



Business to the rules

An initiative to combat undeclared work

Bulgaria

	<p>Summary</p> <p>In 2009 the Bulgarian Industrial Capital Association (BICA) launched the initiative “Business to the rules”, developing tools to limit undeclared work.ⁱ An electronic platform calculates a Composite index “Business to the rules” (measuring the formal economy) and a sub-index “Employment to the rules” (measuring declared work). BICA also coordinates the annual National Centre Business to the rules awards, presented to institutions and media that contribute to the fight against and prevention of the informal economy and undeclared work. A White paper of Corporate Social Responsibility (CSR) practices and training programmes raises awareness about undeclared work.ⁱⁱ</p>
<p>Title of the practice in original language</p>	<p><i>Икономика на светло</i></p>
<p>Name(s) of authorities/bodies/ organisations involved</p>	<ul style="list-style-type: none"> ▶ The Bulgarian Industrial Capital Association, BICA (<i>Асоциация на индустриалния капитал в България, АИКВ</i>); ▶ Confederation of Independent Trade Unions in Bulgaria, CITUB (<i>Конфедерация на независимите синдикати в България</i>); ▶ Confederation of Labour “Подкрепа” (<i>Конфедерация на труда „Подкрепа“</i>); ▶ Ministry of Labour and Social Policy (<i>Министерство на труда и социалната политика</i>); ▶ National Centre Business to the rules; ▶ The Public Council for Limiting and Preventing the Informal Economy and Undeclared Employment.
<p>Sectors</p>	<p>All</p>
<p>Target groups</p>	<ul style="list-style-type: none"> ▶ Employers (directly targeted); ▶ Workers, including self-employed (directly targeted); ▶ Representatives of labour market institutions and control bodies (indirectly target).
<p>Purpose of measure</p>	<p>Prevention and raising awareness</p>



Aims and objectives


The initiative, Business to the rules, is a set of measures to help limit and prevent undeclared work through joint action with social partners. The initiative includes measures for the development and implementation of tools and policies, as well as measures to help employers and employees adapt to new tools, models, and mechanisms that limit and prevent undeclared work.

Background context

- ▶ The informal economy is harming state revenue and is linked to unfair competition and poor working conditions. It further harms workers, depriving them of their social rights, pensions, and sick leave. In 2023, the share of the informal economy in Bulgaria was around 21.5%, which is much higher than the average of 15% in Eastern and Southern Europe;ⁱⁱⁱ
- ▶ To tackle this issue, BICA is managing the initiative Business to the rules, which includes the following:
 - A composite index "Business to the rules", and a sub-index "Employment to the rules". The aim of the composite index "Business to the rules" is to track the dynamic and trends in the spread of the formal economy (i.e. as opposed to the grey/informal economy), and accounts for whether and why the formal economy is growing or shrinking, while the sub-index, "Employment to the rules", is a specific component of the updated composite index that measures declared employment;^{iv}
 - Using research to develop a methodology for combatting undeclared work for testing in working environments;^v
 - The National Centre Business to the rules was established in 2010 under the auspices of BICA and is a leading Bulgarian institution for designing, organising, and implementing systematic actions to limit and prevent the informal economy and undeclared work. It hosts the National Centre Business to the rules annual awards for persons and organisations supporting the fight against the hidden economy and undeclared work by improving legislation, countermeasures, research, and investigation in this area;^{vi} and
 - The Public Council for Limiting and Preventing the Informal Economy and Undeclared Employment was established as part of the overall project in 2013 and is responsible for coordinating the efforts of representatives of social partners, state institutions, and civil society organisations to combat undeclared employment and informal economy practices. It acts, at the national level, as a permanent consultative body for cooperation and coordination in developing and implementing policy on the

