

ACTION PLAN FOR IMPROVING AND MONITORING INFORMAL SECTOR STATISTICS IN AFRICA (PASIA) FOR THE PERIOD 2012-2014¹

1. Background and current context

The concept of the informal sector emerged in the 1980s. Since then, many initiatives have been undertaken, particularly by the International Labour Organization (ILO), the Delhi Group on the Informal Sector, research centers such as DIAL in France and researchers from all horizons, to articulate this concept in terms of substantive content, holistic methods for its measurement and the mainstreaming of informal sector survey results into national accounts.

Measuring the informal economy is becoming increasingly important in the activities of statisticians and economists of developing countries, and more particularly in Africa. The measurement concerns goods and services production, income distribution, and job creation. Furthermore, poverty reduction strategies place employment or microfinance issues, which are closely linked to the informal sector, at the core of development policies. In light of the impact of the recent world financial and food crises on the living conditions of households in Africa, it is obvious that better knowledge of the informal economy is essential for developing relevant growth and poverty reduction strategies in African countries.

With support from DIAL and AFRISTAT, a particular progress has been made, since the late 1980s, to develop in Africa methodological tools and approaches for measuring and monitoring the informal sector. Accordingly, the survey mechanism known as “1.2.3 Surveys” has been used and is currently widely used by Madagascar, Congo (DR) and all 18 AFRISTAT countries. Other reliable mechanisms for collecting data on employment and the informal sector have been put in place in others sub-regions of Africa or in countries like Tanzania, South Africa, Botswana, etc.

The initiatives undertaken over the past few years to improve knowledge on the informal sector in Africa include the following international seminars or expert group meetings organized:

- in November 2007 by ECA and ILO in Lusaka, Zambia ;
- in October 1997 and October 2008 by AFRISTAT in Bamako, Mali ;
- in October 2009 by the United Nations Statistics Division(UNSD) and the ILO in Dar-es-Salaam (Tanzania) on informal employment and employment in the informal sector in SADC countries.

During the first meeting of the African Statistical Commission (StatCom-Africa) from 21 to 23 January 2008 in Addis-Ababa, Ethiopia, a working group was set up to organize and monitor activities on the informal sector in Africa. The leadership of this working group was entrusted to AFRISTAT.

Following the recommendations of StatCom-Africa, an action plan has been prepared to map out guidelines for action by the group and activities that could be carried out by stakeholder African countries and organizations over the coming three years. The plan incorporates the key

¹ This document was prepared by AFRISTAT in collaboration with ACS/ECA and ILO.

recommendations of the International Seminar on the Informal sector in Africa (ISISA) organized by AFRISTAT in October 2008 and the positive results of the Dar es-Salam seminar, as well as recent thinking in this area.

The Action Plan for improving and monitoring informal sector statistics in Africa proposed a wide range of activities to be carried out in a concerted manner on the informal sector over the period 2012-2014. It also suggested some expected outcomes and conditions for its successful implementation.

2. Objectives

The overall goal of the Action Plan was to provide informal sector stakeholders in Africa with an integrated working framework for three years (2012-2014) so as to help strengthen and secure comparable informal sector and informal employment statistics, as well as to ensure that they are more frequently and regularly available.

The specific objectives were as follows:

- making an inventory of ongoing work, studies and research on the informal economy;
- preparing a comparative methodological report on mechanisms for collecting and processing data on the informal sector so as to promote continental comparisons and move gradually towards harmonization;
- preparing and validating, within an advanced working group, the concept outlines and minimum questionnaire content for a survey on the informal sector under themes to be discussed;
- encouraging countries to initiate studies, research and surveys on the informal economy, and provide technical support for their implementation;
- testing procedures for preparing informal accounts through employment matrices; and
- establishing an African network of experts on measuring informal economies.

3. Intervention strategy

The proposed overall strategy focuses both on resolving coordination issues in the informal sector and on creating conditions for achieving the above-mentioned objectives through implementation of annual work programmes with actual deliverables. It differentiates “regional activities” (those of regional and sub-regional organizations) from activities to be carried out by the countries themselves, with or without external support.

