

# **IE.1 Statistical Framework for the Informal Economy**

Meeting of the Group of Experts on National Accounts, 24 May 2022



# Outline

1. History of the guidance note
2. Global consultation outcome
3. Approved Actions

# 1. History of the guidance note

# History

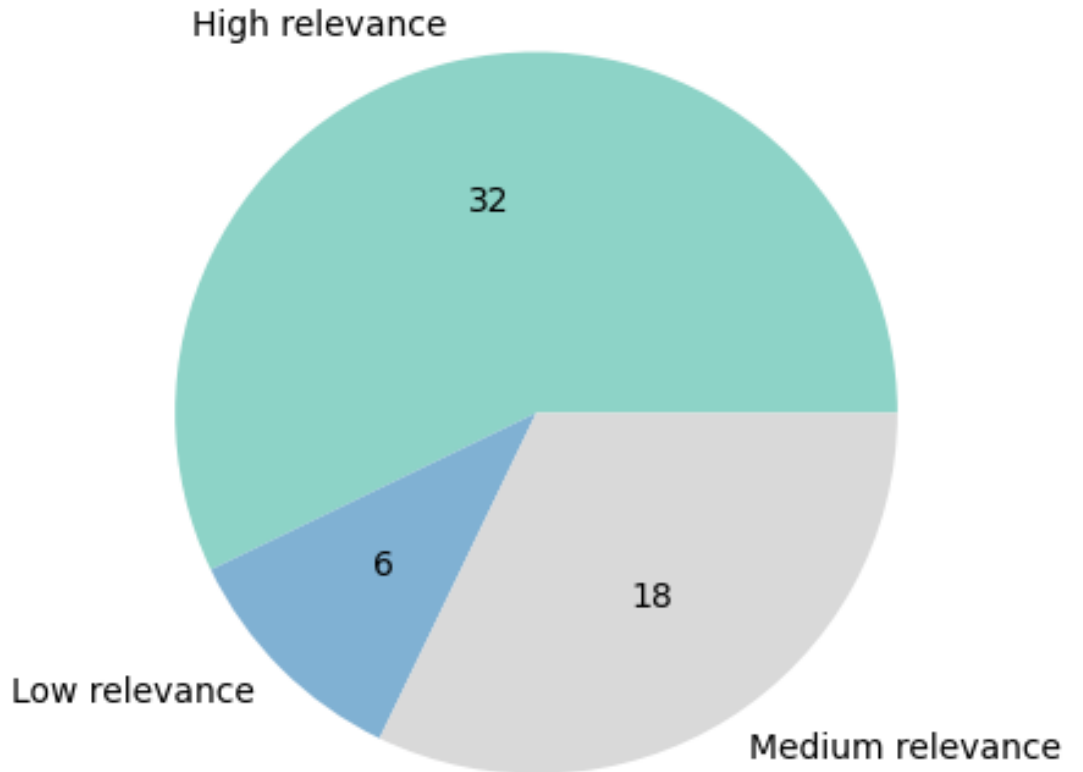
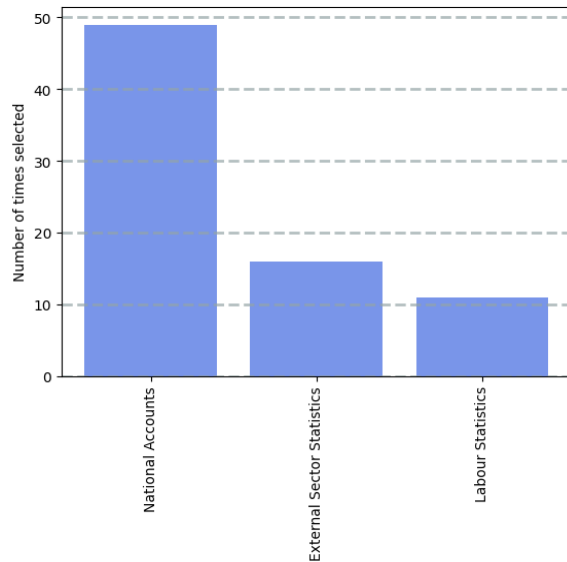
1. Consolidated to include ***digitalization and informality*** and ***informal cross-border flows***.
2. Collaboration with ***ILO Working Group for the Revision of the standards of statistics on informality***.
3. Discussion at **meetings** of the AEG, BOPCOM, and the ILO WG in Q4/2021 and large expert group consultation of national accountants, external sector statisticians and labour statisticians.
4. Global consultation concluded on 3 April 2022; Consultation report discussed by the AEG on 10 May 2022.

