INCLUSIVE CITIES FOR THE URBAN WORKING POOR: RECOGNISE AND SUPPORT INFORMAL WORKERS

Marty Chen

Senior Advisor and co-Founder, WIEGO Network[1]
Lecturer in Public Policy, Harvard Kennedy School

I. Introduction

Nearly half of all urban workers worldwide – and well over half of all urban workers in the Global South– are informally employed. All indications suggest that informal employment is on the rise. It is associated variously with the gig economy, the informalisation of once-formal jobs, the displacement of workers by automation and robotics, and the persistent challenges of unemployment and underemployment. Most urban informal workers, especially the self-employed majority, remain poor. To a large degree, this is because the exclusionary policies and practices of cities make it hard for them to work their way out of poverty. For cities to be more equitable and to reduce poverty, they must be more inclusionary of informal workers by protecting and enhancing their livelihoods. This requires: *reducing the negative policies and practices of cities towards urban informal workers* (based on stigmatisation and resulting in penalisation and even criminalisation) and *increasing the positive policies and practices towards urban informal workers* (based on legal recognition and resulting in access to public services, public space and public procurement and representation in participatory city-level policymaking and rule-setting processes). Fortunately, a growing number of cities around the world are introducing promising policies and programmes in support of urban informal workers. These are largely the result of joint advocacy by organisations of informal workers and their allies in civil society, academia, the legal profession, development agencies and government.

A growing number of cities around the world are introducing promising policies and programmes in support of urban informal workers

This paper begins with an overview of the magnitude and composition of the urban informal workforce, featuring the first-ever global estimates of informal employment. The second – and main – section of the paper describes the perspective, policies and practices of cities that are either exclusionary or inclusionary towards the urban informal workforce. To illustrate the impact of the negative approach of exclusionary cities and the promising approach of more inclusionary cities, this section features three groups of urban informal workers who are largely self-employed – home-based workers, street vendors and waste pickers – and their organisations. The paper ends with reflections on a vision and the enabling conditions for inclusive cities going forward.

1. Women in Informal Employment: Globalizing and Organizing (WIEGO) is a global action–research–advocacy network that seeks to improve the status of the working poor, especially women, in the informal economy through stronger organisation and greater representation; improved statistics and research; and appropriate and just policies, laws and regulations: see www.wiego.org.

II. Urban informal workforce

According to the official international definition of informal employment, informal workers are those who do not get social protection through their work, including both the *informal self-employed* who do not have an employer to contribute to their pension or health insurance, and *informal wage workers* whose employers do not contribute to their pension or health insurance (ILO, 2003).

61% of all workers worldwide – 2 billion workers – are informally employed; and 44% of all urban workers worldwide are informally employed

How many informal workers are there?

In May 2018, the International Labour Organization (ILO) published the first-ever global estimates of informal employment based on official labour force data from 118 countries using harmonised cross-country criteria (ILO, 2018). These estimates show that 61% of all workers worldwide – 2 billion workers – are informally employed; and that 44% of all urban workers worldwide are informally employed (see Table 1). The percentages are far higher in developing countries, where 90% of all workers and 79% of urban workers are informally employed. The percentages are also somewhat higher in emerging countries where 67% of all workers and just over half of urban workers are employed informally. Even in developed countries, where the percentages are far lower, nearly one in five urban workers is informally employed.

Table 1 First-ever global estimates of informal employment (as a percentage of total, rural and urban employment)

Countries by income level*	Total	Rural	Urban
World	61	80	44
Developing	90**	90	79
Emerging	67	83	51
Developed	18	22	17

Source: ILO, 2018.

*2018 World Bank definitions based on country levels of gross income per capita.

**The rural and urban estimates are calculated based on a smaller set of countries than the total employment estimates.

Who are informal workers?

The urban informal workforce is not only large but also heterogeneous. In cities around the world, but especially in the Global South, the informal workforce includes those who work on the streets or in open spaces, those who work in their own homes or the homes of others and those who are hired informally in so-called "standard" workplaces such as offices and factories, hotels and restaurants, hospitals and schools (see Box 1).