3.1. Institutional arrangements

The working group set up by the first StatCom-Africa meeting, the African Working Group on Employment and the Informal Sector (AGIS), is expected to have a formally constituted and structured bureau², with operating resources. Indeed, the activities of the group will be viable only if the AGIS bureau has the resources to meet at least twice each year.

² It is expected to comprise representatives of countries, African regional and sub-regional organizations, and technical and financial partners. Proposed composition: South Africa, Cameroon, Madagascar, Niger, Tanzania, AFRISTAT, ADB, ACS/ECA, CUA, DIAL and two academicians (*intuiti personae*). The group may invite persons with other skills depending on the items on the agenda of its deliberations.

The work of the bureau must be presented to the group during StatCom-Africa sessions, and the AGIS outcomes must be approved by the same sessions. The outcomes concern preparation of:

- AGIS annual work programmes;
- Common methodological documents;
- Progress reports.

As much as possible, the bureau should contribute to the mobilization of financial resources and organization of technical support required by countries to implement national action plans on the informal sector.

3.2. Key strategic work areas

Two key areas are defined in the PASIA: organization and conduct of regional activities, and implementation of national work programmes on the informal sector.

3.2.1. Regional activities

(i) Establishing a knowledge base on the Informal Sector

Although the Dar-es-Salam Seminar (October 2009) noted significant progress in comparability of key data on the informal sector and informal employment among African countries, efforts should be made to work on an inventory of relevant surveys and studies so as to produce a complete map of the surveys.

The key objective of the inventory will consist in defining an “African methodology” for measuring the informal economy on a consensual basis so as to produce metadata of results and facilitate inter-country comparisons and mainstreaming of the data into the overall evaluation of the economy.

As a priority activity, the inventory of surveys and preparation of a methodological report, which is a sort of assessment of survey methodologies of the past 20 years on the informal sector, should be scheduled as from 2012 and carried out by ACS/ECA and AFRISTAT.

(ii) Building a strong basis for the harmonization of work on the informal economy

The International Seminar on the Informal Sector in Africa (ISISA) gathered recent documents on progress made by countries, as well as the status of applied research on the informal sector. Furthermore, ECA, UNSD and ILO have conducted comparative analyses of the various mechanisms in Africa, highlighting their specificities and facilitating the comparison of results.

However, guidelines still need to be defined to help African experts to take into account the general principles and operationalize international works on the issue (Cf. Delhi Group).

The second stage will be the preparation and adoption of a “minimal” methodology for conducting surveys on the informal sector in Africa, based on information from past experiences (Cf. which methodological report?) and mainstreaming of new needs in line with growth and poverty reduction strategies, as well as ownership of the 2008 System of National Accounts (SNA2008) by the countries. This “African methodology” will be presented to and approved by the fourth session of StatCom-Africa in 2014.

(iii) Pursuing and strengthening studies on the informal sector

The third area of focus consists in conducting in-depth studies for better knowledge on the informal sector, particularly through the:

- Design and testing of procedures for preparing informal sector accounts on the basis of employment matrices;
- Conduct of studies on the contribution of the informal economy to national accounts (GDP and its growth by branch of economic activity).

(iv) Building capacities in the analysis of information on employment and poverty

A key phase of the PASIA consists in developing activities to ensure better use of available information to generate reports and analyses that meet the expectations of users, particularly policy makers, social partners and various authors involved in preparing, implementing and monitoring national Poverty-Reduction Strategy Papers (PRSPs).

In addition to seminars/workshops which could be organized for national officials, the training of a network of stakeholders and researchers in the informal sector in Africa will allow for exchange of information and experiences. ACS/ECA will be able to institute such a network.

The network will comprise national focal points responsible for providing regular information on:

- Web Pages on the “Informal Economy in Africa” action plan from the African Statistical Knowledge Networks (ASKN) site of the ACS;
- A discussion forum on ASKN for members of the network to blog their concerns on activities to be carried out on the informal economy.

AGIS should also take the opportunity of the regional seminars organized by ILO, AfDB, etc. in order to train pilot countries.

