

STATISTICAL UPDATE ON EMPLOYMENT IN THE INFORMAL ECONOMY

ILO DEPARTMENT OF STATISTICS

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Preface

Informality in employment has always been a challenge for statistical measurement. In 2003, the International Conference of Labour Statisticians held in Geneva defined new concepts related to this topic. The main achievement was to develop guidelines for a new conceptual framework which distinguishes between informality from the perspective of production units as observation units on the one hand and that of jobs as observation units on the other. While the informal sector refers to informal enterprises, informal employment refers to informal jobs. Employment in the informal economy can be defined as the sum of employment in the informal sector and informal employment found outside the informal sector. This new conceptual framework is seen as a key advancement to allow the analysis of informality which can serve as input to support policy making at the national level.

Since the adoption of the new guidelines, the ILO Department of Statistics (STATISTICS) has been providing technical assistance to countries in order to support countries to introduce the new statistical measures in their national survey questionnaires. This has required a huge effort on the part of National Statistical Offices worldwide and also from ILO technical staff. Following this initial process, a project to compile and analyse the information was launched by STATISTICS and the Employment Policy Department (EMP/POLICY) in order to support the processing of statistical data on employment in the informal economy and make it more widely available for data users and policy makers worldwide.

The present statistical update presents information compiled for 46 countries from different regions. The data collection for the report represents a major achievement and effort carried out jointly by STATISTICS and the global research-policy network known as Women in Informal Employment Globalizing and Organizing (WIEGO). The set of countries will be expanded in the future and, from now on, the ILO will incorporate the data collected on this topic into its main databases and conduct regular updates.

There are many offices and individuals whose efforts have made this report possible that I would like to acknowledge. First and foremost I would like to thank the National Statistical Offices which provided the information used in this report, having been open to changing their data collection instruments and processing in order to introduce the new variables and follow the latest ICLS recommendations.

Secondly, I want to thank the Head of the Household Surveys Unit in our Department, Ralf Hussmanns for having led this process and for having provided extensive support to countries to make this possible. I would also like to thank Valentina Stoevska, Pablo Fleiss, Elisa Benes and Monica Castillo for having contributed to this publication. I also would like to thank the colleagues of ILO/SIALC who were responsible for collecting and processing the microdata files of the countries in Latin America and especially Bolivar Pino who helped provide technical support to these countries. I would also like to thank Azita Berar Awad who joined efforts and helped the process and encouraged joint collaboration with our Department.

Rafael Diez de Medina, Director
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Main Findings

In its most recent survey on employment in the informal economy conducted in the first half of 2011, the ILO collected the most recent data available on key variables from 46 medium and low-income countries.

The two main variables for which data were collected include employment in the informal sector and informal employment, which refer to different aspects of the informalization of employment. Employment in the informal sector is an enterprise-based concept which is defined as jobs in unregistered and/or small unincorporated private enterprises; such enterprises are not constituted as separate legal entities (and are thus not officially registered) and do not maintain a complete set of accounts. Informal employment is a job-based concept and encompasses those jobs that generally lack basic social or legal protections or employment benefits and may be found in the formal sector, informal sector or households.

Matrix: Employment in the Informal Economy

Production Units	Informal Jobs	Formal Jobs
Informal Sector Enterprises	A	B
Other Units of Production	C	D

A+C = Persons in Informal Employment

A+B = Persons Employed in the Informal Sector

C = Informal Employment outside the Informal Sector

B = Formal Employment in the Informal Sector

A+B+C = Total Employment in the Informal Economy

Five countries (India, Brazil, Mexico, Vietnam and Pakistan) concentrate three-fourths of the total informal employment estimated for the group of countries. In eleven countries, informal employment represents at least two-thirds of non-agricultural employment. The lowest percentages of informal employment are observed in central and eastern European countries.

In all except two countries, the number of persons employed in the informal sector exceeds those in informal employment outside the informal sector, suggesting that the bulk of informal employment is concentrated in employment in the informal sector among the countries.

In over half of the 44 countries where we have data disaggregated by sex, women outnumbered men in informal employment as a percent of non-agricultural employment. However, the majority of the countries registered higher shares of men in informal sector employment as a share of non-agricultural employment as compared with women.

Informal employment is negatively correlated with income per capita and positively correlated with poverty across countries. This suggests that as GDP increases and/or as poverty declines across countries, workers are more likely to be aware of their rights to certain legal and social protections and worker benefits and successfully achieve such protections and benefits.

TABLE I. 46 Countries: Employment in the informal economy in non-agricultural activities by component, both sexes, latest year available

