

Statistics of the Informal sector in the Arab Countries

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1. Recommendation No. 204 concerning the transition from the informal to the formal economy:

1. R204 provides a definition of the informal economy

2. For the purposes of this Recommendation, the term “informal economy”:

(a) refers to all economic activities by **workers and economic units** that are – **in law or in practice – not covered or insufficiently covered by formal arrangements**; and

(b) does not cover illicit activities

(I. Objectives and scope [§ 2-5] in R204)

2. R204 includes a dedicated section on VIII. Data collection and monitoring

VIII. Data collection and monitoring

36. Members should, in consultation with employers’ and workers’ organizations, on a regular basis:

(a) where possible and as appropriate, **collect, analyse and disseminate statistics** disaggregated by sex, age, workplace, and other specific socio-economic characteristics **on the size and composition of the informal economy, including the number of informal economic units, the number of workers employed and their sectors**; and

(b) **monitor** and evaluate the progress towards formalization.

1. Statistics on informality and R204 —

third, it calls for data & Statistics as a key element of national diagnoses

- R204 calls for data and statistics to identify the nature and extent of the informal economy **[para 6]** as **part of national diagnoses [para 8]** and to monitor progress towards formalization...

6. given the diversity of the informal economy across member States, **the competent authority should identify the nature and extent of the informal economy as described in this Recommendation, and its relationship to the formal economy.**

8. Members should undertake **a proper assessment and diagnostics** of factors, characteristics, causes and circumstances of informality in the national context to inform the design and implementation of laws and regulations, policies and other measures aiming to facilitate transition to the formal economy.

Who are
workers
informal
economy

Analysis of some of
the main drivers of
informality
=> Not all quantifiable

- Build consensus about national priorities
- Clear link with policies: basis for the **adoption, review and enforcement of national laws and regulations** and monitor progress towards formalization

2. Key indicators

Main data items for key indicators

As part of labour force surveys

- Persons employed in the informal sector
- Persons in informal employment in and outside the informal sector (formal sector and households)



- Demographic characteristics of workers such as: sex, age, level of education, urban/rural location, etc.
- Employment related information: status in employment, occupation, economic activity; etc.



Enterprise based concept

Worker/job based concept

Beyond key indicators this allows the analysis of some of the **factors of informality** (e.g. education) and of specific groups such as:

- Employees versus the self-employed
- Domestic workers
- The youth, etc.

2. Some key indicators of employment in the informal economy: some examples

1. Informal employment as % of total employment
2. **Informal non-agricultural employment as % of non-agricultural employment**
3. Informal employment **outside of the informal sector** (formal sector and households) as % of total employment
4. Employment in the informal sector as % of total employment
5. Informal employment among **employees** as a percentage of total employees versus
6. informal employment among **the self-employed** as % of total self-employment
7. Distribution of informal employment by status in employment (%) compared to the similar distribution of formal employment
8. Distribution of informal employment by main sectors compared to the similar distribution of formal employment

