

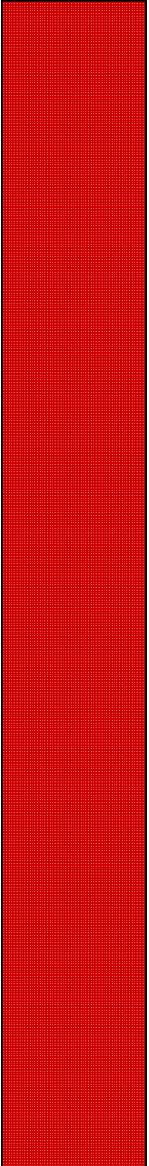
Measuring the Informal employment in Bangladesh

**Regional Workshop on MAP
on Decent work in ASIA**

**28-30 June 2010
Bangkok, Thailand**

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Outline of Presentation

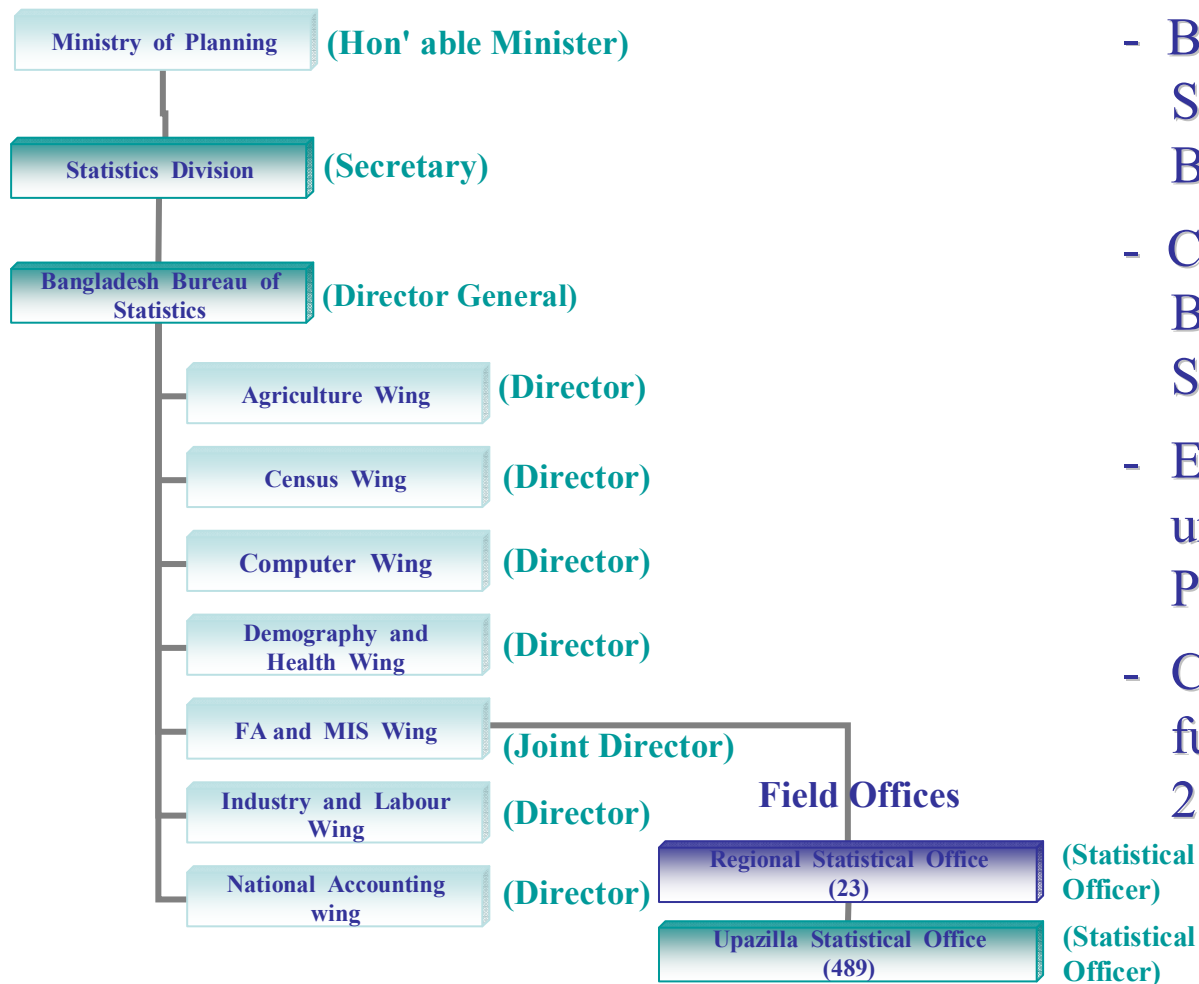
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- Bangladesh at a glance
 - System of Official Statistics in Bangladesh
 - Key findings from LFS 2005-06
 - Informal Sector Survey (ISS) 2009-10
 - Methodology of the ISS survey
 - Challenges

