

**WOMEN AND MEN IN THE  
INFORMAL ECONOMY:  
A STATISTICAL PICTURE**

**International Labour Conference  
90<sup>th</sup> Session, June 2002**

**Sections from draft document**

## MAIN FINDINGS

### Size of the Informal Economy -

- Informal employment comprises one half to three-quarters of non-agriculture employment in developing countries: specifically, 48 per cent of non-agricultural employment in North Africa; 51 per cent in Latin America; 65 per cent in Asia; and 72 per cent in sub-Saharan Africa. If South Africa is excluded, the share of informal employment in non-agricultural employment rises to 78 per cent in sub-Saharan Africa. If data were available for additional countries in Southern Asia, the regional average for Asia would likely be much higher.
- Some countries include informal employment in agriculture in their estimates of informal employment. In these countries the inclusion of informal employment in agriculture increases significantly the proportion of informal employment: from 83 per cent of *non-agricultural* employment to 93 percent of *total* employment in India; from 55 per cent to 62 per cent in Mexico; and from 20 per cent to 34 per cent in South Africa.
- Three categories of non-standard or atypical work – self-employment, part-time work, and temporary work – comprise 30 per cent of overall employment in 15 European countries and 25 per cent of total employment in the United States. Although not all self-employed, part-time workers, and temporary workers are informally employed, the majority receive few (if any) employment-based benefits or protection. In the United States, for instance, less than 20 per cent of regular part-time workers have employer-sponsored health insurance or pensions.

### Components of the Informal Economy -

- Informal employment is comprised of both self-employment in informal enterprises (i.e., small and/or unregistered) and wage employment in informal jobs (i.e., without secure contracts, worker benefits, or social protection). In all developing regions, self-employment comprises a greater share of informal employment (outside of agriculture) than wage employment: specifically, self-employment represents 70 per cent of informal employment in sub-Saharan Africa, 62 per cent in North Africa, 60 per cent in Latin America, and 59 per cent in Asia. Excluding South Africa, where black-owned businesses were prohibited during the apartheid era and have only recently begun to be recognised and reported, the share of self-employment in informal employment increases to 81 per cent in sub-Saharan Africa.
- Self-employment represents nearly one-third of *total* non-agricultural employment worldwide. It is less important in developed countries (12 percent of

total non-agricultural employment) than in developing countries where it comprises as much as 53 per cent of non-agricultural employment in sub-Saharan Africa, 44 per cent in Latin America, 32 per cent in Asia, and 31 per cent in North Africa.

- Informal wage employment is also significant in the developing world: comprising 30 to 40 per cent of informal employment (outside of agriculture). Informal wage employment is comprised of employees of informal enterprises as well as various types of informal wage workers who work for formal enterprises, households, or who have no fixed employer. These include casual day labourers, domestic workers, industrial outworkers (notably homeworkers), undeclared workers, and part-time or temporary workers without secure contracts, worker benefits, or social protection.
- Non-standard wage employment, much of which is informal, is significant in the developed world. In 1998, part-time work represented 14 per cent of total employment for the Organization for Economic Co-operation and Development (OECD) countries as a whole and more than 20 per cent of total employment in eight of these countries. In the countries of the European Union, temporary work comprises 11 per cent of total employment. Comparable data on other categories of non-standard wage work that are even more likely to be informal in nature – namely, contract work, industrial outwork, and casual day labour - are not available.
- Home-based workers and street vendors are two of the largest sub-groups of the informal workforce: with home-based workers the more numerous but street vendors the more visible of the two. Taken together they represent an estimated 10-25 per cent of the non-agricultural workforce in developing countries and over 5 per cent of the total workforce in developed countries.

### **Women and Men in the Informal Economy**

- Informal employment is generally a larger source of employment for women than for men in the developing world. Other than in North Africa where 43 per cent of women workers are in informal employment, 60 per cent or more of women workers in the developing world are in informal employment (outside agriculture). In sub-Saharan Africa, 84 per cent of women non-agricultural workers are informally employed compared to 63 per cent for men non-agricultural workers; in Latin America 58 per cent for women in comparison to 48 per cent for men. In Asia, the proportion of women and men non-agricultural workers in informal employment is roughly equivalent.
- Although women's labour force participation rates are lower than men's, the limited data available point to the importance of women in home-based work and street vending in developing countries: 30-90 per cent of street vendors (except in societies that restrict women's mobility); 35-80 per cent of *all* home-based

workers (including both self-employed and homeworkers); and 80 per cent or more of homeworkers (industrial outworkers who work at home).

