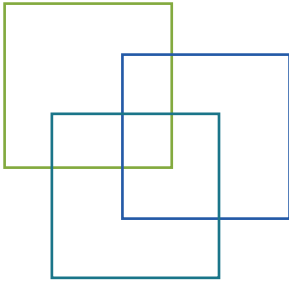


# SUMMARY OF KEY FINDINGS

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International  
Labour  
Organization



## COOPERATION AMONG WORKERS IN THE INFORMAL ECONOMY:

A focus on home-based workers and waste pickers

A Joint ILO and WIEGO Initiative



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### Credits

Cover photographs:

Left: Members of the Asociación de Recicladores de Bogotá unload materials, from door-to-door collection, to be recycled. Photo Credit: Juan Arredondo/Getty Images Reportage.

Right: Workers create handcrafted bags at the Self Employed Women's Association (SEWA) Artisan House.

Photo Credit: Paula Bronstein/Getty Images Reportage.

Cover design: Aashika Cunha

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This is a summary of key findings of the report “Cooperation among workers in the informal economy: A focus on home-based workers and waste pickers”. This report is part of the joint ILO and WIEGO initiative, which aims to understand the nature and scope of cooperatives and other social and solidarity economy enterprises and organizations formed by workers in the informal economy. It focuses on the current challenges, opportunities, obstacles and practices among cooperatives of waste pickers and home-based workers in order to inform future actions and interventions that support cooperative growth.

The report is based on a literature and a global mapping and a survey conducted with a total of 50 members of existing cooperatives and other social and solidarity economy organizations and enterprises of waste pickers and home-based workers.<sup>1</sup>

The report seeks to critically explore the current situation of these groups in relation to their operations and stakeholders.

Full report can be accessed at: [www.ilo.org](http://www.ilo.org)

## Legal status

Although most of the cooperatives participating in the survey were legally registered, they experienced many difficulties in the registration process, such as bureaucratic obstacles, lack of information and financial costs.

Many reasons for registering were common to both waste picker and home-based worker cooperatives. However, home-based worker cooperatives cited financial reasons as being the most important for registering, whereas for waste picker cooperatives accessing social benefits, including social protection, and improved bargaining power were most commonly cited. For waste pickers registration was seen as a way to defend their activities in the sector.

## Cooperative structure

Cooperatives, associations and self-help groups alike indicated that they adhere to cooperative values and principles, especially with regards to democratic structure, governance and member participation. The majority noted that they hold regular elections, and those that do not, appoint committee members through agreement or on a consensual basis depending on availability of time. By following a traditional structure of governance, electing a board of directors, or administrative and financial committees, they are also able to structure their organizations around their needs. Indeed, the self-management and ownership of the cooperatives by workers themselves often paves the way for operational structures that serve the needs of members.

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<sup>1</sup> There were different types of cooperatives and other social and solidarity economy enterprises and organizations studied for this report, including associations, self-help groups and community-based organizations. The term “cooperative” is used in the report as an inclusive term referring to all of these types, and not exclusively to legally registered cooperatives.

## Sources of funding

Cooperatives of the workers in the informal economy need sustainable sources of funding to be able to provide the necessary conditions for economies of scale, to assure continuity of service and to be able to sustain themselves and grow. Although a majority of the cooperatives report that members pay dues or make contributions, these funds are generally insufficient as members usually have low earnings which prevent them from contributing significantly. This renders the support of external actors necessary in many cases. However, such support runs the risk of making the cooperatives dependent on external actors, compromising independent governance and decision-making.

## Economic benefits: member benefits and earnings

The majority of cooperative members earn a living by selling their products or the recyclables they collect directly. The main role of the cooperatives is to facilitate the earnings of their members by supporting them to access markets and providing them with the concrete space to carry out their activities, without acting as a fully-fledged enterprise paying wages. They also provide members with training and skills upgrading appropriate to the characteristics of each sector.

## Activities and functions

The key functions and activities of the waste picker cooperatives are collection, sorting and recycling of waste. These three activities are always interrelated reflecting the environmental implications of their work. Some cooperatives in Latin America and South Asia are already integrated into formal municipal solid waste management systems.

The economic activities of home-based workers are much more diverse. A majority of the surveyed cooperatives work in garment production, clothing and craftwork, with others specializing in food, catering and farming. Home-based workers often combine subcontracting and own-account work, usually engaging in own account work when they are not sub-contracted by firms or when they have completed the sub-contracted orders. The most common relationship is the one that is directly between the worker and the buyer. Agreements are generally occasional and informal. Even where they are subcontracted by allied organizations, such as other cooperatives, trade unions or other NGOs, home-based worker cooperatives often have informal subcontracting agreements.

## Skills training

Almost all of the surveyed cooperatives provide and/or facilitate access to technical or legal training for their members. For home-based workers, the training is usually centred on production skills, training on new equipment, design, accounting or marketing.

