

IE.1 Statistical Framework for the Informal Economy

Global Consultation Report

19th meeting of the AEG, 10 May 2022

Outline

1. History of the guidance note
2. Global consultation outcome
3. Proposed Actions
4. Questions to the AEG

1. History of the guidance note

History

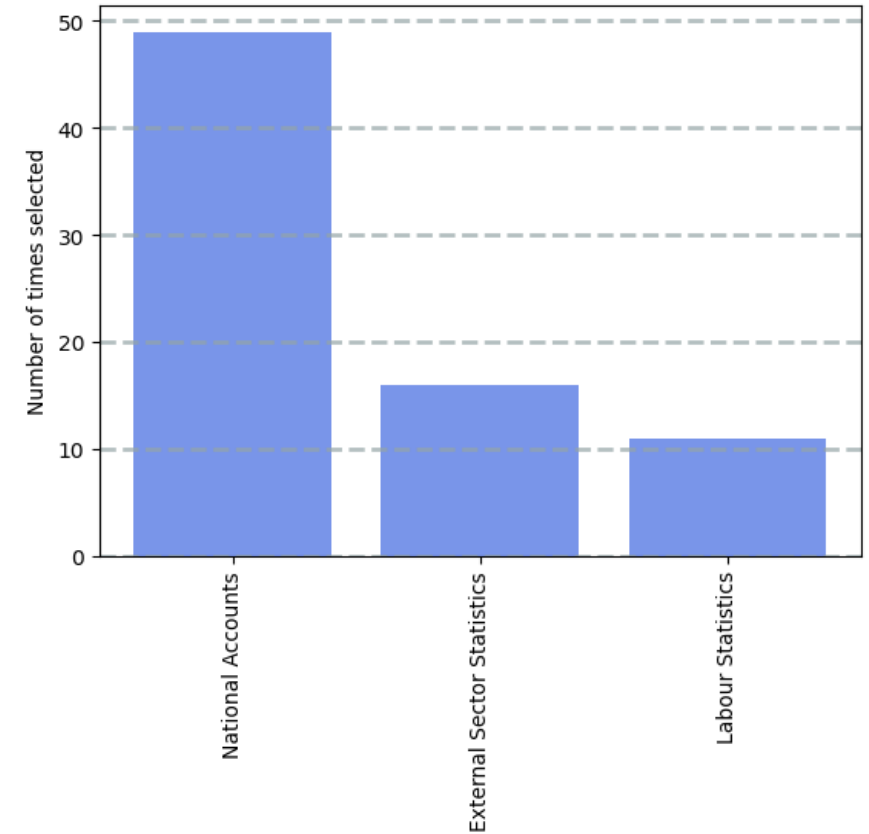
1. Consolidated Guidance Note that includes the issues of Digitalization and Informality and Informal cross-border flows.
2. Strong cooperation with the ILO Working Group for the Revision of the standards of statistics on informality.
3. Discussion at meetings of the AEG, BOPCOM, and the ILO WG in Q4/2021 and large expert group consultation of national accountants, external sector statisticians and labour statisticians.
4. Global consultation concluded on 3 April 2022.

2. Global consultation outcome

Area of Statistics and Relevance

Total of 56 responses representing 50 economies.

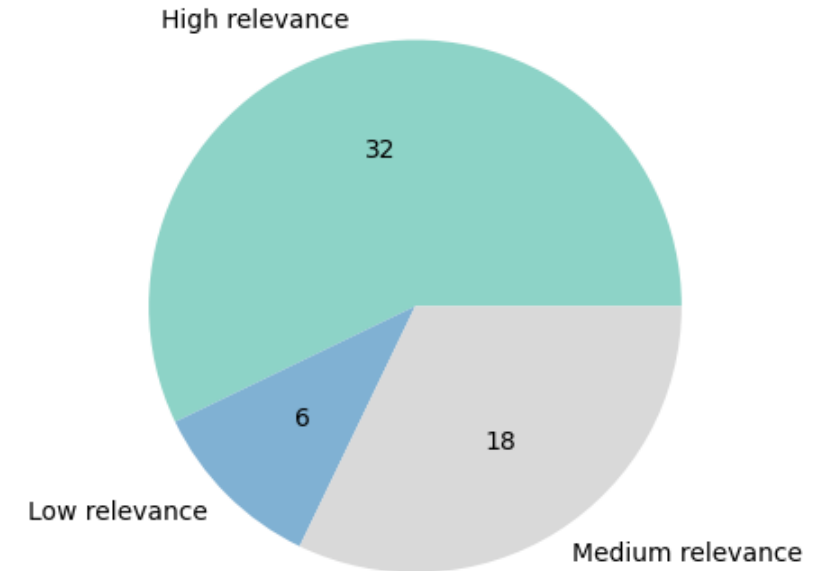
1. Your response concerns which **area of statistics**?



