**Resolutions Approved by the NSCB Executive Board**

Series of 2003

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**ADOPTING A SET OF CRITERIA
FOR IDENTIFYING THE INFORMAL SECTOR**

**CRITERIA FOR IDENTIFYING THE INFORMAL SECTOR**

The informal sector is defined irrespective of the kind of workplace where the productive activities are carried out, the extent of fixed capital assets used, the duration of the operation of the enterprise (perennial, seasonal, or casual), and its operation as a main or secondary activity of the owner. In order to determine whether a particular economic unit or activity falls under the informal sector, the following criteria must be satisfied:

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| CRITERION | DESCRIPTION |
| 1. Enterprise ownership | Households |
| 2. Legal organization | Household enterprises, which refer to unincorporated enterprises owned by households, are units engaged in the production of goods and/or services that are not constituted as legal entities independent of the households or household members that own them |
| 3. Type of accounts | No complete set of accounts that will distinguish production activities, flows of income and capital between the households and the enterprises |
| 4. Characteristics relative to employment• Informal own-account enterprises• Enterprises of informal employers | Household enterprises owned and operated by own-account workers, either alone or in partnership with members of the same or other households, which may employ contributing family workers and employees on an occasional basis, but do not employ employees on a continuous basisHousehold enterprises owned and operated by employers, either alone or in partnership with members of the same or other households, which employ one or more employees on a continuous basis |
| 5. Product destination | At least some market output, hence, not entirely for own consumption |

Applying the above set of criteria, the following cases are excluded from the informal sector:

(1) Single proprietorships, partnerships and corporations (including corporate farms, commercial livestock raising, commercial fishing and similar units);
(2) Quasi-corporations;
(3) Units with ten or more employees (unless they satisfy all the criteria);
(4) Domestic helpers hired by households;
(5) Units engaged in professional services (unless they satisfy all the criteria);
(6) Farms managed by cooperatives; and
(7) Farms, regardless of size, keeping sets of accounts separate from the households