

Status Report on the Informal Sector's inclusion in the National Accounts

Saint Lucia

Agenda

- Presentation of the Survey
- Categories of Questions
- The Survey on Household Unincorporated Enterprises & Informal Sector
- Lessons Learnt and Way Forward

Presentation of the survey

- The ***Integrated Labour Force Survey*** was a nation wide data collection operation realized by the Central Statistical Office of Saint Lucia, with the support of UN-ECLAC
- This operation was aimed at instituting a two-stage data collection strategy related to the evaluation and the follow up of employment, informal jobs and the informal sector.
- Information about employment was collected in a first phase through a **Labour Force Survey (LFS)**
- Information about the informal sector and other small businesses was collected in a second phase through an Enterprise Survey (***Survey on Household Unincorporated Enterprises & Informal Sector***).

Presentation of the survey

- The prime objective was not only to ascertain the contribution of the informal sector to the economy, but also to develop indicators to be used in policy formulation.
- The first step of the operation was the quarterly **Labour Force Survey (LFS, or Phase1)**, which is a household survey, aimed at collecting data on employment, unemployment and work conditions.
- The standard LFS was updated in order to include questions related to the measurement of the informal sector and informal jobs.

module of the LFS.

- **Questions related to the informality of the jobs:** these questions focus on the stability/precariousness of the job.
- **Questions related to the identification of the Household Unincorporated Enterprises for Phase2:** these questions focus on the business where the interviewee works, not on the job.
- **Questions related to the identification of the informal sector:** these questions also focus on the business where the interviewee works, but are aimed at distinguishing the formal businesses from the informal ones.

Sector (or Phase2)

- **The Survey on Household Unincorporated Enterprises & Informal Sector (or Phase2) is an enterprise survey focusing on non-agricultural Household Unincorporated Enterprises with Market output (HUEMs), which were identified in the first phase .**
- Some of those HUEMs are registered by the local tax administration, keep formal accounts and pay business income taxes (formal HUEMs), and others are not registered or do not keep business accounts (informal HUEMs).
- The Phase2 aims at collecting information on the characteristics of the activities in the small and familial businesses, their development and functioning difficulties as well as their conceivable solutions.

The Survey on Household Unincorporated Enterprises & Informal Sector (or Phase2)

- Interviews were conducted only with individuals who have been identified in the LFS as heads of a HUEM, regardless of the nature of the small business i.e. formal or informal.
- Questions were asked about the characteristics of the business, the type of employment it involves, its status and organization, its business environment and tried to identify the kind of accounts kept, if any.
- After having estimated and aggregated their turnover, expenses and investments, the CSO attempted to estimate the value created by the informal HUEMs (the informal GDP) in every main sector of the economy in Saint Lucia.

The Survey on Household Unincorporated Enterprises & Informal Sector (or Phase2)