Bangladesh



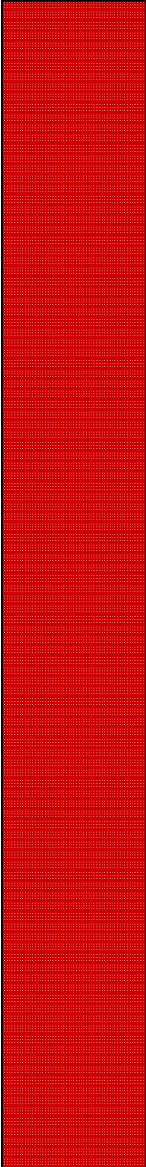
- Bangladesh, officially the People's Republic of Bangladesh is a country in South Asia.
- It is bordered by
 - ⇒ India on three sides (east, west, south).
 - ⇒ Myanmar to the southeast.
 - ⇒ the Bay of Bengal forms the southern coastline.

System of Official Statistics in Bangladesh



- Bangladesh Bureau of Statistics, the NSO of Bangladesh
- Centralized in the Bangladesh Bureau of Statistics (BBS).
- Established in 1974 under the Ministry of Planning.
- Comprises 7(seven) functional wings and 2-tyre field offices.

Labor Force Profile: Bangladesh, 2005-06



Labor Force Characteristic	Frequency	Percentage*
Employed	47,356,591	95.68
Employee	6,566,414	13.27
Employer	130,095	0.26
Self-employed	19,844,562	40.09
Unpaid worker	10,267,496	20.74
Wage worker	10,548,024	21.31
Unemployed	2,137,672	4.32
In labor force	49,494,263	100.00

* percent to total labor force

Informal employment Profile

Frequency Distribution of Workers in Bangladesh, By Nature of Employment, Division and Locality

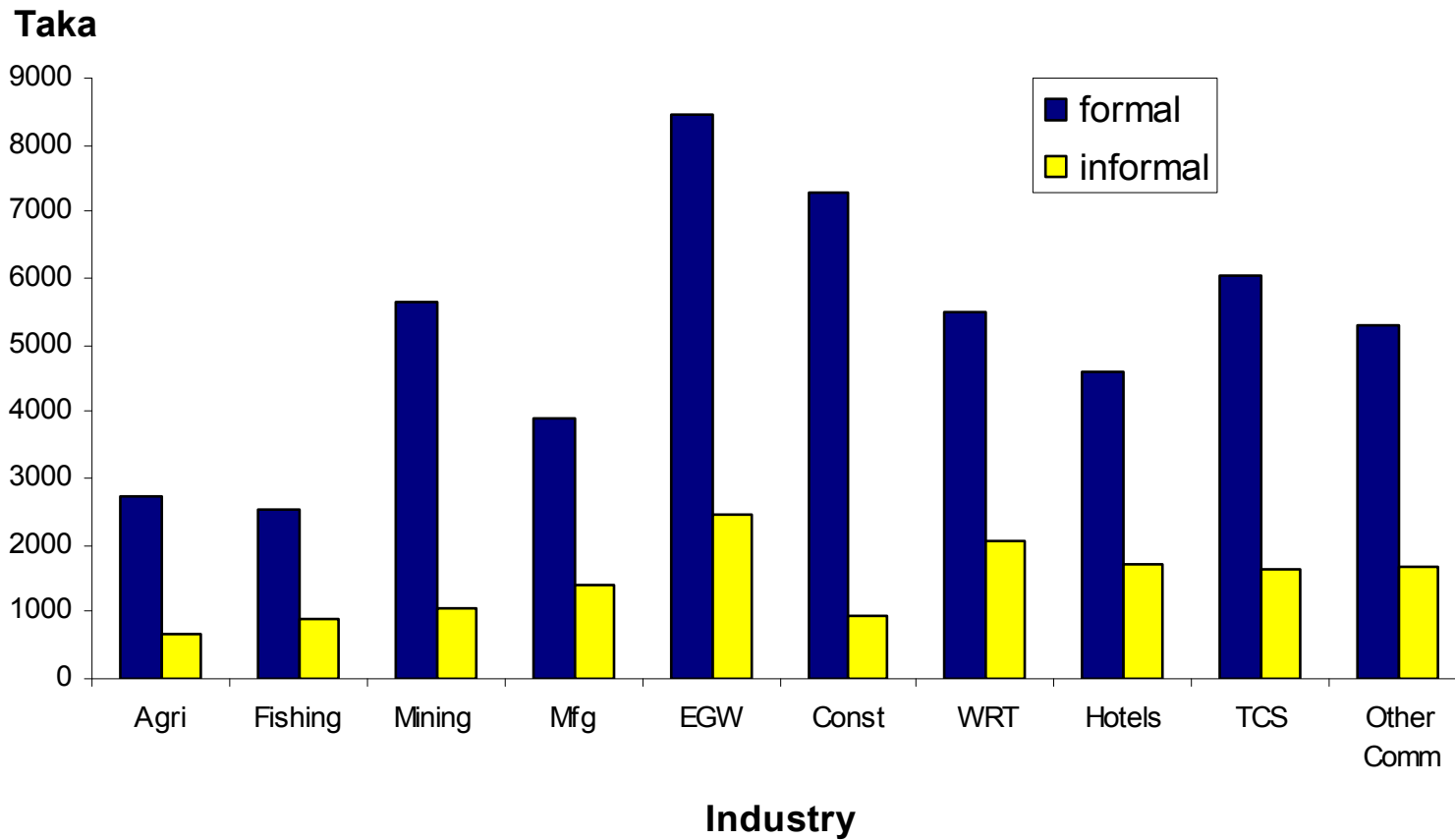
Area	Nature of Employment		Total
	Formal	Informal	
Division			
Chittagong	1,415,581	7,782,386	9,197,967
Dhaka	2,483,181	12,211,304	14,694,485
Khuha	488,485	5,069,714	5,558,199
Rajshahi	763,399	10,202,852	10,966,251
Barisal	355,552	3,029,563	3,385,115
Sylhet	312,383	3,242,190	3,554,574
Total	5,818,582	41,538,009	47,356,591
Locality			
Rural	2,899,327	33,232,904	36,132,231
Urban	931,116	4,223,014	5,154,130
SMA	1,988,139	4,082,092	6,070,230
Total	5,818,582	41,538,009	47,356,591

