

# Enhancing the Productivity of Own Account Enterprises from the Perspective of Women in the Informal Economy

A Policy Brief for the UN Secretary General's High Level Panel on Women's Economic Empowerment

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**Women in Informal Employment:  
Globalizing and Organizing**

## INTRODUCTION

Enhancing enterprise productivity has become a key priority of women's economic empowerment agendas worldwide. Recent research has established a good foundation of evidence about what works and what areas need to be addressed. But both research and support interventions targeting enterprises, both women- and men-owned, often gravitate towards larger, more formal or higher-end enterprises or miss the substantial heterogeneity among enterprises. Though many who study and support informal enterprises draw a distinction between survivalist/low-end and more dynamic/high-end enterprises, this distinction obscures some important enterprise characteristics that impinge on productivity and working conditions.

In considering how to enhance opportunities for and the productivity of women-owned enterprises, we feel it is important to distinguish between women entrepreneurs/operators both by whether they hire workers and by whether their enterprise is formal or informal, as follows:

- (i) own-account operators of unincorporated enterprises (the 'survivalist class');
- (ii) own-account operators of incorporated enterprises (the 'professional class');
- (iii) employers in unincorporated enterprises (the bottom of the 'entrepreneurial class', those who run beginning-to-scale enterprises or small-scale factories; and those who operate as intermediaries putting out work to others); and
- (iv) employers in incorporated enterprises (the tip of the 'entrepreneurial class').

In this policy brief, we focus on the first group: women own-account operators who run single person or family units. We do so because this group represents the majority of self-employed women around the world; they have low earnings and face high risks and constraints; and they need organization and support to secure and enhance their enterprises. Also, we focus on women own-account operators in cities. As the evidence presented in this brief will illustrate, existing laws and regulations are often irrelevant for, inappropriate to, or biased against own-account operators: the type of activities in which they are engaged, the nature of their business arrangements and transactions, the size of the enterprises which they operate, and the places where they work. Also, own-account operators often do not have basic infrastructure services at their workplace or affordable transport services between their home and their workplace. For

these and other reasons, they often face difficulties engaging in the market or linking with supply chains on favourable terms without forming cooperatives or producer groups and without business management and marketing support. Women and men own-account operators face many of the same constraints and risks: but these may be more intense for women because of the types of activity and place of work in which they are concentrated. Also, women own-account operators face additional challenges associated with gender norms and relationships.

The policy brief opens with recent estimates, based on official national data, of the size and composition of self-employment. The second section presents the cases of three urban occupations in which large numbers of women own-account operators are concentrated (home-based production, street vending, and waste picking); and the third section details the constraints faced by these three groups due to government policies and practices and to market transactions and dynamics. Both of these sections draw on findings from a 2012 study in ten cities (4 in Asia, 3 in Africa and 3 in Latin America). In the fourth section, we present an analytical framework for understanding the constraints and risks faced by women own-account operators and a policy framework for addressing these constraints. In the concluding section, we draw on the experience of organizations of these workers to illustrate how, through organizing, women own-account operators have been able to secure and enhance their enterprises: by advocating collectively for supportive policies, laws and regulations; by forming collective enterprises to access markets and supply chains; and by bargaining collectively for fair terms of trade.

## **I. SELF-EMPLOYED WOMEN**

The self-employed include owner-operators of firms with hired workers, own-account operators who do not hire others, contributing family workers in family firms/farms, members of producer groups/cooperatives as well as professionals who choose to operate independently. The businesses of the self-employed may be formal (i.e., incorporated and/or registered) or informal (i.e., unincorporated and unregistered). Many firms with hired workers are formal. Most single-

person or family units run by own-account operators are informal. Many professionals incorporate their businesses, while some do not.<sup>1</sup>

*Self-Employment versus Wage Employment –*

Recent estimates suggest that, globally, half of *all* women and men workers are self-employed: more so in developing, than developed, countries; and, among developing regions, more so in South Asia, South East Asia and Sub-Saharan Africa plus Oceania than in Latin America and the Caribbean (World’s Women 2015).

**Table 1**  
**Distribution of Employment by Status in Employment, by Sex and Region, 2015<sup>2</sup>**

Region	Sex	Wage and salaried workers	Employers	Own-account workers	Contributing family workers
World	Women	50.3	1.3	29.0	19.5
	Men	50.3	3.0	39.4	7.3

<sup>1</sup> Even if they do not register their consultancy as a separate legal entity, many professionals and consultants open a separate bank account, keep separate accounts for tax purposes, and might give their consultancy a name. Also, professional self-employed people such as lawyers and doctors are often regulated through their own professional councils.

<sup>2</sup> Data on status in employment are compiled according to the International Classification of Status in Employment (ICSE), adopted in 1993. Breaking down employment information by status in employment, based on degree of autonomy and risk, provides a statistical basis for describing employment arrangements and conditions of work.

*Wage and salaried workers (or employees)* hold paid employment jobs and are typically remunerated by wages and salaries, but may also be paid by commission from sales, or by piece-rates, bonuses or in-kind payments, such as food, housing or training.

*Employers*, with one or several partners, hold self-employment jobs and have engaged on a continuous basis one or more persons to work for them in their businesses as employees.

*Own-account workers*, working on their own-account or with one or several partners, hold self-employment jobs and have not engaged any employees on a continuous basis.

*Contributing family workers* (referred to in previous classifications as unpaid family workers) hold a self-employment job in a market-oriented establishment (i.e., business or farm) operated by a relative living in the same household, who cannot be regarded as a partner because their degree of commitment to the operation of the establishment is not at a level comparable to that of the head of the establishment.

Sub-Saharan Africa	Women	13.5	1.3	48.0	37.2
	Men	28.2	2.2	51.0	18.6
Oceania	Women	17.2	0.3	29.1	53.4
	Men	28.4	1.1	43.2	27.3
Southern Asia	Women	19.5	0.6	45.5	34.4
	Men	25.9	1.4	63.5	9.2
South-Eastern Asia	Women	36.6	1.5	35.4	26.6
	Men	41.4	3.5	44.8	10.3
Eastern Asia	Women	51.9	0.6	28.7	18.8
	Men	57.2	1.9	34.9	5.9
Caucasus and Central Asia	Women	59.3	0.9	33.3	6.6
	Men	59.0	2.4	35.5	3.2
Western Asia and Northern Africa	Women	61.0	1.6	14.5	22.9
	Men	69.9	7.8	17.9	4.4
Latin America and the Caribbean	Women	65.4	2.9	24.1	7.6
	Men	62.7	5.9	27.9	3.5
Southern Europe	Women	80.9	3.5	11.7	3.9
	Men	71.9	7.5	19.1	1.5

Eastern Europe	Women	87.7	1.4	9.0	1.9
	Men	85.3	2.6	11.2	0.9
Other developed regions	Women	91.5	1.6	5.8	1.0
	Men	86.2	4.5	8.9	0.3

**Source(s):** United Nations, 2015. *The World's Women 2015: Trends and Statistics* based on ILO Estimates and Projections.

**Note:** Other developed regions include countries in Northern and Western Europe, as well as Australia, Canada, Japan, New Zealand and the United States.

Recent estimates suggest that, in developing countries, one-third to one-half of the *informal* workforce is self-employed, more so women than men in most countries (ILO and WIEGO 2013; Vanek et al 2014). Wage employment accounts for the largest share of non-agricultural informal employment in only one region (Eastern Europe/Central Asia); and this is also the one region where the majority of women in informal employment, outside agriculture, are wage-employed (Vanek et al 2014).

#### *Different Categories of Self-Employed*

In official labour force statistics, there are four categories of self-employed: employers, own-account operators, contributing family workers and members of producer cooperatives. Own-account operators include those who work completely on their own (single-person operations) and those who head family firms/farms with contributing family workers. Across developing regions own-account workers represent the largest category, comprising from 53 per cent of informal employment in Sub-Saharan Africa to 33 per cent in East and Southeast Asia (excluding China). The second largest category is contributing family workers who comprise from 5 per cent of informal employment in Eastern Europe and Central Asia to 12 per cent in South Asia. Few informal self-employed are employers, from 2 per cent in Sub-Saharan Africa, Eastern Europe and South Asia to 9 per cent in East and Southeast Asia (excluding China) (Vanek et al 2014).

