



**Women in Informal Employment  
Globalizing and Organizing**

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# **Informal Economy Budget Analysis in Brazil and Belo Horizonte**

Ana Paula Salej



# WIEGO Working Papers\*

The global research-policy-action network Women in Informal Employment: Globalizing and Organizing (WIEGO) Working Papers feature research that makes either an empirical or theoretical contribution to existing knowledge about the informal economy especially the working poor, their living and work environments and/or their organizations. Particular attention is paid to policy-relevant research including research that examines policy paradigms and practice. This series includes statistical profiles of informal employment and critical analysis of data collection and classification methods. Methodological issues and innovations, as well as suggestions for future research, are considered. All WIEGO Working Papers are peer reviewed by the WIEGO Research Team and/or external experts. The WIEGO Publication Series is coordinated by the WIEGO Research Team.

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# Belo Horizonte

## Introducing Brazil and Minas Gerais

Located in South America, Brazil is the fifth largest country in the world in terms of geographical area and the fifth most populous country. According to Instituto Brasileiro de Geografia e Estatística (IBGE)<sup>1</sup>, the population reached 183,987,291 inhabitants in 2007<sup>2</sup>, 51.2% female. The population of Brazil is made up of many racial and ethnic groups. The most recent National Research for Sample of Domiciles (PNAD) census revealed the following: 49.4% of the population are White; 42.3% are Pardo (brown); 7.4% are Black; 0.5% are Asian and 0.4% are Amerindians.<sup>3</sup> The country has the largest population of African descent outside of Africa.

Brazil is the world's tenth largest economy at market exchange rates and the ninth largest by purchasing power parity. Economic reforms have given the country a new international image. However poverty and inequality continue to be big issues for this nation marked by profound contrasts. For several decades, Brazil has had one of the most unequal income distributions in the world. From the early 1980s to the early 1990s, the Gini coefficient<sup>4</sup> for the per capita income distribution of the economically active population and the Gini coefficient for per capita household income have both been around 0.60. The situation seems to have improved sharply, however, since the implementation of Brazil's Real Plan in July 1994, which was named for the new currency introduced under the Plan. After the plan the government undertook other programmes in order to tackle the structural causes of poverty and income inequality. Gradually the Gini coefficient improved, reaching 0.53 in 2007. In 2006 Brazil occupied 70th place in the Human Development Index (HDI) ranking presenting a HDI of 0.807, which is considered high.<sup>5</sup>

In 1990 the number of people living in extreme poverty accounted for 8.8% of the Brazilian population, but by 2005 the percentage had dropped to 4.2%. Despite all the improvements, 7.5 million Brazilians still have household income of less than a dollar a day. According to the Human Poverty Index, Brazil occupied the 22nd position in 2006.<sup>6</sup> Brazilian economist, Roberto Cavalcanti de Albuquerque, considers poverty to be a result of economic exclusion. The unemployment rate among the poor in 2007 reached 19.7%, against an overall unemployment rate in the country of 8.4%. Among employees, the percentage of poor with registered employment contracts was 45%, against 88% of the total employed population.

Women's participation in the labour market was 43.0% in 2003 and improved to 44.7% in 2008.<sup>7</sup> In 2008, on average, women earned about 71.0% of the income received by men.

Its current Constitution defines Brazil as a Federal Republic. The Federation is formed by the union of the Federal District, the 26 States, and the 5,564 Municipalities. The social and economic situation varies between them. The Southeast region is by far the richest in terms of total economic output, and also the most densely populous region. It hosts one of the largest megalopolises of the world, São Paulo. Minas Gerais is one of the 26 states of Brazil, located in the southeastern region. It is the second most

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<sup>1</sup> Brazilian Institute of Geography and Statistics or IBGE is the agency responsible for statistical, geographic, cartographic, geodetic and environment information in Brazil.

<sup>2</sup> Population Count, IBGE, 2007.

<sup>3</sup> Síntese de Indicadores Sociais 2008 *Belo Horizonte*, Brazil: IBGE. 2008.

<sup>4</sup> A measure of income inequality that ranges from 0 for perfect equality to 1 for absolute inequality.

<sup>5</sup> 'Ranking do IDH 2006' (in Portuguese). PNUD Brasil (UNDP Brazil).

<sup>6</sup> Human Development Report 2006, United Nations Development Programme (UNDP).

<sup>7</sup> Monthly Employment Survey – PME.



populous state (19,273,506 inhabitants in 2007)<sup>8</sup> and the fourth largest by area in the federation. The last PNAD (National Sample Survey of Dwellings) revealed the following numbers: White people 45.7%, Pardo (Brown) people 44.2%, Black people 9.7%, Asian or Amerindian people 0.4%.<sup>9</sup> Compared to the Brazilian population as a whole, white people are under-represented. Females account for 50.9% of the population of the state. In 2005 Minas Gerais occupied the 10th place in the Human Development Index (HDI) ranking of Brazilian States, presenting a HDI of 0.800, considered high.<sup>10</sup> The labour market in Minas Gerais shows in 2007 an open unemployment rate of 7.4%. Of the employed individuals in Minas Gerais, 36.0% were female. Most of the employed women were formally employed or members of the military and civil services (75.4%).

## Introducing Belo Horizonte

The Minas Gerais capital is Belo Horizonte (BH). Located near the central area of the state, as shown in Figure 1, according to Instituto Brasileiro de Geografia e Estatística (IBGE), BH is the 6th most populous city in Brazil, with a population of 2,412,937 inhabitants. According to a recent study of Fundação João Pinheiro<sup>11</sup>, Belo Horizonte has the 4th highest Gross Geographic Product<sup>12</sup> (GGP) among Brazilian cities – R\$32.7 billion reais, representing 1.4% of the total wealth of the country and 15.2% of the wealth of Minas Gerais.

Belo Horizonte is the distribution and processing center of a rich agricultural and mining region and the nucleus of a burgeoning industrial complex. Its chief manufacturing products are steel, steel products, automobiles, and textiles. Gold, manganese, and gem stones of the surrounding region are processed in the city.

## Metropolitan Area

The non-specific term 'Grande BH' ('Greater Belo Horizonte') can denote any of Belo Horizonte's metropolitan area definitions. The legally defined Metropolitan Region of Belo Horizonte (RMBH) consists of 34 municipalities in total (see figure 1). The intense process of conurbation that is currently occurring in the Metropolitan Region of Belo Horizonte has rendered ineffective the political boundaries between some municipalities in the region, creating a city whose centre is in Belo Horizonte and which includes municipalities, such as Contagem, Betim, Nova Lima, Ribeirão das Neves, Santa Luzia and Sabará, among others.

The population stands at 4,939,053 inhabitants (as of 2007, according to IBGE). It is the third-largest metropolitan area in the country. Females account for 51.8% of the metropolitan area population. The last PNAD revealed the following numbers: Pardo (brown) people 46.9%, White people 40.7%, Black people 11.9%, Asian or Amerindian people 0.5%.<sup>13</sup> The average Human Development Index of the area is 0,811 (UNDP, 2000).

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<sup>8</sup> Population Count, IBGE, 2007.

<sup>9</sup> Síntese de Indicadores Sociais 2008. *Belo Horizonte*, Brazil: IBGE. 2008.

<sup>10</sup> [http://pt.wikipedia.org/wiki/Anexo:Lista\\_de\\_estados\\_do\\_Brasil\\_por\\_IDH](http://pt.wikipedia.org/wiki/Anexo:Lista_de_estados_do_Brasil_por_IDH)

<sup>11</sup> Belo Horizonte e Betim entre os 20 maiores PIBs do Brasil. FJP (12 de janeiro de 2009).

<sup>12</sup> Equivalent to GDP – Gross Domestic Product applied to a different geographic area.

<sup>13</sup> Síntese de Indicadores Sociais 2008. *Belo Horizonte*, Brazil: IBGE. 2008.

**Figure 1. Belo Horizonte Metropolitan Area**

Belo Horizonte has a developed industrial sector, being traditionally a pole of the Brazilian steel and metallurgical industries, as the state of Minas Gerais has always been very rich in minerals, and in iron ore specifically. The main industrial district of the city was established during the 1940s in Contagem, a part of greater Belo Horizonte. Multinational companies like Fiat (which opened its plant in Betim in 1974), Arcelor, and Toshiba have subsidiaries in the region, along with other textile, cosmetic, food, chemicals, pharmaceuticals and furnishing companies. Among the companies headquartered in the city we can list steel companies such as Açominas (held by Gerdau, one of the largest multinationals originated in Brazil); Usiminas; Belgo-Mineira (held by Arcelor); Acesita (partially held by Arcelor); mobile communication Vivo; and Telecom Italia Mobile, as well as the Nyse – listed electrical company Cemig, which is said to have the best transmission quality of Brazil. Leading steel product makers Sumitomo Metals of Japan and Vallourec of France have also recently announced plans to construct an integrated steel works on the outskirts of Belo Horizonte.

There are also a large number of small enterprises in the technological sector which have achieved regional or national success, particularly in the fields of computing and biotechnology. Due to both governmental and private funding in the diversification of its economy, the city has become an international reference point in Information Technology and Biotechnology, and is also cited because of the advanced corporate and university research in biodiesel fuel.

For a long time the city was marked by the predominance of its industrial sector, but from the 1990s there has been a constant expansion of the service sector economy, particularly in computer science, biotechnology, business tourism, fashion and the making of jewellery. The city is considered to be a strategic leader in the Brazilian economy. Despite its lack of beaches and monuments, Belo Horizonte annually receives large numbers of visitors, as it is in the Brazilian main economic axis, exerting influence on other states. Both multinational and Brazilian companies, like Google and Oi, maintain their headquarters in the city. The service sector plays a very important role in the economy of Belo Horizonte, being responsible for 85% of the city's GGP, with the industry making up most of the remaining 15%. The GGP for the city was R\$28,387 million in 2005. The city income per capita was R\$11,951 in 2005.

The employed population grew 24.8% in the RMBH in the period of 2003–2008. This was the best growth rate observed in the country.<sup>14</sup> During the same period the region experienced a reduction of 28.7% in the unemployed population. In 2008 unemployed people represented 6.5% of the population in the economically active age. In the same year the women represented 46.0% all the persons employed. RMBH was the metropolitan area where the number of employed women presented the highest growth (29.6%). In Brazil as a whole the growth was smaller, at 20.6%. Despite this growth the male employment level (64.2%)<sup>15</sup> is still higher than that for females (47.5%). Most employed people were employed in enterprises with 11 or more people (59.2%). Between 2003 and 2008, the number of persons employed making welfare contributions increased by 38.1%. In 2008 68.2% of employed people made welfare contributions. This profile allied with the economic one illustrates the dynamic of the labour market in the city.

## The Informal Sector

The Brazilian labour market started its development after the emancipation of slaves in 1888. Until 1930 there was minimal legislation regulating the labour market. Brazilian labour legislation was established mainly during the years 1930 to 1940 with the passing of a wide range of labour laws. In 1943 the *Consolidação das Leis do Trabalho (CLT)*<sup>16</sup> was issued by Getúlio Vargas, President of Brazil. CLT is a consolidated decree which continues to govern labour relations in Brazil.

CLT contain rules for just labour relations, including a minimum wage, work hours, vacation and other rights. In Brazil the understanding of the terms formal or informal work have their origin in the legislation. Thus formal workers are those who have their employment contract registered in a specific document, the *Carteira de Trabalho (CT)*.<sup>17</sup> The CT identifies the worker, proves the existence of work, and represents the contract of the employer with the worker. A registered employment contract, in turn, gives access to labour-related social benefits. An appropriate definition of informal employment for Brazil would thus include employees without registered contracts in their CT, plus own account workers and unpaid workers. Some authors add to this the absence of welfare contributions.<sup>18</sup> Informal employment has always existed in Brazil. The phenomenon intensified from the 1980s as a result

<sup>14</sup> Data about employment used Monthly Employment Research (Pesquisa Mensal de Emprego – PME) of IBGE as reference.