## 2. Global consultation outcome

# Area of Statistics and Relevance

Total of 56 responses representing 50 economies

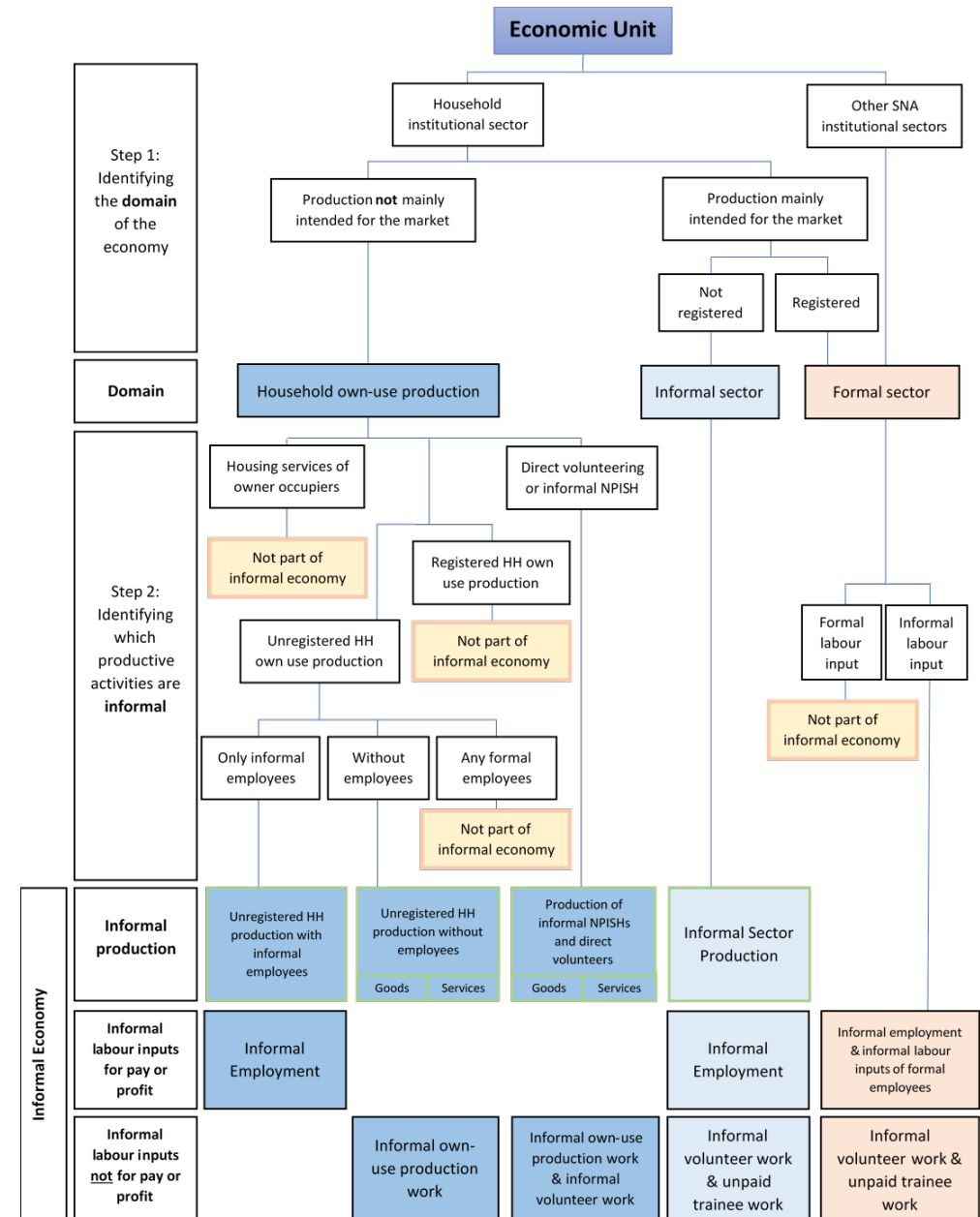
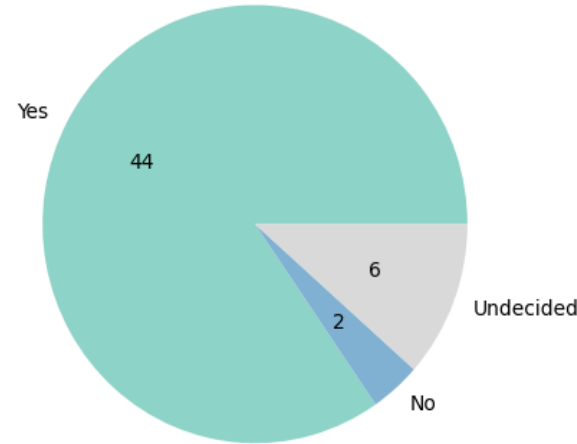
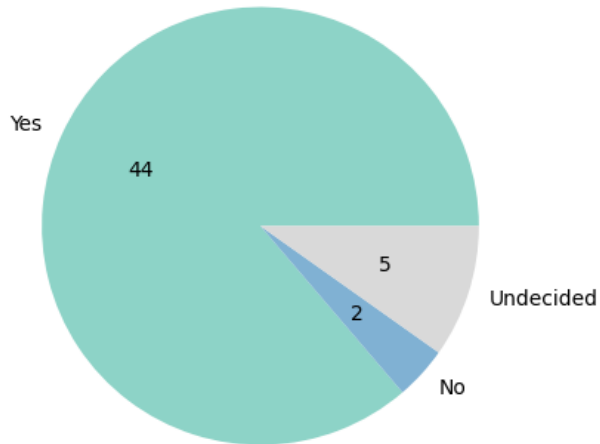
1. Your response concerns which **area of statistics**?
2. Is this topic of **relevance** for your country?

