



Inclusive Cities Study

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# Coping with Crises: Lingering Recession, Rising Inflation, and the Informal Workforce

Synthesis Report by Zoe Elena Horn  
January 2011

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*What we have to do – is to  
make the world recognize  
that every worker at every  
stage of the production  
process is integral to the  
industry and the economy.*

*~ Ela Bhatt, founder of  
Self-Employed Women's Association*

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### *About Inclusive Cities*

Launched in 2008, the Inclusive Cities project aims to strengthen membership-based organizations (MBOs) of the working poor in the areas of organizing, policy analysis and advocacy, in order to ensure that urban informal workers have the tools necessary to make themselves heard within urban planning processes. Inclusive Cities is a collaboration between MBOs of the working poor, international alliances of MBOs and those supporting the work of MBOs. The following partners are involved in the Inclusive Cities project: Asiye eTafuleni (South Africa), AVINA (Latin America), HomeNet South Asia, HomeNet South-East Asia, Kagad Kach Patra Kashtakari Panchayat (KKPKP, India), the Latin America Network of Waste Pickers, the Self-Employed Women's Association (SEWA, India), StreetNet International, and WIEGO. For more information, visit: [www.InclusiveCities.org](http://www.InclusiveCities.org).

*Cover photo: Gerald Botha. Street vendor at work in Durban, South Africa.*

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## Executive Summary

In 2009, researchers in 14 urban locales in 10 countries across Africa, Asia and Latin America conducted individual and focus group interviews to investigate the impact of the economic crisis on workers in three segments of the informal economy: home-based work, street trade and waste collection. The research found there were significant negative effects, including declining demand, increased competition within the groups studied, as well as limited access to emergency or recovery measures for participants. The study concluded that the informal economy should not be viewed simply as a “cushion” for retrenched formal workers during crises, but that impacts of global economic trends and events since the beginning of the crisis on the informal workers and enterprises also need to be understood and addressed.

In 2010, researchers conducted a second round of research in 13 locales in nine countries with mainly (though not exclusively) the same sample, in order to assess whether there were signs of recovery for participating workers.

In spite of some positive developments, the Round 2 research suggests a lag in recovery for the informal workers in this study. Persistent unemployment and underemployment in the formal economy continues to drive new entrants into informal employment. Some respondents report stronger demand for their goods and services, but many continue to face low levels of sales or orders. Incomes have risen for some workers in absolute terms to mid-2009 levels, but not to pre-crisis levels and not at the rate of rising living costs. Persistently high inflation – affecting food and fuel prices in particular – have intensified pressure on family budgets. Respondents continue to restrict their families’ diets. School withdrawals, not common in the first round of study, appear to be on the rise.

**Waste pickers:** In Round 1, waste pickers had experienced the sharpest decline in demand and selling prices. Since then, at the industry level, prices for recovered materials appear to have largely recovered, but most waste pickers in early 2010 reported lower prices and lower volumes of accessible waste than the year before.

**Home-based workers:** In Round 1, sub-contracted and self-employed workers producing for global value chains previously reported a sharp decline in work orders and sales. In early 2010, sub-contracted workers reported some recovery in the volume of work orders due to stronger demand. This was not accompanied by any rises in piece rates, despite rising inflation in many study locations and evidence of higher rates for formal workers in nearby factories. Self-employed workers producing mostly for domestic value chains experienced some recovery in demand, but less so than those producing for global markets.

**Street vendors:** In Round 1, street vendors reported a significant drop in consumer demand. In early 2010, demand had still not recovered for most vendors yet many had recently raised their prices due to higher costs of goods. Also, competition had increased from new entrants and from large retailers, who have aggressively targeted customers during the crisis.

Interviewees were asked to identify and prioritize interventions that would support their livelihoods. Short term emergency measures were not priorities; rather, respondents opted for support for their ongoing livelihood activities. This included access to financial services, skills training and market analysis and access. Wage protection, workplace improvements and a range of social protection measures were also identified as priority interventions.

Specifically, street vendors reported needing a secure place to vend in a good location, as well as access to low interest loans. Home-based workers indicated they required lower utility rates and greater inclusion in social insurance schemes. Waste pickers said they needed greater access to recyclable waste and incorporation in solid waste management schemes.

The global economic crisis brought new challenges to participants, but also exacerbated existing problems. Many participants were already living in a state of “crisis,” struggling daily to feed their families. Pre-crisis thinking, therefore, must not be applied in the present or in a post-crisis future, because the status quo for most informal workers will perpetuate poverty and inequality. This report argues for a new stance on informality that places informal workers at the centre of employment schemes and social protection measures, and includes them in economic policies and urban planning. Without an inclusive approach to economic and social policy that integrates informal workers, poverty, vulnerability, and inequality will persist.

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*Many participants already lived in a state of “crisis,” struggling daily to feed their families.*

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## Introduction

In early 2009 the partners of the Inclusive Cities project, coordinated by Women in Informal Employment: Globalizing and Organizing (WIEGO), initiated a study to investigate the impacts of the global economic crisis in urban locales across Africa, Asia, and Latin America. The first round of research provided a rapid assessment of the on-the-ground effects of the crisis in 14 locales, among workers in three segments of the informal economy: home-based work, street trade and waste collection. The first report, *No Cushion to Fall Back On*<sup>1</sup> (August 2009) discredited the widespread notion that the informal economy<sup>2</sup> escaped harsh impacts during the crisis. Findings confirmed that informal enterprises and wage workers in the study were affected by the crisis in many of the same ways as formal firms and formal wage workers. In addition to declining demand, participants faced increased competition from new entrants to informal employment; participants also had little access to social or economic protections. Additional research in Asia<sup>3</sup> reinforced the evidence that, while the informal economy provided some work opportunities



Participants holding the study's first report, "No Cushion to Fall Back On" in Blantyre, Malawi.

Photo: Mtwanda Chiwambala

for retrenched workers from the formal economy, earnings were limited and working conditions were difficult. The informal economy did not offer, as some had claimed<sup>4</sup>, a "cushion" for those affected by the crisis – whether new entrants or traditional informal workers. Moreover, traditional informal workers had no cushion to fall back on as few emergency relief or economic recovery measures reached them.

After governments and taxpayers spent billions of dollars to bail out banks "too big to fail", the global financial industry recorded high profits in 2009 and 2010<sup>5</sup>, leading some observers to conclude that global economic recovery would soon follow. Yet, in spite of modest economic growth<sup>6</sup>, recovery has been uneven and weak for most of the world's workforce. By 2010, unemployment worldwide had increased by an unprecedented 34 million workers since 2007, while vulnerable employment (defined as own account workers and contributing family members) had risen by as much as 110 million since 2008 (ILO 2010). And such figures may still fail to capture the full extent of unemployment and underemployment.<sup>7</sup>

Figures on vulnerable employment exclude informal wage workers and industrial outworkers and tell us little about either the depth and complexity of the recession's impact on informal employment, or the challenges posed by persistent formal unemployment to the recovery in informal employment.

Moreover, while the global economic crisis brought new challenges to participants, it also exacerbated existing problems. Many participants already lived in a state of "crisis," struggling daily to feed their families. Globalization and privatization have contributed to eroding labour relations.

1 See Horn, 2009.

2 The informal economy is defined as all economic units that are not regulated by the state and all economically active persons who do not receive social protection through their work. See: ILO, 2002 p.15.

3 Additional focus group interviews were conducted in Malang (Indonesia), Ahmedabad (India), Sialkot (Pakistan) and Chiang Mai (Thailand). This work was commissioned by the Asian Development Bank in advance of the Asia-wide High-Level Regional Conference on the crisis.

4 Patrick Barta, "The Rise of the Underground," *The Wall Street Journal*, March 14, 2009.

5 Global investment banking revenues for 2010 match the buoyant levels recorded in 2009. See: Slater, March 16, 2010.

6 Real GDP growth forecasts (year-over-year) suggest that the sub-Saharan African economy with growth by 5.0 per cent in 2010, the ASEAN-5 will grow by 6.4 per cent, and the LAC will grow by 4.8 per cent. See: IMF 2010.

7 For example, the Indonesian government recorded 65,200 dismissals as of August 2009, but employers' associations reported 150,000 to 200,000 layoffs, once outsourced and daily workers were included. See: Green et al., 2010.

Domestic political turmoil, extreme weather patterns and the lingering effects of food and fuel crises have impacted different groups of workers in different locales to varying degrees. Respondents were often unable to distinguish between the impacts of these forces in their lives. They also had difficulty establishing timelines for some of their observations. Consequently, attributing causation has been a challenge.

The Round 1 report strove to identify the strongest impacts of global economic trends and events since the beginning of the crisis within and across groups of informal workers. Round 2 aimed to follow-up on these trends, monitoring change and identifying new trends arising between research rounds.

Employment in the informal economy is characterized by limited control over employment conditions, insecurity, limited access to social protections or formal education or training and lack of minimum wages (Kucera and Roncolato, 2008). Round 2 study findings suggest that employment conditions have worsened for many study respondents in spite of the so-called “global economic recovery.” Despite some (uneven) signs of recovery among different worker groups in this study, most respondents still face decreased demand, fluctuating prices, and increased competition.

Pre-crisis policy thinking cannot continue to be applied. So far, government responses have largely sidestepped longer-term, pro-poor policy interventions and prioritized short-term boosts to big businesses and the financial sector.

This report proposes a number of policies to help address the existing vulnerabilities of informal workers and minimize the impact of the crisis on them. The emergency measures, employment policies and social protection measures discussed are based on recommendations prioritized by the study respondents. A new stance on informality must place informal workers at the centre of employment schemes and social protection measures, and include them in economic policies and urban planning. Without serious rethinking and decisive action, there will be limited capacity to improve the vulnerability and inequality facing informal workers across the globe.



*Street vendors from study partner FEDEVAL meet in Lima, Peru.*  
Source: FEDEVAL

member-based organizations (MBOs) of informal workers but also technical support organizations that work directly with the working poor. These organizations are uniquely positioned to address the information gap with respect to the economic crisis and the informal economy. Round 2 of the study involved all of the original study partners and one new organization the Self-Employed Women’s Association (SEWA) of India, which is also a partner in the Inclusive Cities project.

## Methodology

Round 1 of the study, carried out in mid-2009, provided a rapid assessment of on-the-ground impacts of global economic trends and events on the informal economy since the beginning of the crisis period. Round 2 of the study, carried out in early 2010, was designed to assess changes in these trends, and determine whether there were any signs of recovery among participants. The research also aimed to examine whether there have been any delayed impacts of the crisis on workers that were not picked up in Round 1.

## Research Partners and Sample

The research was carried out by partners in the Inclusive Cities project, mainly

Table 1, below, depicts participation by locale and segment in Round 2 of the study.

| Table 1: Second round of study participation by segment and locale                           |              |            |                  |  |
|--|--------------|------------|------------------|--|
| Research Partner   | Country      | City       | No. Focus groups | No. Individual Interviews <sup>8</sup> |
| <b>Street vending</b><br>SEWA  | India        | Ahmedabad  | 1                | 12                                     |
| StreetNet International<br>- KENSAVIT  | Kenya        | Nakuru     | 1                | 12                                     |
| - MUFIS  | Malawi       | Blantyre   | 1                | 12                                     |
| - FEDEVAL  | Peru         | Lima       | 1                | 12                                     |
| Asiye eTafuleni  | South Africa | Durban     | 1                | 15                                     |
| <b>Home-based</b><br><i>self-employed</i><br>HomeNet South Asia (HNSA)<br>- HomeNet Pakistan | Pakistan     | Kasur      | 1                | 14                                     |
| HomeNet South-East Asia (HSEA)<br>- HomeNet Thailand   | Thailand     | Chiang Mai | 1                | 13                                     |
| HSEA - HomeNet Thailand  | Thailand     | Hat Yai    | 1                | 10                                     |
| <i>sub-contracted</i><br>HSEA - HomeNet Indonesia  | Indonesia    | Malang     | 2                | 7, 20                                  |
| SEWA   | India        | Ahmedabad  | 1                | 12                                     |
| HAS - HomeNet Pakistan   | Pakistan     | Sialkot    | 1                | 14                                     |
| HSEA - HomeNet Thailand  | Thailand     | Bangkok    | 1                | 12                                     |
| <b>Waste picking</b><br>AVINA  | Colombia     | Bogotá     | 2                | 11, 14                                 |
| SEWA   | India        | Ahmedabad  | 1                | 12                                     |
| Kagad Kach Patra Kashtakari<br>Panchayat (KKPKP)   | India        | Pune       | 2                | 8, 9                                   |
| <b>Total</b>   |              |            | <b>18</b>        | <b>219</b>                             |

In the first round of study, research partners and the technical advisory committee chose places where MBOs were present and had a membership base. Between March and July 2009, study partners conducted research in 11 urban locales.<sup>9</sup> In August and September 2009, Asia-based study partners were commissioned by the Asian Development Bank to conduct four new focus groups, three of which were in new urban centres. Partners selected study participants by gender, age and employment status to reflect the composition of their membership. In 2009, research partners collected data from 164 informal workers between March and July, and an additional 55 workers in August and September.<sup>10</sup> These informal workers were drawn from three occupational groups: home-based work, street vending and waste collection.

*Home-based workers* typically have the least security and lowest earnings among informal workers. The vast majority are women, who combine paid and unpaid work within their homes. There

<sup>8</sup> The number of individual interviews reflects the number of participants in each focus group. All focus group participants were individually interviewed.

<sup>9</sup> The growth of the informal economy in developing countries is integrally linked to unprecedented rates of urbanization in recent years. The concentration of informal workers in urban occupational segments, and the challenges associated with the integration of these workers into global production chains, makes urban centres a critical area of focus for understanding the impacts of the crisis and other economic shocks on the informal labour force.

<sup>10</sup> In this report, the 2009 sample will refer to the 219 participants aggregated, for comparative purposes, from the study's original 164 participants and the 55 additional informal workers interviewed for the Asian Development Bank regional study extension in August 2009.

are two types of home-based workers. The first, *sub-contracted workers*, or industrial outworkers, carry out work for firms or their intermediaries, typically on a piece-rate basis. The second, own account or *self-employed* home-based workers, independently produce and sell market-oriented goods or services in their homes. This study includes both types of home-based workers.