#### *Women Own-account operators*

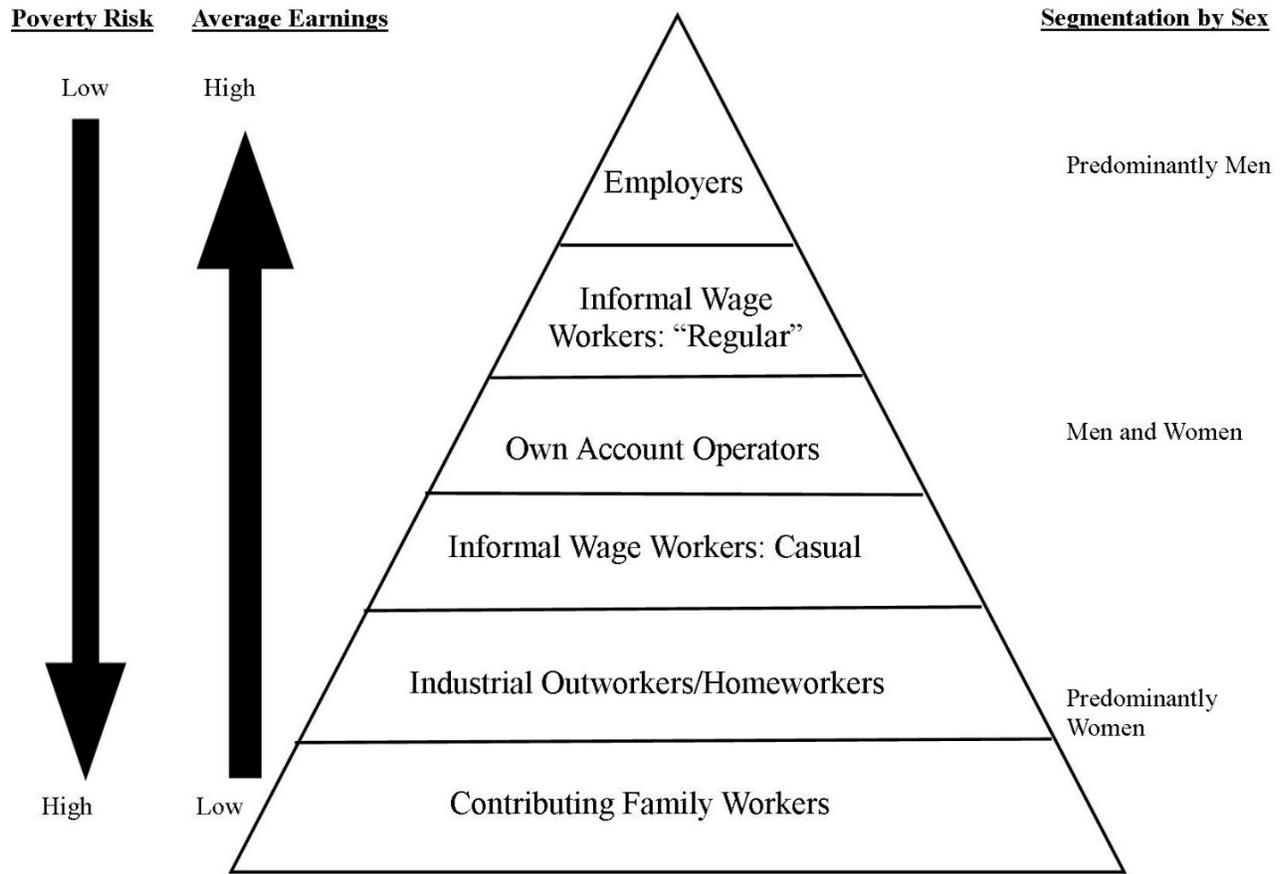
Why should we be concerned about women own-account operators? First and foremost, own-account self-employment is a significant source of employment for women and men everywhere.

Globally, around 30 per cent of women workers and 40 per cent of men workers are own-account workers; 19 per cent of women workers and 7 per cent of men workers are unpaid contributing family workers; and only one per cent of women workers and three per cent of men workers are employers (*World's Women 2015*). In Sub-Saharan Africa and East and Southeast Asia (excluding China) the percentages of women workers engaged in own-account employment are higher than those for men: especially in Sub-Saharan Africa where 60 per cent of women engaged in informal employment, outside agriculture, are own-account workers (Vanek et al 2014). In countries which measure informal employment in agriculture, these percentages are higher still: with the caveat that in many countries women are more likely to be contributing family workers on family farms than owner operators of those farms.

Second, evidence indicates that average earnings are low among the informal self-employed, except those with paid employees (Chen et al 2005). Indeed, those who have paid employees are the only informal self-employed who are non-poor on average (Ibid.). The average earnings of own-account operators are quite low. Based on reviews of national data and research studies the links between informality, poverty, and gender, WIEGO developed a multi-segmented model of the informal economy illustrated in Figure 1 below. As data have become available, WIEGO has tested this model in a number of developing countries where the data allow for a comparison of status in employment (measured at the individual level) and poverty (measured at the household level) (Chen et al 2005), making it possible to estimate the percentage of workers in specific statuses in employment who are from poor households (what WIEGO calls “poverty risk”). In all countries, average earnings went down and the risk of being from a poor household went up as workers moved down the status in employment segments of the WIEGO model.

**Figure 1**

**Multi-segmented Model of Employment in the Informal Economy**



*Source:* Chen 2012

Based on the ILO data and WIEGO analysis, “own-account work” and “unpaid contributing family work”, were added as indicators of “vulnerable employment” under Millennium Development Goal # 1 in 2005.

Further, both male and female informal operators experience high levels of entrepreneurial risk: like formal entrepreneurs, they experience fluctuations in demand, prices and competition; but more so than formal entrepreneurs, they experience a particularly uncertain and hostile policy and regulatory environment, have greater difficulty in accessing markets, and are less able to bargain or negotiate effectively.

In sum, reducing the risks and enhancing the productivity and earnings of women own-account operators is a key pathway to reducing poverty and gender inequality – as well as a key pathway to economic empowerment of thirty per cent of women workers globally.

## II. THREE ILLUSTRATIVE CASES

Home-based production and street vending represent a significant share of the workforce across cities in South and Southeast Asia as well as in Sub-Saharan Africa. In South and Southeast Asia, home-based work represents 7 to 27 per cent of total employment in cities where data are available and 8 to 56 per cent of female employment in those cities; and street vending/market trading represents 1 to 6 per cent of total employment and 1 to 10 per cent of female employment in those cities.<sup>3</sup> In Sub-Saharan Africa, home-based work represents 8 to 21 per cent of total employment in cities where data are available (mainly Francophone West Africa) and 13 to 33 per cent of female employment in those cities; and street vending/market trading represents 10 to 20 per cent to total employment and 12 to 32 per cent of female employment in those cities. The percentages for both groups and both sexes are around 3-6 per cent in Latin America, with the exception of Lima, Peru where 9 percent of all workers and 13 per cent of women workers are street vendors or market traders. See **Table 2**.

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<sup>3</sup> This brief presents national level urban data as well as data on specific cities. The city level data will be published soon in the WIEGO Informal Economy Dashboard. The specific data sources are shown in Table 3. The data were prepared through WIEGO's efforts to improve the available data on specific categories of urban informal workers. While the statistics show the significance of these workers, in particular in women's employment, they probably are an under-estimate, especially of waste pickers. Not all countries collect data on these specific categories of workers and among those that do methods often need to be improved. However the growing recognition of the importance of these specific worker groups is leading to improved data collection and tabulation by national statistical offices.

**Table 2**  
**Three Occupational Groups as Percentage of Employment in Cities (non-ag)<sup>4</sup>**

Location	Year	Home-based workers			Street vendors and market traders			Waste pickers		
		Total	Women	Men	Total	Women	Men	Total	Women	Men
<b>Latin America and the Caribbean</b>										
Mexico City, Mexico	2015	4	4	3	3	5	3	<1	<1	<1
Lima, Peru	2014	4	6	2	9	13	6	...	...	...
<b>Sub-Saharan Africa</b>										
Cotonou, Benin	2001-2003	21	29	10	19	24	6	<1	<1	<1
Ouagadougou, Burkina Faso	2001-2003	13	23	5	14	15	14	<1	<1	<1
Abidjan, Cote d'Ivoire	2001-2003	8	13	5	13	21	6	<1	<1	<1
Niamey, Niger	2001-2003	15	33	5	10	12	3	1	1	1
Dakar, Senegal	2001-2003	13	20	7	11	15	7	<1	<1	<1
Lomé, Togo	2001-2003	16	21	9	20	32	7	<1	<1	<1

<sup>4</sup> **Data for all cities in India:** Special tabulations based on the 2011-12 National Survey of Unemployment and Employment prepared by Govindan Raveendran, the former Additional Director of the Central Statistical Organization of India

**Data for Mexico City, Mexico:** INEGI. Encuesta Nacional de Ocupación y Empleo. Informalidad laboral. Indicadores estratégicos. Cuarto trimestre de 2015.

