



**Copa - Geopa
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The Fight Against Informality

Feasible? Or Simply Desired?

INTRODUCTION

Informality at the work sector includes a multifaceted reality of the world of work, ranging from undeclared work to under declared work,

From bogus self employment to contributing family workers in the informal sector of enterprises.

INTRODUCTION

It also involves a number of employers who either violate the collective agreements or simply refuse to honor their obligations.

REASON

- * What are the reasons that make people fall into this grey area, which affects millions of workers and economic units around the world who are working and producing in conditions of informality, or violations of their collective agreements?**

FACT

- * According to the International Labour Organization, informal economy concerns as much as half the global labour force.**
- * In Cyprus the informal economy for 2012, has been estimated to be around 25.6% of the Gross Domestic Product.**

FACT

- * This, along with high unemployment, has undermined the collection of tax revenues and social security contributions. Moreover, low tax revenues induce higher corporate and labour taxation, which in turn pushes firms and individuals to exit the formal economy.**

FACT

- * This results into the further worsening of the fiscal position and limits the ability of the Government to stimulate investment, economic activity and job creation.**

A vicious circle indeed.

WHY?

So why, does it happen?

- * As far as employers are concerned, they gain more money through cheap workforce: Low salaries, many hours of work.**
- * As far as the employees are concerned, it is not by choice but as a consequence of :**

WHY?

- * **Lack of opportunities in the formal economy**
- * **Absence of other financial means to support self and / or family**

How did we reach this stage?

HOW?

- * **Employment of large numbers of EU and Third Country Nationals**
- * **Political Instability led to increased Migration Flows, increasing the numbers of people in search of ‘any job – any salary’**
- * **Lack of Effective Law Regulations**

CONSEQUENCES

- * Deprivation of employment and / or career advancement**
- * Improper 'employment' status such as lack of Social Security, health and safety, protection of rights, low salaries**
- * Loss of income to the Government**

MEASURES – In General

Measures need to be tailored to specific problems and circumstances that the various and different categories of enterprises or workers face.

MEASURES – National Level

At a National level:

- * 1. Simplification of Regulations and Procedures, as well as documents**
- * 2. Provide incentives to employers so they have a reason to stay ‘formal’**

MEASURES – National Level

- * 3. Take action so as to increase the State's capacity to ensure the standards are met, by making it stronger as an institution.**
- * 4. Increase control, follow up and penalties if required.**

MEASURES – National Level

- * **5. Further promotion of the Social dialogue**
- * **6. Promote information to workers and employers regarding the negatives of informal economy or the positives of collective agreements**

MEASURES – National Level

- * 7. Achieve inclusive development, create and preserve decent jobs, enhance productivity, support sustainable small and medium enterprises, achieve fair competition and fiscal consolidation.**

FINAL NOTE

ASK HELP FROM THE EUROPEAN FAMILY, OUR FAMILY

- * Cooperate, join forces, ask the more knowledgeable for expert help and advice, share experiences or success stories, exchange information and possible solutions to various relevant problems.**

**THIS IS A GLOBAL PROBLEM,
AND WE HAVE TO FIGHT IT TOGETHER**