

**Resolution concerning statistics of employment in the informal sector, adopted by the  
15th International Conference of Labour Statisticians (January 1993)  
[extract]**

### **Concept**

5 (1) The informal sector may be broadly characterized 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. These units typically operate at a low level of organization, with little or no division between labour and capital as factors of production and on a small scale. Labour relations - where they exist - are based mostly on casual employment, kinship or personal and social relations rather than contractual arrangements with formal guarantees.

(2) Production units of the informal sector have the characteristic features of household enterprises. 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. The owners have to raise the necessary finance at their own risk and are personally liable, without limit, for any debts or obligations incurred in the production process. Expenditure for production is often indistinguishable from household expenditure. Similarly, capital goods such as buildings or vehicles may be used indistinguishably for business and household purposes.

### **Operational definitions**

#### ***Informal sector***

6 (1) For statistical purposes, the informal sector is regarded as a group of production units which, according to the definitions and classifications provided in the United Nations System of National Accounts (Rev. 4), form part of the household sector as household enterprises or, equivalently, unincorporated enterprises owned by households as defined in paragraph 7.

(2) Within the household sector, the informal sector comprises (i) "informal own-account enterprises" as defined in paragraph 8; and (ii) the additional component consisting of "enterprises of informal employers" as defined in paragraph 9.

(3) The informal sector is defined irrespective of the kind of workplace where the productive activities are carried out, the extent of fixed capital assets used, the duration of the operation of the enterprise (perennial, seasonal or casual), and its operation as a main or secondary activity of the owner.

#### ***Household enterprises***

7. According to the United Nations System of National Accounts (Rev. 4), household enterprises (or, equivalently, unincorporated enterprises owned by households) are distinguished from corporations and quasi-corporations on the basis of the legal organization of the units and the type of accounts kept for them. Household enterprises are units engaged in the production of goods or services which are not constituted as separate legal entities independently of the households or household members that own them, and for which no complete sets of accounts (including balance sheets of assets and liabilities) are available

which would permit a clear distinction of the production activities of the enterprises from the other activities of their owners and the identification of any flows of income and capital between the enterprises and the owners. Household enterprises include unincorporated enterprises owned and operated by individual household members or by two or more members of the same household as well as unincorporated partnerships formed by members of different households

### ***Informal own-account enterprises***

8 (1) Informal own-account enterprises are household enterprises (in the sense of paragraph 7) owned and operated by own-account workers, either alone or in partnership with members of the same or other households, which may employ contributing family workers and employees on an occasional basis, but do not employ employees on a continuous basis and which have the characteristics described in subparagraphs 5 (1) and (2).

(2) For operational purposes, informal own-account enterprises may comprise, depending on national circumstances, either all own-account enterprises or only those which are not registered under specific forms of national legislation.

(3) Registration may refer to registration under factories or commercial acts, tax or social security laws, professional groups' regulatory acts, or similar acts, laws, or regulations established by national legislative bodies.

### ***Enterprises of informal employers***

9 (1) Enterprises of informal employers are household enterprises (in the sense of paragraph 7) owned and operated by employers, either alone or in partnership with members of the same or other households, which employ one or more employees on a continuous basis and which have the characteristics described in subparagraphs 5 (1) and (2).

(2) For operational purposes, enterprises of informal employers may be defined, depending on national circumstances, in terms of one or more of the following criteria:

- (i) size of the unit below a specified level of employment;
- (ii) non-registration of the enterprise or its employees.

(3) While the size criterion should preferably refer to the number of employees employed on a continuous basis, in practice, it may also be specified in terms of the total number of employees or the number of persons engaged during the reference period.

(4) The upper size limit in the definition of enterprises of informal employers may vary between countries and branches of economic activity. It may be determined on the basis of minimum size requirements as embodied in relevant national legislations, where they exist, or in terms of empirically determined norms. The choice of the upper size limit should take account of the coverage of statistical inquiries of larger units in the corresponding branches of economic activity, where they exist, in order to avoid an overlap.

(5) In the case of enterprises which carry out their activities in more than one establishment, the size criterion should, in principle, refer to each of the establishments separately rather than to the enterprise as a whole. Accordingly, an enterprise should be considered to satisfy the size criterion if none of its establishments exceeds the specified upper size limit.

(6) Registration of the enterprise may refer to registration under specific forms of national legislation as specified in subparagraph 8 (3). Employees may be considered registered if

they are employed on the basis of an employment or apprenticeship contract which commits the employer to pay relevant taxes and social security contributions on behalf of the employee or which makes the employment relationship subject to standard labour legislation.

10. For particular analytical purposes, more specific definitions of the informal sector may be developed at the national level by introducing further criteria on the basis of the data collected. Such definitions may vary according to the needs of different users of the statistics.

### ***Population employed in the informal sector***

11 (1) The population employed in the informal sector comprises all persons who, during a given reference period, were employed (in the sense of paragraph 9 of resolution I adopted by the Thirteenth International Conference of Labour Statisticians) in at least one informal sector unit as defined in paragraphs 8 and 9, irrespective of their status in employment and whether it is their main or a secondary job.

### **Treatment of particular cases**

14. Household enterprises, which are exclusively engaged in non-market production, i.e. the production of goods or services for own final consumption or own fixed capital formation as defined by the United Nations System of National Accounts (Rev. 4), should be excluded from the scope of the informal sector for the purpose of statistics of employment in the informal sector. Depending on national circumstances, an exception may be made in respect of households employing domestic workers as referred to in paragraph 19.

16. For practical reasons, the scope of the informal sector may be limited to household enterprises engaged in non-agricultural activities. With account being taken of paragraph 14, all non-agricultural activities should be included in the scope of the informal sector, irrespective of whether the household enterprises carry them out as main or secondary activities. In particular, the informal sector should include secondary non-agricultural activities of household enterprises in the agricultural sector if they fulfil the requirements of paragraphs 8 or 9.

17. Units engaged in professional or technical activities carried out by self-employed persons, such as doctors, lawyers, accountants, architects or engineers, should be included in the informal sector if they fulfil the requirements of paragraphs 8 or 9.

18 (1) Outworkers are persons who agree to work for a particular enterprise, or to supply a certain quantity of goods or services to a particular enterprise, by prior arrangement or contract with that enterprise, but whose place of work is not within any of the establishments which make up that enterprise.

(2) In order to facilitate data collection, all outworkers should be potentially included in the scope of informal sector surveys, irrespective of whether they constitute production units on their own (self-employed outworkers) or form part of the enterprise which employs them (employee outworkers). On the basis of the information collected, self-employed and employee outworkers should be distinguished from each other by using the criteria recommended in the United Nations System of National Accounts (Rev. 4). Outworkers should be included in the informal sector, or in the population employed in the informal sector, if the production units which they constitute as self-employed persons or for which they work as employees fulfil the requirements of paragraphs 8 or 9.

19. Domestic workers are persons exclusively engaged by households to render domestic services for payment in cash or in kind. Domestic workers should be included in or excluded from the informal sector depending upon national circumstances and the intended uses of the statistics. In either case, domestic workers should be identified as a separate sub-category in order to enhance international comparability of the statistics.