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STUDY ON THE MEASUREMENT OF THE INFORMAL SECTOR AND INFORMAL EMPLOYMENT IN AFRICA

Table of contents

1. Introduction	1
1.1 Background	1
1.2 Objective of the study	1
1.3 Study outline	2
2. The informal sector: definition and concepts	2
2.1 Definition of the informal sector and informal employment	2
2.1.1 The informal sector according to the 15 th ICLS.....	3
2.2 Concepts: from the informal sector to the non-observed economy	6
2.3 Employment in the informal economy	6
2.3.1 Definition of informal employment according to the ICLS.....	7
2.4 Recommendations of the Delhi Group and the System of National Accounts.....	10
2.5 Application of the definition in a few countries	12
2.5.1 Definition of the informal sector in Tanzania	13
2.5.2 Definition of the informal sector in Botswana.....	14
2.5.3 Definition of the informal sector in Namibia	14
2.5.4 Definition of informal employment in Zambia.....	14
2.5.5 Definition of informal employment in South Africa	14
2.5.6 Definition of the informal sector in the case of the 1-2-3 survey.....	15
3. The different surveys on the informal sector	15
3.1 Direct methods of measuring the informal sector and informal employment	15
3.1.1 The employment survey.....	16
3.1.2 Establishment survey	16
3.1.3 Mixed household-enterprise survey.....	22
3.1.4 The consumption survey	33
3.2 The case for an integrated survey.....	35
3.2.1 Complementarity between the employment survey and the mixed survey.....	35
3.2.2 The importance of mixed household-enterprise surveys based on employment and labour force surveys, or household surveys, rather than household-enterprise surveys based on listing of households	36
3.2.3 Employment or labour force surveys versus household surveys as the basis for a mixed household-enterprise surveys	37
3.2.4 Some questions to include in the employment survey or the employment module of the household survey	38
3.2.5 Content of the mixed household-enterprise survey.....	39

4.	Incorporating the results of the informal sector survey into the national accounts	40
4.1	General principle of inclusion of informal sector and informal employment	41
4.1.1	Indirect measurement of the informal sector	41
4.1.2	Use of the results of informal sector and informal employment surveys	42
4.2	African examples of the incorporation of survey results into the SNA	43
4.2.1	The experience of Niger	43
4.2.2	The experience of Cameroon.....	44
4.3	The labour input methodologies	45
ANNEX	Some data on the informal sector in Africa	
Reference	

Acronyms and abbreviations

ACS	African Centre for Statistics
AFRISTAT	Observatoire Economique et Statistique de l’Afrique Subsaharienne
DIAL	Développement Institutions et Analyses de Long terme
EA	Enumeration area
EUROSTAT	Statistical Office of the European Communities
ICLS	International Conference of Labour Statisticians
ILO	International Labour Office
IPU	Informal production unit
NOE	Non-observed economy
OECD	Organization for Economic Cooperation and Development
SNA	System of National Accounts
UNSD	United Nations Statistics Division
VAT	Value-added tax

1. INTRODUCTION

1.1 Background

Starting from the observation that the informal sector is playing a more and more important role in the economies of developing or transition countries in general and in Africa in particular, with regard to production, income distribution and employment creation, the African Centre for Statistics (ACS) has taken on the mission of building the capacities of African statistical systems for collecting data on the informal sector, including the informal sector in the compilation of national accounts, and evaluating production at the national level.

The lack of information on the informal economy in official statistics leads to a skewed assessment of the real economy, with the GDP being underestimated because it does not take into account the participation of women in the labour force (in the informal economy). This lack of information also limits the understanding by public authorities of economic issues related to informal economic activities, such as the scope of the lack of social security coverage, non-access to credit and the earnings differential between formal and informal employment.

To remedy this shortcoming, the ACS intends to develop an integrated methodology for measuring the informal economy, which should not only comply with internationally recognized concepts on the informal economy and national accounts, but also be adapted to the African context.

1.2 Objective of the study

The ultimate objective of the study is to propose an integrated methodology for measuring the informal sector, informal employment and the informal economy in general in Africa. This methodology must be tailored to the needs of users such as policy makers, statisticians, national accountants and any other entity that wishes to lend its support to the workers of the informal sector.

To be consensual, this methodology must take into account all statistical instruments that are deemed relevant for measuring the informal sector and informal employment or that facilitate the incorporation of data on these two concepts into national accounts in Africa and elsewhere. The study also aims to:

- Review the definitions and concepts on the informal sector;
- Review and analyse the relevance and effectiveness of the methodologies used to survey the informal sector in Africa. To this end, the following methodologies would be analysed: employment surveys, establishment surveys, mixed surveys, the 12-3 survey and consumption budget surveys;
- Cite the most relevant African experiences concerning informal sector surveys and the incorporation of data on the informal economy into national accounts;
- Take stock of the methods that allow stakeholders to use the results of the above-mentioned surveys by extrapolating the results to measure the contribution of the informal sector in national accounts, notably the labour input methodology for

estimating the contribution of the informal sector to the amount of goods and services produced by the economy (GDP).

1.3 Study outline

This study is divided into three chapters. The first chapter reviews the changing definitions of the informal sector, beginning with that adopted by the 15th International Conference of Labour Statisticians (ICLS) and ending with the most recent recommendations of the Delhi Group on informal employment or the reservations of the Advisory Expert Group on National Accounts.

Are the definitions of the informal sector or informal employment entrenched in Africa? The answer to this question can be found in the corresponding definitions of surveys on the informal sector or on employment conducted in Africa and that are mentioned in this first chapter.

The second chapter focuses on the different surveys on the informal sector or the informal economy in general. It presents briefly the objectives, sampling methodologies and methodological limitations of the different instruments:

- The employment or labour force survey;
- The empirical survey on informal establishments;
- The mixed household-enterprise survey;
- The household consumption survey.

This presentation includes illustrations from African experiences on each of these four instruments. The experiences in question refer to specific surveys such as the I2-3 survey, the World Bank Living Standards Survey (LSS) and surveys on the informal sector in Botswana, Namibia, Tanzania, South Africa and Zambia. This chapter also proposes an integrated methodology for measuring the informal sector and informal employment in Africa.

The third chapter deals with the integration and extrapolation of data from surveys on the informal sector and informal employment in the compilation of national accounts and an exhaustive estimate of informal GDP. It concludes with a reminder of the general principle of this incorporation and illustrative examples of the process.

2. THE INFORMAL SECTOR: DEFINITION AND CONCEPTS

2.1 Definition of the informal sector and informal employment

In this section, the objective of the study is to track developments in the international definition of the informal sector, from the 15th ICLS to the most recent recommendations of the Delhi Group in 2006, including the proposals of the Organization for Economic Cooperation and Development (OECD) and EUROSTAT on the non-observed economy (NOE). The definition established by labour statisticians under the aegis of the ICLS will also be considered, along with that advanced by national accountants as proposed by the Advisory Expert Group on National Accounts of the United Nations Statistics Division.

The concept of the informal sector has always been the subject of intense debate between users and producers of statistics, but also within each group, and not just in Africa. However, the concept may be overworked, for example, by corporate leaders who are fed up with unfair competition from their counterparts, but who confuse the term denoting the activities of small tradesmen and second-hand dealers with that referring to the actions of modern companies trying to conceal some of their activities in order to pay fewer taxes or that do not declare their employees in order to minimize their production costs.

Moreover, users of statistical data such as national accountants, sociologists and economic policy makers may also have their own definition of the informal sector or informal activity that differs from that of survey statisticians.

It would therefore appear that international or temporal comparisons for a given country to reflect the contribution of the informal sector to the economy (in terms of added value, income distribution, employment creation) would not be possible without a consensus on the definition of the informal sector or informal employment and without an adequate methodology recognized by all countries. This is why it is important to examine the proposals of international organizations.

Since 1993, the year of the 15th ICLS and the first revision of the vocabulary of the system of national accounts of 1968, many positive proposals have been put forward. Hence, while reviewing the latest recommendations, reference will also be made to the resolutions of 1993 and 2003 of the ICLS and those of 1993 and 2006 of UNSD, because the gist of these resolutions is recognized internationally. In other words, the remaining arguments are only on certain aspects of these resolutions.

2.1.1 The informal sector according to the 15th ICLS

2.1.1.1 Concept

5. 1) The informal sector may be broadly characterized as consisting of units engaged in the production of goods or services with the primary objective of generating employment and incomes to the persons concerned. These units typically operate at a low level of organization, with little or no division between labour and capital as factors of production [...]

2) Production units of the informal sector have the characteristic features of household enterprises. The fixed and other assets used do not belong to the production units as such but to their owners [...] Expenditure for production is often indistinguishable from household expenditure [...] Similarly, capital goods such as buildings or vehicles may be used indistinguishably for enterprise and household purposes.

3) Activities performed by production units of the informal sector are not necessarily performed with the deliberate intention of evading the payment of taxes or social security contributions, or infringing labour or other legislations or administrative provisions. Accordingly, the concept of informal sector activities should be distinguished from the concept of activities of the hidden or underground economy.

2.1.1.2 Operational definitions

6. 1) For statistical purposes, the informal sector is regarded as a group of production units which, according to the definitions and classifications provided in the United Nations System of National Accounts, form part of the household sector as household enterprises or, equivalently, unincorporated enterprises owned by households as defined in paragraph 7.

2) Within the household sector, the informal sector comprises (i) Informal enterprises owned and operated by own-account workers, either alone or in partnership with members of the same or other households, which may employ contributing family workers and employees on an occasional basis [...] and ii) the additional component of "enterprises of informal employers", consists of enterprises owned and operated by employers, either alone or in partnership with members of the same or other households, which employ one or more employees on a continuous basis [...]

9. 2) For operational purposes, enterprises of informal employers may be defined, depending on national circumstances, in terms of one or more of the following criteria:

- (i) Size of the unit below a specified level of employment;
- (ii) Non-registration of the enterprise or its employees.

3) While the size criterion should preferably refer to the number of employees employed on a continuous basis, in practice, it may also be specified in terms of the total number of employees or the number of persons engaged during the reference period.

4) The upper size limit in the definition of enterprises of informal employers may vary between countries and branches of economic activity [...]. The choice of the upper size limit should take account of the coverage of statistical inquiries of larger units in the corresponding branches of economic activity, where they exist, in order to avoid an overlap [...]

8. 3) Registration may refer to registration under factories or commercial acts, tax or social security laws, professional groups' regulatory acts, or similar acts, laws, or regulations established by national legislative bodies [...].

9. 6) [...] Employees may be considered registered if they are employed on the basis of an employment or apprenticeship contract which commits the employer to pay relevant taxes and social security contributions on behalf of the employee or which makes the employment relationship subject to standard labour legislation [...].

7. According to the United Nations System of National Accounts, household enterprises [...] are distinguished from corporations and quasi-corporations on the basis of the legal organization of the units and the type of accounts kept for them. Household enterprises are units engaged in the production of goods or services which are not constituted as separate legal entities independently of the households or household members that own them, and for which no complete sets of accounts (including balance sheets of assets and liabilities) are available which would permit a clear distinction of the production activities of the enterprises from the other activities of their owners and the identification of any flows of income and capital between the enterprises and the owners [...].

2.1.1.3 Population employed in the informal sector

11. 1) The population employed in the informal sector comprises all persons who, during a given reference period, were employed [...] in at least one informal sector unit irrespective of their status in employment and whether it is their main or secondary job.

2.1.1.4 Treatment of particular cases

14. Household enterprises, which are exclusively engaged in non-market production, i.e. the production of goods or services for own final consumption or own fixed capital formation as defined by the United Nations System of National Accounts (Rev.4), should be excluded from the scope of the informal sector for the purpose of statistics of employment in the informal sector [...].

15. [...] The scope of the informal sector should include household enterprises located in urban areas as well as household enterprises located in rural areas. However, countries that start to conduct surveys of the informal sector may initially confine data collection to urban areas. Depending upon the availability of resources and appropriate sampling frames, the coverage of the surveys should gradually be extended to cover the whole national territory.

16. For practical reasons, the scope of the informal sector may be limited to household enterprises engaged in non-agricultural activities (given that there is often a survey specific to the agricultural sector). However, all non-agricultural activities should be included in the scope of the informal sector, irrespective of whether the household enterprises carry them out as main or secondary activities if they meet the conditions of non-registration, size and lack of formal bookkeeping [...].

17. Units engaged in professional or technical activities carried out by self-employed persons such as doctors, lawyers, accountants, architects or engineers, should be included in the informal sector if they fulfil the requirements [...] of non-registration, size and lack of formal bookkeeping [...].

19. Domestic workers are persons exclusively engaged by households to render domestic services for payment in cash or in kind. Domestic workers should be included in or excluded from the informal sector depending upon national circumstances and the intended uses of the statistics [...].

The definition of the informal sector based on individual enterprises or enterprises of informal employers has one clear goal: to have the sector recognized as a subsector of the institutional sector “households” in national accounts.

However, the definition has its limitations. For countries where the results of the indirect method can be compared with those of mixed surveys (of informal enterprises), there seems to be a significant segment of employment made up of jobs not reported by formal enterprises that cannot be considered either formal or informal (coming from the informal sector).

This is what gave rise to the concept of informal employment, which is determined, for an economic activity, by non-registration, absence of a contract or social security. The informal sector is itself a component of informal employment.

2.2 Concepts: from the informal sector to the non-observed economy

Given the limitations on the definition based on individual enterprises and enterprises of informal employers, but also in an effort to achieve exhaustiveness in GDP estimates, the OECD undertook an exercise to improve the measurement of economic aggregates, which led to the introduction of a new concept known as the non-observed economy (NOE).

According to the OECD, the NOE is composed of four groups of activities:

- The underground economy;
- Illegal activities;
- The informal sector;
- Activities undertaken by households for their own final use.

The underground economy – under its productive aspects – refers to activities that are concealed in order to avoid paying taxes (VAT, income taxes, etc.) or social security contributions, or complying with legislations such as the laws on the minimum wage, the maximum number of working hours, standards of hygiene and safety and, generally, all administrative obligations.

The illegal economy covers all productive activities that contravene the criminal code, either because they are forbidden by the law (drug trafficking, prostitution, etc.), or because they are carried out by unauthorized persons (illegal medical practice), or because they are contraband or counterfeit activities.