<http://www3.inegi.org.mx/sistemas/tabuladosbasicos/tabtema.aspx?s=est&c=33698> and special tabulations provided by Rodrigo Negrete (INEGI).

**Data for Lima, Peru:** Special tabulations from the 2014 National Institute of Statistics (INEI-Peru), National Household Survey (ENAHO) prepared by Lissette Aliaga, Assistant Professor, Department of Sociology and Anthropology, University of Nebraska at Omaha.

**Data source for all other cities:** Herrera, Javier, Mathias Kuépié, Christophe J. Nordman, Xavier Oudin and François Roubaud. 2012. Informal Sector and Informal Employment: Overview of Data for 11 Cities in 10 Developing Countries WIEGO Working Paper (Statistics) No. 9

Antananarivo, Madagascar	<b>2007</b>	12	16	9	10	13	8	...	...	...
Bamako, Mali	<b>2001- 2003</b>	14	23	7	17	26	9	<1	1	<1
<b>South and Southeast Asia</b>										
Ahmedabad, India	<b>2011- 2012</b>	16	56	6	6	5	6	2	5	1
Chennai, India	<b>2011- 2012</b>	7	17	4	1	1	1	0	2	0
Delhi, India	<b>2011- 2012</b>	7	13	6	6	7	6	1	2	1
Kolkata, India	<b>2011- 2012</b>	17	33	13	5	1	6	2	1	2
Mumbai, India	<b>2011- 2012</b>	8	20	5	4	1	4	1	2	0
Pune, India	<b>2011- 2012</b>	9	8	9	2	0	2	3	8	1
Hanoi, Vietnam	<b>2007</b>	18	19	17	6	10	2	...	...	...
Ho Chi Minh City, Vietnam	<b>2007</b>	27	30	23	6	9	4	<1	<1	<1

Considered another way, home-based workers represent a larger share of women workers, than men workers, in both Latin American cities, 5 out of 6 cities in India, both cities in Southeast Asia, and all 8 cities in Sub-Saharan Africa: and street vendors represent a larger share of women workers, than men workers, in both Latin American cities, 1 city (Delhi) out of 6 cities in India, both cities in Southeast Asia, and all 8 cities in Sub-Saharan Africa. In India in 2011-12, nationally, home-based workers represented 14 per cent of total urban employment and 32 per cent of women's urban employment (Chen and Raveendran 2014); and in Pakistan in 2008-9, they represented 4 per cent of total urban employment and 31 per cent of women's urban employment (Akhtar and Vanek 2014).

Waste pickers represent 1 per cent or less of the total, female and male workforces in the two cities in Latin America and the one city in Southeast Asia where data are available; but they represent 1 to 3 per cent of the total workforce and 1 to 8 per cent of the female work force in six cities of India.

Together, these three groups represented 19 per cent of *total* urban employment and 37 per cent of *female* urban employment in India in 2011/12 (Chen and Raveendran 2014). Most street vendors and waste pickers are own-account workers: a few hire workers and a few are hired by others. Only a few home-based workers are employers, while the rest are either own-account operators or sub-contracted workers. It is fair to say, therefore, that a significant share of women own-account operators in cities across the developing world are home-based workers, street vendors and/or waste pickers.

This section and the next summarize findings from a 2012 study in 10 cities by the WIEGO and local partners designed to interrogate what is driving change in the urban informal economy and how urban informal workers respond to change. That study, known as the Informal Economy Monitoring Study (IEMS), combined quantitative (survey questionnaire) and qualitative (focus groups tools) methods.<sup>5</sup> The direct quotes cited in this brief were recorded in the focus groups. The detailed findings are presented in three sector reports: Chen 2014 on home-based workers, Roever 2014 on street vendors, and Dias and Samson 2016 on waste pickers.

### *Home-Based Workers*

Home-based workers produce goods or services for the market from within or around their own homes. Home-based workers are engaged in many branches of industry: notably labor-intensive manufacturing (craft items, garments, shoes, sporting goods, textiles) but also processing and preparing food items; assembling or packaging electronics, automobile parts, and pharmaceutical products; selling goods or providing services (laundry, hair-cutting, beautician); or doing clerical or professional work; among other activities. Although they remain largely invisible, they represent a significant share of the urban workforce in some countries, particularly for women and especially in Asia.

There are two main categories of home-based workers: self-employed and sub-contracted workers. The self-employed may be employers (with hired workers), own-account operators

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<sup>5</sup> WIEGO. Informal Economy Monitoring Study. <http://wiego.org/wiego/informal-economy-monitoring-study-iems>

(without hired workers), or unpaid contributing family workers. Some may belong to cooperatives or producer groups but continue to work from home. The sub-contracted workers who work from their home are typically paid by the piece, but some are paid on a time basis. In reality, an individual home-based worker may occupy more than one status in employment across a given day, month or year.

Self-employed home-based workers have to know and negotiate the markets for raw materials and finished goods. They have to predict demand in order to adjust their products, prices, and point of sale accordingly. In Bangkok, an embroiderer noted: *“I always have to create new designs for my products, produce and stock them especially before festivals.”* A shoe-maker reported: *“It is not easy to get orders: sometimes they offer me a very low price. I try to bargain but the shoe-shop owners say they have to spend a lot on shop rent as well as administrative costs. I have also found that I have competitors who try to lower the prices. Now I am trying to produce and sell by myself.”* But their knowledge of markets comes at a price, as home-based workers have to spend a good deal of time and money on transport.

Further, self-employed home-based workers find it difficult to access export markets. In fact, the vast majority of home-based workers with links to export markets are sub-contracted, not self-employed. Most sub-contracted home-based workers provide the workplace, pay for utilities, buy/rent and maintain their own equipment while the contractors provide the work orders and raw materials, specify the product/s to be made, inspect the quality of finished goods, and sell the finished goods or supply them to firms further up the chain. In most cases, the home-based worker goes to the contractor to receive raw materials and deliver finished goods; in a few cases, the contractor comes to the home-based worker’s home or lives/works nearby. In some cases, the home-based worker is herself a sub-contractor who splits the order and raw materials that she receives among other women in her neighbourhood. Also, some sub-contracted home-based workers work together in groups: either in one woman’s home or in a common space within their neighbourhood. Whatever the arrangement, all home-based sub-contracted workers have to absorb many of the non-wage costs and risks of production, including: workplace, equipment, power, some supplies, and transport. They do so with limited bargaining power, compounded by their limited knowledge of the markets and of prices for raw materials and finished goods.

### *Street Vendors*

Street vendors can be categorized by different types of activity or work process, where each type poses distinct challenges to generate enough profit and make the business viable. First, some vendors engage in straight buy-sell activity: in this case, the work involves sourcing goods, typically from wholesalers; transporting the goods to a vending post in public space; and selling them at a small margin. These vendors are challenged to find good prices from suppliers; keep other costs, such as transport and storage, to a minimum; protect their stock from spoilage and theft; and sell at volume to generate profit. A second category makes, manufactures, or transforms goods and sells them directly to consumers. These vendors must find a place to make their goods, usually at home or in the street but sometimes at a workshop or other unused space; then find a place to sell them to consumers; and find a place to store the unsold goods, if they are not perishable (such as craft products), or to store the equipment used to make the goods sold (such as portable stoves or juice machines for cooked food or prepared drink vendors). The work of these vendors entails value addition and is often more dependent on workplace infrastructure, such as electricity and running water, than buy-sell traders. Finally, a third group of vendors provides services, such as dressmaking, masonry, hairdressing, computer repairs, shoe repair, watch repair, and auto repair, among others. Service providers have fewer challenges when it comes to transporting goods, but are often reliant, like manufacturers, on electricity and/or need either specialized training or substantial access to capital to purchase the necessary machinery, tools or inputs.

While street vendors share certain business risks and uncertainties with formal enterprises, they also encounter other types of risks related to the insecurity of their workspace that formal enterprises do not. These include demolitions of their stalls, arbitrary confiscations of merchandise, harassment on the part of police or formal shopkeepers, and being chased away from the work site, among others. The challenge for vendors is to adapt the daily work process to these risks and insecurities in order to earn enough.

While there is increasing recognition of dependent workers in employer-employee relations who lack the basic protections afforded by labour law, less is known about dependence in commercial

relationships involving own-account workers. In the case of street vendors, dependence on certain suppliers can restrict vendors' ability to bargain for better wholesale prices or diversify their stock: in fact, 40 per cent of street vendors in the IEMS survey sample always buy from the same supplier. The focus group data indicated that access to credit plays an important role in choosing a supplier. Produce vendors place more importance on credit than vendors of other products: while around half of produce vendors said whether a supplier offers credit is very important, only one-quarter of durables vendors said the same. Because, among other reasons they are more likely to be produce vendors, a higher percentage of women (37 per cent) than men (24 per cent) said credit is very important in choosing a supplier.

