

TECHNICAL ASSISTANCE COMPLETION REPORT

Division: ERDI

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| TA No., Country and Name: TA 6430: Measuring the Informal Sector | | | Amount Approved: \$ 500,000.00 | |
| | | | Revised Amount: N/A | |
| Executing Agency: Asian Development Bank | | Source of Funding: TASF | TA Amount Undisbursed: \$ 23,365.73 | TA Amount Utilized: \$ 476,634.27 |
| TA Approval Date: 12 December 2007 | TA Signing Date: 12 December 2007 | Fielding of First Consultants 3 April 2008 | TA Completion Date Original: 31 December 2010 | Actual: 31 December 2010 |
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| Description <p>1. Although there has been a significant reduction in the incidence of poverty in the recent years, there were still an estimated 744 million workers of which 506 million live in Asia who do not earn enough to lift themselves and their families above the US\$1.25 per day poverty line in 2010. Five out of 10 workers in the world are in vulnerable employment, either contributing family workers or own-account workers with a higher risk of being unprotected. There are indications from current research and from sparse survey results across the world that this group of working poor is engaged in informal employment. While the informal sector offers a cushion to workers during economic crisis, the benefits of informal employment may not be sufficient to achieve an acceptable standard of living because informal employment rarely comes with adequate wages, good working conditions, and social protection.</p> <p>2. Having productive and decent employment for its workforce is essential to government's efforts to reduce poverty and achieve inclusive and sustainable development. Formulating and monitoring an effective set of policies for this purpose require comprehensive and timely data and analysis of the labor market. However, while many developing countries in Asia conduct labor force survey (LFS) regularly, very few collect data on the informal sector and informal employment, which is perceived to be a substantial component of the labor market in developing countries. Collecting informal sector and informal employment data is difficult because of its nature and composition and hence, they are not usually part of the governments' set of official statistics that the national statistics offices (NSOs) regularly compile.</p> <p>3. The development community have been undertaking some methodological research and statistics capacity building activities to address this data gap which is critical for informed decisions concerning the welfare of workers and their families and regulations that govern the informal economy. RETA 6430 was designed and implemented as a contribution to this global effort.</p> Expected Impact, Outcome, and Outputs <p>4. The TA's expected impact was to increase evidence-based policy making for poverty reduction. Its intended outcome was to provide NSOs with a sound strategy for collecting data from the informal sector; to support the integration of informal sector survey results into the compilation of national accounts statistics; and to enable agencies involved in planning, monitoring, and evaluating poverty-related policies to better understand the relationships between poverty and the informal sector.</p> <p>5. To achieve the TA's desired outcome, the following major activities were completed: (i) development of a cost-effective and reliable data collection strategy for collecting informal employment and informal sector data; (ii) implementation of the data collection strategy in (i) in three pilot countries - Armenia, Bangladesh, and Indonesia; and (iii) economic and methodological research using the informal sector survey data. These countries were selected because they have (i) an existing LFS with sufficient large sample households, (ii) an informal sector that is perceived to be growing, and (iii) not been covered by Interregional Cooperation on the Measurement of Informal Sector and Informal Employment (ICMISIE).</p> <p>6. After examining all the existing data collection strategies for the informal sector, the mixed survey was deemed to have the most potential for further development into a cost-effective and reliable data collection strategy in this area. This was also the same conclusion that was reached by the ICMISIE, a development account project of the United Nations with the Economic and Social Commission for the Asia and Pacific (ESCAP) as the lead agency in 2006 when a similar project was implemented in three other pilot countries in Asia.</p> <p>7. Memoranda of Understanding (MOU) with the pilot countries' respective NSOs were drawn. Under the MOUs, a variant of the mixed survey which the RETA 6430 team composed of ERD staff and consultants developed, was financed and implemented by the NSOs. The pilot country teams comprising of the respective NSOs worked closely with the RETA 6430 team in undertaking all the RETA activities. Together, they expanded the regular LFS by incorporating the questions for informal employment and for identifying informal sector production units that will be surveyed as a second phase survey. The sampling design of the second phase survey were drawn on the basis of available auxiliary data and budget allocation that the government can afford even after project life. The sampling strategy for LFS in Bangladesh was also developed. RETA 6430 and country teams also worked together in developing efficient survey operations and data processing plans. They also validated and analyzed the survey data and wrote the country reports. Dissemination forums on the country report were also held in Armenia and Indonesia.</p> <p>8. The RETA 6430 team undertook employment poverty analysis and other methodological research. They also wrote the <i>Handbook on Using the Mixed Survey for Measuring Informal Employment and the Informal Sector</i>. A conference to disseminate the outputs of RETA 6430 was held in ADB to which 14 countries in Asia with regular LFS and are potential users of the mixed survey were represented.</p> Delivery of Inputs and Conduct of Activities <p>9. The major activities were designed and implemented to fulfill the objectives of the TA. The MOUs were drawn, regularly reviewed and revised in close collaboration with the pilot countries and other relevant ADB units. Through careful planning, the budget allocation for consultancy services was able to cover almost 3.5 person months of international consultants and 54 person months of national consultants to support continuous collaboration efforts with the country teams especially during the design of surveys and questionnaires, in data analysis and report writing. The skills mix of the RETA consultants was optimal and enabled the RETA team to address most of the technical issues that arose. The cooperation with ESCAP also provided important inputs to the design of the</p> | | | | |

survey operations and questionnaires.