Variable	Estimate
Employed	47,356,591
Unemployed	2,137,672
Labor Force	49,494,263

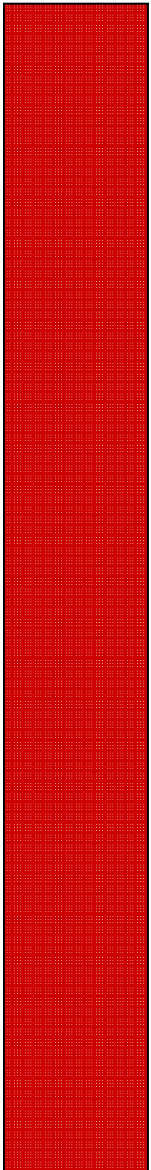
Nature of employment	%
Informal	87.71
Formal	12.29

LFS 2005-06: Mean wage by industry

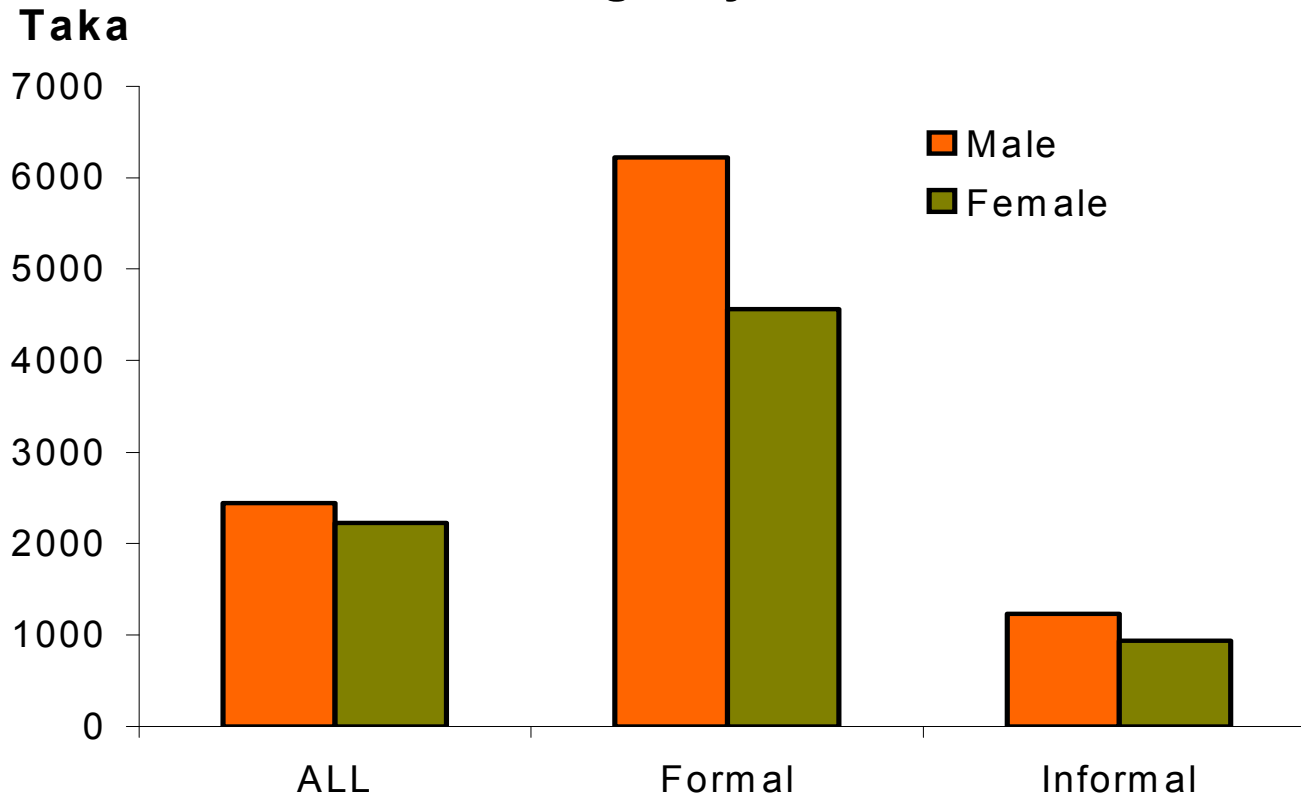
Mean Wage, by Industry: Formal vs Informal