Box 1. Urban informal workers by place of work

On streets or in open spaces
- street vendors
- waste pickers
- roadside barbers& beauticians
- shoe shiners
- construction workers
- transport workers

At own home
- garment makers
- textile weavers
- shoemakers
- artisans or craft producers
- mechanics/repairmen

In the homes of others
- domestic workers
- gardeners/landscapers
- guards/watchmen
- drivers

In hotels & restaurants
- cleaners/janitors
- dishwashers

In hospitals & schools
- orderlies
- nurses' aides
- cleaners/janitors
- kitchen staff

In workshops & factories
- scrap metal recyclers
- shoemakers
- weavers
- garment makers
- and many more products

Source: author's own compilation.

There is significant overlap between being informally employed and being poor

Considered another way, urban informal workers can be found in most branches of industry. For example, in India, where they represent 80% of the urban workforce, urban informal workers are engaged in construction, manufacturing, trade and a range of non-trade services including transport, domestic services and waste picking (see Box 2).

Box 2 The urban informal workforce in India by branch of industry (2011/12)

Construction (12%)
Manufacturing (27%) of which half is
Home-based production (14%)
Trade (27%) of which nearly one-fifth is
Street vending (5%)
Non-trade services (33%) of which nearly one-third is
Transport (9%)
Domestic work (6%)
Waste recycling (1%)
Other services (17%)

Notes: The percentages represent the share of these groups in urban informal employment in India in 2011/12 (Chen and Raveendran, 2014: Table 6). The groups in italics are featured in this paper as they represent large groups of *predominantly self-employed* urban informal workers whose livelihoods are directly impacted by the policies and practices of cities.

Why focus on informal workers?

Not all informal workers are from poor households and not all formal workers are from non-poor households. However, there is significant overlap between being informally employed and being poor. Higher percentages of

informal workers than formal workers are from poor households in developing, emerging and developed countries (ILO, 2018). Within the informal workforce, only employers have average incomes above the national minimum wage or poverty line; the rest earn below these thresholds, on average (Chen et al., 2005).What is more, a higher percentage of workers from poor households than from non-poor households are informally employed in all country income groups. In developing and emerging economies, anywhere from just over half to nearly 100% of workers from poor households are informally employed, while fewer than half the workers from non-poor households are informally employed (ILO, 2018).

Most cities around the world either turn a blind eye or are outright hostile towards urban informal workers and their livelihood activities

III. Cities and informal workers: exclusionary or inclusive?

In 2015, the global community renewed its commitment to "a more peaceful, prosperous and just world" by adopting the Sustainable Development Agenda (known as the 2030 Agenda) which includes two new stand-alone goals which are of critical importance to the working poor in the informal economy: Goal 8 on inclusive sustainable economic growth and decent and productive employment; and Goal 11 on inclusive, safe, resilient and sustainable cities. Also in 2015, the tripartite International Labour Organization adopted ILO Recommendation 204 on the formalisation of the informal economy which, among other provisions, recognises that most informal workers are from poor households and are trying to earn a living against great odds and, therefore, need protection and promotion in return for regulation and taxation; and that regulated use of public space is essential to the livelihoods of informal workers, especially in cities. Reaffirming these global commitments, the New Urban Agenda, adopted at the 2016 Habitat III Summit in Quito, Ecuador, included the following provision:

We commit to recognize the contribution of the working poor in the informal economy, particularly women, including the unpaid, domestic, and migrant workers to the urban economies, taking into account national circumstances. Their livelihoods, working conditions and income security, legal and social protection, access to skills, assets and other support services, and voice and representation should be enhanced. A progressive transition of workers and economic units to the formal economy will be developed by adopting a balanced approach, combining incentives and compliance measures, while promoting preservation and improvement of existing livelihoods (Habitat III, NUA, 2016: paragraph 59).

