

Preface

The present STAT Working Paper was prepared on the occasion of the general discussion on '*Decent Work and the Informal Economy*' during the 90th Session of the International Labour Conference (Geneva, 4-20 June 2002). It is based on data obtained from a database on employment in the informal sector, which the ILO Bureau of Statistics established in 1998 to meet an increasing demand by users for statistics on the informal sector. The database was updated in 2001. It contains official national statistics and related methodological information on employment in the informal sector for countries of Africa, Latin America and the Caribbean, Asia and the Pacific, and the transition countries of Central and Eastern Europe and the former Soviet Union, to the extent that data are available. Other countries were included only to the extent that the informal sector was considered to be of significant importance in these countries and official national statistics were collected on it. The ILO Bureau of Statistics wishes to thank all national statistical offices, which provided data. Without their cooperation it would not have been possible to establish and update such a database. Main users of the information contained in the database include the Key Indicators of the Labour Market (KILM) project of the ILO, the international Expert Group on Informal Sector Statistics (Delhi Group), scholars, NGOs and journalists.

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Table of contents

1.Introduction	2
2.Definitions and data sources	2
2.1 International statistical definition of the informal sector	2
2.2 Limitations of available national statistics	5
3. Statistics on employment in the informal sector	8
3.1. Structure of the statistical tables in Annex 1	8
3.2. Methodological descriptions in Annex 2	9
3.3. Main results	10
4. Improving statistics on the informal economy: Proposal by the ILO Bureau of Statistics of a strategy for further action	12
4.1 Database improvement	12
4.2. Methodological work	13
4.3 Technical assistance and training	13
References	14
Annex 1: Statistical tables	15
Annex 2: Methodological descriptions	29
Annex 3: Extract of the Resolution concerning statistics of employment in the informal sector, adopted by the Fifteenth International Conference of Labour Statisticians (January 1993)	63

Introduction

The present Working Paper is organised as follows. Section 2 provides some essential methodological background information on definitions and data sources. Following a description of the main features of the international statistical definition of the informal sector and its relationships with the broader concept of informal employment, the limitations of available national statistics on employment in the informal sector are outlined, especially regarding their comparability across countries.

Section 3 introduces the official national statistics on employment in the informal sector, which are presented in this Working Paper. It provides explanations regarding the structure and content of the statistical tables and related methodological descriptions of the data included in the paper. It also includes a summary analysis of the statistics highlighting their main results.

Section 4 presents a proposal by the ILO Bureau of Statistics of a strategy for further action to improve statistics on the informal economy. The proposal consists of three parts: improvement of the existing database on employment in the informal sector, methodological work on the further development of statistics on the informal economy, and a programme of technical assistance and training.

Three annexes complete the Working Paper: Annex 1 containing nine statistical tables, Annex 2 containing methodological descriptions of the data presented in the statistical tables of Annex 1, and Annex 3 reproducing an extract of the Resolution concerning statistics of employment in the informal sector, adopted by the Fifteenth International Conference of Labour Statisticians (January 1993).

2. Definitions and data sources

2.1 International statistical definition of the informal sector

In January 1993, the *Fifteenth International Conference of Labour Statisticians (15th ICLS)* adopted an international statistical definition of the informal sector that was subsequently included in the revised international *System of National Accounts (SNA 1993)*. Inclusion in the SNA of the informal sector definition was considered essential as it would make it possible to identify the informal sector separately in the accounts for purposes and, hence, to quantify the contribution of the informal sector to the gross domestic product. In order to obtain an internationally agreed definition of the informal sector, which was acceptable to labour statisticians as well as national accountants, the informal sector had to be defined in terms of characteristics of the production units (enterprises) in which the activities take place (enterprise approach), rather than in terms of the characteristics of the persons involved or of their jobs (labour approach).

Employment in the informal sector then includes all jobs in informal sector enterprises or all persons who, during a given reference period, were employed in at least one informal sector enterprise, irrespective of their status in employment and whether it was their main or a secondary job.

