

# ROADMAP FOR FIGHTING UNDECLARED WORK

*A 3 year plan for  
fighting undeclared  
work*

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## 1. Introduction

The ILO, in close collaboration with the Greek Government and the social partners, as part of a project funded by the European Commission, on “Supporting the transition from informal to formal economy and addressing undeclared work in Greece”, has produced, through a participative and consultative process, a report on the Diagnosis of Undeclared Work in Greece. The Diagnostic Report was endorsed by the Greek Government and the social partners in a high level tripartite validation meeting held on 6 July 2016. The validated report provides a set of policy recommendations that reflects the ILO’s vision of a balanced approach combining incentives with compliance measures, as enshrined in the ILO Recommendation n. 204 on the transition from the informal to the formal economy, adopted at the International Labour Conference in June 2015.

Additionally, it should be noted that on July 19, 2016, the national social partners (**GSEE, SEV, GSEVEE, ESEE, SETE**) signed a Joint statement - declaration, which refers to labor market issues, among which the extension of the collective labor agreements.

Reaching a tripartite agreement on the main characteristics and drivers of informality in Greece was an important step. The current challenging step is to design, through tripartite dialogue, a road map for addressing undeclared work in Greece. This road map aims to contain a balanced regulatory and policy framework for preventive and appropriate corrective measures that will facilitate the transition to the formal economy and tackle undeclared work. The Greek Government and the social partners, with the support of the ILO and of the Structural Reform Support Service/EU, will be working jointly to achieve these results.

## 2. Roadmapping to implement a holistic integrated strategic approach towards tackling undeclared work in Greece.

The ILO Recommendation n. 204 on the transition from the informal to the formal economy, adopted at the International Labour Conference in June 2015 affirms that the transition to the formal economy is essential to achieve inclusive development and to realize decent work for all. It is therefore essential to improve working and living conditions, to promote sustainable small and medium enterprises and to achieve fair competition and fiscal consolidation at national level. Thus it aims to achieve greater inclusiveness and cohesion in our societies, and to better design the “Future of Work” that we wish to shape for our *societies*.

The Diagnostic Report on Undeclared Work in Greece provides a set of 25 policy recommendations that reflect the ILO’s vision of a balanced approach combining incentives with compliance measures. To move from the Diagnostic report recommendations to a successful roadmap requires briefly introducing the concepts and various aspects of roadmapping, as well as discussing its importance, benefits and final outcomes. Generating this better understanding of what constitutes a roadmap and which are its scopes, limitations and processes, is essential before describing the roadmap to implement a holistic integrated strategic approach towards tackling undeclared work in Greece.

The concept of roadmapping refers to activities related to strategic planning and decision making and the roadmap is in fact a project management activity describing a sequence of processes and their interrelations. The roadmap does import concepts from project management in terms of analyzing what kind of activities need to be implemented and in what order, but goes beyond that, involving aspects of forecasting and knowledge creation through its application process, to more extensive timeframes (usually 3-10 years). The objective is to identify actions which will shift future towards the desired implementation of a holistic integrated strategic approach towards tackling undeclared work in Greece and will support the fight against undeclared work in Greece through a sequence of inter-related actions.

From the set of 25 policy recommendations of the Diagnostic Report on Undeclared Work in Greece our analysis suggests that some consist critical elements, challenges and barriers on the way to a holistic integrated strategic approach towards tackling undeclared work in Greece. The first critical element is the need for identifying and setting up (assigning or reforming) the tripartite social dialogue body bearing, on a permanent basis, and drawing on the appropriate legal provisions, the responsibility for policy design, overview and assessment of the holistic integrated strategic approach towards tackling undeclared work in Greece (including the present roadmap). The second critical element is equally important and relates to technical need for interoperability of data bases for the exchange of data between the Ministry of Labour, the Ministry of Finance and GSPR. It is a critical prerequisite for the holistic integrated strategic approach. Beyond the technical interoperability of the data bases, the operators of these data bases should become able to cooperate and coordinate between them to allow the productive use of the data bases in the design and implementation of the holistic integrated strategic approach towards tackling undeclared work in Greece.