Exclusionary cities discriminate against informal workers

If city governments plan to honour and implement these global commitments, they need to recognise and include informal workers, especially the working poor, in their urban plans and local economic development. But at present most cities around the world either turn a blind eye or are outright hostile towards urban informal workers and their livelihood activities. These city governments tend to subscribe to the dominant negative narratives regarding the informal workforce: namely, that they seek to evade registration and taxation; that they have low productivity and represent a drag on the economy; and, in cities, that they are associated with congestion, crime

and/or unsanitary or unsightly conditions. Given these stereotypes, most cities do not allow informal workers to use *public space* for their livelihood activities, do not extend *public services* (basic infrastructure and transport) to informal workers at their homes (often in informal settlements) or their workplaces, and do not allow informal workers or their organisations to bid for *public procurement* contracts. Also, most city governments do not integrate informal workers and their livelihood activities into their plans for housing, markets or local economic development.

They want regulated access to public space to pursue their livelihoods, they want public services (basic infrastructure and transport) at their workplaces, and they want the right to bid for public procurement contracts

Consider how the technological choices made by cities in the design of energy, transport and waste management systems impact on home-based workers, street vendors and waste pickers when their livelihood activities are not taken into account in the design of the systems.

In 2015–16, with local researchers, the WIEGO Network studied the use by, and impact of, technology on home-based workers, street vendors and waste pickers in three cities: Ahmedabad, India; Durban, South Africa; and Lima, Peru (Alfers et al., 2016).[2] The study found that the technological choices made by cities in the design of energy, transport and waste management systems have direct and often negative impacts on the three groups of informal workers and their livelihood activities, as summarised in Box 3.

Box 3. Impact of the design of city systems on three groups of urban informal workers

	Energy	Transport	Waste
Home-Based Workers	Greatest impact: most HBWs work in informal settlements with limited access, irregular supply & high electricity costs	Significant impact: transport costs are significant, especially for HBWs relocated to the periphery of cities	Modest impact: many HBWs work in informal settlements with poor (if any) waste collection & sanitation systems
Street Vendors	Significant impact: few SVs have access to electricity	Greatest impact: SVs prohibited from transporting goods on public transport	Significant impact: SVs have to clean and remove waste from their natural markets & built markets when cities do not provide waste collection/sanitation services
Waste Pickers		Significant impact: WPs prohibited from transporting waste on public transport	Greatest impact: cities do not allow WPs to bid for waste collection contracts and deny access to or compete for waste

Source: Alfers *et al*., 2016.

Inclusive cities: recognise & protect informal workers

What do urban informal workers want from cities that would make them more inclusive? They want freedom from harassment by local authorities. They want regulated access to public space to pursue their livelihoods, they want public services (basic infrastructure and transport) at their workplaces, and they want the right to bid for public procurement contracts. More specifically, street vendors want

2. The study also found that the technologies currently used (and those aspired to) by these groups of workers were very basic: in part because of the cost of acquiring and maintaining improved technologies but also because of the fear of theft or confiscation by local authorities of improved technologies. The study found that most workers do not own smartphones but use WhatsApp on simple phones, and that few have access to the internet.

a secure vending site in a centrally located public space and the freedom from being harassed, having their goods confiscated and being evicted; home-based workers want basic infrastructure services at their homes-cum-workplaces; and waste pickers want regulated access to waste, to collection routes and to warehouses for sorting and storing waste as well the right to bid for solid waste management contracts. All three groups want accessible and affordable public transport between their homes, their workplaces and their markets. What they want most fundamentally is legal recognition of their work and of their contributions to the economy, society and environment (see Box 4). And they want to be integrated into local economic and urban plans, and planning processes.

What they want most fundamentally is legal recognition of their work and of their contributions to the economy, society and environment

Box 4. Contributions of the urban informal workforce

Construction workers: build roads and buildings
Home-based workers: produce goods for domestic markets and global supply chains
Street vendors: sell goods at low prices in convenient locations
Transport workers: provide transport services
Waste pickers: clean streets & reclaim recyclable goods

Source: author.