Country (Year)	Persons in informal employment		Persons employed in the informal sector		Persons in informal employment outside the informal sector		Country (Year)	Persons in informal employment		Persons employed in the informal sector		Persons in informal employment outside the informal sector	
	Thousands	% of non-agricultural employment	Thousands	% of non-agricultural employment	Thousands	% of non-agricultural employment		Thousands	% of non-agricultural employment	Thousands	% of non-agricultural employment	Thousands	% of non-agricultural employment
Argentina (2009 IV Qtr.)	5,138	49.7	3,317	32.1	1,850	17.9	Moldova, Rep. (2009)	136	15.9	62	7.3	73	8.6
Armenia (2009)	138	19.8	71	10.2	67	9.6	Namibia (2008)	121	43.9	n.a.	n.a.	n.a.	n.a.
Azerbaijan* (2009 Oct.)	407	26.5	n.a.	n.a.	n.a.	n.a.	Nicaragua (2009)	1,024	65.7	847	54.4	234	15.0
Bolivia (2006)	2,069	75.1	1,436	52.1	647	23.5	Pakistan (2003/2004)	n.a.	n.a.	16,633	70.0	n.a.	n.a.
Brazil (2009)	32,493	42.2	18,688	24.3	13,862	18.0	Panama (2009 Aug.)	517	43.8	327	27.7	192	16.3
Colombia (2010 II Qtr.)	9,307	59.6	8,144	52.2	1,444	9.3	Paraguay (2009)	1,473	70.7	790	37.9	683	32.8
Costa Rica (2009 July)	754	43.8	638	37.0	193	11.2	Peru (2009)	7,168	70.6	5,104	50.2	2,139	21.1
Cote d'Ivoire (2008)	n.a.	n.a.	2,434	69.7	n.a.	n.a.	Russian Fed. (2010)	n.a.	n.a.	7,785	12.1	n.a.	n.a.
Dominican Rep. (2009)	1,484	48.5	898	29.4	593	19.4	Serbia (2010)	113	6.1	66	3.5	57	3.0
Ecuador (2009 IV Qtr.)	2,691	60.9	1,646	37.3	1,062	24.0	Slovakia* (2008)	139	7.4	n.a.	n.a.	n.a.	n.a.
Egypt (2009)	8,247	51.2	n.a.	n.a.	n.a.	n.a.	South Africa (2010)	4,089	32.7	2,225	17.8	1,864	14.9
El Salvador (2009)	1,242	66.4	998	53.4	277	14.8	Sri Lanka (2009)	3,184	62.1	2,588	50.5	597	11.6
Ethiopia** (2004)	n.a.	n.a.	1,089	41.4	n.a.	n.a.	Thailand (2010)	9,642	42.3	n.a.	n.a.	n.a.	n.a.
Honduras (2009)	1,454	73.9	1,146	58.3	334	17.0	Timor Leste* (2010)	44	62.0	n.a.	n.a.	n.a.	n.a.
India (2004/2005)	163,014	83.5	134,347	68.8	30,055	15.4	Turkey (2009)	4,903	30.6	n.a.	n.a.	n.a.	n.a.
Kyrgyzstan (2009)	n.a.	n.a.	887	59.2	n.a.	n.a.	Uganda (2010)	2,597	68.5	2,243	59.2	512	13.5
Lesotho (2008)	160	34.9	225	49.1	99	21.6	Ukraine (2009)	n.a.	n.a.	1,525	9.4	n.a.	n.a.
Liberia (2010)	343	60.0	284	49.5	62	10.8	Uruguay (2009)	572	39.8	487	33.9	141	9.8
Macedonia, FYR. (2010)	65	12.6	39	7.6	27	5.2	Venezuela BR (2009 I Qtr.)	5,131	47.5	3,920	36.3	1,275	11.8
Madagascar (2005)	1,271	73.6	893	51.8	378	21.9	Viet Nam (2009)	17,172	68.2	10,948	43.5	6,303	25.0
Mali (2004)	1,180	81.8	1,029	71.4	163	11.3	West Bank & Gaza (2010)	375	58.5	140	23.2	235	37.2
Mauritius (2009)	n.a.	n.a.	57	9.3	n.a.	n.a.	Zambia (2008)	920	69.5	854	64.6	155	11.7
Mexico (2009 II Qtr.)	20,258	53.7	12,861	34.1	7,620	20.2	Zimbabwe (2004)	909	51.6	698	39.6	n.a.	n.a.

Sources: ILO, Department of Statistics; Country responses to ILO data request, special tabulations of labour force survey data, extracts from survey reports. For Latin American countries, ILO/SIALC household survey micro-data base.

Notes: Due to the possible existence of some formal wage employment in the informal sector, total informal employment may be slightly lower than the sum of informal sector employment and informal employment outside the informal sector. * Employees only. ** Urban Areas. n.a. Non Available.

For a detailed definition of the concepts, see the conceptual framework in the annex. Persons in informal employment (a job-based concept) represents the sum of informal jobs in formal enterprises, informal sector enterprises, and households producing goods for own consumption or hiring paid domestic workers (cells A+C in the matrix). Persons employed in the informal sector (an enterprise-based concept) include the informal jobs in informal enterprises plus formal jobs in informal sector enterprises (cells A+B in the matrix). Persons employed in informal employment outside the informal sector (i.e., those employed in the formal sector and households producing goods for own use or employing paid domestic workers) corresponds with cell C in the matrix.

