

Assessment of Public Data Collection Systems for the Informal Labor Sector in Nicaragua

PILAR

PROMOTING INFORMAL LABOR RIGHTS

(PROMOVIENDO LOS DERECHOS DEL TRABAJO INFORMAL)

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Foreword

Well developed and effectively implemented Government programs start with good data. Obvious though this may sound, it is often one of the most overlook and underfunded aspects of effective policy creation and implementation in many economies. Whether targeting trade or pro-poor economic policies of the kind that the Global Fairness Initiative (GFI) advocates, Governments must begin with the right information and analysis of existing conditions in order to deliver effective programs. Proper data and statistics create a fundamental base for reform and help decision-makers understand where resources are used most effectively and where the greatest impacts can be achieved. At the conception and during the life of a program, statistics also play an important role in creating consensus and demonstrating legitimacy of development expenditures and efforts for measuring progress and helping participants understand the value of the program. The report that follows this forward must be read and understood from this fundamental perspective. What is assessed and revealed is of core importance to the success of the promotion of informal sector labor rights and of worker rights and programs through Nicaragua.

In Nicaragua, statistical figures indicate that over 60% of workers are employed in the informal sector. Lacking social protection, proper representation, and core labor rights make these workers some of the most vulnerable members of society. While a number of initiatives are working to improve data collection and help national governments understand how policies affect workers, accurate data on the marginalized informal sector groups that represent over half of the population remains lacking.

In partnership with the Nicaraguan Government, UNDP, labor unions and private business GFI is working to address the information and social protections gap and help develop strategies that extend labor rights and benefits to informal worker communities. Simultaneously, we are developing initiatives to incentivize the move to formalization so that the umbrella of rights, information and public participation might be more readily extended to these marginalized sectors. A key component of our work is to foster an enabling policy environment where governments can create innovate strategies for engaging informal worker communities, but this requires better data and statistics on labor trends in the informal economy.

The gathering and analysis of data is only the first step to addressing current worker conditions, the dissemination and use of this information is ultimately the most crucial step for achieving the impacts that translate into improved wages and opportunities. Without the data to start, however, the implementation can never legitimately occur. Through a results-driven multi-stakeholder approach that engages workers, employers, government, and civil society, GFI is helping public

institutions improve their data collection methods and fostering links across sectors that allow for the movement of timely and relevant information aimed to improve labor rights and decent work opportunities.

In this moment of economic and financial uncertainty it is essential to engage the workers and communities who lie outside the formal institutional structures that dictate our global financial and economic system. The following report presents an overview of the labor and employment statistics infrastructure as it relates to the informal economy of Nicaragua. Also included is a series of recommendations and reflections on opportunities for improving statistical capacity in a way that translates to on the ground impacts in workers lives. Current economic conditions may create challenges but also present unique opportunities for reforming both national and global policies and structures. As the development community looks to create sustainable systems within an equitable economic system, access to and distribution of information only grows in importance. Without improving the statistical capacity of developing nations, we may never realize this opportunity for improving livelihoods of the working poor.

Caleb Shreve, Executive Director, GFI

1 Introduction

The informal sector is a robust and important component of most developing country economies. Not only are workers and companies in the informal sector a key factor in the production process, but also important providers of employment, income and opportunities, both in rural and urban areas. Measuring the informal sector and informal labor (both informal labor in the formal sector and labor in the informal sector) is a key element for improving national labor market data and accurately accounting for GDP. Despite the informal sector's importance, the majority of national surveys fail to quantify the actual amount of workers whose livelihoods depend on informal or unprotected forms of labor. Furthermore, as the informal sector has yet to be integrated into GDP measurements in most developing countries, limited information is available regarding the relationship between the informal sector and economic growth. When information is available, the data is often collected *ad hoc*, undermining efforts for effective policy making and cross country comparisons.

According to 2007 data on Nicaragua's labor market¹, informal workers represent 63% of total employment nationwide. Research also indicated that from 2003-05 only 7.2% of rural employees in the country contributed to social security². It is worth mentioning that in addition to self employed workers, the informal sector also includes smaller enterprises of 5 to 15 workers creating greater challenges for market regulation. The high portion of workers in Nicaragua who depend on informal labor shows the clear disadvantage of deficiencies regarding collection of official statistics on the informal sector and resulting distortion of figures approximating national economic activity. More importantly, the lack of accurate and reliable information limits the understanding of social and economic issues pertaining to informal activities, such as differences in income and working conditions between the formal and informal sectors, social protection systems, access to credit, training and markets, etc. Ultimately, the measurement challenges lead to weakened systems for assessing, designing and implementing public policies and programs that promote gender equality, the elimination of child labor, generation of decent work opportunities and the reduction of poverty.

Accordingly, The United States Department of State (DOS) sought programs to address the underlying issues surrounding informality and labor rights in Nicaragua. The DOS subsequently selected the Global Fairness Initiative (GFI) in partnership with Poliarquía Consultores to implement the Promoting Informal Labor Rights (PILAR) program in Nicaragua and Guatemala.

¹ National Institute of Information of Development (INIDE, Spanish acronym). "Principales Indicadores del Empleo en Nicaragua" (Main employment indicators in Nicaragua). Tránsito Gómez Estrada, Managua, March, 2008

² Government of Nicaragua. National Institute of Statistics and Census (INEC, Spanish acronym). "Informe General sobre Encuesta de Hogares para Medición del Empleo" (General report on Household Survey for the Measurement of Employment). November, 2005. Lic. Maryan Balmaceda Vivas. Consultor. Managua, Nicaragua. March, 2006.

PILAR's objectives are to improve government capacity to collect data on the informal sector while developing strategies that encourage formalization and extend labor rights to informal sector workers. The expected results are development of best practices for government data collection on the informal economy, extension of labor rights provisions to informal sector workers, and development of new policies or reforms that encourage formalization.

2 Methodology and Background

Nicaragua is one of the poorest countries in the world, with 48% of the population living below the poverty line.³ 65% of Nicaraguan's work in informal conditions (2005) and the rate of informal employment in Nicaragua is one of the highest in the region only surpassed by Bolivia (73%), Paraguay (70%), Guatemala (69%) and Perú (66%). The highest percentage of informality is amongst workers over 65 (85%), women (64%), and in rural areas where informality reaches 75%. Clearly there is a need to better account for informal sector workers in Nicaragua and address the gaps in official employment statistics and public data collection systems, a sentiment shared by a diverse range of public officials across various agencies interviewed for this report. The following document contains an assessment of Nicaragua's National Statistics System (SEN) and begins with a review of international standards used by countries with reliable and accurate information gathering systems. Different agencies and Ministries with mandates for collecting and distributing statistical information have been studied in order to understand available tools and capacity. Available literature regarding the current unemployment situation in Latin America, employment measurements, public policy regarding formalization of informal workers and case studies were also examined. Finally, interviews with key actors both in Nicaragua and internationally (by telephone and in person) were conducted to obtain a more nuanced perspective on labor informality and the actual condition of the data and information gathering systems in Nicaragua.

In August 2008 during a regional exchange workshop on the role of National Institutes of Statistics in Central America, the current Chair of Nicaragua's National Statistics Institute (INIDE), Dr. Armando Rodríguez, pointed out that decentralization of the National Statistics Institute would require strengthening INIDE's leadership, as well improvements in coordination capacity. Specifically, Mr. Rodríguez stated that "we need to make a very big effort to improve the quality of the systems of information, the institution itself and strengthen INIDE so that it can assume the enormously important role it has been given". While examined in greater detail later in this assessment, Mr. Rodríguez's statement highlighted the Nicaraguan Government's 2007 decision to make the National Statistics System a "national priority" within the country's United Nations

³ SEDLAC. Socio-Economic Database for Latin America and the Caribbean. National Survey on Employment and Income, 2004

Development Assistance Framework (UNDAF)⁴. The Nicaraguan Government and UNDP framework provides an opportune moment for PILAR to support an existing initiative by coordinating program activities with UN and Government efforts and helping to integrate the unique challenges presented by informal sector data collection.

