



# SNA Chapter on the Informal Sector: A Progress Report

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## Plan of the presentation

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- Motivation for a chapter about the informal sector (IS)
- Outline of the chapter as of January 2006
- Developments since the outline
- The chapter: a work in progress
- Next steps

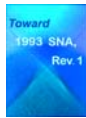


## Motivation for a chapter

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- *1993 SNA*
  - Provided little more than an extract from the new ILO definition
  - Research agenda noted need for continued collaboration with ILO
- Continued calls for guidance given the importance of the IS in many countries
- Practical experience, e.g., in adapting survey methods, and conceptual progress

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## Time out: 1993 ILO definition

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- Set up in terms of household enterprises (thus, enterprises that are unincorporated and do not have a complete set of accounts)
- IS enterprises: a subset of household enterprises
  - That sell most or all of their products on the market and
  - That meet size and/or registration criteria
    - For own-account enterprises: all or those not registered
    - For employers: those that are small in size or not registered
- More recommendations on scope of surveys
- ILO sees no reason to change this definition

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## Motivation for a chapter (cont'd)

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- Need for various clarifications
  - How well does the ILO definition fit into the SNA? How well do ILO terms match SNA terms?
  - Various confusing differences
    - Different uses of “informal sector”—strict ILO and some others
    - Related concepts with some not-so-clear boundaries

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## New chapter in SNA

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- Place of such a chapter: one of several chapters that feature interpretation and extensions of the accounts
- Mechanics
  - Targeted to be ready for Statistical Commission in early 2009
  - Drafted by Project Manager (in cooperation with UNSD)

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## New chapter in SNA (cont'd)

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- Outline (annex to January 2006 paper at <http://unstats.un.org/unsd/sna1993/description.asp?ID=31> )
  - Introduction: purpose, not the typical SNA chapter
  - IS: Broad statistical perspective
  - Definitions
    - ILO on IS (1993)
    - Work of the Expert Group on Informal Sector Statistics (Delhi Group, from 1997)
    - ILO on complementary definition of informal employment (2003)
  - IS distinguished from other concepts (illegal, underground, production for own final use, non-observed, informal economy)
  - Measurement

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## Developments

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- The Delhi Group meeting in May 2006
  - Welcomed the idea of a chapter and outline
  - Encouraged collaboration with team working on the ILO-India Manual on *Surveys of the Informal Sector and Informal Employment*
- Preparatory work for the Development Account Project: review of definitions of the IS for 52 countries in the ILO database showed the diversity

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## Developments (cont'd)

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- Statistical Commission, 2007: decision for the national accounts item had two references to the informal sector, including...
  - “Requested the ISWGNA to act on the concerns raised by the Commission to support countries in establishing a basic data collection strategy for the implementation of the SNA, **the integration of the informal sector in the national accounts** and the need for capacity building to implement the strategy and recommendations.”

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## Chapter: “work in progress”

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- So far:
  - Section on definitions is well along
    - Box with different uses of the term “informal sector”
    - ILO definition of IS: testing a decision tree approach to go from SNA concept to ILO
  - Section on related concepts is well along; it draws heavy on *NOE Handbook*

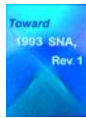
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## Chapter: "... in progress" (cont'd)

- Question: "international comparability"
    - ILO (1993) definition provided flexibility; as the first international recommendation, it had to provide room for gaining experience
    - Delhi Group (1999): agencies should publish:
      - IS according to national definitions **and**
      - Subset of IS that can be measured uniformly across countries
        - All use criteria of legal organization, no accounts, and at least some market products
        - For size and registration criteria, breakdowns to facilitate comparison
- But this never was widely accepted

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## Chapter: "... in progress" (cont'd)

- Question: "international comparability" (cont'd)
  - Development Account Project looked for a common working definition, but not find one
  - What can the chapter say?
    - IS is a concept that is so tied to national circumstances that internationally comparable estimates are not realistic?
    - push the envelope to look for comparabilities at the regional level?
    - Other?

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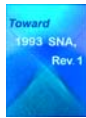


## Chapter: "... in progress" (cont'd)

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- Other questions to be resolved: this workshop may help decide
  - Emphasis: on the IS...
    - as a stand-alone, policy-related concept to be measured **or**
    - as a (perhaps not identifiable) part of the effort to achieve exhaustive measurement of GDP
  - Related: emphasis in measurement on...
    - a special survey of the informal sector (probably a mixed household-enterprise survey) **or**
    - labor input matrix

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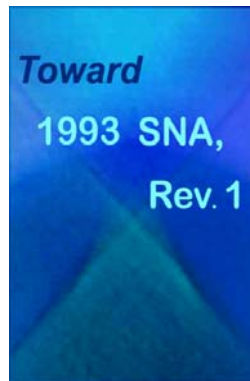
## Next steps

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- Leading to a draft chapter
  - Discussions such as here
  - Continued dialog with team working on the ILO-India *Manual on Surveys...*
  - Delhi Group meeting in October 2007
- Review as part of the regular SNA process

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Thank you



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