3.2.2. National activities

Countries are required to play a major role in establishing a mechanism for measuring and analyzing the informal sector. Their commitment in this initiative will depend largely on their respective programmes of activity in this area. It will consist particularly in preparing and conducting surveys on the informal sector, as well as analyzing and disseminating the data.

The objective is to start the PASIA activities in the pilot countries so as to implement the key orientations of the “African methodology”. This will be tested in the selected countries. Particular emphasis will be laid on:

- various survey phases reflecting the major themes of the survey;
- the relevance of questionnaires for each of the phases ;
- the establishment of a mechanism for collecting data on the informal sector (panel for annual monitoring of informal sector employment).

Generally speaking, the “African methodology” will have to be tested in terms of all these aspects, including the content of the concept and definitions of the informal economy in Africa.

Furthermore, through analyses to be conducted, the operationalization of employment matrices for national accounts will be one of the key points in promoting the use of data from these operations.

Depending on availability of resources, the pilot countries will receive technical support to strengthen the capacities of national teams responsible for conducting surveys, from data collection to final analysis of results and/or accounts produced.

The lessons learnt from conducting surveys and studies in pilot countries will be extended to other countries as and when they undertake such initiatives.

3.2.3. Indicative PASIA Implementation Schedule

In addition to “regional activities”, over the 2012-2014 period, the plan is to launch at least two phases of the mixed survey on employment and individual production units, formalizing employment matrices, and adopting a satellite account approach to the informal economy.

Furthermore, quality modules could be included in the employment survey on the following themes:

- democracy; good governance; subjective poverty;
- return of households in gender mainstreaming into employment surveys.

Year 1 (2012)

Regional activities

- Two AGIS bureau meetings with the following main items on the agenda:
 - Adoption of the work programme of the bureau;
 - Consensual finalization of the schedule of activities to be implemented;
 - Methodology of inventory of informal sector surveys and studies;
 - Procedures for preparing the methodology report on mechanisms for measuring the informal sector in Africa;
 - Official designation of pilot countries and of national focal points;
 - Evaluation of AGIS cost, and issues relating to resource mobilization for the smooth implementation of AGIS activities;
 - Content of the annual progress report;
 - Establishment of a network of actors on the informal sector;
 - Issues relating to communication within the bureau (use of ASKN, ...).
- Inventory of surveys and studies on the informal sector (this activity should be conducted before the end of the year 2011).
- Preparation of a draft African methodology for measuring the informal economy. This activity should be completed before the end of 2012 and will be given priority so as to enable the pilot countries to carry out their activities on the basis of a common minimal methodology. It will mainly consist in preparing the following documents:
 - concepts and definitions manual;
 - questionnaires;

- survey interviewer’s manual;
- data processing logical framework (computer programme for data collection and processing);
- general plan of the data analysis report;
- any other document relevant to the informal sector.

National activities

- Establishment of survey mechanisms;
- Mobilization of financing;

Year 2 (2013)

Regional activities

- Two AGIS bureau meetings with the following main items on the agenda:
 - Review of the progress report of year 1;
 - Adoption of the work programme of the bureau ;
 - Review of the survey reports of pilot countries (methodological aspects) ;
 - Finalization of the “African Methodology” and related methodology documents based on pilot surveys;
 - Review of the status of resource mobilization;
 - Issues relating to communication within the bureau (use of ASKN, ...);
 - Finalization of pilot survey documents in terms of assistance required by countries.

National Activities

- Implementation of national surveys on employment and the informal sector in pilot countries based on the harmonized data collection mechanism validated by the pilot countries (from data design to analysis and dissemination);
- Analysis and dissemination of results.

Year 3 (2014)

Regional Activities

- 2 AGIS bureau meetings with the following main items on the agenda:
 - Review of the progress report of year 2;
 - Adoption of the work programme of the bureau;
 - Review of survey reports of pilot countries;
 - Review of the survey evaluation reports of the pilot countries;

- Review of methodological aspects for preparation of the satellite account of the informal sector;
- Review of the status of resource mobilization;
- Issues relating to communication within the bureau (use of ASKN, etc.);
- Review and validation of the African methodology (StatCom-Africa III);
- Conduct of a regional study on contribution of the informal economy to national accounts (GDP growth its trends by branch of economic activity);
- Development of methodology on the informal economy satellite account Preparation and publication of the survey evaluation reports of pilot countries.

