



Informal sector and informal employment (ICLS & 2008 SNA)

Zeynep Orhun Girard
ESCAP Statistics Division

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Core Set of Economic Statistics

Prices and costs

Consumer, producer, product price indices, labour cost, wages, exchange rates, PPPs, terms of trade

Demand & output

GDP (p/e), external trade, industrial structure statistics; short-term indicators (industry output/demand) and productivity

Income & wealth

NA for economy/by sector to measure income, savings, investment, wealth; BoP to measure international income and capital flows, IIP and external debt

Money & banking

Assets and liabilities of banking sector, monetary measures and interest rates

Government

Public revenue, expenditure, borrowing and lending, government accounts

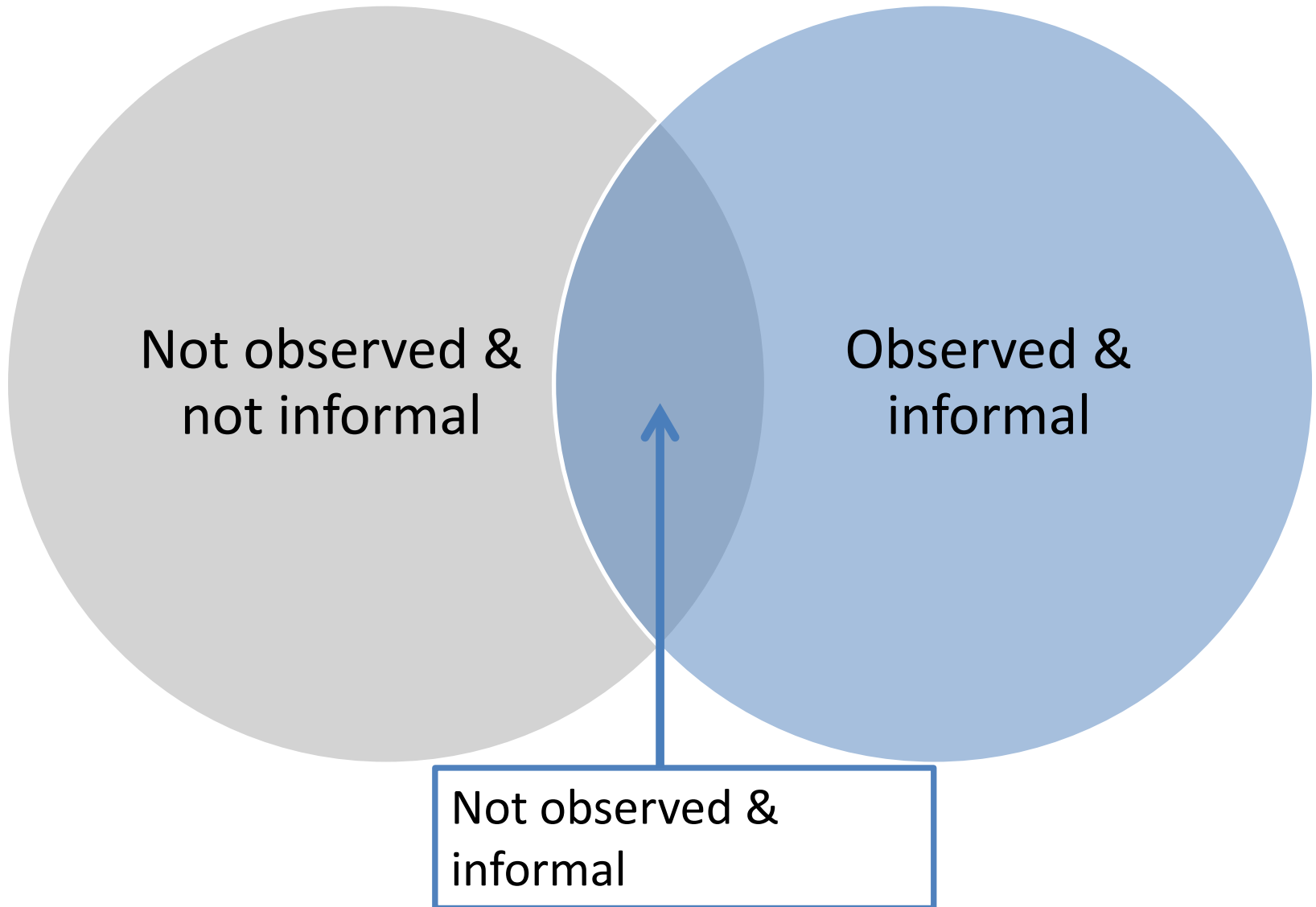
Labour market

Labour supply and demand, LF characteristics, employment/unemployment, underemployment, hours worked, **employment in informal/formal sector**, job creation and vacancies

