

# TERRAVIVA

The independent newspaper for the ILO Theme Seminars on the Informal Economy: Labour Protection and Street Vending, Bangkok / Chiangmai, Thailand, 8 to 11 May 2006

**SPECIAL  
EDITION**

# INFORMAL ECONOMY STREET VENDING IN ASIA



# PROLETARIAN ENTREPRENEURS

**S**urveys show that many street vendors in Bangkok have reached that elusive category of the “middle class”. They told Thammasat University researchers that they are almost happy, with a good 84 percent of mobile vendors – hawkers - satisfied with their income and 83 percent willing to encourage friends to enter the business. But, and it is a big but, this optimism drops sharply when it comes to their own children: only 20 percent of parents would encourage them to follow in their footsteps.

No matter what, in public, policymakers and the hawkers’ own perceptions, street vending and poverty are part of the same equation.

The idea of the conversion of masses of the destitute that filled the streets of Latin America in the 1980s into productive forces toward prosperity is generally attributed to Peruvian economist Hernando de Soto. Even former U.S. President Ronald Reagan quoted de Soto, who saw in the IMF and World Bank-promoted neoliberal structural adjustment the seeds of a more realistic economic project for the region. The ‘Asian tigers’ and Chile were the examples to follow. Behind it all, however, the main motivating factor for such policies was the international financial establishment’s desperate need to avoid at any cost a massive default on external debts by such economic giants as Brazil and Mexico. At stake was the stability of an international financial system overexposed by debts extended with largesse to governments, and private and public companies and institutions in developing countries. Governments were urged to become responsible when nobody had been quite responsible in the past, not least the commercial banks.



Cash-generating schemes based on export-oriented open economies, fiscal “responsibility” and widespread privatisation kept the interest payments on debt flowing to the main international private banks, but literally threw tens of millions of people out of formal jobs into whatever they could do to survive.

With social services devastated to make way for “responsibility”, the already fragile protection network vanished, and many did not make it. The economic theory of a bustling economic model based on the efforts of millions and millions of micro entrepreneurs – survivors might have been a more proper word – came afterwards and somehow, the case of Bangkok now gives it some credibility. Not as de Soto envisioned, as the seed of potent economies based on small-scale enterprises like Italy’s, but at least as an efficient poverty-alleviation scheme.

Convoked by the United Nations International Labour Organisation (ILO)

Asia-Pacific office, experts and officials from Thailand, Cambodia, Mongolia, Malaysia and India met in Bangkok and Chiang Mai this week to exchange the results of research and actions undertaken under the guidance of ILO and their possible consequences in terms of policies and legal frameworks for the informal sector.

Street vendors are the most visible face of the informal economy. They sell cheap food and goods to their fellow poor. Or so it used to be, if Thailand’s studies mark any significant trend. While as Prof. Narumol Nirathron explained that street vending has been part of Bangkok’s daily life for over 200 years, statistics show that the amount of hawkers and informal workers increased substantially after Thailand’s financial meltdown in 1998. As both ILO officials and experts stressed time and again during the meetings, Thai authorities do regulate and to a certain extent facilitate the street ven-

dors' activity, considering it not only an effective poverty-alleviation solution but also a "cultural capital" and even a tourist attraction. At the same time, they stressed, Thai local and national governments are careful not to provide any permanent legal framework to include these workers into the social protection network.

In this, Thailand and its neighbours do not differ. The selection of countries for the ILO encounter is not casual. Those under study -- Thailand, Cambodia and Mongolia -- reflect dramatically different social and economic realities and yet their informal-economy aspects have striking similarities. On the other hand, India and Malaysia are representative cases of good policy purposes that have not materialised (India) and good policy purposes that can (Kuala Lumpur).

Cambodia is one of those countries cursed by historical misfortunes all can learn from. From being one of the world's old and richest cultures, the Khmer, historical decay and Cold War geopolitics struck Cambodia hard, causing it to lose decades to civil strife. French colonialists abandoned the Indochinese peninsula after their humiliating defeat in Vietnam in 1954, leaving very little behind. From then on, the partition of Vietnam along north-south lines and the war that erupted when the United States decided to keep such state of affairs, determined the fate of the three former French colonies.

The Vietnamese communist victory over the United States also determined the political orientation of its two smaller neighbours, Laos and Cambodia, in 1975, except that in Cambodia a peculiar brand of extremism -- Pol Pot and the Khmer Rouge -- took over power in 1975 and literally tore the country apart. From then on came a series of tragic events, including a Vietnamese invasion, international isolation, the collapse of the Soviet Union and the ongoing violence that -- not often stressed in these meetings -- ended only in 1997.

Engaged in "building socialism" first and a market economy later, Cambodian rulers did not even think of an informal sector, and are now in a situation which, as Leng Tong, director of occupational health department at Cambodia's Ministry of Labour explained, is unique: 85 percent of the country's workforce and 62 of its gross national product is generated by an economic sector that does not exist in any piece of legislation.

Mongolia is also a case of its own. Since 1921, Mongolia was a satellite Soviet state, big in size and small in population (2.5 million, 1.6 million inhabitants per square kilometre). It was never annexed as part of the Union, but for all economic, cultural and political purposes it was, and somehow remains, part of the empire. Among the benefits of that state of things, as delegates stressed at the ILO semi-

nar, is the country's high educational level.

This, however, did not help laid-off workers and employees when the Soviet Union collapsed in 1990 and Mongolia was forced to adopt free-market policies, that broad definition that in most developing countries meant wide-scale privatisation, downsizing and chopping health, education and public services. This, in a country that had never had any significant private sector, as it jumped from nomadic feudalism to a Soviet socialist style in 1921. No wonder that one-third of Ulan Bataar's hawkers today are former civil servants and one-fifth used to be industrial workers and employees.