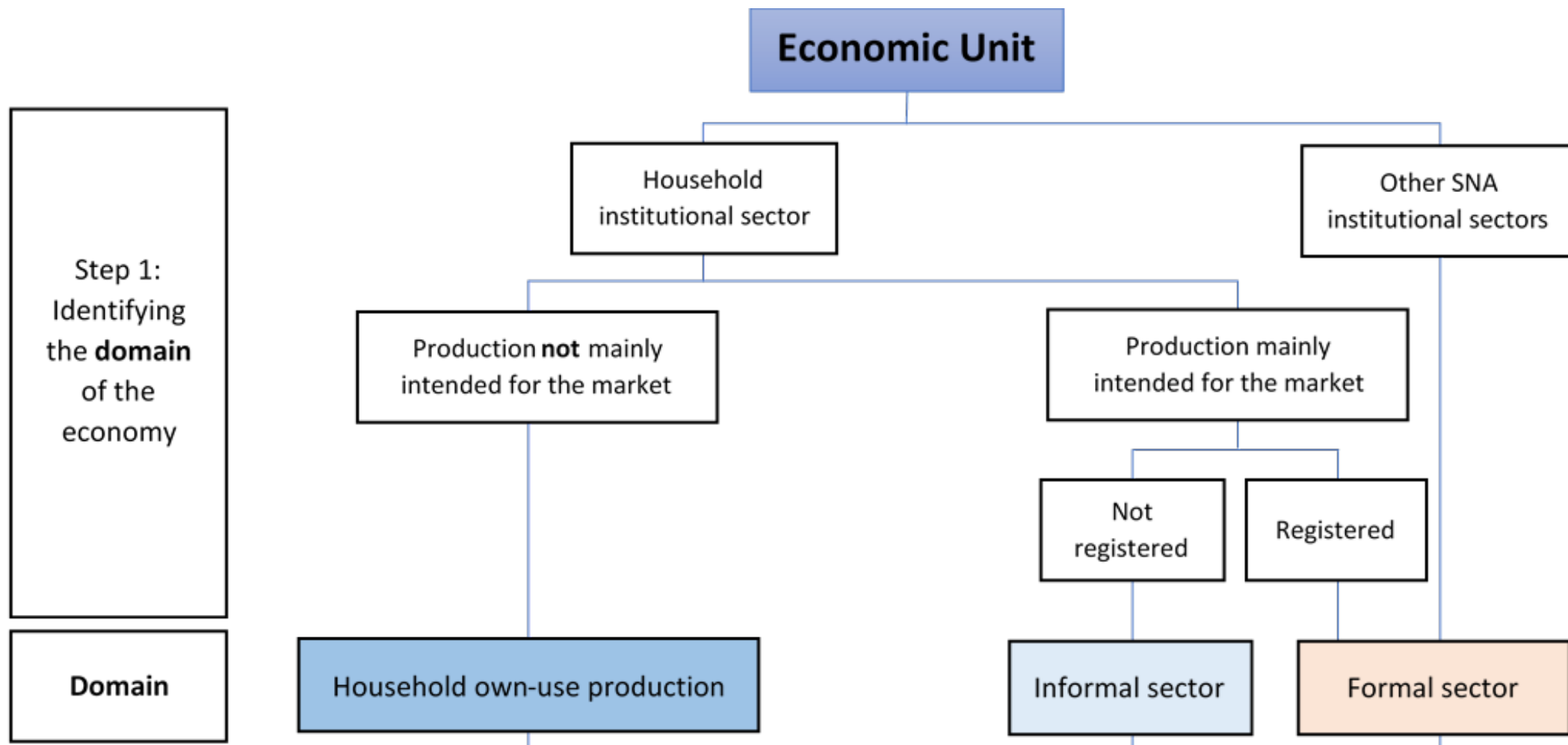


# Overarching Framework

Respondents largely agree with the definition of informal productive activities; and

the classification of economic units in the three domains.