Based on these two key prerequisites policy measures and initiatives can be developed more effectively by articulating measures towards deterrence and incentives (either supply or demand side), so that the attempts to change citizens' values norms and beliefs are not undertaken in vain. At the current stage is not possible to include quantitative targets, but the procedure on getting there is outlined. Based on the two key prerequisites, and on the gradual implementation of policy measures, information and awareness campaigns can become more effective if coordinated in this context. The aim of this roadmap proposal is to provide continuity and consistency in policy making and policy measures. Actions and recommendations are formulated and modelled, aiming in bridging the major and minor gaps identified by the diagnostic report. Feasibility and resource allocation issues are taken into account and specific timeframes and future milestones are proposed. The following tables summarize the roadmapping proposal.

### **3. Roadmapping Tables**

In the following tables we describe the main deliverables and actions that will lead to them. We mark the completion dates of actions by the month number in the 3 year roadmap. E.g., M1 stands for the end of the first month and M36 for the end of month 36. All items of this roadmapping proposal have been subject to consultation with the Ministry's and social partners' representatives. All items of this roadmapping proposal are brought together in 5 sections to facilitate further elaboration and ownership for the sequencing and the consistency of the roadmap actions by its institutional stakeholders including the Ministry of Labour services that will be assigned specific actions of this roadmap.

## a. Institutional Reforms and Actions

	Deliverable	Milestones	Actors	Diagnostic report action points
1	<p><b>An institutional body responsible for implementing the holistic integrated strategic approach towards tackling undeclared work, including the monitoring of this roadmap.</b></p>	<ol style="list-style-type: none"> <li>1. Tripartite dialog to select which institutional tripartite body (with equal representation) will bear the responsibility for the holistic integrated strategic approach towards tackling undeclared work. <b>[M1]</b></li> <li>2. Regulatory framework providing for implementation of 1. <b>[M2]</b></li> <li>3. Decision on the National tripartite institutional body. <b>[M2].</b></li> <li>4. Progress reports every 6 months <b>[M6,M12, M18, M24, M30 ,M36]</b></li> <li>5. Establish feed up into the EU Platform for tackling undeclared work <b>[M15].</b></li> <li>6. Creating evaluation methodology and setting strategic objectives which are SMART (Specific, Measurable, Achievable, Relevant &amp; Time-bound). To measure</li> </ol>	<p>Ministry of Labour</p> <p>All social partners</p> <p>GSEE</p> <p>SEV</p> <p>GSEVEE</p> <p>ESEE</p> <p>SETE</p> <p>Ministry of Agriculture</p>	<p>1,22</p>

		<p>progress against strategic objectives, key performance indicators (KPIs) should be developed for all Ministries involved in tackling undeclared work. These KPIs should be cascaded down to unit-level and individual-level targets within and across the various Ministries and agencies <b>[M24]</b>.</p> <p>7. Ex post evaluation of policy measures <b>[M36]</b></p>		
2	<b>Baseline assessment of the extent and nature of undeclared work</b>	<ol style="list-style-type: none"> <li>1. Survey of citizens (as part of the LFS) for mapping and measuring undeclared work. Examine the possible use of the Eurobarometer survey of undeclared work. Creation of a periodic procedure for mapping and measuring undeclared work. <b>[M12]</b></li> <li>2. Business survey to evaluate undeclared work and its impacts on enterprises <b>[M15]</b>.</li> </ol>	<p>Ministry of Labour</p> <p>Institutional tripartite body (see above A.1).</p>	24