D Batmunkh, an official with Mongolia's Labour Social Welfare Office, said that 126,000 of the country's 926,000-strong workforce are in the informal sector, but the figure does not include agriculture. Their detailed surveys are conducted only with "people with registered residence". Still largely agricultural, Mongolia is also still largely nomadic.

To ILO, at least, the informal sector is no blessing. Labour standards expert Tim de Meyer spelled out clearly at the meeting that to ILO, the informal economy is the opposite of Hernando de Soto's vision: that is, that the informal sector, while providing an important contribution to the economy, is a social and economic problem, as it promotes inequity, the violation of labour and human rights and in the end results in low productivity and economic inefficiency.

Romantic as it may be to think of a country flourishing with millions of micro entrepreneurs, any contact with informal-economy micro entrepreneurs exposes a life with all the sacrifices and thrills of risky investments, but very little of its mythical benefits. High-tech global ventures are generally not made of this raw material. And workers sweating day and night in illegal jobs neither have thrills nor benefits. Just low-paid, no-perks hard work. Too bad these people were not invited to have their say at the ILO seminar.

Alejandro Kirk



# Suicide Worries Rise

LAMPOON, Thailand - Improvements in occupational safety and health in this northern Thai province, including among wood carvers, appears to be cutting into the work-related disease rate here, but a health official said that a growing suicide rate appears to be an emerging problem.

The remark by Dr Chuchart Phonemit, chief of the Lamphoon provincial health office, was not quite what was expected at a May 10 field visit here by participants at the ILO Theme Seminars on the Informal Economy, since it was intended to highlight ways by which factories, labour officials and doctors can work together to deal with work-related injuries.

He said the situation with occupational safety and health, including among workers in wood-carving factories, was showing positive signs, but that health officials need to take action on the suicide rate that is now higher than the World Health Organisation (WHO) average figures.

"We found out that the suicide rate here is 20 per 100,000 population, which much higher than WHO standard set at not over 7 per 100,000 population," he said in an interview. Most of those who commit suicide, including workers, hang themselves or drink or ingest pesticide, he added.

Dr Chuchart said more studies need to be done on this trend, but believes there might be a link to social changes and dislocation that result from the change from an agricultural society to be an increasingly industrial one, especially with the growth of factories in Lamphoon.

"They have to live in the dormitories of factories, which are crowded, and in front are nightclubs or karaoke bars, entertainment places that lure them, cause difficulty in working during the daytime and lead to their loss of jobs," he explained. This may well be among the reasons for increased stress, he said.

Dr Chuchart said statistical evidence needs to be studied further, but that

he is now working on psychosocial programmes that will extend into factories as well. "My experience and work as health personnel, and having lived in both Chiang Mai and Lamphoon long enough, tell me how social change can be related with a suicide rate that is so prominent, so I need to do something," he added.

Before a field visit to a primary care unit, officers at the Lamphoon provincial office reported that there are not so many severe work-related diseases, except for occasional injuries like cuts by work equipment.

The work-related disease rate in Lamphoon is 16.80 per 1,000 population compared to 30.00/1,000 population nationwide.

But figures do not tell the whole story – and work hazards do not mean only accidents. It has been found that when having physical check-ups, wood carvers complain of visual and hearing problems, respiratory illnesses, backaches and muscle pains.

In other words, Lamphoon's Dr Somkiat Siriruttanapruk points out, low statistics of work-related diseases do not

mean that the situation is healthy. It means that Thailand needs to do more to improve its diagnosis system.

"Sometimes, it is difficult for physicians to identify that whether it is an occupational disease. For example, the workers in the agricultural sector are likely to be exposed to chemical or pesticide poisoning and some of them show symptoms after a long period," he explained. "The doctor might not recognise whether it is an occupational disease."

Workers in the Ouidee wood carving factory in Muang Jee sub-district told the ILO participants that parts of their work were a problem for their health – especially the dust that comes with woodcutting and gives respiratory ailments.

Supote Srimoon, owner of a wood-carving factory with about 20 workers and also a health volunteer, says that he is aware of the importance of workers' safety and gives them health insurance.

Sutthida Malikaew



*Wood workers complain of respiratory illnesses from the dust, to backaches.*

# FORUM

## *What struck you most about the seminar?*



### ■ David Tajgman, ILO consultant

Realism, I was struck by the realism of the discussion and this is a positive thing. If it was not realistic, it would be like talking in terms of a fantasy situation and that was not what happened. The discussion of the issues, for example the labour laws, were very realistic.

### ■ Leng Tong, director of occupational health department, Ministry of Labour and Vocational Training, Cambodia

The exchange of experiences between the three countries was very meaningful, especially for Cambodia, where law enforcement and the training of the informal sector is still low.

### ■ Pawadee Thonguthai, Thammasat University, Thailand

Because it's a kind of conclusion of our (Thammasat University) project, we have seen at the end how much we have progressed especially in terms of labour law and informal economy in each country. I think we've achieved quite a lot; our project has made some impact in Thailand. People recognise what ILO can do to help them at different levels – in terms of labour protection and so on. The informal economy is such a broad topic so we have to specialise on a theme and devote special attention to each topic. I think we have to keep on going by sector and it would be useful because different sectors of the informal economy have different needs.

### ■ Manoharan Sellamuthu, officer of the petty traders development and management department of the Kuala Lumpur City Hall, Malaysia.

The hawkers' policy some of the countries were trying to derive to. I think on the ground, we have to take a different stand to the hawkers. We face situations where the public complain about the hawkers and we're (the City Hall) forced to take action and this kind of situation is unhealthy for both parties.

