




No Country for Shadow

An information campaign to reduce the shadow economy

Lithuania

	<p>Summary No Country for Shadow is an information campaign which raises public awareness about the scale of the shadow economy and its impact on the state and its citizens. The campaign also promotes understanding of how everyone can contribute to reducing the shadow economy.</p>
<p>Title of the practice in original language</p>	<p><i>Šioje šalyje nėra vietos šešėliui</i></p>
<p>Name(s) of authorities/bodies/organisations involved</p>	<ul style="list-style-type: none"> ▶ State Labour Inspectorate of the Republic of Lithuania (<i>Valstybinė darbo inspekcija, VDI</i>); ▶ White wave business initiative (<i>Baltoji banga</i>);ⁱ ▶ Investors Forum (voluntary, independent, and self-managed organisation); ▶ Ministry of Finance of the Republic of Lithuania (<i>Lietuvos Respublikos finansų ministerija</i>); ▶ State Tax Inspectorate of the Republic of Lithuania (<i>Valstybinė mokesčių inspekcija, VMI</i>); ▶ Financial Crime Investigation Service under the Ministry of Interior (<i>Finansinių nusikaltimų tyrimo tarnyba, FNTT</i>); ▶ Customs of the Republic of Lithuania (<i>Lietuvos Respublikos muitinė</i>); ▶ National Health Insurance Fund under the Ministry of Health (<i>Valstybinė ligonių kasa, VLK</i>); ▶ The Board of the State Social Insurance Fund under the Ministry of Social Security and Labour (<i>Valstybinio socialinio draudimo fondo valdyba prie Socialinės apsaugos ir darbo ministerijos, SODRA</i>); ▶ Employment services under the Ministry of Social Security and Labour (<i>Užimtumo tarnyba</i>); ▶ Junior Achievement Lithuania (<i>Lietuvos Junior Achievement, LJA</i>).
<p>Sectors</p>	<p>All</p>
<p>Target groups</p>	<ul style="list-style-type: none"> ▶ Employers and businesses (directly targeted); ▶ Employees (directly targeted);

	<ul style="list-style-type: none"> ▶ Government and state agencies and organisations, NGOs, youth organisations, and educational institutions (directly targeted); ▶ General public (directly targeted).
Purpose of measure	Changing attitudes: commitment to tax morality

	<p>Aims and objectives</p> <p>This information campaign raises public awareness about the scale of, and damage caused by, the shadow economy. It highlights issues such as loss of social security benefits, unfair competition, and reduced tax revenues. The campaign promotes understanding of how citizens can help reduce the problem, and gathers state, business, and society leaders together to try to work together on solutions.ⁱⁱ</p>
Background context	<ul style="list-style-type: none"> ▶ Lithuania faced significant challenges related to high levels of undeclared work and the informal economy, lack of awareness and compliance with tax and tax reporting regulations, and social implications; ▶ Citizens also tend to tolerate the shadow economy and in general do not associate their personal actions with state welfare;ⁱⁱⁱ ▶ The No Country for Shadow campaign was initiated and continues to be promoted by the Investors Forum association, and the transparent business initiative White wave.^{iv} The campaign was launched in 2012 in Vilnius and is ongoing at the time of writing, covering all regions in the country.
Key objectives of the measure	<p>General objective:</p> <ul style="list-style-type: none"> ▶ To address the shadow economy by raising awareness, promoting compliance, and enhancing coordination between regulatory bodies to ensure a more robust response to the problems of undeclared work. <p>Specific objectives:</p> <ul style="list-style-type: none"> ▶ To raise public awareness about the negative impacts of the shadow economy; ▶ To invite citizens to make changes in their daily choices influencing the scale of the shadow economy; ▶ To prevent further losses of revenue as a result of shadow economy operations while using recovered revenue to develop public services.
Main activities	<p>Activities that take place yearly prior to the start of the annual campaign include the following:</p> <ul style="list-style-type: none"> ▶ Meeting with the core partners to present ideas, agree on the agenda for the campaign for the current year, and confirm commitment to their actions;



- ▶ Inviting all possible partners to join the initiative (institutions, associations, businesses, etc);
- ▶ Registering all participants, communicating, and working on the agreed agenda and actions.

Campaign activities that take place include the following:

- ▶ Transparent business week during which participants interact with people in the streets and main squares of Lithuanian cities and hand out specially prepared brochures;
- ▶ Every year teachers of Economics in secondary level education settings hold a lesson or discussion about the shadow economy with their students;
- ▶ Every year a supporting initiative and/or action takes place during the transparent business week. For example:
 - ▶ In 2016 a huge maze was built in the capital centre to send a positive message: find the exit to the maze by choosing the right decisions on fair tax payment;
 - ▶ In 2017 an interactive game for the youth in Vilnius city centre took place called “Go transparent way”;
 - ▶ In 2018 an event called ‘white coffee’ was held, which included discussions between the Minister of Finance and businesses who are compliant with regulations. White wave also organised visits for the Minister and various partners in the campaign to selected companies to thank the companies for their efforts in the fight against the shadow economy;
 - ▶ In 2019 a pantomime performance took place by actors hired by the tax inspectorate at the opening of the campaign to illustrate the effects of the shadow economy;
 - ▶ In 2020 an online conference took place to discuss the impact of the COVID-19 pandemic on the shadow economy, and related issues;
 - ▶ In 2021 special badges or stickers were made and shared by companies with their clients displaying the message “Improve your business transparency”;
 - ▶ In 2022 the focus of the week was the impact of undeclared work on young people, with many different events taking place including an event involving a discussion between the Prime Minister and Vilnius University and youth organisations;
 - ▶ In 2023 a White Coffee event called “How can there be more transparency?” featured a discussion by a representative of the State Tax Inspectorate on the shadow economy in Lithuania and on ideas for promoting business transparency.^v
 - ▶ In 2024 an open exhibition in the main square in Vilnius took place to exhibit artifacts of the shadow economy (e.g. a contraband pack of cigarettes, money in an envelope, a hiding