<sup>15</sup> Proportion of males who are economically active age and working.

<sup>16</sup> Consolidation of Labour Laws.

<sup>17</sup> The CT was instituted in 1932. It is an obligatory document for every worker. It guarantees access to some key labour rights and labour pension rights as regular salary, vacation, 13th cheque, rest and retirement pay, insurance, unemployment wage, welfare benefits and *Fundo de Garantia por Tempo de Serviço (FGTS)*.

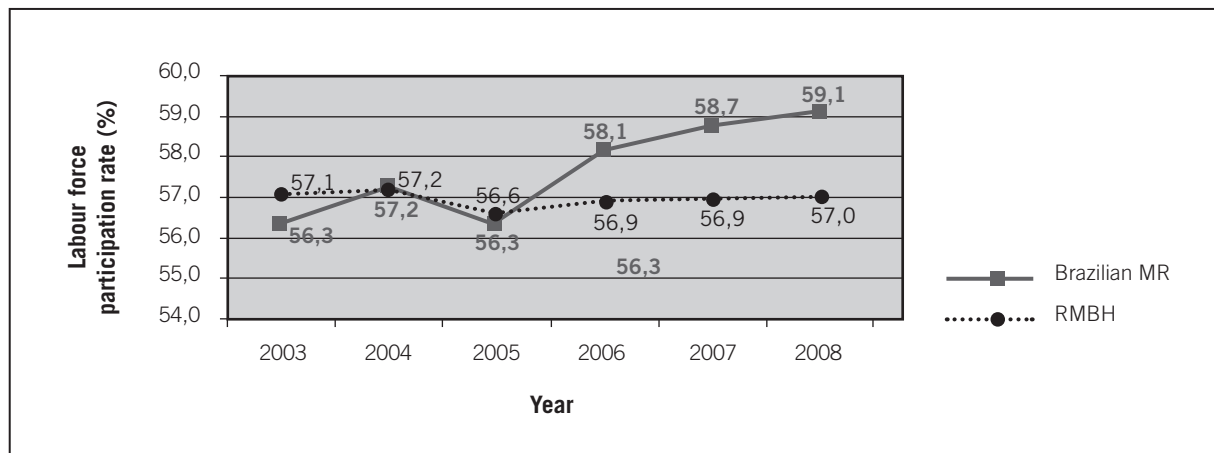
<sup>18</sup> In Brazil when the worker has a contract registered in the CT the welfare contributions are made by the employer and the employee. If the work does not have a contract, s/he can pay the welfare contributions as an autonomous worker.



of the international crisis which contributed to an increase in unemployment rates in Brazil and an increase in micro- and small enterprises, especially in the 1990s. In the present decade the data shows some improvement in employment.

Based on the Monthly Survey of Employment (Pesquisa Mensal de Emprego – PME)<sup>19</sup> it was estimated that in 2008 the metropolitan areas covered by the survey had around 41.3 million aged 10 years or older. This represents a growth in the working age population of 2.0% compared to 2007 and 10.7% since 2003. During the period 2003–2008 the growth in working age population in RMBH was 13.4%, the highest of the metropolitan areas studied. The size of the labour force<sup>20</sup> also increased. For all the metropolitan areas combined the growth rate was 2.2% compared to 2007 and 10.5% from 2003, almost the same as for the working age population. For RMBH, the growth was 19.0% from 2003. These changes affected the labour force participation rate.<sup>21</sup> The figure below shows that since 2005 RMBH experienced an improvement in the participation rate, while for metropolitan areas as a whole the rate was more or less stable.

**Figure 2. Comparing Labour Force Participation in Brazilian Metropolitan Areas and Belo Horizonte Metropolitan Area – 2003–2008**



Source: PME/IBGE.

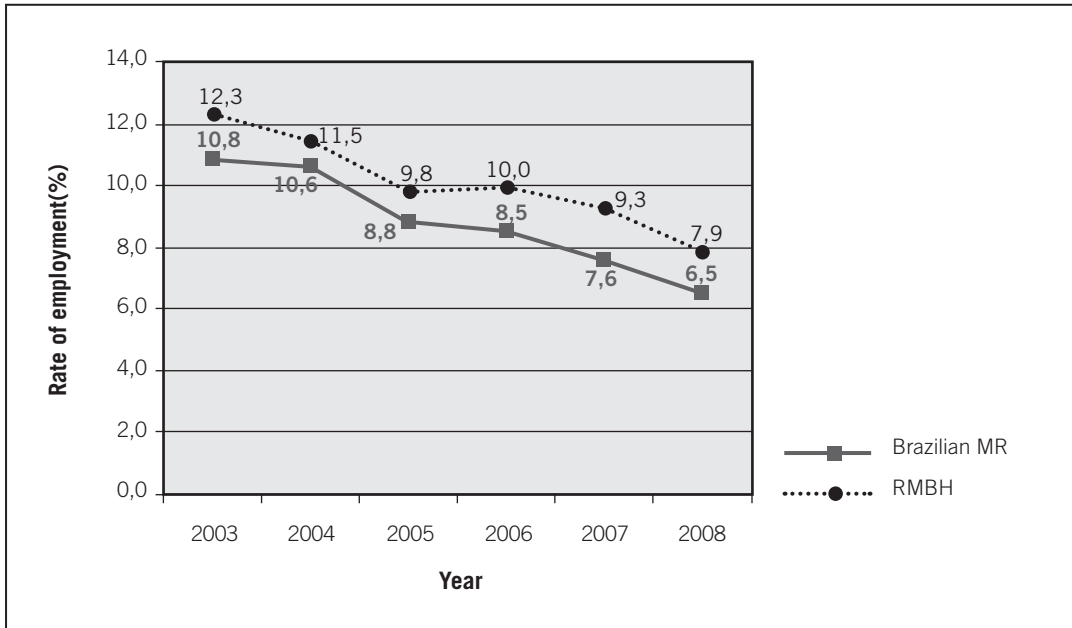
During the same period the rate of unemployment was gradually declining. The overall rate dropped from 12.3% in 2003 to 7.9% in 2008 and from 10.8% (2003) to 6.5% (2008) in RMBH. Throughout the period the majority of unemployed people were women. For all metropolitan areas combined women represented 54.6% of unemployed people in 2003 and 58.1% in 2008. In Belo Horizonte metropolitan area they accounted for 52.2% in 2003 and 58.7% in 2008. This trend was caused by an increase in the number of women in the labour force that was greater than for men. However, despite the increase in female participation, the number of unemployed women increased by 24.9% in the Metropolitan Areas and 19.7% in RMBH. About half (49.1%) of unemployed people were aged 25–49 years and more than half had studied for 11 or more years (52.9%). The increase in the percentage of more educated people from 39.9% in 2003 to 52.9% in 2008 reveals a new profile of unemployed people. The majority of the unemployed had worked before (in 2008, 80.6%).

<sup>19</sup> The research covered six Metropolitan Areas: Belo Horizonte, Porto Alegre, Recife, Rio de Janeiro, Salvador e São Paulo.

<sup>20</sup> Labour force = everyone of working age who is economically active, that is people actively employed or looking for work.

<sup>21</sup> Labour force participation rate = the ratio between the labour force and the overall size of the population in the relevant age range.

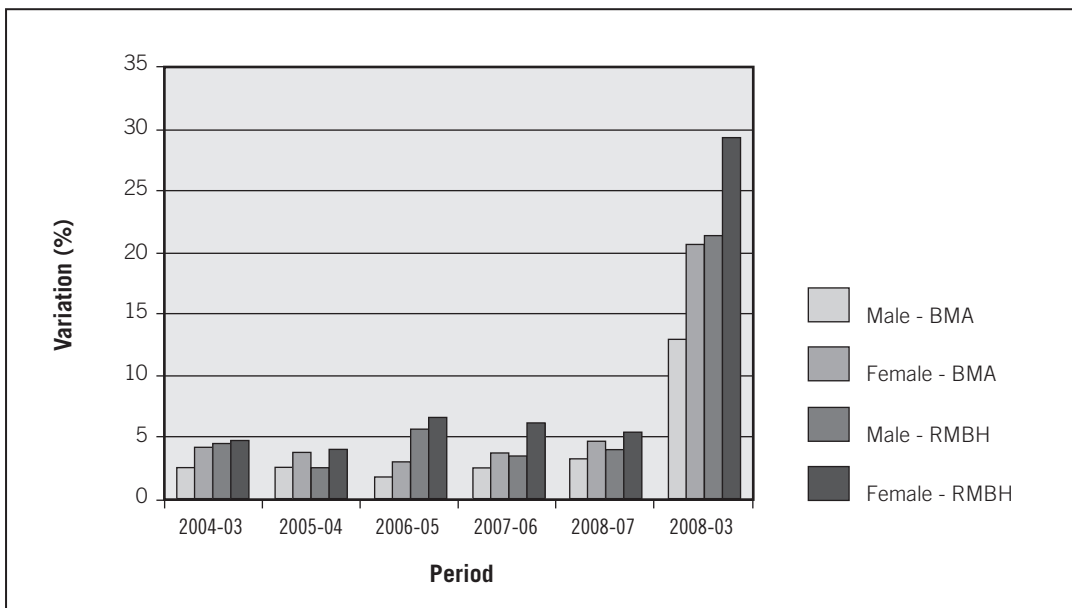
**Figure 3. Rate of Unemployment in Brazilian Metropolitan Areas and Belo Horizonte Metropolitan Area – 2003–2008**



Source: PME/IBGE.

The number of employed people grew by 16.1% between 2003 and 2008 in the metropolitan areas and by 24.8% in RMBH. The trends in employment differed by gender. Figure 3 shows that the increase was bigger in the female employed population than in the male. The increase was even higher in RMBH than in Brazilian Metropolitan areas (BMA). The difference between male and female increase in employed population was 7.9 percentage points in both cases. In 2008 women represented 44.7% and 46.0% of the employed population in BMA and RMBH respectively.

**Figure 4. Increase in the Employed Population in Brazilian Metropolitan Areas and Belo Horizonte Metropolitan Area by Gender – 2003–2008**



Source: PME/IBGE.

The distribution of the employed people changed very little in age terms. The most relevant change was the increase in the participation of people of 50 years from 16.8% in 2003 to 19.9% in 2008. Education data shows that 55.7% of the employed people had 11 or more years of education, a growth of 9 percentage points when compared with 2003. Most employed people work in enterprises with 11 or more employees. The share of workers in smaller enterprises declined between 2008 and 2003. In 2008, 35.3 of the employed were in enterprises with 5 employees or fewer and 5.9 in enterprises with between 6 and 10 employees.

To complete this overview of the labour market we explore two further variables that relate to informality: the proportion of employed people who made contributions to welfare schemes, and status in employment. Contribution to welfare schemes is related to the quality of the job and the social benefits that the worker will have access to. Workers who do not contribute to these schemes are in a more precarious situation than those that do so. In 2008 65.8% and 68.2% of employed people made welfare contributions in BMA and in RMBH respectively. Comparing the number of contributors in 2003 and in 2008 we observe an increase in this number of 24.8% in the total group and of 38.2% in Belo Horizonte's. The change in the number of contributors was bigger among women than among men. The growth was, however, not sufficient to reduce the number of non-contributors. They grew by 2.3% in BMA and 3.3% in RMBH from 2003 to 2008. These increases indicate that despite the improvements in the labour market the number of people in precarious work is still growing. Looking at gender, we see that the BMA female employed population that contributed to welfare grew by 28.4% between 2003 and 2008 compared with a growth of 22.3% in males. In RMBH there was no substantive difference in the increase of male and female contributors.

