



# Women in Informal Employment: Globalizing and Organizing

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## Informal Economy Budget Analysis in Brazil, Pakistan, Peru and Philippines



# WIEGO Urban Policies Research Report Series

The global research-policy-action network Women in Informal Employment: Globalizing and Organizing (WIEGO) launched this dedicated urban policies research report series in October 2009. The series profiles content that makes either an empirical or theoretical contribution to existing knowledge about the urban working poor, their living and work environments and/or their organisations. Particular attention is paid to examining policy and planning paradigms and practice. The series includes statistical profiles of urban informal work and critical analysis of data gathering techniques. Attention is paid to methodological issues and innovations as well as suggestions for future research. All papers are peer reviewed. This Series is co-ordinated by WIEGO's Urban Policies Programme Director, Caroline Skinner, who is based at the African Centre for Cities at the University of Cape Town.

This paper 'Informal Economy Budget Analysis in Brazil, Pakistan, Peru and Philippines' was commissioned by WIEGO under the Inclusive Cities Project.

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# Abbreviations and acronyms

ALEGRA	Asistencia Legal Gratuita
CIWCE	Centre for the Improvement of Working Conditions and Environment (Philippines)
DNPP	National Public Budget Administration (Peru)
DOLE	Department of Labour and Employment (Philippines)
DSWD	Department of Social Welfare and Development (Philippines)
EEP	Empreendimentos de Economia Solidaria (Brazil)
EMMSA	Municipal Market Enterprise (Peru)
GDP	Gross domestic product
HDI	Human development index
LGU	Local government unit (Philippines)
LOA	Lei Orçamentária Anual (Annual budget law) (Brazil)
MINTRA	Ministry of Labour and Employment Promotion (Peru)
PNMPO	Programa Nacional de Microcrédito Produtivo Orientado (Brazil)
PROGER	Programa de Geração de Emprego e Renda (Brazil)
PSDP	Public Sector Development Plan (Pakistan)
RMBH	Metropolitan Region of [Grande] Belo Horizonte
SINE	National System of Employment (Brazil)
SLU	Superintendency of Public Cleaning (Brazil)
SME	Small and micro-enterprise
TESDA	Technical Education and Skills Development Authority (Philippines)
UNDP	United Nations Development Programme
WIEGO	Women in Informal Employment – Globalizing and Organizing

# Introduction

This paper brings together the findings from four country papers on informal economy budget analysis commissioned by Women in the Informal Economy – Globalizing and Organizing (WIEGO). The four country papers built on research done several years previously. The previous research examined how budgets of national government, KwaZulu-Natal province and eThekweni (Durban) municipality in South Africa assisted or hindered different types of workers in the informal economy.

Informal economy budget analysis draws inspiration from gender-responsive budgeting initiatives and participatory budget initiatives. Gender-responsive budgeting initiatives take many forms and can involve diverse actors. However all the initiatives have the underlying question as to how government budgets differentially address the needs and interests of women and men, girls and boys. Participatory budget initiatives provide opportunities for ordinary citizens and/or representatives of organised groupings, to participate in decision-making around how government budgets are allocated. They can also involve citizens and group representatives in implementation and monitoring of projects for which budgets have been allocated. Informal economy budget analysis draws on gender-responsive budgeting in asking how government budgets address the needs and interests of different groups of informal workers. It also investigates what opportunities exist for informal workers or their representatives to participate at different stages of the budget process.

Country papers were developed for Brazil, Pakistan, Peru and Philippines. Criteria for choosing countries were:

- WIEGO must have an affiliate in the country, or close links with an organisation that works with informal economy workers and that is interested in using the budget research in advocacy and organising.
- WIEGO, its affiliate or other contacts must be able to identify local researcher/s who can do the research. The researchers need not be budget experts, but must be comfortable with numbers and have some knowledge of government policies and about the informal economy. The researchers must be prepared to help the informal economy worker organisation understand what they have written.
- The country must ideally have some level of real decentralisation of functions and budgets to the sub-national level.
- Budget information must be publicly available.

The country researchers who undertook the studies were Ana Paula Salej in Brazil, Khawar Mumtaz and Nadia Saleem in Pakistan, Lisette Aliaga Linares in Peru, and Florencia Casanova-Dorotan, assisted by Phoebe Cabanilla, Maria Corazon Tan and Maria Antonette Montemayor in Philippines.

Each country paper focused on two or three types of informal economy workers as case studies. In choosing these types, researchers were asked to give preference to home-based workers, street vendors and waste pickers as these three groups form the focus of WIEGO's Inclusive Cities Project. Additional criteria included the number of this type of worker in the local economy, the extent to which the workers are organised and members of the WIEGO affiliate, and the proportion of the type of work that is female. In each country, the research covered all levels of government (national to local) in respect of functions that affect informal economy workers. To make the scope manageable and the information more specific, each paper focused on a single municipality or city and covered that municipality's or city's budget as well as the budgets of higher levels of government that include the municipality or city.

This composite paper has three aims. Firstly, it summarises the findings of the four country studies. Secondly, it describes the way in which the planning and budgeting processes in the four countries provide for public participation. Thirdly, it reflects on learnings from the experiences of and approaches used by the four researchers and how these might inform future attempts to conduct informal economy budget analysis.

# Background on the four countries

## Population, poverty and labour force profile

All country papers include a description of the overall population size, size of the economy, poverty (and sometimes also inequality) statistics, and labour force statistics.

Table 1 below gives key indicators extracted from the Human Development Report 2007/08 (United Nations Development Programme (UNDP) 2007). These indicators, although published in 2007, generally refer to estimates for 2005 or the most recent available data before 2005. The indicators are often contested by the countries concerned. Because the UNDP indicators are meant to be calculated using standard methodologies we use them here rather than the estimates in the country reports, so that they are as comparable as possible.

### Comparative indicators for the four countries

	Human development index rank	Gross domestic product per capita US\$	Population 2005	Urban %	Gini coefficient	Unemployment rate
Brazil	70	8,402	186.8	84.2	57.0	8.9
Pakistan	136	2,370	158.1	34.9	30.6	7.7
Peru	87	6,039	27.3	72.6	52.0	11.4
Philippines	90	5,137	84.6	62.7	44.5	7.4

In terms of population, our sample consists for the most part of very large countries. Two of the countries have over 150 million inhabitants, Philippines is recorded as having 84.2 million. Peru, the smallest, has 27.3 million.

The table shows that all countries except Brazil are ranked as medium human development in that their human development index (HDI) is 0.500 or more but less than 0.800. Brazil, with an HDI of exactly 0.800, is ranked as high human development. Rankings on the HDI range from 70 for Brazil to 136 for Pakistan. The gross domestic product (GDP) per capita ranking follows that of HDI, with Brazil at US\$8,402 and Pakistan at US\$2,370. The inequality ranking as measured by the Gini coefficient mirrors, but in reverse, the wealth ranking with Brazil – which is the wealthiest country – the most unequal, while the poorest country, Pakistan, is the least unequal. The Brazil country report claims that inequality has decreased in recent years in that country, with the Gini at 53.0 in 2007 whereas UNDP reports a Gini of 57.0 for several years earlier.

The urban-rural split similarly follows the wealth ranking, with 57% of Brazil's population in urban areas, compared to 31% in Pakistan.

Unemployment rates do not follow the patterns of other indicators in that Peru has the highest rate recorded, followed by Brazil, while Pakistan and Philippines have similar, and lower, rates. Poverty can thus not be blamed on unemployment. Indeed, it could be that poverty forces more people to search for work in the poorer countries.

All four country papers report relatively healthy economic growth rates over recent years. Several warn that the international economic crisis is likely to reverse this trend in coming years. The Philippines paper reports that at national level the total budget has been increased by 15% for 2009, after a real decrease between 2007 and 2008, in an effort to compensate for the crisis.

For the poverty rates, we rely on the statistics in the country reports as each country has its own official measures. In Brazil, the percentage of the population reported to be living in extreme poverty fell to 4.2% in 2005, but this left 7.5 million Brazilians in households with per capita income of less than a dollar a day. In Pakistan, according to official statistics the percentage of the population living in poverty fell from 34.5% in 2001/02 to 22.3% in 2006/07. The statistics for the latter year have, however, been strongly contested, with critics arguing that the sampling was flawed. In Peru 39.3% of the population was reported to be living in poverty in 2006. In Philippines, the official poverty rate was 26.9% in 2006, with 4.7 million families living in poverty.

Several country reports note that the urban poverty rate – either for the country as a whole or for the chosen city – is noticeably lower than the rural or national rate. This is relevant for our purposes to the extent that the reports focus on urban municipalities. However, there are often stark disparities in wealth within any given city, and informal workers will generally be concentrated in certain districts in terms of residence, although not necessarily in terms of where they work. Further, some of the focus cities include peri-urban and more rural areas.