*Street vendors*, broadly defined, include all those selling goods or services in public spaces. Most street vending businesses are one-person operations that use unpaid family labour on an as-needed basis. Some sell from market stalls, while others squat on the ground beside a basket or blanket displaying their merchandise

*Waste Pickers* make a living collecting, sorting, and selling the potentially valuable or useful materials thrown away by others. They are found in nearly every city in the developing world, and collect litter and household, commercial, or industrial waste from households, streets, urban waterways, dumpsters and dumps.

All study locales in Round 1 were restudied in Round 2 in early 2010, with the exception of Santiago, Chile (where the study was suspended after the massive earthquake in late February). Research partners were asked to revisit the same informal workers in early 2010. In total, researchers were able to follow-up with 107 workers from the original sample. Where participants were unable to be re-interviewed, research partners selected new participants sharing a similar demographic and employment profile. The final sample size for Round 2 was 219, including 102 home-based workers, 63 street vendors and 54 waste pickers. In Round 2, two thirds of the home-based workers interviewed were employed as sub-contracted producers, while a third was self-employed. This is nearly identical to the distribution of home-based workers in the first round. The Round 2 sample includes 37 Latin American, 39 African and 143 Asian informal workers: this represents a slight geographic shift away from Latin American (as interviews were not possible in Chile) and towards Asia (with the addition of interviews done by SEWA in India).

A majority of the sample in all three segments in both rounds were women. This slightly increased in Round 2 to 82 per cent, as more of the original female than male respondents took part in Round 2. The average age of the respondents was 41 years in both rounds, with the oldest average age found among street vendors. For a more detailed comparison between the Round 1 and Round 2 samples, see Appendix 1.

### **Research Tools**

In both rounds, the researchers used the same research methods: focus group discussions, questionnaire surveys, and key informant interviews. The research tools in both rounds were designed to assess changes in demand, prices, and competition in the three segments of the informal economy, changes in the employment situation of individual workers, and changes in household consumption. Before Round 2, the research tools were updated based on findings from Round 1 and developments in the crisis in order to better understand dynamics of change.

In the second round of study, 15 focus groups were repeated from 2009 while the study's new partner SEWA conducted three additional focus groups – one with each worker group. Table 1 depicts the 18 focus groups by locale and participation. Each focus group constituted semi-structured discussions with workers designed to follow-up on questions posed to workers in the first round of research. As was the case in 2009, each focus group was composed of 6-14 workers. In all cases except interviewees in Bangkok, Bogotá, and the shoe producers in Malang, workers in the focus group were the same participants as in Round 1 of the study.

In addition to focus groups, individual interviews were conducted with participants. The interviews consisted of a range of questions with open-ended and pre-selected responses. Interview schedules were tailored to address changes in each segment, and also included sections on employment developments and household changes. A generic sample of the individual interview and the focus group schedules are in Appendix 2 and 3, respectively.

Key informant interviews were also conducted with field researchers, organizers of informal workers, informal economy specialists, and owners/operators of informal enterprises and cooperatives. These interviews were conducted with individuals in person and by phone. Interviewees were asked a range of questions designed to better understand responses in the focus group discussions and questionnaire surveys, but also to elicit information not captured by the other two methods.

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*A key strength of this research is that findings and recommendations come directly from the observations of informal workers.*

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### *Strengths, Limitations and Bias*

A key strength of this research is that findings and recommendations come directly from the observations of informal workers. In many cases, the same individuals were interviewed at two points in time over the course of the study. Findings were further strengthened by using the same interview schedules within each occupational group across multiple urban centres – 15 in total.

The participation of MBOs as research partners was key. Their knowledge of, and relationship with, local informal workers was central to maintaining study participation over time. Familiarity helped mitigate scepticism among participants and handle sensitive subject matter in the interviews. MBOs were also well placed to provide clarity and navigate the complexities of this highly contextual research. To the best knowledge of the study designers, the contribution of MBOs as research partners is a unique feature among studies addressing the impacts of the global economic crisis.



*Informal waste pickers from study partner KKP KP participate in a focus group in Pune, India. Photo: Maitreyi Shankar*

The primary limitations of the study concern sample size and distribution. As is clear from Table 1, the study sample is small. The total number of interviews in any one location is no more than 25, and usually between 10-12. Further, there are regional biases. For example, interviews with home-based workers were conducted exclusively in Asia, while most street vendors were interviewed in Africa. Although confident that the findings from this study are true for those interviewed, this report does not claim that the findings are true for all home-based workers, street vendors or waste pickers in the informal economy. Rather, these findings are indicative. Many other home-based workers, street traders and waste collectors might well face similar vulnerabilities and challenges, but these would be mediated by local specificities.

Claims are also limited by the difficulty of attributing causation during the crisis period. The global economic crisis brought new challenges to participants, but also exacerbated existing problems. Workers were often unable to distinguish between the impacts of various forces in their lives and had difficulty establishing timelines for some of their observations. While Round 1 strove to identify the strongest trends among study participants, Round 2 pointed to change between research periods.

The majority of participants in this study are members of MBOs. Organized workers are often slightly better off than unorganized workers. Through their associations and networks, they may have better access to resources and support; even during “good times” their work may be more visible in the local context, they may have greater bargaining capacity with their employers, and they may have better information and access to services from their MBOs or government (HomeNet Thailand, 2002). This bias suggests that study participants would cope better than most informal workers during “bad times.” It may also mean that respondents were better versed on the challenges facing their occupational groups as a whole, and may have been inclined to over-report. To counteract this, interviewers and focus group leaders stressed to participants that they try to distinguish between their own experiences and general observations.

## The Informal Economy: Recession or Recovery?

Round 1 study research showed that respondents were being affected during the economic crisis in many of the same ways as formal workers. Workers suffered directly and indirectly from declining demand, shrinking consumption, and volatile prices. They also faced increased competition as more workers entered the informal economy. However, impacts differed in nature and degree between worker groups. The study's waste pickers experienced the sharpest declines in demand and selling prices as industry waste prices fell during the crisis, which began as early as October 2008. Home-based producers working for global value chains experienced a sharp decline in their work orders, while some workers producing for domestic value chains experienced more stability. Self-employed home-based workers oriented towards local markets reduced their prices in order to stave off intense competition. Participating street vendors reported a significant drop in local consumer demand, and reported the greatest increase in competition from new entrants.

Round 2 findings suggest that recovery has been weak and uneven across the worker groups since mid-2009. Most participants are still experiencing the impacts of the recession, most notably sustained competition pressure. Few new entrants driven into the informal economy by the crisis seem to have re-entered the formal economy. Even as the economy picks up, retrenchments and austerity measures within the formal economy persist, pushing more new entrants into informal work. In Round 2, waste pickers reported some rebound in the prices they receive for recycled goods, but prices, as well the volume of waste available, remain below pre-crisis levels. Self-employed home-based workers reported continued decreased demand. Local buyers continue to buy less – and buy less often – than they did prior to the crisis, and sales related to tourism have not recovered. While sub-contracted workers generally reported an increase in the number and volume of work orders, piece rates have not risen over either Round 1 or 2 of the study. Street vendors experienced neither an increase in demand nor a decrease in competition from new entrants.



*A self-employed home-based worker in Kasur, Pakistan making traditional blinds, or chiks. Photo: Laila Azhar*

### **Demand and Consumption**

Recent global estimates suggest that the volume of world trade has rebounded in 2010 after global real imports dropped by over 30 percent in the last quarter of 2008 and the first quarter of 2009 (IMF 2010).<sup>11</sup> Round 2 findings from this study suggest that some informal workers are also seeing higher volumes of trade. Among home-based producers, nearly half the sub-contracted workers reported an increase in the number of orders received since mid-2009 and 40 per cent reported larger order sizes. Between November 2009 and February 2010, shoe makers in Malang, Indonesia received no orders from their sub-contractor. They were told of dramatic declines in export orders from international brands produced at their sub-contractor's firm. Indonesia is

a "strategic supplier"<sup>12</sup> in the global clothing manufacturing industry and when demand began to increase in late 2009, the firm's contracts were honoured and orders began to trickle in from Europe and North America. But the sub-contracted workers did not receive orders until March 2010.<sup>13</sup>

11 Private sector estimates based on the JPMorgan Global Manufacturing Production Manufacturing Index suggest that growth returned to the global manufacturing sector by mid-2009. These same estimates suggest that, on average, employment in the manufacturing sector in developing countries declined by 6.1 per cent from 2008 to 2009, and 0.1 per cent from the second quarter of 2009 to the first quarter of 2010. See: Zeballos and Garry 2010, p. 2.

12 The textiles and garment industry has consolidated its production into a pool of strategic suppliers – China, Vietnam and Indonesia – which constitute the "inner critical core" on which customers rely for the most important share of their production. See: Green et al., 2010 p.16.

13 Interview with Mitra Wanita Pekerja Rumahan Indonesia (MWPRI) HomeNet Indonesia national coordinator in Belo Horizonte, Brazil on April 21, 2010.

Recovery has been slower – or non-existent – in other segments and locales. Sub-contracted garment workers in Ahmedabad, India, producing for local and regional markets, reported no significant shift in demand over preceding months. Neither did badminton racket producers in Malang whose production varied according to seasonal recreation patterns in domestic and regional markets. Table 2 depicts the market where products are sold; Table 3 depicts the direction of change in demand reported by groups of home-based workers in Round 2.

| Country   | Employment structure/ Product   | Export Market | Domestic Market | Regional Local Market |
|-----------|---|---------------|-----------------|-----------------------|
| India     | Sub-contracted - Garments   | ✓             | ✓               | ✓                     |
| Indonesia | Sub-contracted - Badminton rackets<br>Sub-contracted - Shoes  | ✓             | ✓               | ✓                     |
| Thailand  | Sub-contracted - Garments<br>Self-employed - Food processing<br>Self-employed - Garments<br>Self-employed - Wooden toys | ✓             | ✓               | ✓                     |
| Pakistan  | Sub-contracted - Soccer balls<br>Self-employed - Chiks (Bamboo & reed mats)<br>Self-employed - Rope                     | ✓             | ✓               | ✓                     |

|                       | Number of customers |      |      | Number of purchases |      |      |
|-----------------------|---------------------|------|------|---------------------|------|------|
|                       | Fewer               | Same | More | Fewer               | Same | More |
| Self-employed; n= 34  | 34%                 | 52%  | 14%  | 52%                 | 23%  | 26%  |
|                       | Number of orders    |      |      | Size of orders      |      |      |
|                       | Fewer               | Same | More | Fewer               | Same | More |
| Sub-contracted; n= 68 | 27%                 | 27%  | 46%  | 27%                 | 33%  | 39%  |

*Demand in some export markets has strengthened, but domestic demand appeared less stable for home-based producers in this study.*

While demand in some export markets has strengthened, domestic demand appeared less stable for producers in this study. Self-employed toy producers in Thailand reported a rise in demand for their exported goods. While overseas orders were scant for the 2008 holiday season, November/December 2009 saw larger than average orders from the United States and Europe. International orders from March to May 2010 were also higher than in previous years, constituting advanced orders for the 2011 holiday season. During the seasonal lull in overseas orders (September/October), the toy makers usually focus on domestic markets, particularly those with tourist populations such as Phuket, Suratthani, Hua Hin and Bangkok. Over 2009, domestic demand for the toys fell slightly. The workers attributed the country's unstable economic situation and tourist market to domestic political unrest and economic instability abroad. A production group leader explained, "We used to ship our products to the Jatuchak weekend market every week, now we send the products there every other week."<sup>14</sup> Another toy maker in the group reported that the Chiang Mai Night Bazaar, one of the busiest shopping destinations in the country, recorded the lowest sales for their products in ten years. Food producers for markets in Hat Yai echoed concerns about the decline in local and tourist economies. They generally reported a further decline in customers since mid-2009 and said customers were making fewer purchases during transactions.<sup>15</sup>

In the Indian cities of Pune and Ahmedabad, and in Bogotá, Colombia, waste pickers still found reduced volumes of recyclable waste at their usual collection sites. In Ahmedabad and Bogotá, the reported volume of daily collected waste was, on average, 50 per cent of what it was in June/

<sup>14</sup> Female self-employed home-based worker interviewed in Chiang Mai, Thailand on May 6, 2010.

<sup>15</sup> Focus group interview in Hat Yai, Thailand on April 20, 2010.

July 2009.<sup>16</sup> Pune waste pickers contracted to collect at a technology park<sup>17</sup> also reported reduced volumes of waste from mid-2009, while those collecting door-to-door reported a mixed picture with many respondents saying the volume was stable from mid-2009 but still lower than in early 2009. There was also no reported recovery in the volume of high quality waste<sup>18</sup> available between the two rounds of the study. Respondents attributed the lower volume of waste to three things: a rise in individuals competing for waste, the industry downturn among important waste sources such as local factories, and the privatization of municipal collection routes.

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*“We used to ship our products to the Jatuchak weekend market every week, now we send the products there every other week.”*

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Across the different locations, waste pickers continued to report instances of interference with their collecting activities. In Bogotá, building managers and staff continue to request payment from recyclers for the opportunity to remove the waste in commercial areas and buildings not serviced by the city. One respondent asked: “Why are they selling it? Why don’t they treat us the same way [as city collectors]?”<sup>19</sup> In 2009, the Ahmedabad Municipal Commission (AMC) gave a new municipal waste tender to a private recycling firm. Its vehicles collect waste twice a day on routes traditionally scoured by informal recyclers, and deliver waste to a high security dump outside the city. This led to a decrease in available waste overall and, notably, reduced access to waste at the dump.<sup>20</sup>

In Round 2, the proportion of street vendors who reported a decrease in their sales was markedly higher than the proportion in Round 1. A number of street vendors attributed this drop in sale to persistently high unemployment and economic hardship among local residents. As one vendor at the Besters market in Durban, South Africa explained: “Some of our customers have lost their jobs. If a customer has lost his or her job, they are unable to buy from me.”<sup>21</sup> Prior to the crisis, many vendors were already struggling to compete with malls and other formal retailers. In Lima, Peru vendors reported that large advertising budgets, access to cheaper goods via direct imports, and incentives such as discounting and credit card access promoted defection to malls among customers looking for better bargains.

