

# ▶ Revision of the Standards for statistics on informality

## The current statistical standards

- ▶ Resolution concerning statistics of employment in the informal sector, adopted at the 15<sup>th</sup> ICLS, 1993
  - ▶ Defines informal sector, employment in the informal sector
  
- ▶ Guidelines concerning the statistical definition of informal employment, endorsed at the 17<sup>th</sup> ICLS, 2003
  - ▶ Defines informal employment

## ► Policy framework

- the Resolution concerning decent work and the informal economy (ILO, 2002)
- Recommendation 204 concerning the transition from the informal to the formal economy (ILO, 2015)
- SDG indicator 8.3.1 The share of informal employment

## ▶ Background to the revision

### Recent changes in labour standards

- ▶ *Resolution I concerning statistics of work, employment and labour underutilization (19<sup>th</sup> ICLS, 2013)*
- ▶ Introduced the concept of work
- ▶ Five forms of work: Own-use production work, Employment, Volunteer work, Unpaid trainee work, Other work activities
- ▶ Re-defined employment
- ▶ *Resolution I concerning statistics on work relationships (20<sup>th</sup> ICLS, 2018)*
- ▶ Introduced a new ICSE-18  
-Including: *Dependent contractors*
- ▶ Introduced ICSE-18

Need to align the statistical framework of 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

## ▶ Process for revision

- ▶ A strong mandate by the 20<sup>th</sup> ICLS to develop a revised framework
- ▶ Establish a working group of individuals with relevant technical expertise including:
  - Experts representing all regions
  - Experts in labour statistics as well as economic statistics
  - NSO's, ministries, workers and employers representatives
  - International organisations
- ▶ The working group meets once a year
- ▶ Draft resolution(s) to Tripartite Meeting of Experts on Labour Statistics
- ▶ Final consideration at the 21<sup>st</sup> ICLS (in 2023)

## ▶ Work conducted so far..

- ▶ 1<sup>st</sup> WG group meeting 2019, 2<sup>nd</sup> online WG meeting 2020
- ▶ A series of meetings have been held in 2021 within four different subgroups focusing on specific issues such as, Dependent contractors, indicator framework etc.
- ▶ Developed a new contextual framework and a first draft resolution to be discussed at the third WG meeting in October 2021.
- ▶ Further regional and sub-regional work is carried out e.g. in Latin Americas, some arabic countries.

## ► Underlying ideas of the new framework

### ► Introduce the underlying concept of *informal productive activities*:

- *defined as all productive activities carried out by persons and economic units that are – in law or in practice – not covered by formal arrangements*
- Recognizing that informal productive activities are carried out by economic units as well as by persons
- Includes productive activities within the SNA general production boundary
- Smaller conceptual unit than economic unit, worker, job etc.

### ► Informal economy: Include all informal productive activities

- Still a very broad umbrella concept, not particularly useful from a policy perspective

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

- More focused concept
- would include the informal sector, informal employment and partly informal productive activities
- Complemented with essential categories of informal productive activities outside the IME but within the IE.



## ▶ A broad but focused statistical framework

### Enables compilation and analysis of data from different perspectives:

- ▶ Informal market economy from the perspective of:
  - The economic unit (informal sector)
  - Worker (informal employment)
- Complemented with:
- Partly informal productive activities carried out by formal enterprises and workers with formal jobs

- ▶ Informal economy still essential:
  - Recognizes that informal production is also carried out by households
  - That forms of work other than employment can be informal
- ▶ Enables:
  - Identification of essential categories of informal productive activities outside the IME but within IE e.g. unpaid trainee work, subsistence work
  - Sectorial analyses including different form of work/production such as care work or agriculture

# 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>		
	Either main or secondary formal jobs with partly informal activities	Either main or secondary informal jobs			<b>[Essential categories]</b>		
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 production for pay or profit	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...

### Refinements of the definitions:

#### ▶ The definitions of informal-, formal- HOP-sector:

- **Are built 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*
  - The option of exclude agriculture, removed
  - 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
- Allowing 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

- **The new resolution will be supplemented with a set of variables/ indicators that aims to:**
  - Provide data on the structure of informality within a country
  - Allows the identification of workers highly represented or exposed to informality
  - Contextualize the level or degree of protection against risks associated with carrying out the productive activities
  - Differentiation between workers carrying out informal/formal work and informal enterprises and formal enterprises reflecting that informality/formality is a continuum
- **A set of main indicators and additional indicators**
  - *Main indicators:* Essential indicators based on widely available data (indicators for which we are also in a position to provide global estimates)
  - *Additional indicators:* Based on less regularly collected or widely available data
- **Based on the ILO diagnostic tool**
  - Provides a link between indicators and policy making



# Thank you