## Defining informal

Table 1 on the previous page does not include indicators on informal work as the UNDP report includes an informal indicator for only three of the four countries. This section explores informality, and the different indicators, in some depth given both its centrality to this project, and the differences in how countries define and measure informal.

As its name indicates, WIEGO's interest is in informal employment, or what is elsewhere referred to as the informal 'economy'. This is often confused with the concept of the informal 'sector'.

The informal sector is defined on the basis of the characteristics of the enterprise, while the informal economy is defined on the basis of the characteristics of the individual worker. In national accounting terms, formal enterprises are distinguished by the fact that they have accounts that are separate from those of the household i.e. they are separate 'enterprises'. In terms of workers, within the informal sector one can distinguish both owner-operators and employees. Some owner-operators work alone, i.e. they are 'own account' workers. Others employ others to work alongside them. Those who have only unpaid family members or casual paid workers working alongside them fall somewhere in between own account workers and employers. Further complicating neat definitions, men are more likely to be named as the owner-operators while women doing equivalent work in the same businesses are named as unpaid family workers. The International Labour Organisation defines the self employed as including employers, own-account workers, unpaid family workers and members of producers' cooperatives. However, statistical agencies, governments, researchers and others often use the terms differently from their strict definitions.

Virtually all workers in the informal sector are likely to be part of the informal economy in that their work characteristics will usually not qualify them as formal economy workers because they will not have access to secure work and social protection. However, informal economy workers can also be found in formal enterprises. The term informal economy is thus a wider one than informal sector.

For statistical purposes the concept of informal sector can be operationalised in several ways, including on the basis of the number of regular employees of the enterprise, and whether the enterprise is registered at national government level. The concept of informal economy is operationalised by asking questions about the nature of the worker's job, such as whether they have a written contract and whether they have access to specified benefits such as social security. The characteristics used to operationalise the concept vary across countries even more than the variation in respect of informal sector. And fewer countries produce statistics on informal economy than on informal sector.

The situation is further complicated by the fact that some countries exclude the agricultural sector when defining the informal sector, and some also exclude domestic workers.

**Brazil** stands out among the case study countries as having a definition of informal economy that neatly links with the law. In particular, the informal economy links neatly with the 1943 *Consolidação das Leis do Trabalho* which governs labour relations in the country and which provides for basic conditions of work and rights. Formal workers are those who have their employment contract registered in a *Carteira de Trabalho*, which serves as the contract between the employer and the worker and also gives access to labour-related social benefits. The informal economy in Brazil can thus be defined as including all employees without registered employment contracts, plus the self-employed. In 2008, 28.9% of all people employed in the focus metropolitan city of Belo Horizonte were informal workers – with those working without a *Carteira de Trabalho* in the private sector accounting for 12.2% of the total and self-employed for 16.7%.

An alternative definition of the informal economy would be based on welfare contributions. All workers with a *Carteira de Trabalho* are automatically covered in respect of welfare contributions. In addition, self-employed workers can choose to make contributions on their own behalf. On average across six metropolitan areas of Brazil, 20.7% of self-employed workers were found to make welfare contributions on their own behalf.

In **Pakistan**, official statistics define the informal sector on the basis of the number of employees of the enterprise. Agriculture is excluded, but paid domestic employees and family members producing goods for own final use (i.e. subsistence workers) are included. Activities carried out as secondary jobs are not considered as the sector is defined in terms of the main activity of employed persons. (This is probably also true of other countries but is not specified in the country reports.) In 2007/08, agriculture accounted for about 45% of employment, and the informal sector accounted for 73% of non-agricultural employment, and contributed 36.8% of GDP. Almost 91% percent of documented informal sector workers were male. No women were recorded as employers, and women unpaid family workers account for only 1.9% of all informal sector workers, women self-employed for only 2.5 %, and women employees for only 4.8 %. The low presence reflects both definitional problems and socio-cultural constraints as well as gender biases and flaws in sample design and data collection methods. Thus many working women remain uncounted because their work is not 'seen' and recognised.

In **Peru**, the informal sector is defined as including employees, employers and self-employed people working within non-registered economic units with less than 10 employees. Independent professionals are excluded. Agriculture is included in the definition, and accounts for 31.9% of informal sector workers. Household (or domestic) workers are also included and account for 3.8% of informal sector workers in the country as a whole, but 11.6% in the focus city of Metropolitan Lima.

In the **Philippines** official statistics define the informal sector as 'unincorporated' enterprises with fewer than ten regular (paid) employees. Agriculture is included. In 2005, 76.3% of employed people (24.6 million people) were in the informal sector using this definition, and the sector produced 43% of the country's GDP.

# The case study cities and workers

As noted above, each research team was asked to focus on one city in the country and trace how the national and lower-level budgets, down to the city or below-city level, might affect informal workers. The team was also asked to select two or three types of informal workers and use them as case studies. This approach was chosen because of the wide diversity among informal workers, and the knowledge that their situation and needs could differ considerably.

## The selected cities

Unsurprisingly given the size of their populations, each of the four countries has several levels of government. The number of levels, the functions allocated to each, and the level of control over budgets differ across countries. The country teams also differed in terms of the relative size of the ultimate geographical unit on which they focused.

**Brazil** has three levels of government – federal, state and municipality. There are 26 states and 5,564 municipalities. The unit of focus for this team was the city of **Belo Horizonte** in the state of Minas Gerais. Minas Gerais is situated in the wealthy and densely populated south-east region of the country. Belo Horizonte, the state's capital, has a population of 2,412,937, with an even bigger 4,939,053 inhabitants in the legally defined Metropolitan Region of [Grande] Belo Horizonte (RMBH) in 2007. RMBH consists of 34 municipalities, and the research focused on the city as a whole rather than one of its sub-units. In 2008, women accounted for 46.0% of all employed persons in RMBH, but 58.7% of the unemployed. Most (59.2%) of the employed were in enterprises with 11 or more people, 5.9% in enterprises with 6-10 employees, and 35.3% in enterprises with five employees or fewer. The percentage of employed people who made welfare contributions was 68.2%.

**Pakistan** has four provinces, each of which is divided into districts. The districts form the top tier of the local government system, with *tehsils* (administrative divisions) forming the middle tier and union councils the bottom tier. Large metropolitan areas are designated as city districts, and are divided into towns (equivalent to tehsils), which are further divided into union councils. In each tier of the local government, one third of the seats are reserved for women, with further seats reserved for peasants and labour (i.e. employees). Each union council is further divided into villages each of which has a population of about 5,000.

Punjab, the largest province, contains more than half of the population of the country. It has 35 districts. Lahore, with a population of over 12 million, is a city district with nine towns. The research team chose **Shahdara neighbourhood of Ravi Town** within Lahore as the case study for the research because it contained all three types of workers suggested by WIEGO. The neighbourhood does not have its own budget, and Ravi Town has minimal money, so the main focus was on the district and federal budgets.

**Peru** is divided into 26 regions, 196 provincial municipalities and 1,282 district municipalities, each with their own budgets. As the capital city, Metropolitan Lima's jurisdiction corresponds to the province of Lima. **Metropolitan Lima** is, in turn, composed of 43 district governments. Metropolitan Lima contains more than a quarter of the country's population.

The fact that the Peru study covers such a big area means that there is considerable variation within the local government area covered. Inter-district differences in policies and budgets are not explored in any detail but the report notes that the socio-economic composition of each district is likely to affect whether and how the needs of informal workers are addressed. So, for example, peripheral districts may be more willing to incorporate informal entrepreneurs in policy making since they are residents and sometimes also work in these communities. In contrast, central district areas may have a demand for informal services such as those of domestic workers but will often not be open to addressing their needs as the workers are not residents.

In 2003, 58.2% of employed people in Peru were self-employed (but not employers), with the percentage dropping to 44.4% for urban areas. In Metropolitan Lima, in 2008/09 34.3% of the economically active were self-employed, employers or unpaid family workers.

**Philippines** is divided into 17 administrative regions with local government units (LGUs) under them totaling to 81 provinces, 120 cities, 1,509 municipalities, and around 42,000 *barangays* or villages. The National Capital Region is often referred to as Metropolitan (Metro) Manila, and is composed of sixteen highly-urbanized cities and one peri-urban municipality. The focus city for the research was **Quezon City**, which is the largest LGU in terms of both land area and population within Metro Manila. Quezon City is further sub-divided into *barangays* (villages), but the research focused on the city and federal level budgets.