The 15th ICLS resolution (*ILO 2000*) defined *informal sector enterprises* on the basis of the following criteria:

- They are private unincorporated enterprises (excluding quasi-corporations), i.e. enterprises owned by individuals or households that are not constituted as separate legal entities independently of their owners, and for which no complete accounts are available that would permit a financial separation of the production activities of the enterprise from the other activities of its owner(s). Private unincorporated enterprises include unincorporated enterprises owned and operated by individual household members or by several members of the same household, as well as unincorporated partnerships and co-operatives formed by members of different households, if they lack complete sets of accounts.
- All or at least some of the goods or services produced are meant for sale or barter, with the possible inclusion in the informal sector of households producing domestic or personal services in employing paid domestic employees.
- Their size in terms of employment is below a certain threshold to be determined according to national circumstances, and/or they are not registered under specific forms of national legislation (such as factories' or commercial acts, tax or social security laws, professional groups' regulatory acts, or similar acts, laws or regulations established by national legislative bodies as distinct from local regulations governing trade licenses or business permits), and/or their employees are not registered.
- They are engaged in non-agricultural activities, including secondary non-agricultural activities of enterprises in the agricultural sector.

The relevant paragraphs of the resolution are reproduced as Annex 3 of this paper.

The term 'enterprise' is used in this context in a broad sense, referring to any unit engaged in the production of goods or services for sale or barter. It covers not only production units, which employ hired labour, but also production units that are owned and operated by single individuals working on own account as self-employed persons, either alone or with the help of unpaid family members. The activities may be undertaken inside or outside the enterprise owner's home, and they may be carried out in identifiable premises or without fixed location. Accordingly, self-employed street vendors, taxi drivers, home-based workers, etc. are all considered enterprises. Still, it may well be possible that persons engaged in very small-scale or casual activities may not report in official statistical surveys that they are self-employed, or employed at all, even though their activity falls within the above definition of an enterprise. Similar problems may arise in respect of persons, whose activity is at the borderline between self-employment and wage employment, such as outworkers, subcontractors or free-lancers. Women are more likely than men to be engaged in such activities.

The 15th ICLS provided considerable flexibility to countries in defining the informal sector. Some elements of flexibility were desired, because the 15th ICLS resolution was the first international recommendation ever adopted on the topic, and its main purpose was to provide technical guidelines for the development of informal sector statistics at the national level. Other elements of flexibility arose from lack of agreement among the conference delegates. However, flexibility reduces international comparability. To address this problem, the international Expert Group

on Informal Sector Statistics (Delhi Group) formulated a set of recommendations for the harmonisation of national definitions of the informal sector on the basis of the framework set by the international definition.

The harmonised definition of the informal sector resulting from the recommendations by the Delhi Group is based on the largest common denominator of currently used national definitions. It leads to a rather narrowly defined subset of the informal sector, for which countries should be able to make internationally comparable data available: private unincorporated enterprises (excluding quasi-corporations), which produce at least some of their goods or services for sale or barter, have less than five paid employees, are not registered, and are engaged in non-agricultural activities (including professional or technical activities). Households employing paid domestic employees are excluded (*Central Statistical Organisation/India 1999*).

The ILO Bureau of Statistics requested national statistical offices to provide data on employment in the informal sector according to the harmonised definition of the Delhi Group, in addition to data based on their national definitions of the informal sector. However, as can be seen from Tables 1a and 2a in Annex 1, only very few countries have actually provided data according to the harmonised definition.

In parallel to the growth of the informal sector in many countries, a rise in various forms of non-standard, atypical, alternative, irregular, precarious, etc. forms of employment can be observed. From the beginning, it had been clear that an enterprise-based definition of the informal sector would not be able to capture all dimensions of such a trend towards an increasing informalisation of employment.

Informal employment has been defined in the ILO report on '*Decent Work and the Informal Economy*'. It refers to the total number of informal jobs, whether carried out in formal sector enterprises, informal sector enterprises, or households, or to the total number of persons engaged in informal jobs during a given reference period. It comprises:

1. own-account workers and employers who have their own informal sector enterprises;
2. contributing family workers, irrespective of whether they work in formal or informal sector enterprises;
3. employees who have informal jobs, whether employed by formal sector enterprises, informal sector enterprises, or as paid domestic workers by households;
4. members of informal producers' cooperatives; and
5. persons engaged in the own-account production of goods for own final use by their household (e.g. subsistence farming, do-it-yourself construction of own dwellings).

