



## WOMEN AND MEN IN INFORMAL EMPLOYMENT: KEY FACTS AND NEW MDG3 INDICATOR

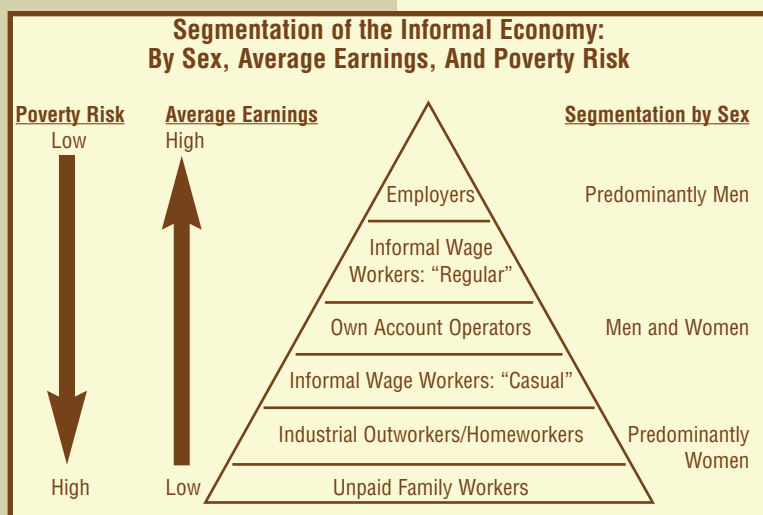
Informal employment comprises the major share of total employment in developing countries and a significant share of total employment in developed countries. Women workers are more likely than men workers to be engaged informally in most countries and regions. Also, women workers are more likely than men workers to be engaged in the lower-paid and more risky segments of informal employment.

### Size of the Informal Economy

- Informal employment comprises one half to three-quarters of non-agriculture employment in developing countries: specifically, 48 per cent of non-agricultural employment in North Africa; 51 per cent in Latin America; 65 per cent in Asia; and 72 per cent in sub-Saharan Africa. If South Africa is excluded, the share of informal employment in non-agricultural employment rises to 78 per cent in sub-Saharan Africa. If data were available for additional countries in Southern Asia, the regional average for Asia would likely be much higher.
- Some countries include informal employment in agriculture in their estimates of informal employment. In these countries the inclusion of informal employment in agriculture increases significantly the proportion of informal employment: from 83 per cent of non-agricultural employment to 93 per cent of total employment in India; from 55 per cent to 62 per cent in Mexico; and from 28 per cent to 34 per cent in South Africa.

### Women and Men in the Informal Economy

- Informal employment is generally a larger source of employment for women than for men in the developing world. Other than in North Africa where 43 per cent of women workers are in informal employment, 60 per cent or more of women workers in the developing world are in informal employment (outside agriculture). In sub-Saharan Africa, 84 per cent of women non-agricultural workers are informally employed compared to 63 per cent for men; in Latin America 58 per cent for women in comparison to 48 per cent for men. In Asia, the proportion of women and men non-agricultural workers in informal employment is roughly equivalent.
- The informal economy is segmented by employment status and by sex. Men are over-represented in the highest-paid segment of the informal economy – as micro-entrepreneurs who hire others. Women are over-represented in the lowest-paid segment of the informal economy – as homeworkers or industrial outworkers.



The segmentation of the informal economy by employment status and sex as well as average earnings and poverty risk (i.e. risk of being from a poor household) is depicted in the "iceberg" figure on the left. Because women are over-represented in the lower-earnings and higher-risk segments of the informal economy, there is a significant gender gap in earnings and poverty within the informal economy. Many of the theories of the informal economy focus on the "tip" of the iceberg where micro-entrepreneurs, mainly men, are concentrated to the relative neglect of those segments in which large numbers of the working poor, especially women, are concentrated.