- Although women's labour force participation rates are lower than men's, women represent the vast majority of part-time workers in many developed countries. In 1998, women comprised 60 per cent or more of part-time workers in all OECD countries reporting data. Women's share of part-time work for specific countries was as high as 98 per cent in Sweden, 80 per cent in the United Kingdom, and 68 per cent in both Japan and the United States.

## Chapter 1

### THE INFORMAL ECONOMY

#### Informal Workers

Street vendors in Mexico City; push-cart vendors in New York city; rickshaw pullers in Calcutta; jeepney drivers in Manila; garbage collectors in Bogotá; and roadside barbers in Durban. Those who work on the streets or in the open-air are the more visible occupational groups in the informal economy. The streets of cities, towns, and villages in most developing countries – and in many developed countries - are lined by barbers, cobblers, garbage collectors, waste recyclers, and vendors of vegetables, fruit, meat, fish, snack-foods, and a myriad of non-perishable items ranging from locks and keys to soaps and detergents, to clothing. In many countries, head-loaders, cart pullers, bicycle peddlers, rickshaw pullers, and camel, bullock, or horse cart drivers jostle to make their way down narrow village lanes or through the maze of cars, trucks, vans, and buses on city streets.

But the informal economy also includes activities and workers that are less visible and, even, invisible. Less visible informal workers work in small shops and workshops. On the street corners of most cities, towns, or villages, even in residential areas, are countless small kiosks or stalls that sell goods of every conceivable kind. Down the crowded lanes of most cities, towns, or villages are small workshops that repair bicycles and motorcycles; recycle scrap metal; make furniture and metal parts; tan leather and stitch shoes; weave, dye, and print cloth; polish diamonds and other gems; make and embroider garments; sort and sell cloth, paper, and metal waste; and more.

The least visible informal workers, the majority of them women, sell or produce goods from their homes: garment makers; embroiderers; incense-stick rollers; cigarette-rollers; paper bag makers; kite makers; hair band makers; food processors; and others. These least visible workers are not confined to developing countries. Home-based workers are to be found around the world, including: garment workers in Toronto; embroiderers on the island of Madeira; shoemakers in Madrid; and assemblers of electronic parts in Leeds. Some of these home-based workers work on their own account, while others work on a piece-rate basis for a contractor or a firm.

Other categories of informal work are common in both developed and developing countries: casual workers in restaurants and hotels; sub-contracted janitors and security guards; casual or day labourers in construction and agriculture; piece-rate workers in sweatshops; and temporary office helpers or off-site data processors. Most workers in all of these categories of work are informally employed, without secure contracts, worker benefits, or social protection.

Conditions of work and the level of earnings differ markedly among those who scavenge on the streets for rags and paper, those who produce garments on a sub-contract from their homes, those who sell goods on the streets, and those who work as temporary data processors. Even within countries, the informal economy is highly segmented by location of work, sector of the economy, and status of employment and, across these segments, by social group and gender. But most workers in the informal economy share one thing in common: the lack of formal labour and social protection.

## The Informal Sector

### *Discovery of the Informal Sector*

It was widely assumed during the 1950s and 1960s that, with the right mix of economic policies and resources, poor traditional economies could be transformed into dynamic modern economies. In the process, the traditional sector comprised of petty traders, small producers, and a range of casual jobs would be absorbed into the modern capitalist – or formal – economy and, thereby, disappear. This perspective was reinforced by the successful rebuilding of Europe and Japan after World War II and the expansion of mass production in Europe and North America during the 1950s and 1960s. By the mid-1960s, however, the optimism about the prospects for economic growth in developing countries began to give way to concerns about persistent widespread unemployment. Reflecting this concern, the International Labour Organization (ILO) mounted a series of large multi-disciplinary "employment missions" to various developing countries. The first of these was to Kenya in 1972.

