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on the Informal Economy

The Informal Sector in Asia
from the Decent Work Perspective

A.T.M. Nurul Amin

Employment Sector
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Foreword

This report is the first of a series of papers that were commissioned under the auspices of the ILO Inter-Sectoral Task Force on the Informal Economy in preparation for the general discussion on the informal economy at the 90th International Labour Conference (ILC) in Geneva in June 2002. The papers in this series include studies of regional trends, selected country level studies and thematic investigations at the global level. Most of them seek to identify new trends and patterns that have emerged over the last several years and to go into more depth regarding the factors underlying the continuing growth of the informal economy, not only in developing countries, but also in advanced countries and countries undergoing transition. Particular attention has been paid to the impact of globalization, liberalization, privatisation, migration, industrial reorganization and macro-economic policies prompting these trends.

The present paper, *The Informal Sector in Asia from the Decent Work Perspective*, has been prepared by A.T.M. Nurul Amin, Asian Institute of Technology, Bangkok. It attempts to throw light on recent trends and statistics regarding the magnitude and growth of the informal economy in the developing, middle level and more advanced countries of Asia. The differential impact of the Asian financial crisis of the late 1990s is highlighted in particular. Policies and programmes targeting informal workers and enterprises are reviewed, and case studies of innovative or effective approaches to creating more decent work in the informal economy are provided.

The reader will observe that nearly all of the papers in this series attempt to tackle the problem of conceptualising the informal sector. The development of a conceptual framework for the International Labour Conference report was carried out at the same time as the production and finalization of the papers included in this series. As such it was not possible to agree in advance upon a single concept for use by the authors of these papers.

This paper was prepared under the supervision of Andrea Singh, International Focus Programme on Boosting Employment through Small Enterprise Development (IFP/SEED). It has been funded under the IFP/SEED Programme.

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Acknowledgement

I take this opportunity to express my deep gratitude to the ILO for assigning this work to me. Such assignments have allowed me to remain active in my primary research interest, the informal sector, which started from my participation in a 1977 rural-urban migration study seminar at the Institute of Development Studies (IDS), University of Sussex.

In doing this work I have incurred debt to many. First and foremost to Andrea Singh whose steering of this study with care and imagination inspired my devotion to the work. I am grateful to the readers of the paper who gave numerous comments for revision.

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Executive summary

The public policy and actions on the informal sector in the Asian region are reviewed in this study under the themes of: (i) fundamental principles and rights; (ii) entrepreneurship and enterprise development; (iii) access to skills; (iv) expansion of micro-credit; (v) social protection; (vi) occupational safety; (vii) organization and representation; and (viii) physical integration. Overall, the review suggests four discernible developments: (i) the decent work paradigm is paving the way to overcome the dilemma centering on the sector; (ii) this is allowing a shift in focus from enterprise to labour issues; (iii) it is facilitating determination of deficits associated with work in the informal economy; and (iv) consequently, the necessary direction of public policy and actions is getting sharper in turning informal work into decent work.

Official non-status or lack of solid legal status (by no means illegal as no Asian country considers illegal operations to be a common feature of informal work) and incomplete, if not total lack of, institutional coverage, regulation, control or state support are the common denominators of the informal sector in Asia (mostly for lack of financial and human resources). In operational terms, however, the sector is officially defined, in most instances, to include enterprises below a certain size of employment (most often below 10 persons). The size of the informal sector by this measure varies from 60-70% of employment, as in India. In such measures national non-agricultural employment is usually used as the base. If extended to include the agricultural sector, the size of the informal sector (sometime labelled as non-formal sector/economy as it is in Bangladesh) rises to 90% of total national employment as in India, Bangladesh and Nepal. By the measure of employment status or labour categories, the size of the informal sector labour force (counting the own-account workers, unpaid family labour and hired labour employed by the informal sector enterprises, when labour status data are available) in many countries varies between 50-60% of total non-agricultural/urban employment. By all measures, South Asian countries reflect an increasing trend in the size of the informal sector; in Southeast Asia a declining trend has been observed, with a large decline in Thailand during the economic boom but some increase again since the recession; and in East Asia the informal sector has largely become smaller (e.g., 18% in Japan and 30% in Taiwan) with the exception of China where it is increasing.

Heterogeneity of the informal sector is an important issue. In the first instance, it appears that no meaningful policy interventions can be made for such a diverse entity. On careful examination, however, it appears that a meaningful classification (or classifications) of the informal sector is possible. From a labour categories/employment status viewpoint, the informal sector labour force is comprised of self-employed/employers, own-account workers, wage workers, unpaid family labour, and piece-rate workers. From an industrial classification viewpoint, it is comprised of trade, service, manufacturing, construction, and transportation. The informal sector can also be divided between the urban and the rural. From location in the urban structure, the informal sector is comprised of those located in the CBD (Central Business District) and those in the suburban areas. From a zoning viewpoint, the informal sector is comprised of those located in a proper business location and home-based enterprises, including homeworkers. From a size classification, the informal sector is comprised of 1-person units (own-account workers), 2- to 4-person units (micro enterprises), and 5 to 9 person units (small-scale enterprises). The informal labour's classification in terms of their migratory status (i.e., native, recent migrants and long-term migrants) is also useful. Finally, it is important to classify the informal sector from the standpoint of income/employment enhancing potential (which is crucial for the potential advancement or upward mobility).

From this latter perspective, the informal sector is comprised of enterprises/work with a growing market demand that reflects high-income elasticity of demand (e.g., tourism services) and those with low-income elasticity of demand (e.g., rickshaw services). Alternatively, these two groups have been denoted respectively as the dynamic/modern informal sector and marginal/survivalist groups. This is already quite an extensive classification of the informal sector, yet others may be needed for specific purposes. However, the point is that the much discussed “heterogeneity” of the informal sector should not stop us from disaggregating the sector meaningfully for analytical as well as policy intervention purposes.

The early debate on the informal sector was marked by intense debate on the role of the informal sector in the development process. In the optimistic view, the sector was seen as a reservoir of indigenous entrepreneurs, technology and skills. Its role in the generation of employment, efficient utilization of scarce resources, and expansion of non-agricultural employment - offering an urban foothold to the society’s disadvantaged, providing income opportunities to the urban poor, supplying basic goods and services at affordable prices, and stimulating innovation and adaptation of technology - has inspired many analysts, policy makers and development practitioners to view the sector sympathetically. Those who have rejected this view claim that the informal sector is dependent on the formal sector and cannot serve as a basis for employment growth, capital accumulation or development. Rather, the sector was seen as a source of labour exploitation - crudely, within the sector, and indirectly by creating a downward pressure on the formal sector wages through provision of low-wage goods and by maintaining a reserve army of unemployed.

In the current debate, optimists highlight the sector’s role in stimulating the growth of the market economy and dynamism, keeping down urbanization costs, contributing to the city’s competitiveness, promoting recycling through buying and selling of waste, promoting a flexible labour market, and absorbing retrenched labour from the formal sector affected by liberalization of trade regimes and structural adjustment policies. The pessimists reject this view and claim that informal sector labour has become a convenient means of pursuing the global agenda of privatization, liberalization and destruction of local industries. Thousands of formal sector jobs have disappeared in most developing countries. The consequent expansion of the unprotected, low-income and flexible labour market has given rise to high levels of insecurity for all work and more work for women and children.

Until recently the labour supply of the informal sector in the cities of Asian developing countries was predominantly linked with the flow of rural to urban migration, and its demand was influenced by the need to provide low-cost goods and services for those employed in the formal sector. This wage-good providing role of the informal sector is even evident in the history of the now-developed Asian countries. The history of occupations of slum dwellers as well as their locations in Tokyo, Seoul, Singapore, Kuala Lumpur and Bangkok, i.e., the Asian cities where slums have either disappeared or significantly shrunk, shows that the slum dwellers’ work was essential in servicing the low-income formal sector wage workers who lived in those slums. Because of this role, the informal sector’s size and growth were essentially linked with the growth of the formal sector. But, because of huge surplus labour in the rural-agricultural economies of Asia, the supply has always tended to exceed the demand. Since the expansion of the market economy and the opening up of new opportunities, cities in Asian developing countries are no longer only the seat of either government administration and their employees, or employees and workers of the government-protected and pampered private sector. Asian cities are now cities of business opportunities: money is flying and everybody is trying to catch it whichever way possible. This is particularly evident in the

Asian mega-cities, which have been called “theatres of accumulation”. The financial crisis of the mid 1990s that led to an economic recession has, however, considerably eroded this vibrancy.

The disappearance of thousands of public sector jobs due to World Bank-IMF pressure and closure of inefficient and uncompetitive industries and businesses created a totally new labour market situation for the informal sector in the 1980s and 1990s. If the Asian cities were not primarily centers for economic activities, the situation could have been very bleak indeed. The fundamental business orientation of these cities is no longer limited to Shanghai, Hong Kong, Singapore, Ho Chi Minh and Karachi. They have now been embraced by Beijing, Delhi and Hanoi, also.

Unprotected from competition by the government, factories and business houses are now made to take “factor endowment” of a local economy more seriously. Positively seen, the “informalization” of the formal sector - the new demand source of informal sector growth - is an attempt to make use of cheap labour and indigenous resources.

But what about the excesses of the market? Particularly at a point when the basic labour supply is still one of large surplus because of a huge population base and its continued growth in much of Asia. Millions are moving to the Chinese cities from their rural hinterlands. No longer is there a ‘rustication’ policy. The political environment is one of greater freedom and unprecedented market opportunity. The “floating population” is quickly creating its own work in large Chinese city streets and dumpsites.

Similarly, millions are drawn to the Indian cities because of earning opportunities created by the liberalization policy. Other South Asian cities are not in a dissimilar situation. That 500,000 rickshaw drivers and 80,000 waste-related workers swamp through the Dhaka streets is merely the tip of the iceberg, regardless of whether the informal sector is viewed optimistically or pessimistically. Whereas the precarious element in informality has been glaringly present for long in the fold of informal activities in the cities of South Asia, it has now started to surface in the cities of China in East Asia, and in those of Vietnam, Laos and Cambodia in Southeast Asia. In the cities of Southeast Asian countries, some of which experienced rapid economic growth during the mid 1980s to the mid 1990s, many of the precarious jobs had started to disappear. This has clearly been the case in Bangkok, as typified by fewer ‘salengs’ who go to the residential areas to buy recoverable wastes and by the near disappearance of ‘samlor’ drivers whose work has largely been replaced by ‘tuk tuk’ drivers, ‘soi’ motor bike services and taxis. To a lesser extent, such change began to take place in Jakarta as well, but before this trend could reach its logical end, economic collapse and political turmoil set in. This is now leading to the restoration, if not to an increase, of various forms of precarious work in the informal sector.

The Asian experience with the informal sector, thus, shows that its size and content are determined by the robustness of economic growth on the demand side and on the supply side by the magnitude of the rural labour surplus and the pace of its release arising from an increase in agricultural productivity and growth of non-farm activities. On the supply side, a new phenomenon is that of downsizing the formal sector. This is particularly evident in the relatively educated informal sector labour force in countries such as Mongolia, Vietnam and China. This educated labour force joined the informal sector after losing their formal sector jobs in the recent years.

The built-in resilience of the informal sector also makes it vulnerable on two fronts: (a) from the labour standpoint, unprotected employment and all that it entails and (b) from the market standpoint, an extremely competitive sector (e.g., cut-throat competition among thousands of petty traders, rickshaw drivers and unskilled construction workers) and all that that entails. Consumers of the informal sector's services benefit from low costs and, consequently, from price, as is the case in a perfectly competitive market. In fact, from the point of competition, the informal sector is in a double disadvantage: it is faced with a perfectly competitive market situation as sellers, and with a monopsonistic market-like situation in some instances, on the buyer side, as is the case of subcontracting relations between the piece-rate workers (numerous) and their contractors (few). It is these vulnerabilities that make the informal sector a strong candidate for social protection. The various economic and social benefits that the sector generates make it a good case for promotion. Indeed, informal sector-targeted social and economic programmes are called for, as has long been the case for promoting the agricultural sector.

Throughout the region, the participation of women in the labour force has been on the rise, although their participation in the agricultural sector has been consistently declining. Although this is also the case for men, for women it brings more relief because of the physically demanding nature of many agricultural works. Most of the labour released by the agricultural sector, however, is joining the service sector. Often the service sector jobs denote low productivity informal work. Again, this is also the case for the men, but in this instance women end up in the lowest-paying and most hazardous occupations, e.g., domestic service, waste picking, and brick-breaking work in the construction sites (the latter is more common in the South Asian countries) and piece-rate homework. Overall, women's presence in the informal sector appears to be higher in Southeast and East Asia than in South Asia. However, the difference may not be as large as it appears because many informal sector surveys do not include domestic workers and piece-rate homeworkers who are mainly women and who may be hidden in the South Asian countries for cultural reasons.

The work of children in the informal sector is a major concern. The presence of children in the labour force of the East and Southeast Asian countries is very limited. In contrast, it is widespread in the South Asian countries. This suggests an association between level of economic development and work of children. Again, the most disconcerting fact is that children tend to work in low-paying and hazardous occupations: waste-picking, domestic work, apprentice and casual labour. Many efforts of UN agencies, donor communities, governments, trade unions and NGOs are underway to eliminate children from such work. There is an indication that despite poverty, parents do want their children to go to school.

The review of public policy and actions that are underway to improve the situation found the following:

Rights: No region in the world perhaps has been so profoundly affected in recent years by the inherent cycles of the capitalist market system as has been the case for several Asian countries. The East and Southeast Asian countries have seen a tight labour market during the economic boom that led to significant reduction of the informal sector. But financial collapse in 1997 leading to economic recession has swept away many gains accrued to the labouring poor. However, the flourishing of democracy and freedom throughout Asia has allowed progress in ratifying work-related rights conventions by the national governments. With regard to the informal sector, gains have been accrued from the ILO's partnerships with local NGOs for eliminating child labour through its International Programme on Elimination of

Child Labour (IPEC). The Indian Supreme Court's verdict upholding hawkers' rights has greatly influenced hawkers' management approach to the city authorities in the region. Similarly, the work of the Self-Employed Women's Association (SEWA) and the Working Women's Forum (WWF) in India has been pivotal in the progress made in protecting the rights of working women in the informal sector. Experience shows much progress in according rights at work, reducing child labour and ensuring rights of working women in Asia. This has been made possible by partnership programmes and projects founded on international understanding and cooperation and which bring together organizations like the ILO, donor community, governments and NGOs.

Enterprise development: Numerous pilot projects and programmes have long been in place for 'slum upgrading' and promoting 'small and cottage industries'. However, few benefits have flowed from all this to the working people in the informal sector. In recent years 'micro and small enterprise' (MSE) development programmes have been undertaken in many countries with the assistance of donor communities and UN agencies, including the ILO. For enterprise development, micro-credit and technology upgrading have been two key instruments. Although support for MSEs does assist some informal enterprises to become upwardly mobile, the informal sector's core group - the own-account workers (e.g., construction workers, rickshaw drivers, waste pickers, hawkers) - is still largely overlooked in both SME and MSE promotional projects, since their work does not connote an 'enterprise' system.

Training: Two valuable lessons on training are: (1) training for the informal sector needs to focus on facilitating occupational and upward mobility; and (2) education and training are needed for children working in the informal sector and for the children of parents who work in the informal sector. This is what these parents want. They value education and training but are realistic. That is why they are not thinking of their own training since they cannot afford the time for it. Also, they are forward-looking. That is why they want education and training for their children. But harsh realities often force children to work in the informal sector. Rescuing the children from informal sector work is the only way to arrest informal sector work from becoming a modern version of the old caste-based occupations, passing from generation to generation. Education and training programmes for these children are also necessary to stop the inter-generational transfer of poverty. On-going training projects need to modify their programs to give education and training to children working in the informal sector as well as to the children of parents who work in the informal sector.

Credit: On credit supply, valuable experience has been gained, e.g., group formations to serve as collateral. This innovation works in the rural areas and can reach millions as shown in the Grameen Bank experience. A success story of that magnitude has still to emerge for the urban informal sector workers. The non-permanent nature of the urban informal sector workplaces and their workers' residences seem to be a problem that still needs to be solved by micro-credit supplying institutions in the urban sector. SEWA's all-round activities in Indian cities have created a new momentum concerning the urban informal sector workers' varied needs - not just credit. Proshikha and, more recently, BRAC in Bangladesh have also moved into micro-credit for the urban working poor. In Thailand, a Bank for the Urban Poor, modeled after the Grameen Bank, is being established. Thus, it appears the urban poor's credit needs are being taken seriously in some Asian countries. Informal sector workers may still be overlooked, however, if an 'official status' of work or permanent residence is a requirement to qualify for credit from these emerging institutional sources.

Social security: In the less-developed Asian countries, state-run social security coverage is largely limited to government employees and a small segment of the private sector. The vast competitive private sector is largely unprotected. Its workforce has no social protection. Although the minimum wage law (which most countries do have) officially applies to the competitive sector, redundancy payment or pension/provident fund provisions are rare. The competitive private sector includes most of the small and even medium-sized enterprises. Few state or employer-sponsored social protection measures exist for the informal sector. This vacuum, to an extent, is still taken care of by the traditional support system in the case of the rural-agricultural labour force, whereas in the case of the urban informal sector labour force, the vacuum is being filled in part by social movement organizations and NGOs but only on a limited scale. In this respect, India seems to be much better placed due to its rich heritage of social and union movements. SEWA's work concerning insurance, health care and child care services, and the reproductive and child health programmes of WWF stand out in this respect. Whereas in South Asian countries, reliance is still on the community organizations for social protection of informal sector workers, the Southeast Asian countries are moving to a comprehensive social protection provision by the State, particularly in Thailand, which adopted a comprehensive social security system in 1995. Indonesia has also awoken to the need for social protection. This is reflected in their setting up of the Social Protection Sector Development Programme (SPSDP). The primary aim of SPSDP is to mitigate the effects of the economic crisis on the poor. The specific objectives are to (a) protect access by vulnerable groups to essential social services, especially education and health, (b) maintain the quality of social services provided to the poor, and (c) initiate sustainable policy reforms related to the provision of key social services. In China, however, a reverse process has started: social protection measures of the State are rapidly shrinking. However, its Ministry of Labour and Social Security (MOLSS) is engaged in devising a new labour protection and security system required to deal with the emergence of the informal sector in China.

Occupational hazards: Despite known occupational hazards and health risks associated with some informal work (e.g., work in the waste dumpsites and metal workshops without protective gears), many workers appear to be unaware or uninterested in taking necessary actions to eliminate or reduce hazards. One Manila survey reports that up to 90 % of workers' occupational safety and health risks are not a priority concern. This may be a reflection of the combined effects of poverty and a lack of awareness. Several regional projects of the ILO are in place in Asia to change this unacceptable situation. These include Work Improvement in Small Enterprises (WISE) and Improve Your Business (IYB). A recently concluded three-year WISE project in the Philippines led to many improvements. By working with organizations in Malaysia, Nepal and the Philippines, IYB projects have developed and tested methodologies for healthy enterprise development in the informal sector. A manual on Improve Your Work Environment and Business (IWEB) has also been developed. Another Danish-funded ILO project covering Indonesia, the Philippines and Thailand promoted improved working conditions for women engaged in piecework at home. Yet, another project, involving Indonesia, Vietnam and the Philippines, assisted trade unions in improving working conditions in the informal sector. In Bangladesh and Cambodia, the IPEC project, through partnerships with an employers' organization (in the case of Bangladesh) and a local trade union (in the case of Cambodia), succeeded in removing children from hazardous work. The ILO joined hands with the Save the Children Fund to promote occupational safety and reduce health risks in the Philippines. All these have been making an impact in the region by turning attention towards the informal sector from an

occupational safety and health viewpoint, which would not have been the case if such partnership projects were not put in place.

Organization and representation: One of many paradoxical trends in today's world is that, simultaneous to the spread of democracy and human freedom, workers all over the world have been losing work-related rights because of weaknesses in the working class movement related to the growing strength of the capitalist market system. Unionization of workers has been falling across all countries in Asia, and the decline of trade union militancy is even more striking. It is unclear whether this is the cause or effect of "causalization" and "informalization" of labour, sometimes referred to as a more "flexible labour market." Against this background, organizing and unionizing the informal sector has assumed much significance. In the developing countries of Asia, however, the trend is more towards organizing the informal sector on trade-based organizations. In most instances these are results of community-based organizations or NGOs. This trend may be appropriate for organizing informal sector employers and own-account workers. Some of these organizations, however, bear trade union movement legacy, such as SEWA in India. The organizational nature and structure of wage labour and the variety of informal labour groups - such as casual labour, homeworkers, domestic workers - however, require a unionization approach. There is increasing recognition of this need, but progress is still limited. An innovative approach and dedication to the cause are necessary for organizing these labour groups since they are difficult to locate and often do not work in proximity to one another.

Physical integration: The Universal Declaration of Human Rights, article 23, states that "every one has the right to work". In order to assist the men and women working in the informal sector, a fundamental requirement is to ensure this 'right to work', which is frequently denied by authorities citing a variety of reasons. The predominant one is the non-official status of the work and their location in unauthorized places. The source of this conflict lies in not appreciating that "cities are places primarily for earning". The principles of 'right to work' and 'rights at work', together, cover work-related rights quite comprehensively. But urban planning practices have yet to accord right to work to the poor and their living in the cities. Failure of the cities to allocate a small space - often all that is required is no more than 2x2m space - denotes essentially a denial of 'right to work'. A few cities' positive attitudes and successful projects suggest that accommodation of the informal sector is not only possible, it can indeed create a 'win-win' situation in the sense that allocating space enables the informal sector to do business in better working conditions and simultaneously allows the city authorities to collect user fees for the allocated space and to provide services with cost recovery. Yogyakarta's Malioboro Street, Colombo's World Market and Bangkok's Chatuchak Weekend Market have become well-known in this respect, but there are other examples, too. These include Metro Manila's integrated hawkers' management programme (which accommodated the hawkers of the flea market), the construction of sheds for footpath typists in Dhaka in front of some key government offices, and Kuala Lumpur's assigning of spaces to hawkers along some streets.

The ILO is paving the way for focusing on the informal sector from the decent work point of view. This is a serious undertaking not just because of the overwhelming nature of the problem and the resources required for dealing with it. The utmost care and an imaginative approach are necessary so that social protection measures or the other requirements of decent work do not hurt those for whom they are meant. This should be the bottom line of social activism and policy interventions. Urban planning exercises (i.e., zoning, land-use planning, master plan, etc.), largely based on the western urban experience

(in which there was no informal sector of the present magnitude in Asian cities), have hurt informal labour both at worksites and in their living places because of slum and hawker eviction policies. Also, it is important to bear in mind that a typical employer-employee relation is not common in the case of the informal sector and that advanced capitalist countries' social protection policies are either not relevant or not affordable to the developing countries of Asia. This calls for an innovative approach in extending social protection policies to the informal sector labour force. Overcoming insecurity is also particularly relevant for the informal sector. Although job/income insecurity has become a universal phenomenon, the informal sector workers essentially live day-to-day even when they have been doing the same work for years. Income may not always be too low (e.g., cash earning of a rickshaw driver may sometimes be better than an office-going, low-paid employee or a wage worker in a factory), but institutions offering social/financial services corresponding to daily and fluctuating incomes have not come into existence. Daily payment based rental accommodations and financial services institutions are yet to emerge to suit the needs of many informal work and earning systems. Some NGOs have started to work on the latter (e.g., saving-lending schemes in poor communities), but for rental accommodations the need is for private sector developers to step forward.

The decent work approach to policy intervention and public action towards the informal sector captures the most serious, yet, obvious problem of informal sector work: poor working conditions marked by long, hard hours of work in hot and humid weather without access to water and sanitation. Not even a rudimentary toilet facility can be seen in or around most informal sector workplaces. Decent work also requires ensuring a minimum income for a decent living to be possible. However, income from informal work for most of the sector's labour allows only for dwelling in slum and squatter settlements, which have no, or limited, access to basic urban services. No wonder, then, that poverty, the informal sector and slum living have become so intertwined.

Public policy and actions for reducing decent work deficits need to be target-specific, occupation-specific, employment status-specific, women-specific, child labour-specific, etc. For example, for hawkers and street traders, physical accommodation by providing suitable space to conduct their business can go a long way in reducing harassment and improving their working conditions. Reduction of harassment of rickshaw drivers can also be made a priority as a recognition of the right to work. For waste pickers, one priority action programme could be to arrange provision of protective gear so that occupational safety and health risks can be reduced. For domestic service workers, ways and means need to be found to reduce crude forms of labour exploitation. Construction workers are also vulnerable to labour exploitation and occupational hazards. Although the apprenticeship system in the informal sector workshops and repair service shops serve as good means for imparting skills, interventions are necessary so that this system does not serve as a mechanism for labour exploitation or the use of child labour

Acronyms

ACFTU	All-China Federation of Trade Unions
ACTRAV	Bureau of Worker's Activities (ILO)
ACWF	All-China Women's Federation
ADB	Asian Development Bank
ADPINDO	Indonesian Employers Association
AICCTU	All India Central Council of Trade Unions
AIT	Asian Institute of Technology
AITUC	All India Trade Union Congress
API	Indonesian Textiles Association
APNTS	Association of Private, Non-profit Trade Schools
ARTEP	Asian Regional Team for Employment Promotion (ILO)
BASIC	Bank of Small Industries and Commerce
BBS	Bangladesh Bureau of Statistics
BDMSA	Banaskantha DWCRA Mahila SEWA Association
BKPSI/GUSKI	Agency for coordinating the informal small-scale businesses
BMA	Bangkok Metropolitan Administration
BMET	Bureau of Manpower, Employment, and Training
BMS	Bangladesh Mohila Sangha
BMS	Bhartiya Mazdoor Sangh
BRAC	Bangladesh Rural Advancement Committee
BRI	Bank Rakyat Indonesia
BSCIC	Bangladesh Small and Cottage Industries Cooperation
CBD	Central Business District
CBOs	Community Based Organizations
CIs	Cottage Industries
CLIMBS	Coop-Life Mutual Benefit Services Association, Inc.
COSATU	Congress of South African Trade Unions
CSI	Cottage and Small Industries
CUF	Cambodian Union Federation
CUWMED	Credit for Urban Women Micro Enterprise Development
DCC	Dhaka City Corporation
DEMO	District Employment and Manpower Office
DEPNAKAR	Department of Manpower (Indonesia)
DGET	Directorate General of Employment and Training
DWCRA	Development of Women and Children in Rural Areas
EAP	Economically Active Population
EEW	Economic Empowerment of Women
ESCAP	Economic and Social Commission for Asia and the Pacific
FDI	Foreign Direct Investment
FWDF	Filipino Workers Development Fund
GDP	Gross Domestic Product
GNP	Gross National Product
GRASP	Garbage Recycles Segregation Programme
GSB	Government Saving Bank
HBE	Home Based Enterprise
HKCTU	Hong Kong Confederation of Trade Unions
HomeNet	Homeworkers' Network
ICESCR	International Covenant on Economic, Social and Cultural Right
ICDS	Integrated Child Development Services
ICFTU-APRO	International Confederation of Free Trade Union/Asian and Pacific Regional Organization
ICLS	International Conference of Labour Statisticians

IID	Informal Industrial District
ILO	International Labour Organization
IMR	Integrated Material Recovery
INTUC	Indian National Trade Union Congress
IPEC	International Programme on Elimination of Child Labour (ILO)
IS	Informal Sector
ISEP	International Small Enterprises Programme
ISMED	Institute for Small and Medium Enterprises Development
ISME	Informal Sector Manufacturing Enterprise
ISSU	Informal Sector Service Unit
IYB	Improve Your Business (ILO)
IYWEB	Improve Your Work Environment and Business (ILO)
JRY	Jawahar Rozgar Yojana
KDBC	Kerala Dinesh Beedi Cooperative
KHLW	Kerala Head-Load Workers
KIP	Kumpung Improvement Programme
LEDA	Local Economic Development Agency
LFS	Labour Force Survey
MFI	Micro Finance Institutions
MHT	Mahila Housing Trust
MLSW	Ministry of Labour and Social Welfare
MNC	Multinational Corporation
MOI	Ministry of Interior
MOLSS	Ministry of Labour and Social Security
MOEF	Ministry of Environment and Forests
MSE	Micro and Small-Enterprise
MSFSCIP	Marginal and Small Farm Crop Intensification Project
NASVI	National Alliance of Street Vendors of India
NCL	National Centre for Labour
NDME	Non-Directory Manufacturing Establishments
NESDB	National Economic Social Development Board
NHA	National Housing Authority
NGO	Non-Government Organization
NSO	National Statistical Office
NYMC	National Youth and Manpower Council
OAME	Own-Account Manufacturing Employees
OECD	Organization for Economic Cooperation and Development
OSH	Occupational Safety and Health
PEP	Productive Employment Project
PERUMNAS	National Housing Cooperation (Indonesia)
PHC	Primary Health Centres
PLEAA	Program for Literacy and Economic Advancement Association
PMC	Pune Municipal Cooperation
PPLH/ITB	Centre of Environmental Studies / Institute of Technology, Bandung
PWD	Public Works Department
SAAT	South Asian Multidisciplinary Advisory Team (ILO)
SAP	Structural Adjustment Policy
SASDP	Social Protection Sector Development Programme
SCI	Small and Cottage Industry
SCITI	Small and Cottage Industries Training Institute
SEAPAT	Southeast Asia and the Pacific Multidisciplinary Advisory Team (ILO)
SEDP	Small Enterprise Development Project
SEED	Small Enterprise Development Programme (ILO)
SELP	Self Employment Programme
SEWA	Self-Employed Women's Association

SEMP	Sustainable Environmental Management Programme
SHG	Self-Help Group
SIYB	Start and Improve Your Business (ILO)
SME	Small and Medium Enterprise
SNA	System of National Accounts
SOS	Save Our Souls
SSIs	Small-Scale Industries
SSS	Sulab Shauchalay Seva
STEP	Strategies and Tools against Social Exclusion and Poverty (ILO)
StreetNet	Street Vendors' Network
SYB	Start Your Business (ILO)
TDRI	Thailand Development Research Institute
TLA	Textile Labour Association
TTC	Technical Training Centers
TUCP	Trade Union Congress of the Philippines
UBSDP	Urban Service Delivery Project
UCD	Urban Community Development
UCDO	Urban Community Development Office
UMP	Urban Management Programme
UNCHS	United Nations Center for Human Settlements
UNICEF	United Nations Children's Fund
UNDP	United Nation Development Programme
UPISSI	University of the Philippines' Institute for Small Scale Industries
VTI	Vocational Training Institutes
WEDG	Women Entrepreneurship Development and Gender in Enterprises (ILO)
WIDE	Work Improvement and Development of Enterprises (ILO)
WIEGO	Women in Informal Employment: Globalizing and Organizing
WIND	Work Improvement Neighborhood Development
WISE	Work Improvement in Small Enterprises (ILO)
WWF	Working Women's Forum
WWCs	Working Women's Cooperative Societies

1. Lest we forget

1.1 The informal sector in perspective

The 1950s and 1960s were a time of optimism for the developing countries, due to the rapid decolonization that began at the end of the Second World War. Charismatic leaders who fought against the colonial powers and took power in the new nation-states (e.g., Nehru in India, Sukarno in Indonesia) seem to have been mesmerized by the development and institutions of such colonial powers, hence the construction of ministries, offices, universities, factories, workplaces, and living quarters. Government officials' quarters accompanied the building of government offices as workers' colonies accompanied the building of factories. In addition to basic urban services, these quarters and colonial premises contained health clinics and schools for children. There were almost no exceptions to this pattern in public and private sector initiatives in the 50s and 60s.

Arthur Lewis provided the intellectual foundation for this optimism. Aware of resource limitations and the need for capital accumulation, Lewis (1954) created an optimistic development model based on unlimited supplies of labour by turning a widely perceived "liability" (surplus labour) into an "asset" as the basis of capital accumulation. Thus, even import-substituting industrialization did not appear burdensome as it later proved to be in many cases, although Lewis primarily thought of export-led industrialization for utilization of surplus labour and increasing capital accumulation.

By the late 1960s, it appeared that the urban-industrial centre pattern of development was drawing more migrants than could be absorbed in terms of decent work and living, thus weakening the optimistic outlook. Like Lewis, Todaro provided a theoretical explanation of this mood and reality, but unlike Lewis his was one of pessimism: urban problems (whether employment, housing or other basic services) cannot be solved at the urban end. As a result, interest switched from an urban-industrial to a rural-agricultural model of development with intellectual backing from Harris-Todaro type models. No wonder the World Bank policy during this period focused primarily on rural development and rural poverty eradication.

Many scholars were not convinced that rural development could stand on its own. In *The Economy of Cities*, Jane Jacobs (1969) argues persuasively and provides historical evidence that "cities invent and reinvent" rural economies and that through the lead of the cities, rural development takes place. Cities' "innovativeness" - ability to "add new things to the old" - inspired Jacobs' optimism. Of course, she admonishes cities that fail to innovate in solving their problems. But this type of argument did not alter the pessimism since urban squatters' and slum dwellers' conditions remained pitiful. Instead of submitting to this pessimistic mood, the ILO employment mission to Kenya (ILO, 1972) raised hopes through their "discovery" of a "sector" that they viewed as engaged in many "ingenious" activities with little capital and using locally available resources. This appeared to be the basis for restoring Lewisian optimism since many have held inappropriate "western, capital-intensive" technology (among other factors, e.g., population growth higher than Lewis's assumed one per cent and lack of an investment environment due to political and social instabilities) responsible for the non-realization of the Lewisian pattern of development in most developing countries, although countries like Korea, Taiwan and, more recently, Thailand reflect some resemblance to Lewisian development. In Kenya, the technology used by the informal sector appeared to be an indication of correcting inappropriate technology. But many were not

convinced that the informal sector, made up of such “marginal” activities of the poor, could be a matter of any serious attention. Thus, this “non- sector”¹ (Hackenberg, 1980) has been uninspiring to many. Some have been concerned about the crude labour exploitation (Leys, 1973) and the unacceptable working conditions in the informal sector. But some saw that this newly emerged “urban subsistence sector” (Cole and Sanders, 1985) has indeed created a new prospect for realization of the Lewisian pattern of development in the developing countries. The presence of the subsistence sector within the heart of urban-industrial economies has created a relationship similar to Lewis’s postulated relationship between the ‘rural subsistence sector’ and the urban ‘capitalist sector’. This also allows cities to be competitive and urbanization costs to be lower (Richardson, 1987), thereby contributing to capital accumulation.²

Poor working conditions and labour exploitation were concerns to many. Thus, the ILO’s dilemma (ILO, 1991) with the informal sector has been understandable. Meanwhile, the informal sector began to draw attention from different interest groups - employers, laissez fairists, NGOs - for different reasons. Also, the collapse of the socialist challenge to the world economy has brought unprecedented growth and mobility in capital, labour and technology. Greater respect for democracy and freedom is also contributing to people’s mobility. Acceleration in this direction has led to some 300 million Chinese migrating from the rural areas to cities for better work and living (Wang & Zuo, 1999). Also, globalization of economic and market forces has added another dimension: the deformalization of the formal sector and informalization of production processes as observed in the widespread adoption of enterprise flexibility, subcontracting, outwork, and piece-rate work. Retrenchment of thousands of public sector workers and officials, particularly in the transition economies, has added another powerful dimension to the expansion of the informal economy. The informal sector is no longer limited to a Third World country situation (Mazumdar, 1976).

1.2 The Asian setting of the informal sector

Despite the rapid economic growth that characterizes a large part of Asia, a vast rural-agricultural sector continues to send millions of migrants to urban areas as a way of coping with the pressures of the exchange economy that has now mostly eliminated the “self-sufficient village system” that supposedly existed in Asia for centuries. Although this type of change is not atypical of the changes that the developed countries of the West underwent, both the scale and the time frame make the overall outcome of the rural-to-urban migration growth of Asia profoundly different from previous experiences. The real difference between these two groups of countries’ urbanization experience lies in the sheer numbers of people involved in the process and their corresponding urban living requirements (Williamson, 1988).