Step 1:  
Identifying  
the **domain**  
of the  
economy

Domain

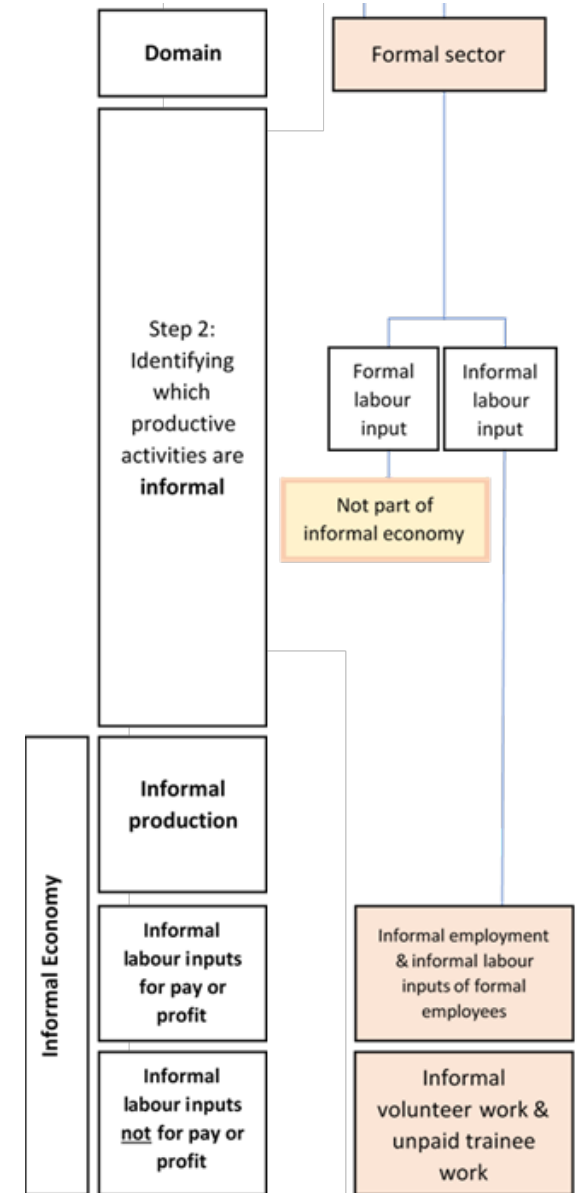
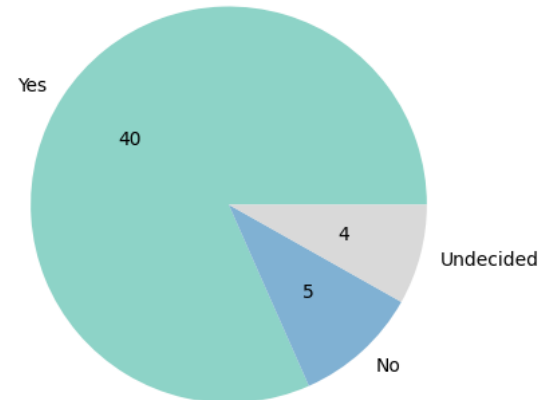
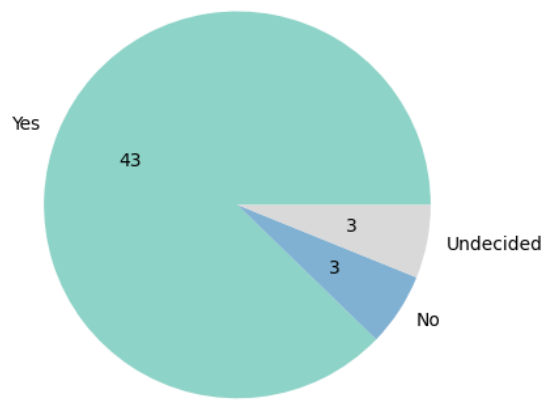
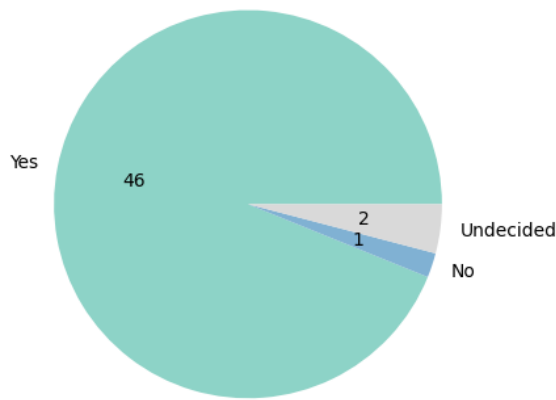


# Formal Sector

Respondents largely agree with the definition of the formal sector;

the **exclusion of underdeclared and undeclared production** in the formal sector; and

that formal sector enterprises can use **informal labour inputs** for their production and that these informal labour inputs are part of the informal economy.