TABLE II. 44 Countries: Employment in the informal economy in non-agricultural activities by component and sex, latest year available
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Country (Year)	Sex	Persons in informal employment		Persons employed in the informal sector		Persons in informal employment outside the informal sector	
		Thousands	% of non-agricultural employment	Thousands	% of non-agricultural employment	Thousands	% of non-agricultural employment
Argentina (2009 IV Qtr.)	Female	2,189	49.6	1,131	25.7	1,071	24.3
	Male	2,949	49.8	2,186	36.9	779	13.2
Armenia (2009)	Female	37	12.7	15	5.2	22	7.5
	Male	101	24.8	56	13.7	45	11.1
Azerbaijan* (2009 Oct.)	Female	254	41.7	n.a.	n.a.	n.a.	n.a.
	Male	153	16.6	n.a.	n.a.	n.a.	n.a.
Bolivia (2006)	Female	972	78.5	664	53.6	311	25.2
	Male	1,097	72.4	772	51.0	336	22.1
Brazil (2009)	Female	15,909	45.9	6,982	20.1	8,944	25.8
	Male	16,585	39.2	11,706	27.7	4,918	11.6
Colombia (2010 II Qtr.)	Female	4,532	62.7	3,702	51.2	943	13.0
	Male	4,775	57.0	4,442	53.1	502	6.0
Costa Rica (2009 July)	Female	323	46.0	246	35.0	109	15.5
	Male	432	42.2	392	38.4	84	8.2
Cote d'Ivoire (2008)	Female	n.a.	n.a.	1,194	82.8	n.a.	n.a.
	Male	n.a.	n.a.	1,240	60.5	n.a.	n.a.
Dominican Rep. (2009)	Female	615	51.4	283	23.6	335	28.0
	Male	869	46.7	616	33.1	258	13.9
Ecuador (2009 IV Qtr.)	Female	1,214	63.7	682	35.8	537	28.2
	Male	1,477	58.8	964	38.4	525	20.9
Egypt (2009)	Female	572	23.1	n.a.	n.a.	n.a.	n.a.
	Male	7,675	56.3	n.a.	n.a.	n.a.	n.a.
El Salvador (2009)	Female	693	72.5	555	58.1	153	16.0
	Male	549	60.1	443	48.5	123	13.5
Ethiopia** (2004)	Female	n.a.	n.a.	561	47.9	n.a.	n.a.
	Male	n.a.	n.a.	528	36.3	n.a.	n.a.
Honduras (2009)	Female	724	74.8	580	59.9	158	16.3
	Male	729	73.0	566	56.6	176	17.6
India (2004/2005)	Female	33,695	86.6	24,902	64.0	9,050	23.3
	Male	129,319	82.7	109,444	70.0	21,005	13.4

TABLE II. 44 Countries: Employment in the informal economy in non-agricultural activities by component and sex, latest year available
(page 2 out of 3)

Country (Year)	Sex	Persons in informal employment		Persons employed in the informal sector		Persons in informal employment outside the informal sector	
		Thousands	% of non-agricultural employment	Thousands	% of non-agricultural employment	Thousands	% of non-agricultural employment
Kyrgyzstan (2009)	Female	n.a.	n.a.	321	50.7	n.a.	n.a.
	Male	n.a.	n.a.	566	65.4	n.a.	n.a.
Lesotho (2008)	Female	70	36.1	94	48.1	46	23.7
	Male	90	34.1	131	49.9	53	20.0
Liberia (2010)	Female	206	72.0	188	65.4	19	6.6
	Male	136	47.4	96	33.4	42	14.6
Macedonia, FYR. (2010)	Female	16	8.1	5	2.8	11	5.6
	Male	49	15.4	33	10.7	16	5.0
Madagascar (2005)	Female	671	81.0	528	63.8	143	17.2
	Male	600	66.8	365	40.7	235	26.2
Mali (2004)	Female	652	89.2	582	79.6	74	10.1
	Male	528	74.2	447	62.9	89	12.6
Mauritius (2009)	Female	n.a.	n.a.	14	6.7	n.a.	n.a.
	Male	n.a.	n.a.	43	10.6	n.a.	n.a.
Mexico (2009 II Qtr.)	Female	9,066	57.8	4,993	31.8	4,115	26.2
	Male	11,192	50.8	7,868	35.7	3,504	15.9
Moldova, Rep. (2009)	Female	50	11.4	11	2.6	39	8.8
	Male	85	20.8	51	12.4	35	8.4
Namibia (2008)	Female	62	47.0	n.a.	n.a.	n.a.	n.a.
	Male	59	41.1	n.a.	n.a.	n.a.	n.a.
Nicaragua (2009)	Female	505	66.6	400	52.7	130	17.2
	Male	519	64.9	447	55.9	104	13.0
Pakistan (2003/2004)	Female	n.a.	n.a.	1,515	65.7	n.a.	n.a.
	Male	n.a.	n.a.	15,118	70.4	n.a.	n.a.
Panama (2009 Aug.)	Female	232	46.5	130	26.0	103	20.6
	Male	285	41.8	197	28.9	90	13.2
Paraguay (2009)	Female	666	74.4	328	36.7	338	37.7
	Male	806	67.9	462	38.9	345	29.1
Peru (2009)	Female	3,668	76.2	2,685	55.8	1,022	21.2
	Male	3,500	65.5	2,419	45.3	1,118	20.9