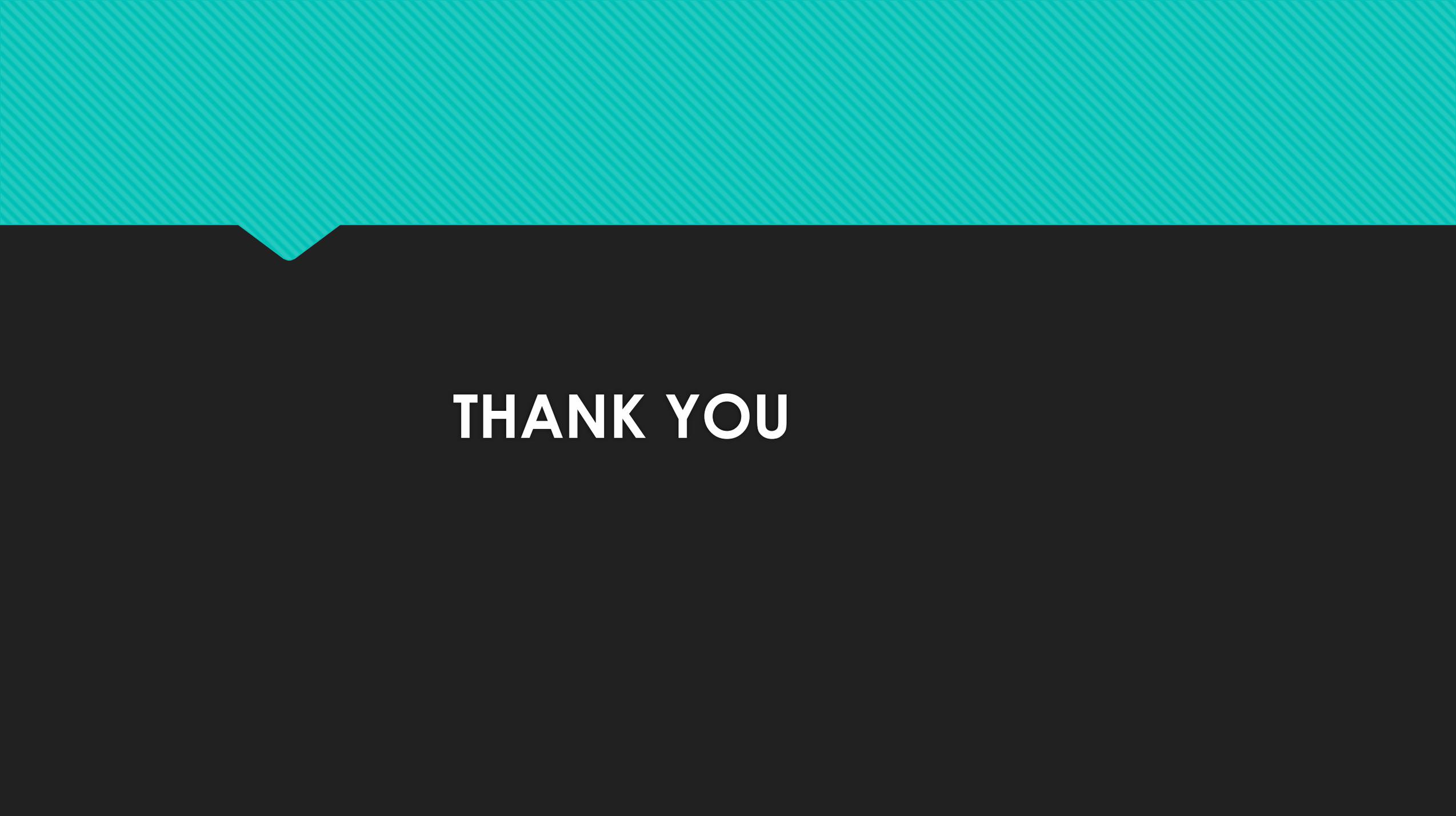
- The sample design of the Phase2 is directly dependant on the number of HUEMs identified in the Updated LFS (Phase1).
- All the HUEMs were selected for interviews in Phase2, as soon as their head was identified in the first round LFS phase.
- The benefits of such a strategy was to simplify both the computation of estimators' precision (interval confidence, design effect, etc.) and the field operations (once an HUEM as been screened in the LFS, it shall be surveyed in phase 2).

The Survey on Household Unincorporated Enterprises & Informal Sector (or Phase2)

- The following **5 screening questions on the LFS** were used to interview an individual for Phase2, as the head of a HUEM, based on the main job of this individual or for a secondary job, if any.
- *Criterion 1:* The individual has to be an **active worker** (or owner of a business) aged 15 years old or above.
- *Criterion 2:* This worker has to be the head of a business (**self-employed** as own-account worker or employer).
- *Criterion 3:* The activity of the business has to be **non- agricultural**.
- *Criterion 4:* The type of ownership is a **household/individual unincorporated** enterprise.
- *Criterion 5:* At least a part of **the production is sold**.

Lessons Learnt and Way Forward

- Inclusion of agriculture-related enterprises, given the traditional and existing significance of this industry to the domestic economy.
- Employing an NA estimation strategy, which better facilitates a more profound distinction between formal and informal segments of the economy. Limit the use of second-best approaches like the 'commodity flow' approach, which is used in the Construction and Distributive Trade industries.
- The prevailing methods employed for estimating value added in the Accommodation, Restaurants, Transport and other service-related industries, which depend heavily on administrative records, also present a challenge in attempting to isolate the contribution of the informal economy, since these administrative records contain elements of both informal and formal activity.
- Update the register of business establishments, employing the same standard criteria for defining informal enterprises across all data collection sources.

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THANK YOU