Area of Statistics and Relevance

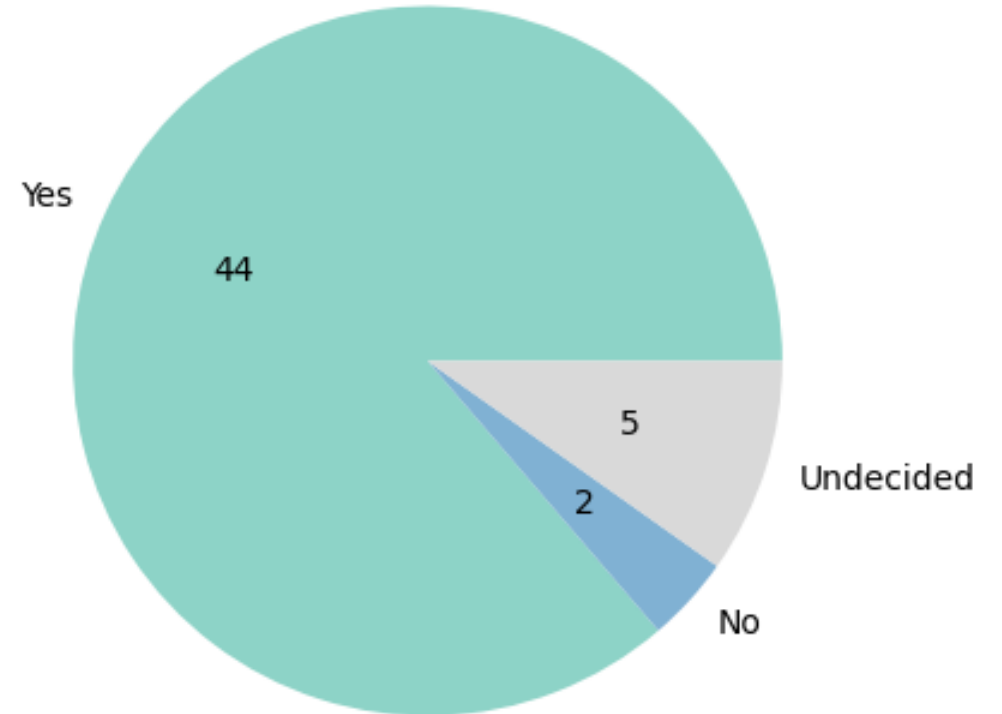
Total of 56 responses representing 50 economies.

1. Your response concerns which **area of statistics**?
2. Is this topic of **relevance** for your country?



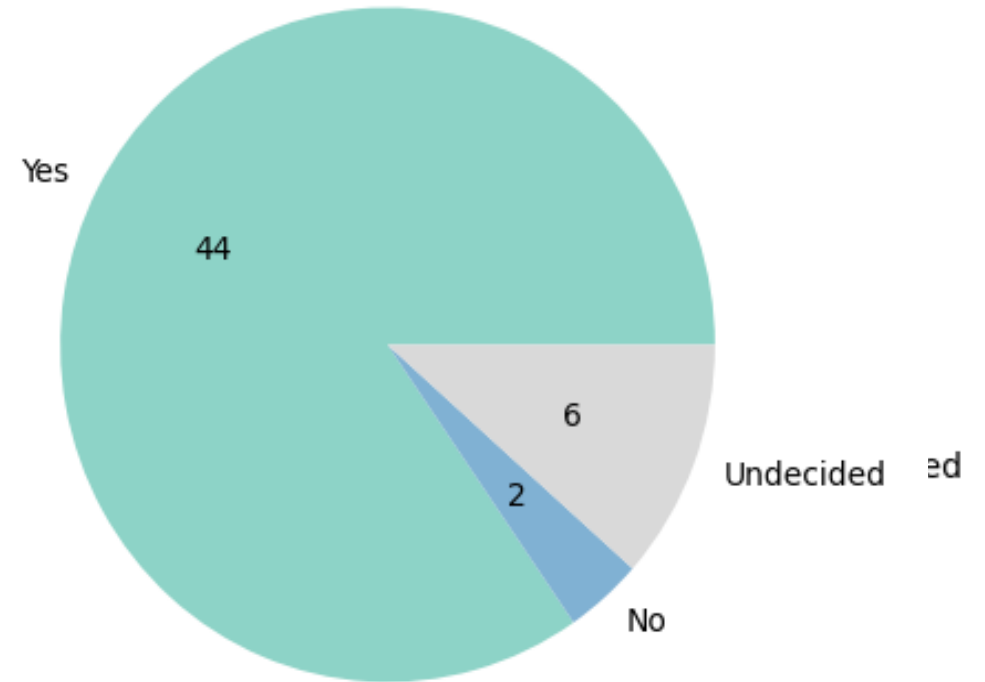
Overarching Framework

Respondents largely agree with the definition of informal productive activities; and



