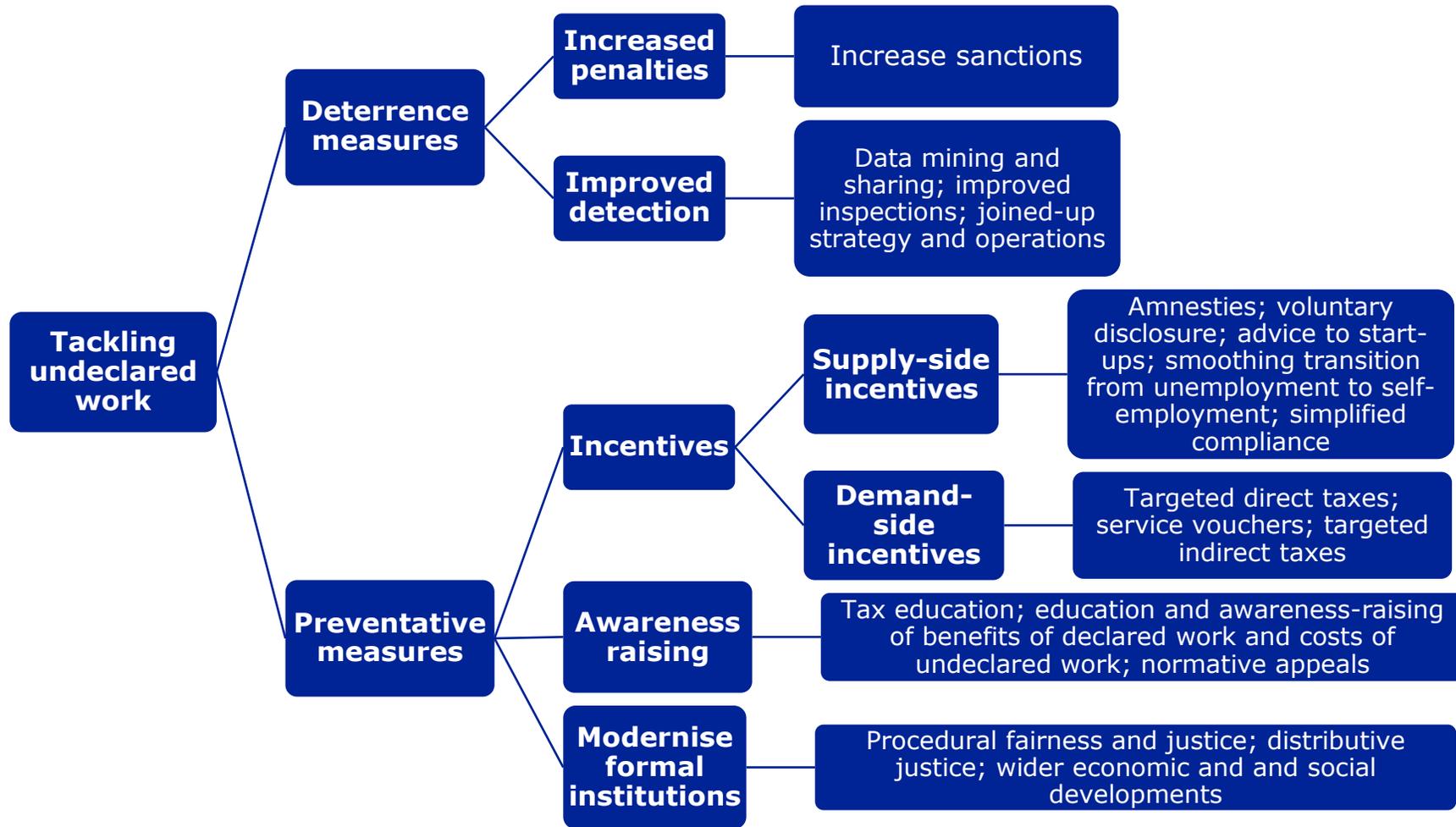
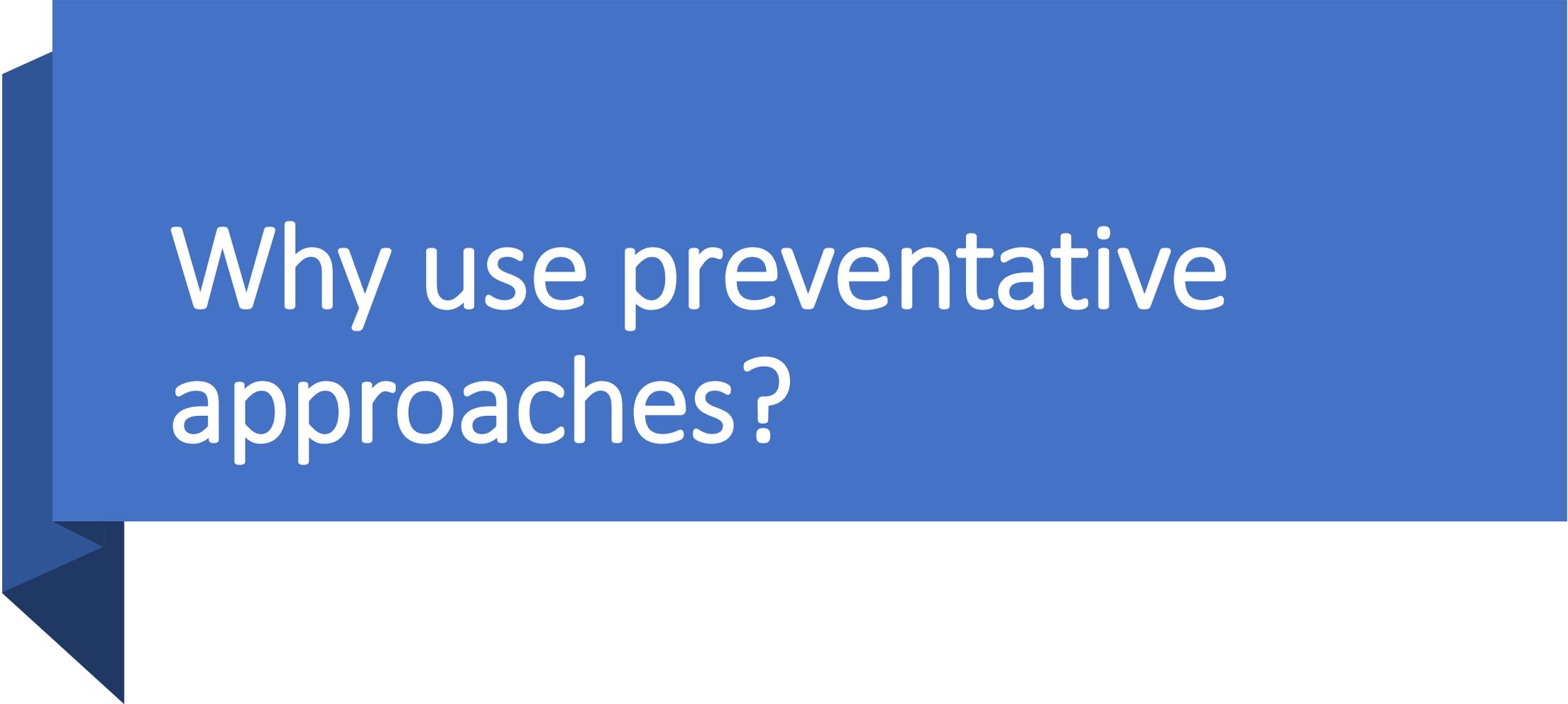
A blue callout box with a white border and a dark blue shadow, pointing to the left. The text inside is white and centered.