Employees are considered to have informal jobs if their employment relationship is not subject to standard labour legislation, taxation, social protection or entitlement to certain employment benefits (advance notice of dismissal, severance pay, paid annual or sick leave, etc.) for reasons such as: non-declaration of the jobs or the employees (e.g., clandestine workers, illegal immigrant workers); casual jobs or

jobs of a limited short duration; jobs with hours of work or wages below a specified threshold; employment by unregistered enterprises or by persons in households; or jobs where the employee's place of work is outside the premises of the employer's or customer's enterprise (*ILO 2002*).

Until now, the ILO Bureau of Statistics has collected statistics from national sources only on employment in the informal sector, which was the concept used by the ILO and for which an internationally agreed statistical definition existed. Nevertheless, some data on other forms of informal employment are available in many countries, including developed countries, for many of which the concept of the informal sector is of limited relevance. However, such data have not yet been collected by the ILO, because the informal economy or informal employment are new concepts presently being developed. The data presented in this Working Paper thus refer to employment in the informal sector only.

2.2 Limitations of available national statistics

Since the adoption of the 15th ICLS Resolution concerning statistics of employment in the informal sector in 1993, many national statistical offices have made major efforts to develop or improve official statistics on the informal sector, often in spite of scarce resources for statistics in general and for informal sector statistics in particular. The publication of the present Working Paper is a reflection and acknowledgement of these efforts. Given that most of the data presented in this Working Paper are based on national definitions of the informal sector, it follows, however, that they are not always fully in line with the international statistical definition adopted by the 15th ICLS, nor comparable across countries.

Data comparability problems result especially from the following factors:

- differences in the concepts on which the statistics are based;
- differences in the branches of economic activity covered, particularly in respect of the inclusion or exclusion of agricultural activities;
- differences in the criteria used to define the informal sector, for example, employment size of the enterprise or establishment versus non-registration of the enterprise;
- different cut-offs used for the employment size criterion;
- the inclusion or exclusion of paid domestic employees employed by households, or of producers of goods exclusively for own final use by their household;
- the inclusion or exclusion of persons with a secondary job in the informal sector;
- the inclusion or exclusion of persons engaged in professional or technical activities;
- differences in data sources;

- differences in geographic coverage.

A major deviation from the international definition is that many countries do not yet use the criterion of legal organisation of the enterprise (private unincorporated enterprise). Often, countries also do not use the criterion of lack of a complete set of accounts in their national statistical definitions of the informal sector. In other words, the data provided often refer to employment in small or micro-enterprises, including small corporations and quasi-corporations. This leads to an overestimation of the size of the informal sector. In fact, not all countries for which data are shown in this paper utilise the concept of 'informal sector' in their statistics. Some use alternative concepts that, albeit closely related, are not identical, such as small and micro-enterprises, household economic activities, mobile activities, unregistered employment, or specific combinations of the variables 'status in employment', 'industry' and 'occupation'.

In order to draw the attention to such differences, countries have been grouped in the statistical tables of Annex 1 according to the concept, on which their statistics are based: informal sector, small or micro-enterprises, or other related concepts.

Of equal importance is the fact that some countries include small-scale or unregistered agricultural activities in their definition of the informal sector, while others do not. Since the vast majority of agricultural activities in most countries are undertaken in rural areas, such differences have a larger effect on the international comparability of data for rural areas than for urban areas.

Many of the countries for which data are presented in this Working Paper use the criterion of non-registration of the enterprise, either alone or in combination with other criteria such as small size or type of workplace location, to define the informal sector. In most cases the criterion refers to the non-registration of the enterprise as a corporation, or to its non-registration with the tax authorities or for statistical purposes. Many other countries use small size as a criterion to define the informal sector, either alone or in combination with criteria such as the non-registration of the enterprise or the type of workplace location. The criterion of non-registration of the employees of the enterprise is used only by some of the transition countries of Central and Eastern Europe to define unregistered employment.