Unlike the first two components, informal sector production refers to activities that are not deliberately meant to be concealed and to avoid compliance with legal obligations, but that are not registered or are poorly registered due to the inability of public authorities to enforce their own regulations, the implicit recognition of the inapplicability of these regulations and the resulting tolerance of these activities.

Finally, production for own final use (final consumption and capital accumulation) is a significant non-barter component of the production of goods by households. The services of this category include rent charged and the services of paid domestic workers.

2.3 Employment in the informal economy

Following the 17th ICLS (November-December 2003), it was resolved to expand the concept of employment in the informal economy by adding the concept of “informal employment” based on jobs as units of observation to that of “employment in the informal sector”. These two concepts reflect different aspects of the informality of employment and meet different policy-making objectives. They need to be defined and measured in a coherent and consistent manner so that one can be clearly distinguished from the other.

This resolution stems from the recommendation of the Delhi Group at its fifth meeting that the definition and measurement of employment in the informal sector needed to be

complemented with a definition and measurement of informal employment. The new concept dovetails with that of the NOE, which clearly distinguishes between the informal sector of underground or illegal production and production by households for their own final use. Three entities are now at the origin of informal employment: the enterprise of the informal sector, the enterprise of the formal sector, and the household.

Despite this real progress on the definition of informal employment, the debate will still continue. While labour statisticians and national accountants agree on most elements of the resolutions of the 17th ICLS, they still disagree on some aspects. For instance, differences between the ICLS concept of informal employment and the informal sector and that of the System of National Accounts (SNA) concern terminology, subdivision of the economy, conception of production for barter and own-use production, and the universe of the household enterprise.

According to the Advisory Expert Group on National Accounts, the differences relate to several points. For instance, in terms of terminology, the ICLS concept revolves around production, income and employment, and hence on the items of the production account. However, the SNA concept is based on all production, income and capital accounts and the balance of accounts, with consumption playing a vital role in the household sector.

Similarly, the ICLS divides production units into three parts for the purpose of characterizing informal employment: enterprises of the informal sector, enterprises of the formal sector, and households. To this end, households are perceived as producers of goods for their own use, and as employers of domestic workers. But for the SNA, household has a broader meaning. The term does not refer only to producers and consumers, but also to lenders and borrowers.

According to national accountants, the formal part of an enterprise may be reported under an institutional sector other than “household”.

With regard to the sub-division of the economy, the ICLS concept of the informal sector does not include all production units of the household sector as understood by the SNA. Instead, it first identifies two segments of the SNA household sector as creators of informal employment: own-account enterprises and employer enterprises. It then uses a selection criterion based on the final destination of production, size or registration and formal bookkeeping and the type of activity to distinguish between informal production units.

On the issue of production for barter, for the SNA, a barter producer refers to a person who sells most or all of his production on the market at a significant price. But for the ICLS, the classification is based on whether the producer sells a portion or all of his production.

2.3.1 Definition of informal employment according to the ICLS

1. The concept of informal sector refers to production units as observation units, while the concept of informal employment refers to jobs as observation units. Employment is defined in the sense of paragraph 9 of the resolution concerning statistics of the economically active population, employment, unemployment and underemployment adopted by the 13th ICLS.

2. Informal sector enterprises and employment in the informal sector are defined according to the resolution concerning statistics of employment in the informal sector adopted by the 15th ICLS ...

3. (1) Informal employment comprises the total number of informal jobs as defined in subparagraphs (2) to (5) below, whether carried out in formal sector enterprises, informal sector enterprises, or households, during a given reference period.

(2) As shown in the attached matrix, informal employment includes the following types of jobs:

- (i) Own-account workers employed in their own informal sector enterprises (cell 3);
- (ii) Employers employed in their own informal sector enterprises (cell 4);
- (iii) Contributing family workers, irrespective of whether they work in formal or informal sector enterprises (cells 1 and 5);
- (iv) Members of informal producers' cooperatives (cell 8);
- (v) Employees holding informal jobs (as defined in subparagraph (5) below) in formal sector enterprises, informal sector enterprises, or as paid domestic workers employed by households (cells 2, 6 and 10);
- (vi) Own-account workers engaged in the production of goods exclusively for own final use by their household (cell 9), if considered employed according to paragraph 9(6) of the resolution concerning statistics of the economically active population, employment, unemployment and underemployment adopted by the 13th ICLS.

(3) Own-account workers, employers, members of producers' cooperatives, contributing family workers, and employees are defined in accordance with the latest version of the International Classification of Status in Employment (ICSE).

(4) Producers' cooperatives are considered informal if they are not formally established as legal entities and also meet the other criteria of informal sector enterprises specified in the resolution concerning statistics of employment in the informal sector adopted by the 15th ICLS.

(5) 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 (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 (e.g. for social security contributions); 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 (e.g. outworkers without employment contract); or jobs for which labour regulations are not applied, not enforced, or not complied with for any other reason. The operational criteria for defining informal jobs of employees are to be determined in accordance with national circumstances and data availability.

(6) For purposes of analysis and policy-making, it may be useful to disaggregate the different types of informal jobs listed in paragraph 3(2) above, especially those held by

employees. Such a typology and definitions should be developed as part of further work on classifications by status in employment at the international and national levels.

4. Where they exist, employees holding formal jobs in informal sector enterprises (cell 7 of the attached matrix) should be excluded from informal employment.

5. Informal employment outside the informal sector comprises the following types of jobs:

(i) employees holding informal jobs (as defined in paragraph 3(5) above) in formal sector enterprises (cell 2) or as paid domestic workers employed by households (cell 10); (ii) contributing family workers working in formal sector enterprises (cell 1); (iii) own-account workers engaged in the production of goods exclusively for own final use by their household (cell 9), if considered employed according to paragraph 9(6) of the resolution concerning statistics of the economically active population, employment, unemployment and underemployment adopted by the 13th ICLS.

Table 1: Conceptual framework: Informal employment

Production units by type	Jobs by status in employment								
	Own-account workers		Employers		Contributing family workers	Employees		Members of producers' cooperatives	
	Inf	For	Inf	For	Inf	Inf	For	Inf	For
Formal sector enterprises					1	2			
Informal sector enterprises ^(a)	3		4		5	6	7	8	
Households ^(b)	9					10			

Inf: informal, For: formal.

(a) As defined by the Fifteenth International Conference of Labour Statisticians (excluding households employing paid domestic workers).

(b) Households producing goods exclusively for their own final use and households employing paid domestic workers.

Note: Cells shaded in dark grey refer to jobs, which, by definition, do not exist in the type of production unit in question. Cells shaded in light grey refer to formal jobs. Unshaded cells represent the various types of informal jobs.

Informal employment: cells 1 to 6 and 8 to 10.

Employment in the informal sector: cells 3 to 8.

Cell 7: employees holding formal jobs in informal sector enterprises; this may occur when enterprises are defined as informal in using size as the only criterion.

Informal employment outside the informal sector: cells 1,2, 9 and 10.

2.4 Recommendations of the Delhi Group and the System of National Accounts

The Delhi Group was set up as an international forum to exchange experience data on the measurement of the informal sector, present data-collection practices, including definitions and survey methodologies followed by member countries, and recommend measures for improving the quality and comparability of informal sector statistics. It was initiated by developing countries (where the informal sector represents a significant portion of the economy), to further clarify the concepts and methodologies for measuring the informal sector.

The group is made up of experts from the statistical offices of Armenia, Australia, Bangladesh, Brazil, Colombia, Cuba, Ethiopia, Fiji, France, India, Indonesia, Malaysia, Mexico, Namibia, Nepal, Nigeria, the Philippines, Poland, the Republic of Korea, Sri Lanka, Thailand,

Turkey, Venezuela (Bolivarian Republic of) and Zambia; representatives of international bodies, such as the Asian Development Bank, the Economic and Social Commission for Asia and the Pacific, the International Labour Organization, the Statistical Institute for Asia and the Pacific and the United Nations Statistics Division; and other institutions, such as the Centre for Development Alternatives, the Centre for Social Development, the French Scientific Research Institute for Development and Cooperation, the Gujarat Institute for Development Research, the Harvard Institute for International Development, and the National Council for Applied Economic Research.

The recommendations of the Delhi Group in Rev.1 of SNA 1993 on the definition of the informal sector are as follows:

(a) Informal sector enterprises are private unincorporated enterprises (excluding corporations and quasi-corporations), i.e. enterprises owned by individuals or households that are not constituted as separate legal entities independently of their owners, for which no complete accounts are available. Included in private unincorporated enterprises are unincorporated partnerships and co-operatives formed by members of different households, if they lack complete sets of accounts;

(b) All or at least some of the goods or services produced are meant for sale or barter;

(c) Their size in terms of employment is below a certain threshold to be determined according to national circumstances;

(d) They are not registered under specific forms of national legislation as distinct from local regulations for issuing trade licenses or enterprise services;

(e) They are engaged in non-agricultural activities, including secondary non-agricultural activities of enterprises in the agricultural sector.

14. It should be noted, first of all, that the ICLS resolutions stipulate that the informal sector is a sub-sector of the household sector. This is compatible with the current SNA and does not require any amendment. Consequently (as a non-registered enterprise belonging to the household), it is worth checking whether there is no overlap with the sector of corporations or quasi-corporations.

15. Secondly, the ICLS definition on the informal sector excludes illegal activities and agricultural production. But given the seasonality of work between agricultural activities and non-agricultural activities, consideration should be given to extending the definition of the informal sector to cover the agricultural sector. In addition, it is difficult in practice to make a distinction between the main and secondary activities of an agricultural enterprise.

16a. Thirdly, the informal sector excludes any production unit that has formal bookkeeping and that must therefore be considered a quasi-corporation or a component of the corporations sector in the SNA.

16b. The informal sector, according to the characteristics described in paragraph 13, also includes underground, hidden, shadowy or grey activities, words that are often wrongly used in place of “informal sector”. These concepts, like underground activities, are defined in the SNA and hence must be retained, whereas other notions need to be developed.

17. The summary of the ICLS definition of the informal sector is presented in the table below, albeit with the following reservations that are still being discussed in the Delhi Group on the informal sector:

- The ICLS leaves it up to each country to determine the number of employees required for an individual enterprise to be considered informal, whereas the Delhi group says that this number should be five employees. The problem with a loose application of this criterion is that it impedes international comparability of data. Countries will continue to use a broad definition as they see fit.
- The ICLS criterion excludes units that have to register. However, appropriate consideration should be given to enterprises that are eligible for registration but that do not comply with the law.
- Another issue concerns classification or non-classification in the informal sector of households producing domestic services by employing paid domestic workers.

Table 2: The informal sector as a subsector of the household sector

Corporations and quasi-corporations sector	Household sector					
	Informal sector					
Corporations and quasi-corporations	Non-registered agricultural enterprises belonging to households	Non-registered enterprises belonging to non-agricultural households with a fixed location	Non-registered enterprises belonging to non-agricultural households without a fixed location	Households producing domestic services by employing paid domestic workers	Households producing own-account services	Illegal activities

2.5 Application of the definition in a few countries

A review of the following examples applied by African countries shows a certain degree of variability in the definition of the informal sector and informal employment, which may complicate comparisons of corresponding statistical survey results.

Variability depends, above all, on the underlying survey methodology, and hence the survey unit. In the cases of Botswana, Tanzania and Namibia, the statistical survey that measures the concept studied is the mixed household-enterprise survey. The definition is therefore based on the informal production unit. Accordingly, the definition is largely similar to that of the 15th ICLS. For these three countries, the definition in fact excludes domestic jobs.

In the case of South Africa, the statistical survey used is the OHS (October Household Survey), which is a household survey comprising an employment segment and another on the informal sector. Hence, informal employment, as it is defined by the 17th ICLS, as well as informal production units, are in part captured by the survey.

The 1-2-3 survey, which has three phases that all measure the informal economy differently, has a definition that includes those of both the 15th and the 17th ICLS.

But apart from the differentiation stemming from the survey methodology, the other criteria used to define the informal sector and informal employment are not the same. The examples of Namibia, Botswana, Zambia and Tanzania use the minimum threshold of five employees (increased to 11 in Dar-es-Salaam for manufacturing) to exclude production units from the informal sector.

The five-employee threshold is the one recommended by the Delhi Group. This threshold presupposes a certain degree of work organization, but it is itself open to criticism. Some African statisticians propose in its place another criterion based on labour productivity: a unit comprising several employees but whose labour productivity is low should be considered an informal production unit. By contrast, a production unit with strong labour productivity should not be part of the informal sector.

The size criterion is not applied in the case of either the 1-2-3 survey or the OHS in South Africa. However, the 1-2-3 survey uses formal bookkeeping to define informal production units, the same criterion used in the case of Botswana.

Yet, Botswana limits the definition of the informal sector to those units that do not have a fixed location or whose activity is temporary, whereas Namibia and Tanzania exclude professionals such as physicians, notaries and lawyers from the informal sector.

National surveys, such as those conducted in Tanzania and Namibia, include agriculture in the informal sector, if the corresponding activity is for barter and if the other criteria of the informal sector definition are met.

Three other experiences refer to non-registration as a criterion for defining an informal production unit. For Zambia, employment is informal if it is not covered by social security. For South Africa, the factor considered is registration for the purpose of paying value-added taxes (VAT), while in Madagascar for the 1-2-3 survey, an enterprise is considered registered if it has a statistical identification number.

A comment has also been made with regard to the issue of registration in the case of Kenya. Apart from the other administrative procedures, in practice, it is the possession of a license that guarantees the exercise of a professional activity (control is mainly based on the possession of a license).

The last major factor that makes international comparison of informal employment difficult is the minimum age at which an individual is considered potentially active. This threshold is five years for the survey of the informal sector in Tanzania, seven years in Zambia, 10 years for the 1-2-3 survey in Madagascar and 15 years for the OHS in South Africa. Once a country adopts the position of the International Labour Office on fixing the minimum age of employment at 15 years for all activities in general and at 18 years for hazardous work, using a minimum threshold to consider an individual potentially active that is lower than the legal minimum supposes that all jobs situated between the two ages mentioned above would be informal. This would increase the number of informal jobs for comparison purposes.