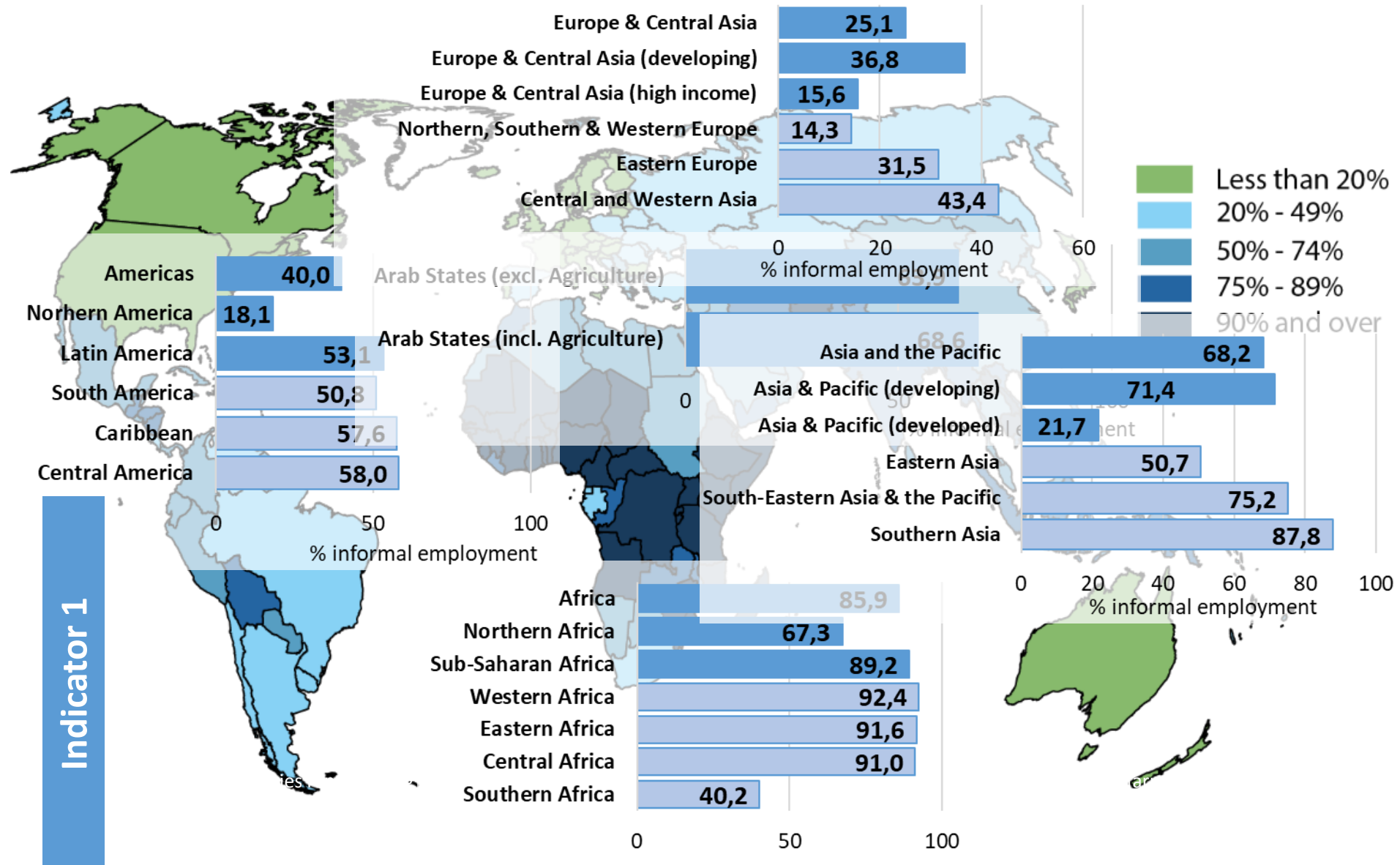
SDG 8.3.1 indicator

Share of informal employment in non-agriculture employment, by sex

All to be disaggregated by sex, age groups, urban/rural residence, ...