### ■ Chojiljav Erdenechimeg, Officer of the Labour Market Policy and Coordination Department, Ministry of Social Welfare and Labour, Mongolia

This experience at the Bangkok Metropolitan Administration about regulations on street vending is very interest-

ing for us. Because in Mongolia, we have the policy of informal employment and now we need to implement a policy for street vending, so this practical example from Bangkok was very interesting. In Mongolia, we have the four seasons and very different climate conditions (from the other countries discussed) so we may not open our markets all year round. Therefore, setting up a proper regulation system is not so easy for Mongolia.

I understand that we need to pay more attention to the registration of the informal street vendors, how to issue the licences and how local governments can make arrangements, for example, in allocating a space for the street vendors. The measures taken by the various local administrations are very interesting for us.



David Tajgman



Leng Tong

## STREET VENDORS



# ILLEGAL BUT EVERYWHERE

Selling in the streets is praised as part of tradition in many Asian cities. But it is not considered real work in many places, and there are few associations pushing for vendors' rights.

In Bangkok, street vendors have been around since 200 years ago, Narumol Nirathron of Thammasat University said. Laws and regulations relating to them started in 1941, added Vichai Rupkamdee of the National Institute of Development Administration. And the vast majority of those vendors -- 82 percent -- con-

sider their earnings adequate, according to university surveys.

It is no wonder, if such data is accurate, that University of Mumbai Prof. Sharit Bhowmik confessed to being embarrassed when comparing the situation of Bangkok's hawkers with that of his hometown in India, where street vending is still an illegal activity.

Indeed, Bangkok's vendors might be close to ILO's concept of "decent work", Christine Evans-Klock, director of the ILO subregional office, said in opening the ILO Theme Seminar on the Informal Economy: Labour Protection and Street Vending.

Illegal as it may be, however, street vending is practised by two percent of India's urban population, or some 10 million people, a trade generating some 20 million dollars per year in Mumbai, Bhowmik said. It also generates bribes and other payments of 1.2 million dollars a month by Delhi's 300,000 hawkers.

The first session of ILO seminar on the informal economy held in the Thai capital on May 8 to 11 heard experiences from Thailand, Cambodia, Mongolia, Malaysia and India.

They were stories that told of huge differences between a city like Bangkok -- where some 500,000 vendors flood the streets in a rather orderly manner, becoming not only a source of cheap and safe food and goods for poor and middle-income people alike but also a tourist attraction -- and a not-so-far-away place like the Cambodian capital Phnom Penh, where thousands of women struggle for their existence on the streets amid harassment by police, municipal authorities and speculators, as described by Kyoko Kusakabe of the Bangkok-based Asian Institute of Technology.

The very peculiar case of Mongolia is food for thought. Gendenpil Myanganbayar, head of the Mongolian Trade and Consumers Cooperative Union, presented a study showing that almost 33 percent of the country's street vendors had come from having regular jobs with the state bureaucracy, while another 23 percent turned to making their livelihood on the streets after holding jobs in the industrial sector.

Some 40 percent of Mongolia's hawkers have either university or technical

education, the rest have elementary or secondary education, and only one percent is illiterate.

All this growth in Mongolia's informal economy happened after the fall of the Communism and the wave of privatisations that swept the country beginning in 1990, Myanganbayar said. An estimated 400,000 of Mongolia's 2.5 million people have been thrown into the informal sector since 1990.

While Mumbai's Bohwmik expressed amazement at the fact that such a massive and structured hawker presence as Bangkok's does not have any significant association or union representing the vendors, Myanganbayar said that Mongolia's traders and consumers formed their first union in 1921, went through a period of stagnation between 1958 and 1990 but have been flourishing ever since.

Unionising hawkers seems to be a hard task. One of the similarities between all countries discussed at the seminar is the lack of associations representing the interests of street vendors.

Bohwmik noted that India's hawkers have been abandoned by the country's traditional left for not being a "revolutionary force" -- attached as this activity is to individual gain and growth as opposed to the collective aims attributed to the formal-sector working class.

And this may be the reason behind what he calls the "disappointing" attitude of the governments of Vietnam and Cambodia, "ideologically committed to the interests of the working class".

Kusakabe summarised the similarities and differences among the cases discussed at the Bangkok seminar's first day. Similar to all are, of course, the street vendors' daily struggle for legitimacy and recognition by the authorities, which seem generally to be more disposed to tax and regulate rather than to defend and develop this activity. Policies, Kusakabe said, are unclear, contradictory or simply do not exist. Therefore, authorities collect taxes but do not offer services in return, such as credit, social security or training in business practices.

Narumol's survey in Bangkok showed that all hawkers who considered themselves successful -- able to save resources -- were keen at learning business planning and administration skills.

The Malaysian capital Kuala Lumpur appeared to be the only place where authorities have a definite plan for street vendors, by trying to house them in established markets (hawker centres), provide them with services for their taxes and promote "food courts" on all housing developments and high-rise buildings.

The aim is to have a city which is clean and attractive but also rich in tradition, said Manoharan Sellamuthu of Kuala Lumpur's City Hall.

The key response to all issues seem to lie in association in whatever form, concluded Ginette Forgues, who works on strategies for decent work at the ILO Subregional Office Bangkok, because "when street vendors are recognised there is more access to hygiene, health, social insurance". With unionisation comes also protection against abuse, corruption and the mafias that profit from the hawkers' vulnerable position as it happens in parts of Bangkok and Phnom Penh.

As in all other aspects of life, when civil society and government act together, things look a bit better.

## THAILAND



Policies need to be tailor-made for different groups of street vendors who have achieved various levels of success, says Narumol Nirathron, of Thammasat University.