To fully grasp the reality of the Asian setting, some basic demographic and economic data must be examined (see Tables 1 and 2).³ The population in Asia is huge, ranging from several million in most cases to over one billion in China and India. Of this mass only about one-third lived in the urban areas as of 1990, which in absolute terms, accounted for hundreds of millions of people. The current situation is only a small indication of future problems. Most of these countries are still largely rural and millions of potential migrants are waiting for an opportune moment to move to the cities. No wonder the Todaro model implies that urban

¹ For similar interesting alternative labeling of the informal sector see Box 1 in Chapter 2.

² For some recent critiques, see Douglass (1998) and Mead & Morrison (1996).

³ Additional references, tables, boxes and figures are found in Appendix A.

problems cannot be solved only in urban areas because a solution to those problems (whether of urban unemployment⁴, lack of shelter, services, or infrastructure) will trigger still more urban migration (Todaro, 1969). His model may have limited applicability for countries without such huge rural-agricultural sectors as the Asian countries, but the implicit message for such populous countries is easy to appreciate.

To make matters worse, urban migration is essentially becoming targeted towards a single city in many countries. Millions of people are living in the largest city in each country (see Table 1). The largest city may account for one- to two-thirds of a country's total urban population (exceptions include the vast and regionalized countries like China and India). Because of the concentration of wealth, income, economic activities, administration, financial services, education, and health facilities, migration is principally towards the largest city, which is often also the capital.

Table 1: National, rural, urban and mega-city population in Asia by country

<i>Country</i>	<i>Total national population (millions)</i> <i>1999</i>	<i>Total urban population %</i>		<i>Rural population to total %</i> <i>1999</i>	<i>Population of largest city (millions)</i> <i>2000</i>
		<i>1980</i>	<i>1999</i>		
South Asia					
Bangladesh	128	14	24	76	12.2
India	998	23	28	72	15.7
Iran	63	50	61	39	8.5
Nepal	23	7	12	88	-
Pakistan	135	28	36	64	11.7
Sri Lanka	19	22	23	77	-
Southeast Asia					
Cambodia	12	12	16	84	-
Indonesia	207	22	40	60	13.7
Malaysia	23	42	57	43	-
Lao PDR	5	13	26	74	-
Myanmar	45	24	27	73	-
Philippines	77	38	58	42	11.8
Singapore	3	100	100	0	-
Thailand	62	17	21	79	10.3
Vietnam	78	19	20	80	6.0
East Asia					
China	1250	20	32	68	17.0
Korea, Republic of	47	57	81	19	12.7
Mongolia	3	52	63	37	-
Japan	127	76	79	21	19.0

Source: Yu-Ping and Helizman, 1994, p.23; World Bank, 2000/2001, pp.74-77.

⁴ Believers in the Todaro model and its policy implications, however, should recognize that rural unemployment and underemployment problems would be much higher in the absence of urban migration.

The population is still growing in most countries at a rate of about 2% (Table 2). The growth rate of the labour force is even higher (2 to 3% in most cases). The most staggering growth, however, is the urban population (3 to 5%). Much of this growth is fuelled by rural-to-urban migration, which accounts for 40 to 60% of the net increase in urban population (ESCAP, 1993, pp. 2-16).

Table 2: Population, labour force, and urban population growth rate in Asia by country

<i>Country</i>	<i>Population</i>		<i>Labor force</i>		<i>Urban population</i>	
	<i>(average annual growth rate)</i>		<i>(average annual growth rate)</i>		<i>(average annual growth rate)</i>	
	<i>1980-90</i>	<i>1990-99</i>	<i>1980-90</i>	<i>1990-99</i>	<i>1980-93</i>	<i>1994-99</i>
South Asia						
Bangladesh	2.4	1.6	2.2	3.0	5.3	4.6
India	2.1	1.8	1.7	2.3	3.0	2.8
Iran	3.3	1.6	3.0	2.4	5.0	-
Nepal	2.6	2.4	2.2	2.4	7.7	5.4
Pakistan	2.7	2.5	2.9	2.8	4.2	4.2
Sri Lanka	1.4	1.2	2.2	2.0	1.6	2.2
South-East Asia						
Cambodia	2.9	2.8	2.6	2.8	-	5.2
Indonesia	1.8	1.7	3.0	2.6	4.8	4.1
Malaysia	2.8	2.5	3.1	3.0	4.2	3.5
Lao PDR	2.3	2.6	-	-	6.00	5.60
Myanmar	1.8	1.2	1.8	1.6	2.6	-
Philippines	2.6	2.3	2.8	2.8	4.8	3.8
Singapore	1.7	1.9	2.7	1.7	1.1	1.6
Thailand	1.7	1.2	2.7	1.7	2.7	2.3
Vietnam	2.1	1.8	2.7	1.8	2.7	2.0
East Asia						
China	1.5	1.1	2.2	1.3	4.3	3.5
Korea, Republic of	1.2	1.0	2.3	2.1	3.6	2.2
Mongolia	2.9	1.9	2.9	2.8	3.6	3.0
Japan	0.6	0.3	1.2	0.7	0.6	-

Source: World Bank, 2000/2001, pp. 278-279 for population and labour force growth data. Urban population growth rate data for 1980-93 are from UNDP, 1995, pp. 222-223. Urban population growth rate data for 1994-95 are from ADB, 2000, p.7.

Data on gross national product (GNP) per capita, growth rate, and structure of output and employment are presented to highlight that such rapid urban growth has been taking place at a relatively low level of development (see Table 3). For most Asian developing countries (i.e., other than the two OECD member countries - Japan and Korea - and Singapore), per capita GNP is below \$2,000. Economic growth rates are also moderate to low, except in Thailand and the People's Republic of China (hereinafter, China). The industrial sector's contributions to output and employment also remain low. The agricultural sector's contribution to output has declined, but its employment share is still high. In contrast, the service sector's contributions to output and employment are relatively high. Distribution of the economically active population by gender and industry (Table 4) is very revealing: not

only is the service sector increasing in terms of employment in all countries, but also the employment of women is increasing. Although this may be seen as a good sign from the point of economic independence for women, employment in service activities may not denote stable jobs and good income.

Table 3: GNP per capita, growth rate and structure of economy by gross domestic product (GDP) composition and employment share

<i>Country</i>	<i>GNP per capita (Dollars) 1999</i>	<i>GNP growth rate 1998-99</i>	<i>% of GDP 1999</i>			<i>% of labour force engaged 1989-91</i>		
			<i>Agr.</i>	<i>Ind.</i>	<i>Ser.</i>	<i>Agr.</i>	<i>Ind.</i>	<i>Ser.</i>
South Asia								
Bangladesh	370	3.3	21	27	52	56	10	34
India	450	4.9	28	25	46	62	11	27
Iran	1760	0.5				25	28	47
Nepal	220	2.2	41	22	37	93	1	6
Pakistan	470	1.2	26	25	49	44	25	31
Sri Lanka	820	2.7	21	28	51	49	12	39
Southeast Asia								
Cambodia	260	2.2	51	15	34	74	7	19
Indonesia	580	0.3	20	45	35	54	8	38
Malaysia	3400	1.9	14	44	43	31	27	42
Lao PDR	280	1.5	53	22	25	76	7	17
Myanmar	-	-	53	9	38	64	9	27
Philippines	1020	1.4	17	31	52	41	19	40
Singapore	29610	3.6	0	36	64	0	40	60
Thailand	1960	4.5	13	40	49	70	11	19
Vietnam	370	2.9	26	33	42	67	12	21
East Asia								
China	780	6.3	17	50	33	73	14	13
Korea, Republic of	8490	10.1	5	44	51	16	34	50
Mongolia	350	1.2	33	28	40	40	21	39
Japan	32230	0.8	2	37	61	-	-	-

Source: World Bank, 2000/2001, pp.274-275 for GNP per capita and GNP growth rate. Sectoral distribution of GDP data is from pp.296-297 of the same report. Sectoral distribution of labour force data is from UNDP, 1993, pp.168-169.

Table 4: Economically active population (EAP) by gender and industry

Sector	Gender	Year	South Asia					Southeast Asia						East Asia				
			Bangladesh	India	Nepal	Pakistan	Sri Lanka	Cambodia	Indonesia	Malaysia	Myanmar	Philippines	Singapore	Thailand	Vietnam	China	Korea, R.	Mongolia
Agriculture	Women	1980	81	83	98	73	55	80	56	49	80	37	1	74	75	79	39	36
		1990	74	74	98	72	43	78	56	26	78	31	0	65	73	76	20	30
		1998	78	-	-	66	49	-	42	15	-	27	0	50	-	-	14	-
	Men	1980	67	63	91	56	48	70	59	36	72	61	2	68	71	71	31	43
		1990	59	59	91	45	37	69	54	28	70	54	1	63	70	69	16	34
		1998	54	-	-	41	38	-	41	21	-	47	0	52	-	-	11	-
Industry	Women	1980	14	9	0	12	13	7	12	18	7	16	42	8	10	12	24	21
		1990	19	15	0	13	22	8	13	23	9	14	35	12	11	13	30	22
		1998	8	-	-	10	22	-	16	28	-	12	23	16	-	-	19	-
	Men	1980	5	15	1	15	17	7	12	19	9	15	35	13	16	16	32	21
		1990	14	17	0	20	19	7	14	23	11	16	37	16	17	17	39	23
		1998	11	-	-	20	23	-	21	34	-	18	34	19	-	-	34	-
Service	Women	1980	5	8	2	15	31	14	32	33	12	46	57	18	15	10	37	43
		1990	7	11	2	15	35	14	31	52	14	56	65	23	16	11	49	48
		1998	15	-	-	23	29	-	42	57	-	61	77	34	-	-	67	-
	Men	1980	29	22	8	29	35	23	29	44	19	25	63	20	13	14	37	36
		1990	26	24	9	34	44	24	31	48	19	29	63	21	13	14	45	44
		1998	35	-	-	39	40	-	39	46	-	35	66	28	-	-	55	-

Note: Figures denote % of EAP
Source: ADB, 2000, pp. 8-9.

1.3 Factors fuelling the informal sector growth in Asian mega-cities

The activities concentrated in cities serve as a “pull” factor, as the prospect of informal sector work encourages migration to the cities, particularly to the mega-cities which have become “theaters of accumulation” (Armstrong and McGee, 1985), as manifested by their concentrations of national wealth and assets. International competitiveness of national as well as foreign business interests in these large urban agglomerations is primarily acquired through comparative advantage by using cheap labour. This is an important demand-side factor fuelling informal sector growth in these cities, whereas the presence of a huge labour pool in the vast rural-agricultural areas constitutes the constant factor on the supply side. This is a perfect illustration of the Lewisian pattern of economic development, based on capital accumulation afforded by labour transfers from rural areas - only on a much greater scale than predicted by Lewis. This is further complicated by additional demand-side factors (e.g., adoption of capital-intensive technology in many production and service activities) and supply-side factors (e.g., the lack of skills required by production and service methods) in the labour market. As a result, a huge pool of surplus labour has been created within these large urban agglomerations that has to create its own source of livelihood in order to survive.

The dynamics of market forces are such that it has not taken capital/technology long to exploit this surplus labour in the urban economy. Increasing practices of subcontracting, piece-rate work and similar forms of outwork in production; reliance on informal transportation for urban mobility (e.g., rickshaws in Dhaka, ‘soi’ motorbikes or ‘tuk tuk’ in Bangkok, ‘jeepneys’ in Manila, and ‘becaks’ in Jakarta); greater demand for tourism-centred services; and increased reliance on cheap labour for delivery of urban services - ranging from water to waste disposal - are all essentially geared to making the best use of the cheap labour available in the urban informal sector. Consequently, rural-to-urban migration is not targeted exclusively at formal sector employment. Despite the low incomes and poor conditions associated with urban informal sector employment, it is increasingly clear that the decision to migrate among the rural unemployed is focusing more on informal sector livelihoods where the lack of skills or formal education constitutes little or no barrier to gaining an income. Thus, it is no wonder that the informal sector’s presence has become so widespread in the mega-cities of Asia.

2. The informal sector’s changing nature and trends in Asia

2.1 The term, concept, definition, and measurement issues

The term

How best to label the activities that the ILO has denoted as the informal sector has occupied many minds. As a result, many alternative names have been coined to describe these activities (see Box 1), each of which shed some interesting insight into the composition of the informal sector. Indeed, all together, these are not quite alternatives but seem to provide a profound understanding of what the informal sector is all about.

In Asia, India has not only long been using the label “unorganized sector” but has also systematically collected data on the unorganized, as well as the organized, sector. Although understandably not used in official circles, Sasono & Rofi’ie (1987) have labeled the informal sector the “people’s economy” to capture the Indonesian reality of its being a source of living for most people. A 1998 ILO-UNDP report for Bangladesh uses “non-formal sector” to describe informal sector activities. In China, the floating population’s activities used to be

seen as being similar to informal sector activities in other Asian countries, but these are no longer limited to the floating population. Many urban unemployed and labour retrenched by the state sector are now joining the informal sector in China. Some of the enterprises shown by Chinese officials to international visitors as belonging to the informal sector are, however, more like the well-established small-scale enterprises in other countries of Asia.

Box 1: The informal sector by some other names

<i>Term</i>	<i>Author</i>
Trade-Service Sector	Reynolds (1969)
Informal Income Opportunities	Hart (1971)
Unenumerated Sector	Weeks (1971)
Informal Sector	ILO (1972)
Intermediate Sector	Child (1973), Steel (1976)
Community of the poor	Rempel (1974), Gutkind (1967)
Unstructured Sector	Emmerij (1974)
Family-Enterprise Sector	Peattie (1974), Mazumdar (1976)
Irregular Sector	Standing (1977)
Unorganized Sector	Joshi (1976), Harriss (1978), CSO (1980) cited in Chandra and Pratap (2001).
Petty Commodity Production	Moser (1978)
Lower-Circuit of Urban Economy	Santos (1979)
Casual Work	Bromley and Gerry (1979)
Non-Plan Activities	Sarin (1979)
Non-Westernized Sector	Hackenberg (1980)
Urban Subsistence Sector	Cole and Sanders (1985)
The Informal Economy	Portes, Castells and Benton (1989)
Informals	De Soto (1989)
People's Economy	Sasono and Rofi'ie (1987)
Non-formal Sector	ILO-SAAT and UNDP (1998)

Source: Author's compilation.

The concept

Despite variations in terminology, conceptual understanding of the sector converges towards a definition of an entity that has official non-status, lacks solid legal status, and is unprotected or unregulated by state institutions. Often these attributes arise because of its small size. For example, for many, the very small nature of their enterprises simply denotes the 'precariousness' of their means of living, whereas for others 'informality' may be a strategy to avoid regulation and control, economize on costs, or avoid taxes. The latter gives rise to the informal sector's questionable legal status. The institutional non-coverage may be due to the precarious nature or simply the state machinery's inadequacy in extending the arm of regulation or protection.

The definition

Since a definition is adopted for a specific purpose (e.g., for conducting a survey) and a particular country, the adopted definitions vary from country to country (Table 5). However, a closer look reveals that the difference is not great. Two broad approaches to defining the sector focus on (a) the enterprise and (b) the status of labour.

- The enterprise approach to defining the informal sector draws on the informal-formal distinction according to the size of the enterprise (e.g., enterprises with fewer than 10 workers or 5 workers, depending on a country’s policy of institutional coverage for regulation/control or protection). This demarcation is not arbitrary, but is conceptually based on some enterprises having neither official status nor state coverage. Most countries’ institutional coverage is limited, and drawing a line in terms of size reflects that inadequacy.
- The labour status approach focuses on the work status of the labour force on the assumption that labour protection laws do not cover certain categories of the labour force. These labour categories are the “self-employed”, “own-account workers”, and “self-employed assisted by family members” and “family workers”. As a result, these three groups comprise the informal sector from a labour status standpoint. One problem with this approach is that no wage labour is included, whereas the enterprise approach leads to inclusion of all wage labour, including those employed in the informal enterprises as defined by the enterprise approach. This gives rise to an anomaly in measuring the size of the informal sector. The labour status approach often yields an underestimate of the size of the sector for non-inclusion of wage labour.

Table 5: Definitions of informal sector in Asian countries

<i>Country</i>	<i>Official definition</i>	<i>Source</i>
<i>South Asia</i>		
Bangladesh	Formal employment is defined as employment in establishments employing 10 and more workers. By implication the informal sector is comprised of enterprises with less than 10 workers.	ILO-SAAT and UNDP (1998, p.12)
India	According to the Central Statistical Organization, all unincorporated enterprises and household industries (other than organized ones) which are not regulated by law and which do not maintain annual accounts or balance sheet constitute the unorganized sector.	Chandra and Pratap (2001, p.413)
India	The directorate General of Employment and Training (DGET) defines the organized sector as comprising all establishments in the private sector, which employ 10 or more persons. By implication of this definition, informal sector is comprised of enterprises with less than 10 employees. These are <i>not</i> (a) organized systematically, (b) made formal through mandatory registration or license, (c) covered by legislation to protect minimum labour standards in employment and (development) unionized.	Ratnam (2000, p. 48)

Pakistan	The definition commonly used for defining the IS in Pakistan is based on the size of establishment. All workers in non-industrial establishments employing less than 20 workers and all industrial establishments employing less than 10 workers are included in the informal sector while establishments employing more than these specified number of workers are included in the informal sector.	Naseem (1996, p.135)
Sri Lanka	Informal sector is defined to include enterprises and activities which employs less than five persons, mainly from family sources, investment in buildings and equipment is quite low, technology labour intensive, management system simple with minimum documented controls, and where technical know-how and skills acquired from formal educational system.	Marga Institute (1979, p. 25)
<i>Southeast Asia</i>		
Cambodia	Informal sector in Cambodia is defined to have the following characteristics: any activities which do not have a firm, identifiable postal address, where worker are self-employed, road side vendors, non availability of data on such business through census survey, labour intensive nature of operations, quick turnover, part-time or full time working, the use of energy input from human or animal source, activities not recognized, take place in a non-structured premises, not under any regulations, license, insurance and do not pay any tax.	Cambodia Country Paper, ILO (1992a, p.3)
Indonesia	The informal sector is defined by the Central Bureau of Statistics as consisting of individuals 10 years of age and over, who worked during the previous week as own account workers, self-employed assisted by family members, farmer employees, and the non-wage family workers.	Firdausy (1996, p.104)
Malaysia	Informal sector is defined to include the (a) unprotected regular and casual employment (i.e., workers in the establishments who do not participate in the social security system or what is known as the Employees Provident Fund) and (b) self-employed including unpaid family labour.	ILO (1992b, p.2)
Myanmar	A person is said to be employed in the formal sector when he or she is working in public service or in an enterprise which is formally constituted. An individual is said to be employed in informal sector when he or she is giving services or labour which is not formally instituted with formalities.	Shwe (1991, p.2)
Philippines	Informal sector includes economic activities as self-employed with or without unpaid family workers, and those employed in enterprises with less than 10 persons.	Joshi (1997, p.145)
Thailand	The National Statistical Office (NSO) defines informal sector to include enterprises typically operating with a low level of organization on a small-scale, low and uncertain wages and no social welfare and security. NSO also defines formal sector as employing at least 10 persons, which implies that enterprises employing 1 to 9 persons should be included in informal sector.	NSO (1994) cited in Sungoonshorn (2001, p.46-47)

Thailand	Informal sector includes private employees working in small-scale firms and subcontractors or the self-employed having small-scale operations of no more than 10 workers. The cottage size enterprises with no more than 5 workers and small size with six to ten workers enterprises are included in informal sector. However, medium sized operations with 11–20 workers are also included for comparison since they can be regarded as belonging to both the later stage of the informal sector and the early stage of formal sector.	TDRI – NESDB (1992, p.20)
Vietnam	Officially defined to include small-scale activities characterized by self-employment, mainly using self labour and household labourers (usually less than ten), simple technology, low level of organization and unfixed operation of premises and working hours.	ILO (1992c, p.2)
<i>East Asia</i>		
China	The informal sector in China should refer to very small-scale units outside the legally establishment enterprises. According to organizational forms, three types of such enterprises are distinguished as: micro-enterprises, family enterprise and independent service persons.	MOLSS (2001a, p.11-12)
Mongolia	The informal sector consists of small-scale, usually family based, economic activities that may be undercounted by official statistics, and may not be subject, in practice, to the same set of regulations and taxation as formal enterprises.	Anderson (1998, p.2)
Republic of Korea	Officially, the term informal sector is not used. Researchers define it to include the self-employed with or without family labour and micro-enterprises with fewer than five workers.	Kwon (1994, p.41)
Japan	The categories of workers which can be considered to comprise the informal sector are: the self-employed with employees, self-employment without employees, family workers, and persons doing home handicraft.	Horiuchi (2001, p.1)

Source: Author's compilation.

Measurement issues

Despite two convenient sources of data - enterprise and labour force survey (LFS) data - that most countries are expected to have (and which can be a good basis for estimating the size of the informal sector), estimating the size of the informal sector remains problematic. All countries do not conduct both surveys regularly, or they are not made available through published reports. An exception is Thailand, which has very rich, systematic LFS data. It is conducted three times every year and published regularly. Unlike LFS, enterprise surveys in Thailand either are not conducted regularly or are unavailable. As a result, an LFS-based estimate of the size of the informal sector cannot be adjusted to take account of the wage labour working in enterprises of fewer than 10 workers.

Another major problem in estimating the size of the informal sector is non-availability of data in both enterprise surveys and LFS data by rural and urban divisions. As a result, most national estimates include traditional rural economic activities that were not intended as part of the informal sector. Without entering into a detailed discussion on the need or desirability of using the informal sector term for rural economic activities, inclusion of rural economic activities renders almost everything a part of the informal sector. Their inclusion makes the size of the informal sector for most developing countries in Asia around 90%. In order to

avoid the rural/urban distinction, the International Conference of Labour Statisticians (ICLS) adopted a definition in 1993 in which the informal sector was “restricted to non-agricultural activities” (Charmes, 1996, p. 21). The ICLS definition has been summarized as follows:

“For statistical purposes, the informal sector is regarded as a group of production units which form a part, within the System of National Accounts (SNA), of the household sector as unincorporated enterprises owned by households. Household enterprises (or unincorporated enterprises owned by households) are distinguished from corporations and quasi-corporations on the basis of their legal status and the type of accounts they hold: accordingly, household enterprises are not constituted as separate legal entities independently of the household or of household members that own them, and no complete set of accounts are available which could permit a clear distinction between the production activities of the enterprises and the other activities of their owners.

The informal sector is defined (irrespective of the kind of workplace, the extent of fixed capital assets, and the duration of the activity of the enterprise and its operation as a main or secondary activity) as comprising:

- (1) Informal self-owned enterprises that may employ family workers, and employees on an occasional basis: for operational purposes and depending on national circumstances, or only those that are not registered under specific forms of national legislation (factories or commercial acts, tax or social security laws, professional groups, regulatory or similar acts, and laws or regulations established by national legislative bodies).*
- (2) Enterprises of informal employers which may employ one or more employees on a continuous basis and which comply with one or both of the following criteria: Size of the establishment below specified level of employment (defined on the basis of minimum size requirements embodied in relevant national legislation or other empirical or statistical practices: the choices of the upper size of limit taking account of the coverage of statistical enquiries in order to avoid an overlap); and/or non-registration of the enterprises or its employees” (Charmes, 1996, p. 21).*

Although the expectation was that the ICLS definition would lead to comparable estimation of informal employment at the national level by official data collection machinery, there is little evidence showing that this has happened. Every country has unique features and circumstances that make a universally accepted definition of the informal sector impossible. Thus, most researchers define the informal sector from the context of the respective country. Some countries do have official definitions. However, these vary quite substantially. These definitions are adopted with a view to reaching the sector through a legal framework, often in order to support or manage it better. Table 5 presents a summary of the definitions of the informal sector that various researchers or governmental agencies have used to define the informal sector in their respective country’s context.

2.2 Magnitude and size: Sub-regional variations

City level estimates

Most studies on the informal sector in Asian countries have been based on survey research and have focused on the composition, functioning and linkages of the sector. Definitional problems and data constraints seem to have discouraged researchers from trying to estimate the size of the sector. A 1989 ILO-ARTEP study of several Asian cities showed

an increase in the size of the informal sector as being a consistent regional trend. In the early 1970s most available estimates showed the size of the informal sector as being 40-50%, whereas 1980s corresponding estimates were on the order of 50-65% (Table 6). These data appeared to be the only evidence on the trend in size of the informal sector and, thus, have been widely cited. Unfortunately, attempts to add a column to that table for the 1990s yielded data only for two cities, one of which is Bombay, whose informal sector grew from 35% in the 1960s to 49.5% in the 70s and 65% in the 90s. All signs suggest that in other South Asian cities, the informal sector has also continued to grow during the 1990s as in the preceding two decades.

Table 6: Trend in the magnitude of the informal sector's size at the city level in the Asian countries

<i>City</i>	<i>Share of informal sector in total employment</i>			
	<i>1960s</i>	<i>1970s</i>	<i>1980s</i>	<i>1990s</i>
<i>South Asia</i>				
Dhaka	-	57.0	64.6	-
Calcutta	-	40-50	54.0	-
Bombay	35	49.5	60.0	65.0
Madras	-	50-70	-	-
Delhi	-	53.8	-	-
Karachi	-	69.1	-	-
<i>Southeast Asia</i>				
Jakarta	-	41.0	65.0	-
Metro Manila	-	43.0	50.0	-
Bangkok	-	60.1	57.9.8	59.8

Source: Data other than those of Bombay and Bangkok are from Amin (1989a, p.7), Bombay data are from Bhowmik (2000, p.2), and Bangkok data are from Amin (2001, p.13).

For Southeast Asian cities, such generalizations are not possible. For example, because of the economic boom from the mid-1980s to the mid-1990s, the informal sector in Bangkok clearly shrank, particularly its marginal/survivalist segment. But the financial collapse in mid-1997, which plunged much of the region into economic recession, has forced many into the informal sector. Estimates from LFS data show that the informal sector in Bangkok declined from 60.1% in 1980 to 56.8% in 1994 (note that the economic boom swept through Thailand from 1987 to 1996), but climbed back to 59.8% by 1999 (this is seen as the effect of economic recession since 1997). The trend has been the same for Jakarta. Since economic recession and political unrest have engulfed the country, all signs suggest an increase in the size of the informal sector in Jakarta. For different reasons the informal sector seems to be increasing in Ho Chi Minh City, Hanoi, Shanghai, Beijing (indeed, all large Chinese cities) and Ulaanbaatar. Greater market opportunities on the demand side and retrenchment of employees and workers in the formal sector, plus the rural-to-urban migration (made possible by allowing greater mobility of labour) on the supply side, are swelling the folds of the informal sector in these cities. This change has much to do with market economy reforms and greater freedom that Asian socialist countries have been pursuing since the 1980s. In these countries the market and the informal sector play a mutually reinforcing role, in the sense that allowing the market to grow expands the informal sector, and because of the latter's growth, market growth is gaining greater momentum.

Urban and national level estimates

A search for available urban (informal sector employment as a percentage of total urban employment) and national level (the informal sector as a percentage of total non-agricultural employment) estimates (see Table 7) shows that the size of the informal sector in South Asian countries is large by both measures. As a proportion of urban employment, the informal sector accounts for 67.1% in Pakistan, 59.1% in Bangladesh and 44.2% in India (seemingly under-estimated). In terms of non-agricultural employment, the size of the informal sector is even higher: 72.9% in Pakistan, 67.7% in Bangladesh, and 61.7% in India.

Estimates on the size of the informal sector in Southeast Asian countries could be found only for Indonesia, the Philippines and Thailand. For all three countries, the size is vast: (a) in terms of urban employment, Indonesia stands at 62.9% and Thailand at 47.6%; (b) by percent of non-agricultural employment, Indonesia is at 77.9%, the Philippines at 66.9% and Thailand 76.8%.

Of the East Asian countries, an estimate for South Korea shows that the informal sector accounts for 27.1% of total national urban employment and 28.7% of total non-agricultural employment (see Table 7).

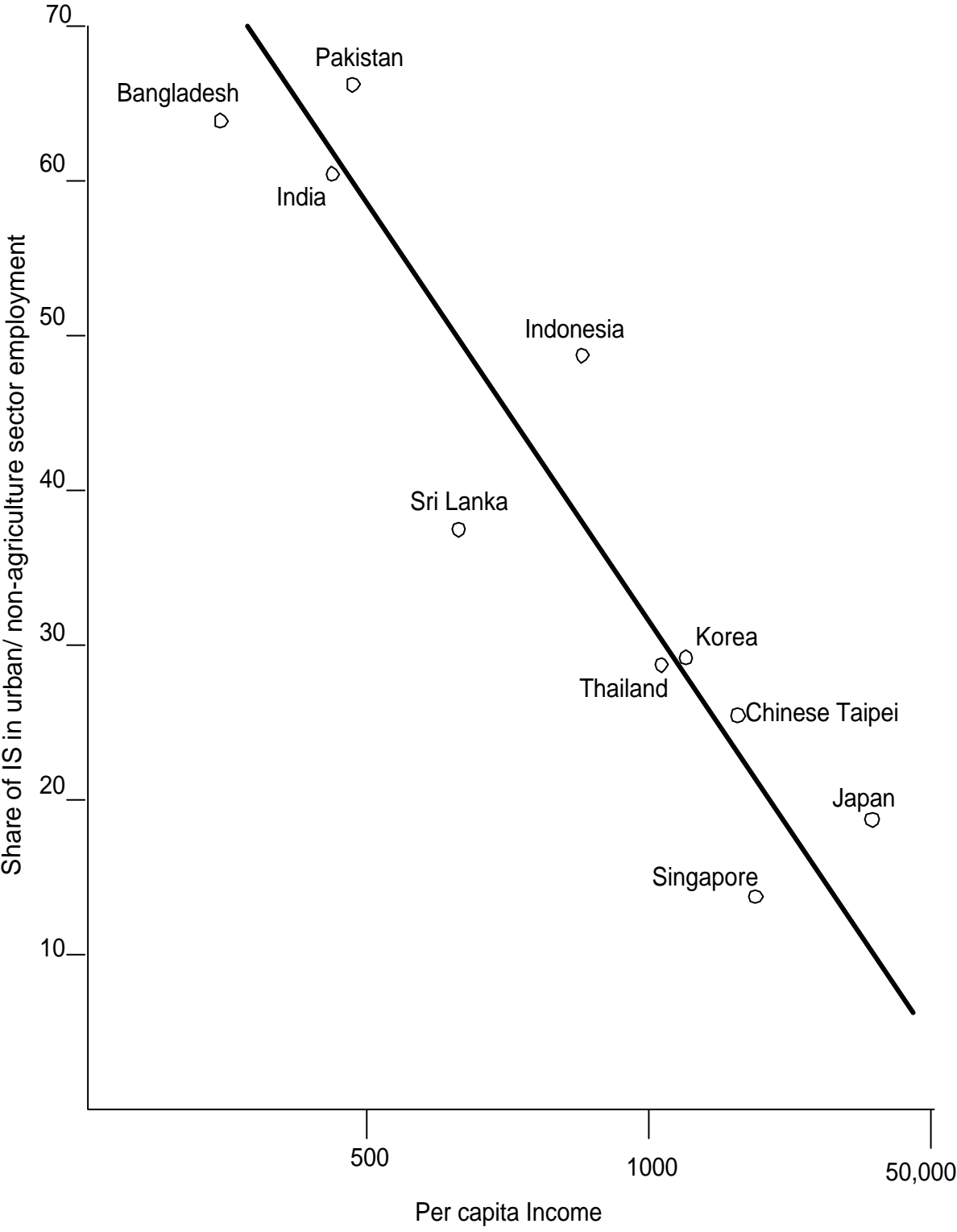
Based on the available data of these three sub-regions, comprised of countries at different levels of development, the relationship between per capita income and size of the informal sector was examined (see Figure 1). This data shows a robust relationship: the informal sector is vast (60-70% of total urban/non-agricultural employment) in low-income countries (most of which are in South Asia), quite large (40-50%) in middle-income countries (Thailand, Malaysia, the Philippines) and small (20-30%) in developed countries (Japan, South Korea, Taipei (China), and Singapore).

Table 7: Magnitude of the informal sector's size at the urban and national level in the Asian countries

<i>Country</i>	<i>Urban</i>		<i>National</i>	
	<i>Informal sector as a % of urban employment</i>	<i>Source</i>	<i>Informal sector as a % of non-agricultural employment</i>	<i>Source</i>
<i>South Asia</i>				
Bangladesh	59.0 (1995-96)	Mahmud (2001, p.9)	67.7 (1995-96)	Mahmud (2001, p.9)
India	44.2 (1993)	World Labour Report (2000, p.285)	61.01 (1990)	Mitra (2001, p.88)
Pakistan	67.1 (1996)	World Labour Report (2000, p.285)	72.9 (1985-86)	Naseem (1996, p.139)
<i>Southeast Asia</i>				
Indonesia	62.9 (1990)	Firdausy (1996, p.105)	77.9 (1998)	Charmes (2000, p.2)
Philippines			66.9 (1995)	Charmes (2000, p.2)
Thailand	47.6 (1994)	World Labour Report (2000, p.285)	76.8 (1994)	World Labour Report (2000, p.285)
<i>East Asia</i>				
Republic of Korea	27.1 (1980)	US Bureau of Census	28.7 (1993)	ILO Year Book of Labour Statistics

Source: Author's compilation. Appendix Table A.1 contains more data.

Figure 1: Relationship between level of economic development and the size of the informal sector



Trend in the size of the informal sector

Table 8 presents data showing the trend in the size of the informal sector. For South Asia, the trend is of a clear increase. By the share of informal sector in total urban employment, the sector's share grew from 46.6% in 1974 to 52.4 in 1984 to 59.0 in 1995-96; in India from 71.4% in 1972-73 to 76.2 in 1983 to 78.6% in 1987-88; in Pakistan from 74.1% in 1972-73 to 76.2 in 1983 to 78.6 in 1987-88. For South-East Asia, data for three countries are available. Evidence shows a clear decline: in Indonesia from 69.9% in 1980 to 64.0% in 1990 to 56.1% in 1994; in the Philippines from 60% in 1986 to 50.8% in 1989, surprising since a 9% decline in three years seems unlikely. However, since this was a period of good economic growth, strong decline may have indeed taken place. In Thailand the decline has clearly been strong (from 65.2% in 1976 to 58.0 in 1994 to 59.9% in 1999). Some increase from 1994 to 1999 has been registered, due most likely to the economic recession since mid-1997.

Table 8: Trends in the size of informal sector in Asian countries

<i>Country</i>	<i>Share of informal sector in urban employment</i>			<i>Sources</i>
South Asia				
Bangladesh	46.6 (1974)	52.4 (1984)	59.0 (1995-96)	Amin (1989a, p.20) and Mahmud (2001, p.9)
India	71.4 (1972-73)	76.2 (1983)	78.6 (1987-88)	Visaria & Jacob (1995) cited in Charmes (1996, p.25)
Pakistan	74.1 (1972-73)	76.2 (1983)	78.6 (1987-88)	Naseem (1996, p.139))
Southeast Asia				
Indonesia	69.9 (1980)	64.0 (1990)	56.1 (1994)	Firdausy (1996, p.105)
Philippines	60.0 (1986)	50.8 (1989)	51.7 (1992)	Templo and de Leon (1992, p.3)
Thailand	65.2 (1976)	58.0 (1994)	59.9 (1999)	Amin (2001, p.12)
East Asia				
Republic of Korea	26.2 (1975)	27.1 (1980)	28.7 (1993)	ILO Year Book of Labour Statistics and US Bureau of census.