## The selected types of workers

Table 2 shows which types of workers formed the focus for each of the four country studies. All four countries covered both street vendors and waste pickers. The waste pickers in Pakistan were, however, unusual in that they consisted of a community of refugees from Afghanistan rather than Pakistani workers. The analysis below reveals that Pakistan was also the only country in which the waste pickers had not formally organised themselves and had no positive links with the local government.

Two countries – Pakistan and Philippines – covered home-based workers. In Pakistan, the focus is on home-workers i.e. those who do ‘putting out’ work on contract to intermediaries. In Philippines the focus is on home-based workers more broadly defined i.e. home-workers as well as self-employed workers.

### Types of workers by country

	Brazil	Pakistan	Peru	Philippines
Household (domestic) workers			✓	
Home/home-based workers		✓		✓
Street vendors	✓	✓	✓	✓
Waste pickers	✓	✓	✓	✓

Peru chose one group outside the preferred WIEGO categories, namely household workers, given that they constituted the second largest occupational group in the city and are predominantly female. These are the workers who in other countries would be called domestic workers or housemaids. The Peru report preferred the term household workers in line with the workers’ stated preference based on a feeling that the word ‘domestic’ implies domestication while terms such as ‘housemaid’ are also demeaning.

Each of the country reports discusses each of the selected focus types of worker. In Pakistan the researchers conducted a small survey of 61 workers that included workers from each of the three groups. In the other countries the discussion of the worker types is based on literature and interviews with representatives of worker organisations.

Several of the reports are able to give estimates of the numbers of workers in each of the groups, whether in the country as a whole or the focus city. These estimates typically come from household surveys or censuses.

The Peru report highlights the difficulties in obtaining accurate data on waste pickers. It contrasts the estimate of 995 informal waste pickers in Metropolitan Lima from a 2007 household survey with the census 2007 estimate of 3,444 waste pickers of whom 1,875 did not have access to health insurance.

It further contrasts these estimates with the estimate of 17,600 informal waste pickers from a specialised study that based the estimate on the volume of waste collected. The report points, in particular, to the fact that many waste pickers do not live in households and will thus not be captured in household-based surveys and censuses.

In Brazil, the official estimate for 2006 is that there were 228,569 waste pickers in the country, of whom 67% were male. In Philippines, there are an estimated 50,000 street vendors in Metro Manila, most of whom are unregistered. For Pakistan we have no estimates of the number of waste pickers either in the country or in Shahdara. For the Shahdara groups, any method of collecting estimates would face the challenge that the men pickers deny that the women in their households are doing this work despite their being clearly evident at the sites.

## Organisation and participation in planning and budgeting

All the country reports describe organisations of the case study groups of workers. All reports also have some discussion of opportunities for civil society participation in the budget process, as well as how informal worker organisations are recognised by and benefit from government budgets. These two topics are discussed together in this paper because of the strong links between them, especially in those countries where government is encouraging organisation of workers. The discussion in this section of government initiatives in respect of the chosen worker types is not always comprehensive, and further information is found in the later budget analysis section of this report.

**Brazil** is relatively advanced in terms of both organisation and recognition by the authorities.

Waste picker organisation in Belo Horizonte started in the late 1980s, with support from the Belo Horizonte Archdiocese. The Waste Picker's Association, ASMARE, was established in 1990, with an organisational form resembling that of a cooperative. Up to 1993 the relationship of ASMARE and the municipality was characterised by conflict and mistrust. After 1993, when the Workers Party was elected, the city's sanitation agency, the Superintendency of Public Cleaning (SLU) began implementation of an integrated solid waste management system which promoted waste selection at source. A formal agreement was signed with ASMARE and the first recycling containers were introduced in the same year. Further development followed in subsequent years, with a further 12 waste pickers' cooperatives being formed and receiving different types of support from the municipality. 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.

In terms of street vendors, the Brazil report distinguishes between vendors in popular malls, vendors at fairs, and food vendors. In 2007, 2,415 workers worked as registered vendors across six popular malls established by the municipality in central Belo Horizonte. A sample survey found that about 30% of workers were women. A further 2,444 workers exhibited at the five weekly fairs organised by the municipality in the central city, with 69% of the workers being women.

In 2005 a municipal department was created to coordinate and administer the popular malls. The management of the malls is done by a council which includes a representative of the popular

entrepreneurs. The department wants to encourage formalisation and in 2007 ran a series of workshops called *Legalize Já* (legalise now) in which they brought together the revenue authorities, a bank and organizations that give support to micro- and small entrepreneurs. In 2009 the department was planning to promote discussions about cooperatives among the vendors.

Craft exhibitors in Belo Horizonte have also formed at least five organisations, but these are divided and there is conflict between them. There are at least two organisations of food vendors that negotiate with the Municipal Secretary for Food Supply. There are also municipal-level vendor associations in many market places.

In **Pakistan**, there is very little organisation of informal workers, especially women informal workers. Several organisations have, however, made attempts to organise these workers, with the focus on home-based workers. The country also has a draft policy on home-based workers.

The waste pickers in Shahdara collect and sort solid non-organic waste from streets, markets and neighbourhood dumps. According to municipal officials, collecting waste from the roadside or city dumps is not permissible but since the city government has inadequate waste collection and disposal capacity, 30% of the waste generated by the city is collected by the pickers.

The pickers surveyed reported having to pay for collecting waste from the weekly bazaars (flea markets) set up under a government scheme to provide cheaper goods to residents by providing free space to sellers. The bazaars are organised by voluntary market committees nominated by the *nazim* (mayor). It is these organisers who are charging unofficial commission from vendors and also from waste collectors.

Men vendors in Shahdara include those who sell goods on foot, from hand- or animal-driven carts, and from bicycles. Women vendors in Shahdara were found only in the government-initiated weekly bazaars that are held on Tuesday, Fridays and Sundays. As noted above, it is common practice for market committee members to demand unofficial payments from vendors. The committee members also monitor the quality of goods and their prices.

In terms of budget participation, a government ordinance of 2001 states that at least 25% of the development budget of each level of local government – union council, tehsil/town and district – must be spent through Citizen Community Boards. These boards, which can be already existing non-government organisations, are made up of non-elected (or self-elected) groups of citizens who set themselves up and register with the union council. The CCBs develop proposals that relate to development or improvement of service delivery and are meant to be involved in design of the project, implementation, management and monitoring. It is unlikely that informal women workers would be involved in these boards given their low social status and the social restrictions on women's public engagement.

In **Peru**, there is both strong organisation and a range of government initiatives, some of which are covered in this section while others are described in the later sections of this report.

Organisation of street vendors dates back to the mid-1950s. Currently the Metropolitan Lima Federation, Fedeval, works closely with national trade union federations. Street vendors are recognised by a Supreme Decree of 1991, which also suspended confiscation of merchandise. A Metropolitan Lima Ordinance 1985 states that each district municipality should have a Mixed Commission to discuss policies for the sector and that half of the payment of *sisá*, a municipal tax for the use of public space, should be paid into a fund of assistance to street vendors. These regulations have, however, not been effectively implemented or enforced. Thus districts continue to collect *sisá* but few if any districts or municipalities in Metropolitan Lima have commissions or funds of assistance.

There are also organisations that aim to promote formalisation of street vendors and vendors in roofed markets, such as the Confederation of Street and Market Vendors' Organizations of Lima. Some initiatives,

such as the Broad Front of Autonomous Ambulatory Workers, promote group saving as a way of guaranteeing temporary permits to work while accumulating enough resources to finance a roofed market project.

The National Union of Household Workers in Peru, Sintrahogarp, was formally established in 2006 and is affiliated to the national trade union federation. Household workers' main concern is the publicising and enforcement of the Law of the Household Worker of 2003. In 2009 the Ministry of Labour estimated that only 15.9% of household workers in Metropolitan Lima worked the prescribed 48 hours a week or less. A study by the Ministry of Women and Social Development estimated that almost 28% of household workers had been victims of sexual harassment.

Waste pickers in Peru are currently working towards the approval of the Waste Pickers' Law, which was presented to Congress in 2008. This law provides for recognition of their occupation, access to housing and social security, as well as access to cheap credit and training. The Movimiento Nacional de Recicladores del Perú was founded in 2008. Its objectives include associating pickers into small enterprises and controlling working routes and procedures. The Law of Solid Waste Management of 2000 and Ministry of Health Resolution of 2009 recognise waste picker associations as enterprises and state that provincial municipalities must organise, regulate and supervise their formalisation process.

In terms of participation in budget-making, the National Public Budget Administration (DNPP) is responsible for issuing instructions on how the participatory process should happen, but participation happens at local government level. The law on participatory budget of 2004 mandates provinces and districts to have a participatory budget process for prioritisation of investment projects. Funding for the projects comes from public sources as well as from non-public sources. The public sources include funds from the Ministry of Women and Social Development as well as money that remains within the local government budget after fixed expenses such as personnel, social obligations, general services and debt payment have been deducted.