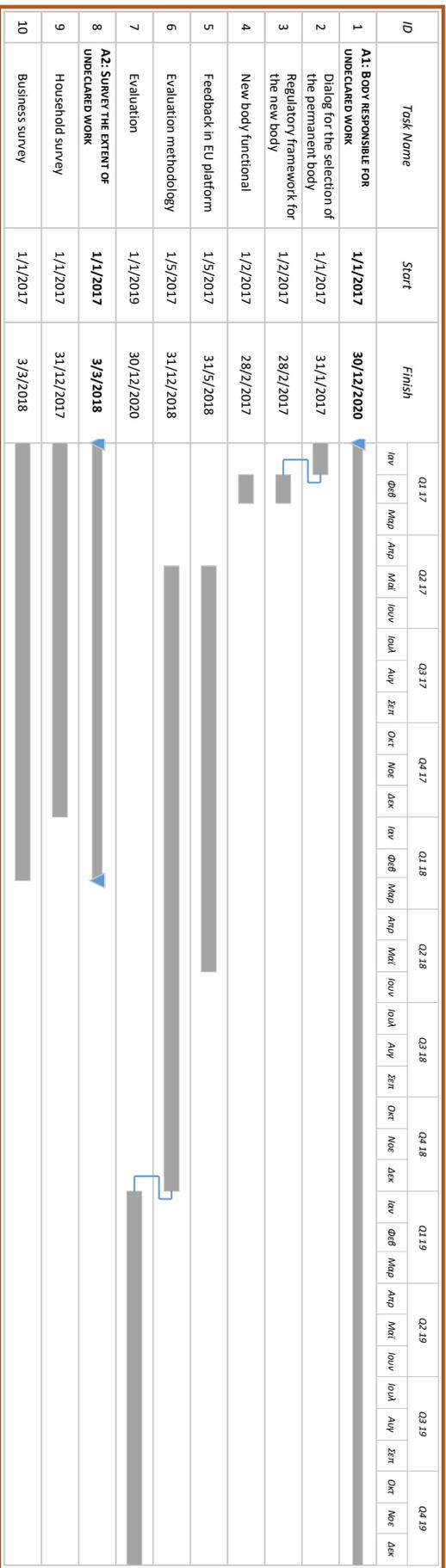


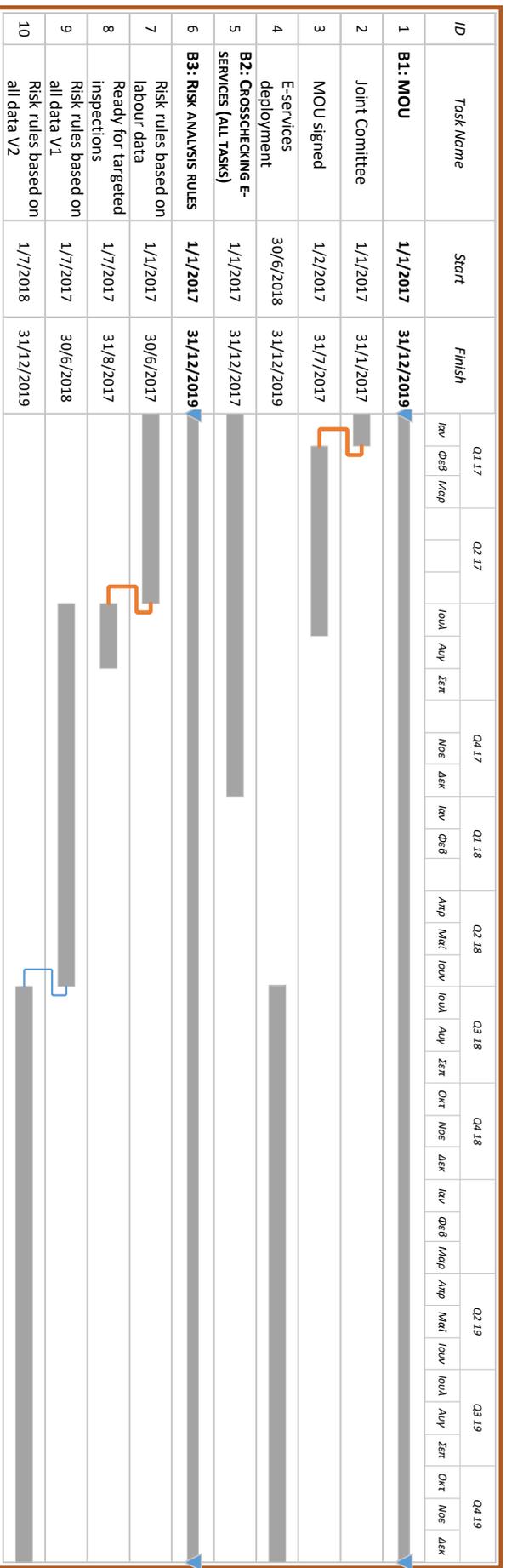
Figure 1 - Gantt Chart for Institutional Actions