The Kenya employment mission, through its fieldwork and in its official report, recognised that the traditional sector had not just persisted but expanded to include profitable and efficient enterprises as well as marginal activities.<sup>i</sup> To highlight this fact, the Kenya mission chose to use the term "informal sector" rather than "traditional sector" for the range of small-scale and unregistered economic activities. This term had been coined the year before by a British economist, Keith Hart, in his 1971 study of economic activities in urban Ghana.<sup>ii</sup>

### *Debates about the Informal Sector*

Although both Hart and the Kenya mission team were very positive about the informal sector – noting its efficiency, creativity, and resilience – the concept received a mixed review in development circles. Many observers subscribed to the notion that the informal sector was marginal or peripheral and not linked to the formal sector or to modern capitalist development. Some of these observers continued to believe that the informal sector in Kenya, Ghana, and other developing countries would disappear once these countries achieved sufficient levels of economic growth or modern industrial development. Other observers argued that industrial development might take a different pattern in developing countries – including the expansion of informal economic activities - than it had in developed countries.

By the 1980s, the focus of the informal sector debate expanded to include changes that were occurring in advanced capitalist economies. Increasingly, in both North America and Europe, production was being reorganised into small-scale, decentralised, and more flexible economic units. Mass production was giving way to “flexible specialisation” or, in some contexts, reverting to sweatshop production.<sup>iii</sup> These new patterns of capitalist development were (and are still) associated with the informalisation of employment relations – standard jobs being turned into non-standard or atypical jobs with hourly wages but few benefits or into piece-rate jobs with no benefits - and with sub-contracting the production of goods and services to small-scale informal units and industrial outworkers. In the process, the informal economy becomes a permanent, albeit subordinate and dependent, feature of capitalist development.<sup>iv</sup>

Meanwhile, in the 1980s, the economic crisis in Latin America served to highlight another feature of the informal sector: namely, that employment in the informal sector tends to grow during periods of economic crisis.<sup>v</sup> In the Asian economic crisis a decade or more later, millions of people who lost formal jobs in the former East Asian Tiger countries tried to find jobs or create work in the informal economy.<sup>vi</sup> Meanwhile, structural adjustment in Africa and economic transition in the former Soviet Union and in Central and Eastern Europe were also associated with an expansion of employment in the informal economy. Why does employment in the informal economy tend to expand during periods of economic adjustment or transition? When private firms or public enterprises are downsized or closed, retrenched workers who do not find alternative formal jobs have to turn to the informal economy for work because they cannot afford to be openly unemployed. Also, in response to inflation or cutbacks in public services, households often need to supplement formal sector incomes with informal earnings.

During the 1990s, globalisation of the economy contributed to the informalisation of the workforce in many industries and countries.<sup>vii</sup> Whereas globalisation generates new jobs and new markets, available evidence suggests that not all the jobs are “good” jobs and that the most disadvantaged producers have not been able to seize new market opportunities. This is because global competition erodes employment relations by encouraging formal firms to hire workers at low wages with few benefits or to sub-contract (or out-source) the production of goods and services<sup>viii</sup>; and global integration reduces the competitiveness of many informal firms or self-employed producers vis-à-vis imported goods (in domestic markets) and vis-à-vis larger, more formal firms (in export markets).

### *Statistics on the Informal Sector*

At the 1991 International Labour Conference, the informal sector was an explicit topic for tripartite debate. This was the first time that the informal sector was featured as a major agenda item in an international conference.<sup>ix</sup> The 1991 tripartite debate reinforced the growing interest in statistics on the informal sector within the ILO Bureau of Statistics and among the members of the International Conference of Labour Statisticians (ICLS). In 1992, the ILO Bureau of Statistics prepared a report on “Statistics on Employment in the Informal Sector” as the basis for discussion at the International

Conference of Labour Statisticians (ICLS) meeting the following year. The 1993 ICLS adopted an international statistical definition of the “informal sector” that, subsequently, was included in the revised International System of National Accounts (1993 SNA).

In order to be consistent with the framework of the System of National Accounts and provide for a separate accounting of Gross Domestic Production (GDP) in the informal sector, the definition was based on production units or enterprises rather than on employment relations.<sup>x</sup> The 1993 ICLS defined the informal sector as all unregistered (or unincorporated) enterprises below a certain size, including: micro-enterprises owned by informal employers who hire one or more employees on a continuing basis; and own-account operations owned by individuals who may employ contributing family workers and employees on an occasional basis (**see box on 1993 ICLS definition of the informal sector**).

