



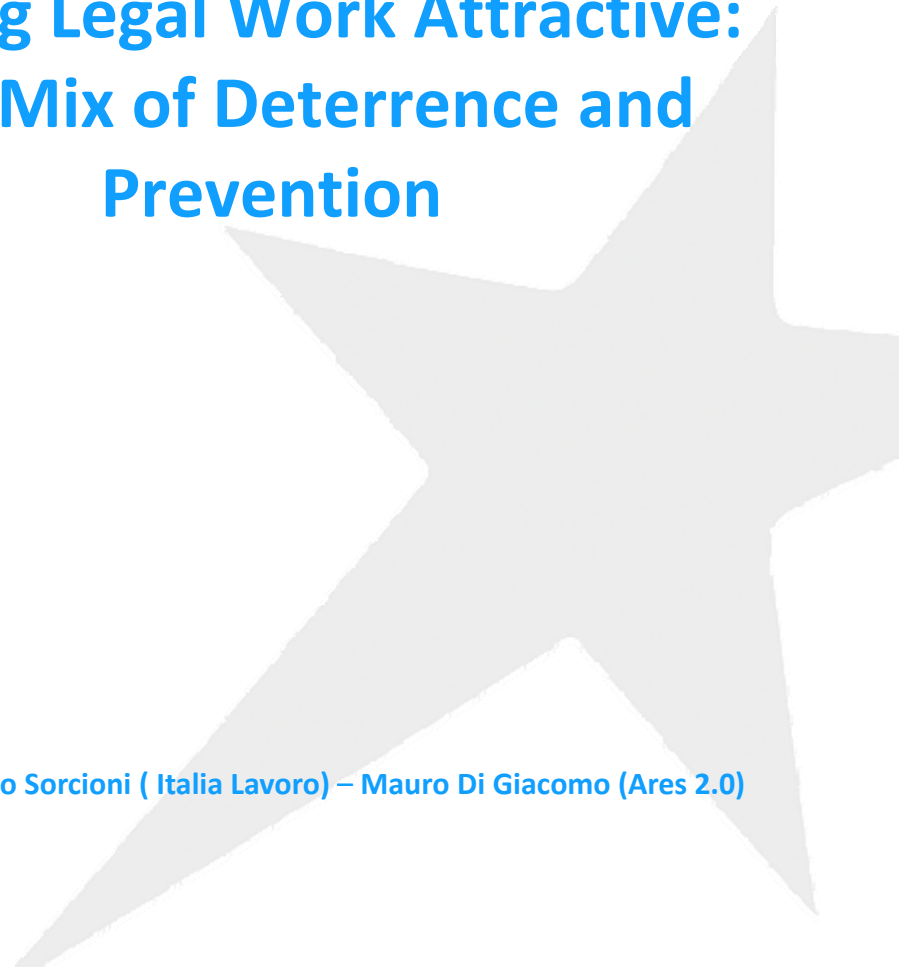
Implementing Cooperation
in a European Network
against Undeclared Work

