21st International Conference of Labour Statisticians

Uganda’s Experience during the Informal Employment Pilot Testing

Presented by:
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Venue: ILO, Geneva, Switzerland
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1. Introduction
2. Measurement of informality
3. Informality in Uganda
4. Challenges with measuring informality
5. Informal Employment Pilot Testing Experience
6. Lessons learnt
7. Conclusion
**INTRODUCTION**

**Vision:** A World Class National Statistical Office

**Mandate:** Produce Official Statistics and Coordinate the National Statistical System (UBOS Act 1998)

- UBOS undertakes surveys and Censuses on a regular basis aligned to both National and International development frameworks.
- We also undertake methodological experiments and pilot studies including; Maize cutting and productivity measurement (MAPS I&II) Banana Variety Identification and DNA finger printing Survey (BAViS), **Engendering Informality Statistics pilot Survey of 2022** among others etc.
Informal employment refers to employment relationships where in law or in practice, persons in employment are not subject to social protection (i.e., no provision for pension or contribution to National Social Security Fund) AND have no entitlement to paid annual leave or paid sick leave.

❖ Also considered;

❖ paid maternity/paternity leave, entitlement to retirement scheme, having medical/health insurance

❖ all informal jobs, whether carried out in formal sector enterprises, informal sector enterprises, or households, during the reference period.

Informal sector is where enterprises are not registered by Uganda Registration Services Bureau (URSB) as a business or by the Uganda Revenue Authority (URA) for Value added tax / income tax returns or did not keep complete books of accounts.
Informal employment Definition (19th & 20th ICLS)

i. Independent workers (ICSE-18 Codes: 11, 12, 21, 22), 30
   • in their own informal sector enterprises
   • informal nature of their jobs thus follow directly the characteristics of the enterprise.

ii. Employees holding informal jobs (ICSE-18 Codes: 41-44)

iii. All Contributing family workers (51)
### Questions to determine informality – HH Surveys

**For Employee, (ICSE-18: Codes 41-44)**

<table>
<thead>
<tr>
<th></th>
<th>In your current job, can you benefit from the following services?</th>
</tr>
</thead>
<tbody>
<tr>
<td>B17</td>
<td>Social security contribution (2021 added Provident fund or pension)</td>
</tr>
</tbody>
</table>
|     | 1=Yes  
|     | 2=No  
|     | 3=Don’t Know |
| B18 | Paid sick leave |
|     | 1=Yes  
|     | 2=No  
|     | 3=Dont Know |
| B19 | Annual paid leave (holiday time) |
|     | 1=Yes  
|     | 2=No  
|     | 3=Don’t Know |

Formal if B19 is Yes & (B17 or B18 is yes)

ALL Contributing family workers are informal
Questions to determine informality – HH Surveys

Formal Independent Workers and Dependent Contractors
(ICSE-18: 11, 12, 21, 22, 30)

B5. Is the business/farm/activity (or the one where you worked) registered with the RELEVANT GOVERNMENT ENTITY e.g. Registrar of Companies or Uganda Registration Service Bureau (URSB)?
1 = Yes
2 = In the process of becoming registered
3 = No
4 = Do not know

OR

B20. What is the type of ownership of your business/farm (or the business/farm where you worked)?
1 = Individual owner (or with other household members)
2 = Partnership with members of other households
3 = Incorporated enterprise (Private Limited Co., Public Limited Co. Inc.)
4 = Other (specify): ______________

OR

B21. Does your business/farm keep a complete record of accounts (assets and expenditures)?
1 = Yes
2 = No
8 = Don’t know
MEASUREMENT OF INFORMALITY

Data Source

Supply side (household based)
1. Uganda National Household Survey (UNHS) - every 3yrs, 2019/20
   - With modular report on Informal employment
3. Uganda Integrated Household Survey (UHIS) - annual & panel survey, 2022

Demand side (establishment based)
1. Census of business establishments (COBE) – every 5years, 2020
2. Manpower Survey - every 5yrs, 2015/16

*Compilation of informality is rotational in annual surveys
Trend in informal employment

92% of employees were in informal employment including agriculture.

88% of employees were in informal employment excluding agriculture.

Employees were about 10 million in 2021.
<table>
<thead>
<tr>
<th></th>
<th>Male</th>
<th>Female</th>
<th>National</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agriculture, Forestry And Fishing</td>
<td>99</td>
<td>99</td>
<td>99</td>
</tr>
<tr>
<td>Production</td>
<td>94</td>
<td>93</td>
<td>93</td>
</tr>
<tr>
<td>Services</td>
<td>83</td>
<td>91</td>
<td>86</td>
</tr>
<tr>
<td>Total</td>
<td>90</td>
<td>94</td>
<td>92</td>
</tr>
</tbody>
</table>

*NLFS 2021
Challenges with measuring informality

1. Use of Proxy respondents
2. Most employees (8 in 10) have verbal contract agreements
3. False positives i.e. paid annual/sick leave
4. Fear of being imprisoned for tax evasion
5. Measurement of informal sector employment – data collection and analysis
6. Separate books of accounts are kept for varying purposes e.g. for tax, stock taking
7. Inaccurate interpretation of informality statistics by users especially on excluding agriculture
Informal Employment Pilot Testing Experience

✓ Undertaken in collaboration with the International Labour Organisation (ILO)
✓ Focused on engendering informality statistics in Labour Force Survey methods by testing questions and question sequencing
✓ The study had 2 stages of testing (*Quantitative and qualitative/cognitive interviews*)
  ❖ Each stage had 2 rounds of interviews which were done in local languages (translations) based on the English questionnaire version.
  ❖ For the quantitative field work; training of the enumerators and data collection were conducted using Computer Assisted Personal Interviews (CAPI).
  ❖ The 2nd round of the quantitative module introduced test of proxy effect.
Informal Employment Pilot Testing Experience

Process

✓ Coordinated by ILO
✓ Good coverage of the informal employment (both agricultural and non-agricultural)
✓ 1st and 2nd rounds of data collection covered different points of the agricultural seasons (July/August 2022 then October/November 2022)
✓ Purposive sampling: Nationally representative coverage was not necessary though desired to have a balance of women and men in both rural and urban areas.
Questionnaires

- Duration: 45-60 minutes
- Pre-coded questions *(Option B)* are easier to administer than open ended ones *(Option A)*
- Translations helpful though enumerators would confidently conduct the interviews without them
- Inbuilt consistency checks in automated systems is vital for smooth interview flow and data quality
- Challenging topics:
  - Status of the employer’s enterprise
  - Record of profits and losses - only know their gross earnings and operating expenses ‘B’, rely on recall
  - Some respondents were reluctant to report their earnings (fear of tax, sensitive issue, memory lapse and poor record keeping).
  - Same incomes were reported by two household members.
LESSONS LEARNT

- Proxy interviews should be avoided/limited – at least 3 visits & calls
- Use Pre-coded questions other than open ended ones – census based on pilot
- Publicity is critical for success of any data collection effort regardless of size.
- Probing is vital to avoid mis-interpretaion e.g. annual sick leave
- Recording phone numbers for household heads or any household member during listing was helpful in locating the sampled households.
The Bureau’s collaboration with ILO in conducting the pilot study helped:

- **Strengthen the technical capacity** of selected UBOS staff in undertaking of qualitative studies and analysis of informality.
- UBOS gain **more understanding** of the informal economy with gender Lense.
- **Improve LFS data collection tools** particularly on informality questions.
- **Identify emphasis areas** during training of researchers.

✓ Encourage NSOs to take part in Pilot Studies.