

Workshop on the Non-Observed Economy for Central Asian Countries
25-27 April 2007
Bishkek, Kyrgyzstan



UN Development Account Project (ESCAP, 2006 -2009)
Interregional Cooperation on

Measurement of Informal Sector & Informal Employment

A presentation by
Margarita F Guerrero
ESCAP Regional Adviser on Statistics

1



(Obvious) Need ...

- Still very limited data on the informal sector ...
 - *What is the informal sector's contribution to economic growth?*
 - *How is this changing or evolving?*
- Where data is, or becomes, available ...
 - *How are these being analyzed?*
 - *... and made available for policy use?*
 - *How to make these internationally comparable?*

2



New Data Collections?

- Labour Force Surveys
 - *Sri Lanka*
 - *Mongolia*
- Pilot surveys
 - *Malaysia*
- Economic census
 - *Indonesia*

3



Consequences: Policy

- What policies?
 - *Employment generation policies– e.g., gender issues*
 - *Industrial policies– e.g., support SMEs? Why? How?*
 - *Social policies– e.g., poverty reduction*
- What information?
 - *Who works where, and why?*
 - *Differentials– Formal/Informal employment– earnings and working conditions; social protection arrangements*
 - *Use of technology, access to credit, markets, training*

4



Project Objectives

- **Improve availability** of informal sector and informal employment data
 - *Employment*
 - *Characteristics*
 - *Contribution to total GDP*

as a prerequisite to ...
- **Promoting evidence-based policies** at national and international levels

5



Project Strategy— Engaging Partners

- *As co-implementors*
 - *Regional Commissions of the United Nations (ESCAP, ESCWA, ECLAC, ECA)*
- *As resource group* on methods
 - *UN DESA, UNECE, ILO, UNIFEM, WIEGO, Delhi Group*
 - *Selected country pilot studies on data collection and estimation*

6



Project Strategy— Integration

- Ensure **consistency**
 - *With official data sources at national level*
 - *With international standards*
- In **coordination** with national and global statistical initiatives

7



Project Strategy— Activities

- **Advocacy** workshops in countries
- Development of methods and guidelines
 - *Data collection (pilots, surveys)*
 - *Estimation and analysis (country and regional reports)*
 - *Dissemination*
- Capacity building in statistics
 - *Training courses and advisory missions*
- Knowledge management
 - *Production of training materials*
 - *Dissemination of best practices*

8



Technical Developments

- *Unifying data collection strategy*
- *Proposed data collection method*
 - *Minimum data set*

9



Unifying data collection strategy on the informal sector

- *Cover all household unincorporated enterprises*
 - *Collect information on these production units*
- *Identify informal sector enterprises from among these production units on the basis of their characteristics*

10



Required Characteristics

- Coherent with 15th ICLS definition of the informal sector and employment in the informal sector
- Coherent with recommendations of 3rd Delhi Group Meeting on international comparability
- Independent from national circumstances yet ...
 - *Encompasses national definitions*
- Independent from data collection tool

11



Starting point ...

- Household sector →
 - *Unincorporated enterprises* →
 - Engaged, at least partially, in market production
- → Three essential criteria:
 - *Legal organization*
 - *Book-keeping practice*
 - *Product destination*

12



Identifying Criteria

- Legal organization
 - *Production units that are not constituted as separate legal entities independently of their owners*
- Book-keeping practice
 - *Production units that do not keep a complete set of accounts*
 - No separation of production activities of the enterprise from that of its owner
- Product destination
 - *At least some of the products are sold in the market*

13



Identifying Characteristics of Informal Sector Enterprises

- Form of registration
- Size
 - *Number engaged*
 - *Number employed on 'continuous' basis*
- Industry
- Whether in urban or rural location
- Place of work
- Production characteristics

14



Data collection method

- *Proposed method for Project*

15



Optimal Conditions

- Utilize existing data collection vehicles
 - *Introduce modifications*
 - Inclusion of data items for household unincorporated enterprise characteristics and informal employment
 - Survey design
 - *To account for seasonality*
 - *Survey operations– data collection on employment and on enterprises*
 - Sample design considerations for enterprise units
- Integrate modifications into regular data collection system

16



"1-2-" Approach: Basic Idea

Data is collected in two phases

- First phase—
 - *Collect data on employment, including informal employment*
 - *Identify household unincorporated enterprises (frame construction)*
- Second phase—
 - *Collect data on household unincorporated enterprises*

17



"1-2-" Approach: Survey Design

- First phase—
 - *Use labour force survey (LFS) as base hh survey*
 - *Integrate questions in LFS to collect data on informal employment*
 - *Integrate questions in LFS to identify household unincorporated enterprises*
- Second phase—
 - *Conduct enterprise survey*

18



Minimum Data Set

- *Employment & socio-economic analysis*
 - *For national accounting purposes*

19



Informal Sector & Informal Employment

- **Employed—**
 - *Demographic information*
 - *Characteristics of employment*
- **Socio-economic analysis**
 - *Characteristics of informal sector operator*
 - *Characteristics of production unit*

20



National Accounts

- Production account
 - *Type, quantity and value of output sold*
 - *Frequency of operation, duration of operation*
- Generation of income account
 - *Frequency and duration of work*
- Capital and financial account
 - *Type, quantity and value of purchases and sales of equipment*
 - *Loans and loan repayments*

21



In Summary

- We talked about—
 - *Issues being addressed by project*
 - *Project approaches and strategies*
 - *Methodological approaches*
 - ***What can be learned from your experiences?***

22