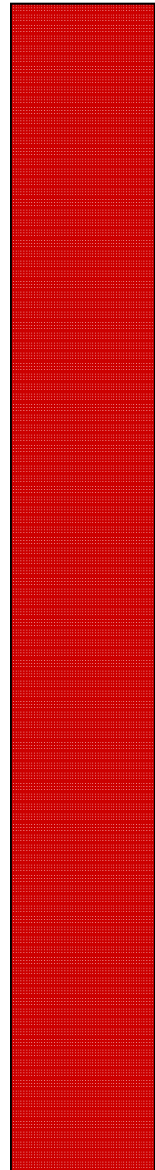
LFS 2005-06: Mean wage by sex



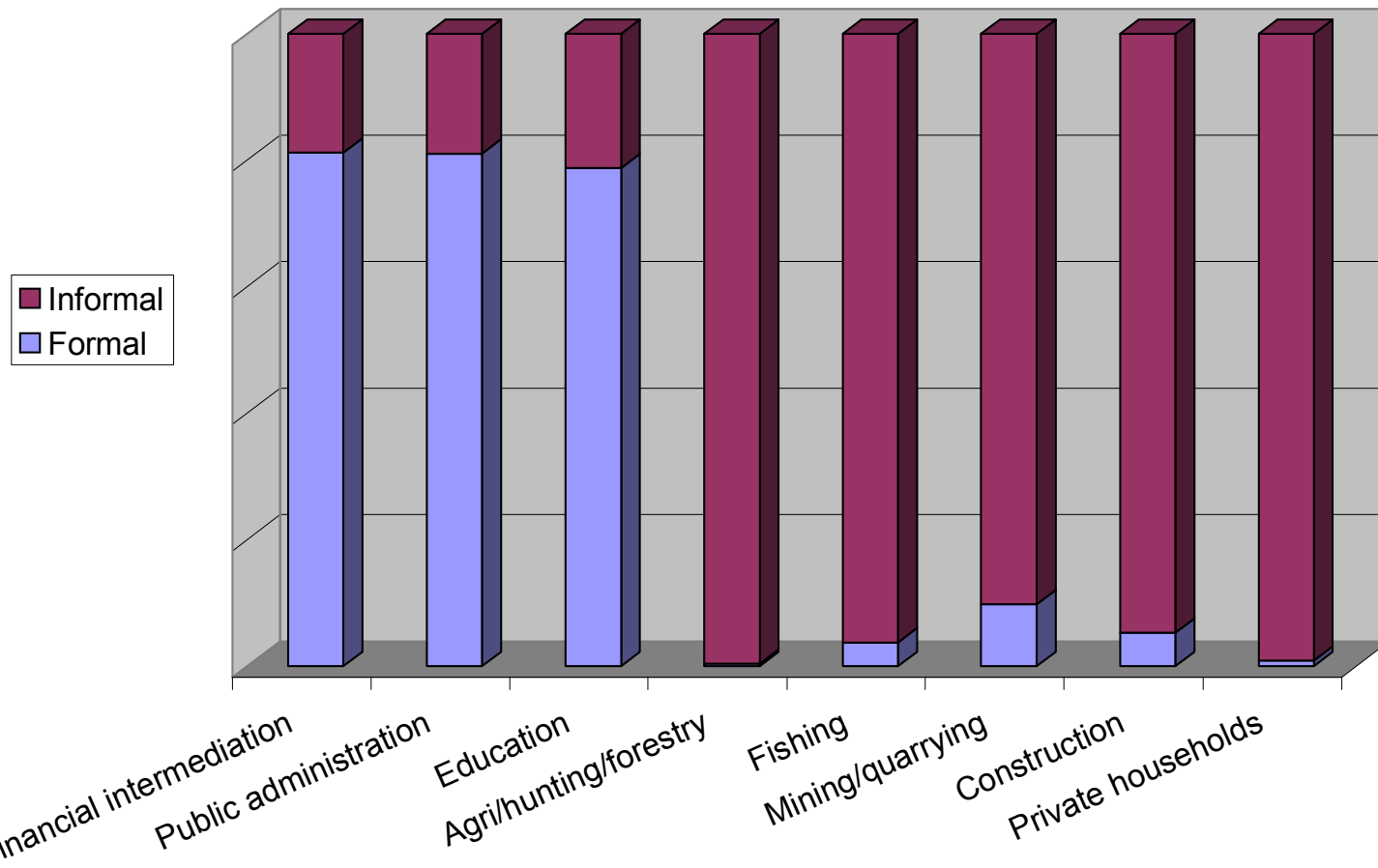
Mean Wage by Gender



Distribution of workers in selected industries by nature of employment




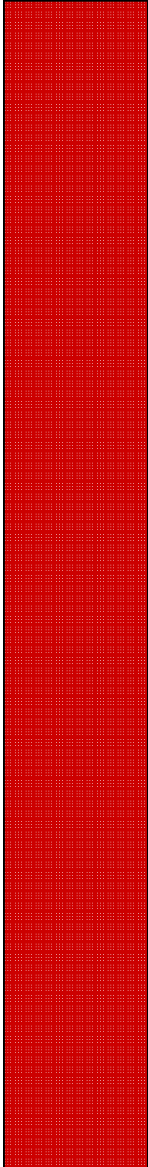
Percentage Distribution of Workers in Selected Industries in Bangladesh, By Nature of Employment



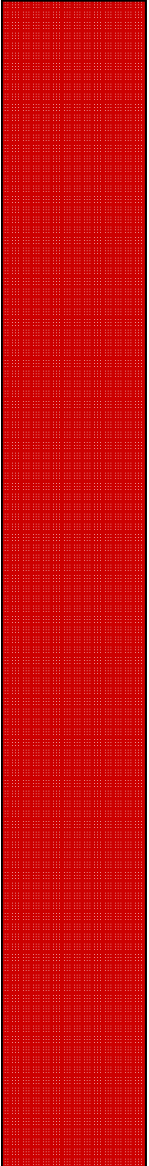
RETA 6430: Measuring the Informal Sector

- Asian Development Bank (ADB) – Measuring the Informal Sector
 - Three countries – Armenia, Bangladesh, Indonesia
 - Inception workshop conducted in September 2008
- Contribute to the increase in evidence-based policy making for poverty reduction
 - By helping NSOs acquire a sound strategy for collecting data on the informal sector
 - By exploring the processes to integrate informal sector data into national accounts data compilation framework
 - By studying the links between poverty and the informal sector

RETA 6430: Measuring the Informal Sector

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- Develop a *unifying definition* of the informal sector
 - Formulate an integrated data collection methodology
 - Design implementation strategy and tools for data collection, processing and analysis