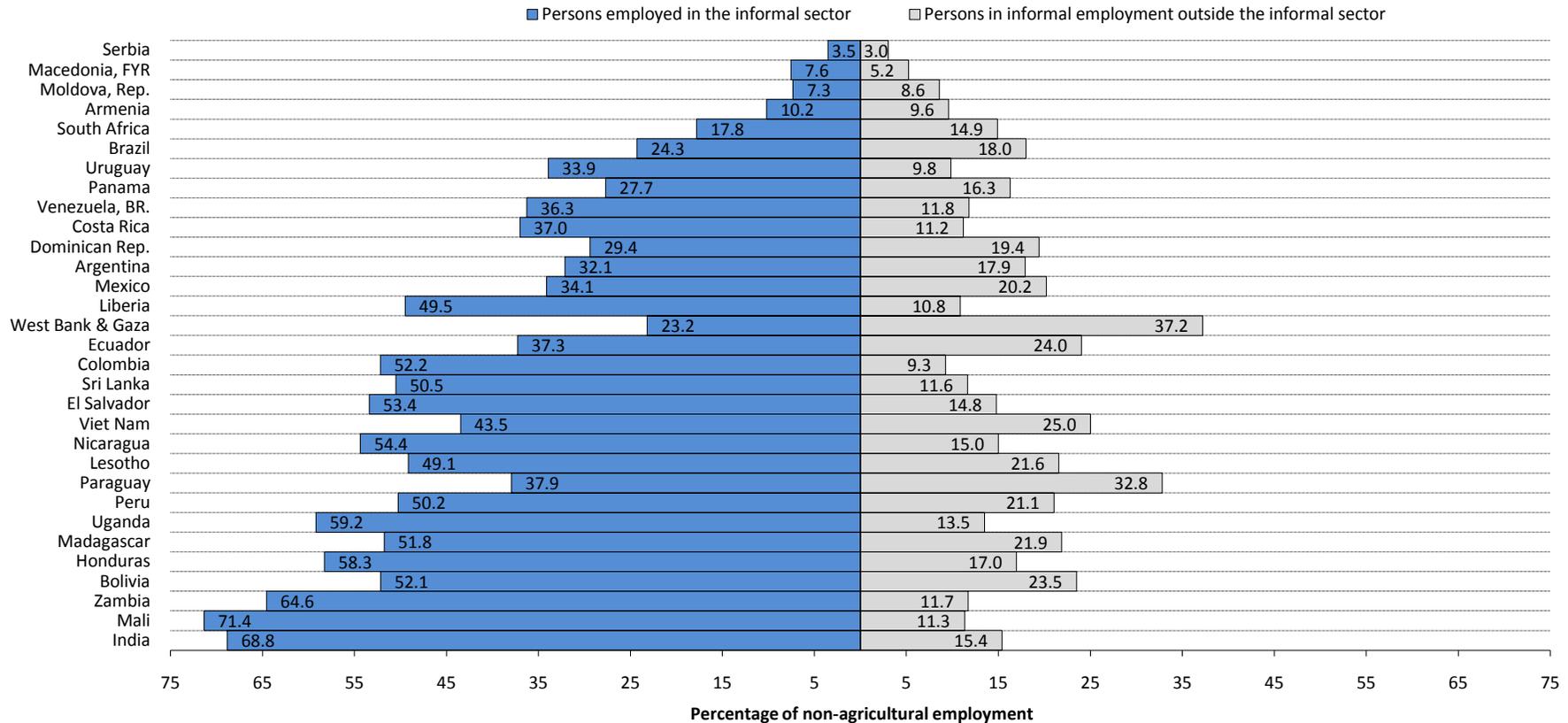
TABLE II. 44 Countries: Employment in the informal economy in non-agricultural activities by component and sex, latest year available
(page 3 out of 3)

Country (Year)	Sex	Persons in informal employment		Persons employed in the informal sector		Persons in informal employment outside the informal sector	
		Thousands	% of non-agricultural employment	Thousands	% of non-agricultural employment	Thousands	% of non-agricultural employment
Russian Fed. (2010)	Female	n.a.	n.a.	3,536	10.9	n.a.	n.a.
	Male	n.a.	n.a.	4,249	13.3	n.a.	n.a.
Serbia (2010)	Female	35	4.3	17	2.1	21	2.6
	Male	79	7.5	48	4.6	35	3.3
South Africa (2010)	Female	2,018	36.8	922	16.8	1,096	20.0
	Male	2,071	29.5	1,303	18.6	768	10.9
Sri Lanka (2009)	Female	933	55.7	700	41.8	232	13.9
	Male	2,252	65.2	1,888	54.7	364	10.6
Thailand (2010)	Female	4,730	43.5	n.a.	n.a.	n.a.	n.a.
	Male	4,912	41.2	n.a.	n.a.	n.a.	n.a.
Turkey (2009)	Female	1,116	32.6	n.a.	n.a.	n.a.	n.a.
	Male	3,788	30.1	n.a.	n.a.	n.a.	n.a.
Uganda (2010)	Female	1,178	71.2	1,027	62.1	193	11.6
	Male	1,419	66.5	1,216	57.0	319	14.9
Ukraine (2009)	Female	n.a.	n.a.	518	6.4	n.a.	n.a.
	Male	n.a.	n.a.	1,006	12.4	n.a.	n.a.
Uruguay (2009)	Female	270	40.3	194	28.9	101	15.0
	Male	302	39.4	294	38.3	41	5.3
Venezuela BR (2009 I Qtr.)	Female	2,159	47.4	1,552	34.1	623	13.7
	Male	2,972	47.5	2,367	37.8	652	10.4
Viet Nam (2009)	Female	7,800	66.8	5,106	43.7	2,738	23.4
	Male	9,372	69.4	5,842	43.3	3,565	26.4
West Bank & Gaza (2010)	Female	42	42.0	14	14.0	28	28.0
	Male	333	59.9	126	22.7	207	37.2
Zambia (2008)	Female	407	80.1	357	70.3	63	12.4
	Male	513	62.9	497	60.9	92	11.3
Zimbabwe (2004)	Female	447	65.9	360	53.1	n.a.	n.a.
	Male	462	42.7	338	31.2	n.a.	n.a.

Sources: ILO, Department of Statistics; Country responses to ILO data request, special tabulations of labour force survey data, extracts from survey reports. For Latin American countries, ILO/SIALC household survey micro-data base.

Notes: Due to the possible existence of some formal wage employment in the informal sector, total informal employment may be slightly lower than the sum of components. * Employees only. ** Urban Areas. n.a. Non Available.