Natural resources & the environment

Measures of sustainable economic growth, discovery/depletion and degradation of natural assets

NOE & informal sector



Why do we talk about informal sector?

Exhaustiveness of accounts is one big concern...

- Although some argue that comprehensiveness & accuracy may not always be correlated (recent discussions in Europe linked to the expansion of GDP)

Another big concern for developing countries is analytical...

- But based on the Capacity Screening Non-observed/informal economy included in design of key data collections in only 2 countries

We need to understand how to link different concepts used for various economic statistics to reach integrated economic statistics...

Relevant standards & guidelines

- Resolution concerning statistics of employment in the informal sector, 15th ICLS
- Guidelines concerning a statistical definition of informal employment, 17th ICLS
- Delhi Group's Measuring Informality: A statistical manual of informal sector and informal employment
- 2008 SNA

SNA & ICLS: Differences in terminology

Term

Sector

Unincorporated enterprise

Production

Enterprises

Households

SNA

Complete institutional units, no formal sector

Total unincorporated activity

Market (most production bartered/sold), own-use and non-market (not by hh)

With full set of accounts, divided into establishments

All unincorporated households and institutional

ICLS

Only productive activities, informal/formal dichotomy

Each activity tackled separately

Exclusive own-use & where some production bartered/sold

Closer to establishment for SNA

Households producing exclusively for own final use

15th ICLS classifies household unincorporated enterprises as:

Type of enterprise	All household unincorporated enterprises	
	Informal sector enterprises	Other household unincorporated enterprises
Own-account enterprises	Informal own-account enterprises	Other own-account enterprises
Enterprises of employers	Enterprises of informal employers	Other enterprises of employers

Criteria used in the 15th ICLS

Criterion	Used for
Legal organization	Identifying unincorporated enterprises
Ownership	Identifying household unincorporated enterprises
Type of accounts	Excluding quasi-corporations
Product destination	Identifying market production and exclusive own-use production
Kind of economic activity	Excluding households employing paid domestic workers and possibly agricultural/related activities
<ul style="list-style-type: none">- Number of persons engaged/employees/employees on a continuous basis (threshold)- Non-registration of enterprise or of employees	Identifying informal sector enterprises

Bringing ICLS & SNA together

- General government and NPISH → “formal sector”
- Non-financial and financial corporations (formal; can be non-registered /below threshold)
- Household sector (formal or informal based on non-registration/threshold criteria)
 - Institutional households are by definition considered formal
 - Those that are classified as informal are divided into:
 - Market producers (SNA market producers)
 - Producers for own final use (including ICLS market producers)

17th ICLS classifies informal employment as:

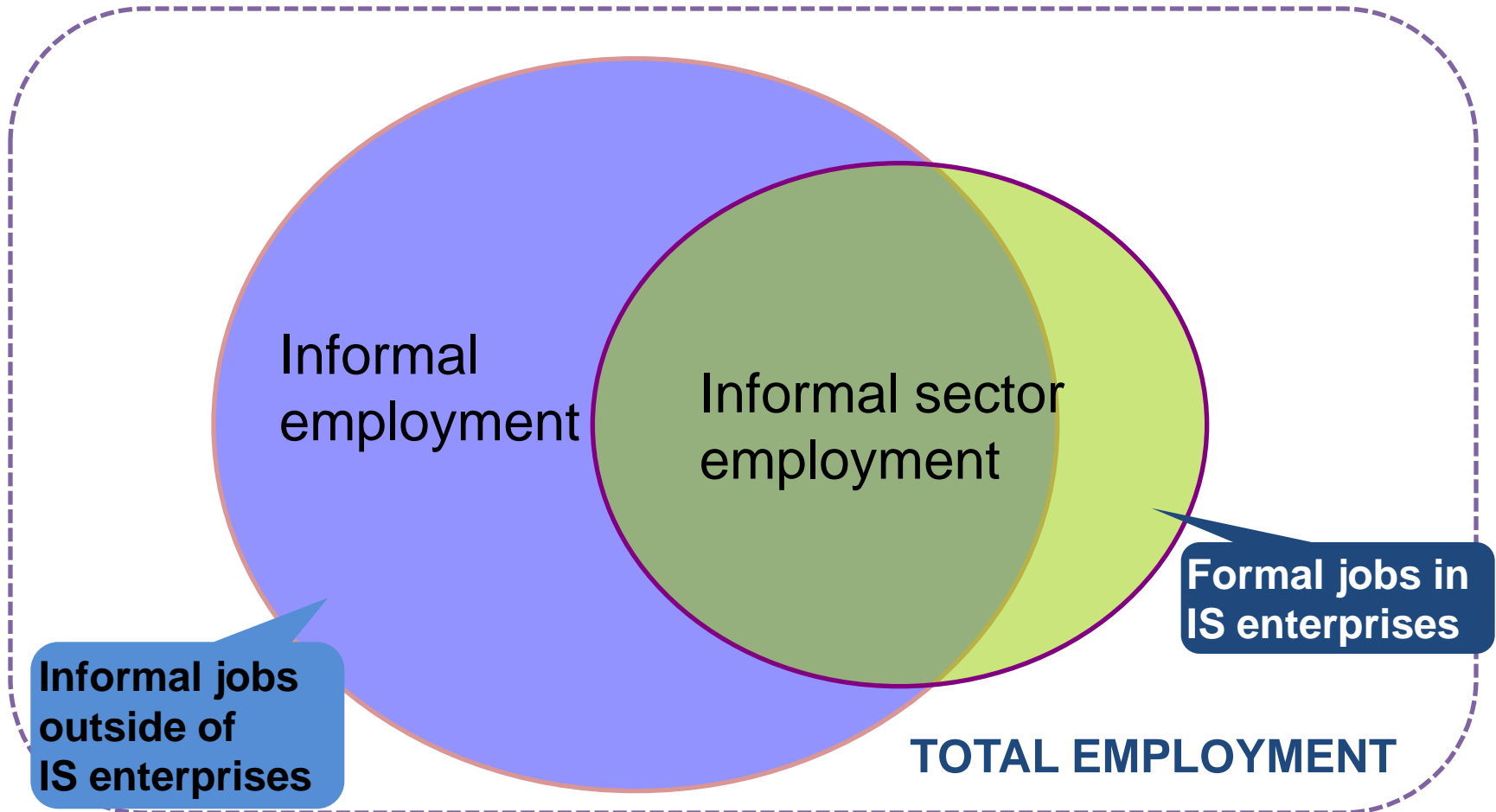
Production units by type	Jobs by ICSE-93								
	Own-account workers		Employers		Contributing family workers	Employees		Members of producers' cooperatives	
	Inf.	For.	Inf.	For.	Informal	Inf.	For.	Inf.	For.
Formal sector enterprises					1	2			
Informal sector enterprises	3		4		5	6	7	8	
Households	9					10			

Informal employment

Types of production units	Informal jobs	Formal jobs
Informal sector enterprises	A	B
Other units of production	C	D

Informal employment	$A + C$
Informal sector employment	$A + B$
Informal employment outside the informal sector	C
Employment in the informal economy	$A + B + C$

Links between IE and ISE



In summary, informal employment is:

- Own-account workers and employers in ISE
- All contributing family workers
- Employees with informal jobs (lack of legal protection, social security, entitlement to benefits)
- Members of informal producers' cooperatives (not established as legal entities)
- **Own-account workers producing goods exclusively for own-final use by their household

2008 SNA recommendations for data on IS & IE

- Production
- Intermediate consumption
- Value added
- Compensation of employees
- Gross mixed income
- Consumption of fixed capital
- Net mixed income
- Employment in the informal sector
- Informal employment outside the informal sector

One method of data collection tested in A-P

- ESCAP/ADB experience with 1-2 Surveys (e.g. Mongolia and Armenia)
- Mixed household-enterprise survey

