Challenges of Measuring Women Involvement informal Economy in Fragility and Adverse Conditions

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Abstract

Informal sector was internationally defined as a concept of labour force by the 15th ICLS in 1993 (ILO, 1993). Estimates are available for Africa, Asia and some countries of Latin America (Delhi group, 2000). However, these estimates are still often based on hypotheses originating in incomplete sources and not rounded in informal sector surveys. Informal sector surveys are almost the only reasonable way to estimate the size and characteristics of informal sector. Measurement of informal sector has been approached from social and economic perspectives. The social approach focuses on the characteristics of informal sector as a source for employment, the contribution of the sector to total employment and the work conditions. The economic approach focuses on the contribution to the GDP. A number of methods have been used to measure informal employment and informal sector contribution. The 1-2-3 survey, 1-2 survey and parallel mixed economic and social surveys are the most well known tools. All these tools are challenged by the changing trend and irregular manner of women involvement in the economy across time and countries with different development stages. In some countries, there has been an overall increase in the proportion of employment in the informal sector. The proportion of non-agricultural workers in the informal sector has increased substantially for all types of work status, except for the regular wage/salaried females due to separating out the workers engaged in the employer households.

Many developing countries pass through adverse conditions and fragility. These conditions have dominant impact on many dimensions of official statistics. In this paper, we discuss the impact of adverse conditions and fragility on the methodological challenges facing official statistics in the measurement of women involvement in the informal economy. The analysis shows that adverse conditions has dominant impact on the relevance of the measurement methods, and indicated the need for out of box modalities for measuring women involvement in informal economy in countries passing through fragility and adverse conditions.

1. Introduction

The informal sector was internationally defined as a concept of labour force by the fifteenth International Conference of Labour Statisticians (ICLS) held in Geneva in 1993 (ILO, 1993). As soon as the early 70s, it was up to the International Labour Office to propose the first multi criteria definition of the notion in its famous report on Kenya for the World Employment Programme (ILO, 1972). But labour economists and statisticians who paid attention to this rising phenomenon in a context of increasing rural-urban migration, urban growth and decreasing employment creation in the modern sector, had not been the first try to analyze and circumscribe the informal sector.
The word “informal” has also been a source of misunderstanding and confusion. The 17th ICLS (ILO, 2003) defined informal employment as a broader concept, which include “informal” employees working for formal or informal economic units without being registered or declared by their employers. While informal sector refers to the informal link between the State and the business owner. Informal employment refers to the informal link between employer and employee. Job precariousness, risks, quality, work conditions, etc. While the concept of informal sector refers to production units as observation units, the concept of informal employment refers to jobs as observation units. Jobs rather than employed persons. The criteria is that no written contract, no pay slip, no legal or social protection, outworkers (home-based workers, streets workers), casual/temporary job and absence of labour union.

According to the report of Delhi group (2000), most regular and frequent production of informal sector statistics is in Africa. Estimates are also available for various Asian countries and it is only in Latin America that data are scarce, may be because national accounts are there compiled by Central Banks which are indeed concerned by the completeness of GDPs, but less concerned by the identification of this component of the national economy.

The balance between uses and supplies of major products is generally the most common method used for the estimation of informal sector in manufacturing activities. This method requires the availability of data on household consumption and it is true that until now and until the recent development of informal sector surveys, the household budget-consumption surveys or the household living standard surveys were the most sought after.

In the equality that production and imports equals to the final consumption and intermediary consumption plus exports plus stocks variations, the knowledge of household final consumption and of production and intermediary consumption in the formal sector allows to make estimates of production and intermediary consumption in the informal sector subject to controls of the labour force involved in the informal sector (necessary because of the importance of trans-border trade in many countries and for many products).

Once the production of major products is known, assumptions are made on transport costs and trade margins, which distributed between the formal and the informal sector: data on labour force by industrial sector and anecdotal data on value added and margins in the informal sector are always used for controlling.

The contribution of the informal sector to GDP is currently known and available for many developing countries. However, these estimates are still too often based on many hypotheses originating in various incomplete sources and not grounded in recent national informal sector surveys. Particular shortage is noticed in the relevance of well known methods to catch up and produce estimates that are internationally comparable for both labour force and involvement in the informal economy.