The following section provides an overview of the social, historical, and economic elements contributing to informal labor in Nicaragua followed by the introduction of a number of conceptual definitions and international recommendations for measuring unemployment and informality fundamental to this analysis. Next is a chapter outlining the evaluation of the current measurements of informal labor in Nicaragua including a description of the current UN supported modernization plan. The conclusions and recommendations section brings together final observations regarding the assessment of Nicaragua's data measurement mechanisms, current knowledge about the informal sector in Nicaragua and potential contributions of the PILAR program

⁴ UNDAF was designed by the United Nations to achieve a better coordination and consistency in the cooperative programs implemented in various member countries. It aims at establishing common objectives and schedules, closely consulted among administrations, through the available mechanisms that the agencies working with the United Nations promote.

3 Measuring Unemployment and Informality: Conceptual Definitions and International Recommendations

This chapter introduces a set of conceptual definitions that provide insight into the complex issues related to defining and measuring informality. International recommendations concerning the measurement of informal labor and its analysis are outlined as a basis of comparison for later assessments of the official methods of employment data collection currently available in Nicaragua. Following the conceptual framework of labor force surveys is a discussion regarding the operationalization of measurement tools according to international best practices and standards. The final component addresses the presentation and dissemination of collected information.

International standards and classifications are based on practical country level experiences that are then shared allowing for harmonization of methods, cross country comparisons, and shared experiences for reforming and improving national policies. Furthermore, compliance with international standards creates the vital legitimacy both nationally needed to build buy-in and support for improving the country's competitiveness and investment opportunities. Not only does this guarantee compliance with technical elements, but also ensures that public discussions and policy action surrounding informality will be based on common statistical methodologies that accurately describe problems and provide insight into opportunities for solutions.

The ILO cites, three considerations when measuring labor informality. The first is regarding the conceptual framework for designing labor force surveys that classify various types of economic activity. The second is and the structure and operationalization of internationally acceptable methods for measuring informal labor. Finally, the ILO looks at how collected information (both on informal and formal labor) should be presented.

3.1 Conceptual Framework: Measuring Informal Labor

According to the ILO's Conceptual Framework for informal labor, the informal economy contains two variants of labor: workers exclusively operating in the "informal sector"⁵ and informal employment relationships that exist within the formal sector of an economy⁶. The above definition of informal labor is based on a process that looks at the dual sources of informal employment. First, businesses or economic units should be defined by whether they are considered as part of

⁵ Formal labor is believed to exist even within what is known as informal sector, though it is assumed as a minority group.

⁶ ILO. 14th International Conference of Labour Statisticians (ICLS). General Report and Report from the Geneva Conference, 1987; ILO. 15th International Conference of Labour Statisticians. General Report. Geneva, 1993; ILO. International Labour Conference. 90th Session 2002, Report IV, "Decent Work and the Informal Economy", Sixth point of order; ILO 17th International Conference of Labour Statisticians. Report I General Report 2003.

the "informal sector." Second is an analysis of the individuals working within these organizations in comparison with the general population and workforce at large.

Mechanisms for informal labor measurements have been increasingly coordinated over the last 20 years and the evolution of international recommendations demonstrates the challenge of measuring informality and developing streamlined measurement processes. Modifications and changes over time have helped improve the understanding of informal labor, while also contributing greatly to the development and inclusion of statistical instruments and methodologies on informality in larger data collection efforts.

In 1982, the ILO hosted the Thirteenth International Conference of Labor Statisticians (ICLS), where guidelines were established that categorized the different conditions of economic activity as well as calculation instruments for measuring national labor market data⁷. Between 1982 and 2003, changes developed in three crucial aspects related to measuring informality and the labor market: a) growing definitions regarding the concept of "informal" labor; b) tools and measurement units used for analyzing informal sector labor dynamics, and c) how to implement the new concepts and tools agreed upon⁸. This evolution is described below providing further insight into the implications of these adjustments as they relate to current tools for informal labor measurement.

Informal Sector

The XIV ICLS held in Geneva in 1987, was the first time the ILO held a discussion specifically targeting improvements in tools for measuring informality and capturing quality data describing the informal sector. General guidelines were then established helping to outline a broad conceptualization of the "informal economy."

The following classification of the informal sector in developing countries was established:

- a) Rates of rural-urban internal migration
- b) Enterprise activity operating outside of or at the periphery of established markets
- c) Prominence of self employed or small and medium enterprises
- d) Workers with incomes below average formal sector wage levels
- e) Existing under an institutional statute and in marginalized geographic areas bordering on legality

⁷ Please see "Resolution concerning statistics of the economically active population, employment, unemployment and underemployment" (1982)

⁸ The elements considered in order to resolve these issues were: Definition of Informal Sector (as per established at the XIV ICLS in 1987 and improved in the XV ICLS of 1993); Determination of Employment in the Informal Sector (as per established in the XV ICLS) and, finally, Statistical Calculation of Informal Labor (referred to in the Guidelines of the XVII ICLS, 2003).

- f) Economic units repressed by the State and with few alternatives aside from small-scale production

For developed countries that also may experience certain examples of informality, the 1987 conferences described it as:

- a) Existence of loss of income in terms of social security contributions
- b) Abuse of social security benefits
- c) Unfair competition
- d) Promotion of illegal migration
- e) Exploitation
- f) Erosion of legality
- g) Deficient or non-reliability of statistics on national income and
- h) Distortion of data for macro-economic policies and international comparisons

Given national level experiences, the ILO first established a definition that considered the informal sector as one that:

“includes those independent activities at a small scale, developed with or without paid workers, characterized by their functioning with a low level of organization and technology and whose main objective is to create jobs and generate revenue for its participants; these activities are considered to be hidden, to the extent that they lack formal approval of the authorities and are beyond the administrative mechanism responsible for ensuring compliance with the laws about minimum wages and taxes, as well as other similar instruments related to tax issues and working conditions”⁹.

From this first definition, it was clear that employment generated from economic activities with the above classification on the "informal sector" were to be considered as "informal labor". A suggestion was made to distinguish between "labor in the informal sector", labor in the "traditional sector", "hidden labor" and labor considered as "non-market production".

The **"traditional" sector** was classified as unincorporated businesses primarily dependent on labor (rather than capital infrastructure) for production process and tend to employ less than 5 workers. **"Hidden labor"** was defined as workers who operate without any form of administrative authority or legal contract, although the nature and production of the work itself is not illegal per

⁹ ILO. 14th International Conference of Labour Statisticians. General Report. Geneva. 1987.

se. A typical example is the case of "street vendors" where the presence of the work itself is in violation of regulatory law but not a criminal offense as in drug trafficking.

Two primary issues were addressed throughout the various International Conferences: a) hidden labor could happen within the formal sector of economy (for example, the case of illegal workers in formal businesses); and b) in the informal sector, there were activities not necessarily considered "hidden" (for example, the case of a rural migrant precariously settled in a business, who may not have a deep knowledge of the administrative rules, or who has problems, either managing or financial, to comply with them).

The fact that the economic units involved "non-market production" are typically family enterprises, (small by nature and usually possessing low levels of technology) relates them to classifications of informality when in fact, these activities do not meet the two requirements necessary to belong to the informal sector: the concealment of the activity and the creation of jobs as a protection against unemployment or involuntary inactivity.

