Interregional cooperation on the measurement of the informal sector and informal employment

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Background information on the project

- Project proposal prepared by UNESCAP Statistics Division in collaboration with R. Hussmans (ILO) and Joann Vanek (WEIGO)
- Project submitted for funding under the 5th tranche of the UN Development Account (2006-2007) in Sept. 2004
- Initial approval by DESA at the end of 2004 and final approval by the General Assembly one year later
- Budget 800,000 US$ over a total of 13,000,000 US$ available for DESA, 5 Regional Commissions and all UN Global entities (substantial cuts to the original budget)
- Development of the full fledged project document during the first quarter of 2006 (submission in March 2006)
- Funds available from June 2006?
The problem: lack of data

- Employment in the informal sector and informal employment are poorly covered, if at all, by official statistics of developing countries
- Even less information is available on the contribution of the informal sector to economic growth
- Data collected lack of international comparability
- Occasional surveys rather than data collected on a regular basis (no time series)
- Poor analysis and dissemination

Consequences: from statistics to policy

- Implausibly low participation rates, esp. for women
- Significant underestimation of the GDP per capita
- Lack of info on differentials in earnings and working conditions between formal/informal employment (poverty)
- Lack of info on different social protection arrangements covering formal/informal employment
- Lack of info on differential characteristics of informal sector enterprises in the use of technology, access to credit, training, markets etc.
- Lack of info on input-output relations between formal and informal sector enterprises
Objectives of the project

- To improve the availability of data
- To strengthen the analysis as a prerequisite
- To promote evidenced-based economic and social policies at the national and international levels
  - Social policies (poverty reduction, promotion of gender equality, elimination of child labor, etc.)
  - Employment generation policies
  - Industrial policies in favour of Small and Medium Enterprises (marketing support, technology transfer support, reduction of capital and/or labour costs, etc.)

Strategy

1. Partnership approach = UN ESCAP + other RCs (ESCWA and ECLAC; DESA, ECE and ECA are invited to the workshops), other UN specialized agencies (ILO, UNIFEM), NGOs (WIEGO and SEWA), Delhi Group
2. Integrated approach
   - Scope of statistics covered
   - Range of activities
3. Adapt the activities to the level of development of the national statistical system
4. Coordinate with future national and global statistical initiatives
5. Ensure the consistency with official data sources at national level and with international standards (e.g. revised SNA)
Integrated approach (scope)

1. Informal sector statistics
   • Employment
   • Contribution to GDP (exhaustiveness of NA)
2. Informal employment

Integrated approach (range of activities)

1. Advocacy
2. Statistical capacity building (training courses and advisory missions)
3. Collection of data (pilots, surveys)
4. Data dissemination (guidelines, tabulation plan)
5. Data analysis (country and regional reports)
6. Knowledge management (production of training materials, collection of best practice, final workshop)
**Advocacy component**

- Objective
  - Raise the awareness among the NSOs and the Governments of developing countries on the importance of collecting and disseminating data on the informal sector
  - Develop donor partnerships
  - Facilitate the involvement of stakeholders in the preparation of the statistical work programme of the NSOs activities
  - Convene 12 national (9 in ESCAP region and 3 in ESCWA) and 1 sub-regional advocacy workshops (in ECLAC for CARICOM countries) to facilitate the provision of regular funds for statistical activities related to the informal economy and contribute to a durable self-sustaining upgrade of the national statistical system

**Statistical capacity building**

- Objective
  - Improve technical capacity in the NSOs to collect, compile, analyze and disseminate data on the informal economy in line with international methodological standards and to compile exhaustive estimates of the GDP activities
  - 4 sub-regional training courses (2 in ESCAP region, 1 in ESCWA, 1 in ECLAC) on the measurement of informal sector and informal employment
  - 3 sub-regional training courses (2 in ESCAP region, 1 in ESCWA) on the implementation of best practices and methodologies for the measurement of the contribution to economic growth
  - advisory missions
Collection of data

objective

• Creation of a critical mass of countries which regularly collect statistics on informal sector/informal employment and integrate these estimates in the compilation of their National Accounts

strategy

• Different strategies of assistance according to:
  – Level of development of the national statistical system
  – Work programme of the NSOs (Census round, etc.)
  – Other Global and regional initiatives (UNECE project, EC-ASEAN statistics project, World Bank LSMS, etc)

• Ensure the consistency with official data sources at national level (e.g. total employment) and with international standards (e.g. revised SNA)

• Search for other international donors (ADB, etc)

Collection of data (to be organized jointly with the NSOs)

• revised LFS (intro of ILO module)
  – in 5 selected countries (3 in ESCAP region, 2 in ESCWA) which have an ongoing LFS

• integrated LFS (including ILO module)
  – in 5 selected countries (3 in ESCAP region, 1 in ESCWA, 1 in ECLAC), which currently do not have an ongoing LFS

• mixed household-enterprise survey
  – in 3 selected countries (in ESCAP region) which are lacking of recent estimates of labour productivity in informal sector enterprises

• Integration with other statistical initiatives?
  – Population and Housing Census = listing of informal enterprises
  – Economic Census = revision of the questionnaire and the statistical unit
Data analysis and dissemination

- Important component both for Informal sector and Informal employment statistics
- Guidelines for data dissemination
  - Tabulation plan
  - Key indicators
  - Development of National data-base to be integrated in the ILO data-base
- Production of country and regional reports: wide dissemination of these national reports will have a multiplier effect on countries not participating in the project

Knowledge management

1. Production of training materials and collection of best practice (Handbook on the Informal Sector, standard procedures and protocols) to be used
   - as guidelines for the diverse data collection activities
   - as main documentation of the training courses
   - These materials can be utilized by a broader group of developing and transition countries not directly involved in the project activities
2. Final inter-regional workshop to share the lessons learned and evaluate the results of the project
**Initial budget estimates**

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
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<tbody>
<tr>
<td>Contractual services</td>
<td>250,000</td>
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<tr>
<td>Workshops/Training</td>
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<td>Advisory missions and other travel of staff</td>
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<td>Consultants</td>
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<td>General temporary assistance</td>
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<td>Monitoring and evaluation</td>
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<td>General operating expenses</td>
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<td><strong>TOTAL</strong></td>
<td><strong>800,000</strong></td>
</tr>
</tbody>
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**Implementation plan**

- To decide, in consultation with the specialized agencies, which countries will participate in the project: (share of GDP and/or employment; LDCs, LLDCs, SIDCs; Level of development of the NSS (sustainability); Link with already planned statistical activities,....)
- To determine, in consultation with the countries and the specialized agencies, the kind of activities to be implemented
- To investigate on possible additional donors
- To develop the Budget proposal
Implementation plan

- To establish the contribution of the specialized agencies (ILO, UNIFEM), Delhi Group and NGOs to the implementation of the project
- To determine the contractual arrangements
- To establish a mechanism for monitoring the project implementation
- To prepare the Reference documentation (website)
- Inaugural meeting of the implementing partners