Throughout the crisis period, municipalities have continued to promote business for formal retailers without providing similar supports to informal vendors. A new mall supported by the Durban/eThekweni Municipality opened in October 2009 less than a kilometre from the Besters trading spot. Since then, fewer customers frequent the Bester stands – but not simply because they choose to shop elsewhere. Many were diverted by the relocation of essential local services – the principle regional taxi rank and a pension collection office – at the new mall. The Besters vendors are barred by security from selling their wares near the mall site. The street vendors in Besters feel that the municipality is obstructing their ability to compete during the crisis. “It is not so much the recession that is the problem now,” said one vendor. “We know the government allows these malls here. They are not looking out for the poor but for the rich!”<sup>22</sup> In Lima, vendors chased from shopping areas were told to sell at the “*conos*” (shanty towns on the outskirts of Lima), where there was no business and vendors “just stare at each other and don’t earn enough for the day.”<sup>23</sup>

### **Competition**

In Round 2, respondents reported a rise in competition from new entrants over the previous six months. Table 4 depicts the proportion of respondents who reported new entrants into their segment of work from mid-2009 to early 2010. Six in every ten respondents reported an increase in the number of workers operating in their segment. These proportions were particularly high among street vendors and waste pickers. Three quarters of these respondents reported that the increased competition had resulted in decreased earnings.

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16 Representatives of informal recycling cooperatives and firms in Brazil and Puerto Rico also reported this volume decline during interviews about the recycling trends during the same period. Interviews with PT GC Reciclaje Inc. general manager and recycled paper activist in Belo Horizonte, Brazil on April 19, 2010 and April 20, 2010, respectively.

17 A technology park is a real-estate cluster of knowledge-based small and medium-sized enterprises.

18 This refers to materials that participants deem particularly profitable. At any time, this may vary locally based on preferences by waste buyers and the needs of industry. Though there were variations across study locations, most participants consistently identified white paper and tin as “high value” throughout the study.

19 Female waste picker interviewed in Bogotá, Colombia on June 3, 2010.

20 Focus group interview in Ahmedabad, India on February 23, 2010.

21 Female vendor interviewed at Besters Township in Durban, South Africa on May 3, 2010.

22 Female vendor interviewed at Besters Township in Durban, South Africa on May 3, 2010.

23 Male vendor interviewed in Lima, Peru on March 22, 2010.

| Table 4: Participants reporting new entrants between mid-2009 to early 2010 |              |                       |               |            |
|---|--------------|-----------------------|---------------|------------|
|   | More workers | Gender of new workers |               |            |
|   |              | Female                | Female & Male | Male       |
| Home-based workers; n=102   | 41%          | 20%                   | 63%           | 17%        |
| Street vendors; n=62  | 85%          | 69%                   | 19%           | 12%        |
| Waste pickers; n=54   | 65%          | 64%                   | 19%           | 17%        |
| <b>All; n=218</b>   | <b>60%</b>   | <b>54%</b>            | <b>31%</b>    | <b>15%</b> |

Moreover, the findings suggest that those who entered the segments in the early stages of the crisis have not returned to formal employment, while the number of new entrants across segments and locales continued to increase. In Round 2, as in Round 1, retrenchments in local formal firms were identified as the principle driver of new entrants<sup>24</sup>, but in Round 2 a higher proportion of participants also identified the rising cost of living as driving new entrants. In both Africa and Asia, some respondents identified recent graduates, including their own children, among the new entrants.

Compounding the loss of customers in the Besters market to the new mall and due to nearby factory retrenchments, as described above, the number of vendors in the area increased during 2009. Vendors at Besters are not organized and have no formal mechanisms to control the number of



Street vendors at work in Nakuru, Kenya. Source: KENASVIT

vendors in their trading area. Street vendors in Lima, Peru are now competing with migrants from the country's interior, where unemployment has increased. New entrants increase competition, but they are also vulnerable and unprotected in their new environment. One male vendor in Lima observed, "Street vending is precarious employment, especially for new vendors. They do not know the market... they cannot survive."<sup>25</sup>

In Round 1, half of interviewed waste pickers reported a rise in new entrants but in Round 2 this rose to 65 per cent. This was the greatest reported rise between Round 1 and 2. One waste picker in Bogotá, Colombia explained, "We recycle a dumpster that has already been recycled by 15 or 20 more people."<sup>26</sup> Even in Pune, India, where waste pickers work within areas designated by

contract, more workers reported new waste pickers in Round 2 than in Round 1. Participants in India explained that new waste pickers were untrained and worked less systematically, creating disorder along routes. In Bogotá, respondents reported formal employees – contracted by the city – sorting and selling recyclables rather than taking the recyclables to recollection points such as city dumps. These municipal employees divert income from informal recyclers, who often work the same routes or at the recollection points. This phenomenon is not unique to the crisis period or any one research location, however participants felt there had been a rise in this activity over the crisis period.

Home-based workers often work in relative isolation, making it difficult to assess variations in the number of local home-based workers. The home-based workers in this study, however, associate

24 In Thailand, formal employment declined by 110,000 jobs between February 2008 and 2009 while the number of own-account and contributing family workers rose by 566,000 over the same period. Figures from labour force surveys from Thailand's National Statistical Office. Source: Huynh et al. 2010.

25 Male vendor interviewed in Lima, Peru on March 22, 2010.

26 Female waste picker interviewed in Bogotá, Colombia on June 3, 2010.

with other home-based workers through their own organizations and can provide estimates of new entrants. Sub-contracted home-based workers felt no significant change in employment between the first and second rounds. Among shoe producers and badminton racket producers in Malang, Indonesia, production picked up after mid-2009 but did not lead to new jobs, either formal or informal. This is because the sub-contractors did not recruit new workers but rather utilized known contractees to fill orders.<sup>27</sup> In part this is because home-based production is often quite skilled, which can make it difficult for new workers to rapidly enter or be hired in the segment. Any new sub-contracted producers are likely to be former employees of the sub-contracting firm or nearby firms involved in similar production. Home-based producers in Sialkot, Pakistan reported that the 2010 World Cup had not created many employment opportunities for women football stitchers.<sup>28</sup>



*A sub-contracted home-based worker in Malang, Indonesia making shoes for export. Photo: Cecilia Susiloretno*

Rather, they observed that employment opportunities had migrated within the city from formal male workers in factories to female home-based workers, and during the World Cup ramp-up, back to male workers willing to accept sub-contracted work from firms at low wages.<sup>29</sup> Among all of the respondents, the group with the lowest proportion who reported new entrants were the self-employed home-based workers. In fact, home-based food producers in Hat Yai, Thailand, reported that some producers had abandoned their work due to the decline in tourism – a trend that has been greatly exacerbated by continued political turmoil in addition to restrained domestic and international spending on holidays.<sup>30,31</sup>

Table 4, above, also depicts the gender of new entrants identified by segment. In both rounds of the study, women represented the majority of new entrants in the study segments. But in Round 2, fewer respondents reported that new entrants were female; all groups, except street vending, reported an increase in new male entrants; and all groups reported both men and women entering their segment. Although home-based workers reported the most significant rise of male workers, the increase was observed mostly by self-employed producers, rather than sub-contracted workers.

### **Input Costs**

During the crisis, exchange rate pressures devalued national currencies and spurred inflation in many developing countries. In turn, the prices of imported raw materials and intermediate goods rose (UNDP 2009). Global commodities markets fell at the onset of the crisis, though most prices are rebounding. While commodity prices have not yet reached the highs of early 2008, they are heading in this direction and driving up import and raw materials costs. During 2011, in emerging and developing economies, consumer prices are projected to rise by 6.3 per cent and the price of oil is expected to rise 21.8 per cent (IMF 2010). Informal workers and enterprises in developing countries have not been immune to these kinds of price increases. In both rounds of research, participants listed their three greatest work expenses and discussed any changes in costs over

27 Focus group interviews in Malang, Indonesia on February 28, 2010 and March 4, 2010.

28 Though Sialkot firms experienced some rise in demand for their footballs in the run up to the 2010 World Cup, pressure from the international community over past labour rights abuses have led to fewer contracts from large sporting brands. This year the Adidas official match ball was machine-made in China. With greater international competition, football stitchers in Sialkot have seen little improvement in their employment condition in the run up to the games. For more see: International Labour Rights Forum, 2010 and Ebrahim, 2010.

29 Focus group interview in Sialkot, Pakistan on April 10, 2010.

30 Focus group interview in Hat Yai, Thailand on April 20, 2010.

31 Average hotel occupancy in 2010 was projected to be 60 per cent. The impact of the economic crisis and domestic political instability are difficult to disaggregate – but it is clear they both contributed to the decline of the tourism sector. See: World Bank, 2010, p. 27.

the preceding six months. Table 5 portrays the direction of change in respondents' work costs, by segment, over the six to nine months prior to Round 2.

|   | <b>Decreased</b> | <b>Same</b> | <b>Increased</b> |
|---|------------------|-------------|------------------|
| Self-employed home-based workers; n=31  | 0%               | 3%          | 97%              |
| Sub-contracted home-based workers; n=58 | 1%               | 47%         | 51%              |
| Street vendors; n=61                    | 3%               | 11%         | 85%              |
| Waste pickers; n=54                     | 24%              | 46%         | 30%              |
| <b>All; n=204</b>                       | <b>7%</b>        | <b>30%</b>  | <b>63%</b>       |

The vast majority of street vendors and self-employed home-based workers interviewed reported increases in the costs of inputs. The primary costs for vendors are the wholesale prices of the durable and non-durable goods they purchase and then sell. Self-employed producers are affected by the cost of raw materials for their production. A significant majority of workers from both segments reported a rise in their work costs since Round 1. Among street vendors, the cost of their goods at purchase point has risen across most study locales. One vendor in Durban, South Africa reported that she paid 65 rand per box of bananas in mid-2009 and 90 rand for the same box in early 2010.<sup>32</sup> While the price of fruits and vegetables do vary across the seasons, over the year prior to Round 2 the price was more heavily influenced by high oil, gas and consumer prices. In Sialkot, Pakistan, the price of raw materials (wax) as well as equipment (needles, wooden frames) used by the football stitchers increased. Unlike many other sub-contracted producers, Sialkot football stitchers paid for many of those raw materials themselves and thus bore the cost of price hikes despite stagnant wages.<sup>33</sup> In Kasur, Pakistan, self-employed bamboo shades (known as *chik*) producers are now charged a fee by farmers and landowners in order to harvest bamboo for their production. Pre-crisis, they could harvest the bamboo for free, or at a nominal cost. Many of the Kasur respondents who abandoned *chik* production between the two rounds of the study cited this shift as the principle contributing factor.<sup>34</sup>

Most sub-contracted workers do not have to pay for raw materials but they do have to cover the costs of the workplace, utilities, and equipment. Most of the participating home-based workers, both sub-contracted and self-employed, reported an increase in the cost of electricity. In Pakistan, the economic crisis has stoked inflation and prompted revenue-raising measures to address the budget deficit. In the past year, producers in Kasur and Sialkot have faced a reduction of energy subsidies followed by hikes in electricity tariffs, totalling nearly 20 per cent to date.<sup>35</sup> Rising tariffs and frequent interruptions in power supply have taken their toll on Pakistani home-based producers; particularly in Kasur, where load-shedding can create interruptions that go on for 8-10 hours during the daytime. One producer lamented, "Government policies and actions have actually destroyed our work and cut the family income. In the last ten months the situation has become worse and worse."<sup>36</sup>

As compared to Round 1, nearly half of waste pickers reported that their input costs had remained the same. For those who reported that their inputs had risen, this was predominantly due to higher transportation costs. Waste pickers in Pune and Ahmedabad, India, have struggled with rising fuel prices. Their transportation costs have risen across the entire period of the study. In India, fuel prices rose 12.7 per cent between early 2009 and early 2010.<sup>37</sup> In Bogota, Colombia, waste pickers have struggled with a legal challenge to the use of their traditional horse- or mule-drawn wagons. New costs were associated with a switch to motorbikes or cars. About a quarter

32 Focus group interview in Durban, South Africa on May 3, 2010.

33 Focus group interview in Sialkot, Pakistan on April 10, 2010.

34 Focus group interview in Kasur, Pakistan on April 5, 2010.

35 In November 2008, the IMF approved a new loan for Pakistan (Stand-by Arrangement) to respond to the country's external financing needs resulting from the impacts of the global economic and financial crisis. In order to meet the deficit target of 4.2 per cent (from 7.4 per cent of GDP) Pakistan's government has cut development expenditure, drafted a value-added tax (VAT) and reduced energy subsidies. See: Ali, December 22, 2009 (The Dawn).

36 Female self-employed home-based worker interviewed in Kasur, Pakistan on April 5, 2010.

37 Kala and Jagota, "India March Inflation Rises," in the Wall Street Journal, April 15, 2010.

of responding waste pickers also reported that their costs had decreased. In nearly all cases, this was attributed to decreased transportation costs due to lower volumes of waste.

### ***Piece Rates and Price of Recyclables***

Despite recent recovery in the number and volume of work orders for home-based workers, the piece rates of sub-contracted producers generally remain below pre-crisis levels. In Round 2, compared to Round 1, more than a third of sub-contracted producers were paid a lower piece rate, just under half experienced no change in piece rate, and only a sixth saw their rate improve.

Among football stitchers in Sialkot, Pakistan, the volume of orders has risen above pre-crisis levels but there has been no increase in piece rates over the previous 8-10 months. Facing cheaper, mechanized production from China, there was an industry-wide moratorium on wage increases in advance of the World Cup. Similarly, piece rates reported by Indonesian shoe producers have not changed since early 2009 – they continue to earn IDR 2.7 per pair of shoes. Meanwhile, formal factory workers in the same industry benefitted from a national minimum wage hike as part of the government’s crisis response. Their daily earnings increased from IDR 22.400 to IDR 23.000.