	place for contraband alcohol, a counterfeit product, and others, with a detailed explanation of the facts behind each item such as figures for unpaid taxes, etc.).
▶ Funding/organisational resources	▶ The White wave collective action initiative funds the campaign based on their membership fees.

	<p>Outcomes The campaign effectively raised public awareness about the negative impacts of undeclared work and the importance of tax compliance through various media channels, including TV, radio, and online platforms.</p>
<p>Achievement of objectives</p>	<ul style="list-style-type: none"> ▶ The campaign has contributed to raising public awareness about the negative impacts of undeclared work, developed educational materials for employers and employees, enhanced cooperation between the Tax Inspectorate and stakeholders, supported regulatory changes for compliance, increased inspections and audits, engaged the public through interactive tools, and focused on high-risk sectors like construction, retail, and services to improve compliance and reduce the shadow economy;^{vi} ▶ No evaluation of the practice has been carried out. However, organisers conduct regular surveys to gauge public opinion and awareness on various issues.^{vii} For example, the 2024 survey revealed that in 2024 29 % of respondents reported knowing someone who worked illegally or received an undeclared salary in the past 12 months. This is a decrease from 37 % in 2023 and 40 % in 2021.^{viii}
<p>Lessons learnt and success factors</p>	<p>The campaign activities considered to be the most successful had the following characteristics:</p> <ul style="list-style-type: none"> ▶ Activities that were simple, playful, short, interactive; ▶ Activities that included a positive message; ▶ Activities that illustrated the value of the shadow economy in monetary terms, and demonstrated with exact figures how this lost revenue could otherwise be spent on new public schools, increases in the state pension, etc.; ▶ Activities that provided practical information on how businesses and citizens can make changes to reduce the shadow economy.
<p>Transferability</p>	<p>This measure is transferable to other Member States. The aspects of the practice that could be easily transferred to other contexts include, for example, building a network with important partners (e.g. CEOs, government ministries etc.), sharing simple and concrete messages with the public concerning the impact of</p>

	the shadow economy and practical ways to help with reducing it, dedicating an entire week during the year to different actions focused on the same topic etc. In 2016 and 2017 an experiment with transferability of the action took place in Ukraine, when members of the Ukrainian Tax Payers Association distributed leaflets about shadow economy on the streets of Kiev.
Further information	
Contact	Ieva Lapeikienė, Head of the White wave (<i>Baltoji banga</i>) collective action initiative E-mail: ieva@baltojibanga.lt
Useful sources and resources	No Country for Shadow campaign website https://baltojibanga.lt/pries-seseli/

ⁱ *The White Wave Business Initiative (Baltoji banga) is a Lithuanian collective action initiative that promotes business integrity, transparency, and ethical practices, uniting 80 companies committed to responsible and transparent operations. In addition, the White wave label recognises companies in Lithuania that adhere to high standards of transparency and ethical business practices, helping consumers identify trustworthy businesses. Companies who join the initiative are evaluated by the partners to the initiative – the Tax Inspectorate of the Republic of Lithuania, State Investigation Service of the republic of Lithuania, State Labour Inspectorate, Credit Bureau "CreditInfo". For more information, see <https://baltojibanga.lt/en/>*

ⁱⁱ [Baltojibanga | There is no place for shadow in this country](#)

ⁱⁱⁱ Impressions garnered by the campaign team from speaking and interacting with citizens during the first edition of the campaign.

^{iv} LPT public broadcaster, (2021), *The annual campaign "There is no place for a shadow in this country" is launched in Lithuania under the auspices of Grybauskaitė, 24 May 2021. See [The annual campaign "There is no place for a shadow in this country" is launched in Lithuania under the auspices of Grybauskaitė - LRT](#). See also [White wave | About the Initiative \(baltojibanga-lt.translate.goog\)](#)*

^v *There is no place for shadow in this country – 2023 Campaign. For more information see, [Baltojibanga | 2023 campaign "There is no place for shadow in this country"](#)*

^{vi} [White wave | Past events \(baltojibanga-lt.translate.goog\)](#)

^{vii} [White Wave | Research](#)

^{viii} *Opinion of Lithuanian residents on business transparency. A representative public opinion survey was conducted in April 2023 by the research company 'Norstat' on behalf of 'Baltosios bangos'. 1 000 Lithuanian residents were surveyed." See <https://baltojibanga.lt/tyrimai/>*