Narumol emphasised that street vending was a "cultural capital... (that has been) around for more than 200 years" and could be harnessed to make Bangkok a more attractive city.

## CAMBODIA



While the streets of Phnom Penh are packed with women selling food and other goods, Cambodian authorities still consider street vendors "hindrances to urban development" and seek their relocation back to rural areas, Kyoko Kusakabe, of the Asian Institute of Technology, told participants.

Kusakabe urged the abolition of regulations that categorise street vendors as potential disturbers of public order and forbid road-side hawkers, saying this situation is a source of abuse and corruption by police officers and government officials.

## MONGOLIA



The drawing up of a national law on street vending is crucial for improving the financial and social position of vendors, Mongolian expert Myanganbayar Gendenpil said.

Mongolia's street vending sector is only in its infancy, since street vending became a prominent issue only around 1990 and afterwards, as the country's transition to a market economy brought about sometimes painful economic and social changes

## INDIA



Decentralising and democratising the decision-making process and creating a unified body for the street vendors were proposed as two key steps in the campaign to legalise street vending in India by Sharit Bhowmik, professor of sociology at the University of Mumbai.

"This is a way of solving the problem from below -- when people start forcing the government to implement the policies which they've accepted."

## MALAYSIA



Kuala Lumpur looks to register all street hawkers "regardless of their business, location and ethnic groups" and to move them to hawker centres by 2015, with a new strategy that City Hall officials say aim to "create a society of most upgraded traders".

Incentives would also be provided to the vendors, since the purpose is to "encourage hawkers to shift to hawker centres and not burden them financially", Manoharan Sellamuthu of Kuala Lumpur's City Hall explained. Rental for the first three months would be waived and a 50 percent discount would be given to hawkers whose businesses have not improved during this time. Further reduction of the rental can be negotiated if the situation worsens.

## CREATING SPACE

# A MARKET OVER TROUBLED WATERS



*Living dangerously*

BANGKOK – “There are no railings for these platforms above the canal! Won't the children fall into the water?” This was one of the first remarks that Dr Leng Tong, a Cambodian government official, made on the May 9 field trip to the community-managed Pai Sing To market when he saw the houses built above the canal.

Minutes later, sitting on the same platform, Pimjai Phata, leader of the market, dubbed the kids in the community “the children of the canal”, and assured the visiting participants from the ILO Theme Seminar on the Informal Economy that no accidents have ever happened.

This poor community, located just opposite the glitzy Stock Exchange of Thailand building, is one of the first that has reached an agreement with the Bangkok Metropolitan Administration (BMA) for space to be allocated for its vendors to sell on the sidewalk.

This arrangement puts on its head the common scenario of vendors being at perpetual odds with the administration.

The Pai Sing To market is the result of negotiations between its representatives with BMA in 1997, leading to an agreement on the vending spaces in 2003.

Even so, it was not entirely smooth sailing. As Pimjai revealed: “It was difficult to convince the government from the beginning, because the area is not an open space but a footpath. Even though we are allowed to sell, there are still conditions to abide by. For example, we are only allowed to sell in the evenings – in the day the footpaths are still for the use of the pedestrians.”

The vendors at the Pai Sing To market, who operate on footpaths that can only accommodate two persons walking side by side at one time, are still considered ‘illegal’ by the BMA.



*Stuffing fish, a family business*

Vutichai Bunyasit, chief of the safety affairs department of the Klong Toey district office of BMA explained, “There are two types of vending areas – the permission area, and the illegal area. The condition for defining who’s legal and who’s not is based on the location itself. For example, a footpath that is three metres wide would be enough to accommodate both pedestrians and vendors, making it legal. In comparison, a place like the bus stop would be obviously illegal.”

He says there are 718 vendors operating in permission areas and 687 vendors selling illegally in Bangkok’s Klong Toey district. The illegal vendors are fined “100 to 2,000 baht (2.63 to 52.63 dollars) occasionally” to serve as rent.

The vendors of Pai Sing To market pay 300 baht (nearly eight dollars) per month to the BMA, on top of cleaning fees. Pimjai estimates that vendors earn an average of about 300 to 400 baht (eight to 10.52 dollars a day).



*Vutichai Bunyasit, chief of public safety.*

“The market helps us earn more because there are more customers (when everyone is clustered together). It also gives us a more comfortable environment to sell our goods.” Pimjai added.

Legalising street vending would be a win-win situation for both the government and the vendors, not only economically but socially. Apart from getting revenue -- the informal sector forms 68 of Thailand’s total employment-- the government can “clean up” the city.

For vendors, legal status would guarantee them basic services like health care, and ease insecurity from constant fears of eviction by the administration, which Vutichai admits “is by force”.

But such worries do not rank high on the Pai Sing To community’s concerns. “Housing is our main concern,” Pimjai explained. “We are living on illegal land; this is royal property, and we are allowed to stay till we have enough money for new housing.”

The community has a savings scheme for housing.

“We will not be considering expanding the market because it is too hard,” Pimjai smiled ruefully. “We are focusing our negotiations on better housing – without housing there is no community, and without a community, there is no market.”

By Lin Zixin

*Pimjai, community leader.*



# POWER TO THE VENDORS

*The answer to improving the quality of life of vendors may not all lie in the law, but in the organisation and real empowerment of the vendors themselves so that they are freed from a state of permanent uncertainty.*



To Sathapom Charupa, director of labour protection at the Thai Ministry of Labour, it is precisely because they are informal that “you can’t always use the law” to protect workers subject to exploitation and abuse in the so-called informal sector. Not even India, he said at the second leg of the ILO Seminar, was able to draft a law.

