

Addressing holiday allowance frauds in the construction sector: outreach work and cooperation with key stakeholders

Germany

GENERAL INFORMATION	
Name of the organisation	PECO-Institute e.V.
Type of organisation	Civil Society Organisation (NGO)
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Member State	Germany
GOOD PRACTICE - GENERAL INFORMATION	
Title of the good practice	Addressing holiday allowance frauds in the construction sector: outreach work and cooperation with key stakeholders
Topic of the good practice	Preventing social security fraud
Geographical focus	Regional
Duration	03/2021 - 12/2022
Summary of the good practice	During the project, the staff from PECO-Institut e.V. reached out to mobile workers from Romania, active in the construction sector in the region of Frankfurt, in order to gather information about possible fraud cases related to holiday allowances in the companies they work for. When cases of fraud emerged, the staff from PECO-Institut e.V supported the workers in the communication with the labour unions and other civil actors.
OBJECTIVES AND ACTIVITIES	
Background/context	► The construction sector is widely known to be particularly susceptible to unlawful practices. In

Germany, instances of wrongdoing are notably common among subcontractors, regardless of whether they are posting or local companies. These subcontractors heavily rely on mobile workers, who make up most of their workforce, and unfortunately, these workers are often targeted by fraudulent activities. Amidst these concerns, there is a type of fraud that has not received much attention before, and it is related to holiday allowances.

- ▶ Construction workers from Eastern Europe often live and work in precarious conditions in the Rhine-Main area. They come to Germany to work and earn money and, due to their poor language skills, quickly find themselves in strong relationships of dependency with people who take advantage of this situation. They are often the ones who risk the most in the construction value chain.
- ▶ In the German construction sector, holiday allowances are managed centrally by the Social Fund of the Construction Industry (SOKA BAU), which collects these funds. This centralised system is designed to manage holiday funds effectively, especially since construction workers frequently change employers. When a worker is about to take a holiday, the corresponding funds are sent to companies by the SOKA BAU. Companies are then responsible for passing on the due payment to the worker. The holiday allowance accumulates over a maximum of two years. If the full entitlement of 30 days' holiday is not used during this time, any remaining amount is transferred directly to the worker's bank account by SOKA BAU, on application of the employer.
- ▶ In many cases subcontractors engage in fraudulent practices by falsely reporting holidays that never took place, effectively taking away workers' holiday allowances illegally. This fraud often goes unnoticed initially, primarily because many mobile workers cannot understand German payslips and are unfamiliar with the complexities surrounding their right to paid holiday.

	<p>As a result, some workers mistakenly expect to receive their entitled holiday allowance directly from SOKA BAU in the third year but notice that there is no more money left in their holiday account.</p>
<p>Objectives</p>	<p>General Objective:</p> <ul style="list-style-type: none"> ▶ Reduce the occurrence of fraud in relation to mobile workers' holiday allowances and improve their situation in the long-term <p>Specific Objectives:</p> <ul style="list-style-type: none"> ▶ Detect fraud cases and document the extent of frauds related to holiday allowance. ▶ Support the mobile workers that are victims of fraud in relation to holiday allowances.
<p>Main activities</p>	<ul style="list-style-type: none"> ▶ The PECO-Institute conducted an extensive analysis of hundreds of payslips as part of their outreach efforts within mobile workers' residential complexes in Frankfurt am Main. The aim was to detect counterfeit payslips. ▶ The PECO-Institute established a dedicated focus group comprising representatives from Fair Mobility, IG Bauen-Agrar-Umwelt (IG BAU), SOKA BAU, Arbeit und Leben¹, and the European Migrant Workers' Union. This group convened regularly in 2021, in partial or full attendance, (approximately once a month) to deliberate on strategies to address fraud related to holiday allowances. The frequency of meetings reduced in 2022. ▶ In June 2022, a three-days seminar was organised to train a group of 10 labour law counsellors. These counsellors were intended to serve as "multipliers," disseminating knowledge about the issue of holiday allowance and about the role and functionality of SOKA BAU.

¹ Arbeit und Leben is a non-governmental organisation.