Making Legal Work Attractive: The Mix of Deterrence and Prevention

Bruges, 17 Feb 2011



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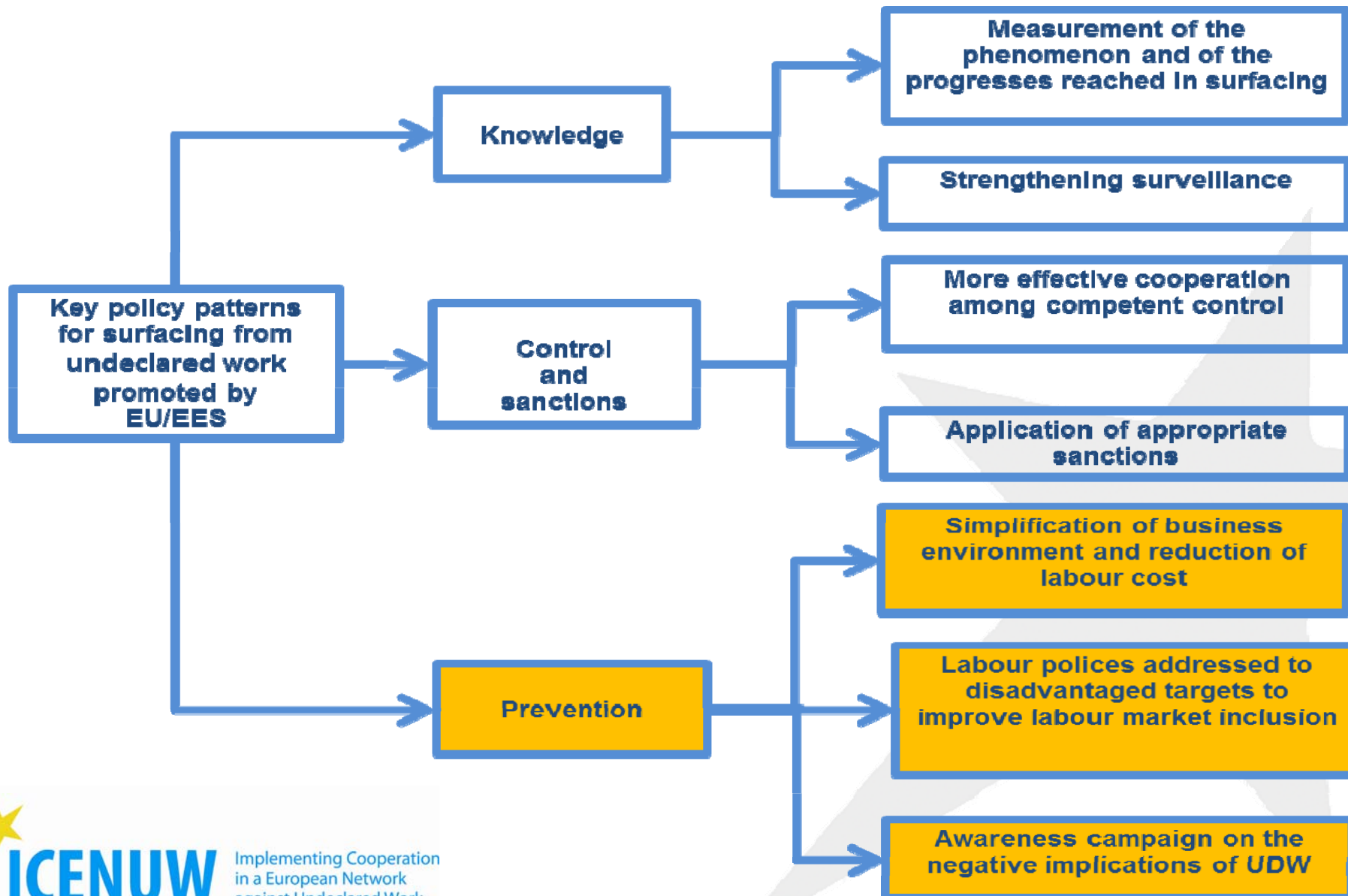
EU definition of Undeclared work

- «Any paid activities that are lawful as regards their nature but not declared to the public authorities, taking into account differences in the regulatory systems of Member States»
- **This definition excludes criminal activities and work which does not have to be declared - Communication from the Commission of 7 April 1998 Com (98) 219 final**

Intervention areas identified by EU/EES

- Cooperating to analyze common patterns of undeclared work in all MSs
- Developing a comprehensive approach including preventive actions and penalties
- Creating a legal and administrative framework enabling “declared” economy
- Increasing incentives and removing disincentives for surfacing black economy
- Strengthening inspections, also in cooperation with social partners
- Strengthening transnational cooperation between competent authorities in MSs
- Increasing social awareness