However, the Conference of Labour Statisticians also recognised that an enterprise-based definition would not capture all dimensions of informal employment. The Conference recommended that further work was needed on the employment-based dimensions of informality.<sup>xi</sup>

### **The Informal Economy**

The concept of the informal sector has been debated since its “discovery” in Africa in the early 1970s. Nevertheless, it has continued to be used by many policy makers, labour advocates, and researchers because the reality it seeks to capture – the large share of the global workforce that remains outside the world of full-time, stable, and protected employment – continues to be important and probably has been increasing over time. At present, there is renewed interest in informal work arrangements. This current interest stems from the fact that informal work arrangements have not only persisted and expanded but have also emerged in new guises and unexpected places.

#### *New Term and Expanded Concept*

In recent years, some policy makers, activists, and researchers - both within and outside the ILO – have started to use the term “informal economy” for a broader concept that incorporates certain types of informal employment that were not included in the 1993 international statistical definition of the “informal sector”. They seek to incorporate in this concept the whole of informality - including both enterprise and employment relations - as manifested in industrialised, transition, and developing economies.

This shift toward an expanded concept of the “informal economy” reflects a rethinking of some of the key assumptions regarding the so-called “informal sector”. Those involved in the current rethinking, both within and outside the ILO, seek to incorporate the real world dynamics in labour markets today – particularly the employment arrangements of low-income workers. Key elements of this alternative framework are summarised below:

- ◆ **What Is Not the Informal Economy:** Historically, the informal sector was defined largely in opposition to the formal sector: as the sum total of all income-earning activities outside of legally regulated enterprises and employment relations. But this is too inclusive a definition. As defined and used here, the informal economy is distinguished from the following:
  - **Formal Economy:** By definition, the informal economy is understood to be outside the world of regular, stable, and protected employment and of legally regulated enterprises.
  - **Criminal Economy:** The informal economy should not be confused or conflated with the criminal economy. While production or employment arrangements in the informal economy are often semi-legal or illegal, the informal economy produces and distributes legal goods and services. In contrast, the criminal economy deals in illegal goods and services.
  - **Reproductive or Care Economy:** The reproductive or care economy – comprised of unpaid domestic work and care activities – is also not part of the informal economy. This is because the informal economy is defined as part of the market economy: that is, as producing goods and services for sale or some other form of remuneration.
  
- ◆ **What Is the Informal Economy:** In the expanded conceptual framework the informal economy is seen as comprised of informal employment (without secure contracts, worker benefits, or social protection) both inside and outside informal enterprises (**see box on A Conceptual Framework: The Informal Economy**):
  - **Informal Employment in Informal Enterprises** (small unregistered or unincorporated enterprises), including: employers, employees, own account operators, and unpaid family workers in informal enterprises.<sup>xii</sup>
  - **Informal Employment outside Informal Enterprises** (for formal enterprises, for households, or with no fixed employer), including: domestic workers, casual or day labourers, temporary or part-time workers,<sup>xiii</sup> industrial outworkers (including homeworkers), and unregistered or undeclared workers.
  
- ◆ **What Characterises Informal Employment:** Under the expanded concept, informal employment is understood to include all remunerative work – both self-employment and wage employment - that is not recognised, regulated, or protected by existing legal or regulatory frameworks and non-remunerative work undertaken in an income-producing enterprise. Most informal workers – including both self-employed and wage workers – are deprived of secure work, worker’s benefits, social protection, and representation or voice. The self-employed have to take care of themselves and their enterprises. Moreover, they often face a competitive disadvantage vis-à-vis larger formal firms in capital and

product markets. Informal wage workers also have to take care of themselves as they receive few (if any) employer-sponsored benefits. Moreover, both groups receive little (if any) legal or social protection. As a result of these and other factors, a higher percentage of people working in the informal economy, compared to those working in the formal economy, are poor.