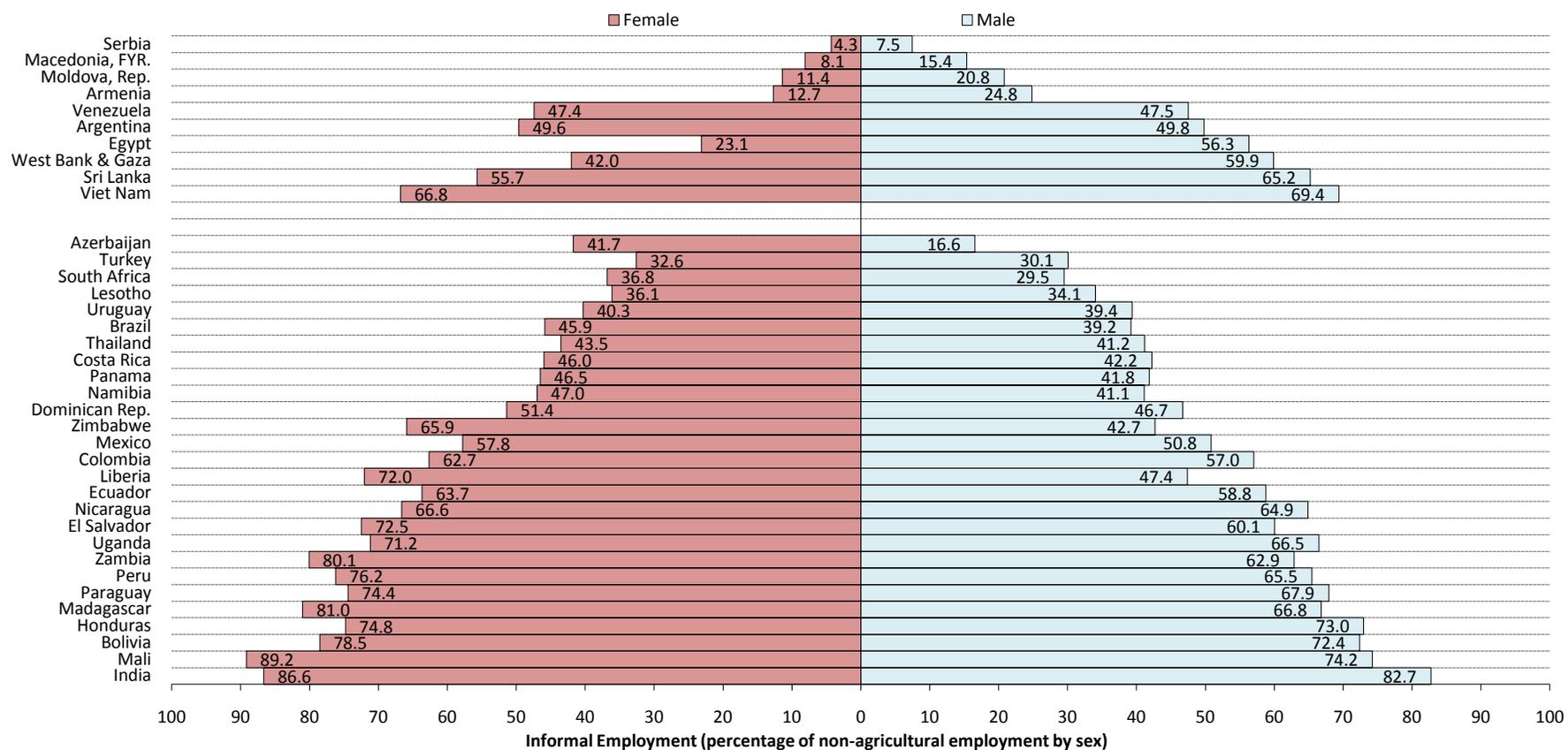
Graph I. 31 countries: Persons employed in the informal economy by component, latest year available



Source: ILO, Department of Statistics (See Table I for details)

This graph shows the disaggregation of employment in the informal economy by component. Countries are ordered by the sum of both components. For a detailed definition of the concepts, see the conceptual framework in the annex. Persons employed in the informal sector (an enterprise-based concept) include the informal jobs in informal enterprises plus formal jobs in informal sector enterprises (cells A+B in the matrix). Persons employed in informal employment (a job-based concept) outside the informal sector (i.e., those employed in the formal sector and households producing goods for own use or employing paid domestic workers) corresponds with cell C in the matrix.

Graph II. 37 countries: Persons in informal employment by sex, latest year available