Source: Author's compilation. Appendix Table A.1 contains more data.

LFS data based estimates

Because of the limitations of different sources and definition-based estimates, an attempt has been made to estimate the size of the informal sector based on the LFS data. As stated before, LFS data offer a good basis for estimating the size of the informal sector until the national governments start implementing the ICLS recommendations on informal sector measurement. Of the existing data, LFS data are most suitable for measuring the size of the informal sector since "own-account workers"/"self-employed", "day labourers" and "unpaid family labourers" are three quite unambiguous categories of labour in the LFS, which mostly belong to the informal sector. Thus, the total of their proportions provides one measure of the informal sector. But this measure's defects are that the "employers," the "self-employed" and the "employees" of the informal sector cannot be separated from the total employers, self-employed, and employees in LFS. However, since most employers are formal sector

employers in the Government and private sector⁵, an inability to count the informal sector employers may not denote a serious underestimation of the sector's size. Indeed, this underestimation may cancel out by counting the "self-employed" as belonging to the informal sector since the latter includes such professionals as doctors, lawyers, architects, etc. Counting all "self-employed" as part of the informal sector denotes some overestimation. Thus, underestimation of the informal sector for not taking any employers and overestimation for taking all self-employed cancels the effects of omissions. But this cannot be said with regard to the employees' category since the informal sector has wage labour included in the "employees" category of LFS. They cannot be separated by informal and formal without additional information. In Thailand, a TDRI estimate shows that 59% of the "private employees" category belongs to the informal sector. (LFS in Thailand divides "employee" category into "private employees" and "government employees.") This suggests that without adding the proportion of wage labourers from the total number of "employees", estimates of the size of the informal sector, based on summation of the self-employed/own-account workers, daily/casual labour and unpaid family labour would denote a serious underestimation. Hence, we have denoted our estimate of the informal sector (Table 9) as a "lower bound" of the informal sector's magnitude. Surely, its size will be much higher than what is shown in the table.

As noted in the section on measurement issues, if LFS and enterprise surveys are synchronized, the long-prevailing problem of estimating the size of the informal sector can be overcome. Even though our estimates here denote an underestimation of the informal sector's size, they are based on a common definition and source of data - LFS. Minor variations in labour categories do exist in the LFS data but are not serious problems. Rather, problems arise from not conducting LFS regularly or at all, or not making the data available by all countries.

⁵ To my mind, this is a reasonable assumption since many "employers" in the informal sector tend to identify themselves as "self-employed" since their use of hired labour is limited.

Table 9: An estimate of the informal sector, based on employment status of the urban/non-agricultural employed labour, for the countries in Asia

Year	Employer	Self-employed/own-account workers	Employees *	Day labourers	Unpaid family workers	Not reported	Non classifiable	Sources	Lower bound of urban informal sector**
South Asia									
Bangladesh									
1983-84		35.9	47.0	9.6	6.9	0.5		LFS 83-84, BBS (1986, p. 48)	52.4
1984-85	2.8	33.3	25.8	23.5	8.7	0.0		LFS 84-85, BBS (1988, p. 74)	65.5
1990-91	3.0	39.1	43.6	9.6	4.6	0.1		LFS 90-91, BBS (1995, p.42)	53.3
1995-96	0.7	33.7	35.8	12.3	17.5	0.0		LFS 95-96, BBS (197,p.170)	63.5
India									
1971		34.1	56.8		9.1		0.0	ILO Year Book of Labour Statistics, cited in ESCAP (1996, p. 7)	43.2
1981								Turnham et al (1990, p.19)	47.8
1990								Mitra (2001, p.88)	61.0***
Nepal									
1976	-	48.6	42.6		8.8		0.0	ILO Year Book of Labour Statistics, cited in ESCAP (1996, p. 7)	57.4
1981	0.7	71.1	27.0		1.2			US Bureau of the census	72.3
1999	-	-	-		-		-	Jha (1999, p.iii)	90.0***
Pakistan									
1981		41.5	45.9		5.7		7.0	ILO Year Book of Labour Statistics, cited in ESCAP (1996, p. 7)	47.2
1993		30.9	50.6		7.1		11.3	ILO Year Book of Labour Statistics, cited in ESCAP (1996, p. 7)	38.0
Sri Lanka									
1990	3.3	25.0	58.2		13.5			Gender Indicator of Sri Lanka (1995, p.25),	38.5
1992	1.4	26.7	60.7		11.2			Department of Census and Statistics	37.9
1994	1.8	27.0	61.0		10.2				37.2
Southeast Asia									
Indonesia									
1977	-	38.2	49.5		8.9		3.4	ILO Year Book of Labour Statistics, cited in ESCAP (1996, p. 7)	47.1
1992	-	37.8	47.4		9.7		5.0	ILO Year Book of Labour Statistics, cited in ESCAP (1996, p. 7)	47.5
1992	1.3	38.4	49.9		10.4		-	Statistical Year Book of Indonesia 1993	48.8
1994	1.3	38.4	50.3		10.0			LFS data, cited in Islam, R. et al (2001, p.56)	48.4
1996	1.8	39.5	50.0		8.7				48.2
1997	2.0	38.3	50.1		9.5				47.8
1998	2.2	39.6	48.7		9.6				49.2

Malaysia							
1980	18.4	68.0	2.9	10.8	ILO Year Book of Labour Statistics, cited in ESCAP (1996, p. 7)	21.3	
1990	15.6	79.5	4.8	0.0	ILO Year Book of Labour Statistics, cited in ESCAP (1996, p. 7)	20.4	
Philippines							
1975	19.9	61.8	2.0	16.3	ILO Year Book of Labour Statistics, cited in ESCAP (1996, p. 7)	21.9	
1993	25.7	55.1	4.0	15.2	ILO Year Book of Labour Statistics, cited in ESCAP (1996, p. 7)	29.7	
Thailand							
1976	1.8	28.9	55.4	13.9		42.8	
1980	3.4	22.8	58.7	15.0		37.8	
1988	4.4	19.7	63.1	12.7	LFS reports	32.4	
1994	4.4	18.6	67.1	9.9		28.5	
1999	4.2	20.8	64.4	10.6		31.4	
East Asia							
Japan							
1995	5.9	12.2	75.3	6.6	Population census 1995	18.8	
Korea							
1975		21.1	64.4	5.1	9.4	ILO Year Book of Labour Statistics, cited in ESCAP (1996, p. 7)	26.2
1980 (urban)	6.5	22.2	66.4	4.9	-	US Bureau of the census	27.1
1993		22.4	68.0	6.3	3.3	ILO Year Book of Labour Statistics, cited in ESCAP (1996, p. 7)	28.7
Singapore							
1977		13.2	80.4	2.4	4.0	ILO Year Book of Labour Statistics, cited in ESCAP (1996, p. 7)	15.6
1993		12.3	84.2	0.9	2.7	ILO Year Book of Labour Statistics, cited in ESCAP (1996, p. 7)	13.2
Chinese, Taipei (Taiwan)							
1967	2.3	27.6	46.4	23.7			51.3
1971	2.9	25.9	52.7	18.5			44.4
1981	4.5	20.8	64.3	10.4		Statistical Year Book of Taiwan 1997	31.2
1991	5.1	18.6	67.2	9.1			27.8
1996	5.4	17.0	69.3	8.4			25.3

* In Thailand's case the data for 'government employees' and 'private employees' were merged together as 'employees' to be in line with other countries' categories.

** Author's estimate of the proportion of total urban/non-agricultural labour force employed in the informal sector. This results from adding the 'self-employed', 'day labourers' and 'unpaid family workers'. This estimate is denoted as lower bound of the informal sector since the proportion of the 'employees' category who work in the micro and small enterprises with less than 10 workers (who usually belong to the informal sector) could not be determined. The estimate for the informal sector as required since most countries do consider enterprises with less than 10 workers as part of the informal sector. Information for decomposition of the 'employees' into formal & informal is not available for most countries. But where it is, informal proportion is quite large. For example, a TDRI study in Thailand shows that 59% of "private employees" category belongs to the informal sector (Sussangkarn, 1987, Table 3.7, p. xv).

Note: Data for Bangladesh and Thailand are of total urban employment data and other countries' data are of total non-agricultural employment.

*** These are not quite similar to estimates for other countries in the table. Because of non-availability of labour employment status data for recent years, alternative (i.e., other than labour categories) data based estimates are cited.

Source: Author's compilation.

Informal sector employment by gender

In Chapter 1, sectoral composition of employment data was presented by gender, which showed an increasing trend of women employment in the service sector. That was already an indication that more women are working in the informal sector in Asian cities. The ILO's recent publication on Key Indicators on Labour Market (ILO, 2001) presents more direct evidence on informal sector employment by gender, although for a limited number of countries in Asia (see Table 10). For all five countries in the table, the women's proportion is higher than men's. Clearly, women who work tend to be more in the informal sector. Further evidence, based on informal sector survey data, of women in the informal sector is presented in Section 2.5.

Table 10: The informal sector employment by gender

Region /Country	Informal sector employment as percentage of total employment			Year	Source and definition used
	Men and Women	Men	Women		
<i>South Asia</i>					
Bangladesh	10.0*	10.0	16.0	1993	Annual establishment and institution survey, 1992/93. Household economic activities: household-based economic activities.
India	44.2	-	-	1993	Estimate based on surveys of the unorganized sector, 1988/93. Unorganized sector: enterprises (defined as undertakings engaged in the production and/or distribution of goods and/or services not for the sole purpose of own household use) on which no data are collected through administrative records or by some Act.
Pakistan	67.1	65.9	80.6	1992	Labour Force Survey, pilot study, 1992. Informal sector employment: persons working in unincorporated enterprises (excluding quasi-corporations) owned by own-account workers irrespective of the size of the enterprise, or by employers with less than 10 persons engaged.
<i>Southeast Asia</i>					
Indonesia	20.6	19.1	22.7	1995	Survey of small-scale and cottage/household industries, 1995. Small-scale industries: establishments with 1 to 4 persons engaged. Cottage/household industries: establishments with 5 to 9 persons engaged.
Myanmar	54.2	52.6	56.9	1996	Survey on establishments and employment, 1996. Informal sector: self-employment activities undertaken on own-account and producing goods or services for sale.
Philippines	25.6	-	-	1988	Survey of household-operated activities, 1988.
Thailand	47.6	46.1	49.4	1994	Labour force survey, 1988 to 1994. Informal sector employment: persons working in establishments with less than 10 persons engaged, excluding employees of government enterprises and governmental organizations.

* This data is out of tune with any other estimates on the informal sector in Bangladesh. It seriously understates the size. It is still used for its value to show the informal by gender, which is not available in other sources.
Source: ILO, 2001, p. 256 and 263-264.

2.3 Overcoming segmentation and heterogeneity in the informal sector

Heterogeneity of the informal sector is a controversial issue. In the first instance, it appears that no meaningful policy interventions can be made for such a diverse entity – indeed, a world into itself, albeit that of the poor, and hence much more complex. On careful examination, meaningful classification of the informal sector appears possible. Some examples are noted below.

- From a labour categories/employment status perspective, the informal sector labour force is comprised of employers, self-employed, own-account workers, waged workers, unpaid family labour, and piece-rate workers.
- From an industrial classification perspective, it is comprised of trade, service, manufacturing, construction, and transportation.
- From a rural/urban divide, the informal sector is comprised of the rural informal sector and the urban informal sector.
- From the standpoint of urban spatial structure, the informal sector is comprised of those in the Central Business District (CBD) and those in suburban areas
- From a location perspective, the sector is comprised of those who are location-specific (e.g., street vendors and those who are not (mobile hawkers and rickshaw drivers)).
- From a zoning perspective, the informal sector is comprised of those located in proper business locations and those home-based enterprises, including the piece-rate homeworkers.
- According to size classification, the informal sector is comprised of 1-person units (own-account workers), 2-4 person units (micro enterprises), and 5-9 person units (small-scale enterprises).
- Since urban experience is important for urban absorption, the informal labor's classification from their migratory status (i.e., native, recent migrants and long-term migrants) is also useful.
- From the viewpoint of employment quality, the sector is comprised of normal jobs and misemployment. Gilbert and Gugler (1984, pp.67-69) suggest that "misemployment focuses on getting crumbs from the table of the rich". They cite "begging", "prostitution", and "scavenging" as examples and observe that persons engaged in such activities, while perhaps fully employed, produce goods or provide services that contribute little to social welfare. Such persons may be labeled "misemployed".
- Finally, it is important to classify the informal sector from the viewpoint of income/employment enhancing potential (which is crucial for advancement or upward mobility). From this latter perspective, the informal sector is comprised of those enterprises/work with growing market demand that reflects high-income elasticity of demand (e.g., tourism services) and those with low-income elasticity of demand (e.g., rickshaw services). Alternatively, these two groups have been denoted, respectively, as dynamic/modern informal sector and marginal/survivalist groups.

This is already quite an extensive classification of the informal sector; yet, more may be needed for specific purposes. The point, however, is that the much talked about

“heterogeneity” of the informal sector should not stop us from disaggregating data on the sector for meaningful analytical as well as policy intervention purposes.

Below are profiles of some major informal sector occupations in Asian developing country cities. Profiles of major labour categories are provided in a later sub-section. The section concludes with a matrix presentation of the composition of the informal sector by enterprise type and labour categories with an illustration of employer-employee relationship.

The informal sector by some occupations

Street traders: Most visible informal labour groups

In 1926, Mao Zse-Tung wrote: *“Peddlers, whether carrying their wares around on a pole or setting up stalls along the street, have but small capital, make but a meager profit and do not earn enough to feed and clothe themselves. They have not much difference in status from the poor peasants and likewise need a revolution that will change the existing state of affairs”* (cited in McGee, 1973b, p.1). Mao lived to lead the revolution and see it succeed, but did not live long enough to see that, notwithstanding the revolution, hawker-type occupations return with a vengeance to China with a rapid increase of rural migrants to Chinese cities (Wang & Zuo, 1999). These new city residents are the “floating population” since their work and living places are outside the officially administered system of the country.

Although the on-going flow of rural migrants to Chinese cities reminds one of Terry McGee’s apt characterization of hawkers as “peasants in the cities” (McGee, 1973a), today’s “street traders” are a feature of urban life throughout the world - developed and developing. However, in most of the industrialized countries, street trading is “controlled, licensed and organized” (Lubell, 1991, p.97). Some exceptions are becoming evident in Japanese cities, New York and international cities in Europe through the economic activities of the poor and/or illegal immigrants.

Petty traders operate in the market places and on the streets. Because of their huge numbers, the pressure of street traders on urban space is a serious problem for city authorities in maintaining cleanliness and order. “The street traders are seen to occupy urban space in a disorderly fashion, to cause traffic congestion, to compete ‘unfairly’ with more formal retail shops. The struggle between the street traders and the authorities is unending and the authorities usually lose out, but at great cost to the street traders. Repression is sporadic but the threat of repression is constant, it is one of the points of entry for migrants into the working life of the city but it is also a traditional life-time activity of many of the working poor” (Lubell, 1991, p. 97). In many cities of Southeast Asia, street trading, often as sellers of prepared food, is one of the major occupations of urban informal sector women. The mobile petty trader is in the street because that is where the largest number of potential customers is found. The street traders time their presence to the ebb and flow of pedestrian and vehicular traffic, and to the daily cycle of buyer habits. Sellers of prepared foods appear close to office buildings at lunchtime and near places of entertainment at night. Fresh food sellers congregate outside organized market places and formal sector supermarkets when housewives and others are shopping. The conflict with the authorities arises when street traders invade the city centre, giving it a disorderly appearance, or worse, causing traffic congestion. Hazards to health and hygiene caused by food sellers are an increasing concern. There is often a symbiotic relationship between street traders and established formal sector enterprises that leads to ambiguity as to the “independent” status of some of the street traders (Lubell, 1991, p.98).

The constant tensions between street traders and authorities, reported by McGee in his classic studies on hawkers, can still be observed in most South Asian and Southeast Asian cities. Lubell describes the situation well: government attitudes are still basically hostile toward street traders, except in Malaysia where the authorities have been encouraging street trading as a means of promoting the economic integration of ethnic Malays into cities dominated by ethnic Chinese. Singapore's attitude is flexible: the authorities have (a) accompanied public housing programmes and urban renewal schemes with the creation of hawker centres in new housing estates, (b) made efforts to move hawkers into public markets, and (c) refused to issue new hawker licenses to persons under 40 years of age. Hong Kong, which has to deal with an unending flow of immigrants, has invested large resources in a Hawker Control Force that fails either to control hawker activities or to reduce the number of hawkers. In Manila, restrictions on hawkers are enforced only in the more prosperous parts of town. Jakarta puts resources into unsuccessful clearance operations but has also established hawker emporiums (whose rents are too high for most street traders) (Lubell, 1991, p.89).

Of the South Asian cities, Dhaka's problems in dealing with hawkers seem to have become unmanageable. Routine tensions between authorities, pedestrians and hawkers sometimes flare into violence. In one such incident, the death of a medical doctor at the hand of the hawkers caused a serious problem in Dhaka.

Rickshaw drivers: a major informal sector occupation in Dhaka, Bangladesh

Although there have been rickshaws in Japan and the more recently developed Asian countries, such as Singapore, no single city perhaps has had as many rickshaws as Dhaka. A 1988 estimate put the number at 88,000 for Dhaka and 698,000 for the whole country (Gallagher, 1992, pp.3-4). Currently, 300,000 rickshaw drivers are engaged with about 100,000 vehicles, which is possible because of a shift system in the work. If not as widespread as in Bangladesh, rickshaws still exist in many Asian developing countries ("samlors" in Thailand, "becaks" in Indonesia and "cyclos" in Vietnam). Gallagher's 1988 estimate of rickshaws in Asia is 3.8 million, more than half of which are in India (1.7 million). Other countries' figures are China 750,000, Indonesia 300,000, Vietnam 150,000, Burma 60,000, Nepal 50,000, Philippines 10,000, Singapore 500, others (Pakistan, Hong Kong, Japan, etc.) 20,000 (Gallagher, 1992, p.55). One misplaced policy towards rickshaws has been to get rid of them by force. Jakarta authorities tried to throw the "becaks" into the sea, believing they no longer had a place in a modern Jakarta. Dhaka authorities' main headache also seems to be rickshaws, which are perceived to be the main cause of slow and congested traffic. They forget that Bangkok's traffic, the slowest in Asia at the height of the economic boom, was not caused by slow-moving non-modern vehicles but by modern life's near-universal transport mode - the car. Many also see rickshaws as a barrier to the city's rise to modernity. History, however, shows that phasing out or eliminating rickshaws has never occurred through a pure planning approach. Economic factors alone have made rickshaws obsolete in the modern city as has happened in Singapore. Many today are unaware of the history of Singapore as a "coolie town" in which one major "coolie occupation" was rickshaw pulling during 1880-1940. In 1917, the number of rickshaw pullers in Singapore stood at 20,000 (Warren, 1985, pp. 1-15).

Construction workers: Often the work denotes crude labour exploitation

Most construction workers are landless labourers, or seasonal migrants (e.g., small farmers who migrate during slack seasons to supplement their yearly subsistence). Many are women who come with their families. Hiring is done by middlemen ("Saradars", i.e., gang leaders or a kind of subcontractor). Sometimes these workers are contracted directly from

rural areas. In some cities, construction workers wait at a particular location for the subcontractors to come and hire them for the day. The workers often provide their own rudimentary tools: hammers (for breaking bricks), “kodals” (for digging), and “kuni” (for masonry). Sometimes the recruitment process appears crude, e.g. checking a worker’s muscles to discern his (or her) strength. Some work is unskilled (e.g., earth digging or brick breaking), other skilled (e.g., masonry, carpentry, painting and plumbing). Women are most often hired for the unskilled but still difficult work (e.g. brick-breaking).⁶

Waste pickers: Presence of children, women and health hazards are of concern

In many Asian cities, waste picking has become a major informal sector occupation in recent years.⁷ In the informal sector studies of the 1970s and 80s, this occupation did not fare prominently. This is not the case in the studies of the 90s. In all likelihood, waste-related activities will continue to grow in the decades ahead.⁸

The supply side of growth of this occupation is the same as other low-esteemed informal work: poverty, a disadvantaged socio-economic background and disasters (death of the “bread-winner in the family” and victims of natural disasters). The demand side of waste picking and other waste-related activities is the growth of a vibrant recycling economy in many Asian cities. Major concerns of waste-picking work are the presence of children and women, and exposure to health hazards.

Box 2: Dumpsites waste pickers in Wuhan, China

Wuhan, the capital of Hubei Province, is China’s fifth largest city and an important administrative, economic, cultural and commercial centre. Landfilling is the only disposal method of municipal solid wastes collected in Wuhan. At present, there are seven landfills in the city. Waste pickers are observed in all of these sites. They are poor people who search through refuse for recyclables in the landfills from early morning to late evening. Almost all of these dumpsites’ workers migrated from poor rural areas of Hubei province or other neighbouring provinces. About 60% are males, only a few are children. The reasons for involvement in waste related activities are mainly inadequate education and skills, low social status or family tradition. Monthly income for most is in the range of 400-750 Chinese Yuan. Most live in slums and squatters or village in the urban fringe. Some live right in the dumpsites. Only a few of these people, who are all originally farmers, have housing accommodations in the urban fringe. The housing condition is generally very poor. The health conditions are grim. Most of them report that they have health problems. Skin diseases and hand and foot injuries are common. They are exposed to a wide variety of complicated pollutants and disease vectors. Most of them do not use protective gear such as gloves and boots when rummaging through the wastes (Zhao, 2000).

A Dhaka survey (Ahsan, Haque, N. & Haque, A., 1992, p. 67) shows that 68.89% of sampled waste pickers are below 15 years old (the sample size, however, was only 45). These “tokais” are a common sight in and around the city’s waste bins and dumpsites. Dumpsite work is more dangerous since mixed wastes are dumped into these open sites, and most waste

⁶ Although this profile is based on the author’s close observation of the scene in Dhaka, much of it captures the situation of other South Asian cities.

⁷ Much of these profiles are based on the author’s own work (or his associations with) on the informal sector in Asian cities.

⁸ Evidence is mounting from Asian cities that suggests the growth of a new set of urban occupations based on turning waste into resources. Amin (2000) cites evidence from Asian cities showing growth of waste-based urban communities. He draws a parallel between such waste-based occupations (waste pickers and recyclers) with those of land based (i.e., farming).

pickers work without any protective gear. A Bangalore study reports of 20,000-30,000 waste pickers in Bangalore, the majority of whom are reportedly women and children from the lower castes (Hunt, 1996, p.13). Whereas in Indian cities, lower castes appear to be a key supply-side factor of waste-picking, in Bangladesh orphanhood resulting from the loss of household income due to natural disasters (e.g., loss of land to river erosion) appears to be a major reason for plunging into this means of living. A number of NGOs (e.g., Waste Concern in Bangladesh and Asha Deep, and the Bangalore Multi-Purpose Social Service Society in India) are active in improving conditions for waste pickers, particularly children. Local governments' role still appears to be limited, if not absent. If the inter-generational transfer of poverty and these occupations' prospect of becoming the modern version of the old caste system based on occupations are to be stopped, child waste pickers must be withdrawn and sent to school.

Informal manufacturing enterprises forming the informal industrial districts

Informal sector manufacturing enterprise clusters (ISMEs) have formed informal industrial districts (IID) in many cities. Some profiles of such IIDs are presented below, depicting the work scenario and sites of the manufacturing group in the informal sector.

Dolai Khal, Dhaka: Located in a small district between the Nawabpur Road in the west and Narinda Road in the east, this area represents a concentration of various repair services. Reclaiming scrap metal, engines, and tires from junked vehicles and other machinery, and salvaging wood and tin from packing cases, the creative and innovative entrepreneurs, workers and apprentices rebuild and repair vehicles and machinery. Welders, painters, blacksmiths and other metal workers are found making or repairing a variety of household items, mostly utilizing second-hand materials. These entrepreneurs also function as suppliers and collectors of scrap items, particularly metal and rejected tires, to and from other informal sector operators throughout the city. This whole area provides fascinating insights into people's ingenuity. Hundreds of informal sector recycling enterprises, and thousands of workers and piles of scrap metals in the Dolai Khal area serve several purposes: reducing the problem of separation of wastes and their disposal, facilitating saving scarce capital and foreign exchange required for iron and machinery imports, and providing jobs (Amin, 1987, p.62). Siddque (1996) has denoted this as an informal industrial district, among several others in the old part of Dhaka. See also, Box 3 for the case of a metal workshop in Rang Sit, Bangkok, Thailand.

Murae-Dong area and Pyungwhat Market, Seoul: Murae-Dong specializes in metal workshops. Due to the 1970s industrial relocation policy, Young Deong-Po's (the larger area, in which Murae-Dong is located) industrial area lost many large-scale factories that produced intermediate goods like machinery for other regions in the country. This led to the clustering of numerous small-scale factories previously scattered in and around the inner city of Murae-Dong. Cheap rent was the main incentive in locating a workshop in Murae-Dong. More than 3000 small metal and related workshops are located in this area, and most of them are engaged in various types of subcontracting production.

Pyungwhat Market is the largest clustering of small garment factories in Seoul. Garment making in this market area goes back to the early 60s when hundreds of small garment makers and sellers who previously operated their business in the surrounding areas moved into the newly built multi-storied building by paying rent. Until the early 70s, the garment business in this area flourished due to an almost unlimited supply of cheap labour, particularly female workers from surrounding rural regions. Because of so many small factories, workers' wages are low and the working conditions are poor (Kwon, 1994, p.52-54).

Box 3: A metal workshop in Rang Sit, Bangkok

This enterprise, full of scrap metals, was established in 1997. The owner shifted from Bangsue, a sub-district of Bangkok, where he used to sell miscellaneous items as a vendor. The major current activity is buying and selling of used metal items. The striking feature of this enterprise is of its making steel plates of various shapes from scrap metal according to the customers' order and specification, which are mostly used as spare parts for machines used by the big factories. The main equipment in this enterprise are a metal cutter and a lifting machine, which were assembled by the owner himself.

Besides the 56-year old owner, his daughter and her husband with five other workers contribute to the business. The workers have to be trained to use the equipment by the senior workers. The workplace is not designated to be used for such activity, but not prohibited either. The competition with similar enterprises is keen (Amin, 1987, p.57).

Home-based workers: A growing group that is increasing the fold of informality in the work and enterprise system

Although commercial home-based work was limited in the past, such work has rapidly increased in recent years. While large enterprises' adoption of flexibility/outwork/putting out system has created a demand side to this phenomenon, its supply side has emerged from a flexible labour market arising from women's increased participation in the labour force. Despite no outright illegality in this process, commercial homework is one of the few intractable informal economic activities because, unlike most other informal occupations' obvious presence on city streets, homework is rather hidden. However, it does not require much probing to locate home-based enterprises as one looks in the doors and through the windows during a walk through low-income and slum settlements of cities like Jakarta and Bangkok or Dhaka.

The informal sector by labour categories

Similar profiles on the informal sector labour categories - "employers", "self-employed"/"own-account workers", and "unpaid family labour" - are presented below.

Employer: Not many in the informal sector fall into this category

"Employer" is defined in the national LFS reports as a person who operates his or her own enterprise for profits or dividends, and hires one or more employees in such enterprise. Although some informal sector enterprises have hired labour, their proportion in the informal labour force survey is small: a Dhaka survey reports wage labour in the informal sector as 12.5% (Amin, 1987, p.614). The bulk of this small proportion belongs to manufacturing enterprises/workshops and some small shops. Many "micro and small enterprises" (MSEs) are likely to have "employers" in their labour force.

Own-account workers: Most common labour group in the informal sector

In the LFS a self-employed or own-account worker operates enterprises or businesses jointly or with others as partnerships but without engaging any employees. In the informal sector, this is the most common labour category. The most common informal occupations and activities are own-account workers (e.g., most street hawkers, rickshaw drivers, shoe-repairers, newspaper hawkers, and waste pickers). In trade, own-account workers are reported to comprise approximately 65%, in service 53%, in construction 98% (some of these construction workers may belong to the employee/wageworker category) and among transportation workers 86%. Only among the manufacturing group is the proportion of the

own-account group small: 20.4% (Amin, 1982, p.76). These proportions are similar to survey findings from informal sector surveys in other Asian developing country cities.

Employee/hired labour/wageworker: Difficult to determine

An employee or wage worker is a person who works for pay in an enterprise owned by an employer. Thailand's LFS uses two employee categories: "government employees" and "private employees". Most countries do not make this distinction. It is commonly believed that the proportion of hired labour is small in the informal sector. Researchers have pointed out that many informal sector workers are undisguisedly employed as wage/dependent workers (Scott, 1979). Even if this cannot be easily unraveled, it is safe to say that wage workers' proportion in the total informal sector labour force is not small. One survey shows 36% of the informal sector labour force are hired labour (Amin, 1987, p. 614).

Unpaid family labour: Sometime it involves child labour

An unpaid family worker works without pay on a farm, or in a business enterprise owned or operated by the household head or any other member. This category is a relatively unambiguous informal labour group as are own-account workers. Sometimes wage workers and apprentices in the informal sector may be reported as family labour. Another problem is the use of child labour in the guise of family labour.

Table 11 summarizes the composition of the informal sector by two major approaches (i.e., enterprise type and labour categories) in order to show their connection or relationship (i.e., which type of enterprises are likely to have which type of labour). Also indicated in the table is the nature of employer-employee relations.

Table 11: Enterprise type by employment status and employer-employee relation

<i>Enterprise type</i>	<i>Employment status</i>				<i>Employer-employee relation</i>		<i>Remarks</i>
	<i>Employer</i>	<i>Own account worker/ self-employed</i>	<i>Hired labour</i>	<i>Family labour</i>	<i>Direct</i>	<i>Indirect</i>	
1	2	3	4	5	6	7	8
A. One-person enterprise							
• Shoe-shiner repairer	-	Typical own-account worker.	-	-	Employer-employee relationship hardly holds.		
• Mobile hawker	-	Mostly own-account worker.	-	-	It might occur if a mobile hawker is engaged by an absentee owner of the working capital.		In some cases dependency relationship may exist but in most cases the work is similar to an own-account worker.
• Street trader	-	Typical own-account workers.	-	Family labour involvement in some instances.	-	In few instances street traders also may be outlets of large enterprises.	Sometime some helping hands are seen who are hired or family labour.
• Rickshaw/ becak/ samlor/ cyclo driver	-	-	-	-	-	Rented vehicle operators enter in some employer-employee relationship.	Some vulnerability for those who do not own vehicles. Strong organization exists (e.g., in Dhaka.)
• Construction worker		Some reflect own-account or piece-rate work characteristics (e.g., brick-breaking).	Most work as hired labour under subcontracting arrangement.				Unionization not uncommon.
• Waste picker					No typical employer-employee relationship has been traced in any study.		Some rivalry has been reported between informal waste pickers and municipal collection crew.

1	2	3	4	5	6	7	8
• Homeworker		Not quite, as piece-rate workers, they are more like wage workers but flexibility in working gives some own-account worker characteristic.					NGOs are active to provide some social services Very weak bargaining power predominantly women.
• Domestic servants/ maids	-	-		-	Often crude employer-employee relations.		Quite vulnerable to employers Live-in domestic servants/maids receive remuneration in cash and kind Not quite 'free wage labour' Organization efforts are still few.
B. Micro-enterprises with less than 5 workers							
• Shop-keepers		Some such micro-enterprises are reported as self-employed and even own-account workers to avoid paying taxes or regulations.	Most of these enterprises have wage labour but contracts are usually informal and wage rate are usually below minimum wages. Wage labour Apprentices	Often shop assistants are wife, children or other family member.	Employer-employee relation does exist.		Forming of employers association is still few. Forming of unions by the hired labour of these employers even fewer.
• Workshops/ repair services				Some family labour			ILO can persuade government to structure its incentive and regulatory system towards the informal sector. Similarly ILO's partners --employers associations and trade unions - - can be encouraged to expand their respective organizations' partners to the informal economy.

1	2	3	4	5	6	7	8
<i>C. Small-scale enterprises with 5 to 9 person</i>							
• Workshops		-	Wage labour is widespread Young apprentices are common sights.		Employer-employee relation easily observable.		Workshop associations widespread involving these type of enterprises. Some of these workshops reflect the prospect of growing into a factory system with the work force becoming wage earners.

Source: Author's preparation and generalization on the basis of his review and understanding of the composition, functioning and linkages of the informal sector in Asian Cities.

2.4 Old and new characteristics

One may recall the “old and new” debate concerning the informal sector. The informal sector debate, and its supply and demand sides are briefly noted below.

The Early debate

Optimistic view

In this view, the informal sector adapts technology on the basis of factor availability, generates more employment than the formal sector, contributes to a more equitable distribution of income and accomplishes all of this without sacrificing present and future levels of output. Further, the informal sector relies on local resources, utilizes scarcity efficiently, operates competitively, meets the basic needs of a majority of the urban population at affordable prices and quality, facilitates the development of basic skills, and provides a conducive environment for innovation. The optimistic view has been prominently evident in ILO (1972), Weeks (1975), Haq (1976) and Singer (1977).

Pessimistic view

The pessimistic view claims that the informal sector is dependent on the formal sector as well as on imports for its supply needs and on large formal sector firms for marketing products. Because of such dependent relationships, the informal sector’s ability to accumulate capital is severely limited and, hence, offers little prospect for further growth and development. Objectives are also raised on the grounds of labour exploitation within the sector, and its supposed role in keeping formal sector real wages low through provision of low-cost wage goods and by maintaining a reserve army of the underemployed. Leys (1973) and Gerry (1979) have set the tone for the pessimistic view.

Rempel and House (1977) and Tokman (1978) serve as examples of those whose contributions to the debate were of cautious optimism.⁹

The current debate

Optimistic view

Despite signs of opening up, liberalization, free trade and structural adjustment policies in particular have led to job cuts in the protected public and private sectors. Employment eventually increases in the private sector to take greater advantage of the cheap labour of a local economy. The new situation is also conducive to attracting foreign direct investment (FDI). As a result, employment is expected to eventually increase. Higher employment growth, in particular, is expected in the competitive private sector, including the informal sector.

Pessimistic view

The new global agenda of privatization, liberalization and de-bureaucratization, in general, and structural adjustment policies, in particular, are destroying local industries because of crippling competition from imports, which leads to sacking employees, lowering market wages to a minimum and forcing women to work longer and harder. Some reject the

⁹ Amin (1981 and 1982) contains comprehensive reviews of this **early** debate and its empirical assessment. The informal sector debate has been more intellectually absorbing in Latin America as well, see e.g., Rakowski (1994).

idea that jobs are increasing in the informal sector. For example, Kundu, Lalita & Aurora (2001, p.122) question the prospect of job increases in the informal sector on the basis of Indian data that show a large number of informal industries showing significant declines in the number of workers since the late 80s. This trend has been observed in “both OAME and NDME” categories of industries. The own-account manufacturing employees (OAME) are manufacturing enterprises “run without any hired worker employed on a fairly regular basis”. The non-directory manufacturing establishments (NDME) are those employing five or fewer workers. Among the OAME, the declining industries include jute products, cotton textiles, beverages, wood, silk, and rubber. Declining NDME industries include wood, silk, electrical products, cotton textiles, beverages and food products. In both cases the data are from 1989-94, and the growth rates are measured by both number of enterprises and total employment.

2.5 Women, child labour, youth and migrants in the informal sector

Women in the informal sector

As noted in Chapter 1, female participation in the labour force has been consistently rising during the 80s and 90s in all Asian countries. Without exception this increase has been extensive in the service sector and has been accompanied by a decline in the agricultural and industrial sectors. Whereas the agricultural sector decline can be seen as a positive development (assuming that agricultural work is less rewarding), the same cannot be said of the industrial sector decline (assuming that industrial sector jobs are better paid). Also, the decline for females in the agricultural sector has been less than for males. That women remain relatively disadvantaged is also indicated by the fact that men’s participation in the industrial sector has been increasing in most countries, though this has not been the case with women. Many service sector jobs in which women work, belong to the informal sector. However, this is not immediately reflected in informal sector survey data. Because of cultural norms, women are not seen in many street-based informal economic activities in South Asian cities where most informal sector surveys indicate a minor presence of women. Of the four cities from this region in Table 12, women’s presence in the informal sector does not exceed 18%.