2. Trajectories of addressing women in the informal sector

A number of international expert meetings highlighted some useful trajectories particularly with regard to policy actions to redress the further marginalization of women in the informal

\[^1\] Shabaneh 2006.
sector to encourage some comparative policy analysis including the informal sector as a mode of social exclusion; the changing nature of the institution of the family among the poor; and the character, magnitude and causes of urban violence with a particular focus on women and children; women's property rights and other human rights issues. An overall framework on women in the informal sector, both the expert discussion at this meeting as well as the relevant literature in this domain suggest that activities of women in the informal sector cannot be examined in isolation of those of other key actors with whom women are sometimes in competition including men and children. Moreover, women's roles and contributions including activities in the informal sector need to be situated within an appropriate analytical frame. These trajectories are based basically on the United Nations understanding of women empowerment which affirmed their human rights, and the fact that women are still much more likely than men to be poor and illiterate, and that women usually have less access than men to medical care, property ownership, credit, training and employment, and more likely to be victims of domestic violence.

Some authors suggested that international organizations should encourage a “gender analysis” much more forcefully, since a shift from a “women-in-development” (WID) to a “gender-and-development” (GAD) perspective, would have critical implications for planning and programming processes. The WID approach, which has been predominant among Governments and development agencies, has been shown to be both narrow and limited, since it tends to address only the “constraints” and the “special needs” of women. On the other hand, the GAD approach identifies “gender-based division of roles and responsibilities in society” (between men and women) and the fundamental implications of this for access to resources, participation and decision-making. A gender analysis, therefore, specifically addresses the need to transform, or remove, the structural imbalances that condition women's development roles and the nature and magnitude of their participation. These trajectories in fact were not explicitly reflected in the official statistics measurement of women involvement in the informal sector, although some gender gap indicators were introduced in some other fields such as poverty and education.

3. Methods measuring informal sector

3-1 The 1-2-3 and 1-2 survey

The 1-2-3 survey is composed of three basic schemes; socioeconomic household; characteristics informal sector for production units, and consumption and living conditions sub-sample. The survey is implemented in three phases; phase I provides data on employment and socioeconomic characteristics. During this phase a list of informal sector production units is identified. A sub-sample of production units is selected for phase II which is designed to collect information from informal production units and to link production and consumption at the micro data level. In phase III a more in-depth consumption survey is conducted on a sub-sample of the first phase.

The 1-2 survey develops a unifying definition of the informal sector and formulate an integrated data collection methodology on households unincorporated enterprises production units and to linked production units. In the 1-2 survey, informal economy equals to informal

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2 UNFPA official website; www.unfpa.org
sector in addition to informal employment outside the informal sector. Data are collected in
the 1-2 survey in two phases: the Labour Force Survey (LFS) to collect data on employment,
adding questions on informal employment, and integrate questions in LFS to identify
Household Unincorporated Enterprises for Market (HUEM). The second phase is the
HUEMs survey, to use first phase data to construct sampling frame for HUEMs, and to collect
data on HUEM. In the 1-2 survey approach, identification of „informal sector” enterprise is
done in the data analysis stage. Informal units typically operate at a low level of organisation,
with little or no division between labour and capital as factors of production and on a small
scale. Expenditure for production is often indistinguishable from household expenditure.
Activities are not necessarily performed with the deliberate intention of evading the payment
of taxes or social security contributions, or infringing labour or other legislations or
administrative provisions. Labour relations are based mostly on casual employment, kinship
or personal and social relations rather than contractual arrangements with formal guarantees.

The informal sector is a sub-sector of the household institutional sector in the system of
national accounts. To be excluded all incorporated enterprises, non-profit institutions serving
households, government institutions, and at least some production must be marketed, which
excludes production of goods and services exclusively carried out for own final use and own-
accounts workers/informal employers. The definition of the HUEM is the Household
Unincorporated Enterprises for Market. Therefore, informal sector is part of a HUEMs,
where additional criteria is implemented. This includes that the size is under specific
threshold, not registered, no specific business name, no separate business bank account and
without professional premises.

3-2 The mixed parallel survey

Some countries approached the measurement of informal sector and employment through a
parallel mixed survey sampling frame. For instance, the Palestinian Central Bureau of
Statistics (PCBS) designed an independent parallel informal sector survey. The statistical unit
for the survey was defined according to the definition of the SNA of 1993 which defines two
types of statistical units: Institutional unit; enterprise: an economic entity that is capable, in its
own right, of owning assets, incurring liabilities and engaging in economic activities and
transactions with other entities, and establishment: an enterprise or part of an enterprise in
which one group of goods and services is produced with the possibility of having secondary
activities.