	<p>limitation and prevention of the informal economy and undeclared employment.^{vii}</p>
<p>Key objectives of the measure</p>	<p>General objective:^{viii}</p> <ul style="list-style-type: none"> ▶ To contribute, through joint actions with social partners, to limiting and preventing undeclared work, achieving sustainability in the labour market, improving access to employment, and enhancing the quality of jobs; ▶ To implement systematic actions among all stakeholders for sustainable national development in reducing and preventing the forms and manifestations of the informal economy, including undeclared work; ▶ To accelerate double transition (digital and green transformation), reforms, and adaptation of workers, enterprises, and entrepreneurs to changes, through joint actions of social partners for development, implementation of tools and policies, and enhancement of social dialogue in the field. <p>Specific objectives:</p> <ul style="list-style-type: none"> ▶ To encourage and facilitate the adaptation of various stakeholders including workers, enterprises, and entrepreneurs to changes and lifelong learning (the changes concern new labour market requirements related to digital transformation, green transition, and new forms of work); ▶ To raise awareness and key knowledge about double transition among a wide range of stakeholders; ▶ To help provoke public intolerance to the informal economy and undeclared work; ▶ To improve working conditions through limiting and preventing undeclared work.
<p>Main activities</p>	<ul style="list-style-type: none"> ▶ Conduct studies, develop a methodology targeted at employers and employees for limiting and preventing undeclared work, and create of a set of innovative tools, approaches, and models to combat the informal economy and undeclared work, such as the White paper on good practices for corporate social responsibility, learning modules on new forms of work and the risks they pose for the creation of undeclared work, etc.;^{ix} ▶ Equip the National Centre Business to the rules with a digital platform (https://www.ikonomikanasvetlo.bg/), migration of the collected data (completed questionnaires from 630 enterprises and

	<p>1 281 employed persons), elaboration, approbation, and preparation for the mass introduction of the newly developed innovative tools, models, and mechanisms for limiting and preventing undeclared work to companies, employees, and civil servants;</p> <ul style="list-style-type: none"> ▶ Develop training programmes, informational materials, and instructions for counselling and methodical guidance on limiting and preventing undeclared work for companies and workers. Test and verify their practical applicability through training, information, and consultation with representatives of target groups (employees and employers).
<p>Funding/organisational resources</p>	<ul style="list-style-type: none"> ▶ The practice is financed through the association's own funds. When larger studies or the upgrading of indices and data of the National Centre Business to the rules are carried out, the association applies for European or state budget funds; ▶ The total cost of the project is EUR 1 039 574 of which EUR 883 637.9 is financed by the ESF and EUR 155 936.1 is financed from the national budget of the Republic of Bulgaria;^x ▶ Over 90 experts were involved in the implementation of the initiative, of which 10 are experts from the partners from the CITUB and KT Podkrepa and one is from the Ministry of Labour and Social Policy. The members of the Public Council work in a voluntary capacity; ▶ External services were also used for the development of the electronic platform and website of the project (https://www.ikonomikanasvetlo.bg/), which continues to be maintained by BICA with its own funds.

	<p>Outcomes</p> <p>According to the National Centre's composite Business to the rules index, the practice has contributed to a reduction in the informal economy and undeclared work. The Public Council has become a forum for the exchange of ideas and measures to combat the informal economy and undeclared work. The practice is replicable in other Member States and sectors by engaging all stakeholders and creating sustainable models according to their national specificities.</p>
<p>Achievement of objectives</p>	<ul style="list-style-type: none"> ▶ From 2009 to 2021 BICA trained and consulted 8 100 employed and self-employed workers and 956 enterprises in the field of prevention of undeclared work, labour and social security rights, implementation of strategies for the development of human resources, application of the models developed in the practice such as introduction of mentoring, etc.;^{xi}