The nature of training reflects the characteristics of the sectors and the constraints the workers face. Home-based workers focus on skills upgrading in order to offer better products and to secure markets, while for waste pickers the training responds to the legal difficulties that they face, and serve to enhance advocacy efforts for recognition. Waste pickers are also trained on technical skill relating to waste management. Technical skills seem crucial in some contexts even when the regulatory framework is inclusive of waste pickers.

Training and support on accounting and business plans is common to most of the cooperatives. Moreover, several cooperatives, mostly of home-based workers, provide leadership training for building and strengthening the organization. Very few cooperatives provide or facilitate occupational safety and health or political and union training to members.

## Financial service provision

The provision of financial support is crucial for the livelihoods of home-based workers and waste pickers. Moreover, home-based workers' ability to accumulate capital and expand and improve their activities can be difficult without support. This makes the provision of financial services by cooperatives an essential service. These can be facilitated with the support of government and/or bigger and more powerful financial institutions, including larger credit unions. In this regard, most of the surveyed cooperatives that provide or facilitate financial support or microloans for their members are supported by partner organizations, and only very few facilitate financial support exclusively through the government. Some of these cooperatives financially support their members to buy equipment or provide them with microloans to support purchasing of raw materials or entrepreneurship.

## Economies of scale and access to markets

Home-based workers and waste pickers can achieve significant economies of scale, i.e. lower costs of production, through joining or forming cooperatives. These economies of scale are achieved through buying cheaper inputs, sharing equipment, and attenuating costs through pooling of resources and joint selling of production, e.g. bulk recyclables.

Home-based worker cooperatives negotiate with their suppliers for e.g. equipment and sewing materials. Lowering costs of materials often depends on the size of the order, and thus the importance of membership size and orders that the cooperative receives. Waste picker cooperatives mainly negotiate with suppliers, middlemen and manufacturers of products as well as with big generators of waste to receive recyclables as donations.

Another form of economy of scale is generated through sharing of equipment that workers in the informal economy could not acquire by themselves. A majority of the home-based worker cooperatives provide and/or facilitate sharing of sewing and cutting equipment and other related items whilst most of the waste pickers' cooperatives provide and/or share working space, collection carts, pressing and baling machines.

## Alliances and affiliations

There are growing efforts among cooperatives of home-based workers and waste pickers in networking with other cooperatives, trade unions and social movements at the local, regional and national levels. Yet, these efforts are uneven across the different groups of workers and countries. Among the cooperatives surveyed, waste picker cooperatives appear to be more engaged in alliances and affiliations than home-based worker cooperatives. These tend to take place either through local or national federations or alliances or through a dual union-cooperative organizational structures.

Waste picker cooperatives appear to have wider affiliations, especially on the regional and national levels and even at the international level. For both groups, alliances are mostly with other cooperatives and organizations in the same sector, especially for waste pickers. Alliances with trade unions are less common, only with a few individual examples from the surveyed cooperatives. Workers in the informal economy often organize themselves independently of trade unions around basic needs. Many workers, particularly those working in the informal economy, consider unions to be too male-dominated and bureaucratic.

Alliances with other social movements appear to echo the contextual specificities of each country. For both waste pickers and home-based workers, the relationship with NGOs primarily revolves around skills, capacity building, and legal and technical assistance. NGOs also support cooperatives of both home-based workers and waste pickers in relation to advocacy and organizing. Some NGOs directly support the activities of the cooperatives, especially for waste pickers where they provide recyclable materials.

## Voice and recognition

One of the main achievements of cooperatives is the empowerment of members and their social visibility. Home-based workers and waste pickers experience marginalization, stigma and/or isolation in their work and livelihoods. Self and social recognition of their worker identity is a prerequisite toward building collective voice and self-representation and in order to engage in negotiations with employers, suppliers, buyers or middlemen.

The mobilization strategies adopted by different cooperatives often emerge from workers' perceived realities and challenges. Home-based worker cooperatives appear to be more inclined to adopt 'softer' mobilization strategies than waste pickers, as they are often isolated in their homes, work individually, lack clear employment relationships and face more constraints in terms of mobility. Blurred employment relationships often constrain their ability to bargain, for example when the buyer is also the employer.

Waste picker cooperatives seem to engage more in negotiations with governments. This is probably due to their stronger associational power and their need to negotiate with local authorities on inclusion in waste management systems. Key issues for negotiation, advocacy and policy work in both sectors include firstly access to health services and pension schemes, followed by improving working conditions and income. Addressing gender inequalities and gender-based violence, housing, legal protection and provision of storage space and local market places are also important issues. They advocate for these demands through lobbying with local and national governments, public forums and city council meetings protests, and direct actions and occupations as well as direct negotiations.

There are growing organizing efforts within both sectors, as well as networking with other cooperatives, trade unions and social movements at the local, regional and national levels.

## Negotiations and sales

The support of larger organizations and networks, including cooperative federations and other cooperative support organizations, can significantly increase the negotiation power of cooperatives. This might explain the findings revealing that waste picker cooperatives seemed more likely to engage in negotiations with buyers than home-based worker cooperatives. Home-based worker and waste picker cooperatives negotiate with enterprises, as well as NGOs and other cooperatives which

act as middlemen, or are regular middlemen, and with governments.