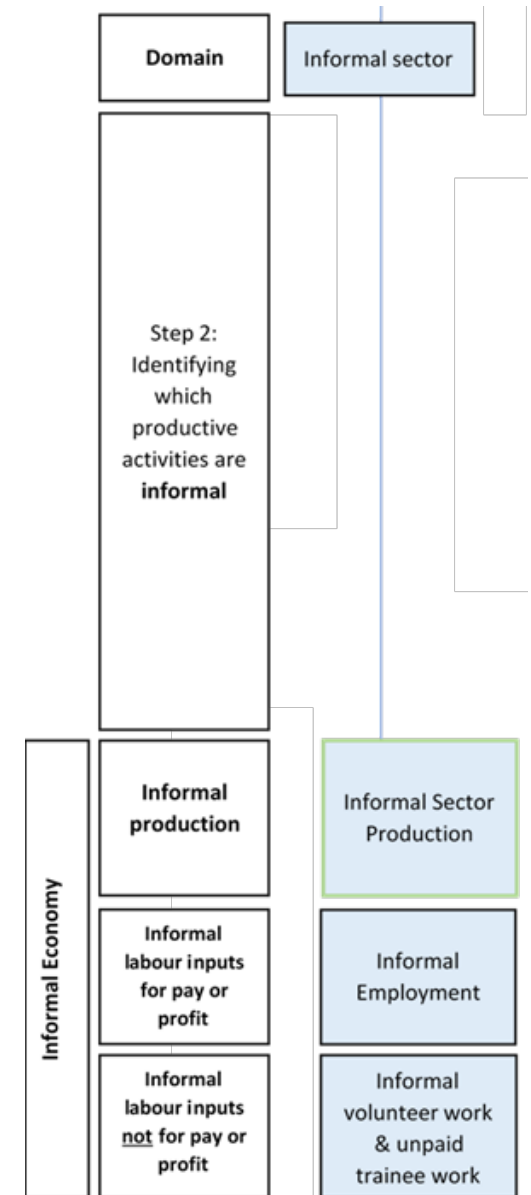
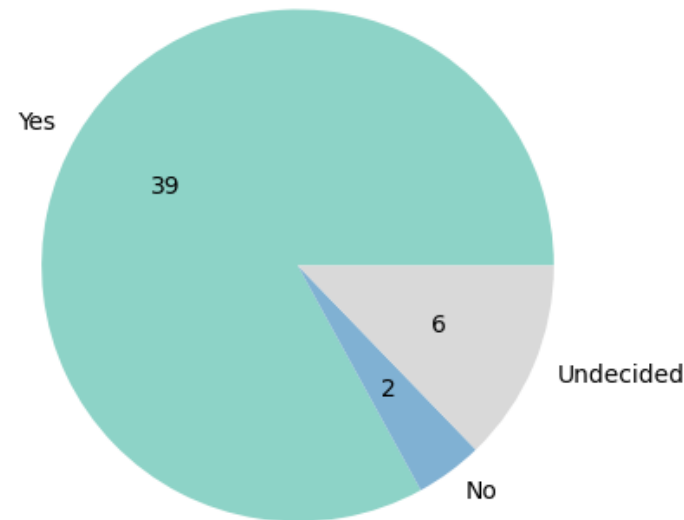


# Informal Sector

Respondents also agree with the revised definition of the informal sector.