	<ul style="list-style-type: none"> ▶ An information campaign on the right to paid holiday allowance was launched. Outreach work was carried out in accommodation complexes for mobile workers and in meeting places (e.g. pubs, parks) and on construction sites during lunch breaks. This was accompanied by the creation of posts on social media (mainly Facebook) and the distribution of flyers containing information about the holiday allowances system of the SOKA BAU in Romanian, Croatian, and Serbian languages. These flyers were circulated within mobile workers' accommodations and on construction sites. QR codes on the flyers provided digital access to useful websites. ▶ Two online live-streamed events focusing on holiday allowances were held on a self-organised Romanian workers' group's Facebook page, each attracting over 1 000 views. During these events, experts from IG BAU addressed pre-gathered questions from the Facebook page as well as live inquiries. ▶ Collaboration with journalists from a prominent German newspaper led to the coverage of three well-documented cases in the national media.
<p>Did you previously provide information about this particular good practice under the European Platform tackling undeclared work?</p>	<p>No</p>
<p>Funding/organisational resources</p>	<p>The project carried out in Frankfurt was self-funded by the PECO-Institute for one year.</p> <p>Then the project was partly replicated in Bavaria, where it obtained funding at a regional level from the 'Foundation of Bavarian construction industry'.</p>
<p>PARTICIPATION</p>	
<p>Stakeholders involved</p>	<ul style="list-style-type: none"> ▶ Fair Mobility ▶ The labour union 'IG BAU'

	<ul style="list-style-type: none"> ▶ SOKA BAU ▶ Arbeit und Leben ▶ the European Migrant Workers' Union
Target groups	Mobile workers active in the construction sector
Final beneficiaries	The practice successfully reached approximately 500 mobile workers within the Frankfurt region and Bavaria.
GOOD PRACTICE CRITERIA	
Achievements/ Results and outcomes (Alignment of good practice with the priorities of the Call (if not applicable, alignment with the field of EU labour mobility))	<ul style="list-style-type: none"> ▶ Through the outreach initiatives conducted within mobile workers' residential complexes, a comprehensive analysis of more than 500 payslips was conducted. ▶ The examination unveiled instances of fraud concerning holiday allowances. These cases were identified as a prevalent issue, affecting 33 out of the 37 scrutinised German subcontractors and 1 out of 3 posting companies. ▶ The analysis conducted by the PECO-Institute garnered the attention of social partners and various civil society organisations, sparking their interest in this matter. This analysis subsequently initiated additional activities. For example, the Fair Mobility Network has taken the initiative to organise annual seminars focusing on this subject for labour law counsellors. ▶ Moreover, this analysis had an empowering effect on a substantial group of self-organised workers, leading them to launch an online petition related to this topic in June 2023.
Recognition (has this good practice been recognised on regional, national or EU level)	N/A
Cost effectiveness (the degree to which the practice was successful in reaching objectives and producing clear and measurable outcomes at the lowest possible cost)	Engaging in outreach work within accommodations demands a significant investment of time and energy, yet it proves to be a cost-effective endeavour since multipliers were identified and trained, as well as workers and stakeholders. Furthermore, the approach of delivering

	<p>information via social media proved cost-effective since a broad audience within the target group could be reached with limited effort. This approach facilitates evidence-based data collection and promotes collaboration among stakeholders. Moreover, its adaptability makes it suitable for replication in various settings.</p>
<p>Transferability (how the experience from this practice could be transferred to other contexts i.e. what would another Member State/group/sector need to have or put in place for this measure to be successful in their country/group/sector)</p>	<p>For effective implementation of this practice in a different context or country, it is crucial to involve suitable staff members who possess both language skills for effective communication with mobile workers and a background in counselling. Additionally, it is essential to develop a comprehensive understanding of the target groups, encompassing factors such as working hours, interests, and other relevant aspects.</p> <p>The practice has already been replicated in Bavaria.</p> <p>Doing outreach work, identifying topics of concern among mobile workers and training mobile workers as well as other stakeholders while at the same time doubling the approach by means of social-media campaigns is a strategy that can easily be transferred to other sectors, such as the meat industry.</p>
<p>Sustainability (how the practice is sustainable from a social, financial or environmental perspective)</p>	<p>The approach is rooted in sustainable practices. For instance, the seminar conducted for labour law counsellors regarding holiday allowances generated a multiplier effect as participants subsequently shared this knowledge in their interactions with mobile workers throughout their daily routines. The information delivered via social media can still be seen online. Trained multipliers within the target group spread the information within the group.</p>
<p>Innovativeness (innovative features of the good practice)</p>	<p>The primary innovative aspect of this approach lies in its intention to engage mobile construction workers within their own environments, such as residential complexes or in open places frequented by workers such as pubs and supermarkets, employing a highly adaptable and flexible method. Thus, very accurate empirical evidence collected through this type of field work can be transferred to higher organizational and political levels.</p>

Digitalisation (Design, development and/or utilisation of digital tools, policies or plans for digitalisation, business processes and data digitalisation, data sharing digital initiatives, the use of digitalisation to facilitate the access to data in real time and detection of fraud and error, etc.)

The outreach activities use already-existing informal Facebook groups as a means of connecting with workers.