Some sub-contracted workers attempted to raise their wages between Rounds 1 and 2. After a long and difficult negotiation in 2009, badminton racket producers in Malang, Indonesia, secured a modest increase in their piece rates from IDR 2.150 to IDR 2.200 per dozen rackets. In response, the sub-contractor moved production of badminton birdies to other producer groups willing to work at the earlier piece rate. They could not shift racket production, which requires more skill, so quickly or easily. Without stronger bargaining capacity and greater legal recognition, informal workers will remain vulnerable to such tactics by firms.

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*“Government policies and actions have actually destroyed our work and cut the family income. In the last ten months the situation has become worse and worse.”*

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*Informal waste pickers sorting waste material at a recycling centre in Bogotá, Colombia. Photo: Leslie Tuttle*

In early 2008, the global recycling industry reached record growth in processing rates, employment and revenue (BIR 2010). At the height of the crisis, China’s demand for recyclable materials slowed alongside export levels. Secondary commodity prices plummeted and recycling firms stockpiled and warehoused their recyclables.<sup>38</sup> In Round 1, many waste pickers reported that they had to sell recyclables at all-time low prices as they did not have storage facilities. By Round 2, there were strong indicators that the downturn in recyclable waste commodity prices was reversing. According to the Bureau of International Recycling (BIR) which tracks market prices across the recycling industry, prices for scrap metals, waste paper, and recycled plastics hit lows in early 2009 (BIR 2010). Prices were on the rise by mid-2009; by early 2010

prices had, for some materials, approached their 2008 pre-crisis levels<sup>39</sup> (see Appendix 4).

Table 6 reflects the price changes for different categories of waste materials reported by waste pickers interviewed in this study. The findings suggest that prices vary considerably by product and place.

<sup>38</sup> Dan Levin, “China’s big recycling market is sagging,” *The New York Times*, March 11, 2009.

<sup>39</sup> Key informants interviewed from informal recycling cooperatives and organizations in Brazil and Puerto Rico also noted that waste prices fetched at market in early 2010 were approaching pre-crisis prices. (Individual interviews with WIEGO waste sector specialist, recycled paper activist, and general manager of PT GC Reciclaje Inc in Belo Horizonte, Brazil on April 20-23, 2010.)

| Table 6: Price changes for different categories of waste materials reported by waste pickers, mid-2009 to early 2010 |                  |                           |  |                  |
|--|------------------|---------------------------|--|------------------|
| Material   | Bogotá, Colombia | Pune, India (Infosys)     | Pune, India (University) <sup>40</sup> | Ahmedabad, India |
| Cardboard  | -2%              | +9%                       | +11%                                   | -42%             |
| Office paper   | +6%              | +8%                       | +4%                                    | -34%             |
| Scrap paper  | +11%             | 0%                        | -39%                                   | -37%             |
| Newspaper  | +16%             | -4%                       | +8%                                    | -33%             |
| Glass  | +12%             | 0%                        | 0%                                     | -12%             |
| Plastic  |                  |                           |  |                  |
| Blow moulded   | +2%              | +1%                       | +20%                                   | -30%             |
| Injection  | -3%              | +110%                     | +55%                                   | -                |
| PET  | -10%             | -                         | -                                      | -                |
| Scrap metal  | -1%              | -                         | -                                      | -37%             |
| Ferrous metal  | -2%              | -5%                       | +17%                                   | -29%             |
| Aluminium  | -1%              | -                         | -                                      | -37%             |
| Brass  | -20%             | -                         | -                                      | -15%             |
| Tin  | -23%             | +400%                     | +20%                                   | -29%             |
| Copper   | -9%              | -                         | -                                      | -25%             |
| Plastic bags   | -11%             | -68%                      | +10%                                   | -38%             |
| Milk bags - plastic  | +3%              | +29%                      | +40%                                   | -36%             |
| <b>Average Change</b>  | <b>-3%</b>       | <b>+44%</b> <sup>41</sup> | <b>+13%</b>                            | <b>-31%</b>      |

*A number of waste pickers reported some recovery in the prices they receive for waste materials, though this recovery varied widely by product and place.*

In Bogotá, Colombia, a number of waste pickers reported that the prices they received had risen since Round 1, but on average, prices reflected little change from Round 1. Waste pickers in Pune reported that prices largely stabilized between the two rounds of the study. After falling somewhat in the first half of 2009, early 2010 prices reported by waste pickers in Pune, India, were nearly the same or slightly better than they were in January of 2009. Table 6 suggests that Pune respondents working at Infosys have experienced a strong jump in the average change of prices between Round 1 and Round 2; however this number is skewed by the inclusion of the massive rise in price recorded for tin. If tin is excluded, the average increase falls to 8 per cent.

Waste pickers in Ahmedabad, India reported that prices had dropped by an average of 30 per cent since mid-2009. Waste shops typically provide better prices for material in large quantities, and respondents have reported a substantial decline in the volume of waste collected due to on-going privatization of Ahmedabad's municipal waste collection services. Round 2 of the study also coincided with the rainy season in many study locations. Many waste recycling shops pay less for wet waste. In Ahmedabad, one waste picker commented on the rainy season, "If we sell ten kilograms of waste, the waste trader only gives us a price for three kilograms."<sup>42</sup> Many also reported a substantial decline in the volume of waste collected due to on-going privatization of Ahmedabad's municipal waste collection services. Several Ahmedabad waste pickers expressed concern for middlemen, whom they feel are also still suffering from crisis-hit prices. Given their dependency on the waste middlemen to buy their waste, the ability of waste shops to buy waste is of grave

40 In the study, one group of Pune waste pickers collect waste from a software provider, Infosys, at an IT park in Pune. The second group of waste pickers service Pune University Campus, under a formal contract between KKP/PSWaCH and the University.

41 This number is skewed by the inclusion of the massive rise in price recorded for tin. If tin is excluded, the average change falls to 8 per cent.

42 Female waste picker interviewed in Ahmedabad, India on February 23, 2010.

concern to waste pickers. Overall, between the two rounds of the study, the closures of waste shops have tapered in all four locales where waste pickers were interviewed. In Round 2, about half as many waste pickers (15 per cent) reported the closure of a shop where they sell waste.

### **Earnings and Profits**

Table 7 summarizes the reported changes in profit levels. It reveals that just under a third of all respondents reported a modest increase in earnings between the two rounds of the study. The highest incidence of increased earnings reported was among home-based workers, particularly sub-contracted workers. Higher profits were largely due to an increase in number and/or size of contract orders reported by many sub-contracted workers, as piece rates were stagnant and electricity costs rose for many participants. One group of self-employed producers also reported higher sales, but three quarters of self-employed producers said they had the same or fewer customers between Rounds 1 and 2, and many said these customers were purchasing less per visit. Higher costs associated with raw materials also impacted self-employed producers' profits.

| <b>Table 7: Participants reporting changes in profit levels, mid-2009 to early 2010</b> |                  |             |                  |
|---|------------------|-------------|------------------|
|   | <b>Increased</b> | <b>Same</b> | <b>Decreased</b> |
| Home-based workers; n=97  | 38%              | 24%         | 38%              |
| Self-employed; n=34   | 29%              | 24%         | 47%              |
| Sub-contracted; n=63  | 43%              | 24%         | 33%              |
| Street vendors; n=63  | 22%              | 16%         | 62%              |
| Waste pickers; n=54   | 24%              | 11%         | 65%              |
| <b>Total; n=214</b>   | <b>30%</b>       | <b>18%</b>  | <b>52%</b>       |

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*Just under a third of all respondents reported a modest increase in earnings.*

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Under a quarter of street vendors reported modest increases in earnings largely due to a rise in the prices they charged for goods sold. But a majority of street vendors still recorded losses in Round 2. Workers attributed this decrease to a persistent increase in competition, little observed improvement in the purchasing power of their customers and higher wholesale prices of the durable and non-durable stock items. Street vendors in Peru felt that their earnings decreased by about 40 per cent between the two rounds of the study.

Despite continued low volumes of available waste, increased prices boosted the weekly earnings of many waste pickers; nearly a quarter reported that their earnings were higher in Round 2 than in Round 1. For many participants, higher prices for waste were a relief, but these prices had not yet rebounded to the rates they received in January 2009. Profits were also hampered by higher fuel costs for transportation of waste. Waste pickers in Ahmedabad reported the most striking drop in profits between study periods – the privatization of their traditional waste picking routes had severely curtailed their ability to collect profitable volumes of waste.

## The Informal Workforce: Impacts and Coping Strategies

The central question in Round 2 of the study was whether there are signs of recovery among the study's informal segments and workers. But measuring recovery in informal employment is more complicated than measuring recovery of formal jobs or a decline in the rate of unemployment. This is because those who have always worked in the informal economy will continue doing so during the crisis. Measuring the depth and breadth of underemployment in the informal economy is more difficult than measuring open unemployment. In part to assess this, respondents were asked about new income earning avenues. Table 8 reflects the breakdown of workers' income generated outside their primary informal work.

|                           | Performing other work | Begun new work since mid-2009 | New work in different informal segment |
|---------------------------|-----------------------|-------------------------------|--|
| Home-based workers; n=102 | 13%                   | 11%                           | 100%                                   |
| Street vendors; n=63      | 24%                   | 10%                           | 87%                                    |
| Waste pickers; n=54       | 7%                    | 0%                            | 0%                                     |
| <b>All; n=219</b>         | <b>15%</b>            | <b>8%</b>                     | <b>81%</b>                             |

Of the 32 (of 219) Round 2 respondents who reported new supplemental sources of income, over half (17) secured this employment in the previous six months. Street vendors were more likely than home-based workers or waste pickers to have supplementary sources of income, and this was mainly informal work such as domestic work, babysitting, and catering. But most respondents were not able to find work even of this quality. One vendor in South Africa noted: "I go out to look for domestic work, but people don't have money to pay domestic workers anymore. I am back to the streets."<sup>43</sup> Another commented: "Where can we look for work these days? People are being laid off in factories and the situation is bad everywhere. The best thing is to make the best of your situation."<sup>44</sup>

Round 2 findings suggest that respondents continued to seek new earning opportunities to supplement their existing sources of income. However, fewer found new employment opportunities between mid-2009 and early 2010 than had between January and June 2009 (at what is widely considered the height of the global economic crisis).

Workers were also asked about whether they changed their average hours and days of work. The findings are depicted in Tables 9 and 10. Between Rounds 1 and 2, roughly half of all respondents increased their hours of work per day while the majority worked the same number of days per week.

|                                   | Hours of work |            |            | Days of work |            |           |
|-----------------------------------|---------------|------------|------------|--------------|------------|-----------|
|                                   | More          | Same       | Fewer      | More         | Same       | Fewer     |
| Home-based workers; n=102         | 50%           | 25%        | 25%        | 34%          | 59%        | 7%        |
| Street vendors; n=63              | 51%           | 33%        | 16%        | 10%          | 76%        | 14%       |
| Waste pickers; n=29 <sup>45</sup> | 48%           | 7%         | 45%        | 0%           | 100%       | 0%        |
| <b>All; n=194</b>                 | <b>50%</b>    | <b>25%</b> | <b>25%</b> | <b>21%</b>   | <b>71%</b> | <b>8%</b> |

43 Female vendor interviewed at Besters Township in Durban, South Africa on May 3, 2010.

44 Female vendor interviewed at Besters Township in Durban, South Africa on May 3, 2010.

45 In Bogotá, Colombia researchers did not provide data for individual workers with respect to change in work hours and days of work.

|                           | Average Hours of work |            |            | Average Days of work |            |            |
|---------------------------|-----------------------|------------|------------|----------------------|------------|------------|
|                           | early 2010            | mid 2009   | Change     | early 2010           | mid 2009   | Change     |
| Home-based workers; n=102 | 7.5                   | 6.7        | 0.8        | 5.8                  | 5.0        | 0.8        |
| Street vendors; n=63      | 10.2                  | 9.5        | 0.7        | 6.2                  | 6.3        | -0.2       |
| Waste pickers; n=29       | 8.6                   | 7.9        | 0.6        | 6.4                  | 6.4        | 0.0        |
| <b>All; n=194</b>         | <b>8.5</b>            | <b>7.8</b> | <b>0.7</b> | <b>6.0</b>           | <b>5.6</b> | <b>0.4</b> |

As is clear from Tables 9 and 10, there are significant differences by worker group. What follows is an account of these and other changes by worker group.

*Roughly half of all respondents worked longer hours of per day, while most worked the same number of days per week.*

### **Home-Based Workers**

A third of all home-based workers reported working more days per week. On average, by early 2010, home-based producers were working nearly an hour more a day and nearly one day more per week than they did in mid-2009.<sup>46</sup> To better understand these and other changes among home-based workers, it is necessary to distinguish between self-employed and sub-contracted home-based workers.

### **Sub-Contracted Producers**

In Round 1, roughly half of the sub-contracted producers worked fewer hours a day and fewer days a week than they did six months prior. By early 2010, more than half of the sub-contracted participants reported working more hours per day and about half reported working more days per week. This was largely due to a recovery in contracts or work orders. Badminton racket makers in Malang, Indonesia reported almost no days of work from July 2009 to February 2010. In March 2010, there was a strong rebound in orders from the sub-contractor. At the time of Round 2, in early March 2010, many racket makers were working about the same number of hours they had before 2009. Shoe producers also experienced a rebound in contracts, and reported a similar rise in their working hours. On the other hand, football stitchers in Sialkot, Pakistan reported an increase in contracts but no increase in working hours and only a slight increase in working days. In Ahmedabad, India garment workers reported a slight decline in contracts, shorter working hours per day, but the same number of work days per week.

All of the sub-contracted workers in this study work for piece rates and their incomes depend on the volume of their daily or weekly production which, in turn, depends on the number and volume of contracts. It is not easy for them to secure new orders from other contractors or sub-contractors. No sub-contracted producers had voluntarily abandoned their occupation between Rounds 1 and 2, even when their orders declined or stopped completely. Respondents were forced to wait for recovery rather than take up a new line of work or seek alternative sources of contracts. Shoe producers in Malang waited for over four months. In Bangkok, Thailand and Ahmedabad, India, garment makers continued producing garments despite persistent low levels of orders throughout the study. The only shift in sub-contracting production was due to a contractor: the firm that shifted badminton shuttlecock production to other sub-contracted workers, as noted above, when the cooperative that produced badminton rackets and shuttlecocks demanded the minimum wage introduced in Indonesia.