Accordingly, international recommendations stated that *"the non-market production should perhaps be left out of the scope of the informal sector activities, for their integration into it might dilute the concept of informal sector. However, it should be added that many economic units that, besides producing for the market, also produce for personal consumption, could fall within the scope of the informal sector, but for reasons other than those of the non-market production"*.¹⁰ Clarifications on these issues made it possible to better define the concept of informality.

Labor in the Informal Sector

When measuring the informal sector the term "informal" refers primarily to the "economic unit" where the activity is conducted. Therefore, a person is only considered a worker in the informal sector if they are employed in an economic unit belonging to the informal sector. This has two implications:

- a) Two people can be equally classified as belonging to the informal sector because they belong to the same economic unit -, even if they have a very different set of descriptive variables relating to their work situation and
- b) People employed by both formal and informal economic units can have a multiplicity of situations with formal - non-formal combinations, creating ambiguities that cannot be captured in the classification of labor as either formal or informal.

¹⁰ ILO. 14th International Conference of Labour Statisticians. General Report. Geneva. 1987.

The key to this conceptualization of the "informal sector", aimed at "capturing" informal labor, rests on understanding the original attempt of linking the "economic unit" with the "employed population". This was then incorporated into the changes that took place regarding characterization of informality, resulting in a shift in focus towards measurement of informality **based on workers rather than establishments**. The previous way of measuring was very ambiguous given the "economic unit" identified had to be defined as "informal" or "formal" using a series of legal attributes that were not helpful in carrying out household surveys.

Informal Labor

The final result of the XIV Conference of the ILO was a distinction between labor in the informal sector and informal labor in general with recognition of the existence of informal labor within the formal sector of the economy. Not merely a conceptual expansion, the conference also introduced ideas of data collection that are critical for understanding how informal labor is measured today.

3.2 Operationalization: Measurements of Informal Labor

The main areas examined in data collection, namely, the selection of measurement variables and sources for data collection are readily available for countries participating in ILO forum. Gathering quality measurement of informal labor depends on the correct application of such standards¹¹ which indicate that: a) the concept of informal labor should be translated into descriptive variables; b) such variables are then turned into operational elements and c) operational elements are in turn translated into collection instruments.

With regard to item c), the following is suggested: i) a combination of enterprise and household surveys, ii) consideration of new labor environments determined by far reaching household surveys with labor specific components -and iii) –measurement of informal labor - by means of household surveys, with special attention to the characteristics of the job (not of the economic unit or the company) and with an emphasis on the need to insert in-depth modules designed to complement the traditional permanent labor Household Survey (PHS).

When statistical measurements used to measure informal labor are based on internationally accepted principles, they follow a dual standard of regularity and depth of analysis. It is therefore necessary to use a measurement tool that allows the completion of the labor measurements with more in-depth measurements of informal labor, the most appropriate of which is the Labor Force Household Survey.

Originally, guidelines for measuring informal labor were drawn from empirical studies of informal labor primarily carried out in capital cities. This limited the analysis to a select group of workers or

¹¹ See in detail at <http://www.ilo.org/public/spanish/bureau/stat/techmeet/icls/subjects.htm>

economic structures and was based on a small number of sample units. These early studies lacked the quality estimates resulting from sampling designs that did not cover more representative populations

The ILO's Fourteenth Conference of Labor Statisticians recognized in its final assessment that developed countries had created: *"ingenious investigation techniques and analytical methods, most of them also with an experimental basis, intended primarily to estimate the dimension of the informal sector"*. These measurement attempts, not ruled by international regulations, were intended to identify the "shadow economy", whose estimate necessarily resulted- from the calculation of national income.

Estimates varied considerably and were difficult for comparative analysis. Even within the same country estimates were often the result of researchers following their own non-standardized methodologies. The Fourteenth International Conference of Labor Statisticians reported that such attempts *"do not have the validity of official statistics and informal sector statistics need to be integrated into the regular systems of national statistics"*¹².

The process based on implementation of household surveys, was supplemented with questions - used for establishment surveys, and description of the occupations again by means of household survey variables. With these dynamics it became evident that - some variables which described informality were hard to manage "directly". This made it necessary to simplify the approach through a "practical definition" more closely identified with capturing the characteristic of the establishments themselves.

The ILO then created a practical definition of¹³: *"labor in the informal sector covers all the people who are employed during the reference week in: a) a non-registered economic unit, or b) a registered economic unit with characteristics similar to those of non-registered economic units from the corresponding branch of economic activity"*. The drawback that arose in applying the practical criterion was the difficulty of conducting establishment surveys within a household survey framework.

The new concept for "statistical measurement of informal labor" established in the XVII ILO Conference made it possible to begin consideration of people as the main observation unit for measuring informal labor. This acknowledgement that informal employment could exist within the

¹² ILO. 14th International Conference of Labor Statisticians.

¹³ Please see aforementioned ILO 14th International Conference of Labour Statisticians (this enablement, though updated in the XV and XVII Conferences also quoted, was kept unmodified in its general terms).

world of formality (labor precariousness) led to the belief that quality measurements of informal labor required labor force surveys which:

- a) Measure conditions of economic activities
- b) After identification of individuals, general variables such as pension contributions could then be used to describe informality

3.3 Permanent Household Survey (PHS)

Quality informal labor measurement requires a labor force survey or a permanent household survey designed according to international standards provided by ILO. This household survey instrument is closely related to - the construction of the concept of "informal labor" -

Three issues should be considered:

1. The main objective of a PHS is to describe the labor force structure and its evolution.
2. The labor force is defined with reference to the concept of Economically Active Population (EAP) which captures ongoing trends
3. Surveys measure the labor force through analysis of conditions of people's activity. It is important to briefly describe each of these elements to better understand how to correctly measure informal labor through instruments such as labor force surveys, which allow for analysis of EAP

Evaluation of a country's development should be based on systems that look at the interaction of economic, political and social elements. Internationally accepted information systems include: the System of National Accounts (SNA), the System of Social and Demographic Statistics (SSDS) and the Environmental Statistics System. While not the only instrument, the PHS is the most important information gathering instrument of the SSDS as it allows for a unified notion of development, and contributes to a systematic description of aspects of socio-economic structures.

The PHS was developed in response to the need to build a model and system of socio-economic statistics whose scope and content could describe how society functions. The general objective of PHS is to characterize the socio-economic situation of a particular community. Specific objectives include: (a) aspects related to the socio-demographic make up of the population, the ways in which the population is responsible for the production of goods and services, the ways in which society is involved in the distribution of goods and services and (b) the creation of a set of social or socio-economic indicators.

Taking these objectives into account, the data collection instrument is defined as a survey with the following features:

1. A program of systematic and ongoing data collection;
2. Analytical units of households and individuals;
3. An urban - rural –dimension which accurately represents the country's make up
4. Coverage in periods between national-census,
5. Allowance for differentiated analysis of data in both static or temporary (cross-sectional) and dynamic means of longitudinal monitoring

As noted above, the PHS is specifically aimed at observing how the population plays into the production of goods and services. In this sense, the study of the labor force looks at key factors of production in each economy as they relate to the people who are available to work. The concept of Economically Active Population (EAP) was created to accomplish this. EAP refers to *"the people who actually work or who are otherwise actively seeking to do it."*

The study of the EAP complements the more macroeconomic analysis and allows for development of human resources, assessment of employment policies, monitoring of social policies, economic planning, and attention to issues such as child labor, sexual or age discrimination in the workplace, and informal labor. Additionally, it provides useful indicators to businessmen about the future course of the economy.