- ◆ **Continuum of Economic Relations:** Historically, many observers considered the informal and formal sectors as two distinct economic sectors without direct links to one another. The reality is more complex. To begin with, production, distribution, and employment relations tend to fall at some point on a continuum between “formal” relations (i.e., regulated and protected) at one pole and “informal” relations (i.e., unregulated and unprotected) at the other. Moreover, the more formal and the more informal parts of the economy are often dynamically linked. For instance, many informal enterprises have production or distribution relations with formal enterprises: supplying inputs, finished goods, or services to each other either through direct transactions or sub-contracting arrangements. Also, many formal enterprises hire wage workers under informal employment relations: for example, many part-time workers, temporary workers, and industrial outworkers work for formal enterprises through contracting or sub-contracting arrangements.
- ◆ **Segmentation of the Informal Economy:** The informal economy consists of a wide range of informal enterprises and informal jobs. Despite its heterogeneity, there are meaningful ways to classify its component segments, including: by type of economic unit and by employment status. *Informal enterprises* consist of micro-enterprises (with an employer plus some employees), family businesses (with an owner operator and, sometimes, unpaid family workers), and own account operations (with an individual owner operator). *Informal employment relations* consist of employees of informal enterprises as well as domestic workers without a regular contract, casual day labourers without a fixed employer, temporary workers who get work through an agency, part-time workers for a fixed employer, industrial outworkers for formal or informal firms (and their intermediaries), and unregistered or undeclared workers.

## Why Improve Statistics on the Informal Economy?

Changing employment arrangements – associated with economic growth, transition, or crisis and with global integration and competition - require not only new ways of conceptualising the informal economy but also new approaches to measuring its size and contribution and to classifying those who work in it. How can one predict and model economic performance if a large share of total output is not adequately measured and valued? Or how can one predict and model labour market behaviour if a major segment of the total workforce is not adequately measured or understood? Labour statistics and national accounts need to more adequately capture and measure the size and contribution of the total economy, including the informal economy.

Current debates on poverty focus largely on human capabilities to the relative neglect of market opportunities. How can one understand and address poverty without having better statistics on the income sources, the income levels, and the financial risks of those who are poor? There is a link – although not a complete overlap - between working in the informal economy and being poor. This is because those who work in the informal economy are generally not covered by labour legislation or social protection and earn less, on average, than workers in the formal economy. However, there is no simple relationship between working in the informal economy and being poor or working in the formal economy and escaping poverty. In many countries, male owner operators of micro-enterprises earn more, on average, than low-skilled workers in the formal economy. In most countries, women homeworkers earn way below the minimum wage.<sup>xiv</sup> The link between working in the informal economy and being poor, especially in the lowest-return activities, is stronger for women than for men.

To focus the attention of economists and policy makers on the links between informality and growth, statistics on the size and contribution of the informal economy are needed. To focus the attention of policy makers and academics on employment opportunities and employment arrangements as a key determinant of poverty, statistics on the links between informality, poverty, and gender are also needed.

## User-Producer Collaboration to Improve Statistics on the Informal Economy

Under the international statistical system, directed by the United Nations Statistical Commission, the International Labour Office has responsibility for setting standards relating to the collection of labour force statistics and for compiling and publishing official labour force statistics from around the world. As part of this mandate, the ILO's Bureau of Statistics has played a lead role in developing methods for the collection of data on employment in the informal sector, in compiling and publishing official statistics in this area, and in providing technical assistance to national statistical offices to improve their data collection on employment in the informal sector.

During the late 1990s, activists organising informal workers began collaborating with researchers and statisticians to improve statistics on the informal economy. In lobbying for appropriate policies, activists need improved statistics on the informal economy as a whole and on specific categories of informal workers. For instance, in 1995, the Self-Employed Women's Association (SEWA) of India and the international alliance of home-based workers (called HomeNet) needed statistics on homework worldwide for use in their lobbying efforts for an international convention on homework. The researchers, who were asked to collect statistics on homework, found that only seven countries in the world – Morocco, Japan, and five countries in Europe – had the category of homework in their official labour force statistics.<sup>xv</sup> Because so few official statistics were available, the researchers collected and analysed available data from micro-surveys around the world.<sup>xvi</sup> The statistics they collected helped to convince government and worker delegations to the International Labour Conference that homeworkers were a significant

part of the workforce, especially in key export industries. The Home Work Convention was passed in 1996.