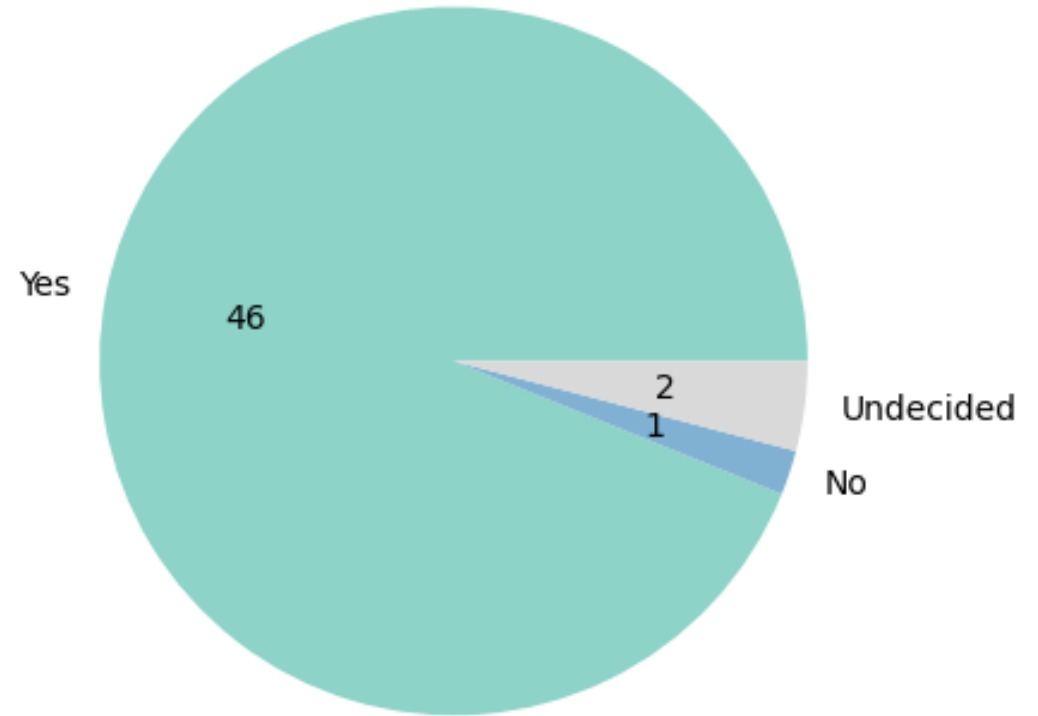
Overarching Framework

Respondents largely agree with the definition of informal productive activities; and the classification of economic units in the three domains.