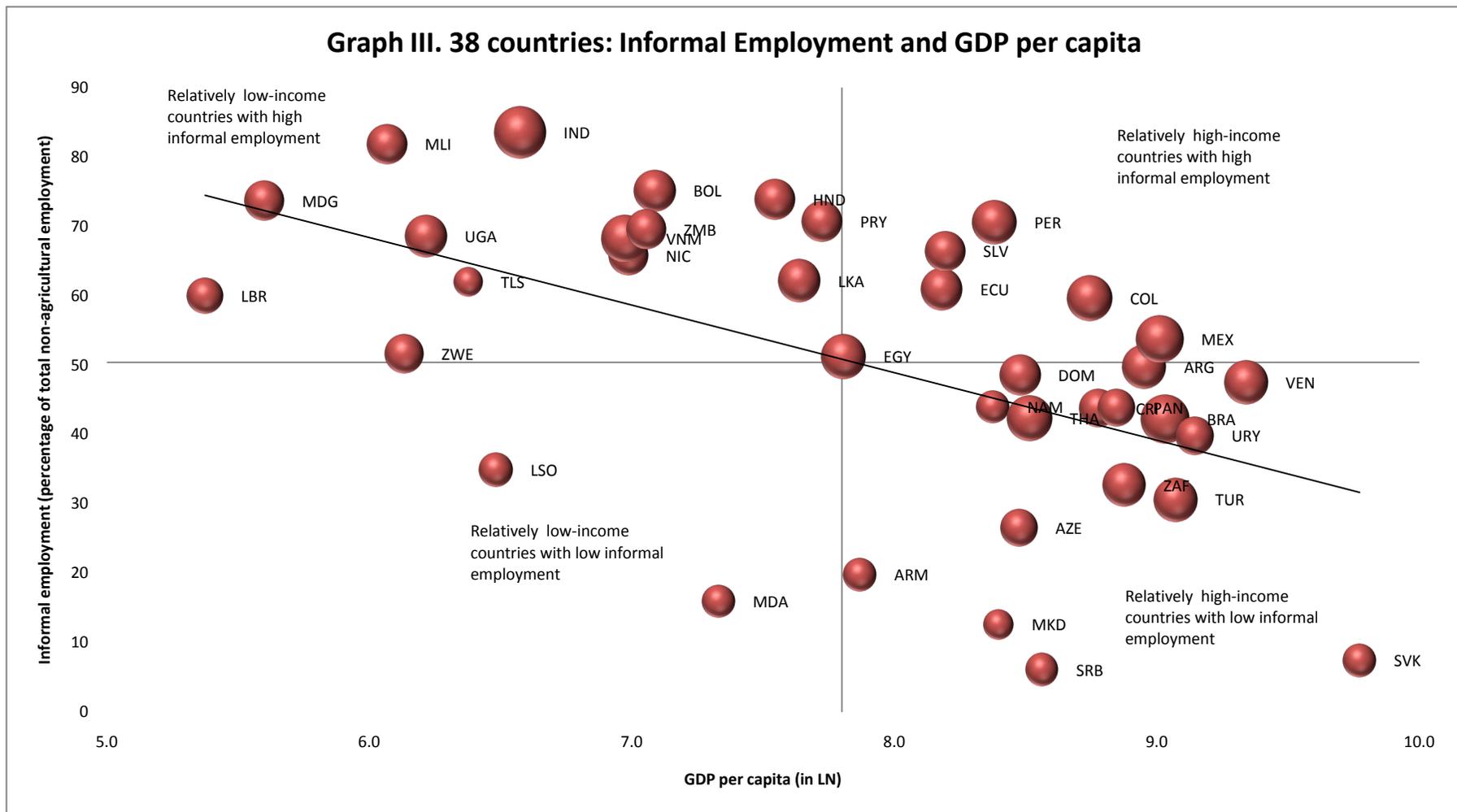


Source: ILO, Department of Statistics (See Table I for details)

This graph shows the disaggregation of informal employment by sex. The lower pyramid represents the countries where informal employment of women is higher than that of men. Countries in each pyramid are ordered by total informal employment.

For a detailed definition of the concepts, see the conceptual framework in the annex. Persons in informal employment (a job-based concept) represents the sum of informal jobs in formal enterprises, informal sector enterprises, and households producing goods for own consumption or hiring paid domestic workers (cells A+C in the matrix).

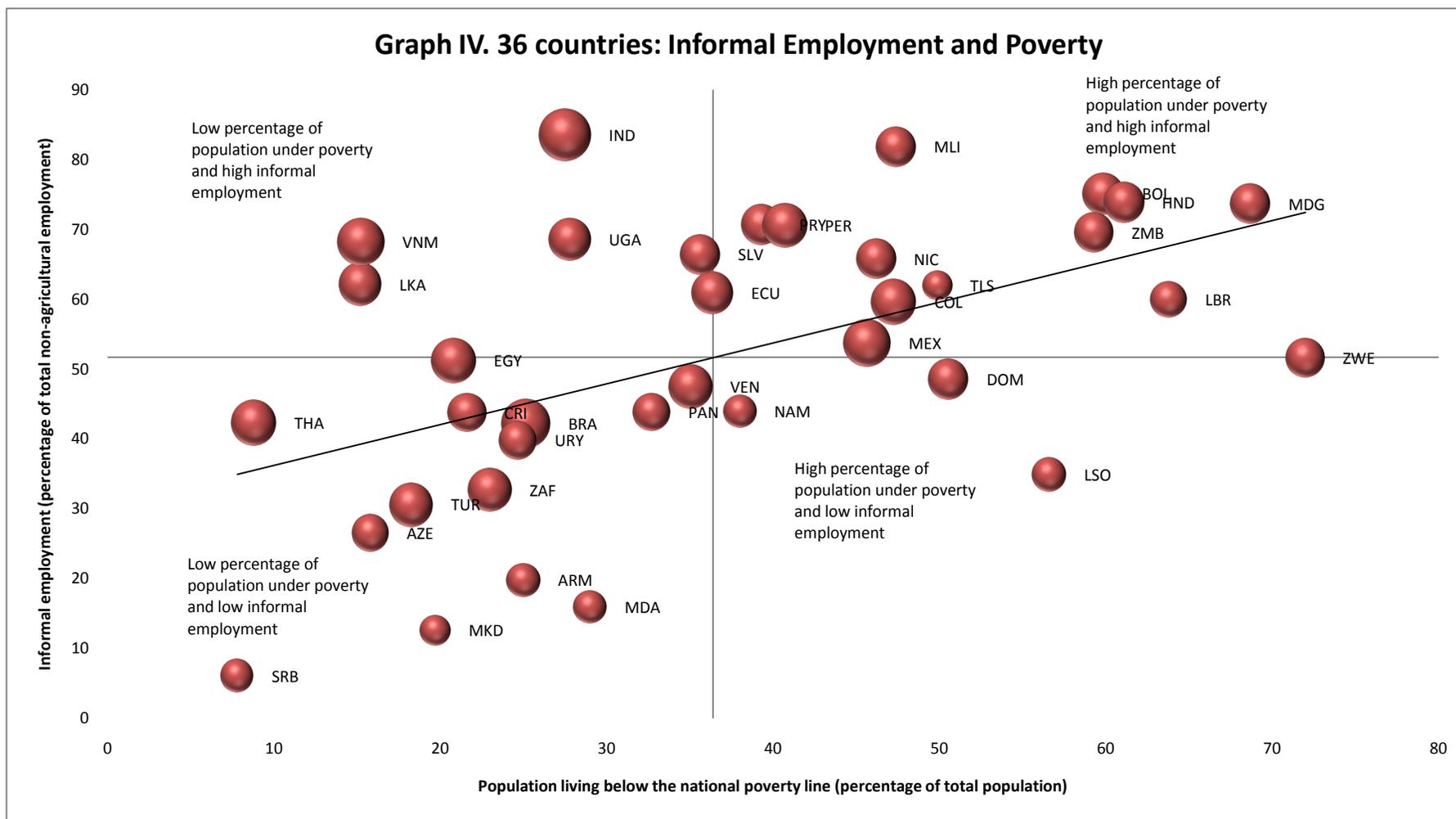
Graph III. 38 countries: Informal Employment and GDP per capita