An open call is issued inviting participation of residents in the area. Participation is not restricted to representatives of organised groups. Registered participants are instructed on the purpose and procedures of the participatory process and attend a set of workshops in which they contribute to a general socio-economic analysis of the situation and are introduced to the criteria for prioritising projects. The scoring system used evaluates whether projects are in line with the development plan, target vulnerable groups, encourage the use of local resources, and fulfill other development objectives. After summing the scores, a list of prioritised projects, with a cost estimate and basic description, is presented to the DNPP. The process concludes with the signing of an agreement as to which projects have been prioritised and nomination of participants to the Regional/Local Coordination Council, which brings together representatives of government and civil society. At least 40% of members of these councils must be representatives of civil society elected for a period of two years. A committee is also established to supervise execution of the prioritised projects within the allocated budget.

Between 2007 and 2009, the number of projects covered by the participatory budget in Metropolitan Lima increased from 30 to 52 and the amount increased from S/8.6 million to S/310.0 million. In 2009, the amount covered by the participatory budget was greater than the total regional budget. However, not all projects approved in the participatory budget are necessarily implemented in that budget year. Thus, between 2007 and 2009 only two projects of interest to the informal economy were implemented. Both were linked to a project providing technical training to poor youth. Other projects that were approved in 2007 and 2008 but not yet executed included construction of production workshops for small entrepreneurs and diagnosis of the economic clusters in the city.

Between 2006 and 2009 the number of participants in the participatory budget increased from 76 to 142. Informal worker organisations' participants increased from 2 to 7. The report suggests that the fact that informal workers such as vendors and waste pickers are seen as a burden by other citizens would mean that their projects are not likely to be prioritised.

In **Philippines**, the Social Reform and Poverty Alleviation Act of 1997 recognises informal workers as one of the 'basic sectors', where basic sector refers to disadvantaged groups within the society. Executive Order 452 of 1997 was intended to prevent vendors being evicted from the workplaces and demolition of their stalls provided that they comply with national and local laws and ordinances. The law also encourages vendors to form associations and encourages LGUs to provide vending sites around municipal halls and other vacant government spaces.

Waste pickers were first organised by the Women's Balikatan Movement. The *Linis Ganda* programme, founded in 1993, provided for a formalised system of waste pickers and itinerant buyers of recyclables working for a specified intermediary in the City of San Juan. There are now cooperatives in each of the 17 cities and town that comprise Metro Manila, including the 897 intermediaries and approximately 1,500 waste pickers. Each waste picker has a fixed route on which to purchase source-separated recyclables from households and schools. Waste pickers affiliated with the programme recover 4,000 tons of recyclable materials per month. The cooperatives can obtain low-interest and collateral-free loans from the Department of Trade and Industry and from the government-owned Land Bank of the Philippines.

In 1993 waste pickers at the Payatas dumpsite in Quezon City organised themselves into the Payatas Scavengers' Association. The association's programmes and services for members include a savings and credit programme for upgrading their recycling activities, several programmes targeted at working children, and a land and housing programme. Some of these activities involve negotiation and collaboration with government agencies.

PATAMABA, or Pambansang Tagapag-ugnay ng mga Manggagawa sa Bahay, is an organisation for home-based workers. In 2009 its Quezon City chapter had 175 members, of whom 140 were women. PATAMABA has facilitated membership in existing government and non-government social security systems for members, and assisted members to set up savings scheme from which contributions to social security are deducted. The LGU does not provide any assistance for these efforts.

PATAMABA does, however, have other links with the LGU. Thus the organisation is recognised as an informal sector organisation by the Office of Quezon City Mayor Sonny Belmonte. As an accredited organisation, it receives grants from the local government; the members are regular participants in the LGU's trainings; the members' children benefit from the local government scholarship programmes; and members are able to access loan facilities from local and international donors or agencies. Members have also been recognised as representatives of home-based workers in the Gender and Development Council of Quezon City. PATAMABA was also given a desk at the Public Employment Service Office of the city.

## Approaches to the budget analysis

### Scope

The country papers differ in what they include when analysing budgets and policies benefiting informal workers. At one extreme, the Philippines study includes all departments that have a strong poverty alleviation component for the national budget analysis. The focus in the Philippines paper is thus on informal workers and the poor more generally. The Peru paper also includes discussion of the cross-sector Crecer National Strategy which focuses on poverty alleviation. This focus is introduced for two reasons. Firstly, its focus on poverty means it could be relevant for informal workers. Secondly, Crecer budgeting is meant to follow the Budget by Results Law of 2008, which aims at better integration of planning and budgeting. Local governments, while not included in the Budget by Results Law, are encouraged to develop activities that can complement these efforts using participatory approaches.

Other country papers tend to have a narrower focus, but include some references to how broader programmes and budgets affect informal workers. For example, the Pakistan report notes that electricity load-shedding was among the key complaints of home-workers interviewed.

The Brazil and Peru papers provide frameworks for conceptualising and categorising the policies and budgets that assist informal workers in respect of their work.

The Brazil framework is based on a perceived historical evolution through three phases. In the first phase, in the 1970s, informal activities were perceived to result from rapid change and government believed that the sector would disappear over time as the economy developed further. Policies thus emphasised employment. In the second period, during the 1980s, after the end of military rule, employment policies became linked to a new discourse of democratisation and reclaiming of citizenship for the excluded. The informal sector was no longer seen as temporary, but instead as a way of including the poor. Government attempted to strengthen and support the sector, for example through credit programmes. In the final phase, beginning in the early 1990s, the focus expanded to include regulatory efforts to combat social problems and inequality. Informal work was still seen as a source of livelihood for the poor, but the types of support expanded. In particular, the new concept of a solidarity-based economy encouraged the formation of associations and cooperatives which would deal with social, political and economic dimensions.

The Peru framework delineates the following six types of support:

- encouraging formalisation of economic activities
- expanding social protection to workers who are not covered by existing systems
- solving work-related claims and regulating labour
- promoting access to services and resources to recognise workers' qualifications
- improving education levels and vocational skills
- conducting research to increase knowledge about informal workers.

In addition, the paper highlights support aimed to increase productivity. While this final group tends to be focused on formal enterprises, the paper suggests that the existence of this support could serve as an incentive to formalise.

## Flows of funds

Researchers were asked to describe the flow of funds between the different levels of government. This is important because lower-level governments will have different levels of decision-making control over how their own revenue is allocated and how money received from higher levels is used. Further, the degree of control will differ for different types of grants received from higher levels and for different government functions. Workers and their organisations need this knowledge in order to know where to target advocacy.

The degree of control over allocation and use of money will also differ according to whether the funds are from donors or from government's own resources. The Peru paper is the most consistent in detailing the source of funds for different activities.

All the papers include some information on the budget process and actors involved at the different stages. These descriptions highlight the extent to which budget-making is an internal activity of the bureaucracy. However, as discussed above, some countries do provide for civil society participation at local level.

## Technical issues

Most of the papers focus on the budget of a single year, but there are some cases when comparisons are made with the previous or following year's allocation. These comparisons are not usually adjusted for inflation. The Philippines paper does, however, refer to inflation when discussing the overall size of the

budget. Ideally, comparisons should be adjusted for inflation, especially if the rate of inflation is relatively high. If adjustment is not done, increases over time will be overstated.

Typically, every government will prepare its budget using a range of different classifications. The organisational classification is structured according to the agency that will incur the expenditure. The functional classification is organised according to sectors which often include activities of more than one agency. The programme classification is organised according to the objective of groups of budgeted activities. The economic classification indicates on what the money is to be spent e.g. personnel, goods and services, etc.

Each of the above classifications is used in at least one of the country papers, suggesting that each of the four types can give useful information on informal economy budgeting. Some of the papers analyse using more than one classification. The Brazil paper is the most explicit about which classification is being used at different points of the paper.

Several of the papers distinguish between the recurrent (or operational) and development budgets (or their equivalents). The way these two components are defined differs across countries. The distinction often is similar to that between local and donor funding, but does not match exactly. In some cases it is only in the development budget that one can identify programmes and projects and thus do meaningful analysis of assistance to informal economy workers.

The Brazil, Peru and Philippines papers provide frequent references to 'output' or delivery, such as how many women and men were assisted by a particular programme. Such delivery indicators reflect a performance-oriented approach to budgeting which sees the budget as a tool to implement policy rather than simply as a book-keeping exercise. Brazil's and Peru's delivery indicators come mainly from government's administrative systems. The Philippines paper draws both on government reports and on other research to provide delivery indicators. The Philippines paper goes further than output by drawing on research and evaluations to provide assessments of the outcome or impact of various programmes and projects.