National activities

- Conduct of annual surveys (pilot countries), if necessary;
- Replication, in other countries, of national surveys on employment and the informal sector based on the harmonized data collection mechanism validated by the pilot countries (from data design to analysis and dissemination) ;
- Analysis and dissemination of results.

4 Expected outcomes

At the end of the period, the documents which should be available and widely disseminated will include:

- An inventory of surveys and studies on the informal sector in Africa;
- The methodology report of the surveys on the informal sector in Africa, including the concepts and definitions manual;
- The “African methodology” for surveys on the informal sector in Africa;
- Reports on analysis of data on the informal sector in pilot countries;
- Summary report on surveys of pilot countries.

5-Budget estimate for the activities of the Working Group

It is too early to estimate a budget for the implementation of the activities of the Working Group. Given below are the major aspects that could be taken into consideration for the various figures:

- AGIS bureau meetings, twice each year; these meetings will be extended to pilot countries;
- Some field missions to compile an inventory of surveys and studies on the informal sector;
- Contribution to surveys of pilot countries;
- Technical assistance to pilot countries and others that would want to conduct such operations.

6. Conditions for success and risks

PASIA implementation could be costly. While a number of regional operations can be covered by the regular budgets of regional and sub-regional organizations, the same does not apply to national activities. Resource mobilization is key to success of the PASIA.

The secondary conditions include:

- Availability of capacities within the organizations and countries;
- The policy commitment of the countries;
- Inclusion of these activities in the regular programmes of organizations and National Statistical Development Strategies (NSDS) of the countries.

Comprehensive plan for strengthening (statistics and national accounting) capacities and organization of applied research is therefore also envisaged to support and guarantee profitability and sustainability of PASIA activities.

The strategic plan is to provide countries, which so desire, with technical support (data design, processing, and analysis) for implementation of a mechanism for collecting data on the informal economy, and to validate the quality of the results produced.

As regards the content of the methodology to be prepared, a number of constraints should be taken into account (Cf. Annex)

Annex: Overview of constraints on international comparability of statistics on employment and the informal sector in Africa

A. Technical constraints

Constraints on identification and evaluation of informal activities

- Consideration of agricultural activities in the preparation of the employment matrix, in addition to informal jobs, jobs in the informal sector, and other formal jobs;
- Consideration of domestic workers in the definition of the informal sector;
- Consideration of persons involved in the production of goods for their personal needs in the definition of the informal sector;
- Review of identification criteria of informal production units in the definition of the informal sector and their operationalization.

Reasons for under-estimation of the informal sector

- Lack of information on secondary employment;
- Lack of and/or poor formulation of relevant questions on employment.

Problems relating to identification of informal jobs

- Type of data collection mechanism used
- Formulation and/or sequencing of questions

Problems relating to consideration of seasonal nature of jobs and activity

- How can the seasonal nature of jobs be determined?
- How can the seasonal nature of an activity be determined?
- Should priority be given to a retrospective approach or repeated visits at different times of the year when considering the seasonal nature of jobs and activities in the informal sector?

B. Political constraints

- Difficulty in imposing a given type of data collection mechanism (labour force survey, Surveys 1.2.3) used in a given sub-region and in another sub-region. Under such conditions how should the additional module required for production of harmonized indicators on the informal sector in Africa be envisaged?

- Coverage, by Governments, of expenditures relating to conduct of national surveys on employment and the informal sector so as to encourage steady production of statistics on employment and the informal sector;
- Regular organization, every three or five years at most, of a national survey on employment and the informal sector;
- National buy-in to the draft action plan.

C. Organizational constraints

- Definition of a communication and dissemination strategy to be prepared by countries to extend activities carried out in the employment and informal sector;
- Definition, by National Statistical Institutes (NSIs), of an appropriate strategy for building on work carried out in the employment and informal sector (archiving, documentation, establishment of technical teams and focal points on these activities, active participation in the activities of the African Group on the Informal Sector, etc.).