Key policy patterns promoted by EU/EES

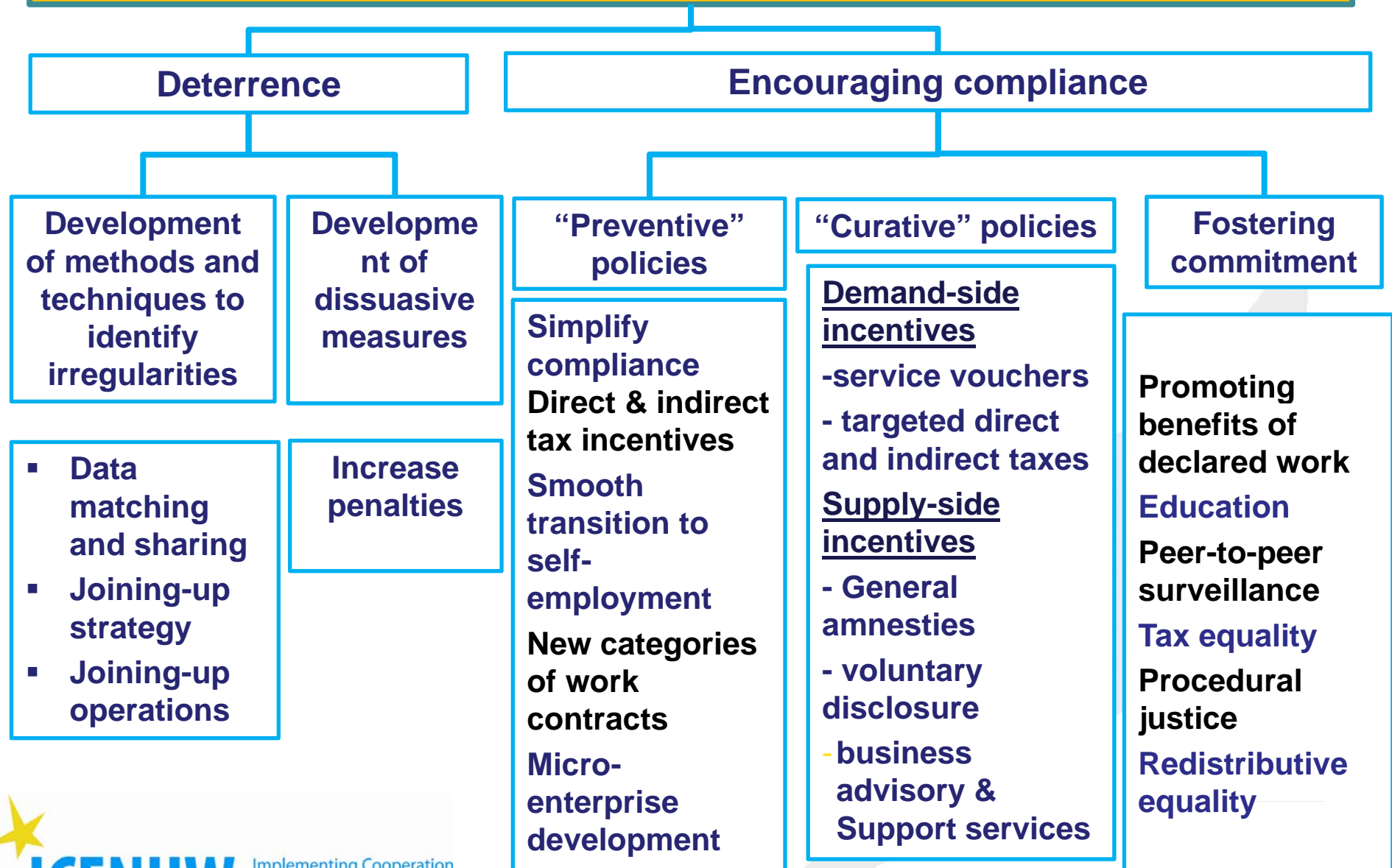


Classifications by Eurofound

In “Tackling undeclared work in the European Union” two broad policy approaches are identified:

1. **deterrence by improving detection or increasing penalties ;**
2. **encouraging compliance by preventing people from taking up undeclared work, enabling the regularization of previously undeclared work and changing attitudes**

Tackling undeclared work in the European Union



Same examples of good practices – Eurofound

Deterrence

Development of methods and techniques to identify irregularities

Belgium
DIMONA LIMOSA OASI

Spain
Development and improvement of labour inspection

France
Coordinated strategy against undeclared work

Development of dissuasive measures

Italy
Certification of labour compliance (DURC)

Sweden
Statutory staff registers in restaurants and hairdressers



Same examples of good practices – Eurofound

Encouraging compliance

Preventive policies

Poland
First Job' programme
(Programu aktywizacji
zawodowej
absolwentow)