### **Self-Employed Producers**

In Round 1, nearly a third of self-employed producers reported they worked longer hours each day but the same days per week compared with six months prior. By Round 2, there was little reported change in average daily work hours while more than twice as many respondents felt their hours had decreased. In Round 1, many reported that they were producing high volumes of goods and storing them for future sale (when the economy improves) but few had continued this practice by Round 2. Rather, with rising costs and little storage capacity, some respondents had cut back on production and about a third had switched production entirely. In Kasur, Pakistan,

<sup>46</sup> For more comparisons, by segment, of average work hours and days of workers between early 2009 and early 2010, see Appendix 3.

traditional bamboo shades (chiks) became unprofitable as the price of the raw material (bamboo) rose and older designs were going out of fashion. Between Rounds 1 and 2, there was no recovery in demand from domestic or international buyers. In response, by Round 2, most chik-makers in Kasur had turned to twisting rope while some tried making decorative chiks in response to changing tastes. By Round 2, those who had switched to rope production had done so for only a few months but felt it generated higher earnings than chik-making. Wooden toy producers in Chiang Mai, Thailand shared a similar story. In response to a sharp drop in overseas orders through most of 2009, they experimented with new games and other products. Many of the new orders they received in early 2010 are for these new products.



*A sub-contracted home-based worker in Malang, Indonesia making badminton rackets. Photo: Cecilia Susiloretno*

Unlike sub-contracted workers, self-employed producers can sometimes adjust their prices in order to attract buyers. Initially, very few self-employed producers dared to alienate their customers by increasing prices. In fact, during the first half of 2009, the majority decreased their prices in order to compete in the crowded markets during the height of the crisis. By Round 2, nearly 60 per cent of the self-employed producers sold goods at the same price as in Round 1, while a quarter reported charging more. Respondents who increased their prices cited the need to keep up with rising costs in order to make even a modest profit.

### **Street Vendors**

During the first half of 2009, 40 per cent of street vendors lowered their prices in order to stay competitive, while 30 per cent raised their prices to keep up with costs. By early 2010, 55 per cent of the street vendors had increased their prices due to increased consumer demand but also because of increased cost of goods and labour.

Across the different cities and countries, street vendors reported that wholesale prices had risen to an extent that made it impossible for them to further reduce prices, or even keep prices the same. In response to rising wholesale prices, most vendors who raised their prices did so by more than 15 per cent.

However, some vendors felt that raising prices was not viable. One Peruvian vendor explained, "In the past I used to sell 100 grams of chips for 50 cents. Now I sell 50 grams because I really can't lower the price. We could see this last year, but now it is even more severe."<sup>47</sup> The Durban vendor who used to buy a box of bananas for R65 and now pays R90 said regretfully, "I can't increase my prices...because even if I increase prices, who am I increasing them for? There are no customers here."<sup>48</sup>

<sup>47</sup> Male vendor interviewed in Lima, Peru on March 22, 2010.

<sup>48</sup> Female vendor interviewed at Besters Township in Durban, South Africa on May 3, 2010.

Competition between vendors, old and new, has also affected prices. New vendors often start by selling the most typical wares in an area. One vendor explained, “When they see a product is popular with the few customers we have, they come and sell the same product.”<sup>49</sup> New vendors can also inadvertently cause conflict because they are unaware of how price setting works, and that goods may be priced cooperatively. While local MBOs try to educate new entrants and provide stability for traditional vendors, the number of newcomers is such that it is difficult to reach them all. More infighting between vendors was reported in Round 2 than in Round 1. Vendors in Durban, South Africa began to self-regulate the markets while vendors in Lima, Peru used municipal guards – *serenazgo* – as informants and bribed them to secure preferred vending spaces.

Between Rounds 1 and 2, some vendors changed their stock or the locations where they bought and sold goods. Just under half the street vendors changed the goods they sold. Although previously, 40 per cent of vendors mainly sold durables and 60 per cent mainly sold perishables, all vendors who changed their goods switched to selling durables, or to selling other kinds of durables. No vendors took up selling perishables between Rounds 1 and 2. Durables require more capital outlay, which makes perishables more affordable. Unfortunately, the relatively short shelf life of fruits and vegetables made them risky investments, particularly when sales are volatile or uncertain. In the first half of 2009, half of the vendors changed their wholesale source in an attempt to find new goods and better prices. Between Rounds 1 and 2, only a quarter of the vendors had done so. Several reported that their earlier efforts to find cheaper goods were

only minimally successful. They gave up looking as they did not expect to find goods at lower prices. Before Round 1 and between Rounds 1 and 2, just over a tenth of vendors moved vending sites. Other vendors considered doing so but were uncertain how this would impact on their income.

The situation at the Besters market in Durban, South Africa illustrates the difficulty of moving vending locations. The new mall in the area dramatically reduced the number of customers frequenting the marketplace. But the vendors did not know where to move. Barred from vending near the mall, the vendors felt their best option was to stay at the Besters market. As one explained, “I tried trading in another area, Veralum. The monthly rent was too high and I couldn’t make enough money.”<sup>50</sup>



Street vendors selling their wares in Lima, Peru.  
Source: FEDEVAL

Between Rounds 1 and 2, despite their coping strategies, most vendors recorded a decline in earnings. Higher costs of goods and transport, coupled with little or no increase in customers, left many vendors worse off than they were in mid-2009. In response, street vendors continued to work six days a week and worked longer each day, until all their goods sold or night fell. Vendors reported an average increase of 0.7 work hours per day, driving up what was already the longest workday (+10 hours) among the three groups. In a few cases, the scarcity of customers made longer work days futile. A few vendors at Besters began leaving their stalls early, and one stopped selling entirely. As one vendor explained, “These days we close our stalls by 4 p.m. as there are no customers passing by...before we could close at about 6 p.m.”<sup>51</sup>

49 Female vendor interviewed at Besters Township in Durban, South Africa on May 3, 2010.

50 Female vendor interviewed at Besters Township in Durban, South Africa on May 3, 2010.

51 Female vendor interviewed at Besters Township in Durban, South Africa on May 3, 2010.

## Waste Pickers

In response to the decline in available waste, waste pickers began moving farther afield, enlarging their collection area, and/or changing their collection zone altogether. In Round 1, 20 per cent of the waste pickers reported having done so; by Round 2, 30 per cent of the waste pickers reported having done so. This search for waste generally had a negative impact on workers. Most waste pickers who searched for waste in new locations had to travel further and spend longer in transit. Despite the greater investment of time and money, the effort did not always result in increased earnings. A leader from a waste recycling association in Bogotá, Colombia explained it was his job to find sources for his group. "Twenty will be productive but forty won't produce. When I send associates to the source and they don't do well, they call and say they would rather collect from the streets because they didn't even make bus money."<sup>52</sup>

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*Fifteen per cent of the respondents reported that at least one household member had lost his/her source of income, nearly a quarter reported that at least one household member had seen their earnings drop.*

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During the crisis, some waste pickers resorted to collecting different types of waste. Between Rounds 1 and 2, just under half the waste pickers had stopped collecting certain types of waste materials they had once collected. Some materials had become very scarce. Waste pickers in Pune, India explained they had stopped collecting white paper, paper towels and cardboard because these materials were too scarce and too difficult to collect in the volumes that made them profitable. Also, some cities had passed new by-laws prohibiting the collection of certain types of waste. In Ahmedabad, India, for example, the municipality banned the collection by waste pickers of medicinal waste such as bottles and syringes, reserving the right to do so for the city.

In Round 1, many waste pickers reported that they had extended their working hours to offset the decline in prices and volume of available waste. However by Round 2, many waste pickers were working shorter days<sup>53</sup>, coming home earlier from daily collection rounds. Some also stayed home for more days during the week. In Bogotá, for instance, while waste pickers tended to work six days a week in mid-2009, they were averaging three days of work by early 2010. Colombian waste pickers had the highest incidence (among all three groups) of secondary sources of income, and some waste pickers were devoting more time to these activities. Waste pickers in Pune had not continued to work long hours perhaps because they have contracts with secure collection routes. Waste pickers from Ahmedabad were an exception: they were working significantly longer work hours in early 2010 than in mid-2009. They also reported the greatest decline in the volume of available waste over the study period.

Taken together, the findings for working conditions from the study's three worker groups suggest that the coping strategies employed by participants in Round 1 produced mixed results for participants in Round 2. Some workers continued to adjust their pricing schemes, work longer hours, or change their production or stock. Yet, in Round 2 a number of participants abandoned some of these strategies. Despite some partial recovery, limited earning opportunities across segments meant that many participants in this study had drawn down whatever resources they had between research periods. In Round 2, more respondents had cut back their work hours, increased their prices and maintained the same vending or waste picking location.

## Household Impacts and Coping Strategies

By Round 1 of the study, the crisis had taken its toll on household resources. With less income coming in, households had to reduce expenditures. They did so primarily by reducing food consumption. By Round 2, one third of the respondents reported modest increases in earnings, though not to pre-crisis levels. In addition, household employment remained somewhat unstable, as shown in Table 11, below. Fifteen per cent of the respondents reported that at least one household member had lost his/her source of income, nearly a quarter reported that at least one household member had seen their earnings drop, and one fifth reported that the primary income earner within the family had changed.

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<sup>52</sup> Male waste picker interviewed in Bogotá, Colombia on June 3, 2010.

<sup>53</sup> It should be noted that data for working hours does not include the waste pickers from Bogotá, as changes in work times were not recorded individually for these workers.

|                           | Layoff(s)  | New employment for retrenched worker: |                          | Reduced Income |
|---------------------------|------------|---------------------------------------|--------------------------|----------------|
|                           |            | Total                                 | Work in Informal segment |                |
| Home-based workers; n=101 | 12%        | 50%                                   | 83%                      | 17%            |
| Street vendors; n=63      | 19%        | 42%                                   | 40%                      | 10%            |
| Waste pickers; n=51       | 20%        | 30%                                   | 67%                      | 25%            |
| <b>Total; n=219</b>       | <b>16%</b> | <b>41%</b>                            | <b>64%</b>               | <b>17%</b>     |

However, the overall number of households that had suffered loss of work or income was down from Round 1.<sup>54</sup> Nearly 60 per cent of respondents reported losses in the first half of 2009 while 30 per cent reported losses between mid-2009 and early 2010. With no significant rebound in local employment<sup>55</sup>, less than half of those who lost work found new work between the two rounds. For those who did, most of the work was within the informal economy – usually within the same segment or trade.

During the crisis period, household resources of poor workers, formal and informal, have been squeezed. For household members, then, self-employment (most likely informal) can be an important coping strategy to mitigate income pressures. The rise in vulnerable employment during the economic crisis (ILO 2010) may reflect this reality, as would the observations of study participants that competition has risen. A relationship between higher vulnerable employment and increased labour force participation rates caused by increased pressure on household resources would have important implications for the role of informal employment and household welfare in the context of the crisis. Though this data was not available at the time of writing, it remains an important avenue of research for better understanding informality as a coping mechanism for households.

*In Round 2, participants reported that both household food expenses and children's education costs continued to be cut.*

### **Household Expenditure Patterns and Indebtedness**

In both rounds of the study, respondents were asked how changes in family income had influenced household expenditure on basic needs such as food, education, housing and healthcare. During the first half of 2009, in response to decreased incomes, households reported reduced expenditures on food. But few, if any, had withdrawn their children from school. In Round 2, participants reported that both household food expenses and children's education costs had had to be cut.

Between Rounds 1 and 2, according to the UN Food and Agricultural Organization, the price of food grains, meat, dairy, and other items had risen by an average of 20 per cent in some 90 countries. Between December 2009 and February 2010, Pakistan's "Sensitive Price Indicator" (SPI) rose nearly 7 per cent.<sup>56</sup> In Kasur, a home-based worker explained, "Although our income is higher than it was in July 2009, our economic position is worse because of the higher cost of living."<sup>57</sup> In the case of Pakistan, higher consumer prices were partly attributable to rising inflation and soaring electricity costs following the government's crisis response measures. In other study locations, global trends were also exacerbated by non-crisis related phenomenon. Northern Kenya, for example, had suffered five years of almost continuous drought. India suffered the worst monsoon season in nearly 25 years in 2009, devastating agricultural output. The food price index rose 16.65 per cent between early 2009 and early 2010, led by milk (17.64 per cent) and cereal (10.74 per cent) prices.<sup>58</sup>

A Colombian waste picker explained, "Before you could get breakfast, lunch, dinner, snack and transportation for everyone with \$10 or \$15. Now I don't even make \$50 a week, so some days we

54 Average household sizes across segments and locales did not change between research periods.

55 For example, Peru's National Statistics Institute (INEI) reports that Lima's unemployment rate increased from 7.6 per cent in 2009 to 7.9 per cent in 2010 for the periods of August-October. See: INEI, 2010 p. 34.

56 Female self-employed home-based worker interviewed in Kasur, Pakistan on March 22, 2010.

57 SPI is computed on a weekly basis to assess price movements of essential commodities in 17 of Pakistan's major cities. According to Pakistan's Federal Bureau of Statistics (FBS) the SPI was 10.62 per cent on December 10 to 17.40 per cent on February 11. See: FBS, 2010.

58 Reserve Bank of India, 2010.

eat and some days we don't."<sup>59</sup> In Indonesia, which had the most signs of recovery, the home-based shoe producers still ate mainly rice and grains with tofu and tempe. They could not afford meat or eggs or, even, a mid-day snack.

In Round 1, many respondents told the researchers that, despite smaller household budgets, they had made every effort to keep their children in school. But by Round 2, the situation seems to have changed: see Table 12. Sixteen per cent of the respondents reported that they had withdrawn one or more children from school: slightly more girls than boys. Several respondents explained they could no longer afford to send their children to school. While most of the children went to free public schools, their parents had to pay for transportation, textbooks, school supplies, school uniforms and snack money. In a few cases, children were enrolled in schools where tuition was subsidized but not free. In some such cases, the parents shifted their children to new, less costly schools.