Vendors also cited unfair practices or terms of transactions with wholesalers (as well as shopkeepers, intermediaries, and service providers) that transfer risk to them and the lack of leverage they have in negotiating better transaction terms. Focus group participants reported several types of challenges related to their wholesalers, including the risk of taking on low-quality or spoiled goods. *"They now have a tendency of packing the best quality fruits at the top so that when you open the box, you quickly get satisfied and pay without any doubts,"* explained a male vendor in Durban. *"When you get to your trading site, you are hit by surprise that the rest of fruits in the box are of very low quality or the worst, rotten."* A produce vendor from Lima noted, *"The value chain has a lot of intermediaries, [and] they engage in bad practices."*

In addition to dependence on particular suppliers, street vendors also form dependent relations with informal moneylenders and (less so) formal banks. Many reported that the terms of borrowing were difficult. *"The interest on loans is too high and the terms of payment are not good. They take repayments on a daily and weekly basis. How do we get money to run our businesses?"* asked one of Accra's vendors in frustration. *"They should allow us to pay our loans monthly."* Formal banks have the leverage to seize the assets of borrowers, so vendors run the risk of losing their possessions if they have a bad week of sales: said a cloth vendor from Accra, *"We can't take more loans as we are unable to repay. The banks come to our houses to take our valuables."* Informal moneylenders fill the gap that banks leave, but they also loan on terms that are bad for vendors. *"It stresses us, to the point I would say it causes us anguish,"* said one vendor in Lima. Another added that the lack of capital undermines their health, produces

problems in the household, and causes low self-esteem. Having to deal with informal moneylenders sets vendors back: “[There are] high interest rates and a lot of usury. And [with] the usury it means you have to work three times as much just to pay. There are people who charge daily [interest rates], charging 20 per cent.”

### *Waste Pickers*

Broadly defined, waste pickers range from those who rummage through garbage in search of food, clothing and other goods for consumption, to informal collectors of recyclables for sale to businesses or middlemen, to organized collectors and sorters of recyclables affiliated to unions, cooperatives or associations. Waste pickers recover and sell materials including plastics, paper, cardboard, metals, glass, and electronics into secondary raw and packing materials chains that feed industry. Waste picking is typically an autonomous form of labour in which the worker determines his or her own work schedule, and decides what to collect, where to collect it, how to collect it, and to whom to sell it. Thus, most waste pickers are own-account workers. But in some cities, including Belo Horizonte (Brazil), Bogotá (Colombia), and Pune (India), waste pickers have formed cooperatives that have endured over time; cooperative members account for most waste pickers who are not own-account workers.

In some contexts, a gendered division of labour defines the waste sector: women engage in less remunerative activities within the value chain, as they predominantly collect lower-value materials such as plastics and cardboard, while men collect metals, which are more profitable to sell. These gender divisions are more prevalent among independent own-account workers, and can be traced either to context-specific gender norms that restrict the roles women play in the production process or (in the case of open dump sites) to the physical competition for access that takes place in unregulated work environments. Gender divisions are less prevalent among cooperative members, as the cooperative model provides mechanisms that reduce inequality among members.

First and foremost waste pickers are dependent on access to waste, either at dumpsites, or at fixed collection points, or by going street-to-street or door-to-door looking for discarded materials. A key challenge for waste pickers is access to waste, particularly when the city

decides to manage solid waste collection and disposal and especially if cities privatize waste management. In order to trade higher up the value chain, waste pickers rely on some form of value addition: by segregating, bundling, or processing waste, for example. Cities where cooperatives have existed for many years have waste pickers involved in more differentiated activities, from sorting to cleaning, baling, weighing, compressing, and shredding recyclable materials, to administrative and political work for a cooperative.

Another key challenge for waste pickers is to negotiate fair prices for their materials from buyers. Those who are not organized are in a particularly weak position to negotiate fair prices, while those who are members of organizations that represent them in negotiations and train them in negotiating skills can command better prices (Dias and Samson 2016). Waste pickers in the study sample considered value chain dynamics, including low and unstable selling prices for recyclable materials and exploitative and dependent relations with buyers, among the most significant drivers in the sector. *“This is the most important struggle for us as organizations: the stabilization of prices,”* said one of Bogotá’s waste pickers.

### **III. CONSTRAINTS & RISKS**

The self-employed in the informal economy, most of whom are own-account workers, face the same types of business risks as formal entrepreneurs - such as fluctuations in demand, prices and competition - but also face an additional set of risks and constraints associated with being informal and that stem in significant part from the lack of bargaining power and leverage, in relation to both other market actors and the state. Further, women own-account operators face additional challenges associated with gender norms and relationships.

#### **Macro-Economic Trends**

##### *Fluctuations in Demand*

Low and unstable demand has significant impact on all three groups. Notably, the recent global recession had major and lasting impacts on these workers. Home-based workers in Bangkok reported the negative impacts of both the global recession - *“No orders from abroad means the factories can’t export and can’t provide regular work to home-based workers”*- and lingering

local recession: “According to my observation, nowadays, people have to stop more often to consider whether to buy a suit.” Among home-based workers, this impact is reflected in less frequent work orders for those who are sub-contracted and less frequent orders or purchases from local buyers and customers for the self-employed.

Street vendors also reported slow sales or sluggish demand. In Durban, South Africa and Nakuru, Kenya several focus groups of street vendors described a cycle in which low demand and slow sales left them without sufficient working capital, and the lack of capital left them without enough stock to attract or retain customers, further undermining demand. By contrast, in Accra, the capital city of a country that experienced 15 per cent growth in 2011 and 8 per cent growth in 2012, only around a third of the vendors said low demand was a significant problem. But the lack of exposure to sluggish demand in Accra is also due in part to the composition of the Accra sample: mostly market traders and street vendors who sell durables who tend to have secure working conditions relative to street vendors who sell perishables.

The waste pickers in the study identified fluctuations in the selling price of recyclables, rather than fluctuations in demand per se, as the most significant negative driver. Some linked the low selling prices to macroeconomic policy: in Bogotá, for example, some waste pickers related the drop in selling prices for recyclables to the free trade agreement that Colombia signed with the United States in 2011. “The big companies manipulate the price,” one said; and “[the prices for] all materials have gone down; cardboard fell about 200 per cent, it was at 200 and now it is at 80 pesos”.

### *Rising Prices*

Informal operators in all three sectors identified rising prices as a significant negative driver. Rising prices affect informal workers, particularly the self-employed, in a number of ways. For home-based workers, who must cover the cost of raw materials, equipment, and accessories in addition to rent, electricity, and water for their home workplaces, rising prices were not matched by increased returns on sales of the goods they produce; as a dressmaker in Bangkok said, “The prices of raw materials and dressmaking equipment and accessories have increased but the wages for dressmaking have still not increased.” Rising prices also affect working capital: “To

*make a dress we need more money than in the past. On the other hand, our capacity to invest is reduced.*” And significantly, rising prices also have the effect of reducing demand; key informants in Ahmedabad, for example, said that the high costs of food, water, and energy, was forcing many would-be customers to avoid buying clothing and other non-essentials. The focus groups of home-based workers in Lahore said rising prices — especially for food – had a direct effect on their households, families, and their own productivity: they had trouble keeping their kids in school, covering health-related costs, and buying food for their families.

For street vendors, the rising cost of stock especially affected fruit and vegetable vendors, particularly in Accra and Ahmedabad where annual rates of inflation exceeded 9 per cent in 2012. Street vendors said they had difficulty passing rising costs on to consumers, who expect to be able to negotiate low prices in the streets and who can typically find a competitor to offer a better deal. A banana vendor in Accra, for example, said, *“People don’t buy when the price goes up. Those who buy from us negotiate and buy at lower prices. If we don’t sell we lose because the good [banana] is perishable. If we sell at the prices they want to buy, we are unable to get our money back. We therefore find it difficult to make profit from this business.”* Vendors also identified increased transport costs as a problem as well, as they have to pay for transport daily to get their goods from the wholesale market to their post on the street. And several said rising household costs reduce their working capital: *“The price of everything—including rent, school fees, etc.—goes up and this has an effect on how much money we have to trade.”*

Waste pickers were, on the whole, less affected by rising prices: just four focus groups, all from Pune, ranked rising prices as a significant negative driver. Because they collect recyclable materials rather than buying them, waste pickers are less affected than the other groups by rising costs for supplies; but because their earnings are very low, especially in Pune, a higher cost of living has a direct negative impact on household consumption, with focus groups reporting that they eat less and consume less in general as a response. In Pune, waste pickers said the combination of rising prices in general, including food prices, and low selling prices for their recyclables undermined earnings and had a direct impact on household food consumption: *“This price rise is terrible. The prices of everything that we buy increase, and the price of recyclables comes down!”* During the global economic crisis in 2009-10, when the global drop in demand

caused selling prices for recyclables to plummet, the waste pickers were hard hit and found it difficult to adjust to the rising costs of fuel, transport and food (Horn 2009, 2011).

