



HomeNet Thailand



# Chiang Rai City:

Inclusive Urban Development  
for Informal Workers

# Background



*Photo credit: U. Jaiwong*

Informal employment comprises over one-half of all non-agricultural employment in developing countries, and 66% of employment in East and Southeast Asia. Informal workers are particularly important in urban areas, where they provide critical services like manufacturing, food provision, transportation, recycling and waste management, and child and elderly care. But governments often behave as though these workers do not exist, providing little social or legal protection and penalizing workers' livelihoods.

Thailand's National Statistics Office estimates that 55.7% of the country's labor force is informal. This group earns less than half of the average monthly wages earned by formal workers. Despite growing research on informal workers in Thailand, it is rare for local governments to specifically acknowledge this group of people.

Compounding to their vulnerability, informal workers are very rarely organized into unions or associations as is common in formal enterprises. But this is changing. Over the last 20 years, member-based organizations of informal workers have formed and connected across the globe through the network Women in the Informal Employment Globalizing and Organizing (WIEGO). In Thailand, HomeNet Thailand represents thousands of home-based workers, and has within its networks organizations representing domestic workers, motorcycle taxi drivers, street vendors, and beauticians.

Chiang Rai Municipality is located in Thailand's mountainous Northern region on the Mae Kok River. It has a population of just over 73,000; however, its functional urban boundaries expand beyond, and the city provides employment for many households in neighboring provinces. Chiang Rai is a growing tourist destination for Thais and foreigners alike because of its proximity to stunning natural landscapes, its famous Walking Street market and night bazar, and accessibility of ethnic minority villages. Among urban development networks, Chiang Rai municipality its dynamism and its deep collaborations with civil society on issues like environment, to resilience, and inclusive economics.

There is no estimate on the proportion of Chiang Rai's labor force working in informal employment, although figures from the National Statistics Office suggest that nearly 70.4% of workers in Thailand's Northern region are informally employed. The municipality has been one of the few in Thailand to focus actively on better integrating informal workers as contributing economic actors and active social participants. Its 3-Year Strategy (2017 -2019) "Muang naa yuu" (Liveable City) specifically highlights the contribution of informal workers to the City's growing tourism industry and the need to support their livelihoods. Its 3-Year Development Plan includes programs aimed at promoting community producers networks, composed of home-based workers.

Reaching this group of workers, however, is never straightforward. Most are not organized into associations or networks. Some groups - notably home-based and domestic workers - work in isolated households.

For this reason, Chiang Rai has sought collaboration with HomeNet Thailand and leaders of member-based associations in its network. From 2012, HomeNet Thailand and Chiang Rai municipality initiated efforts to organize and provide livelihood support to home-based workers who produce garments, specialty food, quilts, and other crafts. The municipality is now home to 6 active producers cooperatives representing 200 workers. Many of these have savings group, have attended trainings on business management and product development and designed practices around occupational health and safety. They have clear governance structures and are able to represent their interests in city decision-making processes.

## Project Description<sup>1</sup>

With support from the European Union, Chiang Rai Municipality and HomeNet Thailand are building on this previous work to further expand the role of membership-based organizations in local decision-making and governance. Initiated in 2016, the project "Inclusive Urban Development for Informal Workers" aims to increase recognition and integration of the working poor, especially women, in the informal economy in urban planning and local economic development in order to leverage supportive economic, infrastructure, legal and social services from local government. The project targets 250 home-based workers, 1,900 market or street vendors, 70 transport workers (rickshaws and motorcycle taxi drivers), and 80 beauticians.

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<sup>1</sup> This project has been selected as a finalist for Project Award by the SmartCity Expo World Congress.

# Specific Achievements

## *Stronger membership-based organizations:*

At the beginning of 2017, two new member-based organizations were formed in Chiang Rai. The organizations formed following trainings by HomeNet Thailand on organizing and establishing membership-based organizations, attended by both workers and municipality officials.

The **Walking Street Association** represents vendors participating in Chiang Rai's Saturday evening market. The Walking Street market brings together 1,700 small traders from the city, province, and region to sell their products on one of Chiang Rai's central avenues each week. (The municipality charges a nominal fee of only 5 THB (USD 0.15) for vendors to rent space in the market. Most costs for provision of equipment, personnel, and advertising are borne by the municipality itself. Municipal leaders assess that the market more than pays for itself by providing local jobs and attracting tourism to the city).

Established in January 2017, the Association now represents 300 of these vendors, most of whom are full-time vendors and rely on mobile trade for their livelihoods. Leaders elected from 17 zones of the market serve on a committee that works with the municipality on decisions related to the Walking Street. In addition, the Association is working with the National Savings Bank of Thailand to initiate a savings and credit access for group members, many of whom have been vulnerable to exploitative interest rates from money lenders. The Association will hold its first Annual Meeting for all members in September 2017, where it will present its draft Annual Plan. Among the goals outlined in this plan, leaders intend to expand the number of members, introduce of a mobile money platform in the market, and reduce the number of plastic bag used by vendors.



Photo credit: U. Jaiwong

In addition, owners of small restaurants operating at the city's Night Bazar have formed the **Restaurant and Vendor Association of Chiang Rai**. Unlike the Walking Street, the Night Bazar operates in a privately owned market, but similarly provides an important tourist draw for the city. Currently, 250 restaurant owners have joined the organization. The Association operates as a self-help group, supporting group savings, a revolving investment fund, and social activities to support government and community events in the community. As a member of the group, vendors have also enhanced their negotiation power when catering or setting up stalls in large events.