Source: ILO, Department of Statistics (See Table I for details), and IMF, World Economic Outlook

This graph shows for each country the percentage of informal employment in total non-agricultural employment and the value of income per capita (expressed in natural logarithm). Country names have been abbreviated due to space constraints. The axis passes through the unweighted sample means. A linear trend line is depicted, and the size of the bubbles reflects the size of total informal employment (in logarithms). Only countries with data on persons in informal employment have been included. GDP data correspond to the same year as latest year available on employment in the informal economy.

Graph IV. 36 countries: Informal Employment and Poverty



Source: ILO, Department of Statistics (See Table I for details), and World Bank, World Development Indicators

This graph shows for each country the percentage of informal employment in total non-agricultural employment and the percentage of the population living below the national poverty line computed by the World Bank. Country names have been abbreviated due to space constraints. The axis passes through the unweighted sample means. A linear trend line is depicted, and size of the bubbles reflects the size of total informal employment (in logarithms). Only countries with data on persons in informal employment have been included. Poverty figures are computed using 2006-2010 averages.

TABLE III. 46 Countries: Selected Indicators, Latest Annual Data

Country	Persons in informal employment	Persons employed in the informal sector	Labour force participation rate	Unemployment rate	Gross Domestic Product per capita	Poverty
	% of non-agricultural employment	% of non-agricultural employment	% of Working age population	% of Economically active population	In current US\$ (year 2010)	% of population living below national poverty line
Argentina	49.7	32.1	46.0	7.7	9,138	n.a.
Armenia	19.8	10.2	59.2	18.7	2,846	26.5
Azerbaijan*	26.5	n.a.	65.4	6.0	6,008	15.8
Bolivia	75.1	52.1	56.9	7.9	1,858	60.1
Brazil	42.2	24.3	62.0	7.1	10,816	21.4
Colombia	59.6	52.2	62.7	11.8	6,273	45.5
Costa Rica	43.8	37.0	60.5	7.8	7,843	21.7
Cote d'Ivoire	n.a.	69.7	40.7	22.6	1,036	42.7
Dominican Rep.	48.5	29.4	64.3	14.3	5,228	50.5
Ecuador	60.9	37.3	65.3	6.5	3,984	36.0
Egypt	51.2	n.a.	33.0	9.0	2,789	22.0
El Salvador	66.4	53.4	42.4	6.4	3,701	37.8
Ethiopia**	n.a.	41.4	46.0	16.7	350	38.9
Honduras	73.9	58.3	37.9	2.9	2,016	60.0
India	83.5	68.8	39.1	4.3	1,265	27.5
Kyrgyzstan	n.a.	59.2	64.4	8.4	864	43.1
Lesotho	34.9	49.1	42.3	25.3	837	56.6
Liberia	60.0	49.5	62.8	3.7	226	63.8
Macedonia, FYR	12.6	7.6	55.7	32.0	4,431	19.0
Madagascar	73.6	51.8	86.9	2.3	392	68.7
Mali	81.8	71.4	49.4	8.8	692	47.4
Mauritius	n.a.	9.3	59.8	7.7	7,593	n.a.
Mexico	53.7	34.1	58.7	5.5	9,566	47.4

