



## **Economic and Statistical Observatory for Sub-Saharan Africa**

*March 2008*

### **Terms of Reference for the International Seminar on the Informal Sector in Africa: Measuring Instruments, Analyses and Integration of Economic and Social Policies**

**Bamako, AFRISTAT, 22-24 October 2008**

#### **I. Context and Background**

In 1997, AFRISTAT organized an international seminar on the theme: "The Informal Sector and Economic Policy in Sub-Saharan Africa". It was the first big event of this young regional institution. Organized with several international partners (EUROSTAT, ODA, World Bank, ILO, French Ministry of Co-operation, ORSTOM, INSEE and DIAL), the seminar brought together a large public: 25 delegations from sub-Saharan African francophone, anglophone and lusophone countries, about forty experts and representatives of international and regional organizations, specialists of national statistics institutes of countries of the North, as well as representatives of users of statistical information on the informal sector in the host country (Mali).

The success of the event led, in particular, to the publication of the proceedings of the seminar (in French and English), highlighting the wealth of the contributions and debates, as well as the developments and also the dark spots that need to be explored (AFRISTAT, 1998<sup>1</sup>). The recommendations of the seminar summarized the achievements and proposed a number of avenues for improving knowledge of the informal sector, which were challenges to be taken up for public statistics in Africa, and more generally in developing countries.

Eleven years after that seminar, it is necessary to take stock of the situation again. In addition to the obvious need, as a follow-up, to assess the progress made during the past decade, three other important reasons justify the present seminar:

1. At the statistical level, many surveys on the informal sector have been conducted over the past decade. The experience of *1-2-3 Survey* is a good example in this regard. Since 1997, there have been many successful field operations, in constant partnership with National Statistics Institutes (NSI) and regional statistics institutions. Indeed, surveys were conducted in 2001-2002, at the request of the WAEMU Commission, in each of the main cities of the seven member countries of the Union, with some countries even taking the initiative of conducting the same survey at the national level (Mali) or phases 1 & 2 in major towns (Benin). In Madagascar, an annual survey was established, with extension to the large urban centres in 2000 and 2001. The system is still in place today. In 2004-2005, Cameroon and DRC conducted *1-2-3 Survey* at the national level. Lastly, in Burundi, a mechanism was put in place in 2006 for repeated *1-2-3 Surveys* with gradual geographical extension. In addition to the experience of 1-2-3 surveys, other types of surveys were conducted in several African countries (Tanzania, South Africa, Botswana, etc.)<sup>2</sup>.

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<sup>1</sup> AFRISTAT (1997 et 1998), *Proceedings of the Seminar on the Informal Sector and Economic Policy in Sub-Saharan Africa*, Série méthodes N°1, 3 tomes, Bamako, Mali.

<sup>2</sup> See ECA (2007), "The Informal Sector: Definition, Concept and Importance in African Economies", Addis Ababa; document discussed in the experts' workshop organized in Lusaka (Zambia) in November 2007.

2. Furthermore, international reflection on informal sector statistics has made significant progress, particularly with the work of the Delhi Group. Established in 1997 and coordinated by the Statistics Division of the United Nations and the ILO, the group which, comprises experts from 24 countries and as many international agencies, has organized eleven annual meetings for the exchange of experience to improve survey strategies and harmonize informal sector statistics at the international level. A manual entitled “*Manual on Surveys of Informal Employment and Informal Sector*” to be published in 2008, is being prepared. Furthermore, discussions are held on a regular basis with the group of experts on the update of SCN-93 (AEG), who adopted the idea of developing a whole chapter specifically on the informal sector, as well as creating a satellite account on informal employment.
3. Lastly, as regards economic policies, while the measurement and analysis of the informal sector remain very crucial in view of their importance in the economies of developing countries, the new orientations of development policies give the sector a new and central role. Focusing on poverty reduction (through initiatives such as the PRSP, HIPC and MDGs) places informal sector support policies at the core of development strategies. This leads to renewed interest in issues relating to employment<sup>3</sup> or micro-credit that are closely linked to the informal sector. Indeed, there is awareness of the unavoidable importance of public statistics in the conduct and monitoring of policies. As regards research, significant progress has been made in recent years in methods of assessing the impact of policies and projects, thereby resulting in growing demand from development partners.

However, while conditions are conducive for progress in considering the informal sector in statistics and policies, the independent and scattered experiences make it difficult to consolidate achievements in the area. Communication between statisticians (or other professionals concerned with the informal sector) from different countries remains limited. The links between statistics, research and policies are also blurred. There is therefore a clear need for integration and coordination on this front, which the seminar will help to promote.

## **II. Content of the seminar: Bamako, eleven years after**

The exchange forum, which took place in 1997 in Bamako focused on the following four themes:

- (i) The informal sector: definition and importance: Based on the definitions of the 15<sup>th</sup> International Conference of Labour Statisticians (ICLS) organized by the ILO, the idea was to position the informal sector within the economy of developing countries.
- (ii) Survey techniques for measuring the informal sector: It would be better to replace the direct approach of informal production units (IPU) with mixed mechanisms (households/IPU);
- (iii) Integration of the informal sector into economic information systems (including national accounts): Such integration concerns production, employment and intermediate consumption.
- (iv) Dissemination of results to users: Better knowledge of the informal sector should lead to analyses that make it possible for decision-makers to formulate appropriate policies for integrating the sector into the economic life of the country.

The themes of the international forum of October 2008 will focus from the start on problems relating to the integration of informal sector statistics into economic and social policies, as well as on building on relevant experiences acquired over the past eleven years in Africa.