### *Competition*

Informal operators in all three groups also identified intense competition as a significant negative factor. Nearly half of all the home-based workers, and 70 per cent of the Ahmedabad sample, reported that there were more workers in their trade or sector at the time of the survey (third quarter of 2012) than in the previous year. Self-employed home-based workers reported being forced to lower their prices once new competitors entered the market: a shoe maker in Bangkok, for example, said *“I used to negotiate with the shoe shops, who placed orders, to increase the price they paid for my products. But I found out that I had competitors, who proposed a lower price. So I had to decrease my price too.”* Workers who sell groceries in small quantities from their homes also noted competition from multinational convenience store chains: *“Sometime even local people don’t support their local grocer and go to buy at 7-Eleven and Tesco Lotus. The large scale, big business chain stores offer a lot of promotions that small grocers like us cannot match. Also, people like to shop and walk around in air conditioned stores which are more comfortable and make them feel very modern and trendy.”*

Street vendors reported strong competition both with other street vendors and from shopping malls or multinational supermarket chains. A higher percentage of those who sold produce (nearly 80 %) complained of competition compared to those who sold durables (just over two-thirds). In most countries/cities, women workers are over-represented among produce vendors compared to men workers. Increased competition, along with other findings on produce vendors, suggests an enterprise growth path for this segment of women own-account workers would be particularly challenging.

For waste pickers, competition was most pronounced around gaining access to waste in specific locations. Competition was especially acute in Bogotá, Colombia where over 90 per cent of waste pickers said that both contracts to formal enterprises to collect and recycle waste materials and competition with municipal workers for recyclable materials were a major problem; 80 per cent said competition between cooperatives was a major problem.

## Government Policies & Practices

Municipal policies and practices typically discourage informal enterprises; and urban renewal schemes, especially large infrastructure schemes, often dislocate or otherwise undermine informal enterprises. In part this is because urban planners and local economic planners tend to view informal enterprises in negative terms, do not recognize them as generators of economic growth from below; and, therefore, do not integrate informal enterprises into their urban and economic plans.

First and foremost, informal operators do not enjoy effective legal rights and protections as workers. Street vendors and waste pickers in particular see their earnings undermined by abusive and discriminatory practices on the part of municipal officials and other market actors, such as intermediaries and moneylenders. Street vendors routinely have their goods confiscated in the absence of effective licensing systems and in the absence of transparent rules around vendors' rights and responsibilities; and are frequently evicted from their vending place. Waste pickers are routinely excluded from solid waste management systems and denied access to waste. In both cases, these workers operate in uncertain business environments with high risks and few protections. Compared to street vendors, traders in built markets work under more stable conditions and, if the markets are centrally located, enjoy higher earnings. But informal market traders tend to do less well than those who operate from formal incorporated commercial establishments. In sum, government policies and practices that undermine working conditions also undercut workers' ability to accumulate savings and assets over time.

Secondly, deficits in urban infrastructure — including low coverage, poor quality, and high cost — limit productivity among home-based workers, street vendors and waste pickers. For home-based workers, poor quality and poorly located housing, combined with irregular power supply and the high cost and erratic availability of transport, constrain productivity and undermine earnings. These risks can undermine the quality of what they produce (e.g. raw materials are damaged due to leaks or flooding) and the quantity and timeliness of what they produce (e.g. when power shortages force them to stop working): which, in turn, undermine their standing with buyers and customers, especially those who give them orders. For street vendors and waste

pickers, inadequate workplace infrastructure - for example, shelters and storage for street vendors, and sorting sheds for waste pickers - also exposes workers to environmental hazards and expose materials to spoilage and theft. And for all three groups, occupational health and safety hazards are common.

Thirdly, urban renewal schemes tend to compound their disadvantages and further undermine their livelihoods. When and where large urban infrastructure schemes are introduced, home-based workers face eviction from their homes-cum-workplaces and relocation to the periphery of cities at a distance from their markets or contractors; street vendors face eviction from the natural markets where they sell and relocation to the periphery of cities at a distance from their customers. When and where modern transport systems are introduced, many informal workers are dislocated in the process of building the system and most cannot afford to take the modern transport once the system is built.<sup>6</sup> When solid waste management is privatized, associations of waste pickers are often not allowed to bid for contracts and individual waste pickers are often denied access to the waste that they once collected, sorted and recycled.

In sum, the urban working poor in the informal economy are affected both by *infrastructure deficits* at their workplaces (which often lack adequate shelter, electricity, water, and/or sanitation) and by major *infrastructure projects* (which often destroy their workplaces or cut off access to markets). They are also affected by the *urban regulations, laws and policies* that dictate who can do what, and where, in the city. It should be noted that in the case of access to infrastructure, among the street vendors and waste pickers, more men than women in the combined survey sample identified a lack of access as a major or moderate problem in their work. This may reflect a gendered division of labour within the street vending and waste picking sectors, where men are involved in higher-value-added work processes that rely more on infrastructure support. Among the home-based workers (all of whom are women in the sample)

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<sup>6</sup> An urban expert in Bangkok refers to the Sky Train and Bus Rapid Transport System as "class-transport", not "mass-transport", as the poor cannot afford to ride on them. In fact, the poor cannot afford other more-informal modes of transport in Bangkok: the two-wheel and three-wheel motorcycle taxis. The poor tend to walk and take public buses or, if they can save enough money, buy their own motorcycle or car. (Apiwat Ratanawaraha, personal communication January 2014).

shortages-cum-high cost of electricity and inadequate housing were prioritized as constraints in Lahore and Ahmedabad, respectively.

Disadvantages within the informal economy stem from the type of activity, place of work and status in employment. Women are more likely than men to work in the higher-risk, lower-reward product or material categories in different sectors, such as fresh produce (among street vendors) and cardboard recycling (for waste pickers). Among home-based workers, status in employment (i.e. whether self-employed or sub-contracted) generates different kinds of risks and constraints. Among street vendors, place of work differentiates between more vulnerable street vendors and more stable market traders; and produce vendors are significantly and systematically more likely to encounter these problems than vendors of consumables, durables, and services. In particular, vendors of fruit and vegetables who work in public space — with or without a license — reported that the police confiscate their stock and it is rarely possible to recover it, even after paying a fine to get it back. In most countries/cities, women are more likely to sell perishables, particularly fruit and vegetables. Among waste pickers, access to and competition for waste depends on their route – whether they collect waste from homes or offices, from streets, from city dumpsters or at city-run depots, or from sanitary or open landfills or dumpsites. For all three groups, membership in cooperatives can help mitigate the negative impacts of exclusion and disadvantage.

### **Value Chain Constraints**

In addition to constraints driven by macro-economic trends and government policies or practices, informal operators face constraints associated with unfair practices and unequal power relationships within the value chains in which they operate. These value chain constraints tend to differ significantly by the economic sector (or sub-sector) the informal self-employed operate in and, also, by their degree of dependence on dominant actors in the value chain. For instance, home-based workers are often dependent on specific suppliers or buyers due to their relative lack of mobility and market knowledge; street vendors are often dependent on those they buy supplies from, especially if they buy on credit; and waste pickers are dependent on recyclers up the chain who buy - and set the price - for the recyclables that they reclaim from sorting waste.

The self-employed home-based workers discussed the unfair practices of their buyers (e.g. giving their designs to their competitors to produce). Well over two thirds reported that they were unable to bargain for better terms of trade. Difficulty bargaining better terms and countering unfair practice were also significant themes among street vendors. Street vendors have difficulty bargaining not only with moneylenders, but also with suppliers and most significantly with customers. In the case of moneylenders, *“The interest on loans is too high and the terms of payment are not good. They take repayments on a daily and weekly basis,”* said a vendor from Accra. *“How do we get money to run our businesses?”* While many vendors said the role of credit in choosing a supplier was significant, they also noted the cost of buying on credit: *“In case any vendor buys on credit, the wholesaler charges 5 rupees more on a 100 rupee purchase,”* said a vendor from Ahmedabad. And vendors said they have very little latitude when it comes to bargaining with customers: at least half of the survey sample of vendors from every city said that they had difficulty negotiating higher prices from customers. In order to retain coveted customers, some vendors agreed to sell on credit, further undermining their working capital: *“if you do not give credit, you will not have customers. You will lose your customers as well as word quickly goes round referring to your stingy and unsupportive ways.”*

For waste pickers, the challenges around unstable prices and intense competition made them more dependent on middlemen, especially in cities like Belo Horizonte where the distance between collection points and the recycling industry was significant. In Pune, the proliferation of scrap shops undermined access to recyclable materials among itinerant waste pickers, who said residents had begun to sell directly to the scrap shops instead. In Bogotá, waste pickers said their access to waste had been reduced because of increasing numbers of new entrants in their sector, such as cleaners, security guards, and NGOs, as well as large formal sector companies. They also cited discrimination and a lack of market information as relevant negative drivers in the value chain.