## b. Data interoperability

	Deliverable	Milestones	Actors	Diagnostic report action points
1	<p><b>Memorandum of Understanding (MOU) for the exchange of data between the Ministry of Labour, the Ministry of Finance and GSPR. The MOU will describe the data that will be exchanged between the involved partners, the methodology and the conditions for the exchange. The involved data will be adequate for a) estimating the risk for undeclared work of companies based on their financial and other information, b) for crosschecking the statements related to employment and c) for performing joint controls or triggering controls to related agencies (GSPR, SDOE, SEPE)</b></p>	<ol style="list-style-type: none"> <li>1. Committee coordinated by the involved actors to study the requirements and the technicalities of the MOU <b>[M1]</b></li> <li>2. Signing of the MoU <b>[M7]</b></li> <li>3. First electronic service for the exchange of data described in the MOU <b>[M18]</b> (These services may be facilitated by the GSIS interoperability center)</li> <li>4. Complete implementation of the electronic services to the exchange of data described in the MOU <b>[M36]</b></li> </ol>	<p>Ministry of Labour, Ministry of Finance, GSPR, OAED, SEPE</p>	<p>2, 3, 12</p>
2	<p><b>Synchronization of databases of GSPR, Ministry of Labour, IKA (EFKA), OAED and SEPE</b></p>	<p>There are already planned services to improve the interoperability between GSPR, Ministry of Labour, IKA (EFKA), OAED and SEPE. The aim of these actions is to create consistent registries and to help the detection of undeclared work. These data are basically demographic data and personal details, but no financial information, or case and inspection files of GSPR and SEPE. In more detail:</p>	<p>Ministry of Labour, Ministry of Finance, GSPR, OAED, SEPE</p>	<p>2</p>

		<ol style="list-style-type: none"> <li>1. Data from ERGANI to GSPR about monthly declarations of employment <b>[M12]</b></li> <li>2. Personal details crosscheck between ERGANI, IKA and GSPR <b>[M12]</b></li> <li>3. Insurance history from IKA to be shared with OAED <b>[M12]</b></li> <li>4. Fine information is exchanged between SEPE and IKA <b>[M12]</b></li> <li>5. Details about dependent persons from GSPR to SEPE <b>[M12]</b></li> <li>6. Self-employed contracts from GSPR to SEPE and ERGANI <b>[M12]</b></li> <li>7. Personal details from Greek Police to ERGANI, especially for aliens working in Greece. <b>[M12]</b></li> </ol>		
<b>3</b>	<b>New risk analysis rules for targeted inspections</b>	<p>SEPE's new IT system will be updated with rules for detecting high risk companies (with respect to undeclared work).:</p> <ol style="list-style-type: none"> <li>1. Rules about the risk based on the data of the Ministry of Labour <b>[M6]</b></li> <li>2. Targeted inspections based on risk analysis rules <b>[M8]</b></li> <li>3. Updated rules with the feedback</li> </ol>	SEPE  Institutional tripartite body (see above A.1).	2, 3, 12

		<p>of the pilot inspections in the context of ILO's project <b>[M18]</b></p> <p>4. Updated rules with the data from GSPR <b>[M36]</b></p>		
4	<b>Common tax and social insurance contributions collection</b>	A new system for the common collection of taxes and social insurance contributions will be created <b>[M14]</b>	Ministry of Labour, Ministry of Finance, GSPR, EFKA	2, 9
5	<b>Training of inspectors</b>	<p>Training of labour, tax and social security inspectors on the issue of tackling the undeclared economy:</p> <ol style="list-style-type: none"> <li>1. 2 training workshops in cooperation with ILO <b>[M5]</b></li> <li>2. Framework and plan for yearly 1 week training workshop for Inspectors <b>[M8]</b> Regular training workshops <b>[M12,M18 M24,M30,M36]</b></li> </ol>	Ministry of Labour, Ministry of Finance, GSPR, EFKA	4