To overcome this hurdle, international comparisons should be made for a specific age group, such as the 16–64-year age group.

2.5.1 Definition of the informal sector in Tanzania

For the case of Tanzania, the working definition of the informal sector was as follows:

- The informal sector is limited to the private sector. It excludes quasi-State enterprises and registered cooperatives;
- For the Dar-es-Salaam Informal Sector Survey, agriculture could be an informal activity if it is for barter;
- If it is not for commercial purposes, fishing could be considered an informal activity in the national survey of the informal sector,
- The production unit must have no more than five employees in the case of the national survey of the informal sector. This criterion was maintained for the Dar-es-Salaam Informal Sector Survey, except for manufacturing, where the maximum number of employees needed for the production unit to be considered informal was ten;
- The location of the production unit is in a market, in a temporary structure, in the street or outdoors.

But for the production unit to be considered informal:

- It should not use high technology on a continuous basis;
- It should not be a large shop located on a main street or specialized shop or one belonging to a formal organization;
- It should not be a restaurant located in modern premises, having furniture and cooking facilities.

Liberal professions such as medicine, accounting, legal services are considered formal and, along with domestic jobs, are excluded from these two surveys.

2.5.2 Definition of the informal sector in Botswana

The definition used in the case of Botswana to determine activities that are in the informal sector applies to any enterprise that is not registered as a corporation; that has more than five employees; that lacks formal bookkeeping or does not keep formal records; whose operating expenses are indistinguishable from household expenses; and that does not have a fixed location (or whose location is part of the household), or whose activities are temporary.

2.5.3 Definition of the informal sector in Namibia

The following characteristics define informal activities or the informal sector in Namibia:

- The informal sector is limited to activities in the private sector, excluding cooperatives;

- Agriculture is excluded if the activity is for barter and not for own consumption;
- The production unit includes no more than five employees;
- Enterprises using high technology or having formal characteristics are excluded;
- Domestic helpers and professionals (doctors, accountants, notaries, lawyers, dentists, etc) are excluded.

2.5.4 Definition of the informal sector in Zambia

In this survey, people employed in the informal sector were:

- Those working for a enterprise of less than five employees not covered by social security;
- The self-employed; and
- Unpaid family workers.

Small farming concerns were included in the informal sector.

2.5.5 Definition of informal employment in South Africa

The definition of the informal sector used by the Central Statistical Service refers to the legality of the production unit, such that it covers any employed person 15 years of age and above, whose activity is not registered for the payment of value-added tax. This group includes own-account workers, employees of informal production units and domestic workers.

2.5.6 Definition of informal sector in the case of the 1-2-3 survey

The informal sector is made up of all production units that do not have a fiscal or statistical identification number (case of Madagascar) or, in the case of own-account employers and workers, that lacks formal bookkeeping (for tax purposes).

3. THE DIFFERENT SURVEYS ON THE INFORMAL SECTOR

The quantification of the contribution of the sector occurs in two phases: collection of information through surveys to identify and gather data on informal production units, followed by an extrapolation of the survey results to the national economy. The different surveys are based on household or enterprise or establishment surveys.

In this section, the study focuses on surveys used to identify and collect data, because the methods of extrapolation, such as the differential method, the flow of goods method and the labour input method, are already being used specifically to take into account the concept of the informal sector in the compilation of national accounts or to conduct a more exhaustive evaluation of the GDP. This subject is covered in a separate chapter.

3.1 Direct methods of measuring the informal sector and informal employment

Sampling surveys are the direct methods used to measure the informal sector and informal employment, with the enterprise, the establishment, the individual or the household serving as the unit of observation. They include:

- The labour force or employment survey;
- The household survey;
- The establishment survey;
- The mixed household-enterprise survey;
- The 1-2-3 survey.

Depending on the level of detail of the information collected, a consumption budget survey may also be used to report the weight of the informal sector in a household's supplies. Subsequently, direct methods for measuring the informal sector, informal employment and the weight of the informal sector will be presented according to the concepts they cover:

- Measurement of informal employment generally through a labour force survey and an employment survey that provide information on employment in general and informal employment in particular;
- Analysis of the informal sector covering informal production units. Two types of surveys collect information on informal production units: the establishment survey and the mixed household-enterprise survey;
- Measurement of the weight of the informal sector in a household's supplies from a consumption budget survey.

3.1.1 The Employment survey

3.1.1.1 Objectives of the survey

Employment or labour force surveys, as their names indicate, collect information on the characteristics of employment, the distribution of the population based on position in the labour market. To this end, individuals may be inactive or active, in which case they may be either unemployed, i.e. actively looking for work, or actively employed.

Among the actively employed, namely persons who are engaged in an economic activity, the employment characteristics can be used to identify those who are in the informal economy, those who belong to an informal production unit, or those holding an informal job in a formal enterprise or in a household. The questionnaire used may provide information on the possession of an employment contract, access to social security, the right to paid leave, sick leave, etc.

These characteristics also indicate who is actively employed in the public sector and in formal private enterprises. In essence, this is the appropriate tool for measuring the weight of informal employment as defined by the 17th ICLS.

The socio-professional category (employee, family helper, head of an enterprise...) of the individual, when it is crossed with other characteristics of the enterprise to which the individual belongs (registration, work force, formal bookkeeping, area of activity), indicates which person is running an informal production unit. This is why an employment (or labour) survey constitutes the ideal support for the selection of a sample for the mixed household-enterprise survey.

Labour force surveys are conducted in developed or medium-income countries on an infra-annual basis. By providing regular information on indicators such as the average work schedule, the proportion of temporary jobs and the unemployment rate, they keep track of gauges of the labour market and the economy in general, because the economic cycle is also determined through labour market gauges.

In developing countries, the equivalent tool is the employment survey or the employment segment of household surveys. The frequency of the statistical operation for such surveys may be non-defined (because the operation may depend on external financing), but in all cases, the frequency is at best annual.

3.1.1.2 Sampling methodology and type of survey

The approach used for labour market or employment surveys and for household surveys in general is the household-based approach, where the survey unit (the individual) is studied through his household. The household sample is itself constituted from a multi-level selection, meaning that the random survey is also an area survey. In this regard, the sample of primary survey units is established from the most recent population and housing census data. Accordingly, this sample may be identical to what is referred to as the master sample.

The current practice is to conduct the survey on a rotating panel (a third for example) of the household sample. Using these panels reduces the standard error in the temporal comparison of estimators.

3.1.1.3 Typical example of an employment survey in Africa

3.1.1.3.1 Case of employment segment of the Living Standards Survey (LSS)

The LSS is one of the three components of a living standards measurement programme undertaken by the World Bank known as the LSMS (Living Standards Measurement Study). The two other components are the community survey and the consumer price survey. The goal of the LSMS is to establish better methods for collecting and analysing data on the living conditions of households and communities and to contribute to the optimization of development policy choices by providing empirical support to political dialogue.

As with the other two components of the LSMS programme, the methodology and questionnaire of the household survey were first tested in the mid-1980s in Cote d'Ivoire and Peru. In the case of Cote d'Ivoire, the survey was conducted each year from 1985 to 1988 on a sample of 1,600 households, half of which were renewed annually. Successful experimentation with the methodology and questionnaire has led to the extension of the LSMS programme to

more than 40 countries over the past 20 years. In all, more than 60 surveys have been conducted as part of the LSMS programme around the world. Examples include Eastern Europe, but especially Africa, as in the case of Cote d'Ivoire, Ghana, Madagascar, Morocco, Malawi and Tanzania.

The results of the LSS were instrumental in evaluating the scope of poverty alleviation strategies, but also in setting the objectives for these strategies.

3.1.1.3.1.1 Questionnaire of the Living Standards Survey

Unlike the other surveys mentioned in this study, the LSS uses only one questionnaire, which is subdivided into some 20 sections, because it collects information on different themes. For example, it provides information on demographics, fertility, anthropometrics, migration, credit and savings, food expenditures and own-consumption food and agro-pastoral activities. However, we are most interested in two of these areas: the section on economic activities and the section on independent non-agricultural employment, but the latter is mostly useful for the mixed household-enterprise survey based on a household survey.

3.1.1.3.1.2 Section on economic activities

This section divides the working-age population (seven years and above) into inactive, unemployed and employed people. It comprises seven parts classified alphabetically from A to G. Part A serves as a filter for the classification of individuals in relation to the labour market; parts B, C, D, E, F, G are reserved for individuals engaged in an economic activity. Hence:

- B deals with principal work over the past seven days;
- C concerns secondary work over the past seven days;
- D relates to the search for additional work and is geared to individuals engaged as an employee over the past seven days and seeking to change jobs;
- E concerns principal work over the past 12 months. The questions asked here are similar to those concerning principal work over the past seven days asked in part B;
- F deals with employment history; and
- G describes secondary jobs over the past 12 months.

The fundamental interest in differentiating between work over the past 12 months and work over the past seven days is that, from an analytical point of view, it offers an alternative to the highly restrictive reference period of seven days for considering whether an individual is employed, unemployed or inactive. Moreover, the measurement of the weight of the informal sector in employment must be given according to the reference period of seven days, but also for the period of the past 12 months.

It is from this section that informal jobs, as defined by the 17th ICLS, can be identified. However, the questions asked should be sufficiently detailed to provide information on the possession of a work contract, registration for social security, the key characteristics of the employer enterprise (work force, registration, etc.).

3.1.1.3.1.3 Sampling

The example that will be used is that of the LSS in Madagascar, but any such survey is based on a similar principle, whether it is in Pakistan or in any other country. This is a multi-level survey. At the first level, the primary unit is a territorial division that includes houses based on their common characteristics. In the case of Madagascar, the sampling of primary units (also called enumeration areas) is the master sample. It is established by stratification according to provinces, communities (urban versus rural) characteristics of dwelling (construction material) and average level of education of heads of households, but the sampling probability is proportional to size (number of households as per data of the last population and housing census).

At the second level, households are selected with equal probability in each enumeration area (16 households in each urban enumeration area and 12 in villages or rural enumeration areas).

Each time that the LSS is conducted, households are first counted in the enumeration areas established by the master sample, then the number of houses is established to determine the households selected for the survey.

The results of the LSS in each country where it is conducted are first presented for the country as a whole, then by community (rural versus urban) and by province or any other administrative division of the territory. In the case of Madagascar, beginning with the 2005 survey, since the country was moving from a territorial division of six provinces to one of 22 regions, the results had also to be presented for these 22 regions.

3.1.1.3.2 Case of the employment survey of the 1-2-3 survey

The 1-2-3 survey is actually a set of three interconnected surveys which have the advantage of giving a precise measurement of the weight of the informal sector for the following economic aggregates: total employment, total production, value added, intermediate consumption, household income and final household consumption.

As indicated in its numbering, phase 1 of the 1-2-3 survey gives pride of place to employment and is conducted on households. It comprises two questionnaires, the first of which collects socio-economic and demographic data on household members and the characteristics of their dwelling. The second questionnaire is specific to employment and is used to situate people relative to employment (employed, unemployed in the ILO sense, discouraged worker and people who are retired). This questionnaire covers any potential member of the labour force (aged 10 or more in the case of Madagascar).

This survey has many advantages, similar to those resulting from the filter question of the individual questionnaire. First, it identifies as employed all persons who declare themselves jobless (because the work activity is not considered as a job by the respondent or because he/she is not paid).

It manages to classify employed people by institutional sector (public, private or informal sector). To this effect, a definition of the informal sector has been adopted based on the official registration of the employing production unit (possession of a statistical number), keeping of proper accounts (for self-employed bosses and workers), but for purposes of international

comparison this definition may be broken down by branch of activity (excluding agriculture, for example) and staffing strength.

The employment survey notes the number of hours worked, whether a person has a written job contract or not and the person has social security. It should be noted that the number of hours worked and the use of productivity indicators enable the NOE to be measured indirectly. The weekly number of hours worked makes it possible to measure visible underemployment, while the last two characteristics are considered informal employment indicators.

Arguably, these advantages make the first phase of the 1-2-3 survey a serious, if not the best instrument in Africa for measuring informal employment, including when such informal jobs are held in a formal enterprise (and are therefore precarious jobs). This explains why the 1-2-3 survey has also been adopted to measure the non-observed economy in Europe.

3.1.1.3.2.1 Sampling methodology

The sampling concerns mainly households, individuals 10 years of age or more being systematically surveyed for the employment survey. More clearly, when a household is selected for the survey, an individual questionnaire specific to employment is used for each member of the household 10 years of age or above. The following explanation relates to the case of Madagascar for the 1-2-3 survey.¹

The employment survey is stratified at two levels. At the second level, the households are selected with equal probability in each primary unit. The same survey rate is used for each primary unit selected at the first level. This survey rate is the ratio between the total number of households to be surveyed and the total number of households counted in all the primary units during the enumeration phase.

As for the selection of primary sampling units, called segments in the case of Madagascar (the equivalent of the smallest division of the territory), they comprise the master sample of the large urban centre in which the survey is conducted. The master sample is established from the last general population and housing census (RGPH93). It is obtained by stratification and is made up of four different strata according to type of dwelling (construction materials) and the average level of education of the heads of the households. They are then drawn randomly in proportion to the size of the population.

3.1.1.4 Limitations of the methodology

The first comment concerning employment surveys in Africa pertains to the minimum number of hours worked to qualify an individual as actively employed. At the international level, this minimum threshold is one hour during the past seven days. Yet in the African context, which covers most economic activities, working at least one hour per week does not allow people to earn sufficient subsistence income.

¹ See: "Enquête emploi, le chômage et les conditions d'activités dans l'agglomération d'Antananarivo en 1995", François Roubaud, Faly Rakotomanana, Eric Ramilison et ali. ; "Enquête emploi, le chômage et les conditions d'activités dans les sept grands centres urbains de Madagascar, en 2000", Faly Rakotomanana, Eric Ramilison, Tiana Rambeloma, Haja Andrianjaka, John Brice Andrianasolo, Saminirina Andriambelosoa.

The second comment concerns the questions asked. They must be sufficiently detailed to capture other types of informal employment outside the informal sector. This supposes that the questions would relate to such things as the possession of a contract of employment, access to social security, the work force of the employing enterprise, and certain characteristics of the enterprise such as registration.