Maybe, but not very far away, the police officer in charge of “public safety” at Bangkok’s Klong Toey district office, Vutichai Bunyasit, gave participants a sharp lecture on how to deal with informal vendors by carrying out a balancing act -- or, more accurately, by constantly crossing the lines between national laws, local regulations, neighbourhood needs and traditions, politics and common sense. Not only that. Unknowingly, Vutichai also showed some of the presenters at the ILO seminar how to put that now-mandatory resource, Power Point, to good use, by using images to support his oral exposition, rather than making it a tool to display long paragraphs of text, as we all endured in the morning session devoted to the most important but always dry issue of legal frameworks.

Vutichai said that in Klong Toey, police officers do not shy away from using violence when a political decision is taken, for example to clear a street of vendors when City Hall wanted to beautify some urban section. To support this, the Power Point screen showed pictures of the ugly area, “before” -- dark and crowded -- con-

trasting with the gardened and wide pedestrian sidewalk “after”.

But then, Vutichai would quickly turn back and cite the facilities provided free of charge by the city to legal and illegal street vendors alike, such as hygiene, lighting and protection, his presentation always supported by convincing photographs.

No photographs were shown of the occasional eviction – he says “they can be violent and there is no alternative to the use of force” -- but many showed police officers in their tight brown uniforms, helping the community.

As a cop, the mission of this rather surprisingly sophisticated and young officer is not that of setting policy. Yet, he leaves the impression that policy could not be more at work than at Klong Toey’s streets and their 23 legal and 26 illegal vending areas.

Mongolian delegates, particularly, became aware of this, as shown in the battery of practical questions they asked of Vutichai.

**-Do the vendors pay taxes?**

-No.

**-Do they pay income taxes then?**

-Legal vendors do.

**-Do they pay rent?**

-Legals don’t.

**-And the illegals?**

-They are generally willing to pay the fines. It becomes like a little rent.

**-How much is the fine?**

-Depends, can be 100 baht (2.5 US dollars) or 1,000 (25 dollars).

**-How often do they pay these fines?**

-Occasionally

**-Who decides on the amount?**

-The officer.

**-On what basis?**

-Depends on what message the district wants to deliver. If it wants them out, fines increase. Otherwise, it is just a message: they are being watched.

**-Do they get prosecuted?**

-No, it is a civil procedure.

**-Who pays for law enforcement?**

-Administratively this is a BMA (Bangkok Metropolitan administration) dependency, but since central Government funds BMA in part, you could say that it is mixed.

**-Who sets policy?**

-The BMA.

And so on. One could not but reflect on Sathaporn’s earlier reflections on the lack of availability of laws and regulations that govern this seemingly uncontrollable phenomenon. It seems easier for all governments in developing countries to keep the informal sector at bay, and exposing workers, daily, to their own helplessness as Vutichai and his men still do, rather than laying down the economic, financial, social and political rules that could pro-

vide them if not an easier time, at least shelter them from constant – or permanent --uncertainty.

That set of rules is called decent work at the ILO. Decent because you earn money to feed yourself and your family, but also because you have dignity in doing it.

For Tim de Meyer, a Belgian expert in labour standards, the government's duty is not to just abolish obstacles to informal sector so that workers achieve rights at least similar to their counterparts in the formal economy, insufficient as they may be, but to “empower” them, “give them the ability to participate in developing policies”.

Sitting next to the panel's moderator, Kamjorn Nakchuen of Thailand's Ministry of Labour, de Meyer did not deviate from his flat speech tone when citing an example of how authorities may achieve such attitude: starting by changing labour laws that actually make it impossible for informal sector workers to unionise. Where? In Thailand. He quoted a section of the host country's labour law that restricts unions to “employees working for the same employer, or same description of work, and of Thai nationality”. In other words, in order to join a union, you must be employed -- and unemployed people are automatically out. A powerful incentive to outsource and subcontract.

De Meyer quoted the European Union's largely criticised agricultural subsidies as the effect not so much of obscure trade manoeuvres in Europe's post-World War II era, but of “a deliberate decision to empower rural workers”, a decision brought about, he noted, largely by the workers themselves. Their unions had put a considerable amount of political pressure on a key issue for a continent that was until then perennially at war: food security.

That the emancipation of workers can only be the work of workers themselves is not just a 150-year-old political slogan, or some kind of hidden message in de Meyer's presentation, but a reality put at work (no pun intended) in Bangkok's Klong Toey district.

There, two markets co-exist, separated by a busy highway. One is “private”, given in administration by the district, and the other is a “community” market perched dangerously, literally, atop a sewage canal. The former, the Klong Toey market, is huge, legal, located next to one of

Bangkok's slums and the latter community market of Pai Sing To is small, illegal and a slum itself. The former is the result of local authorities' policies, and the latter the result of workers' struggle. At least that is how Pimjai Phata, the strong-minded and strong-bodied community leader, explains the situation while receiving her foreign guests on an improvised open-air meeting room right on top of the filthy canal that collects every physical waste these shacks produce.

Clad in her camouflage army pants, she clearly dominates the scene and the rules on which their residents' lives hang. She has managed to learn the art of negotiating and bargaining. They are illegal, she says, because the sidewalk is less than three metres wide, but there is a peaceful entente with the authorities.

The foreign delegates sit with Pimjai in confidence on top of those rather untrustworthy-looking pieces of wood that separates them from the watery filth underneath, while people work non-stop on the other fragile bridges that link the houses with the road. On our right, a middle-aged couple stuffs fish with rice. On our left, members of a young family chops vegetables. They smile and greet strangers, but not for one second do they stop working in the afternoon heat. Inside a cubicle not taller than 1.50 metres and two by three metres wide, a young mother peels some

vegetables destined to dry up in the sun, while her husband calms down their baby. Someone in the windowless back works too, who knows. Less than 200 metres away shine Thailand's Stock Exchange building, the Queen Sirikit Convention Centre and the futuristic, cool and efficient new Bangkok subway.