Sources: The key findings are from the ILO 2002 book entitled *Women and Men in the Informal Economy: A Statistical Picture* written by Marty Chen and Joann Vanek. The "iceberg" figure is from *Progress of the World's Women: Women, Work, and Poverty* written by Marty Chen, Joann Vanek, Francie Lund, James Heintz with Renana Jhabvala and Christine Bonner.

WOMEN AND MEN IN INFORMAL EMPLOYMENT

The Millennium Development Goals (MDGs) have become a driving force for international development, setting development priorities as well as time-bound targets and indicators for measuring progress in implementation. However, the MDGs as originally formulated did not put sufficient attention on employment. Fortunately, employment indicators now have more priority in the MDG's. Under Goal 1 to eradicate poverty and hunger, a new target has been added: achieve full and productive employment and decent work for all, including women and young people. The indicators to measure progress toward this target are: the employment-to-population ratio, the proportion of employed people living below US\$1 per day, and the proportion of own-account and contributing family workers in total employment.

Another problem is that while employment was one of the indicators to monitor progress under Goal 3 (to promote gender equality and empower women) both women's rights advocates and statisticians questioned the value of the original indicator – the share of women in non-agricultural wage employment – as a measure of women's economic status. As the Millennium Project Task Force on Education and Gender noted in its report, the indicator measures only the presence of absence of work and not the quality of work. Further, in many developing countries, non-agricultural wage employment represents only a small portion of total employment in many countries, especially developing countries; and there are different types of non-agricultural employment.

In view of these problems, a new indicator that would include both agricultural and non-agricultural employment and distinguish between formal and informal employment was proposed by an expert group on MDG indicators. This new background indicator, developed by the ILO Statistics Bureau in consultation with the WIEGO network, provides a more complete picture of where women are situated relative to men in a multi-segmented labor force. The expert group recommended that countries routinely collect and tabulate data on this set of indicators.

**Contact details:**

[www.wiego.org](http://www.wiego.org)

[www.realizingrights.org](http://www.realizingrights.org)

[www.sewa.org](http://www.sewa.org)

GENDER DIFFERENCES IN THE STRUCTURE OF EMPLOYMENT			
Row		Women	Men
0	Share in total employment (Both sexes = 100.0 %)	%	%
<b>1</b>	<b>Total Employment</b>	100.0%	100.0%
<b>2</b>	<b>Agricultural Employment</b>	%	%
2.1	Own-account workers, employers & members of producers' cooperatives	%	%
2.2	Contributing family workers (informal)	%	%
2.3	Employees	%	%
	2.3.1 Formal	%	%
	2.3.2 Informal	%	%
<b>3</b>	<b>Non-Agricultural Employment</b>	%	%
3.1	Own-account workers, employers & members of producers' cooperatives	%	%
	3.1.1 Formal	%	%
	3.1.2 Informal	%	%
3.2	Contributing family workers (informal)	%	%
3.3	Non-domestic employees	%	%
	3.3.1 Formal	%	%
	3.3.2 Informal	%	%
3.4	Domestic employees	%	%
	3.4.1 Formal	%	%
	3.4.2 Informal	%	%
<b>3.I</b>	<b>Formal Employment</b> (2.3.1 + 3.1.1 + 3.3.1 + 3.4.1)	%	%
<b>3.II</b>	<b>Informal Employment</b> (2.1 + 2.2 + 2.3.2 + 3.1.2 + 3.2 + 3.3.2 + 3.4.2)	%	%

**HOW WE HELP**

The **Self-Employed Women's Association** seeks to promote full employment and self-reliance of working poor women in the informal economy by organizing them into trade groups and cooperatives; building local institutions to provide services of various kinds; and advocating for appropriate and supportive changes in the wider policy environment.

The **WIEGO** network seeks to improve the status of the working poor in the informal economy, especially women, in the informal economy through increased organization and representation; improved statistics and research; more inclusive policy processes; and more equitable trade, labour, urban planning, and social protection policies.

**Realizing Rights: The Ethical Globalization Initiative** seeks to enhance and extend human rights policy and practice, and through its promotion of the right to decent work and equitable trade policy aims to increase national and international accountability for realizing economic and social rights.