Currently, the leaders of the Restaurant Association are seeking to expand their membership beyond the Night Bazar. The Association has decided to target street vendors who sell in public areas around the city, in particular. This group has lower earnings than the restaurants and is highly vulnerable to changes in government policy – as evinced by an ongoing street vendor eviction campaign in Bangkok. Leaders feel that the democratic organization of these groups will be vital to ensuring their economic resilience.

Chiang Rai Municipality has supported the mobilization of both associations by disseminating and recruitment of vendors and providing meeting space. For the Walking Street, it is engaging vendors in decisions about plans for the markets, like new regulations or stall arrangements. Leaders of Walking Street Association intends to propose expanding the market to take place another day of the week in addition to Saturdays. Meanwhile, the Restaurant Association will propose improvements and clarifications to the city's current vending policies, including clear designation of street vending areas.

**Increased statutory representation and effective bargaining power of informal workers in rule-setting, policy making, and collective bargaining:** In 2016, Chiang Rai Municipality established a “Working Group on Informal Employment.” The Working Group includes worker leaders of member-based organizations, municipal representatives, and civil society organizations. It meets quarterly to discuss a diverse range of topics, from expanding access to government services to new urban policies to better support livelihoods or improve quality of life. Leaders of membership-based organizations use the platform to propose new initiatives or measures. Other participants new suggestions to brainstorm with the group, such as a branding and marketing campaign in which Walking Street Vendors would distribute matching recycled bags. The strength of worker voices helps ensure that this platform will continue beyond the scope of the project itself.

*Informal workers and government are better informed and able to apply knowledge on workers rights, existing legislation and programs.*

Municipalities have an important role to play in protecting the legal rights of informal workers. But it is uncommon for municipal authorities to be familiar with these laws, much less to participate in enforcing or promoting them. Informal workers likewise are frequently unaware of their own legal rights or protections. To address this gap in Chiang Rai, HomeNet Thailand provided joint trainings for workers and municipal officials on international labor standards and Thai labor law. It focused particularly on Thailand's Homeworker Protection Act, which obliges employers to meet certain minimum standards with regard to remuneration and occupational health and safety.

In March 2017, Chiang Rai Deputy Mayor and the leader of the Restaurant Association of Chiang Rai joined a learning exchange to Ahmedabad, India. Ahmedabad is home to the

Self-Employed Women’s Association (SEWA), one of the oldest and strongest organizations of informal workers in the world. The Chiang Rai representatives met with street vendors, waste collectors, and home-based workers to learn SEWA’s principles and approaches to organizing. They also observed their challenges in negotiating with the city on issues related to their livelihoods.

For both representatives, the experience highlighted the importance and power of worker organizing. After returning, the leader of the Restaurant Association proposed to his committee that they begin recruiting street vendors as memberships. He worked with the Deputy Mayor to disseminate invitations to a meeting. Since this time, the Association has expanded from 80 to 250.



Photo credit: U. Jaiwong

*Informal workers have improved integration in urban planning/local economic development and increased greater access to public services.*

A particular project focus is helping informal workers access government grants and schemes. This includes the government’s special social security package that does not require contribution from an employer. Though introduced in 2011 specifically to help cover informal workers, many workers remain unaware of the scheme. The municipality has thus worked to attract more workers to the program, to increase the number of urban residents with robust social protection.

The Koh Loy Producers Cooperative has focused on accessing government business development funds for home-based workers to initiate new business activities. This includes “spicy fish sausage,” a successful new product created and marketed by cooperative members. The Municipality has helped members of several cooperatives to join short and long-term trainings from the Ministry of Labor to upgrade their skills and access higher value markets.

Finally, the municipality is assisting member-based organizations to access funding from the Community Health Fund. This fund allows local groups to design and execute their own public health activities – yet in reality, bureaucratic requirements are often too cumbersome for informal workers to apply. With help from municipal representatives and HomeNet Thailand, producers cooperatives have been able to initiate programs that promote healthy food, group aerobics, occupational health and safety, local environmental quality, and education for elderly persons. The Restaurant and Vendor Association is similarly applying for funds to promote food hygiene and group exercise.

Informal employment continues to grow as a share of employment globally. This is the case not only in developing countries, but in advanced industrialized countries where formal employment is losing out to the “gig” economy. In this context, building representative organizations of informal workers will be essential to prevent labor exploitation and the retreat of workers’ rights. Examples like Chiang Rai show that municipalities also have much to gain by collaborating with and supporting organizations of informal workers. This is evident for instance in the city’s thriving tourism industry, which depends on institutions like the Walking Street and Night Bazar to attract greater numbers of visitors. The initiatives taken by Chiang Rai, HomeNet Thailand, and affiliated member-based organizations can provide an important model for cities around the world to build a more inclusive, prosperous, and just local economy.

## Strategic Objectives

1. Organize and strengthen membership-based organizations of informal workers to increase ability to voice their demands, exercise their rights and hold governments accountable to their needs
2. Ensure integration of informal workers’ needs in urban planning and local economic development
3. Increase accessibility of informal workers to public services, including common land, infrastructure services and social protection schemes.



*Photo credit: D. Tsoutouras*