

# Revision of the Standards for Statistics on Informality

7<sup>th</sup> IMF Statistical Forum  
14th November 2019

# ILO Statistical framework

2015, Informal employment **SDG Indicator 8.3.1** as part of SDG goal 8 to promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all

Measuring informality:  
A statistical manual on  
the informal sector and  
informal employment  
(ILO, 2013)

Resolution concerning  
decent work and the  
informal economy  
(ILO, 2002)

Recommendation  
concerning the  
transition from the  
informal to the formal  
economy  
(ILC R204, 2015)

Guidelines concerning a  
statistical definition of  
informal employment  
(17th ICLS, 2003)

Informal  
employment

(Employment in)  
Informal sector

Resolution concerning  
statistics of  
employment in the  
informal sector (15th  
ICLS, 1993)

Resolution concerning  
statistics on work  
relationships (20th ICLS,  
2018)

ICSaW-18  
ICSE-18

Work

Resolution concerning  
statistics of work,  
employment and  
labour underutilization  
(19th ICLS, 2013)

# The concept of informal economy

## Recommendation 204:

Informal economy: refers to all economic activities by **workers and economic units** that are – **in law or in practice** – **not covered or insufficiently covered by formal arrangements**

**Enterprises in the informal economy**

**Workers in the informal economy**

Those not covered or insufficiently covered by formal arrangements

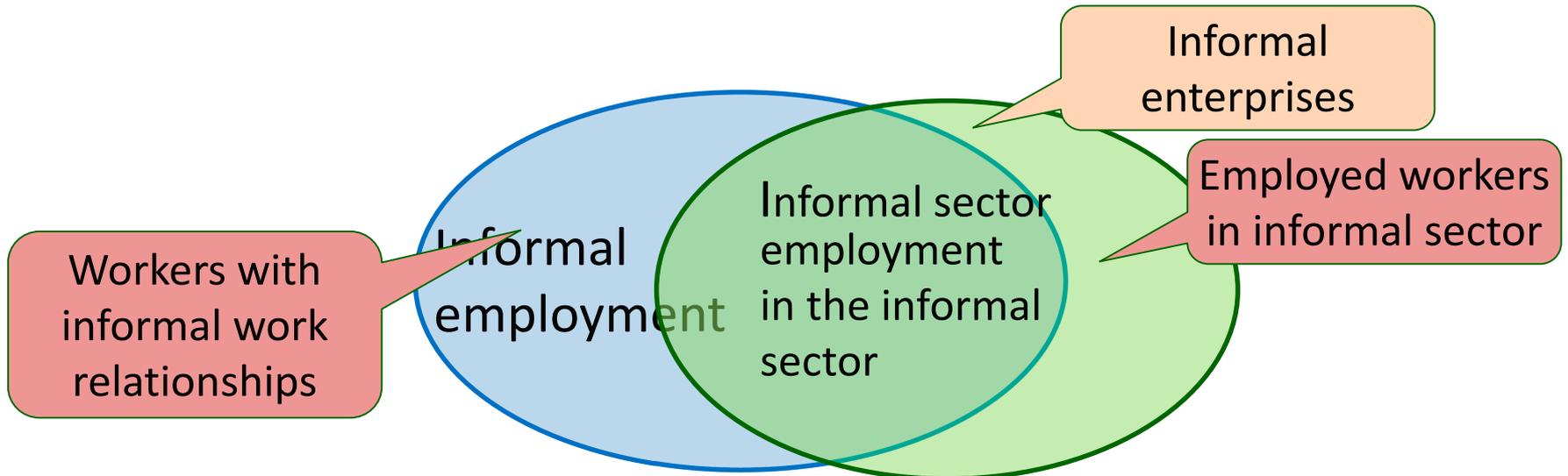
Procedures established by the government to regulate the actions and functions of economic units, workers and protect their legal right (Commercial law, labour law, social security regulations, tax regulation etc.)