#### **IV. FRAMEWORKS FOR ANALYZING & ADDRESSING CONSTRAINTS**

Clearly, from the evidence cited above, women own-account operators face a range of constraints or barriers - both internal and external; some because they operate informally and

others because they are women. In other words, they share some constraints and risks with men informal operators, and others with women entrepreneurs.

The constraints common to *all* informal operators/entrepreneurs, which can be particularly severe for women informal operators/entrepreneurs include:

- limited access to *public* property: notably public space but also waste
- limited access to personal resources: productive assets, capital and skills or education
- limited access to business development services: especially innovation and competitiveness enhancing services, networking and inter-firm linkages
- limited access to infrastructure: *basic* infrastructure (water, electricity, sanitation) and *public* infrastructure (roads, communication)
- unfavorable integration into value or supply chains: backward and forward linkages on unfavorable terms of trade
- unfair or hostile wider environment: macro-economic conditions: macro, micro and sector policies; procurement bids; laws and regulations which are hostile towards informal enterprises and/or biased towards formal enterprises

Additional constraints specific to *women-owned enterprises*, which can be particularly severe for women who own *informal* enterprises:

- limited *private* property rights: due to which women have fewer productive assets and less collateral to leverage capital
- gender division of labor: by which women are seen to be the primary care givers - responsible for child rearing and domestic chores; while also often responsible for the daily cash flow of the household (which subsidizes the search for higher-return activities by men)
- norms of female modesty: which restrict women's physical mobility and interactions with strangers

The risks common to *all* enterprises:

- seasonality and natural disasters: associated with the weather

- volatility in the market and economy: demand, competition, prices, exchange rates, depreciation
- business risks: lack of contract enforcement and protection against liabilities or bankruptcy
- uncertain or unpredictable environment: policy, law, and regulation enforcement and general “law and order” situation
- uncertain or unpredictable basic infrastructure: water, electricity supply
- idiosyncratic crises and emergencies: illness and accidents + fires and robberies + costly life-cycle events (marriages and deaths)

Exposure to these risks tends to be higher for informal enterprises than for formal enterprises and female entrepreneurs often have a harder time coping with common risks, than male entrepreneurs do.

Additional risks specific to *female* entrepreneurs include:

- care responsibilities: for children and elderly or when other members of the family fall sick or become disabled
- verbal, physical or sexual harassment: by family, kin, or neighbours for working outside the home
- verbal, physical or sexual harassment: in the marketplace or by business partners

Exposure to these risks is often higher and the ability to cope is often lower for female *informal* operators than for female *formal* entrepreneurs. **Table 3** provides a framework for analysing the different constraints faced by women own-account operators by reason of working informally and of being a woman.

**Table 3**  
**Analytical Framework for Assessing Constraints of Women Own-account operators**

	Domain of Constraint	Informality	Gender
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Internal Constraints	Property	Lack of property Lack of property rights (including secure tenure) Lack of access to public space Lack of access to public property such as waste	Greater lack of property/property rights than men in comparable work Lack of inheritance rights Lack of legal capacity to contract or to hold property in their own name
	Skills & Education	Lack of skills training & education	Greater lack of skills training & education than men in comparable work
	Market & Business Know-How	Lack of market knowledge Lack of business management skills	Greater lack of market knowledge & business management skills than men in comparable work
External Constraints	Macro-Economic Trends & Policies - patterns and trends in growth impact demand; inflation and price setting impact prices of supplies/inputs and finished goods	Impact varies by industry branch and by whether enterprises are formal vs. informal due to biases against informal enterprises in macro-economic policies	Impact varies by sex due to gender segmentation within the formal and informal economies and to gender biases in macro-economic policies
	Government Policies & Practices	Bias against informal enterprises	Bias against women-owned enterprises

		Lack of access to public goods & services Abuse of authority	Lack of access to public goods and services
	Laws & Regulations	Lack of legal identity as economic agents Irrelevant, inappropriate, or hostile legal environment	Lack of legal identity as workers Lack of legal rights and protection
	Social-Cultural Norms	Stigmatization of informal economy: seen as illegal, criminal or non-productive	Gender biases: notably, restrictions on women's time, mobility, and ability to contract (e.g. women street vendor in India not allowed to contract directly with the wholesaler but only through a male family member as intermediary, who charged a 10% fee) Marlese von Broembsen
	Supply Chain Dynamics	Unfair relationships (assume this is about carrying risks and costs) Unequal power that translates into unfair	

		<p>contracts (contracts can be verbal or written) the terms of which are unilaterally decided on by contractors as opposed to being negotiated. Moreover, informal traders lack access to courts or other legal bodies to enforce their agreements, and if they did, are likely to lose future orders. Inability to enforce contracts—because of a lack of access to courts; but also work will then dry up.</p>	
	Place of Work	<p>Lack of tenure and basic infrastructure services at workplace Exposure to occupational health and risks specific to different informal workplaces</p>	<p>Exposure to sexual harassment and violence at place of work</p>

	Domain of Constraint	Informal Operators	Women Entrepreneurs
Internal Constraints	Property	Lack of property Lack of private property rights Lack of access to public property; e.g. public space; waste	Greater lack of property/property rights than men in comparable work Lack of inheritance rights
	Skills & Education	Lack of skills training & education	Greater lack of skills training & education than men in comparable work
	Market & Business Know-How	Lack of market knowledge Lack of business management skills	Greater lack of market knowledge & business management skills than men in comparable work
External Constraints	Macro-Economic Trends & Policies - patterns and trends in growth impact demand; inflation and price setting impact prices of supplies/inputs and finished goods	Impact varies by industry branch and by whether enterprises are formal vs. informal due to biases against informal enterprises in macro-economic policies	Impact varies by sex due to gender segmentation within the formal and informal economies and to gender biases in macro-economic policies
	Government Policies & Practices	Bias against informal enterprises Lack of access to public goods & services	Bias against women-owned enterprises Lack of access to public goods and services

		Abuse of authority	
	Laws & Regulations	Lack of legal identity as economic agents Irrelevant, inappropriate, or hostile legal frameworks	Lack of legal identity as citizens Lack of legal rights, entitlements and protection
	Social-Cultural Norms	Stigmatization of informal economy: seen as illegal, criminal or non-productive	Gender biases: notably, restrictions on women's time and mobility
	Supply Chain Dynamics	Unfair relationships Unequal power	
	Place of Work	Lack of tenure and basic infrastructure services at workplace Exposure to occupational health and risks specific to different informal workplaces	

Although we have not done so in this analytical framework, we would like to note the linked-constraints between working informally and being poor. We have a body of evidence that most informal own-account operators are from poor households and live in slum or squatter settlements. This makes it hard to isolate whether the constraints they face stem from their being poor, their living in slum or squatter settlements, from operating informally, and, more generally, from not having access to public goods, services or protection in their lives and their work. In

sum, in this framework and the policy brief more generally, we have not distinguished whether the constraints they face by reason of working informally stem partly or mainly from the fact that they are from poor or disadvantaged communities as there is so much overlap between these variables.

In diagnosing which economies are best positioned to grow and which factors prevent economic growth, Harvard economists have posited the notion of the “binding constraint”: namely, that factor which most severely impedes the ability of an economy to grow (Hausmann, Rodrik, and Velasco 2005). Attempts to cope with or manoeuvre around a constraint are seen as an indication that it is the binding constraint. This concept can be applied at the micro level as well: to identify which is the most binding constraint faced by individual entrepreneurs or enterprises. However, what the evidence cited above suggests is that women own-account operators face more than one binding constraint: from different sources, in different dimensions of their work, and by reason of being both an informal operator and a woman. In sum, we would argue that it is important to analyse and address the bundle of binding constraints faced by women own-account operators and to ask them which constraints are most binding, and why.