In Southeast Asia, the picture is completely different: in most cases women account for at least half of the urban informal sector labour force. The exception is Indonesia. Again, cultural norms explain this difference. Women’s presence in the informal sector labour force in Indonesia is still higher than in any country in South Asia. This suggests that cultural influence tends to be reduced as economic development takes place (note that Indonesia’s level of development is higher than any South Asian country).

The situation in the three East Asian cities (Wuhan, Gungzhou, and Ulaanbaatar) shows that women’s presence in the urban informal sector is also strong: varying from 36.9% in Guangzhou to 46% in Wuhan and Ulaanbaatar.

Thus, in both Southeast and East Asia, women’s presence in the informal sector appears much higher than that of South Asia. However, this is not an accurate picture since most informal sector studies do not include domestic maids and homeworkers who work on a piece-rate basis from their residences. Their inclusion would certainly raise the proportion of women in the informal sector of South Asian cities.

Table 12: Proportion of women in the informal sector labour force

<i>Country/City</i>	<i>Coverage</i>	<i>Proportion of women in the informal sector labour force (%)</i>
South Asia		
Dhaka	Informal service sector	13.0
Delhi	Informal service sector	12.4
Pakistan cities	Self-employment	4.2
Colombo	Informal sector	17.5
Southeast Asia		
Phnom Pen	Waste recycling	45.7
Jakarta	Own-account workers	5.4
Yogyakarta	Own-account workers	20.0
Indonesia	Informal sector	40.0
Davao city, Philippines	Own-account workers	34.0
Manila	Informal sector	56.7
Quezon city, Philippines	Informal sector	74.5
Bangkok	Employees	75.4
	Self-employed	52.8
	Subcontracting	76.5
Thailand	Urban informal sector workers	48.1
East Asia		
Wuhan	Waste recycling	46.3
Wuhan	Floating workers	37.0
Guangzhou	Own-account workers	36.9
Ulaanbaatar	Informal sector	46.0

Note: See Appendix Table A.3 for detailed data and source.

Significantly, women in the informal sector are engaged in relatively low-status occupations. For example, one Dhaka survey found that 67.9% of women surveyed are engaged in “domestic work” as maids. Brick-breaking - a physically demanding work - accounts for the next most common occupation of women in Dhaka’s informal sector (Table 13). A Bangalore study found that more than half of waste pickers are women (Hunt, 1996).

Prime working-age labour in the informal sector

In early informal sector studies, a major hypothesis concerning the informal sector labour force has been that it is made up of people with disadvantaged personal characteristics: the young, the old, women, migrants with little education and few skills. Empirical studies conducted to test such hypotheses make it clear that:

- It is not just the young or old who make up the informal sector. Nearly two-thirds of the informal sector’s owner-operators are in their prime working age (25-44) (see Table 14) in most Asian cities.

Table 13: Economic activity of women in Dhaka's informal sector, 1990

<i>Economic activity by employment status</i>	<i>No.</i>	<i>%</i>
1. Of wage employed		
Grinding of spices	7	4.51
Water carrying	3	1.95
Sweeping	1	0.64
Winnowing	3	1.95
Canteen work	5	3.2
Factory work	5	3.2
Sewing	1	0.64
Jute bag making	1	0.64
Domestic work	106	67.90
Brick breaking	24	15.40
Total	156	100.00
2. Of self-employed		
Vegetable growing	1	3.57
Fish vending	2	7.16
Ash vending	13	46.41
Vegetable selling	2	7.16
Brick gathering & breaking	6	21.42
Selling of old tyres	1	3.57
Shop keeping	1	3.57
Making & selling of paper bags	1	3.57
Selling of rice cakes	1	3.57
Total	28	100.00
3. Of unpaid family labour		
Livestock raising	1	6.25
Making of paper bags	3	18.75
Shop keeping	5	31.25
Preparing of food items	5	25.00
Paper picking	3	18.75
Total	16	100.00

Source: Based on data provided in Annexure 1 of Salahuddin and Shamim, 1992, p.180.

- In the total informal sector labour force (i.e., own-account workers plus hired labour), this prime-working age group constitutes the majority. Reliance on the informal sector by the prime-working age labour is borne by both cross-city as well as longitudinal studies (e.g., 1979 and 1995 study of Dhaka's informal sector). This clearly shows the importance of the informal sector as a work source for the majority of the Asian urban labour force.

Table 14: Prime-working age labour in the informal sector

<i>City/ country</i>	<i>Year</i>	<i>Proportion (%) of prime working age* labour among own-account workers</i>
Dhaka	1979	65.7
	1995	82.7
Pakistan (11 cities)	1998	63.7
Colombo	1977-78	43.8
	1994	50.0
Jakarta	1989	66.1
	1995	61.0
Yogyakarta	1988	42.9
Indonesia	1986	63.6
	1990	47.6
Davao city	1989	66.0
Manila	1976	70.6
Bangkok	1987	46.5
	1988	62.5
Thailand (urban)	1988	58.6
Guangzhou	1992	73.5
Ulaanbaatar	1999	64.0

*For most cities this denotes age group of 25-45. Detailed data with source are provided in Appendix Table A.3.

Child labour in the informal sector

A widely held notion is that child labour is widespread in the informal sector. Survey data confirm involvement of child labour in the informal sector, but their proportion is rather small. Workers under 15 years of age fall into the following order (Table 15): 0.1% in Pakistan, 2.0% in Jakarta, 1.09% in Indonesia (another Indonesian study reports 1.57%), 1.1% in Bangkok (figure corroborated by two studies). However, a Dhaka study cautions against assuming that child labour's proportion is small. In the "workers" category of that study, 16.4% were below the age of 15 (Amin, 1982, p.104). Thus, child labour in the informal sector labour force may not be as small as it appears initially from different surveys in different countries and cities. This comparison suggests that informal sector child labour cannot always be accurately determined by informal sector enterprise surveys (in which case, workers covered are mostly own-account workers). Most child labour in the informal sector is either hired or wage labour. Thus, unless a survey focuses on the labour force, child labour will not be picked up. In the Dhaka survey, among the "total labour force", three major informal sector labour groups were covered. Child labour is found in the following order: 16.4% among wage workers, 0.1% among own-account workers and 7.9% among the total labour force. Interestingly, the proportion of child labour among own-account workers is consistently low in all city surveys. Thus, clearly, the incidence of child labour is revealed if the age distribution of "workers" (i.e., other than "owners" and/or "own-account workers") of the informal sector is examined.

Table 15: Incidence of child labour in the informal sector in Asian countries/cities

<i>City/Country</i>	<i>Proportion of labour force below age 15 among the own-account workers</i>
Dhaka	0.1
Pakistan (11 major cities)	7.5
Jakarta	2.0
Indonesia	1.09
Bangkok	1.1
Thailand	1.4

Note: See Appendix Table A.4 for detailed data for other countries/cities and their sources.

The issue of child labour is important for several reasons. Often children work in hazardous occupations, e.g., waste pickers. Child labour in the informal sector needs to be replaced by education so that poverty does not carry over to the next generation.

The old in the informal sector

For most Asian cities, the informal sector labour group aged 50 and over accounts for 2 to 10 %. The Philippine cities, Davao and Manila, appear exceptional with proportions of 20 and 25.2%, respectively. Two Dhaka surveys report 3.5% (Salehuddin & Shamim, 1992, p.43) and 2% (Siddique, 1996, p.22). For two Chinese cities, workers of 50 and over fall in the range of 3.7% (Guangzhou) and 10% (Wuhan). For Jakarta the proportion is 7% (see Table 16).

Table 16: Incidence of old age workers among the informal sector workers in Asian countries/cities

<i>Country/City</i>	<i>Proportion of old age (50 +) workers in the informal sector labour force</i>	
	<i>Coverage</i>	<i>(%)</i>
Dhaka	Women in the informal sector	3.5
	Owns and workers of manufacturing enterprises	2.0
Phnom Penh	Waste recycling	7.1
Jakarta	Informal service sector	7.0
Davao city, Philippines	Own-account workers	20.0
Manila	Informal sector enterprises	25.2
Guangzhou	Own-account workers	3.7
Wuhan	Waste recycling	10.0

Source: See Appendix Table A.4 for source and more detailed data.

Finally, closer attention was paid to the age data of different eras of one typical informal occupation, rickshaw driving, in Dhaka (Table 17). This data was then compared with rickshaw pulling of Singapore between 1902-1939. The comparison shows that the young and the old's presence among Singapore "rickshaw-pulling coolies" (1902-1939) was small: about 2.91% were aged 11-20, whereas the proportion for 60+ was 0.97% (Table 18).

For some longitudinal insight on rickshaw drivers' age, Table 17 shows the involvement of the very young and old in Dhaka. The data show that the proportions of the young and the old have been decreasing over time. This can be seen as a positive sign.

Table 17: Age distribution of Dhaka rickshaw-pullers

<i>Salim Rashid</i> (1978)		<i>Tapan Das Gupta</i> (1980)		<i>M. A. Mannan</i> (1982)		<i>Rob Gallagher</i>		
						<i>1.Dhaka (1988)</i>	<i>2.Agargaon (1988)</i>	
<20	19%	<15	2.5%			10-14	1.5%	
20-30	54%	15-19	11%	10-20	8%	15-19	12.5%	3%
30-40	18%	20-24	23%	21-25	17%	20-24	18%	11%
40-50	7%	25-29	24%	26-30	34%		23%	32%
50-60	1.5%	30-34	16%	31-35	20%	25-29	17%	34%
60>	0.5%	35-39	9%	36-40	10%	35-39	13%	7%
		40-44	5.5%	41-45	5%	40-44	7%	8%
						55-60	0.5%	
	100%		100%		100%		100%	100%
Sample size	1007		200		600		200	110

Source: Author's compilation.

Table 18: Rickshaw drivers' age distribution in Singapore (1902-1939)

<i>Singapore 'rickshaw men', 1902 - 1939</i>	
<i>Age distribution</i>	<i>%</i>
11-20	2.91
21-30	29.13
31-40	31.07
41-50	27.18
51-60	8.74
60+	0.97
Total	100.00

Source: Warren, 1985, p.6.

Migrants in the labour force

In Asian developing country cities, migrants continue to dominate the informal sector labour force. In China, a 1992 Guangzhou study found that 40.7% of informal sector labour were migrants (Table 19). A 1997 Wuhan study found that the proportion of migrants was 73.9%. A more recent study of Wuhan (Zhao, 2000) found that the proportion of migrants among informal waste recycling workers is 80%. This indicates that migrants are moving into Chinese cities in large numbers, and the informal sector is serving as their urban foothold. This is even more evident from the data on the floating population in Beijing and Shanghai: 91% of the floating population's length of residence in these two cities is less than five years. This clearly shows that migration to cities in China is a very recent phenomenon (at least for those who work in the informal sector) and has gained great momentum, obviously because of the newly found freedom to seize market opportunities.

Table 19: Migratory status and the length of residence of informal sector labour force

<i>Country/city</i>	<i>Coverage</i>	<i>Proportion of the labour force (%)</i>	
		<i>Migrants</i>	<i>Recent migrants < 5 years</i>
<i>South Asia</i>			
Dhaka	Total informal sector labour force	76.30	44.3
Colombo	Informal sector	60.69	11.5
<i>Southeast Asia</i>			
Phnom Penh	Waste recycling	72.86	-
Jakarta	Informal sector	68.9	-
Manila	Informal sector enterprise	61.0	-
Bangkok	Informal sector total labour force	80.7	20.1
<i>East Asia</i>			
Guangzhou	Informal sector works	40.7	52.0
Wuhan	Waste recycling	80.0	71.0
Beijing	Floating population	100.0	91.0
Shanghai	Floating population	100.0	91.0

Note: For detailed data and source see Appendix Table A.5 and A.6.

Educational attainment

A common hypothesis in early informal sector literature is that educationally disadvantaged labour largely make up the informal sector labour force. This hypothesis has been confirmed by many studies in Asia and elsewhere. This seems to be rapidly changing. A common denominator is the increased educational levels in all countries over time. The educational level of the informal sector labour force appears better now throughout the region compared to surveys in the 70s, strikingly so in the cities of East Asian transitional countries (see Table 20).

Table 20: Educational attainment of informal sector workers

<i>Country/City</i>	<i>Educational attainment (% of respondents)</i>				
	<i>No schooling</i>	<i>Primary</i>	<i>Junior high</i>	<i>Senior high</i>	<i>College/university</i>
<i>South Asia</i>					
Dhaka	29.3	52.7	10.0	8.0	0.0
Colombo	16.6	45.0	38.1	1.3	0.0
<i>Southeast Asia</i>					
Phnom Penh	5.0	13.3	13.3	13.3	48.4
Jakarta	5.7	51.8	18.7	21.5	2.3
Bangkok	0.0	32.2	18.9	30.0	18.9
<i>East Asia</i>					
Guangzhou	0.8	11.2	50.6	36.9	0.4
Wuhan	0.0	75.3	21.0	3.7	0.0
Wuhan	22.5	48.8	25.0	3.8	0.0
Ulaanbaatar	0.32	1.24	15.28	40.0	43.1

Note: For source and detailed data see Appendix Table A.6.

One reason is the overall improvement of education in the transitional countries, such as China, Vietnam, and Mongolia. Another reason is that the more highly educated participants

in the labour markets now rely upon the informal sector for work because of diminishing opportunities in the formal sector.

Many formal sector jobs have been and are still being lost in most Asian countries. Many of these retrenched workers with better education are now creating their own work in the informal sector.

This pattern is also strongly observed in the Southeast Asian countries. Although this is also happening in South Asian countries, the educational background of the informal sector labour force in these countries remains very low because of the continued failure to provide universal primary education.

2.6 Nature of linkages between the formal and informal sector

On the supply side, market links between the informal and formal sectors exist through purchase of:

- trade goods,
- raw materials,
- tools and equipment, and
- acquisition of skills and know-how.

On the demand side, the links work through:

- the informal sector as a provider of cheap goods and services to low and middle-income urban dwellers and
- subcontracting.

These mechanisms of the relationships work in a complicated way, and their impact is not easy to measure. The supply-side links can make the informal sector dependent on the formal sector. Many do not see this as dependence but as a simple trade relationship. Of course, in such a relationship the formal sector benefits more as in any hierarchical relationship - the one on the top benefits more, which has been denoted as “unequal exchange”.

The demand-side links, as noted above, can lead to labour exploitation in both the informal and formal sectors. It has been argued that by providing cheap goods and services to lower-income groups, the informal sector plays a role in keeping down subsistence wages of formal sector employees. The linkage through subcontracting, now spread to rural homeworkers, makes the informal sector dependent on the formal sector for demand for their goods and services. On both grounds, the large formal sector employers benefit at the cost of both the formal and informal sector workers. Many empirical studies have been conducted on these issues (Tokman, 1978a and 1978b). Believers in the largesse of the market find the relationship beneficial to the informal sector, whereas critics of the market relationship in an unequal world remain skeptical of benefits to the informal sector from subcontracting relationships.

Although determination of net effects of these complex relationships is impossible, one bit of evidence is clear and strong: informal sector labour consider subcontracting as a boon in increasing the demand for their goods and services - hence, income. No wonder the supply chains of MNCs continue to spread.

2.7 The informal sector impact of macro-economic policy and globalization

Similar to the arguments and counter arguments on subcontracting relationships, opinions differ on the informal sector's impact from macro-economic stabilization policies and globalization of the production process through unprecedented mobility of capital, technology and labour.

Macro-economic stabilization policies, particularly after the 1997 Asian financial collapse, led to economic recession. This swelled the fold of the informal sector, but unlike the economic boom period, was accompanied by low average productivity. This trend has been well established in Thailand (Phongpaichit, 1991 and Amin, 1996a) and Indonesia (Amin, 1993). In contrast, more dynamic informal enterprises (e.g., furniture) grew during the better economic period, whereas domestic and repair services fell during the economic boom (Table 21). Both casual observation and documented evidence show that fewer Thais were available to work as maids and waste pickers during the economic boom. But such occupations have resurfaced since the economic recession (Table 21 and Thepkunhanimita, 1998).

Table 21: Annual growth rate of gross domestic product originating from some selected manufacturing and service sub-sectors, Thailand

<i>Sector</i>	<i>1970-79 (Steady growth period)</i>	<i>1980-86 (Recessionary period)</i>	<i>1987-96 (Boom period)</i>	<i>1997-99 (Recessionary period)</i>
<i>Manufacturing</i>				
Wearing apparel except footwear	9.90	7.50	22.70	-32.53
Leather, leather products and footwear	6.50	10.51	20.46	38.92
Wood and wood products	5.40	0.64	-0.17	-20.18
Furniture and fixtures	5.86	4.47	18.73	-25.20
<i>Service</i>				
Personal service	3.42	7.75	12.10	-29.92
Domestics	3.05	10.32	-1.79	33.57
Repairs	9.51	5.64	-15.45	36.82

Note: Author's calculation from NESDB data.

One impact of globalization has been the loss of many formal sector jobs. Because of competition from the developed world, many Asian developing countries' local industries have been unable to survive. This, in conjunction with retrenchment by the public sector, has led to the loss of thousands of formal sector jobs in most Asian developing countries. As a result, the demand for the informal sector's goods and services from the formal sector wage employees has been reduced. However, globalization's broader impact - new business opportunities and adoption of enterprise flexibility - has led to an increased demand for goods and services from the informal sector. Increased homework by piece-rate workers, particularly women, is one dimension of the globalization impact.

It seems that the net effects of the impact of liberalization and globalization have not been worse for the informal sector. This has particularly been the case in a rapid economic growth regime (see Box 4).

Box 4: Nu, Nit, Noi and Thailand's informal sector in rapid growth

Nu

Nu is a farmer's daughter from Ubol Ratchathani province in northeastern Thailand. After finishing elementary education, her father sent her to be trained as a seamstress in Ubol town. When she was 15 she came to Bangkok to work in a dress-making shop. At the age of 21 she went back home to marry a local boy. Both of them worked as bus conductors until their first baby was born three years later. Using a sewing machine, which her father bought some time ago, she began sewing children clothes for a trader in the market of Ubol town. Her husband continued as a bus conductor. When the child grew up a little she moved to work as a seamstress in Bangkok. Through the old contacts, she got work sewing garments for an export sub-contractor. She had skills in sewing and cutting and did a good job.

At the height of the garment export boom in 1986/87 Nu's buyer encouraged her to start a small shop of her own and take orders from him. She was then 28 years old. She and her husband decided to go into the business together. He quit his bus-conductor job. She persuaded her father to use his land as collateral to borrow 35,000 baht from a local bank in Ubol as an initial fund. She rented a cheap two-storey shophouse in Huey Kwang, a low-rent area of Bangkok, and began her sub-contracting business. Orders were good. Within 4 years she had bought 20 sewing machines on hire purchase and paid for them completely. She had also paid off the loan she borrowed from the bank in Ubol.

Nu took orders from her old contractor and other garment firms. Sometimes they supplied the cloth and pattern but at other times just brought a sample garment and asked her to work out the pattern herself. She cut the cloth using a machine lent by her contractor. The machine was very expensive and she could not yet afford to buy one. She took orders destined for local consumption and for export.

For a short sleeve shirt she would be paid 15 baht a piece for the sewing, and had to spend about 3 baht on buttons and thread. She then divided the remaining 12 baht equally between herself and the seamstress. An experienced seamstress could sew 12-18 shirts a day in 12-15 hours of work.

At time of high demand Nu had as many fifty workers. Now there are just twenty. Three of the workers are her relatives and have remained with her from the start. Others stay 5-6 months or sometimes up to a year. All the workers live with her in the shop-house. Three of the previous workers have started a similar business around the area and take orders from her in time of high demand.

Nu would like to take some time off to study dress-making at a reputable school in Bangkok so that she would have more skills. But she is still too busy making money at the moment. Her ambition is to go back to Ubol and start a garment business there one day. Her husband bought a pick-up truck and is helping her with the transport side of the business.

With 20 workers working 26 days a month and each producing 18 shirts a day, her net income after deducting rent, workers wages and food, electricity, water, and machine maintenance (but not depreciation) is around 21,800 baht a month. At the height of demand when she employed 50 workers, her earnings would be more than double this sum.

Nit

Nit is about 45 and comes from Khon Kaen in the northeast. She came to Bangkok and found work as a seamstress in a garment factory. There she met her husband, a farmer's son also from Khon Kaen, who had worked first as a cutter in a tailor's shop back home and later moved to work in Bangkok. After the marriage they both continued to work for some time but in 1985 decided to set business on their own. He had some skills in cutting and she in sewing, and they could judge the prospects of the business from the experience of friends. They saved some money and did not borrow the initial funds.

They mostly sew shirts with short sleeves. The contractors bring the cloth and samples of the shirt. The husband makes patterns, cuts and transports the ready-made goods. Nit looks after the sewing. In the boom time they may have up to 30 workers. Now (1990) they have about 12 workers. Most of the workers are recruited from friends and relatives from back home in Khon Kaen. A small number of workers who live nearby come to work daily. The majority of the workers live in the shop.

After 5 years in this business, she has bought 9 rais of rice land (4.5 acres) in Khon Kaen and rented it out to neighbours. In 1989 she bought another 80 square waih of town land in Khon Kaen on a mortgage. The cost of this second piece of land is 120,000 baht. She has a daughter of 12 years old. She plans to send her to the university. Both husband and wife have plans to go back to Khon Kaen to start a business there later in life.

Noi

From the mid-1980s garment-making in Udorn Thani province in the far northeast underwent a dramatic change. The demand for ready-made garments from the surrounding up-country towns and from Indochina increased significantly. Small garment firms started to proliferate in the market area of Udorn town. The firms usually had a shop selling garments in the front, and a workshop behind employing 10-20 workers. As their work-load increased, the garment shops began to put out the sewing works to groups of housewives living in villages near the town. This is preferable to expanding their factory in the town which will increase costs unduly both from space cost and labour costs. Village housewives are happy to do this work as they do not have to leave their family. They could combine their farm and house work with garment making which gave them a reasonable cash income.

Noi used to work as a seamstress in Udorn town. As she acquired some skill she decided to buy her own sewing machine and work from her village home. In 1986 she began sewing cut garments on a putting-out basis. Later three other housewives in the same village joined her and they loosely formed a working group, each helping one another. Each was sub-contracting the work from a different shop-owner in Udorn town. The shop-owner provided the cut pattern. Noi and her friends had to pay for the buttons, threads, sponge and chemically treated cloth. They worked only in their spare time, as each had to do their household chores as well as looking after their pigs and other farming chores. Each seamstress could complete 5-6 blouses a day, earning about 40-50 baht. With 100 blouses, the four of them could work together and complete the jobs within 2-3 days. During busy periods they could earn 200-300 baht each a week.

More households in the village took up this sewing work. In the rainy season they stopped this sewing work and concentrated on growing paddy or cassava. The garments firms did not mind that as orders were less during the rainy season anyway. When they finished transplanting their paddy, they would take up the sewing work again.

As orders increased, Noi started taking in trainee seamstresses from within the village. She charged 1,000 baht per trainee. There was no set time period for the course. The trainees remained with her until they could sew properly. During the training period, the trainees helped her with the sewing work and were paid according to their ability. The piece rate for a woman's blouse was between 8-10 baht, much lower than the rates in Bangkok. After deducting other costs (thread, buttons etc) the net income was only 5-6 baht a blouse, which is very low as compared to the price of the finished product in the market of 100-140 baht a piece. Noi never complained about the low piece rate to the garment shops. She knew that if she did, the garment firm could just put out the work to other housewives within the same village who were ready to take up the opportunities.

Source: Excerpts from Phongpaichit, 1991, pp.89-92.

3. Public policy and actions on the informal sector in Asian countries

Public policy and actions towards the informal sector have been undergoing change. To focus policy attention and action on the informal sector, many studies initially undertook the task of demonstrating the numerical significance of the sector and the sector's role in economic development. This process showed how the sector contributes to meeting the basic needs of the urban dwellers, in general, and low-income urban residents, in particular. Few raised the issue of informal sector workers' basic needs. Had they done so, the issues that have come into focus since the introduction of ILO's decent work paradigm would have received greater attention much earlier. In contrast to the decent work paradigm's five dimensions - quality of work, rights pertaining to work, protection, economic security and representation security - early policy interventions and public actions held largely for removal of external (macro-economic and industrial policies that constrained the informal sector business operations) and internal constraints (in which individual enterprise and entrepreneurs' lack of capital (hence, credit provision) got policy attention, skills (hence, training got policy attention) and space (hence, policy has been either relocation or reluctant acceptance of the location from which the informal sector enterprises were doing their businesses).

Some of the external constraints to the informal sector have been eased, if not removed. This has occurred and is still occurring because of an unprecedented reliance on the market worldwide (including socialist countries), which has been facilitated by globalization and the spread of democracy and freedom. But this development has also made the informal sector vulnerable in two respects:

- From a labour standpoint, the unprotected nature of the work makes it extremely vulnerable; and
- From an enterprise standpoint, the extremely competitive market leaves little to hope for earnings beyond subsistence.

These vulnerabilities make the informal sector a strong candidate for social protection. Thus, the elements of decent work, particularly social protection against extreme vulnerabilities and insecurity, have captured the real need of people who work in the informal sector. Similarly, working conditions is another important need of the informal sector that has never received adequate policy attention or public action: long hours of work in hot, humid weather without access to water and sanitation (even a rudimentary toilet is not seen in or around the workplaces of hundreds of informal sector enterprises).

The above discussion alludes to the various public policies and actions that have already been underway, directly or indirectly, seeking to contribute to the well-being of workers in the informal sector. This public policy and action review is intended to show progress in reducing decent work deficits in the informal sector. This review is presented under some selected headings (whose selection reflects a combination of core elements of decent work and field scenarios, i.e., various programmes and projects that have been undertaken by international agencies, national governments, donor committees, etc.):

- Fundamental principles and rights;
- Entrepreneurship and enterprise development;
- Access to skills;
- Expansion of micro-credit;
- Social protection;

- Occupational safety;
- Organization and representation; and
- Integration.

3.1 Fundamental principles and rights at work

Democracy and freedom have been flourishing throughout Asia. As a result many improvements have taken place in protecting rights at work. In some countries this has been preceded by economic success (prior to the 1997 financial crisis) that gave rise to a strong middle class, as has been the case in Thailand, which enacted a social security law and established a separate Ministry of Labour (previously, a department under the Ministry of the Interior). This generally favourable socio-economic and political development, however, has been accompanied by a near disappearance of the political left (and their allies in the workers' movements and student fronts) whose workers and sympathizers are dedicated to the working class, particularly in ensuring their rights at work. This vacuum has been in some respect filled by the work of NGOs and civil society. In addition to these new socio-political realities, the recent economic recession has adversely affected the previously accrued gains of the labouring poor from a tight labour market situation, created by rapid economic growth in the region, particularly in the East and Southeast Asian countries.

Because of such inherent cycles in capitalist economies, ILO Conventions play a major role in enabling workers, employers and governments to develop employment relations in a sound and equitable manner. Though most of the standards apply chiefly to formal sector employment, some are relevant to the informal sector. The rights related to work are derived from the Universal Declaration of Human Rights (1948) and the ILO Declaration on Fundamental Principles and Rights at Work (1998).

The fundamental rights-related Conventions include Nos.87, 98 (freedom of association, the right to organize and bargain collectively), Nos.29, 105 (forced labour), Nos.100 and 111 (equal remuneration, discrimination in employment and training and working condition) and Nos.138, 182 (child labour). Other Conventions include Nos.155 (promoting occupational safety and health), No.102 (minimum standard and social protection) and No.177 (targeting homeworkers).

According right to work: the first step to ensure decent work in the informal sector

Recognition of legitimate work is an essential first step in ensuring decent work in the informal sector. Its importance arises from the fact that many are denied a right to work (Siddiqui, 1991; Amin, Siddiqui and Eriksen, 1991). Pretexts for denying this right are many: loss of the city's beauty, order and discipline; unauthorized occupation of pedestrian ways; encroachment to roads; traffic congestion; extra pressure on municipal services; non-payment of fees and taxes; etc. With respect to the informal sector, the most fundamental need is to ensure the right to work. Egger and Sengenberger (2001, pp.6-7) cite three prominent sources as basis for the right to work.

The first comes from the Universal Declaration of Rights. Article 23 states that "... everyone has the right to work, to free choice of employment, to just and favourable conditions of work and to protection against unemployment".

The second is the International Covenant on Economic, Social and Cultural Rights (ICESCR), which echoes similar wording on the rights of everyone to the “opportunity to gain a living by work freely chosen...”

The third comes from a commitment of the 1994 World Summit on Social Development, which asserts the rights of “all men and women to attain security and sustainable livelihood through freely chosen productive employment and work”.

Ratification of Conventions and their implementation

The ILO campaign has led to an increase in the number of countries that have ratified the Fundamental Conventions in Asia. The current status of ratification is summarized in Table A.8 in Appendix A.

Although adopted only recently, ratification of Convention No. 182 (Worst Forms of Child Labour Convention, 1999) has already gained momentum. Some of the countries that have not yet ratified it are in the process of doing so. Among the South Asian countries, Nepal has showed initiative in translating Convention No. 182 and Recommendation No. 190 into its language. Of the Southeast Asian countries, the Lao People's Democratic Republic has asked the ILO to organize national seminars on Convention No. 182. Of the East Asian countries, only China has yet to ratify it.

Country experiences

South Asia

Bangladesh

Whereas the ILO has been pursuing ratification of the Conventions with governments, it has also joined hands with many organizations in promoting core labour standards for the informal sector. For example, the ILO's International Programme on Elimination of Child Labour (IPEC) - eliminating child labour in hazardous informal sector occupations - has been implemented in Bangladesh by a local NGO - Bangladesh Mohila Sangha (BMS) (see Case 1 in Appendix B).

India

The Government of India has taken various initiatives through enacting legislation, creating welfare funds, spreading worker education and supporting NGOs to “mainstream” work in the unorganized sector. Important legislation which seeks to help unorganized workers are (a) the Minimum Wages Act, 1948; (b) the Workmen's Compensation Act, 1923; (c) the Maternity Benefit Act, 1961; (d) the Employees State Insurance Act, 1948; (e) the Bonded Labour System (Abolition) Act, 1976; (f) the Contract Labour (Regulation and Abolition) Act, 1970; and (g) the Inter-State Migrant Workmen (Regulation of Employment and Conditions of Service) Act, 1979.

The Indian Supreme Court's verdict upholding hawkers' rights

Perhaps the most important event with regard to protecting the informal sector's right to work in India is the 1989 Indian Supreme Court verdict that ruled that every individual has a fundamental right to earn a livelihood. The court directed all state governments to regularize hawking through zoning. Despite the court's directive, few state governments have moved

their municipal authorities to make adequate provisions for hawking. The municipal authorities in Mumbai, Delhi, Calcutta and Bangalore have tried to create zones for hawkers.

The Self-Employed Women's Association (SEWA): multifarious role in protecting the rights of self-employed women

SEWA provides legal education and support in court cases to its members, and runs a legal advisory centre that accepts cases and complaints lodged by members. These include:

- Vendors' cases with regard to harassment by municipal corporations, traffic police, and resident and consumer associations; and vendors' complaints regarding space and confiscation of their goods by the authorities;
- Bidi workers' cases on Provident Fund as well as regarding dismissal from work and stoppage of all work. In addition, 119 agarbaty (incense) workers who were to lose their homes due to road widening by the town planning department filed a case in court against this plan; and
- Compensation cases of injured construction workers and non-payment of wages by contractors to workers employed in small factories.

See also Appendix B, Case 2 for a profile of SEWA.

Cambodia

The ILO-IPEC programme was implemented in Cambodia by the Cambodian Union Federation (CUF). This is cited as a successful case demonstrating how workers' organizations play a significant role in the struggle against child labour via: (a) awareness-raising to change parental attitudes, (b) provision of work alternatives and (c) establishing a system of workplace monitoring and negotiations with the employers (see Case 4 in Appendix B).

3.2 Enterprise development for increasing productivity and job quality

Since many informal sector activities' enterprise configuration (in terms of labour, capital, technology, and organization) is of a rudimentary nature (hence, productivity, income and job quality is low), enterprise development has received much policy attention. However, enterprise development has been one of the few long-prevailing and widely practiced areas of policy intervention in Asian developing countries that precedes the informal sector paradigm. Most countries have well-established and well-funded specialized agencies supporting and promoting "small and cottage industries" (SCIs). Many of these SCIs are located in rural areas and produce products that reflect low-income elasticity of demand. Since the ILO succeeded in directing some policy attention to the urban informal sector, "micro-enterprises" - the smallest category in terms of size of the SCIs - have become a new set of enterprises of promotional target.

Although increasing productivity and enhancing job quality in the informal sector have been the ILO's main interest in promoting MSEs, enterprise promotional policies often lead to bypassing the main informal sector group: own-account workers.

This has been more so when promotional policies are targeted to small and medium enterprises (SMEs). This is fine for promoting subcontracting linkages with the large enterprises, but support for SMEs does not go to the informal sector. Since the economic recession of 1997, the Japanese Government has even increased its traditionally generous

funding for the SME sector in the region, particularly for the economic recovery of countries like Thailand and Indonesia.

That the prevailing enterprise development programmes have not touched the core of the informal sector is indicated by a review of several such programmes conducted by different organizations in Asia.¹⁰ Studies on access problems faced by informal sector participants (Sungoonshorn, 2001) and on policies for the urban poor and the informal sector in Thailand (Endo, 2001) show that MSE-targeted policy and initiatives' benefits hardly reached the informal sector, particularly those at the lower echelon of the sector.

The International Small Enterprise Programme (ISEP)

Launched in 1998 by the ILO, this programme provides an integrated approach to developing SMEs using a range of existing materials. These include a successful entrepreneurship-training package known as Start Your Business/Improve Your Business (SYB/IYB). Reportedly, the IYB has used extensively in Africa and is now being adapted for use in South Pacific island countries. Further adaptations are being developed through regional programmes combining working conditions with business improvement, specifically targeting women entrepreneurs. These include Work Improvement and Development of Enterprises (WIDE) and Economic Empowerment of Women (EEW) in Southeast and South Asian countries such as Indonesia, Malaysia, Nepal and the Philippines.

Country experiences

South Asia

Bangladesh

The Bangladesh Small and Cottage Industries Corporation (BSCIC) promotes employment opportunities by (a) increasing income through indigenous resources and technology, (b) generating employment through entrepreneurship development, (c) meeting local demand for essential commodities, (d) promoting sub-contracting linkages among the large, medium- and small-scale industries, and (e) encouraging production of export-oriented and import-substituting products through promotion of small agro-based industries (Bhattacharya, Faiz and Zohir, 2000). In some cases, BSCIC support may trickle down to the informal sector indirectly. Their main work is to support "small-scale industries"(SSIs).

Indirect help to the working poor also comes from the growth of labour-intensive industries, e.g., garments. Since the early 1980s, thousands of women have entered the new export-oriented garment factories in Bangladesh. The number of units increased from around 50 in 1983 to over 1,000 in 1992. A 1997 labour force estimate was 500,000 (Kabeer, 1997). The latest available estimate puts the number at 1.5 million, of whom 90% are women (Joshi, 2000). Many of these workers had worked as maids before finding their current work in garment factories. Although these factories often draw media attention as "sweat shops", many of these workers consider this work an upward occupational mobility, not just within the informal sector, but also from an informal to a formal occupation.

