New statistical standards on the informal economy
Draft resolution concerning statistics on the informal economy
Content

• Why a revision?

• Process of the revision

• Outline of the proposed conceptual framework

• Proposed main changes of existing concepts and definitions
The current statistical standards

- Informal employment (job based concept)
- Expanded the boundaries of informality

- Informal sector (enterprise based concept)
- Employment in the informal sector (job based concept, but relies on the type of enterprise)
Background to the revision

Changes in statistical standards

- **Resolution I concerning statistics of work, employment and labour underutilization (19th ICLS, 2013)**
  - Introduced the concept of work and identified the five forms of work

- **Resolution I concerning statistics on work relationships (20th ICLS, 2018)**
  - Introduced a new ICSE-18
    - Including: Dependent contractors

Need to align the statistical framework on informality to the latest statistical developments

Increased experiences

- Current definitions of informal sector and informal employment are flexible
  - More than 60 countries have a regular measurement
  - Estimates can be produced for more than 100 countries
  - “Consensus” around main criteria to use

Based on country practices, these definitions can be strengthened
ILO received a strong mandate to initialize a revision of ILO standards. Experts from NSO’s, ministries from 40 countries, Workers and Employers representatives, and observers participated in yearly meetings from 2019 to 2022. Substantial progress was made in developing a proposal for a new standard.

In 2022, a series of regional meetings took place, followed by a tripartite meeting of experts in February 2023. The proposal was put forward for discussion at the 21st International Conference of Labour Statisticians (ICLS) in 2023.
Additional collaboration and projects

Engendering informality statistics
Funded by Gates foundation
- Ensure the gender relevance of the framework and of data collection methods to allow gender differences to be properly understood
- Contribute to develop improved data collection tools (Pilots being conducted in Uganda and Peru).

Ford foundation project
- Improve harmonization and measurement of informal employment among the Arab States

ILO WG

UNSD/IMF Informal Economy Task Team
- Produced a Guidance note on the IE for integration in the SNA
- Part of the 2025 update of the 2008 SNA
- Ensures alignment between labour statistics and the SNA

Contribute to the development of improved tools and recommendations for the collection of statistics on informality with a strong gender component to support the new resolution.
Outline of conceptual framework in the draft resolution concerning statistics on the informal economy
Objectives of the framework

▶ A comprehensive framework that:
  • Meets the need to compile statistics on informality from the perspective of economic units and persons.
  • Aligned to the 19th ICLS resolution I and the SNA
  • Comprehensive but focused framework that fulfils different data and policy needs.

▶ Proposal is to introduce the:
  • Underlying concept: *informal productive activities*.
  • Overarching concepts: *Informal economy* and *informal market economy*.

▶ Creates a structure that:
  • Gives a broad scope of informality.
  • Remain a focus on core concepts, that countries should regularly measure.
  • Better explains the different statistical concepts, their links/differences.
Structure of the framework

The underlying reference concept of informal productive activities:

- Defined as: all productive activities carried out by persons or economic units that are – in law or in practice – not covered by formal arrangements.
- Clarifies the statistical meaning of informality
- Links the different reference units together (Economic units, persons, jobs and work activities)
- Reflects informality from the two perspectives of economic statistics and labour statistics.

Informal economy

- Defined as: all informal productive activities of persons or economic units.
- A broad overarching umbrella concept, includes:
  - All informal production by economic units within the SNA general production boundary.
  - Informal work: Informal productive activities by persons in relation to employment, own-use production work, unpaid trainee work and other work activities.
- Informal economy and informal work are to be viewed as overarching concepts, not necessarily intended to be measured in its totality by one single source.
- Allows countries to focus on specific components depending on relevance and policy objectives using different sources.
- Focus for labour statistics would primarily be on the core concepts informal employment and informal sector captured by the narrower concept of informal market economy.
## The structure of the framework