2. The magnitude of informality

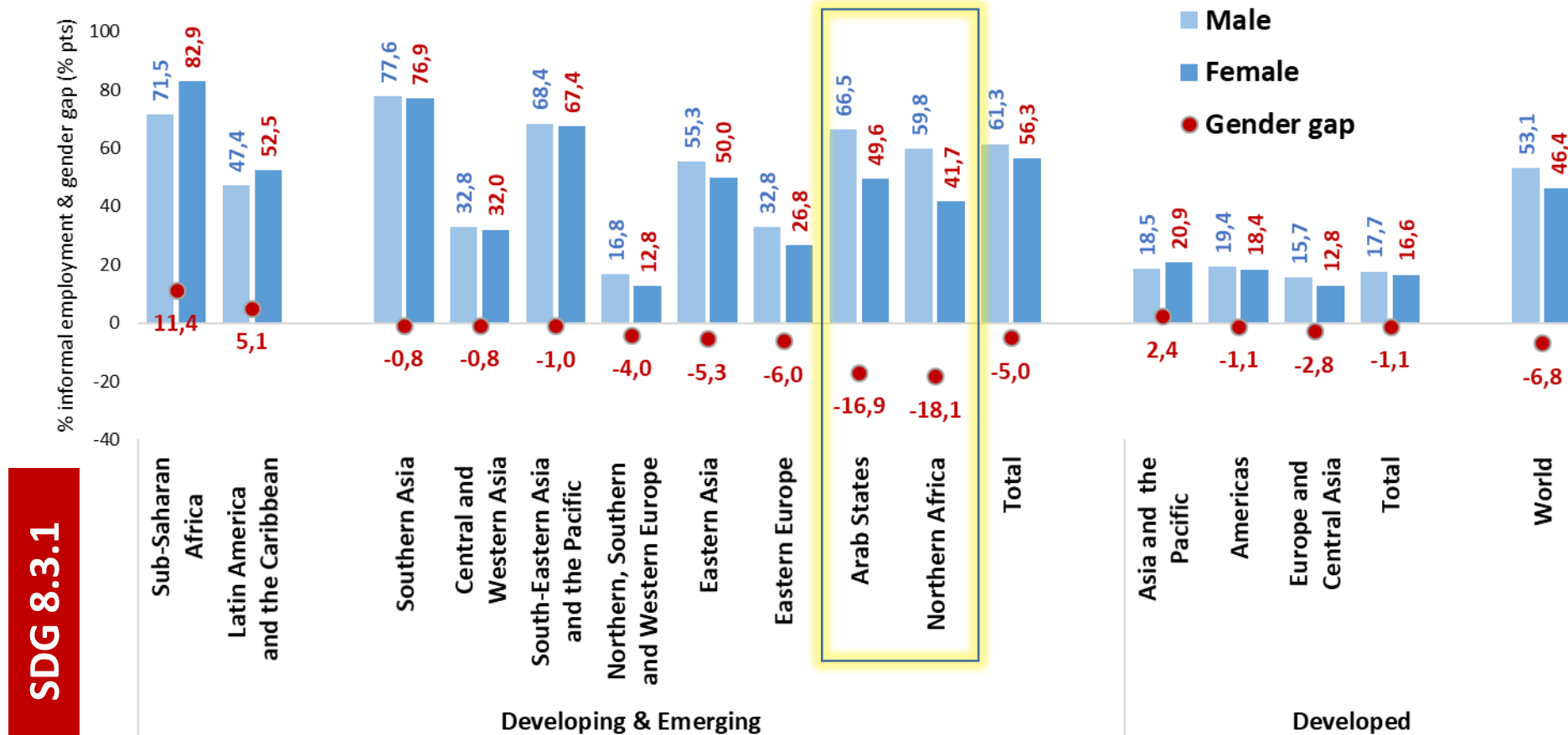
% informal employment (estimates for 2016)



2. Who is in informal employment?

The gender dimension of informality (outside agriculture)

- Women are more exposed than men in some regions **but not globally**.
- Women are not more affected in numbers than men but when in the informal economy, they tend to be in the most vulnerable segments
- The lower the participation of women in the labour market, the lower the share of informal employment in women employment (most extreme cases are North Africa and the Arab States)