The cut-off points for the size criterion differ among countries. However, there are very clear preferences for cut-off points such as $A_{less\ than\ 5}$, A_5 or $less_5$, $A_{less\ than\ 10}$ or A_{10} or $less_{10}$. While most countries use the same size limit for all branches of economic activity, some use different size limits for different branches. Some differences among countries also exist depending on whether the size criterion is applied to each establishment or to the enterprise as a whole, and whether it refers to the total number of persons engaged or to the number of employees.

National practices concerning the treatment of paid domestic employees employed by households vary widely across countries and data sources, as they do concerning the treatment of producers of goods exclusively for own final use by their household. The international comparability of data for women is more affected by

differences in the treatment of these groups of persons than is the international comparability of data for men.

Available national data on persons employed in the informal sector often refer only to those whose main or only job/activity is in the informal sector and exclude those with a secondary job/activity in the informal sector, such as farmers or government employees. As the number of persons with a secondary job/activity in the informal sector can be quite large in some countries, data that exclude persons with a secondary job/activity in the informal sector should be considered as a lower-bound estimate of total employment in the informal sector.

Another deviation from the international definition of the informal sector is that a number of countries exclude all persons engaged in professional and technical occupations from their statistics, irrespective of the characteristics of their enterprises.

Not only the definitions, but also the data sources for employment in the informal sector vary among countries that produce these statistics. The most common sources are labour force surveys and special informal sector surveys, based on a mixed household and enterprise survey approach, or establishment censuses and surveys. Other sources include multi-purpose household surveys, household income and expenditure surveys, surveys of household economic activities or household industries, small or micro-enterprise surveys, and official estimates prepared by the countries themselves. In some cases, the data are ILO estimates taken from the Regional Database for Latin America and the Caribbean or prepared by the ILO Bureau of Statistics in cooperation with the countries concerned.

In many countries, data on employment in the informal sector are available for urban areas only. In some countries, the scope of surveys providing informal sector employment data does not even cover all urban areas but is restricted to major metropolitan areas or capital cities. Because of national differences in the characteristics that distinguish urban from rural areas, the distinctions between them are not amenable to a single definition that would be applicable to all countries. In the absence of an international standard definition, the data for the statistical tables in Annex 1 are based on national definitions of urban areas established by countries in accordance with their own needs.

For the time being, only few countries dispose of statistics on the informal sector, which are available on a regular basis at frequent intervals (e.g., every year). In most countries, data on the informal sector are collected on an ad-hoc basis or with a less than annual periodicity. For this reason, time series data are relatively scarce.

More detailed methodological information on the statistics presented in this Working Paper can be found in the country-specific descriptions attached as Annex 2.

3. Statistics on employment in the informal sector

3.1 Structure of the statistical tables in Annex 1

Table 1a provides data on persons employed in the informal sector (or small or micro-enterprises, or related other concepts) for countries, which have data sources covering the whole country (i.e. urban as well as rural areas). The figures shown in Table 1a refer to the latest year, for which data were reported to the ILO. The first three columns of Table 1a show the number of persons employed in the informal sector (or small or micro-enterprises, or related other concepts), broken down by sex if data were available. Taking these figures, the next column shows the sex ratio, i.e. how many women per 100 men work in the informal sector (or small or micro-enterprises, or related other concepts). A ratio below 100 means that less women than men are employed in the informal sector, while a ratio above 100 means that more women than men are employed in the informal sector. This form of presentation was chosen because it reveals gender-specific differences more clearly than the indicator normally used, which is the number of women employed in the informal sector as a percentage of the total number of persons (both sexes) employed in the informal sector. The last three columns of Table 1a show employment in the informal sector (or small or micro-enterprises, or related other concepts) as a percentage of total employment, by sex (if data were available). This is a ratio relating the number of persons (men, women) employed in the informal sector to the total number of employed persons (men, women) in the same geographic areas, branches of economic activity, age groups, etc. For some countries, however, data were unavailable on the total number of employed persons that would have permitted the calculation of a ratio.

Countries are presented in Table 1a in the following order:

- Countries are first grouped according to the concept on which their statistics are based: informal sector (harmonised definition); informal sector (national definition); small or micro-enterprises (national definition); related other concepts.
- Within each of these blocks, countries are then grouped by region: Africa; Latin American; Asia; Europe; Oceania.
- Finally, countries are ranked by alphabetical order within regions.