PHS: Measurement of Informality

As one of the fundamental areas of PHS looks at the ways in which the population provides for the social distribution of goods and services and subsequent analysis of wealth distribution, the, PHS creates a platform for looking at informality issue. This approach states that measurements of informal labor requires a labor force household survey is utilized whose design is based on analysis of the condition of activity of workers based on the methodological framework provided by ILO. The labor force survey must also be considered a multipurpose survey created to collect data related to employment that provides different types of systematic and routine information about certain key indicators of informal labor.

Measurement of informal labor is planned at the time information is collected from individuals within a household, and is preceded by inquiries into employment conditions. It is then possible to for on larger employment analysis based on a satellite system of surveys or in-depth modules specific to certain issues deemed important. For example, the module of informal labor can be applied within a household survey on the labor force. By taking advantage of the existing logistics

for field work and an already identified national sample it is possible to establish modules of thematic in-depth analysis at specific times and over consecutive years to look at issues such as informality, unemployment, migration and child labor

3.4 The Quality of Informal Labor Measurement within the Conceptual Framework of the PHS

Considering the above it is clear why accurate measurements of informal labor depend on a quality labor force survey. The operationalization of the concept "informal labor" depends on design of a household survey that will question employed people about the characteristics of their jobs and this requires a well-designed and properly functioning labor survey.

Other Forms of Collection of Labor Data

A National Statistical System includes other datasets with information on general employment. While used for measuring informal labor it should be noted that such datasets are not designed to measure employment, since they are not specifically focused on such measurement. Labor is measured as a way to address the main cornerstones for which such operations have been designed.

Among the most important of these datasets are the following:

- Household Income and Expenditure Surveys, Living Condition Surveys;
- Population censuses;
- Administrative agencies;
- Establishment surveys (businesses, shops)

Household Income and Expenditure Surveys represent an interesting case for while employment inquires are often amongst the first set of questions, they are designed to access the other information more efficiently. As a result, some of the more specific employment data is sacrificed in favor of a broader understanding of the issue being examined. Household Income and Expenditure Surveys are a good way to begin analysis but should not be considered a replacement for a permanent household labor force survey.

3.5 Dissemination and Presentation of Information

The third element internationally recognized for data collection looks at the presentation and dissemination of collected information. Currently, recommendations are for general employment data and do not specifically include provisions for informal labor.

In its XVI ICLS, the ILO offered series of best practices regarding the dissemination of information. The ILO's recommendations drew from the IMF's Special Data Dissemination Standards (SDDS).

Established in 1996, the SDDS provide guidelines for the disclosure of the general statistics by those countries that choose to adopt the methodology. SDD guidelines favored publication of fiscal, financial or foreign trade information. Using the IMF as a model, the ILO decided to apply similar criteria when looking to establish a first set of guidelines for dissemination of labor statistics. Looking to further develop the criteria, in 1996 and 1997 a commission was established to investigate country level best practices that would serve as a basis for future international recommendations.

The most significant aspects presented during the XVI ICLS are offered below to show the importance of providing official labor market data democratically and on a regular basis:

"In October 1982, the 13th International Conference of Labor Statisticians (ICLS) adopted a resolution on statistics about the economically active population, employment, unemployment and underemployment. The purpose of this resolution is to provide all countries, in particular the least developed ones, technical guidance in the field of statistics and improve international comparability of statistics related to these issues. The resolution discusses the objectives and scope of statistics, the basic concepts and definitions and the main analyses and classifications, as well as the data to be collected on special topics. It also establishes general guidelines on the evaluation and dissemination of results.

Over the years, available data about the economically active population, employment, unemployment and underemployment have grown and improved significantly in many countries. With this, economical and political functions which go beyond the description of the labor force situation of a given country have been included.

At present, data on employment and unemployment are considered indicators of social welfare as well as economic or labor results. These data exert influence on voters' decisions, stock markets, capital flows and investments. In many cases, they also condition the geographical distribution of large sums of money for public funding.

As these statistics are very important for decision-making and individual welfare, their production and dissemination procedures are studied both by specialists and by those who are not. Therefore, governments need to focus on creating appropriate measures for the public dissemination of labor statistics".

International guidelines allow for circulation of credible, accessible and reliable employment and unemployment statistics. Participants in the ILO XVI ICLS, agreed on the rights of the citizens to access labor market information. Recognition of this right implies a civic obligation for Democratic States to allow their citizens to access information. Similarly the inclusion of the clause "accepted practices" indicates a standard level of (X) that should be achieved regarding data dissemination. Failure to properly circulate "official" statistics regarding the labor market undermines efforts to improve institutional strength and democratic processes in a given country. While no country is forced to follow the guidelines, withholding labor market information does not allow for transparent

analysis of the country's institutional capacities or an evaluation of their compliance with international standards.

To summarize the ILO recommends: common practices outlined by the ILO are:

Access

- 1. Access to the data and the metadata to be actively marketed and published should be facilitated.*
- 2. A series of statistical products should be drawn from each set of data using appropriate media for each case.*
- 3. The professional training of labor statisticians should cover the qualifications and technical expertise needed for the purpose of designing tables and charts to communicate the information effectively to those who are not statisticians; training should also include the ability to present and disseminate information.*
- 4. The main aggregates relating to the labor force should be disseminated first, free of charge, as public domain publications; the fundamentals of the policy applied in terms of publication prices should also be explained to the public.*
- 5. The statistician responsible for the data derived from labor statistics should ensure that his name or telephone number is listed in all corresponding statistics publications; the statistical agency should also establish other means of direct contact with users, such as user groups and hotlines.*
- 6. The statistical agencies should consider the supply of data and metadata to international organizations as an activity of equal importance to the supply of data to their own customers; international organizations should, in turn, adopt guidelines in terms of dissemination.*
- 7. The conditions under which statistics are developed and published, including labor statistics, should be of public domain.*
- 8. The agencies in charge of the technical responsibility and the task of preparing analytical comments about the information should also have responsibility over their dissemination.*
- 9. The date and time of circulation of labor statistics should be notified in advance. It is better to proceed as early as possible, although initially the dates are to be set provisionally. When it is not possible to comply with the deadlines, the public must be informed about the reasons for the delay.*
- 10. The data should be disclosed the same day and exactly at the same time to all people concerned. In case confidential information is provided to journalists, it should be done in terms of "the strictest confidence".*
- 11. Should it not be possible to refuse requests for prior access to data made by government officials, the number of people with granted access should be limited to the absolute minimum; the names and positions of these people should also be disclosed, as well as the notice period.*
- 12. The comments and Ministry statements formulated upon disclosure of statistics should be clearly distinguishable from those formulated by the statisticians.*

Data

- 13. In the event of major shortcomings regarding the national totals for employment and unemployment, users should be warned, and that clarification should be repeated every time the data are published. Whenever it is possible to provide reliable enough subtotals, this availability should be timely publicized.*
- 14. Likewise, users should have full knowledge of the reference period to which the data correspond.*

15. If the countries have the necessary resources, and there is an evident demand on the part of the users, the main aggregates should be published, at least, quarterly. The necessary information for the detailed structural analysis of the labor market should be published, at least, once a year.

16. Labor statistics should be published as soon as possible after the data have been compiled and analyzed. When the source consists of a household survey or an establishment survey carried out monthly or quarterly, the data for the main aggregates should be available typically within three months after the completion of the corresponding reference period; the data of the annual surveys should be published around midyear of the period of reference.

Quality

17. Updated documentation on the definitions, methods and sources used to prepare the labor statistics should be published regularly, with an indication of the degree to which they adjust to international recommendations.

18. In the event of two or more sources of data, reconciliations or comparisons among them should be published periodically. Similarly, statistical frameworks and accounting systems that allow statistics verifications should also be established.

19. Should revisions be necessary, users are to be warned well in advance, and the implementation of the revisions should be based on a repertoire of practical recommendations.