- ▶ 17 500 individuals were informed about the harms of the informal economy and ways to deal with it, by telephone or onsite at the enterprises. For this purpose, regional units of the National Centre Business to the rules have also been opened and conduct reception days;
- ▶ BICA established a hotline to which 2 700 calls were made and more than 20 000 persons were advised about their labour and social-security rights and suspected cases of undeclared work;
- ▶ Since 2014, the composite index Business to the rules has been recognised by the European Commission as an innovative EU-level tool for measuring the formal part of the economy. The annual National Centre Business to the rules awards are presented to institutions and media that contributed to the fight against and prevention of the informal economy;
- ▶ BICA also prepared proposals for legislative changes - 51 measures to combat undeclared employment. Among the main ones are the development and introduction of a new mechanism for determining the minimum wage, changes in the social security liability of the employer and the worker, and the return of confidence in the pension insurance system;
- ▶ In addition, BICA developed 19 measures to strengthen the capacity and work of state enforcement institutions related to these processes;
- ▶ BICA participated in various initiatives of the civil sector, social partners and the state; for example, it was the main partner of the National Revenue Agency in its "Money in an envelope" campaign, a partner of the Labour Inspectorate in the campaign "Declare Employment", etc.;
- ▶ Nine training packages with programmes in the field of labour and social security relations and new forms of employment were developed by the experts of the National Centre, intended to be used mainly by workers, although they could also be utilised by company HR specialists;
- ▶ A unified Handbook of good practices in the field of corporate social responsibility (CSR) was also produced, containing international and European practices gathered from different economy sectors and enterprises.^{xii}

Lessons learnt and success factors

The practice has contributed to a reduction in the informal economy and undeclared work, raising the composite index from 63.35 to 78.40 points in the period 2010-21.^{xiii} The Public Council has become a forum for the exchange of ideas and measures to combat the informal economy and undeclared work. In the next four years (2024-2027), BICA will develop tools and models to address digital and green transition changes.

Transferability

The practice is replicable in other Member States and sectors by engaging all stakeholders and creating sustainable models according to their national specificities. BICA is ready to pool its experience and provide assistance (e.g. through the exchange of good practices, twinning projects, etc.).

Further information

Contact

Rossitsa Stelyianova, Director Programmes and Projects, BICA

E-mail: steliros@gmail.com

Useful sources and resources

National Centre Business to the rules website:

<https://www.ikonomikanasvetlo.bg/index.php?section=INT&aid=88&lang>

Composite index Business to the rules and the Sub-Index Employment to the rules:

<https://www.ikonomikanasvetlo.bg/index.php>

National Competition for the 2023 Business to the rules Award Nominations:

<https://bica-bg.org/file/570/Nominacii-InaS-2024.pdf>

Bulgarian Industrial Capital Association, AIKB/BICA website:

<https://bica-bg.org/en/>

ⁱ The Project "Restriction and Prevention of the Informal Economy", was carried out by the Bulgarian Industrial Capital Association, with the financial support of the Operational Programme "Development of Human Resources" 2007-2013, co-financed by the European Social Fund of the European Union and the Republic of Bulgaria, under contract BG051PO001-2.1.05. See AIKB ([www.ikonomikanasvetlo-bg.translate.goog](http://www.ikonomikanasvetlo.bg.translate.goog))

ⁱⁱ White Paper of Corporate Social Responsibility. Available at: <https://blackseacaspia.eu/bg/library/byala-kniga-na-dobrite-kso-praktiki>

ⁱⁱⁱ See <https://www.bta.bg/bg/news/economy/641640-nestabilnostta-i-krizite-se-otrazyavat-i-na-izsvetlyavaneto-na-ikonomikata-zaya>

^{iv} See <https://bica--bg-org.translate.goog/en/15/business-to-the-rules.htm? x tr sl=bg& x tr tl=en& x tr hl=en& x tr pto=sc>