Brazilian statistics use the categories in the table below in respect of employment status. In the private sector the contract registered in the CT is the criterion used to identify if the work is formal or informal. As we can see, formal employment grew in the period under consideration. The growth was a little higher in RMBH than in the Brazilian metropolitan areas in general. This can be attributed to the increase in the work in the private sector registered in the CT. As a result we observe a decrease in informal work.

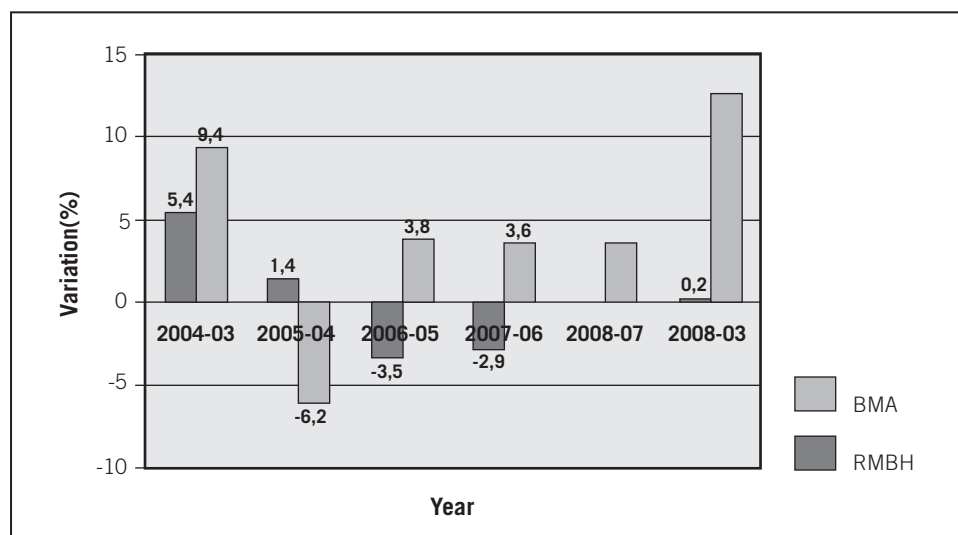
**Table 1. Percentage Distribution of Employed People According to the Type of Occupation in BMA and RMBH – 2003 and 2008**

Type of occupation	BMA		RMBH	
	2003	2008	2003	2008
<b>Formal</b>	<b>55.9</b>	<b>59.4</b>	<b>56.5</b>	<b>62.1</b>
Private sector with CT	39.7	44.1	39.8	44.9
Military and civil service	10.7	10.6	11.3	12.1
Employer	5.5	4.6	5.5	5.0
<b>Domestic work</b>	<b>7.6</b>	<b>7.7</b>	<b>9.9</b>	<b>8.6</b>
<b>Informal</b>	<b>35.5</b>	<b>32.2</b>	<b>32.9</b>	<b>28.9</b>
Private sector without CT	15.5	13.4	13.5	12.2
Own-account work	20.0	18.8	19.4	16.7
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

Source: PME/IBGE.

Informal workers are divided into two groups: private sector without CT and own-account work. The first group is characterised by the predominance of people from 25 to 49 years age (50.5%). Of the total, 47.4% have 11 or more years of education and most work in services and commerce. For metropolitan areas as a whole, the situation was pretty stable. In RMBH throughout almost the whole period this population increased. From 2003 to 2008 it grew 12.6% (see Figure 4).

**Figure 5. Variation in the Number of Employed People in the Private Sector without CT in Brazilian Metropolitan Areas and Belo Horizonte Metropolitan Area – 2003–2008**



Source: PME/IBGE.

There were only two economic sectors where the number of employees without CT grew: services to companies, rents, real estate and financial brokerage activities (from 14.1% in 2003 to 15.5% in 2008) and other services (from 22.7% to 24.6%). In all the others it fell: Trade, repair of motor vehicles, personal and domestic utensils, trade and retail of fuel (showed the greatest reduction, of 1.6 percentage point); education, health, social services, public administration, defense and social security (with the smallest reduction since 2003, of 0.1 percentage point); Construction in this period also decreased by 0.1 percentage point; while the second lowest percentage was in extractive, processing and distribution of electricity, gas and water industries (decreased 1.0 percentage point). The table below shows that RMBH had a different distribution in 2008.

**Table 2. Percentage Distribution of Employed People in Private Sector Without CT According to the Sector of Activity, in BMA and RMBH – 2003 and 2008**

Activity Sector	BMA		RMBH	
	2003	2008	2003	2008
Extractive, processing and distribution of electricity, gas and water industries	18.5	17.5	17.1	16.4
Construction	10.7	10.6	14.5	12.9
Trade, repair of motor vehicles, personal and domestic objects, trade and retail of fuel	24.6	23.1	22.7	22.9
Services to companies, rents, real estate and financial brokerage activities	14.1	15.5	11.9	14.2
Education, health, social services, public administration, defense and social security	8.1	8.0	8.8	9.0
Other services	22.7	24.6	22.3	23.3

Source: PME/IBGE.

The second group, own account work, has a similar general profile in terms of age and sector of activity. Most of the workers were 25 to 49 years old (59.5%) and work in the tertiary sector. Trade activity is also very important here. The big difference is in education. In this case 40.7% had no education or less than eight years of study. The number of employees in this group reduced over the period, causing the reduction of this category's contribution from 48.3% in 2003 to 40.7% in 2008. Despite this reduction it continues to be the most important group.

**Table 3. Percentage Distribution of Own Account Workers According to the Sector of Activity, in BMA and RMBH – 2003 and 2008**

Activity Sector	BMA		RMBH	
	2003	2008	2003	2008
Extractive, processing and distribution of electricity, gas and water industries	14.1	14.0	18.3	17.3
Construction	16.7	16.7	17.1	16.5
Trade, repair of motor vehicles, personal and domestic objects, trade and retail of fuel	30.4	29.0	26.9	24.8
Services to companies, rents, real estate and financial brokerage activities	10.3	11.1	9.3	9.3
Education, health, social services, public administration, defense and social security	4.6	4.5	4.0	4.1
Other services	22.7	23.8	23.0	25.4

Data for 2008 show that of the total own account workers 54.5% were White and 44.5% were Black and Brown. With regard to gender, we found that men were the majority (60.8%). However, there was growth in female participation in all metropolitan regions Metropolitan after 2002. The female percentage increased from 36.6% in 2003 to 38.3% in 2007 and 38.5% in 2008. In this category of workers there was also an increase in those with 11 or more years of study, from 32.7% in 2003 to 40.4% in 2008. And there was increasing involvement of those aged 50 years or over, which reached 33.6% of the total in 2008 against 27.6% in 2003. This trend was more marked in Belo Horizonte than in Brazilian metropolitan areas as a whole. There the contribution of own account workers aged 50 years or more of age increased from 25.4% in 2003 to 33.0% in 2008.

The IBGE's indicator in respect of length of time in employment shows that 81.1% of the self-employed had worked for two years or more, a percentage that is much higher than that recorded for the employed population (68.6%)<sup>22</sup> for the same range of time of work. On average in the six metropolitan areas, 20.7% of workers contributed to their own welfare. The average number of hours worked per week by own account workers was estimated at 41.3 hours. This estimate was close to that observed for the employed population (41.5 hours).<sup>23</sup>

The average monthly income of own account workers was estimated at R\$1,013.50. Approximately 68.0% of the self-employed had incomes below twice the minimum wage. The average income of women own account workers across the six regions was 32.7% lower than that of men, while for the employed population the percentage was 29%. Black or Brown own account workers receive 49.8% less than the Whites. In the employed population the comparable percentage was 48.2%. The income of self-employed who contributed to welfare was estimated at R\$1,921, while for workers who had not contributed, the income was estimated at R\$776.

<sup>22</sup> The statistics for occupied population includes self-employed.

<sup>23</sup> Data here presented consider March/2008. They can be found in detail in: IBGE, Trabalhadores por Conta Própria: Perfil e Destaques, March 2008.



# Main Problems Facing Different Types of Informal Economy Workers

## Problems facing informal economy workers in making a good living

Informal workers face problems related to income and work. According to the Brazilian Federal Constitution of 1988 social rights include education, health, work, housing, leisure, safety, welfare, the protection of mother and child and assistance to the destitute. Some of these elements can be evaluated in order to show the difference between informal workers' and formal workers' life conditions.

According to the Brazilian Constitution labour figures as a social right. Work is significant as an income source, access to labour-related benefits and as a social inclusion factor. Informal work is remunerated at lower rates than formal work. The research of Curi and Menezes-Filho (2006) shows that the average earnings difference between formal and informal workers in 2000 was approximately 10%, and between formal and own account it was 35%. The earnings difference impacts their access to the market and their consumption capacity. Sometimes the problem is drastic. During this research, in an interview with a craftsman, he said that there were producers that sold only two pair of shoes a week, and they were having difficulty in feeding themselves. Their consumption capacity is also affected by the difficulty in accessing credit from private institutions and stores due to the absence of documents that prove their income. Certainly this affects the possibility of accessing their rights to housing and leisure.

Concerning the second item, labour-related benefits, access depends on the formal work status. Benefits include, for example: vacation, 13th cheque, family salary (a bonus for the ones who have children), transport, guarantee of receiving salary when ill, and Fundo de Garantia por Tempo de Serviço (FGTS), that the worker can access if he or she is dismissed. These examples illustrate another set of problems that the workers without contracts properly registered in their CT have to face. The lack of access to the labour-related benefits represents a shorter duration income, bigger expenditure (transport for example), more difficulty in enjoying some rest time (week rest and vacation) and more insecurity when sick or old.

Health and welfare are other rights that constitute sources of difficulty to informal workers. In the Brazilian Constitution health is a public service offered universally. This means that it does not depend on contributions from beneficiaries. Instead any Brazilian can use the services. Despite the law and the improvements observed in the last 20 years the supply is not sufficient. There are still many problems that result in, among others, long waiting time for health and health service quality problems. The private systems have a complementary role. However, most informal economy workers are not able to pay for private services, and depend on the public ones. To go to the doctor is to lose time and money. In contrast with formal workers there is no cover when the informal worker is sick.

Becoming old is also something that worries informal workers, as the reduction of the capacity to work is seen as a reduction of income and, consequently, a threat to the maintenance of their standard of living. Welfare depends on contribution to the social security system. In the Iriart (2008) research the informal workers interviewed assumed that the worry about welfare comes with age. They said that when they were younger they did not think about it. The analysis of their labour path showed that when younger they saw their informal occupation as temporary. Welfare is considered one of the most relevant benefits of formal work because of the protection that it provides when one is sick or old.

The third element, the importance of labour as an inclusion factor, can also be identified. Iriart (2008) shows that in certain informal work groups such as domestic workers and waste pickers, they are ashamed of their labour condition and they would not like their children to have the same fate. They aspire to their children having the opportunity to study and get something better. Some of them declare their situation as

humiliating. Informal work is seen as a work without value. A consequence of this image is that it affects their self-esteem. Iriart observed that they are conscious of their social, legal, political and moral invisibility and that this consciousness is reflected in their considerations about their own personal value.

## Problems facing informal economy workers at work

Informal workers face numerous problems at work. The Brazilian literature on informal work calls repeated attention to three of them: health, security and lack of power of negotiation.

Research conducted with domestic workers and informal workers of the construction sector (Iriart *et al*, 2008) showed that they tend to minimise the risk of labour accidents and they do not associate informal work with a greater risk of labour accident or disease. Despite this perception it is a fact that informal workers are more exposed to health risk factors. As shown earlier, they have a longer work duration (work more hours a day), often do not have weekly rest or vacation, normally do not work in a healthy environment or do not care about healthy work conditions, and do not take measures for risk prevention. Consequently they subject their bodies to greater stress. An interesting example is the work of Sales and Santana that shows that women employed as informal domestic workers presented more symptoms of depression, anxiety, sadness, difficulty in concentrating and aggressiveness than women in other occupations. In addition there is the absence of any compensation in cases of accident or health problems. Maybe that is one of the causes of a tendency – identified by Iriart (2008) – to not perceive their health problems or to minimise them, returning to work earlier or working without full restoration of health because of the fear of losing employment, or the need for income.

