



IPS Paper

Statistical standards on the Informal economy: towards a revised framework

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Brief Description

The session intends to give an overview of the proposed new statistical resolution concerning statistics on the Informal economy to replace the current statistical standards on informality.

The proposal developed by the ILO working group, will be presented for discussion at the forthcoming 21st ICLS in October 2023.

This includes an overview of the expected structure of the new framework, new concepts likely to be introduced to clarify the statistical framework on the informal economy, expected main changes in terms of scope and existing concepts and improved data collection recommendations and tools.

Abstract

The development of the statistical standards on informality have been an incremental process. The first statistical standards defining the informal sector were adopted at the International Conference of Labour Statisticians (ICLS) in 1993. Ten years later the Guidelines concerning a statistical definition of informal employment was adopted. These standards have been essential for guiding countries in the measurement of informal employment and the informal sector and countries have gained increased experience in operationalizing and measuring these concepts.

The widespread use of statistics related to informality calls for a need to address the challenges inherent in the current standards and for providing stronger definitions and recommendations for data producers that can lead to a more effective measurement and increased harmonization between countries. In addition, it has become necessary to align the framework on informality to the Resolution concerning statistics on work, employment and labour underutilization adopted at the 19th International Conference of Labour Statisticians (ICLS) and the Resolution concerning statistics on work relationships adopted at 20th ICLS to ensure coherency between the different statistical standards.

Based on a strong mandate from the 20th International Conference of Labour statisticians the International Labour Organization have carried out an extensive revision process with the aim to present an improved set of statistical standards on the Informal Economy for discussion at the forthcoming ICLS in 2023.

The new statistical standards on the Informal Economy is proposed to expand the boundaries of statistics on informality by including the underlying concept of informal productive activities and the overarching concept of informal economy thus recognizing that informality do not only exist in relation to employment, but also within own-use production work, unpaid-trainee work, volunteer work and other work activities. In addition, it combines informality from the perspective of economic units and persons/work, which ensures the usefulness of the framework both from the perspectives of economic statistics and labour statistics.

Informal employment and informal sector still constitutes the core concepts in the framework. Stronger definitions and clearer recommendations for implementation is proposed to further strengthening these essential components. This includes aspects such as, strengthening the definition of informal jobs for employees, allowing for contributing family workers to have formal jobs in countries where formal arrangements are in place for these workers, integrating the new category of dependent contractors in the framework, and reducing the current flexibility in the definition of the informal sector.

Additional work is carried out to develop improved data collection recommendations and tools. This includes a series of qualitative and quantitative tests with focus on improving the questions used in household surveys for measuring informality as well as developing modules that can collect additional information on informal workers and the informal sector.

The new framework and the development of the supporting tools will contribute to increase statistical offices and other data producers capacity to collect essential data on the different components of the informal economy.