There is a growing global movement of home-based workers, street vendors and waste pickers, as well as domestic workers, supported by the WIEGO Network, the Self-Employed Women's Association (SEWA) of India and other organisations. Affiliates exist in 90 countries and total membership is around 5 million people. There are four regional networks of home-based workers in South Asia, Southeast Asia, Eastern Europe and Latin America with 82national and local affiliates (mostly called HomeNets) in 29countries, and there are plans to form an African regional network and an international network of home-based workers. StreetNet International is an international federation of 54 street vendor organisations in 49 countries. There is a global alliance, a regional network (in Latin America) and several national networks of waste pickers with affiliates in 32 countries. All of these networks and their national or local affiliates are engaged in policy advocacy and collective bargaining with government, employers and other dominant players, depending on the sector and the context. What follows is a brief summary of what each sector of workers is advocating or bargaining for with one or two examples, for each sector, of a successful outcome.

The regional and national HomeNets and their local affiliates are engaged in ongoing policy advocacy and collective bargaining with city governments for secure tenure of their homes (de jure or de facto), which are also their workplaces; for basic infrastructure services for their homes("homes=workplaces"); for transport services between their homes and their suppliers or buyers; and for mixed-use zoning to allow their members to produce goods and services from their own homes. For example, HomeNet Thailand has successfully negotiated with the Bangkok Metropolitan Administration for bus services for home-based workers relocated to the periphery of Bangkok, and for a pedestrian bridge over a major highway that separates some of the relocated home-based workers from the city.

The national and local affiliates of StreetNet International are engaged in ongoing policy advocacy and collective bargaining with city governments against harassment, bribes, confiscations and evictions by local authorities and for secure vending sites; protection of the "natural markets" where street vendors have congregated for years, if not generations; basic infrastructure services at their vending sites; and public transport services between their homes, wholesale markets and vending sites. In India, the Self-Employed Women's Association (SEWA), the National Association of Street Vendors of India (NASVI) and other organisations successfully advocated for a national policy and then a national law in support of street vendors. The 2014 Street Vendors Act recognises the contribution of street vendors and mandates that Town Vending Committees, with representatives from local government, street vendor organisations and the general public, be established in sub-districts of all cities across India. In Durban, South Africa, a local non-governmental organisation, Asiye eTafuleni (which means "a seat at the table" in Zulu), founded by two ex-city employees, provides design, legal and other support to 8,000 street and market vendors in a precinct, Warwick Junction, between the central business district and the transport node of the city. At the request of Asiye eTafuleni and local organisations of street vendors, the local Legal Resources Centre filed three successful cases against the city: two against the city's plans to build a mall in the middle of the Warwick Junction market (one on procedural grounds, the other on historic preservation grounds); and one which challenged the confiscation of street vendor goods by local authorities.

The 2014 Street Vendors Act recognises the contribution of street vendors and mandates that Town Vending Committees, with representatives from local government, street vendor organisations and the general public, be established in sub-districts of all cities across India

The regional and national networks of waste pickers and their local affiliates are engaged in ongoing policy advocacy and collective bargaining against harassment, competition for and confiscation of waste by local authorities and for access to waste, to space or warehouses to store, sort, bundle and process reclaimed waste; and for municipal contracts to collect, sort and transport waste. In Colombia, for nearly three decades, the Asociación de Recicladores de Bogotá (ARB) has waged a city-level and national campaign for recognition of and support for waste pickers for their waste collection and recycling services. The Constitutional Court of Colombia has ruled several times in their favour: most recently, in December 2011, the court ruled that waste picker organisations have the right to bid for solid waste management contracts. The then major of Bogotá honoured the ruling and created a public authority to manage waste. Based on technical analysis of appropriate costs for waste services and research on conditions and trends in the waste picking sector and ongoing policy dialogues with the mayor and city officials, ARB submitted a successful bid for a solid waste management contract in 2012. The waste pickers of Bogotá began to be paid for their services in early 2013. In 2014, the national government ruled that the Waste Picker Integration Model launched in Bogota in 2013 should be replicated across the country. Since that ruling, 16 cities across Colombia have begun paying waste pickers for their services.[3]

A recent example of an inclusionary city comes from the Global North: specifically, the US city of Los Angeles. Street vending is big business in Los Angeles: an estimated 500,000 vendors generate over $500 million in revenue each year (Economic Roundtable Los Angeles, cited in Molina, 2018). Three-quarters of the vendors sell merchandise (e.g. clothing

3 For more details on these success stories, the campaigns and struggles of these networks, and appropriate city-level policy responses, see the following recent publications by WIEGO commissioned by the World Resources Institute and Cities Alliance: Chen and Beard, 2018; Chen et al., 2018; and Skinner et al., 2018.