10. The questionnaires and survey operations were planned and tested well to ensure that the actual conduct of the mixed survey are done properly. Moreover, the outputs of the methodological research of the RETA 6430 team became good inputs to the designs of the samples and survey questionnaires. Key activities such as the pre-tests, seminars through video conferencing and review missions and workshops were documented properly. Materials on these activities were promptly uploaded to the RETA website to ensure that the country teams and other interested parties are well-informed.

11. The transfer of skills to key NSO staff was done smoothly and well because RETA 6430 and country teams worked closely together in most of the RETAs activities. Many video conferences and teleconferences as well as regular exchange of e-mails and the RETA website were instrumental in the successful collaboration efforts. An inception workshop fostered a good working relationship between the data producers and data users and gave assurance of the cooperation of the three pilot countries while small workshops on report writing enabled the country team members to further interact with RETA 6430 team. Important references (books) were also provided to the country teams.

12. The coordination of all the RETA activities was strongly supported by the resident missions. The resident missions hosted the video conferences and provided administrative and technical support. The conduct of many activities were completed with minimal delay per schedule except for Bangladesh in which there were two changes of top and mid-management personnel in Bangladesh Bureau of Statistics (BBS) during the project life. Because of the staff turnover, BBS was not able to secure government funds for conducting LFS that was scheduled in 2009. The Informal Sector Survey and the expanded LFS was conducted only in March 2010. Delays in data processing and consequently, in data analysis followed because of conflicting schedule with the census of population.

Evaluation of Outputs and Achievement of Outcome

13. The governments of Armenia and Indonesia have decided to implement the data collection strategy in succeeding LFS survey rounds even without financial support from ADB and hence, informal employment as well as social protection statistics will be collected regularly in these countries. The viable approach for adopting the mixed survey received very good reviews in the International Conference on Measuring the Informal Sector and Informal Employment. That was sponsored by many development organizations in Hanoi, Viet Nam, 6-7 May 2010. The method to expand the LFS questionnaire to generate informal employment statistics will be replicated by another ADB RETA (R-CDTA 7601: Updating and Improving the Social Protection Index) for household income and expenditure surveys to generate more social protection statistics.

14. The methods that were applied in the pilot countries were documented into a coherent and comprehensive Handbook that can serve as a good reference to NSOs that are interested to compile informal employment and informal sector statistics. The conference that disseminated RETA outputs – the cost-effective and reliable data collection strategy, methodological studies, two country reports (Armenia and Indonesia) and the Handbook was very well received by the participants and the development community. It has increased the interest of NSOs with regular LFS to compile informal employment and social protection indicators using the said strategy. The workshops that disseminated the country reports in Armenia and Indonesia were attended by a wide range of stakeholders in government, private sector, academia, and international organizations. Discussions on the survey results also heightened public awareness on informal employment and the informal sector issues.

15. The two country reports also generated interest within ADB and are being used as planning inputs. The survey data produced by this RETA are being analyzed and some results will be incorporated in the *2011 Key Indicators* special chapter.

Overall Assessment and Rating

16. The TA was successful. The objectives were achieved. A reliable method that governments can afford was developed and documented through a Handbook that could serve as a good implementation tool for interested countries. Except for Bangladesh, the planned activities were all successfully completed on time. Two countries are now compiling informal employment statistics regularly and there are more survey data on informal sector and informal employment that are available for policy analysis.

Major Lessons

17. The key to the success of this RETA is the optimal skills mix of consultants and ERDI staff; and the successful collaboration of the RETA team with the country teams and also, with ESCAP and ICMISIE steering committee members. Careful study of the technical requirements and the current conditions in pilot countries provided good inputs in designing the RETA.

18. For a government to provide necessary budget allocation for statistics development, public support and awareness is needed. Hence, wide dissemination of outputs from statistical activities such as this TA, is important

Recommendations and Follow-Up Actions

19. While a Handbook has already been written to support countries that plan to adopt the mixed survey for compiling informal employment and informal sector statistics, a follow-up RETA is needed to provide technical advice to countries and also, to undertake economic research on the survey data that are becoming increasingly available. The follow-up RETA can also fund more methodological research to further refine the methodology and provide training to NSOs staff.

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Designation: Principal Statistician

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