Iriart's research into work accidents (2008) showed that informal economy workers tend to see accidents as the result of carelessness due to time pressure or inattention. When reporting the accident suffered at work they usually considered themselves responsible for the accident. When the work is done in the streets the perception of security is more related to the environment. Another element of insecurity in some groups is the fear of the police or other type of public control. Sometimes informal is also illegal.

About the power of negotiation we can observe that informal workers do not always have unions, or when they have unions, the index of participation is low. In some groups the problem is fragmented representation and disputes between associations. In both situations they recognise the lack of power of negotiation as a problem.

## Problems facing the associations of informal economy workers

The individual and group problems are different. Above we referred to individual problems. Once informal workers are organised they have a different perspective on the problems. They ask for solutions for the problems listed but they also include in their agenda activities and policies that can promote the development of their economic activities. Professional qualification, equipment and machinery, a better building, participation in policy decisions, and business orientation are examples of common requests that are presented when the group is more mature.

The waste pickers in Belo Horizonte are an illustration of this. Once organised, they requested integration in solid waste management. Dias identified the following as obstacles for consolidation of this integration (2008, p.32):

- infrastructure of existing recycling centres is not totally adequate for the operation (not enough room for storing; inadequate layout etc);
- not all associations, especially the new ones, are properly equipped with equipment for weighing, baling etc.; the use of equipments of individual protection is still not widespread;
- members are too old and cannot handle heavy work;
- the limitations of the organisational model of the associations: its social function vis-a vis the necessity of implementing an entrepreneurial management – something not always compatible with participants' background;

- competition from autonomous waste pickers and from formal collectors of waste.
- social security issues still need to be addressed.

This list adds to the social problems, production and market ones. It reveals the development of waste pickers as economic and political actors, showing an evolution in the consolidation of their citizenship.

## Different Government Levels and the Informal Economy Workers

### Evolution of the informal as reflected in Brazilian government actions

The problems facing informal workers are related to many public policies. The main one is the labour and income policy. But the problems are also related to social development, social assistance, human rights and economic and sustainable development. There is evidence that the informal workers entered the list of concerns of the Brazilian planners, but unfortunately it did so only marginally. Poverty, exclusion, work, economic development, urban planning are aspects under which the informal workers problems are hidden. We could not observe a direct approach to the problems of informal workers in the agenda of any of the levels of government. Theodoro (2000) analyses the basis of the informal sector support policy in Brazil. The author suggests that the basis of government action toward the informal in Brazil reflects three different stages.

The first stage, during the decade of 1970, had a macro perspective. Part of a broader set of policies, this stage assumed a complementary and quite limited character. The existence of informal activities, or of an informal sector, was perceived as a by-product of rapid and violent changes through which developing countries were going. Policies were designed to face the consequences of underdevelopment. They were marked by a technical approach in terms of which the informal sector and the poverty associated with it would soon be outlawed due to economic growth and development. The programmes directed to the informal were employment policies.

In the second period, decade of 1980, Brazil was undergoing major changes, engendered mainly by the end of military rule. In this situation, the labour market became a central theme. The political project of the first civilian administration after 20 years of dictatorship explicitly incorporated responses to unemployment, underemployment and low levels of income. In the economic sphere, the recession of the early years of the decade had left an increase in unemployment and the informal sector and an inflationary pressure on yields, especially from work. Addressing these issues became a component of a more comprehensive social policy to combat poverty. Policies of employment become a key link in the new discourse of the state in this stage of democratisation. The recovery of corporate debt, served as the motto for the establishment of basic policy directed to the labour market. The objective of greater and more immediate action of the state was the recovery of citizenship, due to the existence of a significant portion of the population considered to be excluded. The informal sector was not seen as something temporary any more. It was considered as one of the pillars of absorption and reproduction of the work force. Policies that aimed at formalising the informal were omitted. Government started to stress the virtues of this sector. The informal should therefore be strengthened so that it could absorb a growing share of the workforce and thus consolidate itself as an effective instrument to combat unemployment. It revealed a political approach that focused on strengthening it as a tool to combat poverty. As consequence of this new approach the activities related to informal start to be seen as social policies. Subsequently programmes to support informal activities, including credit programmes emerged.

In the early 90s, a new approach appears as a paradigm for the action of the state in terms of social policies, and informal support. In this third stage, regulatory action to combat misery and manage inequalities is introduced. The failure of government to face not only the issue of informal support, but also social problems, elicits a reaction of some organised groups. It is in this perspective that the idea of

informal support is incorporated on a new basis. The trigger of this new approach seems to have been a national mobilisation against hunger and poverty. The issue of poverty was back to the centre of the institutional debate. In this context, the reappearance of the issue of support for informal, informal work was still seen as a possible source of livelihoods for the poor. The central proposition was support, such as individual credit. The main products of this approach are on the one hand, a more active participation of civil society and on the other, a more liberal view of what should be support for informal. The phenomena are perceived as constituting a reality for which the state and civil society organisations should make efforts to manage. The informal sector is now conceived as a permanent mark of developing countries like Brazil.

## Different government levels and the informal workers

The national government actions that can be related to the informal workers reflect the history above. The Ministry of Labour and Employment operates in four major areas: labour inspection, labour relations, employment and income, and solidarity economy.<sup>24</sup> The first one is related to labour law and its effective application. In this branch there are also programmes to combat children work and slavery. The labour relations branch is also very tied to the law. The programmes in it are concerned mainly with the employment contract, its maintenance and its termination. In the third and fourth branches it is possible to identify programmes that benefit people who are not working or who have precarious work. Looking at these programmes promoted by the Ministry of Labour and Employment it is possible to identify initiatives related to employment policy (combat unemployment and promotion of employment) and to support informal sector (credit programmes). In another ministry, the Ministry of Industrial Development and Foreign Trade there are traces of the liberal focus on the promotion of entrepreneurship and private initiative. This is evidence that the policy in the informal area was more incremental than innovative over this period. The new concept of solidarity economy can be seen as a synthesis of the social, liberal and participative approaches developed during the evolution described.

Decentralisation features as a principle in the Brazilian Constitution of 1988. It was also applied in the labour sector. Some programmes are operated by local or state levels. The national level assumes a role of coordinator and financier. As a result, many of the programmes found in the three levels are the same. Some variations can be identified in the form of implementation.. Some distinctive elements or aspects of the programmes also vary. The next section illustrates this reality.

## Groups of informal workers at the local level

To show the evolution of informal in government action in a more detailed way, we selected in the two groups of informal workers at the local level to be observed. The first one is the waste pickers. This group is a good example of the absorption of informal as a social problem to the local government agenda. It also illustrates the crosscutting nature of informal work and the possibility of evolving different policies.. Finally, it illustrates the political aspects of evolving social mobilisation. The second group is the street vendors. This group proves that informal is beyond the limits of the current policy. They are more affected by urban policies. The regulation of the use of the public space and their market characteristics are making them invisible to the social policies designed for informal workers. Below we present the reality of each group in Belo Horizonte.

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<sup>24</sup> The term 'solidarity economy' is an English translation of a concept represented by the French 'économie solidaire' and similar terms in several other languages. As such it is sometimes translated by other expressions such as 'solidarity-based economy'. Sonia Dias says that this 'term has been used to identify a variety of economic practices in diverse fields – from small family units to big enterprises – in various sectors of the economy and in the public sphere, in production and consumption. It congregates individuals who cannot find a place within the capitalist economic locus or work in its interstices and often form associations or cooperatives whose main focus is the articulation within the experiences of three dimensions – social, political and economic' (2008, p.11). It is also used by Jutta Gutberlet in the article 'Solidarity economy and recycling co-ops in São Paulo: micro-credit to alleviate poverty'. (<http://www.informaworld.com/smpp/ftinterface~content=a913243437~fulltext=713240930>).

## Waste pickers

This sub-section describes the situation of waste pickers in Belo Horizonte. Waste pickers are workers involved in salvaging recyclables and reusables from mixed waste. They 'pick up, select and sell recyclable materials such as paper, cardboard and glass, and ferrous materials and non-ferrous metals and other reusable materials' (MTE/CBO). In the literature they are very often designated as scavengers and, sometimes, as rag pickers. In this study we use the term 'waste' rather the previous ones which are associated with a derogatory meaning (Dias, 2008).

According to Crivellari (2008) IBGE collected information about this group of workers in the last PNAD. In 2006 they were 228,569 individuals. Data shows that most of the waste pickers in Brazil are male (67.4%) as illustrated in Table 4. The most represented age range is from 30 to 49 years old (39.9%). The presence of children (up to 16 years old) was also detected in that there were 23,216 in 2006 (10.1%) of this age. The research also asked if they were going to school, and 11.6% answered 'yes'. Women accounted only for 18.2% of the ones that are going to school. In 2006 while 14.0% of total male waste pickers were going to school only 6.4% of female waste pickers were.

Society in general attaches stigma to the waste it produces. It does not recognise its potential, but only its bad aspects, such as bad smell and treats it as if nothing could be utilised. This creates a bias against those who draw their livelihood from it. Historically the place occupied by collectors in the social imagination is of the poor and the outlawed, despite the importance of its environmental function (Dias, 2006). People in this position forget that they are citizens. They were marginalised members of society, who were stigmatised by their informal work and they were constantly subject to harassment, self-esteem was very low as they also did not recognise the importance of their work for the environment.

Informal waste picking activities in the city dates back to the 1930s. For a long time their work was not integrated into solid waste management. Before their integration they gathered their material with manual carts, sorting it on the streets, and sleeping next to materials because they did not have a proper place for sorting and storage. Working isolated and fragmented the collectors who were a target for the municipality's health actions – they saw the collector as an obstacle to the work of the local sanitation department (Superintendência de Limpeza Urbana – SLU). The collectors lacked a representative organisation that could oppose the violent treatment for the segment (Dias, 2006).

In 1987, Belo Horizonte Archdiocese, through the 'Pastoral de Rua', started changing that story by setting up a socio-pedagogical approach within the waste pickers' community, with the promotion of meetings and celebrations. The Archdiocese problematised the relationship that society and the public had with them. It also dedicated itself to building of mutual trust and reciprocity among collectors, rescuing the self-esteem and appreciation of the work carried out by them. It was from that initial support that a large network of solidarity in this segment has been articulated in public and private spheres. These activities led to the establishment, in 1990, of the Waste Picker's Association – ASMARE. It 'constitutes a managerial and administrative organisation consisted of associates that pursue a self-supporting business in the recycling field (working mainly with paper, cardboard, plastics and aluminium cans) ... Although its legal status is not of a cooperative its internal organisation and income distribution is done according to the principles guiding cooperativism' (Dias, 2008, p.25).