Los Angeles City Council decided to decriminalise street vending, largely in response to the Trump administration's stance on illegal immigration, which put many immigrant street vendors at risk of deportation

and cell phone accessories) while one-quarter sell street foods of various kinds (ibid.). But until early 2017 street vendors were routinely charged and often convicted with misdemeanours. In February 2017, after a decade of struggles by and debates with the street vendors, the Los Angeles City Council decided to decriminalise street vending, largely in response to the Trump administration's stance on illegal immigration, which put many immigrant street vendors at risk of deportation. Since that decision, vendors who are apprehended have been fined with tickets, ranging from $50 to $1,000, without facing any criminal charges. Eighteen months later, on November 28th 2018, Los Angeles City Council voted unanimously to approve an ordinance which legalises sidewalk vending. As José Huizar, an activist councilman who helped lead the legalisation process, told the *LA Weekly* on two separate occasions:

We have to acknowledge that street vending is already a part of Los Angeles' culture and, for thousands of mostly immigrant families, their only source of income.

Today, given the background of a Trump presidency and assuming he's going to go after immigrants, there is a renewed energy to move forward and decriminalize vending for one, and adopt a legal framework second. (Portnoy, 2017:1).

Meanwhile, in September 2018, the Governor of California, Jerry Brown, introduced a state-wide law, the Safe Sidewalk Vending Act, which bans criminal penalties for sidewalk vending and encourages cities to establish permit programmes for vendors (Molina, 2018). It remains to be seen whether other cities in California will follow the example of Los Angeles and the mandate of the state law; and whether other cities and states in the US (or elsewhere) will follow the examples of Los Angeles and California.

IV. Inclusive cities going forward

To encourage more cities to include, rather than exclude, the urban informal workforce, requires a vision of a truly inclusive city and an understanding of the enabling conditions for realising such a vision. The networks whose campaigns and successes are summarised in this paper have been inspired by the Self-Employed Women's Association (SEWA), a trade union of 1.6 million women informal workers in India which not only mobilises its members to advocate and bargain for their rights but also provides them with an integrated package of services. Here is a vision of an inclusive city in the words of Ela Bhatt, the founder of SEWA and the founding chair of the WIEGO Network.

The challenge is to convince the policy makers to promote and encourage *hybrid economies* in which micro-businesses can co-exist alongside small, medium, and large businesses: in which the street vendors can co-exist alongside the kiosks, retail shops, and large malls. Just as the policy makers encourage bio diversity, they should encourage *economic diversity*. Also, they should try to promote a *level playing field* in which all sizes of businesses and all categories of workers can compete on equal and fair terms.[4]

4. Personal communication.

All of the promising examples of more inclusive city-level policies and practice summarised above were negotiated between informal worker leaders, city officials and other key stakeholders. And each case of a successful negotiation required the following enabling inputs or conditions:

- **knowledge generation, policy analysis and good practice documentation** – to provide supportive evidence for policy advocacy;
- **capacity building of informal worker leaders** –to enhance their advocacy and collective bargaining skills;
- **inclusionary policymaking processes** – for informal worker leaders to engage with city governments and other relevant stakeholders.

Of these enabling conditions, the last is the most fundamental. For urban reforms to be appropriate and fair, the working poor in the urban informal economy need a seat at the table in urban planning, policymaking and rule-setting processes. Reflecting this future vision and this fundamental enabling condition, the twin mottos of the global movement of informal workers are: "World Class Cities for All" and "Nothing for Us without Us".

