

#1

SIZE OF THE INFORMAL ECONOMY

- **Informal employment comprises one half to three-quarters of non-agriculture employment in developing countries:**

Sub-Saharan Africa: 72% (5 countries)

Asia: 65% (5 countries)

Latin America: 51% (11 countries)

North Africa: 48% (4 countries)

INFORMAL EMPLOYMENT: MODIFIED ILO FRAMEWORK

Production units	Types of jobs	
	Formal employment	Informal employment
Formal enterprises	1	2
Informal enterprises	3	4

Key:

Formal employment=1

Employment in the informal sector= 3+4

Informal employment= 2+4

#3 **What Comprises the Informal Economy?**

The informal economy consists of a wide range of informal enterprises and informal jobs, specifically :

- **Informal enterprises** include:
 - **micro-enterprises** (an employer + some employees)
 - **family businesses** (an owner operator + unpaid family workers)
 - **own account operations** (an individual owner operator)

- **Informal jobs (outside of informal enterprises)** include:
 - **domestic work** without a regular contract
 - **casual day labour** without a fixed employer
 - **industrial outwork and intermediaries** for formal (or informal) firms
 - **unregistered or undeclared work** for formal (or informal) firms
 - **temporary and part-time work** for formal firms but without worker benefits or social protection

#4

- 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 –

	Informal Employment (excluding agriculture) as % of Non-Agricultural Employment	Informal Employment (including agriculture) as % of Total Employment
India	83%	93%
Mexico	55%	62%
South Africa*	28%	34%

*Informal Employment in South Africa = employment in informal enterprises + domestic work (i.e., does not include other forms of informal wage employment)

#5

Three categories of non-standard or atypical work – **self-employment, part-time work, and temporary work** – comprise:

30 % of overall employment in 15 European countries

25 % of total employment in the United States.

#6

COMPONENTS OF THE INFORMAL ECONOMY

- **Informal employment** is comprised of:
 - **self-employment in informal enterprises** (i.e., small and/or unregistered) = **employers/owner operators + own account workers**
 - **wage employment in informal jobs** (i.e., without secure contracts, worker benefits, or social protection) = **employees of informal enterprises + informal wage workers** for formal firms or households (including casual day labourers, domestic workers, homeworkers and other industrial outworkers, undeclared workers, and part-time or temporary workers without secure contracts, worker benefits, or social protection)

#7

- In all developing regions, **self-employment comprises a greater share of informal employment** (outside of agriculture) than wage employment:

Sub-Saharan Africa*: 70%

North Africa: 62%

Latin America: 60%

Asia: 59%

*Excluding South Africa, where black-owned businesses were prohibited during the apartheid era and have only recently begun to be recognized and reported, the share of self-employment in informal employment increases to 81 per cent in sub-Saharan Africa.

- **Informal wage employment** is also significant in the developing world:
Comprising 30 to 40 per cent of informal employment (outside of agriculture)

#8

Self-employment represents nearly one-third (32%) of *total* non-agricultural employment worldwide:

Developed countries: 12%

Sub-Saharan Africa: 53%

Latin America: 44%

Asia: 32%

North Africa: 31%

#9

- **Non-standard wage employment**, much of which is informal, is significant in the developed world.

Part-time work: 14 % of overall employment in OECD countries
20 % of total employment in 8 OECD countries.

Temporary work: 11 % of total employment in EU countries

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.

#10

Home-based workers and street vendors are two of the largest sub-groups of the informal workforce: taken together they represent -

10-25% of non-agricultural workforce in developing countries

over 5% of total workforce in developed countries

#11

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, 60 per cent or more of women non-agricultural workers in the developing world are in informal employment.

Percentage of Non-Agricultural Workers in Informal Employment

	Women	Men
Sub-Saharan Africa:	84%	63%
Latin America	58%	48%
Asia	65%	65%
North Africa	43%	49%

#12

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:

67% of street vendors in 7 developing countries

61% of *all* home-based workers in 14 developing countries
(including both self-employed and homeworkers); and

80% or more of homeworkers (industrial outworkers who work at home) in 3 developing countries

#13

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.

All OECD countries: 60%

Sweden: 98%

United Kingdom: 80%

Japan and USA: 68%

WAGES AND BENEFITS: NON-STANDARD WORK IN DEVELOPED COUNTRIES

WAGES

- In the United States, the average hourly wages of **home-based workers** of either sex were below those of onsite workers, even when one controls for employment status, hours worked, or urban/rural residence
- In the United Kingdom, **working mainly at home** in whatever capacity is associated with a greater probability of being low paid. The probability of being low paid increases for those doing manual work and is alarmingly high among **manual homeworkers**
- In OECD countries, hourly earnings of **part-time workers** represent 50-90% of full-time workers

BENEFITS

- As a general rule, in OECD countries, **part-time workers** tend to receive fewer benefits than full-time workers. Part-time workers are more likely to receive benefits in countries of the European Union, which mandates parity in wages and benefits for non-standard workers, than in North America or Japan and Korea. In Canada, part-time workers receive less than 40% of the entitlements to the following benefits as full time workers: pensions, health and dental plans, paid sick leave, and paid vacation leave. In the United States, less than 20% of regular part-time workers have employer-sponsored health insurance or pensions.
- Similarly, in OECD countries, **temporary workers** tend to receive fewer benefits than full-time workers. In Canada, 20% of temporary workers compared to 58% of full time workers are entitled to an employer sponsored pension plan. In the United States, 11% of temporary help agency workers and 30% of on-call workers are eligible for employer sponsored health insurance in comparison to 58% of full time workers. For employer sponsored pension plans, 8% of temporary help agency and 31% of on-call workers were eligible compared to 50% of full time workers.
- **Self-employed workers** in OECD countries are responsible for their own contributions to health insurance schemes and national retirement plans. In countries with universal systems, they are generally eligible to enroll: in some countries, enrollment and payment of a premium out of one's resources is mandated by law. They are usually ineligible for government-run unemployment insurance, begin considered responsible for generating their own jobs.