

**Urban Policies Colloquium**  
**April 25, 06**



# **URBANIZATION AND INFORMALIZATION: A GLOBAL PICTURE**

**Marty Chen**  
**Harvard University**  
**WIEGO**

# REMARKS IN THREE PARTS

- **Recent Trends**
  - urbanization
  - informalization
- **The Urban Informal Workforce**
  - composition
  - common problems
- **The Way Forward?**
  - inclusion and development
  - regulation and containment
  - exclusion and marginalization

# RECENT TRENDS

- **Urbanization**

- share of global population in urban areas
  - 30 years ago <40%
  - 30 years hence >60%
  - today 50%
- mega cities (> million population)
  - 20 years ago 245
  - today 375

- **Informalization**

- share of non-farm workforce in informal employment
  - 50% - North Africa and Latin America
  - >70% - Asia and Sub-Saharan Africa
- share of urban population in slums or squatter settlements
  - 75% - developing countries
  - 33% - world

# THE URBAN INFORMAL ECONOMY

- significant, heterogeneous, and expanding - in both developing and developed countries
- significant overlap with being poor – average incomes quite low
- gender segmentation and gaps: i.e., women typically over-represented, particularly in low-return activities
- contributes significantly to economic growth

# **THE URBAN INFORMAL WORKFORCE: MAJOR OCCUPATIONAL GROUPS**

- street vendors
- transport workers
- waste pickers
- construction workers
- home-based producers

# AHMEDABAD CITY, INDIA

## Distribution of Total Workforce by Gender and Place of Work\*

	Male	Female
<b>Within Homes</b>	<b>8.6</b>	<b>69.6</b>
Own Home	7.6	51.6
Employer's Home	1.0	18.0
<b>On Streets</b>	<b>22.7</b>	<b>5.2</b>
<b>At Construction Sites</b>	<b>5.0</b>	<b>2.6</b>
<b>At Factories/Offices/Shops</b>	<b>58.1</b>	<b>21.8</b>
Own	8.3	2.6**
Employer's	49.8	19.2
<b>At Other Locations</b>	<b>5.6</b>	<b>0.9</b>
<b>Total</b>	<b>100%</b>	<b>100%</b>

Source: SEWA–GIDR Survey [Unni, 2000, Table 4.7]

Notes: \* This table does not include the 1.3% of the total workforce that is engaged in agricultural activities [including livestock rearing] in Ahmedabad city.

\*\* All women who work in “own shop” are unpaid family helpers.

# THE URBAN INFORMAL WORKFORCE:

## COMMON CONCERNS

- **recognition as workers, registration of enterprises**
  - uncertain legal status
  - cumbersome bureaucratic procedures
  - lack of legal or social protection
- **place of work**
  - uncertain tenure
  - poor infrastructure
  - few services
- **assets and skills**
  - few assets other than own labour
  - lack of legal rights to assets
  - fierce competition for urban public space
  - limited access to technical or business skills training
- **market access and competitiveness**
  - highly competitive markets
  - limited access + bargaining power
- **commercial or employment relationships**
  - unregulated or unenforceable contracts
  - unfavourable terms of doing business

# **POLICY FRAMEWORK FOR THE URBAN INFORMAL ECONOMY**

## **Key areas of urban policies:**

- regulation of public space
- framework for legalizing private property
- provision of infrastructure and services:
  - roads, transport, and communication
  - water, electricity, and sanitation
  - marketing and export promotion
- regulation of commercial transactions
- regulation of employment relations



# **“WORLD CLASS CITIES” AND THE URBAN INFORMAL ECONOMY: THE WAY FORWARD?**

- inclusion and development
- regulation and containment
- exclusion and marginalization