Up to 1993 the relationship of ASMARE and the municipality was characterised by conflict and mistrust. In 1993, when the Workers Party was elected<sup>25</sup>, Belo Horizonte's Municipal Administration started to respond to demands from the waste pickers. They demanded the right to work in the city and to have a proper place to sort their materials. The city's sanitation agency, the Superintendency of Public Cleansing (SLU) began the implementation of an integrated solid waste management (SWM) system which also promoted waste selection at source. This project changed the role of the municipal authorities that started to play

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<sup>25</sup> The first term of the Workers Party, which has continued to run the City since then.



a role of mediator in finding integrated solutions for SWM, through partnerships with various sectors of society. This was an important victory. Below there are a few key dates selected by Dias (2008) that give an overall idea of how the partnership between the local government and ASMARE evolved:

- Mapping and analysis of reality ('situation analysis') – 1993
- Signing of formal agreement with ASMARE – 1993
- Implementation of the first recycling containers – 1993
- Social mobilisation and community's involvement – 1993
- Implementation of infrastructure for recycling – 1994/1996
- Capacity-building courses for the waste pickers – 1995
- Expansion of the drop-off system to other areas – 1996/1999
- Industrial plastic recycling plant – 2003
- Implementation of the plastic recycling plant – 2007

Dias tells us that although ASMARE has this partnership with SLU, over the years SLU started to integrate other waste pickers' organisations with varying degrees of support and also informal collectors of debris.<sup>26</sup> In addition to the direct financial assistance provided to some of the cooperatives, the types of assistance provided by the SLU and other parts of the municipality include renting of warehouses, subsidisation of security services, water and electricity, and collaboration in collecting recyclables and rejected waste. These new cooperatives/associations are generally formed by unemployed people who see an opportunity of earning a living through recycling.<sup>27</sup> In ASMARE, during an interview, a member said that most of them are women but they did not have data to say what proportion were women. Their age varies from 13 to 70 years old. She affirmed that they don't pay welfare contributions. There are still illiterates among the members. They show interest to go back to school. Some of them are attending literacy courses for adults.

**Table 5. Waste Pickers Cooperatives in Belo Horizonte – 2008**

	<b>Cooperative</b>	<b>Foundation</b>	<b>Associates</b>	<b>Production (ton/month)</b>	<b>Average Income (R\$/month)</b>
1	COOPERMAR	2001	20	24	350
2	COMARP	2004	12	10	240
3	ASMARE <sup>28</sup>	1990	250	450	370
4	ASSOCIRECICLE	2001	22	41,5	350
5	ASTEMARP	2002	4	7,5	90
6	COOPERSOLI BARREIRO	2004	22	40	300
7	COOPERSOL VENDA NOVA	2004	7	1	150
8	COOPERSOL NOROESTE	2003	14	ni	100
9	SOCUPS	1982	18	ni	ni
10	COOPERSOL LESTE	2003	25	4,5	70
11	GRUPO EMPREENDEDOR AGULHA DOURADA	2003	6	ni	70
12	ARTE INDEPENDÊNCIA	2004	11	ni	50
13	COONARTE	1998	16	ni	300

Source: Compiled from presentation Fórum Municipal Lixo e Cidadania de Belo Horizonte, Belo Horizonte, November 2006

<sup>26</sup> SLU has also integrated informal collectors of debris – the *carroceiros* in its Civil Construction Waste Recycling Programme. SLU has three recycling plants for construction wastes receiving debris collected by formal contractors and informal workers (*carroceiros*). The *carroceiros* collect debris in poor neighbourhoods, using a horse cart, with a small fee directly charged to clients. SLU's programme includes: construction of small receiving units scattered in many regions of the city (from there wastes are taken to recycling plants) to encourage the *carroceiros* to dispose of debris properly; assistance for horses; assistance to *carroceiros* for the formation of cooperatives.

<sup>27</sup> Most groups have around 20 members each.

<sup>28</sup> During the interview they said the number of members reached 285 in July, 2009.

## Street vendors

In Brazil, street vending is among the most important activities of the informal sector. Street vending has its origins in colonial times, and occurs among poor segments of the urban population. (Gomes, 2005). This history means that for many years street vending was seen as illegal and unlawful. The growth of this category over the centuries has meant that the activities became increasingly diverse and complex as the products sold ranged from food to clothing through household utensils and tools used at home.

Our study will categorise street vendors according to the nature of the products that they sell and, particularly, where they do so. We will use the following subdivision: vendors in popular malls, vendors at fairs, and food vendors. We chose these three subdivisions as being the most striking expressions of this category of the informal market in the city of Belo Horizonte.

## Vendors in popular malls

This group had the following characteristics until 2004: they had a fixed point of operation, working in precarious shacks on the street and usually had official authorisation to establish themselves in a particular location. According to Neves the Municipality of Belo Horizonte has attempted to regulate street vendors since the beginning of the twentieth century with the creation of laws and decrees regulating trade in the streets, through registration of vendors, licenses for marketing and delimitation of the area of operation. In Belo Horizonte from 1998 to 2002, these vendors were registered by the City that gave them permission to be on the streets selling their products. This permission had to be renewed annually upon payment of a fee. However, these interventions were not sufficient to contain the disorderly occupation of the centre of Belo Horizonte by *camelôs* and *toureiros*, who were perceived as hindering the movement of pedestrians and the merchant trade, and facilitating crime.

The failure of these interventions and discussion of the necessity of upgrading the central region of Belo Horizonte, led to the Mayor through the Master Plan of 2000 aiming at the following actions (Zambelli, 2006):

*'(...) For the restoration of the central region need to set up policies for recovery, protection and promotion of heritage (...) looking for revitalisation of the landmarks, historical public spaces, and cultural tourism, environmental recovery and prioritisation of movement of pedestrians and promotion of better integration of informal trade to urban structure ...'*

To achieve their goal in 2003 they developed a programme of rehabilitation of the Central Area of Belo Horizonte called *Centro Vivo*. One aspect of this programme was the creation of popular shopping malls, where the *camelôs* would be transferred and continue to develop their activities. One of the challenges of this change was to ensure that the *camelôs* remain in the city centre, the site of increased movement of pedestrians. It was necessary to do that since these vendors did not accept the idea of working in a closed area. If the City tried to relocate them to other parts of the city resistance to change would be greater. Another challenge was to keep the character of the streets as a space of heterogeneous family, social and work relationships in these popular malls.

The transfer started in 2003 but some vendors were not allocated places until 2007. In the centre of the city 2,415 workers were distributed in six popular malls. To manage the malls the local administration held public consultations with private entrepreneurs that were interested in the popular mall idea, in line with the new approach of the municipality, implemented in 2004.

In a sample of 572 workers who were designated as responsible for the stands 32% of the responsible people were women. The data provided by Shopping Oiapoque shows almost the same participation of

women in the total of workers (30%). The number of workers is approximately three times the number of stands and they are concentrated around the age of 25 year old.<sup>29</sup>

**Table 6. Informal Sector and the Popular Malls of Belo Horizonte**

Mall	Number of stands		Opening
	Opening	2009	
Oiapoque	762	669	2003
Xavantes	350	327	2004, 2005, 2007
Tupinambás	767	507	2004
Caetés	295	137	2004
Tocantins	171	Closed	2005
Barro Preto	70	Not available	2006

Source: PBH/2009

According to the manager of PBH's department the malls were planned to organise the informal sector, offering workers the opportunity of maintaining their work in a more secure and comfortable place. This initiative was not only aimed at regulating the sector. It aimed at the organisation of space generating improvement of the environment and improving security in the streets as well.

Over five years the number of stands fell. Despite this the initiative was considered a success. It had a strategic importance in the transformation of the central area. The performance of each mall varies but in general the model was well accepted by the population. Evidence of this is the inauguration of similar private structures in other parts of the city centre. We also saw that the predominant *camelô* activity was selling products such as clothing, footwear and food, but with the creation of popular shopping many of the vendors had to change their activities and are now selling electronic products.

In 2005 a department was created to coordinate and administer the popular malls (Gerência Regional de Comércio Popular). The management of the malls is done by a council in which the municipal administration also participates with a representative. The other members of the council are the private entrepreneurs responsible for the mall's administration with a representative of the popular entrepreneurs.

### Vendors at fairs

Craft products, antiques, flowers and processed food are sold in fairs organised by the Municipality. In Belo Horizonte, there are many informal workers in these exhibitions. There are exhibition in many parts of the city. The regional administration is responsible for them. The most well-known exhibitions occur in the central region of the city. The Municipal Secretary of Centre-South Regional Administration maintains a department that is responsible for 5 exhibitions that occur once a week in this part of the city, with a total of 2,444 exhibitors. When the research was done their database contained information about 2,410 exhibitors. Most of them are women (68.6%).

<sup>29</sup> The administrators do not like to provide information due to the constant vigilance in the search for illegal activities. They answered some questions by email but did not make themselves available for interviews.

**Table 7. Exhibitions in the Central-South Area of Belo Horizonte – 2009**

Exhibition	Exhibitors
Arts and craft	2,342
Antiques	41
Beverages and food	14
Flower and natural plants	43
Dry flowers	04

Source: PBH/2009

The most traditional one, Feira Hippie, was established in 1969. The fair aims to regulate an area for artists and craftspeople to sell their work taking the art to the people (Castro, 2003). In 1973 the City established the first criteria for selection of exhibitors at the fair in order that they maintain their artisanal nature. In 1983 they changed the criteria for admission of craftspersons which resulted in disorderly growth. The number of permits grew from 616 to 1,317 in five years (Soares, 2003). One of the solutions of the city administration was to set up a new location for it. Today they are 2,342 exhibitors, 91% of whom have been there for at least 10 years. The production and selling activities are family-based. They renew their authorisation annually. It is estimated that these exhibitors represent approximately 10,000 workers. The number of visitors each Sunday varies from 50,000 to 80,000 people. We were able to identify five associations of workers of these exhibitors. They seem to be divided. The conflicts reduce their negotiation power especially now that they are negotiating a new layout structure.

### Food vendors

The urbanisation of recent decades coupled with the increase in urban unemployment forces a portion of the population to search for new work alternatives. Although not a lucrative sector, food marketing is a form of work available to those who encounter difficulties in the formal sector. Due to the need for minimal investment to enter this sector and the low cost of purchase and sale of these products the number of vendors of food in the city of Belo Horizonte is increasing.

The characteristics of operation in this category are as follows: food is sold on the streets or in public places for immediate consumption or consumption without further processing or further preparation. The definition of WHO (1996) cited by Amson (2006) includes fresh fruit and vegetables for immediate consumption. They workers generally have low education levels, with more than one third having incomplete basic education (Soares, 2003), and the workers have little technical knowledge of hygiene and handling of food, so products are sometimes marketed in an inappropriate way and packaging often prepared incorrectly, bringing risk to the health of consumers.

When the new municipal code that took the *camelô* off the street many food vendors were among those removed. Some of them went to popular malls and changed to other products to do so. Despite the law it is still possible to find popcorn, hot dogs, churros and homemade desserts being sold in the streets.

The Municipality of Belo Horizonte in an attempt to better organise the marketing of food in the city established numerous fairs. These fairs are divided into: 1) Organic Fair<sup>30</sup> which market fruits, vegetables, organic vegetables and grain quality, free from chemical fertilizers and pesticides; 2)

<sup>30</sup> Producers of the organic fair possess certificate of organic production, certified by agencies recognised by the College of the Ministry of Agriculture and Supply. This certificate assures the consumer of buying a quality product, free of chemical fertilizers and pesticides.

free markets that have operated since 1924 in streets and squares of the city, trading vegetables, dairy, meat, fish, fresh and biscuits; and 3) 'Feiras Modelo' (since 1995) – night-time work, usually located in places of large flow of the public, where they sell food, flowers, drinks and popular food, offering food consumption combined with leisure to the population (PBH, 2009). The organic fair occurs in seven different points of the city. They are seven producers accredited only one of whom is a woman. Considering that they do not work alone and that the work involves other family members in the course of the research we found that despite the register being in the name of a man, often the wife also works with him. In the second case, the free markets, there are 84 permits, 32 of which are held by women. They are all individual (none of them are companies). In the third case there are 47 exhibitors, 19 of whom are women. If we total the remaining two types of fair we will have 251 exhibitors, 50 of which are formal companies, 201 are individuals and 38% of the individuals are women.

