SDG indicator metadata

(Harmonized metadata template - format version 1.1)

0. Indicator information (SDG_INDICATOR_INFO)

0.a. Goal (SDG_GOAL)

Goal 8: Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all

0.b. Target (SDG_TARGET)

Target 8.3: Promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation, and encourage the formalization and growth of micro-, small- and medium-sized enterprises, including through access to financial services

0.c. Indicator (SDG_INDICATOR)

Indicator 8.3.1: Proportion of informal employment in total employment, by sector and sex

0.d. Series (SDG_SERIES_DESCR)

SL_ISV_IFEM - Proportion of informal employment, by sector and sex - 13th ICLS [8.3.1]

SL_ISV_IFEM_19ICLS - Proportion of informal employment, by sector and sex - 19th ICLS [8.3.1]

0.e. Metadata update (META_LAST_UPDATE)

2024-08-02

0.f. Related indicators (SDG_RELATED_INDICATORS)

1.1.1, 1.3.1, 8.5.2

0.g. International organisations(s) responsible for global monitoring (SDG_CUSTODIAN_AGENCIES)

International Labour Organization (ILO)

1. Data reporter (CONTACT)

1.a. Organisation (CONTACT_ORGANISATION)

International Labour Organization (ILO)

2. Definition, concepts, and classifications (IND_DEF_CON_CLASS)

2.a. Definition and concepts (STAT_CONC_DEF)

Definition:

This indicator presents the share of employment which is classified as informal employment in the total economy, and separately in agriculture and in non-agriculture.

Concepts:

Employment comprises all persons of working age who, during a short reference period (one week), were engaged in any activity to produce goods or provide services for pay or profit. The difference between the two series for a given country is the operational criteria used to define employment, with one series based on the statistical standards from the 13th International Conference of Labour Statisticians (ICLS)

and the other series based on 19th ICLS standards. In the 19th ICLS series, employment is defined more narrowly as work done for pay or profit, while activities not done mainly in exchange for remuneration (i.e., own-use production work, volunteer work and unpaid trainee work) are recognized as other forms of work.

Informal employment comprises persons who in their main or secondary jobs were in one of the following categories:
- Own-account workers, employers and members of producers' cooperatives employed in their own informal sector enterprises (the characteristics of the enterprise determine the informal nature of their jobs)
- Own-account workers engaged in the production of goods exclusively for own final use by their household (e.g., subsistence farming), if covered in employment (i.e. 13th ICLS series)
- Contributing family workers if they work in formal or informal sector enterprises (they usually do not have explicit, written contracts of employment, and are not subject to labour legislation, social security regulations, collective agreements, etc., which determines the informal nature of their jobs)
- Employees holding informal jobs, whether employed by formal sector enterprises, informal sector enterprises, or as paid domestic workers by households (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)

To classify persons into formal or informal employment for this indicator, only the characteristics of the main job are considered, as the required information to assess (in)formality of the second job is usually unavailable.

An enterprise belongs to the informal sector if it fulfils the three following conditions:
- It is an unincorporated enterprise (it is not constituted as a legal entity separate from its owners, and it is owned and controlled by one or more members of one or more households, and it is not a quasi-corporation: it does not have a complete set of accounts, including balance sheets)
- It is a market enterprise (it sells at least some of the goods or services it produces);
- The enterprise is not registered or the employees of the enterprise are not registered

2.b. Unit of measure (UNIT_MEASURE)

Percent (%)

2.c. Classifications (CLASS_SYSTEM)

The breakdown by sector is based on the International Standard Industrial Classification of All Economic Activities (ISIC). Agriculture corresponds to ISIC Rev. 4 section A, Rev. 3 sections A and B, and Rev.2 section 1 and non-agriculture corresponds to Rev. 4 sections B-U, Rev. 3 sections C-Q, and Rev. 2 sections 2-9.

3. Data source type and data collection method (SRC_TYPE_COLL_METHOD)

3.a. Data sources (SOURCE_TYPE)

The preferred source of data for this indicator is a labour force survey, with sufficient questions to determine the informal nature of jobs and whether the establishment where the person works in belongs to the formal or the informal sector.

3.b. Data collection method (COLL_METHOD)

The ILO Department of Statistics processes national household survey micro datasets in line with internationally agreed indicator concepts and definitions set forth by the ICLS.

3.c. Data collection calendar (FREQ_COLL)

Continuous

3.d. Data release calendar (REL_CAL_POLICY)

Continuous for country-level data and annually for global and regional estimates (November or December).