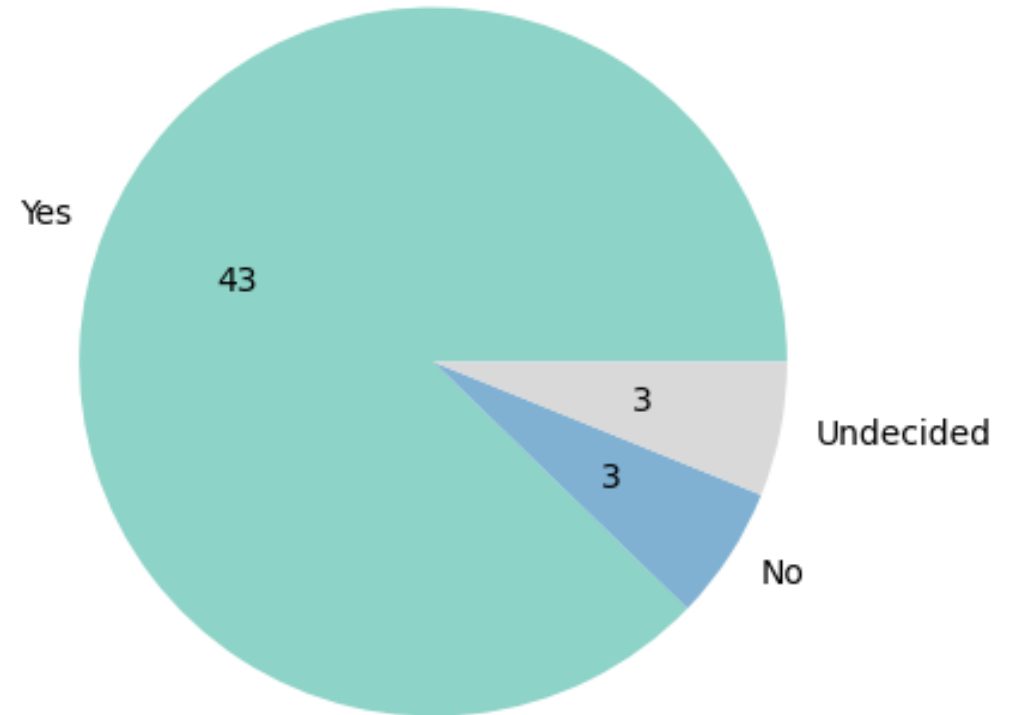
Formal Sector

Respondents largely agree with the definition of the formal sector;



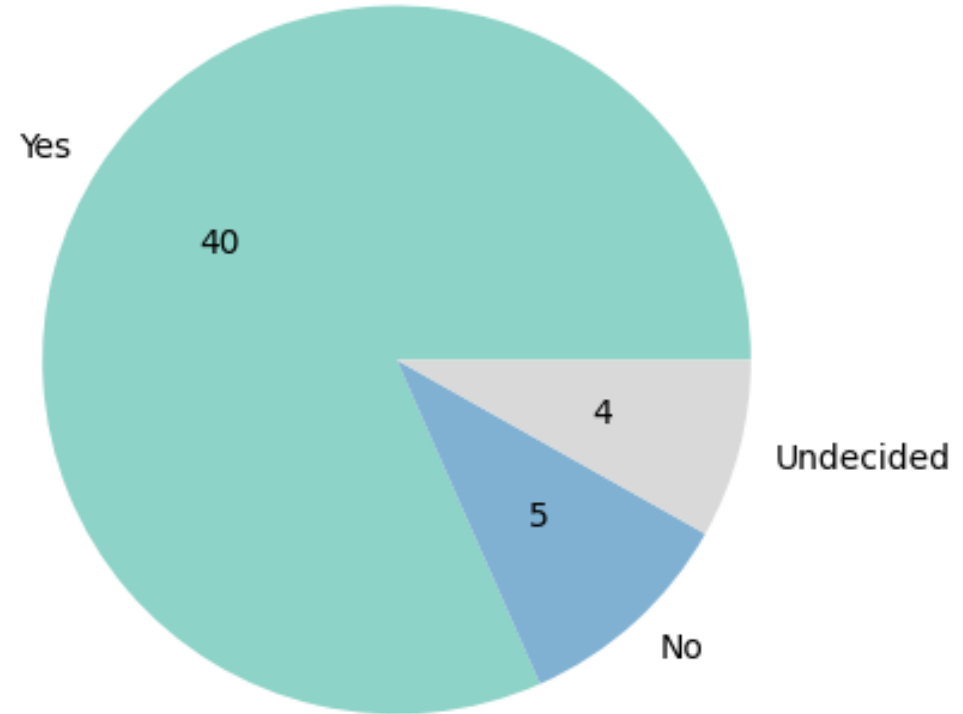
Formal Sector

Respondents largely agree with the definition of the formal sector;
the exclusion of underdeclared and undeclared production in the formal sector; and



Formal Sector

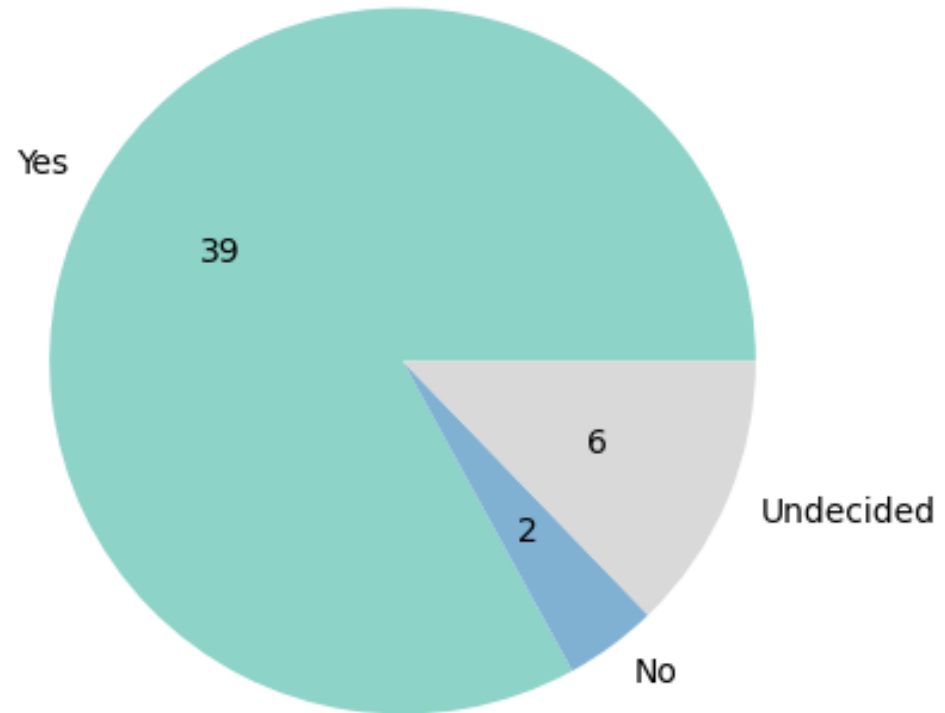
Respondents largely agree with the definition of the formal sector; the exclusion of underdeclared and undeclared production in the formal sector; and that formal sector enterprises can use informal labour inputs as part of their production and that these informal labour inputs are part of the informal economy.