However, on this last subject, it has been noted that the persons interviewed sometimes have difficulty saying whether they have access to social security or not. Furthermore, they do not know whether their employing enterprise is registered or whether it has formal bookkeeping. In this latter case, the estimate of employment through informal production units, as happens with a mixed household-enterprise survey, is very useful.

The questionnaire must also be sufficiently detailed to be able to classify as actively employed individuals who, feeling “underemployed”, would have easily said that they were unemployed.

3.1.2 *The establishment survey*

3.1.2.1 Objectives of the survey

The purpose of the survey is to collect information on the operation of the informal production unit, its characteristics and its operating accounts. Hence, it provides information generally on the following points:

- Formal bookkeeping, registration;
- Production, added value, intermediate consumption, sales figures, work remuneration, income taxes and other taxes paid to public authorities;
- Location, capital of the establishment, energy used;
- Composition of the work force according to the status of the hired staff (employees, associates, family helpers, apprentices), and other additional information;
- Method of financing of its activities and access to credit from banks or credit unions.

This tool was widely used by national accountants at first to have an idea of the breakdown of production into added value, intermediate consumption and technical coefficients, representing the ratios between intermediate consumption and added value. It also gives an indication of the breakdown of added value into work remuneration and gross operating earnings. However, the need of national accountants is not limited to an aggregate level. They need details by area of activity for the compilation of the different accounts of the informal sector in national accounts (as exemplified by the resources and employment table).

However, the tool may be developed for other purposes, such that the information it collects may be much more detailed on certain aspects mentioned above in relation to others.

3.1.2.2 Sampling methodology

This is generally an empirical survey; the unit of observation is the establishment. Of all the different definitions of the informal sector or the informal economy, it is to that of the informal sector that this tool is best tailored, even though it does not capture all aspects of the definition of the informal sector.

In Burkina Faso², a simplified survey on the informal sector was conducted in 1998. It covered some 15 trades (gold washing, weaving, tailoring, shoe making, jewellery, food services, transport, etc.). The sample included 340 IPU's divided between urban and rural areas in three major localities or regions. The units were chosen based on relationships (family, friends, neighbours or customers), or references (a craftsman who has just been interviewed may refer the interviewer to a colleague).

This survey faced a certain number of constraints:

- The enterprises did not have to be too small or too big with regard to the number of employees or the sales figures;
- The activities concerned had to be relatively common activities;
- Enterprises that were working on large orders or were headed by elderly persons whose activity had slowed down or units that had been in existence for less than a year were excluded from the survey.

3.1.2.3 Limitations of the methodology

Many academic researchers have based their observations on establishment surveys. Their utility cannot be disputed, especially in the absence of alternative sources. However, it is particularly difficult to find a reliable survey frame for sampling. This difficulty could be overcome if there is a strong and well-organized union association governing the trade. However, this may prove insufficient for the location of the observation (or survey) unit, notably in the case of workers with no fixed location (with movable stalls). In short, this tool is criticized for its weak coverage of all economic activities that may be undertaken informally. This is why the tool is now outdated and should be replaced by the mixed household-enterprise survey.

In the absence of a sampling frame to constitute the survey sample, the indicators (example of totals) cannot be extrapolated to estimate their value nationally, for example. Hence, the utility of the method is limited basically to information on ratios and technical coefficients, which national accountants need for specific economic activities (mining, gold washing, for example).

² See: "Les enquêtes légères sur le secteur informel au Burkina Faso pour une intégration des activités informelles aux comptes nationaux », by Ezana BAYALA, Institut National de la Statistique et de la Démographie, Ouagadougou – Burkina Faso.

3.1.3 The mixed household-enterprise survey

3.1.3.1 The objectives of the survey

The objectives of the survey are similar to those of the establishment survey. However, additional information may be collected for purposes of analysis, including information collected via the statistical operation that served as the basis for the establishment of the sampling frame of the mixed household-enterprise survey. This additional information includes the other socio-demographic characteristics of the heads of informal production units.

3.1.3.2 Sampling methodology

This is generally a multi-stage random survey. The unit of observation is still the same as for the establishment survey, i.e. the enterprise. The tool was developed to overcome the methodological limitations of the establishment survey, namely:

- Non-coverage of all areas of activity;
- Difficulty of extrapolation;
- Difficulty of establishing the sampling frame;
- Impossibility of evaluating the standard error of estimators.

The underlying problem with all the criticisms mentioned above and encountered with the establishment survey is the absence of a fixed location for the informal production unit or the fact that this location is not independent of the home. As a result, it is difficult to capture all possible economic activities and then establish a reliable sampling frame or to extrapolate the estimators. It is also for this reason that the establishment survey is often empirical.

The household approach is therefore recommended to overcome this hurdle. This means that the production unit is approached from the location of its head. To this end, there are three possibilities³ for the establishment of the sampling frame and hence the location of the unit to be studied. First, a statistical operation is conducted to identify all households that have a member running an informal production unit. This preliminary operation may therefore be:

- A labour force survey or an employment survey, depending on the term used. This is the most frequent and most logical procedure to determine individuals heading informal production units, whether as a main or secondary activity;
- A household survey or a household consumption budget survey;
- A listing of households established during an enumeration operation in the primary survey units (enumeration areas).

³ See: "Estimation and survey methods for the informal sector", <http://www.stat.fi/isi99/proceedings/arkisto/varasto/char0833.pdf>, by Jacques CHARMES, University of Versailles - St Quentin en Yvelines, IRD, Jacques.Charmes@bondy.ird.fr.

In all cases, the international recommendations on the sampling methodology are the following⁴.

Since the population surveyed is made up of a large number of small isolated or independent production units, there is no up-to-date list that can be used as a sampling frame. Consequently, a random multi-level area selection is always required, precisely as in the case of the household survey.

With regard to the size of the sample and its allocation, two problems must be taken into account: the required diversity of the survey rate for the different informal production units for the same survey, and the problem of controlling the sample size. Since the areas or branches of activity do not have the same importance, it is always necessary to over-represent small manufacturing units and to under-represent trade and service activities.

Similarly, different survey rates are necessary for establishments according to their type and size. Unlike units headed by independent (own-account) workers, those that have real employees are generally smaller in number. Hence, the survey rate for this category must be relatively higher.

Several factors make it difficult to control the size of the sample. The size of the population to be studied (in our case the population is that of informal production units) is often unknown. Similarly, for any given geographic area, there is little or no information available on the number of production units and even less at a disaggregated level by branch or by category. What will determine the sampling methodology are the stratification, type of geographic division, enumeration or listing in the geographic divisions and a simple random selection.

Stratification depends on the information available, which itself must be as accurate and as up-to-date as possible. Stratification, as the case of Tanzania shows, therefore plays a major role in identifying and separating geographic and territorial divisions according to the level of concentration of different types of production units. For example, in the case of a national survey, urban communities and especially large urban centres a priori have more informal manufacturing production units than rural communities, which must be taken into account in the sampling.

The criteria for stratification often used are the following: classification by geographic location (especially for national surveys), ecological characteristics, size of the locality, concentration of houses and the city centre-periphery dichotomy in large urban centres, and at a more detailed level (in primary survey units), the density of the population.

In practice, in the case of a multi-stage survey, the difference in the survey rate should be established at the intermediate or initial survey stage (i.e. that the units do not have the same selection probability), while at the last stage, the survey rate is uniform in each sub-sample.

⁴ See: "Sample design considerations for informal sector surveys", <http://www.gdrc.org/informal/verm0789.pdf>, by Vijay VERMA, Research Professor, University of Essex Colchester C04 3SQ, U.K. vjverma@compuserve.com

3.1.3.3 Typical example of a mixed household-enterprise survey

3.1.3.3.1 Mixed household-enterprise survey based on a labourforce survey or an employment survey

3.1.3.3.1.1 Phase 2 of the 1-2-3 survey⁵

The typical example that can be given on the subject concerns phase 2 of the 1-2-3 survey, or the survey of informal production units (IPU). An employment survey called phase 1 of the 1-2-3 survey is first conducted to determine all the individuals heading an IPU as their main or secondary activity.

The sample for this survey is obtained by stratification of the exhaustive list of the heads of informal production units (for the main or secondary activity) derived from phase 1 or the employment survey. The stratification criteria are as follows: branch of non-agricultural activity (according to the ISIC classification), status of the head of a production unit (if self-employed, which means that the unit does not have any employees, or a boss, in which case the production unit has at least one employee).

Phase 2 of the 1-2-3 survey provides information on the characteristics of the IPU, its premises, its detailed production account up to the gross operating surplus, the number of employees belonging to the IPU, the relationship between these employees and the head of the IPU, the socio-demographic characteristics of the employees, their category in the production unit (employee, apprentice, partner, family helper), the method of financing the IPU and its access to formal financing (banks, microfinance, informal loans). The strength of this instrument is undoubtedly the existence of a production account, which presents technical coefficients (intermediate consumption/added value), the ratio of salary over production and gross operating earnings on production and a detailed breakdown of sales (by finished product, non-processed products, services rendered and type of purchaser).

The IPU survey or phase 2, like the entire 1-2-3 system, has been implemented for many years in various countries around the world since the end of the 1980s. In Africa, it has been implemented in Cameroon (1993, 2005), Madagascar (1995, 1998, 2001, 2004), Morocco (2005), and the following seven countries of West Africa between 2001 and 2002: Benin, Burkina Faso, Côte d'Ivoire, Mali, Niger, Senegal, Togo, Democratic Republic of Congo, and soon Burundi. In Latin America, it has been implemented in Mexico, Peru and Guatemala, and in Asia, it has been implemented in Bangladesh and China.

⁵ See: STATECO n°99, 2005, "Méthodes Statistiques et Economiques Pour le Développement et la transition", INSEE, AFRISTAT, DIAL:

* L'enquête 1-2-3 dans les pays de l'UEMOA : la consolidation d'une méthode, Alain Brilleau, Eloi Ouedraogo, François Roubaud ;

* Le secteur informel : Performances, insertion, perspectives, enquête 1-2-3, phase 2, Alain Brilleau, Siriki Coulibaly, Flore Gubert, Ousmane Koriko, Mathias Kuepie, Eloi Ouedraogo ;

3.1.3.3.2 Mixed household-enterprise survey based on a household survey or a consumption budget survey

Two examples can be given on this subject: the independent non-agricultural survey that constitutes a segment of the World Bank Living Standards Survey, and the 1993 survey of the informal sector in Zambia, which was tied to the consumption budget survey.

3.1.3.3.2.1 Survey of the formal production unit through a living standards survey ⁶

As mentioned above on the employment segment of the LSS survey, the questionnaire for this survey includes several sections. The section that is of interest to us here is that on non-agricultural independent employment. It provides information on the characteristics of the production units.

3.1.3.3.2.1.1 The section on non-agricultural independent employment

This section collects information on no more than three non-agricultural enterprises of the household. At this stage, formal households have not yet been excluded and the survey approach is similar to that of the survey of the informal sector in Botswana. It is divided into three sections, A, B, C, as follows:

- A contains information on the characteristics of enterprises such as the number of employees, presence of trade unions and employee benefits;
- B collects information on the costs supported by each enterprise according to the source (expenditure of the household or the enterprise), on the breakdown of costs per item, labour, raw materials, transport, electricity, etc.;
- C evaluates the costs of replacing the goods and production equipment of the enterprise (including vehicles), the value of unsold merchandise, production and real estate.

This section therefore analyses the characteristics and operation of informal enterprises. From a methodological standpoint, it should be noted that while the survey of informal production units for the three types of surveys mentioned above (1-2-3 survey, survey of the informal sector in Tanzania, Botswana and Namibia) was conducted on a sample drawn from a list of production units, the sample for the LSS is exhaustive in relation to the sampling frame.

3.1.3.3.2.2 Survey of the formal production unit through a consumption survey in Zambia⁷

Going by the reference document, the informal sector survey in Zambia was conducted as a sequel to a national consumption budget survey. Initially, the Zambian Government, recognizing the need to review the household consumption basket with a view to updating the

⁶ See: <http://www.worldbank.org/LSMS/>

⁷ See: Experience of data collection on informal sector from household budget survey, by Oliver J.M. CHINGANYA, Central Statistical Office, Lusaka – Zambia.

consumer price index, decided to carry out a household consumption budget survey. Indeed, the last large -scale statistical survey was conducted in 1974/75.

The consumption budget survey, which was to feed into the formal sector survey, began with a field data collection exercise in July 1993. The survey had national coverage in order to produce weightings for the new consumer price index for three categories of households, namely:

- High-income urban households (20 per cent of incomes);
- Low-income urban households (80 per cent of incomes); and
- Rural households.

The main objectives of the survey were:

- To determine the weighting for the new consumer price index;
- To estimate total household expenditure for national accounting purposes;
- To estimate the annual distribution of yearly household expenditure in order to determine the poverty line; and
- To establish a typical household consumption basket.

During the design of the survey, however, the Zambian Government, donors and users expressed their interest in using the exercise to also measure the weight of the informal sector in the national economy.

3.1.3.3.2.2.1 Sampling methodology

The informal sector survey was accordingly conducted using a stratified approach whereby the country was initially divided into two parts, the first being called “metropolitan” (or the equivalent of major urban centres including the 10 major towns such as Lusaka, Livingstone and some Copperbelt townships). The second group named “non-metropolitan” covered secondary towns and rural areas. Next, the metropolitan group was divided into high-income households and the low-income households ⁸.

The survey was stratified at two levels. For level one, 180 standard enumeration areas were selected, including 120 metropolitan and 60 non-metropolitan areas. For this first level, the enumeration areas being the primary sampling units were drawn by probability proportional to their sizes using the results of the mapping exercise for the 1990 population census.