^v Developed as part of the activities of Project BG05M90P001-1.051-0001 "Improving access to employment and the quality of jobs by limiting and preventing undeclared employment". For more information see powerpoint presentation (in Bulgarian) at https://view-officeapps-live-com.translate.goog/op/view.aspx?src=https://marinesupport.biz/aikb/advice_files/102-24-1613559719.pptx? x tr sch%3Dhttp%26 x tr sl%3Dauto%26 x tr tl%3Den%26 x tr hl%3Den%26 x tr pto%3Dwapp&wdOrigin=BROWSELINK& x tr sl=auto& x tr tl=en& x tr hl=en& x tr pto=wapp

^{vi} The National Centre Business to the Rules was created within the framework of the Project "Restriction and Prevention of the Informal Economy", carried out by the Bulgarian Industrial Capital



Association, with the financial support of the Operational Programme "Development of Human Resources" 2007-2013, co-financed by the European Social Fund of the European Union and the Republic of Bulgaria, under contract BG051PO001-2.1.05 and continues to function even after the completion of the project, as an integral component of the activities carried out by the Bulgarian Industrial Capital Association. For more on the National Centre Economy of Light, see <https://www-ikonomikanasvetlo->

[bg.translate.goog/index.php?section=INT&aid=95&subid=114&lang=&x_tr_sl=auto&x_tr_tl=en&x_tr_hl=en&x_tr_pto=wapp](https://www-ikonomikanasvetlo-bg.translate.goog/index.php?section=INT&aid=95&subid=114&lang=&x_tr_sl=auto&x_tr_tl=en&x_tr_hl=en&x_tr_pto=wapp). National Centre Business to the rules awards have been presented since 2013 and are the first recognition of its kind for achievements in the fight against the informal economy in Bulgaria – see [ПРОТОКОЛ ЗА ПРОВЕДЕНА СРЕЩА \(bica-bg.org\)](https://www.bica-bg.org)

^{vii} The Public Council for Limiting and Preventing the Informal Economy was established on November 13, 2009, in implementation of project BG 051P 0001 - 2.1.05 "Limiting and Preventing the Informal Economy". The leading principle in its formation is the partnership for carrying out consultations with the aim of better coordination and cooperation at the national level. For more information on the Public Council and its work, see [AIKB \(www-ikonomikanasvetlo-bg.translate.goog\)](http://www-ikonomikanasvetlo-bg.translate.goog)

and [https://bica--bg-org.translate.goog/en/21/about-bica.htm? x_tr_sl=bg& x_tr_tl=en& x_tr_hl=en& x_tr_pto=sc](https://bica--bg-org.translate.goog/en/21/about-bica.htm?x_tr_sl=bg&x_tr_tl=en&x_tr_hl=en&x_tr_pto=sc)

^{viii} For the source of the following information, see <https://www.ikonomikanasvetlo.bg/index.php?section=INT&aid=89&lang=>

^{ix} White Paper of Corporate Social Responsibility. Available at: <https://blacksea-caspia.eu/bg/library/byala-kniga-na-dobrite-kso-praktiki>

^x See <https://www.ikonomikanasvetlo.bg/index.php?section=INT&aid=89&lang=>

^{xi} Data up to 2019 can be viewed here: <https://www.ikonomikanasvetlo.bg/index.php?section=INT&aid=95&subid=114&lang=> After that, the data remains unpublished.

^{xii} See <https://profesii.bg/wp-content/uploads/2017/05/%D0%95%D0%B4%D0%B8%D0%BD%D0%B5%D0%BD-%D0%BD%D0%B0%D1%80%D1%8A%D1%87%D0%BD%D0%B8%D0%BA-%D0%B7%D0%B0-%D0%B2%D1%8A%D0%B2%D0%B5%D0%B6%D0%B4%D0%B0%D0%BD%D0%B5-%D0%BD%D0%B0-%D0%9A%D0%A1%D0%9E-%D0%BF%D1%80%D0%B0%D0%BA%D1%82%D0%B8%D0%BA%D0%B8.pdf>

^{xiii} Composite Index, <https://www.ikonomikanasvetlo.bg/index.php?section=INT&aid=90&lang=>