20. The statistical agencies should draw estimates for the missing periods every time the collection or the collation of data is interrupted. Similarly, the impact of the discontinuities should also be assessed.

4 Nicaragua’s Plan for Modernizing the National Statistics System: Suggestions for Improving the Impact on Informal Sector Labor Data Collection Efforts

Nicaragua is currently undergoing a major modernization and restructuring effort of its National Public Statistics system (SEN). The reform initiative is being implemented with the support of the United Nations and is focusing on general population statistics with an emphasis on labor market data. The support of the current Administration in Nicaragua has been fundamental for this process as well as UN financial aid which in 2008 represented more than half of INIDE’s total annual budget.

While government support for the reform process continues, a number of administrative elements including the pending approval and passing of a new Law of Statistics generate some uncertainty about the future of the modernization effort. Also worrisome is that the five-year modernization plan drafted in collaboration with United Nations Development Assistance Framework (UNDAF) and INIDE is yet to be approved. Without the official support of the Executive Branch, it will be difficult for technical officials to carry out any implementation activities designed under the modernization plan.

4.1 UNDAF: Working to improve public statistics in Nicaragua.

In 2007 the Government of Nicaragua formally stated that the National System of Statistics was designated a “national priority” within the United Nations Development Assistance Framework (UNDAF). The UNDAF is an instrument created by the United Nations to enhance international cooperation through the establishment of common objectives and schedules¹⁴ with the goal of achieving better coordination across the different UN agencies providing international support.¹⁵ A fundamental aspect of UNDAF is the joint establishment of “national needs and priorities” by the United Nations and partner countries, whereby national priorities receive privileged attention in terms of international cooperation efforts.

Nicaragua’s decision to prioritize the improvement of its National System of Statistics within the UNDAF framework carries two important implications related to the PILAR assessment: a) The system has received outstanding support in terms of technical assistance and b) It has received funding to carry out key programs for strengthening public statistics. A clear example is the development of Nicaragua’s new Continuous Household Survey¹⁶ which will modernize and

¹⁴ See UNDAF Guide, United Nations Development Assistance Framework. United Nations. April, 1999.

¹⁵ UNFPA, UNICEF, UNDP, PAHO, PMA, UNESCO, ILO, WTO, UNCDF, FAO and IOM

¹⁶ The new Continuous Household Survey (ECH, Spanish acronym) was facilitated by the support of the United Nations Population Fund (UNFPA)

improve labor market measurements and will serve as a core component of INIDE's recent Integrated System of Household Surveys.

4.2 "Axis 5" of UNDAF: Improving the Quality of Public Statistics in Nicaragua

During the first phase of the Modernization Plan (May 2007 through December 2008) INIDE and the UNDAF focused on three main issues: 1) Formulation of a Five-year Modernization Plan for INIDE and the National Statistics system- "the Five-year Plan", 2) achieving sustainable funding to finance the ongoing development of official statistics in Nicaragua and 3) strengthening INIDE in priority areas as defined by its own officials.

Fortunately, the UN agencies already working with INIDE continued to provide technical assistance from 2007-2009. According to the UN, this technical support to INIDE is the foundation from which the UNDAF cooperation plan will be implemented. The result has been a surprisingly high level of coordination with the UNFPA and the UNDP, as well as UNICEF and UNIFEM who are all working together to develop complimentary Annual Work Plans with INIDE as well as ensure that UN efforts are "fully consistent with the needs of INIDE and its own Annual Plan"¹⁷.

To a certain extent, the analysis shows that Nicaragua's National Statistics system is a fairly well "integrated and interrelated information system of statistical research, data bases, and information transmission." However, the UNDAF also highlights some of the integration and coordination challenges that contribute to deficits in coverage, quality, access, dissemination, use and transparency of the information. For example, Nicaragua does have some data bases from the traditional labor force survey that would allow a further analysis of the informal labor market, but they are not publicly accessible. Regardless, it is certain that the UN-INIDE integrated plan would position Nicaragua's National Statistics system as one of the premier Central American institutions providing public data and information.

¹⁷ United Nations System. "Monitoring Report on UNDAF Axis 5". Policopied. Managua, 2009.

5 General Analysis of The Measurement of Informal Labor in Nicaragua

Nicaragua's official public data and statistics are organized through the "National Statistics System" or SEN in Spanish. The SEN encompasses all local and national government agencies which provide policy makers with the data and information necessary for the design and implementation of public policies. The SEN is overseen by a National Strategy of Public Statistics (ENDE in Spanish), which includes a central governing body for SEN initiatives. This central governing agency is the National Institute of Statistics and Development (INIDE).

"Industry-specific sections" have also been developed within the SEN in order to establish a means of partnership among the agencies that organize their statistics around the ENDE and are subsequently managed by INIDE. These industry-specific sections generate a series of indicators for tracking a broad range of public statistics and their routine application requires a strong institutional relationship among all involved agencies.

It is important to note that INIDE is not governed by a specific Law, but rather a nonbinding Decree dated October 1979 and amended in 1981. In this respect, it is worth mentioning that, even though there is no national law to provide a guiding legal framework, Nicaragua has been one of the first countries in Latin America to make the SEN official. While Nicaragua's model of statistical management is innovative in that it combined centralized rules with decentralized implementation from its inception, the model also requires a level of funding capacity that at present Nicaragua cannot manage without external support.

One of the most challenging aspects of SEN's founding Decree is that the budget remained temporary, generating uncertainty over the long term funding sources for INIDE. This also created a dependence on the Central Bank which funded INIDE under temporary statute, a process that is now largely permanent. Also challenging is that like most Central American countries, the hierarchical design and functional dependence of INIDE limits effectiveness; a fact echoed by several Nicaraguan officials interviewed for this report. Until recently, INIDE reported to the Technical Secretariat of the Presidency (SETEC), an agency that no longer exists. The statistics governing body now reports to the Secretariat of the Presidency (SEPRES) but still remains limited in its independence.

As mentioned previously, Nicaragua's statistic system is currently in transition, creating both opportunities and challenges for improving information the labor market. If the current initiatives to strengthen the SEN do succeed, there is great potential for improved information on informal labor trends as it is included in the reform agenda. Nonetheless, the challenges associated with the

decentralized management of the SEN, the technical features of the new survey, and the uncertain state of transition of the INIDE reform process create significant obstacles.

5.1 Surveys in Transition

After fifteen years of measuring official employment through ad-hoc “one-time” rural-urban labor force surveys, Nicaragua is now planning to implement a continuous employment survey, a best practice method that greatly improves the accuracy of labor statistics. As transitioning to this survey implies a complete restructuring of official labor market measurements, INIDE plans to conduct both the old and new surveys simultaneously in 2009. Dual implementation is needed in order to access the previous years’ data and generate Economically active Population (EAP) calculations. While the planned transition follows best practices, the possibility to carry out both types of surveys may be limited due to the high budgetary and administrative requirements for such a substantial field operation.

The traditional labor survey in Nicaragua was originally implemented by the Ministry of Labor’s Director General for Employment and Salary. From 1993-1998 the Labor Ministry did a total of 10 ad-hoc surveys, using a sample framework from the Population and Housing Census of 1981. The survey sample was updated in 1999 to 1995 Census data and applied a stratified sampling methodology. In 2003 the Public Organization for Statistics (the National Institute of Statistics and Censuses – INEC) was in charge of official surveys. Survey coverage was extended in both urban and rural areas and the operation gained the institutional support of the Office of the Secretariat of Strategy and Coordination of the Presidency (SECEP). In 2007 the suggestion to modify the periodicity of national employment measurements began to be considered on an institutional level.