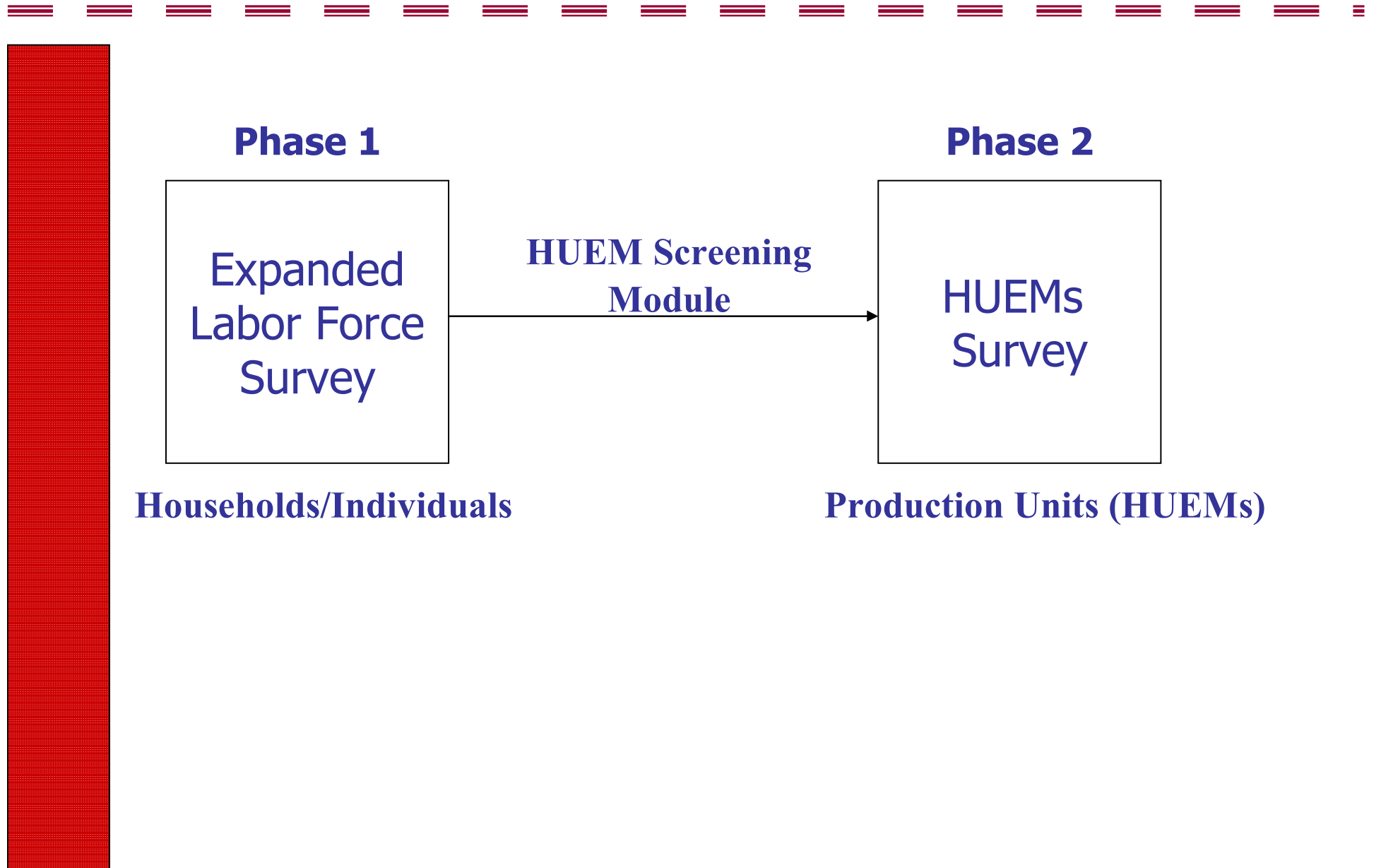
ISS : in a nutshell

- 
- Inception workshop : September 2008
 - Memorandum of Understanding: 2009
 - Development of Master sample: 2009
 - Data collection : April - May 2010
 - Manual editing and coding : June 2010
 - Data Processing and analysis : July-September 2010
 - Workshop on major findings : October 2010
 - Report : December 2010

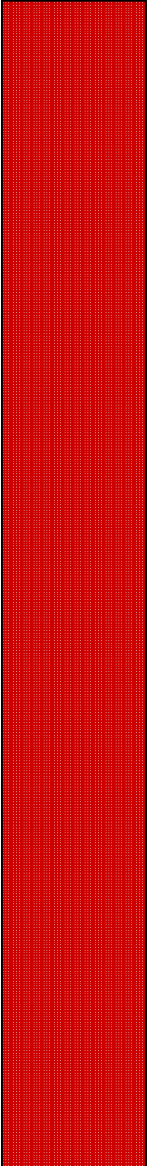
Why Informal sector survey 2009-10

- 
- **In general, there is very limited data on the informal sector**
 - In a country, what is the informal sector's contribution to economic growth?
 - What is the trend? Is it increasing?
 - **Where data is, or becomes available ...**
 - How are these being analyzed?
 - ... and made available for policy use?
 - How to make these internationally comparable?
 - **Limited comparable data on the informal sector**
(employment, contribution to GDP)