For the second level, 10 households were to be selected in each of the first-level enumeration areas. These 10 households were selected by equal probability for the non-metropolitan segment, while for the metropolitan segment a probability four times the magnitude of the ratio of high-income households to low-income households was used. In the final analysis, 1,800 households were surveyed comprising 600 high-income metropolitan households, 600 low -

⁸ In order to determine low or high income, a preliminary stage of the household enumeration in the primary survey units collected key information on the weekly meat intake. As shown in the 1991 priority survey, this enabled the high -income households to be separated from the low-income households.

income metropolitan households, and 600 non-metropolitan households. From the different items of household expenditures, the 1993 consumption budget survey in Zambia also collected information on the economic activity of each member aged seven years or above. This last heading distinguishes household members in gainful employment from those who are not and from full-time students, housewives and retired people. For those who have a job, details about the branch of economic activity, employment status and income earned were collected, as was information on small farming concerns managed by a member of the household.

Several visits were planned for the consumption budget survey and the exercise as a whole was conducted over several months. It was on the basis of the preliminary results of the economic aspect of the survey that the Central Statistical Office decided to conduct a specific survey on the informal sector. The sampling frame was determined on the basis of the principal activity exercised by those who considered themselves employed. Indeed, unlike for the principal activity, the household consumption budget survey gave no details about the secondary activity, which would have made it possible to know whether such activity belonged to the informal sector or not.

For the households selected in the informal sector survey, two types of surveys were conducted. The first made it possible to identify main as well as secondary activities and to determine whether they belonged to the informal sector. The second covered production units and gave information on the type of production unit, branch of activity, viability of the enterprise, credit access and so on.

3.1.3.3.3 Mixed household-enterprise survey based on a listing of households

Three country experiences are cited here: those of Tanzania, Botswana and Namibia. As the title indicates, their common thread is that the informal production unit is identified in each primary survey unit (the enumeration areas), from a systematic enumeration of all households within the enumeration area, and the following question is asked: Is there any active person in the household running an informal production unit?

There are a few differences with regard to the sampling methodology, among these three cases, which is why it is important to examine all three.

3.1.3.3.3.1 Case of Tanzania⁹

The Tanzanian experience here refers to two surveys of the informal sector conducted in Tanzania. The first was conducted in 1991 and had national coverage, while the second was conducted in 1995 and was limited to Dar-es-Salaam. Both surveys used different definitions of the informal sector. In the second survey, the definition used was much more in line with that developed by the 15th ICLS. There were a few minor differences in the codification of activities between the two surveys. For the 1991 survey, namely the national survey of the informal sector, there were nine types of activities, while the Dar-es-Salaam Informal Sector Survey had 11.

⁹ See: Informal sector surveys in Tanzania: Data collection methods, results and problems. Labour Statistics Unit, Ministry of Labour and Youth Development, by Gideon K. NGOI, Dar-es-Salaam, Tanzania. "The Sample design for the 1991 National Informal Sector Survey (NISS) and 1995 Dar-es-Salaam Informal Sector Survey" (DISS) by P.B. MKAI, Central Bureau of Statistics / Planning Commission, Dar-es-Salaam, Tanzania.

It should be noted that the type of activity served as a stratification criterion in establishing the sampling units. In 1995, for the Dar-es-Salaam Informal Sector Survey, the definition of the informal sector included agriculture, animal husbandry and fishing.

One fundamental difference between the two surveys was the number of standard questionnaires. For the national survey of the informal sector, there were two questionnaires, the “household” questionnaire and the “enterprise”(or production unit) questionnaire. For the Dar-es-Salaam Informal Sector Survey, a third type of questionnaire was used geared to employees (a sub-sample of employees was established to answer the questionnaire).

In the two surveys, the principal informer was the head of the household (for the “household” survey), and the head of the production unit (for the “enterprise” survey). For a household selected for the survey, the number of “enterprise” questionnaires used was based on the number of enterprises identified.

3.1.3.3.1 Sampling methodology

The “household” approach was preferred over the “establishment” approach. The constitution of an “establishment” sampling frame is not possible for two reasons. First of all, the task is enormous even for a sample of cities and villages. Second, it had been decided to use a broad definition of activities of the informal sector that did not include any restriction as to the concept of establishment (it indicates the existence of a fixed location).

From the population census, a sample of enumeration areas was taken. This sample represented approximately 30 per cent of the enumeration areas identified in Tanzania.

The first level included the city of Dar-es-Salaam, three municipalities out of nine (stratified according to their level of industrialization), three regional capitals out of ten, three district headquarters out of 50, and three commercial centres out of 12 in urban areas. Of these localities, 120 enumeration areas were drawn from the urban areas.

However, the enumeration areas selected in the urban areas were those that had a high level of informal activities in manufacturing, construction and transport. Finally, 50 per cent of the enumeration area sample had a high level of informal activity, 30 per cent had an average level and 20 per cent a low level. This principle was maintained for the Dar-es-Salaam Informal Sector Survey.

With regards to the rural communities, the 1991 national survey of the informal sector used the sample of clusters from other surveys and covered more than 100 villages. In each enumeration area and village selected, 30 households with a head of an informal production unit were chosen. The number was lower for the national survey of the informal sector or for villages with less than 30 households.

In each primary survey unit, all households were identified according to the absence of a head of an informal production unit (nine types for the 1991 national survey of the informal sector and 11 types for the 1995 Dar-es-Salaam Informal Sector Survey).

More specifically, the process involved first collecting specific information to identify each household, the head of the household and the household members (name, gender, age), and then identifying all members of the household five years of age and above who were engaged in an economic activity as an independent worker or as a boss (for their principal and secondary

activities) from which they earned income throughout the year (past 12 months), since the production unit could not be included in the final sample.

For each member of the household identified as an entrepreneur, information was collected on the number of employees (0; 1-5; 6-10; 11 or more), excluding himself, and his partners in the activity and unpaid family workers.

For activities with fewer than 11 employees (six in 1991), the type of activity was registered using a list of 11 (nine for 1991) activity codes (combined with the presence or absence of employees in the case of the 1995 Dar-es-Salaam Informal Sector Survey). The information on the number of employees and the type of activity was then used for stratification and for the establishment of a final survey sample. To that end, up to three activities per head of a production unit were registered.

The Dar-es-Salaam Informal Sector Survey was conducted among employees. During the survey of heads of informal production units, all employees were divided into six categories:

- Paid permanent employees;
- Paid temporary employees;
- Paid casual employees;
- Paid apprentices;
- Unpaid apprentices;
- Family helpers/subcontractors.

The sub-sample of employees was obtained by taking an employee from each category (except that of family helper/subcontractor) with the instruction to survey statisticians to respect the balance as to the gender and age group of the employees.

For the employee survey, information was collected about their marital status, size of their household, place of birth, reason for participating in the informal sector, membership in a trade union, etc.

3.1.3.3.2 Case of Botswana¹⁰

The survey of the informal sector in Botswana is a mixed household-production unit (enterprise) survey. It was conducted for the first time in 1999/2000 with national coverage and should be repeated in 2007. The survey was designed by the CSO or Central Statistics Office of Botswana in order to answer certain questions about the existence of the informal sector in Botswana. There has been noticeable expansion of the informal sector across the country, but no accurate measure of the phenomenon has been taken.

¹⁰ See: http://www.cso.gov.bw/html/info_sector99.html

The only sources of information on the subject are: the 1991 population census, the 1994 consumption budget survey and the 1995/1996 labour force survey. However, these instruments were not designed specifically to ascertain the weighting of the informal sector.

The definition used in the case of Botswana to determine activities that are in the informal sector applies to any enterprise that is not registered as a corporation; that has more than five employees; that has informal bookkeeping or does not keep formal records; whose operating expenses are indistinguishable from household expenses; and that does not have a fixed location (or whose location is part of the household), or whose activities are temporary.

The purpose of the informal sector survey in Botswana was to obtain information on:

- The contribution of the informal sector to total production;
- The most widespread activities in the informal sector;
- The weighting of the informal sector in the labour force;
- The share of household income generated by informal activities;
- The size of investment in the informal sector.

This was a multi-level random survey. First, 447 enumeration areas, which were ex officio primary sampling units, were selected randomly out of 1,738 with proportional probability as to size (number of houses as per the last population census) and according to stratification by community (five large urban centres, 19 “urban villages” and one global rural community).

Next, the number of households was counted prior to the selection of the sample of secondary sampling units. This took six months, from May to October 1999. Out of 84,833 households counted (in the 447 enumeration areas), 13,400 (15.8 per cent) were identified as having a member who was the head of a production unit or an enterprise. Hence, 9,916 of them (74 per cent) were selected for the survey, but only 8,420 (84.7 per cent) of the households with a member who was the head of a production unit responded favourably to the survey. The households/production units did not have the same response rate. This rate was higher in the “urban villages”, compared to rural communities or large urban centres.

For households used in the survey and recognized as production units (enterprise), two types of questionnaires were used: a household questionnaire and an individual questionnaire. The household questionnaire was divided into four segments:

- Socio-demographic characteristics;
- Education and social characteristics;
- Employment status and a few economic characteristics;
- Criterion of classification in the informal sector of the production unit or the enterprise.

The individual questionnaire was meant for any person considered a potential member of the labour force. It was divided into six specific segments. The household/production unit survey

covered the principal and secondary activities. It estimated the number of households/production units at 28,726, including 23,454 informal individual households/production units.

3.1.3.3.3 Case of Namibia¹¹

The 2001 Namibia Informal Sector Survey is a survey of production units (or enterprises) and does not collect information on households, even if it adopts a household approach.

The target population of the survey was that of ordinary households (which means that prisons, barracks, hotels and hospitals are excluded in the house count), where at least one member was the head of an informal production unit.

3.1.3.3.3.1 Sampling method

This was a sample survey stratified at two levels. First, primary units made up of enumeration areas were selected with probability proportional to size (according to information from the population census). Households making up the secondary units were drawn with equal probability in each primary unit selected. Within each household selected for the survey, all heads of informal production units were interviewed.

At the outset, the objective was to conduct a survey of a large sample. But this was not possible due to a shortage of experienced personnel. Finally, the sample of secondary units selected for the Namibia Informal Sector Survey was that used for the 1999 Namibia Child Activity Survey. This means that 281 primary sampling units were involved in the Namibia Informal Sector Survey. Within each of the 281 primary units, 30 households were selected, for a total of 8,430 households (281 x 30).

The 8,430 households were divided into two groups: group 1 included households with at least one head of an informal production unit, and group 2 comprised households with none.

Out of the 281 primary sampling units, five did not contain any household with a member who headed an informal production unit, thus excluding them from the survey. Moreover, 7,080 households were eligible for the survey because they had at least one member who headed an informal production unit.

Nevertheless, only 5,491 households were selected for the sample, because certain primary sampling units did not even have the 30 households required for the survey. But out of the 5,491 households selected, 4,427 ultimately participated in the survey, with the remaining 19 per cent not responding.

3.1.3.4 Limitations of the methodology

All mixed household surveys have one limitation in common – the enterprise. The standard approach is designed to measure an activity that is widespread in the population, but it is not necessarily effective in capturing certain activities. It is designed to cover a relatively uniform geographic distribution of households across any country, so that activities such as gold washing

¹¹ See: “Improving the quality of the informal sector statistics: Namibia”, by Panduleni KALI, Discussion paper presented during the 7th Meeting of the Expert Group on Informal Sector Statistics (Delhi Group), New-Delhi, 2-4 February 2004.

and mining in general (each of which is concentrated in a particular area) are not well captured by the standard household survey. In other words, even though the tool is able to cover virtually all types of economic activities, the information collected may not be quite robust for specific activities, because the size of the corresponding sub-sample would be too small. This justifies the utility of specific samples for some branches of activity.

It is important to note that the household survey itself may be skewed because poor people would be more inclined to cooperate than the rich. The other limitations to be noted concern the constitution of the sampling range.

3.1.3.4.1 Case of the mixed survey based on a listing of households

Due to the lack of key information, in the case of Botswana, production units were wrongly classified as informal at the time of enumeration. The recommended solution in this regard is to introduce a series of filter questions to determine which production units are indeed informal and which ones are not.

Still in the case of Botswana, the fact that there were few informal individual production units led the country's statisticians to wonder whether they did not have to review their sampling methodology, even if that meant increasing the sample size.

In the case of Tanzania, the criterion for defining the informal sector was based on the non-utilization of modern technology and, for restaurants, non-possession of modern furniture. This criterion, which is interpreted differently by survey statisticians, wrongly excluded units that were indeed informal from the sampling range or wrongly incorporated into the sampling range units that were in fact not informal.

A similar problem was encountered in Namibia, which used the criterion of exclusion from the informal sector based on the utilization of modern technology.

3.1.3.4.2 Case of the mixed survey based on an employment or labour force survey

In the case of the survey of IPU's of the 1-2-3 survey, the general criticism is the non-existence of African cases with national coverage in the application of the method. The sampling methodology had to be re-examined, to the extent that current cases are limited to the urban areas or to African capital cities.

Similar to the mixed survey based on a listing of households, the main weakness of the approach based on an employment survey concerns the time delay between the preliminary phase, established from a listing of households with a member running an IPU or the employment survey, and the IPU survey itself. Given the high rate of turnover among IPU's (closure and start-up), an excessively long time delay may lead to a reduction of the sample.

3.1.3.4.3 Case of the mixed survey based on a household survey

The Zambian case was criticized for lack of detail on the number of economic activities in the informal sector that an individual could perform at the time of the survey. A series of filter questions are also necessary for both the main activity and the secondary activity, in order to know who heads an informal production unit as a principal or secondary activity.

The main criticism against the World Bank's LSS is that it covers a wide variety of themes. The volume of the questionnaire is quite large for the existing themes, such that it is difficult to go into detail on the informal sector.

Finally, it should be noted that, of the three sampling methodologies of IPU's, i.e., the approach based on a listing of households, that based on an employment or labour force survey and that based on the household survey, an additional level of selection is required for the approach based on the employment survey. In this regard, it should also be noted that the higher the level of selection, the less accurate the estimates become. However, unlike the other two, the employment-based survey best captures the unequal probabilities of selection between production units that include at least one employee, on the one hand, and production units that have no employee, on the other, as advocated internationally.

3.1.4. The consumption survey

3.1.4.1 Objectives of the survey

Among the direct methods of measuring the informal sector, informal employment and the informal economy, this seems to be the least used. However, the data it collects can greatly facilitate the preparation of various national accounts. There is no international standard on consumption budget surveys which measure the share of the informal economy in household supplies, and so the focus is on the example of the phase 3 or consumption survey of the 1-2-3 survey.