# Two standards: three statistical components

## Three statistical components

- Informal sector (enterprise based concept; Number of enterprises, their characteristics such as type of production, value added, size etc.)
- Employment in the informal sector (job based concept, but relies on the type of enterprise; capture the labour supply in the informal sector )
- Informal employment (job based concept, captures all informal jobs in the informal/formal sector and households; Number of workers with informal jobs, the characteristics of the workers and the jobs )



- The different components can be viewed as different aspects of the non-statistical concept of informal economy
- The concepts are also highly linked



## **Component: The informal sector**

Resolution concerning statistics of employment in the informal sector  
(15th ICLS, 1993)



# Concept of Informal sector (15'th ICLS resolution)

- Market oriented

*“The informal sector may be broadly characterised as consisting of units engaged in the production of goods or services with the primary objective of generating employment and incomes to the persons concerned”*

- Low level of organisation

*“These units typically operate at a low level of organisation, with little or no division between labour and capital as factors of production and on a small scale”*

- Not separate legal entities

*“The fixed and other assets used do not belong to the production units as such but to their owners. The units as such cannot engage in transactions or enter into contracts with other units, nor incur liabilities, on their own behalf”*

**Share characteristics with households as defined  
by SNA**

# Operational definition

## Household enterprises in the household sector (SNA 2008)

Excludes:

- Government units and non-profit organisations
- Corporations
- Quasi-corporations

## Having some market production

Excludes:

- Production exclusively for own final use

**Criterion:** Legal organization (institutional sector, incorporation) +

**Criterion:** Not having a complete set of account +

**Criterion:** Have some market production +

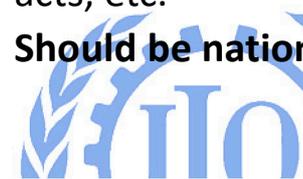
**Criterion:** Not registered

**Or criterion:** Below a certain size

## Informal household market enterprises

- Size of the unit below a specified threshold: or/and
- Not registered under specific forms of national legislation
  - Factories'/ commercial acts
  - Tax (fiscal legislation)/Social security laws
  - Professional groups' regulatory acts, etc.
- **Should be national**

Household market enterprises



# Component: Employment in the informal sector

- Employment in the informal sector = all persons employed with at least one job in an informal household market enterprise