2. Who is in informal employment?

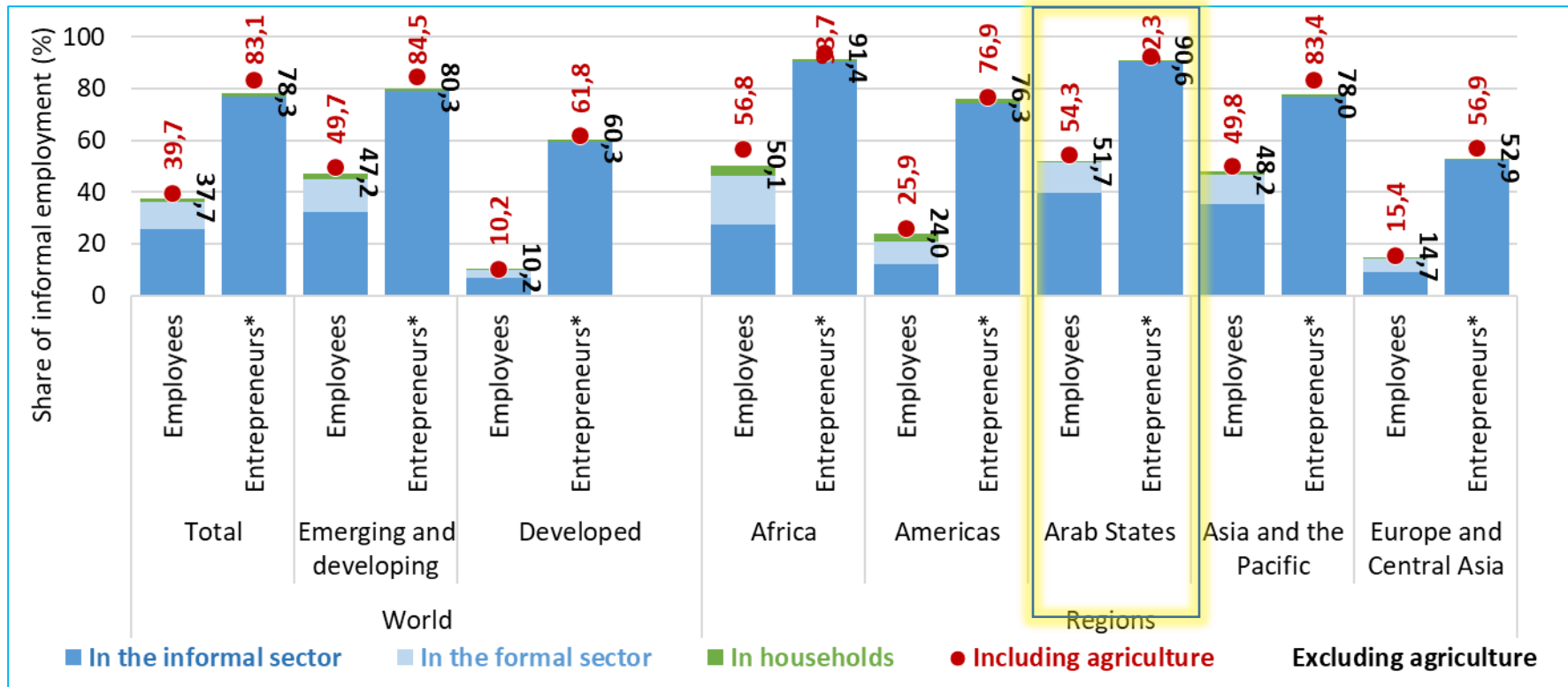
% informal employment for employees & entrepreneurs?

% informal employment by employment status

Common trends: Independent workers are the most affected by informality

Implications The structure of the labour market by status will influence the overall share of informal employment as well as the relative share of informal employment **in or outside formal sector enterprises** with implications in terms of the set of policy responses to be developed