For the purpose of implementing the survey, the informal sector was defined as informal
establishment which refers to an establishment which employs less than or equal 5 employees,
and they are mostly proprietors, unpaid family members, with low value of capital, lack of
complete accounting records, lack of working contracts, etc. Professionals such as doctors,
engineers, auditors and all other related professions were excluded from the survey frame.
The informal household project referred to the project established by the household or an
individual to have a source of income, or a job as a result of difficulties in having the working
opportunity in the formal economy, where the project is heavily depending on the social
relations and other personal relations. The agriculture activities were excluded form the
definition and the survey since there is no frame for the agricultural holdings or a holders
register (frame) and these activities need special methodology to avoid any duplication in measuring the economic indicators³.

The sample had been designed in a specific manner to meet the requirements related to the calculation of social and other related economic estimates in the informal sector. Assurance has been given to cover all kinds of establishments in this sector (representing all economic activities according to location of work and operator’s gender) so that upon completion of the survey reliable independent estimates could be extracted. Thus it becomes possible to study and analyze discrepancies among constituents of the Informal Sector in respect of its capability to generate income, as well as other related variables.

Based on the fact that the objective of the survey is to compile comprehensive data of the informal sector and its different constituents, the methodology of combining household surveys with the establishment surveys have been resorted to it. This way all employers of the informal sector and their economic activities can be covered irrespective of the size of an establishments and its location including the cases of using an owner’s residence as a work site. Those with no permanent addresses cannot be covered in an establishments survey solely.

The survey was implemented during one whole year on a quarterly basis. Many difficulties faced the fieldwork data collected at most referred to the person estimations, this decreases the confidence rate of these data. The barriers imposed by the Israeli occupation restrict the free movement between Palestinian regions especially between West Bank and Gaza strip and between West Bank and Jerusalem. The geographical nature of Palestinian territories, which divided into three regions (remaining West Bank, Gaza strip, Jerusalem inside borders), this gives every region special characteristics in: cost of construction and construction material prices, etc. One obstacle to get reliable data is the difficulties to reach the statistical unit. In fact addresses are not always fixed. In the case of mobile street sellers and taxi drivers, the place of work is mobile in the form of dynamic movement between stops which force the field worker to wait for a long time in order to take data.

Surveying the informal sector, households and establishments has availed statistical data (social and economic) about the reality of this sector. In respect of establishments it has provided data on the number of establishments, workers of different categories and their remuneration, value of production and intermediate consumption. In addition, it has provided data on the employer, and the establishment and organization of an establishment. In respect to households, the survey availed data on different social and demographic indicators, beside the numbers of workers according to their categorization in the informal sector and their remuneration, in addition to data on the value of production, intermediate consumption.

4. Adverse Conditions

Adverse conditions are usually present, among other reasons, in conflict and post conflict situations which are defined primarily as processes of transition towards consolidated statehood. This includes three main situations where a state might pass through as follows:

³ Further difficulties were reported in the compilation of the agricultural holding register due to lack of comprehensive registration on individuals basis.
1. **A crisis state** is a state under acute stress, where reigning institutions face serious contestation and are potentially unable to manage conflict and shocks.

2. **A fragile state** is a state that is failing, or at risk of failing, with respect to authority, legitimacy and comprehensive service entitlements of citizenry.

3. **A post-conflict state** is a state that has emerged out of conflict, crisis or fragility and is progressively establishing institutions and making resources available to sustain itself.

During and after conflict these countries may have outdated systems and administrative structures. Internal factors play a role in conflict. Armed conflict is usually triggered by an uneven distribution of power and wealth among regions or between the elite and the masses within a given state. However, external factors—such as regional context, in terms of peace, armed conflict and massive displacement of people—contribute to a large extent to the conflict and its resolution. Statistically, they might include poor frame coverage, poor frame content, difficult survey content, and sensitive survey content, poor potential response rates, inadequate resources, etc. Nationally they might include power sharing conflicts, over politicizing of population issues and inadequate environment to run population programmes and policies.

### 4-1 Particularities of Adverse Conditions

It is important to realize why measuring women involvement in the economy and particularly in the informal sector faces risks during adverse conditions. It is also important to know why adverse conditions require out of the box modalities and methods to measure and analyze women informal sector involvement. Economists and official statisticians are least prepared in managing and understanding political inputs to an economic policy and its political outcomes on women. Women issues in general and integrating women in the labour market are viewed as a long term development issues in many countries. Therefore, it is not positioned on the top of priorities of politicians and political agenda. This fact drops women empowerment back to the button of the priority list. Henceforth, the demand on statistics about women involvement in the economy and in the informal sector drops during adverse condition following the drop on the national political priority list. Accordingly, in adverse conditions the mission of empowering women and measuring their involvement in the economy becomes more complicated and less interested by the political level and development practitioners.

