

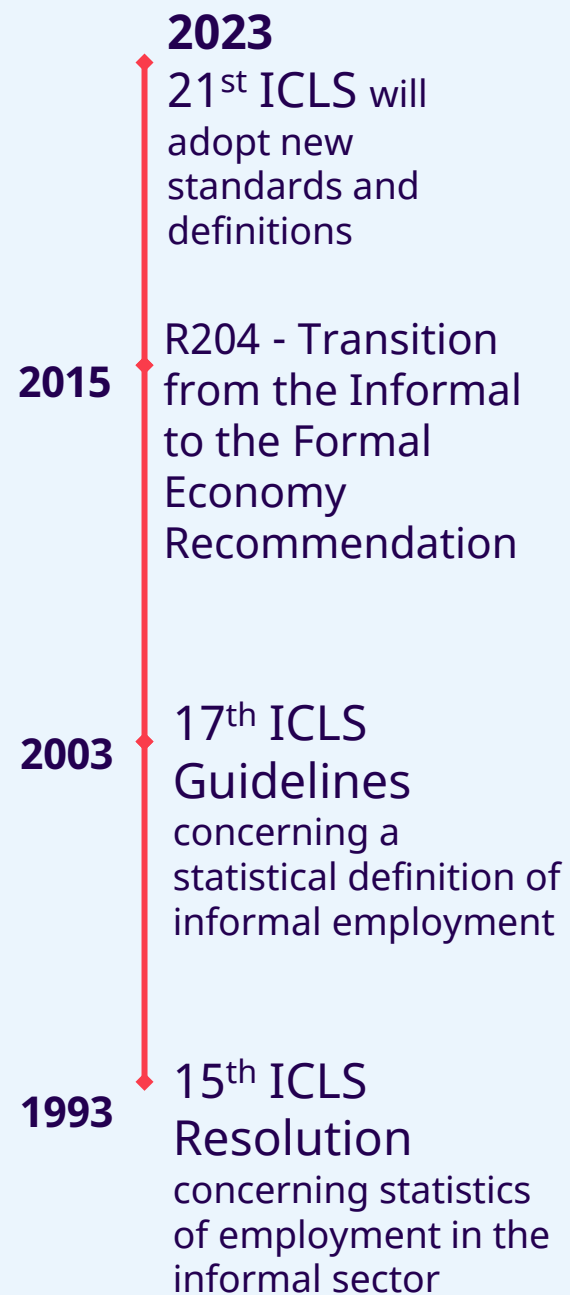
# ► Statistical Standards on the Informal economy

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## The current statistical standards

### Evolving statistical standards for measuring informality



## Background to the revision:

### Changes in statistical standards

- ▶ *Resolution I concerning statistics of work, employment and labour underutilization (19<sup>th</sup> ICLS, 2013)*
  - ▶ Introduced the concept of work and identified the five forms of work
- ▶ *Resolution I concerning statistics on work relationships (20<sup>th</sup> ICLS, 2018)*
  - ▶ Introduced a new ICSE-18  
-Including: Dependent contractors

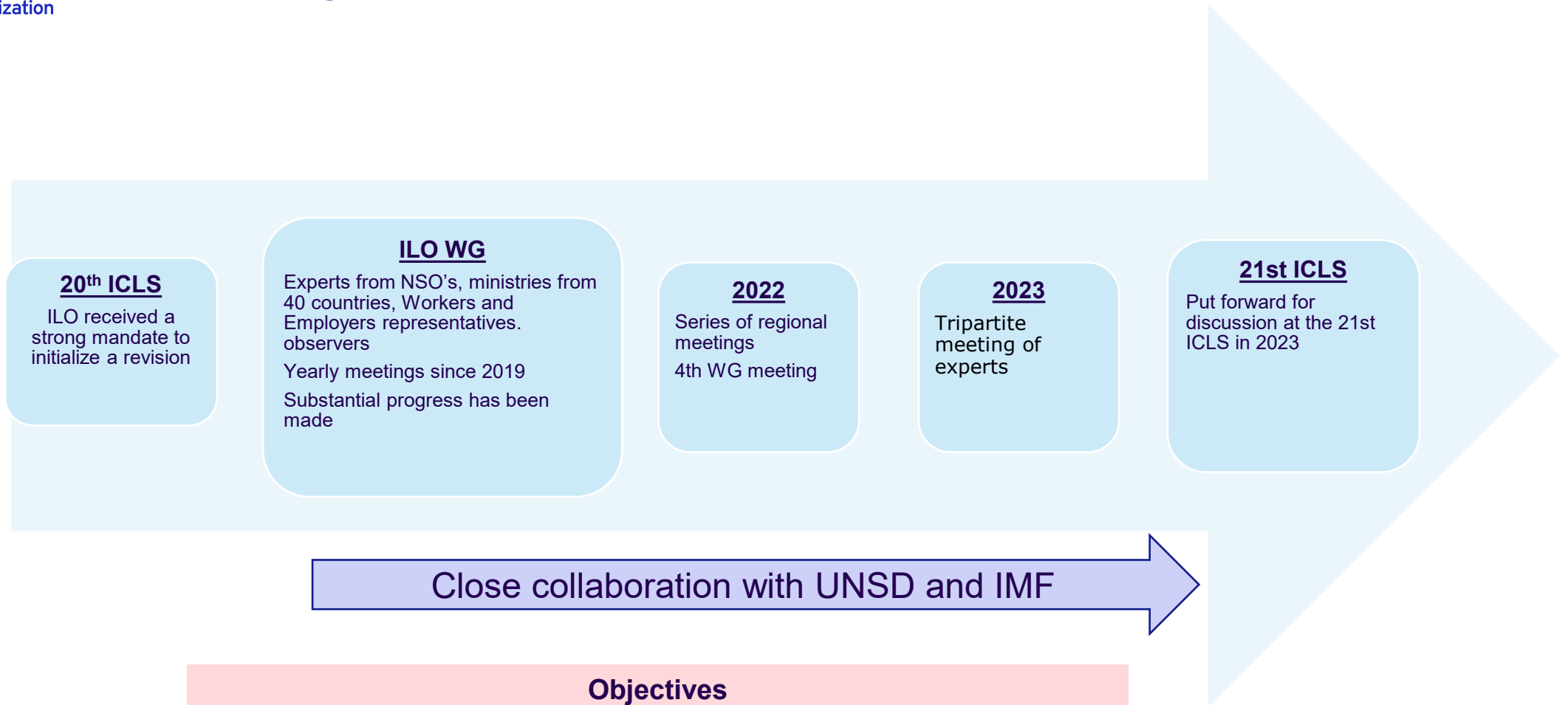
Need to align the statistical framework on informality to the latest statistical developments