Indicators 5-6

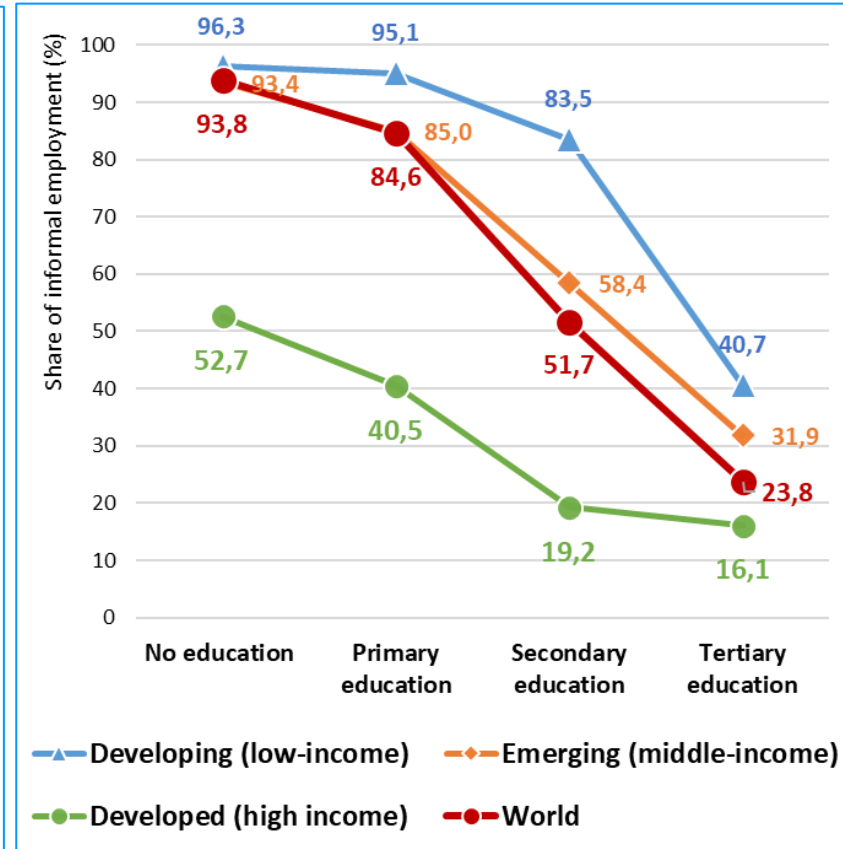
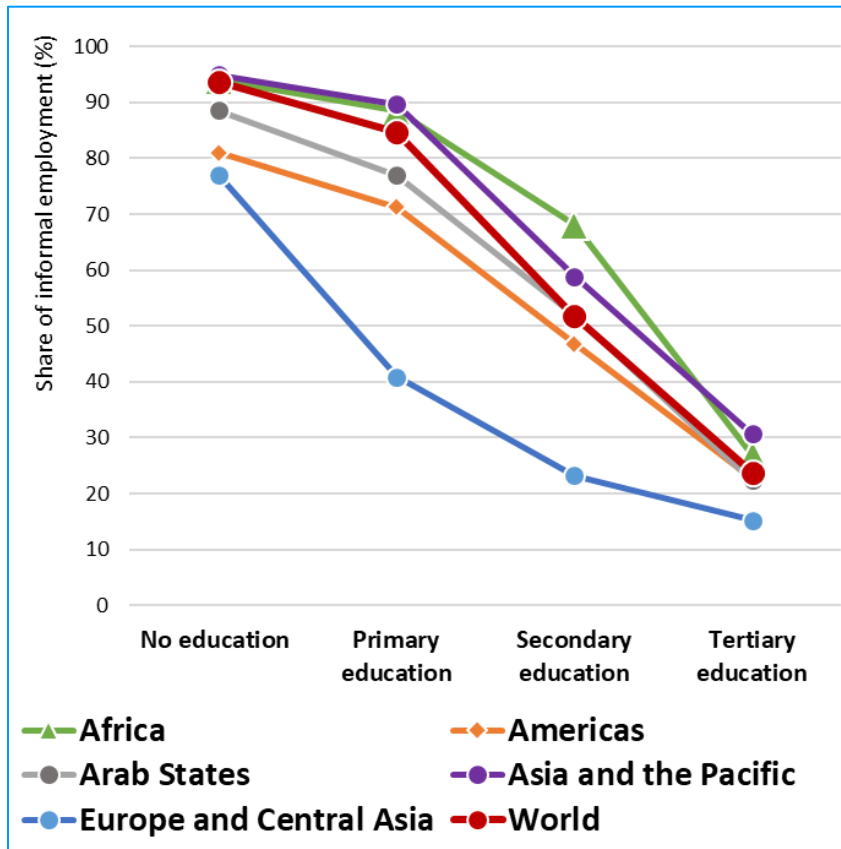


2. Who is in informal employment?

% informal employment and highest level of education

% informal employment by highest level of education

Common trends: Decrease in informality rates with the increase in the level of education: the level of education of workers is not a guarantee but an important asset to access formal employment.