4. Figure 2- Gantt Chart for Technical and Operational Actions

### c. Policy measures

	Deliverable	Milestones	Actors	action points
1	<b>Framework for the fine, based on prevention, company viability and motivation for declaring the workers</b>	<ol style="list-style-type: none"> <li>1. Negotiation with the institutions and the social partners for the new sanction system <b>[M1]</b></li> <li>2. Adoption for the new legislation for the sanction system <b>[M3]</b></li> </ol>	<p>Ministry of Labour, Social partners</p> <p>Institutional tripartite body (see above A.1).</p>	13
2	<b>Increasing responsibility in public works. Framework for public works will hold the contractor responsible for violation of labour laws by the subcontractors and it also require that contractors come from the “white” list of the ministry of labour.</b>	<ol style="list-style-type: none"> <li>1. Joint committee of the Ministry of Labour and the Ministry of Economy and Development <b>[M2]</b></li> <li>2. Recommendation of the committee on the new framework for public works and on the framework for the white list <b>[M8]</b></li> <li>3. Dialogue with the social partners <b>[M10]</b></li> <li>4. Adoption of new legislation <b>[M12]</b></li> <li>5. Electronic service for the automatic provision of white list certificate by SEPE <b>[M24]</b></li> </ol>	<p>Ministry of Economy and Development, Ministry of Labour, SEPE</p> <p>Institutional tripartite body (see above A.1).</p>	6,7
3	<b>Electronic payments</b>	<p>Electronic payments initiative belongs to the Ministry of Finance.</p> <ol style="list-style-type: none"> <li>1. Motives for electronic payments <b>[M12]</b></li> <li>6. POS adoption policy implemented <b>[M36]</b></li> </ol>	Ministry of Finance	9
4	<b>Ratification of the International Labor Convention 129</b>	<ol style="list-style-type: none"> <li>1. Administrative framework for the new inspectoral body/team in the auspices of SEPE <b>[M8]</b></li> <li>2. Training and preparation of the new body/team <b>[M14]</b></li> <li>3. Ratification of Convention 129 and adoption of</li> </ol>	<p>Ministry of Labour,</p> <p>Ministry of Agriculture</p> <p>Institutional tripartite body (see above A.1).</p>	

		respective legal framework <b>[M24]</b> 4.		
5	<b>Service vouchers system</b>	1. Evaluation of the service vouchers system <b>[M12]</b> . 2. Redesign the service vouchers system and legislation of changes <b>[M16]</b> .	Ministry of Labour  Social partners  Institutional tripartite body (see above A.1).	15
6	<b>Extension collective labour agreements</b>	1. Consultation of the Ministry of Labour with the Institutions on reinstating the EGSSE and the extension of collective agreements. <b>[M1]</b>	Ministry of Labour,	23, 22
7	<b>Tax Incentive scheme for formalization</b>	1. Dialog with the social partners on tax incentives for formalization <b>[M8]</b> 2. Identification of target areas <b>[M12]</b> 3. Consultation with the Institutions on actions <b>[M16]</b>	Ministry of Finance, Ministry of Labour, Social partners  Institutional tripartite body (see above A.1).	
8	<b>Fight against bogus self-employment</b>	1. Tripartite dialogue under the coordinating body on the fight against bogus self-employment. The dialog will produce an action plan for bogus self-employment <b>[M12]</b>	Ministry of Labour, Social Partners GSEE SEV GSEVEE ESEE SETE Institutional tripartite body (see above A.1).	22



## d. Information and Awareness Campaigns

	Deliverable	Milestones	Actors	Diagnostic report action points
1	<p><b>Launch of a Public Awareness Campaign on the Benefits of Declared Work and the problems of shadow economy. The campaign will involve multiple actions, from talks in schools, to campaigns in the social media. Media with low cost will be preferred.</b></p>	<ol style="list-style-type: none"> <li>1. Website with information about undeclared work and help will be created by ILO <b>[M2]</b></li> <li>2. Campaign to increase the awareness of the multiple costs of undeclared work and non-tax compliance organized by ILO start: <b>[M4]</b> end: <b>[M12]</b></li> <li>3. Assessment of ILO's campaign <b>[M12]</b></li> <li>4. New campaign strategy based on the results of ILO's campaign, involving multiple different actions (contests, social media, talks in schools) <b>[M18]</b></li> <li>5. Implementation of the campaign start: <b>[M28]</b> end <b>[M36]</b></li> </ol>	<p>Ministry of Labour, Ministry of Education</p> <p>Institutional tripartite body (see above A.1).</p> <p>Social Partners</p>	17,18,19,20,21
2	<p><b>Provide information formalization advice and incentives for business to formalize by setting up a new helpline supported by the Ministry of Labour and SEPE</b></p>	<ol style="list-style-type: none"> <li>1. Setting up the framework for the Ministry of Labour helpline on formalization advice <b>[M4]</b></li> <li>2. Ministry's helpline is operational <b>[M12]</b></li> </ol>	Ministry of Labour, SEPE	10-11