Pimjai and her followers do not have to endure endless miseries as their counterparts in India, as Prof. Sharit Bhowmik of the University of Mumbai told her. But their lives are as stable as those bridges on which they work and on which their children play. She assures the visitors that no kid would ever fall into the deadly waters, but even then such a statement is less than convincing. It is her attitude, perhaps, that leads her to see all the good that there is in not suffering hunger, malnutrition, disease and ignorance.

But back in the air-conditioned corridors of power, it is for policymakers, lawyers and politicians to see the canal instead of Pimjai's open smile. Like their kids, their lives can fall and slide into the dark any time. It takes only a police officer, as chief Vutichai clearly explained, to decide whether they will have to pay a heavy fine, leave their shacks, or go on with their endless life of work.

Alejandro Kirk





## CHANGING MINDSETS

# SLOWLY, INFORMAL ECONOMY GETS RECOGNISED

**The informal economy may be informal, but it's neither small nor inconsequential – and laws need to catch up with this thriving reality.**

**R**ecognition of the informal economy – its social and economic value as well as its rights aspect – is picking up in countries like Cambodia, Mongolia and Thailand, but the pace needs to be much faster, experts say.

Still, this process amounts to a fundamental change in the way states and societies look at work – which has for too long been limited to formal work and has left out, or looked down at, the informal economy.

This is why, for instance, Cambodian labour law covers only the formal economy, although 85 percent of the country's 6 million labour force is in the informal economy. The informal economy accounts for a major portion -- 62 percent -- of GDP, says Leng Tong, director of the occupational health department, Ministry of Labour and Vocational Training.

Speaking on the second day of the ILO Theme Seminar on the Informal Economy: Labour Protection and Street Vending, he reported that Cambodia's 1997 labour law is being reviewed to cover the informal economy.

Meantime, he explained that awareness needs to grow among workers themselves. This is because many informal workers – such as garment sewers or basket weavers -- have “little or no education and thus little access to appropriate occupational safety and health information and technology”. Eighty percent of them have not finished high school, he added.

This is in addition to the usual constraints in expanding the law's reach to the informal economy: Informal workplaces, which can range from small workshops to backyards of homes, are hard to reach, often outside the regulatory system and often hazardous as well.

But Leng Tong explained that training on occupational safety and health is underway while legal changes to cover the informal economy are being worked on.

He said some 60 percent of participants in work improvement training – ways to improve safety, efficiency and effectivity in informal work environments -- have made changes in their safety, health and work conditions. Inspectors at the provincial level are also being trained to monitor and check safety and work conditions.

Over in Mongolia, the government adopted a policy on informal employment in January 2006 to cover what it defines as informal work – the engagement of individuals, households and groups in non-agricultural work and services that are not prohibited and not fully reflected in official registration, among others.

A registration process for people in the informal economy is underway. Mongolia's informal economy has grown significantly in the less than two decades since its shift from a centrally planned economy,

moving workers from the traditionally protected work environment, into informal, less protected work.

Thus far, 38,700 people have been registered in the capital Ulan Baatar and nearby ‘aimags’ or provinces, says Dandar Batmunkh of Mongolia's Ministry of Social Welfare and Labour. Of this, 53 percent are made up of men and 47 percent of women.

Of Mongolia's workforce of 932,500 people among its 2.5 million people, 126,000 people are estimated to be working in the informal economy, excluding agricultural workers and herders.

Thailand, whose street vendors are well known in the region, has the most advanced laws compared to Mongolia and Cambodia when it comes to the informal economy, though the country is not without its challenges.

Thailand's labour protection act of 1998 says that protection must be given to agricultural and home workers, said Sathaporn Charupa, director of the department of labour protection and welfare at the Thai Ministry of Labour.

“It is difficult to draft a law on the informal economy, but cooperation between employees and employers is important,” he explained.

Sathaporn cited figures that there are 2.5 million Thais in hired labour in agricultural sector and 500,000 home workers, but these numbers change depending on seasonal work.

Johanna Son

# Street Vending Eases Economic Pain

**Many Mongolians have turned to the informal economy to make ends meet, but authorities often see vendors as eyesores.**



ULANBAATAR-Janchiv Dolgor (not her real name), a mother of five, lost her job at a sewing factory here in the Mongolian capital after it closed down as soon as it was privatised in the mid-90s.

Finding other work was not easy. So with two physically challenged daughters and unemployed sons and daughters-in-law, Dolgor, now 59, was left with only one option – to start something on her own.

Luckily, she was able to borrow 1,000 U.S. dollars, at no interest, from a friend, and get permission from the city to set up a small kiosk next to a bus station in Ulan Baatar district.

“I’ve been running this vending business for five years now and it’s the only source of income for me, my children and their families. It feeds four families or 11 people,” Dolgor says, standing in a three-by-four square metre, aluminum-made kiosk decorated with Belgian chocolate and U.S. tobacco advertisements.

Her kiosk sells U.S. tobacco products by the cigarette. “Our earnings have been going down with the decline of people’s purchasing power”, Dolgor explains. “People cannot afford to buy a pack of cigarettes these days.”

Ninety-nine percent of consumers regard street vending as a source of income for Mongolians who were left with no jobs and very little social protection in the transition from a centrally-planned to market economy in 1990, says a 2005 study of street vendors by the Mongolian Cooperatives Training and Information Centre (MCTIC).

Estimates of the number of street vendors in Mongolia, a country of 2.5 million, are hard to make, but figures

of people in the informal economy range from 126,000 to 400,000. The informal economy accounts for 10 to 20 per cent of GDP.