Fragility and adverse conditions lead to lack of political commitment for women issues and collecting information and statistics, lack of financial allocations and directing external funds to other vital fields related to crisis management. Accordingly sampling frames become less relevant, tools become outdated and the standard methods become less relevant.

### 4-2 Case Studies from Middle East

In this section, we present some case studies to show how women issues are negatively affected during adverse conditions and fragility. In fact, this is caused by deep rooted reasons in the thinking of politicians, economist, policy makers and planners in regard to women issues. Women issues are introduced as part of the development agenda but no a genuine component of the basics or pillars of their short term and long term plans. This clearly shown if we look at the budgets of the government and compare the women affairs with other basic issues like defense, security, health, education, etc. For instance, some
governments approach violent demonstration in the streets by crowds motivated by political reasons and violence against women very differently in terms of importance, intervention and follow-up although these are two forms of violence. In the first type of violence all the state announce emergency and take urgent measures to think, innovate, and suggest ways on how to deal, act and calm down it, but in the second form of violence it is left to the elite to think about it in the workshops, conferences and ad-hoc events.

Iraqi woman was among the first Arab women joined the labour market and gained education. Iraq succeeded over the period 1970-1990 in raising the standards of education across the board, special attention was paid to female education; female illiteracy declined, while female enrollment in primary, secondary, vocational, and higher education institutions increased dramatically. As a result of the state’s efforts, education was transformed “from a privilege into an entitlement” for all its citizens, and accordingly Iraq celebrated the eradication of illiteracy in 1990 as the first Arab country reached this objective. However, the imposition of sanctions against Iraq directly affected women’s access to education and women’s rights were the easiest to sacrifice. By 2003, the illiteracy rate among youth females (15-24) estimated to 19% compared with 11% for their male counterparts. In addition to these structural effects, the economic sanctions also directly impacted family relations in Iraq. The rise in domestic violence was a result of the economic uncertainty and left women more vulnerable than ever before.

In Iraq also, the government launched the parliamentarian elections in March 2010. Under the political debate and pressure over the government formation and power sharing following the elections, the new Iraqi national government which was born after a long and difficult national dialogue was imbalanced in terms of women representation although the electoral programs of all political parties identified women empowerment as a priority before the elections. In fact, while the previous government formed in 2006 included 4 women out of 33 ministers, the national government included only one woman out of 42 ministers. This means that the already underrepresentation of women in the government declined under adverse conditions and women were the victim of the political pressure and conflict. In fact representation of women decline from 12.1% in 2006 to 2.3% in 2010 due to adverse conditions.

In Palestine, the period 1995-1999 witnessed improvement in the development agenda, accordingly women unemployment rate decreased from 17.9% in 1995 to 11.1% in 1999 (about 38%), but in 2000 the Intifada (uprising) led to decline in the development agenda to the sake of humanitarian agenda, and to deal with the consequences of fragility of the situation. This has been reflected on women unemployment which increased again to reach 24.1% in the third quarter 2002 (an increase of more than double in comparison with 1999). Furthermore, Shabaneh (2000) noted that labour force participation rate is low in the Palestinian territory, particularly for females. Thus during the closure of 2000 economic dependency ratio increased significantly. Due to the shock many females gave up and left the

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5 Intifada is an Arabic word for shaking off, though it is generally translated into English as rebellion. The word “intifada” crystallized in its current Arabic meaning during the first Palestinian uprising in the late 1980s and early ’90s. It is seen by many Arabs as a valid term for popular resistance to oppression. The Palestinians were largely unarmed, so the enduring picture of the intifada is one of young men and boys throwing stones and rocks at Israeli troops. The Second Intifada, also known as the al-Aqsa refers to the second Palestinian uprising which began in September 2000.
labour market to be not economically active. It is worth noting that contribution of females to the jobseekers was very low, and this proportion declines during the labour shock.

Population of potentially productive females (15+) is a dynamic one and effectively interacting with labour shock caused by closure\(^6\). The nature of changes taking place during the shock is biased towards the more disorganized sectors and occupations (self employed, unpaid family business). The more organized private sector that is absorbing female labour (manufacturing) is the less absorbing sector during the shock. Therefore, females are transmitted from the more organized to the less organized sectors, which mean less labour rights.

In the above examples we can notice two main facts; the first is that adverse conditions might lead to a situation that traditional methodologies need to be re-visited to make sure that we are measuring up, and the second is that fragility related challenges have more distorting effect on females which requires an outofbox ideas to measure their involvement in the informal economy.