Of the children withdrawn from school, more than half were working at the time of Round 2. Indeed, seven of the children were withdrawn so they could help support their families.

**Table 12: Participants reporting withdrawing one or more child from school, mid-2009 to early 2010**

|                          | One or more children | Gender of children: |              |            | Children now working |
|--------------------------|----------------------|---------------------|--------------|------------|----------------------|
|                          |                      | Female              | Both genders | Male       |                      |
| Home-based workers; n=81 | 19%                  | 40%                 | 33%          | 27%        | 67%                  |
| Street vendors; n=63     | 13%                  | 63%                 | 13%          | 25%        | 38%                  |
| Waste pickers; n=46      | 15%                  | 57%                 | 0%           | 43%        | 57%                  |
| <b>Total; n=190</b>      | <b>16%</b>           | <b>50%</b>          | <b>20%</b>   | <b>30%</b> | <b>57%</b>           |

Many of these were the children of home-based workers, who often involve their children in their work to help boost production. Most did so reluctantly, out of necessity. They worried how this would impact on their children's future employment prospects. One vendor from Ahmedabad, India, said, "I am a widow. My youngest daughter was studying in fourth standard but with the crisis I had to stop her schooling. Now she works as a kitchen helper earning Rs 5 a day."<sup>60</sup>



*Waste pickers searching for material at a landfill in Pune, India.  
Photo: Julian Luckham*

During both rounds of the study, respondents were asked if they had taken out loans, borrowed money, or attempted to borrow money from any source in the previous six to nine months. It is important to note that most informal workers, particularly women, do not routinely have access to credit from either formal or informal institutions (though of the two, they may have better access to the latter). In this study, findings regarding loans are biased by the participants' membership of (or their proximity to) more organized elements of the informal labour force. Many MBOs in this study either run their own credit programmes

or make efforts to provide their membership with better access to credit. In Round 2, just over a quarter of respondents said that they currently had a loan from an informal or formal financial institution. The most common sources of these loans were their families or the local member-based

<sup>59</sup> Male waste picker interviewed in Bogotá, Colombia on June 3, 2010.

<sup>60</sup> Female street vendor interviewed in Ahmedabad, India on February 18, 2010.

organization (MBO) the respondents belonged to. It was not clear from most responses whether the loans were taken before or after the crisis.

### Unpaid Work

Women everywhere are expected and conditioned to assume primary responsibility for unpaid subsistence, household, and care work. Female home-based workers in Indonesia, India, and Pakistan all reported that these responsibilities, as well as norms of women’s seclusion or modesty, restrict them from working outside the home.

Male and female respondents were asked if their household duties had changed between Rounds 1 and 2 of the study: see Table 13. Table 13 reveals that more than a third of male respondents reported an increase in their unpaid work between mid-2009 and early 2010, while female respondents were less likely to report this. In particular, male participants indicated that they were doing more care work and other household chores, though nearly a fifth also reported taking up more food preparation.

Despite shifting employment conditions, most female respondents maintained constant levels of child and elder care, cleaning, food preparation, and other household duties. Unpaid workloads tended to vary with the size and composition of the household: increasing when there was a new child or relative in the household, decreasing when children got older or young brides joined the family. A few street vendors and waste pickers reported that they spent less time preparing food because they were spending more time in paid work. However, in general, the level of unpaid work did not fluctuate very much as earnings or paid workdays increased or decreased. A female vendor in South Africa described the burden of household work in this way: “All these things fall on my shoulder, I feel that I am being pulled back...there is no moving forward.”<sup>61</sup>

**Table 13: Change in direction of unpaid work, mid-2009 to early 2010 by gender**

|               | Child and eldercare |      | Food preparation |      | Other chores |      |
|---------------|---------------------|------|------------------|------|--------------|------|
|               | More                | Same | More             | Same | More         | Same |
| Female; n=159 | 13%                 | 80%  | 12%              | 75%  | 11%          | 75%  |
| Male; n=26    | 35%                 | 65%  | 19%              | 73%  | 35%          | 58%  |

### Responding to Informality: Towards a Post-Crisis Stance

Findings from both rounds of the study demonstrated a clear link between macroeconomic dynamics and informal employment. With many workers still coping with crises, these links need to be kept in mind when moving from an analysis of impacts to responses. To varying degrees of success, fiscal stimulus and monetary expansion policies have stimulated aggregate economic activity and bolstered domestic and international demand in many countries. To the extent that these expansionary policies have boosted general levels of economic activity, workers featured in this study may have benefitted indirectly.

Outside that broad umbrella of general expansionary policies, however, respondents in this study have faced the global economic crisis with little or no targeted support other than from their families, communities, and local organizations. Some governments have taken important steps to introduce targeted measures, some of which were aimed at protecting the poor, introducing emergency relief programs for vulnerable families and children. These were critical and much-needed measures. Many study respondents were aware of these measures but were concerned that few of them were targeted to the poor as workers or economic agents. As a vendor explained, “The crisis affects unemployment, costs are unstable and people do not have enough income. Some vulnerable groups receive help – single mothers, handicapped, elderly – but what about us?”<sup>62</sup>

But participants remain hopeful that governments and other actors will still seize the crisis as an opportunity to institute long-term, meaningful policy reform that will reach and benefit them.

61 Female vendor interviewed at Besters Township in Durban, South Africa on May 3, 2010.

62 Female vendor interviewed in Lima, Peru on March 22, 2010.

## *Responses for Sustainable Recovery*

The pre-recession stance on informality cannot continue to be applied if there is to be a post-crisis future for informal workers. In developing countries, the majority of workers are employed in the informal economy where, on average, incomes are low, risks are high, and legal or social protection is very weak. Many of the threats to workers and their households did not arise solely because of the economic crisis, but have their origins in trends and developments that pre-date the global recession. A return to the way things were will mean that low earnings, insecurity and limited protection will persist for the majority of the workforce.

A critical first step must be a series of “do no harm” measures. In many developing countries, status quo thinking has generated laws and policies that ban or undermine informal activities. For example, at the end of 2008, Colombia passed a law that barred waste pickers from opening bags of garbage in “inappropriate places” or transporting material in “inappropriate vehicles” including their horse or mule-drawn “zorras” – a common mode of transport for many Colombian waste pickers.<sup>63</sup> In Malawi, a disordered and inconsistent daily registration system for street vendors has resulted in heavy fines for participants and other vendors who are barely able to make ends meet. Such discriminatory policies threaten informal livelihoods.

A new stance on informality must place informal workers at the centre of employment schemes and social protection measures, and include them in economic plans and urban planning models. Broad-based economic growth is not sustainable without support to and protection of the majority of workers and economic agents at the bottom of the economic pyramid. The most effective strategies will build on the existing skills and resources of workers, and support their current means of informal employment.

This report concludes with a set of policy recommendations developed and prioritized by the home-based workers, street vendors, and waste pickers who participated in the study.

Study participants were asked to discuss policy areas that could help maximize their earning potential while minimizing the negative aspects of the crisis. They considered specific policies that could benefit themselves and their families, as well as the timeframes within which it might be possible to take action on these issues. The policy recommendations below are based on ranking exercises and preferences articulated by workers during their individual interviews and focus group discussions. These policy recommendations are grouped into three broad categories: emergency aid, employment measures, and social protection.

### *Emergency Aid*

Despite the crisis, short-term emergency measures were low priorities across the three groups of study respondents. There was a common sentiment that informal workers have survived at the edge of economic disaster for much of their lives. The global economic crisis has made things worse, yet participants worried that short-term measures would come at the expense of more sought-after investments in employment and livelihoods. Some respondents had been recipients of previous relief efforts.<sup>64</sup> There was divided opinion about the effectiveness of these programs. Past assistance by member-based organizations of informal workers was generally well regarded because it was designed to address specific needs. SEWA, for example, provided emergency kits to its members after the earthquake in Gujarat.<sup>65</sup> There was, however, considerable scepticism about other providers, and respondents felt that this kind of aid was often badly devised and targeted. As one vendor noted rather soberly, “Whenever [government] talks about fighting poverty, it seems to kill the poor!”<sup>66</sup> Despite these reservations, many respondents expressed the need for well-designed relief measures in three areas: food, housing, and energy.

*Food* - One area of high to moderate priority was access to adequate nutrition and the provision of (staple) foods at affordable prices. In Kenya, the government has piloted a project to give low income households Ksh. 1500 worth of food vouchers redeemable at certain outlets. But this program had not reached the respondents in Nakuru. For a brief time, they received 2-4 kilograms

63 Female waste picker interviewed in Bogotá, Colombia on June 3, 2010.

64 Workers in Asia, for example, recalled measures taken by their governments to address the impacts of the Asian economic collapse in the 1990s.

65 In Ahmedabad, many of SEWA’s emergency measures were first born out of the organization’s Earthquake response, during which the organization provided shelter materials, food supplies, blankets, medical aid and water.

66 Female vendor interviewed in Lima, Peru on March 22, 2010.

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*“The crisis affects unemployment, costs are unstable and people do not have enough income. Some vulnerable groups receive help – single mothers, handicapped, elderly, but what about us?”*

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of maize each month as part of another relief effort, but this has ended. SEWA members received food kits with grains and other items such as wheat, rice, pulses, spices, onions and soap during this crisis and previous crises.

Because households eat different staples and other foods, food stamps were preferred over food parcels; price subsidies were preferred over food stamps and cash-in-hand was most valued. Many respondents said they had little time to travel to soup kitchens or wait in long lines, even if these provided the cheapest food. In Lima, Peru, street vendors spent a good deal of money to purchase food from other vendors or shops, because it allowed them to mind their vending spots and continue working on site.

*Housing* - In this study, very few respondents reported evictions or significant impacts on their housing situation.<sup>67</sup> However, several respondents reported recent rent hikes, particularly in Ahmedabad, India, but these increases were due mainly to rising utility fees included in their rent. Many respondents reported that they, or their families, owned the homes where they lived.

*Energy* - Most home-based workers, for whom their home is the workplace, bear the electrical, fuel and water costs associated with their production. Recent withdrawals of utility subsidies or the hike in utility tariffs in Pakistan and India has added to the cost burden of home-based production. In Pakistan, household utility bills doubled in some areas. Rising fuel costs led to increased transport costs which affect all categories of workers, but especially those like the street vendors and waste pickers who have to transport goods or waste each day.

#### **Employment Measures**

Even before the crisis, enough formal jobs were not being created to match the demand for them. Increasing the assets, promoting the rights, providing protection and improving the terms of trade or employment for the informal workforce is therefore crucial.<sup>68</sup> Indeed, respondents generally prioritized longer-term policy reforms aimed at reducing their vulnerability through support for their current economic activities and investments in welfare and social services.

*Loans for employment activities* – Street vendors and self-employed home-based workers ranked access to low-interest loans as their top policy priority. Few respondents had ever had access to formal financial services. Waste picker cooperatives in Bogotá, Colombia were not eligible for government grants due to strict eligibility criteria. Most vendors in Kenya relied on moneylenders or informal sources of credit to buy their merchandise. Respondents felt that without financial services, they would not be able to grow their enterprises beyond a subsistence level. They wanted to invest in their enterprises through the purchase of raw materials, stock, tools and equipment. In Durban, South Africa, street vendors sought help in establishing cooperative savings programs – *stokvel*<sup>69</sup> – that could improve their eligibility for loans. In Thailand, participants advocated grant programs or revolving funds for specific occupational segments, perhaps based on a promising new model in the country.<sup>70</sup>

*Skills training combined with market analysis and access* – Market knowledge and access was of moderate to high priority to waste pickers and home-based workers. In Thailand, toy producers requested training and education with respect to industry standards and product marketing. During the crisis, the toy producers lost earnings when their goods failed to meet export standards and were seized. They had been unaware of changes to standards regarding use of non-leaded paint and other toxic substances. Sub-contracted workers also prioritized training in products and techniques with export value. The dependence of Malang, Indonesia shoe and badminton racket producers on their sub-contractors made them particularly vulnerable at the height of the crisis. In response, HomeNet Indonesia developed a training program to teach workers how to make alternative products such as soap. The workers wanted more such training in the future.

67 There were two reports of eviction, but both related to domestic disputes.

68 After the 2001 economic crisis, Argentina was able to recover growth, contain unemployment and poverty, and bring its budgets into balance by putting employment for the poor at the core of recovery measures. Expanded participation in the work-contingent cash transfer programme Jefes y Jefas de Hogar Desocupados (Unemployed Heads of Household Plan), as well as improved access to collective bargaining, minimum and living wages, and social security were key to helping employment grow. See: Gerecke and Prasad, 2009 and Rofman et al., 2008.

69 A savings club where members provide economic and social support for one another.

70 One Tambon One Product (OTOP) is a local stimulus program that aims to support the locally made and marketed products of each Thai tambon (subdistrict). For more information: [www.thai-otop-city.com](http://www.thai-otop-city.com).

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*Because households eat different staples and other foods, food stamps were preferred over food parcels; price subsidies were preferred over food stamps and cash-in-hand was most valued.*

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Waste pickers in Ahmedabad, India wanted training in waste management techniques and certification through identity cards to prevent harassment. In Pune, India, the condition of waste pickers has improved after the local union of waste pickers, Kagad Katch Patra Kastakari Panchayat (KKPKP), provided identity cards and well-designed training to its members.

In Bogotá, Colombia, respondents reported that government-sponsored training programmes have not been designed to match the skills needed in the market. One waste picker explained, “They focus on workshops and training but never on job opportunities!”<sup>71</sup> Waste pickers demanded that training be paired with better access to public tenders and collection activities. Targeting is also critical to ensure that programmes reach those who could most benefit. In Peru, the *Revelora Trabajador* program targeted self-employed and poor workers hit by the crisis. Despite trying to do so, no respondents had been able to access the program for themselves or their children. One vendor suggested, “There should be documents advertising this on TV, documents explaining how these programs work.”<sup>72</sup>

*Formalization and integration* – Most street vendors and waste pickers wanted to register and be integrated into the formal regulatory environment, but expressed concerns about the nature of the process. Waste pickers in Colombia and India valued their autonomy and as well as their association with other informal workers.