Table 1b provides data for 12 Latin American countries on the number of persons employed in small or micro-enterprises as a percentage share of total employment. The definition of small or micro-enterprises is a harmonised definition used by the ILO Regional Office for Latin America and the Caribbean to disseminate statistics on employment in the informal sector. The definition is given in the footnote to Table 1b. Similar to the data in Table 1a, the data in Table 1b cover the whole country (urban as well as rural areas) and refer to the latest year for which they are available. No breakdown by sex was available for the data in Table 1b.

Table 2a has the same structure and form of presentation as Table 1a but, in addition to a breakdown by sex, shows the differences between urban and rural areas as regards employment in the informal sector (or small or micro-enterprises, or related other concepts), for countries where such information is available. Countries, for which statistics on employment in the informal sector (or small or micro-enterprises,

or related other concepts) were available for urban areas only, have also been included in Table 2a.

Similar to Table 1b, *Table 2b* provides data for urban areas only for the same 12 Latin American countries on the number of persons employed in small or micro-enterprises as a percentage share of total employment. The data refer to the latest year for which they are available and are broken down by sex. The definition of small or micro-enterprises is again a harmonised definition used by the ILO Regional Office for Latin America and the Caribbean to disseminate statistics on employment in the informal sector, but it is different from the one used for the data in Table 1b. The definition is given in the footnote to Table 2b

For the few countries where such information was available, *Table 3* shows how many of the persons employed in the informal sector had their only or main job/activity in the informal sector, and how many of them had a secondary job/activity in the informal sector (i.e. their main job/activity outside the informal sector). The data in Table 3 are broken down by sex and geographic areas to reveal differences between men and women and between urban and rural areas as regards the extent to which persons are engaged in the informal sector as their secondary jobs/activities.

Table 4a corresponds to Table 1a, but presents time series of data on employment in the informal sector (or small or micro-enterprises, or related other concepts) for those countries, for which time series data covering the whole country (urban as well as rural areas) are available.

Table 4b presents a time series of the data shown in Table 1b.

Table 5a corresponds to Table 2a. It shows time series of data on employment in the informal sector (or small or micro-enterprises, or related other concepts) for those countries, for which time series data broken down by urban versus rural areas were available. Countries, for which time series data on employment in the informal sector (or small or micro-enterprises, or related other concepts) were available for urban areas only, have also been included in Table 5a.

Table 5b presents a time series of the data shown in Table 2b.

3.2 Methodological descriptions in Annex 2

Annex 2 contains methodological information relating to the statistics presented in Tables 1a, 2a, 3, 4a and 5a. Such information is useful for users of the statistics, as it can help them to evaluate the data for analytical purposes and draw appropriate conclusions from them.

For each country and data source, a brief methodological description has been prepared, which includes the following information (as far as reported to the ILO by the national statistical offices concerned):

- Title of the source;

- Year(s) for which data are available in the database of the ILO Bureau of Statistics;
- Type of the source (e.g. household sample survey, establishment sample survey, mixed household and enterprise survey);
- Periodicity of the source (e.g. irregular, annual, quarterly);
- Reference period to which the data refer;
- Definition of the informal sector (or small or micro-enterprises, or related other concepts);
- Geographic coverage of the data;
- Industry coverage of the data: branches of economic activity covered, inclusion of paid domestic employees employed by households, inclusion of producers of goods exclusively for own final use by their household;
- Persons covered: age limits, status-in-employment groups, inclusion of persons with a secondary job/activity in the informal sector, inclusion of persons engaged in professional or technical activities (ISCO-88 Major Groups 2 and 3).

The order of presentation of the methodological descriptions follows the order of presentation of the corresponding data in the statistical tables.

3.3 Main results

The importance of the informal sector as a provider of employment and income opportunities varies among countries. This can be seen from the considerable differences that exist between countries regarding the percentage of employment in the informal sector (or small or micro-enterprises or related other concepts) in total employment. The percentage ranges from under 10 % to over 90 %. Among the regions covered, countries of West and East Africa, South and South-East Asia and parts of Latin America tend to have the highest shares percentages (Tables 1a to 2b).