¹⁰ A series of useful publications have come out of the ILO-UNDP MSE project in Thailand. See ILO-UNDP (2000) for the final report and recommendations, which also contains information on the six working papers prepared with overall supervision and editorship of Gerry Finnegan.

The Bureau of Manpower, Employment, and Training (BMET) in Bangladesh promotes self-employment through a “tools kit-programme” for micro-enterprise schemes for unemployed and skilled workers (men and women), and for homeworkers’ schemes for poor women. BMET implements its programmes, which cover some major informal sector groups, through the District Employment and Manpower Offices (DEMOs)(Khan, 1991).

India

Local governments in different Indian states have implemented programmes for employment creation, training, and social assistance. These programmes include SCIs, anti-poverty schemes and training modules for different vocations. Specialized institutions have been set up for this purpose in different states. In Gujarat, they have concentrated on promoting a range of traditional industries like textiles, diamond polishing, garments, waste recycling, and bookbinding. Gujarat has created some schemes to reach out to home-based workers and extended some measures for social protection (ILO-SAAT, 2000).

Most Indian states address poverty and unemployment through promotional support to the SCIs. Marketing and technology transfer services are offered to small and micro businesses. Lending to the industrial branch and establishing industrial areas are other means of facilitating business development. Specialized institutions have been set up for this purpose. However, the size of the effort is seen as no match to the size of the problem (ILO-SAAT, 2000).

Nepal

Similar to Bangladesh and India, Nepal also has promotional policies for their SCIs. Their Cottage and Small Industries (CSI) projects provide credit and training to their workers. Basnet and Shrestha (1991) report that the CSI workforce is mostly the urban poor. If so, promotional policies for CSI in Nepal should reach the informal sector.

Southeast Asia

Indonesia

Indonesia took an early initiative in creating an explicit policy toward the informal sector. As early as 1985, a task force was assigned to formulate government policies for the development and promotion of the informal sector. A director under the Directorate General of Manpower Development services serves the task force and inter-agency committees, as well as undertakes specific programmes (Siddiqui, 1990, p. 5).

Thailand

The Urban Community Development Office (UCDO) has established income-generating, income-increasing and income-stabilizing programmes for the urban poor. Projects on MSEs created 369 jobs through informal sector micro enterprises (or an average of 3 jobs per enterprise). For UCDO’s innovative role and programmes, see Case 5 in Appendix B.

East Asia

China

Whereas in other Asian countries much of the enterprise promotional policies are in the name of SSIs and/or CIs, informal job creation is taking place in China under the label of “individual and private economy”. A recent study of the Ministry of Labour and Social Security observes that, “While great attention has been paid to the development of individual and private economy, the informal sector dominated by individual and private economy has also enjoyed a very spacious room for development” (MOLSS, 2001a, p. 16). Informal sector enterprises receive promotional support provided by the national and city governments in China. “Various conveniences ... provided to assist the development of the informal sector” include: (a) favorable credit policies, (b) favorable tax policies, (c) favorable terms for insurance programmes and (d) favorable venue provision” (MOLSS, 2001a, p.15-17). The study observes that the informal sector lacks (a) recognition, (b) support for capital, (c) business venue, (d) vocational counseling and employment services, (e) vocational skill training and (f) technical support.

The study also suggests that Chinese authorities are conscious that the absence of government recognition, guidance, supervision, administration and services may give rise to illegal practices and an illegal economy (MOLSS, 2001a, p.21). It is clear from the report that China does not view informal sector employment as the same as illegal economy or illegal operation; rather the authorities are convinced that the absence of supportive services, management and regulation may give rise to illegal practices. This is the basis of a positive attitude towards the informal sector in China (ILO, 1994).

The above review suggests that the long-prevailing promotional policies for SCIs and even the newly developed support programmes for SMEs do not quite reach the hard-core informal sector. Clearly, the informal sector-specific and targeted enterprise and entrepreneurship development policies are essential for raising their productivity and quality of work. Also, support to these enterprises needs to be linked to (a) switching to the production of goods and services which reflects a relatively higher income elasticity of demand, (b) improving working conditions, and (c) reducing labour exploitation. For increasing productivity, subcontracting linkage helps. Assistance to obtain and succeed in subcontracting work should be considered. Dissemination of existing programme information meant for the working poor is also essential. Many in the informal sector simply do not know of the facilities or projects that are meant for them. Establishment of an informal sector service unit (ISSU) in the Ministry of Labour, industry, works or local government is essential if the urban working poor is to be reached through enterprise and entrepreneurial development programmes.

The enterprise and entrepreneurship development policy also needs to target the informal sector as a labour entity so that promotional support can be specific to informal sector labour categories.

- Employers need management training and credit provisions on the condition of improved working conditions and employer-employee relations;
- Own-account workers need enterprise development support through a package of space, credit and access to basic urban services; and
- Wageworkers need educational and skill upgrading support. Those with entrepreneurial ambitions should be considered for enterprise development support.

3.3 Access to skills for mobility and diversification in the informal sector

Many projects and programmes undertaken for the benefit of the poor do not reach them. This is particularly serious for those who make their living by working in the informal sector. A Bangkok study that investigated this access problem found that among the poor living in a slum environment, access to services is much higher for those who work in the formal sector (see Table 22). Access to skills is particularly important for promoting mobility and diversification of economic activities in the informal sector. But efforts to alleviate the access problem have been few and mostly through *ad hoc* projects. Most government-established vocational schools for imparting skills are not accessible to informal sector workers. Like other policies and programmes, few informal sector initiatives focus on imparting skills. But some projects and programmes for similar social groups do bear some potential for informal sector workers to benefit from. For example, some non-governmental organizations in Bangladesh have been trying to make skills accessible to underprivileged youth in urban areas by organizing training courses and by paying due attention to their aspirations, constraints and capacities.

Table 22: The Bangkok evidence on variability in access to services between the informal and formal sector labour force

<i>Types of services</i>	<i>% of respondents without access</i>	
	<i>Informal sector participants</i>	<i>Formal sector employees</i>
A. Welfare services		
1. Health services	85.5	13.6
2. Education		
2.1 Household head	88.0	4.5
2.2 Children	14.5	0
3. Moral and spiritual development	86.1	43.2
4. Other fringe benefits, i.e., sick/maternity leave, study/training leaves, health/educational fee reimbursement or pensions	97.0	4.6
B. Productivity/ income enhancing services	93.4	0.0
1. Training	97.6	4.6
2. Credits from lending institutions	97.6	4.6
3. Information provided by employers		

Source: Sungoonshorn, 2001, p.113.

Country experiences

South Asia

Bangladesh

The Association of Private Non-Profit Trade Schools (APNTS) is an important provider of training to the informal sector in Bangladesh. Some 50 trade schools belonging to APNTS provide training annually to about 2,500 persons between the ages of 12-20. Target groups include general school drop-outs, early school leavers and children with only a primary school education who belong to the poorest section of the society. Usually, these groups do not have access to the formal vocational training institutes of the Ministries of Labour and Education.

A distinguishing feature of the trade schools is the combination of production-cum-training, which enables them to incur training costs and to operate with a modest budget and

rudimentary equipment. Moreover, the trainees, besides being highly motivated, become familiar with the “world of work” during the training period, hence, the high employability of and employers’ preference for the graduates (Khan, 1991). The choice of trade in each school depends on two vital factors: the employability of the trades to be offered, and the feasibility of acquiring and maintaining workshop equipment. The schools offer courses mainly in engineering trades: carpentry, electrical wiring, general mechanics, welding, metal work, plumbing, engine repair, tailoring, etc.

These NGO trade schools primarily serve the urban informal sector (see Case 6 in Appendix B). In contrast, the formal vocational training institutes - the Technical Training Centres (TTCs) operated by BMET and the Vocational Training Institutes (VTIs)) - offer training mainly for formal sector employment where job prospects are extremely limited. As a result, frequent criticisms have been leveled at the formal system because it operates at only 50% of total capacity. To overcome such wastage, suggestions have been made to use TTCs and VTIs to upgrade informal sector skills and to establish linkages with private trade schools for mutual benefit. Other notable programmes are those of BRAC and SOS Jubo Palli in Bagerhaat who train underprivileged youths. The Grameen Bank, Swanirvar Bangladesh and Proshikha also organize training for the working poor. To help the poor improve their economic condition, Proshika provides skill development training to all members interested in acquiring skills.

BSCIC, the government agency for promoting SCIs, has an extensive programme on training, technology, marketing and extension services for the SCIs, particularly for the enterprises in light engineering, metal products, rural/agro-based products, and handicrafts, sub-sectors seen as having high growth potential. BSCIC has established a training institute, known as the Small and Cottage Industries Training Institute (SCITI). Informal sector workers are unlikely to have access to SCITI.

The Directorate of Women’s Affairs Programmes includes (a) non-formal education for women in collaboration with the Ministry of Education, (b) skill training in collaboration with other government agencies and NGOs, (c) projects for commercial poultry raising, and (d) garment making and handicrafts.

India

Many NGO initiatives to train the working poor have flourished in India. Some examples are the WWF in South India, which trains poor women to function as local planners and leaders in assuming decision-making positions in the community so that they will be able to affect changes in policies. STEPUP, in Tamil Nadu, has an employment-training programme for slum dwellers. SEWA, in Gujarat, Uttar Pradesh and Madhya Pradesh, conducts programmes in specific technical, vocational and management skills to improve productivity and income of self-employed women. Some quasi-governmental organizations have attempted to provide skills to the youth in slums so that they can move into better jobs (Sethuraman, 1997). Gujarat Mahila Housing Trust (MHT) was officially registered with the overall objective of improving housing and infrastructure conditions of poor women in the informal sector. It arranges, among other activities, regular training of women workers to upgrade their skills.

Nepal

Both governmental and non-governmental organizations arrange training programmes. The CSIs provide some training programmes. The Council for Technical Education and Vocational Training coordinates vocational training programmes for unemployed workers.

The Department of Labour under the Ministry of Labour and Social Welfare also conducts skill development programmes (Basnet and Shrestha, 1991). Unless special attention is given to cover informal sector workers, these programmes and facilities may not be accessible to them. Jha (1999) suggests that more explicit reference is now made to the informal sector by officials and NGOs, and in development circles. This study recommends giving priority to a national policy for “development of the informal sector workers”. It stresses the need for skills-upgrade training for traditional and outmoded technology (Jha, 1999, p.8). Many women and children are engaged in textiles, carpet, hosiery, handcrafts and similar activities for whom skill-oriented, on-the-job training is recommended (Shresthan and Shrestha, 1999, p.60 and Bajracharya, 1999, pp.62-77). Thakur (1999, pp.78-80) recommends a cooperative framework for implementing training and skills development.

Southeast Asia

Cambodia

Small enterprises and informal sector development programmes are part of an employment-generating programme under UNDP’s Area Development Programme. The project promotes small-scale private sector economic activities through implementation of an integrated small enterprise and an informal sector development programme aimed at potential entrepreneurs and self-employed persons in the urban informal sector. Under the projects’ Core Component, five Local Economic Development Agencies (LEDAs) were to be established, which would provide assistance in business opportunity identification, basic management training, extension services, small-scale technology, and credit for small-scale and informal sector enterprises (ILO, 1992a). The role of local economic development agencies includes (a) providing assistance to potential entrepreneurs with the motivation and skills to become small-scale entrepreneurs, and to persons employed in the urban informal sector; (b) providing assistance in business opportunity identification; basic business and entrepreneurial training in such areas as marketing, finance, production, and business planning; and extension services to entrepreneurs during start-up of their enterprise; and (c) advising on small-scale technology and production processes, and access to small-scale credit.

Philippines

The Philippine Government provides various training programmes to promote employability and to improve the income-generating capacity of trainees. Training is given in a variety of occupations, such as electrical and electronic, automotive, electrical construction, printing, welding, furniture and cabinet making, refrigeration and air conditioning, office equipment repair and maintenance, plumbing, masonry, carpentry, tailoring, animal husbandry, handicrafts, food preservation, cosmetology, and waste recycling. The National Manpower and Youth Council (NYMC) and the University of the Philippines’ Institute for Small-scale Industries (UPISSI) are the core groups in providing this training. The Development and Community Enterprise Project also provides a package of services that include credit, training, production and marketing.

Indonesia

The Indonesian Government has, since the Repelita IV (five-year development plan), launched a series of policies and programmes to assist the informal sector. Repelita V was oriented to provide protection and easy access to capital, technological assistance, production quality improvement, opportunities to improve skills and access to regular market information. The intensive human resources development programme (started in Repelita III)

also had training programmes and schemes that have proved successful (Soegijoko, 1992, pp.11-12).

Thailand

The Ministry of Labour and Social Welfare (MLSW) promotes training and skills development programmes for economically underprivileged urban workers. But MLSW is only one such source. As in other areas of policy intervention, duplicate training by different organizations abound in Thailand. Allal (1999, p. 45) reports that 8 of 13 organizations of the Ministry of Interior (MOI) are engaged in the development of training and other materials. Similarly, 7 out of 13 organizations are involved in skills training. Prominent among these are the Bureau of Industrial Enterprise Development, the Bureau of Cottage and Handicraft Industries Development, the Institute for Small and Medium Enterprises Development (ISMED) and the Thailand Textile and National Food Institute. In addition, numerous departments and ministries, including the Ministry of Labour and Social Welfare, carry out various forms of skills training. Despite a plethora of organizations involved in training, informal sector labour's access to training is limited. Most informal sector participants (93.4%) do not have access to training (Sungoonshorn, 2001, p.113). Constraints to access services, as identified by Sungoonshorn's Bangkok study, are summarized in Table 23 which shows that problems exist both on the service supplier side (denoted as external constraints) and on the demand side (denoted as internal constraints).

Table 23: Constraints in accessing services

<i>Internal constraints (Service beneficiaries)</i>	<i>%</i>	<i>External constraints (Service providers)</i>	<i>%</i>
<i>Health</i>		<i>Health</i>	
Earning to be forgone for long waiting time	85.5	Lack of care and sensitivity of the health officers	85.5
		Complicated procedures	72.3
		Low quality or ineffective medicine	42.2
<i>Education</i>		<i>Education</i>	
The need of children's help at work and / or at home	65.2	Procedural complications in making application for school entry	17.4
Inability to afford the study expenses	39.1	Inadequate promotion of schooling facilities by the responsible officers	13.0
Children not bright enough	34.8	Problem of physical accessibility	8.7
Children delinquency	17.4		
<i>Moral and spiritual</i>		<i>Moral and spiritual</i>	
No time	59.0	Inappropriate and inadequate roles in moral and spiritual development by the temple	46.4
Too tired from the daily work	55.4	Inappropriate and inadequate roles in moral and spiritual development by the school	65.1
Used to performing rituals	53.0		
Do not know how to perform the rituals	34.9		
Not so useful/ not interested	22.9		
<i>Training</i>		<i>Training</i>	
No time or busy working	75.9	No training institution in the neighbourhood	2.4
Lack of knowledge in contacting the relevant institution	12.1	High cost of training	1.2
Lack of necessary funds	7.2	No training unit in the neighbourhood	34.9
Long working hours	81.9	Lack of information on training requirement	72.9
Not aware of potential better job after training	10.8		
Good enough incomes	7.2		
Doubtful perception on actual realization of the training benefits	77.7		
Regarding lack of other non welfare services as barriers to actual realization of the benefits	61.4		
Being satisfied with present job	53.0		
Present job required no sophisticated knowledge of long working day	78.9		
Taking care of family	75.3		
Old age	25.3		
<i>Credit</i>		<i>Credit</i>	
Not aware of lending agencies	63.9	Too many conditions	77.7
Lack of property as collateral	62.7	Too complicated procedures	69.9
Insecured and insignificant job	61.4		
Low income having no values as collateral	61.4		
More convenient to borrow form in formal sources including money lender	40.4		
<i>Information</i>		<i>Information</i>	
Unawareness of places and agents providing services	78.3	Not available in the neighbourhood	37.3
No time to inquire	74.7		
Not interested	62.7		
Not so useful	55.4		
Afraid to approach	40.4		

Source: Sungoonshorn, 2001, pp.114-115.

3.4 Expansion of micro-credit and savings facilities

Among the various types of policy interventions perhaps the most widespread has been provision of credit and savings. Since credit to the informal sector is not accessible from formal sources, the focus has been on creating alternative sources and developing alternative delivery mechanisms. Most of these interventions, however, have focused on alleviating credit constraints for the rural poor (e.g., Grameen Bank) in the context of enterprise development, but some have indeed targeted the urban poor.

Country experiences

South Asia

Bangladesh

Even in the country of the Grameen Bank, access of the urban informal sector to micro-credit is still very limited. Traditionally, credit has been for the SCI sector. Since the establishment of the Grameen Bank, micro-credit has been flowing to the rural poor, particularly women. But this has not been the case for their counterparts in the urban informal sector. Limited amounts of micro-credit have been available to the urban poor as part of slum upgrading projects. One problem is the unauthorized and non-permanent workplace and residential status of urban informal sector workers.

One of the many government initiatives to provide credit for business is the Bank of Small Industries and Commerce (BASIC), established in 1989, with the specific purpose of catering to the credit needs of “small businesses”. BASIC also finances micro enterprises and income-generating activities under its Micro-Credit Scheme, either through NGOs or directly to its clients (Bhattacharya, Faiz & Zohir, 2000, p. 26).

The commercial banks of Bangladesh also have programmes for providing small loans. For example, the Sonali Bank is engaged in a number of poverty-alleviation programmes involving provision of micro-credit through NGOs (e.g., the Credit for Urban Women Micro Enterprise Development (CUWMED), Marginal and Small Farm Crop Intensification Project (MSFSCIP), NGO/MFI Linkage Programme, etc.). The Agrani Bank is involved in such programmes as the Small Enterprise Development Project (SEDP), the Productive Employment Project (PEP), and others aimed at providing micro-finance to the informal sector. In an effort to support small industries, the Sonali, Janata and Agrani Banks participated in launching a Small Credit Guarantee Scheme in the early 90s (Bhattacharya, Faiz & Zohir, 2000, pp. 45-46). The Directorate of Women’s Affairs and the Bureau of Manpower, Employment, and Training (BMET) had a credit programme for working women and a cash-loan scheme for the landless poor (men and women).

Obviously, many of these sources have not been accessible to the hard-core informal sector groups, such as own-account workers. Of the few NGOs having urban programmes, Proshikha has developed a strategy for the urban poor. In four areas of Dhaka, they have launched a programme providing the poor with a savings facility. After a member has saved for 6 months, he or she is given access to credit facilities for income-generating activities. For details on Proshikha’s pioneering role in introducing micro-credit for employment and income generation among slum dwellers, see Case 7 in Appendix B.

India

As in other Asian developing countries, the thrust of micro-finance in India also used to be in the rural sector. To overcome the well-known limitations of the formal sources of micro-credit, some innovations in designing and delivering small credit to the urban and rural poor have been adopted. Some formal sector credit institutions have also adopted innovative schemes. The most notable feature has been linking credit with people's organizations – Self-Help Groups (SHGs) or NGOs. In this sense, the Indian experience is not dissimilar to Bangladesh's or other Asian developing countries in the sense that "the NGO sector has come up as a major constituency in the micro-finance sector in India" (Nair, 2001, p.387). A few cases are noted below.

SEWA works for women to gain access to banking services, while WWF provides credit to expand women's economic activity. Poor women are able to use the small loan programme to create their own alternative businesses. Both SEWA and WWF have created successful credit cooperatives. Some large credit schemes, such as Jawahar Rozgar Yojana (JRY), launched by the Government of India for the urban poor, have sought to channel funds through existing bank branches although these are not destined exclusively for those in informal businesses. Clearly JRY's activities bear greater potential for the informal sector because of its urban focus. Over 80,000 poor women from the slums of Madras have accessed credit through WWF. They are not completely relieved from the grips of the moneylenders. Credit is given for trading, hawking, vending and similar micro-enterprises. Over 800 own-account workers, like the "idli" sellers of Madras, could reduce the physical burden of their work by accessing rice grinders through WWF technology loans. This has also helped to reduce the drudgery of household chores and to save time.

Nepal

The Government of Nepal has provided credit facilities for the poor through various banks, namely, the Intensive Banking Programmes, Cottage and Small Industries Project, Rastriya Banijaya Bank, Small Farmers Development Project and Production Credit for Rural Women. The main objective of the credit programmes is to help assetless people by providing loans and other specific help in enhancing employment and income-generating activities (Bastnet and Shrestha, 1991, p.2).

Sri Lanka

Colombo's Banco del Pacifico's micro-finance and loans contribute to women's independent income, giving them more bargaining power in their relations with male family members (ILO, 1998). The State Bank, the People's Bank and the Bank of Ceylon also provide credit to the urban poor. The Janasaviya Poverty Alleviation Programme has also provided improved access to credit (ILO, 1994).

Southeast Asia

Indonesia

Although informal sector specific credit supply is very limited, the Government and private banks in Indonesia are helping the poor in various ways.

Bank Rakyat Indonesia (BRI) has adopted a policy to ease the poor's access to credit by opening local branches, simplifying documentary procedures and repayment terms, and reducing the time for loan disbursement. They also provide women entrepreneurs with

sustainable access to micro-finance and women micro-entrepreneurs with access to financial services. BRI offers alternatives to the formal banking system, while incorporating the advantages of informal savings and credit system.

Social programmes, run by the commercial banks, receive government incentives. These include:

- Intermediary programmes, generally run by NGOs, that offer micro-businesses a link to the formal banking system;
- Parallel programmes that provide financial services along with other development and social programmes via non-bank institutions; and
- Poverty-oriented development banks, generally started as intermediary or parallel programmes, that are often officially registered as banks (ILO, 1998).

Local governments also arrange mobilization of credit for the poor (Siddiqui, 1991).

Philippines

In the Philippines, NGOs are active in savings and credit provision to the working poor. The SHG in Metro Manila has reportedly responded well to the provision of credit services. NGOs have worked to strengthen SHGs, particularly in channeling credit to informal sector operators. The Trade Union Congress of the Philippines (TUCP) created a Filipino workers' development fund to assist informal sector workers (ILO, 1994).

Thailand

For economic recovery SMEs have been targeted for credit in Thailand. An ILO-UNDP project¹¹ has been trying to influence this policy by directing credit to MSEs. On the basis of a recent review of MSE financial support in Thailand (as part of this project), Paetkau concludes that "NGOs are not involved to any large extent in micro-finance lending, perhaps because Thailand has a well-developed network of finance providers throughout the country" (Paetkau, 1999, p.1). The Paetkau review shows that of the nine government agencies involved in providing credit to SMEs, five lend to micro-enterprises. Among these the Government Saving Bank (GSB) has a policy of providing small occupational loans to traders with stall/shop (maximum credit of 20,000 baht) and vendors (maximum credit of 10,000 baht). This programme clearly serves informal sector workers (Sungoonshorn, 2001, p.80).

Since 1992, the National Housing Authority (NHA) has become more active in helping the urban poor. It started by establishing the Urban Community Development Office (UCDO). The aim of UCDO credit is to support, among others, income generation and formation of savings groups among the urban poor. Analysts tend to agree that UCDO is well placed to expand support for micro enterprises (Paetkau, 1999, and Sungoonshorn, 2001). See Case 5 in Appendix B.

The Community Development Project Funds of the Bangkok Metropolitan Administration (BMA) helps low-income communities by providing 10,000 baht to selected communities who succeed in raising their own funds of 10,000 baht. A revolving fund is then used to provide credit to community members who seek to start a business after training. The Department of Public Welfare has taken the initiative to establish a Bank for the Poor (Paetkau, 2001, p.9).

¹¹ The project has brought up the case of MSE development as a means of poverty alleviation with the funding of ADB and the Japanese Government.

3.5 Social protection of informal sector workers

As noted in the ILO Secretary General's 1999 report to the International Labour Conference, a primary objective of social protection has been "to curb the harshness of market forces so as to prevent poverty, help maintain incomes and ensure adequate access to medical care and social services" (ILO, 1999a, p.31). In the 20th century considerable progress took place in this regard under two alternative models: the welfare state and the socialist system. Much of the developing world could not adopt either model beyond the small segment of population employed by the State or the small modern private sector due to their unaffordability. Meanwhile, modernization and reliance on the market have led to a gradual weakening of the traditional mutual support system that previously existed in most Asian societies through extended family/community networks, cultural/religious practices, and indigenous institutions.

Things, however, are not as bad as they first appear. As western-developed countries engage in devising a new system of market-conforming social services, some economically successful Asian countries have started to introduce comprehensive social protection measures. Besides Japan, countries that currently have well-developed social security systems include Korea, Singapore and, more recently, Thailand. Aided by the fast economic growth of the mid-1980s to the mid-90s, Thailand enacted a comprehensive social security law in 1995 with provisions for redundancy payments and health insurance for all workers. But for the developing countries of Asia, social security is still far off, as seen in the following review.

Country experiences

In many of the less developed Asian countries, state-run social security coverage is limited to government employees and a small segment of the private sector. The vast competitive private sector is largely unprotected. Although the minimum wage law (which most countries have) largely applies to this sector, redundancy payments or pension/provident fund provisions are rare for most of the small and even medium-sized enterprises. Few state- or employer-sponsored social protection measures exist for the informal sector. This vacuum, to an extent, is still taken care of by the traditional support system in the case of the rural-agricultural labour force, whereas in the case of the urban informal sector labour force, social movement organizations and NGOs are attempting to fill the vacuum on a limited scale. In this respect, India seems to be much better positioned due to its rich heritage of social and union movements.

South Asia

Bangladesh

The Urban Primary Health Care Project (Bangladesh) aims to improve the health status of about 9.5 million people living in the project cities. The target groups are women, children and the poor. In addition to decreasing mortality rates, the project seeks to improve the productivity of adults by reducing the amount of time they are sick and to protect children during vulnerable times in their lives. The project targets the poor in a number of ways: (a) it focuses on increasing the poor's access to Primary Health Center (PHC) services, which attend to those diseases that disproportionately affect the poor;(b) it constructs health centers near slums; and (c) it has service delivery targets for the poorest 50% of a PHC community. The project also has specifically targeted women by: (a) focusing on specific services that have a high impact on women's health; (b) requiring health facilities to remain open extended

hours so working women enjoy better access to services; (c) designing health centres that provide sufficient privacy for female patients; and (d) measuring the use of curative services by women.

Proshika's social protection initiative is an integrated part of its saving scheme. Under this scheme, if members lose their house and/or assets due to natural calamities (e.g. river erosion, storms or tornadoes), they will be compensated for the damage at a rate twice the amount of the members' savings. When members with savings accounts die, their nominated beneficiaries inherit the sum of the savings, multiplied by the number of years saved. A fraction of a year counts as an entire year. For example, if a member has been saving for 9 years 7 months, and his savings is 10,000 taka, then his/her beneficiary will get $10 \times 10,000 = 100,000$ taka. The entire payment is settled within 3 months of the member's death.

India

With respect to the informal sector, India's democratic tradition has become well recognized through the work of SEWA, WWF, the Kerala Head-load Workers Unions, and the Kerala Dinesh Bedi Cooperative (KDDB). In India the State has also been supportive of the trade union movement. Some analysts (e.g., Datta-Chaudhury, 2001, p.6) have noted this (i.e., the union's success in obtaining state support) as a problem rather than a positive strategy since such a relationship between the state machinery and the trade unions has not seemed to have served the needs of employment expansion and efficiency at the enterprise level. The Government's leniency towards union activities has constrained the development of strict work ethics and discipline by enterprise management, argues Datta-Chaudhury (ibid.).

The state machinery's favourable attitude to expanding social security is reflected in the creation of five welfare funds, administered by the Ministry of Labour, to provide housing, medical care, social security, and educational and recreational facilities to workers employed in the bidi industry, certain non-coal mines and the cinema industry. A large number of central and state government laws and acts are also in place to improve the working and living conditions of workers in the unorganized sector. But Indian bureaucracy and resource limitations do not allow the full realization of these numerous social protection provisions. Indeed, the vast majority of workers, particularly in the unorganized sector, remains uncovered in the State's social security system. This vacuum has been partly met through the work of organizations like SEWA and WWF (see Cases 2 and 3 in Appendix B).

Successful models of social protection in India include the Kerala Welfare Funds, the Bidi Workers' Welfare Fund, the group insurance schemes of the Life Insurance Corporation of India, the SEWA insurance scheme, the Maharashtra Mathadi Workers' Scheme and the different welfare systems operated by the Tamil Nadu Government. SEWA, in particular, has introduced several social protection measures, described below, that clearly benefit the self-employed in the informal sector.

- SEWA's Work Security Insurance started as an integrated insurance scheme to support women in times of crisis. In operation since 1992 in collaboration with nationalized insurance companies, members are covered through an annual individual premium of Rs.60. This provides some protection against the various crises that continuously threaten members' lives and work. An additional Rs.15 per annum ensures that their husbands get life insurance, i.e. widowhood insurance for women.
- Health Care at SEWA is run by women themselves. This approach emphasizes health education as well as curative care. It also involves coordination and collaboration with

government health services for immunization, micro-nutrient supplementation, family planning, tuberculosis control and referral care at public hospitals, dispensaries and primary health centres.

- SEWA Child Care through Cooperatives and Local Organizations: In Ahmedabad, Sangini Child Care Workers' Cooperative, which runs centres for infants and young children, has linked up with the ICDS and Social Welfare Board. In the Kheda district, Shaishav Child Care Workers' Cooperative runs centres for the 0-6 year old children of tobacco workers and agricultural labourers. In Surendranagar district, the Balvikas mandal and local organization run Child Care centres for children of salt workers. In addition, it runs Balvadis (day care centres) in villages bordering the desert, the little Rann of Kutch and in the desert itself alongside the saltpans. In the Banaskantha district, the Banaskantha DWCRA Mahila SEWA Association (BDMSA) runs centres for rural workers' involved in agriculture, dairying, and land-based activities like nurseries, gum-collection and embroidery.

Southeast Asia

Thailand

Among the Southeast Asian countries, Thailand is fast moving towards a universal social security system. The recent economic recession arising from the financial crisis has, however, created some doubt as to whether sustaining the system will be possible. It can be said that the social security system was introduced in Thailand just in time - after attaining an affordable level of development through economic growth and before the recent economic recession, so that redundancy payments, etc., could provide some relief to retrenched workers. If not for the social security system in 1995, the human cost of the recession could have been much more serious. However, most informal sector workers, if not all, are still out of any provision of the social security system. Welfare services (education, health) of the social welfare department and local governments are the only services that are, in principle, available to the informal sector, but in practice even these are not easily accessible (Sungoonshorn, 2001).

Indonesia

Indonesia has also awoken to the need of having social protection. This is reflected in the Social Protection Sector Development Programme (SPSDP), whose primary aim is to mitigate the effects of the economic crisis on the poor. Specific objectives are to (a) protect access by vulnerable groups to essential social services, especially education and health; (b) maintain the quality of social services to the poor; and (c) initiate sustainable policy reforms related to the provision of key social services.

The Department of Manpower (DEPNAKAR) has been active in promoting the welfare of informal sector participants. It also looks after working conditions, including the settlement of disputes. Sick leave for short durations, working hours, wage payments and termination benefits are of general standards, even in cases where no employment contract exists. It has attempted to introduce employment contracts in the case of small fishing boats employing fewer than 10 workers. Such precedents provide a basis for intervention by the department in case of disputes.

Philippines

The Coop-Life Mutual Benefit Services Association, Inc. (CLIMBS) provides protection services to members of cooperatives in the Philippines. Its programmes and

services, especially loan protection and savings plans, have benefited some 630 families throughout the country. One service is the Members' Protection Plan, an optional insurance programme for members with premiums depending on age and amount of the policy.

In the Philippines, some indigenous schemes - such as the "paluwagan", in which money is pooled without being tied to specific needs or emergencies - have been quite effective in meeting the needs of informal sector operators. Similar schemes, varied versions of indigenous credit/saving schemes, are common throughout Asia.

3.6 Occupational safety and health risks

Although some informal sector jobs are quite hazardous (e.g., recovery of recyclables from dumpsites) and the associated health risks are high, policy interventions and public actions for occupational safety and for reducing health risks of informal sector workers are still very few. One reason may be that the informal sector workers themselves have not been greatly interested in drawing policy attention to these issues. For example, a Manila survey shows that 90% of the informal sector workers are not interested in spending their scarce capital in improving working conditions in order to eliminate hazards. However, such a response should not be the basis to conclude that informal sector workers do not value safety and health at work. This simply reflects their poverty. At any rate, whether it denotes a "lack of interest or awareness", this problem needs to be overcome to improve occupational safety and health in the informal sector.

Regional projects

The ILO has been putting this understanding to practical use for over a decade in Asia. For example, its WISE (Work Improvement in Small Enterprises) programme is targeted at owners and managers of small-scale enterprises to promote improved working conditions through simple, low-cost solutions, which improve productivity at the same time. But the WISE programme cannot be easily replicated in the "informal sector" because of the lack of participants and partners. Also, organizations willing and able to work with the informal sector are generally not ready to make occupational safety and health a major element in their work (Salter, 1998).

Another well-established ILO programme, "Improve Your Business" (IYB), has aimed at promoting enterprise development amongst "micro-enterprises". During the last two years the ILO has worked with organizations in Malaysia, Nepal and the Philippines to develop and test new methodologies for healthy enterprise development in the informal sector. On the basis of some successful pilot tests, a manual on Improve Your Work Environment and Business (IYWEB) for micro-manufacturers is being finalized.

The ILO has sought to bring together standard-setting and practical assistance. An example is a Danish-funded ILO project - covering Indonesia, the Philippines and Thailand which established networks to provide information and mutual support, and generally improved working conditions for women engaged in piecework at home.

Country experiences

South Asia

Bangladesh

See Appendix B for a successful implementation of an IPEC project to eliminate child labour from hazardous occupations (Case 1) and transforming waste-related activities to decent work (Case 9).

Southeast Asia

Philippines

The ILO initiated the following pilot projects in Manila to upgrade working conditions in the urban informal sector:

- *Community-worker partnership*: Save the Children gathered basic data on working conditions in the “retaso” (textile waste) industry in five urban poor communities. With the Department of Health, it also trained volunteer health workers to respond to occupational safety and health (OSH) concerns in the community. (See Case 8 in Appendix B.)
- *Developing support systems for women workers*: The Social Development Index, another NGO, identified the demand for childcare services among the urban poor community in Quezon City. Then, in partnership with the local government unit, it helped the community establish its own childcare center.
- *Trade union assistance for informal sector workers*: Telefunken Semiconductors Inc. Employees Union set up a programme on OSH and working conditions for workers. The programme focused on collecting data, developing training modules, and initiating discussions among trade unions on how to help workers.
- *Linking working conditions’ improvement to increased productivity*: The Philippine Enterprise Development Foundation developed a training programme to help private and public organizations provide effective consultancy services to improve working conditions while enhancing productivity of informal sector entrepreneurs (Overy and Piamonte, 1996).

Thailand

The Ministry of Labour and Social Welfare (MLSW) promotes safety measures and environmental development in order to create healthy and pleasant working conditions, but does not cover the informal sector. In fact, risky working conditions are widespread even in many formal workplaces.

Cambodia

See Case 4 in Appendix B for successful removal of child labour from hazardous occupations.

3.7 Organization and representation of the informal sector

“The issue is... not formalizing the informal but protecting the unprotected” (ILO, 1999c, p.5) is an apt rejoinder to the oft-repeated objections to any policy intervention and public action toward the informal sector on the grounds that they constitute formalizing the informal sector and thereby destroying its vitality and dynamism.

Wage workers in the informal sector are, by and large, employed without any legal contract. A sizeable proportion of informal sector participants may appear to be self-employed when in fact they are subject to the control of others. The so-called “protective labour legislation” protects those who can, in a relative sense, protect themselves, i.e., those workers who are employed in larger enterprises and can unionize themselves.