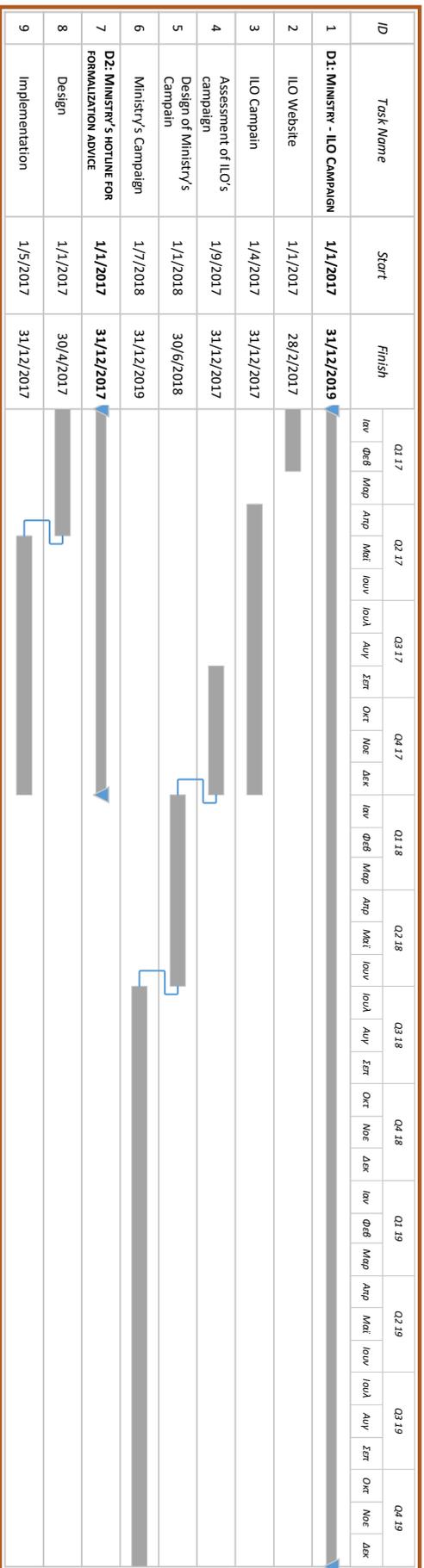


Figure 4 - Gantt Chart for Awareness Actions

### e. Miscellaneous actions

	Deliverable	Milestones	Actors	Diagnostic report action points
1	<p><b>Pilot for targeted and joint inspections. Inspections that involve SEPE, GSPR and possibly other inspectoral bodies, will be carried out as a pilot for future regular joint inspections.</b></p>	<p>The pilot will be carried out in cooperation with ILO:</p> <ol style="list-style-type: none"> <li>1. ILO's expert will elaborate an inspection plan for a sector and/or location using tripartite consensual strategy and new inspection methodologies to address undeclared work <b>[M3]</b></li> <li>2. Tripartite workshop for the presentation of the inspection plan <b>[M4]</b></li> <li>3. Joint inspections <b>[M9]</b></li> </ol>	<p>Ministry of Labour, Ministry of Finance, ILO, SEPE, GSPR and other inspectoral bodies</p> <p>Institutional tripartite body (see above A.1).</p>	

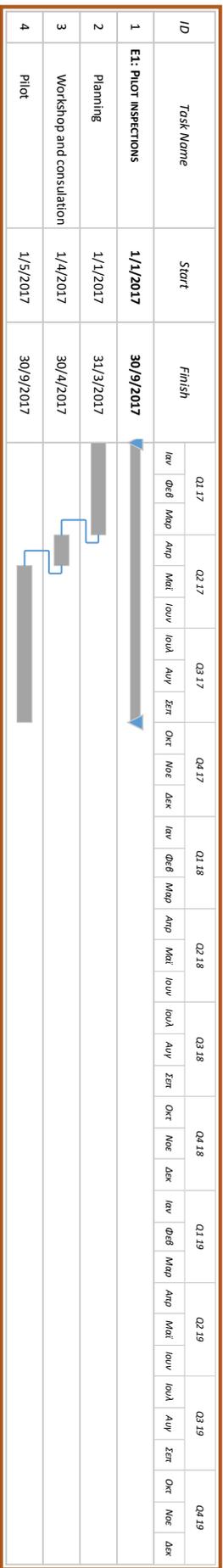


Figure 5 - Gantt Chart for Miscellaneous Actions