Informal Sector

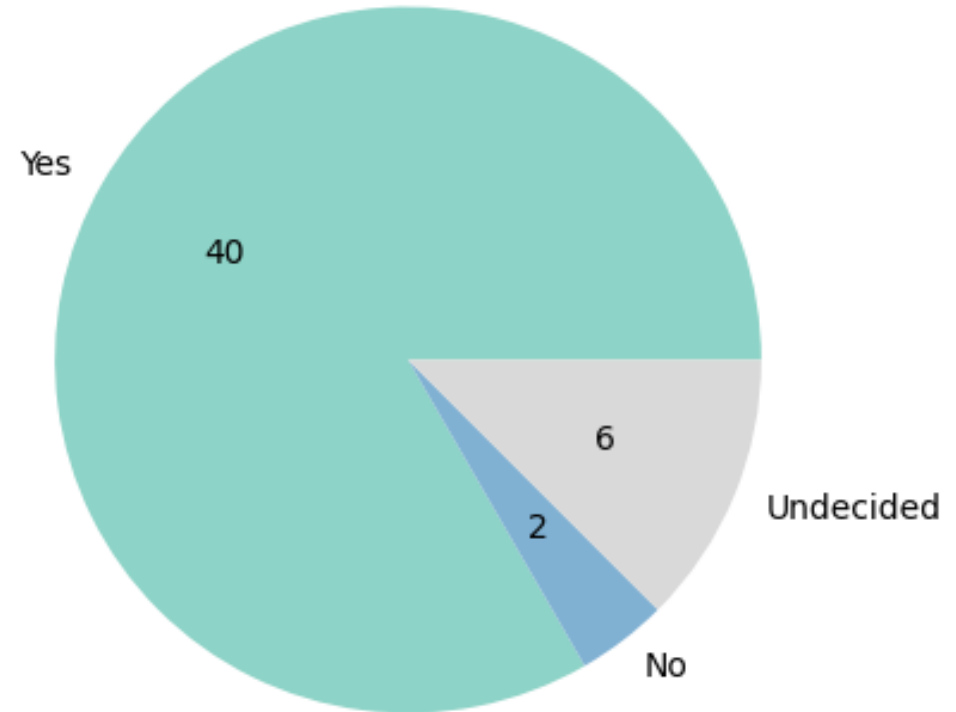
Respondents also agree with the revised definition of the informal sector.

- *Mainly* intended for the market
- Agricultural production not optional
- Enterprise size not relevant



Household own-use production domain

Respondents also largely agree with the description of the household own-use production domain;