Phase 3 of the 1-2-3 survey is a consumption survey like any other similar statistical operation. It collects data on household consumption, whether or not this has involved monetary expenditure (own consumption, gifts received, goods purchased and services leased), as well as expenditures on ceremonies, gifts offered, and so on. Consumption expenditure, or consumption that has not involved monetary expenditure, is distributed by category. The broad categories are food consumption, clothing and garments, body and health care, education, pastimes, etc. Information is therefore collected on the place of purchase: is it a large shopping centre, or a small corner shop, and so on. The survey also indicates whether the good purchased is new or second-hand.

3.1.4.2 Survey methodology

Phase 3 of the 1-2-3 survey is a survey on household consumption. The sample of households is established based on a list of heads of households derived from the employment survey or phase 1 of the 1-2-3 survey (sampling frame). The sample is first stratified according to the gender of the head of the household, his institutional sector (employee of the public sector, the formal private sector or the informal sector) or his status in employment (retired, inactive or unemployed under the ILO definition). This stratification is effected to better understand the difference in the consumption behaviours of households. In this regard, it should be noted that the institutional sector of the head of the household is already an indicator of the living standards of households. The results of phase 3 of the 1-2-3 survey also show that, over time, there are many more households whose head is employed in the informal sector and that wind up in the poorest quartile than any other type of household.

Phase 3 of the 1-2-3 survey may be conducted simultaneously with phase 2, since they are independent of each other. Like any consumption survey, it requires many visits to the households surveyed. The household is provided with a daily expenditures notebook (for 15 days) to keep a record of its expenditures. If necessary, several notebooks may be given to the household, one for each member who may incur expenses that are different from the common expenses of the household.

The sample of households is divided into two based on stratum of origin. The first group is surveyed for the first 15 days while the second group is investigated for the next 15 days. This division is useful because it better reflects seasonal variations caused by the different times of payment of salaries (public sector employees are paid around the 20th of the month while formal private sector employees are generally paid at the end of the month).

Expenditures incurred are divided into a dozen categories according to the nature of the good purchased, the service leased or the durability of the good purchased. The expenditure items are: food, clothing, health and body care, education, house maintenance, rent, electricity, transport and communication, recreation and vacation, expenditures for durable goods, celebrations and ceremonies, housing construction and money transfers.

Purchases are classified according to the place of purchase and according to whether the supplier is in the formal sector or an informal production unit. This characterization is one of the strengths of the survey. It is used to measure the weight of the informal sector in the final consumption of households. This is appreciable, for example, in housing construction (hiring of a bricklayer, an independent contractor rather than a formal BTP construction company), and in the purchase of a second-hand vehicle (from an informal reseller rather than a vehicle dealer).

3.1.4.3 Limitations of the methodology

The limitations of the methodology arise from the priority given to the place of purchase. This is considered as pertaining to the informal sector when it is a “small establishment”, as is the case with a corner store, an eating-house, a second-hand store dealership, an informal reseller (as distinct from a vehicle dealer), or a garage other than that run by a dealership or a public institution.

The principle here is akin to that observed for the 1991 and 1995 informal-sector surveys in Tanzania, whereby restaurants with modern furniture and production units using modern technology were treated as formal. However, in the case of phase 3 of the 1-2-3 survey, it does not follow that a “small establishment” is necessarily unregistered and has no formal accounting for the purposes of payment of taxes.

3.2 Proposal of an integrated survey

3.2.1 Complementarity between the employment and the mixed survey

Before broadly considering the integrated methodology for measuring the informal sector and informal employment in Africa, we should underscore the complementary nature of employment or labour force surveys and informal sector surveys. This means that they cannot replace or compete with one another.

This complementarity takes a number of forms. The first and most basic is determined by reviewing the ILO conceptual framework on informal employment formulated during the 17th International Conference on Labour Statistics. This framework lists nine possible cases of informal employment generated in the informal sector, outside the informal sector, within formal sector enterprises, or within households. They include:

- Informal sector enterprises:
 - Family workers engaged in the family enterprise;
 - Informal employees (i.e. not entitled to sick leave or paid leave, with no access to social security, and not possessing a written contract).
- In households:
 - Paid domestic workers and members of the household.

Informal sector surveys, i.e. those referring to a definition based on the informal enterprise, do not capture these employment categories. The reverse is true of employment or labour force surveys or the employment segment of household surveys.

The second form of complementarity is the apparent advantage that informal sector surveys have over employment surveys, as regards the possibility of reporting the characteristics of an IPU.

Indeed, in order to understand the operations of an informal production unit, to have a picture of its production distribution, value added or just to obtain an insight on mixed income (which is not possible with an employment survey), the only alternative is to consider the informal production unit as a survey unit. In practical terms, this means that the person to be interviewed for the survey is the head of the informal production unit.

A third point that attests to this complementarity relates to the need to bring together the two estimates on informal sector employment -- the one being drawn from the employment survey, and the other from the mixed household-enterprise survey. Indeed, while registration is considered as a criterion in classifying an informal enterprise, employees do not always know whether or not the production unit they work for is registered. Consequently, total informal sector employment is estimated better with informal sector surveys.

The example of the Dar-es-Salaam Informal Sector Survey (DISS), for which an employment survey was conducted among members of IPUs, showed the delaying tactics used by survey staff, who tended to understate the workforce of IPUs in order not to spend too much time on the employment survey.

Finally, if the informal production unit sample, established on the basis of the results of the employment survey, is not exhaustive, then the estimate of employment in the informal sector would be no better than that of an equivalent estimate drawn from the employment survey.

The fourth point notes the importance of conducting an employment survey ahead of the IPU survey, because the informal production units sample can be drawn from the results of the employment survey.

3.2.2 The importance of mixed household-enterprise surveys based on employment and labour force surveys or household surveys rather than household – enterprise surveys based on a listing of households

The foregoing discussion underscores the fact that an employment or labour force survey is indispensable for measuring the importance of informal employment. Thus, where the approach taken for the informal sector survey (on informal production units) is on the basis of a listing of households, it should be complemented with an employment survey, or the information on the subject covered should be complemented with the results of a separate survey.

Another factor which strengthens the case for an approach based on the household survey or on the employment/labour force survey for conducting a mixed household – enterprise survey is illustrated by the problems encountered in the cases of Botswana, Namibia and Tanzania. All three surveys concerned a mixed survey based on a listing of households and erroneously treated an enterprise as an informal production unit. It would appear that the error arose from a sketchy mode of identification, which would not be the case with an employment survey. Thus, an information form is used for each sample household in the primary survey units in order to find out whether any of the members is the head of an informal production unit. This investigation is easier in the case of an individual employment survey. It should be noted that any informal production unit run by an individual as principal or secondary employment should be captured in the definition of the informal sector according to the 15th ICLS. Such nuance is better captured in an employment survey than through a basic information form.

3.2.3 Employment or labour force surveys versus household surveys as the basis for mixed household-enterprise surveys

The objective here is to determine whether it is better to use a household approach or a multi-phased approach for an informal sector survey. Either approach has its advantages and disadvantages, but the debate can be enriched by focusing on concrete survey examples.

Both survey types are in competition as the basis for the mixed household-enterprise or informal production unit surveys. There is, on the one hand, the household survey, such as the Living Standards Survey (LSS) of the World Bank or South Africa's October Household Survey (OHS) and, on the other, the 1-2-3 survey developed by DIAL (France). Both the 1-2-3 survey and the LSS have a long history (going back to the mid-1980s). They are applied in Africa, Asia and Latin America as well as in Europe.

The choice between the two survey types is linked to the principle of cost-quality advantage. The quality of the survey is determined by several aspects:

- First, the capability of the survey to meet the needs of users of its results, including policy makers, public institutions such as the national accounts services, and all those who have an interest in supporting informal sector activities, international organizations and the public as a whole: On this point, the two types of surveys are distinguished by the content of the questionnaire.

- The accuracy of the projections, which is linked to the sample selection methodology: In the case of the LSS, it is the exhaustive list of non-agricultural individual enterprises (as principal or secondary employment) which is used for any specific corresponding survey. In the case of the 1-2-3 survey, phase 2 is centred on the informal production unit. The sample for this phase is not exhaustively constituted by a listing of informal production units; the sample is constructed by stratification which results in unequal probabilities of selection according to the gender of the head, the branch of activity (manufacturing versus others), or the importance of the informal production unit (with employees or consisting solely of independent workers or family helpers). While in survey theory as it relates to informal production units, the selection probability should not be identical between manufacturing and tertiary sector units, or between units comprising employees and those without employees, this principle does not necessarily apply in the case of the LSS.
- Ease of implementation and utilization of the survey: The LSS is criticized for being cumbersome because it deals with a multiplicity of items simultaneously. Before analyzing the informal sector segment, the household survey first has to be completed in its entirety. However, multi-phased surveys such as the 1-2-3 survey offer some degree of flexibility because the phases are independent of one another (such as 2 and 3). Phase 2 is therefore not dependent on the success of phase 3.
- A sound grasp of the methodology by local staff (whether of the National Statistical Institute or the National Statistical Office) also plays a pivotal role in distinguishing between the two approaches.

All the above contributes also to the cost differential in the implementation of either approach.

The 1-2-3 survey has the advantage that it is specific to the measurement of the weight of the informal sector or the informal economy. The living standards survey in the case of Malawi, for instance, does not yield sufficient detail on the final destination of the production of an informal production unit. In the corresponding questionnaire, the question posed is as follows: *“what is the destination of your product or service? (list more than two purchasers).”*

In the case of phase 2 of the 1-2-3 survey, sales are grouped into the following three categories: processed products, products sold without processing, and services rendered. For each of these categories, the respondent is requested to supply information on each of the following possible destinations: 1. Public administration, 2. Mixed enterprise, public enterprise, cooperative, 3. Commercial private company, 4. Small commercial enterprise, 5. Small non-commercial enterprise, 7. Household, 8. Export, 9. Own consumption, and 10. Stock.

The use of its results, for instance in the preparation of household accounts in Cameroon's national accounts, or indeed its adoption by EUROSTAT for measuring the NOE in Europe, are developments in favour of phase 2 of the 1-2-3 survey.

The LSS, however, has always had national coverage and deals simultaneously with a multiplicity of themes. The choice of a general household survey to serve as the basis for an informal sector survey, or to capture informal employment (through the employment segment of the household survey) could be attributed to inadequate financial resources for conducting a

specific survey such as the 1-2-3 survey. This is not the only reason, though, for adding an informal sector survey to the household survey. Surveys by random sampling carried out by national statistical institutes are often conducted on the master sample, which makes households weary when they are requested to respond to a number of surveys in a row.

3.2.4 Some key questions to include in the employment survey or the employment dimension of the household survey

The employment or labour force survey, of even the employment segment of the household survey should have the questions given below to capture informal employment and also provide the sampling frame for the mixed household – enterprise survey.

At the preliminary stage, the questionnaire should contain filter questions to find out who has a job, in the ILO sense, during the reference period. For that purpose, a direct question is posed to know whether the individual has worked during the reference period, even for an hour. Then, for one who has responded negatively, the question is asked as to whether over the past seven days, the individual has carried out an activity included in given list of economic activities and, if the response is still negative, to find out if the person is not on leave, on sick leave, on maternity leave, temporarily out of work, and so on. This series of questions makes it possible to include all persons who are actively employed.

For those considered to be actively employed, asked about:

- their socio-professional category;
- the type of entity they work for (public administration, public enterprise, private enterprise, individual enterprise, not-for-profit organization, household);
- the work schedule during the week (refer, for that purpose, to the normal work schedule rather than that for the past week if this has been curtailed by a strike).

In the case of a private enterprise, seek to know:

- the workforce of the entity that the individual is working for;
- whether the entity is registered.

For leaders of an enterprise, ask them if:

- they have formal bookkeeping for the payment of duties and taxes.

For employees and other independent workers, ask if:

- they have a written work contract;
- they are entitled to paid leave;

- they are entitled to sick leave;
- their employer pays an employer's contribution for their retirement pension.

3.2.5 Content of the mixed household-enterprise survey

Depending on the purpose for which the results are intended, there are key pieces of information which a mixed household-enterprise survey or indeed an empirical survey on establishments should elicit.

For the purpose of preparing national accounts, the survey should elicit information on:

- Production and intermediate consumption; however, since the respondent does not know the production level beforehand, details have to be sought from him/her, on the turnover, the sale of products processed sale of non-processed products, the stock, service delivery, all the expenses effected on the purchase of raw materials and on service contracts. The expenses should be categorized as follows: energy (fuel, electricity, gas, water, etc.); transport, telecommunications, insurance, repairs, leasing, remuneration, employer's social security contribution, tax deducted at source, license, local tax, other taxes and duties, interest accruing;
- Composition of the labour force according to socio-professional category, work schedule for each member during the reference period, remuneration of each member;
- The branch of activity of the unit.

In concrete terms, the questions posed should meet the needs of national accountants, provide them with information that would be useful for highlighting the contribution of informal activities in the compilation of production and household income accounts, for example.

For policy makers who wish to support the informal sector, particularly with regard to poverty alleviation or a gender-sensitive approach in poverty reduction:

- The gender of the head of the production unit and of members of the unit;
- Method of financing of the unit, and its credit access; and
- The date of formation, to indicate the demographics of informal production units.

4. INCORPORATING THE RESULTS OF INFORMAL SECTOR SURVEYS INTO NATIONAL ACCOUNTS

In the developing countries generally, and in Africa in particular, the informal economy accounts for a sizeable part of the household income. Its measurement therefore constitutes a challenge for national accountants, both as a means of establishing its place in the overall production system, and for the compilation of macroeconomic aggregates. The challenge is all the more important as, with the advent of SNA93, the informal sector, which has subsequently been linked to the concept of the informal economy, is explicitly recognized as a "subsector" of the household sector. Consequently, its share of household accounts has to be clearly indicated.

Some examples of accounts underscore the importance of having a measurement of the informal sector, or of being aware of the structure of the production accounts of informal production units. For the household sector, production accounts are classified into:

- Resources, in production;
- Employment, in intermediate consumption, then in gross value added, which in turn is broken down into fixed capital consumption and net value added.