In conclusion, the politics of change should not be underestimated. There are very real competing interests, both economic and political, for control of public space, public services and public procurement. These are the interests of politicians and bureaucrats, corporations, real estate developers, elite communities, the urban poor and others. There are "politics of control" from above: politicians, city governments and local authorities often favour elite interest groups over informal workers, and elite groups, not organisations of informal workers, tend to be represented in the formal processes of governance. There has been significant backlash in some cities to the gains made by organisations of informal workers.

But there are also "politics of survival" from below. Informal workers and their organisations may resort to informal channels of influence, seeking support from whichever power-brokers will listen to their needs and demands, or seek redress through the courts and the legal system. The best way forward is not to blame the working poor in the urban informal economy for their "politics of survival" but to include organisations of informal workers in the formal processes and institutions of urban governance and management. So long as the urban working poor are excluded from the benefits of urbanisation by being denied access to public space and services it will be difficult, if not impossible, to reduce urban poverty and inequality.

There are "politics of control" from above: politicians, city governments and local authorities often favour elite interest groups over informal workers

But there are also "politics of survival" from below

References

Chen, M., Alfers, L., Bali, N., Bird, M., Castellanos, T., Dobson, R., Hughes, K., Roever, S. and Rogan, M. *Technology at the Base of the Pyramid: Insights from Ahmedabad (India), Durban (South Africa) and Lima (Peru)*. Cambridge, MA, USA: WIEGO, 2016 (online) http://www.wiego.org/publications/technology-base-pyramid-insights-ahmedabad-india-durban-south-africa-and-lima-peru

Chen, M. and Beard, V. *Including the Excluded: Supporting Informal Workers for More Equal and Productive Cities in the Global South*. Washington, DC, USA: World Resources Institute, 2018 (online)

http://www.wiego.org/publications/including-excluded-supporting-informal-workers-more-equal-and-productive-cities-global-

Chen, M., Harvey, J., Wanjiku Kihato, C. and Skinner, C. *Inclusive Public Spaces for Informal Livelihoods: A Discussion Paper for Urban Planners and Policy Makers*. Brussels, Belgium and Manchester, UK: Cities Alliances and WIEGO, 2018.

Chen, M. and Raveendran, G. "Urban Employment in India: Recent Trends and Patterns" – Working Paper (Statistics) #7 in WIEGO Publication Series, Cambridge, MA, USA, 2014, updated from 2011(online)
http://www.wiego.org/publications/urban-employment-india-recent-trends-and-patterns

Chen, M., Vanek, J., Lund, F., Heintz, J., Jhabvala, R., and Bonner, C. *The Progress of the World's Women 2005: Women, Work and Poverty.* 2005. New York, NY, USA: UNIFEM, 2005 (online)
http://www.wiego.org/publications/progress-world%E2%80%99s-women-2005-women-work-and-poverty

Habitat III. *The New Urban Agenda.* Quito, Ecuador: Habitat III – United Nations Conference on Housing and Sustainable Urban Development, 2016 (online)
http://habitat3.org/the-new-urban-agenda

ILO- International Labour Organization. *Women and Men in the Informal Economy: A Statistical Picture, 3rd edition.* Geneva, Switzerland: International Labour Organization, 2018 (online)
http://www.wiego.org/publications/women-and-men-informal-economy-statistical-picture-3rd-edition

ILO- International Labour Organization. "Guidelines Concerning a Statistical Definition of Informal Employment" in the Report of the 17th International Conference of Labour Statisticians (ICLS, November-December 2003). Geneva, Switzerland: International Labour Organization, 2003 (online)
www.ilo.org/public/english/bureau/stat/download/papers/def.pdf

Molina, A. "Street Vendors, a Fixture of City Life, Finally Legal in Los Angeles". *Next City*, December 4th 2018.

Portnoy, S. "L.A.'s Street Vendors aren't Giving Up the Fight for Food Cart Legalization". *LA Weekly*, January 25th 2017.

Skinner, C., Reed, S. and Harvey, J. *Supporting Informal Livelihoods in Public Space: A Policy Toolkit.* Brussels, Belgium and Manchester, UK: Cities Alliances and WIEGO, 2018.