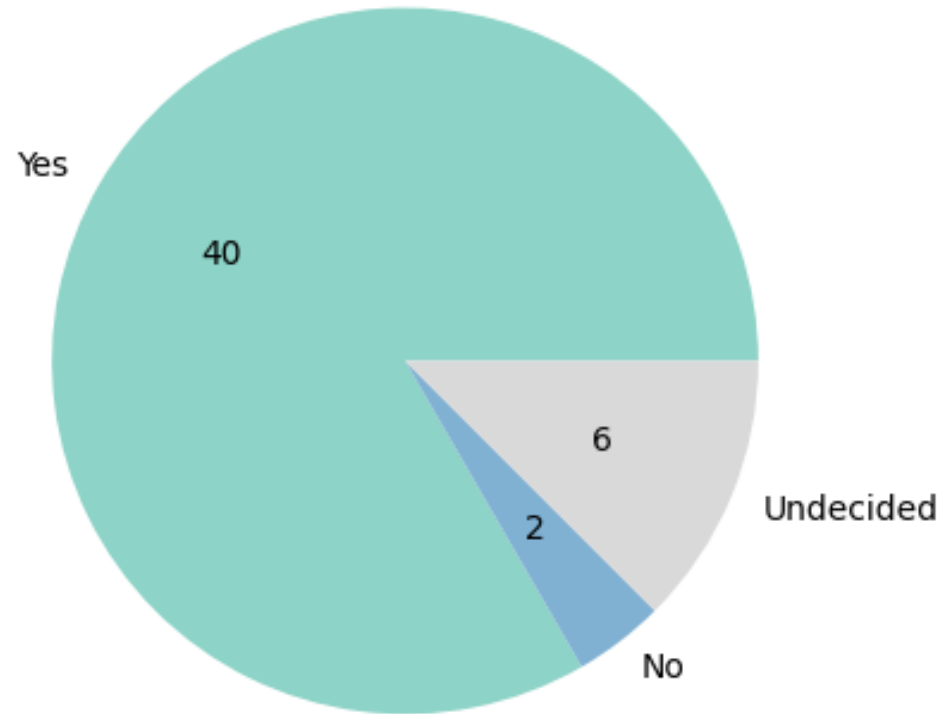


Household own-use production domain

Respondents also largely agree with the description of the household own-use production domain; and

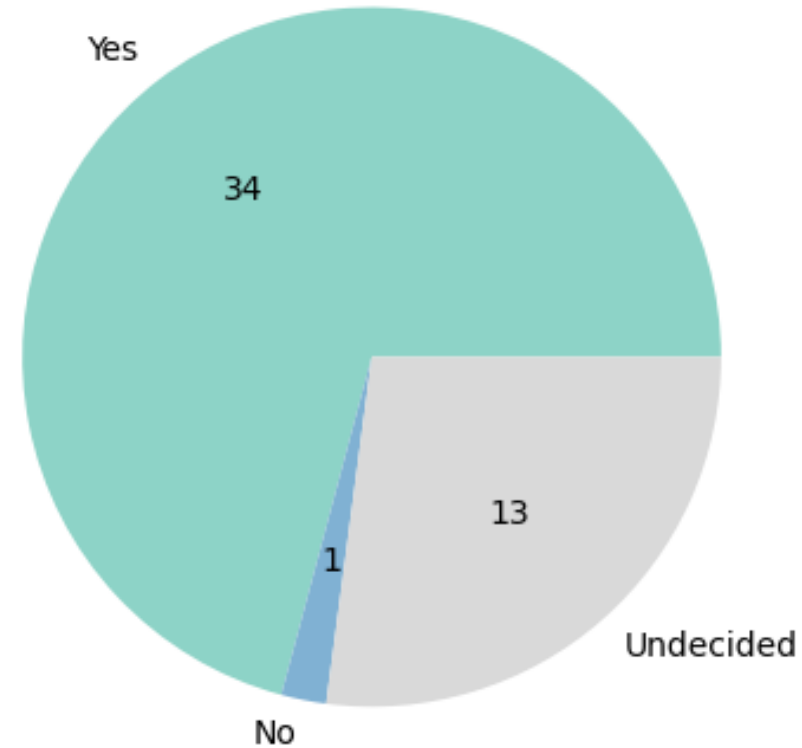
The exclusion of the following household production activities:

- Housing services of owner-occupiers
- Registered household own-use production
- Unregistered household production of goods and services if households employ any formal employees



