



NSCB Resolution No. 15
Series of 2002

ADOPTION OF AN OFFICIAL DEFINITION ON THE INFORMAL SECTOR

WHEREAS, the informal sector plays a significant role in the generation of output, employment and income as well as in the economic and social development of the country;

WHEREAS, there is a need for a standard conceptual and operational definition for the informal sector to measure its contribution to the economy and guide the development of policies, programs and interventions in providing assistance, increasing productivity and promoting social welfare;

WHEREAS, a standard definition will facilitate the collection of data about the sector;

WHEREAS, the 15th International Conference of Labor Statisticians (15th ICLS) in 1993 formulated a definition to guide countries in measuring the informal sector;

WHEREAS, the United Nations Expert Group on Informal Sector Statistics (Delhi Group) constituted in 1997 endeavoured to harmonize national definitions on the basis of the framework set by the ILO international definition;

WHEREAS, the International Labor Organization (ILO) - United Nations Development Programme (UNDP) Project on the Development of Policy, Legislative and Institutional Reforms for the Promotion and Protection of Workers in the Informal Sector has also formulated a definition which was endorsed by its Project Advisory Committee to the NSCB for consideration;

WHEREAS, the NSCB Technical Staff held discussions to evaluate the definitions formulated by the 15th ICLS, the Delhi Group and the ILO-UNDP Project and presented its findings to the NSCB Management Committee;

WHEREAS, the Inter-Agency Committee on Labor, Income and Productivity Statistics (IACLIPS) and its Technical Working Group on Labor and Employment Statistics (TWGLES) also conducted meetings to evaluate the proposed definition;

WHEREAS, the NSCB Technical Staff, the IACLIPS and the TWGLES formulated a revised definition and agreed to recommend it for approval;

NOW, THEREFORE, BE IT RESOLVED AS IT IS HEREBY RESOLVED, that the Board approve the recommendation of the IACLIPS and the NSCB Technical Staff for adoption by concerned government agencies and instrumentalities, the official standard conceptual and operational definition of the informal sector as specified in Attachment 1;

OFFICIAL DEFINITION OF THE INFORMAL SECTOR

1. Conceptual Definition

The informal sector consists of "units" engaged in the production of goods and services with the primary objective of generating employment and incomes to the persons concerned in order to earn a living.

These units typically operate at a low level of organization, with little or no division between labour and capital as factors of production. It consists of household unincorporated enterprises that are market and non-market producers of goods as well as market producers of services.

Labor relations, where they exist, are based on casual employment, kinship or personal and social relations rather than formal or contractual arrangements.

2. Operational Definition

For statistical purposes, the informal sector shall refer to household unincorporated enterprises which consists of both informal own-account enterprises and enterprises of informal employers.

Informal own-account enterprises are household unincorporated enterprises owned and operated by own-account workers, either alone or in partnership with members of the same or other households which may employ unpaid family workers as well as occasionally/seasonally hired workers but do not employ employees on a continuous basis.

Enterprises of informal employers are household unincorporated enterprises owned and operated by own-account workers, either alone or in partnership with members of the same or other households which employ one or more employees on a continuous basis.

Particular cases that are excluded:

- (1) Corporations
- (2) Quasi-corporations
- (3) Units with ten or more employees
- (4) Corporate farms
- (5) Commercial livestock raising
- (6) Commercial fishing



BE IT RESOLVED FURTHER, that the IACLIPS, TWGLES and the NSCB Technical Staff study further the other cases for exclusion (i.e., units engaged in providing domestic services/household helpers; units engaged in professional services; farms managed by cooperatives; and farms with an area of three hectares or more) from the operational definition;

Approved this 6th day of November 2002, in Pasig City.

Attested by:


ROMULO A. VIROLA
Secretary General