3.e. Data providers (DATA_SOURCE)

National Statistical Offices

3.f. Data compilers (COMPILING_ORG)

International Labour Organization (ILO)

3.g. Institutional mandate (INST_MANDATE)

The ILO is the UN focal point for labour statistics. It sets international standards for labour statistics through the International Conference of Labour Statisticians. It also compiles and produces labour statistics with the goal of disseminating internationally comparable datasets and provides technical assistance and training to ILO Member States to support their efforts to produce high quality labour market data.

4. Other methodological considerations (OTHER_METHOD)

4.a. Rationale (RATIONALE)

In contexts where social protection coverage is limited, social security benefits (such as unemployment insurance) are insufficient or even inexistent, and/or where wages and pensions are low, individuals may have to take up informal employment to ensure their livelihood. In these situations, indicators such as the unemployment rate would provide a very incomplete picture of the labour market situation, overlooking major deficits in the quality of employment. Statistics on informality are key to assessing the quality of employment in an economy and are relevant to developing and developed countries alike.

4.b. Comment and limitations (REC_USE_LIM)

The considerable heterogeneity of definitions and operational criteria used by countries to measure informal employment greatly hinders the international comparability of statistics on informality.
To counter this challenge, for the purpose of SDG global reporting and monitoring, the series is solely based on harmonized data produced by the ILO using the same operational process for all countries.

Although some differences in criteria and definitions remain across countries, the process is designed to produce data that are as internationally comparable as possible given the underlying data sources.

4.c. Method of computation (DATA_COMP)

$$\text{Proportion of informal employment in total employment} = \frac{\text{Informal employment}}{\text{Total employment}} \times 100$$

$$\begin{aligned}\text{Proportion of informal employment in agriculture}\\ = \frac{\text{Informal employment in agricultural activities}}{\text{Total employment in agriculture}} \times 100\end{aligned}$$

$$\begin{aligned}\text{Proportion of informal employment in non agricultural employment}\\ = \frac{\text{Informal employment in non agricultural activities}}{\text{Total employment in non agricultural activities}} \times 100\end{aligned}$$

4.d. Validation (DATA_VALIDATION)

The ILO engages in annual consultations with Member States through the ILOSTAT questionnaire and related Statistics Reporting System (StaRS). National data providers receive a link to the portal where they can review all national SDG data available on ILOSTAT.

4.e. Adjustments (ADJUSTMENT)

Through the ILO Harmonized Microdata initiative, the ILO strives to produce internationally comparable labour statistics based on the indicator concepts and definitions adopted by the ICLS.

4.f. Treatment of missing values (i) at country level and (ii) at regional level (IMPUTATION)

- **At country level**

Not applicable

- **At regional and global levels**

See below

4.g. Regional aggregations (REG_AGG)

The ILO produces global and regional estimates of informal employment by sex based on available national estimates reflecting the 13th ICLS standards. Global and regional estimates do not include the breakdown by sector (agriculture, non-agriculture). Input data for informality is available for at least one year of the series in about three-quarters of the countries in the target sample. Benchmark employment data are derived from the ILO modelled estimates series.

Missing observations are imputed using a series of models that establish statistical relationships between the observed incidence of informal employment and explanatory variables. The explanatory variables used include economic and demographic variables, such as GDP per capita and urbanisation. Panel data

regression and cross-validation techniques are used to establish the statistical relationships necessary for the imputation. The global and regional proportions of informal employment are obtained by first adding up, across countries, the numerator and denominator of the formula that defines the proportion of workers in informal employment outlined above.

4.h. Methods and guidance available to countries for the compilation of the data at the national level (DOC_METHOD)

- Resolution concerning statistics on the informal economy adopted by the 21st ICLS (October 2023), available at https://www.ilo.org/wcmsp5/groups/public/---dgreports/---stat/documents/normativeinstrument/wcms_901516.pdf
- ILO Guidebook - Decent Work and the Sustainable Development Goals: A Guidebook on SDG Labour Market Indicators ()
- Resolution concerning statistics of employment in the informal sector, adopted by the Fifteenth International Conference of Labour Statisticians (January 1993), available at
- Guidelines concerning a statistical definition of informal employment, adopted by the Seventeenth International Conference of Labour Statisticians (November-December 2003) available at
- ILO manual Measuring informality: A statistical manual on the informal sector and informal employment available at http://www.ilo.org/wcmsp5/groups/public/---dgreports/---dcomm/---publ/documents/publication/wcms_222979.pdf

4.i. Quality management (QUALITY_MGMNT)

The processes of compilation, production, and publication of data, including its quality control, are carried out following the methodological framework and standards established by the ILO Department of Statistics, in compliance with the information technology and management standards of the ILO.

