

Session 1: Background



Recent Developments in Research and Practice on the Informal Economy



April 2014

Roadmap

1. Common definitions
2. Prevalence of informality in FORLAC countries
3. Thought camps
4. Recent literature
5. Discussion points

1. Common Definitions

ILO DEFINITION

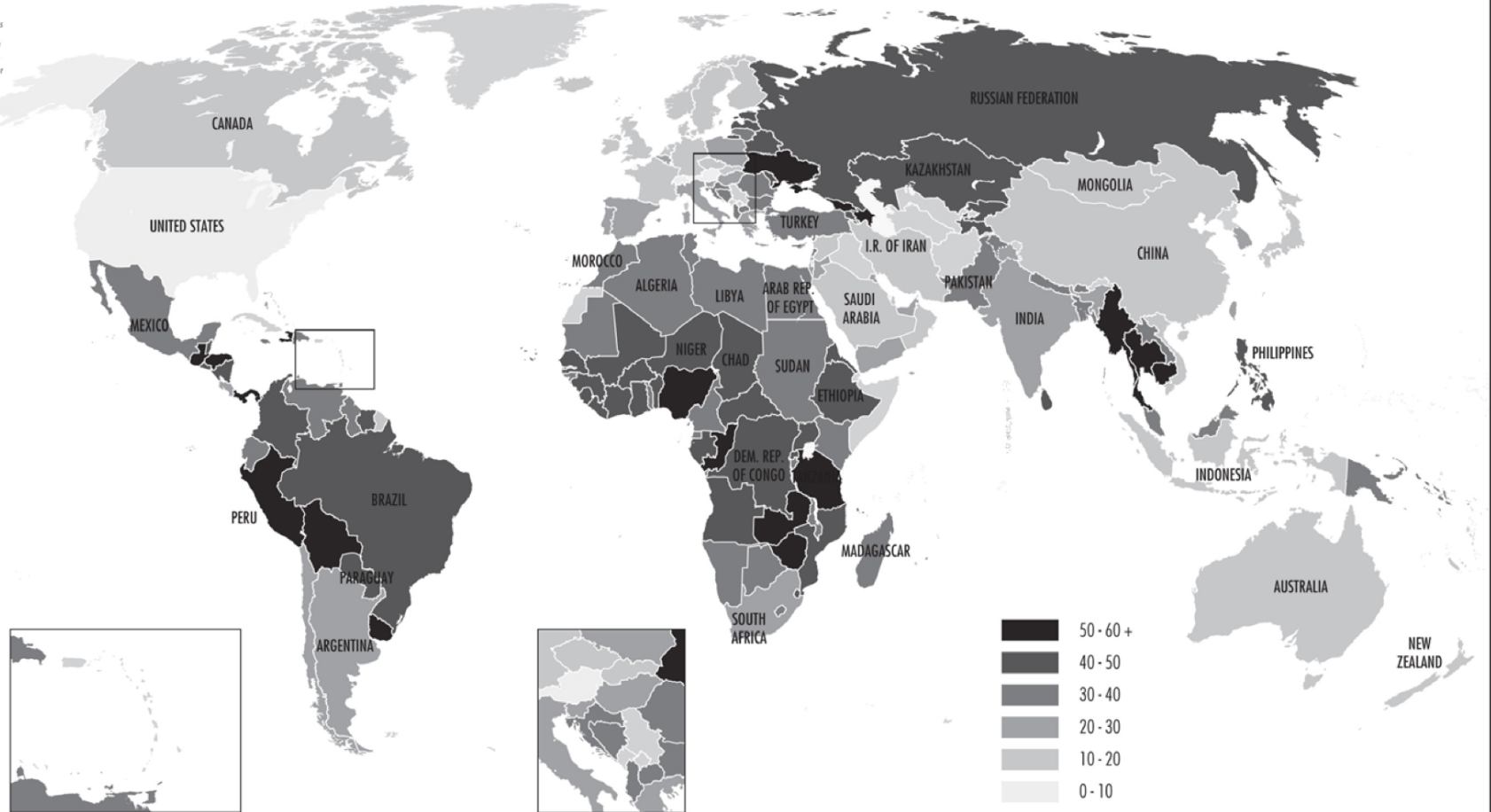
“The term 'informal economy' refers to all economic activities by workers and economic units that are – in law or in practice – not covered or insufficiently covered by formal arrangements. Their activities are not included in the law, which means that they are operating outside the formal reach of the law; or they are not covered in practice, which means that – although they are operating within the formal reach of the law, the law is not applied or not enforced; or the law discourages compliance because it is inappropriate, burdensome, or imposes excessive costs.”