**Informal productive activities by economic units in the informal economy**

<table>
<thead>
<tr>
<th>Economic units</th>
<th>Informal production</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Sector</strong></td>
<td><strong>Formal sector</strong></td>
</tr>
<tr>
<td>Informal productive activities by economic units</td>
<td>Production in the formal sector is formal</td>
</tr>
<tr>
<td>Form of informal work as input to production</td>
<td>For pay or profit</td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Not for pay or profit</td>
</tr>
<tr>
<td></td>
<td>Informal volunteer work</td>
</tr>
<tr>
<td>Relation to SNA production boundary</td>
<td>Goods and services</td>
</tr>
<tr>
<td></td>
<td>SNA production boundary</td>
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<tr>
<td></td>
<td>SNA general production boundary</td>
</tr>
</tbody>
</table>

* Components of the informal market economy.
### The structure of the framework

**Informal productive activities by persons in the informal economy**

<table>
<thead>
<tr>
<th>Persons</th>
<th>Informal work</th>
<th>For pay or profit</th>
<th>Not mainly intended to generate pay or profit</th>
</tr>
</thead>
<tbody>
<tr>
<td>Main intention of the productive activities</td>
<td>Informal productive activities in relation to employment</td>
<td>Informal productive activities in relation to forms of work other than employment</td>
<td></td>
</tr>
<tr>
<td>Informal productive activities by persons</td>
<td>Informal employment</td>
<td>Informal unpaid trainee work, informal organization-based volunteer work, informal other work activities</td>
<td>Informal own-use production work, direct volunteer work</td>
</tr>
<tr>
<td>Sector of the economic unit for which the work is provided</td>
<td>Formal sector</td>
<td>Formal sector</td>
<td>Formal sector</td>
</tr>
<tr>
<td></td>
<td>Informal sector</td>
<td>Informal sector</td>
<td>Informal sector</td>
</tr>
<tr>
<td>Relation to SNA production boundary</td>
<td>Household own-use community sector</td>
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<td>Household own-use community sector</td>
</tr>
<tr>
<td></td>
<td>Goods and services</td>
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<td></td>
<td>SNA production boundary</td>
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</tbody>
</table>

* Components of the informal market economy.

**Informal market economy** = Informal employment, partly informal productive activities and informal sector
Proposed changes relating to informal sector and informal employment
Further strengthen the definitions

The definitions of informal -, formal – HOC - sector:

- **Introduce two dimensions:**
  - The formal status of the economic unit.
  - The intended destination of the production.

- **Strengthening the operational definition of informal sector:**
  - Shifted threshold of market production from *some* to *mainly*.
  - Remove the option to exclude agriculture, explicitly mentioned in the 15th ICLS resolution.
  - Less flexibility around the operational criteria to use.

The definition of informal employment:

- Align to ICSE-18, including integrating dependent contractors.
- Remove the possibility for employees to have formal jobs in an informal enterprise.
- Allow for the possibility for contributing family workers to have formal jobs in countries where formal arrangements are in place for this group.

- **Strengthening the operational definition of informal employment:**
  - Less flexibility around the operational criteria to use, in particular for informal jobs held by employees.
  - Stronger recommendations, based on country practices on how to prioritize and combine the criteria.
Supporting indicator framework

- Provide data on the structure of informality within a country.
- Allows the identification of workers and economic units highly represented or exposed to informality.
- Provide a more granular context to the dichotomy of informality/formality.
- A selected set of indicators is included in the draft resolution.
- Additional indicators included in the supporting indicator framework.

Improve tools and recommendations for data collection

- That will support countries in implementing the new standard.

Improve tools and recommendations for dissemination and publication.

- Online tool to guide countries in the selection and publication of indicators, depending on country context and policy objectives.
Participants in the Conference are asked to:

(a) evaluate the revised draft standards in a dedicated Committee, and make appropriate recommendations concerning their adoption by the ILO Governing Body and

(b) express their views on the follow-up activities during the sessions of the Committee established by the Conference to consider the draft resolution concerning statistics on the informal economy.
Thank you