



International
Conference of
Labour Statisticians
11-20 October 2023



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

- 2023** 21st ICLS
- 2003** 17th ICLS Guidelines concerning a statistical definition of informal employment
- 1993** 15th ICLS Resolution concerning statistics of employment in the informal sector

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



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

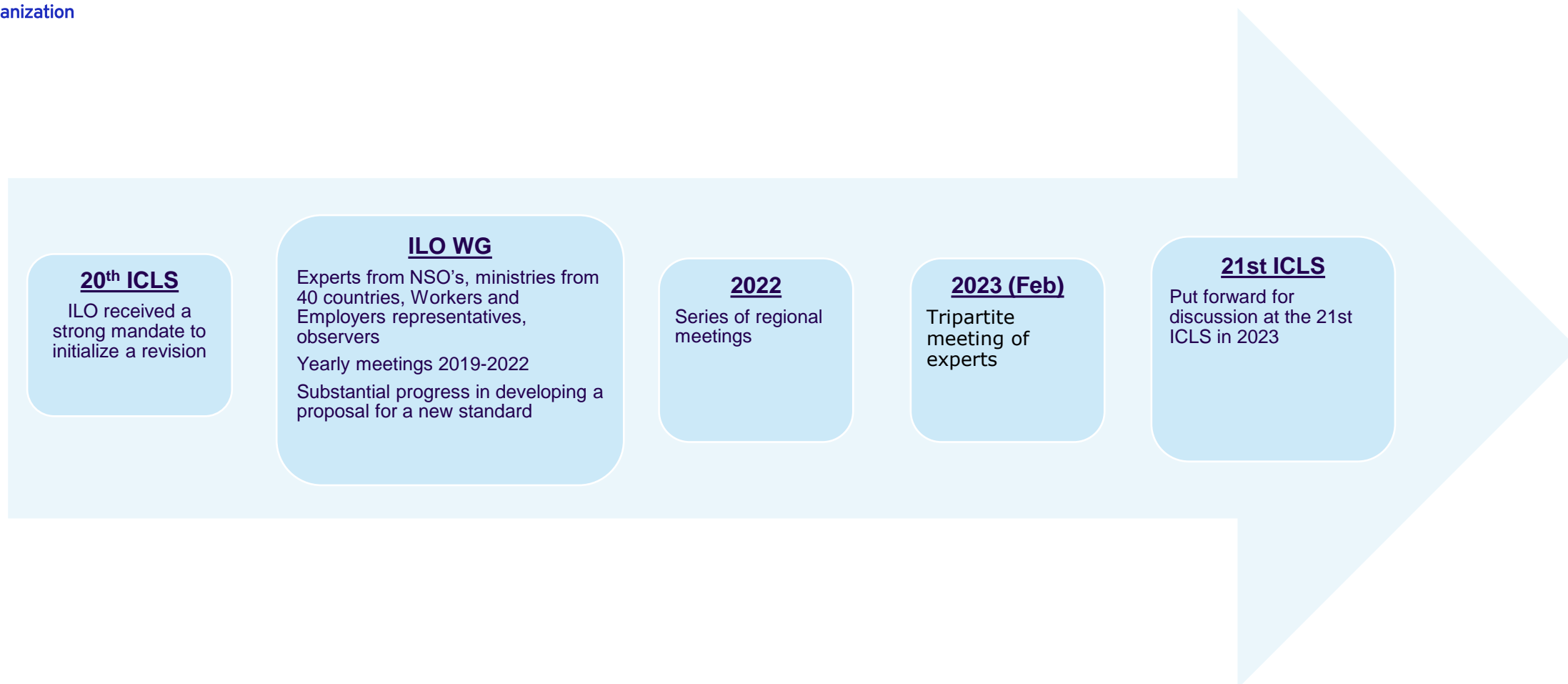
Need to align the statistical framework on informality to the latest statistical developments