### Increased experiences

- ▶ Current definitions of informal sector and informal employment are flexible
  - ▶ More than 60 countries have a regular measurement
  - ▶ Estimates can be produced for more than 100 countries
  - ▶ “Consensus” around main criteria to use

Based on country practices these definitions can be strengthened

# Revising the statistical standards



## Objectives

- To create a comprehensive framework
- Based on country practices and aligned to the latest statistical standards
- That fulfils the need of providing statistics on informality with both economic units and persons/jobs as reference concept

## Underlying ideas of the new framework

### Introduce the reference concept of *informal productive activities*:

- ▶ *defined as all productive activities carried out by persons or economic units that are – in law or in practice – not covered by formal arrangements*
- ▶ Clarifies the statistical meaning of *informality*
- ▶ Expands the boundary of informality to potentially include all productive activities within the SNA general production boundary
- ▶ Recognizes that informal productive activities are carried out by economic units as well as by persons
  - Links economic statistics with labour statistics
  - Two perspectives and two reference units: Economic units and workers/jobs

### Informal economy: Include all informal productive activities

- ▶ Very broad umbrella concept, capturing all informal activities within the SNA general production boundary
  - With the exception of some illegal production
- ▶ Not intended to be measured in its totality by one single source
- ▶ Allows countries to focus on specific components of relevance, using different sources/methods for measuring different components

### Informal *market* economy: Include all informal productive activities for pay or profit

- ▶ More focused concept
- ▶ would include the core concepts of informal sector, informal employment and partly informal productive activities

# Informal productive activities

<b>Production</b>	<b>For pay or profit</b>				<b>Not for pay or profit</b>		
<b>Workers</b>	Liable to become formal or already formal				Partial regulated or not at all but liable to be regulated		
<b>Informal work</b>							
	Formal employment with partly informal activities	<b>Informal employment</b>			<ul style="list-style-type: none"> <li>• Own use production work,</li> <li>• Unpaid trainee work,</li> <li>• Volunteer work carrying out informal productive activities</li> </ul> <b>[Essential categories]</b>		
	Either main or secondary formal jobs with partly informal activities	Either main or secondary informal jobs					
Carry out the work for Economic units in:	Formal sector	Formal sector	Informal sector	Households (HOP-sector)	Formal sector	Informal sector	Households (HOP-sector)
<b>Economic units</b>	Liable to become formal or already formal				Partial regulated or not at all but liable to be regulated		
<b>Informal production</b>							
	Formal sector with partly informal labour input	Informal sector			Household producing for own final use (incl. direct volunteer work, non-formal NPI)		
Labour input	Informal employment Informal unpaid trainee work Informal volunteer work	Informal employment Informal unpaid trainee work Informal volunteer work			Informal own-use production work Informal employment Informal volunteer work		
<b>Relation to 2008 SNA</b>	SNA production boundary				Goods		Services
	SNA general production boundary						
Type of production	<b>Informal market economy</b>				Informal non-market economy		
<b>Informal Economy</b>							

## In addition....

### ▶ Strengthen the definitions of informal-, formal- HOP-sector:

#### Based on two dimensions:

- *The formal status of the economic unit*
- *The intended destination of the production*

#### Strengthening the operational definition of informal sector:

- Shifted threshold of market production from *some* to *mainly*
- Remove the option to exclude agriculture
- Less flexibility around the operational criteria to use

### ▶ The definition of informal employment:

- Align to ICSE-18, including integrating dependent contractors
- Removing the possibility for employees to have formal jobs in an informal enterprise
- May allow for the possibility for contributing family workers to have formal jobs
- **Strengthening the operational definition of informal employment:**
- Less flexibility around the operational criteria to use, in particular for informal jobs held by employees

### ▶ Supporting indicator framework

- Provide data on the structure of informality within a country
- Allows the identification of workers highly represented or exposed to informality
- Contextualize the degree of informality/formality, reflecting that informality/formality is a continuum
- ▶ **Improve data collection**
- Improve tools for countries to use for measuring informal employment and informal sector
- Different projects are carried out to create a more effective measurement



International  
Labour  
Organization

**Thank you**