Dependent Contractors

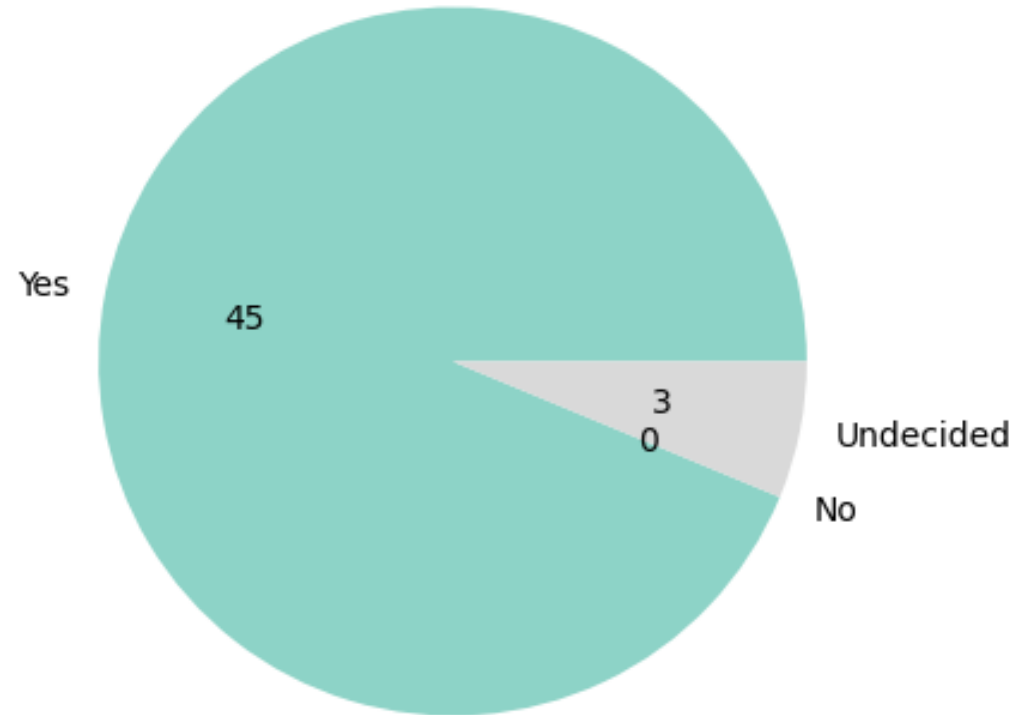
Respondents largely agree that all dependent contractors should be treated as owners and operators of unincorporated household enterprises.





Illegal Activities

Respondents agree with the description of illegal activities in the guidance note;

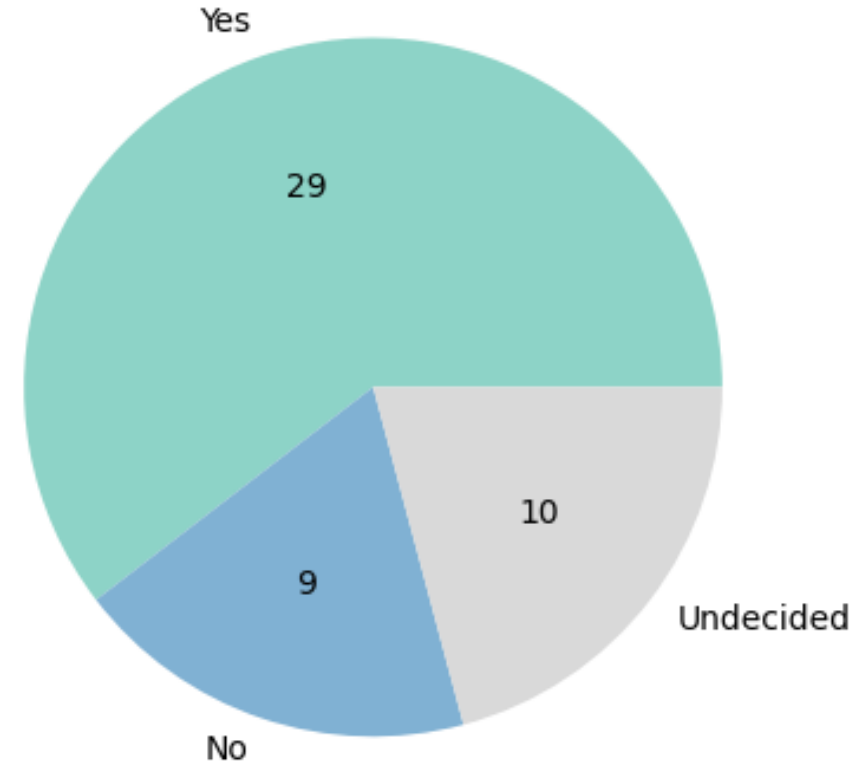


Illegal Activities

Respondents agree with the description of illegal activities in the guidance note;

Are somewhat divided but largely agree with the proposed treatment to

- Exclude type a) illegal production from informal economy.
- Supplement statistics on informality with statistics on type a) illegal activities



Other Comments

Practical difficulties in compiling data on the conceptual framework.

3. Proposed Actions

Improve Clarity

Clarify, that the framework is not a tool to produce exhaustive measures of production.

Move the delineation of the non-observed economy and the informal economy from the annex to Section II: Background.

Clarify that the Task Team does not recommend that all countries need to compile data on all components of the informal economy.