Participants from study partner SEWA engage in a focus group discussion.  
Source: SEWA

They wanted to engage with municipalities through agreements and regular meetings with their member-based organizations.<sup>73</sup> They preferred formalization of their organizations and activities to formalization as wage workers for the city. As one waste picker explained, “We want to be entrepreneurs of our own work.”<sup>74</sup> Waste pickers provided several examples of important services they could provide to the city. In Ahmedabad, India, they proposed to dispose of government records through shredding, instead of incineration. In Pune, India, waste pickers argued that door-to-door collection contracts could save the city effort and expense. As they noted, “The government should let us work. This is the way we feed our families, this is what we know how to do.”<sup>75</sup>

*Wage protection* - Sub-contracted workers were enthusiastic about the extension and enforcement of minimum wage coverage to informal workers. In Malang, formal workers, but not informal workers, have received a raise in their minimum wages as part of the government’s stimulus program. Pakistan’s government also announced a minimum wage hike – from Rs. 6000 to Rs. 7000 – but without enforcement for the informally employed.

*Workplace improvements* - Street vendors typically vend from spaces that lack security and access to basic services like running water, electricity, and waste disposal. Vendors in Durban demanded infrastructure and services, including upgrading of the rusty shipping containers from which they currently trade. Greater security, they felt, would also attract more customers. Based on past experience, vendors in all locales rejected relocation as the solution. They said this estranged them from regular customers, and denied local residents convenient and affordable goods.

71 Female waste picker interviewed in Bogotá, Colombia on June 3, 2010.

72 Female vendor interviewed in Lima, Peru on March 22, 2010.

73 In Bogotá, for over ten years, informal waste pickers were systematically excluded from the tendering process despite the fact that they had demonstrated capacity in municipal collection services. See: Samson 2008.

74 Male waste picker interviewed in Bogotá, Colombia on June 3, 2010.

75 Male waste picker interviewed in Bogotá, Colombia on June 3, 2010.

### **Social Protection**

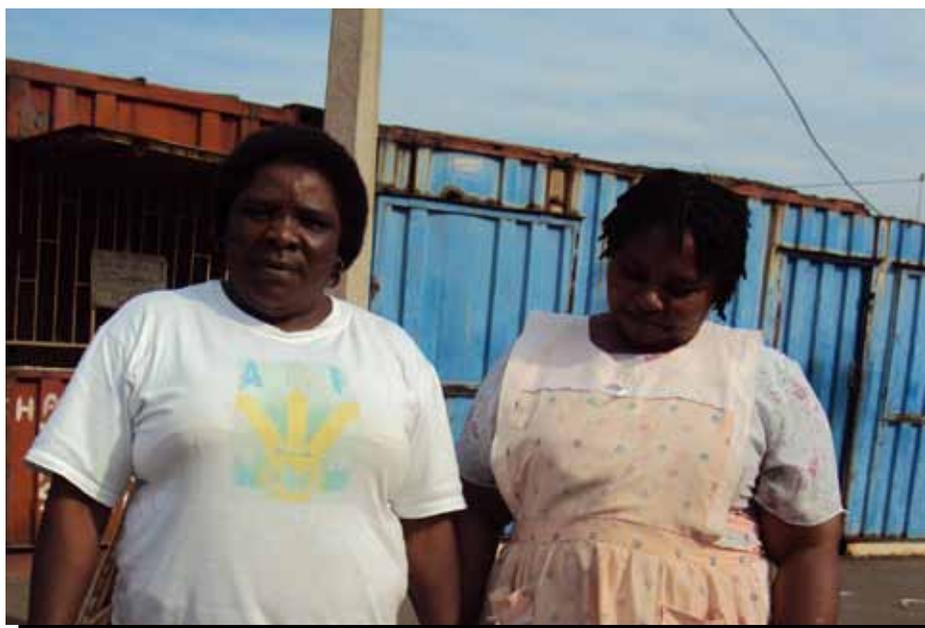
Coverage under basic social protection schemes was identified as a top priority by all three groups.

*Cash transfers* – All three groups prioritized cash-transfer programs. But they worried that conditionality could pose a serious challenge to informal workers. The respondents work long days under uncertain employment conditions and want to avoid the opportunity costs associated with time away from work to satisfy certain conditions. Unconditional cash transfers, they feel, would better empower them and their families to cover the costs of basic social services like transportation, school materials and uniforms, medicines and treatment. These programs could make it easier to fight future shocks, evidenced by the scale-up of Brazil's *bolsa familia*<sup>76</sup> during the crisis.

*Social insurance* – Home-based workers were strong advocates for an extension of basic social insurance schemes, though informal workers across segments would benefit. Illness and injury can have disastrous impacts on workers' earnings. Segment-based health insurance schemes were ranked very high by respondents in most study locales, even where universal health coverage is available. In Thailand and India, participants reported that visits to public health facilities were costly because they took too long (sometimes a full day) and the remedies offered were either

very expensive or ineffective. Prescriptions were usually not subsidized. Many workers found it more effective to seek expensive private medical attention or use home remedies. In 2003, following a campaign by KKP, the Pune Municipal Corporation agreed to create a medical insurance scheme for all registered waste pickers in the Indian city (Chikarmane and Narayan, 2005).

Even where there is social insurance for the poor, the problem of access is very high. In Colombia, candidates for the System for the Selection of Beneficiaries of Social Programs (SISBEN) are classified into strata according to their socio-economic level. Most of the social subsidies and public health programs are focused in the first stratum, from which most informal workers in the study were excluded, despite their modest earnings.



*Street vendors at the Besters vending site in Durban, South Africa.*  
Photo: Phumzile Xulu

Respondents want employment insurance which, they feel, could help them address the seasonality and insecurity of their work. In Ahmedabad, workers proposed that India's National Rural Employment Guarantee Act,<sup>77</sup> which guarantees each eligible household 100 days of employment at the minimum wage, be extended to urban areas. Universal old-age pension schemes could also reduce the incidence of old-age poverty, which pushes many older members of society into informal work. Unfortunately, access remains a significant barrier. Workers in Pakistan were excluded from the 2010 Services Tribunal (Amendment) Bill granting new protections to workers with respect to wrongful dismissal and the right to take grievances to labour courts.<sup>78</sup>

*Education and childcare* - Most respondents in this study live in areas with ostensibly free basic education. However, many workers still struggle to keep their children in school because of the associated costs of education, such as transport, meals and textbooks. Without education, workers fear their children will not have access to higher-earning occupations in the future. Respondents prioritized short and medium-term fee waivers, extending school meal programmes and subsidizing school expenses such as uniforms. Street vendors and waste pickers also advocated for quality subsidised crèches and after-school care programs. In Lima, Peru, workers reported the closure of

<sup>76</sup> For more on the programme see Santos, 2010 and ILO, 2009.

<sup>77</sup> This scheme provides a legal guarantee of one hundred days of employment per year to adult members of rural households. Employment takes place in public works programs, through unskilled manual labouring. Workers receive the statutory minimum wage of Rs.100 a day.

<sup>78</sup> "Workers' rights." The Dawn. March 7, 2010.

several nearby government subsidized childcare centres – *wawawasis* – during the crisis. In Colombia, the state provides subsidized day-care for poor mothers, but obligatory meetings in the morning and afternoon prevent many workers from accessing these facilities. One vendor explained, “What is not being charged in money is charged in time.”<sup>79</sup> Childcare was not of high priority to home-based workers, who manage to oversee and care for their children while working.

### *Looking Forward - a new policy approach to informality*

Moving from 2010 to 2011, the economic and employment outlook in research locations is mixed (see Appendix 5). In order to ensure the future success and viability of recovery measures, the working poor in the informal economy must have *validity*, or legitimacy, as economic agents and targets of economic policies. Participants in a number of locales expressed their frustration at being categorically excluded from employment-oriented recovery measures based on a national or regional definition of “work”. In Indonesia, the Malang Labour Office excluded home-based workers from stimulus measures but not factory workers involved in production of the same goods. As one worker explained, “The local government didn’t identify us as ‘labour’, so we are not protected.”<sup>80</sup> MBO partners from this study have waged long campaigns for an inclusive definition of work. KENASVIT for example has sponsored the Micro and Small Enterprises Bill which would legalize street vending and extend important legal protections to street vendors. At the time of writing, this bill was before the Kenyan parliament.

Long-term support also requires that informal workers be *visible* in economic statistics and policies. Little attention has been paid to the impact of the crisis on the informal economy. Representatives from the study’s MBOs reported their organizations do their best to monitor their members, but there is a need for wide-scale, reliable knowledge about the conditions of informal workers. This information could allow governments and stakeholders to better respond to the needs of informal workers during good times and bad. For example, during the crisis municipal officials in Lima, Peru suggested vendors share vending spots and work half-days. Vendors took this as evidence that the municipality had little understanding of the nature and conditions of their work.

In Chiang Mai, Thailand, home-based workers also suggested that labour departments could establish local offices specifically for informal workers. These offices could provide better information about eligibility for crisis response programs, and in better times, liaise with them about their legal and economic rights. In other focus groups, participants felt that local authorities could support workers and their MBOs in fostering cooperation and ease tensions between informal workers (e.g. between new entrants and traditional workers), the local police, and the broader community. Discrimination is a serious issue affecting many urban informal workers. Respondents felt that police harassment was strongly related to lack of education and understanding about informal work. Waste pickers, for instance, sought sensitization campaigns that might inform the public about the public service provided by recyclers. They felt this might also encourage people to allow them access to their waste.

Finally, in current and future policy discussions, workers want to have a *voice* in economic decision-making processes. Workers and organizers in this study felt that direct engagement would be an important element of a post-crisis strategy. Informal workers lack representation in policy process and have little or no presence in the corridors of decision-making and power. In Bogotá, Colombia waste pickers wanted multi-stakeholder committees so that they could be systematically included in policy discussions regarding their livelihoods. Workers were aware of the successes of the National Movement of Waste Pickers of Brazil (MNCR), which has established an Inter-ministerial Committee for the Social Inclusion of Waste Pickers that meets with MNCR representatives every month. There is also an annual meeting with the President. In South Africa, vendors expressed frustration that local elected officials had not yet seriously engaged with their concerns. They believed political recognition would make a difference in their working and social condition.

79 Female waste picker interviewed in Bogotá, Colombia on June 3, 2010.

80 Female sub-contracted home-based worker interviewed in Malang, Indonesia on February 28, 2010.

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*The working poor in the informal economy must have validity, or legitimacy, as economic agents and targets of economic policies.*

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## Conclusion

The global economic crisis has brought new challenges to participants, and also exacerbated existing economic trends and events. Rounds 1 and 2 of this study have monitored the impacts of these global economic trends through the crisis period. Despite signs of modest recovery in some segments, findings from Round 2 indicate that there is a lag in recovery in the informal economy. Evidence suggests that lagging unemployment in formal sectors is continuing to drive increased competition within the informal economy. While incomes have risen modestly for some, they have not risen to pre-crisis levels and have not kept pace with inflation. Households continue to restrict their diets, while the withdrawal of children from schools appears to be on the rise.

The global economic crisis presents an opportunity to think differently about the informal workforce and reframe the mainstreaming or “formalization” process as one aimed at increasing earnings and reducing risks for the working poor, not simply registration and taxation of informal enterprises. Without informed and decisive action, poverty and informal employment will remain prominent characteristics of many developing countries, and so will higher economic volatility and vulnerability.

This crisis will not be the last; the lesson that must be learned is one of minimizing exposure and building capacity for those at the bottom of the economic pyramid. By doing so, governments can improve prospects for employment recovery; support poor workers to better withstand future shocks, and promote a healthier, more stable foundation for the economy. If there is a failure to respond, an increasing share of the global workforce will end up working in the informal economy where, on average, incomes are low, risks are high, and protections are few. Simply put, the pre-crisis status quo will not do; a new stance on informality is required to meet the needs of the working poor in the present and in any post-crisis future.

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*This crisis will not be the last; the lesson that must be learned is one of minimizing exposure and building capacity for those at the bottom of the economic pyramid.*

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*Street vendors selling vegetables in Ahmedabad, India.*  
Source: SEWA

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## Appendix 1 – Research Sample by Sector, Region, Sex and Age

| Study participation by the numbers: comparison by segment, region and gender |                  |            |         |         |
|--|------------------|------------|---------|---------|
|  | Round 2          |            | Round 2 | Round 1 |
|  | <i>Follow-Up</i> | <i>New</i> |         |         |
| <b>Total Sample</b>  | 107              | 112        | 219     | 219     |
| <b>Sector</b>  |                  |            |         |         |
| Home-based workers   | 49               | 53         | 102     | 114     |
| Street vendors   | 41               | 22         | 63      | 52      |
| Waste pickers  | 17               | 37         | 54      | 53      |
| <b>Region</b>  |                  |            |         |         |
| Africa   | 37               | 2          | 39      | 40      |
| Asia   | 66               | 77         | 143     | 136     |
| Latin America  | 4                | 33         | 37      | 43      |
| <b>Sex</b>   |                  |            |         |         |
| Female   | 81%              | 80%        | 81%     | 79%     |
| Male   | 19%              | 20%        | 19%     | 21%     |

| Average age among study participants |                  |            |           |           |
|--------------------------------------|------------------|------------|-----------|-----------|
|                                      | Round 2          |            | Round 2   | Round 1   |
|                                      | <i>Follow-Up</i> | <i>New</i> |           |           |
| Home-based workers                   | 43               | 37         | 40        | 40        |
| Street vendors                       | 45               | 42         | 44        | 45        |
| Waste pickers                        | 40               | 40         | 40        | 39        |
| <b>Total</b>                         | <b>43</b>        | <b>39</b>  | <b>41</b> | <b>41</b> |

## Appendix 2 – Individual Interview Guide

Interviewer: \_\_\_\_\_

Place of interview: \_\_\_\_\_

Date: \_\_\_\_\_

1. What is your name? \_\_\_\_\_
2. Has your residence changed since last interview? YES / NO  
If YES:
  - a. Where do you live now? (Include city and specific area of the city).
  - b. Why did your residence change?
3. How many people live with you right now?
  - a. Is this more, the same or less people than were living with you at the time of the last interview? MORE / SAME / LESS
  - b. If the number of people living with you has changed, please explain the change.
4. Since the last interview, has any person you live with lost their employment or had their income significantly reduced? YES / NO  
If YES:
  - a. Who had their income significantly reduced and what work do they do?
  - b. Who has lost their employment and what work where they doing?
  - c. For those who lost their employment, what are they doing now?
5. Has the amount of unpaid work you do at home changed in the last six months? (For each following question please circle and give a short explanation if you answer MORE or LESS.)
  - a. Are you doing MORE /SAME /LESS childcare (children under 16 years old) or caring for elders? Why is this?
  - b. Do you spend MORE /SAME /LESS time preparing meals? Why is this?
  - c. Do you spend MORE /SAME /LESS cleaning or other unpaid work around the house?  
Please explain what work this is and why it has changed.
6. Since the last interview, have you taken on any new work, other than street vending, that you did not previously do? YES / NO
  - a. If YES, please describe what other work you do?
7. Have you changed your selling site since the last interview? YES / NO
  - d. If YES, why?
  - e. Where do you sell now?
  - f. Have your commute time and/or travel costs changed? Please tell us if they have increased, stayed the same, or decreased.