The supply and use table, for its part, distributes the production of each branch into intermediate consumption of other branches, final consumption of public administration and households, exports and investments.

4.1 General principle of including data on the informal sector and informal employment

The process of compiling in the informal economy data, or inclusion of these data in the national accounts, follows a three-pronged approach:

- Indirect measurement of the informal sector, according to: the differential method, the flow of goods method, and then the labour input matrix;
- Use of the results of the various direct measurements of the informal sector and informal employment;
- Finally, compilation and balancing of the different accounts which should include informal sector and informal employment data.

4.1.1 Indirect measurement of the informal sector

There are different indirect methods for measuring the informal sector, including:

- The differential method, which simply allocates the difference between expenditure and income to the informal sector. It is based on the comparison of aggregates and account balances (by analysing the supply and use table);
- The flow of goods method, which is based on the same principle but at a disaggregated level;
- The labour input approach, which is based on the labour input matrix and assumes a stable relationship between the potential working population (based on age) not incorporated in the informal sector and production by the informal sector;
- The different monetary approaches that assume stable relationships between economic activity and a few monetary variables.

A few remarks should be made with respect to these methods. In many countries that use them, preliminary studies have established conditions on the structure of national accounts,

thereby establishing relationships governing the indirect methods. Given the need to make national accounts available, these relationships have to be reviewed.

The assumptions used in the indirect methods must be explained clearly at any time and incorporated into the methodology and the publications, because they form the basis of economic policies. For example, for the employment-based method, the assumption used is that per capita production in the informal sector is constant in real terms. Hence, total production is obtained by multiplying this coefficient by the number of persons employed by branch. This assumption may be considered strong to the extent that:

- It reflects a possibility of continuous expansion of a branch (possibility of always finding work, even if this means taking away employees from other sectors);
- It does not take into account the constraints of branches, such as availability of farmland.

In regard to the differential method based on accounts, account balances are often derived from experts' estimates, under the system of national accounts. While the validity of the process can be guaranteed, it lacks scientific scrutiny because it is not predicated on a statistical process. In other words, the accuracy of the method is debatable, in the absence of direct statistical information on the informal sector.

4.1.2 Use of the results of informal sector and informal employment surveys

Three types of information sources come into play under this topic. There is, firstly, the information drawn from a mixed household-enterprise survey, or from an empirical survey of informal enterprises, or both. They are related to technical coefficients (i.e. the ratio of intermediate consumption to value added), the ratios of production per capita, value added per capita, gross operational surplus per capita, salary rate and investment rate.

Secondly, there are the results of labour force surveys and employment surveys, which supplement those of population censuses, and particularly in seeking to establish the profile of national accounts over time. Indeed, labour force/employment surveys are more frequent than population censuses.

Finally, and where necessary, there are the results of household consumption surveys. Some surveys, such as phase 3 of the 1-2-3 survey, can give an indication of household consumption of informal sector products.

The last-mentioned point features the various accounts/tables of the national accounts, such as production accounts, branch accounts, supply and use tables and resources – employment tables. There are the techniques used in national accounts for balancing the different accounts, thus attesting to coherence between the different accounts. Dwelling on this topic is not the objective of the present report. What needs to be underlined, however, is that this process of balancing the different accounts is now part of the process of highlighting the share of the informal sector.

These three tools are used simultaneously, or at any rate in tandem. Thus, in the production accounts, it is possible for example, to estimate informal sector production using the residual method, while with the supply and use table, intermediate consumption by branch is determined using the flow of goods method. The second example of simultaneous use of two of the three tools mentioned above is the coupling of results of the survey on informal production units with the principle of decomposition (employment) of the value added of the household sector to obtain the distribution of household value added in employees' remuneration, taxes on production and mixed income.

4.2 African examples of the incorporation of survey results into the SNA

We present two examples here to illustrate the inclusion of informal sector data in the preparation of national accounts. The first example pertains to the experience of the Niger. In this case, the structural data of the informal sector are drawn from an empirical survey on informal establishments. The employment matrix is obtained from the population census.

In the case of Cameroon (the second example), it is the results of the 1993 1-2-3 survey in Yaounde that are brought into play. The survey on the informal sector in this case is the mixed household-enterprise variety. However, these results were collated with those of simplified surveys in some cases that could be applied to the whole country.

4.2.1 *The Niger¹² experience*

The magnitude of the informal sector was corroborated by a survey of the informal sector conducted in 1981, which estimated its share of GDP at 30 per cent, as well as by the results of another survey conducted in 1987.

In 1995, the National Informal Sector Survey (ENSI) was conducted primarily to once again determine the size of this sector following the devaluation of the CFA franc. It also allowed the National Accounting Service to have more recent data for the compilation of informal sector accounts.

The informal sector is defined as all non-agricultural and non-pastoral merchant activities that are not captured in accounting documents.

The ENSI is a sample survey. The weighting (needed for the calculation of totals and averages) by sub-branch of activity takes into account the number of sampling units in the sample by enumeration area, by community and by the increase in population between 1988 (year of the last census before the survey) and 1995. The aggregates were calculated according to ISIC classification (level 3).

The results showing the total number of establishments were compared with information from other sources and that had been the subject of estimates (consumption budget survey, projection of the number of persons employed in the modern and informal sectors from the census, patent data sheets, lists of craftsmen and merchants with a registration number, and the results of the 1996 urban enterprise survey).

¹² See "Intégrer le Secteur Informel dans les comptes nationaux: cas du Niger" by Tassiou ALMADJIR, Office of Statistics and National Accounts, Niamey, Niger.

The accounts of branches of the informal sector were obtained by aggregating the data of informal establishments, in addition to the activities that were not sufficiently captured during the survey (e.g., housing rental, production of domestic services, production of own-use housing).

All informal activities are classified in the household institutional sector. The establishment of accounts in this sector is limited to the operating account.

From the results of this survey, employment/ resource balances could be established. The ENSI provided the necessary details on intermediary production and consumption. A consumption table by activity was drawn up for many products and was reconciled with the results of the consumption budget survey, leading to the establishment of an employment/resource balance and hence the intermediate consumption matrix for informal branches with technical coefficients.

The Niger experience shows the key role of the direct method of measuring the informal sector by survey; otherwise it would have been impossible to know the exact structure of the supply and use table of the informal sector. The employment/resource balance and especially production for final household consumption also require information from the consumption budget survey for reconciliation and consolidation of data.

4.2.2 The Cameroon¹³ experience

The article cited in the footnote gives some amount of detail on the inclusion of the informal sector in national accounts and the conceptual development involved in the revision of the SNA. It should be noted that French-speaking West African countries, members of AFRISTAT, took inspiration from the success of Cameroon's experience in deciding to adopt the same approach. Through the ERETES software, these countries are finalizing national accounts that explicitly take in the informal sector.

The pre-1993 situation

In the SNA68 version of the national accounts, no technical guidelines were given for the treatment of the informal sector in Cameroon's national accounts. However, on the basis of a breakdown of the commercial branch into two sub-branches (i.e. the modern sector and the traditional sector), a production account was established for each informal sector activity.

The gross operating surplus from all "informal activities" was transferred to the income and expenditures account of the "household and individual entrepreneurs" institutional sector. In the capital and financing account, an estimate (FBCF) for equipment and transportation material complements that pertaining to buildings.

In general terms, the estimates were based on the results of a survey on a given year. The weight of the informal sector by branch of activity was drawn, and this was factored into the accounts, with occasional cross-checking in the light of sectoral studies.

¹³ "L'expérience camerounaise sur l'intégration des données du secteur informel dans les comptes nationaux", Office of Statistics and National Accounts, Yaounde, Cameroon.

Current situation

The extant national accounts of Cameroon are in accordance with revision 4 of the SNA: the informal sector is classified as a sub-sector of the institutional “household” sector. Thanks to the ERETES expert system, a software application developed by the French national accounts preparation cooperation agency (Coopération Française pour la confection des Comptes Nationaux), a resources-employment balance by product was established, followed by production accounts. The production drawn from resources-employment balance is automatically reflected in the production accounts. Production accounts by institutional sector, using information drawn from informal sector survey process and the employment matrix, could thus be established.

Consequently, the following ratios were extracted from phase 2 (specific survey on informal production units) of the 1-2-3 survey:

- Production per capita;
- Value added per capita;
- Gross operating surplus per capita;
- Technical coefficients;
- Salary rate; and
- Investment rate.

Phase 2 of the 1-2-3 survey gives details, in ISIC classification, of intermediate consumption, according to the pertinent proportions. Cameroon’s national accountants had to make assumptions to apply the results of the survey conducted solely for the city of Yaounde to the whole country and to maintain the structure for the national accounts data by reference to the period 1989/1990 whereas the 1-2-3 survey had been conducted in 1993.

The usefulness of phase 2 of the 1-2-3 survey is indisputable for the direct measurement of non-agricultural and non-pastoral informal activities. Agricultural/pastoral activities, which in fact the SNA (since the 1993 revision) no longer considers as part of the informal sector, require the results of agricultural surveys in order to be included in the national accounts.

Cameroon’s experience attests to the importance, of phase 2 of the 1-2-3 survey in the direct measurement of the informal sector, in the light of the incorporation of this sector into national accounts as a subsector of the household sector. The regular iteration of this type of survey is beneficial to national accounts, if only as a means of verifying whether the structure of the accounts, as indicated in the ratios, remains unchanged.

4.3 Labour input methodologies

This is an extension of the indirect method used in the national accounts. It was developed by the Italian national statistical institute, ISTAT, which has been using GDP as an estimation tool since 1987. However, its usefulness came to be recognized by other countries with the introduction of the concept of the non-observed economy (NOE).

The main thrust of the method is that a country's production should not be estimated solely from conventional sources of information (which measure production by branch of activity on the basis of enterprise surveys) but also from employment data.

Information on employment and population (population census, employment/labour force surveys), are, by reason of their diversity, considered to be better indicators of economic reality than production. By assigning productivity by branch of activity and by sector to the data on employment, production – which is distinctly more important than estimation based on enterprise surveys – can be estimated. The non-observed economy explains this difference.

This approach has not thus far been used in Africa. In contrast, it has been patently successful in eight European countries which have tried out an exhaustive measurement of GDP. The statistical tool adopted for this approach was the 1-2-3 survey developed by DIAL. The underlying idea in regard to the exhaustive measurement was that there were contributions to wealth generation which were not captured in statistics based on administrative records or even in direct surveys on enterprises. The sources of these contributions are the underground economy, illegal activities, and – to a lesser extent in the case of Europe – the informal economy.

Labour force surveys, conventional employment surveys, or even general population censuses are, however, inadequate for the preparation of the corresponding employment matrix. The same applies for conventional establishment surveys in developed countries, which cannot cover informal production units and even less, measure underground production or production emanating from illegal activities; hence the recourse to a methodology adapted to the measurement of the informal sector and informal employment.

Being an extension of the employment matrix that is so much preferred by national accountants, the tool relates to results of phase 1 – i.e. the employment segment – of the 1-2-3 survey, as well as results of phase 2, which specifically pertains to production units.

5. ANNEX

Annex A: Questionnaire: Labour force survey- Madagascar

Annex B: Questionnaire: 1-2-3 survey- Madagascar

Annex C: Questionnaire: Employment module in the household survey- Madagascar

Annex D: Results of informal sector studies in Africa - AFRISTAT-DIAL-Madagascar

5.1 Annex D:

6. Some data on the informal sector in Africa

Persons employed in the informal sector (national definition)

Country	Year	Urban/rural	Number in 1000			Women per 100 men	Percent of total employment		
			Total	Men	Women		Total	Men	Women
Benin	1999	Urban	275.5	174.8	100.7	58	46.0	50.0	41.0
Cameroon	1993	Urban	119.0				57.3		
Ethiopia	1999	Urban	1 149.5	485.6	663.9	137	50.6	38.9	64.8
		Rural	3 665.3	958.7	2 706.7	282	86.9	73.2	93.0
Ghana	1997	Urban					78.5		
		Rural					93.4		
Madagascar	1995	Urban	239.0				57.5		
Mali	1996	Urban	370.6	214.3	156.3	73	71.0		
		Rural	805.5	271.6	533.9	197			
Niger	1995	Urban	302.6	169.9	132.7	78			
South Africa	1999	Urban	1 549.0	677.0	872.0	129	21.3	16.1	28.4
		Rural	1 157.0	484.0	672.0	139	37.4	26.7	52.3
Tanzania	1995	Urban	345.9	221.0	124.9	57	67.0	59.7	85.3
Zimbabwe	1993	Urban	154.1						

Source: ILO

6.1 Informal sector (national definition)

Benin

1992,1999

1. Source

1.1 Source title: Enquête sur les unités économiques du secteur informel urbain [Survey of Economic Units in the Urban Informal Sector]

1.2 Type of source: Establishment sample survey

1.3 Periodicity:

2. Reference period: 1 month

3. Definition: Informal sector: Included are all economic units which are mobile or which have a semi fixed location, plus those economic units with a fixed location which have one or more of the following characteristics: lack of formal accounts, non-inclusion in the register of commerce, or non-registration with the OBSS (Office Béninois de Sécurité Sociale)

4. Coverage

4.1 Geographic: Cotonou, Porto-Novo, Parakou, Abomey, Bohicon, Djoubou, Kandi, etc...

4.2 Industry coverage

4.2.1 Branches of economic activity: All

4.2.2 Inclusion of paid domestic employees employed by households: no

4.2.3 Inclusion of producers of goods exclusively for own final use: by the yes

4.3 Persons covered

4.3.1 Age limits: No age limit

4.3.2 Status in employment All groups

4.3.3 Inclusion of persons with a secondary job/activity in the informal yes

4.3.4 Inclusion of persons engaged in professional or technical activities (ISCO-88 Major Groups 2 and yes

Botswana

1995/96

1. Source

1.1 Source title: Labour Force Survey

1.2 Type of source: Household sample survey

1.3 Periodicity:

2. Reference period: The last 7 days prior to the interview

3. Definition: Informal sector employment: Persons working in unincorporated enterprises which are owned by households, do not keep a complete set of accounts and employ less than 5 paid employees. Domestic servants and other private household workers are included but separately identified.