Preventative approaches to
tackle undeclared work:
overview and key issues

Contents

- Deterrence vs preventative approaches
- Why use preventative approaches?
- Types of preventative approach
- Commonality of preventative measures
- Questions



A blue speech bubble graphic with a white question. The bubble has a dark blue shadow on its left side, giving it a 3D effect. The text is centered within the bubble.

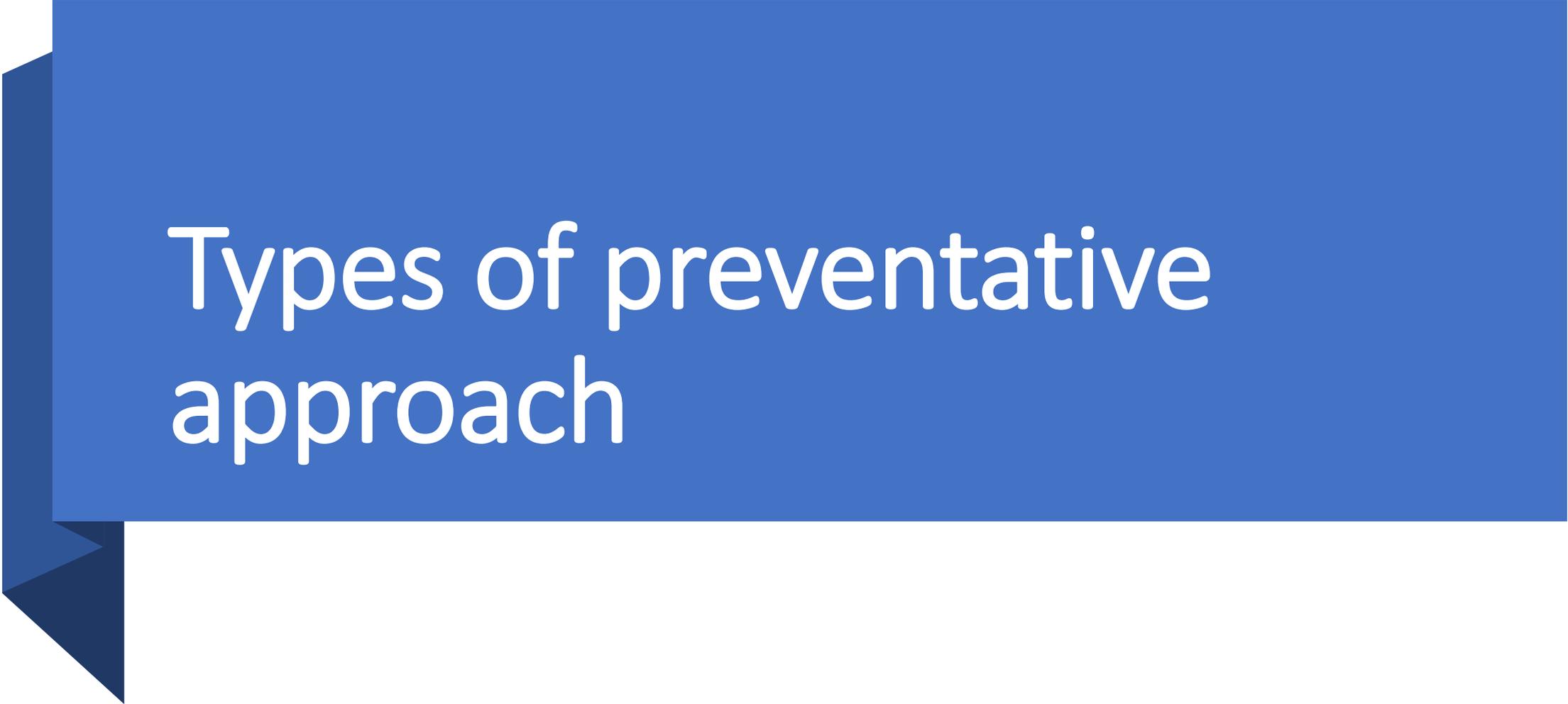
Why use preventative
approaches?

Rationales for preventative approaches

- Deterrence approach (i.e., detecting and punishing non-compliance) useful when focusing upon reducing undeclared work
- Deals with effects. Does not prevent it from happening. Neither does it enable shift of undeclared work into declared work
- When transforming undeclared work into declared work, need to combine deterrence and preventative approaches

Rationales for preventative (continued)

- Preventative approaches are also potentially cost effective compared with deterrence approach
- UK evaluation of HMRC (2006-07) [National Audit Office 2008]
 - Advertising campaigns: return of 19:1 on expenditure of £2 million
 - Deterrence: return of 4.5:1 on £41 million
 - Voluntary disclosure initiative: return of 67:1 on expenditure of £6 million

A blue ribbon graphic with a 3D effect, featuring a darker blue shadow on the left side. The ribbon is horizontal and contains white text.

