

**Comments on draft SNA chapter:
Chapter 25: Informal aspects of the economy**

**Deadline for comments: 30 September 2008
Send comments to: sna@un.org**

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Submission date:	30. September 2008

This template allows you to record your comments on draft SNA chapter 25 “Informal aspects of the economy” and, at the same time, makes it easy for us to use your comments in considering revisions to the draft chapter. You may complete any or all parts of the template.

There is no file comparing existing text with draft text for this chapter because there is no equivalent chapter in the 1993 SNA.

Save this template and send it as an attachment to the following e-mail address:
sna@un.org

Part I: General comments

In the space below, please provide any general comments. This may cover e.g. the structure of the chapter, issues missing and (lack of) consistency with other chapters of the 2008 SNA.

General comments:

General comment	<p>The chapter provides an overview about the different approaches of studying the aspects of informal activities in the economy. In so far it is a useful summary on the former discussions and achievements in this field. But definition and delineation of the informal economy is not more clearly than before.</p> <p>The steps that are pointed out in deriving data on the informal economy show only one possibility of dealing with this subject. Additionally it should be pointed out, that also other practices to include informal economic activities in the accounts are possible and can be chosen. Particularly it should be noticed, that also the implicit coverage of informal economic activities is a practicable approach, although it isn't possible to compile separate estimates of informal economic activities as part of national accounting in this case.</p> <p>Whereas the segmentation of households in order to identify and to quantify the production of the informal sector might be interesting for developing countries (for some theoretical reasons) it is comparatively unimportant in developed countries. Against the background of this, it is not appropriate to accept the uncertainties due to highly uncertain data sources. We are extremely sceptical, that reliable data in order to split the household sector can be obtained by</p>
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	household surveys, establishment surveys and mixed household-enterprise surveys as proposed in part H of this chapter.
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Part II: Comments on specific draft paragraphs and sections

All comments on specific draft paragraphs are welcome. They can be about e.g. scope, content and clarity. Proposing a concrete alternative text or table is also possible. For the paragraphs in separate sections, separate forms are used for providing and collecting comments (see below).

A. Introduction (paragraphs 25.1-25.13)

General comment	<p>Apart from the high attention that the informal part of the economy attracts, it should also be mentioned, that the ability to measure informal or hidden economic activities is quite limited, due to highly uncertain or not available sources.</p> <p>The overall objective of this chapter and the treatment of informal aspects of the economy within the system of national accounts should be pointed out at this stage.</p> <ul style="list-style-type: none"> • First of all it is the major aim to improve the exhaustiveness of accounts by the inclusion of informal activities as part of an economy. • To ensure measurement of the informal sector can be an additional and extremely ambitious objective which might be interesting in particular for some analytical reasons.
25.1	It has to be mentioned that possibly not all of these questions can be answered within the scope of the national accounting system.
25.9-25.11	The introduction includes a short summary about the contents of the following chapters. A further description of the ILO concept of the informal sector and the informal employment seems to be not necessary because it is part of the following chapters D and E. For that reason the paragraphs 25.9-25.11 should be deleted.
25.12	Hence we propose to abdicate the subheading.

* Insert rows in this Word table for each paragraph on which you wish to comment.

B. Characteristics of units in the informal economy (paragraphs 25.14-25.23)

General comment	<p>In order to obtain separately reported results for the informal economy, a clear and unambiguous definition of what is meant by the “informal economy” is absolutely necessary. Paragraph B is not really useful regarding to clarify definition and delineation of the informal economy.</p> <p>Furthermore for analytical reasons it is important, that separately reported results for the informal economy are internationally comparable.</p> <p>However this problem does not occur, if the informal activities are implicitly or explicitly included as a part of the economy as a whole.</p>
25.14	Click here and start typing.

*	Click here and start typing.
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* Insert rows in this Word table for each paragraph on which you wish to comment.

C. The non-observed economy (paragraphs 25.24-25.30)

General comment	Similar to the general comments to section B a precise delimitation between the non-observed economy and the informal economy is not imperative if the informal activities are implicitly or explicitly included as a part of the economy as a whole.
25.24	Click here and start typing.
25.26	This paragraph doesn't sufficiently clarify the difference between non-observed economy and informal economy.
25.27	We agree with this paragraph.
25.30	The description of the difference between non-observed economy and informal economy has turned out well here.