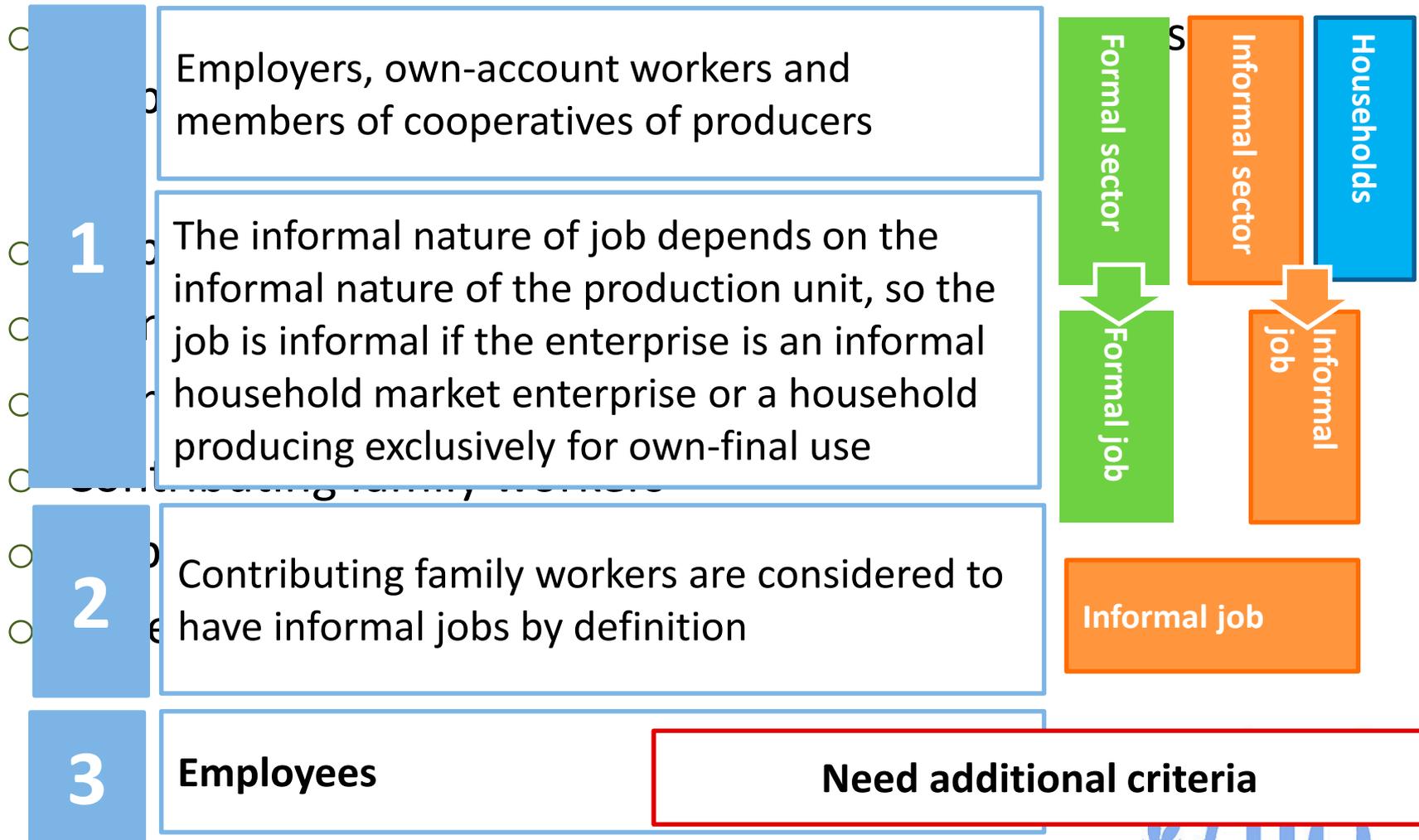
# Component: Informal employment

Guidelines concerning a statistical definition of informal employment  
(17th ICLS, 2003)



# Definition

“Informal employment comprises the total number of informal jobs”



# Informal jobs among employees (17th ICLS guidelines)

Employees are considered to have informal jobs if their employment relationship is not subject, in law or in practice to

- national labour legislation
  - income taxation
  - social protection
  - entitlement to certain benefits (paid annual leave, paid sick leave, maternity / paternity leave, severance pay, etc.)
- Countries need to adapt the operational definition to national context
    - Different practices among countries
    - Strong preference among countries to use the same set of main criteria



# Revision of the standards

# Why is a revision necessary?

- There is a need to align the standards to the recent changes in the labour statistical standards:
  - 19th ICLS resolution and the introduction of work and the five forms of work
    - How should the concept of informality be related to the unpaid forms of work?
    - Include all work activities in the dichotomy of informal/formal
      - Then we include activities that have less relevance from a policy perspective e.g. own-use provision of services
    - or a restricted approach?
      - But then we exclude the possibility to use the concept of informality to cross cutting activities such as care work or domestic work
  - Integrate ICSE-18
    - The new category of dependent contractors is a challenge due to that they are in-between” *own-account workers in household market enterprises and employees.*



# Clarify and strengthen the statistical definitions

- Countries now have more experience of measuring these concepts
  - Possibility to increase harmonization and to reduce flexibility
  - Clarify the boundaries e.g. regarding informal household market enterprises:
    - the threshold of market production
    - the distinction between informal household market enterprises within one single household
    - Needs to be linked to SNA and the revision of SNA
- Explore the possibility to use the concept of informal economy in the statistical standards
- Better reflect that informality/formality is a continuum and needs to be contextualised
- Increase global coverage and relevance



# Timeline

- ILO was mandated by the 20th ICLS to revise the standards for statistics on informality
- Have establish a WG that includes users and producers of both economic and labour statistics (representatives from countries, organizations, workers and employers)
- The working group is expected to meet yearly between 2019-2022
- 2022: A series of regional meeting will be held
- Beginning 2023: Tripartite Meeting of Experts
- 2023: The new proposal will be presented for discussion, amendment and adoption at the 21'st ICLS



**Thank you**