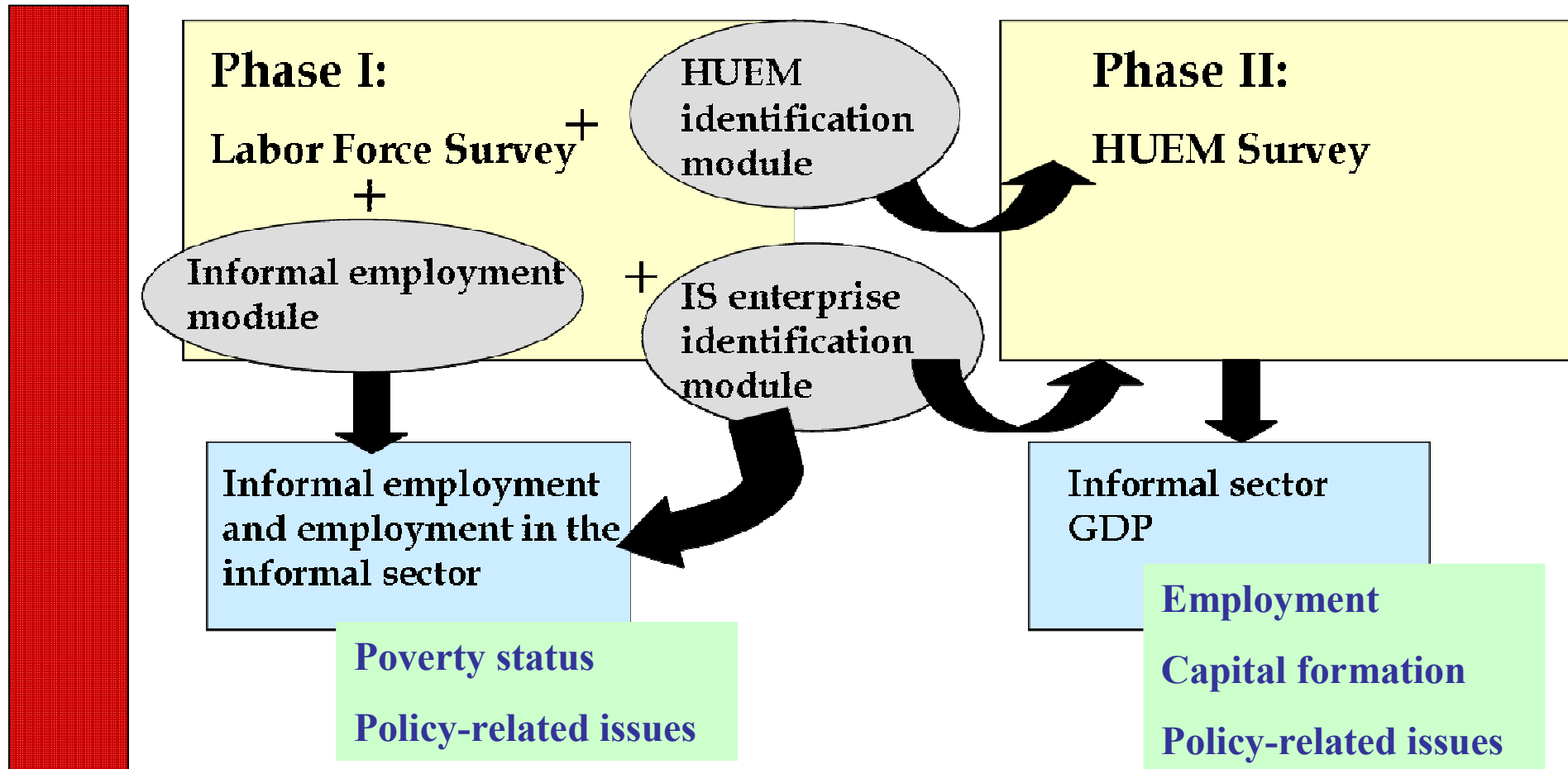
General design strategy



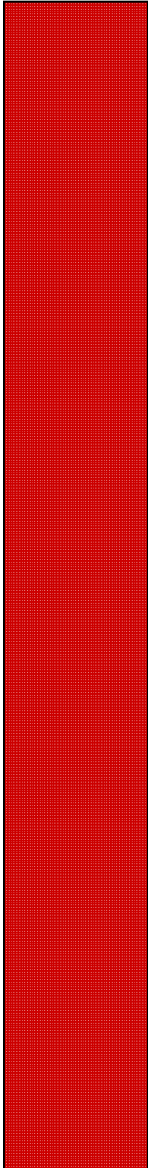
MIXED SURVEY APPROACH

- 
- The sampling strategy for the HUEM Survey incorporates a mixed survey approach.
 - First Phase: Expanded LFS (includes questions about informal employment and screening questions to identify HUEMs)
 - Second Phase: HUEM Survey (possible sampling strategies: (i) *all HUEMs identified in phase 1 are interviewed*; or (ii) *sub-sampling is implemented*)

Data Collection methodology



HUEM identification



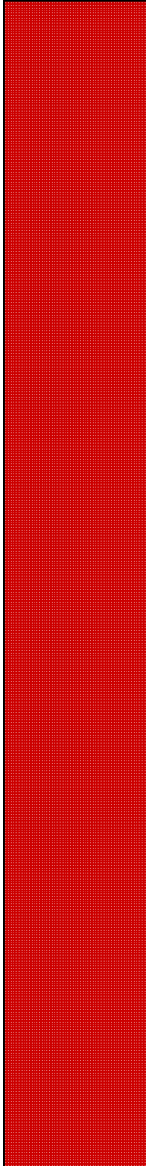
Household Enterprises			
Producing at least some goods & services for market		Producing goods & services for own final use	
Non-agricultural	Agricultural	Goods	Services
Formal sector		Agriculture, forestry, fishing	Paid domestic services
		Other activities	Owner occupied dwelling services

Household Unincorporated Enterprises with some Market Production (HUEMs)