Increased experiences

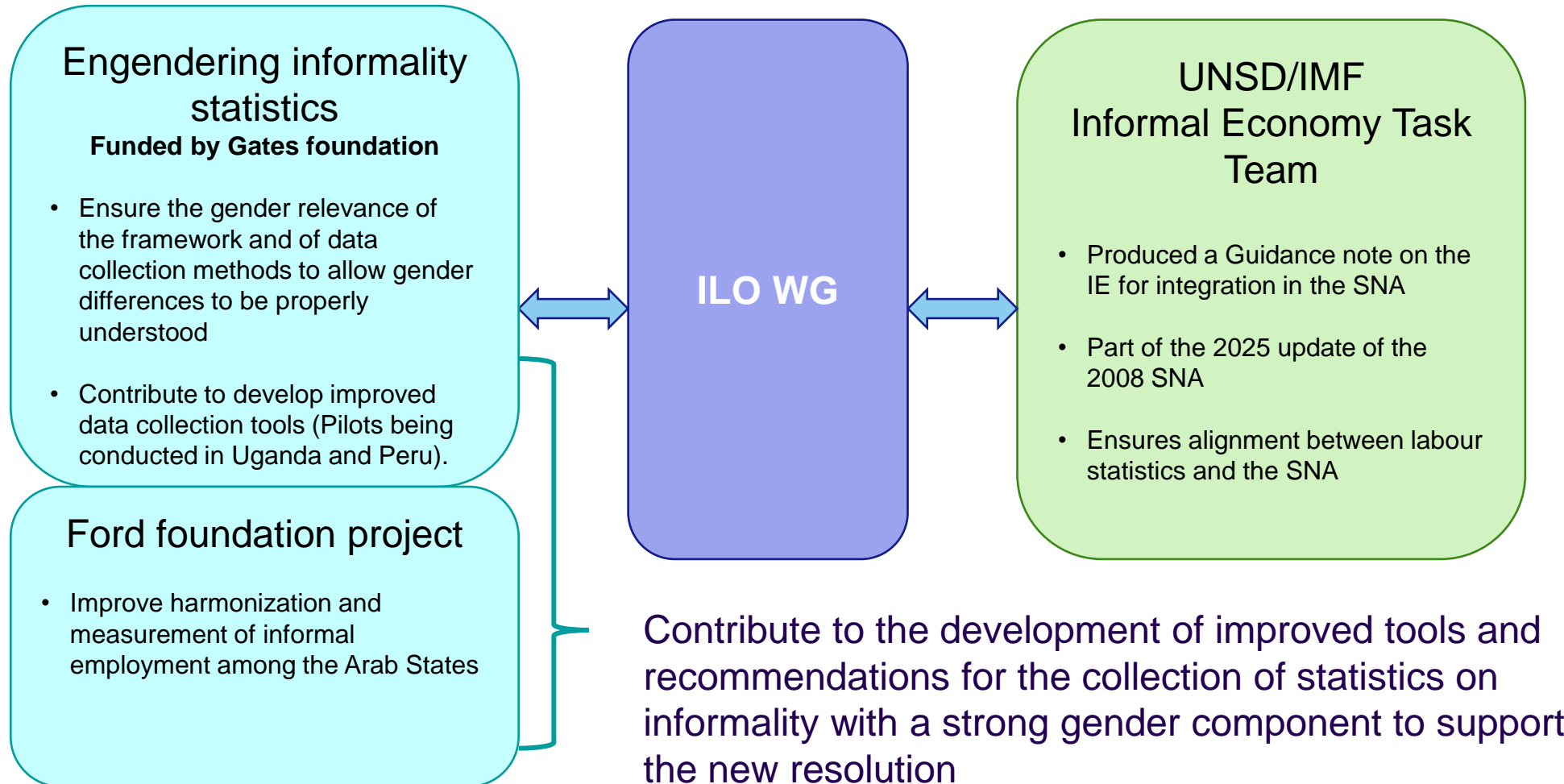
- ▶ Current definitions of informal sector and informal employment are flexible
 - ▶ More than 60 countries have a regular measurement
 - ▶ Estimates can be produced for more than 100 countries
 - ▶ “Consensus” around main criteria to use

Based on country practices, these definitions can be strengthened

Process for revision



Additional collaboration and projects



► 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 necessary 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 primary 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

Economic units		Informal production				
Sector		Formal sector	Informal sector *	Household own-use and community sector		
Informal productive activities by economic units		Production in the formal sector is formal	All production by informal household unincorporated market enterprises	Production by informal employees engaged by households and non-formal non-profit organizations	Informal household own-use production, non-formal non-profit organizations and direct volunteer work	
Form of informal work as input to production	For pay or profit	Informal employment *	Informal employment *	Informal employment *		
		Partly informal productive activities of persons in formal employment *		Partly informal productive activities of persons in formal employment *		
	Not for pay or profit	Informal unpaid trainee work	Informal unpaid trainee work	Informal unpaid trainee work	Informal volunteer work	
		Informal volunteer work	Informal volunteer work		Informal own-use production work	
Relation to SNA production boundary		Goods and services			Goods	Services
		SNA production boundary				
		SNA general production boundary				

* Components of the informal market economy.

Informal market economy=Informal sector and informal employment, partly informal productive activities ilo.org

The structure of the framework

Informal productive activities by persons in the informal economy

Persons	Informal work				
Main intention of the productive activities	For pay or profit		Not mainly intended to generate pay or profit		
	Informal productive activities in relation to employment		Informal productive activities in relation to forms of work other than employment		
Informal productive activities by persons	Formal employment with partly informal activities *	Informal employment *	Informal unpaid trainee work Informal organization-based volunteer work Informal other work activities	Informal own-use production work Direct volunteer work	
Sector of the economic unit for which the work is provided	Formal sector	Formal sector	Formal sector		
		Informal sector *	Informal sector *		
	Household own-use community sector	Household own-use community sector	Household own-use community sector	Household own-use community sector	
Relation to SNA production boundary	Goods and services			Goods	Services
	SNA production boundary				
	SNA general production boundary				
* 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.

► In addition:

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.

A small red arrow points to the right, positioned to the left of the 'Thank you' text.

Thank you

A large, abstract geometric pattern made of thin blue lines covers the bottom right portion of the slide. It consists of various triangles and polygons of different sizes, creating a complex, crystalline structure that extends from the bottom left towards the top right.