Official employment measurements are now in a state of transition with INIDE looking to apply the two different survey mechanisms in 2009. The traditional Household Survey for the Measurement of Employment was scheduled for July with the Continuous Household Survey (ECH, Spanish acronym) to be inaugurated sometime this year as well. The ECH will be considered official data regarding the evolution and characteristics of the Nicaraguan labor market.

The new labor force survey (ECH) brings an important institutional change as its implementation requires substantial improvements in the quality of employment measurements in order to be in accordance with international standards. It is worth noting that the survey has already been updated in all of its technical terms, regarding both the conceptual framework and the sampling frame, as well as operational and logistic aspects. Overall the objective is to establish a continuous survey system that provides ongoing information on the status of the Nicaraguan labor market. The ECH will allow for continuous updates of information on the social, demographic and economic aspects of the population, with special emphasis on employment indicators needed to

improve labor related policy-making. Finally, it is important to note that for the first time in decades, the operational costs of the survey are being covered entirely by INIDE and international cooperation and will not rely on Central Bank of Ministry of Labor financing.

It is clear that the transition to the new survey and independent financing for INIDE's budget represent significant progress. Nonetheless, INIDE still lacks funding for research which is particularly important for improved understanding of issues like the informal sector. Also of importance will be over-time ensuring appropriate budget support that remains independent but not so reliant on international aid. Technical specialist and INIDE officers agree that future legal reforms should establish a basic independent budget that INIDE can manage on its own.

Finally, for the purposes of this study both the new ECH survey and the initiatives to strengthen INIDE's institutional capacity create a solid foundation for further assessment of the informal labor issue. Data bases of previous surveys will be useful to draw preliminary estimates on informal labor and the ECH will help bring a more nuanced and real time understanding of informal sector labor. In summary, Nicaragua already has the appropriate and internationally recognized survey instruments to measure the labor force. The challenge now is to build on the current modernization efforts, strengthen INIDE and ensure that methodologies for measuring informal sector data are included in regular surveys.

6 Assessing Tools to Measure the Labor Market and Informal Labor

As stated previously, the labor force survey in Nicaragua was designed in accordance with international standards and is an appropriate instrument for measuring labor and employment data, including the informal sector. The following section outlines the primary findings regarding INIDE's capabilities for conducting such surveys including commentary on both the traditional survey tool and instruments in transition such as the proposed continuous household employment survey (ECH)

6.1 Institutional Variables

Since its inception, three regulations have weakened the effectiveness of INIDE. First, it is not clear whether INIDE has a full mandate to lead the coordinating committee regarding the National Statistics Strategy (ENDE). Second, INIDE suffers from a lack of a continuous, fully funded public budget and continues to be reliant on the Central Bank. Finally, while initial versions of the National Statistics law had INIDE reporting directly to the Board of Governors, it is unclear where this hierarchical dependence should fall, and what legal reforms are needed.

More specifically, the legal framework does not include explicit language regarding which organization is directly responsible for publishing national reports on labor market data. In certain instances the responsibility for dissemination falls on the Central Bank, in others the Ministry of Labor. While labor force survey data is supposedly available for all public officials, there is no established bureaucratic framework for managing access and inputs of data. More broadly, there is a lack of formal institutional linkages across the organizations under the SEN umbrella limiting effective information exchange, knowledge transfer, and access.

6.2 Staff and Organizational Structure

INEH's staffing structure reflects a lack of needed personnel for managing the activities included in the organization's mandate. Particularly challenging will be institutionalizing the new continuous employment survey while simultaneously conducting the traditional one-time survey with such limited staff. Even with guarantees of Central Bank funding, it is unlikely INIDE will have the human resources and technical support needed to conduct simultaneously labor market surveys. While typically staffing structures have limited impact on the effectiveness of national statistics organizations, the cutbacks in INIDE functions (such as the lack of a price survey) indicates a substantial reduction in required personnel.

6.3 Technology

According to the chair of the Household Survey team, a computer is available for each technical staff person either through a single machine or rotational staff structure. Software is also adequate with INIDE utilizing the well known SPSS software package. While not confirmed, it is

likely that integration of SPSS was part of the recent MECOVI program and modernization initiative for the National Census.

6.4 Concepts and Definitions Used in the Labor Force Survey

The technical definitions used in Nicaragua’s labor force survey were developed in accordance with international standards, i.e. ILO recommendations. Nonetheless, it is important to note that in Nicaragua there are wide variations regarding the interpretation and application of the standard definitions, particularly for “unemployment.” As the variance is in the definition and not the quantitative measurement tool, the error occurs during the dissemination of information, undermining the legitimacy of the institution’s efforts. Nicaragua must take care to ensure that the dissemination of data includes definitions that are closely aligned with the international recommendations.

6.5 Calculation of Labor Market Rates

Nicaragua’s employment survey at present does not include an estimate of the employment rate (ER). While INIDE is capable of calculating this measurement, it does not appear to be a priority for the institutions’ labor market analysis. Even though the occupation rate is calculated, ER calculations provide an important complimentary perspective as the ER is measured in relation to the total population and are used in comparison to activity rates, instrumental in determining the Economically Active Population (EAP).

6.6 Information Gathering

It is important to point out that Nicaragua’s household survey relied on a sample where households unable to be located were replaced by others more easily identified. This ad-hoc process alters the statistical sample and has implications for the validity of the results.

6.7 Quality of Questionnaires and Manuals

In general, the quality of labor force surveys is adequate and questions are designed correctly in terms of order and flow. However, improvements can be made regarding operationalization of the data by field staff as inconsistencies in applying changes in questionnaires or methodology makes it difficult to analyze data over time.

Regarding the survey transition, the manuals do not differ greatly in terms of format for the old and new continuous survey. The primary elements remain consistent and include:

- Pollster’s Manual
- Supervisor’s Manual
- Critic’s Manual
- Cartographic Instructions.

Pollster's manuals are effectively designed to serve the function of training field teams on survey objectives, stages of work, and pollster regulations. Definitions and operating procedures are clear.

6.8 Field Work

For field work, the survey operating structure is key to a successful information gathering process and activities included in the continuous survey further clarify interview and sampling techniques. Another important development is ensuring that the sample of households will not be corrupted by last minute replacements which often occurred in the traditional model. The new survey will ensure that only households in the original sample will be used.

6.9 Processing

There is currently no fixed schedule for processing and analyzing collected information. While the defined stages for analysis do exist, time schedules are not consistent from survey to survey. A fixed timeline is needed to build credibility regarding when and where information will become available.

In an effort to remedy this issue two new functions are being created. First, a data entry clerk will be responsible for all data entry and subsequent revisions. A verifier will then be in charge of reviewing data for errors, omissions, and invalid data. By formalizing these roles the quality of published data will be improved. While a positive development, more information control mechanisms are needed. Workflow charts should be established to monitor work in progress within the data base as well as mechanisms to capture data changes based on analytical research or changes in the actual situation.

6.10 Dissemination of and Access to Official Information

Nicaragua's labor force survey still has challenges related to the four essential public information criteria: activity, unemployment, employment and underemployment. As stated earlier there are no official measurements of the unemployment rate and the varying definitions of unemployment and underemployment create confusion. For example, the 2008 Survey Manual's definition of "unemployed is consistent with ILO recommendations."¹⁸ However, the information actually disseminated from 2003-2005 is presented in a way that is not consistent with these recommendations. The case of visible underemployment is even more striking as definitions vary from year to year¹⁹. It is not clear whether these discrepancies are due to errors in the

¹⁸ It includes the 3 features a person should have to be considered under this activity condition: not to have worked, to be seeking to do it, and to be available for it.