The issue of delivery indicators highlights the fact that the budget is a plan, and that plans are not always fulfilled. Delivery indicators are one measure of whether a plan is fulfilled or not. A prior, even simpler, indicator is whether the allocated money is fully spent. Several of the papers include some comparisons of allocations and actual spending for particular programmes and projects.

In addition to differences between allocation and expenditure, there can be differences between the amount originally allocated for a particular programme or agency and the amount allocated by the end of the year. Such differences arise most commonly from supplementary budgets. The Peru paper contains a range of examples of sometimes large differences between original and revised allocations.

## Highlights of the budget analysis

In the following summaries, the focus is on allocations more directly related to informal workers rather than on broader poverty-oriented allocations. Given the differences in currencies and size of budget, the descriptions contain few budget amounts. Instead, size is usually expressed in terms of percentages or in some other way that shows relative size.

There are, however, some instances where actual budget amounts are given. Table 3 therefore provides exchange rates in respect of US dollars to give some sense of the relative size of the allocations and

expenditures referred to (downloaded from <http://www.xe.com/ucc/convert.cgi?Amount=1&From=USD&To=PHP&image.x=41&image.y=16>).

### Exchange rates as at 17 September, 2009

Brazil Reais	1 USD = 1.78952 BRL	1 BRL = 0.558810 USD
Philippines Pesos	1 USD = 47.2350 PHP	1 PHP = 0.0211707 USD
Peru Nuevos Soles	1 USD = 2.90500 PEN	1 PEN = 0.344234 USD
Pakistan Rupees	1 USD = 82.9100 PKR	1 PKR = 0.0120613 USD

## Brazil

In Brazil, the research focused on the Lei Orçamentária Anual (LOA) of 2008, the annual budget law, at federal, state and municipal level. The researcher examined three different presentations of the budget – the one by function, the second by government agency within a particular level, and the third by programme.

In terms of function, the main focus was on the labour function. Much of the money for this function is channelled through agencies with obvious responsibility for labour, such as the Ministry of Labour and Employment at federal level and the Secretary for Social Development at state level. However, some of the money is channelled through other agencies. At national level, these include the Ministries of National Integration, Industrial Development and Foreign Trade. Conversely, not all the funds of the agencies that one would automatically associate with labour at particular levels fall under the function labour. What further complicates analysis is that some government programmes involve more than one agency within a particular level.

The labour function accounts for only 1.8% of total federal expenditure, less than 0.1% of total state expenditure and 0.3% of total expenditure of Belo Horizonte. Further, as will be seen below, a substantial proportion of these allocations is spent on public sector employees. The Brazil research thus highlighted a range of different initiatives that could assist informal workers, but the total amount allocated is small.

### Federal level

At federal level, more than half of the Ministry of Labour and Employment's money is allocated for the Public System of Employment, Labour and Income. This system organises services that are promoted and coordinated by the federal government, but implemented by the state and municipal governments. At federal level, the overwhelming bulk of the allocation for the system is for the wage bonus and unemployment benefit. These do not benefit informal workers. An allocation of R\$5.2 million for training courses for domestic workers and other vulnerable groups remained unspent in 2008, and the allocation fell to R\$3.0 million in 2009.

The Ministry also allocates money to two credit programmes, the *Programa de Geração de Emprego e Renda* (PROGER) and the *Programa Nacional de Microcrédito Produtivo Orientado* (PNMPO). These programmes are the ones that most obviously benefit informal workers. PROGER includes special lines of credit to finance those who want to start or invest in the growth of their business. The targets include small family businesses involved in activities such as carpentry, or making clothes, food, homemade jams, crafts; small and micro-enterprises; and cooperatives and production associations formed by small and micro-

entrepreneurs in urban and rural areas. In 2006, 6,648 family businesses were supported for a total of R\$36.8 million. This amount accounted for 0.3% of all PROGER's credit operations in that year and 0.5% of the total amount of money used in these credit operations.

PNMPO offers credit at reduced interest rates. In 2008 1.274 million operations were supported. As at end 2008 there were 640,448 active beneficiaries, of whom 64% were women. A large percentage of the beneficiaries (89%) were involved in trade.

Since 2004, the Ministry of Labour and Employment also has allocations for a programme on the solidarity (or solidarity-based) economy. Wikipedia ([http://en.wikipedia.org/wiki/Solidarity\\_economy](http://en.wikipedia.org/wiki/Solidarity_economy)) notes that the concept of solidarity economy is 'widely contested'. Some understand it as involving strategies aimed to ending capitalism. Others understand it as a way of 'humanising' capitalism, in particular through providing community-based social safety nets. In the Brazilian context it seems to manifest as strategies that promote cooperatives and other collective initiatives.

The Ministry of Labour and Employment's programme focuses on organisation of marketing of products and services, training and technical assistance to economic enterprises and their networks, promotion of solidarity finance through community banks, and developing a legal framework for the solidarity economy guaranteeing the related right to work.

The Ministry's information system on the solidarity economy records 21,859 initiatives for *Empreendimentos de Economia Solidaria* (EEP) for the period 2005–7. The majority of these ventures were associations or cooperatives (61.5%) and 36.5% informal ventures. Research on 21,637 EEPs found that they provided employment for 1,687,035 people, 37.4% of whom were women.

The Ministry of Labour and Employment is not the main supporter of the solidarity economy programme. Thus in 2008 62.7% of the programme's budget came from the Ministry of Social Development.

This programme is also not the only one that supports the solidarity economy. Of special interest for this research is the Urban Solid Waste programme, which also involves several ministries. The programme is managed mainly by the Ministry of Environment. The Ministry of Employment and Labour is responsible for encouraging the organisation and development of cooperatives that work with solid waste in line with a 2007 law that allows associations or cooperatives formed exclusively by individuals of low income to be recognized by the public authorities as waste pickers and to provide services for government without tendering. In 2008 the Ministry spent only R\$0.4 million of the R\$11.6 million allocated for this task. In 2009, the amount allocated was R\$8.5 million.

The Ministry of Industrial Development and Foreign Trade has a programme that supports the development of craft. It includes training for craftspersons, assistance with commercialisation, and development of a network of craft cooperatives. Some parts of the programme thus promote the solidarity economy and the Ministry of Labour and Employment has a small allocation that supports this programme.

### **Minas Gerais – state level**

At state level most of the labour function expenditure is undertaken by the State Secretary for Social Development. However, the State Secretary for Planning and Management also has allocations for supporting public sector workers, while the State Secretary for Environment has programmes that are more relevant for our purposes.

Social Development's labour-related activities are found in two programmes, Travessia and the Public Policy of Labour, Employment and Income. Travessia is a priority programme of the current government. It includes a range of different government agencies, and has activities related to health, education, housing, environment, sanitation, social organisation and income generation which are implemented in areas where

there is a concentration of poverty. Social Development coordinates the programme. The budget includes an allocation for the project Usina Mineira de Trabalho that aims to promote social and productive inclusion by providing vocational training. This project can help informal workers but is not targeted at them.

The Public Policy of Labour, Employment and Income activities reflect Minas Gerais' involvement in this cross-level government policy. The state government has agreements with the national government in terms of which the latter transfers funds and which the former uses to provide labour intermediation services, unemployment benefit and social and professional training. The state runs 108 units of the National System of Employment (SINE). This initiative can benefit informal workers but is not designed specifically for them. Among the activities of the programme two are more related to informal workers, namely development of and incentives for association and promotion of the solidarity economy.

The State Secretary for Environment allocated R\$0.4 billion in 2008 to support the development of cooperatives and associations of waste pickers. The resources were allocated because of a parliamentary amendment, indicating support for waste pickers among elected political leaders. Activities include support for the formation of associations, and expansion or construction of sheds for storing collected materials and securing equipment.

The state also organises the State Forum on Waste and Citizenship. This provides a permanent space where government, collectors and producers of waste meet to discuss 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 state also organises 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 federal, state and local government policies.

As at federal level, budget is also allocated to support craftspersons. The money, which is in the budget of the State Secretary of Economic Development, provides for development of marketing strategies and training of workers.

### **Belo Horizonte – municipal level**

The overwhelming bulk (86%) of the already small allocation for the labour function within Belo Horizonte's budget is for public sector employees. The remainder is allocated mainly to the Municipal Secretary for Social Policy. However, as seen at other levels, there are some further allocations that are not classified as falling in the labour function but could benefit informal workers.