Whatever the figure, these confirm that the informal sector has been helping to reduce poverty, which affects over one-third of the population.

Dolgor says that her earnings just about cover monthly expenses on food and electricity, water, heating and telephone bills.

Street vendors earn from 40 to 400 U.S. dollars a month. The flat tax rate of about 5 dollars for a licence or ‘patent’ hits the smaller vendors hard. As an owner of the informal entity registered with the city, Dolgor pays about 35 dollars a year to rent the land on which her kiosk stands, about five dollars a month for the “patent” and a little over five dollars for monthly garbage collection.

City authorities often question their sanitation, hygiene and methods of food product storage.

Vendors have to deal with fines for extending work hours, and fees for district anniversaries and events by policemen and district inspectors who conduct inspections under the guise of checking vendors’ compliance with the indicated work hours and sanitation rules.

“If I’m forced to move away, I wouldn’t know what to do, where to go and how to start again,” Dolgor says.

“The government is proud about managing to move the street vendors away from central locations, supposedly improving the city’s looks,” Sanjjav Baigalmaa of the MCTIC points out. “However, no alternative has been given to all those people who due to this action are being left without jobs.”

For Baigalmaa, the 2005 state policy on informal sector suffers from the old communist methodology of imposing central control. “The state has to bring its services as registration, social insurance coverage and setting health and hygiene standards to the vendors as the latter are too busy working 12 to 15 hours daily,” says Baigalmaa.

“The main idea of the policy of formalisation, registration and issuance of IDs is to bring social services and protection to those who work in informal sector and ensure safety of their working environment,” says Choijiljav Erdenechimeg of the Ministry of Social Welfare and Labour.

By Nomin Lkhagvasuren

# Vendors Fear City Hall, but Watch New Policies

*All eyes are on the government's attempts to encourage hawkers as a way to ease urban unemployment and wealth gaps.*



Street vendor Kadar

KUALA LUMPUR - Rain is what Kadar Sultan, a seller of the native dessert called 'chendol' on the streets, fears most. Next is City Hall.

"When they come they just take away everything -- cart, containers, ice cream and even the ice blocks," Kadar said, explaining his fear of losing his livelihood to the city's enforcement brigades who are after mobile street vendors.

'Chendol' - a mix of ground ice, cooked black beans, sugar, milk and some condiments - is a favourite of people on a hot day. But during the rainy season, Kadar's income drops significantly.

"On a good day, I can earn 30 ringgit (8 U.S. dollars). On a rainy day, it is nothing," he said. "I lose because I have to throw all the ingredients."

Kadar shares a room with four other street vendors -- and none of them have a fridge to preserve their ingredients. "It is too



Parameswary

enforcement brigades at least eight times in 20 years of vending in the streets.

"We have to pay a 300 ringgit fine (83.61 U.S. dollars) to get back the cart and utensils and daily rent for storage of the cart," he said. "Sometimes, utensils go missing."

"The pain is in the loss of income for at least a month," he added.

There are 60,000 street vendors in the city of two million people and unlike fixed stall owners, vendors pushing carts laden with food and other goods live a precarious life.

Unlike salaried workers, street vendors have no protection against sickness, old age or medical support. Welfare schemes like compulsory savings for old age, disability benefits and old-age insurance do not apply to them.

Since the 1998 financial crisis and the economic slowdown, thousands of low-paid workers lost their jobs and many ended up as street vendors.

Among them is M Parameswary. "I lost my job in 1999 and took to vending cut fruits," she said. "It is a difficult job that demands my full attention," added the mother of five. "I always worry about the enforcement people coming around to nab me."

The city supports 48,000 licensed hawkers but an equal number are believed to be unlicensed.

After years of neglect and harassment, government policy toward street vendors has changed dramatically.

Prime Minister Abdullah Badawi's government recognises that hawkers are micro-enterprises of the poor that provide valuable services to other urban poor and the higher income population. The annual turnover of this informal sector is estimated at two billion ringgit (526.3 million dollars).

"Successful micro-enterprises not only break the cycle of poverty for their own families but also create employment opportunities within their communities," said Kuala Lumpur mayor Ruslin Hassan. "We prefer that vending is done in hawker centres that are fully equipped with water, electricity and other facilities," he added. "Our policy is to get mobile vendors into food courts.... it is a slow process."

Prime Minister Abdullah Badawi favours licensing and legalising hawkers as a way to address growing unemployment and income disparity among the urban population. "The poor who sincerely want to make a living in towns must be given the opportunity to become self-employed, including as hawkers and petty traders," he said recently.

But "often, street vendors are seen as pests by the authorities and they are constantly harassed," said S Arulchelvam, secretary general of the Socialist Party of Malaysia. "Official policy is designed to control, not to help and regularise."

Baradan Kuppusamy

# Silent Service Providers

**There are some 10 million street vendors across India, creating employment for themselves. But the law isn't always their ally.**

MADURAI, India - For nearly two decades, 45-year-old Tamil Selvi has been rendering a silent service from the dusty corner of a street in a residential area of this small town in Tamil Nadu state in south India.

At the crack of dawn, she sorts and buys vegetables at the central market downtown. On average, she carries 15 kilogrammes of goods daily and reaches her rickety makeshift stall by 6 a.m.

She keeps to this schedule unflinching, allowing housewives and working women in her community the opportunity to make quick, small and emergency purchases from her stall. She earns 60 to 90 Indian rupees daily to support her family of two daughters, a son and an aged mother.

But when the road in the area was being cemented, the residents' welfare association found her an obstruction, and asked her to vacate.

When Tamil Selvi's stall disappeared, however, the same association members who had asked her to leave wanted her back, because they missed the convenience of having her stall nearby. She returned to her spot after paying 500 rupees to the authorities.