¹⁹ In principle, the ILO recommends that the underemployed be measured considering they are occupied people, who work less hours than the considered normal, and who are available to work more time. According to the official definition considered, it appears that

presentation of the definition themselves or actual changes in the calculations. This has serious implications for comparing data from year to year. Also troublesome is that a number of important changes have been made to the new survey in terms of how information is gathered, specifically as it relates to the “condition of employment activity.” Not all users have been made aware of these changes as evidenced by differing responses to questionnaires once again compromising the consistency of the data over time.

Finally, user tabulations of data are not produced in a standard, systematic and routine matter that allow the public to follow data and observe trends over time. Official reports are often restricted in access and are not presented in the same format as public statistical tables. Compounding this challenge is INIDE’s lack of a formalized dissemination schedule and overall “culture” of providing reliable data and information. Overtime, it is hoped that the needs of civil society including journalists, politicians, businesspeople, workers, amongst others will help cultivate demand for greater access and more reliable labor market information.

6.11 Access

According to officials with INIDE, there is no specific budget line item for activities related to dissemination of statistics. In fact, only 27% of institutions included within the SEN have specific dissemination budgets. As a result, INIDE often looks for surplus discretionary funding from other organizations. Despite the challenges, INIDE is taking a number of important steps to improve dissemination of materials. A vocational trade show and workshop on data base management has been organized, as well as condensed and more user friendly publications on best practices for information dissemination. There has also been a recent effort to host workshops at universities which is encouraging for future work.

Below is a table outlining the most utilized mechanisms of dissemination within the SEN. The table was developed at part of the regional exchange workshop for National Statistics organizations.

Means of dissemination	%
Website	80
Email	70
Printed Media	60
CD	51
Presentations	50
Documentation Center	46
Direct Consultancy	40
Press	32
Regular mail	15

As demonstrated, the most widely used means of dissemination are electronic such as websites and e-mail. While Nicaragua’s Access to Public Information Law requires all SEN agencies to publish information on the national website, the site is underdeveloped, not very user friendly and information is difficult to find. The law has also promoted a transition away from press releases with only 32% of the institutes using them in 2008²⁰.

It is somewhat surprising that INIDE does not issue a specific press release announcing labor market information such as employment, unemployment, economic activity, and underemployment. This information is instead only partially covered by the Central Bank and Ministry of Labor. The Central Bank publishes statistics on two occasions. First, informing media and later in the annual bulletin which offers some labor data. The Ministry of Labor also contributes employment data to annual statistics reports as well.

INIDE’s major publication is the General Household Survey Unemployment Report. The report includes qualitative and quantitative tables and descriptions on unemployment. While fairly illustrative, the report does not have a feature for systematically looking up specific information requests for time series analysis. However, it is valuable in that it does provide a source of information for those unable to access information through the public databases.

²⁰ Although the availability of the press releases on the Internet represents great progress in terms of a better access to information, it is also true that not all the people have Internet access.

Unfortunately INIDE does not circulate the Household unemployment report publicly. This is partly due to the lack of structures for dissemination and also the tradition of obtaining information through personal relationships rather than institutional mechanisms.

6.12 Access to Public Information Law

The passage of the Access to Information Law in 2007 represented a significant step in improving the legal framework in support of employment data and statistics, particularly on the informal sector. The law stresses the importance of transparency and sets a strong foundation for improving the public's access to information. An even more significant step would be for the scope of the law to be expanded to all census and surveys rather than just the normal administrative surveys required by each Ministry. The new law also protects the confidentiality of information obtained from individuals and households.

7 Recommendations and Conclusions

We now offer our conclusions regarding the measurement of informal labor in Nicaragua, ideas regarding the potential contribution of the PILAR project, and recommendations for improving Nicaragua's national data collection system.

7.1 Institutional factors in SEN's Modernization Plan

It is clear that Nicaragua's National Statistics System is undergoing an important transition that has great potential to promote more effective public policy making. Specifically, modernization efforts have prioritized socio-demographic indicators including the informal sector. As detailed earlier, this success of this transition depends on two key elements: the current administration and public authorities continued support of modernization efforts, and the quality of technical assistance provided by the United Nations regarding elaboration and implementation of the modernization plan. The primary challenge will be consolidating the effort across institutions through improved inter-agency communication and collaboration.

Nicaragua's Plan for Improving Statistical Quality

The analysis of the UN and Nicaraguan government places INIDE as the governing body of the National Statistics System (SEN). Background research and interviews with technical experts conducted for this report revealed the following:

- A need to ensure the ongoing sustainability of the production of national statistics
- A need to expand the coverage, quality and access to information
- A lack of an integrated system of data bases, storage, coordination and dissemination of information, hindering official and public access to national data.

- No system for certifying the quality and accuracy of information.
- A failure to calculate the ER and omission of activities. This presentation of information is further complicated by varying definitions of unemployment and underemployment used in the national survey.
- Changes in survey instruments regarding questions pertaining to the condition of labor market activity create challenges for time series analysis of the labor market.
- Comprised survey samples due to incomplete responses have negatively influenced the quality of the data.
- There is a need to strengthen the technical and human resource capacity of INIDE specifically in areas such as analysis and conceptual methodology.
- Support is needed to strengthen INIDE (tools, human capital investments, etc.) in order to allow it to carry out its coordination and governing role within the SEN.
- Low level of data elaboration and analysis.
- Lack of statistical culture: there is no tradition of systematic and continuous publications of employment surveys and information on labor market. A civil society that counts on routine and regular updates of information will be more likely to respond and participate in surveys, increasing the accuracy and legitimacy of obtained data.
- A need to reform the regulatory and legal framework for the SEN

While the modernization plan thoroughly outlines the priority areas for improving the SEN, the implementation plan and strategy has yet to be formalized.

7.2 Recommendations: Improving the Nicaraguan Government's Modernization Plan

The collaborative effort with the United Nations has produced an excellent framework for improving Nicaragua's National Statistics System. The real challenge lies in the actual implementation and operational aspects of the plan. Below are a number of suggestions for added improvements to the current modernization efforts, with a particular emphasis on the incorporation of informal labor measurements.

1. Further develop Labor Survey databases and make them more user-friendly

The components of the modernization plan related to the presentation of quantitative information are scheduled for this year. However, to improve access to information it is important that the Nicaraguan Government take full advantage of the UNDAF cooperation to ensure that employment survey databases are widely available to the public. Explanatory supplemental

documents could be developed to help user access and eliminate restrictions stemming from information technology challenges.

2. Further define initiatives related to “*strengthening the coordination of INIDE*”.

The United Nations’ technical analysis highlighted the role of the Central Bank in developing monetary policy based on available public statistics. While common throughout Central America, the Central Bank’s mandate of controlling inflation through monetary policy has led to the Bank carrying out statistical duties that are the responsibility of the National Statistics organization. According to experts interviewed for this report, an agreement between INIDE and the Central Bank is under development. The agreement will include a list of statistical categories that in the future will be elaborated by INIDE and will also include a transfer schedule for managing changes throughout implementation of the SEN modernization initiative. The Consumer Price Index, National Account (GDP), Enterprise and Employment surveys are all basic public statistical programs that should return to the domain of INIDE activities.

3. Develop an official schedule that organizes when and how public access to statistical data will be made available.

A scheduled publication regarding scheduled releases of official public statistics remains pending. Challenges still exist both in identifying the appropriate system to store the database but also the dissemination schedule and ability to compare data with past results. It is certain that regular public dissemination of data and information only enhances the statistical culture and allows for better response rates to field work. In short, public dissemination of information should be prioritized as it both builds legitimacy and transparency of institutions and also is self serving in improving quality of data through improved response rates as public constituents see greater value in survey participation.

