



Republika ng Pilipinas  
PAMBANSANG LUPON SA UGNAYANG PANG-ESTADISTIKA  
(NATIONAL STATISTICAL COORDINATION BOARD)  
1<sup>st</sup>, 2<sup>nd</sup> & 5<sup>th</sup> Floors Midland Buendia Building  
403 Sen. Gil J. Puyat Avenue, Makati City 1200

NSCB Resolution No. 16  
Series of 2003

ADOPTING A SET OF CRITERIA  
FOR IDENTIFYING THE INFORMAL SECTOR

**WHEREAS**, NSCB Resolution No. 15, Series of 2002, approved on 6 November 2002 provided the official conceptual and operational definitions of the informal sector (IS) for adoption by all concerned government agencies;

**WHEREAS**, said Resolution specified some cases for exclusion from the operational definition of the IS;

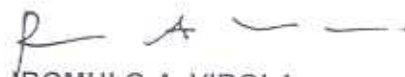
**WHEREAS**, the NSCB Executive Board instructed the Inter-Agency Committee on Labor, Income and Productivity Statistics (IACLIPS), the Technical Working Group on Labor and Employment Statistics (TWGLES), and the NSCB Technical Staff to study further the other cases for exclusion;

**WHEREAS**, in compliance with this instruction and in adherence to the January 1993 Resolution passed by the 15th International Conference of Labor Statisticians (ICLS) concerning statistics of employment on the IS, the IACLIPS, the TWGLES, and the NSCB Technical Staff reviewed and agreed on the other cases for exclusion and came up with a set of criteria for identifying the IS to facilitate field operations relative to data gathering activities for the sector;

**NOW, THEREFORE, BE IT RESOLVED AS IT IS HEREBY RESOLVED**, that the Board approve the identified set of criteria as part of the operational definition of the IS (Annex BR-16-2003-01) for adoption by all concerned government agencies.

Approved this 12th day of December 2003, in Pasig City.

Attested by:

  
ROMULO A. VIROLA  
Secretary General

### CRITERIA FOR IDENTIFYING THE INFORMAL SECTOR

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. In order to determine whether a particular economic unit or activity falls under the informal sector, the following criteria must be satisfied:

Criterion	Description
1. Enterprise ownership	Households
2. Legal organization	Household enterprises, which refer to unincorporated enterprises owned by households, are units engaged in the production of goods and/or services that are not constituted as legal entities independent of the households or household members that own them
3. Type of accounts	No complete set of accounts that will distinguish production activities, flows of income and capital between the households and the enterprises
4. Characteristics relative to employment <ul style="list-style-type: none"> <li>- Informal own-account enterprises</li> <li>- Enterprises of informal employers</li> </ul>	<p>Household enterprises 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</p> <p>Household enterprises 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</p>
5. Product destination	At least some market output, hence, not entirely for own consumption



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Applying the above set of criteria, the following cases are excluded from the informal sector:

- (1) Single proprietorships, partnerships and corporations (including corporate farms, commercial livestock raising, commercial fishing and similar units);
- (2) Quasi-corporations;
- (3) Units with ten or more employees (unless they satisfy all the criteria);
- (4) Domestic helpers hired by households;
- (5) Units engaged in professional services (unless they satisfy all the criteria);
- (6) Farms managed by cooperatives; and
- (7) Farms, regardless of size, keeping sets of accounts separate from the households.



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