Source: ILO calculations based on national household surveys.
Note: regional estimates based on more than 60 developing countries (representing nearly 80% of total population in the developing world)

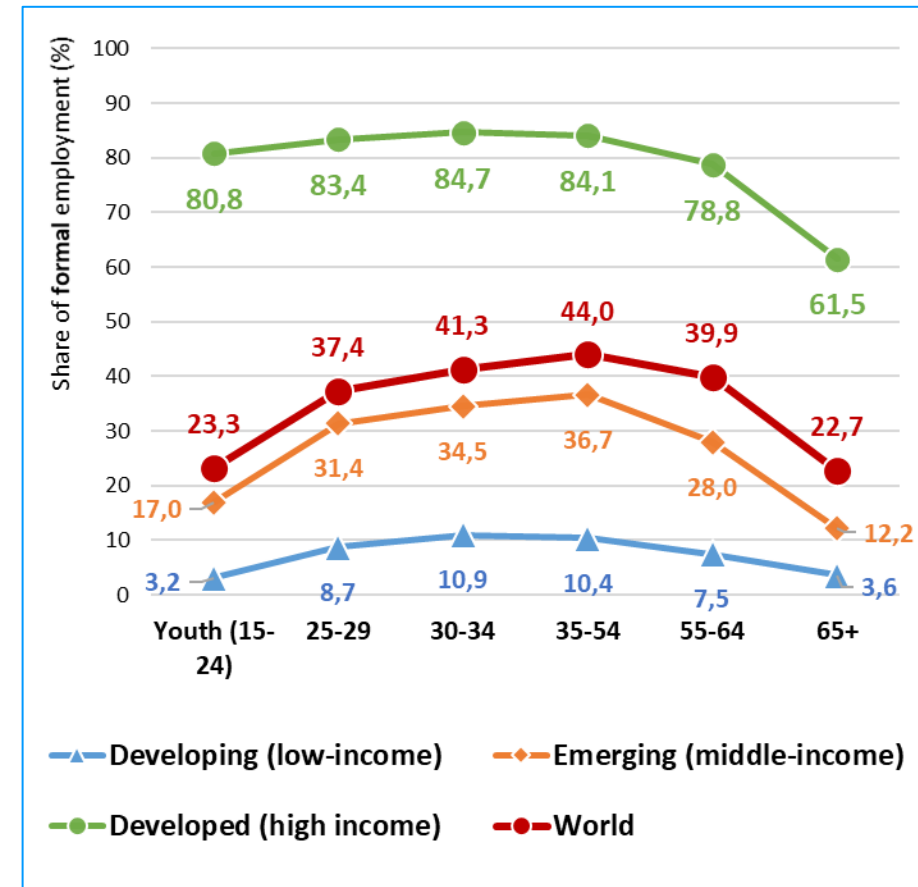
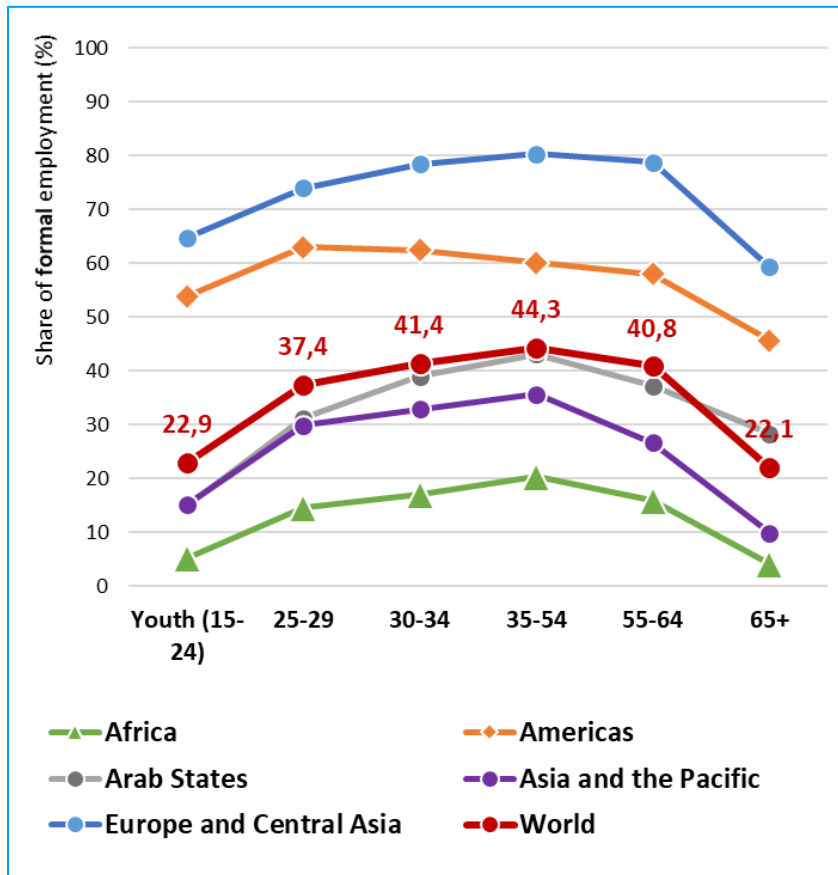
2. Who is in informal employment?