2. Prevalence



Figure 4. World View of Informality

This map was produced by the Map Design Unit of The World Bank. The boundaries, colors, denominations and any other information shown on this map do not imply, on the part of The World Bank Group, any judgment on the legal status of any territory, or any endorsement or acceptance of such boundaries.



3. Thought Camps

- Structuralist
- Dualist
- Legalist
- Social Policy

Structuralist

Dualist

Legalist

Social Policy

4. Trends

- Understanding effects of informality:
 - On workers
 - On firms
 - On governments
- Evaluating policy proposals

Workers

- Wages
- Access to social protection
- Access to legal protection
- Working conditions
- Severance pay

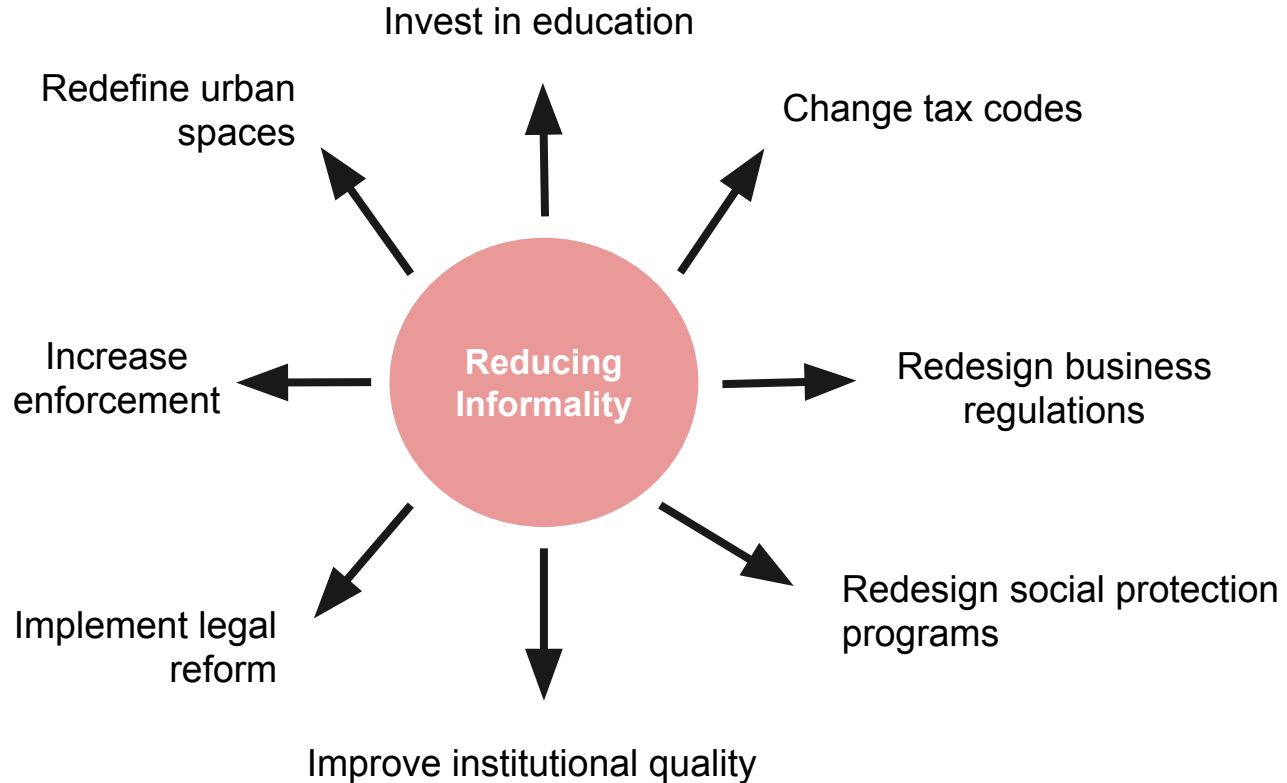
Governments

- Taxe take
- Productivity

Firms

- Registration costs
- Labor regulations
- Time allocation
- Judicial systems
- Access to capital
- Taxes

Policy Proposals



4. Recent Literature

Lima Study

Country Surveys

5. Discussion Points