In the city of Belo Horizonte, in contrast to what happens in other municipalities, there is a centralised management of the traditional areas of marketing vegetables through the programme Markets and Fairs. The management of these spaces is under the command of the Municipal Secretariat of Food Supply, as part of a general policy of supply. Moreover, there is the attempt to revive the trade in districts that was undermined by competition from supermarkets since the 1970s throughout the country. The spaces that are being conceived are multifunctional, also providing opportunities for recreation and culture, and musical performances and other artistic events (Santos, 2000).

## Budget analysis

### Introducing Brazil's planning instruments

Government planning in Brazil is structured around three instruments: the Plano Plurianual (PPA), a multi-year plan; the Lei de Diretrizes Orçamentárias (LDO), the law which establishes the budgetary guidelines; and the Lei Orçamentária Anual (LOA), the annual budget law. These tools are explained in Article 165 of the Brazilian Federal Constitution of 1988. This study analyses data from two of them, the PPA and the LOA of the federal government, state government and the municipal government. Expenses are classified in many ways. For the purpose of this study we will use mainly the expenses classified by department and function/sub-function.

The PPA was established as an instrument for medium-term planning. It covers four years (the term of the PPA begins in the second year of one administration and ends in the first year of the subsequent administration). It guides the preparation of the annual budget and sets guidelines, goals and objectives of public administration. The guidelines refer to a set of instructions or principles on which the government plan is based. The objectives are the results that the government intends to achieve. The goals are the quantification of objectives. The executive is responsible for the PPA's development, which it sends to the legislature for consideration. The PPA may be amended by the legislature. It falls within the competence of the legislative branch to assess the reports on the implementation of the PPA.

The LOA is the law by which the revenues are provided, and expenditure authorised. It sets out the financial and economic policy work programme of the government and defines the mechanisms of flexibility that the administration is authorised to use. It identifies the resources needed to finance the government and maintenance and operation of the public machinery. It also identifies the purpose, nature and institutional responsibility for public spending.



## Analysis of national government budgets

Total government expenditure of the Brazilian government at national level in 2008 amounted to R\$1,258.8 billion. It was distributed across 409 different programmes executed by 35 agencies (example: presidency, senate, ministry, departments). A useful way of identifying the efforts of the government that benefit the informal workers is to look at the function Labour. It has an expenditure of R\$22.7 billion in 2008, 1.8% of the total expenditure. Most of this expenditure was made by the Ministry of Labour and employment. The other ministries identified as working on labour-related issues were the Ministry of National Integration, Ministry of Industrial Development and Foreign Trade. In the next section the budget of the Ministry of Employment and Labour will be explored. Some of the programmes described have resources from different Ministries as well.

### Ministry of Labour and Employment

**Table 8. Ministry of Labour and Employment Budget Expenditure, 2008, R\$millions**

Programme	R\$	%
Integration of public policies for employment, labour and income	20,532.2	58.1
Special operations: financing with return	9,514.6	26.9
Special operations: other special charges	2,284.6	6.5
Administration and policy coordination	2,051.6	5.8
Other programmes	977.2	2.8
Total	35,360.2	100.0

The table shows that most of the ministry's resources are directed to the employment and income area, especially, to the programme Integration of public policies for employment, labour and income (58.1%). It is the main programme that supports the Public System of Employment, Labour and Income. This system organises initiatives promoted and coordinated by the federal government in order to improve employment, labour and income. The term 'public system' indicates that the federal government works together with the state and municipal governments in order to provide a set of services. The system is responsible, among others, for studying and monitoring the minimum wage. It also manages two benefits: the wage bonus<sup>31</sup> and the unemployment benefit. The system also controls dissemination of the worker document, the Carteira de Trabalho (CT). A further activity is labour intermediation (or employment services), in which unemployed people are registered and, once there is a job available in a company, they are then called to apply. The next two activities, Youth Policy and Qualification, focus on qualifications of workers. They offer courses and training promoting professional learning. The courses are offered mainly to unemployed people. Employed people can also attend some courses.

Analysing the destination of the money spent in the Integration of public policies for employment, labour and income programme, it is clear that the wage bonus and the unemployment benefit payments absorb almost all the resources of the programme (R\$20.1 billion). These benefits do not affect informal workers. In these programmes there are no specific actions for them.

The resources of the employment and income area do not come only from the Integration of public policies for employment, labour and income Programme. Qualification activities also include a specific programme

<sup>31</sup> The equivalent of one minimum wage is paid by the government to workers who were employed for at least a month during the last year, received less than two minimum wages a month and are registered in the following programmes: Programa de Integração Social – PIS, Programa de Formação do Patrimônio do Servidor Público – PASEP.

related to the system. It is called Professional and Social Qualification Programme. In 2008 this programme received R\$140.3 million (0.4% of the ministry's total expenditure). Two of the activities planned for 2008 were expected to benefit informal workers. Planteqs professional training courses were held by state and municipal public services in order to improve employability and generate income. R\$39.3 million was spent on these trainings. The second initiative, professional qualification courses for domestic workers and the highly vulnerable population, had an authorised expenditure of R\$5.2 million but it was not realised. The authorised expenditure for 2009 is R\$3.0 million.

The last two programmes in employment and income area are credit programmes, the Programa de Geração de Emprego e Renda (PROGER) and the Programa Nacional de Microcrédito Produtivo Orientado (PNMPO).<sup>32</sup> These programmes are the government initiatives within this area that most obviously help informal workers.

The PROGER supports activities aimed at generating employment and income. It includes a set of special lines of credit to finance those who want to start or invest in the growth of their business. It benefits those who have difficulties in accessing the credit market: 1) popular entrepreneurs, or very small entrepreneurs, in small family businesses such as services that do carpentry, make clothes, food, homemade jams, crafts etc.; 2) small and micro- enterprises; 3) cooperatives and production associations, formed by micro- and small entrepreneurs in urban and rural areas; 4) teachers of public and private education, for the purchase of computer equipment; and 5) individuals for purchase of material for construction or housing unit and of computer. The programme supports the self-employed because it considers self-employment an alternative to minimise the effects of prolonged unemployment. The number of credit operations for popular entrepreneurs supported reached 6,648 in 2006, with an amount of R\$36.8 million. The average value of the popular entrepreneurs' transactions was R\$5,529. The credit operations for popular entrepreneurs represent 0.3% of the total of PROGER's credit operations in that year (2.2 million) and 0.5% of the total amount of money used in these credit operations (R\$7.4 billion).

The other programme, PNMPO<sup>33</sup>, also provides access to credit. They offer reduced interest rates. Since its creation in April 2005 to 2008, the Programme of Microcredit records a total of 3.7 million transactions, totaling R\$4.3 billion. The amount of microcredit operations grew 101.6% from 2005 to 2008. In 2008 there were 1.274 million operations supported. In turn, the value of loans grew 200% in three years. In 2008/2007, the number of transactions expanded 32.3%, while the financial volume had increased by 64.2%. At the end of 2008 there were 640,448 active customers, of whom 64% were women. Trade was the activity that received most microcredit, accounting for 89.3% of clients served. The service sector accounted for 7.2% of customers and industry 2.8% of them.<sup>34</sup> The Ministry of Labour and Employment coordinates the national programme in order to facilitate dissemination of information on microcredit. Moreover, the ministry promotes events and meetings, research, management and regulatory proposals, and plans of action that contribute to both institutional strengthening and expansion of the number of assisted micro entrepreneurs and their qualifications.

In the above table of the ministry expenditure the second and the third programmes are special operations. These are expenditures mandated by law. The first one is the money transferred to Banco Nacional de Desenvolvimento Econômico e Social (BNDES), the national development bank, in order to finance economic development programmes. Part of this money goes to PROGER and PNMPO, but it also funds other financing programmes. The second is the adjustment of the monetary value of the Fundo de Garantia por Tempo de Serviço (FGTS), the labour warranty fund, so as to keep it in line with inflation. These data shows that more than 90% of the ministry expenditure is determined by law. Administration and policy coordination account for a further 5.8% on the expenditure.

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<sup>32</sup> Programme of Employment and Income Generation (PROGER) and the National Programme of Production-Oriented Microcredit (PNMPO).

<sup>33</sup> National Programme of Microcredit

<sup>34</sup> <http://www.mte.gov.br/sgcnoticiaAudio.asp?IdConteudoNoticia=5161&PalavraChave=pnmpo, microcredito>

The fourth area of activity of the Ministry of Labour and Employment is the **solidarity economy**. The Ministry of Labour and Employment encourages and supports the solidarity economy through direct actions or through cooperation and partnerships with other government agencies (federal, state and municipal) and civil society organisations that work with it.

Its main actions are organised under the programme Solidarity Economy in Development. The programme was first implemented in 2004. It has promoted hundreds of enterprises, and the challenge now is to support their economic consolidation. This means, primarily, ensuring that joint economic ventures have access to capital and opening adequate lines of credit. The programme lines of action also include emphasis on: organisation of marketing of products and services, training and technical assistance to economic enterprises and their networks of mutual cooperation, the promotion of solidarity finances under the community banks form of revolving funds and solidarity, and developing a legal framework for the solidarity economy, guaranteeing the related right to work.

The Ministry's Information System on the Solidarity Economy has information on 21,859 initiatives for Empreendimentos de Economia Solidaria (EEP) in Brazil, based on data collected during the period of 2005–2007. About half (49.4%) were recently established (2000–2007). The majority of these ventures took the form of associations or cooperatives (61.5%) but there are 36.5% that are informal. A large number of them (9,945) indicated the search for an alternative to unemployment as one of the reasons for establishing EPP. Some of these EPPs consist only of women (3,875), and these have on average 20 participants each. EPPs that have only men or are mixed gender have a higher average number of participants, 50 and 96 respectively. The members of the 21,637 EEPs researched total 1,687,035 people, 37.4% are women. The average monthly earnings of the partners are low. Thus, of 10,872 EEPs 48.9% answered that they received the equivalent of one minimum wage or less and 25.9% received between the equivalent of one and two minimum wages.

In the 2008 budget the expenditure of the Ministry of Labour and Employment in the programme Solidarity Economy in Development stood at R\$21.4 million. The total expenditure in the programme was R\$57.4 million. Most of it (62.7%) was from the Ministry of Social Development. This is a good example of a transversal or crosscutting programme.

The concept of solidarity economy is also present in another transversal programme, Urban Solid Waste. The information system referred to above showed 520 EEPs working with recycling. This programme is managed mainly by the Ministry of Environment. It has as one of its bases promotion of recycling. The programme recognises waste pickers as partners in this promotion. In January 2007 law 11445 was passed. Article 57 of this law allows associations or cooperatives formed exclusively by individuals of low income to be recognised by the public authorities as waste pickers to provide services for the state without bidding. The development of these associations and cooperatives is considered important for policy. The Ministry of Employment and Labour has therefore been given the responsibility of encouraging the organisation and development of cooperatives that work with solid waste. In 2008 this Ministry spent R\$0.4 million on this issue. The amount is very low compared to the approved amount of R\$11.6 million. In 2009 the approved expenditure was R\$8.5 million, what shows that it is still an important initiative. This is a resource clearly destined to a group of informal workers. In addition, Dias (2008: 73) identifies further allocations for projects and programmes related to waste pickers for the period 2007–2010 from the Ministries of Environment, Health, Cities, Science and Technology, as well as from BNDES, Bank of Brazil Foundation and Petrobras.

The last federal programme identified in this research that is related to a category of informal workers is the Brazilian Craft Programme. Conducted by the Ministry of Industrial Development and Foreign Trade, this programme aims to maximise opportunities for the development of the craft sector, creating job opportunities and income, and encouraging the use of regional talent, leading to the preservation of local cultures and the formation of an entrepreneurial spirit. It includes actions like training of craftspeople,

assistance with commercialisation, development of craft cooperatives network and organisation of their structure of production. Some of the programme initiatives are similar to the ones adopted by the Solidarity Economy Programme. The amount expended in this programme in 2008 was R\$2.1 million. Most of the resources came from the Ministry of Industrial Development and Foreign Trade. The Ministry of Labour and Employment had a very small amount of authorised expenditure for the programme in 2008. For 2009 the authorised expenditure of the two ministries is R\$10.7 million, only 1.6% of the Ministry of Labour and Employment budget. No statistics are available on the number of craftspeople assisted.