Improve Clarity

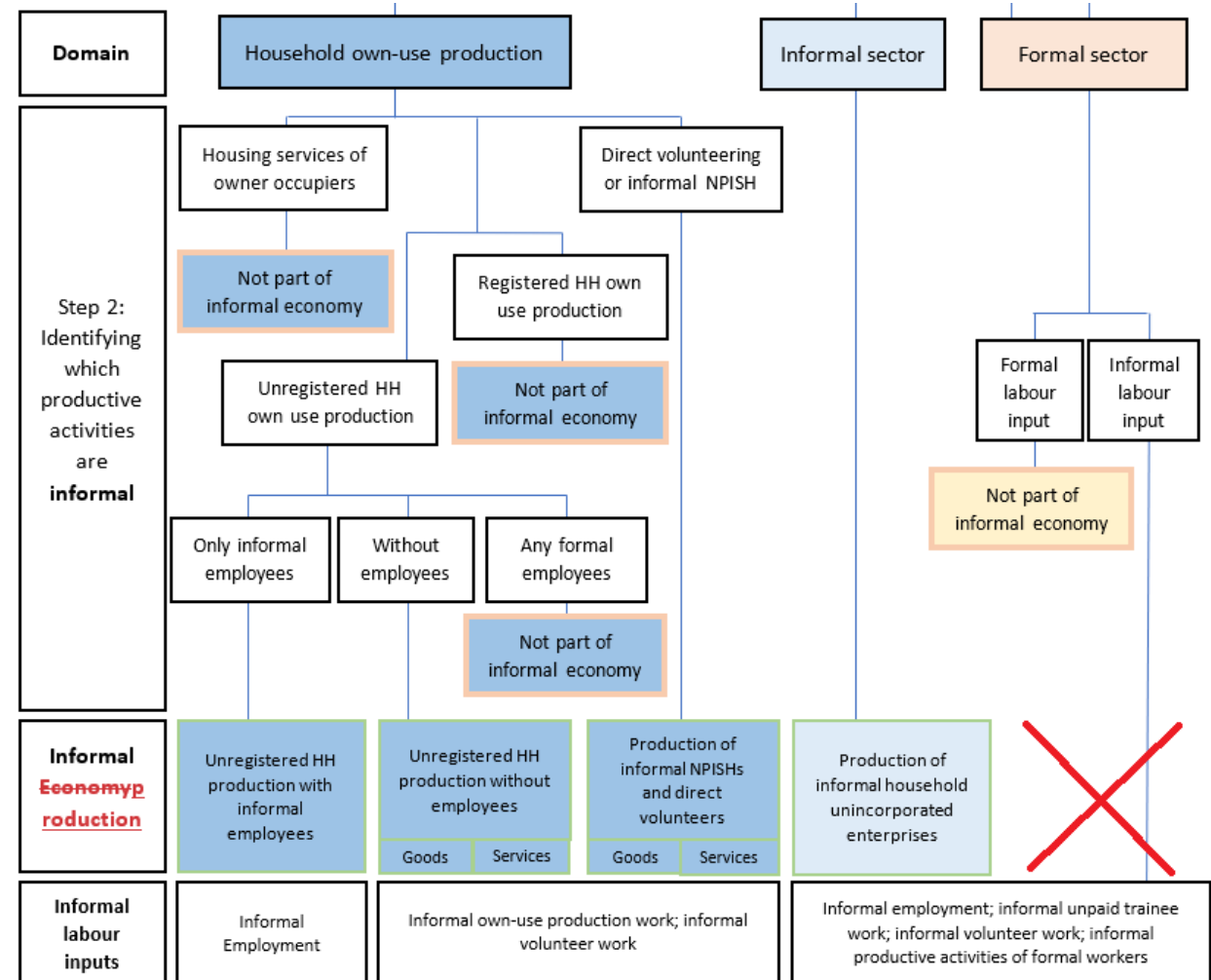
Clarify that production in the formal sector is never informal.

1. Be explicit about the exclusion of production in the formal sector paragraphs.
2. Use informal labour inputs instead of informal productive activities in the formal sector paragraphs, Box 2, and Box 3.
3. Make minor changes to the decision tree

Decision Tree

Remove box on labour inputs in the formal sector and rename row to informal production.

The informal economy consists of all informal production and all informal labour inputs.



Supplementary Practical Recommendations

Will mainly consist of:

- Guidance to compile statistics on the revised informal sector; and
- References to existing/upcoming guidance on:
 - unpaid household labour
 - labour accounts
 - non-profit institutions and volunteering

4. Questions to the AEG



Questions to the AEG

1. Do you agree with the proposed framework for the informal economy?
2. Do you agree that dependent contractors should be classified as owner-operators of unincorporated household enterprises?
3. Do you agree that type a) illegal activities should be excluded from the informal economy by convention and that statistics on informality should be supplemented with measures of type a) illegal productive activities?
4. Do you have any other comments on the guidance note?
5. Do you agree with the proposed actions?