In 1997, recognising the importance of the joint action of activists, researchers, and statisticians, representatives of SEWA and HomeNet joined other experts on the informal economy to form a global network called Women in Informal Employment: Globalizing and Organizing (WIEGO). One of WIEGO's five programme themes is to improve and develop statistics on the informal economy. In implementing this objective, the statisticians and researchers in the WIEGO network work closely with the International Labour Organization, the United Nations Statistics Division and the International Expert Group on Informal Sector Statistics, known as the Delhi Group.

That same year, SEWA started a collaborative research project on the informal economy in India with the National Council of Applied Economics Research (NCAER) and the Gujarat Institute of Development Research. Among other studies, this project included a study on the size and contribution of the informal economy in Ahmedabad city that compared official data with the results of a special sample survey. Convinced by this study of the desirability and feasibility of better capturing the informal economy in national sample surveys, the National Sample Survey Office (NSSO) of the Government of India commissioned the principle investigator of the Ahmedabad study to assist the NSSO to design special modules to measure the rural and urban informal economy. These modules were administered in the 1999-2000 round of the national sample survey; the findings are reported in the case study of India (**see Chapter 3**).

During the late 1990s, other countries also undertook major new initiatives to collect data on the informal sector and the informal economy. For example, South Africa and Mexico - the two other countries featured as case studies in chapter 3 - encouraged strong user-producer collaborations to develop new surveys to measure the informal economy. In the case of South Africa, the effort to better measure the informal economy was part of a larger effort to develop the post-apartheid national statistical system. In the case of Mexico, the effort to better measure the informal economy was part of a larger effort to monitor the impact of the North America Free Trade Agreement (NAFTA) and on-going privatisation of the economy.

Meanwhile, in 1997, the UN Statistics Commission formed an International Expert Group on Informal Sector Statistics, called the Delhi Group. The convenors of the Delhi Group have invited the stakeholders in these various initiatives – including the user groups - to participate in the Delhi Group meetings. These meetings have provided an important international forum for the discussion and dissemination of the innovative methods and new data coming out of these initiatives. In collaboration with the ILO, the members of the Delhi Group have encouraged the rethinking of the informal economy.

This booklet reflects the joint action of activists, researchers, and statisticians at the national and international levels to improve statistics on the informal economy. All of the contributors to this booklet have worked with one or more of these initiatives. For the first time, the key findings from these and other recent initiatives are being presented in a

single publication which provides a statistical picture of the informal economy worldwide. It is only a beginning, however. As detailed in Chapter 4, a great deal more work is needed to generate the data required for improving policies on the informal economy.

**Box: 1993 ICLS Definition of the Informal Sector**

The Resolution concerning Statistics of Employment in the Informal Sector, adopted by the Fifteenth International Conference of Labour Statisticians in 1993, defined the informal sector as follows: The informal sector is regarded as a group of household enterprises or unincorporated enterprises owned by households that includes:

- informal own-account enterprises, which may employ contributing family workers and employees on an occasional basis; and
- enterprises of informal employers, which employ one or more employees on a continuous basis

The enterprise of informal employers must fulfil one or both of the following criteria: size of unit below a specified level of employment, and non-registration of the enterprise or its employees.

This framework proposed by the ICLS Resolution allows countries to adapt the basic operational definition and criteria to their specific circumstances. In particular, flexibility is allowed with respect to the upper limit on the size of employment; the introduction of additional criteria such as non-registration of either the enterprise or its employees; the inclusion or exclusion of professionals or domestic employees; and the inclusion or exclusion of agriculture.

Source: ILO *Report of the Fifteenth International Conference of Labour Statisticians*, Geneva 1993.

**Box: A Conceptual Framework: The Informal Economy**

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

(a) As defined by the Fifteenth International Conference of Labour Statisticians in 1993 (see box on 1993 ICLS definition of informal sector)

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

Dark grey cells refer to jobs that by definition do not exist in the type of production unit in question.

Light grey cells refer to jobs which exist in the type of production unit in question but which are not relevant to our concerns.

The unshaded cells are the focus of our concern – they refer to types of jobs that represent the different segments of the informal economy.

**Cells 1 and 5:** Contributing family workers: no contract of employment and no legal or social protection arising from the job, in formal enterprises (cell 1) or informal enterprises (cell 5). (Contributing family workers with a contract of employment, wage, social protection, etc. would be considered employees in formal employment).

**Cells 2 and 6:** Employees who have informal jobs whether employed by formal enterprises (cell 2) or informal enterprises (cell 6).