As in the other two levels, there is an allocation for the Public System of Employment and Income. Two-thirds of the R\$2.2 million allocation is transferred in terms of Belo Horizonte's agreement with the federal government. The municipality uses this money, among others, to run three SINE units in the city. The research paper notes that there is poor coordination between the state and municipality in this respect. One of the SINE units is dedicated to providing services to people participating in social programmes. This approach was taken in an attempt to promote more integrated action across the various municipal programmes. The SINE units also have a special focus on assisting unemployed beneficiaries of the Bolsa Familia national income transfer programme.

The Municipal Secretary also has allocations for the solidarity economy and vocational training. In 2007 the solidarity economy programme's register included 122 production groups that involved approximately 530 informal workers. The secretaries of Social Assistance, Citizenship Rights and Urban Cleaning Services also had allocations and activities in respect of the solidarity economy but none were classified under the labour function. Similarly, at least five other municipal secretaries or deputy secretaries (Food Supply, Social Assistance, Citizenship Rights, Urban Policies, Urban Cleaning Services) also had allocations for vocational training. Only one of these was classified under the labour function.

The Municipal Deputy Secretary for Food Supply is relevant for food vendors. Its aim is to promote urban agriculture, access to food at subsidised prices, supply and regulation of the food market, and education for

better food consumption. It has a vocational training programme on food processing whose beneficiaries include informal workers who learn to produce bread, pizza, cakes, and other specialties that they sell informally. The budget also has allocations that relate to the food markets or street food fairs. The original motivation for these was one of regulation, but there is now some awareness among officials of the socio-economic relevance of the activities. The Municipal Deputy Secretary for Social Assistance is relevant for our purposes insofar it supports the formation of groups, including among waste pickers.

## Pakistan

The Pakistan report identifies fewer allocations in support of informal workers than found in the other countries. After recording these absences, the report suggests where and how given agencies or programmes could provide support for the identified worker groups, and women informal workers in particular.

### **Federal level**

At federal level, the Pakistan report identifies the Ministry of Finance as relevant not only because of its lead role in the budget-making process, but also because its budget includes 23% of the Public Sector Development Plan (PSDP) budget for the schemes and programmes whose implementation it oversees. The largest such programme is the Benazir Income Support Programme which provides cash handouts to offset the impact of inflation. The programme targets families without adult males or with chronically ill or disabled members and with monthly incomes below Rs.6,000 per month. The woman applicants must be in possession of a national identity card to apply, and this excludes many potential beneficiaries. Possible windows for informal workers are the budget lines of 'Supporting participatory policy for Small and Medium Enterprises' and 'Technical Assistance for Gender and Governance'. Both of these initiatives have wide fluctuations in their budgets from year to year, and both had substantially less allocated for 2008/09 than for 2007/08.

The Planning and Development Division is covered in the report because the Planning Commission falls under it, and the report proposes that informal workers need to be considered in mainstream planning. Similarly, the Federal Bureau of Statistics is important because it needs to find a way of ensuring better capture of informal work in general and women's informal work in particular.

The federal Department of Labour and Manpower Division, like its counterpart in many other countries, receives a very small proportion of the budget. In 2007/08 it was allocated only 0.07% of the total federal budget and 0.05% of the total PSDP. There were no allocations for informal sector workers. The Division does, however, provide funding for five Skill Development Councils, one of which is situated in Lahore. These Councils had at the time of writing trained 46,674 industrial and commercial workers. They could potentially provide training for home-workers. In addition, the department's budgets for training of trainers and skill development could take the needs of home-workers into account.

The Ministry of Women's budget does not show evidence of any allocations for informal workers. However it could be expected, given its involvement in advocacy for home-based workers, to mobilise money for a special initiative for this group of workers. Similarly it could develop a skills development project for home-workers under its 'Capacity Building of Women' budget head.

### **Province level - Punjab**

One potentially relevant budget head in the Labour Department's budget is Micro Finance for Household Enterprises (with an allocation of 0.04% of the total PSDP of Rs.163388.7 million). This opportunity could be extended to women home-based workers.

The Punjab Centre for the Improvement of Working Conditions and Environment (CIWCE) falls under the

Labour Department, is involved in both research and training of the labour force, and implements projects from the provincial government's own funds. It could thus potentially direct projects to particular types of informal workers and/or to workers in particular areas. CIWCE is also responsible for drafting new laws and drafted two laws between 2007 and 2009. In 2008/09 the department allocated Rs.13 million for development of the proposed Occupational Safety and Health Act. The current draft aims to improve the contractor-employee relationship and hold factories responsible for contract workers' safety and protection. This provision could potentially be extended to home-workers who are part of the manufacturing production chain.

The Punjab Women Development Department implements projects developed by its sister ministry at federal level. It is currently a weak and understaffed department.

The provincial Department of Trade and Industry received a federal government allocation of Rs.35.7 million in 2008/09 for women business development. This amounted to 0.34% of the department's total budget. Another interesting project with potential for replication in urban areas is the one-village-one-product programme, which was allocated Rs.500 million and provides skills development for rural informal sector workers.

#### **District level - Lahore**

No allocations relevant for informal sector workers were identified in the 2008/09 budget of the City District. At district level, women development falls under the Community Development Department. The department's budget includes a small allocation of Rs.0.2 million for women's welfare but it is not clear how this will be used.

On the revenue side, the district imposes taxes on economic activities that would affect informal workers. These taxes constitute a small proportion of the total revenue, but could imply a relatively large expenditure in terms of a worker's earnings. They include taxes on hand cart, *tonga*/cart tax, car parking, cycle and motor cycles fees as well as fees for cattle and other animals.

#### **Town level - Ravi Town**

The total Ravi Town proposed budget for 2008/09 was only Rs.15.6 million, leaving little space to address the needs of informal sector workers or anything else. As the lowest tier of local government, each union council in the Town receives a standard equal payment from the provincial government that is meant to be used to address community needs. This potentially provides space for projects that focus on informal workers.

The research report concludes by suggesting that advocacy could focus on allocation of a budget for a pilot programme for women home-based workers in Shahdara modelled on the Women Friendly Spaces concept tested in Pakistan in areas affected by the 2005 earthquake. The underlying idea is to create a women-managed place for getting together and planning activities. The report estimates that such a pilot would require a small budget, of about Rs.0.5 million, and that funding could also be sought from higher levels of government as well as external funders such as the International Labour Organisation and United Nations Development Fund for Women. The Space could be used by other government and non-government actors for purposes such as training, micro-credit and organisation-building.

## Peru

#### **Federal level**

The research paper identifies 17 programmes that could be related to the informal economy but only eight which directly target informal workers. Six of the eight fall within the budget of the Ministry of Labour and Employment Promotion (MINTRA). Together the eight programmes account for only 1.4 % of the total national revised budget.

MINTRA is responsible for programmes and projects that aim to generate employment, improve labour conditions, and promote the development of small and micro-enterprises (SMEs). MINTRA is composed of two sectors. The labour sector provides free services such as legal defence, labour inspection, promotion of the special labour regime for SMEs and protection of under-aged and disabled workers. Labour inspection has in recent years also taken on an orientation role, which has included efforts in respect of SME employers and employers of domestic workers.

The special SME labour regime incorporates a minimum wage, paid annual leave, an eight-hour day and 48-hour week, severance pay, and access to social security. By October 2008, 53,148 micro-enterprises had been registered under this special regime. By May 2008, 5,000 inspections and 10,000 orientations had been executed. The beneficiaries for the former were more men than women, while for the second women predominated. Fines for SME violations are only half the value of similar violations by larger enterprises. In respect of domestic workers, inspectors cannot impose fines except in respect of requiring the worker to wear a uniform outside of working hours.

The Ministry of Justice provides free legal defense services and free training services upon request of a particular institution or association. The Asistencia Legal Gratuita (ALEGRA) programme, which targets the poor, provides protection and assistance in relation to sexual harassment, with a particular emphasis on domestic workers. These activities are linked to the National Programme against Domestic Violence, which has its own budget.

The labour promotion division within MINTRA develops policies to support SMEs (*Mi Empresa*), the development of the labour market (*Empleo Peru*), general employment and vocational training, and labour research and statistics.

*Mi Empresa* encourages formalisation of SMEs. It coordinates the activities of several institutions within local municipalities so as to offer a complete institutional package of services and information for SMEs. Participant agencies include those responsible for tax and registration as well as for information services on credit, training, procurement, and international markets. The aim is to 300,000 SMEs – 72% of the total – by 2010. *Mi Empresa* includes the project *Mi Mercado*, launched in 2008, which provides for an infrastructural audit of roofed markets and managerial training for roofed markets associations.