The age profile of formality

% formal employment and age

Common trends: Inverse U curve with age: youth and older workers more affected by informality than others

Differences : Main regional differences concern low-income countries and a widespread informality at all ages & high income countries with youth relatively less affected than in other regions



3. Challenges in diagnosing informality informality informality and working conditions



- For **persons in informal employment in and outside the informal sector**

- Characteristics of units (in which persons are working): workplace location, size of enterprise, number of employees
- Working conditions / exposure to decent work deficits, such as:
 - Level & regularity of income from labour
 - Type and duration of contract
 - Hours of work
 - Representation / affiliation to unions
 - Access to credit, business services, etc.
 - Education, access to training and retraining
 - Social protection coverage: partial payment of social protection contribution and coverage by non-employment related social protection otherwise
- Poverty profile (usually not covered in labour force survey)

The depth of analysis will depend on the available information in the survey!

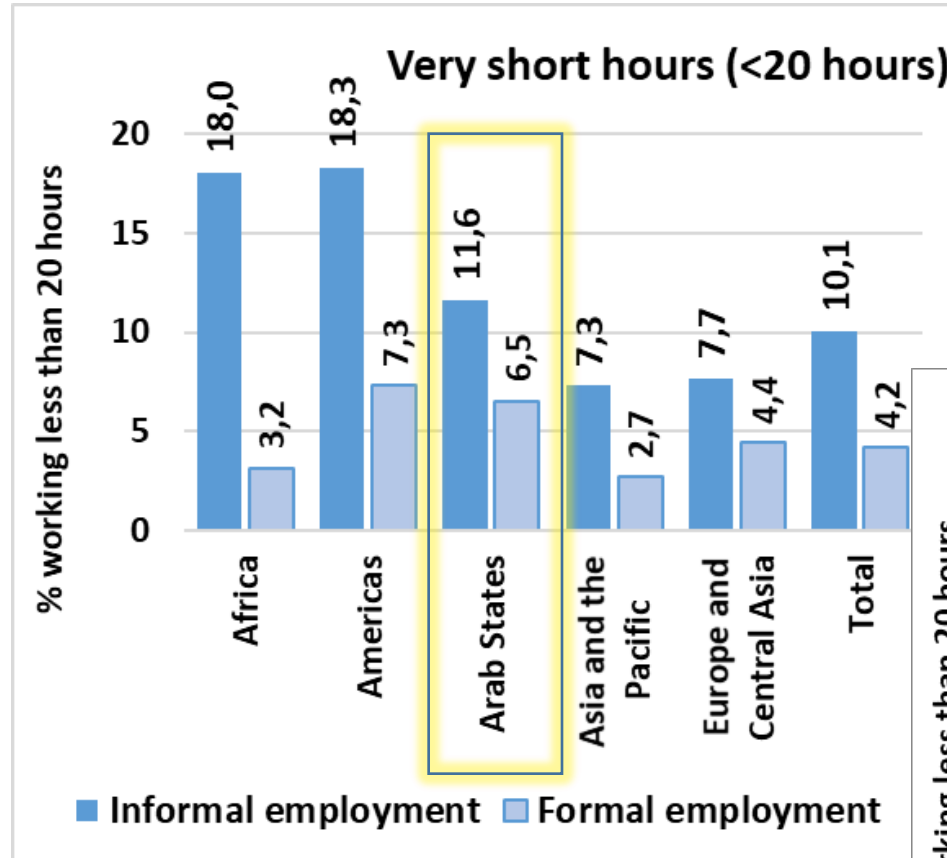
Can typically be part of **labour force surveys**