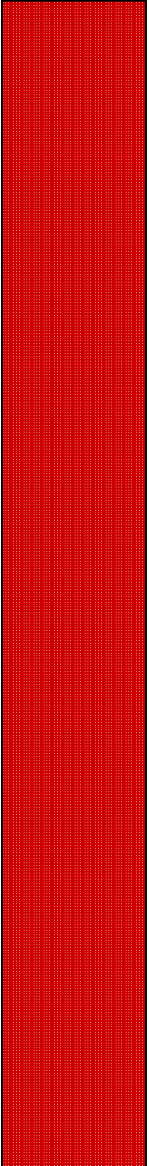
Development of new Master Sample



Sampling Frame	<i>the EAs were used as PSUs; small EAs were merged</i>
Survey Domain	<i>the geographic divisions serve as survey domains</i>
Sample Size	<i>1500 PSUs, 20 HH/PSU were sampled</i>
Stratification	<i>Urbanity; proportion of HH whose main source of income is agriculture; and proportion of HH whose dwellings were made of strong materials</i>
Sample Selection	<i>uniform selection probabilities within domain are maintained</i>



Development of new Master Sample



Division	Number of PSUs
Barisal	182
Chittagong	246
Dhaka	370
Khulna	210
Rajshahi	314
Sylhet	178
Total	1500

Selection of PSUs by Division in Phase-1 & Phase-2

Division	Rural				Urban		Total
	1	2	3	4	1	2	
Phase 1(LFS)							
Barisal	42	38	39	37	15	11	182
Chittagong	50	47	46	40	36	27	246
Dhaka	65	58	63	58	67	59	370
Khulna	41	44	41	42	22	20	210
Rajshahi	69	67	69	63	25	21	314
Sylhet	39	40	39	38	11	11	178
Total	306	294	297	278	176	149	1500
Phase 2							
Barisal	42	38	13	12	15	11	131
Chittagong	50	47	15	13	36	27	188
Dhaka	65	58	21	19	67	59	289
Khulna	41	44	14	14	22	20	155
Rajshahi	69	67	23	21	25	21	226
Sylhet	39	40	13	13	11	11	127
Total	306	294	99	92	176	149	1116

Identification of Informal sector & Informal employment



To Identify Informal sector:

- Household unincorporated enterprises with less than 10 persons engaged in the activity/establishment and
- without complete set of accounts

Identification of Informal sector & Informal employment

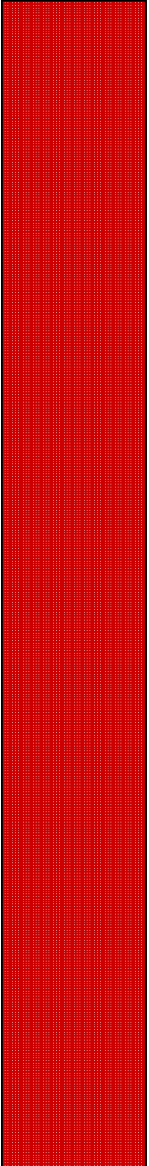
The informal workers were surmised to be:

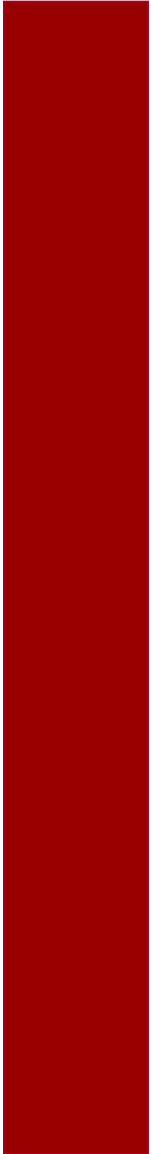
- all those who identified themselves to be unpaid family workers, irregular paid workers, day laborers in agriculture/non-agriculture, domestic workers, and paid/unpaid apprentices;
- all workers employed in the personal household sector;
- paid employees working in the formal sector and are NOT paid weekly or monthly;
- paid employees working in personal establishments and “others” sectors; and
- employers, self employed workers, and “other” workers employed in businesses with NO written accounts and/or are NOT registered with the proper authorities.

Inclusion & exclusion of issues in ISS: Bangladesh considerations

SI	Description of Issues	
1	HUEMs that are located outside the PSU	Included
2	LFS is not linked to HIES, to determine poverty status in the expanded LFS (Form-1) to enable employment poverty analysis	Questions included
3	HUEMs that are identified by employees—because these HUEMs are also owned by households who also have a chance of being selected.	Excluded
4	Agriculture sector	Included
5	Secondary job	Included
6	Professional/technical persons	Excluded

Challenges

- 
- Concepts and definitions are new;
 - Survey approach (mixed) is new;
 - Excessive workload for the enumerators;
 - Provide incomplete/misleading data



THANK YOU ALL