The programme *Revalora Peru* aims to generate employment and training possibilities for retrenched workers and those affected by the international financial crisis. It prioritises services to youth, women and disabled people and draws on other programmes managed by MINTRA. These efforts are supplemented by the Ministry of Education's Support Programme for Vocational Training and Labour Inclusion, APROLAB.

A new MINTRA initiative, *Tu experiencia vale* (Your experience counts) consists of a certification programme that is initially targeting household workers and provides training, assessment and recognition of skills. The cost of participation is S/20.

Alternative education through night schools, in which most students are household (domestic) workers, provides another source of educational support for informal workers.

In addition to the eight programmes that more or less directly assist informal workers, the research report identifies a further 14 programmes that aim to promote market competitiveness, exports and productivity improvements among SMEs. Combined, these programmes account for 0.3% of the national revised budget. The programmes will for the most part benefit formal enterprises.

As noted above, the research report also explores the Crecer National Strategy which focuses on poverty alleviation and entails coordinated actions across budgets from five institutions: Ministry of Education, Ministry of Women and Social Development, Ministry of Health, Ministry of Transport and Communications, Registry of National Identity and Civil State and Regional governments.

Crecer reaches 880 districts of the country that correspond more or less with the bottom quintile of poverty in the country. The selected districts include some poor urban settlements in Metropolitan Lima. Nationally, there are five strategic programmes, each of which could bring some benefits to informal workers.

The child nutrition programme accounts for 27.6 % of the total Crecer budget. Its subsidisation of community kitchens could assist working parents – and particularly mothers – in the informal economy in securing basic nutrition for their children. The maternal and neonatal health programme, at 6.8% of the Crecer budget, could benefit poor pregnant women workers in the informal economy. The Identity programme, at 1% of the Crecer budget, aims to help the half million undocumented adults (predominantly women) and eight and a half million undocumented children obtain national identity cards. Possession of such a card is necessary to access educational programmes, free health services, to exercise the right to vote, to formalise property ownership, to access a formal job as well as to file a labour case in Court. The education programme, at 7.2% of the Crecer budget, focuses on mathematics and reading skills for third graders and adult literacy. The latter could be important for informal workers who have missed out on formal education. The remaining 57.5% of the Crecer budget is allocated for infrastructure projects. These could assist informal workers with access to basic services and market opportunities. Basic services in the home would be of particular assistance to home-based workers.

Outside of the Crecer strategy but also focusing on poverty reduction, are further programmes and projects developed and funded by the Social Development Cooperation Fund. Solidary Enterprise supports temporary job creation for women, youth and the disabled by linking them to local and regional enterprises that might buy their products. The Socio-economic Micro Corridors programme connects local supply from poor areas to international markets. The Social and Productive Emergency programme, *Construyendo Perú*, is intended to generate temporary income for the unemployed through funding of labour-intensive projects proposed by community organizations and local authorities. In 2008, in collaboration with *Mi Empresa*, the programme provided for improved infrastructure for roofed markets in two districts of Metropolitan Lima.

### **Regional level - Metropolitan Lima**

The regional budget of Metropolitan Lima was initially allocated S/36,904 million for 2009, but by end May 2009 the revised budget had almost doubled, mainly as a result of grants received (primarily from central government) to expand and improve transportation infrastructure in anticipation of international events to be hosted in the city.

The planning department accounts for almost 11.2% of the total budget and is responsible, among others, for socio-economic development. Its Economic Social Development project supports and manages regional programmes that enhance market productivity. Most of its efforts focus on projects prioritised in the participatory budget. It does not entail personnel expenses but the acquisition of goods or services.

Education accounts for 5.6% of the total regional budget and includes transfers to universities and one technical training project. The latter was prioritised within the participatory budget and entails training of youth living on the outskirts districts of the city to gain skills to enter the labour market or to promote entrepreneurship.

The social protection programme represents 2.4% of the budget with one project, also approved in the participatory experience, related to the building of containing walls in a high-risk human settlement.

### **Provincial/Municipal level – Province of Lima**

The original budget for the Province of Lima for 2009 was S/921 million, but by the end of May 2009 it had increased by a further S/290 million as a result of increased local revenue, donations and loans. The budget provides partial funding to 10 management offices and 15 municipal enterprises.

The function of public order and safety receives approximately 2.2% of the total provincial budget. Safety

is a key concern of Lima residents and many municipalities are considering allowing municipal police to perform arrests if a person is found engaged in a criminal activity. Of concern for citizens is that there are currently neither standard selection criteria nor training for municipal police. This is of concern, in particular, to street vendors, who are often the target of police abuse. The Ministry of the Interior has recently inaugurated a National Police Training Centre but coordination between municipalities will be necessary if municipal police are to be covered.

The function of trade receives 2% of the total provincial budget. The upgrading of the Santa Anita wholesale market accounts for almost 77% of the budget and is managed by the Municipal Market Enterprise, EMMSA, which supervises and regulates wholesale markets in Lima. This project involved the eviction of many vendors inside and outside the market. EMMSA is a semi-public enterprise and its full budget is not included in the provincial budget.

The function of trade's responsibilities include promotion and licensing of micro-enterprises. The 'Licenses Now' programme has simplified administrative procedures to obtain an operating license so that it now takes only two days to obtain a licence as opposed to the previous 163 days average. Further, the full process is undertaken at a single specialised service centre. For smaller businesses, the cost of registration has decreased from S/680.5 to S/281. This reduction has resulted in a steep increase in the annual registration of businesses.

The *Capitalizando* programme targets street vendors, most of whom have already been licensed to work in the city centre. The programme promotes group savings deposited in a private bank. The municipality supervises the contribution of each vendor to the account with the aim of reaching up to 20-30% of the value of a private property to be used as a commercial centre or any other collective business. In 2007, there were almost 2,738 vendors from 39 associations in the programme, with 67% being women. Participants are also offered incentives to save by participating in management training workshops.

Within the function of industry, the main activities relate to supporting partnerships among producers and promoting their products so as to increase their competitiveness. Activities include the *Munimype* Club, in which the registered associations are offered information about courses, training, credit support, export opportunities and also become eligible to participate with their products in exhibitions and promotional activities. The policy guidelines state that enterprises must be formal to be able to access any of these services, but to date the municipality has required only that they have an operating license.

The function of tourism has planned 15 events for 2009 to promote tourism in Lima. One of these events involves food fairs in which women who are selected for their dish specialty participate in the food fair every Sunday for that year.

Transport receives 40.2% of the total provincial budget. The province's vision envisages incorporating the current transport operators in new modern transport enterprises that use natural gas and purchase cars made in Peru. Drivers or transport operators are the fourth largest occupational group within the province's informal sector. However, there are currently no programmes that aim to enhance the skills of these workers so that they can be part of the modernised transport system.

The function of environment has, since 2005, maintained a registry of licensed waste pickers. At the time the research was undertaken 2,000 registered waste pickers were part of a regulatory scheme that determines the routes and schedules to work. The policy has encouraged organisation, resulting in 16 associations in the city centre. The administration supports the initiative to convert the waste pickers associations into enterprises in collaboration with the NGO *Ciudad Saludable*. However, funding for collection centres has still not been made available. The initiative is also restricted to the city centre, and in some districts with a greater proportion of middle to high socio-economic status, residents confiscate pickers' tricycles.

The function of health partially funds the Solidarity Hospitals within the Metropolitan System of Solidarity, a municipal enterprise providing a low-cost full package of health services to residents within poor districts in need of these facilities.

The function of social protection includes activities related to protection of children and teenagers that could assist young household workers. The municipality of Lima plans to implement a registry for these workers during 2009 and is also planning to implement a certification programme for them. There is no budget allocated for this initiative.

## Philippines

### National level

For 2009, the total national budget allocation in Philippines was PhP1.415 trillion. While in 2008 the real value of the national budget was less than in 2007, the 2009 amount was 15% higher than in 2008 in nominal terms. With the inflation rate at around 6.4%, this represented a substantial real increase.

Projects targeting informal workers were identified in three agencies. None of these were among the five departments with the largest budget allocations.

The Department of Social Welfare and Development (DSWD) bears the main responsibility for social protection and safety nets. Its budget allocation more than doubled between 2008 and 2009, from PhP4.98 billion to PhP10.46 billion. Some of its better-known programmes focus on children and are thus indirectly, rather than directly, relevant for informal workers. The Department also has programmes that assist poor families with subsidies in respect of electricity and food. The electricity subsidy could be of direct assistance for home-based workers.

The Tindahan Natin Project extends soft loans to small entrepreneurs who operate *sari-sari* (small variety) stores. The retail outlets are identified by DSWD and the relevant LGU. More than 10,000 outlets were established nationwide from 2006 to 2008, and it is estimated that more than 2 million families access low-priced but good quality rice and noodles offered by the project's outlets.