4. Coverage

4.1 Geographic Whole country

4.2 Industry coverage

4.2.1 Branches of economic activity Agriculture excluded

4.2.2 Inclusion of paid domestic employees employed by households: yes

4.2.3 Inclusion of producers of goods exclusively for own final use by the no

4.3 Persons covered

4.3.1 Age limits: 12 years and over

4.3.2 Status in employment: All groups

4.3.3 Inclusion of persons with a secondary job/activity in the informal yes

4.3.4 Inclusion of persons engaged in professional or technical activities (ISCO-88 Major Groups 2 and

Cameroon

1993

1. Source

1.1 Source title: Enquête 1-2-3 sur l'emploi et le secteur informel à Yaoundé [1-2-3 Survey on Employment and the Informal Sector in Yaoundé]

1.2 Type of source: Mixed household & enterprise survey, integrated design

1.3 Periodicity:

2. Reference period

3. Definition: Informal sector: Production units without statistical number (SCIFE no.)

4. Coverage

4.1 Geographic Yaoundé

4.2 Industry coverage

4.2.1 Branches of economic activity All

- 4.2.2 Inclusion of paid domestic employees employed by households:
- 4.2.3 Inclusion of producers of goods exclusively for own final use by the

4.3 Persons covered

- 4.3.1 Age limits: 10 years and over
- 4.3.2 Status in employment: All groups
- 4.3.3 Inclusion of persons with a secondary job/activity in the informal yes
- 4.3.4 Inclusion of persons engaged in professional or technical activities (ISCO-88 Major Groups 2 and

**Ethiopia
1999**

1. Source

- 1.1 Source title: Labour Force Survey
- 1.2 Type of source: Household sample survey
- 1.3 Periodicity: Every 5 years

2. Reference period: The last 7 days prior to the interview.

3. Definition: Informal sector: Unincorporated enterprises, with no book of accounts, mainly engaged in market production, with less than 10 persons engaged and not registered as companies or cooperatives; also included enterprises/activities which have no license.

4. Coverage

- 4.1 Geographic Whole country

4.2 Industry coverage

- 4.2.1 Branches of economic activity All
- 4.2.2 Inclusion of paid domestic employees employed by households: no
- 4.2.3 Inclusion of producers of goods exclusively for own final use by the no

4.3 Persons covered

- 4.3.1 Age limits: 10 years and over
- 4.3.2 Status in employment: All groups
- 4.3.3 Inclusion of persons with a secondary job/activity in the informal no
- 4.3.4 Inclusion of persons engaged in professional or technical activities (ISCO-88 Major Groups 2 and yes

**Ghana
1997**

1. Source

- 1.1 Source title: Core Welfare Indicator Survey
- 1.2 Type of source: Household sample survey
- 1.3 Periodicity:

2. Reference period

3. Definition: Informal sector employment: Persons who defined themselves as being in the informal sector at the time of the survey

4. Coverage

- 4.1 Geographic Whole country

4.2 Industry coverage

- 4.2.1 Branches of economic activity All
- 4.2.2 Inclusion of paid domestic employees employed by households: yes
- 4.2.3 Inclusion of producers of goods exclusively for own final use by the

4.3 Persons covered

- 4.3.1 Age limits: 15 years and over
- 4.3.2 Status in employment: All groups
- 4.3.3 Inclusion of persons with a secondary job/activity in the informal
- 4.3.4 Inclusion of persons engaged in professional or technical activities (ISCO-88 Major Groups 2 and yes

Madagascar

1995

1. Source

- 1.1 Source title: Enquête 1-2-3 [1-2-3 Survey]
- 1.2 Type of source: Mixed household & enterprise survey, integrated design
- 1.3 Periodicity:

2. Reference period: April

3. Definition: Informal sector: Production units without statistical number and/or without formal written accounts

4. Coverage

- 4.1 Geographic Antananarivo

4.2 Industry coverage

- 4.2.1 Branches of economic activity Agriculture excluded
- 4.2.2 Inclusion of paid domestic employees employed by households:
- 4.2.3 Inclusion of producers of goods exclusively for own final use by the no

4.3 Persons covered

- 4.3.1 Age limits: 10 years and over
- 4.3.2 Status in employment: All groups
- 4.3.3 Inclusion of persons with a secondary job/activity in the informal yes
- 4.3.4 Inclusion of persons engaged in professional or technical activities (ISCO-88 Major Groups)

Mali

1989

1. Source

- 1.1 Source title: Enquête nationale sur les activités économiques des ménages (secteur informel) [National Survey on Household Economic Activities (Informal Sector)]
- 1.2 Type of source: Mixed household & enterprise survey, modular design
- 1.3 Periodicity:

2. Reference period

3. Definition: Informal sector employment: Own-account workers excluding professionals; employers with less than 10 employees excluding professionals; employees (including apprentices) and unpaid family workers working in unincorporated enterprises.

4. Coverage

- 4.1 Geographic Whole country

4.2 Industry coverage

- 4.2.1 Branches of economic activity Agriculture excluded
- 4.2.2 Inclusion of paid domestic employees employed by households:
- 4.2.3 Inclusion of producers of goods exclusively for own final use by the

4.3 Persons covered

- 4.3.1 Age limits:
- 4.3.2 Status in employment: All groups
- 4.3.3 Inclusion of persons with a secondary job/activity in the informal
- 4.3.4 Inclusion of persons engaged in professional or technical activities (ISCO-88 Major Groups)

1996

1. Source

- 1.1 Source title: Enquête sur le secteur informel [Informal Sector Survey]
- 1.2 Type of source: Mixed household & enterprise survey, modular design
- 1.3 Periodicity:

2. Reference period

3. Definition: Informal sector: Private unincorporated enterprises without complete accounts, with less than 11 persons engaged in the enterprise, and without registration with the National Social Providence Institute (INPS) or Pension Fund.

4. Coverage

4.1 Geographic Whole country

4.2 Industry coverage

4.2.1 Branches of economic activity Agriculture excluded

4.2.2 Inclusion of paid domestic employees employed by households: yes

4.2.3 Inclusion of producers of goods exclusively for own final use

4.3 Persons covered

4.3.1 Age limits: 6 years and over

4.3.2 Status in employment: All groups

4.3.3 Inclusion of persons with a secondary job/activity in the informal yes

4.3.4 Inclusion of persons engaged in professional or technical activities (ISCO-88 Major Groups)

Niger

1995

1. Source

1.1 Source title: Enquête nationale sur le secteur informel [National Informal Sector Survey]

1.2 Type of source: Mixed household & enterprise survey, independent design

1.3 Periodicity:

2. Reference period Year 1995

3. Definition: Informal sector: Enterprises owned and operated by households or household members which do not keep accounts or which do not submit accounts to any administration or institution (statistics, taxes or)

4. Coverage

4.1 Geographic Whole country

4.2 Industry coverage

4.2.1 Branches of economic activity Agriculture excluded

4.2.2 Inclusion of paid domestic employees employed by households

4.2.3 Inclusion of producers of goods exclusively for own final use by the yes

4.3 Persons covered

4.3.1 Age limits: 6 years and over

4.3.2 Status in employment: All groups

4.3.3 Inclusion of persons with a secondary job/activity in the informal no

4.3.4 Inclusion of persons engaged in professional or technical activities (ISCO-88 Major Groups)

South Africa

1999

1. Source

1.1 Source title: October Household Survey

1.2 Type of source: Household sample survey

1.3 Periodicity: Annual.

2. Reference period The last 7 days prior to the interview

3. Definition: Informal sector: Business activities which are not registered

Registration refers to registration under:

- tax (VAT) requirements
- professional groups' regulatory acts or similar acts

4. Coverage

4.1 Geographic Whole country

4.2 Industry coverage

4.2.1 Branches of economic activity

4.2.2 Inclusion of paid domestic employees employed by households: yes

4.2.3 Inclusion of producers of goods exclusively for own final use by the yes

4.3 Persons covered

4.3.1 Age limits: 15 to 65 years old

4.3.2 Status in employment

4.3.3 Inclusion of persons with a secondary job/activity in the informal no

4.3.4 Inclusion of persons engaged in professional or technical activities (ISCO-88 Major Groups 2 and yes

2001

1. Source 1.1 Source title: Labour Force Survey

1.2 Type of source: Household sample survey

1.3 Periodicity: Annual

2. Reference period The last 7 days prior to the interview

3. Definition: Informal sector: Business activities which are not registered

Registration refers to registration under:

- tax (VAT) requirements

- professional groups' regulatory acts or similar acts

4. Coverage

4.1 Geographic Whole country

4.2 Industry coverage

4.2.1 Branches of economic activity All

4.2.2 Inclusion of paid domestic employees employed by households: yes

4.2.3 Inclusion of producers of goods exclusively for own final use by the yes

4.3 Persons covered

4.3.1 Age limits: 15 to 65 years old

4.3.2 Status in employment: All groups

4.3.3 Inclusion of persons with a secondary job/activity in the informal no

4.3.4 Inclusion of persons engaged in professional or technical activities (ISCO-88 Major Groups 2 and yes

Tanzania

1990/1991

1. Source

1.1 Source title: Labour Force Survey

1.2 Type of source: Household sample survey

1.3 Periodicity:

2. Reference period 1 week.

3. Definition: Informal sector employment: Persons employed in privately-owned enterprises having not more than 5 paid employees. Included are persons engaged in activities undertaken at a market place, in a temporary structure, on a footpath, in the street or in another open place, as well as domestic servants of private households. Excluded are persons employed in registered cooperatives, professional-type enterprises (e.g. doctor's or lawyer's practices) and in enterprises using high technology or having other 'formal'

4. Coverage

4.1 Geographic Tanzania Mainland

4.2 Industry coverage

4.2.1 Branches of economic activity Agricultural, livestock and fishing activities excluded

4.2.2 Inclusion of paid domestic employees employed by households: yes

4.2.3 Inclusion of producers of goods exclusively for own final use by the no

4.3 Persons covered

4.3.1 Age limits: Operators: 15 years or more, others: 10 years or more

4.3.2 Status in employment: All groups.

4.3.3 Inclusion of persons with a secondary job/activity in the informal yes

4.3.4 Inclusion of persons engaged in professional or technical activities (ISCO-88 Major Groups 2 and no

1991

1. Source

- 1.1 Source title: National Informal Sector Survey
- 1.2 Type of source: Mixed household & enterprise survey, independent design
- 1.3 Periodicity:

2. Reference period

Operators: 12 months; Others: 1 month

- 3. Definition:** Informal sector: Activities which are privately owned and employing not more than 5 paid employees. Included are activities undertaken at a market place, in a temporary structure, on a footpath/in the street or in another open place. Excluded are registered cooperatives, professional-type activities (e.g. doctors, lawyers), activities using high technology or having other 'formal' characteristics, and domestic servants of private households.

4. Coverage

- 4.1 Geographic Tanzania Mainland

4.2 Industry coverage

- 4.2.1 Branches of economic activity Agricultural activities included in urban areas only
- 4.2.2 Inclusion of paid domestic employees employed by households: no
- 4.2.3 Inclusion of producers of goods exclusively for own final use by the no

4.3 Persons covered

- 4.3.1 Age limits: 14 years and over for operators
- 4.3.2 Status in employment: All groups
- 4.3.3 Inclusion of persons with a secondary job/activity in the informal yes
- 4.3.4 Inclusion of persons engaged in professional or technical activities (ISCO-88 Major Groups 2 and no

1995

1. Source

- 1.1 Source title: Dar-es-Salaam Urban Informal Sector Survey
- 1.2 Type of source: Mixed household & enterprise survey, independent design
- 1.3 Periodicity:

2. Reference period

Operators: 12 months; others: 1 month

- 3. Definition:** Informal sector: Private unincorporated enterprises without complete sets of accounts and with less than 6 employees (manufacturing, construction, mining and quarrying: less than 11 employees) employed in the activity. All or part of the products meant for sale. Domestic workers included if they consider themselves as self-employed business operators.

4. Coverage

- 4.1 Geographic Dar-es-Salaam

4.2 Industry coverage

- 4.2.1 Branches of economic activity Agriculture included only if undertaken as supplementary income-earning activities of the household and located in Dar-es-Salaam
- 4.2.2 Inclusion of paid domestic employees employed by households: no
- 4.2.3 Inclusion of producers of goods exclusively for own final use by the no

4.3 Persons covered

- 4.3.1 Age limits: 5 years and over for operators
- 4.3.2 Status in employment: All groups
- 4.3.3 Inclusion of persons with a secondary job/activity in the informal yes
- 4.3.4 Inclusion of persons engaged in professional or technical activities (ISCO-88 Major Groups 2 and yes

Zimbabwe

1986/1987

1. Source

- 1.1 Source title: Labour Force Survey
- 1.2 Type of source: Household sample survey
- 1.3 Periodicity:

2. Reference period The week prior to the interview

3. Definition: Informal sector employment: Persons working in unregistered establishments

4. Coverage

4.1 Geographic Whole country

4.2 Industry coverage

- 4.2.1 Branches of economic activity All
- 4.2.2 Inclusion of paid domestic employees employed by households:
- 4.2.3 Inclusion of producers of goods exclusively for own final use by the yes

4.3 Persons covered

- 4.3.1 Age limits: 15 years and over
- 4.3.2 Status in employment: All groups
- 4.3.3 Inclusion of persons with a secondary job/activity in the informal
- 4.3.4 Inclusion of persons engaged in professional or technical activities (ISCO-88 Major Groups)

1993 & 1994

1. Source

- 1.1 Source title: Indicator Monitoring - Labour Force Survey
- 1.2 Type of source: Household sample survey
- 1.3 Periodicity:

2. Reference period

3. Definition: Informal sector employment: Persons working in establishments which are not registered or licensed.

4. Coverage

4.1 Geographic Whole country

4.2 Industry coverage

- 4.2.1 Branches of economic activity All
- 4.2.2 Inclusion of paid domestic employees employed by households:
- 4.2.3 Inclusion of producers of goods exclusively for own final use by the

4.3 Persons covered

- 4.3.1 Age limits: 15 years and over
- 4.3.2 Status in employment: All groups
- 4.3.3 Inclusion of persons with a secondary job/activity in the informal
- 4.3.4 Inclusion of persons engaged in professional or technical activities (ISCO-88 Major Groups)

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