4.j Quality assurance (QUALITY_ASSURE)

Data consistency and quality checks are regularly conducted for validation of the data before dissemination on ILOSTAT.

4.k Quality assessment (QUALITY_ASSMNT)

The final assessment of the quality of information is carried out by the Data Production and Analysis Unit of the ILO Department of Statistics. In cases of doubt about the quality of specific data, these values are reviewed with the participation of the national agencies responsible for producing the data if appropriate. If the issues cannot be clarified, the respective information is not published.

5. Data availability and disaggregation (COVERAGE)

Data may differ from those published on ILOSTAT due to different update schedules and stricter criteria applied for inclusion in the SDG database.

Data availability:

Data for this indicator is available for 140 countries and territories in the 13th ICLS series and 81 countries and territories in the 19th ICLS series.

Time series:

The submission covers global and regional data for 2004 to 2022 and country data from 2000 to 2023.

Disaggregation:

Data on this indicator is requested disaggregated by sector and sex.

Here, sector refers to the breakdown by agriculture/non-agriculture. Where necessary and possible, the disaggregation by sector could go into a more detailed breakdown by economic activity. For global and regional monitoring, no breakdowns of agriculture and non-agriculture are used.

To produce this indicator, employment statistics disaggregated by sex, formal/informal employment, and economic activity (agriculture/non-agriculture) are needed.

6. Comparability / deviation from international standards (COMPARABILITY)

Sources of discrepancies:

Although some international standards do exist for the compilation of informal employment statistics, the relevant concepts and definitions have been left relatively flexible to accommodate national contexts and needs. This means that, in practice, the operational criteria used by countries to compile data at the national level vary significantly from country to country, hindering the international comparability of statistics. The comparability of informal employment statistics is also highly sensitive to differences in the geographical areas covered, the economic activities covered and the treatment of special groups of workers.

Work statistics for countries not using the same set of statistical standards are not comparable. As such, each series is based on a single set of standards (i.e., 13th or 19th ICLS) and contains only data comparable within and across countries, allowing data users to continue making meaningful time series analysis and international comparisons. Users should not compare data across series.

7. References and Documentation (OTHER_DOC)

- ILOSTAT portal: https://ilostat.ilo.org
- Resolution concerning statistics on the informal economy adopted by the 21st ICLS (October 2023), available at https://www.ilo.org/wcmsp5/groups/public/---dgreports/---stat/documents/normativeinstrument/wcms_901516.pdf
- ILO Guidebook - Decent Work and the Sustainable Development Goals: A Guidebook on SDG Labour Market Indicators (https://www.ilo.org/global/statistics-and-databases/publications/WCMS_647109/lang--en/index.htm)
- Resolution concerning statistics of employment in the informal sector, adopted by the Fifteenth International Conference of Labour Statisticians (January 1993), available at
- Guidelines concerning a statistical definition of informal employment, adopted by the Seventeenth International Conference of Labour Statisticians (November-December 2003) available at
- ILO manual Measuring informality: A statistical manual on the informal sector and informal employment, available at http://www.ilo.org/wcmsp5/groups/public/---dgreports/---dcomm/---

publ/documents/publication/wcms_222979.pdf
- Resolution concerning statistics of work, employment and labour underutilization adopted by the 19th ICLS (October 2013) and amended by the 21st ICLS (October 2023), available at https://www.ilo.org/global/statistics-and-databases/standards-and-guidelines/resolutions-adopted-by-international-conferences-of-labour-statisticians/WCMS_230304/lang--en/index.htm
- Resolution concerning statistics of the economically active population, employment, unemployment and underemployment, adopted by the 13th ICLS (October 1982), available at https://www.ilo.org/wcmsp5/groups/public/---dgreports/---stat/documents/normativeinstrument/wcms_230304.pdf
- Quick guide to understanding the impact of the new statistical standards on ILOSTAT databases, available at https://www.ilo.org/wcmsp5/groups/public/---dgreports/---stat/documents/publication/wcms_854830.pdf
- International Standard Industrial Classification of All Economic Activities https://unstats.un.org/unsd/classifications/Econ/isic