## ***Changes to current definition:***

- *Mainly* intended for the market
- Agricultural production not optional
- Enterprise size not relevant

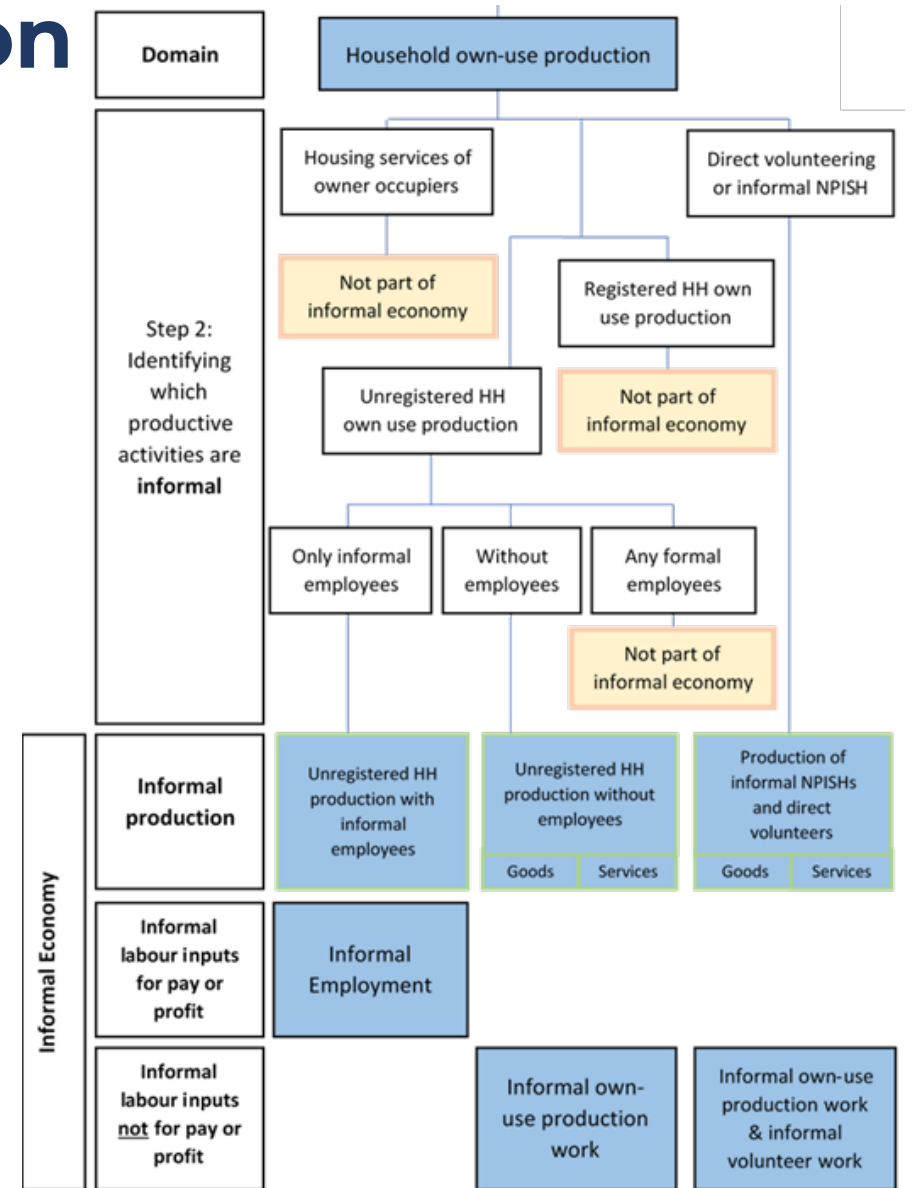
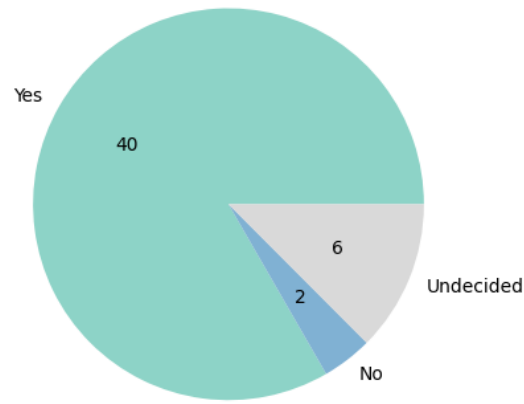
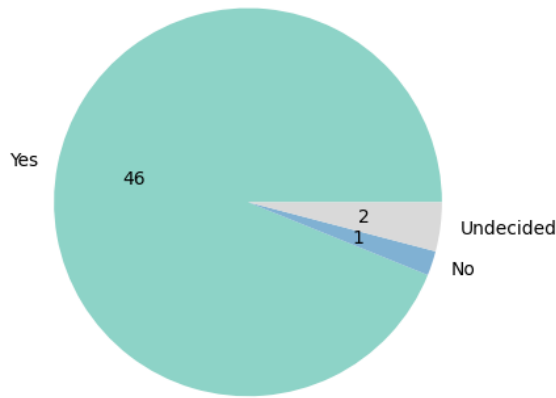