* Insert rows in this Word table for each paragraph on which you wish to comment.

D. The informal sector as defined by the ILO (paragraphs 25.31-25.42)

General comment	Click here and start typing.
25.31	Click here and start typing.
*	Click here and start typing.

* Insert rows in this Word table for each paragraph on which you wish to comment.

E. Informal employment (paragraphs 25.43-25.48)

General comment	Click here and start typing.
25.43	Click here and start typing.
*	Click here and start typing.

* Insert rows in this Word table for each paragraph on which you wish to comment.

F. Work of the Delhi Group (paragraphs 25.49-25.51)

General comment	Click here and start typing.
25.49	Click here and start typing.
*	Click here and start typing.

* Insert rows in this Word table for each paragraph on which you wish to comment.

G. Deriving data on the informal economy from the SNA accounts (paragraphs 25.52-25.61)

General comment	<p>We propose the heading as follows: “The informal economy within the SNA accounts.”</p> <p>This chapter should begin with the general statement that the informal economy as a part of the whole economy is incorporated in the SNA accounts.</p> <p>Because the ability to measure informal or hidden economic activities is quite limited due to highly uncertain or not available sources, separate figures on informal activities inevitably will not perform the required reliability.</p> <p>In many cases, implicit coverage of hidden/informal economic activities can be ensured by the calculation method itself. For instance, when agricultural production is determined on the basis of areas under cultivation and the relevant average yield. The same applies, if rents are calculated through the stock of dwellings – broken down by size and other characteristics – and the relevant rents per square metre. In so far it is often easier and more reliable to realize comprehensive GDP figures by implicitly considering informal aspects.</p> <p>To the extent that informal economic activities are covered implicitly by the calculation methods already in place, it would be necessary to remove these from independent estimates for the informal economy in order to avoid double counting. However, information on their volume is not available.</p> <p>In so far it should be noticed, that also the implicit coverage of informal economic activities is a practicable approach, although it isn’t possible to compile separate estimates of informal economic activities as part of national accounting in this case.</p> <p>According to the importance of the informal economy within a country it could be desirable to derive separate data on the informal economy if possible and practicable.</p>
25.57	If the NPISHs are not separated from the households this is in fact mainly because of statistical problems. So it is not clear why these countries should be able to do it at this stage.
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* Insert rows in this Word table for each paragraph on which you wish to comment.

H. Approaches to measuring activities undertaken in the informal economy (paragraphs 25.62-25.69)

General comment	Click here and start typing.
25.62	Click here and start typing.
*	Click here and start typing.

* Insert rows in this Word table for each paragraph on which you wish to comment.

I. Studies and handbooks on the informal sector (paragraph 25.70)

General comment	<p>It seems not appropriate to reduce all informal economic activities to the term “informal sector”. In our point of view the “informal sector” is only one part of the “informal economy” because there are also informal activities that take place in other, formal sectors of the economy.</p> <p>Hence we propose to replace the term “informal sector” by the term “informal economy” in the heading and in the first paragraph of the following text as well.</p>
25.70	

Part III. Other specific comments

You are welcome to make other specific comments. To assist you in doing so, the following points are provided as a guide to the types of points on which you might wish to comment. Note, though, that you are not restricted to commenting on only these points.

1. Is the description of the non-observed economy (NOE) and “exhaustiveness” sufficient given the existence of manuals devoted to the subject?
2. Is the concept of the “informal sector” as defined by the ILO clear?
3. Is the definition of informal employment clear and sufficient?
4. Are the suggestions in section G to identify the units of interest sufficiently clear?
5. Do you have any comments on the data collections descriptions in section H?
6. Are there any other references you think should be added to the last section?

Specific comments:

Specific comments	1. In respect of the approaches to measuring activities undertaken in the informal economy it is appropriate to refer to more detailed discussion that are available for example in the OECD manual on measuring the non-observed economy.
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You are also welcome to comment directly on the PDF file of the draft chapter. Please do so by using Adobe Acrobat Version 6 or 7.

If you don't have Adobe Acrobat Version 6 or 7 and would like to make detailed comments, please send a message to sna@un.org requesting a version of the draft chapter that permits you to comment. To optimize your commenting tools, please download Adobe Reader 7.0 for free from <http://www.adobe.com/products/acrobat/readstep2.html>