Self-Employment Assistance-Kaunlaran provides access to credit and other assistance, and has been of especial benefit to women. Credit is provided for shelter as well as for micro-enterprise needs. In 2007 the programme provided assistance to 1,271 associations, and benefited 25,304 households. In 2008 the programme did not receive any funding, but for 2009 it plans to reach 14,000 families.

The Department of Labour and Employment (DOLE) has among its functions human resource development and promotion of employment and livelihood opportunities. DOLE's Bureau of Rural Workers and Bureau of Women and Young Workers support women's entrepreneurship, with a focus on rural areas.

DOLE's programmes to assist informal entrepreneurs include introduction of low-cost improvements to increase productivity and technical assistance and entrepreneurship training. The Women Workers Employment and Entrepreneurship programme provided capacity building and other services to more than 60,000 women between 2004 and 2007, while micro-finance was provided to close on 9,000 beneficiaries. A campaign to enroll workers in social protection mechanisms led to 260,444 becoming members between 2003 and 2007. The DOLE also organises learning sessions on workers' occupational safety and health, and enhances informal workers' visibility and voice through designating desks in LGUs for this purpose.

The Philippine Country Programme for the Informal Sector was approved by the Social Development Committee of the Cabinet in July 2003. It was rolled out at LGU level in 16 cities, including Quezon City, and one municipality in Metro Manila. The local initiatives continue under a more focused intervention called *Unlad Kabuhayan Programme Laban sa Kahirapan* which aims to assist informal workers to turn

their projects into sustainable enterprises. The PATAMABA home-based workers were given PhP 1 million for the *Budbod Sustansya* nutrition project under this programme.

Approximately half of the DOLE budget goes to the Technical Education and Skills Development Authority (TESDA). In May 2001 the TESDA Women's Centre launched the *Kasanayan-Kabuhayan One-Stop Shop*, a referral facility that seeks to expand employment options for displaced workers and informal economy workers, especially women. It has since extended services of various kinds to 801 women, including skills assessment, career counseling, information dissemination on support services in overseas and local employment, skills training or retraining, scholarships for training in information communication technology development, credit and networking.

The Department of Trade and Industry has several related agencies that deal with small enterprises. The Bureau of Small and Medium Enterprise Development focuses on technology development and transfer, financing, marketing and training, and market promotion. The Bureau of Domestic Trade promotes efficient marketing and distribution of local products and services in the domestic market. The Cottage Industry Technology Centre provides production-related training and technical assistance for the furniture, gifts and homeware, fine jewellery and leather footwear industries.

The SME Unified Lending Opportunities for National Growth programme aims to simplify and standardise lending procedures. Participating financial institutions include the Development Bank of the Philippines; Land Bank of the Philippines; National Livelihood Support Fund; Philippine Export and Import Bank; Quedan and Rural Credit Guarantee Corporation; and Small Business Guarantee and Finance Corporation. Since 2003, SMEs have received more than PhP140 billion in loans under the programme.

#### **Local level – Quezon City**

About 35% of Quezon's City PhP56 billion budget for 2009 was allocated for poverty alleviation. This includes programmes on health and nutrition; education; social welfare; housing; livelihood and job generation; and enterprise development. The 2009 Annual Investment Plan includes PhP17.2 million for the Livelihood and Employment Programme, of which PhP12.7 million is targeted for informal workers.

The Sikap Buhay Entrepreneurship and Cooperatives Office implements the City's entrepreneurship and micro-finance programme, which is known as *Pahunang Pangkabuhayan ng Sikap Buhay*. The programme works in partnership with large cooperatives and other micro-finance institutions to provide access to non-collateral, no-interest loans for small entrepreneurs. The prospective borrowers are identified by barangay political leaders. They must have incomes below the poverty threshold, be female and 18–60 years old, and must have an existing business. Two-thirds of borrowers are engaged in domestic trade which includes retailing of food and operating *sari-sari* stores. As of June 2008, Sikap Buhay had assisted 47,039 unregistered micro-entrepreneurs.

The Payatas dumpsite is the major source of livelihood for more than 5,000 individuals, including approximately 2,000 engaged in waste picking and around 3,000 in various informal economic activities such as recycling and trading. After the Ecological Solid Waste Management Act of 2001 mandated the closure of all open dumpsites by February 2006, Quezon City worked with civil society organisations in the area to rehabilitate the Payatas dumpsite. The project had a budget of PhP898.5 million.

The rehabilitation programme reduced the amount of waste materials brought to the dumpsite, which led to a drastic reduction in the income of waste pickers. The City and its partners organised more than 2,000 waste pickers into groups, each of which is assigned an area at the dumping table with incoming garbage trucks consecutively assigned to these groups. A trading area was established near the dumpsite where the waste pickers could sell what they had collected, and they were encouraged to establish the Payatas Alliance Recycling Exchange Multipurpose Cooperative, through which they collectively access financial assistance and opportunities for education and skills training, including for other jobs.

# Conclusion

The four country case studies have demonstrated that government can, and sometimes do, include allocate budgets for programmes and projects that are relevant to informal workers. Some of these programmes and projects directly target informal workers, or specific sub-groups of informal workers. Some are more general, but beneficiaries could include informal workers. Among these more general allocations are those – such as provision of micro-credit and vocational training – that focus on the more economic, work-related needs of these workers. Other allocations – such those for social grants and services – address the broader needs of informal workers as an important constituency among the poor.

In terms of the three groups of workers of particular interest to WIEGO, all countries except Pakistan have programmes or projects directly focused on waste pickers. These initiatives in fact involve these workers in delivering services to the local municipality and economy. In some countries there are also initiatives to provide venues and other assistance for vendors. However, this group is also sometimes required to make legal or illegal payments for these benefits. For the final group – home-based workers – there is very little evidence of direct assistance from government budgets.

Where allocations that might benefit informal workers exist, they generally account for a tiny proportion of the overall budget of the relevant level of government. Further, the allocation is sometimes seriously underspent, and the amount allocated often varies dramatically from year to year.

In line with the choice of countries and cities for this report, in most cases there are organisations that bring together the groups of workers which make up the focus. In some cases the municipalities have dialogue with these organisations, or even provide financial and other support to them. The findings of the country papers suggest that there is a role that these organisations could play through engaging with government around its budgets and the programmes and projects that it funds. In some cases the planning and budget processes already provide for forms of public engagement that could be used for this purpose. The organisations could also play a role in informing workers as to what is available from government, in facilitating access to the various programmes and projects, and in advocating for improvements in the initiatives where these are needed. For this to be effective, both the organisations and their members need to understand the functions and responsibilities of different levels of government, as well as where decision-making power lies, so as to target the advocacy correctly.

In terms of methodology, the four pilot case studies have demonstrated that informal economy budget analysis is possible in very different contexts. The depth and detail of the analysis is determined, among others, by the nature and format and level of detail of the budget documents in each country, the ease with which these documents can be accessed, and the willingness of government officials to make themselves available to provide information and answer questions. The amount of information that can be given on what government is doing for informal workers is also obviously shaped by the extent of interventions that the relevant governments at each level plan and budget for. That, in turn, is shaped by many factors, including the size of the budget in each country and government's policy orientation. In particular, it is shaped by whether government perceives that collaboration with, and assistance to, particular groups of workers – such as waste pickers – can assist in providing a service to the city (and at relatively low cost) or – as with street vendors – reduce the 'nuisance' that would otherwise be created by these workers if unregulated and unassisted. However the level and type of assistance provided is also shaped by the extent to which informal workers – and particular sub-groups – organise themselves so as to provide a united front and clear demands to government. The Latin American governments in our case study countries seem to have recognised this in their approach to waste pickers, and to some extent in their response to other groups of workers, and are thus encouraging organisation and cooperatives. In the Philippines there is also some support for organisation of workers.

Given all the differences between the countries, including in terms of socio-economic and labour setup, degree of development, size of budget, and format of budgets, a study such as this cannot come up with a neat recipe of how to undertake informal economy budget analysis. Nevertheless, the fact that such analysis was possible in the four countries and came up with meaningful findings suggests that it is worthwhile to pursue this type of analysis in other countries and cities and for other groups of workers. Further, beyond showing the possibilities of analysis, the study highlights innovative ways in which some governments are supporting informal workers. These examples could be adapted for use in other countries and could form the basis of advocacy.

## References

United Nations Development Programme. 2007. *Human Development Report 2007/08: Fighting climate change: Human solidarity in a divided world*. Oxford: Oxford University Press.

**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 organisations 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 organisations; 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 see [www.wiego.org](http://www.wiego.org).

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

