association of Unions Montenegro  
**STUH** – Union of Tourism and Catering of Croatia  
**TU** – Trade Union  
**TUWIC** – Tackling undeclared work in the construction industry  
**TWA** – temporary work agencies  
**UNIO** – Norwegian confederation of unions for professionals  
**UPCG** – Association of Employers of Montenegro  
**USSCG** – Association of Free Unions of Montenegro  
**VAT** – Value-Added Tax  
**XK** – Kosovo\*  
**YS** – Norwegian confederation of vocational unions