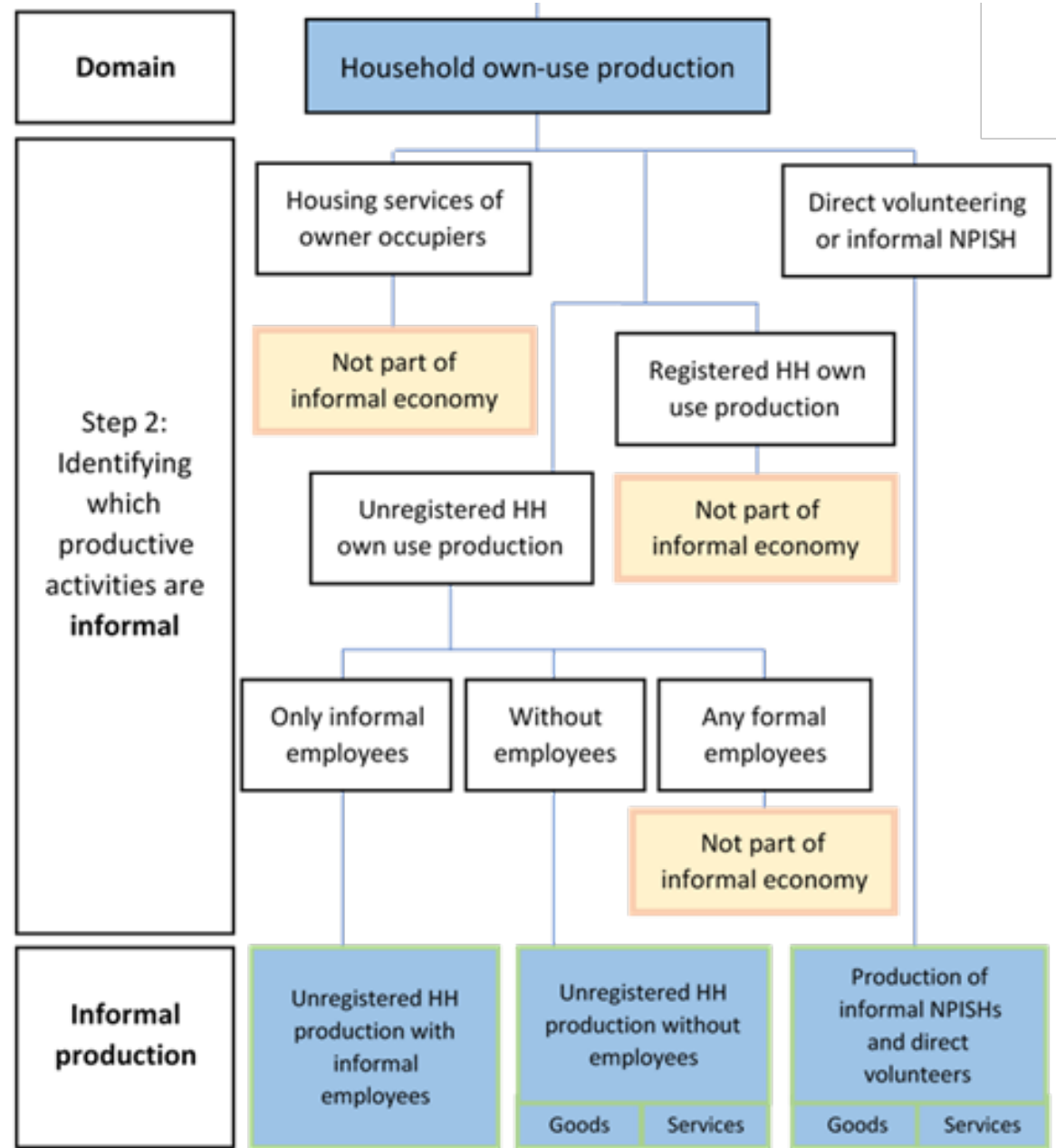
# Household own-use production

Respondents largely agree with the description of the household own-use production domain;

The exclusion of:

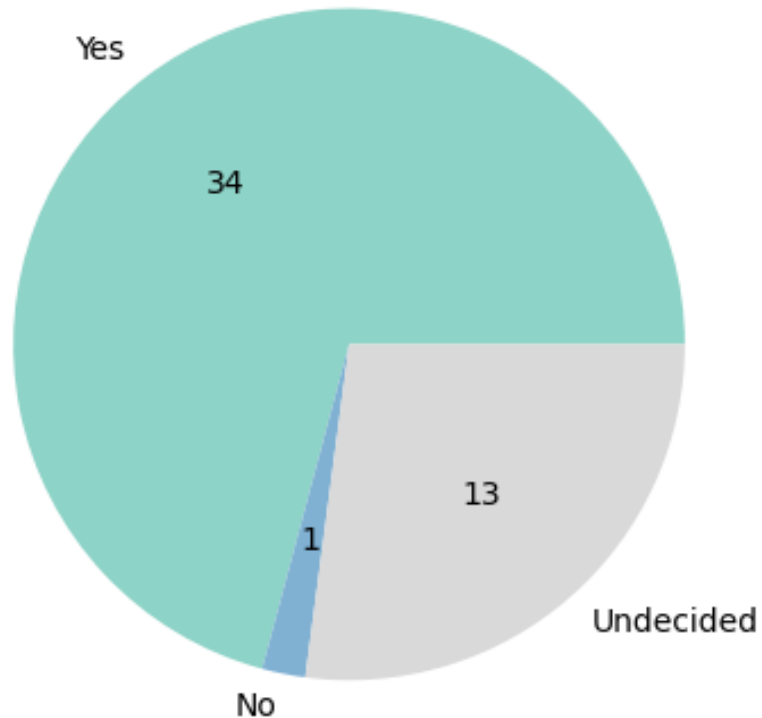
- Housing services of owner-occupiers
- Registered household own-use production
- Unregistered household production of goods and services if households employ any formal employees





# Dependent contractors

Respondents largely agree that all dependent contractors should be treated as **owners and operators of unincorporated household enterprises.**



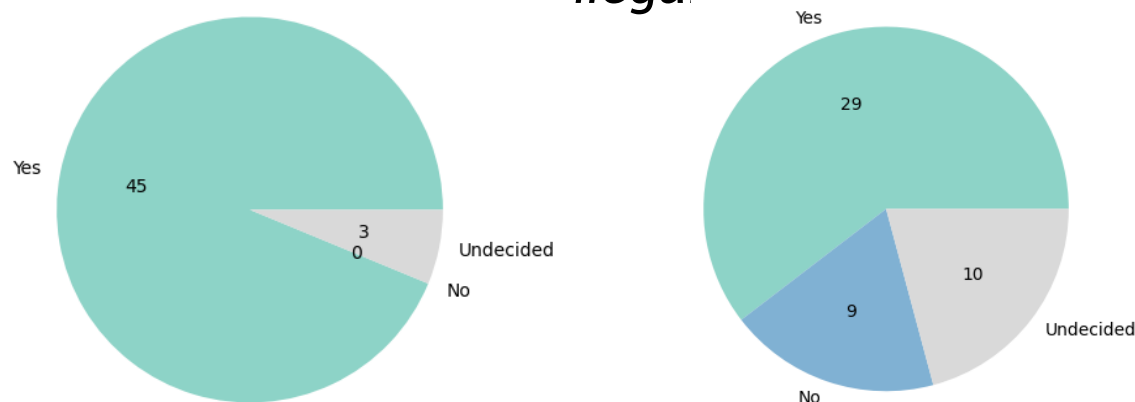
**19<sup>th</sup> ICLS resolution definition:**  
Dependent contractors are workers who have **contractual arrangements of a commercial nature** (but not a contract of employment) to provide goods or services for or **through another economic unit**. They are **not employees** of that economic unit, but are **dependent on that unit** for organization and execution of the work, income, or for access to the market.  
They are workers employed **for profit**, who are dependent on another entity that exercises control over their productive activities and directly benefits from the work performed by them.

# Illegal Activities

Respondents agree with the description of illegal activities in the guidance note;

Are somewhat divided but largely agree with the proposed treatment to

- *Exclude type a) illegal production from informal economy.*
- *Supplement statistics on informality with statistics on type a) illegal activities*



## 2008 SNA 6.43:

There are two kinds of illegal production:

- The production of goods or services whose sale, distribution or possession is forbidden by law;
- Production activities that are usually legal but become illegal when carried out by unauthorized producers; for example, unlicensed medical practitioners.

# 3. Approved Actions

# Improve clarity before Final Endorsement

1. Emphasize more prominently that..
  - The framework is not a tool to produce exhaustive measures of production.
  - No recommendation that all countries should compile data on all components of the framework.
  - Production in the formal sector is never informal.
2. Ensure consistent terminology between ILO Framework and IETT Guidance Note

Next steps: Endorsement by AEG & BOPCOM



# Supplementary Practical Recommendations

Supplementary note will mainly consist of:

- Guidance to compile statistics on the revised informal sector; and
- References to existing/upcoming guidance on:
  - Household production of services for own-use
  - Labour accounts and Labour statistics
  - Non-profit institutions and volunteering

**Thank you for your attention!**