**France , Italy,
Belgium**
CESU
Service vouchers
Lavoro Accessorio

Curative policies

Denmark
Home service scheme

United Kingdom
VAT Incentive Scheme

Italy
Regulations to
promote regular
employment

Poland
The 'First Business'
(Pierwszy biznes)

Awareness raising

Estonia
Information
campaign on
undeclared wages

Portugal
Campaign against
undeclared work in
hotels and
restaurants



ICENUW

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Overview of measures used to tackle undeclared work in EU27, by country, 2001–2005



Detection (17)
Preventive (19)
Curative (15)



Convergence of:

- **Approaches**
- **Methods**
- **Measures**

The questionnaire

- An overview of the answers received from 8 countries (out of the 12 network members to which the questionnaire was sent), confirms the convergence of the measures implemented by European inspection bodies and by the labour market governance institutions set up to tackle the problem of undeclared work.
- All of the countries provided a very wide set of measures. They appear to have taken on board the need to supplement deterrence and dissuasion strategies with all possible strategies that might promote compliant behaviour. These include preventive and even curative strategies, as well as awareness-raising initiatives.



Measures Overview

	BE	IT	E	RO	NO	BG	PL*	A
A) Deterrence measures								
<i>A.1) Development of detection methods</i>								
a) methods and techniques detecting irregularities	x	x			x	x		x
<i>A.2) Development of inspection practices</i>								
a) Data management and sharing among authorities	x	x	x	x	x	x	x	x
b) Dissuasive measures	x	x	x	x	x	x	x	x
c) Suspension of business activities in case of UNW		x				x		
d) Exacerbation of penalties	x	x	x		x	x	x	x

Measures Overview

B) Enabling compliance measures	BE	IT	E	RO	NO	BG	PL*	A
B1) Awareness policies/Changing attitudes								
a) Business advisory and support services;	x	x	x	x	x	x	x	x
b) Education	x				x		x	x
c) Awareness campaigns on consequences of UDW	x	x		x	x	x	x	x
d) Enforcement of Legislative Proposals	x				x		x	x
e) Activities to increase awareness of politicians	x							x
f) Online and telephone counseling	x			x		x		x
g) Media and social partners during inspections	x					x		x
h) Benefits promoting declared work	x				x			x

Measures Overview

B2) Preventative and curative measures	BE	IT	E	RO	NO	BG	PL*	A
a) Inspection warning	x	x	x		x		x**	x
b) Providing information and awareness on the inspections	x				x	x		x
c) Notification letters concerning discrepancies					x		x**	x
d) Black List								
e) Conciliation with employer to avoid inspections	x	x	x		x	x		x
f) Other (specify)		x						

Conclusions?

A) Increasing Our Knowledge

Our first recommendation must necessarily concern support for the development of the good practice database produced by the European Foundation for the Improvement of Working and Living Conditions with its “Tackling Undeclared Work” project.

B) Consolidating the Network

Consolidating the network of operators, and in particular of the various inspection bodies operating at the national level, is a second important area for the development of programmes and initiatives promoted by EU member states and by the Commission.

Conclusions?

D) Promoting Communication

Not all countries that took part in the survey combine the prevention of undeclared work with targeted information and communication campaigns. France, Germany and Denmark are the main countries to feature communication and information of a preventive nature.

E) Making Better Use of Information

One of the activities that see the biggest differences between European countries is the use of administrative sources as the main monitoring, control and intelligence instrument to improve inspection activity and knowledge of the phenomenon

C) Promoting Best Practice

A third sphere of discussion and comparison between partners is that of their experience. Each country has well-established measures that have produced interesting results, especially in the case of initiatives addressed to disadvantaged workers at greatest risk.



Conclusions?

Cross-checking of data from the various administrative archives makes it possible to:

1. guide inspection activity towards those actors for whom inconsistencies are discovered through analyses based on “irregularity risk maps” that can be used to support the inspectors in their work
2. provide the inspectors with an initial and immediate level of information on enterprises to enable them to follow the activities of economic actors who apparently show anomalies
3. use the process of integrating administrative sources as a deterrence instrument, by informing public opinion and enterprises of the potential that this process offers the inspectors in developing their activity





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Thank you

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Bruges, 17 Feb 2011



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