In half of the countries, for which data by sex are available, the share of employment in the informal sector (or small or micro-enterprises or related other concepts) in total employment is higher for women than for men. This means that in all these countries informal sector activities are relatively more important for women as a source of employment and incomes than they are for men. In some countries (Botswana, urban Cote d'Ivoire, Ethiopia, Mali, South Africa, Brazil, urban Isl. Rep. of Iran, Thailand, urban Croatia and urban Ukraine), even in absolute numbers there are more women than men employed in the informal sector (or related other concepts).

In the other countries, the informal sector seems to be more dominated by men. This may be explained by several factors. Women are often engaged in agricultural activities which many countries exclude from the scope of informal sector or similar surveys for various practical reasons. Some informal sector activities (e.g. construction, rickshaw driving, cart pulling) are physically so demanding that they can hardly be performed by women. Other informal sector activities (e.g. street vending, shoe shining, repair services, taxi driving) may not be socially acceptable for women in some cultures. Women are sometimes engaged in very small-scale or irregular informal sector activities, which are more likely than other activities to go unreported in statistical surveys. Also, women are often engaged in home-based

activities at the borderline between self-employment and wage employment; unless such home-based workers consider themselves as self-employed persons, or work as employees of an informal enterprise, they are not covered by the enterprise-based definition of the informal sector. Finally, following the recommendation by the 15th ICLS, most countries exclude producers of goods exclusively for own final use by the household from their informal sector statistics. Many countries also exclude paid domestic employees of private households. Both are activities in which women prevail. This points to the need to collect statistics not only on employment in the informal sector, but also on other forms of informal employment.

In all African and Asian countries, for which separate data are available for urban and rural areas, the number and percentage of persons employed in the informal sector (or small or micro-enterprises or related other concepts) tend to be higher in rural areas than in urban areas, both for men and women (Table 2a). Exceptions are Ethiopia (harmonised definition), South Africa, India (men, national definition), and Kyrgyzstan. For Ethiopia, the exclusion of agriculture according to the harmonised definition leads to the number of men, and the percentage of men and women, employed in the informal sector becoming higher for urban than for rural areas.

For men in India (national definition) and for men and women in South Africa, the number of persons employed in the informal sector is higher in urban than in rural areas, but the share of informal sector employment in total employment is lower for urban than for rural areas. In other words, although in absolute terms more people working in the informal sector live in urban areas, in relative terms the informal sector plays a more important role as a source of employment and income in rural areas. The same picture can be observed for both sexes in Mexico, Peru, Latvia (harmonised definition), the Russian Federation (national definition) and Turkey. For Costa Rica and Poland, it can be observed only for women. In the remaining countries (Georgia, Kyrgyzstan, Latvia – national definition, Russian Federation - harmonised definition), the informal sector is more important in urban than in rural areas, both in absolute and in relative terms. The same holds true for men in Costa Rica, while the opposite applies to men in Poland.

For most countries included in Table 2a, urban-rural differences are larger for women than for men. Particularly high numbers of women per 100 men working in the informal sector can be found for urban areas of the Isl. Rep. of Iran, and for rural areas of Ethiopia and Mali. Particularly low numbers of women per 100 men working in the informal sector can be observed for urban as well as rural areas of Turkey, and for urban areas of Bangladesh and India.

The examples of the (few) countries, that were able to provide data for Table 3, show that in some cases a substantial number of persons are employed in the informal sector as their secondary job or activity: more than 10% of the persons employed in the informal sector in Barbados, and more than 20% of those in Lithuania and in the Russian Federation. Men seem to be somewhat more likely than women to work in the informal sector as a secondary job or activity and, with the exception of Lithuania, persons in rural areas more likely than persons in urban areas.