## Analysis of Minas Gerais's government budgets

The total Minas Gerais state budget in 2008 amounted to R\$35.6 billion. To identify the efforts of the state government that benefit informal workers we continued looking at the function Labour. It has a budget of R\$30.2 million in 2008, less than 0.1% of the total budget, showing that it is less well represented at the state level than at the national one. Most of this expenditure was done by the State Secretary for Social Development. The other secretary identified as working on labour-related issues was the State Secretary for Planning and Management. In its case the programmes classified in the function Labour were related to public sector workers so we will not consider it. There are also programmes that are not classified in the function Labour but are related to informal workers in the State Secretary for Environment.

### State Secretary for Social Development

The State Secretary for Social Development (Sedese) works on the promotion and social development of the population, through public policy on labour, employment and income, social assistance and promotion and guarantee of human rights. In 2008 its budget was R\$134.9 million. Labour, employment and income is one of the pillars of its action.

Public policy is organised in two programmes, Travessia<sup>35</sup> and Public Policy of Labour, Employment and Income. Travessia is a more intersectoral project and involves efforts in many social areas. It is considered a priority programme by the current government. Its goals include improving quality of life, reduction of poverty and productively including the socially vulnerable population. The programme involves several Departments of State and public bodies under coordination of Sedese. Its activities include health, education, housing, environment, sanitation, social organisation and income generation. It operates in areas where there is a concentration of poverty. The selection criteria considered are the indicators of the Human Development Index (HDI) and aspects that characterise the vulnerability of populations, such as crime among young people. To implement the programme the budget in 2008 was R\$20.0 million plus R\$10.0 million reserved specifically for income generation through the project Usina Mineira de Trabalho. This project aims to promote social and productive inclusion by improving the employability of the population. It includes qualification actions that make it possible to apply for jobs or develop entrepreneurship. Thus it can help informal workers but is not dedicated to them.

The second programme, Public Policy of Labour, Employment and Income, is related to the national policy. The 2008 budget for the actions on this programme was R\$25.4 million. It largely reflects the national policy especially in the so-called **employment and income area**. The state government has agreements with the national government which transfers resources to implement the actions related to labour intermediation, unemployment benefit and social and professional qualification. The state runs 108 units of the National System of Employment (SINE). The SINE provides a free service that aims to improve the access, permanence or return of the employee to the labour market. To facilitate labour, it guides registered professionals to courses of professional qualification and provides information on the market, through lectures and courses in basic work skills. This initiative can benefit informal workers but is not designed specifically for them. Among the actions of the programme two are more related to informal workers, namely development of and incentives for association (budget of R\$5.8 million) and promotion of the solidarity economy (budget of R\$0.9 million).

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<sup>35</sup> Travessia means crossing.

### **State Secretary for Environment**

In the budget of the Secretary for Environment there is an action dedicated to support the development of cooperatives and associations of waste pickers. The amount allocated in 2008 was R\$0.4 billion. The resources were allocated because of a parliamentary amendment. This reveals that the political organisation of the waste pickers has support and recognition in the state level parliament. The support provided by the state to the waste pickers includes help for the formation of associations, and expansion or construction of sheds for storing collected materials and securing equipment.

The state maintains two initiatives that promote discussion of and support for waste pickers. The first one is the State Forum on Waste and Citizenship. It provides a permanent space for awareness-raising on issues related to waste and citizenship. It is based on exchange between key actors in the waste cycle, such as the public sector, collectors and producers. The second initiative is the Festival on Waste and Citizenship / ASMARE: Space where the demands and solutions on municipal solid waste and citizenship are discussed and proposals formulated for public policies under the municipalities, state and union. The festival aims to train environmental agents and technicians of the public, as well as leaders of the collectors of recyclable materials and people on the situation in the street, highlighting for the public the importance of reuse and recycling. Public policies have always been a focus of the festival, and some policies begin to be discussed in the event and are then forwarded as concrete proposals in favor of collectors, and those involved in street and solid waste management and environmental preservation.

### **State Secretary for Economic Development**

Besides waste pickers, the other group of informal workers who are directly considered by public policy is craftpersons. The same happened at national level. The great difference between craftpersons and waste pickers is that in the case of craft the social effects are not considered. Instead, craft is analyzed with a market focus as an economic strategy. In 2008 the State Secretary of Economic Development had a budget of R\$0.3 million dedicated to the promotion of craft in Minas Gerais. The actions in the programme included marketing strategies and qualification of workers.

## **Analysis of Belo Horizonte's government budgets**

In 2008 Belo Horizonte's budget amounted to R\$5.1 billion. To identify the efforts of the local government that benefit informal workers we looked once more at the function Labour. It has a budget of R\$16.4 million in 2008, 0.3% of the total budget. At first glance, it seems like the labour function is better represented in the local level budget than in the state one, but this is not true. This expenditure was expected to be done by two municipal secretaries (or their deputy secretaries): Social Policy Municipal Secretary and its Food Supply Municipal Deputy Secretary, and Administration and Human Resources Secretary and its Human Resources Deputy Secretary. The Administration and Human Resources programmes classified in the function Labour were related to public sector workers. Unfortunately together they represent 86% of the labour function budget. This means that only R\$2.3 million is dedicated to labour promotion in the local society which, as in the state case, is less than 0.1% of the total budget of this level of government. Almost all of it was from the Municipal Secretary for Social Policy.

At the local level the analysis also considered the budget from a programme perspective. This analysis reveals that there are actions that are not classified in the function labour, but are related to it, in many agencies of the municipal administration (Municipal Secretary of Social Policy, Municipal Secretary of Food Supply, and in other secretaries like the Social Assistance and Citizenship Rights). The data show that the use of the functional classification is not reliable for our purposes and that there is fragmentation in the initiatives related to labour, income and employment.

Before 2005 in the Belo Horizonte's administration the labour, employment and income policy was a responsibility of the Municipal Secretary for Planning. In 2005 there was administrative reform and

the responsibility for it shifted to the Municipal Secretary of Social Policy. The change reflected a new approach, especially about the perception of the objective of the policy and recognition of the importance of its integration with other social policy initiatives. Since that time the theme has grown in importance but there is still a lot to do. Below we present the budget and activities promoted by the Municipal Secretary for Social Policy in order to have a better comprehension of the policy and its relation to the other government levels. Only after that will we try to characterise other initiatives and relate them to the groups of informal workers selected in this research.

### **Municipal Secretary for Social Policy**

The Municipal Secretary for Social Policy (SMPS) has a political challenge of articulating different social policies. Above it there are 4 deputy secretaries: social assistance, food supply, sports and citizenship rights. The deputy secretaries are autonomous, each one has its budget and its own programmes but the Social Policy secretary tries to promote dialogue and intersectoral work.

The secretary is directly responsible for strategic and transversal or crosscutting programmes. Its budget sums to R\$10.3 million. Three of the transversal programmes are prominent: BH Cidadania, Bolsa Familia and Labour, Employment and Income Public System. The Labour, Employment and Income Public System falls under a department of the secretary and it has a budget of R\$2.2 million in 2008, 66.8% of it from the agreement with the federal government. It reflects the efforts of the local administration to implement national programmes decentralised to the local level. This amount includes almost all the budget of the function labour that is considered relevant for this research.

The Labour, Employment and Income Public System Programme organises its action in three distinct branches. The first one is labour promotion through labour intermediation, unemployment benefit and social and professional qualification. The municipality runs three SINE units in the city. In Belo Horizonte there are Sine units managed by the local and by the state government. Efforts to have a single manager of the national policy in the city failed. The money to run the SINE units comes from the federal government. The management agreement is constantly reviewed in accordance to the results obtained it can be expanded. A specificity of the Belo Horizonte management is the maintenance of one SINE unit dedicated specifically to people that is participating in social programs. It is a way to promote more integrated action among the various municipal programs. The second branch is the qualification branch that offers training courses in order to develop or improve labour abilities. The third branch is the solidarity economy one, dedicated to people who experience more difficulty in being included in the labour market.

Once more we observe that informal workers, despite not being the target, are indirectly benefited by labour intermediation and professional qualification. The solidarity economy branch is the only one that works directly with an informal workers perspective. In 2007 the programme had registered 122 production groups that had approximately 530 informal workers. In the official budget it is not possible to identify the amount dedicated specifically to it.

The other two programmes of SMPS to which we gave attention (BH Cidadania and Bolsa Familia) also have initiatives related to Labour, Employment and Income. BH Cidadania (or Belo Horizonte Citizenship) is a programme based on the selection of the city territories that are characterised by vulnerability and exclusion. It performs an integrated and coordinated intervention of different social policies in the same territory with the objective of increasing the effectiveness of public actions. BH Cidadania promotes professional qualification activities. Bolsa Familia is a national income transfer programme that started in 2003. The local level is responsible for the maintenance of the register of beneficiary families and monitoring of families. In Belo Horizonte there are around 70,000 beneficiary families. The families are monitored in respect of many aspects. The main ones are health and education. Recently a concern about family autonomy has been growing. For this reason the local government started to monitor and promote labour and employment among the Bolsa Familia beneficiaries. One initiative exemplifies the relation of this programme to the SINE unit dedicated specifically to people that are participating in social



programmes. If in Bolsa Familia the beneficiary is not working, SINE will register the beneficiary and try to promote their integration in labour work. The other initiative is the establishment of incubators. In 2007 the programme started a partnership with a local university, Pontificia Universidade Católica (PUC Minas), and the municipality of Contagem. The project aimed to orient 90 families of a region of the city called Barreiro, in the creation and development of their own business in the food processing area (spices, dried fruit and organic vegetable gardens).

In the same way that there are actions on qualification and solidarity economy that are not registered as labour function in SMPS, the same occurs in other secretaries. SMPS tried to coordinate qualification activities promoted by the various structures of the municipal administration. We identified professional qualification activities in at least five other secretaries (Food Supply, Social Assistance, Citizenship Rights, Urban Policies, Urban Cleaning Services) and in the municipal regional secretaries. Only the food supply one specified a budget that is classified as a labour function. The others are classified in many different functions, according to the secretary theme. This makes it more difficult to quantify the municipal budget that can be related to informal workers. The solidarity economy initiatives can be observed in the secretaries of Social Assistance, Citizenship Rights and Urban Cleaning Services. None of them are classified in the labour function and many are actions within bigger projects. In the budget it is possible to identify the project but not the amount dedicated to the specific action.

### **Municipal Deputy Secretary for Food Supply**

The establishment of a structure responsible for strategies concerning food supply is a particularity of Belo Horizonte. It reveals the importance of hunger as a manifestation of poverty and inequality in Brazilian society. The deputy secretary is concerned with the market and social aspects that can affect nutrition. It works on the promotion of urban agriculture, access to food at subsidised prices, supply and regulation of the food market, and education for better food consumption. Among its programmes in the educational branch they developed professional qualification programmes in order to improve food processing. Many of these courses are attended by informal workers who learn to produce bread, pizza, cakes, and other specialties that they sell informally. The budget for this activity in 2008 was R\$0.1 million and it is registered under function labour. There is a registration fee for most courses which is relatively low. Some courses are sponsored by food companies which provide the ingredients. The sponsorship makes possible a reduction of the fees.

The deputy secretary has other activities related to informal workers. In order to regulate the food market supply and to control the use of urban space, food markets or street food fairs are controlled by them. The activity started as a regulatory activity and continues for this purpose but gradually some officials have become more sensitive to the social relevance of these activities. The vendors in these places are informal workers and as such they face many difficulties related to the uncertainty of their labour conditions. The budget of the programme of regulation and support to the food market in 2008 was R\$0.9 million. It benefits many informal workers as will be detailed when we analyse the selected informal worker categories in more detail.