Ashok Kumar, an artisan from Rajasthan state, excels in making terracotta and papier mache statues and other home decorative products. But he is too poor to afford a permanent shop. He moves from area to area with his wife and four children, a widowed sister-in-law and her three children.

"If the stock doesn't move, we move on," he says. His wife says that only during festival seasons can they earn more than 500 rupees a day. "On other days, if even one piece between 25 to 100 rupees goes, we feel happy," she says.

From edible and perishable items to household goods, electronic items,

clothes, hosiery, leather and plastic items and hundreds of other small and big consumer items – one finds an incredible, fascinating mix of merchandise on big Indian road bazaars. They have no legal sanction, yet they flourish with the consent of the seller and the buyer.

This is the huge unsung family of street vendors, constituting two percent of the metro population. They provide cheaper commodities to the urban poor and a low-cost, decentralised and highly efficient system of distribution. They are a large visible band, but their contributions remain invisible.

Life is definitely not easy for the 10 million-odd street vendors or hawkers in India, many of them in big cities like Mumbai, Kolkata, Delhi and Bangalore.

"They are covered by a multitude of laws, from municipal, traffic and criminal to railway and other acts covering parks and public spaces. They are not recognised as workers and hence have no protection of their rights," well-known activist Renana Jhabwala of the Self Employed Women's Association (SEWA) says in her essay 'Roles and Perceptions of Street Vendors'.

K Thilagam, a member of a voluntary group trying to regularise street vending, asserts: "The government has failed to provide them jobs. So at least allow them to create a natural market on their own." While the Indian government is drafting a national policy that aims to protect vendors' basic rights, each state has different laws. While the West Bengal government amended a section of the Kolkata Municipal Act to make street vending illegal and punishable, the Tamil Nadu government – generally considered as one of the progressive states – at least considers the street vendors as labourers.

"Even though they have been denied rights, there is at least an attempt to integrate livelihood dependent street food vending in town planning," observes Thilagam.

Soma Basu



*Tamil Selvi (left) is back at her vending spot.*

# Small Steps, Big Difference

In Cambodia, as simple a step as having basket weavers sit on a stool instead of on the floor drove away their recurrent backaches. In Can Tho in the Mekong Delta in Vietnam, farmers switched to pesticide sprayers that sprayed the chemicals behind them -- instead of in front of them -- in order to reduce exposure to fumes.

These are small steps in what labour experts call 'work improvement' that are making a big difference in occupational safety and health in several countries in East Asia, where the informal economy accounts for sizeable chunks of economic activity and livelihood for a growing number of people.

"All improvements carried out are the workers' own ideas. They apply the (safety) checklist and make improvements," Tsuyoshi Kawakami, senior occupational safety and health specialist at the International Labour Office, says in an interview.

The labour experts and specialists involved in the training schemes are "not teachers, they are just facilitators" because "the workers need to be at the centre," he stressed.

In the health and safety training, workers are trained to observe their work place and spot unsafe practices, layouts and procedures, and then to work in improvements.

Often these are things like using wheeled contraptions to carry goods instead of lifting overly heavy loads, using bigger wheels to make transport faster, labeling pesticide bottles in local languages (the names are usually in English) and locking them, or providing rest and sanitation facilities.

As the informal economy grows, work environments have changed from being confined to factories and

assembly plants to homes or small enterprises, where there are often substandard conditions and work hazards. Increased mechanisation has reached small farms, where there is not enough information about safe work environments and procedures.

Efforts to improve occupational safety and health and working conditions have had to follow this shift in a more globalised economy as well -- into homes, construction sites, salt fields and fishing villages in countries ranging from Cambodia, Laos, Mongolia, Thailand and Vietnam.

Equally important, however, is how the workers learn about the improvements they can make. Kawakami says the direct involvement of workers -- who are trained to use checklists in their work environments and discuss what they can do -- is crucial to the programmes, underway in Asian countries.

The work improvement programmes in Cambodia, Mongolia and Thailand, supported by the ILO Informal Economy, Poverty and Employment project, are the Work Improvement for Safe Homes (WISH) for home-based workers, Work Improvement in Neighbourhood Development (WIND) for agricultural workers and Work Improvement in Small Construction Sites (WISCON) for construction workers.

A total of 1,765 participants, of whom 48 percent were women, have taken part in training under these three programmes since they started in Cambodia in 2004. In Mongolia, this number reached 460 as of March 2006 -- and

72 percent of them were women.

But what's important is that the people learn the skill to do this themselves and to train other people to do the same. "In health and safety training, people really make changes for themselves and gain confidence because they say 'we can do these with our own ideas,'" he adds. "It gives them more voice."

The training approach focuses on what works, instead of showing workers what is wrong -- what Kawakami calls the "good example approach". Specialists go around an area in the same country where training is planned to look for real examples of how improvements made a difference -- all in pictures, which have the most impact in training and which people can readily identify with.

Also a medical doctor, Kawakami explains that the improvements that the workers make do not need to be perfect overnight, but the important thing is that they go through the process and make step-by-step improvements. Follow-up visits are also made to see the impact of the work improvements.

Experience in the safety and health training programmes has shown that significant improvements need not be expensive, complicated or involve huge chunks of machinery, he adds.

Asked if small business owners and employers resist the work improvement measures, Kawakami points out: "That's not true. This is good for the employees, makes them more productive, and it's also good for efficiency and protection. It's good for business -- there is safety and health, productivity and low cost."

Sharing tools for work improvement also has a human rights benefit. It gives workers more say in their own livelihood and environment, and increases their negotiating power vis a vis their employers and others. Says Kawakami: "To me, it's a kind of grassroots democracy."



Johanna Son

ILO's Kawakami'