4. The current quality of Employment Measurements

Nicaragua’s current employment survey was designed in accordance with the ILO’s international standards and in general does allow for basic labor market measurements which include the informal sector. However, a number of areas for improvement remain:

- Dissemination and presentation of survey information should be improved. In particular the number of specific data topics should be expanded and the introduction of any methodological changes should be publicized well in advance.
- The survey should include all four measurements necessary for a thorough analysis of labor market activity: economic activity, unemployment, employment, and

underemployment. Failure to include the evolution of the employment rate can lead to inaccurate interpretations limiting the effectiveness of policy-making.

- In order to limit distortions in survey quality, it is recommended that INIDE have a regularly established group of field personnel who receive continuous training on the latest survey techniques and appropriate labor market measurements. Currently it is unclear whether the lack of permanent field personnel is a consequence of the Employment Survey originating in the Ministry of Labor and later transferred to INIDE.
- The various definitions of unemployment and underemployment of the survey should be streamlined in accordance with the international definitions of the ILO.
- Time series data developed through official mechanisms should be elaborated in coordination with international efforts such as ECLAC.

APPENDIX A: Interviews

	Name	Institution	Position	Sector	Country
1	Mr. Eduardo Baumeister		Expert Consultant on Labour and Informality	Academy	Argentina
2	PhD. Pedro Galin	ILO	Coordinator General, Project of Cooperation 2006	Academy	Argentina
3	Mrs. Clyde Charre de Trabuchi	Member of the Interamerican Institute of Surveys (IASI)	President 2008-2010.	Academy	Argentina
4	Mrs. Rosa Gemini.	National Institute of Statistics and Surveys	Director 2003 through 2004	Government	Argentina
5	Ms. Andrea Lorenzetti	National Institute of Statistics and Surveys	Department of Permanent Household Survey	Government	Argentina
6	Ms. Lucía Vera	National Institute of Statistics and Surveys	Under Directorate of Dissemination Under Director 2003 through 2004	Government	Argentina
7	Ms. Nora Rucceli	National Institute of Statistics and Surveys	Analyst in charge, Module of Informality, Permanent Household Survey 2005	Government	Argentina
8	Néstor Avendano	Consultores para el Desarrollo Empresarial S.A. (COPADES).	Managing Partner	Consultant	Nicaragua
9	Eduardo Camilo Pacheco Median	Consultores para el Desarrollo Empresarial S.A. (COPADES)	Economist	Consultant	Nicaragua
10	Ana María Medina Sandino	Instituto Nacional de Investigación y Desarrollo (INIDE)	Under Director	Government	Nicaragua
11	Dr. Francisco Mayorga	Instituto Internacional Alberto Mangus (Rector)	Economist, former Director of the Central Bank	Government and Academy	Nicaragua
12	María Rosa Renzi	Programa de Naciones Unidas para el Desarrollo (PNUD)	Economist	Consultant	Nicaragua
13	Elda María Zavala	Banco Central de Nicaragua	Executive Coordinator of Economic Statistics	Government	Nicaragua

	Name	Institution	Position	Sector	Country
14	Ligia Miranda	Banco Central de Nicaragua	Coordinator of the Office of Economic Indicators	Government	Nicaragua
15	Ana Soledad Román	Asociación de Municipios de Nicaragua (AMUNIC)	Coordinator, ODMI Project	Government	Nicaragua
16	Fernando Chamorro	Canal 5 de Televisión	Columnist and Anchor	Journalist	Nicaragua
17	Camilo Gómez Camey	Corporación Analíticos S.A.	Sales executive	Businessman	Nicaragua
18	María Teresa Reyes	Instituto de Historia de Nicaragua y Centroamérica- Universidad Centroamericana	CFO	Academy	Nicaragua
19	Oscar René Vargas		Sociologist-Economist	Academy and Consultant	Nicaragua
20	Rémy Llenares	Unión Europea- Delegación de la Comisión Europea	Attaché for Cooperation Affairs	Regional Cooperation and Integration Sector	Nicaragua
21	Alejandro Martínez Cuenca	Fundación Internacional para el Desafío Económico Global	President Former Minister of Planification	Government and Consultant	Nicaragua
22	Irene Alvares Urbina	Instituto Nacional de Investigación y Desarrollo (INIDE)	Directora Censuses and Surveys	Government	Nicaragua
23	Mónica Baltodano	Asamblea Nacional	National MP	Congress	Nicaragua
24	Julio Lopez Campos	Journalist	Former Chair of FSLN	Academy	Nicaragua
25	Orlando Nuñez	Economist	Former Coordinator of Hambre Cero Plan	Academy	Nicaragua
26	Fanor Avendaño Sosa	Lawyer	Director of INEH	Academy	Nicaragua
27	Tránsito Gómez	Instituto Nacional de Investigación y Desarrollo (INIDE)	Houshold Survey Consultant	Government	Nicaragua
28	Ivan Olivares	Continental Magazine	Economics reporter	Journalist	Nicaragua
29	Ricardo Changala	United Nations Development Plan (UNPD)	Economist	Human Rights Consultant	Nicaragua
30	Angeles Barberena	Instituto Nacional de Investigación y Desarrollo (INIDE)	Head of SEN Coordination and Continuous Statistics	Government	Nicaragua

	Name	Institution	Position	Sector	Country
31	Luis Ramirez	Instituto Nacional de Investigación y Desarrollo (INIDE)	Information Technology and Statistical Systems Division	Government	Nicaragua
32	Mr. Guillermo Rochabrun	Universidad Católica de Perú	Informal Sector Expert	Academy	Perú
33	Mr. Javier Iguñiz	Universidad Católica de Perú	Professor	Academy	Perú
34	Mr. Jorge Salazar	Universidad Católica de Perú	Informal Sector Expert	Academy	Perú
35	Mr. José Rodríguez	Universidad Católica de Perú	Professor	Academy	Perú
36	PhD. Aníbal Quijano	Universidad Nacional Mayor de San Marcos	Professor Emeritus	Academy	Perú
37	Fernando Medina	Naciones Unidas – ECLAC	Economist	Expert consultant	México
38	Jorge Campos	Undaf-Unfpa (UN)	Economist	Responsible coordinator	México
39	Medea Morales	Undaf-Unfpa (UN)	Economist	Consultant	Nicaragua

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APPENDIX C: Glossary

- PBI: Gross National Product (GDP)
- GFI: Global Fairness Initiative
- PILAR: Promoting Informal Labor Rights
- OIT: International Labor Organization (ILO)
- CIET: International Conference on Labor Statistics (ICLS)
- EPH: Permanent Household Survey (PHS)
- SCN: National Accounts System (NAS)
- SESD: System of Social and Demographic Statistics (*Sistema de Estadísticas Sociales y Demográficas*)
- NEDD: Special Guidelines for Data Dissemination (*Normas Especiales para la Divulgación de Datos*)
- FMI: International Monetary Fund (IMF)
- CEPAL: Economic Commission for Latin America and the Caribbean (ECLAC)
- TD: Unemployment Rate (UR)
- TE: Employment Rate (ER)
- TO: Occupation Rate (OR)
- TA: Activity Rate (AR)
- TS: Underemployment Rate (UR)
- SEN: National System of Statistics
- ENDE: National Surveying Strategy (*Estrategia Nacional de Estadística*)
- INIDE: National Institute of Statistics and Development (*Instituto Nacional de Estadísticas y Desarrollo*)
- MITRAB: Ministry of Labor
- SECEP: Office of the Strategic Secretariat and Coordination of the Presidency (*Secretaría de Estrategia y Coordinación de la Presidencia*)
- BCN: Central Bank of Nicaragua
- PNUD: United Nations Development Program (UNPD)
- UNFPA: United Nations Population Fund
- MECOVI: Improvement of Living Conditions (*Mejoramiento de Condiciones de Vida*)