### **Municipal Deputy Secretary for Social Assistance**

The implementation of the national social assistance policy at the local level is done by the Municipal Deputy Secretary for Social Assistance. The national policy distinguishes within the programmes between basic protection and special protection. Basic protection includes preventive actions that are directed to enforcement of family and community relations and to the development of capacities. Special protection deals with people who have already lost or diminished their family and community ties. Despite the absence of programmes classified in the function labour the secretary develops some actions dedicated to it. They all form part of the basic level of social protection and are conducted under the Productive and Social Inclusion Action. It operates through services and projects for training and promoting productive inclusion, designed to offer conditions for integration into the labour market or for income generation. The budget for this action in 2008 was R\$4.0 million.

Looking at their activities it is possible to identify three main services, the Socio- and Professional Education Service, Service of Insertion in Productive Activities and Protected Insertion in Work. The first one, the Socio- and Professional Education Service, also known as Qualificart, provides professional qualification. The third one, Protected Insertion in Work, provides work intermediation for disabled people and adolescents (from 16 to 18 years old). Both of these services can benefit informal workers but are not targeted to them. The Service of Insertion in Productive Activities is the only one directly dedicated to informal workers. It is based on the solidarity economy concept. It works by supporting the formation and maintenance of groups of production of goods and services. Aimed at adults, this work is developed in partnership with public and private institutions. They estimate that they helped 628 people in 2008. The waste pickers were among them as is detailed in other parts of this paper. In the official documents it is not possible to identify the resources dedicated specifically to this service.

### **Municipal Deputy Secretary for Citizenship Rights**

This secretary reflects the recognition that the plurality of the Brazilian society requires specific actions to promote the identity and integration of specific social groups such as women, Black people, disabled, homosexuals among others. The secretary's work involves organising, supporting and promoting these groups. For each group they have a coordination function. This makes it possible for social leaders to participate in the management of the public policies directed to these groups.

This secretary also does not classify these programmes in the function Labour despite having programmes dedicated to labour and income. In 2008 we can observe a budget of R\$0.4 million for the Productive and Social Inclusion Action. It includes maintenance of the Professional School Raimunda da Silva Soares and the Citizenship Space. The school is located in a poverty-stricken area and targets Black people promoting professional courses. The citizenship space is a fair where production groups formed by women are coordinated and assisted. In 2007 there were 200 stands in which approximately 784 women operated commercially and also received training. The work is based on the solidarity economy concept and in 2007 they had a partnership with a local faculty (Faculdade Pitágoras).

### **Others**

Prodabel is the municipal company of informatics that form part of the administration. It manages or provides services of data communication, software production and hardware supply to the local government administration. Prodabel is also a locus of labour initiatives. It has a school dedicated to develop skills in information technology (hardware maintenance, basic computing). The professional school receives young students from poor communities. The work that is done there is linked to other municipal social projects. The students help in the computer laboratories in communities and help to repair the computers donated to the programme of digital inclusion.

In urban policies there are also labour initiatives. Programmes that intervene in vulnerable territories include social assistance professional in their teams, provide qualification courses and promote income generation based on the solidarity economy concept. Looking at the municipal budget official documents of 2008 it was not possible to identify the budget for these actions.

### **Final considerations**

These sections show that local public policy can benefit informal workers but mostly does so indirectly. It reinforces the perception that the conduct of labour programmes is shaped around seeing professional training as the basis to overcome poverty and exclusion. Qualification initiatives are spread throughout the local administration structure and despite the efforts of the social policy to coordinate them they are still fragmented. Other initiatives in the labour branch are related to the solidarity economy concept. In this case the initiatives seem more recent and efforts to organise and coordinate them cannot be identified yet. The solidarity economy approach brings the policy closer to meeting the needs of informal workers but the main concerns are poverty and exclusion. The problem is that, with the exception of waste, informal work is not a key element in the conception of the policy to the extent that concepts such as territory and poverty

are. Being marginal it is more difficult to identify the informal work element. It is therefore necessary to look in more detail at the selected groups of informal workers. Looking at specific sectors can make it possible to identify elements that are not visible in a more general approach.

## Analysis of Belo Horizonte's government budget related to specific groups of informal workers

### Waste pickers

In the previous section we indicated that the partnership of waste pickers associations with the municipality started in the 1990s. This partnership included dialogue and participation in the discussion of the solid waste management policy, support and financial aid. The table below shows the contribution from the agreement with the municipality to the cooperative revenue. This contribution dropped from 43.1% in 1997 to 18.9% in 2000. The table also shows that gradually the participation of NGOs increased. The two tendencies may indicate that ASMARE is now more developed and experienced, learning to look for new sources. Another factor is the creation of new cooperatives. The municipality supports most of them in varying degrees. Out of 13 organisations four of them had signed agreements with the municipality (SLU) in 2008. Another three receive help of the municipality through other departments or projects. They all participate in the Belo Horizonte Waste & Citizenship Forum<sup>36</sup>.

**Table 9. Evolution of Partners' Contribution in ASMARE's Total Income**

Year/Source	1997	1998	1999	2000
Municipality <sup>38</sup> covenant	43.1%	42.8%	27.7%	18.9%
Cooperation Agencies/NGOs <sup>39</sup>	4.3%	9.0%	14.0%	20.4%
Commercialisation of recyclables	47.0%	39.1%	51.9%	55.4%
Other income (donations)	5.6%	9.1%	6.4%	5.3%

Source: Dias, 2002.

In 2001 the agreement signed between ASMARE, Mitra Arquidiocesana and the municipality reached a monthly amount of R\$40,505.33<sup>39</sup>. The money was intended to help with administrative costs, freight, transport passes for the members and uniforms. During the interview informants did not tell us the current actual value, but only that it is equivalent to what was received originally. They said that the money that they receive today is not sufficient to cover the costs of the uniform. There are many more members than in the beginning and the costs are also greater now. The money is from the budget of the Municipal Secretary of Social Assistance despite their greater proximity to SLU. A public official is responsible for keeping contact with the cooperatives. Projects are evaluated by PBH before they are introduced.

It is not possible to identify the local government budget but it is possible to know that it includes agreements, maintenance of a management structure for the project and additional services offered to waste pickers as support for those that live in the streets. The nature of their activity and their social reality makes it necessary to involve many secretaries integrating social and urban policies.

Despite this being the most visible and articulated support to a group of informal workers identified at the local level it is important to note that the demands of the workers are changing, pointing at the necessity to include discussion of welfare once the workers get older and more concerned about welfare.

<sup>37</sup> The forum was created in 2003, and has been an important space to discuss guidelines for integration of all these newly formed organisations disputing scarce public financial resources.

<sup>38</sup> The main partners from the municipality: SLU (the city's cleansing agency) and the secretariat for social assistance.

<sup>38</sup> Such as the Pastoral de Rua, IAF, LIFE etc.

<sup>39</sup> Values of December 2001.

### **Street vendors**

**Vendors in popular malls:** The actions of the local government directed to this group are restricted to the maintenance of an administrative structure that is responsible for the management of the malls as explained above. The department highlights that the emphasis on legalisation is a crucial activity for the survival of the initiative. In 2007 they did a cycle of workshops called Legalize Já (legalise now). They brought together the IRS, a bank (Banco do Brasil) and organisations that give support to micro- and small entrepreneurs. They talked about formalisation, credit and professionalisation. In 2009 they were planning to promote discussions about cooperativism. The initiatives seemed to be a result of the manager's personal efforts and political orientation.

The only way to identify the investment of the local government in this activity is to look at department costs, R\$0.4 million in the budget of 2008. Otherwise they do not have any other monetary transfer to this group of informal workers. Even the workshops are not paid for. The money is allocated by the Municipal Secretary for the Center-South Regional Administration. Their perception of the importance of the popular malls is more related to urban and economic approaches. The social approach and concern with the reality of the informal workers is not on the agenda.

**Vendors at fairs:** The actions of the local government directed to this group are also limited to the maintenance of an administrative structure that is responsible for the management of the malls and support for exhibitions. The department highlights that they tried to promote qualification courses, especially some related to food preparing and conservation, but the workers were not interested. Sometimes they also give some information on credit lines, with the support of Banco do Brasil. In the official budgetary document it was not possible to identify the resources for this since there was not a specific classification for it.

**Food vendors:** As happens in the previous cases of vendors, the main preoccupation is regulation of the use of urban space and market regulation or promotion. In the Municipal Secretary of Food Supply they have a budgetary programme where the resources to the fairs are allocated. In 2008 the budget of the programme regulation and support to the food market was R\$0.9. This benefits informal workers but remains a restricted view of the necessities and social approach of this investment.

## Abbreviations

ASMARE	Waste pickers' Association of Belo Horizonte, Minas Gerais State.
BH	Belo Horizonte
BMA	Brazilian Metropolitan Areas
BNDES	Banco Nacional de Desenvolvimento Econômico e Social (National Bank of Economic and Social Development)
CBO	Classificação Brasileira de Ocupações (Brazilian Classification of Occupations)
CLT	Carteira de Trabalho
EEP	Empreendimentos de Economia Solidária (Solidarity Economy Enterprises)
FGTS	Fundo de Garantia por Tempo de Serviço
GDP	Gross Domestic Product (Consolidation of Labour Laws)
GGP	Gross Geographic Product
HDI	Human Development Index
IBGE	Instituto Brasileiro de Geografia e Estatística (Brazilian Institute of Geography and Statistics)
LDO	Lei de Diretrizes Orçamentárias (Budget Guidelines Law)
LOA	Lei Orçamentária Anual (Annual Budget Law)
MTE	Ministério Trabalho e Emprego (Ministry of Labour and Employment)
PBH	Prefeitura de Belo Horizonte (Municipality of Belo Horizonte)
PASEP	Program de Formação do Patrimônio do Servidor Público
PIS	Program de Integração Social (Social Integration Programme)
PME	Pesquisa Mensal de Emprego (Monthly Employment Survey)
PNAD	Pesquisa Nacional de Amostra por Domicílio National Research for Sample of Domiciles
PNMPO	Programa Nacional de Microcrédito Produtivo Orientado (Programme of Production-Oriented Microcredit)
PPA	Plano Plurianual (Long-term plan)
PROGER	Programa de Geração de Emprego e Renda (Programme of Employment and Income Generation)
RAIS	Relatório Anual de Informações Sociais (an annual administrative report)
RMBH	Região Metropolitana de Belo Horizonte (Belo Horizonte Metropolitan Área)
SEDESE	Secretaria de Estado de Desenvolvimento Social (State Secretary for Social Development)
SINE	Sistema Nacional de Emprego (National System of Employment)
SLU	Superintendencia de Limpeza Urbana (Superintendency of Public Cleansing)
SWM	Solid waste management.
UNDP	United Nations Development Programme

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**About Inclusive Cities:** 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. For more information visit: [www.inclusivecities.org](http://www.inclusivecities.org).

**About WIEGO:** Women in Informal Employment: Globalizing and Organizing is a global research-policy-action network that seeks to improve the status of the working poor, especially women, in the informal economy. WIEGO builds alliances with, and draws its membership from, three constituencies: membership-based organizations of informal workers, researchers and statisticians working on the informal economy, and professionals from development agencies interested in the informal economy. WIEGO pursues its objectives by helping to build and strengthen networks of informal worker organizations; undertaking policy analysis, statistical research and data analysis on the informal economy; providing policy advice and convening policy dialogues on the informal economy; and documenting and disseminating good practice in support of the informal workforce. For more information visit: [www.wiego.org](http://www.wiego.org).



Women in Informal Employment  
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