8. Since the last interview, are there more, the same or less people street vending in your area?  
MORE / SAME / LESS
- If MORE or LESS
- Why do you think this has changed?
  - Has this impacted your income? How?
- If MORE:
- Are the new vendors mostly men or women?
  - What were the new vendors doing before?
9. Has the level of harassment you receive from the police or other authorities changed since the time of the last interview? Are you being harassed more, the same, or less?  
MORE / SAME / LESS
- If MORE or LESS
- Why do you think this change has come about?
10. Since the last interview, have you started selling any new types of goods or products or have you stopped selling certain types of goods or products? YES / NO
- If the stock/goods you are selling have changed, please explain why, and list the products that have changed.
  - Please explain why your stock has changed.
11. How many hours a day do you work? (Please think about your recent experience) \_\_\_\_\_
- How many hours a day did you work six months ago (in July)? \_\_\_\_\_
  - If your work time has changed since last interview, why has it changed?
12. How many days a week do you work? (Please think about your recent experience) \_\_\_\_\_
- How many days a week did you work six months ago (in July?) \_\_\_\_\_
  - If your work days have changed since the last interview, why have they changed?
13. Since the last interview, has the number of your daily or weekly sales generally increased, stayed the same, or decreased? INCREASED / SAME / DECREASED
- IF INCREASED or DECREASED:
- Please explain the change in sales by comparing the amount you sell now to the amount you sold at the time of the last interview.
  - Please explain why the numbers of sales have changed.
14. Have your work costs changed at all since last interview? How and why have they changed?
- Do you have different expenses? What are they?
  - Are you generally paying more or less for your products and materials?  
MORE / LESS
15. Since the last interview, have you changed where you buy the goods/stock items that you sell? YES / NO
- If YES
- Why?
16. For the main goods / services you sell how much did you charge right now? Be specific.
- If these prices are more or less than you charged at the time of the last interview, why have the prices you charge changed?

17. Since the last interview, have you received any new money or loans from the government, organizations, money lenders or people in your community?
  - a. Who did you receive the money or loans from? What is the arrangement?
  - b. Did you ever receive money or loans from these sources in the past?
18. Right now, who earns the most money in your house? Name & relationship to you.
  - a. Was this person the largest earner at the time of the last interview? YES/NO  
If NO
  - b. Why has the situation changed?
19. Since the last interview, have any children in your household stopped attending school?  
YES / NO  
If YES
  - a. Are these children boys or girls?
  - b. How old are they?
  - c. Are any of these children working now? YES / NO.  
If YES, what work are they doing?
20. In your recent experience, how much money do you take home (after all your work expenses are paid) in a good week?
21. How much money do you take home in a bad week?
22. If the money you take home has changed in either the good weeks or the bad weeks since the last interview, what are the main reasons the money has changed?

## Appendix 3 - Focus Group Interview Guide

### Part 1: General and Personal Work Observations

Time: 35-45 mins

It has been six months since we spoke. Thinking back to our last discussion, would you say it become easier, there has been no change, or it has become harder to make an income as a street vendor in your area? Please think about the other street vendors you know, and also about your own work life. How did this period (July to now) compare to the first half of the year (January to July 2009)? Please tell us what you have experienced and seen or heard.

Since our last discussion:

- Are more or less people trying to work as street vendors? Why do you think this is?
- Has competition changed between vendors? How has this affected vendors?
- Are there any other changes to how you work, including the time you spend on work, where you work, who you work with or any other changes?
- Have there been any changes in the number of customers you have had since the time of the last interview?
- Have there been any changes in the prices you are receiving for your products? If there have been changes, how have they impacted your overall income?
- Has harassment by authorities changed in the last six months? Why?
- If your income has decreased since the last interview, have you started to do other work to increase your income? What work?
- Have you tried any other work strategies to support your income?
- Do you think things are going to get better or worse for street vendors in the next year? Why?

### Part 2: Home-Life Observations

Time: 35-45 mins

Now let's talk about how you and your family have been affected by any changes in your work and the economy since we last spoke. Have there been any changes related to food, the health of you and your family, housing, or your children and their schooling?

- Are you and your family eating the same amount of food? Are you eating the same kinds of food? If there have been changes, what are they and why have things changed?
- Have your average medical or health expenses changed since the time of the last interview? Are you generally spending more, the same, or less on medicine and health? If your spending has changed, why has it changed?
- Has your housing situation changed since the last discussion? Let us know if there have been any changes in your ability to pay rent, or other housing expenses?
- Have any children (under 16 years) been taken out of school in the last six months? Why?
- Have any new children started doing work since our last discussion?

### Part 3: Policy Discussion and Ranking Exercise

Time: 45 mins-55 mins

Let's talk about any actions or policies that have helped or hurt your work and life at home in the last year.

- Has the government at the local, regional or national level taken any action that has helped your work in the last year? What was done, when did it happen, and how did it help?
- Has the government or local authorities done anything that has hurt your work in the last year? What was done, when did it happen, and how did it hurt?
- Has your informal worker's organization supported you in any way in the last year? What was done, and when did it happen?
- Have there been any other people or groups that have changed your work life or home life in the last year? What did they do?

## RANKING EXERCISE: (Policy interventions and actions for consideration)

*Please ask the group to consider the speed with which the policy/intervention could be put in place.*

### 1. Emergency Relief Measures

*Food Programs* (soup kitchens/ meal program - please discuss what programs the workers might favour)

Programs to help feed workers and their families in the short-term, such as soup kitchens, school lunches for kids or subsidized prices for food staples.

*Temporary Employment Programs*

Job creation in temporary areas such as public-works - to help create income in the short term during hard times.

*Relocation programs.*

For leaving the streets and going into markets (in general, not necessarily municipal/ public markets).

### 2. Social Protection

*Cash Transfers*

Direct, targeted payments of cash to workers and their families, *with* or *without* certain conditions - for example, sending children to school regularly or bringing them to health centers. These conditions are set by the government or organization offering the program.

*Insurance*

Special insurance programs designed for street vendors. Please ask the group how they would rank protections such as age pensions, disability, maternity benefits, health and life insurance. (Please give some examples of these protections if the group is not sure).

### 3. Social Services

*Health Care Fee Waivers and Exemptions*

*Education Fee Waivers and Scholarships* - for children of workers

*Child-care*

*Government liaisons/representatives to street vendors.*

Creation of liaison/ representative to enhance information and visibility of street vendors in the government.

### 4. Economic Assistance

*Savings programs*

Toward a vending location to which they could relocate in future.

#### 4.1 Existing Employment

*Low Interest Loans* - for work activities

Loans for workers in order to help their work and build businesses. This money must be paid back.

*Marketing and business support*

*Workplace Improvements* - Such as lighting and public toilets in markets spaces.

*Access to local market stall spaces.*

*Basic safety and sanitation codes at vending spaces.*

*Tax breaks on imported goods.*

*Stopping of harassment by police or other authorities.*

## 4.2 New Employment

### *Skills training*

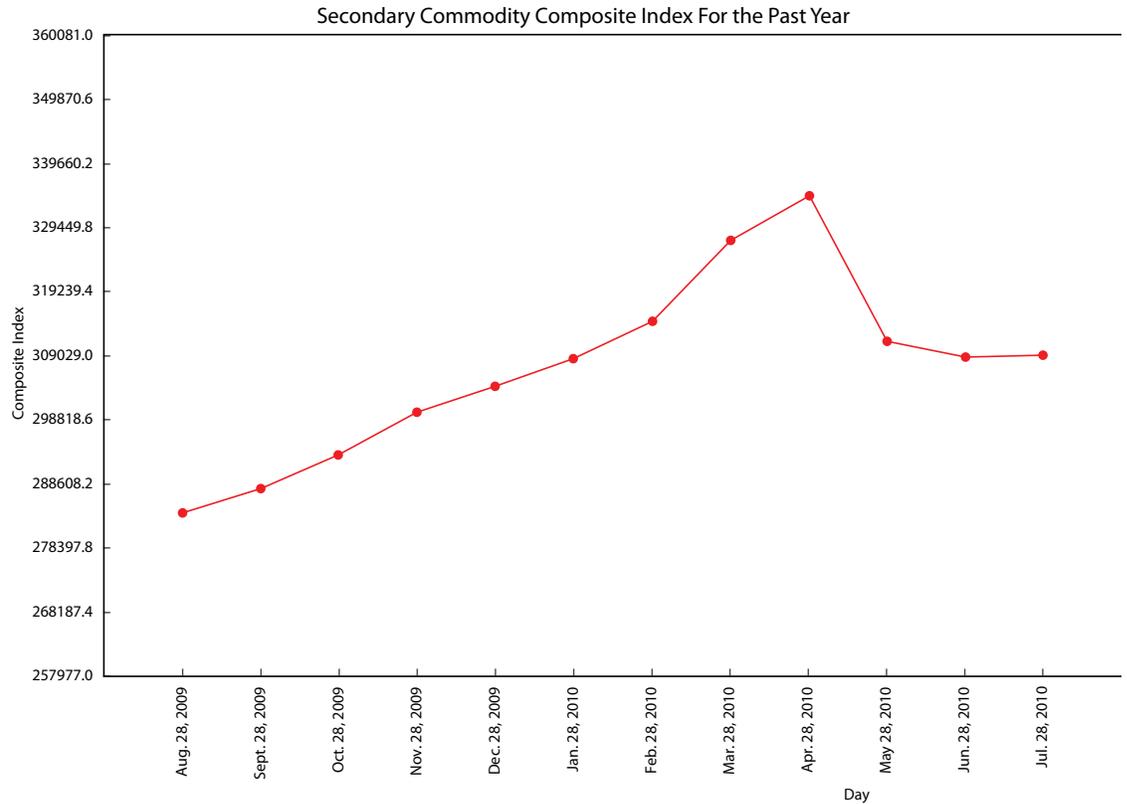
For example, to enter or re-enter the job market or training specific for youth.

### *Job Creation and/or Formalization*

### *General Business Training for Street Vendors*

Government or other organizations could provide courses and education on basic business development, marketing and money management.

## Appendix 4 – Recyclable Materials Composite Price Index, 2009-2010



Source: Secondary Commodity Index.

[http://www.secondarycommodity.com/cgi-bin/composite\\_prices.cgi?id=100009&num=4](http://www.secondarycommodity.com/cgi-bin/composite_prices.cgi?id=100009&num=4)

The Secondary Commodity Composite Index is a composite Index of 11 industry sectors within the recyclable (secondary) materials marketplace. The sectors include ferrous metals, non-ferrous metals, exotic metals, waste/scrap paper, plastics, textiles, tire/rubber, electronics, recovered minerals, curbside materials, waste energy and automobile related scrap.

## Appendix 5 – Economic and Employment Outlook

| Selected Study Economies: Annual per cent change in real GDP and unemployment |          |       |      |              |      |      |
|---|----------|-------|------|--------------|------|------|
|   | Real GDP |       |      | Unemployment |      |      |
|   | 2009     | 2010* | 2011 | 2009         | 2010 | 2011 |
| <b>Colombia</b>   | 0.8      | 4.7   | 4.6  | 12.0         | 12.0 | 11.5 |
| <b>India</b>  | 5.7      | 9.7   | 8.4  | ...          | ...  | ...  |
| <b>Indonesia</b>  | 4.5      | 6.0   | 6.2  | 8.0          | 7.5  | 7.0  |
| <b>Kenya</b>  | 2.4      | 4.1   | 5.8  | ...          | ...  | ...  |
| <b>Malawi</b>   | 7.5      | 6.0   | 6.2  | ...          | ...  | ...  |
| <b>Pakistan</b>   | 3.4      | 4.8   | 2.8  | ...          | ...  | ...  |
| <b>Peru</b>   | 0.9      | 8.3   | 6.0  | 8.6          | 8.0  | 7.5  |
| <b>South Africa</b>   | -1.8     | 3.0   | 3.6  | 24.3         | 24.8 | 24.4 |
| <b>Thailand</b>   | -2.2     | 7.5   | 4.0  | 1.4          | 1.4  | 1.4  |

\*2010 and 2011 are projections. Figures are compiled from IMF, World Economic Outlook, October 2010



# Inclusive Cities

This study is a collaborative effort of the Inclusive Cities project and the following participating partners. Please visit [www.inclusivecities.org](http://www.inclusivecities.org) to link to the websites of all the project partners, or if you are viewing this document in PDF you can click on the logos below to follow a hotlink to that partner's site:



Asiye Etafuleni (AeT)



Kagad Kach Patra  
Kashtakari Panchayat  
(KKPKP)



AVINA Foundation



Lima Federation of  
Street Vendors  
(FEDEVAL)



Latin American  
Network of  
Waste Pickers



HomeNet Indonesia



Malawi Union for  
the Informal Sector  
(MUFIS)



HomeNet Thailand



Self-Employed  
Women's Association  
(SEWA)



HomeNet Pakistan



StreetNet International



Kenya National  
Alliance of Street  
Vendors and  
Informal Traders  
(KENASVIT)



Women in Informal  
Employment:  
Globalizing and  
Organizing (WIEGO)