Country	Persons in informal employment	Persons employed in the informal sector	Labour force participation rate	Unemployment rate	Gross Domestic Product per capita	Poverty
	% of non-agricultural employment	% of non-agricultural employment	% of Working age population	% of Economically active population	In current US\$ (year 2010)	% of population living below national poverty line
Moldova, Rep.	15.9	7.3	41.9	7.4	1,630	29.0
Namibia	43.9	n.a.	28.6	21.9	5,652	38.0
Nicaragua	65.7	54.4	39.7	4.9	1,127	46.2
Pakistan	n.a.	70.0	32.2	5.2	1,050	22.3
Panama	43.8	27.7	63.7	6.4	7,593	32.7
Paraguay	70.7	37.9	62.9	6.4	2,886	35.1
Peru	70.6	50.2	70.0	7.9	5,172	34.8
Russian Fed.	n.a.	12.1	67.7	7.5	10,437	11.1
Serbia	6.1	3.5	43.4	13.6	5,233	6.6
Slovakia*	7.4	n.a.	59.0	14.4	16,104	n.a.
South Africa	32.7	17.8	54.3	24.9	7,158	23.0
Sri Lanka	62.1	50.5	49.2	5.7	2,435	15.2
Thailand	42.3	n.a.	71.9	1.0	4,992	8.1
Timor Leste*	62.0	n.a.	33.7	3.6	588	49.9
Turkey	30.6	n.a.	48.8	11.9	10,399	18.1
Uganda	68.5	59.2	38.1	3.2	501	24.5
Ukraine	n.a.	9.4	65.9	8.1	3,000	7.9
Uruguay	39.8	33.9	62.9	6.9	11,998	20.5
Venezuela, RB	47.5	36.3	64.7	8.5	9,960	29.0
Viet Nam	68.2	43.5	71.4	2.1	1,174	14.5
West Bank & Gaza	58.5	23.2	39.5	24.6	n.a.	21.9
Zambia	69.5	64.6	55.7	12.9	1,221	59.3
Zimbabwe	51.6	39.6	71.1	6.0	594	72.0

Sources: ILO, Department of Statistics; Country responses to ILO data request, special tabulations of labour force survey data, extracts from survey reports. For Latin American countries, ILO/SIALC household survey micro-data base. ILO Laborsta and Short term indicators database (Labour Force Participation & Unemployment rate), IMF (GDP for year 2010) and World Bank (Poverty).

Notes: * Employees only (data for employment in the informal economy) ** Urban Areas (data for employment in the informal economy) n.a. Non Available.

Conceptual Framework: Employment in the Informal Economy

The concept of total employment in the informal economy is used by the ILO to refer to the sum of the jobs in the informal sector and the jobs in informal employment, counting only once those jobs which are classified in both categories. These concepts refer to different aspects of the informalization of employment, as employment in the informal sector is an enterprise-based concept and informal employment is a job-based concept.

The informal sector consists of unregistered and/or small unincorporated private enterprises engaged in the production of goods or services for sale or barter. The enterprises typically operate at a low level of organisation, with little or no division between labour and capital as factors of production and on a small scale. Labour relations are based mostly on casual employment, kinship or personal and social relations. The fixed and other assets used do not belong to the production units as such but to their owners, and the units cannot engage in transactions or enter into contracts with other units, nor incur liabilities, on their own behalf. An unincorporated enterprise is a production unit that is not constituted as a separate legal entity independently of the individual (or group of individuals) who owns it, and for which no complete set of accounts is kept. An enterprise is unregistered when it is not registered under specific forms of national legislation (e.g. factories' or commercial acts, tax or social security laws, professional groups' regulatory acts). Issuing of a trade license or business permit under local regulations does not qualify as registration. An enterprise is considered small when its size in terms of employment is below a specific threshold (e.g. five employees) to be determined according to national circumstances. Employment in the informal sector refers to the total number of jobs in informal sector enterprises. For practical reasons, the concept is measured as the number of persons employed in informal sector enterprises in their main job.

Informal employment, which encompasses all of the jobs included in the concept of employment in the informal sector except those which are classified as formal jobs in informal sector enterprises, refers to those jobs that generally lack basic social or legal protections or employment benefits and may be found in the formal sector, informal sector or households. Informal employment includes the following types of jobs: (i) own-account workers employed in their own informal sector enterprises; (ii) employers employed in their own informal sector enterprises; (iii) contributing family workers, irrespective of whether they work in formal or informal sector enterprises; (iv) members of informal producers' cooperatives; (v) employees holding informal jobs in formal sector enterprises, informal sector enterprises, or as paid domestic workers employed by households; (vi) own-account workers engaged in the production of goods exclusively for own final use by their household, if considered employed given that the production comprises an important contribution to total household consumption. For operational reasons the concept is measured as the number of persons employed (and not the number of jobs) in informal employment in their main job.

As regards (v) above, employees are considered to have informal jobs if their employment relationship is, in law or in practice, not subject to national labour legislation, income taxation, social protection or entitlement to certain employment benefits (e.g., advance notice of dismissal, severance pay, paid annual or sick leave, etc.). The reasons may be the following: non-declaration of the jobs or the employees; casual jobs or jobs of a limited short duration; jobs with hours of work or wages below a specified threshold; employment by unincorporated enterprises or by persons in households; jobs where the employee's place of work is outside the premises of the employer's enterprise; or jobs for which labour regulations are not applied, not enforced, or not complied with for any other reason.

Components of informal employment outside the informal sector are: Employees holding informal jobs in formal sector enterprises (FSE); contributing family workers working in (FSE); paid domestic workers employed by households in informal jobs; and own-account workers engaged in production of goods exclusively for own final use by their household. Where they exist, employees holding formal jobs in informal sector enterprises should be excluded from informal employment.

References: see the *Resolution concerning statistics of employment in the informal sector* adopted by the 15th ICLS (January 1993) and the *Guidelines concerning a statistical definition of informal employment* adopted by the 17th ICLS (November 2003).