The IEMS studied the responses of home-based workers, street vendors and waste pickers to the bundle of constraints they faced. The common coping strategies to deal with decreased demand, increased competition, and decreased earnings, included: borrowing money; cutting back on expenditures including on food; diversifying products, markets and sources of income; working longer hours. The coping strategies of home-based workers to deal with the lack of or high cost of electricity included: investing in an alternative source of energy (if they could afford it); working by candle light; working by the light of their cell phones (held in their mouths); working at whatever time of day or night the electrical supply would come on. The coping strategies of street vendors to deal with the threat of harassment, confiscation of goods and summary warrants included: reducing stock and equipment so as to be able to move quickly; not investing in improved equipment or fancy display units which would attract attention; and paying bribes. The coping strategies of waste pickers to deal with the threat of harassment and competition for waste included working at night or in the early morning hours. The study found that those home-based workers, street vendors and waste pickers who belonged to organizations of informal

workers were better able to cope with these constraints and also better able to access markets: see the concluding section for promising examples.

Clearly, an integrated multi-dimensional approach is required to overcome the bundle of constraints faced by women own-account operators, including: direct support; market linkages; institutional reforms; and infrastructure services. Any single intervention in isolation is not sufficient.

### **# 1 – Direct Support**

Direct support typically includes some mix of financial services and business development training and/or services. As detailed in the policy brief on financial and digital inclusion of women informal workers by Renana Jhabvala (SEWA and WIEGO) and Jenna Harvey (WIEGO), women own-account operators need financial services and business development services. Also, there are proven and promising models for providing these services, not least the SEWA Bank and other SEWA support services.

But the evidence suggests that the benefits of financial services and business training without additional support are limited. Credit and business skills may help women to start enterprises but they do not often, on their own or in combination, improve the performance of new or pre-existing enterprises (Glaub and Frese 2011, McKenzie and Woodruff 2013). The IEMS found that the study sample used capital largely to compensate for lost income, to replace stolen or confiscated stock and equipment, or to repair broken equipment; and only occasionally to buy improved equipment or increased stock. A 2015 study in three of the IEMS cities found that the fear of theft or confiscation discourages informal workers from investing in improved equipment or increased stock (Alfers et al 2016). In other words, while capital and business skills are necessary, they are not sufficient to overcome many of the constraints faced by women own-account workers.

Further, while on-going technical advice is important, other forms of direct support are often needed. One promising approach is to develop the sub-sector in which large numbers of women own-account operators are concentrated in a specific locale: arranging inputs and supplies,

developing products, and accessing markets. This approach is often necessary for women who are operating in sectors which are underdeveloped or dominated by larger units and more powerful actors.

## **# 2 – Market Linkages**

To take advantage of the various types of direct support, women own-account workers need access to markets. While all own-account workers face difficulty accessing markets given the very small scale of their operations, each group faces its own particular constraints. Home-based workers are isolated from one another and have the least knowledge of markets as they work from their own homes. Street vendors face problems setting fair prices with the wholesalers from whom they source goods and also with their customers. And waste pickers face problems setting fair prices with the scrap and waste dealers to whom they sell reclaimed goods and also bidding for solid waste management contracts from municipalities.

Creating market linkages for these three groups of workers can take various forms, including:

- Direct links to buyers and/or suppliers – all three groups
- Integration as suppliers into supply chains – especially home-based producers
- Contracts as commission agents for private firms – especially street vendors
- Contracts for government procurement – especially waste pickers

Organizing women into collectives, such as cooperatives or producer groups, enhances the likelihood of their being able to create and sustain market linkages. Collective organizations help to reduce transactions costs and to create economies of scale in terms of both backward and forward linkages. They also serve to provide market knowledge and professional management that individual women own-account workers would not easily gain on their own.

## **# 3 – Institutional Reforms**

Reforms of the laws, policies and regulations which are inappropriate for, biased against or outright hostile to informal entrepreneurs, including women own-account operators, are clearly

needed. Without such reforms, informal own-account work does not present an easy pathway out of poverty or gender inequality for women.

- Home-based workers require protections against evictions and relocations that cost them employment opportunities and access to markets. Legal protections against exploitative value chain practices are also necessary. Home-based workers need legislation to protect their (often unwritten) agreements with suppliers and buyers in the same way as governments protect consumers, tenants, lenders (usury) legislation that caps interest rates) in other contractual relations that are marked by asymmetries of bargaining power.
- Street vendors require protections against workplace harassment and confiscations of their stock. This can be achieved through transparent licensing and by using an administrative law (rather than criminal law) regime to regulate vendors, which would enable vendors to challenge unauthorised state conduct; and would give them access to due process rights (such as a right to reasons for state decisions, to appeal state decisions, and grievance procedures, and would use more appropriate measures, such as fines (fixed not arbitrary) rather than confiscation of goods in the case of contravention by vendors. Mechanisms like the issuance of identification cards to street vendors can increase livelihood security and reduce the cost of everyday harassment.
- Waste pickers require protections against exclusion from waste management systems via effective legal rights to access waste and to bid for solid waste management contracts. Mechanisms like the issuance of identification cards can increase livelihood security and reduce the cost of everyday harassment for waste pickers as well.

A key enabling institutional reform is to include representatives of the different groups of women own-account workers in the design and implementation of the reforms. For instance, city governance should include platforms or forums through which representatives of urban women own-account operators can engage in dialogue or negotiations with local authorities around city-level issues, notably the use of public space.

#### **# 4 – Infrastructure Services**

The need to improve access to and quality of basic urban infrastructure for the urban poor is widely recognized. But the focus is focused almost entirely on slum upgrading and quality of

housing as a place to live, rather than as a place to work — and does not consider public space as a place to work. A fundamental shift in thinking about the future of cities is required: one that orients the discussion toward what people do - and need - to earn a living in the informal economy. Constraints on the productivity of the informal self-employed in general, and informal self-employed women in particular, are rarely visible to urban planners and policy makers. But the informal self-employed engage with the city on a constant basis, and designing urban infrastructure so that it supports these workers would have a significant positive impact on these workers, their households and their communities.

Specifically, urban practitioners should consider the potentially detrimental impacts of large-scale urban infrastructure developments that are blind to the livelihoods of the self-employed in the informal economy, and find ways to support these livelihoods instead of undermining them. In cases where governments have provided compensation for evictions, from places of residence or work, that compensation often is insufficient or inappropriate to address livelihood needs. Instead, the informal self-employed should be integrated proactively into restructured urban spaces that consider the home and the street as sites of production — for example, through multi-use zoning that allows home-based workers to carry out commercial activities; through natural market access for street vendors; and through the provision of sorting and storage sheds for waste pickers.

In addition, strengthening informal self-employed workers' access to high-quality, low-cost housing, electricity, water, sanitation and transport would go a long way toward making their enterprises more productive. Workers of all kinds use their homes as workplaces: for home-based workers it is the main place of work, but street vendors often prepare food or produce goods in their homes to sell in the streets, and waste pickers sort and store recyclable materials in their homes. All of these workers need *affordable housing that has adequate space for productive activities*. A more stable and affordable *power supply* in urban areas with large concentrations of informal workers would support greater productivity in their enterprises. *Clean and safe water for drinking and washing* would protect the health of not only these workers but their customers as well. More *reliable sanitation services* would make for healthier workplaces

in homes and streets. And *low-cost and reliable transport* is necessary for the informal self-employed to access markets and transport goods safely.

### **Key Enabling Conditions**

Women own-account operators need to be organized into cooperatives, producer groups or other forms of collectives in order to:

- collectively advocate or bargain for a favourable policy and regulatory environment and for infrastructure services
- pool their assets, skills and other resources to produce the right quality and quantity of goods and services on a timely basis
- access markets, including government procurement bids and global supply chain contracts
- collectively bargain for fair terms of trade in markets

To inform their collective advocacy and bargaining, women own-account operators need improved statistics that comprehensively measure and accurately classify what they do and credible research findings that illustrate the conditions of their work.

## **V. PROVEN AND PROMISING EXAMPLES**

What follows here are brief introductions to proven and promising examples which are further detailed in the Compendium of WIEGO and SEWA Case Studies.

### **Direct Support**

#### *Financial and Business Development Services*

Please see case of SEWA Bank, detailed both in the policy brief on Financial and Digital Inclusion of Women Informal Workers by Renana Jhabvala (SEWA and WIEGO) and Jenna Harvey (WIEGO), and in the compendium of WIEGO and SEWA Case Studies.

### *Sub-Sector Development*

In Bangladesh, the NGO BRAC has revived silk production by developing the necessary backward and forward linkages in the sector: thereby generating employment for over 1500 women, some of whom work in BRAC-run production centres while others work from their own homes.