Part of household income and expenditure surveys => suppose the inclusion of appropriate questions to identify workers in informal employment

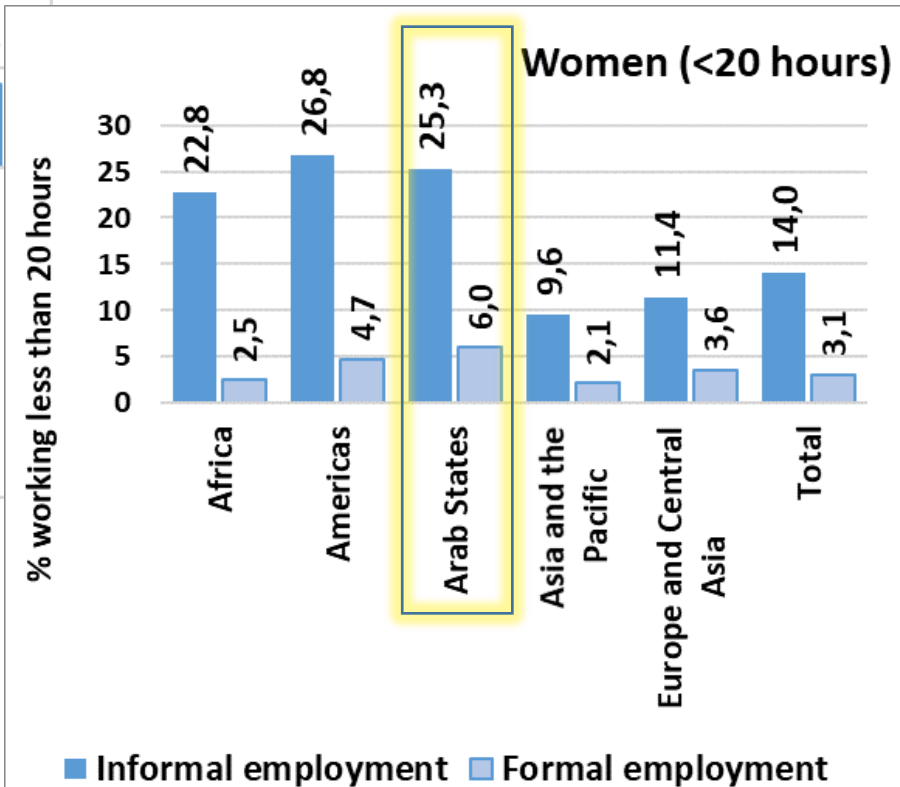
3. Informality and Working time

Workers in informal employment are more likely to stand outside normal hours of work ... as they stand outside of labour law protection

Very short hours (<20h)



Higher proportions of workers in informal employment working less than 20 hours a week, especially among women



Source: ILO calculations based on national household surveys.

Notes: Global & regional estimates based on 106 countries representing 88% of global employment.

Challenges

- New International Classification of Status in Employment (ICSE-18)
- Micro data exchange and compiling regional indicators
- Surveys periodicity
- Harmonization of concepts across Arab Countries
- Countries in conflict and mobile elusive populations



Thank you
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<http://www.ilo.org/beirut/lang--en/index.htm>



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Organisation internationale du Travail
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