Clearly, the existing laws are not geared to providing employment security to informal sector workers; therefore, the problems of organizing them are manifold. The scattered and heterogeneous nature of employment in the informal sector makes organizing them a difficult task. The impediments in organizing the informal sector have been identified in an ACTRAV paper (ILO-ACTRAV, 1999):

- Informal sector units are small, employing very few workers. The turnover of both enterprises and workers is high - especially for workers. The owner, being also the manager, is too conscious of his personal power to tolerate the emergence of the countervailing power of a union.
- A major section of workers is unskilled, which makes it much easier to close down the unit, dismiss the workers, shift the operations to another location and start again with new workers under another name. If workers succeed in forming a union, the owners frequently adopt a “closure policy” to avoid recognizing and negotiating with the union.
- Extreme vulnerability and instability of workers in the small-scale sector. The absence of laws applicable to regulating the closure and retrenchment of workers renders it difficult to unionize them.
- The possibilities of collective action in the informal sector have been rare due to widespread poverty and growing unemployment - supply at any location exceeds the demand.

The traditional trade union formats and strategies often do not suit the unorganized sector. Some innovative attempts, however, have been made to organize the sectors by the national governments, trade groups, NGOs and informal sector workers themselves. The ACTRAV paper provides useful insights for organizing the informal sector workers as indicated above.

Country experiences

South Asia

India

The Government of India and some state governments have enacted separate legislation for several categories and subcategories of workers in the informal sector in both urban and

rural areas. Some of the most important legislative provisions covering unorganized labour include the Workmen's Compensation Act, 1923; the Payment of Wages Act, 1936; Minimum Wages Act, 1948; the Beedi and Cigar Workers (Conditions of Employment) Act, 1966; the Bonded Labour System (Abolition) Act, 1970; and the Inter-state Migrant Workmen (Regulation, Employment and Conditions of Service) Act, 1979. Some of these legislative provisions have been the basis for organizing the unorganized sector. In India some experiences are summarized below.¹²

Kerala head-load workers

The state government was instrumental in organizing these workers and enacting the Kerala Head-load Worker (KHLW) Act, 1978, to regulate their employment. After the implementation of the Act, a systematic arrangement for organizing work evolved. Under this scheme a local area was divided into various pools that corresponded to the work areas - monopolized by a set of head-load workers. All these workers were issued work cards and were permanently deployed to the same areas. It is evident that the KHLW Act only formalized and systematized the acts of unionized workers in the direction of monopolizing the work of different work centres.

Now, however, the operation of the scheme itself is collapsing. The strategy of forcefully monopolizing work was based on strong and radical trade unionism, and when this strategy was legally formalized, it weakened the base and reduced the militancy of trade unions.

KDBC experience – Alternative work organization strategy

The Kerala Dinesh Beedi Cooperative (KDBC) was started by the Government of Kerala with the cooperation of trade unions in 1968. This was a consequence of the implementation of the Beedi and Cigar Workers' Conditions and Employment Act. The prominent beedi manufacturers in Cannonore district abruptly suspended their operations, throwing nearly 12,000 workers into unemployment. The Government played a major role in setting up and running KDBC. The Government advanced money towards the share capital of workers (which was to be recovered out of weekly wages) and a loan for purchasing raw materials and paying wages, and provided for large-scale marketing mechanisms.

SEWA experience

SEWA provides a very successful model for organizing petty producers and home-based workers in cooperatives. Its strategy is based on forming cooperatives of petty commodity producers or forming cooperatives of certain kinds of wage workers, and converting them into petty producers. The cooperatives contribute to increasing the income of wage workers by transforming them into petty producers. (See Case 2 in Appendix B.)

The cooperatives in the case of workers engaged in services such as health care, childcare and cleaning are not much different from the production cooperatives of petty producers. In the case of workers' cooperatives in childcare, the workers, as members of the cooperative, apparently become the owners of the crèches and receive a share of income generated in crèches rather than wages. The same model follows in other such cooperatives.

¹² Much of this is based on the paper, "Organizing the informal sector workers" (Chandra and Pratap, 2001).

By and large, the scope of trade union activities is replaced by the cooperative's activities (Chandra and Pratap, 2001, pp.423-424).

SEWA began organizing self-employed women workers of Ahmedabad three decades ago. It developed largely through the campaign approach, whereby workers of the main trade groups participated in and developed their own issue-based campaigns to improve their working conditions and wages or earnings. SEWA is involved in organizing vendors, home-based workers (beedi workers, ready-made garment workers, agarbaty workers), manual labourers and service providers (construction workers, paper pickers, head-loaders, small factory workers).

NCL experience

The National Centre for Labour (NCL) is a forum of unorganized workers, borne out of initiatives during 1991-95 of independent trade unions and academicians engaged in the field of unorganized labour. NCL's philosophy is "low on ideology and high on solidarity". Its target is to secure for the informal sector the following rights: a minimum wage, livelihood and full employment, access and control over natural resources, and social security against sickness, disablement, death and unemployment. Its target also includes specific rights for women, such as maternal benefits and crèche facilities, adequate housing, equal opportunities for education and health care, access to adequate essential goods through the public distribution system, and equal pay for equal work.

NCL was established to obtain visibility and recognition for unorganized sector workers and to organize for their rights. It includes construction workers' unions, contract and domestic workers' unions, agricultural labourers and forest workers' unions. NCL has a combined strength of 600,000 members, all of whom are workers in the unorganized sector. In 1999, NCL decided to focus on obtaining social security for workers and promoted its earlier agenda to include a campaign for need-based minimum wages. In November 1999 the National Labour Institute organized a national workshop on minimum wages in which the NCL's stand on need-based minimum wages was endorsed as a significant policy breakthrough for the workers' movement.

National Alliance of Street Vendors of India (NASVI)

In 1998, vendors and their organizations from 14 cities in India attended a workshop in Ahmedabad on the legal status of vendors in India. Vendors felt that there was increasing pressure on them from local authorities and police, that there was no clear policy on vendors, and that greater recognition of their contributions to the urban economy and the distribution of various essential goods and fresh produce was needed.

WWF

The WWF started in 1978 and registered as a society. In 1981 it registered as a trade union under the Trade Union Act to confront the class character of the trade monopolies, landowners and employers in their respective occupations. They have successfully unionized 24,000 cigar rollers of Vellore, resulting in a wage increase due to credit provision, awareness brought about by constant training on workers' rights, collectivization, and new legislation. Women now access raw materials and markets directly. Breaking out of the debt trap, they have been able to redeem their children from a lifetime of bondedness.

In Narasapur, over 35,000 lace makers were unionized by the WWF. These workers laboured under the piece-rate system with accompanying exploitation by middlemen and exporters. Unionization provided collective strength and bargaining power that led to a wage increase. Women are now independent lace makers and sell directly from shanties. This has allowed the accrual and retention of the surplus of lace makers' work that used to go to middlemen. (See Case 3 in Appendix B.)

Trade unions

The All India Trade Union Congress (AITUC) has been instrumental in organizing unions/federations in beedi, cigar, construction, fisheries, and loading and unloading of central government undertakings, such as the Food Corporation of India and the Central Warehousing Corporation. The Bhartiya Mazdoor Sangh (BMS) has been active in organizing workers in certain sectors, with great success among the beedi workers in Andhra Pradesh. Its strategy had been to request assistance from veterans of the Government and organized unions. BMS has specialized and customized services for different categories of members. Services are provided on an as-needed basis. For instance, BMS state units help auto-rickshaw drivers to secure a higher tariff following petrol price hikes.

The Hind Mazdoor Sangh (HMS) is another major union whose social charter seeks to extend a living wage, employment rights and social security coverage to all workers, including those in the informal sector (Ratnam, 2001, pp.76-78). HMS organizes informal sector workers through (a) raising awareness through trade union educational programmes; (b) organizing home-based occupations on a producer cooperative model; (c) petitioning and lobbying the Government to extend minimum wages and social security by using tripartite committees and the judiciary; (d) launching a right-to-work campaign through organized sector unions to press for political acceptance of the constitutional right to work for all; and (e) launching a needs-based minimum wage campaign (Kumar, 1997, cited in Ratnam, 2000, p. 79).

The Indian National Trade Union Congress (INTUC) launched a project to organize workers in 10 Indian states with support from the ICFTU-APRO. The major thrust of the project was to liaise with government authorities at various levels. The project recognized the value of cooperation from NGOs, and the role of media in highlighting the sufferings of informal sector workers and in stimulating greater general awareness. All India Central Council of Trade Unions (AICCTU) helped the beedi workers in their struggle for wages and working conditions, on the one hand, and for preventing factory closure on the other.

Southeast Asia

Indonesia

In Indonesia, some private companies have been involved in different programmes that influence the informal sector in organizing and representing business (Siddiqui, 1991). A more direct initiative in this regard has come from the ILO (ACTRAV), which seeks to raise trade union awareness among informal sector workers (Elbaek, 2001, p.2). Began in 1998, the project office is located in Jakarta, although two other countries - Vietnam and the Philippines - are also covered

Appropriate government agencies assist craft- or trade-based cooperatives in establishing micro-enterprises by providing necessary facilities. Near Bandung, a cooperative of small garment-making industries with 60 member establishments employs 520 workers and

enjoys such privileges as purchasing raw materials in bulk at discount prices. Similarly, 400 shoe-making enterprises, which also export, have been organized.

The Indonesia Workers' Union, through a workers' cooperatives development programme in cooperation with the Asian American Free Labour Institute, has also shown an interest in organizing the informal sector. It has contributed to improving the informal sector by giving interest-free loans to workers and their families who want to start small businesses. Eight worker cooperatives (Prospect Motor, ISC, Unik, Bir Bintang, Sanyo, Honda, Texmaco, Batik Hayadi and Tanjung Priok Dock workers) have also benefited from this kind of income-generating programme with total recipients of about 4,000 workers (Siddiqui, 1991).

By and large, organization of the informal sector in the 1990s has taken a more enterprise-centred approach (hence, various promotional packages were launched by governments, employees' associations and trade unions). In recent years more labour-centred initiatives for organizing the informal sector have started to emerge (Elbaek, 2001).

Philippines

In the Philippines, government agencies have placed great emphasis on institution building. The thrust is on community organization and people empowerment. Target groups are organized into national, provincial, regional, municipal and even "barangy" levels in order to mobilize them into developing self-help projects. Examples include Balikatan Sa Kaunlaran Councils, Peoples' Economic Councils, Urban Poor Organizations and Livelihood Cooperatives. These programmes not only contribute to the economic well-being of their intended beneficiaries but also provide them with an opportunity to unite and participate in decision-making.

Trade unions extend their own assistance programmes to the informal sector in two ways: (a) by assisting those who organize themselves and (b) looking for "big brothers" (patrons) to assist in organizing. For its part, the Trade Union Congress of the Philippines (TUCP) amended its constitution and bylaws in 1990 to formally institutionalize membership of informal sector groups in the umbrella organization. TUCP operates the Filipino Workers' Development Fund (FWDF) to service the livelihood needs of its affiliates, including those in the informal sector.

Thailand

In the early 1980s, the Bangkok Metropolitan Administration (BMA) and the National Housing Authority (NHA) called for establishing community-based organizations (CBOs) to provide leadership to households in the community. As a result, many CBO's and NGO's now work for the welfare of the communities. The United Slums Development Association (40 communities), the Community Development Group (33 communities), and the Klong Luang Slum Federation (20 communities) help individual communities to connect with others and contribute to finding solutions to similar problems (Douglass and Zoghlin, 1994). Although some of these initiatives touch upon informal sector workers living in slum communities, they are obviously no substitute for organizing the informal sector along union lines. In Thailand, the employers' associations (formal sector) have expressed a willingness to support the informal sector. However, little is heard about organizing the informal sector into unions, trade associations or other such organizations.

East Asia

China

The four major supply sources of the informal sector labour force in today's China are (a) the unemployed, (b) laid-off workers, (c) rural peasants, and (d) "returnees" to the labour force, comprising mothers (who return to work after raising children) and retirees (Yihong, 2001, pp.30-31).

The combined effects of these four sources of labour require millions of new jobs that the State can no longer offer. One consequence has been a total change of governmental attitude towards the "informal sector" and "informal labour. A supportive governmental attitude is backed up by favorable policies for promoting the informal sector, as noted previously. A recent publication of the Ministry of Labour and Social Services (MOLSS, 2001b) also suggests that the informal sector is seen not only as a "way out" of the problem of "lay-off and unemployment" but also as a source for new labour security support. Whereas such official support bodes well for the continued growth of the informal sector as well as the protection of labour interests, it does not, however, encourage the growth of an independent organization of the informal sector or its labour. Howell's illustration of the uneasy relationship between the All-China Federation of Trade Unions (ACFTU) and the All-China Federation of Women (ACWF) suggests that the scope of turning an official union into an independent one or establishing a non-governmental organization or union is still limited in China (Howell, 2000).

Hong Kong

The Hong Kong Confederation of Trade Unions (HKCTU) assisted in establishing the Asian Domestic Workers' Union, made up mostly of Filipino and Thai women working in domestic service (ILO, 1999c, p.7).

From the above review, it is clear that, except for India, organizing informal sector workers is still in its infancy. For a systematic approach to organizing the informal sector, it is important that the sector's composition from the labour standpoint is taken into account. The three main labour categories in the informal sector workforce and their corresponding organizing needs/approaches are briefly noted below.

- The first group is the owners or employers of micro-enterprises who may employ a few workers and/or apprentices. They do not generally constitute a target group for trade union organizing activities but may benefit from trade union lobbying to governments.
- The second group comprises own-account workers. Many are self-employed, e.g., street vendors. It is the largest and most visible component in the informal sector. Despite being self-employed, many in this group are economically dependent on a single enterprise or a middleman for their survival.
- The third group encompasses employees engaged in full-time or casual employment. It includes wage labourers working in micro-enterprises on a regular, casual or contract basis, unpaid workers, including family members and apprentices, homeworkers and paid domestic workers. The workforce in this group is often physically hidden and, therefore, more difficult to locate, contact and organize.

Although this classification does not fully convey the complexity of the sector, it does provide a basis for adopting an appropriate approach to organizing the informal sector. A

1999 international symposium on trade unions and the informal sector (ILO, 1999c) decided that trade union recruitment efforts should focus on the second and third groups noted above.

The substantial shift of the workforce into the informal sector raises significant questions for trade unions and represents for them one of the most crucial challenges of the present era. The major focus of the symposium was on trade union strategies to organize these workers and better represent their interests. Participants stressed that women and young people constitute two important target groups in the informal sector. It was agreed that for unions to be credible and attractive to both women and young people in the informal sector, changes are required in union priorities and, in some instances, in internal structures.

3.8 Integrating the informal sector into urban planning and management

No need of informal sector workers is of greater importance than space (on average they occupy 2-3m² area per each activity as reported by a recent Jakarta survey). Yet this need has received the least policy attention. All cities experience severe problems in managing the informal sector because of their “unauthorized” locations. The most common policy responses have been harassment or outright eviction. Some cities have adopted relocation policies without taking into account the importance of the work-shelter nexus and the need to locate their work in a place conveniently accessible by customers.

Although relocation policies largely fail, some examples of successful accommodation and integration of the informal sector in Asian cities do exist. Indeed policies on the informal sector, vis-à-vis urban planning, have started to change in recent years from outright hostility to benign neglect and eventually towards support and promotion. These changes reflect a new understanding of urban environmental problems and developmental issues. Policies, programmes and projects are still, however, somewhat remote from the majority of informal sector workers. The inadequate attention of physical planners to the content of urban growth stimulated by economic and market forces, is part of the problem in this respect. At any rate, some programmes and projects are in place to accommodate and integrate the informal sector into the urban-built environment as discussed below.

Country experiences

South Asia

Bangladesh

The country’s capital, Dhaka, is largely a city of hawkers and rickshaws, for whom an appropriate policy to integrate and accommodate them has not been put into place. A few hawker markets, which started as unauthorized occupation of public land, have been legitimized. Although density is extremely high, constant threats and harassment are no longer part of the everyday life of these hawkers. Another notable initiative has been to build sheds for the typists sitting in and around the Secretariat Building (the seat of national government and administration) and the Bureau of Manpower.

These are, however, rather token gestures. To some, Dhaka appears to be totally out of control because of rickshaws and hawkers. To others it is essentially an “informal city”, as Hasan (1999) calls Karachi. This tokenism will not solve the problem. Serious efforts are necessary to integrate the informal sector into the urban environment, and urban planning and management are essential for Dhaka to function effectively and productively.

India

In India government-initiated programmes on accommodation and integration of informal workplaces are also rather limited compared to programmes that have been implemented on shelter-related projects. In this respect, however, India is no exception since slum-upgrading projects were quite widespread in most developing countries in the 1960s and 1970s because of the support they received from the World Bank and UNDP (World Bank, 1991).

In the context of the informal sector's accommodation to the urban environment, a most influential decision has been the Indian Supreme Court's verdict to uphold the rights of footpath hawkers to do business. This case went to the Supreme Court because of the activism of SEWA and was a big victory for the hawkers. Several Indian city authorities have since modified their attitudes and policies towards the hawkers. Still, there are no concerted efforts to modify urban planning to allocate space for informal sector business operations. There are, however, some notable exceptions. For example, the Municipal Corporation of Pune has developed a policy framework in support of street food-vending by issuing licenses to entrepreneurs and arranging the vending sites with adequate facilities for washing, storing bulk items and preparing food. Pune's favorable policy was preceded by the eviction of 630 hawkers on M.G. Road - a major shopping street. They were evicted after a four-year struggle but were provided with another site in the interior, apart from the main street. The relocation site was a planned layout with small kiosks and minimal space for movement. However, it is very congested, and the market is no longer vibrant, resulting in a loss of business for the informal sector entrepreneurs. Now, hawkers are occupying other internal streets.

The "planned city" of Chandigarh modified the bylaws for handcarts after 25 years of failed planned development. In several major cities in India, stalls have been established for dairy cooperative members to sell their milk (Siddiqui, 1990, p.2). All these moves are in the right direction but still have a long way to go. The activism of organizations like SEWA may lead to a more comprehensive accommodating policy towards the informal sector in the future.

Pakistan

The emergence of several Friday markets in government-allocated places is an example of the policy to accommodate the informal sector in the urban economy of Pakistan. However, this is largely tokenism. After all, much of every major city in Pakistan is an "informal city", as Hasan (1999) calls it, which falls largely outside the planned city system. Most of the service needs of the informal city are also met by the informal system. However, this is no long-range solution to the problems confronting the city.

Sri Lanka

After many altercations with pavement dwellers, the Urban Development Authority of Colombo has been successful in implementing an accommodation policy towards the informal sector. One widely cited example is that of the "World Market" that denotes an accommodating policy of the local government (see Case 10 in Appendix B). Utilization of "urban voids" (i.e., unutilized pockets of land) in the urban environment has been recommended for implementing more accommodating projects for Colombo (Perera, 1994b). It has been shown that a city's financial base can be significantly increased by an accommodation policy.

Southeast Asia

Indonesia

Government agencies are responsible for providing free land for businesses and market locations for the informal sector. The National Housing Corporation, PERUMNAS's policy of specifying the development of Core House to accommodate the Home-Based Enterprises (HBEs) in Indonesia is an excellent example. A new housing design done by Marsoyo (1993) has shown that the Kampung houses can be redesigned to accommodate the HBEs. Similar housing schemes have been developed for informal sector workers according to their varied shelter needs (Sastrosasmita and Amin, 1990). Another government policy is aimed at providing low cost space to the informal sector.

As stated earlier, the informal sector has been given policy attention in the National Policy of Indonesia. Accommodating the informal sector involves regularizing workers' activities in selected localities and providing alternative sites for others. Some good examples are listed below.

- Reservation of pavements for informal sector businesses in Yogyakarta (see Case 11 in Appendix B).
- Provision of work cum residential units in Jakarta – Timur-type mini-industrial estates.
- Citra Niage Integrated Urban Development Project, Samarinda – full-fledged shelter and services.
- Gang Manggis Land Consolidation Project in Samarinda – a mall for hawkers, sites and services.
- Pasar Baru Integrated Urban Development Project, Bekasi – kaki lama (street vendor) zone for the informal sector in city centre.
- Kampung Improvement Programmes (KIP), which have been largely successful in contributing towards a better quality of life for its inhabitants due to upgrading their living environments.
- BKPSI/GUSK provided business places totaling 47,300m² for 2,474 Jakarta street traders between 1994-2000. This was a result of the personal initiative of the Jakarta Governor (see Case 12 in Appendix B).

Malaysia

The new Economic Policy of Malaysia has allowed successful accommodation of informal sector activities as early as the 1970s. This policy was mainly implemented in Kuala Lumpur. Many city car parks and main streets were closed to motor vehicles and reserved for hawkers and pedestrians in the evenings; license regulations were eased; and standards of hygiene were maintained by training and other support. Low cost lock-ups were provided for hawkers to leave their equipment during the day since their business hours were at night. Credit programmes enabled hawkers to improve their stalls' standards. The city planning authorities implemented the programme through hawkers' associations. Regular monitoring of hygiene standards of the foods and products sold by the vendors is in place. A clear carrot-and-stick policy has allowed the city to better accommodate and manage the hawkers in Kuala Lumpur.

Philippines

The Government has special programmes for vendors: allocation of sites, and provision of stalls and basic services (ILO, 1994). The "Integrated Hawkers Management Programme"

in Quezon City has shown that establishing flea markets and sidewalk eating sites, commonly known as “tiangge” or “talipapa”, worked when they were accomplished by issuing a “Mayor’s Permit” by the local authority and making credit available by the Manila Community Services, Inc. through their Self Employment Programme (SELP). The Quezon City programme involved assigning places on sidewalks and open spaces to accommodate vending operations. In regularizing vending sites, the major criteria have been to ensure the free flow of pedestrian traffic by reserving a one-meter-wide uninterrupted passageway for pedestrians. Under the programme, selected hawkers have been registered and issued with uniforms, ID Cards and permits to operate in the designated areas. A nominal fee has been charged for these authorizations, and priority has been given to people registered with the Registered Hawkers’ Associations. Stalls of uniform design have been sold to hawkers at cost. An Integrated Hawkers Management Council, established by the local authority, oversees and monitors the project.

Overall, cities in the Philippines have an accommodating policy towards the informal sector, particularly towards street vendors.

Thailand

In Bangkok, vendors are allowed to place large umbrellas on the sidewalks as shelters that can be moved at the end of the day. This arrangement avoids the necessity of constructing stalls and appears to function well. Some inconveniences to pedestrians seem to have been accepted by all. In Bangkok, 332 zones have been designated for the informal sector, particularly for vending (Bangkok Post, 1993, p.6). Thailand’s best-known case in managing hawkers, however, is the Chatuchak Weekend Market. Providing prime urban land for the exclusive use of hawkers was made possible because of the local government’s imaginative policy (see Case 13 in Appendix B).

The National Housing Authority is in charge of leading the government's task of improving housing and community life for slum dwellers. Simultaneously, policies are pursued for efforts to raise incomes and secure economic stability with the understanding that living conditions do not improve without decent work and income.

East Asia

China

In large cities in China, the Government has built stalls as part of the large residential complexes for vendors (Siddique, 1990, p.2). A 1997 study (Chen, L., 1997) reports that the Shanghai Municipal Government established a “Floating Population Management Office”, which registers the floating population and issues ID cards - “Blue Cards” - required for access to welfare services and for working in the city. In fact this initiative seems to have started in the mid-1980s.

In the recent years many more supportive initiatives have been undertaken, including adopting policies to provide “conveniences” to the informal sector, e.g., “favorable venue provision” (MOLSS, 2001a, pp.16-18). This suggests that thinking has moved towards finding the ways and means to accommodate the informal sector in the urban environment. This is particularly important for labour groups who come from the countryside since they need an urban foothold both for living as well as working. For the other informal labour sources (i.e., the laid off, the urban unemployed and the “returnees”), “work venue provision” is more important since most of them as urban residents may already have an urban foothold in terms of living places and access to basic urban services. But the provision of work places

is crucial for all labour groups in the informal sector to conduct their economic activities from suitable locations.

From the above review, it is clear that the informal habitat has been a subject for many national level policies across the region; however, the informal work site issues have not been addressed as part of most national policies. It appears that only in Indonesia and Malaysia has an accommodation of informal sector economic activities been addressed in national policies, although their implementation does take place at the local level and has worked successfully.

Despite some laudable policies of support for income-generating activities, worksite and enterprise development policies for the urban poor are few. Public policies and NGO activities are primarily centered on improving the living environment, i.e., slums. Work site improvement has yet to capture the imagination of public policy makers or NGO activists.

The examples above also show that urban voids exist in cities, but their restructuring and development/redevelopment is technically viable for integrating the informal sector. Management measures, like closing the streets for vehicles and allowing the use of car parks for hawkers after normal office hours, as practiced in Kuala Lumpur, have also been successful in Bangkok. Usually, hawkers and street vendors are the largest beneficiaries among the informal sector in accommodation schemes - their activities are accepted as part of trade and commerce in the mainstream urban economy. The major thrust for actions, where they have been undertaken, is location in nature, and location advantages have largely contributed to the successful incorporation of informal sector activities. It is evident that both the living and working environment can and need to be improved by providing better business premises.

Issues in accommodation

On the basis of the above review, the major issues in accommodation are summarized below.

Provision of space

Provision of space, the first prerequisite in integrating the informal sector into urban planning and management, has started to gain policy attention. With varied degrees of commitment, many cities have made efforts in this regard, albeit often limited to pilot projects. Only in some cities of Malaysia and Indonesia has the policy of physical accommodation been applied beyond tokenism.

The degree of accommodation varies with the degree of intervention as evident in:

- Site-only projects - only the space is provided to an entrepreneur for his/her activity;
- Sites and services projects - basic infrastructure and services (like water supply and drainage) are provided to entrepreneurs, along with plots; and
- Sites, services and building projects - similar to formal sector housing/organized market places (Perera, 1994, p.40).

The degree of intervention needs to be based on the affordability of informal sector entrepreneurs to pay for provided services and the degree of informality to be retained.

Provision of basic services at the informal sector worksites

As noted above, the provision of basic services to the informal sector has been primarily targeted at improving the habitat rather than the work environment. Wherever these basic infrastructure services have been provided, residential quality of life has improved considerably. However, in many instances, the poor, particularly in the informal sector, leave the improved living environment because their incomes are not high enough. Many low-income housing projects have shown this pattern, which suggests that income-enhancing policies are important for ensuring that the poor will be able to afford to live and benefit from an improved living environment. More importantly, the issue of service provision at the worksites has been largely ignored. Access to water, sanitation, and waste disposal services are essential at informal sector worksites. They are often willing to pay for the needed basic services. The main reason that not much is happening in terms of installing toilets or providing water supply and waste disposal services is the “unauthorized occupation” of public places, although that occupation may have been for more than 10 years and might continue for an indefinite period. This situation is widespread in Asian cities with large informal sectors.

In providing services at the worksites, a lot can be learned from the urban basic service projects that UNICEF is currently promoting in Bangladesh. The novelty of these projects is in taking the basic services to the doorsteps of the poor by setting up urban development centers (UDCs) in poor neighbourhoods. This is an interesting institutional innovation in bringing municipal services within the reach of the poor. However, this also does not target informal work sites (see Case 14 in Appendix B). Installation of toilet facilities near informal sector work places should be regarded as an absolute minimum urban service in Asian cities. In this regard India’s Sulab Shauchalay Seva (SSS)) provision of paid public toilets offers a direction.

Suitable location

It is generally recognized that relocation policies in most instances do not work because the informal sector’s *raison d’être* is their proximity to customers. Thus, integration with other urban facilities should be preferred over outright relocation as part of the overall accommodation policy. If relocation is unavoidable, selecting the place appropriately in consultation with the workers, and connecting the new work location to the living place by a reasonable commuting facility are important.

Cost recovery

Cost recovery problems, commonly associated with housing schemes, need not recur in the informal sector enterprise accommodation projects since these are commercial ventures. Spot collection of fees is more suitable in this regard than the conventional billing system. Such a method is also effective in discouraging the subletting of given premises by beneficiaries. The Kuala Lumpur and Colombo experiences in accommodation suggest that cost recovery for provided premises, facilities and services is possible. Many research surveys also confirm the working poor’s willingness to pay for accommodation and services.

Management

The Asian experience suggests that an effective approach would be to integrate the informal sector into the rest of the urban system rather than merely to provide space somewhere in the city. The provision of space and/or infrastructure needs to be supported by efficient management programmes and an enabling mechanism for the affected beneficiaries to access them. To manage the informal sector, local government institutions need to be made

functional at the informal worksite level (sometimes an informal industrial district, a neighbourhood or a city street).

4. Conclusion

The huge population base and its continual growth in most Asian countries, and the vast rural-agricultural economy with large surplus labour have been some of the reasons for the informal sector's large size and rapid growth in Asian cities. Whereas there is some commonality in size, composition, functioning, and linkage across the region, variation and change in the informal sector in Asia are influenced by each respective country's situation with respect to the level of development, cycles of economic growth, politico-economic system, culture and degree of linkage with the global economy.

In the East Asian developed countries - i.e., Japan, Korea, Taiwan (China), Singapore and Hong Kong (China) - the size of the informal sector is small. In these countries slums have largely disappeared, and the informal sector is essentially an "embedded" component of the economy in which small-scale, family enterprises are primarily made up of women and immigrant (documented and undocumented) labour. Most of these enterprises reflect dynamic characteristics. Marginal informal occupations, where they exist, are largely made up of and serve the needs of poor immigrants, and the social underclass. A new phenomenon is the reemergence of employing maids, made possible by the availability of poor immigrants. Economic growth nearly eliminated this occupation because of the non-availability of women to work as maids, but many are now migrating from other countries in the region to work as domestic workers. Overall, the size of the informal sector in these countries largely varies between 15 to 25% of national employment. The presence of the informal sector in these countries does not pose a serious urban management problem. Because of good social security systems and the overall level of development, deficits in decent work also do not appear to be large. Of course, an economic meltdown can easily affect the whole social fabric as it did in South Korea during 1997-98. From a job security viewpoint, however, even these developed Asian countries remain vulnerable because of their close link with the global capitalist system. This inherent vulnerability and the human cost of the recent economic collapse have created a new realization of the need to rebuild and strengthen economic and social safety nets.

The middle-income Asian countries, which are mostly in the Southeast region, offer more insights into the dynamics of informal sector growth. Because of the rapid economic growth during the mid-1980s to the mid-1990s, the informal sector started to shrink in this region, especially in Thailand. The informal sector declined from 65.2% of national urban employment in 1985 to 58.0% in 1994. The decline was highest among the marginal segment: the proportion of own-account workers plus unpaid family labour declined from 42.2% in 1976 to 28.5% in 1999. This was conversely confirmed by a large increase of wage workers in the national employed labour force: from 37.9% in 1976, the proportion of "private employees" in Thailand rose to 50% in 1994. With the proportion of "government employee" (17.1%), the total share of wage/salary earners stood at 67.1%. Indeed, a labour surplus economy was turned into a tight labour economy by the economic boom. Many foreign workers started to join the workforce in Thailand. Shrinking of slums was also documented (Akimoto, 1998). This pattern of development took place earlier in Taiwan (China), South Korea, and Malaysia. To a much lesser degree than Thailand, the informal sector's size and composition in the Philippines and Indonesia also started to reflect a similar pattern to Thailand's during the period of rapid economic growth. But the financial collapse of mid-1997 leading to economic recession recreated a situation that was observed in the early recessionary period of 1980-86: an expansion of the informal sector during economic

recession. This happened in Indonesia, the Philippines and Thailand - again since 1997. This expansion denotes an “involutionary” growth pattern, i.e., growth of more marginal economic activities and involvement of increased numbers of workers with lower average productivity and income. Although the size and composition of the informal sector in Asian middle-income countries has been changing with economic ups and downs, 45-55% of total urban employment is still in the informal sector.

In the low-income countries of Asia, mostly in the South, the size of the informal sector is vast. In fact, some analysts put the size of the informal sector in India, Bangladesh and Pakistan at 90% of total employment. These estimates are based on total national employment, including the rural-agricultural economy. But even on limiting the estimate to the urban informal sector, measured as a proportion of total urban or non-agricultural employment, the size is still vast: 60-65% of all urban or non-agricultural workers in South Asian countries belong to the informal sector and the trend is still increasing. In addition to the large size and rapid growth, the informal sector’s composition in South Asia is marked by the precarious element of informality. This precariousness is reflected in the work of rickshaw pullers, waste pickers, child labour (even in hazardous occupations), and women in domestic service. Such informal occupations have largely disappeared in more developed Asian countries (the presence of some foreign domestic service workers in Singapore and Hong Kong is exceptional and has been significantly reduced even in Southeast Asia). Surely, some of these occupations can still be found in Thailand, Indonesia and the Philippines, but their proportion will be much less than in any South Asian country. Also, migrants from the rural areas remain the major source of labour supply to the informal sector. Unlike the East Asian, Southeast Asian and transitional economies (China, Vietnam and Mongolia), the presence of retrenched labour in the formal sector with a good education is still rare in the South Asian informal sector labour force.

The transitional economies of Asia reflect another distinct pattern. The informal sector labour force in these countries is better educated, especially in Mongolia. Much of it comes from the ranks of the retrenched state workforce and its enterprises; others have state sector jobs but need a second source of income. The newly created market economy has opened up an opportunity for meeting this need of a secondary source of income to supplement the low paying jobs in the collapsing state sector. This is not yet widespread in Vietnam. In China, however, the huge urbanward migration of rural surplus labour, their status as a floating population in the cities, and their involvement in marginal activities, like work in the dumpsites, reflect the precarious element of informality. Because of the relatively higher level of development, education and much higher economic growth rate of China than in any South Asian country, it is unlikely that the precarious element of the informal sector will be as widespread or last as long in China. To a lesser extent, the same observation holds for Vietnam. In the case of Mongolia, precariousness associated with informality is less. The limited labour supply from rural areas and the addition to the informal sector by the better educated formal sector’s retrenched employees ensure that the informal sector in Mongolia is not and will not be of the size and nature of the more populous, low-income countries of Asia. In all of these transitional economies, a common role of the informal sector is the broadening of the market economy. From this perspective, the informal sector in these countries reflects another key element of informality: avoidance of regulation, which has become possible by the introduction of a relaxed regulatory system. Thus, the countries allowing markets, and relaxing regulations and controls are allowing the growth of the informal sector, which contributes to a greater expansion of the market. Thus, a mutually reinforcing relationship between the market and the informal sector seems to be in play in the transitional economies of Asia.

In view of these growth dynamics of the informal sector, what needs to be the major concern for this sector (which, among others, contributes to the growth of a vibrant dynamic market economy and makes their respective country/city economically competitive in the new globalized economy)? The answer has been to undertake public policy and actions for easing the internal and external constraints of doing business in the informal sector. As a result, the constraints of capital, skills, raw materials, market information, and technical services have been seen as key to making the informal sector enterprises productive. Easing these constraints has also been seen as essential for informal sector enterprises to gain from a subcontracting relationship with larger enterprises. The importance given to business relations and enterprise-focused policy has led to glossing over the fact that the informal sector is primarily a labour phenomenon. The predominance of non-wage workers does not alter the fact that the participants in the informal sector are essentially a labour group. Many of them appear to be working on their “own-account,” but in essence their work denotes dependent work characteristics. The difference between own-account workers and wage workers is that the former’s products or services are not intermediated through a traditional employer. Thus, a typical employer-employee relationship does not often ensue in the informal sector. This does not mean that informal sector workers are free of exploitation in the sense of appropriation of their surplus value. Because of this complexity, social protection of informal sector workers needs to be accorded high priority.