### **Market Linkages**

#### *Direct: through Women-Owned Cooperatives or Producer Groups*

In India, SEWA Bharat (the national federation of SEWA affiliates in different states of the country) has provided direct support to and developed market linkages for cooperatives of home-based workers: embroidery workers in Delhi, incense stick rollers in Bihar state, and weavers in Bihar state.

In Bangalore, India, a city which has mandated separation of waste at source, an organization of waste pickers called Hasirudala (“green force”), has used a cloud-based platform called I Got Garbage (IGG) to negotiate contracts for waste pickers to collect segregated waste from apartment buildings, offices and companies. Under this model, uniformed, trained waste-pickers collect and further sort the segregated waste, sell the dry recyclables to scrap dealers, compost the wet waste or take it to government-run composting centers.

HomeNet South Asia (HNSA) – a network of over 600 organizations of home-based workers in the South Asia region – established the SABAH Project as a flagship program in 2008. The program aims to increase employment opportunities and profitability for home-based workers, facilitating collective marketing and mutual learning. Member organizations of HNSA organized home-based workers to form business associations, which were provided with training and support by SEWA from India. The associations are called Sabahs—SAARC Business Association of Home-based workers. Through the project, home-based workers became both the owners and beneficiaries of the Sabahs, inserted themselves into the market, and gained the critical skills for managing complex business organizations. Sabah has since become a strong South Asian brand, and its products are regionally and internationally recognized. The project is

supported by the SAARC Development Fund (SDF) and has now been established in all seven SAARC countries.

*Indirect: through Companies*

In India, WEConnect International (in partnership with the UN International Trade Centre and the World Bank), has worked with SEWA to pilot a program focused on enhancing productivity and earnings of grassroots women entrepreneurs. The first round of the program benefited SEWA members in the Gitanjali group, a cooperative of former women waste pickers who produce high quality stationary products out of recycled materials. Through the 2010 pilot program, the group members were trained in the creation and marketing of stationary products. The program connected the women with Accenture, one of WEConnect's founding corporate members. Since the start of the program, the SEWA Gitanjali cooperative has increased earnings tenfold, and has become one of Accenture's principal suppliers for stationary products.

Commission Agents for Large Firms – many street vendors operate as commission agents for large, often brand-name firms, selling cell phones, newspapers, and soft drinks. Also, many women go house-to-house selling cosmetic or pharmaceutical products for large, often brand-name, firms.

*Backward Linkages*

Some organizations of street vendors use their collective power to bargain for fairer prices and terms of trade with the wholesalers from whom they buy goods.

A waste picker cooperative in Buenos Aires, Argentina reclaims, sorts, bundles and compacts industrial waste. The municipal government provided them with a work shed, located next to an industrial waste dump site; and provided an incentive to firms and factories to bring their industrial waste to this dump site.

## **Institutional Reforms** <sup>7</sup>

In the Brazilian State of Minas Gerais, cooperatives of waste pickers, through a long, sustained and collective campaign, succeeded in obtaining recognition for their role in waste management and negotiating a national law which mandates that they receive a bonus for their contribution to recycling.

In India, the National Association of Street Vendors of India (NASVI) and SEWA helped draft and successfully advocate for the first national law to support and regulate street vending. The law mandates that local vending committees should be set up in each local jurisdiction and that the cities have to negotiate with these local vending committees to determine where best to locate and how best to regulate street vending in each locale.

In Durban, South Africa, local associations of street vendors with support from a local NGO called Asiye eTafuleni filed a successful case in the local high court against the confiscation of street vendor goods by local authorities.

In Thailand, the national alliance of home-based workers and other informal workers, called HomeNet Thailand, advocated successfully for a national law to mandate many of the provisions in the ILO Convention 177 on Homework.

## **Government Procurement**

In Bogotá, Colombia, a local organization of waste pickers, the Asociación Cooperativa de Recicladores de Bogotá (ARB), has been active for two decades or more in a legal struggle on behalf of waste pickers. Their long sustained efforts led to a Constitution Court decision in 2011 that ordered local authorities in charge of Bogotá's waste management to devise a system of payment to waste pickers for their role in collecting, sorting and recovering waste. The payment system was launched in March 2013.<sup>8</sup>

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<sup>7</sup> All of these cases are included under Legal Barriers in the Compendium.

<sup>8</sup> This case is detailed under Legal Barriers in the Compendium.

Kagad Kach Patra Kashkatari Panchayat (KKPKP), a union of waste pickers in Pune, India, established the first member-managed and owned waste picker cooperative in India: SWaCH (Solid Waste Collection and Handling) which became operational in 2006. In 2000, new municipal solid waste rules set out by the national government required municipalities, for the first time, to ensure waste segregation, door-to-door collection, and the processing of recyclable materials. The rules prompted the Pune Municipal Corporation (PMC) to engage with the city's informal waste workers. Through a contractual agreement with the PMC, signed in 2008, SWaCH members provide door-to-door waste collection to city households.

### **Infrastructure Services**

Basic infrastructure as well as transport services should, in principle, be provided by local government as a public service. But other stakeholders may play a role, either in collaboration with government, or filling a gap when there is government failure, or when local government decides to privatize one or more public services.

#### *Basic Infrastructure Services*

SEWA runs a housing trust that provides and/or leverages basic infrastructure services for its members, all working poor women in the informal economy, and their communities. It also runs a housing finance cooperative that provides mortgages to its members and other working poor women in the informal economy.

#### *Built Environment*

In Durban, South Africa, in 1996, the municipality introduced an urban renewal scheme in the Warwick Junction precinct of the city: which serves as the transport node for commuters to the central business district and is a natural market of some 6-7,000 street vendors. The core component of the project was to develop shelter, walk ways, and other built infrastructure for the street vendors. In 2008, after the city ended the urban renewal scheme, the co-leaders of the scheme left the city government and set up an NGO called Asiye eTafuleni to continue providing equipment design and legal support to the street vendors and market traders.<sup>9</sup>

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<sup>9</sup> This case is featured as part of the larger case write-up on Warwick Junction in the Legal Barriers section of the Compendium.

### *Transport Services*

In Bangkok, Thailand, HomeNet Thailand facilitated a series of dialogues between home-based workers and other residents of resettlement areas on the outskirts of the city to identify shared transit concerns, build a common line of argument and priority requests, and prepare for meetings with officials. It then convened a “forum” between local residents, including HomeNet representatives, and relevant agencies to achieve cooperation across all districts to address these transportation issues. As a result of these negotiations, the Bangkok Mass Transport Authority (BMTA) approved two additional buses on key routes from the resettlement area to a main market area and has promised to build a pedestrian bridge over a dangerous road crossing in the resettlement area.

In the midst of Argentina's economic crisis in the early 2000's, waste pickers in Buenos Aires, many of whom were former factory workers, successfully lobbied municipal authorities for the use of a train to transport materials from the outskirts of the city to the centre and back. The former passenger train has had its seats removed to accommodate waste pickers' carts. This achievement was part of a larger effort from waste picking cooperatives who organized and demanded political support during the crisis to legitimize waste-picking and obtain support in areas such as child-care and food kitchens.

## **Enabling Conditions**

### *Voice through Organization*

Strengthening informal workers' representative organizations is a necessary condition for greater visibility in the policy process and increased bargaining power with the state and in the market. Despite being large in number, informal workers will not make their voices heard until they are invited to have a seat at the policymaking, rule-setting or negotiating table.

### *Visibility through Statistics and Research*

In negotiating with the state or with employers, organizations of informal workers need credible data and other evidence to support their demands. They need national data that show the size and composition of the informal workforce and specific groups in it. The first step is to persuade

national statistical offices that they need to provide this data. They also need credible research and evidence on the working conditions, constraints and risks faced by informal workers and specific groups; and on promising examples of policies and programmes in support of informal workers and specific groups.

#### *Validity through Legal Recognition and Identity*

With increased Voice and increased Visibility, women own-account workers are better able to secure legal recognition and identity.

Both SEWA and WIEGO are committed to promoting these enabling conditions for women informal workers: see cases on each in the Compendium.

In conclusion, women own-account operators, and other informal self-employed, face the same business risks and constraints as formal entrepreneurs, such as fluctuating demand and prices as well as stiff competition. But unlike formal operators, they are exposed to an additional set of risks that stem from a lack of rights and recognition as informal operators; and it is these risks that make their earnings especially unpredictable and erratic. There is, therefore, a need to re-think the informal economy in a way that recognizes the number of households dependent on informal work, especially women's informal work; the mechanisms through which informal enterprises, particularly those owned by women, could be better supported; and the ways in which the constraints and risks of different occupational sectors within the informal economy, especially those with large concentrations of women, may be addressed.

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