In many countries, statistical information on the informal sector is collected on an ad-hoc rather than regular basis, and survey methodologies change over time so

that the statistics cannot be compared. Only relatively few countries have comparable time series of data that permit the evolution over time of informal sector employment to be analysed. In the case of all countries, for which such comparable time series are available, except Thailand and Poland, the data show an increase in employment in the informal sector (or small or micro-enterprises or related other concepts), for both men and women (Paraguay: only for women). In some countries (e.g. Bolivia, Costa Rica, Ecuador, Mexico, Slovakia), however, employment in the informal sector or small or micro-enterprises has started to decrease again during the most recent years, for which data are available, at least as a percent of total employment. While in some countries (e.g. Mali, Argentina, Colombia, Mexico, Panama, Paraguay, Peru, Venezuela, Thailand – related other concepts) the participation of women in informal sector employment has increased more rapidly than that of men, this was not the case in other countries (e.g. Benin, Tanzania, South Africa, Bolivia, Brazil, Chile, Ecuador, Honduras, Lithuania) (Tables 4a to 5b). However, as can be seen from Table 5b for Latin American countries, the inclusion of agriculture in the statistics may affect the results considerably.

It appears that in African countries and Indonesia the number of persons employed in the informal sector (or related other concepts) has increased more rapidly in rural areas than in urban areas (Table 5a). Particularly high increases can be observed for men in rural areas of Mali. By contrast, in the transition countries of the former Soviet Union and in Thailand the increase was stronger in urban than in rural areas. For rural areas, there was sometimes even a decrease in these countries. In Poland, the number of men and, hence, the total number of persons in unregistered employment decreased more in urban than in rural areas, while the number of women in unregistered employment decreased more in rural than in urban areas.

4. Improving statistics on the informal economy: Proposal by the ILO Bureau of Statistics of a strategy for further action

Section 2.2 of this Working Paper indicated a number of limitations of the currently available statistics. As statistics represent an important tool for evidence-based research and policy-making, there is a need to make more and better statistics on the informal economy available. The ILO could make an important contribution to this end, provided the necessary resources can be found. A strategy for further action is outlined below. It consists of three elements, which are closely inter-related: the improvement of the existing database on employment in the informal sector, methodological work on the further development of statistics on the informal economy, and a programme of technical assistance and training.

4.1 Database improvement

In order to collect and disseminate a wider range of available national statistics on the informal economy than at present, the database on employment in the informal sector already established by the ILO Bureau of Statistics should be enlarged and regularly updated. The statistical indicators to be collected and published, as well as their breakdowns, need to be determined and specified in taking into account the information needs of data users within the ILO and from the outside. These should

include not only data on employment in the informal sector, but also data on other forms of informal employment (outside the informal sector).

More detailed methodological information on these statistics should be collected as needed for a comprehensive evaluation of their quality. Such information would also be needed to harmonise, to the extent possible, available national data as a basis for preparing methodologically sound global and regional estimates.

In order to reach a wide audience of users, the database should be made accessible via the Internet in a user-friendly form.

4.2 Methodological work

While international recommendations regarding the statistical measurement of employment in the informal sector already exist (*ILO 2000*), for the time being there are no such internationally agreed guidelines for the statistical measurement of other forms of informal employment.

The ILO report on '*Decent Work and the Informal Economy*' (*ILO 2002*) proposed a definition of informal employment that needs to be tested, and eventually refined, for statistical purposes. In cooperation with interested national statistical offices, methodological studies on the statistical measurement of informal employment should be undertaken, aimed at specifying operational criteria for application of the definition, and identifying relevant sub-categories of informal jobs as targets for analysis and policy-making. The results of such studies would provide useful inputs towards the development of an internationally accepted statistical definition of informal employment, which includes its component sub-categories.

4.3 Technical assistance and training

Improvement of a database storing currently available national data, and methodological work on the further development of statistics on the informal economy, alone will not be sufficient to obtain more and better statistics on the informal economy. They would have to be accompanied by a programme of technical assistance and training aimed at helping countries, which currently do not have statistics on the informal economy, to develop such statistics, and at assisting countries, which already have statistics on the informal economy, to improve the quality of these statistics, including their international comparability.

As a promising start of such a programme, it would be useful to concentrate on the inclusion or redesign, in existing labour force surveys, of questions relating to the criteria for the identification of persons employed in the informal sector and in other forms of informal employment, their characteristics, and their conditions of employment and work.

To support the programme of technical assistance and training, methodological guidelines (e.g. in form of a manual) for the collection of data on the informal economy should be prepared, based on international recommendations and current best practices.

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