### Objectives and content of the 2008 seminar

Referring to the achievements of “Bamako 1997”, the seminar will no longer discuss the concepts, nomenclatures or definitions of the informal sector, even though they are still topical. After reviewing the relevance and compatibility of the concepts, efforts will be made to better focus the production and uses of statistics on the informal sector, as well as on new dimensions that have appeared since 1997, based mainly on the key lessons learnt from the deliberations of the Delhi Group.

Furthermore, the effect of the introduction of the informal sector into national accounts should be appreciated: it will make the GDP exhaustive, with the preparation of production and income-generating accounts. In addition, the use of a single employment matrix will help to produce added value per worker, by comparing them with the different components of employment.

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<sup>3</sup> Cf. for example in Africa, the Ouagadougou Summit of 2004

Lastly, an analysis of existing policies or those to be promoted implies the development of mechanisms and impact assessments of policies and projects. From this point of view, the methods to better focus statistics production and use on the informal sector should be identified and developed.

Five themes have been identified as well as sub-themes; an indicative list of sub-themes has been drawn up with the purpose of encouraging participants to present papers on them:

- I) Appreciate the progress made over the past eleven years of practice in the area. In particular, draw lessons and perspectives from the responses provided by the Delhi Group to the issues of operationalization of the informal sector concepts.
- II) Assess the measuring mechanisms developed for the informal sector, and take stock of their relevance and complementarity; explore whether they contribute (or not) to strategic reflection.
- III) Evaluate the uses of informal sector statistics by national accounts; the evaluation will be based on the reflections of the group of experts on the update of SCN-93 (AEG) and the proceedings of the 17<sup>th</sup> international conference of labour statisticians (ILO 2003).
- IV) Evaluate the other uses of informal sector statistics, particularly for social policies and poverty reduction strategies.
- V) Examine key institutional topics such as the roles of NSI; the role of the PRSP Unit; and their collaboration in sustaining the information system (as producers and users) on the informal sector.

### **Themes and Sub-themes Matrix (Indicative list for potential contributors)**

#### Theme I: Analysis of answers to issues concerning the operational concepts on informal sector

- 1) Modern sector, non-agricultural informal sector and agricultural sector: which definitions for an exhaustive coverage of economic activities
- 2) Difficulties related to the diversity of the selected operational criteria
- 3) Informal sector, informal employment, and decent jobs.

#### Theme II: Relevance and complementarity of data collection mechanisms

- 4) Assessment of methodology of mixed surveys in Africa
- 5) Methods of estimating the key indicators and statistical procedures based on the mechanisms used;
- 6) Comparison of existing mechanisms (LSMS, 1-2-3, enterprises surveys, other mixed surveys, etc.)
- 7) Extension to the national level: minimal conditions for obtaining valid national aggregates (major towns, urban areas, national)

#### Theme III: Uses of informal sector statistics by the national accounts:

- 8) Measurement of aggregates (production, added value...) of IPUs
- 9) Employment satellite accounts
- 10) Consideration of the rural non-agricultural informal sector in estimating the GDP

#### Theme IV: Other uses of informal sector statistics

- 11) Poverty and the informal sector: households' resources and consumption
- 12) Vulnerability of employment and social security
- 13) Informal sector and urban development (use of public spaces, hawking, etc....)
- 14) Micro-credit, training in corporate risk management and pooling
- 15) Labour by women, children, difficulty of the work, health risks
- 16) Vocational dual training and apprenticeship in the informal sector;

#### Theme V: Institutional roles of National Statistics Institutes and PRSP Units

- 17) Taxation and registration of informal production units
- 18) Difficulties and constraints relating to the production of informal sector statistics in Africa: key lessons and prospects for improvement
- 19) Exchanges for production of quality indicators: which data collection mechanisms.

### **III. Organization**

#### *Date and Venue*

The seminar will be organised from 22 to 24 October 2008, in Bamako (Mali), following the AFRISTAT Management Committee meeting. This tight schedule implies strict timing of interventions during the plenary sessions as well as work in groups. Consequently, concerning the presentations, the indicative sequence is as follows:

- March/April: Once the TOR disseminated, the Organizing Committee (Level 1) begins its work;
- April/May : Identification of potential presentations by theme and/or sub-themes;
- June/August: Finalization of the list of contributors, and call for finalized documents on 15 August;
- September/October: Translation of key texts into the other language (English or French).

Indeed, only the statements and presentations during the plenary sessions will be made available in two languages. Furthermore, it would be necessary to provide for simultaneous interpretation equipment.

#### *Participant Institutions*

AFRISTAT is the kingpin of this event, in collaboration with other institutions, which should be contacted. The partner organizations of the 1997 seminar are natural and sure candidates; some of them have already expressed their interest (DIAL, MAE/DGCID). Other organizations operating in this area should also be contacted (ECA, ADB, PARIS-21, PDM, FAO, etc.)

As regards the participants, the scope of stakeholders (countries, institutions, experts) “during Bamako 1997” will be broaden while maintaining a central role for National Statistics Institutes (NSI). We envisage about thirty country delegations of three persons each: (i) the DG of the NSI; (ii) the officer responsible for the informal sector in the NSI (national accountant or survey statistician) and (iii) the officer responsible for the PRSP unit; about ten researchers/scholars from the South and about forty participants from international institutions or experts/researchers from the North will be included in the panel, giving a total of about 140 participants.

### **IV. Results and Dissemination**

Publication/dissemination: Keeping to the minimum, only the proceedings of the seminar in English and French will be published, as well as the discussions’ content. The proceedings will be posted on the AFRISTAT Website, and a CD-ROM will be distributed to the participants at the end of the seminar.

Follow-up to the seminar: The key results of the seminar will be consolidated at the international level on every occasion (including the 2009 Vietnam conference).