Home-based workers negotiate with international and local buyers, while waste pickers engage with scrap dealers, mainly to get fairer prices. Some negotiate through the cooperatives or their affiliated networks.

For cooperatives selling at regional, national and international levels, a common feature is that these sales are made to enterprises and often through intermediaries. These intermediaries can be fair trade organizations or networks, or negotiated through secondary level cooperatives.

Especially for home-based worker cooperatives, the buyers can be employers at the same time. However, only a few cooperatives indicated to negotiating with employers. This might be due to not perceiving to have been engaged in any employment relationship, or not knowing who the 'employer' is. The answers show the ways employment relations are blurred in the case of own-account and sub-contracted home-based workers in cooperatives. The findings show that workers who lack clear employment relationships tend to confine negotiations with 'hidden employers' to bargaining for better piece rate work, without negotiating more broadly their working conditions and benefits.

## Negotiations with the state for improved conditions

The survey results reveal that waste pickers are more likely than home-based workers to engage in negotiations with their respective governments at local and national levels. This may be due to the need to engage with local authorities to get concessions regarding their inclusion in the municipal waste management systems and payment for services, as well as their older and stronger organizations with long history of bargaining with governments. This was echoed in the details that were given by a number of respondents as they expressed that registration gives them more visibility and voice, and hence access to the negotiation process.

The cooperatives advocate for these demands through lobbying with local and national governments, public forums and city council meeting protests, and direct actions and occupations as well as through direct negotiations.

Cooperatives in both sectors negotiate with national government: waste pickers on demands related to social security, access to work space and markets, and legal recognition and protection, as well as on being represented in the solid waste management systems in order to defend their recycling activities. Home-based workers mainly negotiate on issues involving application of existing laws, inclusion of informal economy workers in social security and access to training and resources.

At the *regional government level*, waste picker cooperatives mainly engage in negotiations related to recycling and collecting waste. Negotiations at the local government level include access to collection and sorting spaces, and provision of better infrastructure and contracts from local authorities to collect waste. The demands of home-based worker cooperatives at the local government level revolve around practical issues such as setting up minimum piece rates, accessing markets, participating in exhibitions, access to training, and provision of loans to buy equipment.

## Negotiations with the state for social benefits

Whilst a number of cooperatives get support for social security and housing from their governments, the acquired social benefits depend on country specificities. Although building alliances and

affiliations is crucial in enabling workers in the informal economy to engage in negotiations with governments, it seems difficult to dissociate the social protection policies from the wider political context. These social gains were largely connected to wider labour and social struggles, particularly in the case of waste pickers' movements in Brazil and Colombia, and to governments in power favouring more distributive social protection policies at the time.

## Government support

Members can enhance their economic benefit by accessing government support channelled through cooperatives. When there is support, tax exemptions were the least common form, while training and technical support were among the most common. This is largely due to the different institutional settings between the countries. Waste picker cooperatives also reported that the provision of space for storage and sorting as well as financial and technical support were most common.

## Main challenges

*Economic challenges* are mainly related to the difficulty in accumulating and achieving real economies of scale. Many respondents emphasized their inability to acquire their own venue/shed, pay their bills and reduce insecurity and precariousness for their members. Such weak infrastructure is often directly linked with weak bargaining power. When the cooperatives are not able to improve their infrastructure and increase their production capacity, they cannot make better agreements with buyers and/or compete in the market. In these cases, they are eventually unable to secure 'satisfactory income' for their members.

This challenge is not only related to limited economic and financial capacities. In addition to these many waste pickers are negatively affected by the privatization of waste collection through contractors and companies, thus reducing their livelihood opportunities and incomes. Even when waste management is open for bidding, waste picker cooperatives are not able to compete with larger and more established waste companies in the absence of governmental support. This challenge is quite similar for home-based worker cooperatives whose products have to compete with larger companies selling at lower prices. Both sectors have challenges in accessing markets and in dealing with middlemen.

At the *policy level* the sectors share similar challenges. For waste pickers the major challenge identified is the lack of enforcement of laws and agreements regarding waste management plans; and for home-based workers weak government support and absence of legal recognition and regulations. In addition, home-based worker cooperatives from some countries shared a similar concern: maintaining the governmental support for their cooperatives with recent government changes. They pointed out the ways the presidential elections could directly affect their working and living conditions.

Challenges related to markets and the policy realm are often accompanied by internal challenges. The latter are mainly attributed to weak structure, internal tensions, lack of common coherent vision, absence of strategic planning, lack of technical and political capacity building, blurred division of work, and having "no fixed dates for monthly meetings and no written record of meetings", amongst others. Some respondents emphasized the difficulties of recruiting new members, the high turnover, and the low sense of ownership and commitment amongst members. Unequal participation between members was also raised, which challenges cooperative values and could generate credibility issues between members and leaders.