**Cells 3 and 4:** Own-account workers (cell 3) and employers (cell 4) who have their own informal enterprises. The informal nature of their jobs follows directly from the characteristics of the enterprise they own.

**Cell 7:** Employees working in informal enterprises but having formal jobs. (This may occur, for example, when enterprises are defined as informal using size as the only criterion).

**Cell 8:** Members of informal producers' cooperatives.

**Cell 9:** Producers of goods for own final use by their household (e.g. subsistence farming).

**Cell 10:** Paid domestic workers employed by households in informal jobs.

Source: ILO , *Decent Work and the Informal Economy* General Discussion, General Discussion Paper for the International Labour Conference, 90th Session, (Geneva 2002).

## NOTES

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<sup>i</sup> International Labour Office, *Employment, Incomes and Equality: A Strategy for Increasing Productive Employment in Kenya* (Geneva, 1972).

<sup>ii</sup> Keith Hart, “Informal Income Opportunities and Urban Employment in Ghana”, *The Journal of Modern African Studies*, Vol. 11, No. 1, pp. 61-89 (1973).

<sup>iii</sup> Michael Piore and Charles Sabel, *The Second Industrial Divide* (New York, Basic Books, 1984).

<sup>iv</sup> Alejandro Portes, Manuel Castells, and Lauren A. Benton, eds., *The Informal Economy: Studies in Advanced and Less Developed Countries* (Baltimore, John Hopkins University Press, 1989).

<sup>v</sup> Victor Tokman, ed., *Beyond Regulation: The Informal Economy in Latin America* (Boulder, Colorado, Lynne Rienner Publishers, 1992).

<sup>vi</sup> Eddy Lee, *The Asian Financial Crisis: The Challenge for Social Policy* (Geneva, International Labour Organization, 1998).

<sup>vii</sup> Guy Standing, *Global Labour Flexibility: Seeking Distributive Justice* (New York, St. Martin's Press, 1999).

<sup>viii</sup> Dani Rodrik, *Has Globalization Gone too Far?* (Washington, D.C., Institute for International Economics, 1997).

<sup>ix</sup> Paul E. Bangasser, *The ILO and the Informal Sector: An Institutional History*, ILO Employment Paper, No. 2000/9.

<sup>x</sup> Ralf Hussmanns, *Informal Sector and Informal Employment: Elements of a Conceptual Framework*. Paper presented at the Fifth Meeting of the Expert Group on Informal Sector Statistics, Delhi (September 2001).

<sup>xi</sup> Ibid.

<sup>xii</sup> In the earlier conceptualization of the informal sector, informality was seen as a characteristic of enterprises not of employment relations. For this reason, the 1993 ICLS definition of the informal sector includes all employment, both formal and informal, inside informal enterprises. Formal employment within informal enterprises is a relatively rare phenomenon. In line with the expanded concept of informal economy, the term “informal enterprises” is used in this report instead of “informal sector” except in two sections. The term “informal sector” is used in the section on contribution to GDP in Chapter 2A in conformity with the framework used to distinguish the contribution of the informal sector within the household sector; and in Chapter 3A because the three countries – India, Mexico, and South Africa – directly measured employment in the informal sector.

<sup>xiii</sup> Temporary and part-time workers who are covered by labour legislation and statutory social protection benefits are not included in the informal economy (see Chapter 2 **Developed Countries** for a discussion of the benefits of temporary and part-time workers).

<sup>xiv</sup> Jacques Charmes, *Informal Sector, Poverty and Gender: A Review of Empirical Evidence*. (Washington, D.C., The World Bank., 1998); SV Sethuraman, *Gender, Informality and Poverty*, (Washington, D.C., The World Bank, 1998); Martha Chen and Donald Snodgrass, *Managing Resources, Activities, and Risk in Urban India: The Impact of SEWA Bank*”, (Washington, D.C., USAID, 2001).

<sup>xv</sup> G. Schneider de Villagas, “Home Work: A Case for Social Protection”, *International Labour Review*, Vol. 129, No. 4 (1990).

<sup>xvi</sup> Martha Chen, Jennefer Sebstad, and Lesley O’Connell, “Counting the Invisible Workforce”, *World Development*, Vol. 27, No. 3, pp. 603-610 (1999).