Types of preventative approach

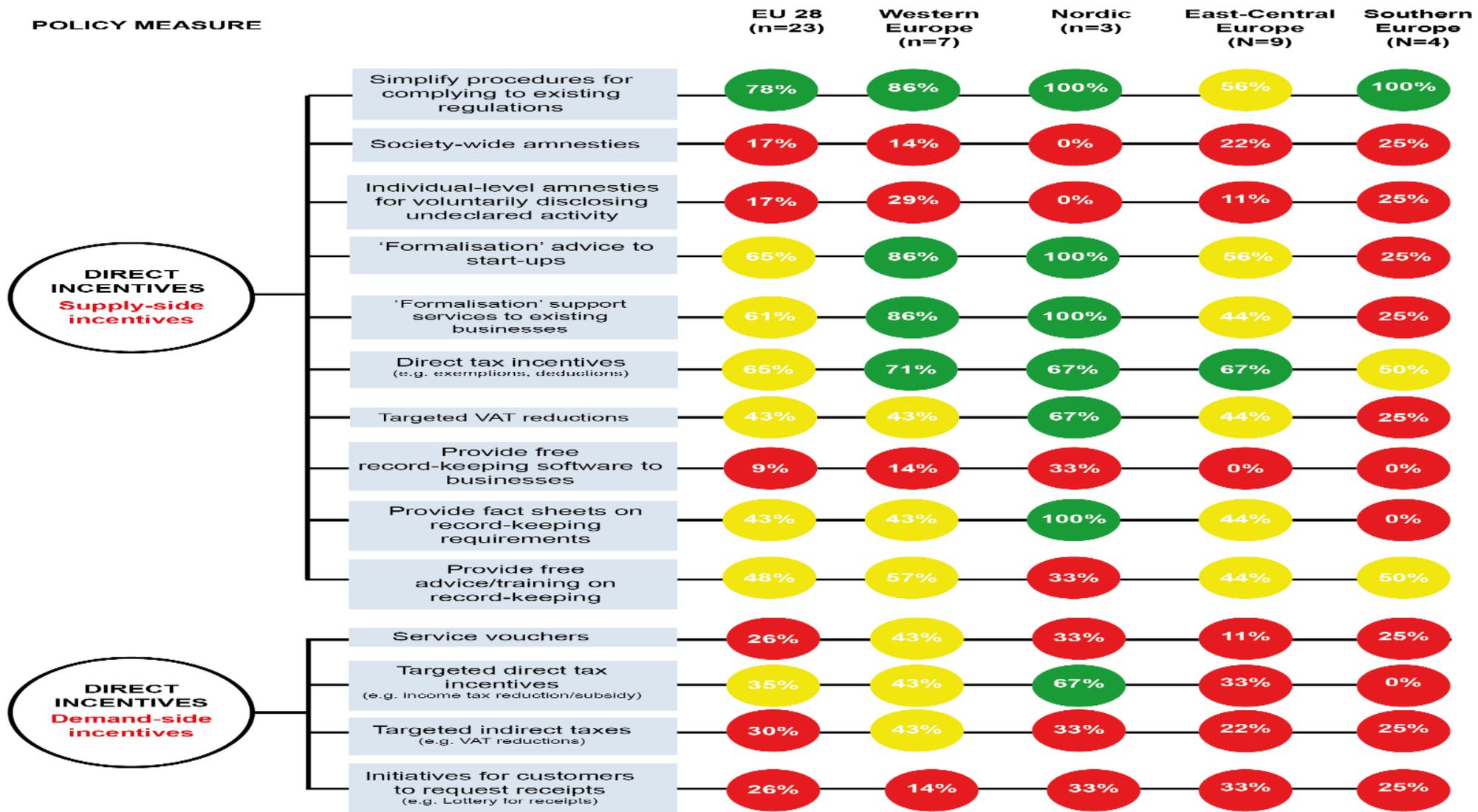
Types of preventative approach

- Incentives
 - Supply-side incentives
 - Demand-side incentives
- Awareness raising
- Modernise formal institutions

Detecting and punishing non-compliance heavily used



Improving benefits to alter cost/benefit ratio less used



Awareness raising and modernising formal institutions starting to be used



Key Workshop Question

What preventative measures have been implemented in Western Balkan economies that might be transferable to other contexts?