Now is the time for the informal sector to be seen from a labour perspective. The decent work paradigm has created a new opportunity to scrutinize all informal work and calls for social responsibilities pertaining to such work. Since neither the State nor the formal private sector is a major employer of working people in Asian developing countries, social protection policies for making all work decent work require fundamental changes in conception and implementation. Informal sector work and the reality surrounding it can serve as a laboratory to create new social protection policies for the work and workers of the 21st century in Asian developing countries. As reported in this paper, many innovative efforts are already underway in this direction. Though useful lessons have been learned, the most important is: “no best practice” will last or spread beyond a project or an experiment unless it is put into practice with appropriate institutionalization for continuation and coverage for all.

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Appendix A

Table A. 1: Various estimates of the size of informal sector in Asian countries/cities

<i>Country/ city</i>	<i>Basis/ Criterion</i>	<i>Estimate (Year)</i>	<i>Source</i>
South Asia			
Bangladesh			
Dhaka	On the basis of occupation of urban households	57.0 (1973)	Amin (1982, p.7)
Dhaka	By classifying the employment data	65.0 (1980)	World Bank (1980)
Bangladesh	IS as a percentage of total non-agricultural employment. Only employed persons of 15 years and above included.	67.7 (1995-96)	Mahmud (2001, p.9)
Bangladesh	IS as a percentage of total non-agricultural employment in urban areas. Only employed persons of 15 years and above included.	59.00 (1995-96)	Mahmud (2001, p. 9)
Bangladesh	IS as a percentage of total labour force. Self-employed, family workers and daily labour included	46.6 (1974) 52.4 (1984)	Amin (1989a, p.20),
Bangladesh	Proportion of People engaged in IS	70.00 (1993)	Amin (1995b)
Bangladesh	Estimates of Non-formal employment of enterprises with more than 10 workers	92.2 (1983-84) 76.52 (1995-96),	BIDS (1997, p. 30) Cited in ILO-UNDP(1998, p.12)
Bangladesh	Percentage of urban labour force employed in IS	55.00	ISS (1985, p.33)
Bangladesh	Urban IS employment as a percentage of total urban employment. Manufacturing & selected services included	10.0 (1993)	World Labour Report (2000, p. 285)
India			
Ahmedabad	Share of informal sector in total employment Workers in units with 10 or less workers and all unattached workers.	45.5 (1971)	Papola (1976), cited in Mehta (1985, p.327)
Bombay	Share of informal sector in total employment	49.5 (early 70s)	Mehta (1985:327) cited in Amin (1989a, p.7)
Bombay	Share of informal sector in total employment. Employment in unorganized sector is a residual of organized sector, which includes all public sector establishments and all privately owned establishments with more than 25 employees.	47.7 (1961) 49.5 (1971)	Joshi & Joshi (1976) cited in Mehta (1985, p.327)
Bombay	Share of informal sector in total employment. Employment in unorganized sector is a residual of organized sector, which includes all public sector establishments and all privately owned establishments with more than 25 employees.	51.3 (1961) 50.4 (1971)	Deshpande (1979) cited in Mehta (1985, p.327)
Bombay	IS as a % of total employment reported to the Directorate of Employment and Training	55.0 (1961)	Mazumdar (1976, p.659)

Calcutta	Share of informal sector in total employment For manufacturing all non-registered units including non-households and households units (with less than 20 persons) and excluding registered census and sample sector units. For non-manufacturing, all units employing 4 or less workers, including independent workers.	28.3 (1971)	Bose (1978) cited in Mehta (1985, p.327)
Calcutta	Share of informal sector in total employment	40.0-50.0 (early 70s)	Dasgupta (1973, p.67) cited in Amin (1989a, p.7)
Calcutta	Share of informal sector in total employment	54.0 (early 80s)	Lea & Courtney(1985, p. 112) cited in Amin (1989a, p.7)
Delhi	Share of informal sector in total employment Residuals of workers in all units employing 10 or more workers.	61.4 (1961) 53.8 (1971)	Majumder (1980) cited in Mehta (1985, p.327)
Delhi	Share of informal sector in total employment	53.8 (early 70s)	Mehta (1985, p.327) cited in Amin (1989a, p.7)
Madras	Share of informal sector in total employment	50.0-70.0 (early 70s) 60.0 (early 80s)	Lea & Courtney (1985, p.112) cited in Amin (1989a, p.7)
Madras	Share of informal sector in total employment Workers in all establishments employing 10 or less workers and unattached workers.	50.0-70.0 (1971)	ORG (1978) cited in Mehta (1985, p.327)
Valsad District, Gujrat India	Share of informal sector in total employment Informal non-organised for entire district including the seasonal migrant Share of non-agricultural labour force in IS	75.0 71.4 (1972-73) 74.3 (1977-78) 76.2 (1983) 78.6 (1987-88)	Breman (1977) cited in Mehta (1985, p.327) Visaria & Jacob (1995) cited in J Charmes (1996, p.25)
India	IS as a percentage of non-agricultural employment	73.7 (1990-91)	Charmes (2000, p.2)
India	IS as a percentage of total employment	34.4 (1990-91)	Charmes (2000, p.2)
India	The proportion of non-agricultural non-wage earning labour force	47.8 (1981)	Charmes cited in David Turnham et al (1990, p. 19), OECD
India	Urban IS employment as a percentage of total urban employment.	44.2 (1993)	World Labour Report (2000, p. 285)
India	IS employment as a % of total non- agricultural employment, excluding Jammu and Kashmir. Based on Economic Census. Total employment in non-agricultural sector comprises employment in own-account enterprises and employment in establishments.	61.0 (1990)	Mitra (2001) in Kundu and Sharma (2001, p.88)
India	IS employment as a % of total non-agricultural employment. Based on DGE&T.	72.4 (1989-90)	Mitra (2001) in Kundu and Sharma (2001, p. 88)

India	Percentage of urban labour force employed in IS	44.0	ISS (1985, p.33)
Pakistan			
Karachi	Share of IS employment in total employment	69.1 (1976)	Guisinger & Ifran (1980, p. 413) cited in Amin (1989a, p.7)
Sind & Punjab	Share of IS employment in urban employment	69.1 (1972-73) 75.9 (1984-85) 72.7 (1985-86)	Nadvi (1990, p.39)
Pakistan	Share of informal sector in total employment	69.1 (1972-73) 75.9 (1984-85) 72.9 (1985-86)	Naseem (1996, p.139)
Pakistan	Urban IS employment as a percentage of total urban employment. Agriculture excluded	67.1 (1996)	World Labour Report (2000, p.285)
Pakistan	Share of informal sector in total employment	69.1 (1972-73)	Guisinger & Ifran (1980) cited in Nadvi (1990, p.36)
Pakistan	Share of informal sector in urban employment	72.7 (1985-86)	Burki (1990) cited in Nadvi (1990, p.36)
Pakistan	Proportion of People engaged in IS	69.0 (1993)	Amin (1995b)
Pakistan	Proportion of IS employment to total urban employment. IS includes enterprises with less than 10 workers and not registered under the <i>Factory Act</i>	66.2 (mid-70s) 68.7 (mid 80s)	Amin (1996a, p.74)
Pakistan	The proportion of IS in non-agricultural non-wage earning labour force	39.0 (1973)	Guisinger & Irfan (1980) cited in Turnham et al (1990, p.20), Bekkers & Stoffers (1995)
Pakistan	Small non-agricultural Jobs	67.4	Du Jeu (1998) cited in Sethuraman (1998, p.73)
Pakistan	Share of IS employment in total urban employment	67.0 (1994)	Amin (1989a, p.20),
Pakistan	IS as a percentage of total labour force. Self-employed and family workers included	66.2 (1981) 65.6 (1982) 65.6 (1983) 63.6 (1984) 63.6 (1985)	
Pakistan	Share of informal sector in urban employment including self-employed and unpaid family workers	40.0 (1985-86)	Hussain & Akhand (1984, p.4) cited in Amin (1989a, p.15)
Sri Lanka			
Sri Lanka	Percentage of urban labour force employed in IS	30.0	ISS (1985, p.33)

Southeast Asia

Indonesia

Jakarta	Share of informal sector in total employment (Registered establishment)	>50.0 (1971)	Mazumder (1975, p.659)
Jakarta	Share of informal sector in total employment	45.0 (mid-70s)	Sethuraman (ed.) 1981, cited in ISS (1985, p.32)
Jakarta	Share of informal sector in total employment	41.0 (early 70s) 65.0 (early 80s)	Sethuraman (1976, p.128) Lea & Courtney (1985, p. 112)
Jakarta	Percent of workers in informal sector	41.0 (1971)	Franco (1979) cited in Lwin (1993, p.76)
Indonesia	Share of IS employment in total urban employment	34.0 (1995)	Du Jeu (1998) cited in Sehturaman (1998, p.73)
Indonesia	Employment in IS as a % of total employment	69.9 (1980) 63.6 (1990)	Ananta & Fonrana (1995) cited in Ananta & Wongkaren (1995, p.20)
Indonesia	Share of informal sector in total employment. The IS is defined by the Central Bureau of Statistics as consisting of individuals 10 years of age and over, who worked during the previous week as own account workers, self-employed assisted by family members, non farmers, and farmers employees and non-wage family workers.	69.9 (1980) 64.0 (1990) 56.1 (1994)	Firdausy (1996, p.105)
Indonesia	Share of informal sector in total employment	62.9 (1990) 49.4 (1994)	Firdausy (1996, p.105)
Indonesia	Share of informal sector in total labour force	42.7 (1980) 46.8 (1988)	Moedjiman and Tjokropranoto (1991)
Indonesia	Share of informal sector in total employment	69.1 (1980) 63.0 (1990)	Jahangir (1995, p.10)
Indonesia	Proportion of people engaged in IS	68.0 (1993)	Amin (1995b)
Indonesia	Share of informal sector in urban employment including self-employed family workers and others	53.4 (1981)	Cited in Sethuraman (1985, p.27)
Indonesia	Proportion of IS employment to total urban employment.	62.3 (mid 70s)	Amin (1996a, p.74)
Indonesia	IS includes self-employed, self-employed assisted by family members and temporary	63.6 (mid 80s)	
Indonesia	Share of non-agricultural labour force in IS	39.2 (1980)	Salome & Charmes (1988, p. 29) cited in Charmes (1996, p.25)
Indonesia	IS as a percentage of non-agricultural employment	77.9 (1998)	Charmes (2000, p.2)
Indonesia	IS as a percentage of total employment	42.9 (1998)	Charmes (2000, p.2)

Indonesia	IS as a percentage of total labour force. Self-employed, family workers and others included	62.3 (1978) 69.4 (1980) 66.0 (1982) 68.7 (1985)	Amin (1989a, p.20),
<i>Myanmar</i>			
Myanmar	Urban IS employment as a percentage of total urban employment. Agriculture, trade, hotels and restaurant excluded	54.2 (1996)	World Labour Report (2000, p.285)
<i>Philippines</i>			
	Share of IS in total employment	43.0 (early 70s) 50.0 (early 80s)	Lea & Courtney(1985, p. 112) cited in Amin (1989a, p.7)
Metro Manila			
Philippines	Share of IS in total employment (excluding establishments of less than 10 workers)	84.8 (1983) 85.4 (1988)	Alonzo (1996, p.183)
Philippines	Share of IS in total employment (including establishments of less than 10 workers)	90.5 (1983) 90.4 (1988)	Alonzo (1996, p.183)
Philippines	Share of IS in total employment (IS covers unpaid family workers and self-employed own-account workers)	60.0 (1986) 54.9 (1987) 54.9 (1988) 50.9 (1989) 51.3 (1990) 51.1 (1991) 51.7 (1992)	Templo and de Leon (1992, p.3)
Philippines	IS employment as a percentage of total employed labour force	89.6 (1983) 84.3 (1984) 87.3 (1985) 88.5 (1986) 79.5 (1988)	Gatchalian and Gatchalian (1993, p.94) in Nagamine (1993)
Philippines	IS as a percentage of total non-agricultural employment	66.9 (1995)	Charmes (2000, p.2),
Philippines	IS as a percentage of total employment	34.3 (1995)	Charmes (2000, p.2)

Philippines	IS as a percentage of total labour force. Own-account and unpaid family workers included	49.8 (1977) 56.8 (1978) 57.6 (1981) 56.8 (1982) 60.3 (1983)	Amin (1989a, p.20)
Philippines	Proportion of IS employment to total urban employment. IS includes self-employed with or without unpaid family workers, and those employed in activities not covered by establishments' data collection system (the residual sector of GDP data)	49.8 (mid 70s) 60.3 (mid 80s)	Amin (1996, p.74)
<i>Singapore</i> Singapore	Share of non-agricultural labour force in IS	12.3 (1980)	Salome & Charmes (1988, p. 29) cited in Charmes (1996, p.25)
<i>Thailand</i> Bangkok	Share of IS in total employment	43.4 (early 70s) 49.0 (early 80s)	Ashakul and Ashakul (86, p. 28) cited in Amin (1989a, p.7)
Bangkok	Proportion of the labour force in the IS	25.00 (mid 70s)	Sethuraman (ed.) 1981, cited in ISS (1985, p.32)
Bangkok	Percentage share of IS in employed persons	54.7 (1984) 51.7 (1988)	Hutaserani & Yongkittikul (1993, p.123) in Nagamine (1993)
Thailand	IS as a percentage of total labour force. National Statistical Office defines IS to include enterprises typically operating with a low level of organization on a small-scale, low and uncertain wages and no social welfare and security. NSO also defines formal sector as employing at least 10 persons which implies that enterprises employing 1 to 9 persons should be included in IS.	76.8 (1994)	Allal (1999, p.39)
Thailand	Percentage share of IS in employed persons in urban area	59.1 (1984) 55.9 (1988)	Hutaserani & Yongkittikul (1993, p.123) in Nagamine (1993)
Thailand	Proportion of people engaged in IS	62.6 (1993)	Amin (1995b)
Thailand	Share of IS in urban employment	36.8 (1988) 32.8 (1994)	Thonguthai (1996, p.224)
Thailand	Share of IS in urban employment including own-account workers and unpaid family workers	34.1 (1987)	Cited in Amin (1989a, p.15)

Thailand	Proportion of IS employment to total urban employment.	32.4 (1988)	Amin (1996a, p.74)
	IS include the self-employed, unpaid family workers, and private employees working in cottage sized firms with 6 to 10 workers. Small enterprises with fewer than 20 wage workers are also considered as a part of IS sector.	57.1 (1993)	
Thailand	Share of IS employment in total urban employment	48.0 (1994)	Du Jeu (1998) cited in Sethuraman (1998, p.73)
Thailand	Share of IS employment in total urban employment	62.0 (1988)	Hutaserani & Yongkitikul (1993, p.140) cited in Sethuraman (1998, p.73)
Thailand	Urban IS employment as a percentage of total urban employment. Urban & rural areas	76.8 (1994)	World Labour Report (2000, p.285)
Thailand	Share of IS employment in enterprise with less than 10 employees	15.3 (1990)	Thonguthai (1996, p.225)
		14.2 (1994)	
Thailand	Urban IS employment as a percentage of total urban employment.	47.6 (1994)	World Labour Report (2000, p.285)
Thailand	IS as a percentage of non-agricultural employment	51.4 (1994)	Charmes (2000, p.2)
Thailand	IS as a percentage of total employment	22.7 (1994)	Charmes (2000, p.2)
Thailand	IS as a percentage of total labour force. Own-account and unpaid family workers included.	42.8 (1976)	Amin (1989a, p.20)
		38.4 (1978)	
		37.8 (1980)	
		34.5 (1982)	
		33.3 (1984)	
		33.4 (1986)	
		34.1 (1987)	
Vietnam			
HCM City	Share of IS employment in total urban employment	48.0 (1993)	Du Jeu (1998) cited in Sethuraman (1998, p.73)
East Asia			
Republic of Korea			
Republic of Korea	Self-employed or employed with less than 10 workers	73.0 (1960)	Sah (1984, p. 74-6) cited in Cheng and Gereffi (1994, p.194-219)
		20.0 (1981)	
Republic of Korea	Percentage of labour employed in urban IS	15.5 (1960)	Bai (1982)
		19.9 (1965)	
		23.3 (1970)	
		27.7 (1975)	
		31.9	

Republic of Korea	IS as a percentage of non-agricultural employment	(1980) 26.2 (1975)	ILO Year Book of Labour Statistics
Republic of Korea	IS as a percentage of non-agricultural employment	28.7 (1993)	ILO Year Book of Labour Statistics
Republic of Korea	IS as a percentage of non-agricultural employment in urban area	27.1 (1980)	US bureau of Census
Republic of Korea	Share of non-agricultural labour force in IS	20.8 (1980)	Salome & Charmes (1988, p. 29) cited in Charmes (1996, p.25)
Central Asia			
<i>Kyrgyzstan</i>			
Kyrgyzstan	Urban IS employment as a percentage of total urban employment.	11.9 (1994)	World Labour Report (2000, p.285)
<i>Kazakhstan</i>			
Kazakhstan	Urban IS employment as a percentage of total urban employment.	17.3 (1996)	World Labour Report (2000, p.285)
Others			
<i>Mongolia</i>			
Ulaanbaatar	Percentage of working age population employed in IS excluding moonlighters and pensioners (based on annual Labour Force Survey)	23.0-32.0 (1997)	Anderson (1998, p.15)
Ulaanbaatar	Percentage of working age population employed in IS including moonlighters and pensioners (based on Annual Labour Force Survey)	30.0-37.0 (1997)	Anderson (1998, p.15)
Ulaanbaatar	Percentage of working age population employed in IS (based on Household Survey)	30.0-33.0 (1996)	Anderson (1998, p.15)
Ulaanbaatar	Percentage of informal income in aggregate total income (based on Household Survey)	32.0 (1996)	Anderson (1998, p.15)
<i>Iran</i>			
Iran	Urban IS employment as a percentage of total urban employment. Agriculture excluded	17.9 (1996)	World Labour Report (2000, p.285)
Iran	The proportion of IS in non-agricultural non-wage earning labour force	28.0 (1986)	Charmes cited in Turnham et al (1990, p.19)
Iran	The proportion of IS in non-agricultural non-wage earning labour force	43.5 (1986)	Hedayat (1988) cited in Turnham et al (1990, p.20).

Table A. 2: Sex distribution of the informal sector workers in Asian countries/cities

<i>Country/ city</i>	<i>Year</i>	<i>Coverage</i>	<i>Sex of workers</i>		<i>Sources</i>
			<i>Male (%)</i>	<i>Female (%)</i>	
Dhaka	1995	Informal Service Workers	87.0	13.0	Alam & Begum (1996, p.44)
Dhaka	1996	Owner-operator	100.0	0	Siddique (1996, p.31)
Dhaka	1998	Slum dwellers	84.3	15.7	Islam (1998, p.36)
Khulna	1997	Street traders	98.9	1.1	Afroz (1997, p.26)
Delhi	1995	Informal service workers	87.6	12.4	Mukkhopadhyay (1996, p.86)
Pakistan	1998	Self-employed	95.8	4.2	Kemal & Mahmood (1998, p.12)
Colombo	1977-78	Informal sector workers	88.4	11.6	Marga Institute (1979, p.85)
Colombo	1995	Informal sector workers	82.5	17.5	Perera (1994, p.114)
Phnom Penh	1999	Waste-recycling workers	58.3	41.7	Chanthy (1999, p.68)
Jakarta	1989	Informal sector workers	94.6	5.4	Tjung (1989, p.41)
Yogyakarta	1988	Informal sector workers	80.0	20.0	Sastrosasmita (1988, p.60)
Yogyakarta	1992	Home-based enterprise workers	80.0	20.0	Marsoyo (1992, p.49)
Indonesia	1986	Informal sector workers	59.1	40.9	Country Report, Bangkok Seminar ILO 1992d, p.15
Indonesia	1990	Informal sector workers	59.4	40.6	Country Report, Bangkok Seminar ILO 1992d, p.15
Indonesia	1996	Informal sector workers	58.3	41.7	Wiebe (1996, p.7)
Davao City	1989	Informal sector workers	66.0	34.0	Martinez (1989, p.44)
Manila	1976	Informal sector entrepreneurs	43.3	56.7	Jurado & Castro (1978, p. 25)
Quezon City	1988	Hawkers	25.5	74.5	Reodique (1988, p.49)
Bangkok	1985	Informal sector workers	50.8	49.2	Suwatee (1985) in Hongladarom (1985, p.173)
Bangkok	1988	Informal sector workers	51.3	48.7	Hutaserani & Yongkittikul (1993, p.142)
Bangkok	1990	Employees	75.4	24.6	TDRI (1992, p.76)
		Self-employed	47.2	52.8	TDRI (1992, p.85)
		Subcontractors	23.5	76.5	TDRI (1992, p.103)
Bangkok	1995	Informal sector workers	54.8	45.2	Sungoonshorn (2001, p.68)
Bangkok	1996	Informal service workers	54.0	46.0	Tonguthai (1996, p.226)
Bangkok	1998	Waste-recycling workers	47.8	52.2	Paveena (1998, p.37)
Thailand	1980	Informal sector workers	41.0	59.0	Larsson (1980) cited in Poapongsakorn (1991, p.107)
Thailand	1983	Informal sector workers	53.0	47.0	Walfdorf and Waldorf (1983) cited in Poapongsakorn (1991, p.107)
Thailand	1984	Informal sector workers	51.0	49.0	Prachoom (1984) cited in Poapongsakorn (1991, p.107)
Thailand	1988	Informal sector workers	55.0	45.0	Pasuk and Pradith (1988) cited in Poapongsakorn (1991, p.107)
Thailand (Urban)	1988	Informal sector workers	51.9	48.1	Hutaserani & Yongkittikul (1993, p.142)
Wuhan,	2000	Waste-recycling workers	53.7	46.3	Zhao (2000, p.77)
Gauanzhou	1992	Informal sector workers	63.1	36.9	Chen, Y. (1992, p.75)
Wuhan,	1997	Floating workers	63.0	37.0	Chen, L., (1997, p.28)
Ulaanbaatar	1999	Informal sector workers	54.0	46.0	Bikales (1999, p.11) cited in Morris (2001, p. 27)

Table A. 3: Age distribution of the informal sector workers in Asian countries/cities

Country/ city	Year	Coverage	Child labour		Youth labour		Prime working age		Old age		Sources
			Age group	%	Age group	%	Age group	%	Age group	%	
Dhaka	1979	Workers	<15	16.4	15-24	55.2	25-44	27.1	>44	1.2	Amin (1982, p.104)
		Owner-operator	<15	0.9	15-24	25.6	25-44	65.7	>44	7.8	
		Total labour force	<15	7.9	15-24	38.8	25-44	48.5	>44	4.8	
Dhaka	1990	TLF (women)	<20	8.0	21-30	46.0	31-50	42.5	>50	3.5	Salehuddin and Shamim (1992, p.43)
		Wage employed	<20	8.3	21-30	45.5	31-50	42.3	>50	3.9	
		Self-employed	<20	7.1	21-30	39.3	31-50	50.0	>50	3.6	
		Family labour	<20	6.2	21-30	62.5	31-50	31.3	>50	-	
Dhaka	1995	IS Workers	<20	6.0			21-45	82.7	>45	11.3	Amin (1995b)
Dhaka	1996	IS Owners and workers	<18	24.0	19-30	57.0	31-50	17.0	>51	2.0	Siddique (1996, p. 22)
Dhaka	1998	Entrepreneurs & house owners			15-30	44.3	31-45	40.0	>45	15.7	Islam (1998, p.36)
Khulna	1997	Street Traders			22-26	7.5	27-46	76.4	>46	16.1	Afroz (1997, p.25)
Pakistan (11 major cities)	1998	Self-employed	<15	0.1	15-24	13.1	25-44	63.7	>44	23.1	Kemal & Mahmood (1998, p.4)
Colombo	1977-78	IS Workers	10-19	8.9	20-29	29.1	30-49	43.8	>49	18.2	Marga Institute (1979, p.85)
Colombo	1994	IS Workers	<20	3.1			21-40	50.0	>40	46.9	Perera (1994a, p.114)
Phnom Penh	1999	Waste-Recycling Workers	<19	1.7	20-36	46.7	37-54	40.0	>55	11.7	Chanthy (1999, p.68)
Jakarta	1989	IS Workers	10-14	2.0	15-20	11.4	20-40	66.1	>40	20.4	Tjung (1989, p.42)
Jakarta	1995	Informal Service Workers					31-50	61.0	>50	7.0	Firdausy (1996, p.110)
Yogyakarta	1988	Entrepreneurs	<19	2.3	20-29	33.5	30-49	41.9	>49	22.3	Sastrosasmita (1988, p.59)
Yogyakarta	1992	Workers in Home-based Enterprise					30-49	55.0	>49	32.5	Marsoyo (1992, p.49)
Indonesia	1986	IS Workers	<15	1.09	15-24	10.4	25-44	63.6	>44	24.9	ILO (1992e), 1992, p.14
Indonesia	1990	IS Workers	<15	1.57	15-24	14.6	25-44	47.6	>44	36.2	ILO (1992e), 1992, p.14
Davao City	1989	IS Workers	<20	2.0	20-24	3.4	25-44	66.0	>45	28.6	Martinez (1989, p. 42)
Manila	1976	IS Entrepreneurs	<17	0.4	17-25	3.8	26-50	70.6	>50	25.2	Jurado and Castro (1978, p.25)
Quezon City	1988	Hawkers	<20	1.0	21-30	20.5	31-50	58.5	>49	20.0	Reodique (1988, p. 9)
Bangkok	1987	IS total labour force	<19	21.8	20-24	24.3	25-44	46.5	>44	8.0	Amin (1989a, p. 2.22)
		IS Workers	<19	25.8	20-24	29.0	25-44	43.3	>44	1.9	
Bangkok	1988	IS Workers	<15	1.1	15-24	23.8	25-49	62.5	>49	12.6	Hutaserani & Yongkittikul (1993,

Bangkok	1998	Waste-Recycling Workers	<16	1.1	16-25	17.7	26-45	66.5	>45	14.4	p.143) Nagamine (1993) Paveena (1998, p.37)
Thailand (Urban)	1988	IS Workers	<15	1.4	15-24	25.5	25-49	58.6	>49	14.5	Hutaserani & Yongkittikul (1993, p.143) in Nagamine (1993)
Gauangzhou	1992	IS Workers	<20	2.9	20-24	19.9	25-54	73.5	>54	3.7	Chen, Y., (1992, p.75)
Wuhan,	1997	Floating Workers			14-25	18.5	25-44	71.6	>44	9.6	Chen, L., (1997, p.28)
Wuhan,	2000	Waste-Recycling Workers	<18	6.3	18-30	18.8	31-50	65.0	>50	10.0	Zhao (2000, p.78)
Ulaanbaatar	1999	IS Workers					20-40	64.0	40-60	30.0	Bikales (1999, p.11) cited in Morris (2001, p.29)

Table A. 4: Migratory status of the informal sector workers in Asian cities

<i>City</i>	<i>Year</i>	<i>Coverage</i>	<i>Migrant (%)</i>	<i>Non migrant (%)</i>	<i>Sources</i>
Dhaka	1979	IS TLF	76.3	23.7	Amin (1982, p.121-2)
	1979	Sales workers	86.2	13.8	
	1979	Service workers	69.8	30.2	
	1979	Production workers	65.2	34.8	
	1979	Construction workers	96.2	3.8	
	1979	Transport workers	89.7	10.3	
Dhaka	1992	IS TLF (women)	91.0	9.0	Salahuddin and Shamim (1992, p.47)
	1992	Wage employed	92.9	7.1	
	1992	Self-employed	82.1	17.9	
	1992	Family labour	87.5	12.5	
Dhaka	1995	Informal service workers (TLF)	93.0	7.0	Alam & Begum (1996, p.44)
		Pretty traders	94.4	5.6	
		Transport workers	100.0	0	
		Domestic workers	100.0	0	
		Repairing workers	94.1	5.9	
		Other workers	82.6	17.4	
Dhaka	1995	IS TLF	81.3	18.7	Amin (1995b)
		Sales workers	90.0	10.0	
		Service workers	93.3	6.7	
		Production workers	36.7	63.3	
		Construction workers	93.3	6.7	
		Transport workers	93.3	6.7	
Dhaka	1996	TLF	32.0	68.0	Siddique (1996, p.26)
		Owners	35.0	65.0	
		Workers	31.0	69.0	
Khulna	1997	Street traders	98.9	11.1	Afroz (1997, p.30)
Colombo	1977-78	Informal sector workers	60.69	39.31	Marga Institute (1979, p.101)
Phnom Penh	1999	Waste-recycling workers	72.86	27.14	Chanthy (1999, p.142)
Jakarta	1989	Informal sector workers	79.3	20.7	Tjung (1989, p.37)
Jakarta	1990	Informal sector workers	68.9	31.1	Amin (1993, p.83)
		Manufacturing workers	67.7	32.3	
		Traders	72.6	27.4	
		Service workers	64.4	35.6	
		Transport workers	83.3	16.7	
		Informal service workers (TLI)	97.0	3.0	
Jakarta	1996	Pretty traders	100.0	0	Firdausy (1996, p.110)
		Domestic workers	100.0	0	
		Transport workers	90.0	10.0	
		Repairing workers	100.0	0	
		Other workers	100.0	0	
		Informal sector workers	47.0	53.0	
Yogyakarta	1988	Informal sector workers	47.0	53.0	Sastrosasmita (1988, p.56)
Yogyakarta	1992	Home-based enterprise workers	80.0	20.0	Marsoyo (1992, p.49)
Yogyakarta	1990	Informal sector workers	49.5	50.4	Amin (1993, p.83)
		Manufacturing workers	46.5	53.5	
		Trade workers	60.7	39.3	
		Service workers	44.4	55.6	
		Transport workers	76.5	23.5	

Davao City	1989	Informal sector workers	56.7	43.3	Martinez (1989, p.46)
Manila	1976	IS entrepreneurs	61.0	39.0	Jurado & Castro (1978, p.27)
Quezon City	1988	Hawkers	79.0	21.0	Reodique (1988, p.53)
Bangkok Metropolis	1988	Informal sector workers	18.2	82.8	Hutaserani & Yongkittikul (1993, p.142)
Bangkok	1995	IS TLF	80.7	19.3	Sungoonshorn (2001, p. 68)
		Trading workers	83.8	12.0	
		Service workers	78.9	21.1	
		Manufacturing workers	60.0	40.0	
		Construction workers	83.3	16.7	
		Transport workers	77.8	22.2	
Bangkok	1996	Informal service workers (TLF)	82.0	18.0	Tonguthai (1996, p. 227)
	1996	Pretty traders	92.0	8.0	
	1996	Domestic workers	100.0	0	
	1996	Transport workers	85.0	15.0	
	1996	Repairing workers	80.0	20.0	
	1996	Other workers	64.0	36.0	
Thailand	1980	Informal sector workers	34.0	66.0	Larsson (1980) cited in Poapongsakorn (1991, p.107)
Thailand	1983	Informal sector workers	76.0	24.0	Waldorf and Waldorf (1983) cited in Poapongsakorn (1991, p.107)
Thailand	1984	Informal sector workers	60.0	40.0	Prachoom (1984) cited in Poapongsakorn (1991, p.107)
Thailand (Urban)	1988	Informal sector workers	18.9	81.1	Hutaserani & Yongkittikul (1993, p.142)
Thailand	1988	Informal sector workers	57.0	43.0	Pasuk and Pradith (1988) cited in Poapongsakorn (1991, p.107)
Gauanzhou	1992	Informal sector workers	40.7	59.3	Chen, Y. (1992, p. 79)
Wuhan,	1997	Floating workers	73.9	26.1	Chen, L., (1997, p. :29)
Wuhan,	2000	Waste-recycling workers	95.0	5.0	Zhao (2000, p. 80)

Table A. 5: Length of stay in the city of the informal sector workers in Asian countries/cities

<i>Country/city</i>	<i>Survey Year</i>	<i>Coverage</i>	<i>Length of stay in the city (mean year/percentage)</i>	<i>Source</i>
South Asia				
Bangladesh				
Dhaka	1979	Informal sector	Trade : 9.3 Service: 10.2 Manufacturing: 13.6 Transport: 5.9 Construction: 8.4 Total: 9.8 <5: 44.3 5-9:26.0 10-14: 12.0 15 and above: 17.8	Amin (1982, p.188)
Dhaka	1991	Informal sector women workers	5 or less: 33.0 6-10 : 18.1 11 or more: 48.9	Salahuddin and Shamim (1992, p.47)
Dhaka	1993	Waste-recycling	Westbin Tokai: 10.11 Dump toaki: 14.7 Feriwalla: 13.1 Vhangari : 19.9 Wholesaler: 14.8 Broker : 21.5 Collection crew: 16.1 Manufacturer: 18.8	Sinha (1993, p.122)
Dhaka	1995	Informal service sector	5 or less: 21.5 above 5 : 78.5	Alam & Begum (1996, p.44)
Dhaka	1995	Informal sector	Trade : 13.4 Service: 12.6 Manufacturing: 20.4 Transport: 15.3 Construction: 7.3 Total:13.8 <3: 8.2 4-9: 27.9 10-15: 37.8 16 and above: 31.2	Amin (1995b)
Dhaka	1998	Slum household head	Up to 5: 20.0 6- 10: 57.8 11 and above: 22.3	Islam (1998, p.43)
Sri Lanka				
Colombo	1977-78	Informal sector	<1 : 2.0 1-5: 9.9 5-10 : 8.8 10 and above: 79.3	Marga Institute (1979, p.103)
Southeast Asia				
Indonesia				
Jakarta	1989	Informal sector	Up to 1: 9.6 2-5: 19.7 6-10: 23.6 11 and above : 47.1	Tjung (1989, p. 39)

Jakarta	1990	Informal Sector	Owner operator: 18.0 Hired labour: 13.0 Family labour: 14.0	Amin (1993, p. 84)
Yogyakarta	1988	Informal sector enterprise	< 1: 5.3 1-5 : 20.2 6-10: 24.6 11 and above: 50.0	Satrosasmita (1988, p. 57)
Yogyakarta	1990	Informal sector	Owner operator: 26.0 Hired labour: 15.0 Family labour: 22.0	Amin (1993, p. 84)
Philippines				
Davao City	1989	Informal sector	below 5 : 7.7 5-9 : 22.3 10-19 : 37.0 20 and above: 33.1	Martinez (1989, p. 48)
Quezon City	1988	Hawkers	<1: 1.0 1-6 : 10.8 7-12: 18.2 13-21 : 25.3 >21 : 44.7	Reodique (1988, p.55)
Thailand				
Bangkok	1995	Informal sector	5 or less: 20.1 6 and above: 79.9	Sungoonshorn (2001, p.78)
Bangkok	1996	Informal service sector	5 or less: 20.7 6 and above: 79.3	Tonguthai (1996, p.227)
Bangkok	1998	Waste-recycling	Collection crew: 20.2 Street ragpickers: 13.9 Dump site ragpickers: 15.7 Recycling shops: 9.8 Wholesalers: 16.9	Thepkunhanimitta (1998, p. 53)
East Asia				
China				
Guangzhou	1992	Informal sector	1-5 : 52.0 6-11: 32.7 >11: 15.3	Yafanng (1992, p.81)
Wuhan	1999	Waste-recycling	< 1: 11.8 1-5: 59.2 6-11: 22.4 12 and above : 6.6	Zhao (2000, p. 80)
Wuhan	1995	Floating population	1 day- 1 month: 35.5 More than 1 month: 64.5	Zhao M. (1995) cited in Chen, L., (1997, p.47)
Bei Jing	1995	Floating population	1 day- 1 month: 16.6 1 month-1 year: 42.6 1-3 year: 22.4 3-5 years: 9.4 >5 years: 9.0	Zhao M. (1995) cited in Chen, L., (1997, p.47)
Shang Hai	1995	Floating population	>3 days: 2.5 4 days-1 year: 69.0 >1year: 28.5 3-5 years: 9.4 >5 years: 9.0	Zhao M. (1995) cited in Chen L., (1997, p.47)

Table A. 6: Education of the informal sector workers in Asian cities

<i>City (Year)</i>	<i>No education</i>	<i>Elementary</i>		<i>Junior high school</i>		<i>Senior high school</i>		<i>University and above</i>	<i>Source</i>
Dhaka (1991)	No education (93.5)	Primary level (6.5)							Salehuddin and Shamim(1992, p.43) Amin (1995b)
Dhaka (1995)	Never been to school (29.33)	Not completed Primary education (33.34)	Completed Primary education (19.33)	Up to junior high school (10.0)		Not completed SSC (2.0)	SSC Passed (2.0)	Have college education (4.0)	
Dhaka (1996)	Illiterate (51.0)	Up to Primary (28.0)		Up to SSC (19.0)		Above SSC (2.0)			Siddique (1996, p. 24)
Colombo (1978)	No Education (18.0)	Primary Level (30.0)		Junior Secondary Level (40.0)		Senior Secondary Level a& above (12.0)			Marga Institute (1978) cited in Perera (1994a, p.114)
Colombo (1994)	No education (15.6)	Primary level (45.0)		Junior secondary level (38.1)		Senior secondary level a& above (1.3)			Perera (1994a, p.114)
Phnom Penh (1998)	No education (5.0)	Primary (13.3)		Junior high school (13.3)		Senior high school (30.0)		Master (1.7)	Chanthy (1999, p.69)
Jakarta (1989)	Illiterate (10.9)	Elementary (53.0)	Secondary (21.3)			Prefaculty (20.0) High School (13.9)		University (2.0)	Tjung (1989, p.44)
Jakarta Informal Service sector (1994)	Illiterate (5.7)	Incomplete Elementary (16.6)	Elementary completed (35.2)			Junior high school (18.7)		Senior high school (21.5)	Firdausy (1996, p. 109)
Yogyakarta (1988)	No education (0.93)	Drop out of primary school (21.86)	Primary education completed (32.56)	Drop out of secondary school (4.18)		Secondary school completed(1 4.42)		Drop out of high school (5.12) High school completed (17.21)	University (3.72) Sastrosasmita (1988, p.62)

Yogyakarta (1992)	Uneducated (0.9)	Elementary school (54.4)		Junior high school (18.6)		Senior high school and above (26.1)		Marsoyo (1992, p.49)	
Davao City (1989)	No education (27.6)	Elementary (3.0)	Graduated elementary (11.3)	High school Level (13.8)	Graduated High school (15.3)	College level (20.7)	Graduated college (8.4)	Martinez (1989, p.53)	
Bangkok (1997)		Primary School (32.2)		Junior High School (18.9)		Senior High School (12.2)	Vocational School (17.8)	Graduate (18.9)	Paveena (1998, p.39)
Yala (2000)	Illiterate (8.9)	Elementary (53.6)	Secondary (17.9)			High School (10.7)	College (7.1)	University (1.8)	Thai (2000, p.28)
Thailand (1980)	No Education (n. a)	Primary (23.0)					Higher Education (77.0)		Larsson (1980) cited in Poapongsakorn (1991, p.107)
Thailand (1983)		Primary (83.6)					Higher Education (16.4)		Walldorf and Waldorf (1983) cited in Poapongsakorn (1991, p.107)
Thailand (1984)	No Education (9.0)	Primary (79.0)					Higher Education (12.0)		Prachoom (1984) cited in Poapongsakorn (1991, p.107)
Thailand (1988)		Primary (63.0)					Higher Education (37.0)		Pasuk and Pradith (1988) cited in Poapongsakorn (1991, p.107)
Gauanzhou (1992)	No Education (0.8)	Primary (11.2)		Lower Secondary (50.6)		Higher Secondary (36.9)	College & Higher (0.4)		Chen, Y., (1992, p.77)
Wuhan (1997)		Primary (75.3)		Middle School (21.0)	High School (3.7)				Chen, L., (1997, p.28)
Wuhan (1999)	No Education (22.5)	Primary (48.8)		Junior High School (25.0)		High School (3.8)			Zhao (2000, p.79).