In fact Shabaneh (2008) noted that the implementation of the informal sector on the Palestinian cases during the sanctions after 2006 elections will lead to the fact that all employed workers outside international organizations and the public sector become informal employment. During the sanctions “tunnels” became the main channel for foreign trade in Gaza and these tunnels were utilized by the government and other sectors; although they do not enjoy any characteristics of formal business.

4.3 Adverse Conditions Related Challenges

The above argument indicated the importance of thinking in out of box modalities for measuring women involvement in the economy and to take out of box measures to protect women during adverse conditions. Statisticians, economists and policy makers are surrounded by a complex structure of challenges. These difficulties are country specific, and linked to the development stage and fragility of the state. These challenges are also linked with the institutional setup, economic policies and the structure of the economy and social exclusion in the country.

During adverse conditions, statisticians and economists have to deal with country specific challenges. They struggle to place women economic empowerment across the long list of competing priorities. They are also challenged with weak supporting environment, lack political commitment, lack of financial commitment and the lack of national champions who support women empowerment as a national priority. At the community level, development practitioners have to deal with the cultural and social determinants. During adverse conditions people tend to be negative, suspicious, and hesitant on the possibilities of community change and lack of trust in the official bodies. There are other challenges related to the design of the intervention of measuring women involvement. This applies to the tendency of copying the international standards to keep the possibility of international comparison on the expense of the particularities of the domestic conditions which make a

\(^6\) Labour shock is defined as a sudden excessive supply in the market. In the Palestinian context, “Closure” is a term referring to the restrictions placed by Israeli military army on the movement of Palestinian goods and labor across borders and within the West Bank and Gaza Strip. The restrictions leads to sudden pressure on the domestic labor market caused a sudden jump (increase) in labor flow (supply) of the domestic labor market due to the reduction of labor demand in Israel.
compromise on the understanding the dynamics of women involvement in the economy and in the informal sector.

5. Assessment of different methodologies

During adverse conditions, women labour force participation changes dramatically, internally displaced women start to do additional activities related to the survival of the household such as bringing clean water, doing some irregular market business, doing the household regular work in an abnormal modality with economic implication, etc. Of course sampling frames become less relevant because IDPS are not usually included in the frames, particularly female workers in mobile workplaces, and those on mobile houses. During fragility there is highly irregular and disordered intervention, which makes the frequency (yearly, or semi annually) less appropriate for measuring trends of involvement. Standard tools become less relevant particularly the questions related to contracts, taxing system, holding accounts, etc.

Although the 1-2-3, 1-2 and mixed parallel surveys proved to be instrumental tools to provide relevant estimates on the size and characteristics of the informal sector and informal employment, these method might still need more orientation and development to accommodate adverse condition and gender gap related challenges. During adverse condition and fragile situations such as civil wars, conflict, post conflict and occupation conditions, the measurement of women involvement is challenged by many difficulties, and there is a need to absorb the following dimensions:

1. Quantitative measurement in the well known surveys and there is a need to understand the dynamics. A complementary qualitative research is eventually needed.

2. Analysis should be based on case by case specific approach; the outcome of involvement in economic activities on women and children is not necessarily following the economic theories.

3. The sampling frames should be updated; a listing might be an important step before defining the final sampling design. The 1-2-3 modality better absorbs this problem, but it faces a challenge in the weighting of the estimates and scaling up the economic outcomes.

4. The informal sector surveys need to include both informal sector and informal employment in both formal and informal sectors, as women become more vulnerable during adverse conditions and potentially exposed to misuse in regard to labour market involvement.

5. The experience in some countries indicated that using an attached module to an ongoing survey such as labour force survey is a problematic and faces underestimation difficulties and bias in terms of the existing activities in certain locations. A stand alone survey might be a wise decision although this has to be confronted with budgetary constraints.

6. The well known methods become during adverse conditions unable to catch all types of women involvement in the informal economy under adverse conditions. Therefore more improvements need to be addressed on these tools in terms of methodology, design, frequency and method of collecting the information to absorb the changes created by fragility.
6. Conclusions

Adverse conditions and fragility are not any more exceptional situations, where many developing countries pass through such conditions. During such situation, women are exposed to two fold loads; women issues become less important and they are pushed to be involved in the less organized sectors with less rights and worse work conditions. The well known approaches to measure informal sector might provide aggregate estimates on the size of informal sector, but they need to be complemented by qualitative research to provide more information on the dynamics of the involvement and the driving forces of this involvement. More research is needed to develop a framework for measuring women involvement in the informal sector and its policy implications.

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