Note: Percentage in Parenthesis

Table A. 7: Evidence from some primary survey on stability of the informal work in Asian countries/cities

<i>Country/city</i>	<i>Survey Year</i>	<i>Coverage</i>	<i>Average length of present work (mean year/percentage)</i>	<i>Source</i>
South Asia				
Bangladesh				
Dhaka	1979	Informal sector	Trade : 6.3 Service: 7.3 Manufacturing: 7.8 Transport: 5.7 Construction: 3.9 Total :6.5 years	Amin (1982, p.189)
Dhaka	1993	Waste recycling	Westbin Tokai: 4.5 Dump toaki: 4.4 Feriwalla: 8.4 Vhangari : 7.8 Wholesaler: 8.5 Broker : 12.6 Collection cre w: 9.8 Manufacturer: 12.9	Sinha (1993, p.122)
Dhaka	1995	Informal service sector	Trade : 4.8 Domestic service: 8.2 Repair : 8.7 Transport: 6.7 Others: 6.2	Alam & Begum (1996, p.44)
Dhaka	1995	Informal sector	Trade : 9.8 Service: 11.0 Manufacturing: 14.5 Transport: 10.1 Construction: 5.3 Total:10.1	Amin (1995b)
Dhaka	1996	Informal sector enterprise	Up to 1 : 9.0 2-5 : 22.0 6-10 : 32 above 10 : 37.0	Siddique (1996, p. 28)
Sri Lanka				
Colombo	1977-78	Informal sector	<1 : 9.8 1-2 : 7.5 2-5 : 10.2 5-10 : 20.5 11 and above : 42.2	Marga Institute (1979, p.31)
Southeast Asia				
Cambodia				
Phnom Penh	1998	Waste-recycling	<11 month: 18.6 11-50 month: 64.3 51-70 month: 10.0 >70 month: 7.1	Chanthy (1998, p .97)

Indonesia				
Jakarta	1989	Informal sector	< 1 : 16.8 1-5 : 42.0 6-10 : 21.8 above 10 : 19.3	Tjung (1989, p. 51)
Jakarta	1990	Informal sector	Manufacturing: 20.7 Trade: 16.6 Service : 20.1 Transport: 11.5 Total: 18.9	Amin (1993, p. 84)
Jakarta	1994	Street vendors	2 : 15.6 3: 16.2 4 : 15.1 5-9 : 27.9 10-15 : 11.4	The Business News, February 9, 2001 p. 2
Yogyakarta	1992	Home-based enterprise	<1 : 16.0 1-5 : 84.0 6-10 : 34.0 11-20 : 46.0 >20 : 18.0	Marosoyo (1992, p. 49)
Philippines				
Quezon City	1988	Hawkers	4-6 : 27.5 7-12 : 55.6 13-21 : 11.0 >21 : 5.9	Reodique (1988, p. 55)
Thailand				
Bangkok	1987-88	Informal sector enterprise	Owner: 9.6 Skilled workers: 6.3 Semi- skilled workers: 2.9 Unskilled workers: 1.6 Total: 4.7 Total excluding owners: 3.5 years	Amin (1989b, p.2.26)
Bangkok	1995	Informal sector	9.5	Sungoonshorn (2001, p. 78)
Bangkok	1996	Informal service sector	Trade : 18.1 Domestic Service: 5.3 Repair : 11.7 Transport: 10.5 Others: 6.2	Tonguthai (1996, p.227)
Bangkok	1998	Waste-recycling	Collection crew: 7.2 Street ragpickers: 7.2 Dump site ragpickers: 7.2 Recycling shops: 5.2 Wholesalers: 10.4	Thepkunhanimitta (1998, p 53)
East Asia				
China				
Wuhan	1999	Waste recycling	< 1 : 16.3 1-5 : 62.6 6-11 : 17.6 above 11 : 3.8	Zhao (2000, p. 81)

Table A. 8: Status on ratification of fundamental human rights conventions in the Asian region

<i>Conventions</i>	<i>Status of ratification</i>	
	<i>Ratified</i>	<i>Not ratified</i>
No. 29 Forced Labour Convention, 1930	South Asia: Bangladesh, India, Pakistan, Sri Lanka, Nepal Southeast Asia: Cambodia, Indonesia, Lao PDR, Malaysia, Singapore, Thailand, Myanmar.	South Asia: None Southeast Asia: Philippines, Vietnam.
	East Asia: Japan.	East Asia: China, Korea Republic, Mongolia.
No. 87 Freedom of Association and Protection of the Right to Organise Convention	South Asia: Bangladesh, Pakistan, Sri Lanka Southeast Asia: Cambodia, Indonesia, Philippines, Myanmar. East Asia: Mongolia, Japan.	South Asia: India, Nepal. Southeast Asia: Lao PDR, Malaysia, Singapore, Thailand, Vietnam. East Asia: China, Korea Republic.
No. 98 Right to Organise and Collective Bargaining Convention, 1949	South Asia: Bangladesh, Nepal, Pakistan, Sri Lanka Southeast Asia: Cambodia, Indonesia, Malaysia, Philippines, Singapore. East Asia: Mongolia, Japan.	South Asia: India. Southeast Asia: Lao PDR, Thailand, Vietnam. East Asia: China, Korea Republic.
No. 100 Equal Remuneration Convention, 1951	South Asia: Bangladesh, India, Nepal, Sri Lanka, Afghanistan, Pakistan Southeast Asia: Cambodia, Indonesia, Malaysia, Philippines, Thailand, Vietnam. East Asia: China, Korea Republic, Mongolia, Japan.	South Asia: None Southeast Asia: Lao PDR, Singapore.
No. 105 Abolition of Forced Labour Convention, 1957	South Asia: Bangladesh, India, Pakistan, Afghanistan. Southeast Asia: Cambodia, Indonesia, Philippines, Singapore, Thailand. East Asia: None	South Asia: Nepal, Sri Lanka Southeast Asia: Lao PDR, Vietnam, Myanmar. East Asia: China, Korea Republic, Mongolia, Japan, Malaysia.

No. 111 Discrimination (Employment and Occupation) Convention, 1958	South Asia: Bangladesh, India, Nepal, Pakistan, Sri Lanka, Afghanistan Southeast Asia: Cambodia, Indonesia, Philippines, Vietnam. East Asia: Korea Republic, Mongolia.	South Asia: None Southeast Asia: Lao PDR, Malaysia, Singapore, Thailand. East Asia: China, Japan.
No. 138 Minimum Age Convention, 1973	South Asia: Nepal, Sri Lanka Southeast Asia: Cambodia, Indonesia, Malaysia, Philippines. East Asia: China, Korea Republic, Japan.	South Asia: Bangladesh, India, Pakistan Southeast Asia: Lao PDR, Singapore, Thailand, Vietnam. East Asia: Mongolia
No. 182 Worst Forms of Child Labour Convention, 1999	South Asia: Bangladesh, , Sri Lanka , Nepal, Pakistan Southeast Asia: Indonesia, Malaysia, Philippines, Thailand, Vietnam, Singapore. East Asia: Korea Republic, Mongolia, Japan.	South Asia: India Southeast Asia: Cambodia, Lao PDR. East Asia: China.

Source: ILO as of 7 May 2002.

Note: Convention No.177 on Home Work, 1996: only Finland & Ireland ratified so far.
 Convention No.102 on Social Security (Minimum Standards), 1952: only Japan ratified in Asian region.
 Convention No.155 on Occupational Safety and Health, 1981: only Vietnam and Mongolia ratified in Asian region.

Appendix B

Selected cases of public policy and actions on the informal sector in Asia

Case 1: Bangladesh – Economic empowerment to eliminate child labour from hazardous occupations

Thousands of children in Bangladesh work in hazardous occupations in the informal sector. They come from very poor, illiterate families and work from dawn to dark for very little money. They suffer severe health problems and many become victims of debilitating work accidents. This programme targets 420 children working in stone crushing and brick making, and 60 children at risk of prostitution or other illicit activities. To address the situation, a combination of strategies is used. Children withdrawn from work are provided with transitional, non-formal education for 18 months. After this, they are enrolled in the formal schools. The programme also includes awareness-raising activities and health care services. To reduce the family's dependency on the child's earnings, mothers receive small credits and are assisted in starting up income-generating activities, such as selling clothes or vegetables door-to-door or starting their own small shops.

The results of the programme, so far, have been positive. Children were withdrawn from work and successfully attended the non-formal education programme, and because of the economic empowerment, parents were able to sustain these results. So far, there have been no dropouts, and children are satisfied with the opportunities provided to them. The linkages with local school authorities are good, and nearly 10% of the children have already been mainstreamed, while others are in the process. The activities for mobilization are instrumental for continued success, and social workers pay regular home visits to parents and visit employers to guarantee their support and collaboration. Parents' income levels have risen. Loans of between US\$20 and US\$100 were given to 14 groups to run small business activities. Women's status and decision-making in the families improved, as they were able to contribute more finances.

Source: Coenjaerts, 2000.

Case 2: SEWA: Success story of a trade union's initiative for special attention to the women

The Self-Employed Women's Association (SEWA) originated as the women's wing of the Textile Labour Association (TLA) in 1954. TLA, India's oldest and largest textile workers' union, was founded in 1920 by a woman, Anasuya Sarabhai, whose inspiration came from Mahatma Gandhi. The original purpose of the women's wing was to assist women belonging to households of mill workers, and the focus was largely on training and welfare activities. By 1968, classes in sewing, knitting embroidery, spinning, press composition typing and stenography were established in centers throughout the city for the wives and daughters of mill workers. SEWA was born in December 1971 and was registered as a trade union in April 1972. By 1981, relations between SEWA and TLA had deteriorated, after the anti-reservation riots. Because of a dispute over stance, TLA cast SEWA from its fold. In the meantime, SEWA gained momentum, grew more rapidly and started new initiatives.

Self-employed, as defined by SEWA, can be divided into three categories: (a) home-based workers who produce products (goods and services) either on their own as artisans or on a piece-rate basis from contractor or middleman; (b) small petty traders, vendors and hawkers who sell household products or perishables (vegetable, fruits, eggs, etc.) in the market place or move with a head-load or pushcart in the streets; and (c) providers of services and manual labour (engaged in agriculture, construction, transport, domestic help, health, etc.). SEWA has been successful in organizing the vendors, home-based workers (beedi workers, readymade garment workers, agarbaty workers), manual labourers, and a variety of service providers (construction workers, paper pickers, head-loaders, and small factory workers) by providing supportive services like savings and credit, health care, child care, insurance, legal aid, capacity building and communication services for poor women.

SEWA began organizing the self-employed women of Ahmedabad City three decades ago. From the first handful of workers, the head-loaders of the main city cloth market now have a total strength of 48,618 urban workers in Ahmedabad alone. In fact, the national (both rural and urban) coverage reportedly has exceeded 300,000. Organizing in the city developed considerably through the campaign approach, whereby workers of

the main trade groups participated in and developed their own economic issue-based campaigns to improve their working conditions and wages or earnings. Recognizing the need for supportive services, SEWA has helped women to take a number of initiatives in organizing these services for themselves and their SEWA sisters. They provide these services in a decentralized and affordable manner, often at the workers' doorsteps. Furthermore, supportive services themselves become a source of self-employment.

The example of SEWA shows that when an organization aims at rectifying its members' disabilities, it can have impressive success. The major efforts of SEWA are directed towards empowering self-employed women by improving their ability to cope with the market (i.e., credit, insurance, marketing, etc.) and non-market (state, judiciary) institutions. Often, poor people do not know their rights or how to fight for those rights. Collective efforts with competent and motivated leadership can go a long way to improving their conditions.

Source: SEWA Website

Case 3: The Working Women's Forum (WWF), Madras, India

The WWF is a women's organization whose leadership comes from the poor. Initiated in 1978 with a membership of 800 women, WWF (India) is today a mass movement of over 567,653 poor women workers engaged in 167 different occupations spread over 15 cultural contexts and organized into neighbourhood groups of 8 to 10 members. The WWF focuses on providing credit to expand women's economic activities and on building an organizational structure that provides a broad-based platform for initiating social action on the many issues confronting women in society. The WWF was registered under the Trade Union Act of 1981 as a "National Union of Working Women".

The idea started in the mid-1970s with a small group of 30 women petty traders organizing themselves as a group with the help of Jaya Arunachalam, a political/social worker in Madras. They obtained a loan of Rs.300 (US\$33) each from a bank and elected a group leader. Everyday, the group leader collected money from the members to repay the bank. This successful idea was the starting point of the Working Women's Forum. By 1992, its credit and loan arm, the Working Women's Cooperative Society (WWCS), had loaned an equivalent of more than US\$2 million through 180,000 loans having a default rate of less than 1% of total disbursements. In the process, poor women have been able to use the small loan programmed to create their own alternative businesses and financial institutions, avoid usury and circumvent the anti-poor biases of the commercial banking system.

The WWF is involved in creating an association of women employed in the unorganized or informal sector, and in identifying and addressing their critical needs. It also mobilizes working women to exercise their social and political rights; improves entrepreneurial skills through training, material inputs, and credit and extension services; and organizes support for social services necessary for working women and their families (e.g., child care, education, health, family planning, etc.).

The short-term effects of economic reform measures have created intense pressures in the informal sector where women are most vulnerable. Shifts of capital and labour to the export promotion sector and other competing forces have led to the erosion of some WWF gains through loss of jobs, lower wages and the increased cost of investment. The WWF response to these adverse effects on its membership has been to expand credit and increase the size of loans to offset inflationary pressures. Through its social and political platform activities, the WWF has urged national and international bodies to adopt social security measures to protect poor women and children from the health-related illnesses, malnutrition and child labour that often accompany economic reform. As part of its long-term response, the WWF trains poor women to function as local planners and as leaders in assuming decision-making positions in the community, and thus to be able to effect changes in policies. In applying these multiple responses, the WWF hopes to make a mark in transforming the institutions that dominate women's lives.

Source: WWF Website

Case 4: Trade unions in Cambodia succeed in removing children from hazardous work in brick-making factories

Brick making is a growing industry in the suburban areas of Phnom Penh, employing many migrant families from rural areas. Workers live with their families in factory compounds, and children commonly work alongside their families, especially during periods of peak production. Working conditions are extremely hazardous; children are exposed to high temperatures and work in noisy, dim, and poorly ventilated places with inappropriate tools and hazardous machines. Accidents, some fatal, occur regularly.

Children lose limbs or end up with lifelong injuries. Some children even become involved in bondage-type conditions by having to pay off advance payments made to their parents. The programme, implemented by the Cambodian Union Federation (CUF), demonstrates how workers' organizations can play a significant role in the struggle against child labour, via awareness-raising, by changing parental attitudes, providing alternatives, and implementing a system of workplace monitoring and employer negotiations. Union leadership has trained some of its members on the problems involved and on the existing legal provisions, thus turning them into change agents. Committed to their cause, they now convince parents and employers to remove children from dangerous work, and ensure that these children have access to alternatives. They also negotiate with employers on the need to change dangerous situations. Employers have been mobilized to commit themselves to not recruiting new under-aged workers. In the garment industry, where the union has a more formal presence, this commitment has been elaborated in a clause of the collective bargaining agreements.

At the start of the programme, many parents resisted their children's withdrawal from work, but seeing how their children are provided with a non-formal education that prepares them for being mainstreamed into formal schools, their attitudes have changed. The "converted" parents and other adult workers are now also encouraged to become watchdogs in the factories to monitor the child labour situation.

Source: Coenjaerts, 2000.

Case 5: The Urban Community Development Office (UCDO): A government agency initiative to assist the urban poor communities in Bangkok, Thailand

The UCDO was established in 1992 by the National Housing Authority to improve living conditions and to increase the organizational capacity of urban poor communities. For financial sustainability and self-management of community development projects, it supports the urban poor in establishing and strengthening their community savings and cooperative groups, and providing access to loans at favorable interest rates and under flexible conditions with a view to helping them increase their income, secure appropriate housing and improve their living conditions. It has also expanded its activities into community enterprise development to increase the income of members of established urban groups through business profits, increased employment opportunities and savings potential of the community. The UCDO provides both loans and various business development services to the community. Services are provided for occupation development, network strengthening to increase linkages between community enterprises, and entrepreneurship strengthening through training. Although the number of community enterprises is still relatively small, a retail shop in Romkroa Zone 8 and a Community Handicraft Promotion Center in Bangkok are cited as examples of successful community enterprises. The UCDO also helps such enterprises establish subcontracting arrangements with large firms. These new initiatives to extend UCDO services to community enterprises were undertaken at the backdrop of granting most credit for housing development.

Source: Alla1, 1999, pp. 59-60 and Sungoonshorn, 2001, p. 84.

Case 6: Non-profit trade schools, APNTS, Bangladesh: The Informal sector workers focused training facility

One of the important providers of support to the informal sector is the Association of Private, Non-Profit Trade Schools (APNTS). The 50 trade schools that belong to APNTS provide training to about 2,500 young people between 12-20 years of age per year. The target groups of the trade schools include dropouts of general schools, early school leavers and children with only a primary school education who belong to the poorest section of society. Usually, such groups do not have access to the formal vocational training institutes of the Ministries of Labour and Education.

One of the distinguishing features of the trade schools is the combination of production *cum* training, which enables them to incur training costs and to operate with a modest budget and rudimentary equipment. Moreover, the trainees, besides being highly motivated, become familiar with the “world of work” during the training period. Thus, the employability of the graduates is very high since the employers generally prefer them. Choice of trade in each school depends on two vital factors: the employability of the trades to be offered, and the feasibility of acquiring and maintaining the workshop equipment. The courses offered by the trade schools are mainly engineering trades: carpentry, electric wiring, general mechanics, welding, machine shop, metal work, plumbing, engine repairing and tailoring, etc. These trade schools get trainees who work mainly in the urban informal sector. In contrast, the formal vocational training institutes (e.g., the Technical Training Centers (TTCs) operated by the Bureau of Manpower, Education and Training (BMET) of the Ministry of Labour and Manpower and the Vocational Training Institutes (VTIs) of the Ministry of Education) offer training mainly for formal sector employment where job prospects are extremely limited. The formal system, which operates at only 50% of its capacity, represents a considerable waste of resources. Consensus exists among the experts that the TTCs and VTIs should, in addition to their regular programmes, cater to the skill upgrading needs of the informal sector and establish linkages with the private trade schools for mutual benefit.

Source: Khan, 1991, p. 13.

Case 7: Proshikha: A pioneer in micro credit for the urban poor in Bangladesh

Micro credit is still very limited, if not absent, for the urban poor throughout the region. Even in the country of Grameen Bank - Bangladesh - there is no counterpart of Grameen for the city. Recently, Thailand announced the decision to establish a bank for the urban poor. In Bangladesh BRAC (Bangladesh Rural Advancement Center) has also started its activities for the urban poor. Until now, however, Proshikha has been one of the few NGOs (another notable is Shakti) that has had micro-credit programmes for the urban poor. It introduced micro credit to the slums for employment and income-generating activities for the urban poor. It provides credit to groups, not to individuals. The groups take responsibility for repayment. This enables the NGO to provide loans to its group members at a lower interest rate. The saving and credit schemes of Proshikha have the following features:

The Savings Scheme

The group decides the amount to be saved per week, and each member saves the same amount, depending on the capability and the decision of the group. The savings are kept in a bank under Proshikha's account. Members can cash their savings according to their needs and receive the money within 7 days of the application. Members get 5% interest on their savings.

The Credit Scheme

Slum dwellers become eligible for credit after saving for at least 6 months, when they can take credit for 1 year, or even 5 years, depending on the amount. Credit is given to groups, not to individuals. Each group consists of 22 for female groups and 25 for male groups. Interest is 18% per annum, which is clearly high, but it

is claimed that the interest rate gradually decreases with the decrease of the amount due for repayments. The loan repayments are made in monthly installments.

Proshikha appears to have been careful in designing its schemes. The gap between savings and interest rates is wider than those of formal sector credit sources, and the requirement to form a group naturally affects the scope of individual initiative. Proshikha has been active among the urban poor for nearly 25 years. It is seen to have a “great depth of understanding” of the problems and deficiencies of the poor (Alamgir, 1999, p.37). A comparison of the programmes for serving the urban poor of Proshikha and the Shakti Foundation (another NGO) shows that the former has been more successful in affecting various aspects of the poor’s lives, although the latter has been more successful in assisting entrepreneurship development.

Source : Alamgir, 1999, pp. 24-37.

Case 8: Improving working conditions: ILO joins Save the Children to promote occupational safety and reduce health risks

The ILO initiated four pilot projects in Manila to upgrade working conditions in the informal sector. To contribute to occupational safety and health, the ILO selected Save the Children to develop and launch a participatory action research programme in the Philippines. In collaboration with the Department of Health, Save the Children was already providing training and support to community volunteer health workers. Both the community volunteer-health workers and the informal sector-industry association were directly involved in obtaining basic information on the working conditions of the informal sector target group in the communities. Based on the results of this research, a training module was developed for community volunteer-health workers to enable them to provide consulting and referral services on occupational safety and health to informal sector workers in their communities.

Save the Children chose to build on the Community Volunteer-Health Worker programme to take advantage of a national level programme which offered potential for expanding and institutionalizing efforts to improve occupational safety and health in the informal sector. It found that community volunteer-health workers recognized that they were in a unique position to help improve occupational safety and health in the informal sector and welcomed the programme, particularly their own role in gathering information. This strategy is especially promising because a very large number of the informal sector are home- or community-based, the core clients of the community volunteer health workers. Moreover, the community volunteer-health workers live in these communities and are adequately trained in the health issues in their communities.

Source: Salter, 1998.

Case 9: Dhaka’s Waste Concern, Bandung’s Ecoville and Pune’s Sankalp Project turning waste pickers’ work into decent work

Dhaka’s Waste Concern - an NGO established by an AIT graduate (whose MSc. thesis vividly profiled the linkages between the informal and formal sector labour groups) and his partner - has set a pioneering example in transforming waste-related activities into decent work by providing simple protective gear, basic work tools, and work uniforms to a contingent of waste pickers and compost workers. This is how it happened:

Two academically bright young men with entrepreneurial minds observed that Dhaka’s recycling economy was growing rapidly. They discovered that, in addition to the long-prevailing recycling of solid waste as an income-earning activity of many urban slum dwellers, 87,000 informal sector labour and enterprises were engaged in waste-related activities. This number includes child waste pickers, known as “tokais”. Their work helps recover 15% of domestic waste as recyclable, but a large amount of organic waste left behind still has considerable potential market value if converted into compost fertilizer. Eyeing this potential, they established

the Waste Concern as an NGO and initiated a community-based composting project in Dhaka City in 1995. Project activities include house-to-house waste collection (for which a contingent of 200 waste pickers has been engaged), aerobic composting, and compost marketing. The entrepreneurial initiative of Waste Concern has encouraged the Ministry of Environment and Forest (MOEF) to select it as a sub-implementing agency for a project called the Community-Based Urban Solid Waste Management in Dhaka, a component of the UNDP-assisted Sustainable Environmental Management Programme (SEMP), launched at the end of 1998. The prime goals of SEMP are to explore the technical and commercial feasibility of labour-intensive aerobic composting techniques and to promote the 4Rs (Reduce, Reuse, Recycle and Recovery) in the urban areas of Bangladesh. Waste Concern is implementing their community-based programme through partnership development with government agencies, civil society and NGOs. This creates jobs for the disadvantaged urban poor, especially women.

The Waste Concern under a Memorandum of Understanding with the Public Works Department (PWD) and the Dhaka City Corporation (DCC) is permitted to use public land free of charge and to operate in six residential areas of Dhaka, using one site for community-based composting. They have formed “Green Force” groups, comprising residents of each community to help control, monitor and act as watchdogs for environmental and solid waste-related activities in the community. With the help of the Programme for Literacy and Economic Advancement Association (PLEAA), Waste Concern has initiated a literacy programme for the illiterate children engaged in waste-recycling and composting activities.

The project has generated local and national level debates on the replication potential of the community-based waste management approach and has been cited in the Urban Innovations Series of the Urban Management Programme (UMP) of UNDP/UNCHS as a successful innovative practice in the field of urban management.

In fact, several models in the region demonstrate how waste pickers can be organized to reduce the health hazards associated with waste-related work and to improve their job esteem. Hasan Poerbo of the Center for Environmental Studies of the Institute of Technology (PPLH/ITB), Bandung, Indonesia, has built a community of “ecovilles”, which in their integrated material recovery (IMR) strategy utilizes waste pickers. At each stage in the handling of waste materials, the residents of ecovilles work at reutilizing materials that are still of value. They sort out the recyclables and compost the organic material in their settlements, leaving only useless residues to be picked up by municipal staff and transported to the dumps (Poerbo, 1991). New developments in this include local government involvement. “In Bandung, there is now quite a large settlement centered on the processing of this kind of waste material” (Poerbo, 1996, p. 160). In India, an initiative of the Department of Adult Education of SNDT University in Pune led to the formation of a registered association of rag pickers - the Kagad Kach Patra Kashtakari Panchayat - in 1991. Members were issued ID cards, which allowed them to start doorstep collections in a much safer and hygienic way than recovering waste material/market value from rubbish dumps. This campaign has grown into the Garbage Recyclers Segregation Programme (GRASP) and was endorsed by the Pune Municipal Corporation (PMC), which now encourages households to separate their garbage. Pune and its residents launched another project in 1997, allocating 6,000 ID cards to rag pickers. They collect 250 tonnes of recyclable waste per day. This project, comprised of several components, achieves the goal of a “clean, green Pune” and is seen as one of the success stories of the PMC. It is sometimes referred to as the Pune Model. These three cases point to the scope of pursuing a decent work agenda even at the level of waste pickers - one of the most disadvantaged groups in the informal sector labour force. Source: Author’s own knowledge, <http://www.wasteconcern.org>, Poerbo, 1996 and 1991.

Case 10: Utilization of urban void to accommodate the informal sector: Lesson from the Colombo's World Market experience

This case study demonstrates how a leftover land pocket accommodated a displaced street market in Colombo. World Market informal sector entrepreneurs were previously located on the busy streets bordering the Ceylon Chamber of Commerce and a major commercial bank on the one side, and the Central Telegraph Office on the other. The 1980s terrorist threats to official buildings caused them to be relocated (despite a strong protest), first to the Main Street and then to an unused strip of land beside the Colombo Fort Railway Station. The initiative for the second relocation came from the entrepreneurs themselves and World Market who constructed ramshackle shelters from which they continued to operate. The present site faces one of the busiest streets in Colombo and is frequented by pedestrians. The role of the local authority has been limited to setting out the plots, while the hawkers' organization manages the premises. The occupants pay a user fee of Rs 275 per month to the Colombo Municipal Council. This has been functioning well, largely due to the advantage of location, but the lack of basic services and unaesthetic look of the site are major drawbacks.

Source: Perera, 1994b, p. 20.

Case 11: Malioboro street conservation project, Yogyakarta, Indonesia: Accommodation of streets vendors

Malioboro is the main thoroughfare of the Central Business District of Yogyakarta. The Urban Conservation Plan of the area, characterized by the Dutch period architecture lined with an arcade facing the street, has incorporated vending sites along the street as a major component essential to enriching life on the street. The concentration of the informal sector vendors in this highly accessible area forms a linear pattern along the street in parallel with pedestrian and vehicular movement. The urban conservation proposals have not interfered with but rather enhanced this pattern by compromising with the established shops and pedestrian movement. The street has provided an environment with the potential to accommodate more activities.

This is basically a site and services project. The project has allocated a physically segregated lane on Malioboro Street for informal para-transit modes. The informal vendors have been given accommodations in the arcade, leaving a pedestrian path one-meter width in the middle. The municipal council provides garbage clearance and lighting in the arcade. The street lighting helps during nighttime. Entrepreneurs do not hold any solid tenancy status. The Yogyakarta Municipal Council and shop owners along the arcade have jointly funded the whole project. However, the functional efficiency of the street is hampered at times.

Source: Perera, 1994b, pp. 27-28.

Case 12 Jakarta governor's personal initiative for accommodating the street traders in his city: Experience suggests the importance of institutionalizing

Yogyakarta has often been cited for its noticeable success in accommodating street hawkers. They have done this by allowing street traders' business along the main roadside. The walkway has been designed with a 2.5 m width to make it possible. Some have suggested that this has been possible in Yogyakarta because it is an intermediate size city and are skeptical that success is replicable in a city the size of Jakarta. In recent years, Jakarta has also set some good examples, albeit in a limited scale, through the initiative of Jakarta's Governor, who accomplished this through BKPSI/GUSKI, an institution "originally expected to function as an institution/unit for handling the business in the city". The governor's decision required the agency to encourage informal small-scale businesses. This led to providing accommodation for 2,474 traders spread out all over the capital region, including central Jakarta, with a business space totaling 47,300m² during 1994-2000. "One reason that BKPSI/GUSKI has not accomplished its task optimally" is due to "the non structural status" of the agency that was established by a decision of the Governor. This experience offers several lessons: people with

authority can and do make some difference but only up to a point; what is needed is more institutional adoption for extension and continuation of a successful programme. The author of an article who investigated this initiative observes that BKPSI/GUSKI's principal task has been "coordinative", whereas "the actual need is operation and fostering". It is also reported that the crisis since mid-1997 has increased street traders' numbers so much, the task has now become much more complicated due to the limited places to locate hawkers.

Source: The Business News, Jakarta, 8 February 2001.

Case 13 Chatuchak Weekend Market, Bangkok: A successful initiative of the local government

Chatuchak is the most notable example of utilizing prime urban land exclusively for the informal sector. The Bangkok Metropolitan Administration (BMA) bought this property from the State Railway of Thailand and converted it into a public park and Weekend Market (of 11.2 ha.). The informal economic activities operating in and around Sanam Luang (Royal esplanade) during weekends were relocated to this new market as such activities disturbed royally sponsored ceremonies and other public functions in the esplanade. Later, more entrepreneurs were given space in the market, which was modified to the present modular pattern with the inclusion of permanent shelters and paved footpaths in 1992. BMA charges the vendor an occupancy fee according to the floor space utilized. The ideal location of the project and the BMA's degree of involvement have contributed largely to the project's success.

Source: Perera, 1994b, pp. 21-22.

Case 14 UNICEF's urban basic service delivery project in Bangladesh: Institutional innovation to expand the poor's access

UNICEF officially launched the Urban Basic Service Delivery Project (UBSDP) in 1996. UBSDP has been operational since 1997, supporting a sustainable basic service delivery mechanism at the local level as well as supplementing sectoral programmes to achieve National Action Plan goals. It has also focused on creating a mechanism for increased community participation, including women's participation in planning, implementing and monitoring urban basic services, and on facilitating the convergence of basic services for disadvantaged women and children with the involvement of the private sector, community-based organization and NGOs. The major activities of the project have been identifying underserved areas in each ward and finding appropriate locations for establishing Urban Development Centers (UDCs) for service delivery in that area. This change in paradigm - from "slum" to "underserved area" - has helped to overcome some controversies and connotations that have traditionally been associated with slums. More importantly, it has allowed focus on the service needs of an area.

The most innovative concept of UBSDP is UDC, the basic unit for health, primary education (non-formal) and social development activities. Each UDC covers 2,000 poor children and their mothers. An estimated 900 children (8-14 years old) receive benefits from each center. A full-time caretaker heads the UDC and is constantly available to advise on any help needed. The novelty here lies in creating service delivery institutions at the doorstep of the poor so that services created for the poor become accessible to them. If the caretaker is well trained, the prospect is promising for him or her to practice as a development practitioner.

Source: Amin, 1998; CUS, 2000.

List of Employment Sector Papers on the Informal Economy

"Decent Work in the Informal Economy: Abstracts of working papers".

1. "Globalization and the Informal Economy: How Global Trade and Investment Impact on the Working Poor", by Marilyn Carr and Martha Alter Chen.
2. "Supporting workers in the Informal Economy: A Policy Framework", by Martha Alter Chen, Renana Jhabvala and Frances Lund.
3. "International Labour Standards and the Informal Sector: Developments and Dilemmas", by Charlotta Schlyter.
4. "The Informal Sector in Asia from the Decent Work Perspective", by Nurul Amin.